

## 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.

### INTRODUCTION

Macroeconomic stability is an essential condition for the economic development of a country and very important to pass successfully the transition phase. The basic policies of the transition

process in all postcommunist states were the same from the point of view of economic structuring.

This process was accomplished with the help of international organizations such as the International Monetary Fund, the World Bank, the European Bank for Reconstruction and Development. Support to reforms are important to revitalize economic growth and promoting private sector development.

A successful transformation of the economy would result, by effectively providing the government with basic functions and reducing its role in the development of the private sector. This study focuses on the role of institutions, helping to develop a new and competitive structure in terms of market economy.

The public sector contributes positively to economic growth through the creation and maintenance of an institutional environment that generates supportive policies to economic growth, the provision of goods and basic services to the economy, the promotion and incentive of the private sector, the efficient use of public resources and ensuring of stability macroeconomic policies through sustainable fiscal policies.

Fiscal policy is a factor that contributes to macroeconomic stability and supports the monetary policy for keeping prices at stable values for low interest rates. Low levels of deficit and public debt create premise for sustainable fiscal policies that affect a country's economic growth. Issues to be addressed regarding the role of government include: securing macroeconomic stability; fiscal consolidation; increased competition; transparent and accountable public services; promoting the efficient and sustainable use of natural resources.

Macroeconomic indicators such as economic growth, inflation, unemployment, are at the center of the attention of policy makers. Keeping these indicators at a desirable level is one of the challenges of government institutions for sustainable economic development.

Although many reforms have been carried out, again the collection of income remains at relatively low levels. Expenditures management is the other side of fiscal policy which affects their performance. Important steps have been taken in terms of expenditure management referring to the institutional framework, the way of budgeting, based on european standards.

The aim of fiscal policy, mainly in transition countries, is to achieve fiscal consolidation by keeping the budget deficit at a controlled level. Important reforms have been made in terms of the fiscal and institutional framework in Albania, but compared to the countries of the region and the European Union, it is not at the right level.

The necessary infrastructure and a strong institutional framework would create a favorable environment for foreign direct investment (FDI), which would necessarily improve the competitiveness of the region and the attractiveness of foreign private capital. Western Balkan countries need investment to reach the level of economic development of European Union countries.

## Objectives

The main objective of this paper is to evaluate the role of the state and public sector in economic development and growth of the country.

This objective will be accomplished through the completion of some specific objectives:

- The evaluation of the role and contribution of the government in transition economies in development and economic stability of the country.
- The evolution of the performance and efficiency of the public sector through indicators of the economic reform performance.
- Comparative analysis of macroeconomic indicators between Western Balkan countries.
- Challenges and problems faced in the future, public sector development.

## Methodology and Literature Review

The methodology used in this study consists in the use of a wide literature of foreign and domestic authors, studies of national and international character, as well as the use of information resources by important international institutions such as International Monetary Fund, World Bank etc.,.

Analyzing theoretical views about the state's role in the economy and highlighting its positive and negative aspects. They are using data that provide a information for a comparative analysis a between Albania and other Balkan countries, by determining the position of our country in relation to other countries.

The study is focused on the collection, analysis and interpretation of data on the role and contribution of the public sector in the sustainable development and economic stability of the country, the performance of this sector, identification of problems and recommendations for the future.

## Results and Discussion

Based on previous studies, this paper focuses on the role of the public sector in Albania, which has contributed to economic development and economic growth. In addition to the role of the state, other important factors that have determined the success of the reforms are related to the design and implementation of the legal and institutional framework, etc. There is a gap between the quality of the regulatory framework of the fiscal and institutional framework and their implementation in practice. Some of the issues to be addressed regarding the role to be played by the state can be summarized as follows:

- Drafting and implementation a legal framework and institutional guarantee that the regulation and protection of property rights, reducing transaction costs, reducing externalities, regulation of monopolies, increased competition,
- Ensuring of macroeconomic and fiscal stability, providing a consolidated legal basis, transparent and accountable public services; promoting the efficient and sustainable use of natural resources,
- Providing and distributing of incomes in accordance with the needs of society.

Another aspect related to the transition process is the creation of an institutional structure closer to that of the free market. In many of the transition countries, these structures have not been present or have been partially causing shortcomings in the direction of reform. The level of evasion remains relatively high in the economy. Keeping under control of fiscal evasion and the fight against informality and corruption are some of the biggest political challenges of transition countries.

Fiscal consolidation, through the establishment of a balance between deficit reduction and public debt and the need to make the necessary capital investments, has positively affected both in terms of stability and economic growth.

The debate over state intervention in the economy focuses mostly on the impact it has on economic growth.

According to theoretical studies, the public sector contributes positively to economic growth through:

- Creating an institutional environment that generates healthy and incentive policies towards economic growth,
- Reduction of state intervention in basic functions and provision of basic goods and services to the economy,
- Supporting and encouraging the private sector through an efficient and sustainable tax system,
- Efficient use of public resources and financing of public activities;
- Ensuring of macroeconomic stability through sustainable fiscal policies.

Public finances affect economic growth through three main directions: institutional framework, tax system, and level of revenue collection and expenditure management.

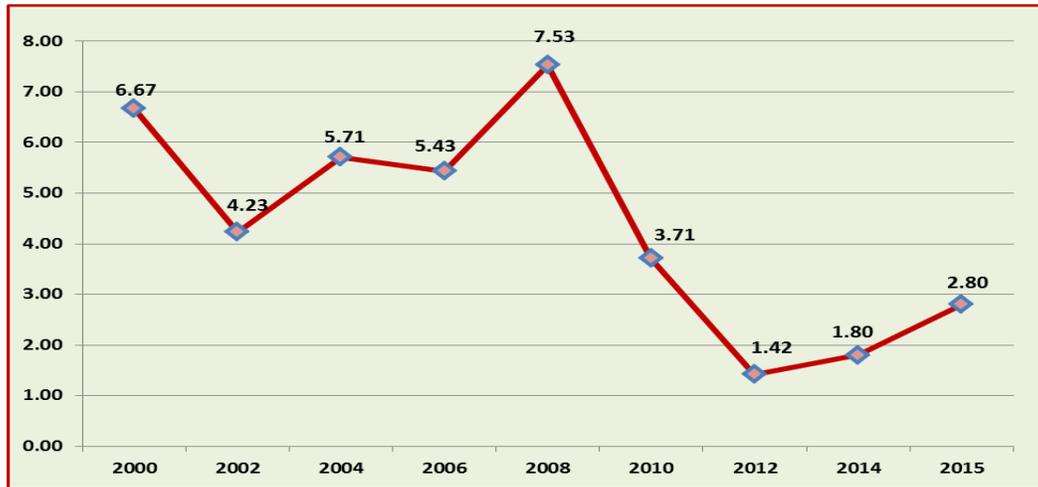
Fiscal policy was aimed at establishing the balance between the need for spending in priority sectors and holding low levels of budget deficit through reduced spending. Although many reforms have been carried out, revenue collection remains at relatively low levels. These elements increase the inefficiency of the tax system, adversely affect business performance, investment promotion, resource management, revenue distribution in certain groups of society, etc.

Expenditures management is the other side of fiscal policy which affects their performance. Important steps have been taken in terms of expenditure management referring to the institutional framework, the way of budgeting, based on European standards.

Some of the major reforms that have been undertaken in this regard are: improving taxpayer information system, computerization of tax and customs system, continuous training and increasing the capacity of the tax administration, the drafting of the fiscal framework, strengthening of audit and investigation.

European Union policies and recommendations on fiscal framework, the granting of subsidies and macroeconomic stabilization have had a significant effect on countries in transition.

Referring to the following World Bank data, we will analyze the macroeconomic indicators in Albania compared to the Balkan countries.



**Figure 1. Annual growth in % of gross domestic product\_Albania<sup>1</sup>**

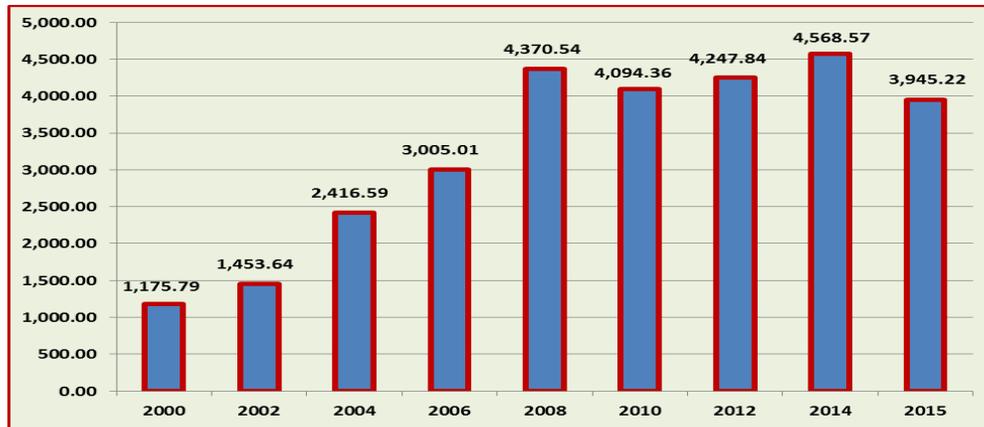
Referring to the data, the growth rate in relation to the gross domestic product in 2000 is 6.67% and in 2015 it is 2.8%. The highest rates of economic growth resulted in 2008 with 7.53%.

Country	2000	2002	2004	2006	2008	2010	2012	2014	2015
Albania	6.67	4.23	5.71	5.43	7.53	3.71	1.42	1.80	2.80
Bosnia and Herzegovina	5.50	5.30	6.10	5.38	5.48	0.77	-0.93	1.08	3.03
Croatia	3.77	5.25	4.08	4.79	2.05	-1.70	-2.19	-0.36	1.64
Macedonia	4.55	1.49	4.67	5.14	5.47	3.36	-0.46	3.54	3.67
Montenegro	3.10	1.90	4.40	8.57	6.92	2.46	-2.72	1.78	3.15
Serbia	7.76	7.12	9.05	4.90	5.37	0.58	-1.02	-1.83	0.76
Slovenia	4.16	3.84	4.35	5.66	3.30	1.24	-2.69	3.11	2.32
Kosovo	n/a	-0.70	2.61	4.50	2.64	3.31	2.81	1.22	3.92

**Table 1. Annual growth in % of gross domestic product\_Balkan Region**

Referring to the data for the countries of the region, the highest growth rates in relation to the gross domestic product for 2015 result for Kosovo, Macedonia and Montenegro.

<sup>1</sup> Source: World Bank, (2017)



**Figure 2. Gross Domestic Product per Capita/USD\_Albania**

Referring to the data, for the gross domestic product per capita the highest values result in 2014.

Country	2010	2011	2012	2013	2014	2015
Albania	4,094.36	4,437.81	4,247.84	4,412.35	4,568.57	3,945.22
Bosnia and Herzegovina	4,475.09	4,860.78	4,494.64	4,748.04	4,852.32	4,249.33
Croatia	13,509.19	14,542.18	13,235.98	13,574.98	13,480.65	11,535.83
Macedonia, FYR	4,561.18	5,079.96	4,709.51	5,219.54	5,453.28	4,852.66
Montenegro	6,681.93	7,319.15	6,586.80	7,186.81	7,378.04	6,406.07
Serbia	5,411.88	6,423.29	5,659.38	6,353.83	6,200.17	5,235.14
Slovenia	23,438.87	24,983.69	22,486.47	23,150.32	24,020.67	20,726.54
Kosovo	3,283.21	3,736.84	3,600.89	3,890.30	4,073.82	3,561.57

**Table 2. Gross Domestic Product per Capita/USD\_Balkan Region<sup>2</sup>**

Referring to the gross domestic product per capita for 2015, Slovenia and Croatia rank among the first countries, while Kosovo and Albania have the lowest value.



**Figure 3. Unemployment according to labor force in %\_Albania**

<sup>2</sup> Source: World Bank, (2017)

Referring to the data on the unemployment rate for 2016, result at the level of 16.3%.

Country	2010	2011	2012	2013	2014	2015	2016
Albania	14.20	13.98	13.44	15.64	17.49	17.08	16.33
Bosnia and Herzegovina	27.20	27.6	28.1	27.45	27.52	26.26	25.76
Croatia	11.62	13.68	15.94	17.25	17.29	16.28	13.48
Macedonia	32.00	31.40	31.00	29.00	28.03	26.07	26.73
Montenegro	19.70	19.70	19.60	19.50	18.00	17.52	17.49
Serbia	19.20	23.00	23.90	22.12	18.87	17.66	16.53
Slovenia	7.24	8.17	8.84	10.10	9.67	8.96	8.69
Kosova	n/a						

**Table 3. Employment to population ratio, 15 +, total in %\_Balkan Region**

Referring to the unemployment rate data for 2016, Macedonia and Bosnia and Herzegovina are the countries with the highest unemployment rate respectively 26.73% and 25.76%. The lowest unemployment rate has Slovenia with 8.69%.



**Figure 4. Foreign direct investment, net inflows in % of GDP\_Albania**

Referring to foreign direct investment data expressed in% in relation to gross domestic product for Albania in 2000 are 3.94% and in 2015 it results 8.70%.

Country	2010	2011	2012	2013	2014	2015
Albania	9.13	8.14	7.47	9.81	8.69	8.70
Bosnia and Herzegovina	2.59	2.53	2.28	1.73	2.82	1.81
Croatia	2.39	2.28	2.59	1.62	6.93	0.33
Macedonia	3.20	4.84	3.47	3.72	0.54	2.94
Montenegro	18.32	12.26	15.13	10.00	10.83	17.55
Serbia	4.29	10.61	3.13	4.52	4.52	6.31
Slovenia	0.66	1.71	0.07	0.22	2.06	3.93
Kosova	8.41	7.99	4.51	5.25	2.71	5.36

**Table 4. Foreign direct investment, net inflows in % of GDP\_Balkan Region<sup>3</sup>**

<sup>3</sup> Source: World Bank, (2017)

Referring to foreign direct investment data, expressed in% in relation to gross domestic product for 2015, results higher for Montenegro in 17.6%.

**Evaluation of governance indicators.** Researchers, policymakers, donors, international institutions etc., have recognized in recent years the importance of good governance in the sustainable development of a country.

**Determining the quality of governance.** The range of indicators for measuring the quality of government has expanded, due to the increasing role of institutional factors in explaining the performance of economic growth. Based on World Bank Data, the quality of governance is measured by six indicators that reflect the macroeconomic view of the quality of institutions.

These indicators are:

- **Opinion and Accountability (VA)** - which describes the quality of political processes by measuring the degree of citizen participation in government choice. This indicator also includes freedom of speech and action and media freedom, respect for human rights, mechanisms of political processes.
- **Political Stability and Absence of Violence (PV)** - measures the ability to destabilize or overthrow the government by unconstitutional or violent methods, including politically motivated violence and terrorism.
- **Governance Effectiveness (GE)** - measures the quality of public services, the quality of the civil servant and the degree of its independence against political pressures, the quality of policy formulation and implementation, and the credibility of the government in drafting these policies.
- **Regulatory Quality (RQ)** - Measures the government's ability to formulate and enforce rules that allow and promote the development of the private sector, including the impact on domestic and foreign investment.
- **Law of Law (RL)** - measures the ability to act in accordance with the rules of society, in particular the quality of contract enforcement, respect and protection of property rights, the functioning of the police and the judiciary of the system as well as the possibility of crime and violence.
- **Control of Corruption (CC)** - Measures that public power is used for purposes of profit, including from the smallest forms of corruption to the most visible ones.

The Quality of Government Index is an aggregation of these sub indicators. According to different theoretical viewpoints and supported by empirical studies, this indicator significantly affects economic growth

The assessment of governance indicators also serves to compare achievements in improving indicators between different countries. The table below presents an overview of the values of the six indicators that explain the quality of government in Albania and the countries of the region. The ranking of the values of the indicators is done from the lowest to the highest, which means the greater the value of the indicator, the more positively it affects the quality of governance. The quality of government and public sector institutions significantly affects economic development and shows the differences in economic growth between the countries.

Indicators	2010	2011	2012	2013	2014	2015
Voice and Accountability	0.11	0.05	0.01	0.05	0.15	0.16
Political Stability and Absence of Violence/Terrorism	-0.19	-0.29	-0.16	0.05	0.45	0.36
Government Effectiveness	-0.27	-0.20	-0.27	-0.32	-0.07	0.03
Regulatory Quality	0.23	0.24	0.20	0.21	0.23	0.17
Rule of Law	-0.44	-0.49	-0.54	-0.55	-0.37	-0.36
Control of Corruption	-0.49	-0.65	-0.70	-0.70	-0.55	-0.44

**Table 5. Evaluation of Governance Indicators\_Albania<sup>4</sup>**

Albania has made enough steps towards the quality of governance. Indicators with the best performance for Albania are; indicator of political stability and regulatory quality, while indicators for law enforcement and control of corruption result in negative values.

Political stability continues to be fragile and this had a significant impact on the implementation of economic reforms and their continuity. Although positively assessed in the quality of laws and regulations, respecting and enforcing them is quite problematic.

Also the inefficient level of public services, low control over corruption, frequent political destabilization have made Albania far from the average of European Union countries.

Country	Voice and Accountability	Political Stability and Absence of Violence/Terrorism	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
Albania	0.16	0.36	0.03	0.20	-0.36	-0.44
Bosnia and Herzegovina	-0.11	-0.45	-0.54	-0.18	-0.29	-0.37
Croatia	0.50	0.58	0.51	0.36	0.20	0.20
Kosovo	-0.18	-0.33	-0.42	-0.30	-0.47	-0.52
Macedonia	-0.18	-0.20	0.13	0.45	-0.17	-0.13
Montenegro	0.15	0.13	0.16	0.23	0.03	-0.09
Serbia	0.23	0.23	0.11	0.14	-0.09	-0.24
Slovenia	0.95	0.92	0.97	0.62	0.95	0.73

**Table 5. Evaluation of Governance Indicators\_ Balkan Region<sup>5</sup>**

<sup>4</sup> The Worldwide Governance Indicators\_World Bank, (2016)

<sup>5</sup> The Worldwide Governance Indicators\_World Bank, (2016)

Starting the analysis of the table shows an improvement in the contribution of each indicator to the quality of governance.

The first indicator is the opinion and responsibility, which represents the quality and progress of democratic processes in politics, human rights and media independence. For the period 2010-2015, this indicator has improved, positively influencing the quality of governance.

The second indicator, political stability and Absence of violence reflects the opportunities to create political destabilization and violent collapse of governments. This phenomenon has been more present during the first decade of transition in our country, but this indicator has negatively affected the quality of governance for the period 2010-2012. From 2013 onwards, this indicator has a positive impact on the quality of governance, which proves a political stability in our country.

The third indicator, Government effectiveness, which measures the quality of public services. The values of this indicator have been increasing, reflecting the improvements made to services and public goods provided by the state. Compared to the other two indicators, this indicator has made minor improvements, which indicates a slow pace of reforms. Also frequent substitutions of public administration by changing powers have increased service costs compared to the output achieved.

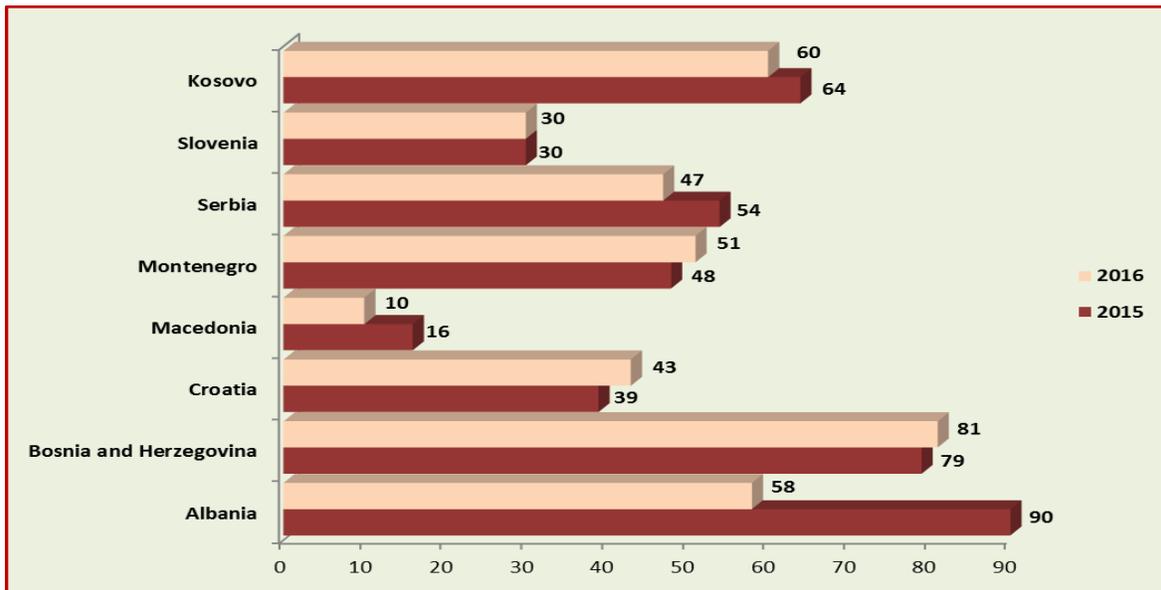
The regulatory quality indicator, which is the fourth indicator, has had a positive impact on the quality of governance. This indicator is related to the regulatory base in the labor market, the banking and financial system as a whole, with price control, etc. One of the reasons for this positive effect is that the regulatory base often fits in with the rules of developed countries.

Another indicator related to the implementation of laws reveals many problems. This indicator carries very low negative values compared to all other indicators. Although improvements have been made, the estimation of this indicator for 2015 remains negative again. So the quality of governance is more affected by this indicator. This means that although the rules and laws are well designed and formulated, their implementation remains a problem. Despite the measures taken by different governments, the implementation of laws and the lack of a rule of law has made this indicator to have negative values.

Control of Corruption, which is the sixth indicator, has a negative impact on the quality of governance. His values have come to an end, but remain negative. This indicator has not shown the expected upgrades, as from many international organizations, Albania is classified in poorly-favored positions.

Based on the above data, the index of corruption control and law enforcement are two indicators that negatively affect private sector development by increasing uncertainties in decision-making firms and creating unfair competition. Governance takes on particular importance especially in developing and transition countries, as promotion of good governance requires fundamental changes in the way relationships are built within the political and economic system.

The quality of government and public sector institutions significantly affects economic development and serves to explain the differences in economic growth between the states. Indicators with the best performance for Albania are those of political stability and regulatory quality, while indicators for rule of law and control of corruption result in negative values. Countries that result with positive indicators for the quality of governance are Slovenia and Croatia.



**Figure 5. Doing business ranking**

According to a study by the World Bank, the main challenges faced by the public sector are the following:

- Ensuring and supporting of macroeconomic stability through sustainable fiscal policies.
- Control of fiscal risks that may arise from possible liabilities in the accounts of state-owned enterprises, banks and the pension system, guaranteeing a fiscal position for local governments.
- Reform the budget drafting process to make a accurate addressing and efficient expenditure management.
- Creating a positive and competitive business climate through liberalization of markets, attracting new investors.
- Transfer of social policy responses to local governments, specifying their role and responsibilities as well as delegating funds towards them to fulfill these functions.
- Reforming the social security system to respond to structural changes in the labor market and the expansion of the private sector.
- Reforming the tax system in order to reduce informality and tax evasion.
- Creating a positive and favorable climate for foreign and domestic investors.

In addition to fiscal policy, the quality of governance and institutions significantly affects economic growth. The way of efficient governance and the functioning of public institutions have a direct impact on business decisions and consequently on the development of the private

sector. The quality of governance can affect economic development through the promotion of private investment, indirectly influence the level of economic growth.

Performance measurement is an instrument for evaluating program progress against goals and objectives set by taking strategic objectives as known.

Factors affecting public sector efficiency can be divided into three categories: economic, institutional and demographic.

**Economic factors** are income per capita, inflation and trade index. Income per capita affects two ways. They can increase the costs of public services, but can also positively impact on public sector output. However, based on empirical studies in developing countries, there is a positive correlation between these two variables - low income per capita and poor government performance. Inflation is a variable that has a negative impact as it complicates economic decision-making. The trade freedom index affects positively through increased competition in the country, including the public sector, although it is not directly related. Also, the higher is this index the more open si a country to innovation and technological progress.



**Figure 5. Inflation in % according to consumer prices\_Albania**

Referring to inflation data, resulting in decline from 2010 and onwards, in 2016 it is 1.3%.

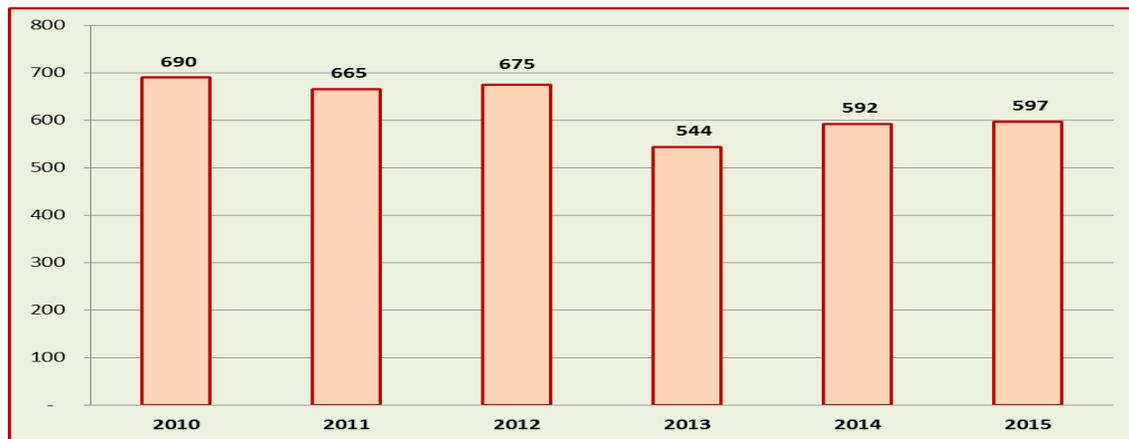
Country	2010	2011	2012	2013	2014	2015	2016
Albania	3.55	3.45	2.03	1.94	1.63	1.91	1.28
Bosnia and Herzegovina	2.19	3.68	2.05	-0.09	-0.93	n/a	n/a
Croatia	1.03	2.27	3.41	2.22	-0.22	-0.46	-1.12
Macedonia	1.51	3.90	3.32	2.78	-0.28	-0.30	-0.24
Montenegro	0.65	3.46	4.02	2.09	-0.76	1.20	n/a
Serbia	6.14	11.14	7.33	7.69	2.08	1.39	1.12
Slovenia	1.84	1.81	2.60	1.76	0.20	-0.52	-0.06
Kosovo	3.48	7.34	2.48	1.76	0.43	n/a	n/a

**Table 6. Inflation in % according to consumer prices\_Balkan Region**

**Institutional factors**, as mentioned above, are important contributors to the performance and efficiency of the public sector. Control of corruption is one of the most important institutional factors. Other variables are: the degree of democracy, budget practices, accounting and reporting, social infrastructure, etc.

**Demographic factors.** The age distribution of the population is a factor which mainly affects the education and health sector. The population density positive impact on government efficiency, reducing costs of providing public services through economies of scale and reducing transaction costs.

One of the fundamental issues of economic and governance policies is to ensure a sustainable economic growth. Economic growth has been the focus of any government and political force in the country since 2000. Remittances cannot be considered an important and continuous source of economic growth in Albania. Ensuring a steady growth for the coming years should be achieved through factors and other sources. The transition period oriented to basic policies, such as trade liberalization, macroeconomic stabilization, fiscal consolidation, privatization growth, etc., is at the bottom. Policies should therefore be directed at sectoral levels such as agriculture, tourism, energy, industry, product diversification, increased competitiveness, advanced technology application, harmonization of education policies with the needs of the economy and businesses, wider inclusion of the population on benefits from economic growth, etc. Keeping the deficit under control through the reduction of public spending, but there are arguments from economists who are oriented towards changing the tax structure as a perhaps more efficient way in this regard. The performance of the economic development in the country is closely related to fiscal sustainability and the maintenance of financial stability, the enhancement of the quality of governance, the creation of a business incentive environment, the better planning and management of public investment, transparency and accountability of the government.



**Figure 6. Remittance in mln euro\_Albania**



**Figure 7. Public debt as a percentage of GDP \_Albania**

## CONCLUSIONS AND RECOMMENDATIONS

Referring to the role of the state and the public sector in the development and economic growth of the country, as well as challenges for the future, we conclude that:

- Macroeconomic stability, fiscal consolidation as well as governance quality are some of the basic instruments for growth in the country.
- One of the challenges faced by fiscal policy in transition is to contribute to the stabilization of the economy.
- Collect revenue and expenditure management are two main directions of fiscal policy. Reforms in revenue management have positively impacted, adapting them to the models of western countries but their collection remains at relatively low levels.
- Expenditures management is the other side of fiscal policy which affects their performance. Important steps have been taken in terms of expenditure management referring to the institutional framework, the way of budgeting, based on european standards.
- High levels of public debt, inability to increase the income levels, spending policy, show that fiscal consolidation is not yet at the desired levels.
- Fiscal consolidation, through a balance between the reduction of deficit and public debt and the performance of necessary capital investments, has positively affected macroeconomic stability as well as economic growth.
- The quality of governance and performance of public institutions significantly affects in economic development and serves to explain the differences in economic growth between the countries of the region.
- Drafting and implementing a legal and institutional framework, guarantee the protection of property rights, reduction of externalities, regulation of monopolies, and increasing of competition.
- EU integration is important for stability and economic growth. Attitudes towards EU integration is seen as a way of increasing of prosperity and as an stability instrument within the country and between countries of the region.
- The performance of economic development in the country is closely related to macroeconomic and financial stability, fiscal consolidation, enhancing the quality of

governance, creating a business incentive environment, better management of public investment, efficient use of natural resources, transparency and accountability of the government.

- Improving the quality of public infrastructure, increasing competition, providing public services, revenue collection and expenditure management, control over fiscal evasion, informality and corruption, increased performance in the education and healthcare system; are some of the issues and challenges that addressed regarding the role of government.

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