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OBJECTIVES OF ALBANIAN SOCIETY AND GOVERNANCE

1. Comprehensive, rapid and sustainable growth as well as European and euro-Atlantic integration of the country are the major goals of Albanians, the accomplishment of which would require an innovative and productive mobilization of individual and social energies, both private and public.

2. Albanian society, every individual, household, community, have demonstrated during these years of transition:

- An unwavering will to reach these goals and a clear-cut and irreversible distancing from the past;
- Skills to face challenges and undertake private or public initiatives;
- Acceptance of the costs of the reforms;
- Civic will to live together in harmony on the road to partnership, regional cooperation and European integration;
- Tolerance and co-existence regardless of the ethnic and religious origin, which are so indispensable for the peace and prosperity of the country, the Balkans region and even beyond; and, last but not the least:
- Commitment to contribute to major issues of peace and justice on a global scale and to the fight against terrorism.

3. The constructive and progressive behavior of Albanian society must call forth the responsibility of the political elite to act in the service of and as the servant of citizens, efficient

and effective, in a dedicated and accountable manner, so that the country may reach the goals of growth and integration.

4. The new majority resulting from the elections of July 3, 2005 considers indispensable the undertaking of radical changes in governance. That governance must offer to Albanians, in line with their aspirations, will, energies and the promotion of national development and the European and Euro-Atlantic integration of the country.

5. The new majority offers Albanians the possibility to change the course of their perspective towards development and integration and simultaneously, the acceleration of the rhythm to reach these goals through:

- Dedication and high accountability in exercising power, the uprooting of the system of corruption and of monopolies, the fight against organized crime and trafficking.
- The implementation with a clear vision and at a rapid pace, of the major reforms such as democratic governance, the rule of law and economic and human development.

6. The project of "Change" proclaimed by the new majority, together with its dedication, honesty and transparency of its governance constitute two indivisible factors. They are fully in harmony with the behavior and individual and social will of Albanians. This will enable not only a 6-8% annual economic growth, but to transforming the growth from one based mostly on the enrichment of the oligarchs to an inclusive growth, especially in favor of poor. This implies, faster growth, more equitable income distribution, rapid reduction of poverty, improvement of the levels of education and public health, eradication of "darkness and thirst", an unpolluted environment and a balanced regional development.

7. As a result of this development and our seriousness of governance, Albania will become a reliable partner and a welcome country within the international community, guaranteeing within our mandate, the successful conclusion of the first phase of the Stabilization & Association Agreement and the opening of the EU membership application process, as well as the acceleration of the membership process in NATO.

THE FUNDAMENTAL GOALS AND THE MOST CRUCIAL REFORMS OF GOVERNANCE FOR DEVELOPMENT AND INTEGRATION

8. The fundamental goals of government reforms in the coming four years will be:

- The development and consolidation of the democratic state, on whose foundations stand the fundamental rights and freedoms of the individual;
- Restoration of the rule of law, so that the laws are fully and equally enforced for everyone, and uprooting of the system of corruption;

- A rapid, balanced and sustainable growth of economic and human resources.
- The integration of Albania in the EU and NATO.

9. A simultaneous progress in the attainment of the four major objectives will mark: termination of the transition period; healing of the key problems of under-development, in particular poverty, public health, education, access to basic public services, and degradation of environment; and, the transition of the country to a more rapid pace towards European and Euro-Atlantic integration.

10. All the government reforms and programs will be designed and implemented with the view to fit with European models and attain European standards of democracy, rule of law, market economy and rights of minorities and individuals, as a prerequisite for Albania's membership in the EU and NATO.

CONSOLIDATION OF THE DEMOCRATIC SYSTEM AND THE GUARANTEEING OF FUNDAMENTAL HUMAN RIGHTS

11. The progress of the democratic system in Albania has come as a result of the normal actions of the progressive forces of society as well as the support and the constructive pressure of the international partners on governance in recent years. Meanwhile, the establishment of the corruption system, the violation of free elections and the weak and biased implementation of reforms have caused Albanians to lose confidence in the state institutions, which are inefficient, weak, non-transparent and profoundly corrupted.

12. The Government offers to Albanians a comprehensive program of institutional and legal reforms, all oriented towards European models and standards, a political commitment and iron will to implement them, leading to the achievement of tangible and measurable results for the consolidation of the democratic system and the observance of fundamental human rights and freedoms. The key reforms in this field will be:

THE ELECTION SYSTEM

i) Free and fair elections will be the real source of the legitimacy of the democratic institutions. Restoring the trust of the public will be a top priority of the new majority. The manipulations of the votes of the citizens will be stopped once and for all. For this purpose, the Government will carry out the election reform, in collaboration and with the consent of the opposition, as well as with the support and advice of the international partners and all the other social actors.

- Without any doubt, the exclusion of citizens from the voting lists will never occur again, and the "Dushku" scheme will be filed in the archives of history.
- In addition to holding free and fair elections, the election reform will create the conditions for all Albanian citizens to exercise their right to participate in the elections, including those citizens living abroad.

- The transparency in the funding of the political parties and candidates in the elections will be another major objective of the election reform.
- The Government guarantees that elections, starting from the local elections of 2006, will conform to European and international standards that qualify them as free and fair.

THE INSTITUTIONAL REFORMS

ii) The checks and balances among the institutions and branches of power, as foreseen in the Constitution and the Law will be guaranteed, thereby ensuring the separation of powers, and the functioning of the institutions. Launching and/or continuing the implementation of the institutional reforms will increase the efficiency, effectiveness and accountability of the fundamental institutions of the democratic state.

Parliament

▪ The new majority, through its project of "Change", will give a new dimension to the role of the Parliament, as the temple of the parliamentary democracy and the representative of the electors' will. In particular, the supervising role of the deputy and the Assembly as a whole, over every aspect of the government's activity and of other institutions within its competence will assume a special importance. In this respect, the new majority is committed to provide more room to the role and activity of the opposition, its rights, requests and proposals. The Assembly will be an institution, entirely open to listen to and draw on the opinion of the public and different groups of interest in its law-making initiatives, but at the same time, protected against the risk of state capture, which dramatically increased during the rule of the previous government and has caused significant harm to the public interest.

Judiciary

▪ The Government, in their project of "Change", will widely and deeply implement the reforms in the judiciary, under the recommendation and support of the international partners, in respect of the Constitutional roles and in collaboration with the President of the Republic, the High Council of Justice and other institutions involved in the reforms and performance of the judiciary. The community of judges and lawyers together with civil society will be extensively involved in this process. The reforms in the field of the judiciary will aim at restoring the trust of Albanians in the judiciary system and the fairness and impartiality of court decisions. The reform will focus on the following priority aspects:

- Guarantee the real autonomy of the judiciary by strengthening the institutions of self-control and administration of the judiciary;
- Strengthen the accountability and impartiality of the court system, through

the publishing all court decisions, and improving the evaluation of the performance of judges and their accountability before the Law, based on objective criteria;

- Improve the working conditions and the facilities of the judiciary, upgrade the professionalism of judges, and improve the transparency and objectivity in the appointment of judges and the evolution of their careers;
- Ensure the complete and rigorous execution of the court decisions, primarily over the state institutions;
- Promote and establish new alternative forms of judgment such as arbitration and mediation,
- Restructure and strengthen the capacities of the public prosecutor.
- Restructure and strengthen the capacities of the Bailiff Office and creating opportunities for the private sector in this field.
- Reform the notary system.

Decentralization and local autonomy

▪ In the framework of its project for “Change”, the Government will implement, in compliance with the European Charters of Local and Regional Self-Government, at accelerated and sustainable rates, and in continuous consultation with the local governments and other stakeholders, the reform of decentralization. The new majority believes that decentralization improves the quality of governance both in terms of efficiency and effectiveness, and it strengthens accountability, increases transparency and expands the involvement of citizens and various social communities and groups in the governance process. Under the new Government, there will be no discrimination of local government units due to their political affiliation, and there will be no more delays in the implementation of the National Decentralization Strategy and the organic law of local governance. By the end of the four-year period:

- Local government expenditures related to own functions will be doubled as a share of the state budget and GDP, the fiscal autonomy of the municipalities and communes will be expanded, and they will decide and collect their own taxes and fees. Meanwhile, the transfers from the state budget to the local authorities shall increase 3-4 times compared to the current level and distributed in a transparent and objective manner based on analytical formulae.
- Within two-years, the properties' transfer process to the local government units will be completed, with priority of the transfer of the water systems, roads, land, public companies of local nature, social and culture buildings.
- The shared functions in the fields of education, health, environment, housing, social services, public order and road traffic will be fully implemented. The local governments will take autonomous decisions within the scope of their

jurisdiction and collaborate under the principle of autonomy, subsidiarity and partnership, with the central government as well as among themselves, for the achievement of the national objectives in these sectors, according to their own local priorities. The allocation of funds to the local governments in these public sectors will be implemented objectively and transparently, aiming to narrow the existing regional disparities.

- The borders of each local government unit are guaranteed by law. Any potential change will be carried out only for progress and good-governance, based on an open and inclusive process in accordance with the Constitutional principles and the organic law of local government.

The reform of the central government and the public administration

- In its project of “Change”, the new majority commits itself to build up a government in the service of and providing the best services to its citizens. The Government will embark on a profound and real reform of the public administration, to establish an effective and efficient institutional network, as well as a sustainable administration, dedicated to the rule of the law and to provide the best services to the citizens, able to develop and implement policies, with civil servants recruited and evaluation based on professional qualities, experience, merit and dedication in the performance of their tasks.
 - The new majority commits itself to form a small government and “on a diet”. The non-productive and other luxury government expenditures will be eliminated, while the overall administrative costs of the government will be reduced by half.
 - The ministries and all the other institutions at the executive level will make transparent all their activity, via the internet and the public information offices.
 - The ministries and other institutions under the government umbrella will be re-structured, while an entire network of non-productive institutions and offices will be closed or otherwise reduced.
 - The public administration will be strengthened and consolidated according to the principles of public service; meritocracy and performance. The new majority acknowledges and respects the civil servant status of each employee that has gained it based on merit and guarantees their protection. The government will improve the professional quality in the public administration through an open and competitive process of recruitment, career development, motivation and remuneration for good performance; punishment for poor performance and dishonesty; and through the continuing professional training of the civil servants. The civil servants status will expand to the majority of the public administration bodies, while the wages will rise simultaneously with the narrowing of the discrepancies to a compression ratio of 1:5, between the minimum and maximum wages.

FUNDAMENTAL RIGHTS

iii) The institutional and legal reform and the engagement of the Government aims to guarantee to higher and higher levels of realization the fundamental rights and freedoms of the individual, and primarily, the political and economic rights and freedoms and the protection of life.

Property rights. The restitution of properties.

- The Government commits itself to complete and consolidate the property rights system and create opportunities for the legalization of properties earned by work, sacrifice and honesty, in order to include them in the economic and civil spheres.
- The Government commits itself to carry out the restitution and compensation of properties to the maximum possible limits. For this purpose, the current law will be amended by eliminating its discriminatory restrictions. Properties will be restituted whenever possible, and in every other case, they will be compensated in kind with tourist sites or in cash, based on the market value.

The rights of the ethnic minorities. Romas and "Egyptians".

- The Government commits itself to abide by and achieve the highest standards in respecting the rights of all the ethnic minorities: Greek, Macedonian, Montenegrin, Roma, Egyptian and Aromanian, in full compliance with the European Charter on Human Rights and the European Charter on Minorities Rights. Priority treatment will be offered to the Roma and Egyptian communities through a special education and housing program, in order to overcome the consequences of their long-term discrimination.

The right of information and the freedom of the media.

- The Government considers that guaranteeing to individuals the highest standards of the fundamental freedom of information implies on one hand, a maximum transparency of the government through free and full access to the activity and data of public institutions, up to the personal records of officials, and on the other, a true and fair observance of freedom of media and freedom of opinion. The government declares its highest commitment and dedication, considering freedom of information and transparency as the key tool for good governance and the fight against corruption. The new majority guarantees none of its political officials will bring a penal or civil suit against journalists and the media. In no case, will the Media be treated in a discriminatory way in pursuit of political or other ends.

Guarantee a fair legal process.

- The Government commits itself to launch all the essential reforms to guarantee

a fair legal process for each citizen, easy access to justice, justice and equality before the law for all citizens, humane treatment during the detention period and the transformation of the penal punishment into an opportunity for re-education.

The freedom of religion

- The Government appreciates that the excellent religious tolerance of Albanians constitutes one of the most significant national and social values.
- Faithful to the secularism, which is a fundamental principle of the Albanian State, the freedom of religion will be fully respected.
- The Government guarantees to complete the restitution or the compensation of the properties of the religious communities. In close consultation with these communities and with social and political actors of society, the government will study and promote appropriate alternatives, such as funds or fiscal instruments in order to create opportunities for increasing the financial resources of religious through contributions of citizens.

RULE OF LAW

13. The poor performance of law enforcement constitutes one of the major problems faced by Albanians. Not only due to the incapacity to carry out reforms, but primarily due to the lack of will, corruption and conflicts of interest at all levels, the socialist Governments have led to a dramatic reduction of the capacity of the state to enforce the law at all times and equally for all, thus leading Albania to the edge of a bankrupt state.

14. As a result, crimes remain unpunished; property rights are not guaranteed; the country's borders are porous and easily breached for trafficking; corruption has increased to dangerous levels, thus becoming a system; and, markets fell under the control of the monopolies.

15. Weak state and rule of law has led to considerable negative impacts on the economic progress of the country; has minimized for Albanians the opportunity to enjoy the right of free movement, and further, has delayed the European integration of the country.

16. In their project of "Change", the Government commits itself to guarantee Albanians equality before the law and the rule of law. For this purpose, in addition to deep institutional reforms, the Government will pay attention to some fundamental directions directly linked to the improvement of law enforcement:

FIGHT AGAINST CORRUPTION - GOVERNANCE WITH CLEAN HANDS

- iv) The government declares as top priority, the fight to uproot and demolish the pillars of

the corruption system. In the first hundred days of its mandate, the Government will restore the belief to Albanians that corruption can be combated effectively and that corrupted officials will be punished. The moral of the Government is "*Governance with clean hands*". The fight against corruption will be based on the combination of two key directions - prevention and punishment:

Prevention of corruption. Transparency. Participation.

- The institutional and market reforms will include in each case, the preventive means and approaches to narrow the space for corruption, such as: transparency, internal and external audit, and greater participation in decision-making and monitoring of civil society, local communities and media. Meanwhile, by re-dimensioning the role of the state in the economy; minimizing the scale of bureaucracy and administrative barriers; strengthening the role of the private sector and civil society in providing public goods, these reforms are powerful factors to reduce the opportunities for corruption among officials.
 - Each institution will establish and strengthen public information offices. The "e-government" will be implemented. Through modern information technology, every institution will install "on-line" services. Citizens will enjoy easy and full access to the whole activity of the government via web-sites, where they will obtain information, receive services, express their opinion and participate in the decision-making process.
 - The Government will amend the laws conflicts of interest, public procurement, concessions, and other important laws.
 - The Government will draft the legal base for the operation of the Ombudsman of Procurement. Every procurement commission will have access and recourse to the Ombudsman of Procurement. The relevant law will provide space that the Ombudsman be elected with the participation of the community of the beneficiaries and the suppliers.
 - In a short time, all the licensing procedures will be revised. They will be standardized and simplified, in order to facilitate free initiative, or services to citizens and businesses. The institutions will set up the licensing service based on the principle of "one-stop shop".
 - The government will commit itself to expand and give a new dimension to the collaboration with civil society in the fight against corruption and the increase of transparency. Institutions or research centers that are well-known for their professional expertise and their impartiality will be hired on contractual basis to conduct studies and surveys on corruption. Additionally, with the aim to be transparent to the public, the government will allocate its own funds or jointly with the donors, to implement a program of grants for initiatives that will aim to

increase transparency and empower the monitoring capacity of the public and media over institutions and officials. This is will be the first time that Government pays citizens or interest groups to exert control over its activity, as an example of government commitment and accountability in the struggle against corruption.

Punishment of corruption

- Punishment of corruption will be a permanent commitment of the Government. For this purpose, it will mobilize the full institutional and legal authority in its competence for investigation and punishment through administrative and disciplinary measures in every case of abuse of office or corruption; Government will not hesitate to bring legal action in court against each official involved in corruption. The Government will support every anti-corruption initiative of the Prosecutor.
 - An Anti-corruption Task-Force will be established, composed of representatives from the main state institutions, civil society, media and the business community. This structure will enable a collaboration of the Government with all the other autonomous state institutions and stakeholders.
 - The government will reorganize the executive central Authority in charge of anti-corruption and good governance, which will draft the anti-corruption program, follow-up its implementation, as well as give a new impetus to the internal control and the disciplinary punishment of officials involved in corruption cases.
 - The government will pay attention and immediately react towards complaints of the public as well as accusations from the media and citizens. For this purpose, the citizens-government communication and reporting lines will be established, which will also guarantee the confidentiality of the information source.
 - Specifically, officials with political status will not be offered political protection if they are suspected of crimes. Instead, the Government will not impede the investigation process. In this context, the new majority guarantees that its parliamentary team will voluntarily remove their immunity protection and the Government will revise immunity protections according to the most advanced European models. There can be no immunity for officials if they commit ordinary crimes, especially linked to corruption and abuse of office.
 - The Government team will be free of conflict of interest. The weak points of the law for the prevention of conflicts of interest will be amended and it will be fully enforced, to close every opportunity for officials to misuse power for personal gain. The Government will support with all the necessary means the activity of the High Inspectorate of Declaration and Verification of Assets.

PUBLIC ORDER, FIGHT AGAINST CRIME, TRAFFICKING AND TERRORISM

v) Empowering and guaranteeing public order and individual and community security is a primary commitment of the Government. The slogan of the government will be "Zero tolerance against crime".

Fight against organized crime and trafficking

- The fight against organized crime and trafficking, especially trafficking in drugs and human beings, as well as the fight against money-laundering, will be a priority of the Government. For this objective, there will be amendments to the Penal Code to establish maximum and fixed sentencing rules for these penal offenses.

Commitment in the fight against terrorism

- Albania will fulfill actively and faithfully all its duties and responsibilities in the struggle against terrorism as the number-one enemy of peace, security and life in the world.

Reduction and prevention of ordinary crime

- Ordinary crime will be punished; however, the fight against this phenomenon will also be combined with effective measures for its prevention. Cities, villages, roads, paths, banks and businesses, buildings and stadiums and every corner of the national territory will all be safe and public security will be solid and absolute. In the big cities, investments will be made in a system of permanent electronic monitoring.
- The forces of public order will undergo a deep reform in aspects such as institutional and territorial organization, command structures, relationship with the community, professional training and human resources, and will become able to provide special security services.

Road safety

- Road safety will also be addressed as a priority. The poor level of road security leads to the death of hundreds of people and considerable material damages. The Government will improve road conditions and traffic signals according to European standards, including the application of the road auditing procedures from the moment of the design through implementation. Further, it will strengthen road traffic discipline, based on: improving the system of providing driving licenses based on objective and fair testing; restructuring the technical control vehicles; and through the massive education of all age-groups, particularly those of school-age, in the traffic rules. The road police in cooperation with the municipal police will not only enforce the traffic rules, but they will also become institutions to serve their citizens in case of need.

STRENGTHENING THE INSTITUTIONAL CAPACITY AND HUMAN RESOURCES FOR LAW ENFORCEMENT

vi) Law enforcement requires improved and strengthened institutional capacities. For this purpose, the Government will pay primary attention to upgrading the professional skills of public administration officials as well as to improving the technology and the facilities of every institution, especially of public order and judiciary:

- The upgrading of the professional skills of officials will be combined with the institutional restructuring and the establishment of specialized structures well-equipped with up-to-date technologies. Meanwhile, inter-institutional coordination and cooperation will be improved.
- In particular, in the sector of public order, specific reforms will be launched:
 - Intensifying the control over the land, naval and air borders, through better coordination of the Border Police with other parts of the state Police forces, as well as with all other institutions of national defense, customs and tax structures.
 - A territorial re-organization of the forces of public order for the purpose of enabling public security in each of the administrative units, and particularly in those parts of the country with high incidence of criminality.
 - The reform of the forces of public order, which will guarantee the de-politization and the cleansing of these bodies from incriminated and corrupted individuals, their re-organization in their relationship with the community, their training, professional upgrading and the improvement of their facilities.

THE INFORMATION AND DOCUMENTATION SYSTEM

vii) Law enforcement requires a modern system of information and documentation, to respond in real time to the economic and social dynamics, to be integrated, accurate and easily accessible. For this purpose, the government commits itself to complete the computerized civil registry, property and land registry, as well as providing Albanian citizens with basic identification documents; ID and passport up to European standards. In addition to these basic systems, the Government will invest in other information systems such as on crime, investigations, fiscal statements, judicial decisions, movement of people, addresses, etc.

THE STATE AND ITS OFFICIALS - THE FIRST TO RESPECT THE LAW

viii) Law enforcement starts from the state. The state institutions should be the first to fulfill their legal obligations. The present situation when state officials feel themselves omnipotent, individuals with immunity violate the laws, the state institutions ignore court decisions and do not pay their debts to citizens and businesses, will come to an end. The employees in every institution will be required more than everyone else to respect the law.

THE GOVERNMENT IN COOPERATION WITH INDEPENDENT INSTITUTIONS FOR LAW ENFORCEMENT

ix) Within the constitutional framework, the Government will demonstrate positive will to cooperate with other independent institutions, with the view to increase the rate of law enforcement. In particular, collaboration with the Prosecutor for the punishment of crime; with the High Inspectorate for Declaration and Verification of Assets to ensure transparency and punishment of corruption and conflict of interest; with the National Ombudsman to guarantee the fundamental rights of the individuals and social groups; and, with the local governments to establish the law in urban development and environment protection; will be the focus of the Government.

COLLABORATION WITH THE INTERNATIONAL PARTNERS

x) The Government will be a devoted partner in the struggle against terrorism, organized crime, cross-border crime, trafficking of all types, money laundering and the violation of security of the state borders. It will be absolutely and efficiently responsive to the programs launched by regional and international partners in these fields; it will fulfill all the stated commitments and be open to establish a deep institutional and grassroots partnership with the international specialized institutions and those of individual countries. The government not only will ask for assistance, but also for joint activity of these international structures in the Albanian and regional territory. Collaboration with civil society will be additional energy to make use of in achieving success to establish the rule of the law. In the framework of the European Integration, a priority shall remain the development and implementation of the Strategy for the Integrated Administration of the State Borders according to EU directives.

LAW AWARENESS AND EDUCATION

xi) Legal education will assume a special importance in the prevention of crime and in law enforcement. The government will undertake or will support initiatives of various organizations for a massive legal education of all the strata of society, beginning with the improvement of this education in the schools, up to the increasing the legal awareness and knowledge of the law within the public administration. The initiatives of civil society, universities and lawyers will enjoy special support.

RAPID AND SUSTAINABLE ECONOMIC AND HUMAN RESOURCE DEVELOPMENT

17. Increase of the welfare of each individual is the fundamental goal of Government's project of "Change". This goal can be achieved only through major reforms to establish open and competitive markets which provides opportunities for business or employment for everybody; coordinated with the priority public sectors reform: infrastructure and energy, education and health, complemented with effective social policies in favor of social groups or individuals in need.

18. The economic growth of Albania has come as a result of the creative and the challenging energies of Albanians through their own initiative and the generous support of the international partners. But, it is well-known that a considerable share of this growth belongs to the remittances from emigration, and unfortunately, the money earned from criminal trafficking.
19. Furthermore, the missing reforms of the socialist government, the high rates of corruption and conflicts of interest it was involved in, have brought about the distortion of free competition and capture of the market by the monopolies of former government officials.
20. The programs of the socialist government for economic and social growth of the country either were not implemented at all or were implemented in a distorted manner. As a consequence, the economic growth rates have been declining and the so-called macro-economic stability remains fragile.
21. The stagnation in the creation of new jobs and the high rates of unemployment, estimated by ILO over 38%, remain grave problems for Albanian society. Public investments have been developing at very slow rates and their allocation does not comply with the priorities, needs and development potentials; neither have they been implemented transparently and fairly.
22. The poverty rate in Albania is one of the highest in Europe and the risk of falling in poverty is present and high for large strata of society, which are very near to the absolute poverty threshold. The inequality has deepened and has not touched only the poor but also the middle-class, thus increasing the share of wealth in the hands of very few individuals.
23. The absent reforms in the domain of education and health, together with the halving of the budget and the inefficient and poorly managed investments in these two sectors have caused an overall decline of education and public health indicators, so creating more risks to fall into poverty.
24. Social-type expenditures of the socialist government have been constantly declining, to rank today at the level of half of the average of countries of the Balkans region.
25. Different regions of the country have widened the development gap due to distorted and preferential policies, while the social policies have remained passive.
26. The Government with its project " Change" offers to Albanians a visionary and realistic program to enable the country to embark on the road of rapid, balanced and sustainable economic and human resource development, as the only way to improve the welfare of every individual, the foundation of which stands work and free initiative.
27. The rapid and sustainable economic and human resource development is simultaneously an accelerator of the integration process in the EU. Every advance in the integration process leads to closer European market standards and to European levels of human resource development; which in return, will have very positive effects for the development of the country.
28. The objective of the Government is that the Albanian economy returns to the high levels of economic growth of 6-8 % annually, based on a free, functional and institutional market economy according to European market and standards. The Government aims to ensure an equitable and inclusive growth, as the main factor for poverty reduction, employment generation and reduction of unemployment down to the average level of the developed European countries; the Albanian growth will also be sustainable, this will not compromise the opportunities of the future generations.

29. The government aims to improve in an irreversible way the human development index, with the specific goal to come near, within its mandate, to the average level of the developed European countries.

30. The achievement of the above goals will rely on some key priority policies such as:

OPENING OF TRADE, FREE AND FAIR COMPETITION

xii) Re-establishment of the system of free market and fair competition, in compliance with European norms and standards will constitute the basis of approaching economic policies of the Government project for "Change". For this purpose, the Government will undertake legal and institutional reforms, and will establish and/or empower specialized institutions which guarantee such functioning of the market. Governmental policies aim at deepening the economic opening, through liberalizing the economy and complying with the commitments undertaken in the framework of the WTO, free trade agreements with countries of the region and draft-agreement of stabilization and association with the EU. Also, the reforms in the domestic market will be oriented towards increasing competitiveness of the Albanian economy in the global one. Institutional and law enforcement reforms will produce positive impacts in terms of guaranteeing the freedom of market and fair competition. The Government will gradually reduce the share of the informal sector. To achieve these goals, Government will undertake specific policies and programs such as:

Guaranteeing trade and property rights

- The government will undertake legal and institutional improvements to guaranteeing property rights, including intellectual property rights, and the right of patents and trademarks. The registers of property rights will be computerized and the responsible institutions will be strengthened to guarantee their respect.

Free competition and anti-monopoly

- Legal and institutional improvements will be undertaken to guarantee free competition, particularly in markets with a natural monopolistic tendency. In particular, regulatory entities will be reformed and strengthened to ensure their accountability and effectiveness. The Government will promote the increase of the number of operators in this type of markets.

Consumers' rights

- Legal and institutional improvements will be carried out to put an end to abuses in the quality of goods and services and to guarantee at the same time consumer's rights.

Reduction of administrative barriers

- Decreasing administrative barriers for initiating and carrying out businesses, by combining the reduction, simplification and clarification of administrative procedures for licensing of economic activities on the one hand, with the establishment of " one-stop shops" for Albanian and foreign businesses, on the other.
- Implementation and control over the fair and equal implementation of standards, criteria and procedures for all businesses, by every state institution.

Market information

- Implementation of large public investments in information systems, promotion and involvement of the private sector in information services will facilitate the efficient functioning of markets and the rational decision-making of operators; wide distribution of information and consultation related to public policies will also contribute to achieve these goals.

Public-private partnerships based on free market and fair competition

- The Government will undertake legal initiatives for improving public-private cooperation. The degree, type, and dimension of this partnership will considerably increase. Privatization of strategic sectors by using issuing securities, involvement of the private sector in providing public services through concessions, contracts and procurements, will be the main instruments to be used for this purpose. The Government will bring to an end the miss-use of these instruments for biasing competition and discriminating against businesses. Public-private partnership will be carried out in full compliance with the principles of free market and fair competition.

DEVELOPMENT OF THE FINANCIAL AND BANKING SECTOR. CREDIT GROWTH.

xiii) In cooperation with the Bank of Albania, the Government will undertake legal and institutional initiatives for a steady and rapid strengthening of financial and banking markets. Some of the main measures to be taken will include:

Supervision and regulation of the financial sector

- The Government will strengthen the authority for the fight against money laundering deriving from illegal trafficking and terrorism, and for the decriminalization

of economic activity, improving in such a way the country's image and the credibility of its legal and economic system. The focus of attention will be to strengthen this authority, so as to transform it into an institution that functions normally and obtains results. The Government will ask without hesitation for the assistance of the international partners.

- The Government will accelerate the reform of the supervisory and regulatory bodies of the financial markets, to bring those up to European standards, thereby enhancing the stability of the Albanian financial sector.
- The Government will consider the integration of the various entities which regulate and supervise the financial sectors, aiming to ensure a consistent supervisory and regulatory standard in all segments of the financial sector.

Banking sector and credit growth

- The Government will improve the legal framework for the banking sector, which, together with effects of policies in other areas of its program, such as: law enforcement, guarantee of property rights, reduction of fiscal deficit, will reduce credit risk and will increase the banking sector lending potential, aiming at a threefold to fourfold increase of credit to the private sector by the end of this mandate. Other legal, institutional and contractual measures for the banking system will lead to reduce the use of cash and increase and accelerate the circulation of money through banks.

Extension of micro credit schemes

- The Government will promote the increase, extension, and strengthening of micro credit schemes, either of those operating as foundations with the participation of the state, or of those established by international partners, by orienting them especially to businesses in sectors that generate employment and to businesses in less developed regions of the country. The micro credit system will adopt, on a case-by-case basis, and without damaging free competition, schemes of credit guarantees or soft loans. By the end of the mandate, the Government aims that micro crediting capacity will increase threefold to fourfold, and the micro credit institutions will evolve in more sustainable entities, such as savings and credit institutions, rural development banks and other forms.

Capital market and Tirana Stock Exchange

- The capital market will start to function through re-invigorating the Tirana Stock Exchange, considering the possibility of transforming it in a proper time into a private institution. The trading of long-term treasury bills and of part of state-owned shares of public companies will be posted to the Tirana Stock Exchange. In cooperation with the Securities Commission, the Tirana Stock Exchange will also undertake information and awareness campaigns for businesses, whereas the growth of

financial and fiscal discipline will also serve for encouraging quotation of the private sector in the stock exchange.

Insurance market

- The Government will undertake legal and institutional initiatives to guarantee free and fair competition and transparent functioning of the insurance market. Strengthening of the insurance regulatory authority will be supported. The Government will fight against corruption will ensure that contracting between state institutions and insurance companies will be free of conflicts of interest. The Government will privatize the state-owned share of INSIG.

REDUCTION OF THE INFORMAL ECONOMY

xiv) The informal economy has reached disturbing levels, constituting a factor of risk and uncertainty for the economic development of the country. It is estimated that the ratio of informal to formal activity in the private sector is 14/10. The Government estimates that the high degree of bureaucracy, considerable administrative barriers, high fiscal burdens and especially corruption, fiscal discrimination and market monopolization are strong instigating factors.

- The Government's program relating to market opening, de-bureaucratization and reduction of administrative barriers and fiscal burdens, development of the financial sector and micro credit, extension of information services and other services in favor of business, along with effects on economic development will also bring about reduction of the informal economy.
- In addition, strengthening of fiscal discipline, effective rule of law, fight against corruption, trafficking and money laundering, will also significantly reduce that part of the informal economy that is black and criminal.

ALBANIA: THE MOST ATTRACTIVE COUNTRY FOR FOREIGN INVESTMENTS

xv) As a consequence of the unfavorable business climate due to considerable administrative obstacles, widespread corruption and state capture, chronic regulatory weaknesses of the government as well as high political risk of the country, etc., the socialist inheritance in this field is that of a country with the lowest level of foreign direct investment and exports, compared to other countries in the region and among the transition countries. Attracting foreign investments is of crucial importance to ensure higher rhythms of development and integration of Albania. The Government's program for "Change" is based on the slogan - "Albania, the most attractive country for foreign investments in the region and beyond it".

- Achievement of the objectives of democracy and rule of law, of the fight against corruption and trafficking constitute the basic conditions for creating the premises for attracting foreign investments.

- A free and fair market; reduction of administrative barriers; progress in infrastructure and human resource development; extension and particularly modernization of the financial sector; and, macroeconomic stability are as important to creating a proper environment to increase the amount of foreign investments.
- Provision of facilities in the form of industrial parks, fiscal incentives, facilitating partnerships with domestic businesses, as well as enhancement and intensification of information on the opportunities for doing business in Albania will be some of the specific programs of the Government for the promotion of foreign investments.
- Strengthening of regulatory capacity over the market; establishment of fair competition and reduction of the informal economy; guaranteeing property rights and resolution of inherited property conflicts; reduction of barriers for entering into the market; and, faster integration with regional markets and those of the EU, will make possible that by the end of the four years, half of the needs for investment in the Albanian economy be provided by FDI.

MACROECONOMIC STABILITY

xvi) Market functioning will be supported by steady macroeconomic stability, which will be based on successful fiscal and monetary policies through effective cooperation with the Bank of Albania, and which will ensure full employment.

Budget deficit and public debt reduction

- The government is committed to reduce the budget deficit through increasing fiscal revenues and effective and efficient administration of public expenditures. It is aimed that at end of the four-year period, the budget deficit will not exceed 4% of GDP.
- Public debt will be used only to cover the needs for public investments, whereas revenues from privatization of national property will be used only for public investments in priority sectors, with high impact on development.

Appropriate annual inflation rate

- Supporting the Bank of Albania, the government will contribute to maintaining the average annual inflation within the level of 2-4%, through efficient fiscal and budgetary policies.

Other macroeconomic indicators

- Significant improvements will be achieved also in other macroeconomic indicators such as in the current account deficit, trade deficit, employment, and increased share of savings and investments to GDP. At end of the four-year period, it is aimed that the public and private investment reaches about 30% of GDP, from 20% today. Public investment with domestic resources will exceed 5% of GDP, from the current 2% level.

FISCAL ADMINISTRATION AND POLICIES

xvii) In the Government's project of "Change", the fiscal policies and tax system will be transformed into instruments in the function of economic development, while the tax and customs administration will be unified into a single institution and will be transformed from a mechanism of biased intervention in the market and from a means of corruption and evasion into an integrated public service of fiscal revenues, named fiscal revenue service, with an exemplary public service behavior, cooperating with and assisting tax-paying businesses and citizens. At the end of the four-year period, it is aimed that budget revenues reach 28-30 % of GDP.

Fiscal revenue service. Fiscal administration. Discipline, transparency, simplicity and honesty.

- The strengthening of tax discipline and the just, fair and efficient implementation of tax and customs procedures, combined with fiscal decentralization, will be the main means for reducing fiscal evasion, for preventing biased intervention in the markets and for eliminating discrimination of tax-payers for political and corruptive ends.
 - Tax procedures will be simplified and clarified. Services of tax administration will become easier and faster through information technology, one-stop shops, larger involvement of the banking sector and through an organizational reform and strengthening of human resource capacities in tax and customs administrations.
 - Tax and customs administrations will be reorganized according to an integrated model of fiscal revenues, including social and health insurance contributions.
 - Adoption of transparent rules in recruiting, promoting and dismissing employees, in accordance with the basic rules of Civil Service, Customs Code, and Law on Tax Procedure.
 - Review of the Code of Ethics, establishment of professional and moral standards of service, as well as the establishment of anticorruption structures within the fiscal revenue service.
 - Establishment of instances of appeal to guarantee protection of tax-payers in two levels: one within the fiscal revenue service and another independent from

the executive power, in the form of a “Tax Tribunal”, as the final step of administrative complaint.

- Adoption of new procedures for identifying taxpayers, declaration, self-estimation of tax liability, tax estimation, enforcement of collection, etc.
- Introducing self-declaration for each separate tax, similar to VAT, through simple and understandable forms for all taxpayers.
- Computerizing and linking into a single network of all the tax, customs and other segments of the fiscal revenue service in the national territory.
- Tax and customs storehouses will be placed under the full legal authority of the fiscal revenue service, bringing to an end preferential political treatment.
- Implementation of all agreements and treaties for avoiding double taxation and for exchanging information with neighboring countries in the fight against evasion and smuggling.
- The Government will widely consult with the business community on these reforms, and will create facilities for administrative complaints and for receiving information and accusations of businesses of the abuse of office by tax and customs officials.
- In the framework of deep fiscal decentralization, the Government will support the establishment and/or strengthening of local tax administration of municipalities and communes and will cooperate with this administration for an overall improvement of the fiscal behavior and discipline, of both the administration and taxpayers.
- Fiscal education of the taxpayers will receive special attention. For this purpose, awareness and education programs will be initiated, and guides and other information materials will be produced. Citizens and businesses will be informed of their tax rights and responsibilities.

Fewer taxes. Lower tax rates.

- The Government's fiscal policies will be based on the principle « *fewer taxes and lower tax rates, more business and employment and more budget revenues* ». The high number of taxes and their high current rates, along with their unfair and corrupted implementation have been transformed into a negative factor and into an obstacle for the country's economic development.
 - The government will reduce the number of taxes and progressively, the tax rates;
 - The whole tax system will be reviewed, aiming at as much as possible, a neutral tax rate, among property, income and consumption, as the three basic pillars of modern tax systems.

- Tax on profit of companies will be reduced to 20%. In order to encourage employment, this tax will be further reduced, respectively by 20% on reinvested profit, for businesses that generate employment, as well as for exporters. Further, profit tax exemption will be applied over a 1-3 year period to new businesses, provided they generate employment. A rate of 10% deductible expense will be recognized for new technology, in addition to depreciation of the current year; more appropriate depreciation rates will be applied to calculate deductible costs. In order to calculate advance payments of profit tax, tax administration will accept the self-estimation of businesses, to the extent that the error of revenue forecast remains within a reasonable defined margin.
- The Government will adopt tax incentives related small businesses and for the self-employed. The fiscal burden for these businesses will be halved, on average. Differentiations among these businesses will be adopted, also taking into account specific conditions in various regions of the country. The law will define all taxes related to small businesses as local taxes. Municipalities and communes will be authorized by law to determine on their own the fiscal regime for these businesses, they will collect the revenues and will also be supported by the central administration in this process of strengthening their tax management capacities.
- The liability on social contributions will be reduced to 35%, leading to reduced labor cost for employers, and lead to further generation of employment. Along with this reduction, other programs to promote employment will be adopted.
- The value added tax will be reduced from the current 20% to 17%. The VAT rate for electric power supply will be set to 6% and the basket of 0% VAT rate will be extended to supplies of education services, drugs and medical services; supplies for the media and supply of liquid gas.
- Tax on personal income will be a comprehensive tax based on the annual self-declaration of taxpayers. Tax rates will be progressive, based on the level of income. The maximum rate will be 20%, from the current 30%.
- The list of goods on which excise duty is levied will be simplified; the tax rate will be lowered, making them neutral and no higher than those the countries of the region, with positive effects in discouraging smuggling.
- Customs duties will be further reduced according to the commitments of Albania to WTO, other free trade agreements, including FTA with the EU.

DEVELOPMENT PRIORITIES AND BUDGET EXPENDITURE

31. Preparation of comprehensive strategies for economic and social development, some sectorial strategies for cross-cutting issues was possible thanks to the Albanian expertise and support of international donors. But this process is not followed by necessary political will or the adequate mechanisms for their implementation. The rate of implementation is very low. Most of the strategies are blocked and are used only for demagogy by the social governments aiming to create a false image of efforts for increasing the efficiency and effectiveness of public finances.

32. There is a huge discrepancy between the strategic goals and objectives established by these documents, and the medium-term and annual programs. The allocation of public funds was based on narrow personal and electoral interests.

33. Lack of political will, corruption, state capture and close political interests have led to biased allocation of funds and creation of disparities with long-term effects for key public services and some regions of the country. The most glaring example of these disparities is in the education sector, which is announced as a major and primary objective in medium-term budget programs and framework of socialist governing, whereas actual budgetary funds allocated for this sector, has been reduced year-by-year in relation to GDP.

34. Budget expenditures under socialist governments have dropped significantly from 30-32% of GDP to 28%, due to the lack of sufficient fiscal revenues. The largest reduction of expenditures relates to capital and social spending, so that its share to GDP is now less than half compared to the countries in the region.

BUDGETING BASED ON PRIORITIES. TRANSPARENCY AND PARTICIPATION. PUBLIC EXPENDITURE ADMINISTRATION.

xviii) The Government, in its project of "Change", will allocate domestic and foreign public funds in accordance with the priorities defined in the documents of National Strategy for Social and Economic Development Strategy and of the European integration process. The allocation of public funds within each sector will consider the impact of the public spending on the achievement of the objectives of development and integration. Along with these priority effects, the Government will consider the need mitigate social problems through active instruments. Through increased revenues, higher absorption of donors' grants and credits, public expenditures are expected to reach the level of 33-35% of GDP by the end of the four-years.

- The Government will profoundly reform the planning of public finances, through implementation of the Integrated Planning System, which will ensure the harmonization of the development of annual state budget with the Medium-term Budget Planning Framework; with the National Strategy for Economic and Social Development; and, with EU Association and Stabilization Process, as well as with other priority policies and strategies.
- Improvement of the planning system will be associated with the establishment of an efficient system of financial management, control, reporting and auditing of public expenditures. The effectiveness of these systems will be measured by meeting projected objectives.

- Budget preparation will be carried within the legal timeframe, will be complemented with macroeconomic and fiscal analyses, of budgetary and fiscal stability and will be approved through a process of open public debate before and during the parliamentary discussions, where all the interested actors will be included.
- The reformed system of public finances will ensure:
 - The optimization of the size of government and public administration, developing standards for administrative structures, and for expenditures to be based on outputs and outcomes which will be implemented with the goal to reduce wasteful expenditures.
 - Steady growth of expenditures for maintenance and operations of direct public services to improve their quality.
 - Increasing capital expenditures for priority public investments with the goal to gradually reach the level of 5% of GDP for capital expenditures financed by domestic sources by 2008.
 - Reducing public debt costs through deficit reduction as a percentage of GDP. This will ensure the release of part of the resources to be used for financing priority public investments.
 - Gradual stabilization of primary budget and operational budget balances to ensure the coverage of interest expenses and to increase financing of public investment from steady fiscal revenues.
 - Creating conditions, in this way, for a gradual passing from donor's grants and soft loans to commercial loans.

35. Some of the priority areas that the Government regards as essential for the rapid and stable economic and human resource development of the country and to which the essential part of public expenditures will be addressed are:

DEVELOPING INFRASTRUCTURE

xix) In the Government's project for "Change", the development of modern infrastructure to integrate the country with the region and with Europe is viewed as a basic condition to achieve the targeted economic growth and for the overall development of the country. The Government will improve project preparation and implementation capacities; will increase significantly the allocation of public expenditures in this area; and will demonstrate a strong capacity to win the confidence of international partners, particularly of the EU, EIB, EBRD, etc., to increase the amount of financing through grants and loans extended by these institutions.

Transport, roads, ports and airports

▪ The strategic objective for the transport sector is the gradual creation of a single and connected communication space at the national, regional and European level. The transportation strategy will have, at its base, the directives and requirements of the EU transport policies. The Government's policies will consider the optimization of speed and commodity versus negative environmental impact and transport safety. Therefore, the road, port, airport infrastructures will attract most investments of public sources and foreign donors origin. In addition, the Government will use effective instruments to attract private capital will be explored either in investment or in operation and maintenance of infrastructure:

- Government priorities are: Continuation of east-west and north-south corridors, giving priority to the segment of the Lushnje-Vlore road, to the construction of the Durres-Prishtine highway and the central south axis, extension of capacities of Durres, Vlore, Sarande, and Shengjin ports according to their most appropriate destination. Work shall also begin or the designs prepared for other segments of national importance.
- Regional integration of various regions of the country is as necessary as that of integration in regional and global markets. Therefore, considerable funds will be allocated for investments in national and sub national regions road networks, whose effects will be a higher access of less developed regions in the national market and beyond, and will increase opportunities for a more balanced development in the whole territory of the country.
- In cooperation with the local governments and in full respect of local autonomy, the Government will finance improvement of road infrastructure of municipalities and communes. In particular, during the coming four years, the Government will finance the restructuring and asphaltting of 4000 kilometers of rural roads, which will lead to multiplied effects in poverty reduction poverty and increase opportunities for development of rural and mountain areas of the country.
- The Government will efficiently implement airport development projects to increase air traffic capacities and will apply more effective methods to attract private capital in these services.
- Achievement of European standards in transport and the establishment of coordinating and counterpart structures with the European ones will create conditions for signing conventions and agreements in all fields of transport.

Water supply for every family.

▪ Supply of drinking water and removal and treatment of wastewater also constitutes a major priority of the Government on which considerable funds will be allocated for investment and maintenance. Decentralization, commercialization, and privatization will constitute the essential elements of the means of the reform of the sector and lead to higher levels of quality and quantity of the provision of this service.

- The Government will take strong measures to strengthen the discipline of the sector, to reduce the illegal access to and waste of drinking water; to increase the financial and managerial performance of water supply companies; to reduce their losses; and to reduce to zero subsidies for operating expenses. The government will absorb considerable funds from the international donors for investments in the technology of water supply systems and of wastewater treatment and sewerage networks.
- By the end of the first year of the Government, for the tourism season of 2006, tourist cities and site from Saranda to Velipoje will have 24-hour water supply and in the coming years this level will be achieved in all other municipalities of the country, accompanied with tangible improvements of water supply in rural areas.
- By the end of the first year, the Government will complete the transfer of property rights of the water supply systems and networks to local governments, resolving in their favor the arrears and debts, subsidies, and financing for investments. The Government will fully support municipalities and communes to increase the quality and quantity of this service in an autonomous way, and simultaneously encourage them to gradually cover the costs of the service. At the same time, the Government will create opportunities for attracting private capital in this sector through concession and management contracts.

Sufficient, cheaper and guaranteed energy.

- The country's economic development and transforming Albania to become the most attractive country for foreign investments requires sufficient sources of energy at as low a price as possible, guaranteed and easy access for every business and family. The Government declares the next four years as years of struggle against darkness and energy shortages.
 - Electric energy will be a priority area of the Government, which is committed that every family or business wherever they may exist will have access to sufficient energy and without discrimination. The Government aims, by 2007, to guarantee uninterrupted electric energy supply, an objective to be accomplished through carrying out deep reforms and priority investments in this sector. In the intermediate period, the Government will eliminate discriminatory regional supplies applied by KESH and the socialist governments.
 - Meters will be installed for all consumers and therefore, the fixed quota billing will come to an end by 2006. The existing system of metering will also be improved. Abuses and theft of electric energy by any unconscientiously user will be severely punished. Electric energy will be fully paid by each consumer. Therefore non-technical losses that presently constitute 800-1,000 million kWh will decrease receivables will increase to over 95% compared to the rate of 88% in 2004.
 - The government will impose financial and administrative discipline in KESH, leading to positive results in increasing its capacities to

produce, import, transmit, and distribute more electric energy and at higher quality.

- Corruptive practices of electric energy import will come to an end. Therefore the legal framework and practices for electric energy imports will be regulated, becoming more transparent and capable of ensuring imported energy at sufficient quantities and at the fairest price. Within increasing technical possibilities, the KESH will adopt the method of energy surplus exchanges.
- The Government will truly open the energy market and will implement restructuring through a step-by-step privatization of KESH within its four-year mandate. To this end the division of the activities of production, transmission, distribution and supply of electric energy into separate companies will be implemented according to the plan of activity supported by the World Bank and the EU. The regulatory entity will be supported but will also be encouraged to strengthen its regulatory capacities and to begin to play the role of unbiased arbitrator in this open market. Soon the Treaty on Energy of the Energy Community of South-Eastern Europe, led by the EU, will be signed and on this basis the whole legal framework will be completed so that the energy market will approach European standards and norms and thus be integrated in the regional electrical energy market. Government aims to privatize all small and medium power stations, as well as distribution and supply. Also, alternate options for consumers will be expanded, to find on their own sources of electric energy from other domestic and foreign suppliers. The opening of the energy market will stimulate the attraction of private capital and significantly increase production and supply capacities of the Albanian electric energy system.
- The Government will support investments in the production of thermo energy in the South of the country, thus creating conditions for attracting private investments, but only in those areas of the country where environmental damage is at a minimum, and/or through requiring the highest standards of technology and lowest pollution by such producers of energy.
- The Government will continue to support integration of Albania into regional and European transmitting networks of the 400 kV Elbasan²-Tirana²-Podgorica lines as well as Tirana substation 400/220/110 kV and the 400 kV Tirana²-Kosova^B line, and intensive studies will continue on the possibility of extending the interconnection with Macedonia and Italy. The Government will do its utmost to ensure membership of the Albanian transmission system in the Union on Coordination the Transmission of Energy (UCTE).
- The Government will promote the production and use of alternative source of energy sources as well as its conservation, as part of its energy and environmental policy.
- The Government will restore free competition in the fuels market and will prevent discrimination and monopolistic tendencies fed by conflicts of interest in this area and will activate legal and institutional instruments to guarantee the quality of fuels, which will produce positive effects to consumers or to the environment.

Cheap, high quality, multiple telecommunication services for all Albanians

- Telecommunication and information technology are regarded as fundamental factors for a rapid and modern development of the country and its integration into Europe. The government will undertake reforms that open the telecommunication and Information technology market, bringing about increased private investments in this sector, increased access to services and increased quality of these services. For this purpose, the Government will:
 - Effectively create a competitive market in telecommunications through legal and institutional initiatives; by increasing accountability and efficiency of the regulatory entity without infringing its autonomy; opening the market for the new operators of mobile and fixed phone service; ensuring fair and equitable access to the interconnection network to all operators;
 - End and punish conflicts of interest in this sector as well as favoritism and abuses committed by operators that act under the conditions of conflicts of interest;
 - Refuse to acknowledge the privatization of Albtelecom as an act performed under conditions of total lack of transparency. The Government will engage international independent experts to evaluate this process and will take a final decision based on this impartial evaluation. Meanwhile, necessary measures will be taken to ensure the financial health of this corporation and changing it as a factor for developing in an open market, placing emphasis on the increase of services in favor of other operators, in addition to the traditional service to clients.
 - As a result of opening the market and strengthening the discipline of Albtelecom and through its privatization, the penetration rate of fixed telephony per family will reach 90%, being tripled in comparison to today's level.
 - The Government will open the market for operators which provide information technology services, making the state the main consumer of this service, which will give an additional impetus to this sector up to the moment that private consumption, will expand. Particularly, investment in information technology in "E-government" public of administration, as well as in the education sector will constitute an important share of demand in this market.

HUMAN DEVELOPMENT

xx) Human development is the most important goal of Albanian society. Related public investment will be the main priority of the Government. The Government considers that the increase of access in a qualitative and mass education for Albanians as the top priority. The

improvement of public health indicators is also vital to increase human resource capacities. The realization of every individual through culture and sport will also receive the attention of the Government. Reforms and programs in this field will be drafted and implemented through consultation and participation of interest groups at the regional and national levels, up to the level of the National Council for Human Development.

A quality and mass education.

- The education of Albanians is the most important process of preparing individuals able to operate successfully in a democratic system and in a market economy. The education system in Albania has suffered dramatic deterioration in its quantity and quality indicators. Access to basic and particularly to secondary education has been reduced considerably, mainly in the rural areas of the country, where education conditions and quality are of great concern. Meanwhile there is a high overpopulation in the urban centers of the country, which gravely damages the teaching process. Teachers remain the worst paid category of public employees. Public spending for education dropped from 4.2% of GDP in 1996 to 2.8% in 2004. The average length of education dropped from 11.5 to 9.2 years in 2004, compared to the average of the OECD countries, which is 15.4 years. About 85% of high schools in rural areas were closed and the number of professional schools reduced by six times. The public higher education finds itself under the conditions of an incomplete autonomy which is often threatened and suffers from the lack of means and the quality of its output is not suited to the market and the requirements of the present system.
- This grave condition of education requires an energetic and visionary intervention. The vision of the Government for education is based on the model of continuous education starting from the preschool age and continuing through the entire course of life. The objective of the education system will be the forming of individual capacities and skills to gain knowledge and to use it. The education system will be based on school autonomy.
- In order to reach these objectives which will enable the achievement of a European educational level as a necessary condition for the European development of the country, the Government engages itself to carry out a comprehensive reform of the education system, financed from considerable public resources, from the increase of donor support as well as by attracting the private sector to this field. Education reforms will be drafted and implemented through the consultation and participation of interest groups.
 - The full reform of the teaching curricula will adapt it to the needs of the students and society in this century. This will be achieved through consulting the best expertise and including interest groups in their drafting. The Government will liberalize the curricula.
 - The teacher' status will be established as a reference point for society and community, with all the respect that the teacher merits. The Government will increase teachers' salaries by 50% within the second year of the mandate and will double it by the end of this mandate. Higher salaries will be accompanied by

mechanisms to ensure the increase of professionalism and dedication in teaching. Special incentives will be used for teachers who work in remote and difficult areas.

- A fundamental improvement of the education conditions will be ensured through the building and repairing of the school buildings and equipping them with modern didactic means. The aim will be to reduce the average class size to 25-30 students.
- Computerization and internet connection in every school and class, as well as the widespread teaching of English will be available.
- Vocational high schools will enjoy priority in the pre-university education in compliance with regional economic trends and the labor market. The Government will open in the rural areas a large number of vocational schools, mainly for agro-business. The vocational schools will aim to attract more than 40% of high schools students.
- The institutional reform in education based on school autonomy will determine the role of the school personnel, parents/students community and local government. The performance of the education system in general at the school level and other levels will be monitored and evaluated through adequate instruments and with transparency.
- Public funds for education, including higher education, will reach the level of 5% of GDP. The distribution of the funds will be mainly based on the number of students. Private initiative will contribute alongside public funds to achieving pre-university education objectives.
- The Government aims by the end of its mandate to reach the level of 100% of completing the nine year (primary) education and the level of 88% of secondary and vocational education. Another objective is to raise the enrollment rate of children in pre-school education to 60%.
- Higher education will aim to provide graduates with high quality academic and professional knowledge in order to successfully compete in a liberalized and developing economy and also in compliance with the processes of integration and globalization. The Government also aims to expand higher education by supporting and encouraging the public universities to open their doors to the Albanians. The increase of quality and expanding higher education will also be supported by private initiatives in this field.
- The autonomy of public universities will be improved and completed, especially relation to administrative, financial and property-rights aspects. This autonomy will be accompanied by the improvement of check and balance mechanisms and by the increase of financial efficiency.
- The Government will intensify the university reformation in compliance with the principles and objectives of the Bologna process towards the structure of studies (3+2 years); increasing the quality of the evaluation system through accreditation; adopting the credits system; and unifying the procedures of

recognizing degrees according to the norms of the European Union.

- The Government believes that the public universities can make substantial progress towards self-financing through tuition fees and other sources of revenues. The Government will support students from poor families and will the best students even through enabling them to complete studies in Western universities.
- The Government engages for an active policy of brain gain, through various programs such as the one thousand young scholars, establishment of groups of excellence and other means that will recover the brain drain that has dramatically occurred during these years of transition.
- The Government considers the universities of Shkodra, Elbasan, Vlora, Gjirokastra and Korça not only as schools of higher education, but also as centers that can contribute to the development of these regions. Therefore, it will support these universities with state funds and Government orders. The University of Durrës will be opened and the possibility to open public universities in other regions will be considered, but without damaging the increase of the quality and quantity of the existing universities.
- The Government will examine the various opportunities for the different institutes under the Academy of Sciences, which operate in exact or natural sciences to be integrated in the respective university.

A high quality and honest health service with guaranteed access for all.

- The health system has deteriorated in recent years due to the slowing down and blocking of the reforms to establish a modern health system. Many indicators of public health have notably deteriorated. On one hand the outdated system, with poor performance and on the other hand, the poor living conditions and the impact of a polluted environment present a serious threat to the health of all and especially to children and the elderly.
- The Government pledges to carry out a fundamental reform of the health system at all levels and to accompanying the reform with a considerable allocation of public funds.
 - The reform in the primary care sector will combine decentralization with considerable investments for equipment, buildings and human resources, financed from public funds and those of the international partners and through the expansion of health care insurance. The effects of the reform will be felt in the increase of service quality; coverage of the whole country with health service; and, bringing the service as close as possible to the citizens. Special attention will be paid to the care of mothers and children.
 - The hospital system, which is outdated, will be developed through regionalization and concentration, aiming to enhance its performance. This reform will combine on one side the increase of discipline and on the other side the preparation and the inclusion of the hospitals in the system of health

insurance. Increased amounts of public funds and funds from international donors will be also allocated to this sector.

- The Government will declare frontal war on corruption in the health system, and will guarantee the medical discipline of service as well as the financial order of its administration. It will also increase the miserable salaries of this sector by 30-40% by the end of the first year of the mandate. The continuing training and mobility of medical personnel will take on special importance.
- The public health sector will be reformed and modernized. The institutions of this network will be supported in their programs of disease prevention, especially in carrying out mass vaccination programs, health care promotion, drinking water and air quality control. The role of the local government in this sector will be expanded. This sector, in collaboration with that of primary care and hospitals, will develop and implement national projects for illnesses such as cancer, heart disease, AIDS, traumas, etc.
- The Government will promote private sector participation in the health sector, in primary care, hospital and support services. Simultaneously, the Government will take care to avoid the conflicts of interest that may arise.
- The health insurance system will be reformed in order to increase the level of collection of mandatory contributions through the institutional strengthening of the Albanian National Health Insurance Institute. The Government will also promote the private initiative in the area of voluntarily health insurance.
- The government will take measures against the tendency of monopolies and conflicts of interest in the pharmaceutical market. The control and the guarantee of the quality of medications will be strengthened with the aim to have the Albanian market supplied by medications up to the level of European standards.
- Specific social groups will enjoy special service and/or discounts for health service and access of medications. Mothers and children, disabled individuals, retirees, etc. will enjoy special attention.

Culture and sport at the service of economic and human development

- The cultivation, promotion and display of the national cultural identity in the face of market challenges and especially in the context of globalization, will be the basic principle of the cultural policy of the Government.
 - The goal of the Government is the transformation of the culture policies from an "esthetic" instrument of governing into true spiritual nourishment, free of ideology, in the service of every Albanian in Albania, the Balkans and wherever he might live.
 - The Government aim's to multiply the budget for culture and also to raise funds from donors, international organizations as well as from domestic private sector to ensure the preservation and development of our national heritage; to support, promote and protect the arts, and artists, and to guarantee the

intellectual property rights in the sphere of arts and culture.

- The Government, in collaboration with local governments, civil society and the business community, will promote the dynamism and wider dissemination of cultural activities in the regions and especially of those in the tourist areas, through the Art-Tourism programs, which will serve to enrich the lives of citizens and promote our identity as a people in the present era of globalization.
 - The entire historic, ethnographic, cultural and artistic heritage through adaptable forms and means will be at the service of the country and especially for the development of tourism.
 - The Government will undertake the necessary initiatives to restructure the network of cultural institutions aiming to ensure their independence and raising the necessary financial means for improving the quantity and quality of cultural and artistic activity.
- The Government will increase its attention to and related expenditure in favor of development and popularization of sports, in order that sport will serve as a tool for human and spiritual development of everyone and especially of children and youth as well as pleasure and opportunity to display national values in this competing sphere that unites humanity.
- The mass development of sport culture will constitute one of the priorities of the Government policies in this field. The objectives will be achieved through the means and instruments that increase the role of schools, civil society, business and local government in enhancing technical and technological sport facilities and disseminate physical education.
 - The Government will support the autonomous national sport organizations and will improve the legal and institutional framework to enable the national sports institutions to gain more support also from the private sector. The Government will also take measures to fight the instrumentalization and the corruption of these structures.

THE PRIORITIES OF ECONOMIC DEVELOPMENT AND SUPPORTING POLICIES

xxi) The Albanian economy based on the market model is a young economy and is still in the process of developing its areas of specialization in front of regional, European and the world economies which are all in the process of integration and globalization. However, the Government considers that the priority fields which will enable rapid and stable economic development of the country for at least the next 10-15 years are tourism, agriculture/agro-industry and exports. All these three fields can be viewed as connected in an aggregated cluster and their simultaneous development will enable the entire Albanian economy to grow and successfully compete. Growth in these three directions may occur through the combination of free initiative, creative energy, capital, tradition combined with foreign investments and know-how. Developments in these fields will be supported by the whole Government program, but specific actions will also be dedicated to them. The main specific

actions in these fields are:

Tourism and its rapid, high-quality and multiform growth

- A primary objective of the Government is the development of sustainable tourism which also preserves and develops the cultural and natural heritage of Albania. The country's environment, traditions, culture, numerous archeological sites of all periods, museal cities and historic monuments offer opportunities for the development a diversified tourism sector with the potential to offer as well unique Albanian characteristics. The potentials for development of tourism are seriously threatened as a consequence of the ineffective and corrupted policies of the socialist governments. The toleration of the abuses in the tourist sites; the hijacking of terrains by clans connected to power; the high pollution of coastal waters and land; damage to ecosystems; and, lack of infrastructure and services are the key problems and threats to tourism. The ending of this situation and the return of tourism development based on a sustainable model is a vital issue for the present and future. The development of tourism will be based on regulatory plans and programs that promote private Albanian and foreign activity and will also preserve the environment and the future development of the sector.
 - The development of infrastructure, especially of roads; water supply and wastewater treatment, with priority in the coastal tourist sites; as well as the guaranteeing of electricity supply constitute an important support for tourism development.
 - During the first year of its mandate, the Government will undertake strong legal measures to block any further attempt which may lead to additional chaos and threats to tourism. The Government will also have recourse to penalties and direct demolitions when this is deemed to be unavoidable.
 - The highways Durrës-Morinë, Lushnje-Vlorë; the widening of the Bregu Road, the construction of an airport in the South of the country and other infrastructure objects be priority investments in infrastructure for the development of tourism.
 - The new majority has expressed its objection to the construction of a thermo-central near Vlorë without considering the opinion of the citizens of Vlorë. The Government considers that the citizens of Vlorë must have the right to express their opinion through a referendum. The Government is committed to guarantee sufficient electricity supply for the tourist sites, especially in the South of the country and will examine the most appropriate solution to reconcile energy development with the development tourism and protection of the environment.
 - The Government, in collaboration with the private sector, will conduct a wide and international marketing campaign to promote Albanian tourism and will establish a network of representative offices. For this reason, the Government will double the funds for tourism marketing. The campaign will aim to attract tourists from Europe and Asia through marketing in prestigious media. The Government will support promotion of tourism and strengthening the private

network of tourism operators and their communication with all lodging and other suppliers and tourist agencies of all tourism-related services, with the goal to put the tourist and his preferences at the center of attention.

- The programs for the sector will combine fiscal and administrative incentives. The Government will encourage tourist activities which offer a diversified set of services and promotes the movement of tourists in wider areas and regions of country, promoting the utilization, not only of coastal tourism capacities, but also cultural, historical and ethnographical tourism, mountain and environmental tourism; and, agro-tourism.
- While strengthening the role of the private sector in providing direct services to tourists, the Government will also provide opportunities to the private sector to participate in the development of infrastructure which is also linked to tourism.
- By the end of the mandate, the number of tourists will exceed 500,000 per year and the profits from tourism will exceed 800 million Euros per year.

From self-sufficiency to market-oriented agriculture. Development of agro industry.

- Despite significant potentials and the rich traditions of Albanian farmers, the level of development of Albanian agriculture stands at miserable levels.
- The Socialist governments were not able to complete the establishment of a system that guarantees property rights related to land and its registration. The land market remains undeveloped. The unfair competition of monopolies owned by politicians obstructed the market access for local products. The lack of infrastructure and abuse of budgetary funds caused a drastic reduction of irrigation and increase of erosion.
- The development of agriculture together with agro-industry will be based on basic and promotional policies and reforms for the sector. Investments in agriculture by the state and international donors will increase considerably and with the effective and efficient use of resources.
 - The Government guarantees Albanian farmers that it will finally and forever resolve the issue of property rights on agriculture land, based on Law no. 7501. Within one year, Albanian farmers will fully enjoy the titles of ownership through the re-activation and acceleration of the land registration project. The open land market will encourage the process of increasing the size of farms.
 - Investments in farming infrastructure; in land management and protection; as well as rural road infrastructure will enjoy special priority.
 - The extension service will be expanded and improved and the development of farmers' cooperation will be encouraged. The veterinary and prophylactic services will be fully restructured and they will be provided free of charge. The supply of agriculture inputs will be guaranteed, and provided at subsidized prices and the control of their quality will be strengthened.

- The fuel used for agricultural activities will be supplied to all Albanian farmers and at a price not to exceed 40 Lek per liter.
- Farmer's access to credit will multiply through the expansion of micro-credit institutions as well as through the establishment of agrarian and rural development banks based on the savings-credit model. The Government will also increase the technological support.
- The Government will develop an entire network of agricultural and agro-business vocational schools.
- In Albanian agriculture, the highest opportunities for development: fruit and vegetable production, vineyards and livestock, will enjoy priority treatment through the agrarian development policies of the Government, especially promoting greenhouse production. While the production of cereals will be supported, where there is interest and opportunity, with state purchases based on international prices. Olives, as a crop for which there is a huge potential for production, will enjoy special support from the state.
- Government programs in this sector will support the rapid and diversified growth of the small, medium and large agro-processing industry. Development of the sector will lead to reduction of food imports, and increase their export, as fresh produce and processed products. Government will open the food production market, which is currently under the control of the monopolistic groups linked with the former socialist governments.
- The Government will apply fiscal incentives: the three year exemption from profit tax for the new agriculture and agro-processing businesses; a further 20% reduction of the profit tax rate for export-oriented businesses of this sector.
- The development of the agricultural and agro-processing industry will be also supported by strengthening the capacity of control, certification and standardization of the agricultural and agro-food in order to protect the domestic consumer and to reach European standards to increase and promote exports.
- The development of agriculture and agro-industry will be combined with the integrated rural development program.
- The opening of trade will continue according to commitments undertaken by the Albanian State in the framework of the World Trade Organization and free trade agreements considering the opening of trade as an opportunity for increasing exports, but reviewing the open trade regime for specific products, based on renegotiating mechanisms offered by these agreements.

Strengthening competitiveness. Increasing exports.

- Exports will serve to measure the development of the Albanian economy. Albanian export potentials will increase either due to the empowerment of private

initiatives of Albanians, or through the promotion of direct foreign investments, through improvement of the business climate and environment. The Government will enable a friendly export environment through:

- Development of the institutional support network for exports; strengthening of the certifying, quality and standards control institutions; as well as supporting the participation of Albanian businesses in European programs of quality.
- The diplomatic and commercial representation network, in cooperation with the business community will work for export and foreign investment promotion.
- The immediate reimbursement of VAT for export firms and reduction by 20% of the profit tax rate for export-oriented firms.
- Cooperation with international partners and the private sector as well as with research institutes and universities to support the sector with know-how and information.
- Encouragement of export-oriented foreign investments which are very important for the rapid increase of Albanian exports, considering the know-how which foreign investors possess; the better connections with their markets; and their knowledge related to standards and procedures applied in their countries. Thus, promotion of foreign direct investment will be a top priority for the Government.
- Development of other facilities, such as: industrial parks; reduced and simplified customs and administrative procedures including the expansion of duty-free advantages for labor processing activities; other related services and other micro-economic incentives for Albanian and foreign exporters.
- The continuation of the trade opening policy, negotiation and signing and/or reviewing the most suitable trade agreements with the countries of the region, the European Union and other trade areas with exporting potential, in the framework of the World Trade Organization.

INTEGRATED AND SUSTAINABLE URBAN AND RURAL DEVELOPMENT AND ENVIRONMENTAL PROTECTION

xxii) Rapid and sustainable development is the fundamental objective of the new Government. The sustainability of Albanian development has been often questioned during socialist rule. Rural degradation and poverty, urban sprawl, environmental degradation and damaging of natural resources are only some of the main problems caused by the previous government. Bringing the country back on the path of fast but sustainable and balanced development is of vital importance. Such development will be guided by the vision and the respective approach of Government that ensures an integrated development of rural and urban areas as well as leaves room for environmental preservation. The Government's goal will be achieved through an effective blending of sectoral policies into an integrated approach which enables:

Integrated rural development including the mountainous areas

- The goal of the new Government is an integrated approach on rural development, based not only on agricultural progress, but also on a diversified development, with the non-agricultural economy gaining more weight in terms of employment and output.
 - The development of public infrastructure and services, in particular the energy sector, water supply; balanced land and territory management; urbanization of rural areas; education and health sectors will ameliorate life quality in the rural areas.
 - Environment and land protection, increasing access and level of sustainable usage of natural resources by communities and individual in these areas, will be another priority in support of the integrated development of the rural and mountainous areas of the country.
 - The integrated development will be assisted by institutional instruments such as decentralization reforms, improvements of inter-communal cooperation, regional oriented territory and administrative reforms, as well as strengthening of human and social capital, in particular through strengthening and supporting the role of interest based rural communities.
 - Government will partner with local actors in this process. To this end, it will restructure and strengthen its main instruments in support of rural development, such as the Albanian Development Fund, Mountain Areas Development Agency, micro-crediting foundations and other institutions.

Integrated and sustainable urban development. Legalization of housing

- Urban development will be based on the approach of integrated and sustainable development, complemented with the effective use of the urban territory, development of urban technology and strengthening of the urban civic living culture.
 - Albanian cities will develop based on long term studies and urban plans that precede but also orient the trends of urban expansion. Urban chaos will be brought to an end immediately. Government will liberalize and open up the market for construction, putting to an end corruptive, discriminating and clientelist practices in issuing construction permits. At the same time, Government aims to preserve and expand public spaces, in particular green and recreation areas. It will adopt strict punitive measures against abuse and illegal occupation of public spaces.
 - Within a year, Government will complete the process of legalization of houses, in particular in the urban areas with new settlements. Citizens will have to pay between 100-400 thousand Lek for legalization of the houses and the ownership title over land. This process will favor more people in need.

Government commits to compensate the land owners. Legalization of building spaces not authorized in the initial construction permit will be conducted by levying a penalty of 4 percent on their market price. On a case by case basis, the illegal construction areas will be developed and urbanized through investments in infrastructure and basic services such as health and education. In the entire process a distinction will be made between illegal constructions for social needs and those for private profitable purposes, punishing the latter.

- Government will place a high priority on the development of roads, including traffic signaling and parking, water supply and sewage, urban cleaning and garbage collection and processing, public lighting and telecommunication.
- Establishment of a business friendly environment will improve private enterprise thus increasing employment, income, services and recreation opportunities for urban populations. Such improvements complemented by strengthening of the urban order and enlargement of green areas will significantly improve the air quality and public health.
- Urban communities are an important factor for the cultural and spiritual development of the population, strengthening of the civic culture as well as for the Europeanization of the country. For this purpose, the government will promote the enrichment of urban life and will support initiatives deriving from local authorities, civil society and business communities to this end.
- In the process of urban development a special attention will be paid for the preservation and development of the urban cultural, ethnographic and local heritage of Albanian cities, especially Gjirokastra, Shkodra, Berat, Korça and Elbasani. These heritage values are important factors not only for the development of the specific urban centers, but that of the regions and the entire country, in particular towards tourism development.
- Government has committed to wage an uncompromising fight against drugs and ordinary crime in order to guarantee the safety of life, health and private property. Law enforcement forces will be restructured and reorganized in order to ensure public order and safety even in the high crime urban spots.
- Local authorities will be the main actors in implementing the integrated urban development programs, equipped with more autonomy resulting from the accelerated implementation of the decentralization reforms. Local communities with their initiatives, business communities and civil society will also play an important role in this process. Government will act as a reliable and supportive partner for these actors.

Environmental protection and the sustainable use of natural resources.

- Environment degradation, loss of natural assets, high level of air pollution in the urban and industrial areas, massive land erosions, continuous damaging of forests, water pollution, construction chaos and damaging of protected areas, are some of the critical problems that the country is facing, which risk to jeopardize its long term sustainable development. Government is committed to cure such problems and bring

the country back to a sustainable development path, within its mandate. In addition to the benefits from other sectoral programs, specific programs will aim at environmental improvements:

- Government will fully enforce the laws on environment protection. In particular, *the damager pays* principle will be strictly enforced. To this end, government will reform environmental agencies and institutions and will increase the punitive measures against polluters and damagers of environmental assets.
- Government will discipline economic activities that cause air and water pollution, compromise tourism potentials, damage forests and cause earth erosion. Such policies are expected to bring tangible results on the quality of environment within the first 2 years.
- In particular, the level of air pollution in large urban areas will be halved. Government will adopt and enforce European environmental standards on emissions and concentration. Surface water pollution will be eliminated within four years.
- Government will give a special attention to environmental “hot spots”, caused by old and worn-out industries, aiming to fully neutralize and rehabilitate them, and in specific cases relocation of the families exposed to their risk will also be used.
- A special importance will be placed in the fight against erosion, one of the main causes of flooding of the plain areas accompanied by huge damages. For this purpose, Government will stop all the exploitive economic activities in the areas with high risk of erosion. In addition, it will support specific rehabilitation of protective dams, forests and pastures.
- Government will adopt a set of environmental friendly incentives for the economic operators and individuals, in compliance with the principles of the free market. Fiscal incentives will be applied in order to promote reduction of pollution by businesses and individuals, investments in clean technology, conservation of energy, efficient use of natural resources and investment in environment. Government will establish a special Environment Fund that will be financed by environmental taxes and fines, as well as by donations. The Environment Fund will serve to finance projects for environment protections and technological innovations that improve the environment.
- Clear definition of property rights and their enforcement, the transfer of the ownership and the right of use of some environmental resources to the local communities, such as forests, pastures, waters, land, etc., are some of the other measures to be taken by the Government with an effect to a more friendly behavior towards environment of businesses, local communities and individuals.
- Specific measures will be adopted to prevent and stop the exploitive use of the wild fauna. Strengthening of the monitoring and protection capacities and increasing of the punitive measures will serve to this end.
- Government will double the surface area under its protection, ensuring not

only their preservation but also their development through appropriate environmental and market instruments.

- Special attention will be placed for an efficient exploitation of mineral resources, through liberalization of the market and concessions to domestic and foreign investors that warrant environment protection and rehabilitation.
- Public awareness on environment situation and risks will be an important element of government's environmental strategy. Civil society and independent organizations will be invited to offer their inputs in the drafting and implementation of environmental policies, and in particular for monitoring of environmental situation in the country. Environmental education of the public will be supported by specific programs in cooperation with civil society. Government will review the environmental rights of the public and will improve the administrative and judiciary appeal procedures, thus improving the access of environmental groups and citizens in general in bringing legal action against and punishing those that damage or pollute the environment.

THE SOCIAL ROLE OF THE STATE.

36. Government considers its role in social issues not only as an obligation, but also as an effective approach in favor of the economic and social development of the country. At the same time, it realizes that social policies should be proactive rather than passive and, above all, they should focus on investments strengthening country's social capital. On a specific note, Government is committed to undertake effective measures that will improve gender equality.

UNEMPLOYMENT REDUCTION. FULL EMPLOYMENT.

xxiii) One of the major pillars of Government's project for "Change" is employment of every and each Albanian. The inherited unemployment in general and in particular the long-term unemployment and its high level among the young generation, are a major threat and hindrance for the country's development. It is unemployment and the hopelessness to find employment in the future that drives Albanians towards migration.

- While the Government's programs aims to increase the economic growth, one of its main objectives will be reduction of unemployment to the average level of the developed countries, thus not only matching with the natural rate of population growth, but also motivating the return of emigrants.
- In addition to the positive effects on employment that the general economic program will produce, Government will also employ direct measures and instruments, proven to be effective, in order to adjust and improve the functioning of the labor market, such as labor information, intermediary institutions, vocational training, fiscal incentives etc. Employment promotion programs will be implemented in cooperation with civil society organizations and the private sector. Such programs will be tailored to the country's needs and specificities, focusing not only on the country as a whole, but also on the rural, urban and regional specificities.

SALARIES AND PENSIONS

xxiv) Increasing of the public sector wages and pensions is one of the main priorities of the Government's budgetary policies. Pensions will be doubled at the end of Government's mandate, while the gap between rural and urban pensions will be significantly reduced. As a result, on average, pensions will be significantly higher than the minimum living standard, where they have stalled during the entire socialist rule.

- Reduction of fiscal evasion, increase of the payment of social security contribution due to the reduction of the social security rates, as well as increase of employment, will all contribute to increases in the financing of the pension scheme.
- Government will also support private initiatives in the financial market that would revitalize pensions schemes, especially through the opening of capital and financial markets to private investments. Social security liability will be reduced to 35 percent.
- Wages of the public administration will be increased, giving priority to low salaries, at the same time reducing the gap between low and high salaries down to one to five compression ratio, by the end of the government's mandate. Priority will also be given to the reduction of wages imbalances amongst different public sector areas, in particular by increasing wages in the direct public services, such as education, health and public order. At the same time, Government will increase the minimum wage.

POVERTY REDUCTION AND SOCIAL CARE

xxv) Every Albanian will benefit from the development of the country. It is the aim of Government that the development process will not exclude or leave behind anybody. To comply with such a principle, in addition to the opportunities offered by development of the private sector, Government will design and implement effective social policies in support of vulnerable groups of population and people in need, which will primarily aim their integration in the mainstream of development process.

Poverty reduction

- The four years ahead will be years of a broad fight against poverty. Poverty reduction will be ensured through high economic growth that will include every region and citizen of the country.
 - In addition, social policies and instruments will be tailored such as to assist every poor person to cross the poverty line. In cooperation with the local authorities, the poverty subsidy funds will be activated through public works schemes. Employment promotion and vocational training will be primarily geared towards poor families.
 - In order to break generational inheritance of poverty, government will pay special attention to the vocational training of children from poor families.

- In four years, the number of households living under absolute poverty line will be reduced to half, while no Albanian will live under the food poverty line.
- Improvement of public services and their accessibility, especially in the poorest areas of the country, will further contribute to the reduction of non-income poverty.
- Both, market liberalization and distributive policies, will reduce the inequality created amongst the population at large, created during the socialist ruling of the country.
- Poverty reduction policies will be based on periodic studies on poverty, and will reflect its characteristics, distribution, most vulnerable groups, impact of policies, etc.
- Government will closely cooperate with civil society organizations both in the evaluation of poverty reduction policies and service delivery to the poor.

Social care for the groups and individuals in need.

- Government will increase the effectiveness of its social policies and give them a more communitarian and inclusive nature. To this end, it will increase its attention towards groups with specific needs, such as the disabled, orphans, street children, mothers with many children who are heads of households, teenagers, young girls and women that have suffered violence or have been trafficked, drug addicts, work and war invalids.
- The government will invest in setting up modern social services centers, will adopt communitarian forms for their support and will also encourage and support business and civil society initiatives in the field, that will complement its direct financial support for the vulnerable groups of population.
- Specifically:
 - No child will be abandoned; every child will enjoy the care s/he deserves.
 - Special care will be offered to disabled children and/or disabled parents who raise children, in particular offering them assistance and facilities for proper education and employment.
 - Aid in the form of vocational training, financial assistance, scholarships etc. will also be offered to orphans, as well as to parents with many children.

Resolving the problem of homeless families.

- Government will provide to a great extent housing for the homeless families. To this end, it will invest in the construction of about four thousand low cost new

apartment houses, which will be offered to the homeless through a transparent and fair process. In this undertaking, Government will closely cooperate with the local authorities and private businesses. Meanwhile, by the end of its mandate, the Government will resolve the issue of families living in the houses of former owners, using a similar scheme to that used in the year 1993 for the general public.

Care and integration of the former political prisoners.

- Government will support the full integration of the former political prisoners and their families in the economic and social life of the country, by eliminating discriminations they have suffered anew during the years of socialist governing. In addition to fair financial compensation for the time spent in communist prisons, in compliance with the existing legislation, they will also be assisted with regard to education, employment, housing, etc.

Respect and care for the veterans without discrimination.

- Government expresses its deep and sincere respect for war veterans and will stop the political manipulation they have gone through during the socialist governing of the country. Veterans and their organizations will enjoy a special status and broad fiscal and moral support.

CARE FOR EMIGRANTS. INTEGRATION OF OLD AND NEW EMIGRANTS IN THE DEVELOPMENT OF THE COUNTRY.

xxvi) Development of the country belongs to all Albanians whether living in the country or abroad. Albanians have proved that they possess an extraordinary social capital that has played an important role during these difficult years of transition. Emigrants, with their financial and moral support for their families in Albania, have been a determining factor of survival and development during all these years. With their work and efforts they have demonstrated to other nations the capabilities and qualities of our people. Government is dedicated to their integration in the political, economical and social life of Albania and also to defend their fundamental rights in the countries where they live.

The active inclusion of the emigrants in the development of the country.

- Government will offer to emigrants the opportunity to return and invest in their country by enjoying a three year exemption from the profit and personal income taxes. Albania's diplomatic and consular network will be restructured and will significantly improve its services to Albanian emigrants, amongst others through around the clock IT services. The government will support establishment of cultural centers in other countries and organization of activities in collaboration with Albanian

emigrants associations, wherever they are. A main priority will be the support for Albanian language learning by emigrants' children through offering of textbooks and teachers alongside opening of summer schools in Albania.

Commitment to ensure respect of emigrants' rights.

- Government is committed to demand the respect of emigrants' rights by the authorities of the countries where they live in compliance with that country's standards, without discrimination and, in compliance with the European and/or international standards. More important, their legal integration in the countries where they live will be of utmost priority.

GENDER EQUALITY

Gender equality and gender issues are a very important aspect of the development of the country. The new Government is fully committed to bring to an end to the violence on women and young girls and their exploitation for prostitution and other purposes. Effective policies and measures to prevent domestic and family violence and crime against women will also be a high priority. In addition, the Government's gender policies will aim to reach a higher access for women in the job market, in particular, increasing opportunities for official, political and business careers. Policies aiming to foster gender equality will primarily focus on the rural and underdeveloped areas of the country. As in other fields, government programs and policies will be closely drafted with civil society organizations, in particular those specialized on gender issues.

THE EUROPEAN AND EURO-ATLANTIC INTEGRATION.

37. The Government is well aware that membership in the European Union and NATO - two major priorities for all Albanians - demand utmost efforts and the contribution of all factors and actors in order to achieve the required standards in the field of democracy and rule of law, market economy and human rights. Development and integration are the two sides of the same coin, two closely related and interdependent processes. Development goes along integration and vice versa.

38. Free elections, fight against corruption, organized crime, trafficking and terrorism, security of the borders, rule of law, free market and functioning democracy, respect of human rights and minorities, good neighboring and cooperation for peace and prosperity without distinction for all the citizens of the Balkans, Europe and entire humankind are major criteria for fast integration into the EU.

39. Recent years' slow and conflicting developments in this direction, such as installation of a

corruptive economic and government system, tolerance towards crime and its connection with politics, state capture, lack of free and fair elections have been serious obstacles that have slowed down and even frozen the EU integration process.

40. The whole of the Government's program is designed and will be implemented with the determination to achieve all the required standards that will lead to full membership in the European Union and in NATO, in the near future.

IMPLEMENTATION AND COORDINATION OF REFORMS FOR EUROPEANIZATION AND INTEGRATION

xxvii) The Government appreciates the great support and the willingness of the European Union and its member countries governments for the EU's enlargement into the Western Balkans, and for offering Albania the opportunity to become part of the union.

- Government believes that the European integration of the country rests in hands of Albanians themselves - the integration success depends on us and it is our responsibility. At the same time, the European integration enjoys the full and unwavering support of every actor of the Albanian society, out of which derives the energy and legitimacy of this great national effort. Due to this fact, the responsibility of the Albanian political class in general and of the Government in particular assumes a greater importance.
- The Government's European integration program is based on the requirements of the integration process, giving priority to those areas and directions that have clearly been indicated as problematic by the periodic evaluations carried out by the European Commission. Achievement of European standards of a democracy based on free and fair elections, rule of law, border security, respect of human rights and minorities, and a free market economy are the main objectives of Government's reforms and programs.
- At the same time, effective fight against corruption, organized crime and trafficking will change the image of Albania and its government before European partners and the European public opinion, thus facilitating the integration process.
- Government is committed to conclude very soon the negotiation of the Stabilization and Association Agreement and will demonstrate a strong willingness to fulfill all its engagements to the European Commission that will ensure signing of this agreement by next year.
- After signing the agreement and fulfilling all the standards of citizens' identification and registration as well as efficient border controlling, the Government will make efforts to ensure the free movement of Albanian citizens in the European Union territory.
- Each ministry and public institution will develop and report its specific integration efforts, through measurable indicators and will be entirely responsible for the progress or delays in the implementation of its part of the integration reforms. Government will take all necessary organizational measures to ensure an effective

and efficient coordination and monitoring of the activities of ministries and other institutions. Specialized units of coordination and monitoring of the European integration reforms will be set up and operate in every such institution.

- Signing of the Stabilization and Association Agreement will be followed by intensive and coordinated efforts to fulfill all its objectives and requirements in due time.
- The European integration process will be an open process and the Government welcomes the contributions of the opposition, other state institutions, civil society, business community, media and every citizen. Government will be very open and will seriously consider any suggestion and comment addressed to it during this process.
- Government is open and will also welcome the periodic evaluations and recommendations provided by the European Commission, European Parliament and other European institutions will conduct on Albania's progress and will seriously reflect and act upon them.
- In the integration process, Government will make use of all accumulated experience by other new member countries or by those that are going through the process of gaining membership in the European Union. In the mean time, the Government will collaborate with other countries in the Western Balkans to increase the chances of more pre-accession funds by the European Union.
- Albania's human and financial resources and all other factors will be oriented towards development and European integration processes. The Government will enhance its absorption capacities of funds provided by the European Union and other donors, directing them mainly towards integration reforms.
- The European integration process will also be supported by programs that would aim to inform and educate the public at large, and in particular the young generation, on European issues and topics, thus promoting understanding and sharing of European values by Albanian society. At the same time, Government will work to increase the knowledge and information on Albania by European societies.

FOREIGN POLICY, FOCUSING ON EURO-ATLANTIC INTEGRATION, REGIONAL PEACE AND STABILITY

xxviii) In the foreign policy area, government stands by the commitment made by the Democratic Party to Albanians 15 years ago to give Albania a respected place in the family of democratic countries. To this end, foreign policy of the government during the next four years will be driven towards country's integration in the European Union and NATO. The entire diplomatic activity will support the Government's task of accomplishing the necessary reforms needed to fulfill European requirements, without which there cannot be integration.

- We notice with pleasure that socialist government foreign policy has followed the same path paved by the Democratic Party government in the first period of

transition. Our government remains determined to further consolidate the wide consensus on foreign policy and enhance the diplomatic professionalism and activity. Albania needs a realistic and pragmatic foreign policy that will support development and integration needs of the country. For this reason, economic diplomacy will be a main priority of the future. Albania has a great unused economic potential and a great need for foreign investments. It also has substantial investment absorption capacities. One of the primary tasks of the Albanian diplomacy will be the promotion of these potentials amongst foreign countries in order to attract foreign investments and boost mutual economic exchanges.

- Albania is already a member country in many international organizations and coalitions, including the UN, the Council of Europe, the OSCE, the Antiterrorism Coalition, the Francophone Organization and many other economic, cultural, scientific, law, educational inter-governmental and non-governmental convents and structures. Our aim is to enhance Albania's role in these organizations, improve the image of the country, and benefit from international projects through which member countries work together to ensure a balanced development of different regions of the planet.
- Albania possesses the potentials to develop an active cultural diplomacy that will promote the recognition of our national identity by other countries and improve our image through exposure of our best national values. Cultural diplomacy, as it has already been proven, is an efficient way of attracting foreign tourists and promoting Albania's inclusion in the global process of cultural exchange.
- Albania enjoys good and very good bilateral relations with all the countries of the democratic world. This is a sound foundation to move ahead in enhancing and intensifying these relations in the future.
- Relations with the United States remain of a primary strategic importance to us. The United States of America is an indispensable ally of Albania's new democracy. Albania will continue to offer its contribution with all its means in the Antiterrorism Coalition. With regard to the bilateral relations between two countries, there do exist all the conditions for a greater presence of American capital in the Albanian economy. The substantial assistance offered by the United States to Albania so far in the field of institution building and democracy and consolidation of the free market need to be complemented by American direct investments in the country, in particular in the strategic sectors of our economy. This objective will be a main priority of our bilateral relations with the United States of America.
- Albania will continue to play its proper role to strengthen peace and stability in the region, through expanding and intensifying diplomatic, political and cultural relations with all countries in the region. It is very important that Albania does not have any unresolved issues with any of these countries; the relations are regulated by complete framework of agreements with each of these countries, signed and ratified by Parliament; it is necessary realize to the benefits of these agreements through concrete actions for their implementation. The coming four years will bring a higher level of relations and collaboration with Macedonia, Kosovo, Croatia, Bosnia-Herzegovina, Serbia, Montenegro and other countries of the Balkans. We share with all these countries a common aim which is integration in the European Union and

NATO and for this reason, all the agreements with these countries serve the reciprocal interest and this integration process. The tradition of friendship with Turkey will inspire additional efforts to expand our exchanges in all fields.

- Intensification of the multifaceted and friendly bilateral relations with the member countries of the European Union, and especially with Germany, France, Great Britain, as well as with the countries with traditional relations, such as Austria, will facilitate the European integration process of Albania. A certain imbalance can be noted between the excellent political and diplomatic relations in contrast to the low level of economic relations. In the coming years, the Albanian diplomatic corps will focus its activities to adjust these imbalances. Relations with Greece and Italy, as friendly and neighboring countries, with a long history of rich relations with Albania and in the same time as members of the European Union and NATO, will be of priority.
- In addition, the Government will aim to expand and improve the relations some countries who have an important role in current world economic and political affairs, such as Japan, India and Canada, which have also considerably supported the Albanian transition. China remains a constant partner, but with not yet fully exploited opportunities for exchanges in the economic and cultural spheres.
- During this mandate, the Government will reform the network of Albania's foreign representations in order to expand our diplomatic presence, strengthen the most important diplomatic missions and also increase the attention to emigrants.

NATIONAL SECURITY. NATO MEMBERSHIP. ALBANIA'S CONTRIBUTION TO GLOBAL PEACE AND SECURITY

xxix) Guaranteeing the national security is a major goal of the Government; this goal unites every national actor. National security is one and indivisible, on one hand from the priority legal and institutional reforms including the reform of the armed and national security structures and on the other hand, from the process to strengthen strategic alliances and Albania's collaboration with all countries in the framework of global initiatives for the security of humanity, and especially with the process of Albania's membership in NATO.

- Albania is part of the Balkans geo-strategic environment, with clear positive tendencies in the improvement of security structures. European integration of the region is crucial and directly linked to all elements of national and regional security. The new geo-political environment, the transformation of the nature of threats from traditional military ones into other non-traditional and asymmetric threats will be the focus of work of all structures and entities, which have a role in strengthening the security of Albania.
- The process of transformation of the Armed Forces and the reform in the security and defense field will consider the changes that have occurred and are under way, with the aim to respond appropriately to all challenges to the protection of national, regional and global security. Albania will comply with and respect the main

documents adopted by Parliament in the field of defense such as: the Strategy of National Security and the Military Strategy of the Republic of Albania, seeking to carry out their periodic reviews and improvements.

- The integration in the Euro-Atlantic security structures is a priority strategic objective of Albania's foreign policy. This is and will remain a priority of every government. The last NATO Summits in Prague and Istanbul have clearly put forth tasks to be fulfilled by the candidate countries. As a candidate country, Albania is committed to build a consolidated democratic system, because it is convinced that the creation of a safe and stable environment, the consolidation of democratic institutions and the strengthening of the economy are inextricably tied to the integration processes.
- Albania's membership in NATO will constitute a natural expansion of the Alliance in its Southeastern wing, as the favorable geographic position of Albania would effectively correspond to the new NATO strategy for the region.
- As a Government of a candidate and partner country, it aims to receive the invitation for membership in the Alliance within the shortest time possible through the successful implementation of the transforming reforms in political, economic, social and military sectors.
- The Government will intensify for the achievement of this strategic objective by enabling the necessary conditions for the respective structures to meet the Partnership Objectives and by reflecting as best as possible our achievements in the MAP, PARP and IPP documents and also our work in the framework of the Adriatic Charter, SEDM initiatives, etc.
- The contribution of Albania in preserving peace and security is one of the most precious assets, one of the most positive achievements that make us feel proud and dignified in the community of nations.
- Albania was the first former communist country that asked from the very beginning of democracy, partnership and membership in NATO. Albania responded immediately to the request of the United States and NATO to be part of the "Partnership for Peace" and since 1996, is contributing to preserve regional peace and security in Bosnia-Herzegovina, fulfilling its mission in a professional manner.
- After the tragic events of September 11, 2001, Albania is contributing with peacekeeping forces in the ISAF mission in Afghanistan and after the liberation of Iraq from Saddam Hussein's regime, Albania is participating in the Iraqi Freedom peacekeeping operations in Mosul.
- The Government appreciates and supports the participation of many other officers and lieutenants of our Armed Forces in the peacekeeping missions of the United Nations in Georgia or in the current presence of Albanian military personnel in various international military commandments.
- The Government is determined to enhance and expand Albanian peacekeeping missions and the role of Albania in global peace and security, because in this way, we serve to our national security, as well as to guarantee the common values of

humanity. In all cases, the respective decisions will be taken in consultation with the opposition, other state institutions and with every other important national actor.

THE FIRST ONE HUNDRED DAYS OF THE GOVERNMENT AND THE YEAR 2006

41. The grave and problematic situation of the country in front of the huge challenges ahead requires an effective and efficient government from its very first days. The Government will re-establish the accelerating pace of work in the entire central administration and also will ask every independent institution for collaboration based on law, but dedicated to enable the country to enter as soon as possible in the path of development and integration.

THE FIRST ONE HUNDRED DAYS OF THE GOVERNMENT

42. The fundamental goals of the Government and the main directions of its work during its first one hundred days until the end of 2005 are:

- I. The return the confidence of Albanians that the fight against corruption will be successful by undertaking:
 - i. The establishment of the anti-corruption Task Force under the leadership of the Prime Minister. The establishment of the anti-corruption and good governance committee. The adoption of the detailed action plan for anti-corruption.
 - ii. The immediate triggering of internal control.
 - iii. Establishment of the confidential phone line to enable complaints about corruption cases.
 - iv. Signing a cooperation agreement with civil society.
 - v. The establishment of public information centers. The application of information technology for an active communication with the public in the central institutions.
 - vi. The amendment in its weak points and the implementation of the law on conflicts of interest.
 - vii. The reviewing and adoption of the immunity of officials, according to the recommendations and most advanced European models.
 - viii. The reviewing of the procurement law and the adoption of the Ombudsman for procurement.
- II. The immediate engagement in the fight against organized crime and trafficking through:
 - i. Reconstruction of the main institutions with a substantial role this field and the dismissal, based on facts, of the incriminated officials.
 - ii. The quick striking of the recognized criminal groups.
 - iii. The immediate establishment of a deep institutional and grassroots partnership with international institutions specialized in the fight against organized crime and trafficking.

- iv. The tangible reduction of ordinary crime.
- v. The establishment of discipline in road traffic and reduction of accidents.

III. The achievement of macroeconomic, fiscal and budgetary objectives to which we have committed, and also in agreement with the International Monetary Fund and the World Bank through:

- i. Immediate measures to re-establish fiscal discipline, starting with the restructuring of the Tax and Customs authorities and dismissal of corrupted officials, based on facts.
- ii. The immediate halving of small business taxes.
- iii. The acceleration of the programs for implementation of public investments in priority sectors, and monitoring the investment performance.
- iv. The immediate reduction of the Government administrative expenditures and the reallocation of respective savings in priority development sectors.
- v. Increase of salaries and pensions.

IV. Reviewing of the medium-term objectives of the National Strategy for Social and Economic Development and those of the Medium-Term Budgetary Program, adapting them to the ambitious objectives of the new Government.

- i. Every ministry will review the basic sector strategies by adopting more ambitious objectives or by drafting a new strategy in compliance with the Government program in all the priority fields and sectors.
- ii. The process will be entirely open to include civil society and the business community. The Parliament also will be fully involved in this process.

V. The preparing of the fiscal and budgetary package for the year 2006.

- i. The budgetary and fiscal program of 2006 will be ready by October 2005. The budget project will be based on the Government priorities, national strategy, and integration process, it will be prepared as never before, through open consultations with other public institutions, local government, civil society, business community, trade unions and other interested groups. The Government meetings for the draft budget will be open to the public. The budgeting process will be based on the Integrated Planning System, whose implementation will start this year.
- ii. The discussion of the budgetary and fiscal program of 2006 will begin sooner than ever in Parliament, in order to offer the opportunity to all the interested actors to be involved in this second stage.

VI. The re-organizing of the central administration according to the principle of a small but efficient government.

- i. The restructuring of the ministries and central institutions of the Government will be carried out according to the Government format, with fewer Ministries.
- ii. An entire network of ineffective institutions around the Council of Ministers and ministries will be shut down or downsized.

VII. The re-establishing of financial discipline in KESH.

- i. Replacement of the management of KESH.
- ii. Dismissal of corrupted employees, based on facts.

- iii. The carrying out of an in-depth audit.
- iv. Launching the progressive reduction of arbitrary billing and accelerating of the installment of meters.
- v. Securing electricity supply for the 2005-06 winter period and reducing power shortages.
- vi. Eliminating discrimination in the regional distribution of power.
- vii. Increasing collection and the reducing considerably abuses of electricity by irresponsible consumers.

VIII. The rapid opening of the telecommunication market.

- i. The re-evaluation of Albtelekom privatization contract with the assistance of international expertise.
- ii. Establishing financial discipline.
Replacement of Albtelekom's management
Dismissal of corrupted employees, based on facts.
- iii. Canceling all contracts infected by corruption or conflict of interest. Eliminating the discriminatory treatment of the rural telecom operators and internet suppliers.
- iv. Full preparation for opening the telecommunications market in 2006. Increasing the demand for the effective functioning of the regulatory entity through enhanced Parliamentary monitoring.

IX. Improving the draft action plan for reduction of administrative barriers. Commencing implementation of the action plan.

X. Ensuring a good opening of the academic year 2005-2006.

- i. The Ministry of Education, in collaboration with local government will engage with a high priority to finalize all the necessary preparations for the academic year 2005-2006. The opportunities to increase public funds for education from the state budget for the remaining period of 2005 will be considered.
- ii. The plan of measures for the successful opening of the academic year in public universities will be prepared.

XI. The reform in the health sector, in compliance with the Government program will be reviewed. The successful implementation of investment and supply of equipment will be guaranteed, through allocation of additional funds from the budget, following a review for the remaining period of 2005.

XII. Starting the preparations for the tourism year 2006.

- i. Preparations for the tourism year 2006 will start from 2005 as has never before occurred.
- ii. With high priority, will be considered the key interventions in infrastructure and basic services.
- iii. The demolition and removal of abusive buildings that compromise tourist areas.
- iv. Preparing the work program for tourism development.
- v. Reviewing the legal framework for tourism.
- vi. Drafting and beginning to implement the work plan to ensure twenty four hour water and electricity supply in tourist areas for the summer 2006.

XIII. Taking all the logistic and institutional measures to forestall the fall and winter 2005-06 rains aiming to minimize the possible damages.

XIV. Amendment of the law on legalization of houses and the restarting the process in compliance with the amendments.

XV. Establishing discipline in the construction sector and on the quality control of fuels, aiming to begin reducing air pollution in the main cities of the country. Halting the destructive use of riverbeds. Halting the damaging exploitation of forests, of pastures and other environmental damages that create risks for erosion. Halting illegal hunting and fishing which use destructive means.

XVI. Reviewing the law for restitution and compensation of properties, in compliance with the program of the Government. Correct and transparent calculation of the cost of property restitution. Preparation of the action plan for implementation of property restitution, starting implementation during 2005.

XVII. Correct and transparent calculation of the cost of financial compensation for former political prisoners, in cooperation with their associations. Starting implementation in the beginning of 2006.

XVIII. Drafting a specific program for the support of the Roma and Egyptian communities in collaboration with their associations and with international organizations.

XIX. Drafting an quick intervention program for the education of "street working children" and for the support of their families.

XX. Starting the preparatory process for the local elections of 2006 based on an open and wide consultation with all the political forces, local government and international partners. Identification of the most suitable ways to enable emigrants to vote.

XXI. Completing the negotiating phase of the Stabilization and Association Agreement, pledging clear commitments to fulfill the agreed obligations and meeting the conditions for signing the agreement.

XXII. Continuing the reform in the armed forces and meeting the requirements related to NATO membership.

THE GOVERNMENT IN 2006

43. The year 2006 will mark the first tangible successes of a sound, with "clean hands", dedicated and visionary governance. The Government will implement its programs in all priority areas, with no gaps or delays. 2006 will be the year of governing with a signed Stabilization and Association Agreement. The Government assures Albanians that in 2006 it will achieve the main objectives that are mentioned below:

I. Holding of free, fair and honest local elections in 2006 and implementing the main institutional and legal reforms through rapid and steady steps.

II. Concrete results in the fight against corruption, organized crime and trafficking. Albania will appear in all international reports in 2006 as the country that is demonstrating willingness and tangible results.

III. Returning the economic growth to the level of and over 6%.

IV. Increasing by 40% the rate of credit stock. Decreasing the number of days during which it takes an enterprise to be registered from the current forty seven days to no more than ten days. Increasing the number of active businesses by more than 15%. Increasing employment by 5% and lowering the unemployment rate by about 20%, compared to the current level.

V. Activating the capital market. The Tirana Stock Exchange begins to function.

VI. Implementing fiscal policy according to the step by step plan.

VII. Increasing the budget revenue up to 25% of GDP by 2006.

VIII. Increasing the level of domestic public investments level to 3.5% of GDP, in accordance with the priorities of the program.

IX. Increasing salaries by 10% on average and pensions by 15% on average. Low salaries will have priority for this increase. Greater support to the groups and individuals in need. An even higher increase salaries of teachers' and for employees of the health sector.

X. The increase of the level of fiscal decentralization by at least 30% compared to 2005. Implementing other concrete decentralizing steps in the sphere of shared functions.

XI. Starting the construction of the Lushnje-Fier highway and serious restarting of construction of the Durrës-Morinë highway.

XII. The full opening of the telecommunications market.

XIII. The full re-structuring of KESH. Installation of all meters and full elimination of fixed quota billing. Realization of investments to increase production, transmission and distribution capacities. Drafting the package for KESH privatization. The opening of the market for energy.

XIV. The conclusion of the legalization of houses. Preparation of urban planning programs for these settlements in the main cities of the country.

XV. Resolving all the emergency problems in all school buildings. Rapid progress in making the capital investments in this sector. Starting investment in information technology in schools. Starting the implementation of the education reform.

XVI. Starting the implementation of the revised reform strategy of the health. Improvement in primary health care. Tangible increase of the level of coverage from the health insurance.

XVII. Ensuring twenty four hour water and electricity supply for all the tourist cities, from Saranda to Velipoja.

XVIII. Halving the air pollution level in Tirana and in some of the main cities of the country. Full halting of abusive construction in tourist and urban areas. Full halting of the exploitation of riverbeds and damage of forests and pastures. Starting the implementation of the strategy and the action plan for the integrated protection and management of the environment.

XIX. Start building at least 500 apartments for the homeless.

XX. The implementation, according to the program, of compensation for former political prisoners and restitution of properties.

XXI. Ensuring progress according to the respective programs and measurable objectives for all the other sectors.

XXII. The continuation of reforms in the armed forces and full preparation for NATO membership in 2007.

XXIII. Ensuring the maximal evaluation from the European Commission related to progress of the Stabilization and Association Agreement and the respective implementation plan for required measures.

XXIV. Maximal praise from the European Commission, United States and other international institutions on the respect of human rights and minorities and also on the achievements in the fight against corruption, organized crime, trafficking and terrorism.