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Public transport and its privatization in East Europe: the case of Tirana, Albania

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Abstract

The purpose of the article is to discuss the operations of the public bus sector and the impacts of its privatization in Tirana, the capital of Albania. In addition to a synopsis of public transport operations in post-communist East Europe, the first part of this article presents an overview of public transport operations in Tirana from 1990 to the present day. The second part of the article discusses the findings of three sets of transportation surveys.

Keywords: Tirana; Albania; East Europe; Public transport; Bus transport; Public service privatization.

1. Introduction

The purpose of the article is to discuss the operation of the public bus sector and the impacts of its privatization in Tirana, the capital of Albania. The first part of this article presents an overview of public transport operations in Tirana from 1990 to the present day. The second part discusses the findings of three sets of transportation surveys.

Due to the absence of academic literature on transportation issues in Albania, much of the information in this article was obtained from transport-related studies conducted by various consultants for Tirana in the course of the last twenty years and press reports on urban transport. Other information was obtained through interviews with representatives of formal public transport companies and informal public transport operators.

From 1944 until 1990, an exceptionally repressive communist dictatorship governed Albania. During communism, private car ownership was forbidden. As most destinations within the capital were easily reachable on foot due to its relatively small size (300,000 people on 12 km^2), walking was a chief form of travel throughout that era. In addition, a substandard public bus system, bicycles, a few motorcycles, and a few taxies for special occasions provided passenger transport. A small fleet of horse-drawn carriages was in use for goods transport. The poor quality of public transport in Tirana

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during communism stood in sharp contrast with other communist capitals, which often had very good bus and rail systems.

Since the fall of communism, Tirana has experienced a population explosion from 300,000 to well over 800,000, owing to rural-urban migration (see Fig 1). In this process, a dual city has formed. In the inner city, new high-rise apartment buildings (typically 10-12 stories) were built at high densities squeezed in the space among the existing buildings. On the city fringes, new migrants, who were unable to afford regular housing, occupied public or private agricultural land and built substantial houses without permits. (Squatter settlements generally fall outside the City's administrative borders). The occupied land was often devoid of infrastructure, including roads, and had poor access to formal public transportation lines. This process was followed by big box retail and light industrial sprawl along the main intercity roads (Pojani 2010).

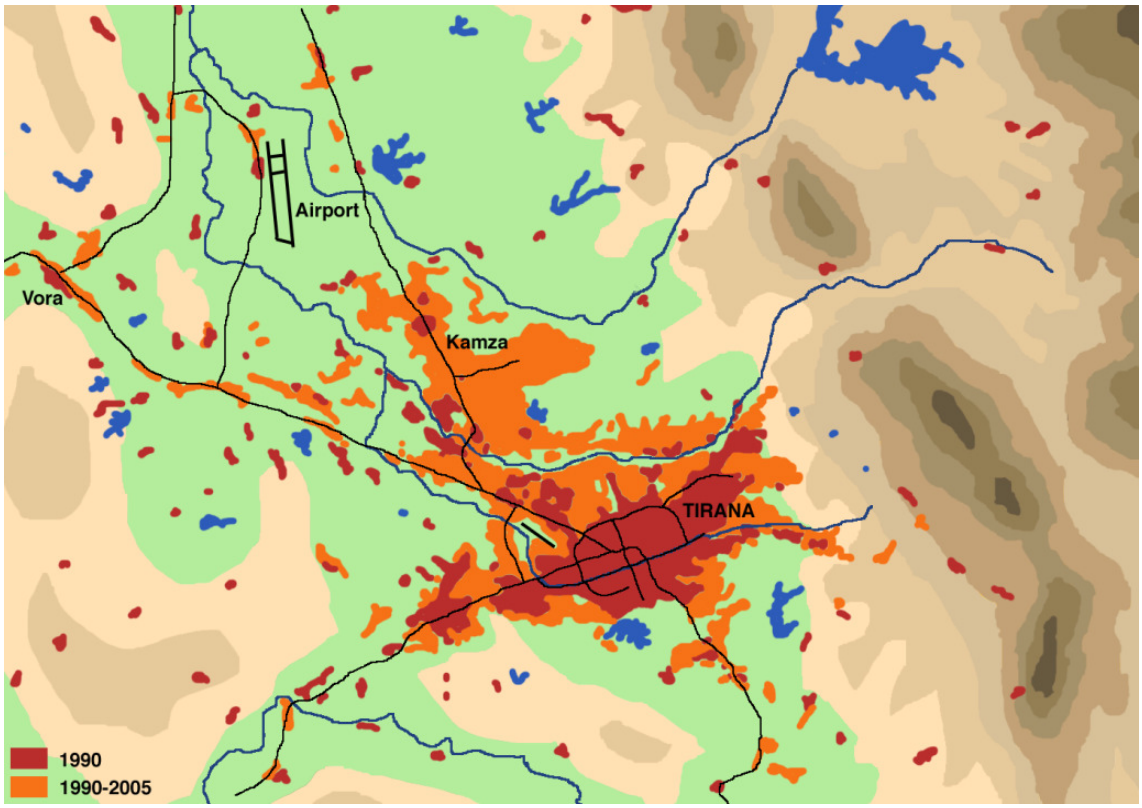

Figure 1: Urban expansion in the post-1990 period. (Most squatter settlements are around Kamza). Courtesy of CoPlan.

Meanwhile, as in other Eastern European countries (see Pucher and Buehler 2005; Komornicki 2003; European Commission 2009) car ownership skyrocketed. Now approximately two thirds of the households in the inner city own a car. Cars were purchased to fulfill mobility needs but were also seen as symbols of freedom and social status. However, public transport use has remained high. Squatter residents, in particular, are dependent on the inner city for work, and rely almost entirely on public transport to reach jobs. Nonetheless, this modal shift to auto use led to major environmental problems: pollution, noise, serious traffic congestion, shortage of parking, accidents, and mobility problems for the poor.

2. Public Transport in Post-Communist Eastern Europe

In communist countries, central governments provided massive subsidies for the operation and maintenance of publicly-owned public transport systems. The ridership was almost entirely captive since most households did not own cars. Transport enterprises were heavily overstaffed leading to low labor productivity, high per-unit costs, and chronic financial difficulties. In the last decade of communism, the quality of service and vehicle and infrastructure maintenance was declining throughout East Europe (Burnewicz and Bak 2000; Suchorzewski 1994; Suchorzewski 1995).

When communism ended in 1990, the subsidies to public transport were drastically reduced. Moreover, international lending agencies focused on roadway improvements. Under these pressures, municipalities were forced to substantially cut back service and increase fares, especially in smaller cities (Pucher and Lefevre 1996).

As a result, in the beginning of the 1990s, public transport's cost recovery rates improved (Suchorzewski 1995) but fare increases accelerated the shift to private automobiles causing a further deterioration of public transport. In the first years of the transition the public transport trip share fell by 10 to 20% in Poland, Hungary, Czechoslovakia, and East Germany (Pucher and Lefevre 1996).

With escalating costs and declining quality, the privatization of public transport services was seen as a necessity. Privatization of public transport was also part of a larger trend in the late 1980s and 1990s, both in the East and West, toward the incorporation of cost concepts and competitive market principles into the provision of public services. On a pragmatic level, the lures of contracting out public services included reduced public expenses, increased efficiency, and private sector development (Leland and Smirnova 2009). This was particularly true in East Europe where, during the decentralization reform, national governments were imposing extensive responsibilities on local governments without providing or enabling revenue sources adequate to meet those tasks. However, in some countries such as Great Britain during the Thatcher administration, privatization of transportation was also meant as part of a grand political project, the fundamental idea of which was to create a society unified by the market (Feigenbaum and Henig 1997).

Some authors sustain that, despite stated intentions to improve economic efficiency, privatization in East Europe, seen as a stepping stone for capitalism, was indeed primarily motivated by ideology: a wish for the long-term transformation of society (Feigebaum and Henig 1997). Eastern European governments generally had a libertarian political orientation in the decade following the fall of communism and were not interested in preserving the old, publicly-oriented regulatory instruments (Burnewicz and Bak 2000).

Other authors maintain that a major reason for privatization in East Europe was that international financial institutions, including the World Bank and the European Union actively promoted it, despite some local resistance (or indifference):

> *"The attitude of many [public transport] managers encountered in Warsaw, Gdynia, Budapest, and Bucharest showed little enthusiasm toward either the institutional or the societal consequences of [privatization]… Managers in Budapest, for example, publicly accepted the EU's mandates, yet privately expressed the hope that internal dissent from these strong EU states would spare them the need to continue down an unpopular path"* (TCRP 2003, pp. 19-20).

Although privatization did take place in other sectors, bold deregulation policies in the transport sector were deferred by the legacy of communism (Sturm et al. 2000), as a result of resistance by employees of large transport enterprises, who feared redundancy (Burnewicz and Bak 2000; Mayer 2009), and/or due to public fears about the consequences of privatizing a critical function. In other cases, the employees were interested in purchasing their transport companies, but lacked the necessary financial means for modernization of the rolling stock (Burnewicz and Bak 2000).

The form and speed of public transport de-monopolization, restructuring, and privatization has varied substantially among East European countries, depending on national traditions, employees' opinions, the role of trade unions and private capital resources. Wealthier countries such as Poland, the Czech Republic and Hungary introduced enabling legislation as early as 1988-1990. Some countries gave priority to "mass privatization" (the Czech Republic, Poland, Romania, Bulgaria, Latvia, Estonia), others to selling shares to the workers (Slovenia and, to some extent, Poland) or to direct sell-offs (Hungary and as well as Poland, Romania, and Bulgaria). By 2000, in most Eastern European countries the majority of public bus transport companies were private. The scale of diffusion of small transport enterprises was different for individual countries, with the largest diffusion in Poland and the smallest in Romania (Burnewicz and Bak 2000; AVV 2000; Suchorzewski 1995; Taylor 2004).

In regards to urban public transport in particular, a large comparative review (TCRP 2003) found that capital cities in East Europe presented a continuum with respect to degrees of privatization policies. Commonly, public and private transit lines coexist within the same city. Typically, a large municipal company provides the long-established services with the privatization of some of its functions, and/or with private companies operating newly instituted lines, or "feeder" services such as minibuses and taxis. TCRP's review (2003) concluded that:

> *"Privatization has been positive for many of the systems visited in that it has required these systems to focus on both improving efficiencies in the delivery of service and enhancing customer service… [A] reason for restructuring was to make public transport more attractive to private-sector capital investors, particularly from the West. To date, little of the anticipated investment by the private sector has been realized."*

Other scholars have reached mixed conclusions on the merits of privatization of transport in post-communist countries (Adam and Schwartz 1992; Cohen and Schwartz 1992; Lipton et al. 1990; Major 1991; Pejovich 2005; Gómez-Ibáñez and Meyer 1993).

The regulatory regime differs among countries, ranging from strong regulations in Poland, to a mixed environment in Slovakia, to a more liberal attitude in Hungary and the Czech Republic, although not in regards to fares (Sturm et al. 2000). Sturm et al. (2000) say that:

> *"Whereas in the West the regulatory state developed as the least intrusive, and therefore most stable, option for the relationship between the state and society, our research shows that regulatory reform in the East is not only less important, but different. The underdevelopment of civil society there, as well as the slow generational change of administrators, have given regulatory reform the character of permanent compromise. What governments defend is certainly not socialism, but a high degree of control (centralized or decentralized) of the state."*

It must be noted that public transport remains a vital service in Eastern European cities. While in the 1990s there were many studies on its privatization and general performance in the region, funded by international organizations, systematic studies on the current state of public transit services are virtually non-existent.

3. Public Transport in Tirana: 1990-present

3.1. Moribund Public Transport in the 1990s

Unlike other East European communist capitals, the quality of public transportation in Tirana, which consisted of buses only, was deplorable during communism (Fig. 2). Once communism was over in 1990, Albania started a painful journey toward a market economy, which was marked by poverty and political chaos. Public transport problems assumed crisis dimensions, marked by a huge drop in ridership. See Table 1.

Figure 2. Public bus in the 1980s.

Tirana inherited a small bus fleet (114 buses) from the communist era, which covered 12 routes, with an average distance of 12 km per route. The bus stock was dilapidated. The average age was 20 years. On any given day, only about half the buses were in service. The buses were usually overcrowded, and did not follow a schedule. Waiting times at stops often exceeded 30 minutes. The ticketing system was manual: a conductor collected fares on board and issued tickets (monthly passes were also used). After changes in the city's land uses and density structure that followed the fall of communism, many routes and stops became inconvenient (Transurb Consult 1994).

Table 1. Decline of public bus system ridership in the 1990s.

Year	*1981*	*1986*	*1991*	*1993*	*1996*	*1997*	*1998*	*1999*
Passengers carried (million/year)	53.6	59	26.7	19	25	23.6	23.7	26.8
Bus km run (million km/year)	6.54	7.77	5.86	5.6	3.44	2.77	2.77	3.08
Income from ticket sales (million Lek/year)	-	-	7.26	48.8	129	149	200	247
Total bus fleet	144	161	189	114	120	104	95	116
Average number of buses in service	117	109	76		66	73	60	70
Total passenger capacity, seated and standing (thousands)	10.2	13	15.5		9.39	8.27	7.92	10.8
Bus potential km used (%)	81%	68%	40%		55%	70%	63%	60%
Passengers/day/bus in service	1,256	1,487	960		1,036	889	1,087	1,060

Source: T.E.C.N.I.C and Transurb Consult 2000, Transurb Consult 1994.
Note: No available data after 2000, due to privatization.

Buses had low standards of hygiene, maintenance, and service (Fig. 3). During Tirana's hot summer months the air within the buses was unbreathable. During the commute peaks and in rainy days overcrowding became extreme. Furthermore, buses were extremely slow. Often, rather than leave and depart according to a schedule, buses waited in the stations until they had sufficient passengers on board. Bus stops provided no shelters.

As far as management was concerned, the public transport sector remained strongly centralized throughout the 1990s. Although there was no statutory monopoly on public transport, a single public enterprise provided public transport services (both urban and suburban) in the city. This enterprise was part of the Ministry of Transport and had no working capital (and no outstanding debt) of its own. In 1994, during the decentralization reform, this enterprise passed under the jurisdiction of the City of Tirana, which had no capacity to manage the system. Despite the provisions of the decentralization legislation, the Ministry of Finance kept providing the funds for capital improvements directly to the operating company, bypassing the City, in order for the system not to disintegrate entirely. Operational losses were paid for in block grants from the state treasury (Transurb 1994; ITS 2006; T.E.C.N.I.C. and Transurb 2000).

Under this administrative mish-mash, the transport enterprise stopped existing as an organized transport company and became a quasi-informal operation run by the bus drivers, who even bought or appropriated some of the buses. Its future was uncertain. Thus, there was little incentive and motivation for the bus operators to take steps to improve service or reduce costs: the system was overstaffed and there were no controls over the fuel supply. Non-productive routes represented one fifth of the distances covered (Transurb Consult 1994; ITS 2006; T.E.C.N.I.C. and Transurb 2000).

The fare was cheap, costing only 5 Lek per trip (about $0.05) in the mid-1990s and 15 Lek per trip (about $0.15) in 2000, regardless of the distance travelled; children traveled free of charge. However, more than 30 percent of the passengers transported evaded the

fare. Bus revenues covered only 35 percent of operating expenses.[1] The central government subsidized the rest (Transurb 1994; ITS 2006; T.E.C.N.I.C. and Transurb 2000).

Figure 3. Public bus in the 1990s.

By the mid 1990s, bus ridership had dropped by 50 percent from communist-era levels. By the late 1990s, the modal share of public transport had dropped to 16 percent of trips, about half of which were to and from work. The poor quality of bus services

[1] It must be noted that public transport is unprofitable throughout Europe, and commonly requires massive operational subsidies. The degree of unprofitability varies greatly among countries and even among cities in the same country. In 1995, the average cost recovery ratio for urban bus services was 51% in West European countries. UK Commission for Integrated Transport (http://www.cfit.gov.uk/pubs/2002/psbi/lek/a3/08.htm).

helped accelerate the users' flight to the automobile. In a vicious circle, reduced revenue led to further deterioration (Transurb 1994; ITS 2006; T.E.C.N.I.C. and Transurb 2000).

With the arrival of foreign aid, by the mid to late 1990s, a colorful mismatched fleet of used vehicles, which had been previously used in other European cities, replaced the decrepit bus fleet that was in service during communism. Little effort was made to adapt their appearance for use in Tirana. Often buses carried the logos of the foreign companies that had donated or sold them at low prices, and even displayed "out of service" signs in foreign languages. Any instructions were in foreign languages as well. While these buses were in much better condition than the fleet they replaced, they did not contribute much to the improvement of the image of public transport.

3.2. The Emergence of Informal Public Transport

Due to the crisis of the formal public transport system, around 1999, a large number of informal minivans (or "furgons") stepped into the market. Informal vans, with all their shortcomings, provided a valuable service, filling the void left by formal operators (Pojani 2004). This form of informal transport sector is indeed standard in developing countries across the continents. (See Cervero and Golub 2007).

Inner-city furgons (10-seat minivans) ran on all the public bus routes competing with the public enterprise, but also served destinations that were entirely un-served by buses. The fare was a little more than the public bus: 20 Lek ($0.20), versus 15 Lek on buses, regardless of the distance travelled. Children were charged only if they took a seat; otherwise they could sit on a parent's lap. Furgons' numbers much surpassed the number of formal buses, especially on the two main lines in the inner city. The frequency of furgons in all lines was 960 per hour while the frequency of buses was 86 per hour. However, as a result of their smaller size, furgons served the same number of passengers per day as formal buses (about 70,000, according to the City of Tirana). Half of the minibus trips served the morning and afternoon commute. (T.E.C.N.I.C. and Transurb 2000).

Many urban residents, including wealthy ones, were furgon users (regular or occasional). Furgons were considered the fastest transportation mode in the city (Pojani 2004). In fact, it was easier for furgons to maneuver in the traffic because of their smaller size. Also, furgons performed "elastic" trips picking up and dropping off people on request along the route; if police were in sight at intersections, furgons adjusted their stopping point to avoid police controls.

However, both users and non users considered furgons as a "cross to bear" rather than a solution to the urban transport problem. The main complaints regarded their quality. Furgons were intercity vehicles adapted to urban travel. As such, getting on and off the vehicles was difficult, there was only one entry, and there was little ventilation. As a result of their frequency, there was usually room for passengers to be seated; otherwise, a trip standing in a furgon was very uncomfortable. Furthermore, frequent stops along the way posed problems for traffic management. Finally, people felt that the poor image of the furgons damaged the general image of the capital city (Pojani 2004).

Initially, the furgons were unlicensed. The authorities tolerated them since it relieved them of the need to invest in public transport. Also, no rules on private transport licensing were in place because urban transport had been a public monopoly for years. In 2002-2003, the City made some attempts to regulate the private informal operators. First, it required furgons to be licensed; as a result, only a few hundred vehicles

obtained licenses (T.E.C.N.I.C. and Transurb 2000). Second, the City required furgons to stop at bus stops only; however, bus stops were by then inconvenient due to changes in the city's population distribution. Third, the City required owners to paint furgons in order to distinguish them from other vehicles; this intervention improved their exterior only (Fig. 4). Finally, furgons were banned from the inner city in 2004 (see below).

Figure 4. Informal transport vehicles in the city center in 2003. (Photo courtesy of Kenneth Baar)

3.3. Privatization of Bus Services and Current Trends in Urban Travel

In 2001, in line with trends in other East European cities, the City of Tirana decided to privatize the public transport sector. Terminating the competition from furgons was a necessary step in order to find buyers for the formal lines. Unlike other countries, Tirana's bus sector privatization was more pragmatic: its prime drive was not ideology but by lack of financing and management capacity. Also, privatization had been recommended as early as 1993 by foreign consultants funded by the European Commission (Transurb Consult 1994; CGEA 1999).

The privatization did not take place immediately. In the early 2000s, only the suburban public transport lines were privatized; the private companies did not own the vehicles but were licensed by the city to operate the lines. Private operators charged a fare 5 Lek ($0.05) higher than the public company and did not offer discounts for low-income groups or bus passes. In 2004, the Council of Ministers announced that the fares charged by the public company were to match those charged by private operators and private operators were to offer monthly passes and lower fares for students (CoPlan 2007).

By 2006, nine out of the ten urban lines were effectively privatized; four private companies operated them (Table 2). As a result of privatization, subsidies have dropped considerably: from 150 million Lek ($1.5 million) in 1999 to 20 million Lek ($200,000) in 2005 (ITS 2006; Demiraj 2007). However, as far as vehicle quality is concerned, the public enterprise vehicles are considered the worst in the city by users (CoPlan 2007).

Now the City of Tirana, rather than being a transport provider, plays mostly the role of monitor of private companies. The central government still retains powers over urban transport. The central government institutions, including the Ministry of Public Works, Transport, and Telecommunications, the Ministry of Finances, and the Ministry of Internal Affairs, determine bus fares, prepare the legal framework for urban transport, recommend the quality parameters for buses, and lay out long-term strategies for urban transport, with consideration of environmental impact and European Union directives (CoPlan 2007). In 2008 fares were increased from 20 Lek to 30 Lek in response to bus companies' complaints about raising fuel costs and threats to suspend the sales of monthly passes, which caused agitation among the population.

Table 2. Bus operators in Tirana.

Operator	*Route*	*Length (km)*	*No. of Bus Stops*	*Hours per Day*	*Freq. (mins)*	*No. of Buses on Route*	*Bus Fleet*	*Passengers (million/ year)*
PTUU Tirana (Public)	Kinostudio-Kombinat	8.7	13	18	3	24	66	8.3
Alba Trans	Tirane e Re	5.8	13	16	3	16	38	4.4
(Private)	Tufine	6	9	16		9		
Tirana Lines	Kamez	7	13	17	3	16	60	6.3
(Private)	Laprake	3.2	5	17	2	6		
Ferlud (Private)	Unaze	7.4	19	18	2	44	55	8.3
Tirana Urban Trans	Porcelan	3.2	6	18	5	10		
(Private)	Sauk	8	13	18	3	13	42	6.4
	Uzina Traktori	8	14	16	5	10		
Otto-Al (Private)	Uzina Dinamo	8.9				15	15	
Total		**66.2**				**163**	**276**	

Source: City of Tirana, Department of Transport.

The City decides on the distribution of public transport in the city, the expansion of public transport lines, the location of bus stops and terminals, the amount of subsidy for the enterprise that is still public, and the terms of contracts with private companies. It also proposes changes in bus fares to the central government. By law, urban bus companies have to allow handicapped people, war veterans, children under 14, and orphaned minors to travel for free; suburban bus companies are required to offer these groups a 50 percent discount. Bus companies are not reimbursed for these free or discounted tickets that they issue. Only a small percentage of the public transport users have veteran, orphan, or handicapped status but there is some evidence that a number of people falsely claim one of these statuses (ECAT 2008).

The contracts between the City and private companies have a number of flaws. For example, the contracts do not specify the penalties to be paid by private operators if they do not comply with the contracted schedule or size of fleet. Also, the contracts do not specify the number of passengers that a bus can carry at one time to prevent overcrowding (CoPlan 2007).

Despite these issues, as a result of privatization, the bus service has improved considerably while fares have stayed affordable. Buses charge only 30 Lek ($0.30) per ride regardless of the distance travelled. Monthly passes are also available (900 Lek per line; 1,200 Lek for all lines; and 600 Lek for students). Urban bus lines are legally bound to offer monthly passes; 41 percent of urban bus users buy them. The urban lines' revenue from monthly passes is between 18 percent and 46 percent of all revenues depending on the line served and the selling efforts of different operators (ECAT 2008). The demand for monthly passes is so high in Tirana that, during a shortage in 2008 caused by bureaucratic delays, a black market emerged, in which they were sold at a more than double the price (*Koha Jone*, 5 March 2008; *Koha Jone*, 28 March 2008).

Suburban lines charge higher fares depending on the distance and do not offer monthly passes. The round trip fare required to reach the largest informal settlement west of the city is 100 Lek ($1), which represents a considerable expense for low-income commuters. Typically, bus companies perform controls on buses or establish fixed revenue amounts that the conductors have to turn in at the end of their shift (CoPlan 2007).

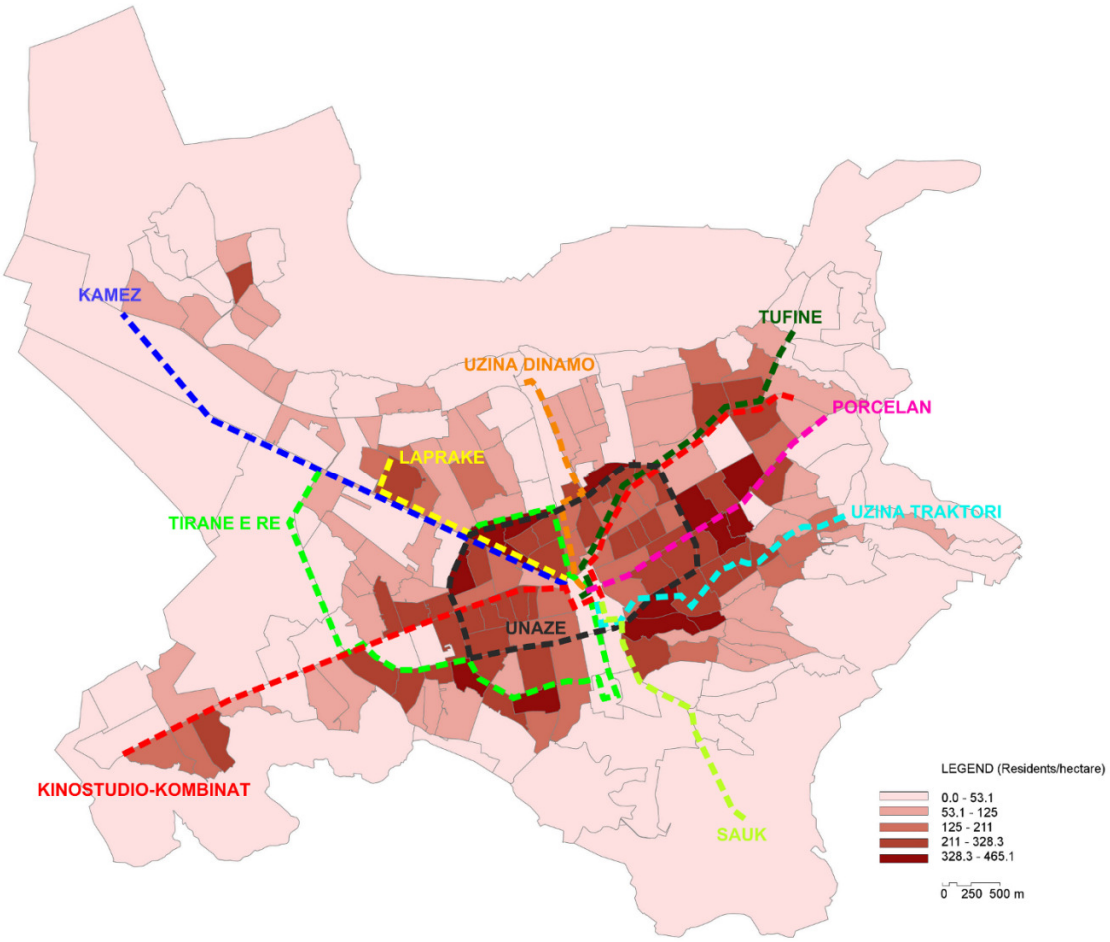

Figure 5. Bus routes in Tirana

Unfortunately, the bus network is still not very extensive (Fig. 5). The system also suffers from a number of other failings. All bus lines operate on fixed routes but bus stops and schedules are not coordinated among bus lines nor posted in public places. Information about the system layout and service frequency is not readily available at bus stops or on the vehicles. However, urban buses run very frequently, every few minutes; therefore, there is no need for a schedule for these buses. Buses serving suburban destinations, on the other hand, run every half hour or every hour and they often change schedules. In addition, if the line "intrudes" into another jurisdiction, such as the case of the Kamez line that connects Tirana and Kamez, conflicts over service coverage have arisen between the two municipalities, which further undercut service quality (CoPlan 2007).

Often there are comments in the press that buses intentionally prolong waiting times at stops and run at lower speeds compared to contract specifications, in order to collect more passengers. In addition, the press has criticized the City of Tirana for not enforcing contractual requirements, such as the provision of air conditioning inside buses, claiming that at least 5 percent of the elderly citizens who visit emergency rooms in the summer become sick while riding buses (*Gazeta Shqip*, 28 August 2009). In addition, criticism is directed to the fact that some buses are covered in advertisements (Fig. 6), which makes it difficult for passengers to distinguish among the lines (*Gazeta Sot*, 20 January 2009). In mid-2010, the busiest line, Unaza, added ten new air-conditioned buses to its fleet.

Figure 6. Bus in the center covered in advertisements.

The public company, which still operates one line, is on the verge of bankruptcy. As a result, service improvements are impossible. Its revenue/expense ratio was about 65 percent from 2001 to 2005. The operational losses for every bus exceed three million Lek per year ($30,000). Less than half of its vehicles on average are in operation daily. The company is still overstaffed: the average staff per bus of 10.2 people is 4-5 times higher than private companies (ITS 2006; Demiraj 2007).

Interviews with representatives of the private bus companies suggested that they are struggling as well and catalogued a host of problems. The increases in fuel costs through the end of 2008 placed a large burden on them because fuel purchases constitute more than half of their total expenses. In addition, the time wasted while buses are stuck in traffic with the rest of the vehicles brings about substantial losses. Bus delays drive away customers. In many cases, bus stops are obstructed by illegally parked cars, frustrating drivers and passengers; bus companies felt that this happens because the road police are not adequately watchful. The revenues of suburban companies are substantially undercut by competition from illegal furgons. The two-year contracts with the City of Tirana (for both urban and suburban companies) are too short for them to make many investments. Meanwhile, Tirana's residents pay no specific urban transport taxes. All bus company representatives requested the creation of dedicated bus lanes by the City (Bushati 2007; Demiraj 2007; Bardhi 2007; Ismaili 2007; Riveni 2007).

On the other hand, the Consumer Protection Office issued a study in 2008, which estimated that the revenues of bus companies are at least $21 million per year while their costs are $14 million per year at the most, leaving profits ($7 million) sufficient to improve the service without any subsidy from the City (*Gazeta Panorama*, 25 November 2008; *Gazeta Shqip*, 28 August 2009).

In an effort to survive (or maximize profits), bus companies employ financially unsustainable strategies, such as using capital improvements funds for daily operations, or socially detrimental strategies, not paying any benefits (such as social security) to their employees. Some suburban operators that partially cover the inner city as well, try to "trick" their passengers in order to increase revenues: they allow them on board with urban monthly passes, and once out of Tirana, require them to pay extra (CoPlan 2007). At the same time, private operators are under pressure to invest in capital improvements in order not to lose their market share and meet pollution standards (ITS 2006).

Although banned from the inner city, informal transport has continued to play a major role in the metropolitan region. It serves commuters from the suburban and rural areas, who travel into the inner city and between satellite towns. Furgons serve 14 percent of the overall travel in Tirana's district (compared to 57 percent served by buses), 33 percent of the travel between satellite towns, and 27.5 percent of the travel from the suburbs to Tirana. The largest informal squatter zones west of Tirana are among the most heavily dependent on informal transportation due to a shortage of formal service in their area (CoPlan 2007). Bus companies, suburban ones in particular, complain that the competition from furgons is unfair (Bushati 2007; Demiraj 2007; Bardhi 2007; Ismaili 2007; Riveni 2007).

Forty-two percent of the city residents and 37 percent of suburban and rural residents in Tirana's district favor travel with licensed vehicles, because this makes them feel safer during trips while a high percentage of users (30 percent) are indifferent to whether the vehicle is licensed or not; they say that the most important factor to them is to reach their destinations on time (CoPlan 2007).

In 2007, this author conducted surveys of 33 furgon drivers. Some findings from these surveys were: (1) drivers typically worked for themselves, owned their vehicle, and had no outstanding debt to banks or informal lenders (2) drivers worked long hours including weekends but their efforts were rewarded as their typical earning varied from 25,000 to 40,000 Lek per month ($250-400), which is comparable to white collar public administration wages (3) the vehicles used were old and polluting (4) drivers requests to

the local government included a terminal station, financial help in the form of tax relief, fuel price controls, long-term licenses, controls against corruption while securing licenses, less harassment from the police, and more traffic controls, road signals, and road maintenance.

3.4. Residents' Views of Public Transport Services

In 2003, right before privatization, this author directed a random door-to-door transportation survey of 201 adults, mostly living in a central, particularly desirable neighborhood. This author followed up in 2007 with a citywide random telephone survey, which included 384 adults.[2] The 2007 survey responses were well distributed in the inner city but did not reach suburban residents.

The 2003 surveys indicated that 58 percent of women and 43 percent of men commuted to work by public transportation (formal and informal). The 2007 surveys indicated that 38 percent of women and 23 percent of men rode buses to work. The percentage of households with cars jumped from 44 percent in 2003 (in a wealthy central area) to 64 percent in 2007 (citywide). But still only a little over half of the population (54 percent) could drive and possessed a driver's license in 2007. In the 2007 surveys, about half of the surveyed population considered the quality of bus services very poor or poor.

Other recent information on public transport in the Tirana metropolitan area, including informal settlements, comes from a 2007 survey of more than 2000 residents conducted by an urban planning NGO, CoPlan. Seventy-six percent of the survey respondents were public transport users. More than half of the surveyed population used public transport every day. Another 14 percent used it every weekday. Buses were the main transport mode for two thirds of the surveyed population, while cars were the main mode for less than one fifth. The use of taxis was negligible. The main public transport users were the residents who lived at the end of the lines. Car access is much lower in the metropolitan region compared to the inner city, though the study did not report specific data. Car users typically spent over 10 times more per week for transport compared to public transport users (350 Lek/week vs. 3800 Lek/week).

Less than 10 percent of respondents were "very satisfied" with the bus service, while 30 percent were "very dissatisfied". Among suburban and rural residents, in particular, one third were "very dissatisfied". City residents tended to be more neutral towards the public bus service. The main complaints about buses from dissatisfied customers included (1) sexual harassment by other passengers (2) poor hygiene (3) risk of theft, and (4) people pushing each other. The surveys revealed that Tirana's residents were strongly in favor of the creation of bus lanes. By 2007, just a handful of people considered the introduction of rail-based transport in Tirana as a possibility.

While urban bus users complained more about bus overcrowding, slow speed, and low frequency, suburban bus users complained more about high fares, frequent stops, frequent changes of bus stop locations, the fact that passengers are allowed to transport trading goods on buses, and the suburban lines' lack of access to the city center. The last item is particularly important because suburban and rural users often carry luggage during trips. 88 percent of suburban lines users and 35 percent of the urban lines users indicated that public transport vehicles make extra stops, in addition to the formal bus

[2] This sample size allows for a survey of the official population in the City of Tirana (650,000 inhabitants) with a confidence level of 95% and a confidence interval of 5.

stops, on passengers' requests. Overall, the least satisfied users were the commuting employees and students, who comprise a majority of passengers. Respondents cited the carelessness of the public transport staff, the heavy traffic load, the low number of buses, and the lack of controls by authorities as the main reasons undermining bus service quality (Fig. 7).

Figure 7. Bus picking up passengers while in traffic. Bus stop obstructed by parked cars.

A great majority of respondents (83 percent) said that they would use public transport even more if the service was improved. Moreover, 67 percent of car users said that they would use public transportation more if the service was improved. Only 15 percent of car users said that they would not switch to public transport under any circumstances. The most desired improvements were an increase in service frequency and an improvement of vehicle quality. About 60 percent of respondents wanted longer service hours. Other, less pressing, requests were the extension of service in peripheral areas, increases in and improvements of bus stops, and reductions in the fare. However, 57 percent of people said that they would be happy to pay a higher fare if the public transport service was improved. Interviewees who did not support fare increases commonly indicated that it was pointless to pay more because rampant corruption would prevent any improvements.

The abovementioned findings are consistent with the findings of opinion surveys carried out by the City of Tirana (2007, 2008), which include questions on public transport. In brief, the City's surveys suggest that (1) almost half of the surveyed population uses primarily buses for urban transport while a little over one third uses primarily cars (2) in some peripheral neighborhoods, public transport is the main transport mode for more 60-70 percent of the surveyed population, and (3) the improvement of public transport and road infrastructure ranks high in citizens' priorities, especially of those who live farther from the core.

4. Conclusions

Tirana's transport problems and adverse transport externalities may be substantially alleviated without exceptional public investments due to the high density, moderate size, and flat terrain of the city. As a result, much urban travel can be conducted on foot, by bicycle, or with short bus rides. Bus services play a central role in the life of the city and its citizens and are paramount in improving the accessibility of substantial portions of the population, particularly for residents in peripheries, who are spatially isolated but depend on the capital for jobs and other services. The quality of public transport services is a major preoccupation of the residents.

It must be noted that while comparisons may be drawn between Tirana and other East European capitals, which are primate cities in their nations, Tirana's size is smaller than its counterparts, and its public transport system is entirely road-based. The operation of a bus system presents a different, and arguably simpler, set of problems than the operation of the multi-modal systems (road and rail) of other East European capitals.

Although both critics and advocates of public transport privatization believe that it results in increased fares and reduced services for the user (TCRP 2003), in Tirana the privatization of bus services, which has advanced even faster than in other Eastern European capitals, has considerably improved the service while fares have stayed affordable. Although the public sector has generally assumed a laissez faire attitude after privatization, which contrasts with some East European cities but parallels others, fares have remained regulated by the central government.

Both users and the public sector have benefitted from privatization, the former through improved services at low cost, and the latter though drastically reduced disbursements to the bus transport sector. However, user surveys reveal large dissatisfaction with the current service, partly due to higher expectations in the post-communist period now that the population has more exposure to the better quality systems of neighboring countries, and access to private cars. Also, bus companies in Tirana have made no joint efforts to promote their systems, although an association of public transport operators exists. In contrast, other East European capitals, Budapest in particular, have carried out marketing campaigns and public relations strategies for their public transport systems, similar to those of western-style for-profit enterprises (TCRP 2003).

The bus service quality still lags behind other European counterparts. The governance of its operation merits a substantial level of investment in order to strive for the best possible results. What specific steps to take in order to improve it is a matter of debate.

One part of the uncertainly stems from the fact that it is unclear how profitable private bus companies are in reality. While the ombudsman concluded that the private bus companies were making profits equal to one-third of their gross revenues, the companies indicated that they were losing money and could not afford to improve their services. Counterclaims on these issues can be made freely. Sometimes, untrue claims about business losses provide a cover for profit maximization strategies, while in other cases price regulations and performance requirements drive regulated businesses into the ground. Without a substantial level of economic transparency, formulation of policy, pricing, and standards takes place in the dark.

Were the public sector in Tirana able to provide financial support to bus companies, some authors believe that performance-based incentives would be the optimal way to manage the information asymmetry brought about by privatization – the private

information about costs that is not shared with the public (see Hooper 2008). However, operational subsidies to private bus companies do not seem to be a realistic solution as the City maintains that it simply cannot afford them. In fact, the public Institute of Transport Studies in Tirana has repeatedly recommended that the last line in public ownership be privatized in order to reduce public expenses (ITS 2006).

Assuming that the claims of bus companies regarding costs are truthful, one type of help would be to allow bus companies to gradually increase fares, more in line with operating expenses. The local government could then require lower fares for certain groups, such as senior citizens of fixed incomes, students, handicapped people, and, possibly, the unemployed. However, based on the experience of other East European countries, this strategy might backfire driving away a portion of the customers.

A second step would be the provision of dedicated bus lanes on all bus routes, or at least on the routes with the highest ridership. In view of current sustainability concerns, bus lanes are a desirable measure regardless of the public transport ownership type. Their benefits would be manifold: (1) higher bus speeds would make bus travel more attractive, even for higher income residents, leading to higher revenues for bus companies (2) less air pollutants would be emitted by buses sitting idle in traffic benefitting the public as a whole (3) mobility and accessibility would improve for disadvantaged groups and (4) with narrower right-of-ways, fewer cars would be able to travel on the main roads, creating a more pleasant urban environment for Tirana's residents and visitors.

Bus lane projects might qualify for international assistance funds because they are one-time capital investments, while operational subsidies to bus companies are an ongoing expense for which it is very difficult to obtain financial assistance from abroad. At present only a few dedicated bus lanes exist in the center, which are shared with bicycles. The City has announced plans to add 23 km of bus-only lanes. Although the majority of the public is in support of their extension, one portion of the car ownership elite argues that the public sector should focus on accommodating car travel instead. In any case, public policies and investments such as the construction of dedicated bus lanes and the authorization of higher fares also need to be accompanied by improvements in vehicle quality and service speed by private operators.

Informal transport will remain an important mode for poor squatters in the peripheries, who commute to the capital for work. In the short-term, it is unrealistic to expect the formal bus companies to largely extend their services to areas that are covered today by informal operators. Furgons' operational model – driver/owner and "competition on the road" as opposed to the monopoly operation rights that formal companies enjoy – is not problematic per se. Most importantly, furgons operate at a profit. Most criticism of informal transport is directed at the quality of the vehicles and the unruly driving. Therefore, the public sector should consider taking steps, which could aid small transport operators, including small credits to buy regular urban mini-buses and the creation of terminal stations for them, while regulating their operation.

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