

PERFORMANCE OF THE PUBLIC SECTOR IN ALBANIA COMPARED WITH THE REGION COUNTRIES

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ABSTRACT

The role of the public sector is important in transition economies. It has a dual function as it needs to adapt to a new economic development structure and should ensure the creation of a positive climate for the implementation of the economic reforms needed for transition from a centralized economy to a market economy. The role of the state affects in carrying out of economic reforms to accelerate the transition process. Our country faces with important challenges such as: the completion of the economic and institutional transition through structural reforms, the fight against corruption and informality, the reduction of unemployment and poverty, the development and modernization of infrastructure, the increase the level of income per capita and welfare as well as future integration into the European Union. Addressing all these issues is not possible without sustainable economic development. The economic situation dictates that government institutions to modernize their processes in terms of revenue collection and efficient spending management. In addition to inherited problems from the past, the way of implementing the political system, monitoring of public institutions, the continuity and political will to implement reforms, the greater involvement of civil society in decision-making, control over corruption, informality and rigorous law enforcement are elements that show that a country's governance plays an important role in the economic development of the country. The public sector contributes positively to economic growth through the creation of an institutional environment that generates supportive policies for economic growth, provision of goods and basic services to the economy, promotion and incentive of the private sector through an efficient and sustainable tax system, efficient use of public resources and ensuring of macroeconomic stability through sustainable fiscal policies. In this context, a comparative analysis of public and private sector activity should be considered. The best performance in terms of public sector activity requires reforming institutions, which implies consistent implementation of the legal and institutional framework. The purpose of this work is to analyze the public sector's impact on economic development and stability, as well as the challenges of this sector in the future.

Keywords: Public sector, economic development, government's role, effectiveness.