

ANALYSIS OF THE SYSTEM OF ASSET DECLARATIONS OF THE JUDGES OF ADMINISTRATIVE COURTS IN ALBANIA

December 2018

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I. Introduction

The asset declaration system is considered a powerful public tool to uncover corruption, the illegal enrichment of public officials and their conflicts of interests. According to the World Bank, at least 150 countries, including Albania, have established systems to disclose and audit asset declarations. Many countries make asset declaration disclosures available online. In Albania, however, the asset declarations of public officials can be accessed only through freedom of information requests, submitted to the High Inspectorate for the Declaration and Audit of Assets and Conflict of Interests, HIDAACI.

The direct access of the public to the asset declaration disclosures of public officials of different levels raises the effectiveness of the tool as an anti-corruption instrument. It enables journalists and civil society organizations to play an important role in detecting irregularities and pushing institutions to conduct formal administrative audits of assets that may have originated from illegal sources or from conflicts of interests. This role of the media and civil society has gained a new dimension in Albania following implementation of the justice reform process, which involves vetting judges and prosecutors based on three key components, including the integrity of their assets. The vetting of members of the justice system is based on constitutional changes that Albania's parliament passed unanimously in July 2016, and on subsequent amendments of the legal framework that followed.

In this context, three years ago, BIRN Albania conducted in-depth research into the disclosure and analysis of the asset declarations data of judges and prosecutors in the Republic of Albania. This endeavour aimed to strengthen the watchdog role of the media and civil society in the vetting process of judges and prosecutors. It was launched by filing freedom of information requests with HIDAACI to secure copies of the disclosure forms of judges and prosecutors from 2003, which is when the declaration of assets began, until the last year of declaration of the specific official.

Through its freedom of information requests, BIRN Albania received 5,050 assets declaration disclosures from HIDAACI made by 423 judges from different instances of the justice system. The data included 3,128 asset declaration disclosures made by first-instance court judges, 959 declarations made by appeals court judges, 207 declarations by members of the Supreme Court, 650 declarations from judges of administrative courts and 106 asset declarations by judges of the Constitutional Court.

The documents obtained from HIDAACI were indexed and archived, while the assets data were entered into a database that was modeled on international best practices for the analysis of assets, liabilities, revenues and income of judges, in order to identify so-called “red flags”. These are cases when the data arouse credible suspicions of illegal enrichment. The data of every judge’s wealth were also analyzed through a plausibility check – a procedure that HIDAACI implemented to investigate the wealth of public officials.

With the help of experts in the field of asset declarations and control, in 2016, 2017 and 2018, BIRN Albania published four studies on the integrity of the assets declarations of judges from first-instance courts, appeal courts, the Supreme Court and the Constitutional Court.

These studies showed that the structure of the declared assets of these officials raised a number of “red flags”, such as a large number of loans outside the banking system, debts to construction companies or high earnings from real estate and rentals. They showed also that a high percentage of judges failed the plausibility check in at least one year of their career.

Analysis of the assets declarations of judges showed that 59 per cent of first-instance court judges and 79 per cent of appeal court judges failed the plausibility checks in at least one year of their career. The same was true of 10 out of 17 members of the Supreme Court, while only two members of the Constitutional Court passed the plausibility check.

BIRN Albania made these data public, by publishing the studies both in print and online, through roundtables with journalists, experts and civil society and through news stories, published in print, online and broadcast on TV. BIRN Albania has also offered interested journalists access to its database of assets declarations and its expertise, in order to help them investigate cases of corruption and conflict of interests in the judiciary. On the heels of the four studies that BIRN Albania published and disseminated, we bring this new, detailed analysis of the asset declarations of the 48 judges of first-instance and appeal administrative courts in Albania.

The goal of this study

The primary data for the study come from quantitative and qualitative analysis of the asset declaration forms of the 48 administrative court judges in the country obtained from HIDAACI through freedom of information requests, based on law no 119, approved in 2014, “*On Freedom of Information*”.

The subjects of this study are the judges of first-instance administrative courts and of the Appeal

Administrative Court, who have been in office up to the filing of the 2017 periodical asset disclosure form to the HIDACCI. Based on this selection criterion, copies of the asset declarations of the 48 judges of the administrative courts were obtained, creating a comparative basis for their wealth and declared financial sources over the period that they have been subject to the asset declaration disclosure obligations.

The study sheds light not only on how administrative court judges in Albania have accumulated wealth but also on key practices, recognized as “red flags”, which obscure the origin of this wealth. These include dividends from businesses, debts owed by family members, real estate transactions and cash kept outside the banking system.

This report focuses on statistical findings on assets, expenditures, liabilities and income, and on the problems identified in the asset declarations of the administrative court judges, as well as on the identification of “red flags”. The authors of the report hope that it will help journalists and civil society to independently monitor the institutions that are carrying out the vetting of judges and prosecutors in Albania.

The organization of administrative courts in Albania

The competent courts to hear administrative disputes in Albania are the first-instance administrative courts, the Appeal Administrative Court and the Administrative College in the Supreme Court.

The first-instance administrative courts are organized in terms of their number and territory like appeal civil courts, specifically located in six cities: Tirana, Shkodra, Durres, Korca, Gjirokastra and Vlora.

The administrative courts' competences cover:

a) disputes arising from individual administrative acts, normative sublegal acts and public administrative contracts issued as part of the administrative activity of public institutions.

b) disputes arising from the illegal interventions or inaction of public institutions.

c) competency disputes between different administrative bodies in cases foreseen by the Administrative Procedural Code.

d) labour disputes involving civil servants, judicial civil servants, prosecutorial civil servants and state employees.

e) requests filed by administrative bodies for the hearing of administrative misdemeanors, for which the law foresees up to 30 days of imprisonment as an administrative punishment for the defendant.

f) requests filed by defendants to replace administrative judgments with 30 days of imprisonment and a fine.

The Appeal Administrative Court is a single institution, headquartered in Tirana.

The Appeal Administrative Court reviews:

- a) appeals against the verdicts of first-instance administrative courts, with a judicial panel of three judges.
- b) like first-instance (primary jurisdiction) courts, disputes with the subject of normative sublegal acts, with a judicial panel of five judges.



II. The Methodology

Sampling

The data entry and analysis for the purpose of this study includes all the information available from the asset declaration forms of the 48 judges of the seven administrative courts in Albania. Table 1, below, shows the number of judges and the number of asset declaration forms from each administrative court that have been analyzed for this study.

Table 1: Number of judges and of asset declaration forms analyzed for this study, divided by institution.

Institution	No. of judges	No. of declarations
Appeal Administrative Court	13	194
Tirana Administrative Court	15	197
Durres Administrative Court	4	48
Gjirokaster Administrative Court	7	97
Korca Administrative Court	3	40
Shkodra Administrative Court	2	30
Vlora Administrative Court	4	44
Total	48	650

The asset declarations were obtained in electronic format from HIDAACI following freedom of information requests submitted to this institution, based on law no 119, "For the Right to Information", approved on September 18, 2014.

The asset declaration forms gathered contain all the data that the subjects declared apart from confidential information, such as their home addresses, bank account numbers and names of third parties.

For the purposes of this study, all the asset disclosure forms of the judges were analyzed, starting from the first completed declaration (the entry declaration form when appointed), as well as every annual/periodical declaration form until 2017.

Each time the study cites the assets/liabilities/income or expenses of a judge, we refer to the assets/liabilities/income or expenses of the judge and his/her family members, apart from cases

where ownership of family members is explicitly expressed separately from that of the judge (as the declaring subject).

As a result, the sample for this study is based on the 650 asset declaration forms of the 48 judges of the administrative courts of Albania.

Data entry

The data of the asset declaration forms have been entered into the database using unified standards followed with accuracy by experts engaged in data entry. The categories developed and used for the entry of the data into the asset declaration forms refer to those described in the two basic laws concerning the functioning of HIDAACI, as well as to the guidelines developed for the accurate completion of asset declaration forms approved by the Chief Inspector of HIDAACI.

The database has been developed using an Excel format. Information is organised in rows and columns to ensure all the data entered in the table are clear, complete and easily identifiable concerning which subject they belong to, which declaration they come from and which year they concern. All the information included in each asset declaration has been disaggregated, categorised and entered in a separate cell.

Apart from generalities and data on the posts of the judge, the date of his/her appointment to office, the institution in which he/she served during the years under study, etc, the bulk of the declared information relates to assets, liabilities, income and expenses. Data have been divided into four main categories: (1) assets; (2) liabilities; (3) income and (4) expenses.

Each category has been detailed in sub-categories, by referring to definitions from Article 4 of law no 9049, approved April 10, 2003, *"For the declaration and control of assets, liabilities of elected officials and some public officials"* for the subject of the declaration, as well as other typical trends found in the disclosure form.

These include liabilities to construction companies and income from the sale of immovable property (expressed as earnings, based on the difference between the acquisition and sale price), etc.

All the subcategories used in the codification of the data declared by judges and their family members are reflected in Annex I of this report, *"The Codification of Categories and Subcategories."*

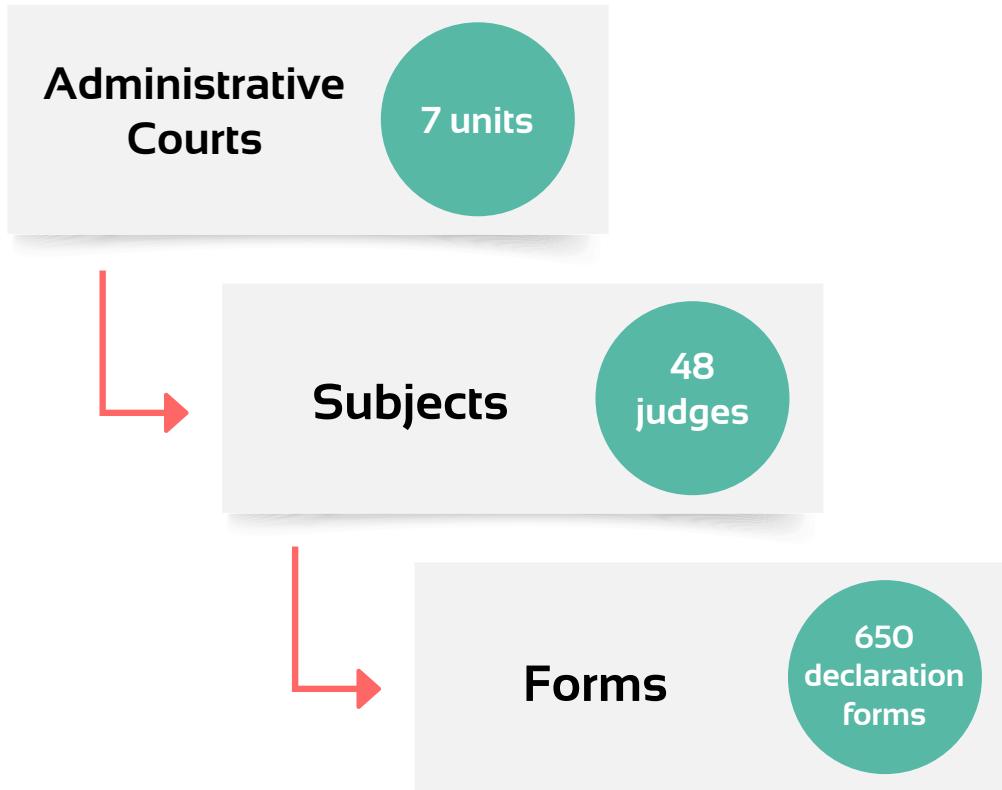
Some of the elements taken into account during the data entry process and its control are as follows:

- The colon of categories and subcategories has been completed with codes and subcodes according to the table shown in Annex I, aiming to unify the data entered and the possibility of processing all the available information.
- When the declaration has been made by a relative, this fact is made evident in the column “related person”, specifying one of the following options: husband/wife, child, or someone else (parents, brother, sister, etc). The last option includes persons that have no legal obligation to declare their assets but who have been included in the asset declaration form of the official.
- The other data that belong to the categories: (1) assets (2) liabilities (3) income and (4) expenses have been registered initially in narrative version, mirroring what the subject has declared, and afterwards in the column “amount in lek”, in which the value in lek has been calculated.
- Where a value has been declared in a foreign currency, in the column “amount in lek”, the exchange rate has been made following the exchange rate of the Bank of Albania on December 31 of the year to which the declaration belongs. All exchange rates used during the years for the currencies of the euro, the US dollar, the British pound, the Swiss franc, CHF, and the Canadian dollar, CAD, are reflected in Annex II of this report.
 - In cases of sales of immovable or movable property, the amount is deducted from the initial value of the asset as declared in the period of its creation. As a result, the deduction of the asset in the category is reflected. Where there is a difference between the sale and acquisition price, this difference is reflected in the category of income as a source of liquidity for the specific declaration period.
 - In cases of a reduction in liquidity (in cash or in the bank), declared as such by the subject, or declared as a cash withdrawal, this transaction has been registered in the category of assets in the column “amount in lek”, by entering the negative value with the minus (-) sign.
- The registration of the value of immovable and movable property declared as gifts has been entered as zero lek (0) in those cases where its value has not been declared.
- The same logic has been applied for cases where immovable property has been awarded through law no 7501, setting the value to zero lek (0), where its value has not been declared.
- Any gift that has been declared as an asset or expenditure on the database has been registered twice, reflecting the value of the gift as asset or expenditure, and also the source of the revenue from the gift (registered as a separate subcategory in revenues).
- Regarding the payment of instalments on loans and of other liabilities that are declared in the section on liabilities in the declaration form, it has proven impossible to divide the amount of principal from the amount of interest on each instalment. For this reason, the amount has been considered in its entirety as a decrease in the amount of liabilities, by being reflected in a detailed way in one of the subcategories of liabilities.
- In cases when a liability created (such as a loan or debt, etc) has been returned during the same

- declaration period, this transaction has been entered twice in the category of liabilities, once with a positive value and once with a negative value (-).
- In many cases, the forms analyzed contained repetitions in the categories of assets and liabilities and the same data were declared over two or more years. This information has been reflected in the column "Description" in the database, while in the column "amount in lek" the value added has been zero lek (0), by avoiding artificial additions to assets or liabilities in the name of the official subject of the study.
- Concerning liquidities (cash or money held in the bank), the declaring subjects have not always respected the legal obligation to declare changes compared to the previous year, increases or reductions, but have declared the balance at the end of the declaring period. Where it has been possible to identify the current balance, based on previously declared data, the change in monetary value has been calculated. In those cases where identification of the specific bank account has proven impossible, the declared sum has been registered as an addition for the period in question.
- When the subject has declared that immovable property has been re-evaluated, under the laws, it has been recorded with its later value, in order to obtain a real value for the properties currently owned by the subject; the increased value has been compensated for by adding a new subcategory under Income, as "Reevaluation of the immovable properties."

Data analysis

After entering into the Excel database all the data from the asset declarations of the 48 judges of administrative courts from the start of their official duties until December 31, 2017, the data were processed and analyzed through the development of several Pivot Tables and Pivot Chart. The use of Pivot Tables offers flexibility in the administration of the information, by generating tables and specific reports in an efficient and accurate manner; the use of Pivot Chart offers high-quality and user-friendly data visualizations.



Limitations to the methodology

Irregularities have been noticed in some sections of the asset declaration forms. Some of the elements considered during the data entry and evaluation that signal mistakes in the completion of the asset declarations are:

1. Periodical/annual declarations that have declared the balance of liquidity, rather than the change (increase/decrease) compared to the previous year;
2. The same asset and/or liability has been declared in two or more declaration periods;
3. The subject has declared the wealth of related persons (spouses, adult children), when they should have declared it themselves within the specific form on pages 7-12;
4. The subject has declared the sale of a property that has not been declared in the previous years;
5. Incomplete data on joint venture contracts, in cases when land is offered for construction but the benefits to the subject are not clarified;
6. Lack of information from the subjects that declare their assets on the destination of income received from the sale of immovable property (whether it has been reinvested, held as cash, or been spent);
7. In the section of income and liabilities, a note “no changes” has been written, although the declaring subject had a legal obligation to declare the exact net income for the period and the annual instalments/payments (based on liabilities declared during the previous period);
8. Signatures are missing on the pages of the form filed by the judges, even though the data required in those pages and signatures are obligatory;
9. The amounts and prices have not been written in words but only in numbers; or, the amount written in words and the numbers differ, or they are written in old-denomination lek instead of new-denomination lek, which has an extra 0;
10. An important limitation relates to the classification of the information on expenditures that are classified by HIDAACI as confidential.

Based on the above-mentioned limitations, this statistical analysis includes a margin of error proportional to the mistakes made in the asset disclosure forms by the declaring subjects.

III. Findings of the study

In the last three years, BIRN Albania has consolidated a methodology for the audit and control of the asset declaration of public officials, which has been based on the accumulated experience of international best practices in the field of audit and assets declaration control. This methodology has already been used in five previous studies, in analysis of the assets of first-instance court, appeal court, Constitutional Court and Supreme Court judges, and members of the Prosecutor's Office in Albania.

As in other countries, the procedure of the declaration and audit of assets in Albania is divided by HIDAACI into registration of the asset declaration forms, initial processing, the plausibility check, and, in specific cases, the administrative audit.

To identify trends of transactions that officials use to legitimize illegal sources of wealth, which international best practices identify as "red flags", BIRN Albania undertook a detailed analysis of the structure of the assets, liabilities, income and expenses of the judges of the administrative courts for the 2003-2017 period.

According to international best practices in the field of asset declaration and audit, all "red flags" identified through the management of asset declarations should serve as an impetus for institutions such as HIDAACI to conduct a full administrative audit for the official in whose declaration the "red flags" have been identified.

The aim of a full audit is the use of every means, beyond the data in the asset declaration, to identify suspected financial irregularities in the subject. The object of the full audit is not the declaration per se, but rather the declaring subject and people related to him/her, with whom the official has carried out financial transactions. The goal of the full administrative audit is for the institution/inspectorate to ensure that the wealth of the official and of his/her family members has a legal origin, as well as to investigate any hidden assets that might have been created through illegal means.

The formal check of the asset declaration forms on the private interests of the judges of the administrative courts shows that these judges differ in the number of years to which they have been subjects of asset declarations, as well as over the number of years they have been appointed to their current position. It shows that 29 judges (60 per cent) were appointed to office and declared their private interests to HIDAACI before or during 2003. The others were appointed in subsequent years, as Table 2, below, shows in more detail.

Table 2: Number and percentage of judges appointed to office per year.

Year appointed into office	No.	%
Before or during 2003	29	60%
During 2004	4	8%
During 2005	8	17%
During 2006	2	4%
During 2008	1	2%
During 2009	1	2%
During 2015	3	6%
Total	48	100%

As follows from Table 2, 48 administrative court judges in the period 2003-2017 disclosed their assets with HIDAACI. The number of asset declarations forms that administrative court judges disclosed, which HIDAACI has processed and audited, and are the subject of this study, is 650.

In the absence of data on the full administrative audits that HIDAACI carried out, and in order to evaluate the work of this institution, BIRN analyzed the data collected from the 650 asset declaration forms of the administrative court judges. The two key goals of this analysis are:

- Identification of “red flags”; cases in which the declaration contains data that give rise to suspicions of illegal sources of wealth based on international best practices, which should serve as clues to start an in-depth full audit of the subjects; and
- Plausibility checks of the declarations of the administrative court judges. The High Inspectorate carries out a plausibility check every calendar year, on every declaration, to verify the accuracy of the declared wealth, the accuracy of the sources of wealth and the sufficiency of the declared wealth, based on declared sources. As this form of control is based only on the asset declarations of the subjects and of their family members, BIRN chose it in order to independently analyze the wealth of the administrative court judges as well as the work of the High Inspectorate in identifying statistical data on wealth and assets created through illegal means.

Based on these objectives, the sections below include findings regarding: *Gross Wealth and Assets* of the administrative court judges; *Liabilities* declared by them; *Net Wealth* calculated based on the data of Assets and Liabilities; *Income and Expenditures* declared; the calculation of *Net Income*; the results

of the *Plausibility Check* of all the asset declarations; as well as the calculation of *Unjustified Wealth* for each declaration of the administrative court judges.

The object of this study is in total the **650 asset declaration** forms on private interests, administered by the HIDAACI.

1. ASSETS - GROSS WEALTH

The concept of gross wealth includes data from the assets declared from officials and family members in the asset declaration forms, which have been categorized by referring to Article 4 of law no 9049, approved on April 10, 2003, *“For the Declaration and Audit of Assets, and Financial Obligations of Elected Officials and Some Public Officials,”* amended.

The category of assets, or gross wealth, includes these subcategories:

- Immovable assets;
- Movable assets;
- Liquidity in cash;
- Liquidity in the bank;
- Shares or stocks;
- Small businesses;
- Valuable items;
- Loans to third parties;
- Other assets (that do not belong to the above-mentioned categories).

Every official is obliged to declare all his/her assets during the entry declaration, when he/she is first appointed to office or when the declaration system was set in place (year 0). In subsequent years, officials are obliged to declare only increases or decreases in their assets, making it impossible to calculate the gross assets of the official from only a single declaration.

As a result, when calculating the assets category – at a specific moment in time or during a calendar year when an asset declaration is made – it is important to underline that the analysis should include all the declarations of all the previous years, starting with the entry declaration.

The following definitions are important for the calculation of assets:

- *Assets/initial gross wealth* – The total value of the assets that the declaring subject and his/her family members have at the beginning of the declaration process;
- *Annual increase/decrease* – The added value of the assets for every year of declaration; and
- *Accumulative value of assets* – The gross change in assets/wealth over the years, including the initial value and the annual increase/decrease.

1.a. Changes in gross assets

HOW HAS THE WEALTH CHANGED, FROM THE START OF DUTY UNTIL THE END OF 2017?

Based on the analysis made possible through the database created for the purposes of this study, the initial amount of wealth (based on the entry declarations, or year 0) of the 48 judges that are the subject of this analysis is 97,444,325 lek. This sum means that an average administrative court judge had a wealth of 2 million lek (2,030,090 lek) at the initial moment of declaration.

After accounting for all the changes in their declared wealth between the initial/entry declaration and 2017 (with increases and decreases calculated in accordance with the principles of the asset disclosure form), the total sum of the gross assets of the same judges in 2017 was 844,460,748 lek, an average of 17,592,932 lek per judge (Table 3).

Table 3: Changes in the accumulative value of gross assets from 2003 to 2017 for the 48 judges.

Description	Year 2003	Year 2017
The value of gross assets in lek	97,444,325	844,460,748
Gross assets at the end of the 2017 are 8.7 times higher than the initially declared assets		
The increase in wealth from initial year in office until December 31, 2017 is 747,016,423 lek		
The average increase in wealth per judge from the initial year in office until December 31, 2017, is 15,562,842 lek		

At the end of 2017, the accumulative value of the assets of the 48 judges and their family members had risen by 747,016,423 lek, an increase of 8.7 times from the initially declared assets in 2003.

In order to analyse the accumulative increase in gross assets over the 14 years of declarations that were evaluated in more detail, Table 4 shows the increases in gross assets for every calendar year, as well as their influence in the increase of the accumulative value of the wealth of the 48 judges that are the subject of this report.

Table 4: The value in lek of the annual increase of gross assets and the accumulative value of gross wealth through the years.

Year of employment	No. of judges employed by year	Progressive value of gross wealth
2003	29	40.197.200
2004	33	73.008.071
2005	41	113.004.797
2006	43	176.482.716
2007	43	205.785.143
2008	44	251.632.013
2009	45	301.985.207
2010	45	375.058.026
2011	45	414.937.574
2012	45	478.184.960
2013	45	536.410.808
2014	45	574.189.311
2015	48	731.293.221
2016	48	793.320.022
2017	48	844.460.748

As Table 4 indicates, the gross wealth of the judges has undergone constant growth. The judges that have held office since 2003 (29 judges) have a declared total wealth of 40,197,748 lek. The number of new judges added to the roster until 2015 has increased their total gross wealth to 844,460,748 lek. So, in terms of the progressive growth of their gross wealth, the main factor is the increase in the number of judges. However, in those periods when the number of judges was

constant, their wealth also increased, which calls for a more detailed study of the factors that have led to such an increase. The graphic below shows the relationship between the number of judges and the increase in their gross wealth.

Graphic 1: The accumulative value of gross wealth in years in relation to the increase in the number of judges.

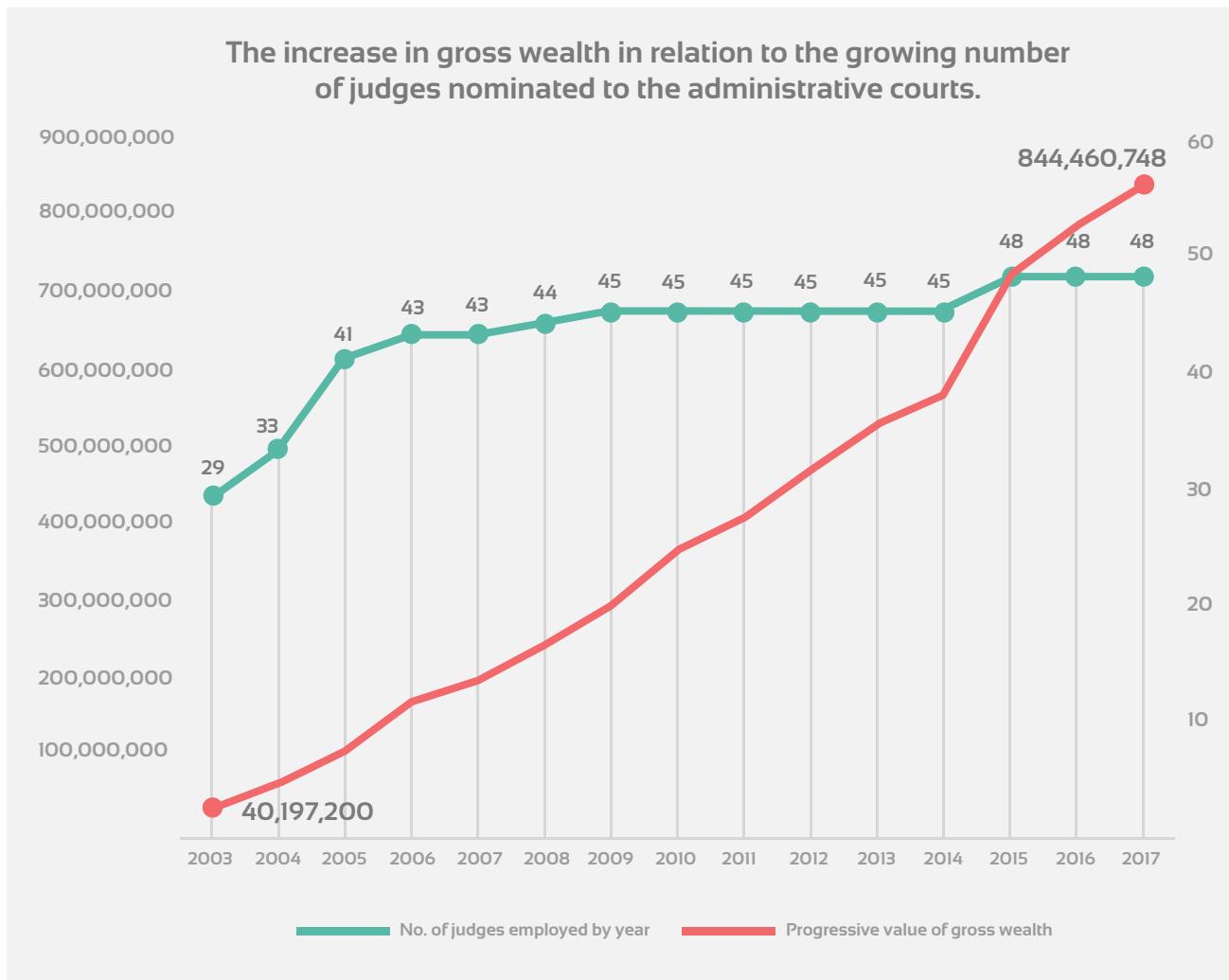


Table 5: The average yearly gross wealth based on intervals and the number of subjects

The interval of average yearly gross wealth	Number of subjects	%
0-500,000 lekë	12	25%
500,001-1,000,000 lekë	15	31%
1,000,001-2,000,000 lekë	14	29%
2,000,001-4,500,000 lekë	7	15%
Total	48	100%

Further analysis of whether a judge’s years in office affected his or her increase in wealth shows that the 95 per cent of judges who registered an increase in wealth larger than 2,000,000 lek per year have spent over 12 years in the judicial system; only 5 per cent have had an eight-year career. In the interval of the increase in annual wealth up to 1,000,000 lek, 85 per cent of judges have spent 10 or more years in the judicial system; 15 per cent have had a career of two to seven years in the judicial system.

1.b. Asset subcategories

WHAT ARE THE TYPES OF ASSETS AND THEIR RATIO?

The subcategories that make up the total value of the declared assets of the administrative courts judges are classified as immovable property, movable property, liquidity in cash, liquidity in the bank, stocks/shares, small businesses, valuable items, loans issued to third parties and other assets that do not belong to the above-mentioned categories.

The ratio distribution between the subcategories in lek and in percentage terms for all the declaring judges that are subjects of this study is presented in Table 6, below.

Table 6: The progressive value in lek for each subcategory and their ratio distribution

Subcategories of assets	Value in Lek	Ratio in %
Immovable property	500.688.624	59,3%
Liquidity in bank	185.166.115	21,9%
Liquidity in Cash	103.890.384	12,3%

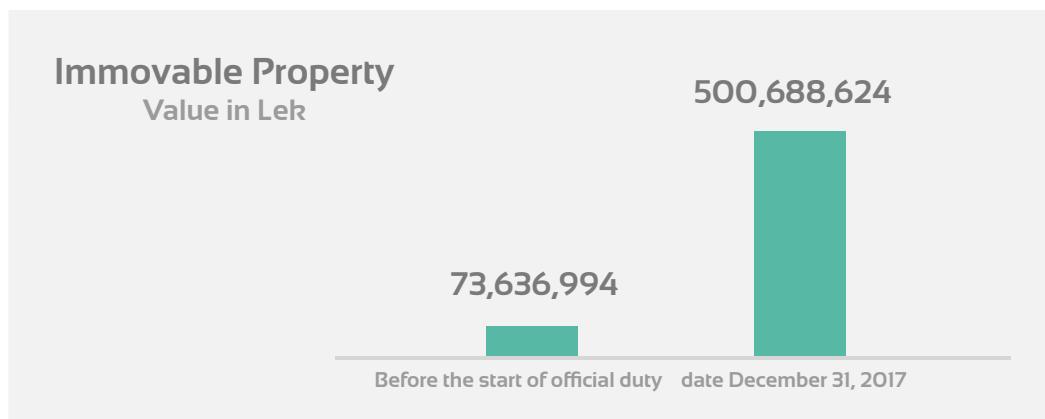
Movable property	36.114.295	4,3%
Loans issued	15.286.426	1,8%
Other assets	1.759.950	0,2%
Small businesses	1.154.953	0,1%
Shares/Stocks	400.000	0,05%
Total	844.460.748	100%

As the data in Table 6 show, the vast majority of the value of the gross assets of the judges (99.6 per cent) in this study is made up of the five subcategories of assets respectively: immovable property, 59.3 per cent; liquidity in banks, 21.9 per cent; liquidity in cash, 12.3 per cent; movable property, 4.3 per cent; and loans issued, 1.8 per cent. Grouped in 0.4 per cent are all other types of subcategories, such as shares/stocks, small businesses and other assets.

In more detail, the main subcategories of assets are presented as follows:

Immovable property: the immovable properties of the 48 administrative court judges have a value of 500,688,624 lek or just over 500 million lek, which amounts to 59.3 per cent of the total declared assets. As Graphic 2, below, shows, the value in lek of the immovable property of judges has increased continuously in the years taken into consideration, from a value of 73,636,994 lek in the initial declaration to 500,688,624 lek in 2017, an increase of 6.8 times.

Graphic 2: The total value of immovable property in years, presented progressively in lek.



The data from the study suggest that, on average, the value of an administrative court judge's immovable property has risen from 1.5 million lek at the initial year of declaration to 10.4 million lek in 2017. This estimate does not include immovable property that is inherited, gifts or entrepreneurial contracts, for which the declaring subject has not awarded a value in the declaration form.

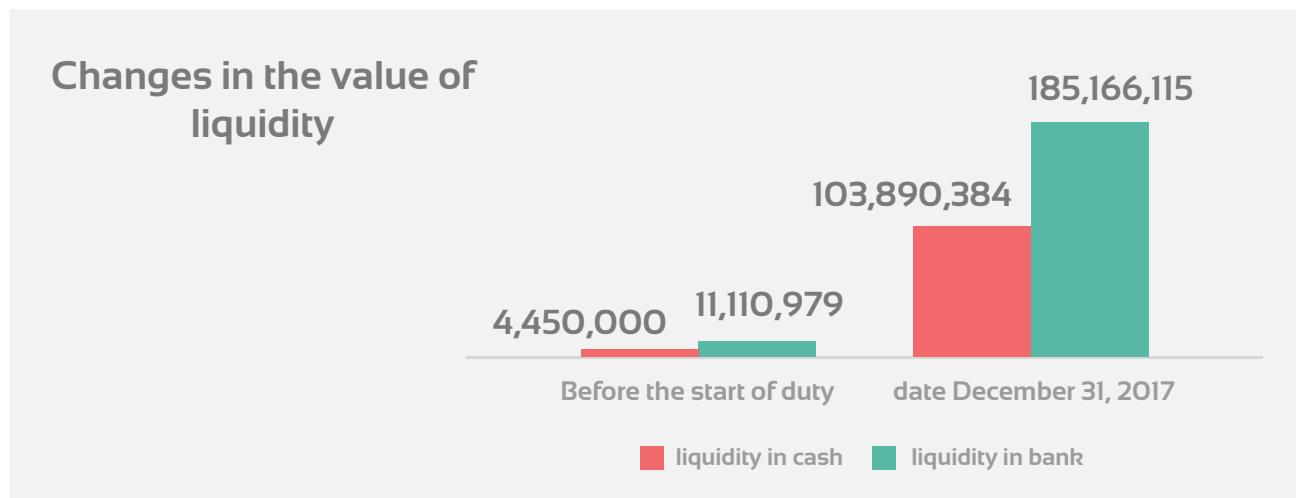
Closer analysis of the category of immovable property reveals that the main way for the judges to increase the value of their immovable property was through direct investment in real estate. Other factors, like the re-evaluation of immovable property, had a minimal impact. Only one case could be identified when a subject increased the value of his house through property re-evaluation, translated in percentage terms as 0.5 per cent. Other cases were cited as facts by the declaring subject, but no concrete value of the asset after the re-evaluation process was given.

Another fact must be taken into account in the data presented above, regarding this progressive increase in the value of the judges' immovable property over the years. The value of immovable property as presented above does not include possible earnings made by the declaring subjects from sales or rentals of properties. These are reflected in the Income category of this chapter.

Liquidities: Considering the initial values that the 48 administrative court judges declared in their asset declarations forms, while following up with all the subsequent yearly declarations on the increase/decrease in liquidities, at the end of the 2017 the accumulative value of liquidities held in banks was 185,166,115 lek, while the value of liquidities held in cash was 103,890,384 lek. These account for 21.9 per cent and 12.3 per cent of the total value of declared assets respectively.

The value of liquidities (expressed in lek) has increased progressively over the years, as Graphic 3, below, shows.

Graphic 3: The change in the accumulative value of liquidities from the initial year until 2017, expressed in lek.



Liquidities in banks increased by 16.7 times since the initial declaration (11,110,979 lek) until the end of 2017 (185,166,115 lek); liquidities held in cash increased 23.3 times, from 4,450,000 lek to 185,166,115 lek over the same period.

The loans issued by judges have registered the largest increase in the asset category until the end of 2017, increasing 25.5 times. From the analysed data, a growing trend of judges issuing loans is noticeable, not only in terms of frequency but also in value. However, they still amount only to a small fraction of the total value of their gross assets, which is 1.8 per cent.

From the total value of cash liquidities on 31 December 2017, it can be concluded that, on average, a judge holds 2.2 million lek (2,164,383 lek) in cash at home. If, to that cash amount, we add the percentage of assets declared as issued loans, it turns out that the judges hold a considerable amount of assets, equal to 14.1 per cent, outside the banking system, accounting for the “informal” part of the wealth of these judges.



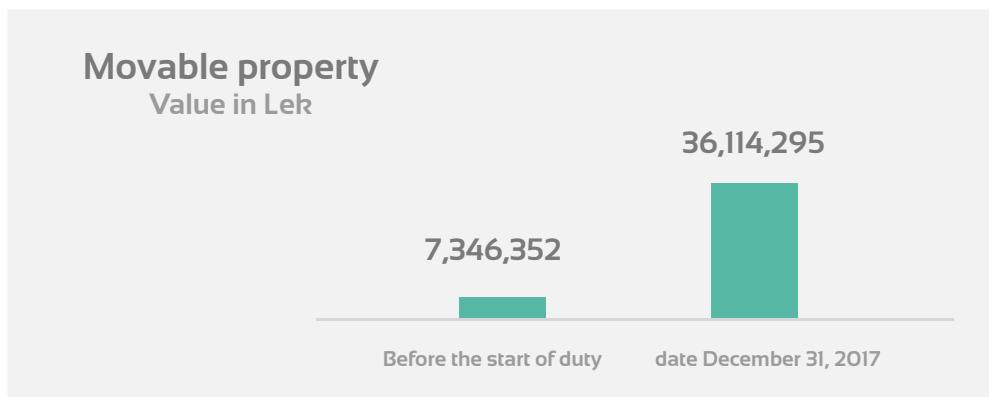
Roughly 14.1 per cent of the total value of the assets of the judges of administrative courts are held in the form of cash outside the banking system.

In international best practices, liquidities held outside the banking system are considered “red flags”, or suspect transactions. This should prompt institutions to undertake a full administrative audit of the identified subject.

Loans: If the loans category is analysed, it can be concluded that it accounts for 5 per cent of the total value of the liquidities, or 1.8 per cent of the total assets, of the 48 judges of the administrative courts. The value of loans has risen from 600,000 lek at the first year of employment to 15,286,426 lek at the end of the analysed period.

Movable property: Following the same trend as the other subcategories, the movable property of judges has registered an increase of 4.9 times from the initial year of declaration, rising in value from 7,346,352 lek in the initial declaration to 36,114,295 lek at the end of 2017. (Graphic 4).

Graphic 4: The accumulative value of movable property in years, expressed in lek.



Qualitative analysis of the yearly declarations shows that this category mainly includes vehicles that the declaring subjects and their family members owned in a specific year. Any gain or loss derived from the sale of movable property is reflected in the Income category, which is analysed below in this chapter. Based on the data, an administrative court judge at the end of the 2017 on average had assets worth 735,381 lek invested in cars.

In the other subcategories taken into analysis, it is important to highlight the lack of declarations in the subcategory of **Valuable items**. No administrative court judge or family member reported owning any valuable items worth more than 300,000 lek. This raises another “red flag” that requires in-depth investigation.



None of the forms taken into analysis contains declarations of items worth more than 300,000 lek from judges of the administrative courts and their family members.

1.c. The wealth of judges according to institution

HOW DOES THE WEALTH OF JUDGES CHANGE ACCORDING TO JUDICIAL DISTRICTS?

From comparative analysis of the data of the gross assets declared by the judges of different administrative courts, it can be noticed that the judges of the Administrative Court of Appeals hold 44 per cent of the total assets. The Tirana Administrative Court judges' wealth accounts for a smaller percentage of the total assets, namely 18 per cent, despite their having more judges than the Appeal Administrative Court. The administrative courts of Durres, Korce, Gjirokaster, Shkoder and Vlora account on average for 5 to 12 per cent of total assets.

So, 62 per cent of the total wealth of the 48 judges that are the subjects of this study is concentrated in two institutions, the Administrative Court of Appeal and the Tirana Administrative Court, which is where the largest number of judges is concentrated, namely 28. This result is affected by the large number of judges that are members of these institutions. It means that the high value of their assets is in direct proportion to their number: 62 per cent of the total assets are held by 58 per cent of the judges of administrative courts.

However, the results change slightly if the average wealth of judges is taken as a comparative measure for each court until December 31, 2017. As the data in Table 7 show, Administrative Court of Appeal judges have an average wealth of 28,329,576 lek; Administrative Court of Tirana judges have less assets. Their average wealth per judge is 10,299,363 lek.

Table 7: The wealth of judges of the administrative courts based on institution

Institutions	gross wealth until 31 December 2017	% of total wealth	No. of judges	average wealth
Appeal Administrative Court	368.286.827	44%	13	28.329.756
Tirana Administrative Court	154.490.444	18%	15	10.299.363
Durres Administrative Court	46.276.036	5%	4	11.569.009
Korca Administrative Court	40.873.496	5%	3	13.624.499
Gjirokaster Administrative Court	86.064.043	10%	7	12.294.863
Shkodra Administrative Court	49.087.266	6%	2	24.543.633
Vlora Administrative Court	99.382.635	12%	4	24.845.659
Total	844.460.748	100%	48	N/A

In the evaluation of the data on the wealth of judges and their family members, from the first years of declaration until December 31, 2017, five judges registered the biggest growth in wealth, four judges of Administrative Court of Appeals and one judge from the Administrative Court of Vlora.

Table 8: The average annual increase in wealth based on institution

Institution	No. of judges	The average annual increase of wealth per judge (in lek)
Appeal Administrative Court	13	1.876.349
Vlora Administrative Court	4	1.850.057
Shkodra Administrative Court	2	1.522.377
Korca Administrative Court	3	1.072.157
Tirana Administrative Court	15	750.915
Gjirokaster Administrative Court	7	749.690
Durres Administrative Court	4	396.059

2. LIABILITIES

Apart from creating assets during their careers, the judges have also incurred financial obligations to financial institutions, linked individuals, as well as to different entities, mainly construction companies.

The category of liabilities includes these subcategories:

- Bank loans;
- Debts to third parties;
- Obligations to construction companies;
- Others.

From analysis of the declarations, it can be noticed that liabilities are the method that the declaring subjects and their family members used most to finance investment in immovable and movable property. In a few cases, they used these liabilities to finance tuition fees, consumer expenditures and others.

2.a. The total value of liabilities

WHAT IS THE TOTAL VALUE OF LIABILITIES FROM THE STARTING YEAR UNTIL 2016?

Table 9, below, shows the total value in lek of the declared liabilities of the judges during all the declaration years, as well as the total value of each subcategory declared.

Table 9: The value of liabilities in lek and subcategories of the liabilities

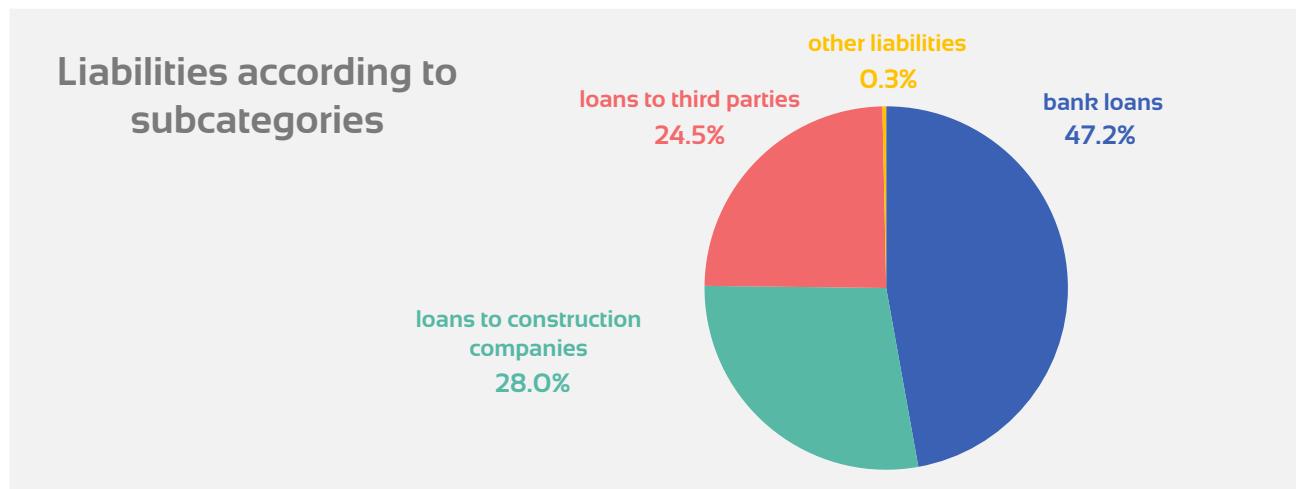
Type of liability	Value in lek
Bank loans	160.621.276
Obligations to construction companies	95.429.745
Debts to third parties	83.348.090
Other liabilities	1.138.426
Total	340.537.537

The data presented in Table 9, the total value of liabilities declared by the judges in each subcategory, do not show a model that is easily predictable. However, the aggregated value of the judges'

liabilities is quite high, reaching 340,537,537 lek at the end of the declaring period (December 31, 2017).

As Graphic 5 shows, most of these liabilities result from bank loans – 47.2 per cent of the total. About 24.5 per cent of the value comes from loans taken from related individuals. About 28 per cent is unpaid obligations to construction companies. Just 0.3 per cent is made up of “other liabilities”.

Graph 5: Ratio in percentage of different subcategories of the liabilities.



Based on international best practices of asset monitoring and processing, liabilities outside the banking system of a high value, such as loans taken from third parties and unpaid financial obligations to construction companies, are generally considered indicators of suspicious transactions in incoming cash flow and could signal a “red flag”.

Large amounts of liabilities from outside the banking system (24.5 per cent) and financial obligations toward construction companies (28 per cent) indicate a need for a more detailed investigation of the declarations by institutions that monitor the asset declaration system and the illicit wealth of public officials.



About 53 per cent of the obligations of administrative court judges come from debts or from obligations to third parties and construction companies.

From the total number of 48 judges of the administrative courts, 43, or 90 per cent, have declared liabilities in the form of bank loans, debts and financial obligations toward construction companies during the period of disclosure with HIDAACI.

Over the same period, roughly 29 per cent of the judges have liabilities in the banking system, having taken out at least one loan in the declaration period; 27 per cent have taken out two to three loans and 17 per cent have taken out four to eight loans.

Following the same analysis, 44 per cent of the judges of the administrative courts, or 21 out of 48, have taken out at least one loan from a relative or a business during the declaration period. Roughly 42 per cent of the judges have had financial obligations toward construction companies in at least one point of time during the declaration period.

2.b. Unpaid financial obligations

HOW LARGE WAS THE VALUE OF UNPAID FINANCIAL OBLIGATIONS BY THE END OF 2017?

The total declared liabilities of the judges and their family members over the years is identified above. This value, 340,537,537 lek, includes all declared liabilities in different subcategories. However, it is important also to identify the amount of debt paid in monthly instalments. For this purpose, as the chapter about Methodology explains, all the payments of liabilities have been registered as a separate subcategory in the category of Expenditures, in the main database (see Annex I of this report “Codification of categories and subcategories”).

This table shows the payments of liabilities toward banks, construction companies and third-party individuals (lenders):

Table 10: The value in lek of instalments of financial liabilities over the years.

Payment of liabilities	Value in lek
Payments of loan instalments	114.967.542
Payments of debts	55.274.160
Payments toward construction companies	41.822.696
Total	212.064.398

In order to summarise the unpaid liabilities up to 2017, the formula shown below has been used, measuring the difference between total liabilities and paid liabilities over the years.



In this way, from the sum of total accumulated liabilities over the years of 340,537,537, if we subtract total payments of instalments (loan instalments, debts returned or payments toward construction companies) with a value of 212,064,398, the unpaid liabilities of the 48 administrative court judges at the end of 2017 have a total value of 128,473,138 lek (Table 11)

Tabela 11: The value of unpaid liabilities at the end of 2017, in lek.

The total value of liabilities declared during the declaration(a)	The total value of payments toward liabilities during the declaration period (b)	The value of unpaid liabilities at the end of 2016 (a-b)
340,537,537 lekë	212,064,398 lekë	128,473,138 lekë

2.c. The ratio of gross wealth/liabilities according to judicial districts

WHAT EFFECT HAS THE INCREASE IN LIABILITIES HAD ON THE INCREASE OF GROSS ASSETS, ACCORDING TO INSTITUTIONS?

Liabilities remain a trend among justice officials. They have been an important way for them to increase their wealth. The table below (Table 12) shows the ratio between the average added wealth and average financial liabilities that every judge has incurred, extrapolated for every administrative court. The goal of this table is to identify what percentage of the judges' added wealth has been financed by liabilities

toward financial institutions or third parties.

Table 12: Ratio between average added wealth and average financial liabilities during the period under study for every administrative court, in percentage terms.

Institution	Wealth increase	Liabilities	Relation between wealth increase and liabilities
Vlora Administrative Court	87,286,163	82,569,713	95%
Durres Administrative Court	20,580,005	14,033,020	68%
Tirana Administrative Court	143,370,291	76,187,194	53%
Shkodra Administrative Court	42,626,566	16,351,720	38%
Appeal Administrative Court	340,863,967	107,283,544	31%
Korca Administrative Court	39,953,496	10,178,000	25%
Gjirokastrer Administrative Court	72,335,934	16,681,412	23%
Total	747,016,423	323,284,603	43%

The results raise “red flags” concerning both extremities, the high and the low percentages. In the first case, institutions responsible for the audit of declarations need to verify the reason for the high amount of loans that have not been invested in immovable or other assets (In the Administrative Court of Vlora, the ratio between average liabilities and average assets is 95 per cent). On the other side, the low percentage should also prompt a detailed investigation, to find out what alternative financial sources the judges have used to increase their wealth, as well as the legality of these sources.

Based on this report, it can be said that the declared financial liabilities have been used to purchase real estate and/or vehicles, which means that the bank loan could not be used to open a bank account or add to the cash at hand. This reasoning narrows the ratio between financial liabilities and the increase of movable and immovable property significantly, as the table below shows. It turns out that the Administrative Court of Vlora and Durres have a very high percentage of liabilities in relation to movable and immovable property, 141 per cent and 114 per cent respectively, raising questions about the destination of loans disbursed by banks to these subjects and their family members.

3. NET WEALTH

HOW DID NET WEALTH CHANGE UNTIL 2016?

Net wealth represents the difference between assets – the gross wealth presented in section 1 of this chapter – and the value of unpaid outstanding liabilities at the end of the declaration period, as calculated above.

This formula allows the accumulative value of the net wealth that the judges had to be calculated at the end of 2017 (Table 13), but also the increase in their net wealth over the period under analysis.

Table 13: The net wealth of the judges at the end of 2017, in lek

The value of gross wealth at Dec 31, 2017 (a)	Judges' outstanding liabilities at Dec 31, 2017 (b)	Net wealth at Dec 31, 2017 (a-b)
844,460,748 lekë	128,473,138 lekë	715,987,609 lekë

The value of the net wealth of the administrative court judges on December 31, 2017 was 715,987,609 lek.

At the same time, referring back to Table 3, which shows the increase in wealth from the start of employment until December 31, 2017, the increase in their net wealth can be calculated.

The **increase of net wealth** is the difference between the value of added gross wealth, which stands at 747,016,423 lek, and the value of unpaid liabilities, of 128,473,138 lek, which is 618,543,285 lek.

The net wealth for the declaration period of the judges of the administrative courts, from their initial declaration until the end of the 2017, increased by 618,543,285 lek.

This significant increase in the net wealth of the administrative court judges from 2003 to 2017 cannot be justified by the income emanating from their functions, particularly if we exclude all the payments of liabilities they made to banks, companies or third parties, which are also high. This result mandates a thorough analysis of the structure of the income of the judges and their family members in order to identify the source of the increase in their wealth.

4. INCOME

The category of income for the subject of the asset declaration obligation is made up of the following subcategories:

- Salary due to function;
- Salary of family members;
- Net bonuses;
- Income from businesses;
- Income from rent;
- Income from teaching (only for judges);
- Gifts in cash from people outside the family;
- Income from the sale of immovable property;
- Income from the sale of movable property;
- Other income (not included in the above-mentioned categories).

4.a. Total Income

WHAT IS THE TOTAL INCOME OF ADMINISTRATIVE COURT JUDGES UP TO 2017?

The total income of the judges and their family members from 2003 to 2017, based on what they declared in all their asset disclosures, was 1,329,296,377 lek.

However, differently from the calculation of declared assets, whose value is accumulative from the first year (year 0) of declaration until their last declaration, in the calculation of income, income declared in the entry declaration form at the start of a judge's duty should be considered in accordance with Article 5/1 of law no 9049. This includes "involvement in private for profit an enterprise or an activity that generates revenue, which exists at the start of the official's job; including any activity that generates revenue from the period January 1st until the day of appointment in the calendar year of the declaration".

For this reason, in calculating income as a financial source for the accumulation of the declared wealth, we use only the income generated by the declaring subject and his/her family members after the date of their appointment (or after the system of asset declarations was installed). In this context, the calculation of income generated by the declaring subjects in the period 2004 to 2017, which corresponds with their annual asset declaration forms, is based on the data presented in Table 14.

Table 14: The value of income declared for every financial year from 2004 to 2017.

Year	Value in lek
2004	40.321.460
2005	42.621.039
2006	59.942.432
2007	67.908.659
2008	85.665.761
2009	81.666.972
2010	97.359.993
2011	98.688.447
2012	109.818.363
2013	106.970.722
2014	111.524.790
2015	135.635.410
2016	159.606.597
2017	131.565.734
Total	1.329.296.377

As Table 14 shows, the total income declared by the 48 subjects for the period 2004 to 2017 was 1,329,296,377 lek. The annual value of the declared proceeds of the judges increased year on year, which can mainly be attributed to the large number of declaring subjects in the period 2003-2017, who were mainly added after 2004.

4.b. Source of Income

HOW IS THE INCOME DIVIDED IN SUBCATEGORIES?

Because the total increase in the wealth of the administrative court judges in Albania is not explained by the salaries and bonuses they received from their positions, BIRN Albania analysed the sources of income declared by the judges in greater detail, to better identify the structure of their wealth.

The subcategories calculated in the total value of declared income of the administrative court judges are classified as the following: gifts in cash; teaching; family members' salaries; salary due to function;

net bonuses; proceeds from businesses; income from rent; revenue from the sale of immovable property; revenue from the sale of movable property; other income.

To differentiate the source of income, each of these subcategories has been given a different code in the database (see Annex I of this report).

The ratio distribution among these subcategories in lek and percentage terms for all judges that formed part of this study is presented in Table 15, below.

Table 15: The value in lek for each income subcategory and their ratio distribution.

Income subcategories	Sum in lek	Ratio between % and total sum
Salary due to function	606.707.630	45,6%
Teaching	16.020.615	1,2%
Family members' salaries	338.880.130	25,5%
Gifts in cash	17.552.713	1,3%
Proceeds from businesses	97.501.148	7,3%
Income from rent	64.555.255	4,9%
Revenue from the sale of immovable and movable property	76.269.428	5,7%
Other income	111.809.459	8,4%
Total	1.329.296.377	100%

As the data in Table 15 show, roughly 46.8 per cent of the declared income of judges comes from their salaries, bonuses and teaching. Income from the salaries of family members accounts for another 25.5 per cent of the total.

The subcategory of “cash gifts” collects data from all the cash gifts made to the judge from relatives, which were held as liquid assets or deposited in the bank – but does not include gifts of immovable or movable property.

This indicator is a “red flag” and should receive the attention of audit institutions because it has a value of 17,552,713 lek, or 1.3 per cent of their total income. Other subcategories of income are too small, compared to the total amount, to merit consideration.



Roughly 1.3 per cent of the income of administrative court judges, equal to 17.5 million lek, comes from cash gifts.

From the above-mentioned analysis, it is clear that, apart from salaries, a good part of the income of the administrative court judges comes from businesses, the sale of immovable property and rents. A high value of income from these sources in international best practices of auditing officials' wealth is considered a "red flag" that should prompt institutions that monitor such assets to conduct a full audit of the declaring subjects and their family members.



Roughly 18 per cent of the income of administrative court judges comes from businesses, the sale of property and rent.

5. EXPENSES

After taking into consideration the income of administrative court judges, which is included in the incoming cash flow category of transactions, it is important to look at the structure of expenses, which is categorized as outgoing cash flow.

The category of expenses includes the following subcategories:

- Payments of loan instalments;
- Payments of debts;
- Payments of debts/obligations to construction companies;
- Tuition fees;
- Other expenses (those not included in the above-mentioned subcategories).

The category of expenses has a specific place in the declaration form. The legal obligation to declare "declarable expenses" only entered into force in 2014. However, even after this change in the law, the "annual declaration form" considers declarable expenses as confidential data. They are not made public.

By evaluating carefully the way the declaring subjects completed the section on liabilities and payments of instalments, it was noted that the instalments related mostly to the payment of principal,

and only partly of interest; however, the latter is difficult to identify. So, the declarations for the payment of instalments for liabilities will be considered as a reduction of liability and included in section “2.c Unpaid Liabilities”, presented above.

The category of expenses in the asset declaration form is specific. The legal obligation to declare “declarable expenses” entered into force in 2014 following an amendment of law No 9049, referring to Article 1 of the law, Point 7. *However, even after this legal change was made to the format of the periodical/yearly declaration, declarable expenses have been considered confidential information and, for this reason, are not made public.*

As a result, data on other expenses are as follows:

Table 16: The value of declared expenses, in lek.

Expenses	Value in lek
Tuition fees	5.469.678
Other expenses	22.906.905
Totali	28.376.583

From this information, it should be underlined that 11 of the 48 first-instance court judges have declared education expenses for their children with a value of 5,469,678 lek for the period in question. However, analysis of the expenses of the declared subjects will remain incomplete as long the section on Declarable Expenses in the asset declaration form remains confidential.

Also, analysis of the 650 asset declarations of this study highlights the lack of declarations on living expenses, travel expenses, etc, underlining the need to include all of these expenses in the asset declaration form as a way to increase transparency. Of the 48 judges, only one has declared family living expenses, more concretely on three out of 14 declarations filed with HIDAACI. No other declarations reviewed included data on living expenses.



Only three out of 650 declarations that were analysed included data related to living expenses.

The data contained in the annual declaration form in the subcategory of expenses (despite the interpretation made in section “2.b unpaid liabilities” for the payment of instalments) make it clear that the subcategory of expenses has been treated as cash outflow for the period where the judge was in office. (Table 15)

Table 17: The value in lek of total expenses, divided by subcategories and their ratio in percentages.

Subcategory of expenses	Value in lek	Ratio in %
Payments of loan instalments	55.274.160	23%
Payments of debts	114.967.542	48%
Payments of debts/obligations to construction companies	41.822.696	17%
Tuition fees	5.469.678	2%
Other expenses	22.906.905	10%
Total	240.440.981	100%

The data above show that the payment of loan instalments and debts toward construction companies account for the biggest part of declared expenses, highlighting the lack of other subcategories of expenses that are not declared by the judges.



Loan instalments make up roughly 48 per cent of the expenses of administrative court judges.

6. NET INCOME

The net income of the 48 judges of the administrative courts for the declaring period has been calculated as the difference between their total income and their declared expenses in accordance with the following formula:



Based on this calculation, the net income of the 48 judges of administrative courts and their family members over the declaring period was 1,088,855,396 lek.

It should be underlined that amounts for living expenses are included only in three cases (the periodic declaration form). If living expenses were included in the calculus, the net income would be significantly lower.

7. PLAUSIBILITY CHECK

HOW GREAT IS JUDGES' UNJUSTIFIED WEALTH, BASED ON THE PLAUSIBILITY CHECK?

From analysis of the structure of assets, liabilities, income and expenditures of the 48 administrative court judges during the declaring period until December 31, 2017, based on their yearly asset declarations made to the HIDAACI, a number of trends and transactions can be identified as “red flags”, based on international best practices.

In this context, BIRN Albania undertook a full plausibility check of the declarations of the administrative court judges up to the end of 2017. This analysis was based on the data declared by the subjects and their family members.

Based on Article 25 of law No 9049, amended: *“The plausibility check is carried out for every declaration in order to determine the accuracy of the declared wealth, the accuracy of the sources of wealth and the sufficiency of sources to account for the declared wealth. This control process is carried out within the calendar year that a declaration is submitted with HIDAACI.”*

The plausibility check is documented in the “control form”, in which the data declared by the official and his/her family members are reflected, organized in two financial statements: net assets and net income. After completing and processing this data, information is generated as to whether *the net income over the period justifies the changes in net assets or not.*

The formula of the control form for the plausibility check is presented below:

Increase in Net Assets = Increase in Gross Assets – Liabilities

Net Income = Total Income – Expenses

Results:

- a. If the difference between “Net Income” and “Increase/change of Net Assets” is negative, it may be considered as evidence that the wealth generated during that calendar year cannot be justified from the declared financial means.*
- b. If the difference between “Net Income” and “Increase/change of Net Assets” is positive, it can be considered as expenses for the declaring year, as long as the declaring subject has not reported the destination of such a surplus. As a result, due to the lack of declared expenses, every surplus from the plausibility check between net income and net assets is an expense.*

Because the plausibility check has to be carried out for every declaration year, and on every declaration form, excluding the initial declaration year (the entry form declaration), it has been carried out on 602 periodical declarations by the administrative court judges.

From the data resulting from the plausibility check, problems emerge in 55 of the 602 declarations, or 9.1 per cent of them. This is where the increase in net assets cannot be justified by the net income over the same declaring period.



Roughly 9.1 per cent of periodical declarations failed the plausibility check.

The number of declarations that fail the plausibility check during a calendar year, spread in accordance with judicial institutions, is presented in Table 18 in more detail.

Table 18: The number of declarations that fail the plausibility check, according to institution.

Institution	Analysed declarations	Unjustified declarations by number	Unjustified declarations by %
Durres Administrative Court	44	2	5%
Appeal Administrative Court	181	21	12%
Gjirokaster Administrative Court	90	10	11%
Korca Administrative Court	37	2	5%
Shkodra Administrative Court	28	1	4%

Tirana Administrative Court	182	16	9%
Vlora Administrative Court	40	3	8%
Total	602	55	9%

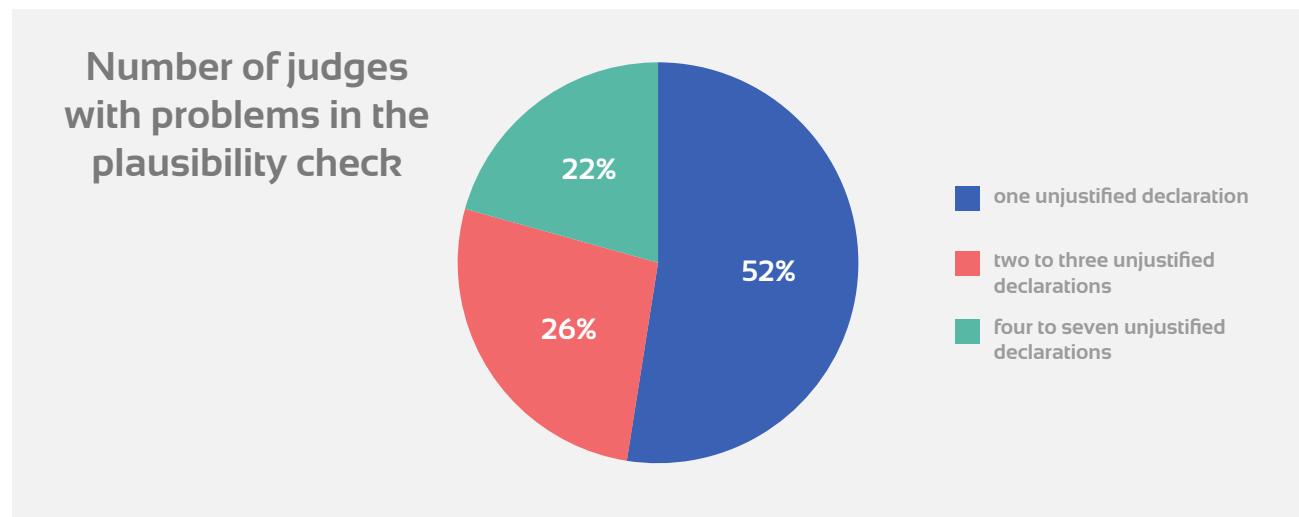
Of the 48 judges that are part of this study, only 17 pass the plausibility check. So, 31 judges, or 65 per cent of the total subjects of this study, have at least one year of their career when there is an unjustified difference between created wealth and its declared financial sources.



Over 65 per cent of administrative court judges cannot justify their wealth in at least one of the declaration years.

Of the total number of administrative court judges that have not justified their wealth, based on their declared asset disclosures, 15 judges, or 48 per cent, have two to five problematic annual declarations over the period of 13 years taken into account. Sixteen judges, or 52 per cent of them, have only one annual declaration containing problems. (Graphic 6)

Graphic 6: The percentage of judges, divided by the number of problematic declarations in the 13 years of asset disclosures.



The total value of the unjustified wealth of the administrative court judges is 110,455,688 lek. This accounts for 15 per cent of the net wealth (717,126,036) declared by the administrative court judges in Albania. It should be noted that this result is based only on self-declared data from the judges and their family members; the plausibility check does not include the cost of living, which will be addressed below in this study.



Roughly 15 per cent of the judges' declared net wealth is not justified by their declared financial means.

HOW GREAT IS THE WEALTH UNJUSTIFIED BY FINANCIAL SOURCES IF INSTAT'S MINIMUM SUBSISTENCE EXPENSES IS ADDED?

Expenses are considered personal information and are classified within the asset declaration form in the category of confidential data. For this reason, to complete the plausibility checks, we have referred to the annual living standards expenses for a family, as calculated by the National Institute of Statistics, INSTAT. The last publication of INSTAT on living expenses is the Household Budget Survey, a statistical survey carried at the level of economic family units.

Based on official data on living standards expenses INSTAT published in 2006, 2014, 2015, 2016 and 2017, the monthly average living expense for an Albanian family was calculated as 69,383 lek in 2006 and as 73,400 lek in 2017. For this report, a monthly average consumption expense of 69,383 lek per family was taken into account in order to run the plausibility check once again. Complete data on the average monthly/yearly consumption can be found in Annex 3.

If INSTAT's average annual living expense is added to the declared annual expenses of the judges, the value of their unjustified wealth rises. If the plausibility check is run including INSTAT's average annual living expense, the number of problematic yearly declarations for the declared period reaches 232 declarations out of 602, or 39 per cent of the total number of declarations.

In greater detail, the number of declaration that do not justify the judges' wealth inside the calendar year, spread in accordance with their judicial institution, with the value of INSTAT's annual average consumption reflected, is presented in Table 19.

Table 19: The number of declarations of wealth that fail the plausibility check if the average annual consumption according to INSTAT is included.

Institution	Analysed declarations	Unjustified declarations if living expenses are subtracted in No.	Unjustified declarations if living expenses are subtracted in %
Durres Administrative Court	44	16	36%
Appeal Administrative Court	181	62	34%
Gjirokaster Administrative Court	90	30	33%
Korca Administrative Court	37	23	62%
Shkodra Administrative Court	28	5	18%
Tirana Administrative Court	182	82	45%
Vlora Administrative Court	40	14	35%
Total	602	232	39%



Roughly 39 per cent of periodical declarations failed the plausibility check, if the cost of annual minimum subsistence of INSTAT is added to their expenses.

As a result, the total amount of unjustified wealth jumps to 205,363,830 lek, or 29 per cent of the value of the net wealth declared by the 48 administrative court judges until December 31 2017. The judges responsible for this result make up nearly 98 per cent of the total of judges in the administrative courts. This means that 47 of the 48 judges fail to justify their wealth in at least one periodical declaration, once living expenses are added.



Roughly 29 per cent of the net wealth declared by administrative court judges is not justified by their declared financial means, if the cost of annual minimum subsistence of INSTAT is added to their expenses.

IV. Discussions and Recommendations

Structural analysis of the data of the assets declarations of the 48 administrative court judges organized in six first-instance administrative courts and one Appeal Administrative Court shows that, on average, the judges' gross assets increased by nine times from the point of initial declaration until December 31 2017. At the start of his/her career an administrative court judge had average assets of 2,030,090 lek; their average wealth at the last year of declaration, in 2017, was 17,592,932 lek.

The fast growth of the wealth of the 48 administrative court judges in Albania identifies a number of trends of suspect transactions, or "red flags", for the period 2004 to 2017. Matters of concern include judges:

- holding large assets in cash outside the banking system;
- owing large amounts of debt to relatives;
- having significant financial obligations to construction companies;
- earning high incomes from businesses, the sale of real estate or rent;
- incurring large expenses for loan instalments/large and unusual loans.

Apart from the "red flags" that emerged from structural analysis of the data, and from the plausibility check of the asset declarations of the administrative courts judges, it was clear that a large number of the judges cannot justify their wealth at least at one particular point in their careers.

- 31 administrative courts judges, 65 per cent of the total, have at least one year in their career when differences between generated wealth and its declared financial sources cannot be justified.

The above-mentioned data on identified "red flags" show that part of the wealth of the judges of administrative courts has a dubious origin. It may come from illegal sources. This should prompt the Independent Qualification Commission, IQC, one of the country's three vetting institutions, to undertake a thorough investigation of their wealth.

Also, data obtained from the plausibility check of the declarations show that a large number of administrative court judges have failed to justify their wealth for at least one year of their career inside the justice system; this should serve as a starting point for investigations by the vetting commission.

Considering that the vetting process of judges and prosecutors has now started, and that the IQC has reviewed its priority list of judges and prosecutors, the authors of this study would make the following recommendations:

- vetting institutions should conduct independent analysis on the wealth of judges;
- researchers, civil society and journalists should use the data of this study to oversee the vetting process of judges;
- civil society organizations should undertake studies/monitoring reports of the wealth trends of other public officials in the Republic of Albania;
- independent plausibility checks should be carried out by civil society organizations of judges that are part of the vetting process;
- HIDAACI's capacities to publish reports on the wealth trends of public officials should be increased as a measure leading to greater transparency;
- The Independent Qualification Commission should be more transparent on the findings of administrative investigations into the wealth of judges.

Annex I

The codification of categories and subcategories

Code	Subcategory	Category
11	Immovable property	Assets
12	Movable property	Assets
13	Cash liquidity	Assets
14	Bank liquidity	Assets
15	Shares of capital/stock	Assets
16	Small business	Assets
17	Valuables	Assets
18	Loans given their parties	Assets
19	Other Assets	Assets
21	Bank Loans	Liabilities
22	Loans received by third parties	Liabilities
23	Liabilities toward construction companies	Liabilities
24	Other Liabilities	Liabilities
31	Salary due to function	Income
32	Salary of family members	Income
33	Net bonuses	Income
34	Income from businesses	Income
35	Income from rent	Income
36	Income from teaching	Income
37	Cash gifts	Income
38	Other income	Income
391	Income from the sale of immovable property	Income
392	Income from the sale of movable property	Income
393	Reevaluation of immovable property	Income
411	Payment of bank loan installment	Expenses
412	Payment of nonbank loan installment	Expenses
413	Payment to construction company	Expenses
42	Tuition fees	Expenses
43	Other expenses	Expenses

Annex II

The exchange rate according to the Bank of Albania

Period	The exchange in Lek according to the Bank of Albania				
	EUR	USD	GBP	CHF	CAD
31.12.2003	133.65	108.69	190.25	85.97	82.76
31.12.2004	126.74	92.64	178.69	81.87	76.92
31.12.2005	122.54	103.58	178.65	78.86	89.11
31.12.2006	123.85	94.14	184.65	77.17	81.13
31.12.2007	121.78	82.89	166.02	73.65	84.45
31.12.2008	123.8	87.91	127.66	82.97	72.22
31.12.2009	137.96	95.81	154.64	93.04	91.34
31.12.2010	138.77	104	161.46	110.98	104.29
31.12.2011	138.93	107.54	165.92	114.46	105.36
31.12.2012	139.59	105.85	171.18	115.65	106.37
31.12.2013	140.2	101.86	168.39	114.41	95.7
31.12.2014	140.14	115.23	179.48	116.52	99.55
31.12.2015	137.28	125.79	186.59	126.74	90.53
31.12.2016	135.23	128.17	157.56	126.05	95.09

Annex III

The average monthly expenses for economic family unit, based on the Household Budget Survey published by INSTAT.

Year	Average monthly expenses	Average annual expenses
2006	69,383	832,596
2014	69,442	833,304
2015	70,766	849,192
2016	73,160	877,920
2017	73,400	880,800

Household Budget Survey

http://www.instat.gov.al/media/4783/abf_2017.pdf

Law No 49/2012 "For the organization and functioning of administrative courts and judgment of administrative disputes."



ANALYSIS OF THE SYSTEM OF ASSET DECLARATIONS OF THE JUDGES OF ADMINISTRATIVE COURTS IN ALBANIA

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