



Research Article

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Public procurement and public contracts in the context of Albania's European Integration: Legal reforms, challenges, and perceptions of corruption

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Abstract

This paper explores the development and implementation of public procurement and public contracts in Albania within the broader framework of the country's European integration process. It examines the evolution of the legal framework, particularly after 2020, and assesses the extent to which the reformed legislation has enhanced transparency, reduced corruption, and increased competition. Drawing on qualitative analysis of policy documents, legal texts, and reports from the Public Procurement Agency and justice sector strategies, the study highlights both internal and external factors affecting the effectiveness of procurement reforms. While the legal alignment with EU standards, especially Chapter 5 (Public Procurement) and Chapter 24 (Justice, Freedom, and Security) has improved on paper, practical implementation remains challenged by institutional inertia, limited oversight, and persistent public perceptions of corruption. By comparing Albania's framework with the Croatian model and EU best practices, the paper identifies the gaps between legislative intent and practice.

It concludes that without stronger enforcement mechanisms, institutional accountability, and civic oversight, procurement reform will remain superficial and insufficient for Albania's EU integration goals.

Keywords: Public Procurement, Corruption, European Integration, Albania, Legislation, Public Contracts, Policy Implementation, EU Chapters 5 & 24.

1. Introduction

This paper explores the evolution and implementation of public procurement and public contracts in Albania in the framework of the country's ongoing European Union (EU) integration process. Public procurement, which represents a significant portion of public expenditure—estimated at over 30% of the national budget, plays

a critical role in promoting transparency, competitiveness, and efficient public service delivery¹. However, despite multiple legal reforms aimed at aligning with EU directives, Albania continues to face structural challenges in combating corruption and ensuring the integrity of procurement processes.

Following the adoption of Law No. 162/2020 “On Public Procurement,” Albania has made substantial efforts to reform its legislative framework to conform with EU standards, particularly those outlined in Chapter 5 (Public Procurement) and Chapter 24 (Justice, Freedom, and Security) of the EU *acquis*². The new legal provisions introduced e-procurement mechanisms, competitive procedures, and oversight tools intended to increase accountability and reduce irregularities. Nevertheless, the implementation of these reforms has been hindered by weak institutional capacity, limited inter-agency coordination, and a persistent public perception of high-level corruption (European Commission, 2023). Public opinion surveys and reports from civil society organizations indicate a widespread distrust in the fairness of procurement processes, particularly in large infrastructure projects and emergency contracts, where allegations of favoritism and clientelism are common (Transparency International, 2022). These challenges underline a gap between formal legal alignment and the realities of policy enforcement and monitoring.

This study investigates whether the post-2020 reforms have had a measurable impact on the effectiveness of procurement procedures and whether these changes have led to increased competitiveness, reduced corruption, and better alignment with EU procurement principles. The research adopts a qualitative methodology, analyzing national legislation, institutional reports, and EU comparative frameworks—focusing on the Croatian model as a regional benchmark.

1.1 Significance of the Study

Understanding the dynamics of Albania’s procurement reforms is essential to assessing its readiness for deeper integration into EU structures. Public procurement is not only a technical domain but also a test of political will and institutional maturity. The integrity of procurement processes reflects the broader governance landscape and directly impacts economic development, foreign investment, and public trust.

This study contributes to the broader discourse on governance and transparency in EU candidate countries. It draws lessons from Albania’s experience and offers a comparative look at regional practices, particularly Croatia, which successfully harmonized its procurement system prior to joining the EU in 2013. Unlike Albania, Croatia implemented early institutional strengthening and established independent monitoring mechanisms that ensured compliance and transparency (European Court of Auditors, 2019).

1.2 Similarities and Differences Between Countries

While Albania shares common challenges with other Western Balkan countries such as North Macedonia and Serbia—including limited administrative capacity, political interference, and weak enforcement—responses to these challenges have varied.

North Macedonia has adopted a more decentralized procurement monitoring system, promoting civic oversight and media transparency SIGMA/OECD, 2020⁸. Serbia, on the other hand, has strengthened the independence of its Public Procurement Office, increasing the number of annulled procedures due to irregularities.

In contrast, Albania still struggles with centralized decision-making, insufficient inter-institutional coordination, and limited sanctions for procurement violations. Despite improvements in legal drafting, actual enforcement remains inconsistent, and trust among economic operators is low, leading to reduced participation and competitiveness (APP, 2023).

Drawing on these comparisons, the study identifies actionable policy recommendations to close the gap between legal harmonization and practical implementation—an essential condition for Albania's successful EU accession.

1.3 Methodology

This study employs a qualitative research methodology, suitable for exploring the interplay between legal reform, administrative implementation, and public perception regarding public procurement in Albania. Qualitative methods, such as document and policy analysis, enable a deeper understanding of institutional behavior, legislative intent, and the socio-political context of procurement governance. Official documents from the Public Procurement Agency (Public Procurement Agency (APP), 2023), strategic policy reports such as the Crosscutting Justice Strategy (2021–2025), and relevant legal acts (e.g., Law No. 162/2020) were analyzed to evaluate the impact of legal reforms on procurement practices and transparency mechanisms.

A comparative approach was also integrated, drawing lessons from countries such as Croatia, North Macedonia, and Serbia. Croatia's model was selected as a reference due to its successful harmonization with EU *acquis* prior to accession (European Commission, 2019). Furthermore, relevant EU chapters—Chapter 5 (Public Procurement) and Chapter 24 (Justice, Freedom and Security)—are used as normative benchmarks to assess Albania's alignment with European standards.

The study also incorporates elements from institutional theory and governance models to analyze the implementation gap between legislation and practice, particularly in the context of administrative capacity, monitoring structures, and corruption control (OECD-SIGMA, 2022).

1.4 Hypothesis

The central hypothesis of this study is:

“Reforming and effectively implementing public procurement legislation in Albania—aligned with EU standards—will enhance transparency, reduce corruption, and increase competitiveness, thereby strengthening institutional accountability and supporting the country's European integration process”

This hypothesis rests on the assumption that the gap between legal reform and practical enforcement is one of the core obstacles to effective public procurement in Albania. If procurement laws are not only harmonized with EU directives but also implemented

with institutional integrity, digital tools, and independent oversight, then public trust and competitive participation will improve (Transparency International, 2022). The study tests this hypothesis by comparing legal norms with real-world outcomes, particularly in terms of economic operator participation, annulled procedures, and perceptions of favoritism or political interference.

2. Literature Review

This section reviews key literature related to public procurement reforms, EU legal alignment, governance capacity, and corruption control, with a particular focus on Albania and its regional context.

2.1 Theoretical and Policy Frameworks

Public procurement theory often emphasizes the role of transparent competition and rule-based procedures in ensuring efficiency and minimizing corruption in state expenditures (Thai, 2001). Within the European context, procurement policy is governed by EU Directives 2014/24/EU and 2014/25/EU, which promote equal access to public tenders and non-discrimination across member and candidate states (European Commission, 2024). Institutional theory suggests that while formal legal frameworks are essential, the effectiveness of implementation is determined by internal norms, bureaucratic culture, and the behavior of public officials (March and Olsen, 1989). In Albania's case, even after the 2020 legal reform, challenges persist due to limited human resource capacity, low professionalization of procurement officers, and weak internal audit mechanisms (Ministry of Justice, 2023).

Furthermore, policy feedback theory emphasizes how existing policy failures—such as past scandals in infrastructure procurements shape public skepticism and institutional inertia (Pierson, 1993). Reports from the European Court of Auditors and Transparency International highlight that frequent direct negotiations and restricted procedures have continued to dominate procurement, especially during emergencies, bypassing competitive bidding and weakening public trust (European Court of Auditors, 2020).

2.2 Empirical Evidence and Regional Insights

Empirical studies from the Western Balkans show that competitive procurement environments correlate with higher administrative efficiency and lower levels of corruption (OECD-SIGMA, 2022). Croatia's accession process serves as a model of successful alignment and implementation, having established an independent Procurement Monitoring Body and effective e-procurement platforms (Open Procurement Albania, 2022). In contrast, Albania, despite having introduced e-procurement since 2009, still faces issues with "tailored tenders" and politically influenced awards (Open Procurement Albania, 2022). In regional comparison, North Macedonia has improved oversight by involving civil society in monitoring high-value contracts, while Serbia has expanded its dual-track procurement system with both

centralized and decentralized components to increase efficiency and reduce abuse (OECD, 2021). Albania could benefit from adopting a hybrid model that combines technological tools with institutional safeguards and stakeholder engagement.

In conclusion, literature underscores that legal compliance alone is insufficient. A shift towards a culture of integrity, evidence-based monitoring, and civic participation is essential to fully realize the goals of transparent and effective procurement aligned with EU accession objectives (World Bank, 2021).

3. Findings and Analysis

The analysis reveals a mixed picture regarding the effectiveness of Albania's public procurement reforms following the adoption of Law No. 162/2020. While the alignment with EU directives has been formally achieved in terms of legislation, practical implementation remains insufficient in many areas.

First, competition levels remain low. According to the Public Procurement Agency, over 40% of procurement procedures in 2022 had only one participating economic operator (APP, 2023). This suggests limited competition and possible barriers to access, contradicting the principles outlined in EU Directive 2014/24/EU, which promotes open access and non-discrimination (European Commission, 2021). Second, public perception of corruption remains high. Transparency International reports that Albania continues to score poorly in the Corruption Perceptions Index, especially in public contracting (Transparency International, 2022). Despite the digitalization of procurement procedures, informal networks and political favoritism continue to undermine trust in the system. Third, monitoring mechanisms are weak. The State Supreme Audit Institution has identified irregularities in both the awarding and execution phases of high value contracts (State Supreme Audit Institution (ALSAI), 2022). This points to a discrepancy between legal requirements and institutional capacity to enforce them, allowing space for malpractice.

Fourth, institutional coordination is limited. Although the Public Procurement Agency, Ministry of Finance, and various anti-corruption bodies are involved in procure oversight, overlapping mandates and poor information-sharing reduce overall system coherence (Ministry of Justice, 2023). This lack of coordination weakens enforcement and inhibits effective follow-up violations.

These findings support the hypothesis that legal reform, when not accompanied by effective implementation and institutional integrity, fails to improve outcomes. In contrast, Croatia's case illustrates that the combination of independent oversight, civic engagement, and strict enforcement is essential to genuine procurement reform (European Commission, 2019).

Finding	Detailed Explanation
1. Low Competition Levels	According to the Public Procurement Agency (APP, 2023), over 40% of procurement procedures in 2022 had only one participating economic operator. This indicates insufficient competition, which may result from administrative barriers, lack of transparency, or operators' fear of unfair procedures. Low competition reduces service quality and can increase costs. This situation contradicts the principles outlined in EU Directive 2014/24/EU, which promotes open and non-discriminatory access to public tenders.
2. High Public Perception of Corruption	Transparency International (2022) reports that Albania continues to perform poorly on the Corruption Perceptions Index, especially in public contracting. Despite the introduction of e-procurement systems intended to increase transparency, informal networks and political favoritism remain present, undermining public trust in the system. This negatively affects participation and confidence in the procurement process.
3. Weak Monitoring Mechanisms	The State Supreme Audit Institution (2022) has noted irregularities in both the awarding and execution phases of high value contracts. This reflects a gap between legal requirements and institutional capacity for effective enforcement and strict oversight. Weak monitoring enables corruption and abuse of public funds, reducing the effectiveness of procurement reforms.
4.Limited Institutional Coordination	Although the Public Procurement Agency, Ministry of Finance, and anti-corruption bodies are responsible for oversight, a lack of cooperation and information sharing among them weakens the overall coherence of the system (Ministry of Justice, 2023). Overlapping mandates cause confusion and hinder comprehensive follow-up violations, limiting the effectiveness of law enforcement and institutional accountability.

4. Discussion

The findings suggest that Albania’s public procurement reform remains largely formalistic, emphasizing legal compliance over substantive institutional transformation. This pattern is consistent with institutionalist critiques of policy reform in transitional and developing countries, where the adoption of policies often surpasses the capacity for effective enforcement and institutional change. While Albania has made significant strides in aligning its procurement legislation with EU standards, the lack of corresponding improvements in enforcement mechanisms and institutional culture has limited the reforms’ impact.

A critical consequence of this gap is the persistent erosion of public trust in procurement processes. Such distrust not only undermines democratic legitimacy but also impairs economic efficiency by discouraging active participation from diverse

economic actors, especially small and medium-sized enterprises (SMEs). SMEs often face higher barriers to entry due to opaque procedures and perceived favoritism toward politically connected firms, which ultimately reduces market competition and innovation. This systemic deterrent curtails private sector engagement and stalls broader economic development.

In comparison, Albania can learn valuable lessons from Croatia's approach to public procurement reform, which successfully balanced legal harmonization with institutional strengthening prior to EU accession. Croatia implemented several key measures that contributed to a more transparent and accountable procurement environment, including:

- Strengthening procurement oversight bodies by ensuring their independence and enhancing their enforcement powers.
- Promoting transparency through real-time public access to tender data, enabling greater civic and media scrutiny.
- Enforcing sanctions and penalties for non-compliance, thereby deterring malpractice and promoting a culture of accountability.
- Investing in training and capacity building of procurement officials to foster expertise and ethical conduct (European Commission, 2019).

Albania's reform trajectory shares similarities with those of Serbia and North Macedonia, which have also faced challenges related to administrative capacity and political interference. However, Albania lags particularly in terms of civil society engagement in procurement oversight. Stronger involvement of civil society organizations and independent media is critical for enhancing transparency and holding public institutions accountable. The OECD-SIGMA (2022) report underscores the importance of such civic participation, recommending that Western Balkan countries intensify efforts to integrate non-governmental actors into procurement monitoring frameworks to improve public scrutiny (OECD-SIGMA, 2022).

To move beyond formal compliance, Albania must focus on institutionalizing these lessons by fostering a culture of integrity and accountability within procurement agencies, ensuring rigorous enforcement of existing laws, and expanding participatory oversight mechanisms. Without such comprehensive reforms, public procurement risks remain a superficial exercise rather than a genuine driver of good governance and economic growth.

5. Conclusion

This study finds that while Albania has made notable legislative progress in aligning its public procurement framework with EU standards, the implementation of these reforms remains inconsistent and uneven across institutions and sectors. The analysis identified four main structural challenges:

- Low competition and operator participation in public tenders;
- Weak monitoring and enforcement mechanisms, particularly in high value projects;

- Persistent perceptions of corruption and political favoritism in contract allocation;
- Limited institutional coordination and overlapping mandates among oversight bodies;

As a result, the intended benefits of the 2020 procurement reform—transparency, efficiency, and reduction of corruption have yet to materialize fully. This gap between formal legal alignment and practical outcomes continues to hinder public trust and slows Albania's progress toward EU accession objectives.

To address these shortcomings and close the implementation gap, the following policy recommendations are proposed: Strengthen enforcement mechanisms and establish independent and well-resourced oversight institutions with the authority to investigate procurement violations and impose sanctions. These bodies must operate autonomously, free from political interference.

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