

SUSTAINABLE DEVELOPMENT

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ABSTRACT

Providing the continuous changes, promotional strategies and the creation of positive premises in policies developed by governments, economic sustainability of a country still remains one of the main objectives. The context of sustainability is as important as broad. In the developed countries the parameters which are to be sustained are numerous. Throughout this topic, the discussion will be on the sustainable development. The sustainable development is referred to sustainable economic development by the realization of poverty reduction, economic growth, innovation in industry and infrastructure and an increase in social welfare. Indeed, to achieve this, the involvement of political support and public finances are needed, not for the purpose of increasing the burden on consumers but rather to set it on higher living standards.

Keywords: *sustainability, development, economy, growth, innovation*

JEL Classification: *O4, H5, H6*

1. Literature review

When we talk about sustainable development we must bear in mind two positions. Firstly, we have, economists, who include in everything only to realize a development activity and secondly, have environmentalists, who seek and accept economic development, but not touching elements related to the environment. The General Regulation 1083/2006/EC defines the principles, rules, and standards for the European Regional Development Fund (ERDF) and the European Social Fund (ESF) as well as the Cohesion Fund for the programming period 2007-2013. The principal purpose of the Structural Funds (ERDF and ESF) is to promote the economic and social development of disadvantaged regions, sectors and social groups within the EU and to 'contribute to the harmonious, balanced and sustainable development of economic activities, the development of employment and human resources, the protection and improvement of the environment, and the elimination of inequalities, and the promotion of equality between men and women'².

In the words of Robert Solow, "if sustainability is anything more than a slogan or expression of emotion, it must amount to an injunction to preserve productive capacity for the indefinite future" (Solow, 1999).

Then a sustainable development path can be defined as the one that maximizes the present value of the inter temporal social function (see Gillis et al., 1992)

This means that any economic development is linked not only to the economic result but with human resources and social character. Also, is worth mentioning foreign direct investment. The HDI is often used by national governments and international organizations to set policy goals and allocate public resources (see Murray, 1993). This implies that indicators like the

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² ec.europa.eu/regional_policy

HDI, in principle a positive or descriptive indicator, become normative or prescriptive indicators. Then, implicitly, the indicator is reflecting *some* set of "preferences". But given the way that indicators are usually constructed, these preferences are not likely to be "social preferences". Hence, maximizing the HDI may not be as desirable as maximizing some other weighted measure of life expectancy, literacy, and income per capita. The World Commission on Environment and Development (Brundtland Commission)³ defined sustainable development as "development that meets the needs of the present without compromising the need of future generations to meet their own needs" (Brundtland Commission – see World Commission on Environment and Development, 1987). Toman (1999) better describes the reaction of both economists and ecologists to this definition:

If one accepts that there is some collective responsibility of stewardship owed to future generations, what kind of social capital needs to be intergenerationally transferred to meet that obligation? One view, to which many economists would be inclined, is that all resources - the natural endowment, physical capital, human knowledge, and abilities – are relatively fungible sources of well-being.

Our country has sought development years ago. Launched in early 1990 and continues today, with the major changes that undertook. Encouraging development policies are present in all countries. Some of them find it originated in the seventies, is in the World Commission on Environment and Development in 1987 (WCED or “Brundtland Commission”) that the term is coined and also defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Le Blanc, D., et al. 2012:1). One of the defining moments for SD was the UNCED, known as the “Earth Summit”, held in Rio de Janeiro in 1992.

Harsanyi, 1953; Arrow, 1963; and Lambert, 1993), find sustainable development associated with economic agents, preferences and opportunities they have.

Despite this we should not forget to mention the poverty, a problem especially in rural areas of developing countries. The measure poverty is not easy, although to be around 76%. (Dercon, S. 2009).

2. Albanian development process

In recent years, following the guidelines of the International, the country has recorded positive results in the Human Development climate and environment of economic stability. Regarding the development we are also part of the initiative for the 17 rules of sustainable development, especially:

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3. Ensure healthy lives and promote wellbeing for all at all ages
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

³ Our Common Future, also known as the **Brundtland Report**, from the United Nations World **Commission** on Environment and Development (WCED) was published in 1987. Its targets were multilateralism and interdependence of nations in the search for a sustainable development path.

5. Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss Advertisement
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development⁴

Otherwise, the Brundtland Commission described it as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs. We must consider the future then, in making our decisions about the present.

The sustainable development is shared into three basic elements and perhaps are more easily attainable even for our country: Economic Development, Social Development, Environmental Protection.

2.1. Economic Development

After Albania emerged from 50 years of communist rule, the transition from a centrally planned to a market-oriented economy, together with abundant international aid and other strategic assistance, helped Albania to make progress. At a simple glance, Albania's difficulties in maintaining the image of a stable political environment, have been a major obstacle for many foreign investors (for whom political stability, which mainly means institutional stability is the main precondition for investment) to invest in Albania. Instability and lack of law enforcement within the country or regional level, have been the main barriers to foreign direct investments in Albania, as in terms of the level of economic liberalization and proper legal framework, Albania has made significant progress.

However, this is not enough when institutions are weak and vague in their role. Since the late '90s, the Albanian government has undertaken a series of structural reforms, including land reform, financial market, price liberalization and privatization.

Throughout this time almost all the small and medium enterprises have been privatized and there was a fairly significant progress in the privatization of strategic sectors such as telecommunications and banking. Albanian Nature with all its elements, climate, landscape, soil,

⁴ Sustainable Development Goals, UNDP & UNICEF

vegetation, hydrograph etc. In low-lying areas to relief field with temperate climate can grow different types of crops such as cereals, vegetables etc. On account of strong growth performance, Albania grew from the poorest nation in Europe in the early 1990s to middle-income status in 2008, with poverty declining by half during that period.

Despite the difficulties encountered relevant governing institutions tend to create sustainable development climate. In our prevailing currents days it is that we are working with the goal of increasing positive returns. People's confidence in the system has increased, the production structure of Albania is being consolidated while adding weight and value to export. The focus of the government is to support and promote the industries, increase exports and attract foreign direct investment as the main sources of sustainable economic growth. This requires cooperation policies in place, as fiscal and monetary. One of the directives given by the IMF was teaching in the payment culture. This will be accomplished when we do not have frequent rate changes. Thus, economic agents will be able to pay taxes and fees and will be accomplished stabilization of deficits and debt.

Albania's fiscal challenge is to lower the high level of public debt to less than 66% in 2017 and below 60% by the end of 2019. The fiscal strategy envisages a significant reduction in the overall budget deficit to around 3.8% of GDP during 2014-2017, helped by tax increases implemented in 2015 and the implementation of administrative measures and the reduction of problem loans.⁵

Monetary policies aim to maintain price stability in the context addressing inflation and taking into account the need to maintain levels of reserves to support financial stability.

Economic policies are designed to promote the development of entrepreneurship, fair taxation, and support for SMEs, providing guarantee free competition and accountability and ensuring effective communication with the business community.

During these years with create and change politics the country has made considerable progress in income growth and poverty reduction. A competitive trade regime supported by a relatively efficient regulatory framework has encouraged the development of a growing entrepreneurial sector.

Data presented for our economy in world are these:

	2011	2012	2013	2014	2015
Population (million)	2.8	2.8	2.8	2.8	2.8
GDP per capita (USD)	4,691	4,359	4,512	4,782	4,151
GDP Per capita (EUR)	3,235	3,435	3,471	3,605	3,741
GDP (USD bn)	13.3	12.3	12.6	13.3	11.5
GDP (EUR bn)	9.2	9.7	9.7	10	10.3
Economic Growth (GDP, annual variation in %)	2.5	1.4	1.1	2	2.6
Consumption (annual variation in %)	1.8	0.1	1.4	2.7	-0.2
Investment (annual variation in %)	5.9	-7.9	-2.1	-3.9	11.3
Unemployment Rate	13.4	14.1	17.1	18	17.7
Fiscal Balance (% of GDP)	-3.5	-3.4	-4.9	-5.2	-4
Public Debt (% of GDP)	60.8	64.2	67.9	71.8	76.4
Inflation Rat (CPI, annual variation in %)	3.4	2	1.9	1.6	1.9
Policy Interest Rate (%)	4.75	4	3	2.25	1.75
Exchange Rate (vs USD)	106.9	106.2	102.2	115.7	126.1

⁵ Albania- economic developments, achievements and challenges- ministry of foreign affairs

Current Account (% of GDP)	-13.2	-10.2	-10.6	-12.9	-11.2
Current Account Balance (EUR bn)	-1.8	-1.3	-1.3	-1.3	-1.2
Trade Balance (EUR) billion)	-2.5	-2.3	-1.9	-2.1	-2.1
Exports (EUR billion)	1.4	1.5	1.7	1.8	1.7
Imports (EUR billion)	3.8	3.8	3.7	3.9	3.9
Exports(annual variation in %)	20.5	10.8	13.2	4.4	-4.9
Imports (annual variation in %)	11	-0.5	-4.1	7.3	-1.4
International Reserves (EUR)	1.9	2	2	2.2	2.9

Table 1

Source: [http://www.focus-economics.com/Albania economic outlook](http://www.focus-economics.com/Albania-economic-outlook)

According to this manage to understand the fact that the parameters are stabilizing. Our country is represented by positive indices in the comparisons being made by the various portals which take into account economic freedom and trade.

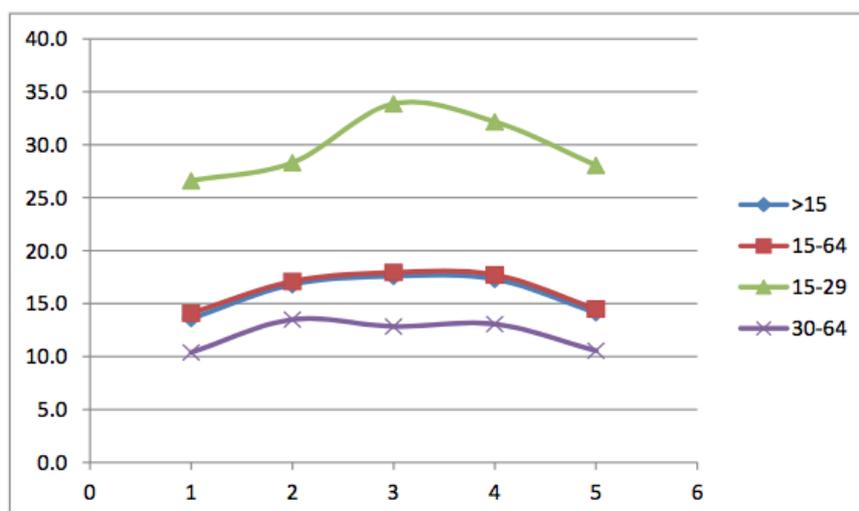
2.2. Social development

Albania is mentioned as the biggest problem of the transition countries. We had to consequences since the early 1990s with the change of a system. In the coming years there has been volatility, time to positive rates of times negative, sparking and the first signals that the best opportunities. Even today remains a visible problem. There are plenty of families that fail to provide the minimum possible money for a living, because their members are unemployed. Count as unemployed in the country is still difficult, because there are plenty of individuals who choose to work informally, just to insuring a little bit more income. Here arise before the violation of laws. Action is bilateral because the economic entity and tends to benefit the individuals in need of a wage. According to INSTAT During 2013 there was an increase in the unemployment rate for people with higher education by about 1.8 percent. Analyzing the unemployment rate by level of education, the labour market in Albania noted that the unemployment rate is higher for people with higher education, with 14.7 percent of the people with basic education or 8 and 9 years old. Another distinctive feature of the Albanian labour market is relatively high share of unemployed discouraged, aged 15-64 years, who in 2013 accounted for 23 percent of all economically inactive individuals, be they male or female. The table and graph below we present the norms changes that unemployment in the last five years:

	Tr.4.2012	Tr.4.2013	Tr.4.2014	Tr.4.2015	Tr.4.2016
	Q4.2012	Q4.2013	Q4.2014	Q4.2015	Q4.2016
>15	13.6	16.8	17.6	17.3	14.2
15-64	14.1	17.1	18.0	17.7	14.5
15-29	26.6	28.3	33.9	32.2	28.1
30-64	10.4	13.5	12.8	13.1	10.6

Table 2

Source: INSTAT



Graph 1

Source: INSTAT, Mars 2017

Instead we have and migration factor here. This regards for leaving the rural areas and resettlement in the urban areas, mostly in Tirana. This has caused congestion and at the same time show unemployment.

2.3. Environmental protection

Environmental protection is the third pillar and to many, the primary concern of the future of humanity. It defines how we should study and protect ecosystems, air quality, integrity and sustainability of our resources and focusing on the elements that place stress on the environment. It also concerns how technology will drive our greener future; the EPA recognized that developing technology and biotechnology is key to this sustainability, and protecting the environment of the future from potential damage that technological advances could potentially bring.

UNDP presents and purposes both important for the environment, with relevant strategy and visible positive effects, considering the advantages of the country, as production capacity, emphasizing energy, agricultural and livestock products.

Conclusions

Reducing the size of the informal economy will not only help in improving the economy in macroeconomic terms, but will also eliminate the biggest obstacle, which is the unfair competition.

Infrastructure (including electricity and water) needs a solution, in order to encourage foreign investment in Albania. Increased public investment in infrastructure is not the only solution; efforts can be made in terms of attracting foreign projects in this area by providing special incentives.

Albanian Government can encourage the development of specific geographic areas within the country, which represent areas of major investment opportunities in the country, trying to make the whole country more attractive. Such areas are industrial or tourist areas.

Acting on the basis of the advantages we will have more chances to achieve development. Herein lies an important fact that this is sustainable development and to touch all areas of the country, rural and urban. Initiatives are positive, it should be noted that the creation of an alternative that is to be developed further. In the country increased freedom of economic activity, business freedom, and trade freedom, however, require changes in government spending policy and taxation measures.

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