

**Council of Europe**  
**Conseil de l'Europe**



**European Union**  
**Union européenne**

**PROJECT AGAINST CORRUPTION IN ALBANIA (PACA)**

**TECHNICAL PAPER ON CORRUPTION RISKS IN THE ALLOCATION OF  
PUBLIC HOUSING IN ALBANIA**

*Prepared by:*

**Dritan Shutina, Council of Europe Expert**  
**July 2010**

**ECD/24/2010**

## Table of Contents

<b>1</b>	<b>INTRODUCTION.....</b>	<b>2</b>
<b>2</b>	<b>THE CURRENT SYSTEM OF PROVISION AND ALLOCATION OF PUBLIC HOUSING..</b>	<b>2</b>
2.1	Legal and institutional framework for housing.....	2
2.2	Roles and responsibilities of institutions involved in housing provision.....	5
2.3	Government programs for construction and allocation of social housing.....	10
<b>3</b>	<b>RISKS OF CORRUPTION IN ALLOCATION OF HOUSING.....</b>	<b>11</b>
3.1	Criteria for allocation of social housing.....	11
3.2	Corruption risks.....	12
3.2.1	Social rented dwelling.....	12
3.2.2	Credit support.....	13
<b>4</b>	<b>IDENTIFICATION OF RESOURCES AND SOURCES FOR RESEARCH.....</b>	<b>15</b>
4.1	Relevant institutions, reports and studies.....	15
4.2	Recommended institutions to assess corruption risks.....	15
4.3	Municipalities to focus the study.....	16

---

For any additional information please  
contact:

Corruption and Fraud Unit  
Economic Crime Division  
Directorate of Co-operation - DG-HL  
Council of Europe  
F-67075 Strasbourg Cedex FRANCE  
Tel +33 388 41 29 76/Fax +33 390 21 56 50  
Email: [lado.lalicic@coe.int](mailto:lado.lalicic@coe.int)  
Web: [www.coe.int/economiccrime](http://www.coe.int/economiccrime)

This document has been produced with the  
financial assistance of the European Union.  
The views expressed herein can in no way  
be taken to reflect the official opinion of the  
European Union or the Council of Europe

## **1 INTRODUCTION**

This report is prepared in the framework of the “Project Against Corruption in Albania” (PACA) and intends to provide a preliminary overview of corruption risks involved with provision of public housing. The report is a desk review and does not pretend to be exhaustive to all corruption issues involved with the provision of public housing. Furthermore, as all Albanian documents refer to social housing instead of public housing the report uses these terms interchangeably.

The report is organised in three parts. The first part provides an overview as how the legal and institutional framework of housing has evolved, especially providing an overview of roles and responsibilities of different actors, as well as describing several government programs in provision of social housing. The second part, discusses corruption issues in the allocation of social housing. The third part provides reference materials to be consulted in case a deeper study will be undertaken as well as a list of institutions that could be in the focus of the study.

## **2 THE CURRENT SYSTEM OF PROVISION AND ALLOCATION OF PUBLIC HOUSING**

### **2.1 Legal and institutional framework for housing**

The transition from a centrally planned to a market-based economy has been one of the fundamental changes in Albania. The ‘shock therapy’ effectively dismantled the state-owned economy and state institutions. The profound transformation no doubt had major economic, social and political implications for the Albanian post-socialist society and is reflected in the restructuring of national housing systems.

The housing sector in Albania was directly impacted from the political change and the radical fast transition to the market economy in ‘90s:

- The first one was the restitution of the property. Through the reform, 400 state cooperatives that were managing 7,000 land parcels prior to 1990 were privatized into 480,000 family farms managing around 2 millions of land parcels.
- The second one was the structural reform that included the privatization of the public housing stock that had direct repercussions on the government’s housing policy. The housing stock was privatized in 1993 under the Law on the Privatization of State Housing (No. 7652, 1992) Within one year, 238’700 state owned flats (99% of the total public housing stock) were privatized<sup>1</sup>. However, not all families could benefit from the privatization reform. Those who were living in houses of former owners were not subject to privatization and till 2004 (with the changes introduced by law No 9232,

---

<sup>1</sup> UNDP, Country profile for housing – Albania, 2002.

only those that are living in overcrowded apartments and have low incomes are eligible for social housing programs) constituted a controversial category of “homeless”. A second category of homeless was created after the financial crisis of 1997. Several families sold the apartments and invested their money in the financial pyramid schemes that spread around in Albania. Most of these families lost their investment during the collapse of this financial system and added up to the “homeless” community. Other families in housing need are registered among the poor families living with social assistance by the government, Roma families etc. Until 2002 there have been around 46,000 registered homeless families in search for housing. This number can be higher if all families register their request and if “homeless” definition is broadened.

- The third and the major change to impact beside others housing sector in Albania was the uncontrolled and massive influx of people into cities and illegal settlements. Understandably, the spatial transformation of major urban areas under the pressure of political and economic shocks has not followed a smoothly planned transition path. However, World Bank<sup>2</sup> defines the outcome of this apparently chaotic process as ‘positive’ due to the astonishing amount of new floor space built and the number and quality of new dwellings added to the housing stock. Secondary sources estimate that 60 - 70% of buildings constructed since 1999 are informal<sup>3</sup>, while according to ALUIZNI (Agency for Legalization, Urbanization and Integration of informally constructed areas) this number amount to some 270’000 buildings. The average floor space consumption per person has risen from the extreme low of about 5sq.m per person in 1993<sup>4</sup>, time when the housing stock was privatized, to about 19.62sq.m<sup>5</sup>, in cities like Tirana, Durrës, Fier and Vlorë.

For 20 years, neither the planning system - as an answer to the chaotic development - nor a reform in favor of planning and urban management capacity building were set high on the government’s agenda. The Law on “Organization and Functioning of Local Governments” devolved urban planning and housing provision to Local Government Units.

Little attempts are made to restructure the housing sector policy. On January 2001, the Government prepared and approved an Action Plan for the Housing Strategy. An effort was made to involve all the ministries concerned in the formulation of the policies. The action plan had the following objectives: (i) the promotion of the construction of the low – cost housing; (ii) the establishment and improvement of the financial system for housing; and (iii) programs for the modernization and maintenance of the existing housing stock, including illegal settlements.

---

<sup>2</sup> Urban Sector Review, WB 2008

<sup>3</sup> International Monetary Fund, Albania Country Report No 06/285, July 2006

<sup>4</sup> LSMS (Living Standard Measurement Study) 2005

<sup>5</sup> LSMS (Living Standards Measurement Study) 2005

In 2004, the law on “Social Housing Programs for Urban Areas” was passed by the parliament and at the same time, the issue of the informal settlements was endorsed in the government agenda.

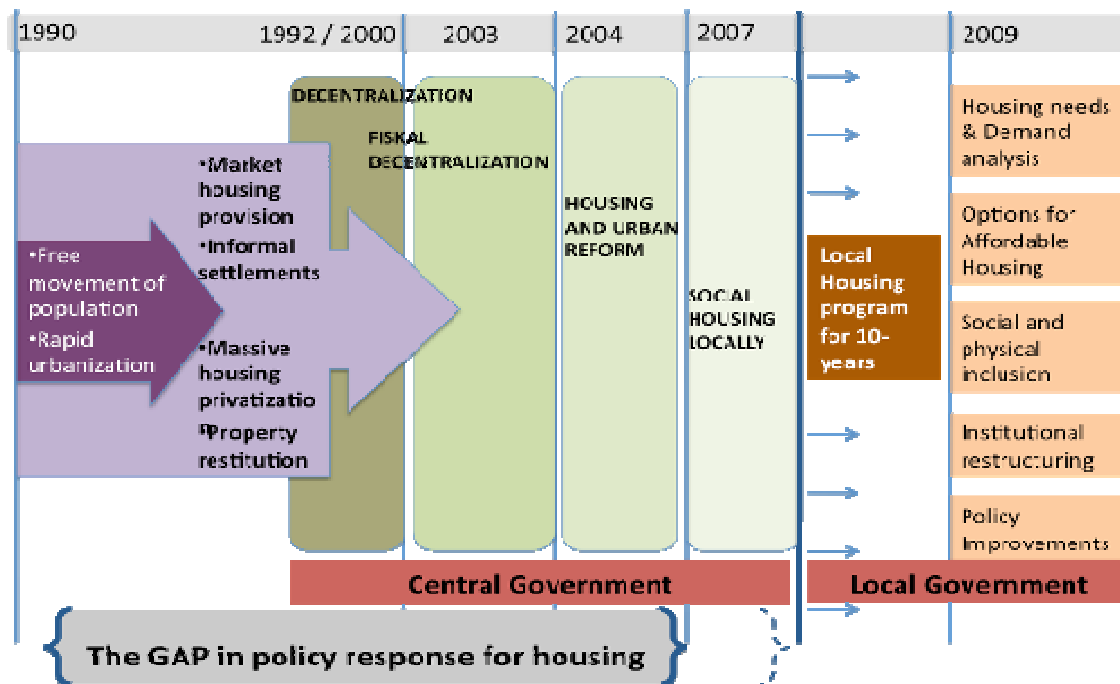
The law on social housing designates municipalities as the main actors for planning, management and delivery of social housing programs to the population in need. In particular, the devolution process includes important functions, such as: the identification of social housing needs; the development of a ten-year local housing program, including a three-year financial plan; the identification and destination of public land for social housing; fundraising actions for social housing through local taxes, municipal budget, ministry, private sector and donors; the elaboration of selection criteria for acceding to social housing programs; the management of the list of potential beneficiaries; the management of the construction, administration and maintenance of the social housing stock.

The Law provides for a wide range of housing subsidies and support measures, including housing allowances, interest rate subsidies, social housing, public land development and investments in basic infrastructure for self-help construction.

Yet, local governments have little know how on how to use the new instruments in place and capacity building processes on provision and management of social housing at local level have only recently been enabled. A more compelling reform on integration of informal settlements was enacted in the second half of 2005, after parliamentary elections. As a result, a new law on “Legalization, Urbanization and Integration of the Informal Settlements” was passed by the parliament in 2005. While serious steps have been taken with regard to legalization (still ongoing) of settlements, there is long way to go for urbanization and integration. This is due to the lack of know-how to support the urbanization and integration of these newly created areas, as well as to the lack of clarity in understanding the role of planning in urban development.

In the past two years the Albanian Government has engaged in the process of reforming the planning legislation. A national planning and housing strategy has been prepared followed by the approval of the law “On Territorial Planning”, April 2009. The law sets quite an ambitious framework and the secondary legislation can play a role in combining urban management with instruments for provision of social housing.

**Figure 1: Policy response**



Source: SILD project proposal (Co-PLAN for UN-HABITAT)

Yet, there is a mismatch between initiatives undertaken with regard to housing and urban development reforms. Efforts to address housing as a devolved function have started earlier than the government's initiative to address informal settlements. Furthermore, the overall territorial development framework is being considered 3-4 years later compared to housing and informal settlements, while both these components constitute extremely important aspects of the overall reform. The gap between urban development and policy response, the lack of proper alignment between components of the territorial reform, and, furthermore, the lack of respective capacity building processes constitute the major reasons behind the low quality of urban settlements, disputes land development practices, unbalanced development between private and public interest leading to corruptive practices in land use planning and building permission.

## 2.2 Roles and responsibilities of institutions involved in housing provision

Urban planning and housing provision are exclusive local government functions however the final product is based on the interaction between central and local institutions as well as private actors. The table below tries to summaries roles and responsibilities of main actors in the housing provision.

**Table 1: Actors in housing provision and their role**

Institutions	Role	Current efforts vs. Needs
Ministry of Public Works and Transport – Housing Policies Department	Design national <u>policies</u> for housing; <u>Integrate</u> housing within urban management framework; Design <u>legislation</u> for social housing; Provide <u>methodologies</u> for delivering social housing service; Support local <u>capacity building</u> on housing; <u>Coordinate</u> foreign aid on housing; Coordinate/Provide implementation of <u>social housing programs</u> ; <u>Cooperate</u> with other relevant institutions;	The overall housing and urban planning effort has been delayed compared to other reforms and the current urbanization patterns encountered in Albania; The housing policy is included within the territorial planning policy. While this is positive as an overall approach, housing has not been thoroughly considered by the current national policy; The law on social housing is designed and bylaws are provided. The efficiency of the law is still to be tested at local level. The local results may suggest policy improvements in a short-mid term period; The department is missing thorough and up-to-date information for a proper policy making and monitoring;
National Housing Agency (NHA)	It has been a <u>semi-public</u> enterprise, building housing for social programs on behalf of national government; It had the <u>functional exclusivity</u> for providing social housing until 2004; It is currently in a <u>process of restructuring</u> to become a private agency for social housing; It is currently engaged in few social housing programs with 4 municipalities in Albania;	Since 2004, the NHA is not any more the exclusive entity providing social housing, as the service has been fully devolved to LGUs; There is a controversial discussion on the future status of the NHA, ranging from very radical options to soft restructuring alternatives. NHA has an agreement with ACER in Italy to receive institutional support. The experience can be considered for establishment of municipal and/or regional Housing Agency.
A Department of Strategies and Donors` Coordination in the Council of Ministers	<u>Coordination</u> of national, sector and cross-cutting strategies; <u>Monitoring</u> of national, sector and cross-cutting strategies; Coordination of <u>foreign aid</u> through a comprehensive institutional framework;	This department provides comments and suggestions to the different strategies and policies prepared at national level. Given the high level of information and knowledge of the political course, this department can guarantee a better level of alignment between the relevant strategies;
Immovable Property Registration Office IPRO	Keeps records of the <u>property status</u> – the legal cadastre and property registration system – the legal database for land, building and territory so far;	The Office and the System are undergoing reform and technical upgrading processes. It has been always perceived as a very corrupt system in need for major improvements. The exchange of information with local governments

Institutions	Role	Current efforts vs. Needs
		remains still an important issue affecting planning and taxing capacities of local governments;
Ministry of Work, Social Affairs and Equal Opportunities	Designs <u>policies and strategies for social inclusion</u> , vulnerable groups, ethnic minorities; <u>Coordinates and monitors</u> implementation of strategies related to social development;	The social inclusion and vulnerable groups strategies need to be better aligned with housing and planning policies;
ALUIZNI	This agency deals with the <u>legalization, urbanization and integration of informal settlements</u> . It operates based on the respective legislation, in close cooperation with the regional ALUIZNI-s and with the local government units; It has established a distinct <u>database on territorial issues</u> and more specifically informal settlements; It is expected to coordinate the integration process, mainly with regard the preparation of the urban plans for the informal settlements;	The IPRO and local authorities claim that there is an overlapping of responsibilities between them and ALUIZNI; The database is still in a consolidation process; however it is time to deliver it to the LGUs. and there is need to think of clear steps for maintenance and updating of the database by the local government units; Clear guidelines on the urbanization and integration process still need to be prepared that can be addressed within the secondary legislation for the Urban Planning Law;
Municipalities	Urban local government units; Operate based on the law on “ <u>Local Government Organization and Functioning</u> ”; Urban planning, land management and housing constitute one of the <u>exclusive LG functions</u> ; LGUs have relatively <u>consolidated urban planning</u> departments and do <u>not have housing departments/offices</u> ; Since 2004, LGUs are provided with the law on “Social Housing Programs for Urban Areas”, and based on it should <u>design housing strategies</u> and implementable programs for social housing;	Housing provision has been fully devolved to LGUs only recently: in 2000 by organic law, in 2004 by secondary legislation, in 2008 in practice; LGUs are taking over the new housing function but so far is considered as one of the unfunded mandates; LGUs lack appropriate capacities to provide social housing services to the community. These capacities are both, staff dedicated to and knowledge re housing; An integration or alignment of housing local policies with territorial planning is not yet perceived at local level; The law on social housing defines that municipalities should design ten-year housing programs. Municipalities are very keen to fulfill this requirement but claim to lack the knowledge on designing implementable strategies, carrying out analysis on target groups, demand and affordability, on establishing useful databases and contextualizing legal standards on homeless and, last



Institutions	Role	Current efforts vs. Needs
		<p>but not least , on managing social housing supply and integrating it with the urban fabric;</p> <p>Municipalities are aware that dealing with social housing goes beyond provision of low-cost housing. Integration of vulnerable and/or informal communities, provision of public services and urban renewal aiming at quality of settlements should be part of the housing programs. However, a roadmap on how to integrate these issues in the housing strategy, thus linking it to urban management practices, is missing.</p> <p>Several LGUs have received loans from CEB for building apartments for social rent. While the process of building the apartments is already on the way to implementation, how these apartments will be integrated with the rest of the urban fabric and what management schemes should be used remains an issue.</p>
Community	<p>The community is interested to receive qualitative housing and urban amenities, to live in inclusive cities and qualitative neighborhoods;</p> <p>Communities in the cities comprise <u>different ethnic minorities</u>, depending on the area, and <u>several vulnerable groups</u>;</p> <p>The community is <u>shaping urban settlements</u> and community's behavior is essential to the quality of (livable) neighborhoods.</p>	<p>While integration <i>per se</i> is not considered by the community, issues such as affordable housing, upgrading of informal settlements, urban renewal of the neighborhoods are of concern to every citizen;</p> <p>While participation is claimed as a crucial approach to shape cities and making places, communities are seldom proactive in participatory processes. However, there have been several good cases of community participation in urban projects that can be replicated.</p>
Private Sector	<p>Private developers and construction companies play the leading role in shaping urban developments.</p>	<p>There is a mixture between the developer, landowner and the construction firm. In fact it is the construction companies that work together with the landowners in developing the property on a sharing model. These arrangements have determined the way cities have developed with local authorities following private interest instead of guiding them. This process has been associated with a lot of corruptive practices regarding zoning and building permission. Potentially they can play a role in provision of social housing in exchange of higher development rights. (to be set in a transparent</p>

Institutions	Role	Current efforts vs. Needs
		way)
Financial Institutions	Active role in providing credits for housing. Partner institutions for housing programs	A part of providing commercial housing credits they can play a role for administering government housing grants.

### 2.3 Government programs for construction and allocation of social housing

The law on “Social Housing Programs for Urban Areas” in 2004 envisions three types of social housing programs: (i) Programs for social rented dwellings, (ii) Programs for low-cost housing, and (iii) Programs of land development for housing purposes.

To carry out these programs the law designates municipalities as the main actors for planning, management and delivery of social housing programs to the population in need. However, only recently local governments are taking responsibilities on social housing and so far the whole process has been driven by the central government.

Based on the Draft Sectoral Strategy for Housing 2010, from 1993 to date the government finished 8,600 dwellings from before 90s, constructed 4,300 new ones and bought in the market 1,100 sheltering in total 13,367 families from 46,000 still outstanding. From these families that have benefited only 45% have been homeless while 15% have been provided to ex-political prisoners, 15% military people, 10% to people occupying private property and 15% to other mixed group.

The provision of these housing has been provided by central government mainly through:

- *Construction and purchase of housing*: the program has taken place from 1993 – 2007 and has been financed from the central government budget and implemented by the National Housing Agency. In some cases the whole dwelling has been provided for free in some a certain percentage but in overall the provision of housing has been debated on the efficiency, effectiveness and transparency of housing allocation.
- *Support for homeless people through interest subsidy*: the program has taken place from 1995-2000 and in collaboration with Savings Bank (now privatized) the government has provided down payment and/or interest subsidy. This program was targeted mainly to people occupying private property. A part of efficiency, the program has been debated on the criteria for selecting beneficiaries.

As of 2008, in the framework of the three broad social housing programs envisioned by the law, new programs have been introduced that reflect the new institutional set-up like:

- *Social rented dwellings*: started in 2008 and takes place in cities of Tirana, Durrës, Fier, Berati, Shkoder, Kavaja. The project (total value 29 million Eur, of which 15 million is the CEB loan) is a cooperation between 6 municipalities and the central government that is also the guarantor of a loan from CEB. Each municipality will construct a number of dwellings (i.e in Fier 96 apartments), which will be rented out to low income families. The municipality has to offer land and part of the investment and the central government will cover VAT. In total both

municipality and the government have to cover 40% of total cost for housing construction and 60% will be a loan from the CEB to be paid back in 20 years.

- *Credit support*: started in 2009 based on which the government allocates to each municipality a number of families that can benefit credit support through interest rate subsidy. Based on the Sectorial Housing Strategy it is estimated that 6,000 families can be supported through these scheme. The beneficiaries pay 3% interest rate and the difference between that and the market rate is paid by the state. The municipalities prepare the list of homeless people that can benefit for the credit support. Beneficiaries can provide 20% down payment or 40% extra collateral. The loans are administered currently with National Commercial Bank (B.K.T).
- *Site and Service*: not applied yet but envisioned as an instrument for local governments to engage into PPP schemes.

### **3 RISKS OF CORRUPTION IN ALLOCATION OF HOUSING**

#### **3.1 Criteria for allocation of social housing**

The law on “Social Housing Programs for Urban Areas”, in line with the decentralization process, provides prominent role to local governments. Certain instruments like housing subsidies, support measures, including housing allowances, interest rate subsidies, land development that were carried out by the central government now are foreseen to be carried out by local governments. Full exploration of the foreseen instruments will require a much more skillful administration, which will not only perform better but will also avoid engagement in corruptive practices due to lack of knowledge.

More specifically the article 4 of the law provides a definition of families that can benefit from the social housing i.e: do not own dwellings, possess a house which surface and standards are not conform the family category they belong to, and do not have enough income. Documentation to be submitted is defined with a Decision of Council of Ministers, but it is local governments that are in charge for administering the requests.

Furthermore, article 5 of the law defines criteria for selecting the beneficiaries: (a) families that certify not having benefited by the privatization of the state dwellings; (b) families, where the family/head is a widow or a divorced woman; (c) families with one parent, that have children; d) old persons that are in the pension age and can not be selected for housing purposes by the social public-care institutions; e) people with disabilities, which have the status of blind person belonging to the first group, people with disabilities such as paraplegics, handicap of the labor or of the Second World War; (f) families with many children; (g) new couples with a total age up to 55 years; (h) families that have changed their residence for employment purposes; (I) Individuals with the orphan status, from the moment that they go away from the orphan/house or from the care centers up to 30 years old. For social rental dwellings, household benefiting from the rental housing should have a minimal and

maximal family income as per the family structure defined by the managing bodies in each municipality.

Furthermore, based on the definition of groups in need for social housing, each municipality should anticipate in the territory under its jurisdiction, the land surface for the construction of a duly number of social rental dwellings, based on the population number and its composition (article 7 of the law).

## **3.2 Corruption risks**

In this part of the report we will try to identify corruption risks in allocation of housing. However, the ongoing programs are not too many and therefore we will assess the corruption risks in two categories ongoing projects/programs and upcoming projects/instruments for provision of social housing.

As mentioned there are two major programs going on in regard to provision of social housing and we will try to assess the corruption risks vis-à-vis the processes within each program.

### **3.2.1 Social rented dwelling**

As described briefly above, this is an ongoing project that will enable 6 municipalities (Tirana, Durrës, Fier, Berati, Shkoder, Kavaja) to build and own a number of apartments that they can offer for rent (even for free) to low income households that can not afford to buy or rent housing in market. Considering this as an evolving program there are five moments that deserve close attention to avoid corruption risks:

- *Land allocation*, each municipality should provide land in order to be eligible to benefit from the CEB loan. This process has been completed and some municipalities have allocated land that they own and some have bought the land. Land conversion has a direct impact on the value of the properties to be developed and the existing surrounding ones, and it has to be seen what criteria have been used and how these have impacted the surrounding properties. There is for each city a map of the land value to be used for compensation of ex-owners as well as expropriation. However, the pressure of former landowners during the preparation of the land value map has resulted in very high prices almost uniform and not much variation to location. From this perspective it could be interesting to see how and what criteria municipalities have used to buy land.
- *Construction quality*, this is an issue for all public investments, however in this case deserve a higher attention. There is a misconception with the term low cost housing. Instead of being understood as provision of housing to low-income families at adequate standard, it is understood as low cost construction of housing. This misconception can justify a misuse during the design and construction. These housing will not be luxurious but also should not turn into

ghettos. At this point it is important to adopt clear standards and enforce them both in terms of design and quality of construction. It is not known how far the project has progressed, but it could be interesting to see what standards have been foreseen

- *Allocation of rental social housing*, the law provides general criteria for allocation of social housing, but it leaves ample of room to local governments to adjust them to the local needs. The strongest criteria for this category will be income (they have so little income that they can not qualify for support to purchase a house). But with a high informal employment market, the criteria will need to be detailed further to avoid that people most in need do not benefit from the support. Misuse with allocation can be both for economic and political gains so the criteria's need to be well developed. Moreover, it is not clear at this point whether it is thought or not, but it is important that apartments built for rental do not become ghetto. Now or in the near future the municipality will strive for a good mix of low and middle-income people. How this balance will be ensured needs to be carefully considered to avoid abusing with it. Alternatively, even though not allowed under the current CEB grant, the municipality soon will explore development of rental housing with commercial housing/services to allow for mix of population strata as well as capture economic gains. The balance between rental and commercial, as well as their allocation can provide space for corruptive practices.
- *Transfer of property*, it is envisioned that after 10 years people can opt to buy the dwelling and become owners. It is important that rules and regulations for this transfer to take place are developed soon enough to avoid that they are "tailor-made" at the end of the process
- *Communication*, each municipality has a list of "homeless" people, but most of them are looking to own a house and not necessary to rent a house. The information on the different options and their opportunities and costs is not streamlined to allow people to make proper decisions. Moreover the information on who has benefited and how the homeless status is changed/altered is not always transparent and easy to predict. Considering that people most in need are most likely also with the lowest education, the chances are much higher to misuse the information unless a proper communication program is in place.

### **3.2.2 Credit support**

This started in 2009 and most likely will continue over years. The program is a collaboration between the central and local government, to provide credit support through interest subsidy to homeless families. The government allocates the number for families for each city, the Municipality prepares the list and a private bank (in this case BKT) administers the loan. Considering this as an evolving program there are two moments that deserve close attention to avoid corruption risks:

- *Allocation/criteria for beneficiaries*, based on the criteria's provided in the law Municipalities provides a list of people that can benefit to the bank. However, in addition to the eligibility criteria, for the bank the most important thing is the affordability of the loan by the applicant (collateral, stable income etc.). The Draft Sectoral Housing Strategy identifies a gap between the potential and the actual number of the application with the Bank (i.e Tirana from 1,271 there are only 145 application with BKT, Fier from 202 there are 101 application), but even in this case the list of beneficiaries has been altered several times to fit with the bank requirements. So, because of the bank loan guarantee requirements, many of the homeless families, most likely without a steady income, are excluded and the process pushes local governments to select "bank proof" homeless families, which most likely will not necessarily be the most needy ones.
- *Communication*, this program as all other programs, is relatively new for local authorities and instead of them playing a primary role in informing beneficiaries, they limit their role only in providing the list, and all the information on the program criteria is provided by the bank. This process allows the municipality to hide behind the "bank's criteria", rather than play an active role in informing properly beneficiaries and through this process make sure that appropriate families can benefit from the program.

The two programs above are more relevant in regard to risk for corruption as they are under implementation. However, provision of social housing, especially in response to limited financial resources, will rely more and more effective land management policies and they will need to be looked upon. Proper functioning of the overall housing production has a direct impact on the affordability and accessibility for social housing. Therefore, planning and construction permitting, so much criticized for corruptive practices, will need to be improved to allow for an effective and efficient use of resources. The preparation of the new secondary legislation for the urban planning law can provide new instruments to local governments (i.e incentive zoning/development) that can address social housing or other public needs, but will require corruption proof process. Thus, the focus of corruption can expand also from the current practices for social housing provision into mitigation measures, while developing new territorial planning and management instruments.

Finally, because we are dealing with new programs, we focused the discussion on corruption risks within each program and did not look on the corruption issues among different programs. But after some time, when interest groups and industries behind them will be more articulated, we can foresee tension between programs. Thus, efficiency and effectiveness of each program should be scrutinized through policy and public discussion.

## 4 IDENTIFICATION OF RESOURCES AND SOURCES FOR RESEARCH

### 4.1 Relevant institutions, reports and studies

There are not too many studies and reports publicly available that focus exclusively on provision of public housing. Instead the discussion is dealt with housing provision in general and as part of the urban developments. From this view point, the following are the institutions that should be considered to be visited and where more information on relevant studies can be captured: Ministry of Public Works and Transport, INSTAT, Ministry of Finance, Ministry of Interior, Ministry of Social Affairs, National Housing Agency, DSDC, National Agency for Territorial Planning (NTPA), WB, IFC, UNDP, Albanian Association of Municipalities. Yet, there are number of studies that can be referred to like:

- Co-PLAN, (2009) ‘Study on the construction industry and real-estate market in Albania’
- Hegedüs, Struyk, (2005) “*Housing finance : New and Old models in central Europe* »
- International Finance Corporation, 2006 “Design of Public Private Partnership Program for Housing – Albania”
- INSTAT (2004), “Parashikimet për Popullsinë për vitet 2001-2021”, Tirana
- INSTAT (2005), “General Results of Annual Structural Survey of Economic Enterprises”, vitet 1998-2004, Tirana.
- Ministry for Public Works, Transport and Telecommunications, (2010) Sectoral Strategy for Housing
- Tsenkova, S. (2009) Housing Policy Reforms in Post Socialist Europe: Lost in Transition, Physica-Verlag Heidelberg, Germany
- United Nations, (2002) Country Profiles on Housing Sector – Albania
- World Bank, (2007) *Urban Sector Review*, Albania
- World Bank (2006), “Public Expenditure and Institutional Review”, Europe and Central Asia Region, Poverty Reduction and Economic Management Department
- World Bank (2006), “Growth and Living Standards in Albania: 2002-2005”, Western Balkans Programmatic Poverty Assessment Progress Review.
- World Bank (2006) “Status of Land Reform and Real Property Markets in Albania”

### 4.2 Recommended institutions to assess corruption risks

As indicated the provision of social housing involves actors at central and local level as well as private operators. From this viewpoint we present a list of potential stakeholders to be interviewed as well as the dimensions of risk assessment

Stakeholders	Risk assessment			
	<i>Regulatory Framework</i>	<i>Fiscal policies and subsidies</i>	<i>Financial policies</i>	<i>Housing market situation</i>



<b>Central:</b>  Line Ministries; NHA; ALUIZNI; INSTAT; BoA; IPRO; Albania Association of Construction; DSDC; NTPA				
<b>Local:</b>  Local Government Units; NGOs;				
<b>Other Housing Actors:</b>  Real Estate Agencies; Companies; Developers; Local Banks;				

### 4.3 Municipalities to focus the study

Involvement of local governments with housing provision is relatively recent. Thus, it would be difficult to provide a clear suggestion on “good and bad” municipalities to focus. Instead, as there are already 6 municipalities participating in the “*Social rented dwellings*” program and most likely they are also participating in the credit support program, it will be good to focus in all 6 municipalities to have a better understanding of potential corruption issues in provision of social housing.