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COMMISSION STAFF WORKING DOCUMENT

Albania 2024 Report

Accompanying the document

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF REGIONS**

2024 Communication on EU enlargement policy

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1. INTRODUCTION¹

1.1. CONTEXT

Following the first Intergovernmental Conference on accession negotiations on 19 July 2022, the screening sessions for all six clusters were completed on 24 November 2023. In the context of accession negotiations, Albania submitted the three roadmaps that will guide its reforms efforts. Albania continued to implement the Stabilisation and Association Agreement, and the joint bodies under the agreement met. An intergovernmental conference was convened in October 2024 to open accession negotiations on cluster 1 – fundamentals.

The firm political commitment of the Albanian authorities to the strategic goal of European Union integration has been consistently stated as the country's key priority, and a high level of ambition to move forward in the accession negotiations has been generally maintained. The ongoing accession negotiation process needs to lead to an acceleration of EU-related reforms.

Albania maintained its record of full alignment with the EU's common foreign and security policy. During its term as a non-permanent member of the UN Security Council between 2022 and 2023, Albania actively engaged as a co-penholder of resolutions condemning Russia's war of aggression against Ukraine, aligning with the EU position, including on restrictive measures and sanctions against Russia. Albania's stance sends a strong signal of its strategic choice of EU accession and of its role as a reliable partner.

Albania has actively engaged in the implementation of the new Growth Plan for the Western Balkans across the four pillars of gradual integration with the EU single market, regional economic integration, fundamental reforms and increased financial support. The Reform Agenda covers reforms in the areas of: (i) business environment; (ii) human capital; (iii) digitalisation; (iv) energy and green transition; and (v) fundamental rights and the rule of law. The Commission's 2024 rule of law report² covered Albania for the first time.

1.2. MAIN FINDINGS OF THE REPORT³

CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

Democracy

The *electoral* framework is conducive for organising democratic elections. Parliament adopted amendments to the Electoral Code. However, there has been limited progress in addressing outstanding recommendations from the Organization for Security and Co-operation in Europe (OSCE)/Office for

¹ The 2024 report is presented in a renewed format and structure. Main findings of the report, together with the recommendations (previously grey assessment boxes) are brought together at the beginning of the report. Furthermore, under the fundamentals cluster, for better readability and comparability across all reports, certain data is provided (also) in the form of graphs.

² COM(2024)800 final

³ This report covers the period from 15 June 2023 to 1 September 2024. It is based on input from a variety of sources, including contributions from the government of Albania, EU Member States, European Parliament reports and information from various international and non-governmental organisations. It also includes the results of comparative assessments and indices produced by other stakeholders, in particular in the area of rule of law.

The report uses the following assessment scale to describe the state of play: early stage, some level of preparation, moderately prepared, good level of preparation and well advanced. To describe progress made during the reporting period, it uses the following scale: backsliding, no progress, limited progress, some progress, good progress and very good progress. Where appropriate, interim steps have also been used.

Democratic Institutions and Human Rights (ODIHR) and the Venice Commission, as the mandate of Parliament's ad-hoc committee on electoral reform expired without any results.

Parliament can exercise its powers in a mostly satisfactory way. However, its oversight over the executive remains limited. Parliament's activity was affected by continuous clashes between the ruling majority and a part of the opposition between October 2023 and March 2024. These reflected a lack of constructive and inclusive political dialogue and resulted in opposition MPs causing disruptions due to alleged restrictions on their rights. Despite the welcome return to the normal functioning of Parliament in March 2024, political polarisation remains high. This continues to negatively impact Parliament's key legislative and oversight roles and extends delays in appointing individuals to key positions.

Albania's bodies in charge of the **integration** process are in place. These EU integration structures were further consolidated and successfully completed the screening process in November 2023. EU integration expertise, planning and interinstitutional mechanisms will need to be strengthened to be able to cope with the EU accession process. The government needs to intensify its efforts to engage in public communication on EU integration.

The **government** continued to show its commitment to EU integration. Three waves of governmental changes occurred during the reporting period. A new major reform process on 'good governance, rule of law and anti-corruption for Albania 2030' was launched by Parliament, at the behest of the Prime Minister, yet without cross-party support. The government continued to adopt policies and laws raising concerns regarding the respect of EU standards. The division of responsibilities between local and central government remains a concern. Efforts are still needed to improve local government units' financial resources, administrative capacity and fiscal autonomy.

Civil society organisations (CSOs) in Albania operate in a challenging environment, including in relation to registration requirements and limited public funding for CSOs. The role of civil society, including in the EU accession negotiation process, should be further strengthened. The structures in place for consulting civil society need to be reinforced and become fully operational. In addition, the conditions necessary for effective VAT exemption need to be put in place without further delay.

Public administration reform

Albania remains **moderately prepared** in the area of public administration reform (PAR). It made **limited progress** in delivering on last year's recommendations. A new position of Minister of State for Public Administration and Anti-Corruption was created in January 2024, which provides a clear political leadership for the PAR agenda and should improve the overall coordination of the reform efforts. The new Public Financial Management (PFM) Strategy for the period 2023-2030 was adopted in June 2024, and a new National Anti-Fraud strategy will be adopted by end 2024. In order to step up the efforts, further anticorruption reforms will feature in the Reform Agenda. The development of the public administration reform (PAR) and anti-corruption strategies continued, but adoption is still pending.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should, in particular:

- adopt and start implementing the new public administration and anti-corruption strategies, and review the effectiveness of the current monitoring structures; start the implementation of the new 2023-2030 PFM strategy; significantly limit the use of the normative acts for budget revisions; and pursue a return to regular budget revision processes;
- consistently and effectively implement the provisions on merit-based recruitment, promotion and dismissal in the civil service law at all levels, especially at senior level, and begin automating the payroll system again;

- put in place a legislative framework that properly regulates the typology and criteria for establishing subordinated bodies and clarified lines of accountability.

Chapter 23: Judiciary and fundamental rights

Albania is **moderately prepared** in the area of judiciary and fundamental rights and has made **some progress** during the reporting period.

Functioning of the judiciary

Albania is **moderately prepared** and has made **some progress** on the functioning of the judiciary. Albania continued implementing the justice reform and the vetting process, which led to significant improvements in the functioning of the judiciary that must be maintained. The end of the vetting process in first instance is imminent, which is a major milestone with 11 remaining cases out of 805 as of 3 October 2024. Concerns remain about attempted political interference and pressure on the judicial system and shortcomings in the merit-based appointments of non-magistrate members of the High Judicial Council (HJC) and the High Prosecutorial Council (HPC) and their integrity. The new judicial map was implemented, but there are still challenges with the quality and efficiency of justice. Some preparatory acts were adopted on the roll-out of an integrated case management system, but the necessary budget allocations are lacking, especially for the court component.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- further strengthen accountability by: (i) speeding up vetting procedures in appeal; (ii) speeding up evaluations of magistrates and implementing conflict-of-interest regulations by the HJC and the HPC; (iii) aligning provisions applicable to the selection of non-magistrate members of HJC and HPC with those applicable to magistrates as regards asset declaration and background checks, ensuring the highest integrity and merit principles, and a high degree of consistency with the ranking of the ad-hoc pre-selection committee (iv) filling the magistrate-inspector vacancies at the High Justice Inspectorate;
- improve the quality of justice by making progress in filling vacancies for court chairs, magistrates and legal advisers at all levels of the judiciary and quality improvements at the School of Magistrates, in line with European standards, including the comprehensively revising the School of Magistrates' entrance exam, increasing the relevance of training and ensuring quality and integrity of its staff;
- improve judicial efficiency by: (i) ensuring the necessary budget for the Integrated Case Management System and rolling it out in a timely manner; and (ii) enacting the HJC roadmap to increase efficiency and reduce the backlog in the judicial system.

Fight against corruption

Albania is **between having some level of preparation and a moderate level of preparation** and has shown **some progress**. The continued implementation of vetting has had a positive impact on fight against corruption in the judiciary. The end of vetting of all judges and prosecutors is imminent at first instance with 794 cases closed out of 805 (98% of the total). Another direct outcome of vetting was registered in September 2024, as the IQC referred 19 vetting cases with *prima facie* criminal elements to prosecution for further investigations, thus following up on a key recommendation from the EU. The Specialised Structure for Anti-Corruption and Organised Crime (SPAK) has continued to produce good results by further advancing in the prosecution and investigation of complex anti-corruption cases, including those involving high-level politicians and officials, as well as cases involving the protection of EU financial interests. SPAK's capacity in financial investigations has increased and the systematic use of financial investigations and asset confiscations has improved. Overall, corruption remains a serious concern and preventive efforts have had a limited impact. The adoption of a broad criminal amnesty law

led to 40 individuals convicted by SPAK courts and being fully pardoned and 65 others having their sentence reduced, which raises concerns. Targeted risk assessments and dedicated measures are needed to address corruption in the most vulnerable sectors, including police, customs, land and property management, state cadastre and public procurement.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- strengthen the investigation, prosecution, adjudication and final conviction of corruption cases, in particular at high level, including the final confiscation of criminal assets resulting from corruption-related offences, and increase proactive referrals of relevant state institutions and law enforcement agencies to SPAK;
- adopt and effectively implement anti-corruption strategy and the accompanying action plans, including comprehensive risk assessments for vulnerable sectors, effectively implement integrity action plans in those state authorities most prone to corruption, such as the State Cadastre Agency and fully address the recommendations of the Council of Europe's Group of States against Corruption (GRECO);
- make asset declaration checks more efficient by reviewing the administrative boundaries of the HIDAACI's mandate and ensuring all asset declarations are published online.

Fundamental rights

Albania's legal framework sets out a generally good basis for the protection of fundamental rights. Progress during the reporting period included the adoption of a new strategy for the protection of crime victims, as well as the preliminary results of the national population and housing census published in June. Implementation efforts need to intensify overall, particularly in the areas of violence against women, protection of property rights and rights of persons belonging to minorities.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Albania should in particular:

- adopt the pending implementing legislation on the rights of persons belonging to minorities, specifically on self-identification and the use of minority languages, and increase the capacity of the State Committee on National Minorities;
- safeguard the right to property, in particular, by making decisive progress on first registration and compensation, improving the transparency of the state cadastre and the quality of the property register cadastral data, and ensuring that the right to a fair trial and the right to effective remedy are respected in cases of expropriation and removal of properties;
- improve the protection of fundamental rights, in particular, by fully aligning the Law on personal data protection with the EU *acquis* enhancing institutional capacities on human rights (monitoring, data collection), and by effectively implementing the National Agenda on Child Rights, including by allocating sufficient budget to strengthen the capacity of the Agency on Child Rights and to help children facing exclusion and vulnerabilities, including those living in poverty, children with disabilities, children belonging to minorities and other children at risk.

Freedom of expression

Albania is **between having some level of preparation and a moderate level of preparation** in the area of freedom of expression and made **no progress** during the reporting period. Media independence and pluralism continued to be affected by the high market concentration, the overlap of business and political interests, the lack of transparency of financing sources, the high concentration of media ownership, intimidation and precarious working conditions for journalists.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Albania should in particular:

- adopt amendments of legal framework to: (i) increase the transparency of media ownership, (ii) fully decriminalise defamation and align civil aspects of defamation with European standards, based on a structured and inclusive dialogue with media actors;
- ensure zero tolerance for intimidation and effective judicial follow-up of cases attacks against journalists; ensure increased capacities of law enforcement bodies to handle cases of violence, including on the margins of protests, and other criminal cases involving journalists, notably by ensuring high human rights compliance in handling incidents involving journalists, through binding instructions, data collection and capacity building measures;
- improve Albanian journalists' working conditions, in particular by strengthening the protection of journalists' employment and social rights and ensuring the labour code is consistently applied.

Chapter 24: Justice, freedom and security

Albania is **moderately prepared** in aligning with the EU *acquis* in the area of justice, freedom and security. **Some progress** was made in the fight against organised crime by increasing the capacity of the Specialised Anti-corruption and Organised Crime Structures (SPAK), improving the use of financial investigations and amending the legislation on psychoactive substances. Further action is needed to strengthen law enforcement capacity and improve the efficiency of investigations. Some progress was made in the area of migration with the adoption of the new migration strategy aligned with EU priorities. Further efforts are needed to improve access to asylum and align the country's visa policy with the EU's.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Albania should in particular:

- continue developing the systematic use of parallel financial investigations when dealing with serious and organised crime, illicit trafficking, terrorism and money laundering;
- adopt the legal framework to set up a national drugs observatory and a national early warning system on the detection of new psychoactive substances;
- improve the asylum referral system and access to asylum procedures, improve returns procedures, continue to address the issue of unfounded asylum applications in Schengen and associated countries and further align the country's visa policy with the EU's.

Fight against organised crime

Albania is **between having some and a moderate level of preparation** in aligning with the EU *acquis* in this area. **Some progress** was made in meeting last year's recommendations by increasing SPAK's capacity in financial investigations (with improved access to databases), strengthening the fight against money laundering and seizing assets linked to organised crime. Albania needs to continue working to ensure the independence of its law enforcement agencies.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Albania should in particular:

- further strengthen the fight against organised crime, including through continued cooperation with EU Member States and EU agencies (including Europol, in the framework of the European Multidisciplinary Platform against Criminal Threats (EMPACT), and Eurojust), increase capacity to counter cybercrime and money laundering, and prevent and combat trafficking in human beings;

- set up an asset recovery office in charge of the identification and tracing of criminal assets in order to enhance the effectiveness of the national asset recovery system and facilitate the operational cooperation with Asset recovery offices in EU Member States without delay, in line with the EU *acquis*;
- improve criminal analysis systems and methodologies to resolve complex criminal cases.

ECONOMIC CRITERIA

The existence of a functioning market economy

Albania has **a good level of preparation** in developing a functioning market economy and made **some progress** in this area. Economic growth has been robust, helped by strong tourism and rising investments. Inflation continued to decline. Employment and activity rates increased, but unemployment remained relatively high, particularly among young people. Fiscal performance improved markedly with lower deficit and debt ratios. The financial sector remained stable, bank profitability increased while and credit growth expanded. However, financial intermediation remains low. A large informal economy impedes the business environment and competition.

The Commission's recommendations from last year were only partially implemented and remain largely valid. In the coming year, Albania should in particular:

- revise the draft Medium-Term Revenue Strategy, including measures to increase tax revenue as a share of GDP, adopt it, and ensure its implementation;
- improve fiscal risk analysis, including by building capacity in the related new Ministry of Finance department responsible for it, and publishing a comprehensive Fiscal Risk Statement;
- increase the transparency and accountability of state-owned enterprises, including by publishing their annual financial performance reports;
- facilitate the implementation of the national single project pipeline (NSPP), including by ranking the projects on the list; and advance the integration of public-private partnerships (PPPs) into the NSPP.

The capacity to cope with competitive pressure and market forces within the EU

Albania has **some level of preparation** to cope with competitive pressure and market forces within the EU and made **some progress** in this area. Transport infrastructure improved, but infrastructure gaps remain, and digitalisation and education need further improvements. Exports of services (tourism) increased, but exports of goods remain well below their potential.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- continue to improve and better promoting the vocational education and training (VET) system in order to increase the graduates from VET schools and ensure that labour skills align with job market demands;
- improve the quality and inclusiveness of the education system and advance its digital transformation;
- strengthen digital infrastructure, including building cyber-resilience.

Chapter 5: Public procurement

Albania is **moderately prepared** in public procurement. **Limited progress** was made in the alignment of the legal framework for procurement, and there were concerns over newly introduced temporary exemption provisions in the public procurement law.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should, in particular:

- continue efforts to improve competitive procurement procedures;
- further align the legislative framework with the EU *acquis* in the area of concessions and public-private partnerships;
- ensure compliance with the EU *acquis* and the Stabilisation and Association Agreement (SAA) regarding intergovernmental agreements concluded with third countries in the area of procurement.

Chapter 18: Statistics

Albania is **moderately prepared** in the area of statistics. **Some progress** was made by improving data transmission to Eurostat.

The Commission's recommendation from last year were partially implemented and remain largely valid. In the coming year, Albania should in particular:

- publish detailed data and a thematic analysis of the population and housing census following the initial data release in June 2024 and conduct the census of agriculture holdings in line with the relevant EU *acquis* and international standards;
- reduce the staff turnover of the Institute for Statistics (INSTAT) and enhance improve cybersecurity;
- increase production and transmission of timely and high-quality data for dissemination by Eurostat and make government finance statistics (GFS) data publicly available.

Chapter 32: Financial control

Albania is **moderately prepared** in the area of financial control and partially aligned with the EU *acquis*. **Limited progress** was made during the reporting period. Public internal financial control (PIFC) needs to be further strengthened. Further efforts are required to ensure that the recommendations of the Supreme Audit Institution (ALSAI) are implemented and that its reporting is meaningfully assessed and used by Parliament.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- focus on further implementation of financial delegation and delegation of management responsibilities with a view to improve managerial accountability;
- monitor and follow-up the implementation of recommendations made in the annual public internal financial control (PIFC) report across budget institutions; increase parliamentary scrutiny of government bodies in their implementation of external audit recommendations, and improve reviews of and discussions on external audit reports;
- strengthen controls and consolidate capacities to protect EU financial interests, complete the delayed anti-fraud strategy and ensure the appropriate application of irregularities reporting.

Chapter 1: Free movement of goods

Albania is **between having some level of preparation and a moderate level of preparation** in the area of free movement of goods. There was **some progress** on alignment with the EU *acquis* on medical devices.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- complete the alignment of its legislation with the EU *acquis* relevant on the quality infrastructure, i.e. on accreditation, conformity assessment and market surveillance;
- significantly strengthen the enforcement capacity of the market surveillance inspectorate;
- finalise and adopt an action plan to comply with Articles 34-36 of the Treaty on the Functioning of the European Union (TFEU), fully covering the non-harmonised area, with a timeframe for screening all relevant legislation and practices and for introducing mutual recognition clauses or repealing and/or amending legislation and practices as necessary.

Chapter 2: Freedom of movement of workers

Albania has **some level of preparation** in the freedom of movement for workers. **Some progress** was made on the implementation of the 2023 report's recommendation by concluding social security bilateral agreements with EU Member States and further advancing the preparations to enable connecting its employment services system to EURES.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- continue the development of the employment services IT system to enable its connection to EURES;
- strengthen the enforcement of the Law on foreigners as per the National Migration Strategy 2024-2026;
- continue negotiating and concluding new bilateral agreements on social security, notably with EU Member States.

Chapter 3: Right of establishment and freedom to provide services

Albania is **moderately prepared** in the right of establishment and freedom to provide services. **No progress** was achieved in the reporting period.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Albania should in particular:

- start amending the legislation to address the barriers to the freedom of establishment and free movement of services, which were identified in the 2023 self-screening exercise;
- continue efforts to align its legislation with the EU *acquis* and ensure appropriate institutional capacity in the area of mutual recognition of professional qualifications.

Chapter 4: Free movement of capital

Albania is **moderately prepared** in the area of free movement of capital. **Some progress** was made on alignment with the EU *acquis* on payments (Payment Account Directive) and on actions that resulted in Albania being delisted from the Financial Action Task Force (FATF) 'grey list' in October 2023,

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- ensure equal treatment of EU citizens and Albanian citizens on the acquisition of land, in line with Albania's obligation under the Stabilisation and Association Agreement (SAA);
- take actions to ensure the implementation of the provisions of the EU *acquis* on cross-border payments and interchange fees;
- Start implementation of the adopted 2024-2030 anti-money laundering and terrorism financing strategy and follow up on measures to address the 2023 National Risk Assessment.

Chapter 6: Company law

Albania is **moderately prepared** in the field of company law. **No progress** was made in the reporting period.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Albania should in particular:

- finalise the review of the existing legislation in the area of company law to identify amendments needed to complete alignment with the EU *acquis*, and make progress in introducing such amendments including on the use of digital tools, cross-border conversions, mergers and divisions, and on encouraging long-term shareholder engagement;
- further align the legal framework for accounting and audit with the latest EU *acquis* in these areas.

Chapter 7: Intellectual property law

Albania is **moderately prepared** in the area of intellectual property rights. **Some progress** was made with the adoption of the implementing legislation on the procedure and fair compensation for the use of orphan works as well as the database of copyright works.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- complete alignment with the copyright and related rights *acquis*;
- continue to improve the functioning of collective management organisations (CMOs) and the payment of royalties to rights holders;
- further align legislation on industrial property rights and the IPR enforcement system leveraging collaboration with the European Union Intellectual Property Office.

Chapter 8: Competition policy

Albania is **between having some level of preparation and a moderate level of preparation** in competition policy. There was **limited progress** during the reporting period, including on legislative alignment with the EU *acquis* in the area of antitrust procedures.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- ensure the operational independence of the SAC and significantly increase the administrative capacity of the SAC's secretariat;
- further align the legislative framework in the area of State aid with the EU *acquis*;

- step up efforts to raise awareness of line ministries and regional and local authorities' awareness of State aid rules to ensure prior notification to SAC of aid measures and strengthen the enforcement of State aid rules.

Chapter 9: Financial services

Albania has **between a moderate and a good level of preparation** in the area of financial services. **Some progress** was made in the further alignment of legislation with the EU *acquis* on bank recovery and the resolution framework, and on private pension funds.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- continue the work towards full alignment of the banking regulation with the amended versions of the Capital Requirements Directive (CRD)/Regulation (CRR), the Bank Recovery and Resolution Directive (BRRD), and the deposit guarantee schemes Directive (DGS);
- complete alignment with the EU *acquis* on insurance, including the Solvency II Directive;
- complete alignment with the EU *acquis* on capital markets, including securities markets, investment funds and financial market infrastructures.

Chapter 28: Consumer and health protection

Preparations are at an **early stage** in the area of consumer and health protection. There was **limited progress** on alignment with the EU *acquis* on substances of human origin.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- make progress on alignment of consumer law with the latest EU *acquis* to address developments in this area;
- complete alignment with the EU *acquis* on medicines for human and veterinary use, and on tobacco control;
- increase the financial and human resources in the health sector, specifically in primary healthcare and all-hazard health emergency preparedness, and guarantee equal access to quality health services for vulnerable populations, in particular for women and girls who belong to these groups.

CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

Chapter 10: Digital transformation and media

Albania has **between a moderate and a good level of preparation** in the field of digital transformation and media. **Some progress** was made on following up the recommendations of in last year's report. The new Law on cybersecurity was adopted in February 2024, further aligning with the EU Directive on measures for a high common level of cybersecurity across the Union (NIS 2). In November 2023, Albania ratified the agreement joining the Digital Europe programme. In 2024, Albania set up the Broadband Competence Office (BCO) within the Ministry of Infrastructure and Energy structure. In May 2024, the new Law on electronic communications was adopted.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Albania should in particular:

- complete the extension of rolling out the 112 emergency number to the whole country;

- implement the new Law on electronic communications and the new Law on cybersecurity and adopt the Cybersecurity Strategy Action Plan 2024-2026;
- improve the collection of statistical data on digital performance and digital competitiveness as per the Digital Economy and Society Index.

Chapter 16: Taxation

Albania is **moderately prepared** in the area of taxation. **Limited progress** was made in the reporting period, in particular, in abolishing the industrial incentive scheme. This resulted in Albania being removed from the list of potentially harmful tax regimes within the scope of the Forum on Harmful Tax Practices.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- adopt its MTRS (medium-term revenue strategy), including actions for the review and approach to further reducing tax exemptions and align VAT and excise duty rates with the EU *acquis*;
- simplify the taxation system to further encourage more tax compliance and improve the use of third-party data in the fight against tax fraud and tax evasion;
- start preparations towards achieving interconnection and interoperability with the common EU taxation IT systems.

Chapter 17: Economic and monetary policy

Albania is **between a moderate and a good level of preparation** in the area of economic and monetary policy and made **some progress** as the Bank of Albania maintained price stability, and the fiscal rule was adhered to complied with.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should, in particular:

- fully align the Law on the Bank of Albania with the EU *acquis*;
- begin reporting on the long-term fiscal sustainability of the social security system;
- align Albania's budget legislation and practices with the requirements of the EU *acquis*.

Chapter 19: Social policy and employment

Albania is **moderately prepared** in the area of social policy and employment and made **some progress** during the reporting period by starting the implementation of the National Strategy on Employment and Skills 2023-2030 and improving access to jobs through by the piloting of the Youth Guarantee. Albania adopted the 2024-2030 National social protection strategy. Efforts need to continue on strengthening the social protection system by increasing social services and strengthening the social dialogue, alongside the labour market measures.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should:

- adopt the new 2023-2030 strategy for occupational health and safety, with a focus on strengthening enforcement capacity, and the Child Guarantee action plan and establish an indexation mechanism of the Economic Aid benefits;
- roll out the Youth Guarantee in more regions, taking extracting lessons learned from its pilot phase into account;

- increase budget allocation, social services provision and monitoring of the Social Fund, strengthen the capacity of local governments to secure sufficient funding, and develop a coordinated social service referral system.

Chapter 20: Enterprise and industrial policy

Albania has **between a moderate and a good level of preparation** in the area of enterprise and industrial policy and made **some progress**, in particular in the implementation of a support programme for innovation start-ups.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should, in particular:

- continue addressing the main challenges to the business environment by reducing the regulatory burden through fiscalisation measures, increasing the participation of businesses in funding programmes, reducing the informal economy and corruption, and increasing business support services by reviewing the Business and Investment Development Strategy;
- accelerate the full alignment of national legislation with the EU *acquis* on late payments;
- draft and adopt a unified investment law.

Chapter 25: Science and research

Albania has **some level of preparation** in the area of science and research. **Some progress** was made by strengthening innovation support measures, such as ensuring funding to the start-up fund, adopting the 2023-2030 national strategy on scientific research and innovation and finalising the entrepreneurial discovery process of the smart specialisation strategy.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- increase investment in research, in line with its own commitments and the new European Research Area priorities, and adopt the new Law on scientific research;
- adopt and implement the smart specialisation strategy;
- produce reliable statistics and data on innovation, science and technology.

Chapter 26: Education and culture

Albania is **moderately prepared** in the field of education and culture. **Some progress** was made with the implementation of the National Strategy for Education 2021-2026 and the adoption of legislative acts to reform higher education. Albania still needs to strengthen the quality and inclusiveness of education. The implementing legislation of the Law on cultural heritage and museums is yet to be finalised.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- optimise further the Vocational Education and Training (VET) system further in line with the labour market needs;
- further improve the professional development and training of teachers and trainers, with a focus on pedagogical skills for the implementation of the competence-based inclusive approach and digitalisation from pre-primary to university levels, including VET education;
- adopt the implementing legislation for the Law on cultural heritage and museums.

Chapter 29: Customs union

Albania is **moderately prepared** in the area of the customs union. **Limited progress** was made on the preparatory work for the development of the national component of the new computerised transit system (NCTS) and digitisation of more customs services.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- approve the legal provisions on the common transit procedure and develop the national component of the New Computerised Transit System (NCTS), as well as start preparations towards achieving interconnection and interoperability of its national customs IT systems with the EU electronic customs environment;
- continue pursuing the fight against smuggling of illicit goods, including tobacco, corruption and imports of counterfeit products, including by strengthening administrative capacity and improving cooperation between the authorities involved;
- undertake the legal adjustments necessary to keep up with developments of the EU customs *acquis*, in particular the acts implementing the Union Customs Code.

CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

Chapter 14: Transport policy

Albania has **some level of preparation** in the area of transport policy, with **limited progress** achieved in the reporting period. Albania adopted implementing legislation related to the rail sector and further measures to improve the quality and performance of the vessels sailing under the Albanian flag.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- adopt the new national transport strategy, and its accompanying action plan, and the new road safety strategy in line with the Transport Community road safety action plan;
- implement legislation on the railway sector reform, in line with the Transport Community rail action plan;
- continue to improve the performance of maritime transport vessels sailing under the Albanian flag.

Chapter 15: Energy

Albania is **between a moderate and a good level of preparation** in the area of energy. It made **good progress**, in particular, on the internal electricity energy market.

The Commission's recommendations from last year have been partially addressed and remain partly valid. In the coming year, Albania should in particular:

- update and implement the 2020-2030 national energy and climate plan (NECP), and ensure that the Albanian renewable energy operator is operational by the end of 2024;
- strengthen the capacity of the Energy Efficiency Agency, continue drafting and adopting implementing legislation, (including establishing the energy-efficiency obligation scheme), and adopting the implementing regulations on labelling, in line with its obligations under the Energy Efficiency Directive;

- continue implementing the electricity integration package and notably join the EU day-ahead market coupling, by June 2026.

Chapter 21: Trans-European networks

Albania has **some level of preparation** in trans-European networks. **Some progress** was made in developing transport and energy networks as work to prepare projects is ongoing.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should, in particular:

- speed up the implementation of the TEN-T five-year workplan of the Transport Community Treaty and continue developing the core energy networks in line with the national strategies and infrastructure investment prioritisation, under the single project pipeline;
- continue to align its legal framework with the EU *acquis* and the regulations on TEN-T (trans-European transport networks) and TEN-E (trans-European energy networks), including fully aligning guidelines for on trans-European energy infrastructure;
- strengthen capacity for and ensure progress in implementing the Economic Investment Plan for the Western Balkans' projects on transport and energy.

Chapter 27: Environment and climate change

Albania has **some level of preparation** in this area and it made **limited progress**, in particular (i) in the circular economy with the setting-up of the National Agency for Waste Economy; (ii) on water quality with the adoption of the Laws on water resources and on protection of marine environment, and three river basin management plans; and (iii) on civil protection with the adoption of the national strategy for disaster risk reduction 2023-2030. The 2024 approval of the amendments to the law on protected areas, however, is considered a negative development and there was no particular development for addressing climate change. Further efforts are still needed on implementation and enforcement on the environment *acquis*, and the country is encouraged to further enhance its civil protection operational capacity and coordination with the Union Civil Protection Mechanism.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should, in particular:

- achieve fully alignment, implementation and enforcement of the Directives on Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) and ensure that all infrastructure investments comply with the EU environmental and climate *acquis*, national and international nature and water obligations, and ensure public participation;
- take immediate measures to fight environmental crime and achieve fully alignment with the Environmental Crime Directive and the Environmental Liability Directives, and strengthen policy implementation and law enforcement for nature and biodiversity protection, especially in the protected areas;
- update and implement the National Adaptation Plan, the National Energy and Climate Plan (NECP) and implement the Energy Community's Decarbonisation Roadmap, focusing on the Monitoring Reporting Verification and Accreditation (MRVA) package to introduce carbon pricing and align with the EU Emission Trading System (ETS), Energy and Climate Plan, and update and implement the National Adaptation Plan.

Chapter 11: Agriculture and rural development

Albania has **some level of preparation** in agriculture and rural development. There was **limited progress** in building administrative capacity and on legislative alignment.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- ensure that preconditions for the entrustment of budget implementation tasks under the IPARD III programme are met in line with the principles of sound financial management;
- ensure the necessary administrative capacity and technical support for setting up the farm accountancy data network (FADN);
- complete legislative alignment with the EU *acquis* notably for quality policy and organic production.

Chapter 12: Food safety, veterinary and phytosanitary policy

Albania has **some level of preparation** in the area of food safety, veterinary and phytosanitary policy. **No progress** was made over the reporting period. Significant efforts are needed to align and enforce the legislation with the EU *acquis* and enforce it. Albania should implement the adopted national food safety national sectoral policy.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Albania should in particular:

- work on alignment of national legislation with the EU *acquis* specifically on animal and plant health, official controls, animal welfare, and with the General Food Law Regulation;
- finalise the staffing of the veterinary service to ensure it is operational;
- strengthen the capacity to implement surveillance and vaccination programmes of the main infectious animal diseases, including rabies.

Chapter 13: Fisheries and aquaculture

Albania is **moderately prepared** in fisheries and aquaculture. It made **some progress**, in particular on continuing effective operations of the vessel monitoring system (VMS). As a contracting party of the General Fisheries Commission for the Mediterranean (GFCM), Albania continues to actively implement the recommendations to monitor its fishing activities.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- build up the necessary administrative capacity in the fishery sector, particularly by completing staffing of the inspectorate and central administration, and strengthening data collection and scientific advice, in line with the EU's common fisheries policy (CFP) and the GFCM and other international agreements;
- implement the regional plan of action for small-scale fisheries;
- adopt measures to support the fishery sector under State aid.

Chapter 22: Regional policy and coordination of structural instruments

Albania is **moderately prepared** in the area of regional policy and coordination of structural instruments. **Some progress** was made over the reporting period. In particular, the membership of the interinstitutional

working group for Chapter 22 negotiations was widened. Capacity-building efforts are now required from all institutions for the implementation of cohesion policy programmes.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- Prepare for the effective implementation of the EU *acquis* under Chapter 22 and strengthen preparations for the future cohesion policy, including in the institutional set-up, and the financial management and control systems, in terms of programming, monitoring, evaluation, auditing, enabling conditions and the partnership principles;
- Approve and implement the national strategy for regional development and cohesion and the regional development plans.
- Strengthen administrative capacity in the new structures under IPA III multiannual operational programmes, as well as prepare the Roadmap for Administrative Capacity Building in the Cohesion Policy Ecosystem, and adopt a comprehensive retention policy as well as a National Anti-Fraud Strategy.

Chapter 33: Financial and budgetary provisions

Albania has **some level of preparation** on in the area of financial and budgetary provisions. **Limited progress** was made in aligning with the EU *acquis* in the underlying policy fields that affect the functioning of the EU funding system. Methodological improvements continued concerning on the alignment with ESA 2010 standards (European System of Accounts). There were also improvements to the data transmission of the excessive deficit procedure (EDP) tables through the Albanian Integrated Government Financial Statistics compilation system (AIGC).

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- continue aligning data on national accounts to ESA 2010 and improve the comprehensiveness of data transmission to Eurostat, including on the excessive deficit procedure;
- align its legislation with the EU provisions rules on VAT and customs duties and strengthen efforts to tackle fiscal evasion and informality;
- improve administrative capacity and coordination mechanisms among key stakeholders in the own-resources system.

CLUSTER 6: EXTERNAL RELATIONS

Chapter 30: External relations

Albania has a **good level of preparation** in external relations. **Limited progress** was made during the reporting period, in particular in implementation of CEFTA protocols and in efforts to develop its export control system.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Albania should in particular:

- continue to implement Central European Free Trade Agreement (CEFTA) additional protocol 5 on trade facilitation and additional protocol 6 on trade in services, and take the necessary steps to implement additional protocol 7 on dispute settlement, and implement actions under the new action plan for 2025-2028;

- establish the legal framework that covers international cooperation and development policy and humanitarian aid, in line with the EU policies and principles.

Chapter 31: Foreign, security and defence policy

Albania has a **good level of preparation** in the field of foreign, security and defence policy. **Good progress** was made as the country maintained its track-record of full alignment with relevant High Representative statements on behalf of the EU and relevant Council decisions, including EU restrictive measures related to Russia's war of aggression against Ukraine. The country started negotiations on a Security and Defence Partnership with the EU in spring 2024. Albania continued to participate in EU crisis management missions and operations under the common security and defence policy.

The recommendations from last year were largely implemented and remain partially valid. In the coming year, Albania should in particular:

- maintain full alignment with the EU's common foreign and security policy and strengthen its implementation in all international fora and its enforcement capacity to enforce regarding restrictive measures;
- consider increasing its participation in EU crisis management missions and operations;
- continue implementing its national strategy on small arms and light weapons and step up the investigation and prosecution of firearms trafficking.

1.3. STATE OF PLAY OF THE ACCESSION NEGOTIATIONS

Following the Intergovernmental Conference on accession negotiations with Albania in 2022, the Commission immediately launched the analytical examination of the EU *acquis* – the 'screening' process. After tabling the screening report on cluster 1 - Fundamentals in July 2023, the Commission presented the opening benchmarks assessment report to the Council. Therein, the Commission concluded that the roadmap for public administration reform and the roadmap for the rule of law chapters submitted by the Albanian government to the Commission met the requirements for opening negotiations on the fundamentals cluster. Albania also submitted its roadmap on the functioning of democratic institutions in October 2024. The screening report on cluster 2 – internal market was presented to the Council in May 2024, followed by the screening reports on cluster 6 – external relations and cluster 3 – competitiveness and inclusive growth in October 2024. An intergovernmental conference was convened in October 2024 to open accession negotiations on the fundamentals cluster.

Clusters	Chapters/areas	Date cluster opened/chapter closed with interim or closing benchmarks
Fundamentals <i>5 chapters open</i>	23 – Judiciary and fundamental rights 24 – Justice, freedom, security 5 – Public procurement 18 – Statistics 32 – Financial control ...Economic criteria ...Functioning of democratic institutions ...Public administration reform (PAR)	Cluster opened on 15 October 2024 Interim Benchmarks Interim Benchmarks Closing benchmarks Closing benchmarks Closing benchmarks

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2. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

2.1. FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PUBLIC ADMINISTRATION REFORM

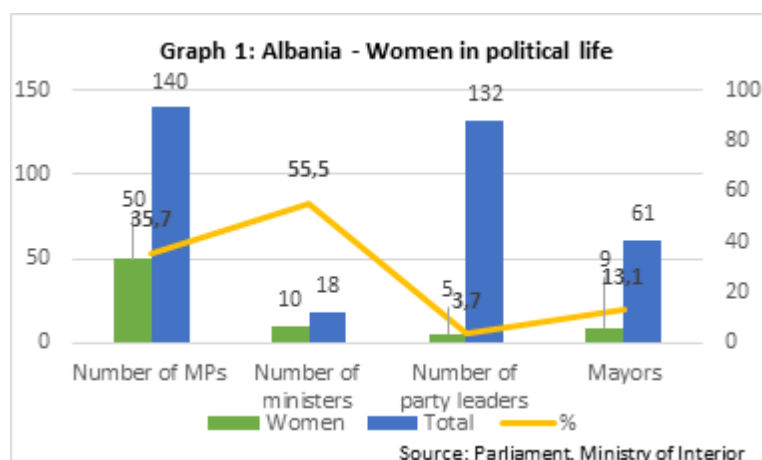
2.1.1 Democracy

The functioning of democratic institutions is partially satisfactory, stemming mainly from the deeply polarised political situation, unaddressed shortcomings in the electoral process, limited effective parliamentary oversight over the executive and the lack of meaningful public consultations.

During the reporting period, the political scene continued to be marked by high political polarisation against the background of persistent divisions within the largest opposition party. This has further weakened the effectiveness, transparency and objectivity of parliamentary work. The Constitutional Court has reduced its backlog and is effective in upholding institutional checks and balances though Parliament has continued to fail to comply with some of its rulings.

Elections

During the reporting period, no general elections took place; mayoral by-elections were held in the municipality of Himara on 4 August. A tense political environment and continuous divisions within the main opposition party hampered the functioning of the parliamentary ad-hoc committee on electoral reform set up in 2022, which ended its mandate without achieving concrete results. A cross-party dialogue group subsequently set up in the Parliamentary Legal Affairs Committee engaged in discussing electoral reform, focusing mainly on the three rulings of the Constitutional Court concerning out-of-country voting and the right to elect and to be elected. The Central Election Commission continued to use a digital platform for the disclosure of political parties' campaign financing.



In July, with a cross-party vote, the Parliament adopted amendments to the Electoral Code, partially in response to Constitutional Court rulings, thus enabling out-of-country voting by Albanian diaspora, introducing partially open candidates lists (mixed candidate lists) and changes to the party quotient. However, other outstanding OSCE/ODIHR as well as Venice Commission recommendations remain to be addressed⁴.

The gender quotas in parliamentary and local elections to promote women's participation in politics are not always met. Women in politics face several socio-cultural, structural and institutional barriers. The said amendments to the electoral law on preferential vote support the enforcement of gender quotas even when the list is subject to a preferential vote.

⁴ These focus on (i) ensuring vote secrecy; (ii) fighting vote-buying and the misuse of administrative resources at national and local levels; (iii) ensuring independent media reporting of electoral campaigns; (iv) safeguarding the public's personal data; and (v) monitoring as well as oversight of campaign financing, and access for person with disabilities.

Parliament

During the autumn 2023 session, the normal functioning of the assembly was significantly disrupted by opposition MPs due to alleged restrictions by the ruling majority on their rights, in particular the rejection of the opposition's request to set up a number of inquiry committees. As a result, laws were adopted by the ruling majority without a proper debate. In March 2024, the ruling majority and a small part of the opposition Democratic Party reached an agreement, which restored normality to parliamentary activities.

During the reporting period, the assembly failed to comply with some of the rulings of the Constitutional Court. These concerned the unconstitutionality of certain amendments to the Law on Inquiry Committees adopted in December 2023 and to the Assembly's Rules of Procedure, as well as the compatibility of a ruling majority MP's mandate.

Parliament's **oversight** of the executive remained weak. Most legislative initiatives are tabled by the Council of Ministers. During the reporting period, Parliament once again failed to appoint chairs and members of several institutions, including the Ombudsperson and the Commissioner for Protection from Discrimination (CPD).

Parliament's implementation of the legal framework for **public consultation processes** remains rather formal. Timely and transparent follow-up is not always ensured.

Greater transparency and higher ethical standards in parliamentary proceedings are still necessary to enable citizens to easily access information about parliament's activities and to foster a more constructive political dialogue between the opposition and the majority.

EU integration

Albania's EU integration coordination structures, in particular the Minister of State / Chief Negotiator, were consolidated during the reporting period, and the department in charge of EU integration at the Prime Minister's Office was confirmed as the Secretariat of European Integration. The National IPA Coordinator (NIPAC) is the General Director of SASPAC and the focal point for coordinating the preparation and submission of Western Balkans Investment Framework (WBIF) applications. A new NIPAC was appointed in December 2023, and yet another in August 2024.

Interinstitutional working groups responsible for the technical aspects of the EU integration process have met regularly. The European integration units at the line ministries and agencies still need to strengthen their capacity to play a more substantial role.

In early 2024, the government adopted the National Plan for European Integration 2024-2026.

The National Council of European Integration has continued its activities, including reviewing key documents (such as roadmaps related to opening accession negotiations on the fundamentals cluster) and raising awareness about fulfilling obligations related to EU accession.

Governance

Three waves of governmental changes took place during the reporting period. In September 2023, eight ministerial posts were affected by the changes, with five new ministers joining the government. In January 2024, the portfolios for the management of the economy and finances and for local governance were assigned to a state minister position. In addition, a new ministerial position was dedicated to the public administration reform and the fight against corruption. In July 2024, a third government reshuffle affected the ministers of interior, defence and finance.

In May 2024, Parliament adopted a new major reform initiative intended to review the legislation and the state's institutional architecture in central and local government, and the role of independent institutions, deepening reforms in the area of the good governance, rule of law and anti-corruption for Albania 2030. A dedicated ad hoc parliamentary committee started its work in July without participation of the opposition. In this reform process, attention will be required to preserve constitutional balances as well as

coherence with Albania's commitments under the EU accession process, including the principle of judicial independence and the irreversibility of the 2016 justice reform.

Several policy and legal initiatives adopted during the reporting period have raised concerns in terms of their alignment with European standards. These include the legalisation of the cultivation of cannabis for medical and industrial purposes; the revision of the law on protected areas; the extension of the law on strategic investments; transitory derogations in public procurement, and the law on criminal amnesty.

Coordination between ministries and their respective executive institutions and between the central government and municipalities remains an issue.

On **local self-government/decentralisation**, the position of Minister of State for Local Government is supported by the Agency for Support to Local Government (ASLG).

The division of responsibilities between local and central government continues to be an area of concern. There is still a need to streamline the legal framework for the functions of local government units (LGUs). These bodies continue to lack sufficient and stable financial resources and administrative capacity, and their fiscal autonomy remains at risk. The delivery of quality public services at local level remains limited. Efforts need to continue to reduce the staff salary gap between central and local government and between large and small municipalities. The efficiency, transparency and accountability of human resources management should improve. LGUs should also continue develop and implement thoroughly local integrity plans.

City council commissions on EU integration have been established in 43 of the 61 municipalities. Further coordinated efforts should be pursued to raise awareness on the role of local government in the EU integration process and to build adequate administrative capacity to benefit from EU financial support.

Consultation and accountability to the public at LGU levels remain limited.

Civil society

The legal framework on the right to freedom of assembly and association is in line with international standards. However, the national electronic register of non-profit organisations has not yet become fully operational although it was planned to be in place by the end of 2023. There has been no progress in revising the Law on voluntarism.

The legal framework is only partially promoting access to funding. The ineffective new VAT exemption scheme has created major obstacles for non-profit organisations to implement foreign aid programmes. Albania still does not have tax incentives in place for individual donations, and there are only marginal tax incentives for corporate donations. Public funding for civil society organisations and support to social enterprises remains insufficient to ensure their sustainability.

No progress was made in the implementation of the Government Roadmap on an Enabling Environment for Civil Society 2019-2023 or in strengthening the structures and mechanisms for dialogue and coordination between the government and civil society. A new strategic framework is not yet in place.

The legal framework for public consultations is generally in line with European standards, but consultations remain mostly formal.

Some progress was made in the establishment of European Integration Partnership Platform consultation and discussion tables. A total of 29 of 33 tables have now been established although they have varying levels of participation and effectiveness.

2.1.2. Public administration reform

Strategic framework for public administration reform

The strategic framework for public administration is not yet fully in place because the public administration reform and the anti-corruption strategies for 2023-2030 have not yet been adopted. Implementation of the 2022-2026 digital agenda has continued to progress steadily, but digital security and equal access for vulnerable groups is still an issue. Implementation of the 2023-2030 strategy on decentralisation and local governance stalled as the new coordinating structure body settled in. Institutional building and data collection, analysis, and aggregation capacities still need to be developed.

The position of Minister of State for Services and Standards was abolished in September 2023 and replaced in January 2024 with the new position of Minister of State for Public Administration and Anti-Corruption. A new position of Minister of State for Local Governance was also created in September 2023. However, no significant progress was made in the achievement of carrying out reforms in the area of good governance. The structure of the Integrated Policy Management Group (IPMG) was revised in August 2023. The newly created IPMG for Democracy, Rule of Law and Good Governance only met once. The IPMG mechanism should be aligned with the new governmental structure and strategies, and its functioning remains to be assessed in practice. The financial sustainability of reforms needs to be improved as it currently depends heavily on funding from external donors.

Policy development and coordination

Certain aspects of policy development and coordination need to be further developed. The legal basis and the institutional set-up for consistent policy making are partially in place. Approximately two thirds of the approved draft laws in 2023 originated from outside the Government Analytical Programme. An extensive policy coordination structure exists, through the Strategic Planning Committee (SPC), which is chaired by the Prime Minister. It has continued to meet regularly and steer the policy-making process. An integrated planning system, including links to budgeting, is in place but is currently not in use due to the supporting IT systems not being fully operational. Consistency between policy planning and budgeting needs to be further improved. Further action is needed to strengthen the administrative capacity of line ministries and the Prime Minister's Office and make management more accountable (*See Chapter 32 – Financial control*).

The administrative capacity for evidence-based policymaking and legislative development needs to be further strengthened. The use of regulatory impact assessments (RIAs) was limited to half of the approved draft laws based on the Council of Ministers' interpretation of the criteria set out in the Council of Ministers' rules of procedures. The government reported 60 RIAs in 2023 and 30 RIAs in the period from January 2024 to August 2024. The quality of the RIAs also needs to be improved. The percentage of legal acts that go through public consultation should be further increased, based on a more comprehensive interpretation of the criteria in the law on public consultation. In 2023, 46 acts were subject to consultation, out of a total of 66 adopted acts. The quality control of consultations needs to be strengthened, and proper follow-up ensured. More action is needed to encourage stakeholders, in particular civil society, to participate. The existing rules on public consultations and RIAs rules do not apply to secondary legislation yet. Public scrutiny of government work remains weak, and the increased use of extraordinary proceedings limits the possibility for parliamentary scrutiny over the government's decision-making.

Public financial management

The public financial management (PFM) is broadly in place but needs to be improved. The legal basis for PFM is mostly in place, with a comprehensive organic budget law. In January 2024, the Ministry of Finance and Economy was split into separate ministries, and a new organisation structure was approved for the newly created Ministry of Finance. The new 2023-2030 PFM strategy was adopted in June 2024 and covers retro-actively the year 2023. It is comprehensive, covering all aspects of PFM and domestic revenue mobilisation, and focuses primarily on medium-term actions for the period 2023-2026. The strategic framework is further strengthened by specific strategies on debt management, procurement, external audit and customs.

The provisions of the organic budget law are mostly followed. However, budget revisions continue to be done almost exclusively through normative acts by the executive, an instrument better suited in cases of urgency. A return to regular budget revision processes through the parliament should be pursued. Work continues on the medium-term budget, and efforts have been made to improve planning input and introduce a single project pipeline. The capacity of the Ministry of Finance will need to be further strengthened. Support systems for budget execution follow-up have been developed further and rolled out. The level of arrears has reduced, but ongoing efforts to strengthen commitment compliance should still be pursued. Action has been taken to strengthen fiscal risk monitoring. Nevertheless, fiscal risk reporting and risk assessment on fiscal risk related to state-owned enterprises and public-private partnerships needs to be further improved. Initial efforts on gender-responsive budgeting should be maintained and expanded. Budget transparency is mostly satisfactory with all key budget documents regularly published.

Public service and human resources management

Public service and human resources management need to be further developed. Provisions on merit-based recruitment, promotion and dismissal continue to be inconsistently applied at all levels. Recent measures on merit-based recruitment and salary increases were taken at central level and should be expanded to local administration as well. Most civil servants are recruited through a group or pool recruitment process – 486 were recruited between January 2024 and August 2024, up from 78 in 2023. The majority of new recruits are women, about 61%. About one third of senior positions are still vacant despite the availability of a pool of candidates from the top management corps (TMC) group. Recruitments for managerial positions do not adequately observe the legal framework in place in terms of opening vacancies to external candidates, occurring only as an exception or by the implementation of the training programme through the Albanian School of Public Administration (ASPA) as the normal recruitment channel. In 2023, there were 27 dismissals from the civil service, compared with 19 in 2022. According to the government, the enforcement rate of final court decisions on dismissals and reinstatements increased to 84.2% in 2023, compared with 81.5% in 2022. However, reactivity from the government to enforce such decisions in a timely manner should be further improved. Three additional institutions (the Financial Intelligence Unit, the Authority of Geospatial Information, and the Authority on Electronic Certification and Cybersecurity) no longer fall under the civil service law. The human resources management information system (HRMIS) does not cover the entire public sector and in its current design cannot be used as an automated payroll system. Efforts to redesign the HRMIS accordingly should be pursued.

The salary reform adopted in May 2023 brought very limited structural changes but significantly increased civil servants' salaries. The reform failed to address key issues, such as the complexity of the salary structure or the lack of links to job performance.

ASPA continued to make training programmes for professional development available, with a strong focus on EU integration. No progress was made to improve the school's physical and digital infrastructure.

Accountability of administration

The accountability of the administration is insufficient. The legal framework for the organisation of the central administration does not provide a comprehensive and consistent foundation for the establishment and accountability of subordinated institutions and autonomous agencies. Furthermore, even the typology established in the law is not consistently applied. The organisational set-up of the administration is becoming further centralised, with the number of authorities/agencies subordinated directly to the Prime Minister's Office further increasing (currently at 26). An amendment to the Law on organisation of state administration is planned for 2024, but the key challenge will be its consistent application in practice. The legal framework for ensuring managerial accountability needs to be improved.

The citizens' right to good administration needs to be further strengthened. According to data provided by the People's Advocate (PA), 23 of 72 recommendations issued in 2023 had been fully implemented as of March 2024, representing a 32% rate. More action is needed to improve the implementation rate. The Parliament should strengthen its cooperation with the PA and address the problem of the public administration bodies' lack of responsiveness.

On transparency and access to information, the Commissioner for the right to information reported a steady number of around 1 000 complaints in 2023, often resolved after his intervention. Public entities should improve compliance with transparency requirements and be more responsive to requests for access to information. Albania adopted the revised Law on access to information in September 2023.

Service delivery to citizens and businesses

Service delivery to citizens and businesses needs to be further developed. There is no comprehensive strategy for service delivery in force. It should be included in the future PAR Strategy. The Law on electronic government was adopted in June 2023. The government continued to expand its offer of online services. Outstanding accessibility issues for vulnerable groups, including people with disabilities, have not been addressed yet. The 2022-2026 digital agenda and action plan are being successfully implemented. Albania adopted the National Interoperability Framework in October 2023 and aligned it with the European Interoperability Framework (EIF) adopted in 2017. Further alignment with the newly adopted Interoperable Europe Act of 2024, could be fostered.

On reducing administrative burdens, the Interinstitutional Working Group for the Regulation of Administrative Procedures in the Function of Public Services Offered to Citizens and Businesses was created in December 2023. It is co-chaired by the Minister of Justice and the Minister of State for Entrepreneurship and Business Climate.

2.2. RULE OF LAW AND FUNDAMENTAL RIGHTS

2.2.1 Chapter 23: Judiciary and fundamental rights

The EU's founding values include the rule of law and respect for human rights. An effective (independent, high-quality and efficient) judicial system and an effective fight against corruption are of paramount importance, as is the respect for fundamental rights in law and in practice.

Functioning of the judiciary

Strategic documents

Implementation of the Cross-cutting Justice Strategy 2021-2025 still needs to be improved. The quality of the strategy and its monitoring are generally satisfactory. However, the implementation rate and reporting capacity of the competent judicial institutions are still low. In addition, the quality of statistical data remains poor.

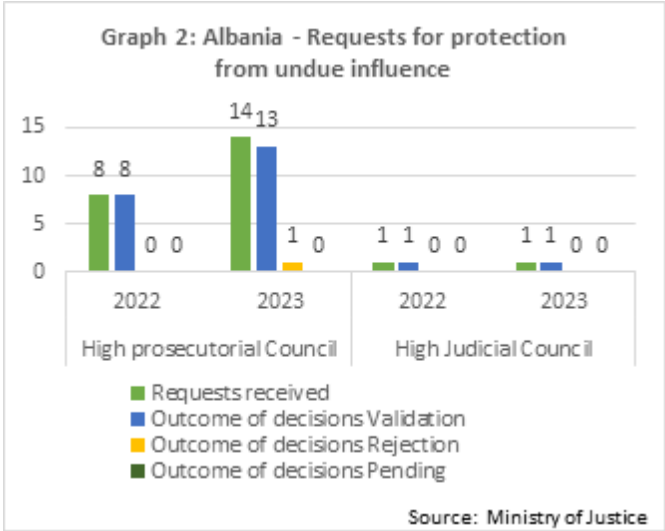
Management bodies

The HJC and the HPC are in place. Overall, the efficiency of the Councils in appointing, promoting, transferring and evaluating magistrates is very low, which affects judicial quality and efficiency at all levels. The HPC has conducted only one evaluation since the start of the implementation of the 2016 justice reform, which is of concern. Coordination is weak between the HJC and the HPC. Their coordination with the Ministry of Justice, the High Justice Inspector (HJI) and other judicial institutions on key judicial policies and their systemic follow-up to operational conclusions also remains weak. Since their establishment in 2016, neither of the Councils have approved their internal rules of procedure on any matter.

The 2016 justice reform strengthened the councils’ overall independence. In the reporting period, the HJC and the HPC’s membership was renewed. However, the appointment of non-magistrate members to the Councils had been delayed and remained heavily influenced by Parliament, presenting shortcomings in the background checks and assets verification and meritocracy of the process. Provisions applicable to appointment of HJC and HPC non-magistrate members should be aligned with the background check and asset declaration applicable to magistrates and ensure that Parliament applies full transparency, the highest-merit based standards and high degree of consistency with the ranking of the ad-hoc pre-selection committee. The HPC and the HJC do not have internal rules of procedure on conflicts of interest, which has led to conflicts of interest in practice. Attempts by the HPC to reinstate magistrates who have been vetted out with a final dismissal decision is a serious concern. Although strategic communication has improved by appointing media judges and carrying out regular training, it remains weak overall. In addition, the rules on anonymity related to appointments of magistrates, their career development and accountability need to be further aligned with the principle of transparency.

Independence and impartiality

The independence and impartiality of the judiciary is satisfactory in the higher-level courts, including courts of appeal, and needs to be improved in the courts of first instance. Concerns remain about attempted interference and pressure on the judicial system from public officials and politicians. During the reporting period, two serious incidents were recorded against magistrates, who were promptly placed under protection. Several public political attacks, inappropriate language and threats have been directed at magistrates. The self-governing institutions have effectively reacted to such incidents.



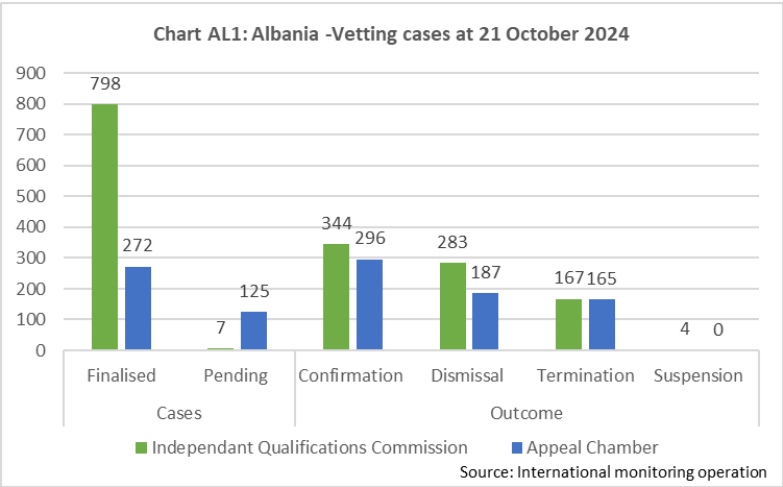
Despite strong legal safeguards, merit-based appointments and career development are weakened in practice by the HPC’s failure to evaluate prosecutors and the HJC’s slow pace of qualitative evaluations for judges. The continued use of transfers as an alternative to promotions is a serious concern.

The limited number of judges at several courts, coupled with the lack of an integrated case management system, leads to a worrying situation where the random allocation of cases is not widely applied in courts and is not applied at all in prosecutors’ offices.

Accountability

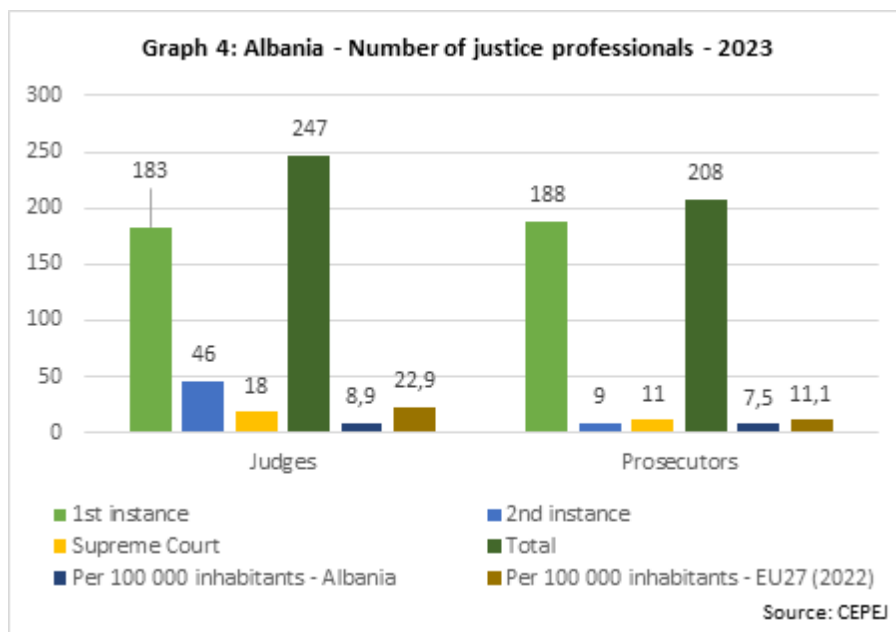
The accountability of the judiciary is largely satisfactory. The legislative framework and rules on the accountability of judges are fully aligned with European standards. The advancement of the comprehensive transitional re-evaluation (vetting) of all judges and prosecutors, the satisfactory operation of the HJI and the continued good progress in implementing justice reforms have strengthened accountability throughout the justice system.

The vetting process has continued and is close to completion in first instance, with overall positive impact on the independence and accountability of the judiciary. The International Monitoring Operation (IMO), deployed under the oversight of the European Commission, continued to carry out an independent oversight of the process. On 21 October 2024, the vetting institutions had completed 798 vetting cases at first instance amounting to 99% of the total. Of these, 648 decisions are final. The outcome of decisions of the first instance vetting body, the Independent Qualifications Commission and, where applicable, of the Appeal Chamber, resulted in 283 dismissals (mostly for issues relating to unjustified assets); 344 confirmations in office; 167 decisions to terminate the vetting proceedings; and 4 suspension decisions, with the obligation to undergo training. The IMO has continued to oversee the vetting process and has issued opinions on first instance assessments, including 41 recommendations for appeal and 6 dissenting opinions against the final Appeal Chamber decisions. The vetting institution of public commissioners has followed all recommendations for appeal. The Appeal Chamber needs to enact urgent measures to increase the pace of proceedings in appeal to meet the constitutional deadline. In May 2024, the HPC ended the mandate of its chair, following a decision of the Appeal Chamber that imposed a 15-year ban on the former chair in positions of high judicial office. The vetting final decisions have set important standards in the areas of background checks, asset checks and proficiency of magistrates. Those standards should be adapted and maintained in relevant judicial processes.



The HJI continued its good operation and fully cleared its backlog of cases. Challenges persist in the attractiveness of the position for magistrate-inspectors. The HJI’s capacity to conduct high-quality inspections should be increased. Further development and conduct of thematic inspections remain a priority. The Councils, the HJI and the High Inspectorate of Declaration and Audit of Assets and Conflicts of Interest (HIDAACI) should make further efforts in performing thorough asset checks and, where applicable, background checks on magistrates and candidate-magistrates. These checks should be consistent with the high standards set in the vetting process. All relevant institutions should share the requested information for asset and background checks in due time.

Quality of justice



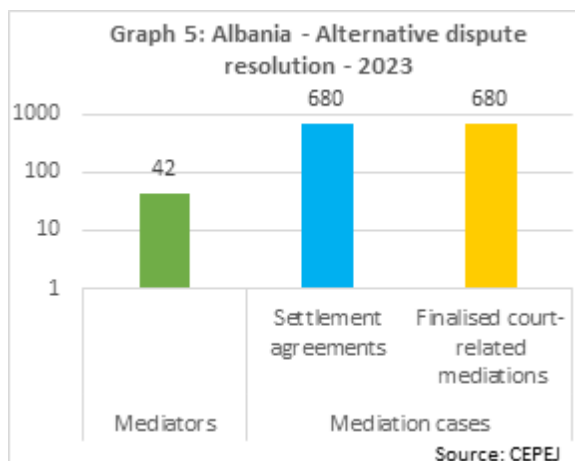
The quality of justice needs to be improved. Even though the comprehensive justice reform has seen some progress. Challenges persist, in particular, with: (i) the quality of initial and continuous training; (ii) the consistency of case law; (iii) the high number of judicial vacancies and insufficient amount of court staff; (iv) the lack of a modern integrated electronic case management system in courts and prosecution offices; (v) the quality of indictments and decisions; (vi) the quality of court infrastructure, including the security of court buildings; and (vii) the poor consistency and reliability of statistical data.

Further improvements to the judicial training system are still necessary. There was no specific progress in the performance of the School of Magistrates' comprehensive revision of the annual entry exam, the review of initial and continuous training curricula, and the quality and integrity of its staff. The fact that magistrates who have been dismissed through vetting are not prohibited from taking up positions of training staff remains a concern. The 2024 annual entry exam was marred by allegations of irregularities due to reported technical problems. The initial and continuous training of judges does not ensure their further specialisation.

The HJC and the High Court have taken some steps to make case law more consistent, which still requires further consolidation. Access to reasoned decisions and their timely publication are very limited.

Judicial quality is seriously hampered by the high number of judicial vacancies at appeal courts and first instance courts of general jurisdiction, the lack of progress in appointing court chairs at all levels and the insufficient amount of court staff, particularly legal assistants.

The establishment of an integrated and interoperable case management system (ICMS) for judicial institutions seriously delayed. The government must urgently allocate the required budget to create such a system. Significant efforts are necessary to improve digitalisation of justice system.

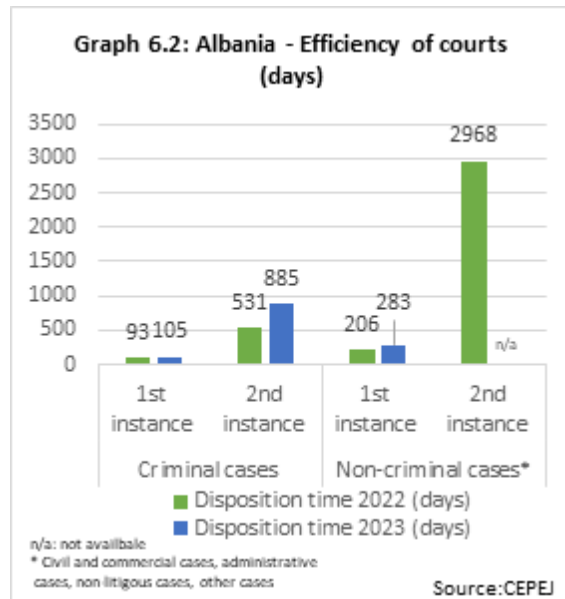
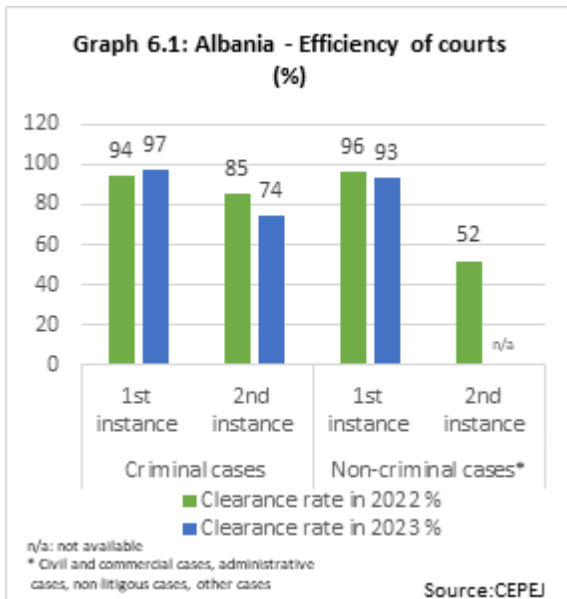


The quality of court infrastructure is poor at all levels. This has led to overcrowding and hearings being carried out in judges' offices, which runs against the principle of transparency. In addition, the lack of adequate security standards for judges and prosecutors poses a serious risk.

Decisive steps should be taken by the HJC and the HPC to ensure the consolidation, publication, reporting, consistency and reliability of statistical data across the judicial system, all based on a consolidated regulatory framework. In addition, alternative dispute resolution should be used more extensively.

Efficiency

The justice system's efficiency needs to be improved. Efficiency continued to be negatively affected by challenges including the increased length of proceedings and a high backlog of cases, notably at the Court of Appeal and the Administrative Appeal Court. The annual intake of magistrates by the School of Magistrates is still insufficient. The codes of procedure are hampered by formalities and do not provide adequate tools to address the high backlog. Serious delays are experienced with the legal deadlines on publishing the reasoned decisions by courts. In the reporting period, the HJC established a working group on efficiency, which has put forward a draft strategic document and legislative proposals. These proposals aim to improve efficiency and are also being considered by Parliament. However, the consistency of these legal initiatives with the general principles of justice reform and European standards has yet to be fully ensured.

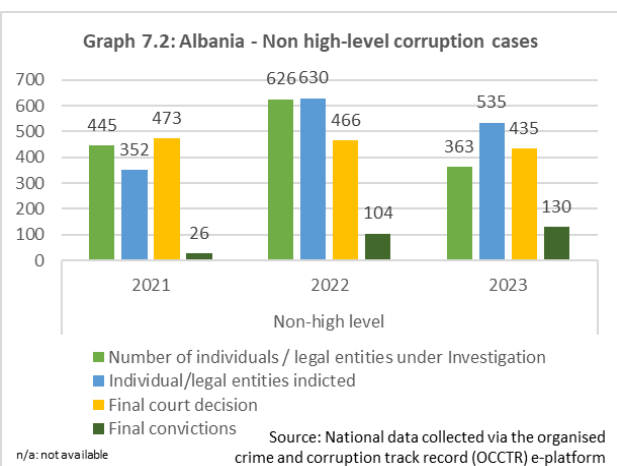
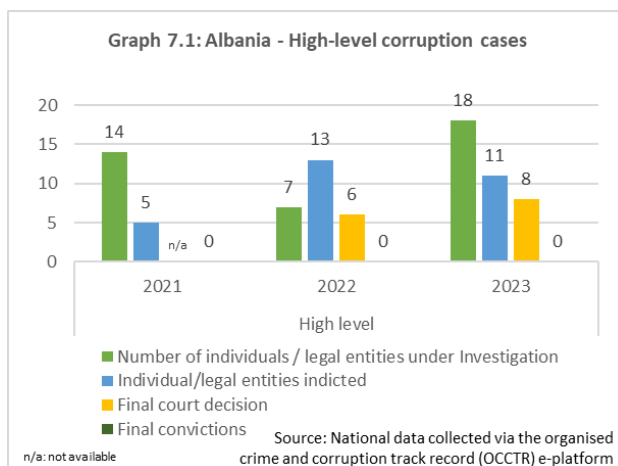


Fight against corruption

Track record

The track record in the fight against corruption remained stable.

SPAK, comprising the Special Prosecution Office (SPO), the National Bureau of Investigation (NBI) and the anti-corruption and organised crime courts (SPAK courts of both first instance and appeal), has continued to deliver good results in the investigation, prosecution and convictions in high-level corruption cases, including those involving high-level politicians and officials as well as cases involving the protection of EU financial interests. SPAK's capacity in financial investigations has increased and the systematic use of financial investigations and asset confiscations has improved. However, the number of referrals to SPAK from other authorities has decreased. Other bodies tasked with fighting corruption, in particular the General Prosecution Office and the state police, still face challenges in detecting and effectively investigating corruption (*See also Chapter 24 – Justice, freedom and security*).



The imminent end of vetting of all judges and prosecutors at first instance is a major milestone with a positive impact on fight against corruption in the judiciary. Of the more than 798 magistrates that underwent vetting since 2017 out of 805, so far 56 % have been dismissed from office, mostly for issues

related to unjustified assets, or resigned. 7 remaining cases as of 21 October are expected to be finalised timely. Another direct outcome of vetting was registered in September, as the IQC referred 19 vetting cases with *prima facie* criminal elements to SPAK for judicial follow up, thus following up on a key issue identified in last year's report.

In April 2024, Albania passed a law granting amnesty to approximately 700 prisoners and reducing the sentence of over 400 individuals, including mid-level officials, deputy mayors and secretary-generals convicted of corruption. A total of 40 individuals convicted by SPAK courts received a full pardon, and 65 individuals had their sentence reductions reduced under this law. In addition, 12 people under SPAK mandate have benefitted from amnesty for criminal prosecution and their case has been dismissed. Albania should abstain from any action, including amnesty legislation, which has a negative impact on SPAK's fight against corruption. The number of whistle-blower reports remains low. During 2023, the HIDAACI reviewed 13 new whistle-blower reports and one request for protection against retaliation, and an administrative fine was imposed in 11 cases.

The perception among the public, experts and businesses is that there is a high level of corruption in the public sector. This perception has remained relatively stable in recent years.

Institutional framework

The institutional framework for the fight against corruption is in place. Its preventive measures need to be improved, and there are issues with its law enforcement aspects.

The new position of the Minister of State for Public Administration Reform and Anti-Corruption was established in January 2024. The Minister acts as the National Coordinator against Corruption. Her role includes supervising the activities of the General Directorate for Anticorruption (GDAC). However, the GDAC faces challenges with its efficiency. In June 2024, the Council of Ministers adopted a decision to transfer officially the GDAC from the Ministry of Justice to the Ministry of State for Public Administration and Corruption. This decision has not helped tackle existing challenges, especially the need to strengthen the GDAC's preventive functions and capacity. This particularly concerns implementing the strategic framework effectively, paying more attention to those sectors vulnerable to corruption, reviewing the anti-corruption coordinators' capacity and roles, and ensuring effective coordination between institutions, including at local level.

The efficiency of HIDAACI remained constrained. The thorough verification of assets, especially those owned by private entities or concealed through proxy ownership arrangements, is hindered by the administrative boundaries of HIDAACI's mandate, which limits investigative acts and excludes proactive investigations. This limitation is particularly relevant when it comes to verifying assets that may be concealed through private entities or proxy ownership arrangements. Between September 2023 and March 2024, 18 cases were referred by HIDAACI to law enforcement. The declarations of assets are not public published and are only provided on request to registered users, despite legal requirements on making them public.

Public officials' awareness of ethical standards and how they are enforced needs to be improved. The quality and implementation of integrity plans, established at central and local levels, remains weak overall. Concerns remain about the role of the Agency for co-governance and contact with the public in effectively assessing citizens' complaints.

The state police remain highly vulnerable to corruption, and accountability remains weak, despite some anti-corruption efforts. An integrity verification process within the police, including the compulsory declaration on the use by police staff of specific encrypted tools to communicate with organised crime groups, was introduced as of December 2023, following revelations that showed a high level of criminal infiltration and corruption in police ranks. In 2023, the Police Oversight Agency continued to receive a high number of complaints (over 5 000), resulting in 95 disciplinary investigations and 342 individuals referred to prosecution.

Strategic documents

The strategic documents were not in place in the reporting period. The cross-sector Anti-Corruption Strategy for 2015-2023 and the latest action plan for 2020-2023 expired in December 2023. The adoption of a new Anti-Corruption Strategy for 2024-2030 and action plan for 2024-2026, is planned for the end of 2024. The draft strategy pays special attention to vulnerable sectors such as land and property management, state cadastre, health, education, customs, tax, and public procurement, and puts an emphasis on integrity education for young people and incorporates relevant GRECO recommendations. However, the draft strategy has some weaknesses, notably on monitoring mechanisms and institutional coordination.

Legal framework

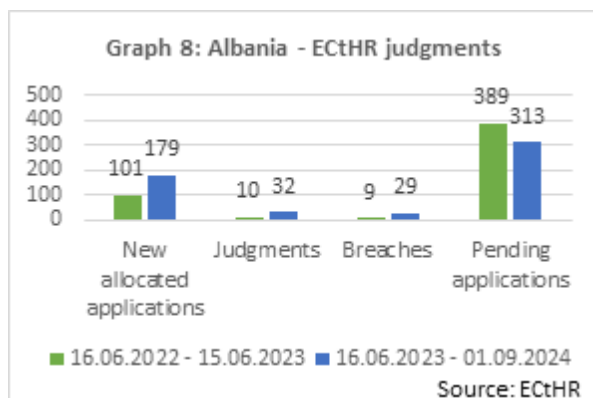
The legal framework for the fight against corruption is largely in place, but preventive measures and law enforcement need to be improved institutional roles and coordination for prevention. The framework needs to be revised to extend the powers of the SPAK courts to matters related to executing their judgments. Albania's legal framework needs to be fully aligned with the EU *acquis* and European standards, especially in the areas of conflict of interest, financing of political parties, donations and sponsorships, whistle-blower protection, the fight against fraud, and seizure of assets and their confiscation. Rules on interaction between high-level officials and lobbyists need to be put in place as do rules on post-employment restrictions that apply both to members of the Council of Ministers and to political advisers. These rules also need to be effectively enforced. Albania needs to promptly and effectively address the outstanding recommendations of the Council of Europe's Group of States against Corruption (GRECO).

Fundamental rights

General framework

The general framework for fundamental rights needs to be improved.

International human rights instruments



Albania is party to the main international human rights instruments. The country has not signed the Optional Protocol to the International Convention on Economic, Social and Cultural Rights. Albania needs to develop a comprehensive monitoring and data collection system to assess the level of implementation of human rights legislation, policies, and strategies. Albania continued to benefit from its observer status at the European Union Agency for Fundamental Rights (FRA).

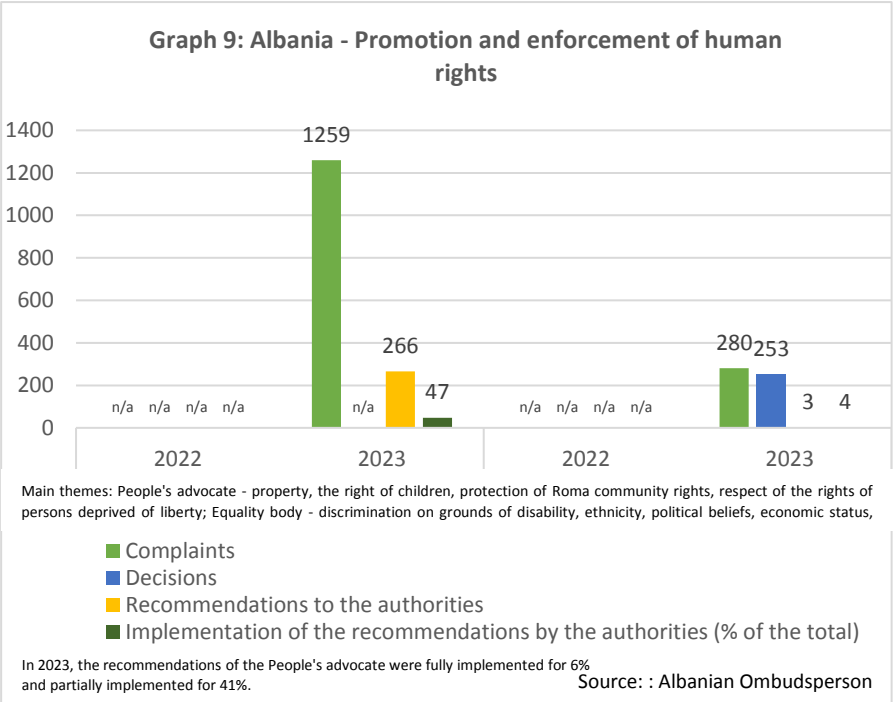
European Court of Human Rights

Albania continues to ensure good cooperation with the European Court of Human Rights (ECtHR). During the reporting period, the Court found breaches of the European Convention on Human Rights relating mainly to the right to respect for private and family life, the right to a fair trial, and the right to

liberty and security. Albania faces challenges in implementing ECtHR judgments. There are currently 16 cases under enhanced supervision by the Committee of Ministers, more than double the figure of 2023 (7 in 2023). Albania needs to make efforts to address systemic or structural issues raised by the Court, including as regards enforcement of ECtHR judgments in the *Strazimiri v. Albania* case, on the inhumane and degrading treatment of forensic psychiatric patients and prisoners with mental disorders. Albania has yet to clarify existing remedies to address unlawful expropriation and demolition of property in *Sharxhi and others v. Albania* case.

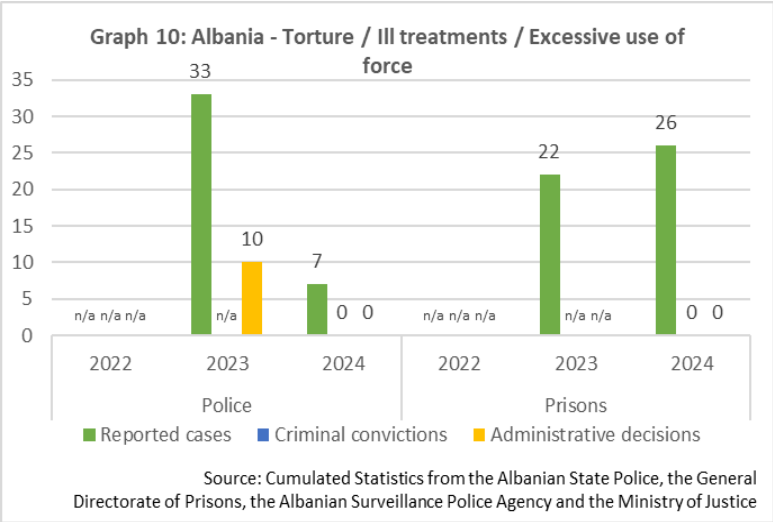
Promotion and enforcement of human rights

Effective enforcement of human rights is challenging, especially on the right to property and children’s rights. The Ombudsperson (People’s Advocate) continued to exercise its mandate satisfactorily; however, staff shortages persist, affecting the functioning of its regional offices. Blockages, delays and the politicisation of the parliamentary appointment of the Ombudsperson remains a concern and need to be urgently addressed. Overall, the implementation rate of the recommendations issued by the Ombudsperson remains low. To improve transparency and accountability, the Ombudsperson should publish their annual report before presenting it to Parliament.

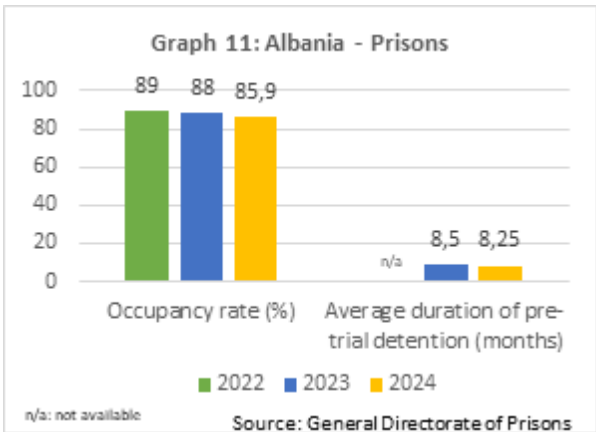


Prevention of torture and ill-treatment

Albania generally complies with its obligations on the prohibition of torture and ill-treatment. The government adopted an action plan to address the main findings and recommendations of the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT) report of January 2024. The functioning of the National Preventive Mechanism is satisfactory; however, the follow-up of its recommendations remains low.



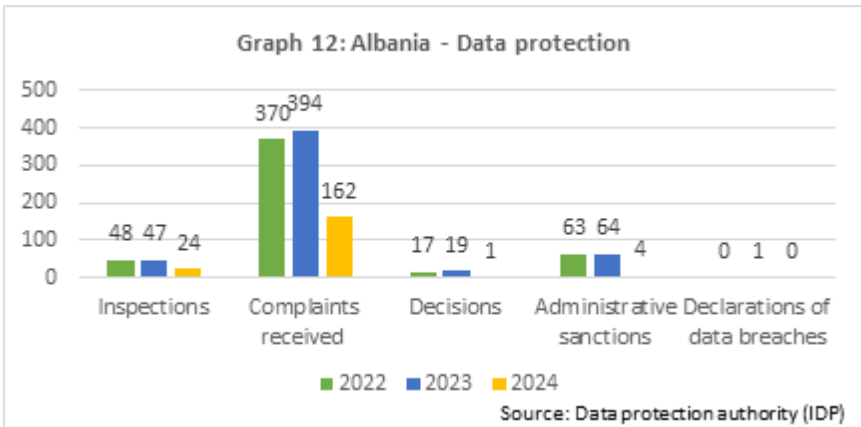
Conditions for prisoners with mental health issues and forensic patients are a serious concern due to overcrowding, a lack of medical and therapeutic staff and inadequate facilities.



Execution of criminal sanctions

Despite some progress, corruption, poor healthcare and a shortage of staff in the penitentiary system and detention centres remain a concern. Three out of 20 prisons are overcrowded. . The probation service is operational and offers alternatives to imprisonment, including for juvenile offenders. However, prevention and rehabilitation need to be improved. The use of electronic monitoring has been suspended since 2017. Special attention should be paid to the deradicalisation of prisoners.

Protection of personal data



Legislation on the protection of personal data needs to be aligned with the EU *acquis*. Concerns remain about the handling of personal data by private companies and public administrations as well as about the weaknesses of government IT systems. Robust safeguards are needed to prevent breaches of personal data. Further action is needed to increase public awareness about potential risks and increase public institutions’ preventive capacity. The capacity of the Office of the Information and Data Protection Commissioner (IDP) needs to be strengthened. The IDP is systematically consulted on draft legislation that can affect personal data; however, implementation of its recommendations is low. The law needs to fully safeguard the independence of the IDP and empower it to adopt binding decisions.

Freedom of religion or belief

Freedom of thought, conscience and religion is generally upheld in Albania.

Freedom of expression

Protection of journalists

The framework for the protection of journalists is in place, but verbal and physical attacks and smear campaigns continued. The use of strategic lawsuits against public participation (SLAPP) increased to 73 reported cases in 2023 (up from 42 in 2022). In 2023, media freedom organisations reported 24 cases of violations of journalists' safety, and 26 up to the end of September 2024. A solid track record of prosecution and judicial follow-up has yet to be established to safeguard the safety of journalists.

Legislative environment

No progress was made in aligning the legislative framework with the EU *acquis* and European standards, including the Media Freedom Act. Similarly, there was no progress in addressing major challenges hampering media independence, in particular high market concentration and the transparency of media ownership, financing sources and economic interests, including public funding. Defamation is still a crime punishable by particularly high criminal fines. The civil law provisions on publishing fraudulent or inaccurate information need to be aligned with European standards. The Criminal Code does not provide for special protection for journalists against violence, attacks or threats while exercising their profession. The legal framework also does not provide for safeguards against SLAPP. It is essential that any change to the legal framework be in line with European standards, including the Venice Commission opinions, and be subject to extensive consultations with media organisations and civil society based on a structured and inclusive dialogue.

The Law on access to information is broadly aligned with European standards; however, shorter and binding deadlines for answers to journalists need to be set based on best European practices.

Implementation of legislation/institutions

The independence of the Audio-Visual Regulatory Authority (AMA) is not guaranteed due to the risk of political and corporate influence on the appointment procedures of AMA board members, the political affiliation of the AMA chair and board members and shortcomings in enforcing the Broadcasting Code on media outlets that air pre-recorded political content during electoral campaigns.

In April 2024, the Parliament established an *ad hoc* parliamentary committee on tackling disinformation and foreign interference, without the support of the opposition. It remains important that this committee ensures a comprehensive approach, and that resulting legislation is fully aligned with EU *acquis* and European standards, including as regards freedom of expression.

Implementation of the Law on access to information is weak, in particular due to an overall institutional culture of withholding and delaying replies to answers, which affects journalists disproportionately.

Public service broadcaster

The independence of the public broadcaster is not guaranteed and needs to be strengthened. This is due to the risk of political influence on the appointment of the management, including the Director General, who previously was a Member of Parliament and Secretary for Relations with Media and Civil Society of the ruling party. In March 2024, concluding a process which had been ongoing for 2 years, Parliament filled the remaining vacancy in the public broadcaster's steering board with cross-party consensus, thus ensuring its full membership. In September 2024, the Director General resigned from his position.

Economic factors

Media independence continues to be negatively influenced by the overlap of political and businesses interests in terms of funding and content and high ownership concentration. High-profile business groups further increased their economic penetration in the media market during the reporting period, and their strong links to political interests are a serious concern. Albanian law provides for limited transparency rules requiring the disclosure of company ownership. This is only applicable to the audiovisual and print media – online media are not subject to any ownership restrictions. The Law on audiovisual media lays

down limited safeguards against the concentration of media ownership and monopolies. The legal framework does not set out any clear rules on the distribution of public sector advertising in line with international standards, and its implementation is not transparent. The state advertising procurement procedure allows sub-contracting in a way that enables the open and competitive standards set out in public procurement rules to be circumvented.

Internet

The state generally refrains from filtering and blocking online content. However, media freedom organisations claim that there are no specific legal provisions to enforce and protect net neutrality. The cybersecurity capacity of media outlets is generally weak. Several cyberattacks against the media were reported during the reporting period.

Professional organisations and working conditions

Limited job security and poor working conditions for journalists pose serious challenges in terms of self-censorship, pressure from politicians and reduced resistance to disinformation. Journalists working in local media, young journalists and female journalists are more vulnerable to these challenges. In 2023, media employees filed 26 complaints with the State Labour Inspectorate against five, bodies. The complaints were primarily related to unpaid salaries, unpaid overtime, holiday work and wrongful termination of employment. More than 140 journalists and media workers have been laid off by the General Director of the public broadcaster from June 2023 till June 2024. In response to a freedom of information request by civil society, the State Labour Inspectorate disclosed that it issued six formal warnings to the public broadcaster for violations of labour and social insurance legislation.

Journalists face serious hardships in terms of limited financial and human resources and the limited possibility to set up effective cooperation with the government to promote the interests of independent media. Self-regulation is negatively affected by limited resources and a polarised media landscape and needs to be further strengthened. The Alliance for Ethical Journalism, a group that brings together stakeholders (including from online outlets), acts as self-regulatory body for the media and is committed to rigorously implementing the Code of Ethics among its members.

Freedom of assembly and association is guaranteed by the constitution and continued to be generally respected.

Labour and trade union rights are covered in *Chapter 19 - Social policy and employment*.

Property rights

The overall enjoyment of property rights is limited. Some steps have been taken on the digitalisation of ownership titles and cadastral maps, but without improvements to the low quality of data. However, significant challenges persist, including widespread corruption in service delivery. Albania must intensify efforts to revise internal procedures, correct cadastral data, finalize pending legalisations, and complete compensation for properties expropriated during the communist era. A thorough risk assessments and implementing a comprehensive integrity plan at the State Cadastre Agency remains essential. Legalisation, expropriation and demolition of buildings must strictly comply with existing legal frameworks, including the principles of transparency and due judicial process.

Non-discrimination

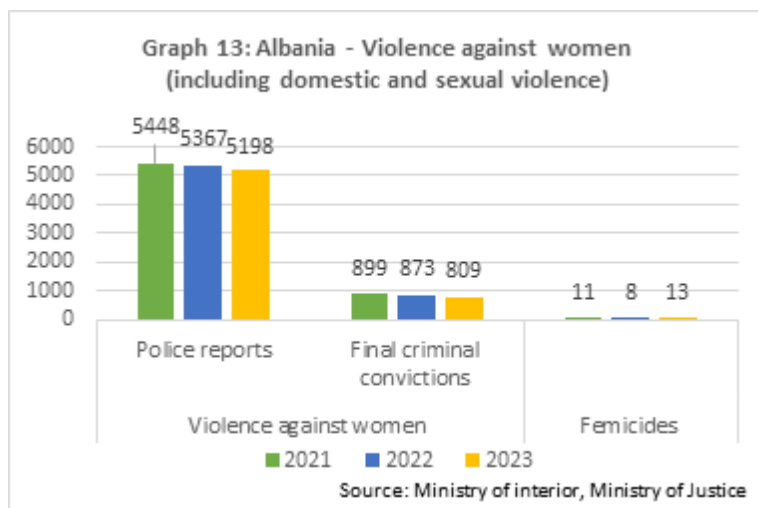
The legal and institutional framework for non-discrimination remains partially aligned with the EU *acquis* and European standards, including on combating racism and xenophobia. The Commissioner for Protection from Discrimination (CPD) continued to exercise its mandate satisfactorily, but staffing levels remain insufficient and need to be ensured. In 2023, the CPD continued to handle a stable number of

cases, mostly in the areas of employment and services. Delays in the parliamentary appointment of the CPD are of concern. Implementation of sectoral non-discrimination action plans needs to be improved.

Hate speech remains a serious concern. Laws on hate speech are in line with European standards; however, better enforcement capacity and greater awareness-raising are needed, particularly in rural and remote areas. In 2023, the CPD handled six cases of hate speech, including on the grounds of race, gender and sexual orientation, confirming hate speech in two of the cases. In 2024, the CPD handled two new cases, which are both under review. Additional training, awareness and capacity-building about hate crime is needed among law enforcement and justice professionals. The collection of data and statistics on hate crime is yet to be fully ensured. A total of 11 cases of hate crime were reported to the police in the reporting period.

Gender equality

The legal and institutional framework for gender equality is partially aligned with the EU *acquis* and European standards. Weaknesses remain in implementing the National Strategy for Gender Equality 2021-2030 and its Action Plan, which focus on overlapping forms of discrimination and vulnerability. Women living in rural and remote areas, Roma⁵ and Egyptian women and LGBTIQ individuals face limited access to primary healthcare and to sexual and reproductive healthcare services. The application of gender responsive budgeting continued in 2023, with 48 out of 75 budget programmes in 11 line ministries and Central Institutions⁴ central institutions assessed to be gender responsive.



The legal framework for gender-based violence is not fully aligned with the Istanbul Convention. Violence against women and girls remains a pressing issue that needs to be addressed. The continued high number of femicides per capita is still a serious concern. Enforcement by police of protection orders remains inefficient, resulting in impunity of violence. The weak accountability of police in handling cases of violence against women is a concern. The Ombudsperson set up a Femicide Watch to report and monitor cases of femicide. Support services for victims of violence continue to be donor-driven and insufficient, particularly in healthcare, the funding of shelters, free legal aid, and the reintegration and rehabilitation of victims of violence.

Rights of the child

The legal and policy framework for the rights of the child is broadly aligned with international standards, but implementation remains challenging despite some progress. Only 39% of the measures in the 2021-2026 National Agenda on the Rights of the Child (NARC) were fully implemented. Coordination

⁵ In line with the terminology of European institutions, the umbrella term ‘Roma’ is used here to refer to a number of different groups, without denying the specificities of these groups.

mechanisms need to be significantly improved in the areas of child trafficking, cybercrime, child marriage, child sexual abuse and the right to healthcare and education. No progress was made on child-friendly justice. The laws to protect minors from child marriage are generally ineffective or applied inconsistently, even though child marriage is a priority budgeted in the national policy framework and the 2021-2026 NARC sets out objectives and measures to combat this practice. Child poverty remains prevalent, and measures taken fall short of effectively addressing it. Despite policies that are consistent with international standards on child labour, domestic child trafficking and forced begging have continued, particularly during the tourist season. A national deinstitutionalisation plan and its economic reform programme are in place but have not been implemented effectively. According to international organisations, in 2023, children made up 66% of all potential and actual victims of human trafficking, 65% of whom were girls, mostly from Roma and Egyptian communities. Violence and sexual violence against children, including online, remains a critical area of concern. In 2023, Child Protection Units managed 2163 cases of children in need of protection (mainly involving children at risk or victims of violence, abuse, neglect or exploitation). The number of child protection workers (241 in all 61 municipalities) is far below the total number needed.

Persons with disabilities

The legal and institutional framework for persons with disabilities is partially compliant with the EU *acquis*. Albania's framework legislation on the rights of persons with disabilities is only partially compliant with the UN Convention on the Rights of Persons with Disabilities (UNCRPD), and the country has not ratified the Optional Protocol to the UNCRPD. Action is needed to tackle discrimination against persons with disabilities, improve accessibility overall and boost opportunities in employment, education and participation in political and public life. The quality of education for children with disabilities, especially children with a hearing impairment, continues to cause concern. There has been no progress on deinstitutionalisation, which needs to be dealt with urgently. The implementation of the 2023 reform of the biopsychosocial assessment has raised concerns about its negative impact on the amount paid with the title of disability benefits.

LGBTIQ persons

The legal and institutional framework for lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) persons is partially aligned with the EU *acquis* and European standards. Albania does not have legislation recognising civil cohabitation or same-sex marriage. Most of the LGBTIQ National Action Plan 2021-2027 has yet to be implemented. The adoption of the medical protocol for transgender and gender diverse persons is a positive step in facilitating the right to healthcare for transgender and gender diverse persons, but implementation not adopted yet and corresponding legal changes still need to be ensured, including the revision of legal rules on changes to identity documents. The 13th Tirana Pride took place peacefully on 25 May 2024. Discrimination against LGBTIQ persons is still very prevalent, especially in access to healthcare, education, justice, employment and housing. As an observer to the work of the European Union Agency for Fundamental Rights, Albania was covered by the III LGBTIQ Trust Survey, which found that overall, in Albania in 2023, 51% felt discriminated against in at least one area of life in the year before the survey (for the EU-27 it was 37%).

Procedural rights and victims' rights

Albania's legal and institutional framework for procedural rights and victims' rights is partially aligned with the EU *acquis*. The legal framework for legal aid is comprehensive, and primary and secondary legal aid are delivered at central and local levels. A new cross-cutting Strategy for the Protection of Crime Victims 2024-2030 was approved through a decision of the Council of Ministers. However, shortcomings remain regarding sufficient budget and coordination. There was no progress in addressing remaining issues related to the procedural rights of suspects and accused persons. On the right to information in criminal proceedings, the refusal or failure to grant access to a case file should be subject to judicial review, ensuring effective remedies. are available. On access to a lawyer, adequate facilities for

confidential client-lawyer consultations need to be provided by courts, prosecutors' offices and the police. On the presumption of innocence, there should be a clear legal ban on public authorities making public references to guilt in public statements and in judicial decisions, other than those on guilt. Moreover, redress should be ensured in the event of a breach of such prohibition. Albania is not aligned with the *acquis* on victims' rights. The Government has approved the national Strategy for "Victim protection", which also sets clear timelines for alignment with the EU *acquis*. Budgetary support for victims and victim compensation are still largely insufficient and needs to be enhanced.

Protection of minorities

The legal framework for the protection of minorities is generally aligned with European standards, but remaining implementing legislation need to be adopted on the crucial issues of free self-identification of national minorities and the use of minority languages, in line with European standards and should be open to wide public consultation. Implementation of the legal framework remains weak overall. The FCNM's Advisory Committee noted that national minorities have limited opportunities for political participation, particularly at national level, and recommended reviewing the procedures for selecting the members of the Committee on National Minorities. The national population and housing census was completed in October 2023, and the preliminary results, including as regards self-declared ethnic identity, were published in June 2024.

Roma

Overall, access to education for the Roma community continues to be problematic, and segregation in schools is still an issue. The overall employment rate of Roma and Egyptians remains very low. Access to health services and personal documents has been improving for both communities. There has been poor implementation of the national action plan for equality, inclusion and participation of Roma and Egyptians in Albania (2021-2025) and the Poznan commitments. The institutional capacity of the Ministry of Health and Social Protection, which coordinates Roma-related policies, remains weak. Additional efforts and resources are required to accelerate the inclusion of Roma and Egyptians, tackle anti-gypsyism, discrimination and educational and physical segregation, to promote participation of Roma, and to reduce the gaps with the rest of the population.

2.2.2 Chapter 24: Justice, freedom and security

The EU has common rules for border control, visas, external migration and asylum. Schengen cooperation entails the lifting of border controls inside the EU. There is also cooperation in the fight against organised crime and terrorism, and judicial, police and customs cooperation.

Fight against organised crime

Albania has continued to work on aligning its legal framework on organised crime with the EU *acquis*.

Institutional set-up and legal alignment

Albania is partially aligned with the EU *acquis* in the field of police cooperation and the fight against organised crime. Implementation of the 2021-2025 strategy against organised and serious crimes and the 2023-2025 action plan is ongoing. Monitoring reports should be made public and discussed to help steer implementation. A new Law on the Albanian State Police was adopted in July 2024. A draft law on the establishment of an **Asset Recovery Office** has been through public consultation in March 2023. The Law should be adopted without delay, and should also taking into account the latest EU directive on asset recovery and confiscation.

In 2023, Albania carried out a comprehensive analysis of the **small arms and light weapons (SALW)** legislation in view of alignment with the EU Firearms Directive, which is ongoing. Albania should adopt a national SALW strategy aligned with the revised Roadmap for the control of SALW in the Western

Balkans (2025-2030). Albania has a national serious and organised crime threat assessment (SOCTA) to guide its operational activities, and it reports on progress every 2 years.

The High Prosecutorial Council (HPC) appointed in March 2024 and July 2024 additional prosecutors to SPAK, which now has all of its 20 special prosecutors.

The financial investigation unit of the Special Prosecution Office (SPO) started operations after the recruitment of 12 investigators in 2023. The establishment of the Judicial Police Services in the National Bureau of Investigation (NBI) is pending the appointment of the NBI Deputy-Director. The number of databases to which the SPO and NBI have direct access has increased; they now include customs, social insurance and tax databases. However, further improvements in analysis capabilities are needed.

District prosecution offices were given more responsibilities. However, these offices lack the staff, training and resources that are required to improve criminal analysis capacity in complex criminal cases.

New legal acts and implementing legislation on **cybercrime** have yet to be adopted. The criminalisation of all forms of **online child sexual abuse** is pending.

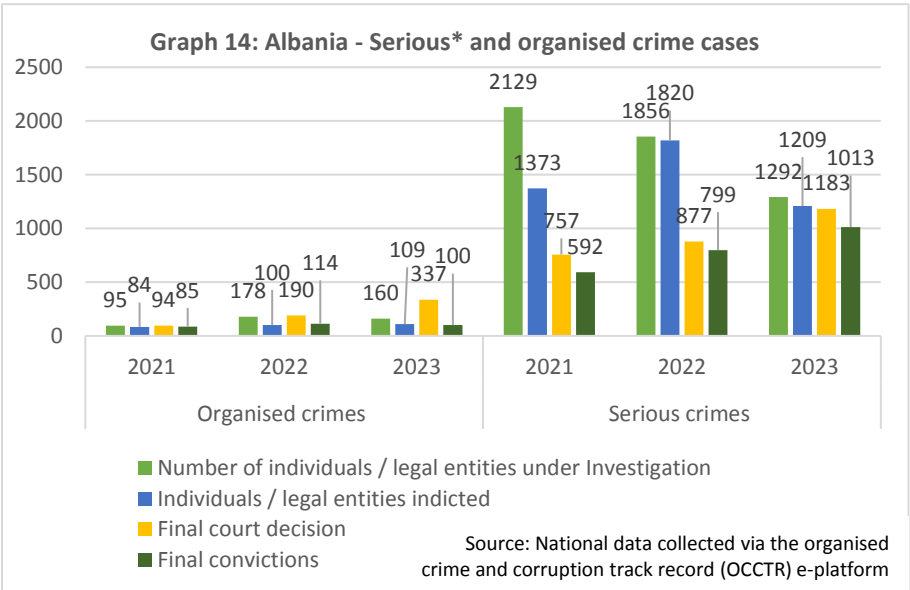
The legal framework for **trafficking in human beings** is partially aligned with the EU *acquis*. It will need to be reviewed in line with amendments to Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims.

On **international police cooperation**, in 2023, a total of 53 international police operations were carried out, 37 fewer than in the previous year. There was a 32.2% increase in messages shared by the Albanian State Police (ASP) with international partners via the Secure Information Exchange Network Application (SIENA). The number of SIENA users increased, and the Financial Intelligence Unit obtained access to SIENA, meeting an outstanding recommendation.

Albania remains an active participant in the European Multidisciplinary Platform against Criminal Threats (EMPACT) with 115 operational actions carried out in 2023 (119 in 2022). The country was an action leader in two of the actions and co-leader in an additional two. Albania actively participated in the INTERPOL I-24/7 system with 26.7% more joint operations compared with 2022.

Cooperation between Albania and the European Union Agency for Law Enforcement Training (CEPOL) continues, but Albania should make more use of it. The revision of the Security Academy agreement with CEPOL is ongoing.

Albania continued to strengthen the fight against **money laundering**. In December 2023, an inter-agency working group was set up to draft the 2024-2030 National Strategy for the prevention of against money laundering and terrorism financing, which was approved in July 2024 (*See also Chapter 4 – Free movement of capital*).



*Data on serious crime cases stem from the aggregation of cases of money laundering, cybercrime, production and trafficking of drugs, firearms related offenses, terrorism, trafficking in human beings and smuggling of persons. Corruption cases are showcased in Chapter 23.

Criminal investigation analysis and methodologies need to be strengthened. Albania needs to increase use of preventive seizure and confiscation of assets as a preventive measure, including non-conviction-based confiscation and third-party confiscation.

Albania must develop its capacity to investigate **cybercrime** to meet the

EU's 2022-2025 priorities for EMPACT. As part of the National Cybersecurity Strategy, a new action plan for 2024-2025 is yet to be adopted.

The national action plan for the fight against trafficking in human beings (2024-2025) was adopted in July 2024. Albanian authorities need to strengthen their capacity to detect, investigate and prosecute traffickers of human beings and fully implement the National Referral Mechanism for victims of trafficking.

Financial investigations do not systematically accompany criminal proceedings from the beginning, and their effectiveness remains limited. The police and prosecutors' financial investigation techniques need to be improved. Asset seizures drastically fell in 2023. Albania reported about EUR 21 million worth of seized assets (compared with EUR 46 million in 2022). Asset confiscation increased in 2023 to EUR 11 million, compared with EUR 5.8 million in 2022, showing a more consistent ratio between seizure and confiscation. In the first seven months of 2024, Albania reported close to EUR 16 million worth of seized assets and close to EUR 4 million worth of confiscated assets.

There is no strategic or systematic approach to identifying and confiscating criminal assets that are abroad or unreachable. Albania should implement rules on extended confiscation and precautionary asset freezing to prevent the assets losing any of their economic value.

The piloted reuse of confiscated assets for social purposes has been largely ineffective, as the state agency fails to allocate suitable assets, and social enterprises do not receive meaningful tax benefits.

Cooperation in the field of drugs

Cooperation in the field of drugs needs to be improved.

Institutional set-up and legal alignment

Albania is partially aligned with EU *acquis* in the field of drugs.

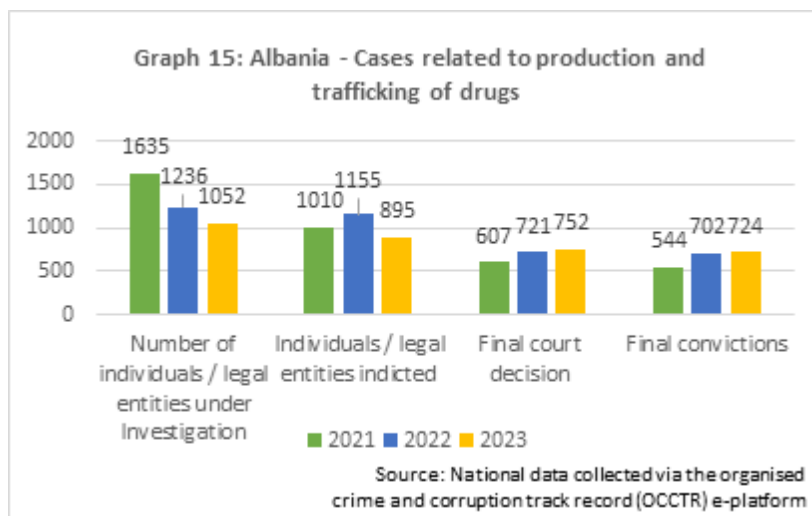
Albania does not have a dedicated national drugs strategy. Security aspects are covered by the strategy against organised crime and serious crimes (2021-2025) and its action plans. Drug demand and harm reduction are mainly addressed in the National Health Strategy 2021-2030 and a dedicated Action Plan 2023-2026. Action plans on the prevention and suppression of the criminal activity of cultivating narcotic plants are developed by the ASP. The latest one was adopted in January 2024.

Albania has not yet set up a national drugs observatory and a national early warning system on the detection of new psychoactive substances. These are crucial prerequisites for an evidence-based and effective policy on drugs.

The Law on narcotic drugs and psychotropic substances was amended in December 2023.

On the legal cultivation of cannabis for medical and industrial purposes, Albania adopted three pieces of the required implementing legislation and appointed the Director-General of the National Cannabis Control Agency. Albania needs to ensure that mechanisms are in place to effectively prevent cannabis from being diverted to unintended use.

Implementation and enforcement capacity



International police and judicial cooperation are well established. Albania is involved in the EMPACT priorities, and most of the joint investigation teams in the field of narcotics were set up, confirming last year's trend. Overall, a total of 53 international operations were carried out during the reporting period, 37 fewer than in 2023.

Airborne remote sensing to detect and monitor cannabis plantations continues with Italian assistance. Improved results in identifying and destroying plants show an increased operational capacity of the ASP to fight illegal cannabis cultivation. Further efforts are needed in financial investigations to seize and confiscate criminal assets of cannabis traffickers and improve identifying Albanian criminal groups.

Implementation of the working arrangements with the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) requires better interinstitutional coordination and reporting capacity.

There has been a decreasing trend in the detection of drug trafficking crimes, which has led to a reduction in the amount of confiscated drugs destroyed.

Fight against terrorism

The fight against terrorism is satisfactory overall.

Institutional set-up and legal alignment

Albania's legal framework in the field of terrorism is partially aligned with the EU *acquis*. It has a comprehensive legal framework for preventing and combating the financing of terrorism. The level of preparation in protecting critical infrastructure remains low. Albania also needs to align its legislation on explosive precursors with the EU *acquis*.

Albania has a national coordinator for countering violent extremism. A deputy minister at the Ministry of the Interior is in charge of monitoring and coordinating strategic goals and measures on counterterrorism. Policy is guided by the strategy for the prevention of violent extremism and the fight against terrorism (2023-2025) and two related action plans. The government has not allocated sufficient funds to implement them. No tangible progress has been made in creating an interinstitutional working group or body to deliver joint national threat assessments and create a threat-level grading system. Albania has made good progress in implementing the revised Joint Action Plan on Counterterrorism for the Western Balkans. The EU-Albania Counterterrorism Dialogue continued.

Implementation and enforcement capacity

The general terrorism threat level remains relatively low. Law enforcement and justice institutions in charge of counterterrorism work professionally and effectively. Albania has made progress in implementing the 2023-2025 strategy to **prevent violent extremism and fight terrorism**. Albania

continues to implement the Joint Action Plan on Counter-Terrorism for the Western Balkans. Preventive work at national and community levels is coordinated by the National Coordination Centre for Countering Violent Extremism (CVE Centre). Frequent leadership changes and high staff turnover hamper its effectiveness. On a regional level, Albania has established in 2023 a regional referral mechanism responsible to identify and refer cases of radicalisation to the CVE Centre. ASP referred eight cases of criminal offences with terrorist intent to the SPO and the district prosecution offices in 2023, and at least 13 cases in the course 2024. Two people sentenced for incitement to terrorism benefited from reduced sentences under the criminal amnesty law adopted by Parliament in April 2024.

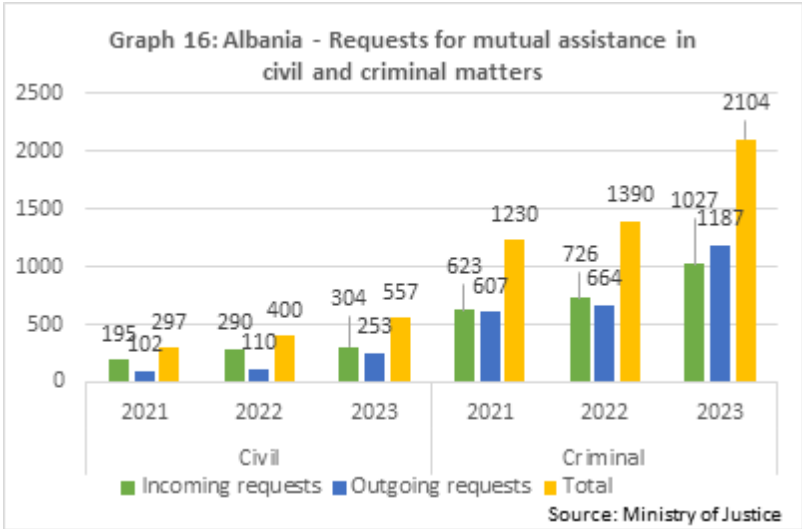
The rehabilitation and reintegration of the 37 family members of foreign terrorist fighters repatriated from Syria between 2020 and 2022 is being handled effectively. Authorities should reduce their reliance on donor-funded activities, and an adequate budget for this work should be allocated to ensure sustainability in the medium and long term. The government is continuing its efforts to repatriate the remaining women and children from the Al-Hol and Al-Roj camps in Syria.

Online radicalisation, radicalisation in prisons and terrorist content online remain major challenges. Albania also needs to improve its ability to monitor and combat the financing of terrorism, including through non-profit organisations. There has also been an increase in attempts by foreign entities to influence religious communities in Albania in recent years.

Judicial cooperation in civil and criminal matters

Judicial cooperation in civil and criminal matters is broadly satisfactory. Judicial cooperation increased between 2021 and 2023 in both civil and criminal matters. The increase is for both outgoing and incoming requests.

The number of joint investigation teams increased to 22 (19 in 2023). Most of the teams (13) continue to work in the field of narcotics.



Cooperation with the European Public Prosecutor’s Office (EPPO) is fully in place. In the reporting period, two representatives maintained Albania’s active participation in the Eurojust regional project ‘Increasing cross-border cooperation in criminal justice in the Western Balkans’ (WB CRIM JUST). This has led to greater interaction between Western Balkans prosecutors in coordinating their investigations.

In February 2024, Albania signed the 2005 Hague Convention on Choice of Court Agreements and the 2007 Protocol on the Law Applicable to Maintenance Obligations. Albania ratified both instruments in June 2024.

Legal and irregular migration

The management of legal and irregular migration is broadly satisfactory.

Institutional set-up and legal alignment

The legal framework for migration is partially aligned with the EU *acquis* and needs updating in line with the latest EU developments. Following the entry into force of the Law on foreigners in November 2021, 30 pieces of implementing legislation have been adopted so far: 7 in 2023 and 4 in 2024. A revised draft Law on foreigners is in preparation.

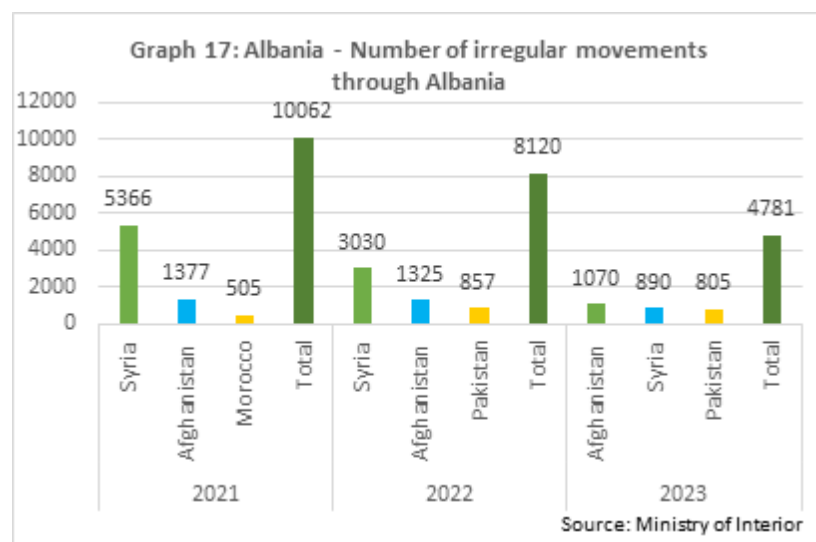
A national migration strategy (2024-2030) was adopted in May 2024, accompanied by an action plan (2024-2026). The strategy includes the main priorities and goals set out in the EU action plan on the Western Balkans. It is aligned with the cross-cutting integrated border management strategy (2021-2027), the national strategy for countering organised crime and serious crime (2021-2025), and commitments made under the EU's Global Alliance to Counter Migrant Smuggling.

Albania requested observer status in the European Migration Network in March 2023.

Implementation and enforcement capacity

Albania cooperated with the EU, its agencies and Member States in implementing the EU action plan on the Western Balkans. Implementation of the action plan and efficient border surveillance, and controls conducted in cooperation with Frontex Joint Teams deployed at the Greek border helped steadily reduce the number of irregular migrants. Around 28% of migrants apprehended in 2023 were caught multiple times. The nationalities arriving the most were Afghans, Syrians and Pakistanis. The authorities' regular and timely reporting on irregular migration flows and asylum has improved.

Albania currently has enough reception capacity with around 600 beds, including 220 beds in the asylum reception centre in Babrru. There are no separate facilities for unaccompanied minors, except in for the Erseka temporary social reception centre. The case management of unaccompanied children is not handled as part of an integrated process. Unaccompanied children need to be included in an effective national child protection system, and pre-screening procedures at all border crossings need to be standardised.



The updated national contingency plan for the possible arrival of a substantial number of migrants and asylum seekers still needs to be adopted along with a corresponding budget.

The ability of border officers to identify vulnerable refugees and migrants needs to improve as does their coordination with child protection and anti-trafficking units. Albania should address the shortcomings identified in its return mechanism for irregular migrants.

Albania has a readmission agreement with the EU, which is functioning well, and implementing protocols with 12 Member States. In 2023, 17 425 Albanian nationals were ordered to leave the EU, and 7 810 were effectively returned. Development of the electronic readmission case management system (e-RCMS) is ongoing. Cooperation between Albania and Frontex on return operations is very good.

The reintegration of returnees, especially of the most vulnerable ones, needs to improve.

The number of third-country nationals voluntarily returning from Albania to their countries of origin remained very low: there were 9 in 2023 (and 6 in 2022). Albania approached several countries of origin to negotiate readmission agreements, but these efforts have been unsuccessful.

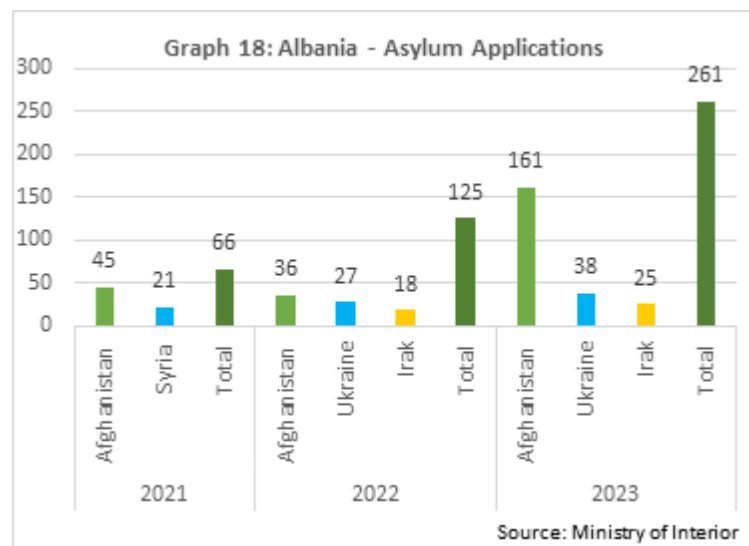
A protocol on migration cooperation between Italy and Albania was signed in November 2023. The protocol needs to be carried out in full compliance with EU and international laws.

Asylum

The legal framework is complete, but asylum management needs to be improved in practice.

Institutional set-up and legal alignment

The Law on asylum is largely aligned with the EU *acquis*. Consultations with the European Union Asylum Agency (EUAA) on the guidelines for their implementation continue.



Albania has the required institutions in place to handle asylum claims.

One of the key pillars in the country's migration strategy for 2024-2030 is to strengthen international protection systems, guarantee the rights of asylum seekers and refugees and provide sustainable solutions.

Asylum laws still need to be implemented effectively. This requires additional investment in administrative capacity and the development of a well-functioning asylum system.

Implementation and enforcement capacity

Albania remains primarily a transit country. Despite a significant drop in arrivals, the number of asylum requests more than doubled in 2023 compared with 2022. Out of all arriving migrants apprehended for the first time, 5.7% of them lodged an asylum request.

Challenges persist in the capacity of Border and Migration Police to identify and refer people who could be in need of international protection. The Directorate for Asylum, Foreigners and Citizenship needs more technical capacity to assess asylum cases and make well-informed decisions.

Since 2018, refugee status has only been granted to one person by Albania.

Visa policy

Albania's visa policy is still not fully aligned with the EU's, in particular the list of countries whose nationals require an entry visa. Albania still has a visa-free regime with 13 countries that are on the EU list of visa-required countries, of which seven enjoy permanent visa exemption and six have a temporary visa waiver lasting from March until December (this latter practice is incompatible with EU *acquis*). Indonesia was added to this list of countries benefiting from a temporary visa waiver in March 2024. In May 2024, Albania partially suspended its visa-free waiver with Belarus for diplomatic and service passport holders. This visa-free regime is however maintained for all Belarus holders of an ordinary passport. In July 2024, Albania revoked its visa waiver with Guyana. As part of its Reform Agenda under the Growth Plan, Albania committed to further align with the EU-list of visa-required countries.

The Commission's October 2023 sixth report under the visa suspension mechanism concluded that Albania had taken action to address most of the previous recommendations. According to Eurostat, Albanian citizens lodging asylum requests in EU Member States fell by 30% in 2023 compared with 2022. In 2023, 8.8% more Albanian nationals were refused permission to exit Albania compared with 2022. This can be attributed to the strengthening of border crossing controls and the implementation of certain legislation.

Schengen and external borders

Institutional set-up and legal alignment

The legislative framework for the management of Albania's external borders is not aligned with European standards. The Law on border control, which brought in rules on advance passenger information and passenger name records (PNR), is not aligned with the EU *acquis*.

Implementation and enforcement capacity

The entry into force in June 2024 of the new Frontex Status Agreement has allowed for the operational deployment across all of the country's borders.

Implementation of the national integrated border management strategy 2021-2027 is ongoing. A successful implementation of Frontex Joint Operation Land and Albania Sea continued. In 2023, Albania conducted 1 127 joint patrols in line with respective protocols with Kosovo*, Montenegro, North Macedonia and Italy, 15% more than in 2022.

The total information management system (TIMS) system still suffers from security and data protection vulnerabilities, and these need to be urgently addressed.

Euro counterfeiting (criminal law aspect)

The corresponding legislation is broadly in line with the EU *acquis* on the suppression of counterfeit currency.

All aspects of customs cooperation are covered in *Chapter 29 – Customs Union*.

* This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

2.3. ECONOMIC CRITERIA

Table 1.1:	2015-20	2021	2022	2023
Albania - Key economic figures	average			
GDP per capita (% of EU-27 in PPS) ¹⁾	30	31	34	35
Real GDP growth	2.0	8.9	4.8	3.4
Economic activity rate of the population aged 15-64 (%) , total	67.4	69.3	73.2	75.7
<i>female</i>	59.0	61.4	66.8	69.6
<i>male</i>	75.8	77.3	80.0	82.0
Unemployment rate of the population aged 15-64 (%) , total	14.0	12.1	11.3	11.2
<i>female</i>	13.6	12.4	11.7	11.3
<i>male</i>	14.4	11.8	10.9	11.1
Employment of the population aged 15-64 (annual growth %)	2.7	-0.4	4.8	1.6
Nominal wages (annual growth %)	2.8	6.3	8.2	14.0
Consumer price index (annual growth %)	1.7	2.0	6.7	4.8
Exchange rate against EUR	130.9	122.5	119.0	108.8
Current account balance (% of GDP)	-7.8	-7.7	-5.9	-0.9
Net foreign direct investment, FDI (% of GDP)	7.9	6.5	6.6	5.9
General government balance (% of GDP)	-3.0	-4.6	-3.7	-1.4
General government debt (% of GDP)	70.5	74.5	64.5	59.2

Notes:

1) Eurostat

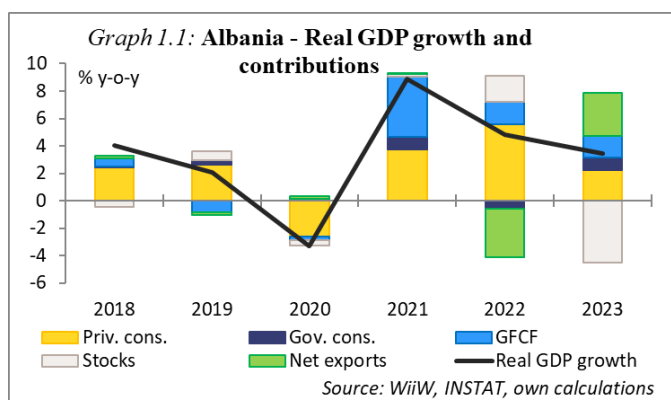
Source: national sources

2.3.1. The existence of a functioning market economy

Economic governance

Albania continued to pursue stability-oriented economic policies. Fiscal consolidation continued in 2023, with a narrowed budget deficit, a positive primary balance, and a public debt ratio that continued to fall. In December 2023, the Parliament adopted the 2024 budget. However, in February and then again in August 2024, the Council of Ministers approved a normative act to amend the budget, which is against the commitment to use the regular legislative process for budget amendments. The Bank of Albania (BoA) tightened its monetary policy twice in 2023 and kept the key interest rates unchanged throughout the first half of 2024, before slightly lowering them in July. Albania submitted its 2024-2026 Economic Reform Programme (ERP) to the European Commission in mid-January 2024. The ERP emphasised the government's commitment to maintaining macroeconomic stability, achieving surpluses in the primary balance and abiding to the fiscal rules set out in the organic budget law.

Implementation of the policy guidance set out in the conclusions of the May 2023 Economic and Financial Dialogue has been partial. Fiscal guidance was implemented to a significant extent, and there was partial progress on reforms to strengthen revenues. Albania established a national single project pipeline (NSPP), but still needs to strengthen the procedures for project appraisal and selection and further integrate Public Private Partnerships (PPPs) into the NSPP. In October 2023, a Youth Guarantee scheme pilot was

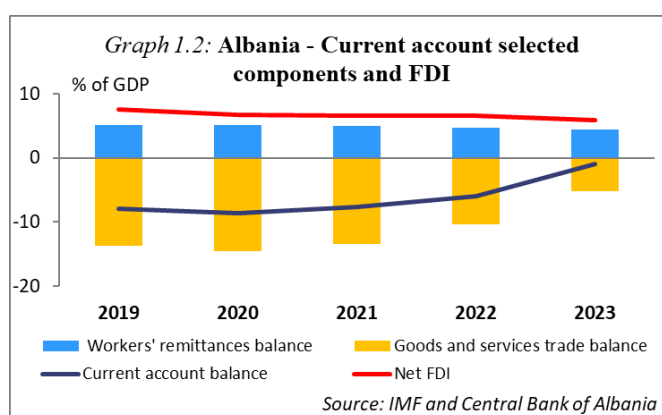


launched in three regions.

Macroeconomic stability

Albania's economy registered robust and relatively broad-based growth. After contracting in 2020 and rebounding strongly in 2021 and 2022, with growth rates of 8.9% and 4.9% respectively, the economy's expansion slowed down but remained robust at 3.4% in 2023. This was underpinned by domestic and external demand, with strong services exports (mainly linked to the tourism sector). Government spending was supported by sizeable wage increases on the back of the public sector wage reform, but growth in private household spending decelerated compared to previous years. Investment was spurred by private capital formation, including high inflows of foreign direct investment. Construction, real estate and services were the main drivers of growth on the production side. Most economic sectors recorded positive growth, but agriculture and industry registered losses, contributing negatively to GDP growth in 2023. These macroeconomic developments largely continued into the first quarter of 2024, with tourism continuing to perform well and real growth standing at 3.6%. Convergence with EU income levels had stagnated in between 2015 and 2020 with GDP per capita (at purchasing power parity) having remained at 30% of the EU average, before rising to 31% in 2021, 34% in 2022 and 35% in 2023.

The current account deficit was reduced significantly in 2023. It fell to the historic low of 0.9% of GDP in 2023, down from 5.9% in 2022 (and the average was 7.7% for the period between 2017 and 2021). The reduction was driven by the improvement in the balance of goods and services trade. Total export growth was driven by services, which grew by 21% (offsetting the decline in goods exports), while total imports fell as a share of GDP. The service trade surplus, relying mostly on tourism-related revenue, continued to increase in 2023 to 16% of GDP, while the goods trade deficit narrowed to 21% of GDP. Remittances increased in nominal terms, but their share in GDP continued to fall from 4.6% in 2022 to 4.3% in 2023. The primary income deficit narrowed.



Foreign direct investment (FDI) inflows continued to increase. They grew by 4.8% in 2023, but their share in GDP declined to 5.9%, down from 6.6% in 2022. The financial services and insurance sector and real estate were the main drivers of FDI inflows. Once again, FDI inflows fully financed the current account deficit in 2023. Portfolio investments also increased due to the issue of Eurobonds in 2023. The external debt-to-GDP ratio is on a declining trend, falling by 6.8 pps to 47.5% in 2023, reflecting the robust economic growth after the COVID-19 pandemic. Foreign exchange reserves have been consistently increasing in recent years. At the end of 2023, they covered 7.3 months of imports of goods and services and exceeded the short-term external debt by several times.

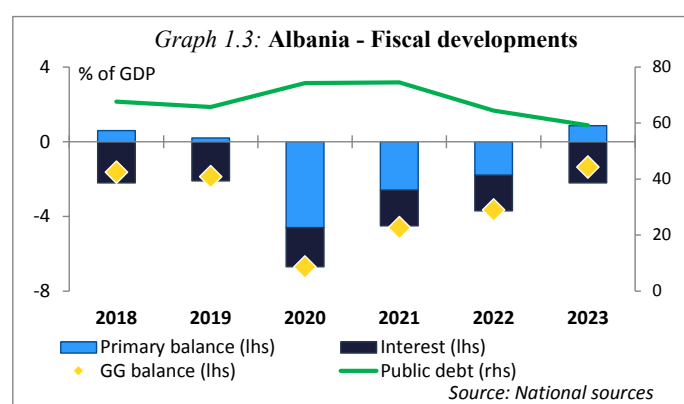
Inflation fell in 2023 and continued to ease in 2024. Headline inflation peaked at 8.3% in October 2022, lower than in other Western Balkan countries due to regulated electricity prices and currency appreciation. The average inflation rate declined from 6.7% in 2022 to 4.8% in 2023, and it slowed further to 2.1% in the second quarter of 2024. The disinflationary process in both headline and core inflation was driven by lower international commodity prices, an appreciating exchange rate and the effects of monetary policy tightening. In 2023, the BoA raised the policy rate in two steps by a cumulative 50 bps to 3.25%. The appreciation of the lek was driven by buoyant foreign exchange inflows due to strong tourism, increasing FDIs and higher remittances. Services inflation continues to contribute

significantly to core inflation against the background of a tight labour market and robust wage growth. On the back of declining inflation, in July 2024 the Bank of Albania lowered the key interest rates by 25 bps.

Fiscal performance improved in 2023, as the budget deficit narrowed and public debt declined.

Following an expansionary fiscal policy in 2020-2021 (that mitigated the negative shocks caused by the 2019 earthquake and COVID-19), the fiscal deficit declined in 2022 and even further in 2023. In 2023, the budget deficit narrowed to 1.4% of GDP, not only due to strong revenue growth but also due to lower than planned execution of public investments. The wage bill increased significantly on the back of public wage reform, while interest expenditures jumped due to higher borrowing costs. The government debt ratio fell from 64.5% of GDP in 2022 to below 60% in 2023, well below its pre-pandemic level, reflecting a positive primary balance and high nominal GDP growth. The 2024 budget targets a public debt of 58.2% of GDP, a fiscal deficit of 2.4% of GDP and a continuing positive primary balance, in line with the fiscal rules. The government took steps to improve the monitoring of fiscal risks by, for example, working on a standalone Fiscal Risk Statement and creating a fiscal directorate in the new structure of the Ministry of Finance in February 2024, but further efforts are needed (including building the capacity of this directorate).

The government revenue ratio remains relatively low.



Overall, total revenues rose from 26.8% of GDP in 2022 to 27.8% of GDP in 2023, driven by strong tax revenue growth (10.6% year-on-year). Nevertheless, the revenue ratio is low compared to the country's peers. The amended income tax law, taking effect in 2024, aimed at broadening the tax base, by bringing self-employed professionals into the personal income taxation. However, the law was challenged at the Constitutional Court, and thus the tax policy for self-employed professionals will need to be revised. A new Law on property tax was drafted in 2023, but its adoption has been postponed. Improving

the tax administration and implementing an updated (and adopted) medium-term revenue strategy (MTRS) will be essential steps to support further increases in public revenues. A higher tax revenue ratio is crucial to sustain investments in both physical and human capital, and to firmly anchor the downward trend in public debt.

Progress was made on public investment management and public finance management. While weaknesses in investment planning and execution persist, Albania updated its national single project pipeline (NSPP), approved by the Council of Ministers in July 2023. The authorities have included environmental assessment and climate impact criteria in the project selection process and introduced a climate assessment in the project preparation. The ranking of the projects in the NSPP based on their strategic importance, maturity and financing is yet to be completed. This is necessary to facilitate medium-term budget planning. The necessary legal amendments to integrate public-private partnerships into the NSPP and into the regular public investment management cycle are also outstanding. A new 2023-2030 public finance management (PFM) strategy was approved in June 2024 to improve transparency, accountability, fiscal discipline and efficiency in the use of public resources.

The macroeconomic policy mix remained appropriate, supporting macroeconomic stability and growth. Macroeconomic policies were effective in substantially lowering inflation while preserving robust economic growth. Improved fiscal performance and a reduction in the debt-to-GDP ratio restored some fiscal space, but vulnerabilities remain given the persistently high debt ratio, elevated financing needs, increased interest costs and uncertain external environment. Increasing public revenues remains vital for safeguarding a sustainable fiscal position.

Functioning of product markets

Business environment

The business environment is hampered by a large informal economy. Informal economy remains widespread, impacting fair competition among businesses. The Albanian State Statistics Institute estimates that informal employment accounts for 29.4% of total employment, excluding the agricultural sector. There are high levels of informal employment in agriculture, the wholesale and retail trade, and in construction. Tourism, a sector prone to informality, has grown significantly in recent years, posing challenges to the fight against the informal economy. To help address undeclared work, the Albanian Inspectorate of Labour and Social Services carried out inspections in the tourism and construction sectors, implemented awareness-raising campaigns and worked on automating its risk-based planning process, which helps determine the sectors it needs to inspect. The tax administration made efforts to tackle the informal economy by carrying out audits and checks based on risk analysis. Increasing VAT registration, reducing undeclared work and the under-declaration of wages, and reducing tax fraud all remain significant challenges.

Inefficiencies in public administration, an excessive regulatory framework and corruption pose further challenges to the business environment. Corruption continues to pose challenges to businesses, although the track record of investigation and prosecution of high-level corruption has slightly improved⁶. Albania ranked 98th (out of 180 countries) in the 2023 Transparency International corruption perception index – an improvement compared with 2022 when Albania ranked 101st. While businesses appreciate progress in the justice reform and actions taken by the newly established judicial institutions to tackle corruption, issues with lengthy court procedures remain due to a backlog of files in the second tier of the administrative court. Irregularities in public procurement procedures are still perceived as an obstacle for businesses. Moreover, digitalising the cadastre still needs to be completed, and there are discrepancies in the information on property deeds. Despite improvements in the public consultation process, business representatives continue to have serious concerns (for example, about short consultations periods and no reflection of proposals feedback in the draft laws/measures). Key enablers of a favourable business climate include the strengthening of the implementation of the justice and anti-corruption reform measures, the adoption of the unified investment law, putting adequate consumer protection laws in place, and reducing cash payments.

State influence on product markets

The state's presence in the economy remains limited overall. In 2023, Albania reported State aid of 0.37% of GDP. About 61.6% of the State Aid is horizontal aid, while sectoral aid constitutes 38.4% of the total aid. The main instruments took the form of grants and exemption from taxes, reimbursement or reduction of the tax rate. The public sector's share of gross value added of the economy slightly increased post-pandemic to an average of 11.1% in 2020-2023, from about 10.6% in 2015-2019. The proportion of public sector employment⁷ to total employment decreased from 15.6 % in 2021 to 14.5% in 2023. On the back of the energy crisis, the government introduced a price cap on electricity for domestic customers in 2021, which was extended until December 2023. In 2024, Albania introduced a State Guarantee Instrument of ALL 4 billion (0.17% of GDP) to support businesses in the clothing industry, which was affected by the strengthening exchange rate, to help secure necessary financing from banks. Overall, the independence of the State Aid Commission (SAC) has not yet been ensured (See also Chapter 8 – Competition Policy).

Privatisation and restructuring

⁶ OECD, Western Balkans Competitiveness Outlook 2024.

⁷ As a share of total employment of 15 to 64-year-olds, according to LFS (INSTAT).

Oversight and monitoring of state-owned enterprises (SOEs) remains weak. SOEs in Albania operate in a largely decentralised manner, lacking a whole-of-government ownership policy to professionalise ownership practices or to clarify the state's objectives regarding SOEs.⁸ In 2022 the Institute of Statistics (using ESA 2010 methodology) categorised between 189 extra-budgetary units of the central government (including some SOEs) and local government (water utilities and football clubs), 28 non-financial public corporations and 2 public financial corporations. The Ministry of Economy, Culture and Innovation owns 100% of the capital in 13 joint-stock companies, and more than 50% of two joint-stock companies, one of which is going through a liquidation procedure. Additionally, a new joint-stock company, "*Operatori i Blerjeve të Përqendruara*", was created in 2023. The Ministry of Infrastructure and Energy has the ownership of state-owned companies in the field of energy (KESH, OSHEE, Albgaz and Albpetrol) and owns the majority of shares in the water supply and sewerage companies. Meanwhile, in July 2024, Albania adopted the Law on the establishment of the state-owned company for production and trade of arms, ammunition and military technology equipment (KAYO). Currently there is no central overview of the state's portfolio of SOEs, with information on their size, employment or financial returns. The governance system of SOEs does not fully comply with international standards, which is also reflected also in the weak financial viability of some of these companies. State-owned energy utilities, in particular, are reliant on budget support and state guarantees, suggesting potential fiscal risks. Privatisation was limited in 2023; only one State asset was sold.

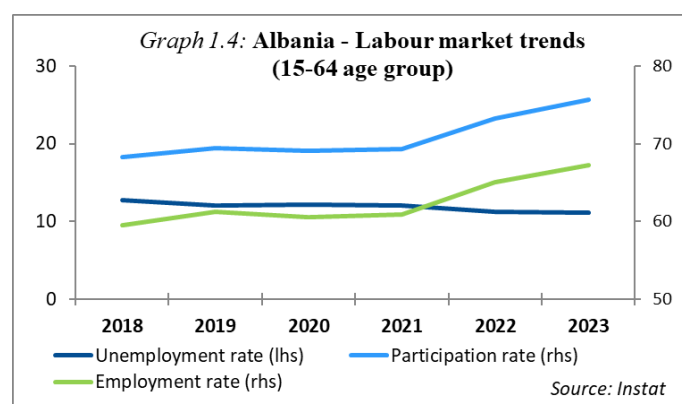
Functioning of the financial market

Banking sector capitalisation remains above the regulatory minimum, while profitability improved significantly in 2023. Banks had an aggregate capital adequacy ratio of 19.4% in December 2023, well above the 12% minimum requirement, and their profitability improved significantly, driven by higher net interest income. The ratio of non-performing loans to total loans declined from 5% in 2022 to 4.7% at the end of 2023 – the lowest level recorded since the global financial crisis in 2008. Nevertheless, credit risks need to be closely monitored as there is a high share of variable rate loans (about 75% of the banks' loans). The high share of government securities among banks' assets continues to expose them to sovereign risk.

Businesses in Albania predominantly rely on bank financing, but financial intermediation remains low overall. The banking sector continues to dominate the financial system, accounting for approximately 90% of total assets. The increase in the stock of loans moderated in 2023 mainly due to an exchange rate-driven contraction in foreign currency loans. Credit growth in the lek accelerated strongly (driven by real estate and mortgage loans). Financial intermediation level remained low – the share of private sector loans stood at 32% of GDP in January 2024.

Functioning of the labour market

The labour market continued to improve, but labour shortages pose challenges for businesses. Employment increased in 2023, in particular in the services sector. The employment rate for the



population aged 15 to 64 grew to 67.2% in 2023, up from 65% in 2022, mainly fuelled by a higher participation rate. Despite recent improvements in the activity rate of women, the gender gap was 13.2 pps in Q4-2023. The unemployment rate dropped slightly to 11.2% in 2023, while the youth unemployment rate (15-29) remained high at 22%. The average gross monthly wage per employee grew by

14% year-on-year in 2023, with wages in the public sector growing faster (16.9%) compared with those in the private sector (12.6%). At the same time, the approved minimum wage increased by around 20.3%, affecting all sectors of the economy. Wages continued to increase in the first quarter of 2024, with the average gross monthly wage reaching about EUR 700. Despite the improving labour market situation, emigration remains an issue, leading to labour shortages, especially of skilled workers. Preliminary results of the Population and Housing Census 2023 show that Albania's population fell from 2.8 million in 2011 to 2.4 million in 2023 (a 14% decline). Thus, the working age population declined, including skilled workers. Such population dynamics restrict the medium-term growth prospects. For countering the high level of emigration, the government worked on developing a new National Strategy on Migration (2024-30) and an action plan (2024-26).

2.3.2. The capacity to cope with competitive pressure and market forces within the EU.

Education and innovation

The quality of education and training remains low and affects the availability of skilled labour. OECD PISA 2022 results indicate that a significant number of 15-year-olds are not acquiring basic skills (in reading, mathematics and science). Average 2022 results were down compared to 2018 in mathematics, reading and science. High rates of early school leavers (17.5% in 2021), as well as overall low level of digital skills continue to pose challenges. A continued high rate of young people (aged 15-29) not in education, employment or training (NEET) is observed, standing at [26.1% in 2022], more than double the EU average (11.2% in 2023). Efforts are ongoing in strengthening vocational education and training (VET), but the number of people attending VET schools is still low (17.7% of upper secondary students versus the regional average of 58%). More progress is needed in engaging the private sector in the VET system in order to adapt curricula to better meet labour market needs. In 2024, the average teacher's salary increased, following the second stage of the public wage reform, which entered into force on 1 July 2024. This will increase spending on education as a share of total expenditure by 0.4 pps year-on-year to 7.5% in 2024. Work is still under way to design the methodology for data collection and processing on public expenses dedicated to R&D.

Physical capital and quality of infrastructure

Investment grew in 2023, and there was some progress on infrastructure projects. Albania stepped up its efforts to make progress on road construction, particularly in touristic areas, and on rail infrastructure projects, aiming to improve interregional connectivity and trade-related infrastructure. On digital infrastructure, the total number of broadband subscribers was 611 130 (22% of the population) in the third quarter of 2023, an increase of 7.6% compared with the same quarter in 2022. Despite its efforts, Albania lags behind the other Western Balkan countries in fixed broadband penetration. Furthermore, the number of households with fixed internet subscription with access speeds exceeding 100 Mbps is low, and internet access inequalities between urban and rural populations persist. As regards the energy sector, Albania's overreliance on hydropower for electricity generation remains a challenge. Some steps have been taken towards energy diversification, with the adoption of a new law on renewable energy sources (in April 2023) and the first wind auctions taking place in the second half of 2023.

Sectoral and enterprise structure

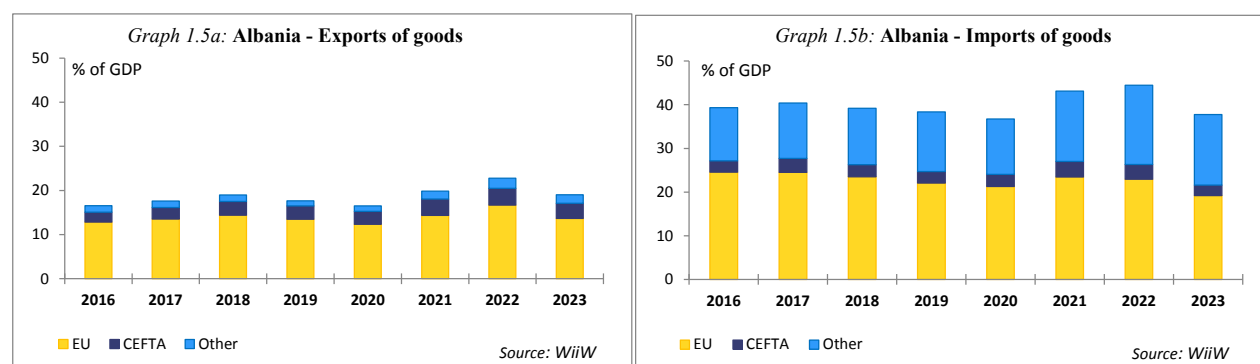
While the services sector is expanding, agriculture continues to play an essential role in the Albanian economy. Tourism has surged since the pandemic, with foreign arrivals reaching new record highs in 2023. This increased the share of services in gross value added from 54.2% in 2022 to 55% in 2023. Services also account for the largest proportion of the workforce (about 44% of total employment). Although the share in gross value added of agriculture fell to 20.9% of GDP (from 21.3% in 2022), the sector continues to play a major role in the economy (employing about 34% of the country's workforce). Stronger investment activity led the construction sector's share in gross value added to increase to 11.8% in 2023, up from 11.1% in 2022. Manufacturing has been increasing in recent years, but it fell in 2023 (by

0.8 pps year-on-year to 6.7%). Industry also faced headwinds in 2023 due to weak foreign demand and the appreciating domestic currency, its share in gross value added dropping by 1 pp. to 12.4%.

Small and medium-sized enterprises are the backbone of the Albanian economy. In 2022, Micro, Small and Medium-sized Enterprises (MSMEs) made up 99.8% of all economic enterprises. They account for 82.1% of the total number of employees and generated 78.4% of value added of all non-agriculture economic enterprises. 93.7% of total MSMEs are microenterprises with one to nine employees.

Economic integration with the EU and price competitiveness

The EU remains Albania's main trading and investment partner. Trade openness averaged 4.6% of GDP in 2023 (5.2% in 2022). The share of total exports in GDP increased by 2.4 pps year-on-year to 39.9% in 2023 thanks to the robust export growth of services (mostly tourism-related). However, the share remains one of the lowest in the region, largely due to the very low share of goods exports, which declined in 2023. Total imports-to-GDP ratio declined by 2.8 pps year-on-year to 45.1%. EU countries had a 57.9% share in Albania's total merchandise trade in 2023. They absorbed 71.8% of Albania's total goods exports and provided 50.9% of its total imports. FDI inflows from the EU increased to 55.4% in 2023 (up from an average of 51% in 2019-2022), while the EU's share of FDI stocks increased as well to 54.8% (up from an average of 53.5% in between 2019 and 2022). Overall, Albania's price competitiveness deteriorated as reflected in the appreciation of the real effective exchange rate, the increase in nominal wages and lower goods exports.



2.4. PUBLIC PROCUREMENT, STATISTICS, FINANCIAL CONTROL

Chapter 5: Public procurement

EU rules ensure that public procurement of goods, services and works in any Member State is transparent and open to all EU companies on the basis of non-discrimination and equal treatment.

Institutional set-up and legal alignment

The **legal framework** on public procurement is largely aligned with the 2014 Directive on public procurement and procurement of utilities. Further alignment was achieved through an amendment to the procurement law (PPL) adopted in February 2024 abolishing the consultancy services procurement category, among other changes. The amendments allow financial thresholds to be modified by the government. In May 2024, the government adopted a decision bringing the threshold closer to the one stipulated in the EU directive.

However, the provision in the adopted law amendment that allows the Council of Ministers, for a period of 3 years, to authorise central government institutions to negotiate and conclude international consultancy agreements in 'areas of strategic interest' and thus exempting them from opening

competition, raises concerns over its compliance with the EU *acquis* and with the Stabilisation and Association Agreement.

The Law on concessions and public-private partnerships (PPPs) is partially aligned with the EU *acquis*. Work on a substantial revision of the PPP law with a view to aligning it with the EU *acquis* is ongoing.

The Public Procurement Agency (PPA) has strengthened its support role to contracting authorities in tender formulation. It has 42 staff members, out of envisaged 48 posts. In May 2024, the Council of Ministers adopted a new Public Procurement Strategy 2024-2030 and Action Plan (2024-2027).

In September 2023, the government established a new state-owned Central Procurement entity, which incorporated the functions of the Agency for Centralised Procurement. Following the split of the Ministry of Finance and Economy, the Concessions Treatment Agency (ATRAKO) will fall under the new Ministry of Economy. Both ATRAKO and the Ministry of Finance need to strengthen their reporting on PPPs, which is lacking.

Implementation and enforcement capacity

Albania's **public procurement market** represented about 6.7% of GDP in 2023 (9.4% of GDP in 2022). The number of negotiated procedures without prior publication remained broadly at its recent much decreased levels (2.9% of all awarded tenders compared to 3.3% in 2022); 2% of total value of awarded tenders compared to 0.9% 2022, and 3.4% in 2021). The use of framework agreements fell slightly in terms of numbers (746 compared 763 in 2022), and also represented a lower total value.

The application of the most economically advantageous tender criteria for the award of public procurement contracts was lower in 2023 than in 2022, both in terms of awarded tenders in which it was used (3.6% in 2023, compared to 7.3% in 2022), and in terms of value on associated contracts (20.3% compared to 33.9% in 2022).

The use of new PPPs and concessions remains at very low levels. In 2023, there were no new procedures published.

The contracting authorities need to continue to build **capacity to manage public procurement processes**. Ongoing training continued with 247 participants being registered from 98 central, local and independent institutions and private entities in 2023. The PPA has advanced is setting up a certification system for procurement staff in contracting authorities.

Regarding **prevention of corruption** in public procurement, Albania should focus on further strengthening the functioning of the overall system to increase competition, compliance and professionalisation.

Efficient remedy system

The Constitution and the PPL contain provisions on the **right to legal remedy** that are mostly in line with the remedies Directive.

The Public Procurement Committee (PPC) is the independent review body dealing with complaints about public procurement and concessions/PPP. The number of posts at PPC was increased to 42 in 2023, of which currently 36 are filled.

In 2023, the PPC received 886 complaints (compared to 782 complaints in 2022). 464 of these were fully or partially accepted by PPC for treatment. The PPC processed 90.6% of complaints with the deadlines, and the average time it took to reach a decision fell further to 10 days.

Chapter 18: Statistics

European statistics are developed, produced and disseminated by EU Member States, guided by the principles and quality criteria elaborated in the Regulation on European statistics, such as professional independence, impartiality, reliability, accessibility and statistical confidentiality. Common rules are

provided for the methodology, production and dissemination of statistical information, which are further specified in sectoral legislation that constitute the EU acquis on statistics.

On the **statistical infrastructure**, Albania's legislation is in line with European standards and respects the principles of European Statistics Code of Practice, and most classifications are in line with EU standards. The 2024 annual statistics plan was approved by Parliament. INSTAT continues to face capacity constraints and staff turnover. Cyber-attacks on INSTAT in early 2024 affected operations. It will need to invest in its IT infrastructure, particularly regarding cybersecurity.

On **macroeconomic statistics**, Albania is partly aligned with European System of National and Regional Accounts (ESA 2010). Production and transmission of national and regional accounts, excessive deficit procedure (EDP) notifications, government finance statistics (GFS), and international trade in goods statistics to Eurostat all improved. However, improvements are needed on annual sector accounts and financial accounts, and on production and transmission of harmonised indices of consumer prices at constant tax rates, and the monthly balance of payments. Albania should allow the publication of its GFS data submitted to Eurostat on a best-effort basis. On **business statistics**, short-term statistics (STS) (for industry, construction, retail trade and other services) are partly compliant. However, some STS indicators on industrial turnover (hours worked, indicators on business registrations, bankruptcies, and business demography) are still not transmitted to Eurostat. Furthermore, INSTAT need to produce a complete data set of research and development, and on innovation. INSTAT continues to achieve high response rates in both business and household surveys.

On **social statistics**, INSTAT regularly conducts the labour force survey, with microdata being provided to Eurostat, and the annual survey of income and living conditions (SILC), but job vacancy statistics are still not produced. External migration and asylum statistics are partly aligned with the EU *acquis*. Crime statistics are published yearly, but the International Classification of Crime for Statistical Purposes is not. Sex-disaggregated data collection improved, but further work is needed on certain groups. The results of the population and housing census (PHC) were presented by INSTAT on 28 June 2024. This showed a decline in the overall population by 420 000 since 2011 to 2.4 million, mostly due to emigration, and an increase in the average age of the population to 42.7 (7 years more than in 2011). Given the delays in the implementation of the PHC Albania needs to pay attention to data rebasing to align it with Eurostat reporting requirements.

Agricultural statistics are partly aligned with the EU *acquis*. Improvement was made on administrative registers, but the data quality still needs to be improved. Preparatory work for the agricultural census has been conducted, but INSTAT will still need to undertake important steps such as updating its work plan and budget, ensure the adoption of the agricultural census law, finalise the questionnaire and ensure the census logistics are in place.

Environmental statistics are partly aligned with the EU *acquis*. Material flow accounts are well aligned, while air emission accounts, physical energy flow accounts and environmental taxes by economic activity remain partially in compliance with the EU requirements. Albania collects data on municipal waste but needs to collect and transmit statistics on industrial waste and ensure a comprehensive estimate of all plastic packaging waste generated and recycled. **Energy statistics** are partly aligned with the EU *acquis* and substantial further work is required to reach full alignment with the EU *acquis* on energy statistics.

Chapter 32: Financial control

The EU promotes the reform of national governance systems to improve managerial accountability, sound financial management of income and expenditure, and external audit of public funds. The financial control rules further protect the EU's financial interests against fraud in the management of EU funds and the euro against counterfeiting.

Public internal financial control (PIFC)

A specific **strategic framework** for PIFC exists. The PIFC strategy is incorporated in the new PFM Strategy adopted in June 2024. Annual PIFC reports are prepared regularly. They are presented to the Council of Ministers and Parliament as part of the approval of the budget.

The **internal control** system is only partially effective. Relevant legislation is broadly in line with European standards. Despite steps to improve the internal control system, further efforts are needed to advance the implementation of PIFC reforms. Risk management is still at an early stage and needs to be better incorporated into the management of financial and operational processes.

Managerial accountability is not yet fully embodied in the legislation and the administrative practice. The instructions on the delegation of financial responsibilities need to be consistently implemented. In practice, a very small number of administrative decisions are delegated to lower levels (See above under *Public administration reform*).

The legislative framework on **internal audit** is in line with international standards.

In 2023, there were 441 internal auditors, of whom 353 had basic certification. A new system for the advanced certification of auditors is under implementation.

In 2023, the **Central Harmonisation Unit** assessed compliance with manuals and instructions of the internal audit activities of 19 internal audit units. It found that 37%, were partially or fully compliant, compared to 36% in 2022.

External audit

Albania's **legal framework** guarantees the independence of the State Audit Institution. During the reporting period, it adopted a new strategic development plan for 2023-2027. The State Audit Institution continued to improve its **institutional capacity**. The number of staff increased to 216. It carries out annual professional development activities for audit staff.

The **quality of audit work** improved and complies with the standards of the International Organisation of Supreme Audit Institutions (INTOSAI). The objectives of the State Audit Institution have shifted to performance and financial audits.

The **impact of audit work** has shown some progress. In 2023, 160 audit reports were submitted to Parliament. The State Audit Institution regularly reports on the implementation of its recommendations. Albania should improve implementation of external audit recommendations. Although 98% of recommendations issued in 2022 audits were accepted, only 47% were fully or partially implemented by end 2023. The State Audit Institution reported four criminal charges to Prosecution Office in 2022 involving 16 officials.. ALSAI continues to collaborate and provide information to the prosecutor in relation to findings in its audit that may have a criminal aspect. ALSAI reported the transmission 67 materials to the Special prosecutor in 2023. In July 2024, the Parliament agreed to set up a subcommittee under the budget and economy commission, dedicated to the follow up of ALSAI reports and the monitoring and dialogue between parliament and ALSAI. ALSAI findings were also discussed in special inquiry committees set up by parliament. Increased use of ALSAI audits in the parliamentary budget oversight process should be ensured through the operationalisation of the recently set-up parliamentary subcommittee.

Protection of the EU's financial interests

Albania has ensured some level of **alignment with the EU *acquis*** in the area. However, it still needs to fully harmonise its legislation with the EU Directive on the fight against fraud to the EU's financial interests by means of criminal law.

The national **anti-fraud coordination service** established a network which meets regularly. Still, the authorities' part of the AFCOS network in relation to protecting EU's financial interests should be clarified. A national anti-fraud strategy still needs to be adopted.

Although **cooperation with the European Commission** on investigations has somewhat improved, Albania needs to step up its efforts on developing a solid track record on cooperation on investigations and on reporting of irregularities by providing, among others, effective operational assistance to investigators from the European Anti-Fraud Office (OLAF). In 2023, Albania reported 53 cases of irregularities via the Irregularity Management System.

Protection of the euro against counterfeiting

During the reporting period, there were no developments regarding **alignment with the EU *acquis*** on the definition of counterfeit banknotes and coins on the procedures for gathering, storing and withdrawing them from circulation. In 2023, Albania seized 508 counterfeit euro coins and 11 euro banknotes, representing 76% of all seized counterfeit currencies.

3. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION

Good neighbourly relations and regional cooperation form an essential part of Albania's European integration process. They contribute to stability, reconciliation and a climate conducive to addressing open bilateral issues and the legacies of the past.

Albania continued to actively engage in a number of regional cooperation initiatives, such as the Central European Free Trade Agreement (CEFTA), the Energy Community, the Transport Community, the South-East European Cooperation Process (SEECP) and the Regional Cooperation Council (RCC).

The fourth annual **EU-Western Balkans Summit** took place in Brussels in December 2023, reaffirming the EU membership perspective of the Western Balkans and exploring measures to further advance gradual integration.

In January 2023, Albania had assumed the Chairmanship-in-Office of the Western Balkans Fund. Albania also assumed the Chairmanship-in-Office of the Berlin Process. Albania has actively engaged in the regional dimension of the **Growth Plan for the Western Balkans**, participating in both ministerial and leaders' meetings and hosted the February Leaders meeting in Tirana.

On the **Common Regional Market (CRM)**, in October 2023, the Berlin Process Summit took place for the first time in the region in Tirana. An additional agreement was adopted on the recognition of professional qualifications for nurses, veterinary surgeons, pharmacists and midwives. The **roadmap for roaming** between the Western Balkans and the EU entered the first phase of implementation. Albania has ratified all four mobility agreements signed at the Berlin Process Summit in November 2022 and has deposited the related notification instruments. Twelve major decisions were agreed by the CEFTA Joint Committee in October 2024.

In January 2024, Albania, Serbia and North Macedonia signed the first Protocol on the Implementation of the Agreement on Conditions for Free Access to the Labour Market in the Western Balkans.

Albania generally maintains good **bilateral relations** with other enlargement countries and neighbouring EU Member States.

Relations with **Bosnia and Herzegovina** upgraded. Albania opened an embassy in Sarajevo in December 2023, and the two countries' representatives continue to make high-level visits.

Albania's relations with **Kosovo** remained good. The two countries engaged in diplomatic consultations aiming to align their foreign policy. Albania pledged support to revitalise the process of international recognition for Kosovo and its membership in international organisations, including NATO. In May 2024, the agreement abolishing ID and passport controls on the common border came into force. Albania has welcomed the visa liberalisation for Kosovo and supports Kosovo's membership bid for the Council of Europe.

Relations with **Montenegro** remained good. In January 2024, the Albanian Minister for Europe and Foreign Affairs visited Montenegro in a bid to strengthen bilateral relations and take stock of the implementation of the agreements signed in the previous government-to-government meeting between the two countries.

Relations with **North Macedonia** remained good, and the two countries celebrated 30 years of diplomatic relations. The two states signed bilateral agreements and strengthened their joint cooperation on security, defence, infrastructure, energy, education, science and culture. An agreement on the joint control of border points between the two countries entered into force in July 2023.

Relations with **Serbia** remained good overall, with regular high-level political contacts.

Relations with **Türkiye** were further strengthened. In February 2024, the first meeting of the Albania-Türkiye High-Level Strategic Cooperation Council took place in Ankara. Six agreements were signed, including on environment and protected areas, defence, urban planning, media and communications. Türkiye provided regular support to modernise the Albanian Armed Forces. Türkiye continued to put pressure on Albania to deliver on dismantling the ‘Gülen’ movement in the country.

Relations with **Georgia** remained good. Bilateral relations are active in international fora. Albania supports Georgia’s territorial integrity and sovereignty and has voiced appreciation of Georgia’s aspirations to integrate into the EU and NATO.

Relations with the **Republic of Moldova** remained good. The President of Moldova attended the Tirana South-East Europe Summit in February 2024 and engaged in bilateral talks with the Prime Minister of Albania.

Relations with **Ukraine** further intensified in the reporting period. Albania has provided extensive military assistance and hosted the very first WB6 Summit with the presence of Ukraine’s president in Tirana in February 2024. In the margins of the summit, the two countries signed a treaty of friendship and cooperation and furthered bilateral relations on trade, economy, science, culture, healthcare, environmental protection, tourism and sports.

Relations with **Greece** remained good overall, and political contacts continued, although Greek minority rights remained subject of disagreement. The pre-trial detention of an ethnic Greek mayor-elect, who was arrested on the eve of the 2023 local elections on charges of vote-buying, has been a source of tension.

Relations with **Italy** remained very good, as also reflected in the exchange of high-level visits. In November 2023, the two governments signed an agreement leading to the transfer of asylum seekers rescued at sea by Italian authorities to Italian-funded detention centres located in Albania. In February 2024, the two countries signed an agreement on social security and pensions, and about 500 Albanians living in Italy are expected to benefit from it.

4. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: INTERNAL MARKET

This cluster covers: free movement of goods (Chapter 1); freedom of movement for workers (Chapter 2); right of establishment and freedom to provide services (Chapter 3); free movement of capital (Chapter 4); company law (Chapter 6); intellectual property law (Chapter 7); competition policy (Chapter 8); financial services (Chapter 9) and consumer and health protection (Chapter 28). This cluster is key to Albania’s preparations for the requirements of the EU’s internal market and is very relevant for the development of the Common Regional Market.

Chapter 1: Free movement of goods

The free movement of goods ensures that many products can be traded freely across the EU based on common rules and procedures. Where products are governed by national rules, the principle of the free movement of goods prevents these rules from creating unjustified barriers to trade.

General principles

Albania continues to implement a national roadmap for alignment of *acquis* in the area of free movement of goods, which has an action plan for legal alignment and capacity building in the medium term (2023-2025) and the long term (2026-2030).

Non-harmonised area

Albania has now extended to the non-harmonised areas the scope of its ongoing work on drafting an action plan for screening national technical regulations to comply with **Articles 34-36 of the TFEU**.

Harmonised area: quality infrastructure

Since February 2024 the new Ministry of Economy, Culture and Innovation (MECI) is responsible for this area. It needs to recruit further staff to fully cover it. More qualified inspection staff are also needed to better ensure **market surveillance**. From September 2023 – March 2024, 1 196 market surveillance inspections were done on non-food products, finding 71 products in non-conformity, resulting in 25 administrative measures (two warnings, 20 fines and three urgent measures).

Albania's legislation on **accreditation**, on **market surveillance** and on **conformity assessment** is partially aligned with the EU *acquis*. On **standardisation**, the Albanian legal framework shows a high level of alignment with the EU *acquis*. Albania's General Directorate of Standardisation is a full member of the European Telecommunication Standards Institute (ETSI). In the context of its application to become a full member of the European Committee for Standardisation (CEN) and the European Committee for Electrotechnical Standardisation (CENELEC) Albania continued to address the issues identified by the subsequent CEN/CENELEC peer review. National standards are adopted in line with EU standards of CEN, CENELEC and ETSI. There are currently 118 accredited conformity assessment bodies in Albania that have been accredited by Directorate of Accreditation (DPA), including 52 testing laboratories and 1 calibration laboratory. The General Directorate of **Metrology** is fully staffed and operational. Albania has not prepared its legislation to be aligned with the EU requirements on **notification of national legislation**.

Harmonised area: sectoral legislation

In the area of **'new and global approach' product legislation**, Albania adopted implementing legislation designed to be fully aligned with the EU *acquis* on medical devices. There were no developments on alignment with other EU *acquis* in this area.

On **'old approach' product legislation**, there were no developments on alignment with the EU *acquis*, including on registration, evaluation, authorisation and restriction of chemicals (REACH); on chemical classification, labelling and packaging, or on motor vehicles, on aerosol dispensers, and on detergents. Albanian legislation is partly aligned on **drug precursors**, though the list of controlled substances already complies with the relevant lists in the EU *acquis*.

On **procedural measures**, there were no developments on alignment with the EU *acquis*, including on the return of **cultural objects unlawfully removed from the territory of an EU Member State**.

Albania has anti-corruption measures in place on transparency on accreditation, conformity assessment, tariffs, legal acts and the activities of public bodies. Some agencies and the customs administration that perform market surveillance have rules on transparency, ethics and conflicts of interest, and are subject to audits. However, more efforts are needed in terms of enforcement.

Chapter 2: Freedom of movement of workers

Citizens of one Member State have the right to work in another Member State and must be given the same working and social conditions as other workers.

Regarding **access to the labour market**, in the period January-June 2024, 509 EU citizens benefited from the simplified procedure. Employment in civil service positions and in the state police require Albanian citizenship.

A national migration strategy for 2024-2030 was adopted in May 2024, accompanied by an action plan 2024-2026 which includes specific measures aimed at harmonising national legislation on foreigners with EU standards, as well as measures to provide information to EU workers and their families.

In preparation for joining the **European network of employment services (EURES)**, Albania has put in place an integrated database for its employment services that, upon its connection to EURES, can facilitate exchanges of information between IT departments on civil status, the tax system, the compulsory healthcare system and the economic assistance system. The National List of Occupations has been aligned with the European Skills, Competences, Qualifications, and Occupations (ESCO) multilingual classification allowing for database transfer and connection with EURES. The national list of occupational codes used in Albania has been mapped as per the ESCO codes. From the national list of occupation (totalling 5,400 codes of occupations), 2- 900 codes have been mapped to the ESCO list of occupations.

On the **coordination of social security systems**, Albania has bilateral agreements with six EU Member States and three aspiring members. During the reporting period, bilateral agreements with Bulgaria, Croatia and Montenegro have been ratified by Albania and await entry into force. The bilateral agreement with Italy was decreed in May 2024 while agreements with Serbia, Poland and Greece are still pending. Further efforts are needed to advance the negotiations for bilateral agreements with Denmark, Slovenia, Moldova and Spain. The legal provisions needed for the integration of the European Health Insurance Card (EHIC) in Albania have not yet been developed in the country's legislative framework.

In November 2023, Albania adopted a law “‘On private pension funds’” aiming to enhance the regulation of private pension funds in Albania in line with the EU Directive “‘On the activities and supervision of institutions for occupational retirement provision’”.

As per the Ministry of Justice's monitoring report of the intersectoral strategy against corruption 2015-2023, all agencies and institutions under the Ministry of Interior have adopted integrity plans.

Chapter 3: Right of establishment and freedom to provide services

EU natural and legal persons have the right to establish themselves in any Member State and to provide cross-border services. For certain regulated professions, there are rules on mutual recognition of qualifications. EU rules on postal services focus on improving the quality of universal service, gradual market opening to competition, and the establishment of an independent regulator.

On the **right of establishment and freedom to provide cross-border services**, Albania has in place the National Business Centre which functions as a one-stop-shop for registering businesses and issuing licences, authorisations and permits. E-Albania portal serves as a single point of contact for accessing electronic services. No progress was achieved on the further alignment of the Law on services with the EU Service Directive, and on addressing the barriers to the freedom of establishment and free movement of services, following the completion of self-screening exercise in 2023.

In the area of **postal services**, Albanian legislation is aligned with the EU postal *acquis*. The 2021-2026 Postal Strategy for the development of the postal sector is implemented. There is currently one universal service provider (Albanian Post SA) designated until 2025, and 24 other postal service providers on the

market. The Electronic and Postal Communications Authority (AKEP) is the independent national regulatory authority.

No progress can be reported in the area of **mutual recognition of professional qualifications** as regards further alignment with the EU *acquis*. Along with the other Western Balkan countries, as part of the Common Regional Market actions, Albania signed in October 2023, the Agreement on Mutual Recognition of Professional Qualifications for Nurses, Veterinary Surgeons, Pharmacists and Midwives.

Chapter 4: Free movement of capital

In the EU, capital and investments must be able to move without restriction, with common rules for cross-border payments. Banks and other economic operators apply certain rules to support the fight against money laundering and terrorist financing.

On **capital movements and payments**, Albania has still not met its commitment, due since 2016 under the Stabilisation and Association Agreement (SAA), to enable EU nationals and entities to acquire agricultural real estate. Currently this is planned for 2025, following the engagements taken during the screening.

On **payment systems**, e-money account numbers have doubled since 2022, and in December 2023 a new reporting system for e-money institutions and payment institutions was put in place. In January 2024, a national strategy on financial literacy and inclusion was adopted. In February 2024, the Bank of Albania (BoA) supervisory board adopted a guideline for payment institutions to report on ‘major incidents’, related to operational or security incidents/threats. In late 2023, the BoA adopted a new methodology for banks to report on payment instruments. In April 2024 a law entered into force to align with the EU *acquis* on payment accounts (Payment Account Directive). Progress was made on alignment with the SEPA Regulation by the adoption in April 2024 of implementing legislation on requirements for credit transfers and direct debits in euro. In May, Albania adopted the regulation on the comparability of the fees related to payment accounts and payment accounts switching service. In June 2024, Albania submitted its formal application to the European Payments Council to join the Single Euro Payment Area (SEPA). In the framework of SEPA application, in August Albania adopted the regulation on Information Accompanying Transfers of Funds, aiming partial alignment with the relevant EU Regulation. The 2023 tourism boom led to an increased demand for credit card e-payment transactions, although high interchange fees mean this remains expensive for businesses, and also partly determined the 18% increase in the number of installed points of sale (POS).

On the **fight against money laundering and terrorism financing**, Albania continued to implement the Moneyval recommendations on improving measures on tackling money laundering and terrorist financing, and substantially completed the 2020 Action Plan, which resulted in FATF decision on de-listing Albania from its grey list in October 2023. In July 2024 the Albanian National Coordination Committee on fight against Money Laundering adopted the Strategy on prevention of money laundering and terrorism financing 2024-2030. Albania has legislation in place on risk management standards and licencing requirements for financial institutions, including non-banks and foreign exchange bureaux, in line with Moneyval recommendations. National legislation adopted in July 2023 is designed to be aligned with the EU *acquis* on anti-money laundering and the register of beneficiary owners is operational. Following the adoption of this law, the Albanian Finance Intelligence Unit’s (AFIU) capacities were reinforced, and it enhanced internal training on financial investigation techniques, asset tracing, seizure and confiscation, on risk-based implementation techniques, and on cybercrime prevention indicators, and training on this was also provided to other entities. Major reporting entities to the AFIU during the reporting period continued to be the financial institutions- banks and non-banks, followed by notaries offices. During 2023, the Bank of Albania inspected 50 foreign exchange offices (FEO), focusing on the fulfilment of anti-money laundering (AML) legislation requirements. These led to 15 fines and eight warning notices, and the revocation of licenses to 14 FEOs, reducing their number to 621.

Chapter 6: Company law

The EU has common rules on the formation, registration and disclosure requirements of a company, with complementary rules for accounting and financial reporting, and statutory audit.

Although there is some alignment with the EU *acquis* in a range of **company law and corporate governance** areas, there was no legislative progress during the reporting period. Further alignment is needed with the Directive on the use of digital tools and the Directive on cross-border mergers, divisions and conversions, as well as with rules on encouraging long-term shareholder engagement (Shareholder Rights Directive II) and with some aspects related to take-over bids. A corporate governance code for listed companies still needs to be developed in line with the OECD principles. The National Business Centre is responsible for company registration, allowing free online registration and online access to data. In February 2024, the National Business Centre received the ISO 9001:2015 certification for services in the business register, the register of licences, authorisations and permits and the register of beneficial owners.

In the area of **company reporting**, the Law on accounting and financial statements is partially aligned with the EU 2013 Accounting Directive with progress to be made as regards application to SMEs and public-interest entities as well as on country-by-country reporting. In addition, Albania needs to align with the 2022 Directive on corporate sustainability reporting. The 2020 Law on capital markets provides specific **transparency** rules for listed companies regarding financial reporting, including fines in case of non-compliance. On **statutory audit**, Albania should strengthen the capacity of the Public Audit Oversight Board in terms of staffing and funding and further align its framework with EU statutory audit rules.

Chapter 7: Intellectual property law

The EU has harmonised rules for the legal protection of intellectual property rights (IPR), copyright and related rights. Rules for the legal protection of IPR cover, for instance, patents and trademarks, designs, biotechnological inventions and pharmaceuticals. Rules for the legal protection of copyright and related rights cover, for instance, books, films, software and broadcasting.

In the area of **copyright and related rights**, implementing legislation concerning the procedure and fair compensation for the use of orphan works as well as the database of works subject to copyrights was approved in November 2023.

The new process of licencing and renewal of licencing of collective management organisations (CMOs) was completed and the first call launched in September 2024. The process of drafting the new methodology and tariffs of copyright revenues was finalised and is in consultations with interested parties.

Albania is not yet aligned with several provisions of the Directive on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market, the Directive on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations and retransmissions of television and radio programmes, and the Directive on copyright and related rights in the Digital Single Market.

On **industrial property rights**, the 2022-2025 national intellectual property strategy is being implemented. Albania needs to further align its legislation with the *acquis* on patents and on trademarks.

In 2023, 1 311 national and 2 022 international applications to register trademarks were filed with the General Directorate of Industrial Property (compared with 1 165 and 2 072, respectively, in 2022). In 2023, 69 applications to register industrial designs were submitted to the General Directorate of Industrial Property (compared with 19 in 2022). There were nine applications for national patents in 2023, compared with 21 in 2022.

The State Inspectorate for Market Surveillance (SIMS) is responsible for monitoring the **enforcement** of intellectual property rights. In 2023, the copyright division of SIMS carried out 354 inspections, resulting in 52 administrative sanctions. The SIMS industrial property division carried out 178 inspections in 2023, resulting in nine administrative sanctions.

Bilateral collaboration with the European Union Intellectual Property Office is ongoing in the framework of *inter alia* an MoU, focusing mainly on convergency of common practices, technical and operational support with harmonisation of *acquis* and examination guidelines, as well as integration into EUIPO data bases and networks.

Chapter 8: Competition policy

EU rules protect free competition. They include antitrust rules against restrictive agreements between companies and abuse of a dominant position, and also include rules on concentrations between companies which would significantly impede effective competition. EU rules also set out a system of State aid control. Governments are only allowed to grant State aid if restrictive conditions are met, with a view to preventing distortion of competition.

Antitrust and mergers

Albania's **legislative framework** is broadly in line with the EU *acquis* and the SAA.

In 2023, to further align its secondary legislation with the EU *acquis*, the Competition Commission approved two decisions on the manual of procedures for anti-competitive conduct and on the best practices for the disclosure of information in databases, during the investigation and control procedures of concentrations.

The **institutional framework** is based on the Albanian Competition Authority (ACA) which is an operationally independent authority reporting to Parliament and enjoys adequate prerogatives. On **enforcement capacity**, the ACA has maintained the total number of staff at 46. On **implementation**, between September 2023 and August 2024, the ACA issued 96 decisions, including four on prohibited agreements, three on abuse of a dominant position and 53 authorising concentrations. The ACA has carried out the preliminary and in-depth investigation procedures involving dawn raids in several sectors of the economy. The ACA should continue to strengthen its enforcement of competition rules.

State aid

On the **legislative framework**, the framework Law on State aid largely reflects Articles 107 and 108 TFEU but the implementing legislation is partially aligned with the EU *acquis* only in some areas such as the General Block Exemption Regulation.

Regarding the **institutional framework**, the State Aid Commission (SAC) is responsible for implementing the Law on State aid. Its operational independence, which is required by the SAA, has yet to be guaranteed, given that it is an arm of the Ministry of Finance and Economy. In this respect, a policy impact assessment (PIA) was finalised and will serve as a technical blueprint, offering options for ensuring the operational independence of SAC.

The SAC's **enforcement capacity** remains insufficient as the staffing of its secretariat needs to be significantly increased. On **implementation**, in the reporting period, the SAC approved five decisions on the authorisation of State aid including the support to eco-innovative businesses as well as the employment of newly graduated students. The SAC can issue decisions on illegal and incompatible aid and order recovery but has not done so to date. The enforcement track record on State aid control needs to be significantly improved. Advocacy activities among grantors need to be stepped up to ensure prior notification of aid measures.

Liberalisation

The Law on State aid applies to all legal and natural persons performing an economic activity. There has been no investigation of State aid for public undertakings or undertakings with special or exclusive rights.

Chapter 9: Financial services

EU rules aim to ensure fair competition among, and the stability of, financial institutions, namely banking, insurance, supplementary pensions, investment services and securities markets. They include rules on authorisation, operation and supervision of these institutions.

In the area of **banking and financial conglomerates**, technical work continued but is not completed on further alignment with the latest versions of the Capital Requirements Regulation and the Capital Requirements Directive. During the reporting period the Bank of Albania (BoA) performed two full-scope inspections of financial institutions. Upon Albania's delisting from the FATF 'grey list', the BoA submitted its official request to the European Bank Authority for the equivalence assessment. In October, the BoA supervisory board adopted implementing legislation on data reporting, identification and monitoring of indicators related to lending and investment in real estate by banks. There were no developments on further alignment with the recovery and resolution framework for banks with the EU *acquis*. BoA completed the 2023 resolution planning cycle for 11 banks.

In the reporting period four banks issued financial instruments eligible for the minimum requirement for own funds and eligible liabilities (MREL), thus meeting the intermediate target level for 2023. BoA its work on strengthening the resolvability of banks and updated existing and prepared new methodology for the calculation of MREL, as well as policies and guidelines. It participated in resolution college meetings organised by the SRB for two European banking groups with subsidiaries operating in Albania. Of the eleven banks operating in Albania, two are systemic banks that are subsidiaries of EU banks. BoA monitors the performance of financial assets of the Resolution Fund each quarter through the Albanian Deposit Insurance Agency. It maintained the same non-performing loan ratio level during the first half of 2024, as in 2023 (4.7% in July 2024). Due to a fraud case involving non-bank financial institutions and bailiff offices in treatment of bad loans, which was investigated by the judiciary institutions during the reporting period, BoA took legal measures on revocation of licenses of the involved non-bank financial institutions and amended the regulation on licensing. Legal framework revision that ensures consumer protection on the activities of non-bank financial institutions, as well as other related measures that ensure transparency in contract executions by bailiff services is needed.

In the area of **insurance and occupational pensions**, in November 2023 Albania adopted a Law on private pension funds to increase alignment with the EU *acquis* on the activities and supervision of institutions for occupational retirement provision (IORP II) and continued with the adoption of sub-legal acts during the first half of 2024. Albania needs to step up efforts to increase its level of compliance with principles of the International the Association of Insurance Supervisors (IAIS).

On the **financial market infrastructure**, Albania has not made further progress in the reporting period. The country remains partially aligned with financial markets infrastructure legislation.

On **securities markets and investment services**, AFSA supervises the securities market in accordance with the national law on capital markets. In November 2023, the AFSA adopted implementing legislation on the periodic reporting by investment firms, banks offering investment services, and market institutions, designed to align with the EU *acquis*. On **investment funds**, Albania has not reported further progress since 2023 and it remains partially aligned. While it made achievements with investment fund legislation, a number of deviations from the EU *acquis* require further adjustment. Moreover, in light of the recent review of the EU's frameworks, Albania would need to step up its efforts to align its regulatory framework.

On **sustainable and digital finance**, BoA has in place Mid-term Green Strategy 2023-2025 focused on the management and supervision of climate-related financial risks in the financial sector. A progress

report on its implementation was published in May 2024. The AFSA has incorporated in its 2023-2027 strategy, priority actions with green/sustainable financing aspects. In August 2024 Bank of Albania published the guidelines for climate risk management in the banking sector. Albania is part of the Sustainable Banking and Finance Network (SBFN) since March 2024, and of the Network for Greening the Financial System. It is also committed to align the sustainable finance practices with international standards. Albania has a Law in place that regulates the issuance of digital tokens/virtual currencies, licencing, monitoring and supervision of entities using distributed ledger technology, though the law has not been updated since 2020 and government has not signalled that it issued any licence for operations in this area. AFSA is part of a national working group related to strengthening of investigation techniques in the area of cybersecurity, harmonised with the 2020 Cybersecurity Strategy, and crypto-currency related crimes (*See also Chapter 4 - Free Movement of Capital and Chapter 24 – Justice Freedom and Security*). AFSA has cooperated with the EU national regulators and US agencies under the MoU with the International Organisation of Securities Commission (IOSCO) to enable exchange of information during a cross-border investigation.

Chapter 28: Consumer and health protection

EU rules protect consumers' economic interests and also ensure product safety, prevent dangerous imitations and establish liability for defective products. The EU also guarantees a high level of protection of public health and in particular also ensures high common standards for tobacco control, blood, tissues, cells and organs, and medicines for human and veterinary use. The EU also has rules for upholding patients' rights in cross-border healthcare and in preparing for and responding to cross-border health threats, including communicable diseases.

Consumer protection

On **horizontal aspects**, from early 2024 the Ministry of Economy, Culture and Innovation is now in charge of consumer policy. Albania adopted its 2023 – 2030 cross-cutting strategy on consumer protection and market surveillance (CPMS). In the reporting period Consumer Protection Consumption body (CPC) received 96 complaints, however, information was not available on how CPC dealt with these complaints]. The government organised a Consumer Week in March 2024 to raise awareness of consumer issues. There have not been any developments on **enforcement and redress**. On **product safety**, Albanian legislation is aligned with the EU *acquis* apart from aspects that are only relevant to EU Member States, especially regarding obligations linked to Safety Gate (the EU rapid alert system for dangerous non-food products). Albania is yet to align with the new EU *acquis* on General Product Safety. Albania is only partly aligned on product liability. (*For information on market surveillance, see Chapter 1 – Free movement of goods*).

Public health

In 2023 **public health** expenditure was 2.8% of GDP, 9.03% of total government expenditure, down from 3.04% and 9.47% respectively in 2022. Out-of-pocket health spending is significant. Between 2014-2024 only 13% were allocated to medical equipment, leading many citizens to use private healthcare providers. On **e-health**, an electronic system for collecting and reporting health information of medical records (HIS) is being piloted.

Implementing legislation on substances of human origin was adopted in February 2024 designed to align with the EU *acquis*. There was no progress on alignment on **medicinal products for human use**, on **medicinal products for veterinary use** or on **medical devices**, which all remain partly aligned with the EU *acquis*. Following the call for interest to join the Critical Medicines Alliance, eight entities from Albania are now participants. On **tobacco control**, Albania needs to accede to the World Health Organization's framework Convention Protocol to eliminate illicit trade in tobacco products, and to further align with the rest of the EU tobacco control *acquis* (*See Chapter 16 – Taxation*). The ban on smoking in indoor public areas is rarely enforced.

There have been no developments on **communicable diseases** and **cross-border health threats**, which all remain partly aligned with the EU *acquis*, and the foreseen new epidemic and pandemic preparedness plan is yet to be adopted, and is yet to update ECDC on this. There were also no developments on **alcohol related harm reduction**, or on **drug abuse and prevention**, where prevention activities remain sporadic. A national **cancer** control plan is in place (though it is unclear if it is aligned with the EU's Beating Cancer Plan), and screening programmes are ongoing on colorectal, breast, and cervical cancers. A cancer registry is yet to be created. On **mental health**, a 2023 – 2026 Mental Health Action Plan (MHAP) was adopted in September 2023. On **nutrition and physical activity**, malnutrition remains a critical issue, especially for children and pregnant women. On **health inequalities**, though the 2021-2025 national action plan for the Equality, Inclusion and Participation of Roma aims at enhancing Roma access to quality health and preventive services, weaknesses in its implementation remain. There have been no new developments on access to health for women, including on sexual and reproductive health].

On anti-corruption, bodies that ensure market surveillance have rules on transparency, ethics and conflicts of interest, and are subject to audits. On public health there are anti-corruption measures in place on cosmetics, and there are control systems on control pharmaceutical manufacturers and to track veterinary medicine stocks. The health sector has been identified as a vulnerable sector in the draft National Anti-Corruption Strategy 2024-2030, however, a comprehensive risk assessment of the sector and development of specific measures is yet to be ensured.

CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

This cluster covers: digital transformation and media (Chapter 10); taxation (Chapter 16); economic and monetary policy (Chapter 17); social policy and employment (Chapter 19); industrial policy (Chapter 20); science and research (Chapter 25); education and culture (Chapter 26); and customs union (Chapter 29).

Chapter 10: Digital transformation and media

The EU supports the smooth functioning of the internal market for electronic communications, electronic commerce and audiovisual services. The rules protect consumers and support the universal availability of modern services.

On **electronic communications**, limited progress was made in implementing the 112 single European emergency number. The draft Decision of the Council of Ministers on rolling out 112 across the country is not yet finalised. The new Law on electronic communications aiming to further align with the 2018 European Electronic Communications Code Directive was adopted in May 2024. The Broadband Competence Office (BCO) unit was established as integrated part of the Ministry of Infrastructure and Energy to support the deployment of high-speed broadband across the country.

In the first quarter of 2024, fixed internet broadband reached was around 634K or 0.3% more compared to Q4 of 2023. There is still a gap in fixed internet broadband penetration between urban and rural areas: despite that the rural area population accounts for about 40% of the total, only 19.5% of the total number of fixed broadband connections are in rural areas. The broadband penetration rate for families at the end of 2023 was up to 88% from 81% at the end of 2022, and 22.9% for population from 20.9 at the end of 2022. By the Q1 of 2024, there were around 2 million active users of mobile broadband, 2.8% less than Q4 of 2023.

In the area of **digital services**, as regards online public services, during the reporting period 95% of applications for 1 237 public services were offered online. Authorities need to ensure and facilitate equal access to online services for all citizens and to enhance efforts to align with the Digital Services Act and Digital Markets Act.

In November 2023 Albania ratified the agreement for joining the Digital Europe Programme (DEP) and in December 2023 an interinstitutional working group was set up aiming to promote DEP and coordinate activities among stakeholders.

On digital skills, the country continued during 2023 the process initiated in 2022 for the first grade, ICT curricula for the second grade were developed and the teachers and schools' principals were trained.

Under **digital trust and cybersecurity**, following the 2022 cyber-attacks, Albania has continued to strengthen its cybersecurity architecture and capacities. It adopted a Law on cybersecurity in February 2024, making important major progress towards aligning its legislative framework with the NIS2 Directive. The Cybersecurity Operational Centre was established at the Albanian Armed Forces in January 2024. The authorities need to continue their efforts, in particular in the field of critical information infrastructure, both in the public and private sector, and ensure that the new national security operations centre becomes fully operational. Authorities need to further strengthen cybersecurity capacities including through awareness- raising activities and trainings. The draft cybersecurity action plan 2023-2025 is yet to be adopted to align with EU harmonised standards, protect critical infrastructure, and enhance national security. Stronger cooperation with the private sector and civil society is needed, to enhance the implementation and monitoring of cybersecurity policies. Albania needs to continue the implementation of the 5G Toolbox measures, including assessing the risk profile of suppliers and putting in place appropriate restrictions and/or exclusions for high-risk suppliers. The draft Law on electronic identification and trust services, aiming to align with the European Digital Identity regulation establishing the new EU Digital Identity and Trust services framework, is yet to be adopted. Further efforts are needed for the alignment with the ePrivacy Directive.

Albania needs to release the 700 MHz band from broadcasting use in order to allow for the use of that band for mobile communications, and to avoid the creation of harmful interference that disturbs the use of that band for mobile communications, including 5G in Albania's neighbouring countries.

Albania needs to improve the collection of statistical data on digital performance and digital competitiveness as per the Digital Economy and Society Index.

On **media**, since July 2023 and the approval of the new Broadcasting Code by the Audiovisual Media Authority no further legislative developments took place. Authorities need to ensure that AMA is provided with sufficient material and technical resources to increase its media monitoring and reporting capacity.

Chapter 16: Taxation

EU rules on taxation cover value-added tax, excise duties as well as aspects of corporate taxation. They also cover cooperation between tax administrations, including the exchange of information to prevent tax evasion.

On **indirect taxation**, the standard VAT rate is 20% and the reduced rates are 6% and 10%. A substantial number of exemptions not set out in the EU *acquis* remain. In 2024, new VAT exemptions were introduced for live animals for reproduction and for beneficial insects.

Excise taxation is partially aligned with the EU *acquis* regarding excise duty for alcohol and alcoholic beverages, tobacco, energy products and general rules for the production, keeping, storage, movement and controls on excisable products. The alignment on excise minima on tobacco products is expected by January 2026. The calendar for cigarette excise rates, approved in November 2021, continued to be applied. It envisages a 15% increase over 4 years thus gradually aligning with the EU minima by 2026 (except for mixed excise duty structure (*ad valorem* and specific) for cigarettes which is mandatory under the EU *acquis*). National legislation providing for a preferential rate of tax for "Albanian rakia" is not aligned with EU legislation. National legislation is aligned with the EU law on excise duty for energy

products, with the exception of electricity which is not subject to excise duty in Albania. The Excise Movement and Control System (EMCS) is established at the national level.

On **direct taxation**, the national tax was amended to plan a gradual increase of the carbon tax rate for coal over a 4-year period starting in 2026. The industrial incentives regime was abolished in the income tax law adopted in March 2023. As a result, as of February 2024 Albania is no longer considered as a potentially harmful tax regime within the scope of the Forum on Harmful Tax Practices.

The EU cooperates with Albania through an enhanced dialogue on tax good governance within the framework of the EU list.

The Ministry of Finance has committed to review and formally adopt a medium-term revenue strategy by end 2024, in which a review of tax exemptions is one of the planned actions.

Albania should ensure that any future voluntary tax compliance (VTC) law (including potential criminal amnesties) complies with the EU *acquis* and international standards.

On **administrative cooperation and mutual assistance**, Albania ratified a double taxation agreement with Slovakia in October 2023. Albania is yet to conclude double taxation agreements with Denmark, Cyprus, Lithuania, Portugal.

The Law on automatic exchange of information on financial accounts applies the OECD provisions and Albania has expanded the number of jurisdictions with which it exchanges information. Albania has automatically exchanged financial account information with 85 jurisdictions (including 27 EU Member States) in 2023 and has received information from 74 jurisdictions (of which 26 EU Member States) within the framework of the OECD common reporting standard.

An amendment to the tax procedure law was adopted in December 2023 to introduce the framework for country-by-country reporting, as per OECD BEPS (Base Erosion and Profit Shifting).

Regarding **operational capacity**, the number of vacancies in the tax administration remains high at 164 vacancies end June 2024 compared to 181 in March 2023. **Digitisation** of the fiscalisation process is considered fully complete, although further work on the use of the generated data is necessary. Efforts need to be kept up to ensure and increase compliance and to increasingly use the available data in tax monitoring and risk assessments. Furthermore, Albania should start preparations to achieve interconnection and interoperability with EU system.

Chapter 17: Economic and monetary policy

EU rules require the independence of central banks and prohibit them from directly financing the public sector. Member States coordinate their economic policies and are subject to fiscal, economic and financial surveillance.

On **monetary policy**, Albania has a high level of alignment with the EU *acquis* on the prohibition of privileged access of the public sector to financial institutions. The legislation of Albania is partly aligned with the EU *acquis* on the central bank independence and on the prohibition of monetary financing to the public sector. Albania needs to take the necessary steps to fully align the objectives of the BoA with the EU *acquis*. Further efforts are needed to ensure the full personal independence of the BoA's governor and that the BoA's bodies and members are not put in a position of taking instructions from the government or parliament and that the BoA fully complies with the monetary financing prohibition. Following the decline of inflation rate quicker than expected during the first half of 2024, down to 2.1% in July, the BoA eased the policy rate down to 3% in July, the overnight deposit rate to 2.0% and the overnight lending rate to 4.0%. The Albanian currency continued its appreciation vs Euro, but at a slower pace than in 2023.

On **economic policy**, Albania has made progress in strengthening its fiscal governance and is partially aligned with the EU *acquis* on the medium-term budgetary frameworks. Albania's legislation is also

partially aligned with the EU *acquis* on budgetary forecasts, statistics, numerical fiscal rules, transparency of general government finances, and macroeconomic imbalance procedure. Albania needs to improve its macroeconomic and government finance statistics, establish an independent fiscal institution, produce its own forecast and refine its forecasting process. Further efforts are required to align Albania's budget legislation and practices with the requirements set in Directive 2011/85/EU.

Albania complied with its fiscal rules, achieving a positive primary balance by the end of 2023, thus ahead of target. The government debt ratio fell more than expected in 2023, to below 60% of GDP (*see also section 2.3 - Economic criteria*). Budget revisions continue to be endorsed through normative acts, although less than in 2022 (twice in 2023, and twice so far in 2024), which poses credibility issues regarding the budget process. Albania has started the revision of pension scheme, a process which would have to address the gap in the social insurance scheme, including a revision of methodology for setting the minimum and maximum pensions.

National account statistics are partially in line with European System of National and Regional Accounts (ESA 2010), (*See Chapter 18 - Statistics for a full analysis of this*).

Albania is partially aligned with the requirements of the coordination and surveillance of economic policies foreseen by the Treaty on the Functioning of the European Union. Its active participation in pre-accession economic surveillance has contributed to developing the administrative capacity of the country relevant for this chapter. Albania's Economic Reform Programmes (ERP), including the latest one for 2024-2026 adopted on 11 January 2024, address policy areas and reform plans comparable to the Stability or Convergence Programmes (SCP) submitted annually by the Member States until 2023. Albania's ERPs include comprehensive macroeconomic and fiscal as well as macro-relevant structural reform parts. The key challenges presented in the 2023-2026 ERP partly correspond to those identified by the European Commission, but the policy guidance jointly adopted at the 2023 Economic and Financial Dialogue has been only partially implemented. Albania's ERPs would benefit from the inclusion of long-term and productivity indicators, improved analysis of fiscal policy impact and fiscal risks and a more effective intra-governmental coordination.

Chapter 19: Social policy and employment

EU rules in the social field include minimum standards for labour law, equality, health and safety at work and non-discrimination. They also promote social inclusion and social protection, and social dialogue at EU level.

On **labour law**, implementation of the law as amended by the 2015 Labour Code is ongoing. On **health and safety at work**, legislation is partially aligned with the EU *acquis*. Institutional capacities and inspections processes remain weak. Albania has yet to adopt the strategy for occupational health and safety, in line with the EU strategic framework on health and safety at work 2021-2027.

On **labour inspection activities**, 5.5% of declared economic activities were covered by inspection visits during 2023. Understaffing resulted in total inspections decreasing by 2.1% compared to 2022. Over the past year progress was made on promoting the e-inspection platform. The capacity of the social services inspectorate remains very limited. In 2023, 108 inspections were carried out, compared to 135 in 2022.

On **social dialogue**, the National Labour Council did not convene. The tripartite collaboration between the State Labour and Social Services Inspectorate, trade unions and employer organisations remains weak.

Regarding **labour force participation and unemployment rate** *see the statistical annex and the section on the functioning of the labour market under 2.3 Economic criteria*.

On **employment policy**, Albania is implementing the new 2023-2030 national employment and skills strategy. The Youth Guarantee (YG) Implementation Plan attached to this strategy kicked off in pilot

phase in October 2023 in three municipalities. The authorities now need to assess the pilot phase and to fully roll out the YG across the country.

Progress was made on implementing the exit strategy for recipients of economic aid. A referral mechanism for employment and social integration of working-age family members benefiting from the economic aid scheme became functional in 12 regions. 4 158 beneficiaries of economic aid were employed/enrolled in vocational training in 2023. In 2023, 17 880 young people not in employment, education or training (NEET) were registered in the National Agency for Employment and Skills (NAES) database. A new programme to subsidise the development of digital skills and Coding started in 2023 with 3 625 participants (2 165 unemployed jobseekers pay free).

On **social protection and inclusion**, 2023 was the last year of implementation of the National Social Protection Strategy 2015-2023 (NSPS). The new national Strategy for Social Protection was adopted in March 2024. Some progress was made in the implementation of the 2015-2023 strategy on social protection. The Survey on Income and Living conditions published in February 2024 showed that in Albania, in 2022, the rate of those at risk of poverty is 20.6% of the population, 1.4 percentage points less than 2021. However, this proportion reaches to more than 25% when it comes to children (27.4%), with girls more affected (28.6%).

Monitoring of the national action plan on **persons with disabilities** remains weak. The mid-term report 2021-2023 is yet to be published. Since 2023, the bio-psycho-social evaluation scheme is implemented.

On the inclusion of **Roma and Egyptians**, the National Action Plan for Equality, Inclusion and Participation of Roma and Egyptians (NAP) 2021-2025 is being implemented. The human resources allocated in the Ministry of Health and Social Protection (MoHSP) to the coordination of Roma-related policies, remained weak. Roma and Egyptians continue to face skills-related challenges for access to the labour market. The inclusion of Roma in the public administration needs to improve.

The National Electronic Register of Social Care Services is not fully functional. The authorities need to ensure that social services are established and functioning across all municipalities. In the Medium-Term Budget 2024-2026, within the Social Care Programme, the Social Fund is planned to increase by 7% every year, and to finance at least 12 new types of social services each year. Local governments frequently lack predictable funding, capacities and resources to effectively set up, manage and implement social services.

On **non-discrimination in employment and social policy**, the full alignment with EU legislation remains to be completed and especially with the ‘Employment Equality Directive’ 2000/78/EC. The independent Commission for Protection against Discrimination signed a cooperation agreement with the Young Professionals Network and with the State Inspectorate of Labour and Social Services on monitoring equality and non-discrimination.

On the **employment of persons with disabilities**, an increase in the registration of people with disabilities as jobseekers was noticed reaching a total of 2 656 by the fourth quarter of 2023 compared to 437 in the fourth quarter of 2022.

On **child labour**, the system for monitoring child labour and other forms of exploitation, and the coordination between the Agency for the Protection of Children’s Rights and the Labour Inspectorate, remain weak.

Regarding **labour force participation and unemployment rate** *see the statistical annex and the section on the functioning of the labour market under 2.3 Economic criteria.*



As of January 2024, following the restructuring of the ministries, resources were added to the General Department for Employment and Skills. The NAES has yet to fill in all its vacancies.

On equality between women and men in employment and social policy, gender inequality persists with the employment rate for men (72.5% in the fourth quarter of 2023) exceeding women by 10.4%. The labour force participation rate for women decreased by 0.4 percentage points and for men increased by 1.1 percentage points compared to the same quarter in 2022. Albania needs to align its legislation with the EU work-life balance directive. During 2023 there were 14 448 beneficiaries' maternity leave.

Chapter 20: Enterprise and industrial policy

EU industrial policy strengthens competitiveness, facilitates structural change and encourages a business-friendly environment that stimulates small and medium-sized enterprises (SMEs).

On enterprise and industrial policy principles, Albania continued to implement the 2021-2027 National Business and Investment Development Strategy (BIDS) and its 2020-2024 sustainable industrial development programme. It amended its Law on start-ups in innovation to set up a start-up agency and to ensure it covers digital nomads. Adoption of the Smart Specialisation Strategy is foreseen by end of 2024 (*see chapter 25 – Science and research*), and in March 2024 Albania launched its circular economy roadmap (*see chapter 27 - Environment and climate change*). There has been no progress with the drafting of a framework law on investment and Albania extended the expiry date of the Strategic Investment Law until the end of 2024. The newly established Ministry of Economy, Culture and Innovation and the Minister for Entrepreneurship and Business Environment have intensified dialogue with private actors through the regular meetings of the Investment Council and have resumed meetings of the National Economic Council. In January, the government established a “Business House”, to be a facilitator for dialogue between the Minister for Entrepreneurship and other line ministries with private stakeholders.

Despite improvements on stakeholder consultation during the reporting period, business representatives continue to have serious concerns about the level of public consultation by government. A government proposal to move from a voluntary membership to mandatory membership of the national chamber of commerce is questioned by business and investor associations, inter alia as introducing additional cost to doing business for a more cumbersome organisation and less services. The main business challenges remain corruption and informality, property title issues, non-transparent public procurement procedures (particularly public-private partnerships) and the granting of strategic investor status, finding skilled

workers, access to finance, and the need to diversify in the context of digital and green transition. Businesses welcome that there has been some progress on justice reform and anti-corruption, problems remain due lengthy court procedures.

On **enterprise and industrial policy instruments**, better coordination between the state institutions which provide financial incentives to businesses and AIDA is needed, in order to ensure better access to information for the beneficiaries. During the first trimester of 2024, the Agency for Start-Ups and the Minister for Entrepreneurship launched the first call for financing of the start-ups in innovation. Further alignment with the EU's late payment Directive needs be ensured, especially to address issues related to proof of property ownership property (titles), and recovery procedures for unchallenged claims. Albania's definition of SMEs is partly aligned with the EU one, on the number of employees, but the national capacity to support SMEs remains limited.

Albania participates in the SME pillar of the Single Market Programme, having signed the Association Agreement in December 2023. Further efforts on the Digital Economy and Society Index (*see chapter 10 – Digital transformation and media*) would improve the coverage of the key performance indicators on digitalisation for the long-term competitiveness used in EU industry policy Albania has increased funds for enhancing cooperation between universities and businesses, and was positively assessed in the 2023 OECD competitiveness outlook, in which it made progress in 13 out of 15 dimensions.

On **sectoral policies**, in April 2024 Albania established a European Institute of Innovation and Technology on raw materials in Elbasan, staffed and equipped from the state budget. A technology park was inaugurated in April 2024 in Durrës, aiming to attract investments in the automotive, information and communication technology and electronic equipment industries. Albania continued to implement the 2022-2026 cross-sectoral strategy and action plan on the digital agenda. In 2024, the government continued the measures introduced in June 2023 to provide fiscal relief measures for export-oriented businesses which faced high costs due to local currency's (ALL) appreciation against the Euro.

Chapter 25: Science and research

The EU provides significant support for research and innovation. All EU Member States can participate in the EU's research and innovation programmes and benefit from them, especially where there is scientific excellence and solid investment in research and innovation.

On **research and innovation policy**, in September 2023, the National Strategy on Scientific Research, Technology and Innovation 2023 – 2030 was adopted, but the interinstitutional working group monitoring its implementation is yet to be established. Albania needs to adopt the new law on scientific research.

Albania increased funding for scientific research to 0.08% of GDP in 2023, up from 0.05% in 2022. However, this is still far below the target 1% of GDP by 2030. Research funding as a percentage of public expenditure amounted to 0.17 % of GDP in 2022, which is far less than the 2.24% EU average.

The Institute of Statistics (INSTAT) needs to produce a complete data set on scientific research and innovation. Further and sustainable efforts are needed in increasing public funding of research and development, incentives for businesses to increase their R&D expenditure and to cooperate with universities and to facilitate access to research publications.

In January 2024, the Ministry of Education and Sports allocated funding (approximately EUR 200 000) for organisations collaborating on international research projects within the framework of the 2024 EUREKA Western Balkans call for projects. In the framework of the Academy and Industry cooperation programme, a new call for Technology and Innovation Projects was launched by the National Agency for Science Research and Innovation in February 2024. In total, Albanian Higher Education Institutions submitted 21 project proposals in the fields of medical sciences, ICT, agricultural and energy.

In October 2023, the entrepreneurial discovery process was completed as planned in the roadmap for the **smart specialisation strategy** (S3). The Deputy Prime Minister's Office is responsible for coordinating

the development of the strategy and the S3 interministerial team is working on drafting the Strategy and its action plan. The S3 strategy needs to be adopted.

Albania was included for a second consecutive year in the European Innovation Scoreboard as an emerging innovator. However, its score only increased from 41.1% of the EU average in 2023 to 41.7% in 2024.

On the **EU framework programmes**, Albania is fully associated to Horizon Europe. Its participation in the programme in 2023 continued to improve reaching eleven projects with a total funding of EUR 2.1 million. The authorities need to further encourage participation of the private sector in Horizon Europe. National innovation efforts need to be aligned with the new European innovation agenda. In April 2024, Albania launched the regional centre of the European Institute of Innovations and Technology Raw Materials hub in Albania (Elbasan).

Regarding transparency, the electronic register for inquiries in the Ministry of Education and Science recorded 45 exchanges in the first quarter of 2023.

Albania needs to make further efforts to produce reliable data on research and innovation.

Chapter 26: Education and culture

The EU supports cooperation in education and culture through funding programmes and the coordination of Member State policies through the 'open method of coordination'. The EU and the Member States must also prevent discrimination and ensure quality education for children of migrant workers, including those from disadvantaged backgrounds.

On **education and training**, authorities started updating core curricula in pre-university education to link it with the labour market needs. In January 2024 the National Programme for the Professional Development of Teachers aiming to improve student learning outcomes. Greater efforts are still needed to efficiently manage the funding resources.

During 2023, the second grade information and communication technology curricula were designed, and the teachers and school principals were trained. Authorities need to enhance their efforts towards effective, coherent and inclusive digital transformation of the education and training systems, including the capacity of the systems to develop digital skills in line with the EU Digital Education Action Plan 2021-2027.

The PISA 2022 results published end 2023 show declining results for Albanian students in all areas (mathematics, reading and science). Findings point to a serious need to address teaching and learning quality and inclusion in the education system ensuring that young people are equipped with the right skillset for the job market.

The Ministry of Education and Science (MoES) reported that **public spending** on education represented 3.33% of GDP in 2023, while the forecast for 2024 and 2025 is 2.41% and 2.68% respectively (considerably lower than the EU average 5%).

According to INSTAT data in academic year 2023-2024, 533 711 pupils and students were enrolled in formal education, with a decrease of 3.7 % compared to the previous year. In the same period, 416 538 pupils and children were enrolled in pre-university education (up to upper secondary education), marking a decrease of 3.8 % compared to the previous year. 66 711 children were enrolled in preschool education, 4.4 % less compared to the previous school year. In the basic education, 258 072 pupils were enrolled, 47.9% of which were girls, 3.4% less than the previous academic year, 54.7% in primary education and 45.3% in lower secondary education. 91 755 pupils were enrolled in upper secondary education, a decrease of 4.3 % compared to the previous school year. Regarding early childhood education, 66 711 pupils enrolled in 2023-2024, less than the 69 750 who enrolled the previous academic year. In 2023-24, the number of teachers of basic education was 24 109 of which 78% were women. The ratio of primary

education pupils for a teacher in public education was 15.1 and in private education it was 15.2. The number of teachers in upper secondary education is 8 307, of whom 69.6% were women. Regarding the net enrolment rates:

On inclusive education, in the 2023-2024 school year, in the pre-university education system, 5 025 students with special needs were attending classes including preschool. 4 507 students with disabilities registered in regular schools for the year 2023-2024, or 9% more compared to 2022-2023. 1 950 assistant teachers were employed in the public pre-university education system, or about 13% more compared to the previous year. The participation of **Roma and Egyptian children** decreased in pre-university education (12 508 in 2023-2024 against 13 499 in 2022-2023) and remained stable in early childhood education (2 147 in 2022-2023 against 2 150 for 2022-2023).

Implementation of the 2022-2029 national strategy for **youth** continued. Over the reporting period Local Youth Councils were established in all 61 municipalities across the country. In October 2023 the Second National Youth Council was constituted.

On vocational education and training (VET), over the reporting period public VET was offered in 29 Vocational Education schools and 10 public vocational training centres (VET). Implementation of the VET optimisation plan started but lacked the necessary resources for its efficient roll-out. The legal basis for the Recognition of prior non-formal and informal learning is yet to be completed. Authorities need to take action to address the skills mismatch and to intensify efforts to make VET more relevant to the needs of the labour market. The share of pupils registered in VET courses (public and private) has increased from 17.54% (2022-2023) to 17.88% (2023-2024) The National Agency for Vocational Education and Training and Qualifications (NAVETQ) is yet to be fully staffed.

Albania is a member of the European Higher Education Area (Bologna process). Albania continued to participate in the European Solidarity Corps while the country still benefits from the international dimension of the 2021-2027 Erasmus+ programme. The number of higher education capacity-building projects selected for funding in 2023 is 16 from which five projects are coordinated by Albanian Higher Education Institutions. Albania is participating in the European Education Area working groups 2021-2025.

Albania continued to participate in the European Week of **Sport**.

Regarding the **culture** sector, the 2019-2025 national strategy is being implemented. Several culture heritage sites were restored. In November 2023, Albania adopted implementing legislation regarding the assessment and identification of assess and update of database regarding stolen cultural assets. The authorities need to adopt the remaining implementing legislation to the Law on cultural heritage and museums to make the law fully operational.

Albania continued to participate in the EU 2021-2027 Creative Europe programme. During the reporting period Albania has carried out several activities such as information sessions, training and workshops to promote the programme and increase the participation.

Chapter 29: Customs union

All Member States are part of the EU customs union and follow the same customs rules and procedures. This requires legislative alignment as well as adequate implementing and enforcement capacity and access to and interoperability with the common EU electronic customs environment.

On customs legislation, Albania's customs code is broadly aligned with the different relevant aspects of the EU *acquis*. Nevertheless, considerable efforts should still be made to keep up with the further developments in the EU customs legislation, in particular the acts implementing the Union Customs Code. No major legal adjustments were undertaken in the last year. The levying of scanning fees for customs declarations continues to contravene the Stabilisation and Association Agreement, which

prohibits customs duties or charges with an equivalent effect on trade between the EU and Albania and is not aligned with the Union Customs Code (UCC).

Preparatory work for the development of a National Single Window and the preparations to join the Common Transit Convention continued. A legal analysis has been carried out and in June 2024 a contract was signed to work on the technical solutions for the implementation of the NCTS at national level. The project started with a first workshop in July 2024.

Albania is implementing its authorised economic operator (AEO) programme, with 13 AEOs end of August 2024 (with two new operators and 10 further applications under examination). Awareness-raising activities on the benefits of the programme continued.

As part of the anti-fraud effort, it is recommended that Albania strengthens combating customs fraud, in particular smuggling of tobacco products and by cooperating with OLAF, and accedes to the WHO Framework Convention on tobacco control protocol to eliminate illicit trade in tobacco products. No progress in this regard has been reported.

Risk Management should be improved to include risk information on pre-arrival/departure (security), simplified procedures and excise. The national rules on cash and goods transported in travellers' baggage still differ from the EU *acquis* and should be aligned with commission implementing regulation (EU) of 2021/776 of 11 May 2021, which includes new definitions, of cash, cash send by post, act when linked to criminal even with lower amount and new declaration forms. The Albanian customs administration can impose sanctions for non-declarations or mis-declarations of cash at the border.

On **administrative and operational capacity**, the Albanian Customs Administration (ACA) has prepared a two-year implementation plan for 2024-25, in alignment with the overarching business strategy of the ACA 2023-27. Albania is at low levels of alignment in the area of IT systems in operation and their future connectivity with the EU electronic customs environment. A number of large scale investments are under way or planned, including on NCTS and Single Window, integrated tariff management system and upgrades to the customs management and risk assessment systems. To cope with all the investments and upgrade there is a need to upgrade human resources and capacity. Efforts are also undertaken to increase the digital access to customs services. By the end of August 2024, 38 out of 41 customs services were accessible online through the e-Albania portal.

In terms of **prevention of corruption**, A department for anti-corruption and ethics is in place, tasked with processing cases and complaints received, that are either handled by the operational units, or the Investigation Department. Further progress is needed on enforcement. A cooperation agreement was signed with the National Bureau of Investigation to grant access to the Automated System for Customs Data (ASYCUDA). Exchange of information with the Financial Intelligence Unit (FIU) is in place.

CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

This cluster covers: transport (Chapter 14); energy (Chapter 15); trans-European networks (Chapter 21); and environment and climate change (Chapter 27).

Chapter 14: Transport policy

The EU has common rules on technical and safety standards, security, social standards, State aid and market liberalisation in road transport, railways, inland waterways, multimodal transport, aviation and maritime transport.

Regarding the **general transport acquis**, the national transport strategy and its action plan for 2021-2025 is not yet adopted. On alignment of transport policy with public service obligations and the *acquis* on public service contracts, guidelines on public passenger transport services by road and public passenger

transport services by rail were adopted in December 2023. More efforts are required to fully implement the Intelligent Transport Systems (ITS) Directive, boost multimodality and implement relevant national laws in compliance with the Transport Community action plans. The national ITS strategy for rail and maritime modes is still not adopted. Construction of the traffic monitoring centre and installation of ITS for 200 km of main road network are in progress and are expected to be operational in 2024. For larger transport agglomerations, sustainable urban mobility plans which respect environmental and social standards should be developed following EU practice.

Albania continued to actively participate in the work of the Transport Community (TCT), yet the implementation rate of the five Transport Community Treaty action plans and dedicated smart and sustainable mobility strategy for the Western Balkans remains slow.

Administrative capacity still needs strengthening throughout the transport sector, particularly in the rail sector. A five 5-years' action plan is ongoing since March 2023 to enhance the capacities in planning and implementing infrastructure projects in rail sector. Available funds for road and railway infrastructure maintenance remain insufficient, resulting in continued deterioration of infrastructure conditions. Continued efforts are required to support the 2018-2022 rail maintenance plans.

On **road transport**, efforts are still needed to align with the *acquis* on electronic road toll systems and road fee enforcement, as well as on social and market rules in road transport. Road safety remains a serious concern with casualties above the EU average, and discrepancies between national statistics and higher WHO estimates need to be addressed. Albania needs to allocate sufficient financial resources to establish a road crash data system in line with the CARE Database. Improved interinstitutional coordination and the establishment of a road traffic safety agency are necessary. During the reporting period, Albania adopted two guidelines to further align its legislation on dangerous goods. The country needs to strengthen its inspection capacity on periodic roadworthiness tests. The work of drafting the road safety strategy started in May 2024 and it is estimated to be concluded in the first half of 2025. Albania is still partially aligned with the directive on road infrastructure safety management.

On **railway transport**, two implementing legislation were adopted on safety and one on the licensing of railway undertakings. Moreover, based on a law adopted earlier in 2021, a railway safety authority was established. The staffing process of the Railway Regulatory Authority, which is functional since September 2023, is ongoing. Albania still needs to ensure full operability of the rail network and operationalise the separation of the infrastructure from the operation, in line with the Albanian Rail Code. A 2021 law addressing this was not applied due to the scarce financial and human resources, prompting Albania to draft a new law.

Albania needs to further pursue full alignment with the EU rail safety and interoperability rules, including the establishment of a functioning national investigating body, the electronic register of vehicles and the rail infrastructure asset management system (RIAMS). On train drivers, a training on transport of dangerous goods took place during the reporting period.

On **maritime transport**, after continuous efforts to substantially improve the quality of the Albanian-flagged fleet and thus reduce the detention rate of Albanian-flagged vessels, the country managed to be removed from the position on the blacklist of poor flag performance to the grey list of Paris Memorandum of Understanding on Port State Control (Paris MoU).

Albania has yet to fully align with the *acquis* on the EU vessel-traffic monitoring and information system (VTMIS), based on the strategic framework for implementing ITS on the core maritime network.

There were still no new developments regarding **inland waterway transport**, which is limited to two lakes shared with neighbouring countries and regulated by bilateral agreements.

On **aviation**, an assessment mission took place during the reporting period on whether the country should be admitted to the following phase of the European Common Aviation Area Agreement (ECAA).

Although the Albanian Civil Aviation Authority (CAA) has a new structure since January 2023, aiming to improve its operability, oversight duties are still covered by outsourced staff. In the reporting period, the CAA prepared and adopted a training plan to improve its capacities.

On multimodal **transport**, Albania has still not aligned with the related EU directive and has yet to provide references to national legislation that have been aligned with the EU *acquis*.

There was no progress on **passenger rights**. Legislation on passenger air rights is largely aligned with EU legislation.

Chapter 15: Energy

EU energy policy covers energy supply, infrastructure, the internal energy market, consumers, renewable energy, energy efficiency, nuclear energy and nuclear safety, radiation protection and nuclear safeguards.

On **security of supply**, the national legislation is partially aligned with EU *acquis* for gas, electricity and oil. Full compliance with the oil stocks Directive and improvements in reporting and establishing a central oil stockholding body are needed.

In July 2023, the Albanian Power Exchange (ALPEX) was appointed as the nominated electricity market operator (NEMO) for both Kosovo and Albania. On 1 February 2024, ALPEX held its first day-ahead auction for electricity delivery in Kosovo. This initiates the Albania-Kosovo day-ahead market coupling. Net domestic electricity generation, in 2023, reached 8 796 GWh, marking an increase in production by 25.56% from 2022.

Despite gas supply agreements, Albania's gas infrastructure development has stalled.

On the **internal energy market**, Albania has made good progress to align with EU *acquis*, including certifying the Transmission System Operator (TSO), establishing the Nominated Electricity Market Operator (NEMO), and launching day-ahead and balancing markets. Some progress was achieved to align the gas national legislation in force with the Third Energy Package. However, further steps are needed, such as aligning with Capacity Allocation and Congestion Management (CACM) and Forward Capacity Allocation (FCA) Guidelines, implementing an intra-day market, and strengthening the national regulatory authority (ERE). Harmonisation of national legislation with the EU *acquis* on the internal market for electricity, on risk-preparedness and on common rules are needed to allow further integration of the Albania electricity systems with the countries in the region and the EU.

Electricity prices are not fully liberalised. All customers connected to 35kV benefit from a deregulated market. The price cap on electricity for domestic customers ended in December 2023. From 1 January 2024 all the customers connected at 20kV voltage level are supplied from the liberalised market. From January 2024, 2 150 customers connected to 20 kV voltage are supplied by the Free-Market Supplier FTL, part of the Operator of the Electricity Distribution System (OSHEE) according to legal provisions under market liberalisation. The customers connected to 10 kV continue to be supplied by the supplier of last resort (FMF).

ERE still needs to develop its capacity to address shortcomings in energy markets effectively.

On **renewable energy**, a pricing methodology for consumers with installed capacity up to 500 kW was adopted in 2021 but it has yet not been implemented. The photovoltaic Plant of Karavasta (140 MW) is in operation since January 2024 while permits are being collected for the Photovoltaic Plant of Spitala, in accordance with the signed contracts.

A total of 222.5 MW installed capacity on wind farms was awarded in July 2023. The Ministry of Industry and Energy (MIE) launched a competitive procedure in January 2024 for selecting photovoltaic plants, each with 10 MW and 100 MW capacity totalling 300 MW. In July 2024, eight out of nine

companies have passed to the final stage and were classified as winners with their bids for this auction reaching a total awarded capacity of 283.93 MWh.

The draft Law on bioenergy requires updating to align with recent EU *acquis* amendments.

The national **energy efficiency** action plan (NEEAP) is part of the national energy and climate plan. In June 2024, the Law on the Labelling of Energy-Related Products entered into force.

However, implementing legislation on energy-efficiency obligation, labelling, increasing electric vehicles and public building energy performance remains pending. Additional financing incentives based on renovating a percentage of public buildings annually are needed.

Albania has made no further progress on **nuclear energy, nuclear safety and radiation protection**. On **nuclear safeguards**, upon accession, Albania would need to adjust nuclear material control systems to meet Euratom Treaty safeguards (*See also Chapter 7 – Intellectual property law*).

Chapter 21: Trans-European networks

The EU promotes trans-European networks (TENs) in the areas of transport, telecommunications and energy to strengthen the internal market and contribute to growth and employment.

Albania has some level of preparation on its strategic framework for **transport networks**. However, the country should continue strengthening the institutional framework, including separation of rail infrastructure management and transport operations, and administrative capacity for developing and monitoring TEN-T. The national transport strategy for 2021-2025 and its action plan, also meant to include the plan for aligning the legal and institutional framework with the EU *acquis*, is expected to be adopted by end of 2024. The Ministry of Infrastructure and Energy has initiated preparations for the formulation of the new transport strategy and its action plan by 2030. The projects are being developed according to the national single projects pipeline (NSPP) list which contains all the priority projects of transport sector agreed under TCT, including TEN-T extension priority projects at different stages of maturity.

In January 2024, Albania ratified the high-level agreement with the European Union for the indicative maps of the Trans-European transport network. Under the revised TEN-T regulation, Corridor VIII is part of the new Western Balkans-Eastern Mediterranean Transport corridor, linking south-east Europe with the centre of Europe through the Western Balkans region.

Progress was made on developing and implementing the core road network in Albania notably in the Adriatic-Ionian Corridor (AIC) and road Corridor VIII. In the AIC, the section from border with Montenegro to Lezha is progressing with the preparation of the design study, Thumane - Kashar road section was completed and opened to traffic on 30 June 2024 and PPP contracts are signed for sections from Kashar to Fier. However, Progress of preparations on Tirana bypass needs to accelerate. Road Corridor VIII is under implementation on some sections starting from Elbasan. The road core network continued to be under five-year maintenance programmes.

Concerning rail, the work to support the rehabilitation of the railway line segment Durrës–Rrogozhine is expected to start in 2025. The rehabilitation of the Durrës-Tirana line and the construction of a new line to the international airport is progressing in line with contractual obligations (60% completed). Albania has adopted a five-year action plan that has been running since 2023, aimed at strengthening the programming and project management capacity, to avoid bottlenecks and make the investment grants awarded under the Western Balkans Investment Fund platform operational.

Although, the government had already announced in December 2022 its plans to transfer freight activities from the ports of Durrës and Vlora to the port of Porto Romano, no action to this end has yet been taken. The government will fund the new Porto Romano port using state budget instead of a public-private

partnership. Construction has not started yet, and preventing corruption is crucial to avoid criminal infiltration in the transportation and logistics chain.

On **energy networks**, Albania's policy is not in line with the guidelines for trans-European energy infrastructure from the TEN-E regulation. The country needs also to comply with the revised TEN-E Regulation, as adopted in the Energy Community, by the end of 2024. Albania does not have gas network on its territory. In this context, there has been no development on the interconnection between the LNG terminal in Vlora and regional gas pipelines (the existing Trans-Adriatic Pipeline and the envisaged Ionian Adriatic Pipeline) nor has there been any development in the Albania–Kosovo Gas Pipeline (ALKOGAP) that would increase regional energy security and develop a gas market in Albania.

For electricity, Albania is connected to Greece, Montenegro and Kosovo, through high voltage networks of 400 kV, 220 kV, 150 kV, and 110 kV. The construction of the new 400 kV interconnection line between Fier in Albania and the border with North Macedonia started in December 2023 while the construction of Fier and Elbasan substations started in September 2023. Both lots are expected to be completed by end 2025.

Following successful wind and solar energy auctions, strategies are needed for offshore renewables and for decarbonising industry and transport. Further efforts are needed to strengthen administrative capacity to implement key TEN-E provisions on project implementation, notably carrying out permitting procedures within the swiftest periods in full respect with environmental diligence and assessments.

Chapter 27: Environment and climate change

The EU promotes strong climate action, sustainable development and protection of the environment. EU rules contain provisions addressing climate change, water and air quality, waste management, nature protection, industrial pollution, chemicals, noise and civil protection.

Environment

In terms of **horizontal legislation**, Albania needs to improve substantially its alignment and implementation, particularly on the Environmental Impact Assessment (EIA) and the Strategic Environmental Assessment (SEA) Directives. Albania should ensure the presence of an institutional structure capable to deliver coordinated and strategic planning of environmental investments, and the quality of investment preparation and implementation - including the transparency of procedures, compliance with EIA/SEA and other elements of the horizontal *acquis*. The quality of EIA procedures is generally low, with recommendations rarely implemented or monitored and public participation in decision-making needs enhancement. Recent amendments to the Law on Protected Areas were made without a stakeholders' consultation. Inspections and enforcement capacity should be strengthened, especially to address environmental crimes more effectively. The limited state budget, high staff turnover and lack of expertise, have eroded the central administration's capacity. Corruption cases, identified by the Specialised Anti-Corruption Structure (SPAK) related to Tirana incinerator project are under investigation, with several municipal directors arrested. Albania should also ensure environmental monitoring in line with EU standards and adequate administrative capacity for the implementation and enforcement of the environmental *acquis*.

More efforts are needed to align with the EU **air quality** *acquis*, by extending and improving the air monitoring system, which currently has only seven automatic stations nationwide, non-operational due to insufficient allocation of funds for their maintenance. The implementation of the 2014 national air quality strategy is still pending.

The legal framework for **waste management** is only partially aligned with EU *acquis*, needing substantial efforts for full compliance, as Albania's waste management policies do not currently aim to reach the EU waste hierarchy goals and recycling targets. The National Agency for Waste Economy, working on the implementation of the waste hierarchy and promotion of waste separation and recycling,

has started its work. More awareness, financial incentives and finalising the draft law on extended producer responsibility are needed. The 2022 plastic bags ban is inconsistently implemented and further bans on single-use plastics are urgent.

On **water quality** Albania adopted in April 2024 a new Law on water resources, to align further with the Drinking Water Directive, the Urban Waste Water Treatment Directive and the Nitrates Directive. In addition, in February 2024 Albania adopted the Law on protection of marine environment, aligning with the Marine Strategy Framework Directive. In November 2023, Albania approved River Basin Management Plans (RBMP) for the Ishmi, Erzeni, and Mati rivers, while RBMPs for Shkumbini and Vjosa rivers are still pending. As of 1 September 2023, Albania completed flood hazard maps for 96% of areas with significant flood risk (ASFPR) and flood risk maps for 84% of these areas. In July 2023, the National Strategy of the Water Supply and Sewage Sector for the period 2023-2030 was adopted, requiring the strategic institutional development plan of the National Agency **for Water Supply and Sewerage** (AKUK) to be adopted and implemented. Despite these efforts, water supply and sewerage services remain low. To further align with the EU water *acquis*, Albania needs to substantially increase funding and enhance the implementation capacity of the key national water agencies, adopt a capacity development plan and establish a national water monitoring programme with sufficient coordination and resources.

Alignment with the EU *acquis* on **nature protection**, in particular the habitats and birds Directives, is advanced. However, recent legislative developments have raised concerns. In March 2024, the extension of the 2015 legislation on strategic investments by a year has sparked worry about potential biodiversity threats. This extension may lead to extensive tourism and industrial investment in protected areas. In addition, the amendments to the Law on Protected Areas, now permits activities like water extraction for irrigation and construction of touristic resorts within these areas. Such changes risk compromising Albania's ecological and biodiversity values including potential Natura 2000 sites, in conflict with EU standards. The construction of the new Vlora Airport within the Pishe Poro-Narta Protected Area, started in December 2021 continues, despite the request of the Standing Committee of the Bern Convention in December 2023 to suspend the works until a new and sufficient EIA procedure is conducted.

Concerns over the insufficient enforcement of Albania's forest and logging laws remain. Despite the moratorium on logging and on hunting, these practices continue unchecked. Worries about the Skavica hydropower plant project's environmental impact on both the ecosystem and the local communities persist. Albania should continue its preparations to identify and pre-designate sites that will be covered by the Natura 2000 network.

Alignment with EU legislation on **industrial pollution and risk management** is still at an early stage, with capacity and financial constraints hindering progress in implementing legislation on the prevention of major chemicals accidents.

On **chemicals**, the implementing legislation on the registration, evaluation, authorisation and restriction of chemicals (REACH) has yet to be adopted and adequate administrative structures have not yet been established. The situation is the same with regard to the alignment on biocides legislation.

Regarding noise, no progress was made in the reporting period since Albania has not prepared strategic noise maps and action plans.

On **civil protection**, the government approved the National Plan for civil Emergencies and the disaster risk assessment at the central level. As the Participating State of the Union Civil Protection Mechanism (UCPM) Albania actively participates in the relevant activities. The country still needs to strengthen its civil protection system by revising emergency plans and substantially improving operational capabilities and infrastructure for early warning and response. Albania is encouraged to make use, when appropriate, of the scientific partnership for natural hazards, via the Commission's Emergency Response Coordination Centre, to boost its disaster preparedness. The country should establish a secure Trans-European Services

for Telematics between Administrations (TESTA) as a precondition for connecting to the Common Emergency Communication and Information System (CECIS).

Climate change

Albania has some level of preparation for tackling climate change, but alignment with the EU *acquis* still remains limited and the country's capacity to incorporate climate change into sectoral strategies and plans remains very limited. Allocation of further financial and human resources to the sector is needed. Albania should also implement commitments under the Energy Community's Decarbonisation Roadmap. The level of emission reductions planned for 2021-2030 in the National Energy and Climate Plan (NECP) is yet to be updated in 2024. The NECP relies significantly on sequestration of CO₂ by forests, but there are very limited measures and means to protect and manage forests. No emissions register is in place.

In 2023, Albania started the revision of its National Adaptation Plan (NAP), to better address climate change vulnerabilities, focusing on investments and measures to manage climate risks and floods and strengthen infrastructure resilience. Albania needs to fully implement the MRVA package by December 2025, to introduce carbon pricing and align with the EU Emission Trading System (ETS). It also needs to adopt a long-term low-emission strategy, prepare and submit a new National Determined Contribution, and fully align with EU *acquis* on fluorinated greenhouse gases, ozone-depleting substances, and emissions from vehicles and road transport. Alignment with the recent updates to EU climate policy under the Fit for 55 package is also needed.

CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

This cluster covers: agriculture and rural development (Chapter 11); food safety, veterinary and phytosanitary policy (Chapter 12); fisheries and aquaculture (Chapter 13); regional policy and coordination of structural instruments (Chapter 22); and financial and budgetary provisions (Chapter 33).

Chapter 11: Agriculture and rural development

The EU's common agricultural policy supports farmers and ensures Europe's food security. It helps tackle climate change and the sustainable management of national resources; maintains rural areas and landscapes across the EU; and keeps the rural economy alive by promoting jobs in farming, agri-food industries and associated sectors. This requires strong management and control systems. There are also common EU rules for marketing standards, quality policy and organic farming.

On **horizontal issues**, overall capacities to correctly manage IPARD funds to facilitate institution building and alignment with the common agriculture policy (CAP), remain to be improved. A farm register is in place and is regularly updated but it still has to be fully aligned with the EU *acquis*. There was no progress on further elements of the establishment of the future integrated administration and control system (IACS). Efforts should be stepped up in particular on the land parcel identification system (LPIS). The implementation of the action plan for setting up a farm accountancy data network (FADN) needs to progress further and to incorporate environment and social data in line with the EU *acquis*.

Implementation of the strategic action plan for the reform of the advisory system continue at a slow pace as capacity remain low.

On the **common market organisation** (CMO), implementing legislation was adopted on methods of analysis of olive oil and on rules on the inward and outward registers in the wine sector, which are partially aligned with the *acquis*. Further efforts in this area are needed by strengthening the institutional capacity for implementation, which remains low.

On **rural development**, implementation of the IPARD II programme continued. However increased capacity building and oversight is needed to ensure completion of the IPARD II programme and to start

the efficient implementation of the IPARD III in full compliance with the principles of sound financial management.

Legislation on **quality policy** should be further aligned with the EU *acquis*. No progress was made in the reporting period.

On **organic farming legislation aligning** with the EU *acquis* has been prepared and remains to be adopted.

Chapter 12: Food safety, veterinary and phytosanitary policy

The EU food acquis including hygiene rules for foodstuff production ensure a high level of food and feed safety and a high level of protection of consumers' interests. Animal health and welfare and the safety of food of animal origin are safeguarded together with the quality of seeds, plant protection material, the protection against harmful organisms and animal nutrition.

On **general food safety**, the legal framework is still not aligned with the General Food Law Regulation. The legal framework for official controls is not aligned with the Official Controls Regulation (OCR) in the areas falling under its scope. The National Food Authority (AKU) is revitalising the AKU-net system (i.e. food business operator's database) on inspection statistics, data management and transparency but significant work is still needed to reduce the administrative burden for planning and reporting on risk-based official controls. The transparency principle should apply to official control systems in line with the OCR. Adequate financial resources should support the performance of official controls also by means of a transparent collection of fees. Albania does not have a multiannual national control plan in place.

On **veterinary policy**, the national legislation is not aligned with EU animal health law. The reform of the veterinary sector remains incomplete, human resources are not fully ensured at the central and local level. Significant work is still needed to establish the necessary capacities on passive and active surveillance.

Albania continued its work on animal diseases through vaccination campaigns against rabies and the implementation of control and eradication programmes for monitoring brucellosis and tuberculosis in cattle herds. While countrywide verification and registration of the number of animals continued, substantial work is required to upgrade the animal register with additional information on other animals as referred to in the EU *acquis*, to ensure that solid traceability systems are established for food of animal origin.

Regarding the **placing on the market of food, feed and animal by-products**, Albania implemented its national residue monitoring plan but the referred residue monitoring plans are not comprehensive enough. No validated screening methods are yet in place to guarantee the reliability of results for the relevant species and commodities. Limited progress was made in developing capacity, accreditation and validation methods for laboratory network. No progress was made on the legal basis for animal by-products.

Concerning **food safety rules**, Albania continued to partially align with the *acquis* on food additives and identification of maximum levels for certain contaminants in food. No progress was made on developing a roadmap to improve milk quality.

On **phytosanitary policy**, Albania has not yet adopted its national plant health law. Albania approved the pest monitoring plan risk-based, which is to be implemented during 2024. Actions in this field must be enhanced notably in relation to detection and eradication of pests.

Albania made no progress on alignment of legislation related to **feed or genetically modified organisms**.

Chapter 13: Fisheries and aquaculture

The common fisheries policy lays down rules on fisheries management, protects living resources of the sea and limits the environmental impact of fisheries. This includes setting catch quotas, managing fleet

capacity, rules on control and inspection, rules on markets and aquaculture and support for fisheries and coastal communities. Further, it promotes a sustainable aquaculture.

Regarding **resource and fleet management** and **structural measures**, the vessel register has improved, and fishery production data are regularly maintained and updated. Ministerial orders continue in line with the recommendations of the GFCM for the sustainable exploitation of fish stocks. There is no progress regarding small-scale fisheries. The government continued to implement financial support measures for the fishery and aquaculture sector as part of its 2023 national funding programme for agriculture and rural development.

Inspection and control capacity has improved. The vessel monitoring system (VMS) is functional and operational. Sufficient inspection and control capacity continues to monitor 24/7 fishing activity for all vessels over 12 metres long, to prevent, reduce and eliminate illegal, unreported and unregulated fishing (IUU).

The capacity to interpret and implement the national legislation in this field or the EU common fisheries policy remains weak and data collection needs to be improved, in particular on scientific capacity and data management. The Directorate of Fisheries and Aquaculture Policies, Strategies and Programmes has been reorganised and more staff hired.

The plans on the allocated zones for aquaculture (Shengjin, Durrës, Saranda and Vlora) were adopted. On **market policy**, Albania has adopted a national legal framework that partially aligned with the EU *acquis* on market policy. On **State aid**, support was made available only in 2023 under the national support scheme, as a separate financing measure for the fisheries sector.

Regarding **international agreements** on fisheries and aquaculture management, Albania has fully implemented the GFCM recommendations on controlling fishing. Albania should continue to actively participate and implement GFCM recommendations, notably (i) implementing the multiannual management plans for the conservation and sustainable exploitation of small pelagic and demersal fisheries in the Adriatic Sea, and (ii) increasing activities to implement the regional action plan for small-scale fisheries in the Mediterranean and the Black Sea (RPOA-SSF).

As regards the wider blue economy, to ensure the optimal development of all sea-related activities in a sustainable manner, Albania is encouraged to promote regional maritime cooperation with partner countries in the Adriatic-Ionian sea.

Chapter 22: Regional policy and coordination of structural instruments

*Regional policy is the EU's main tool for reducing regional disparities and investing in sustainable and inclusive socio-economic growth. It is operating through “shared management” between the Commission and EU Member States. The implementation of cohesion policy programmes requires appropriate administrative capacity on programme and project level, the establishment of systems of sound financial management and control and also the fulfilment of other EU *acquis* elements such as environmental or public procurement legislation.*

Regarding **the legislative framework**, while basic principles are broadly in line with EU *acquis* in regard to public procurement, public finance management, and cohesion, the strategic framework for public administration is not yet fully in place and the public financial management needs to be improved. The legal framework for procurement needs further progress in alignment with the *acquis*, even if largely aligned. The Law on the organisation and functioning of the Audit Authority needs two amendments to align with the requirements under the Financial Framework Partnership Agreement. The potential of establishing links to European groupings of territorial cooperation has not been exploited so far. These groupings can be used as instruments for integrated territorial governance and facilitating the Interreg cooperation programmes.

Regarding the **institutional framework** for the implementation of Cohesion funds, the interinstitutional working group for Chapter 22, chaired by SASPAC, has been enlarged. The establishment of the Directorate for Convergence and Cohesion in SASPAC is seen as a positive step to enhance interinstitutional cooperation; efforts should continue to ensure cooperation with relevant authorities in particular the Ministry for Public Administration and Anti-Corruption and the Ministry for Local Government. As for the management of EU funds under IPA III, improvements have been made in view of the future role in EU cohesion policy. Nonetheless, the performance of the managing authorities responsible for the multiannual operational programmes and Interreg cooperation programmes is at risk due to insufficient administrative capacities, high staff turnover, training for new staff, and risk management of the managing authorities.

Efforts are needed to set-up the legal framework of the partnership principle, requiring the involvement of relevant public authorities, socio-economic partners and civil society in all programming stages, preparing the ground for future cohesion policy in line with the European Code of Conduct on Partnership.

On **administrative capacity**, strengthening human resources remains insufficient along with staff retention. Positive steps have been taken in the salary reform for civil servants, but additional efforts should be made for other measures. A comprehensive retention policy should be adopted. (*See Section 2.1.2 - Public administration reform*).

Coordination mechanisms have been established between the Minister of State for Public Administration and Anti-Corruption and the Minister of State for Local Government as regards Chapter 22 preparations. Capacity to manage public funds locally requires further effort, due to the future role of local governments in cohesion policy (*See Section 2.1 - Political Criteria - Governance*).

The reform of the integrated policy management groups (IPMGs) foresees a revised structure of the IPMGs and thematic sub-groups that is more in line with the government's policy priorities. The functioning of the IPMGs has remained very limited.

On **programming**, the IPA Annual Action Programme 2024, worth EUR 67.35 million, was adopted in July 2024. The IPA multiannual Operational Programmes 2024-2027 on digital economy and society, energy, and youth employment, worth EUR 130 million, were also adopted in August 2024. These multiannual programmes will be implemented under indirect management by beneficiary country. Albania participates in 6 Interreg cooperation programmes under the EU's cohesion policy. There have been delays with ratifications of programmes due to the required procedures from Albanian authorities impacting both bilateral as well as cross-border financial assistance.

On programming, efforts should continue to prepare for cohesion policy. In this respect, the development of the national framework for regional development remains key to foster development potential and the territorial dimension in national-level sectoral policies. A key element for cohesion policy preparations will be to ensure ownership by public and private bodies at national and sub-national levels, following the partnership principle. Albania established the prefinancing mechanism for beneficiaries which now needs to be made fully operational. The National Single Project Pipeline of investment (NSPP) was adopted for the first time in July 2023" and the coordination between SASPAC and the Ministry of Finance was enhanced as regards the NSPP. The country needs to build further institutional capacities related to project preparation, appraisal and selection process. Albania also needs to ensure that the NSPP covers all strategic investment regardless of the source of funding, and address issues with strategic planning and implementation capacity for infrastructure projects financed within the Western Balkans Investment Framework (WBIF) under the Economic and Investment Plan (EIP) and under the Reform and Growth Facility of the Growth Plan for the Western Balkans.

Albanian cities now participate in five URBACT networks and further cooperation should be encouraged both in URBACT and in Interreg Europe networks. Increased engagement of Albanian stakeholders is expected in the EU Strategy for the Adriatic-Ionian Region.

On **monitoring and evaluation**, the sectoral monitoring committees issue operational recommendations for all IPA sectors and broader horizontal issues are being discussed at the IPA monitoring committee. Albania needs to improve both its monitoring system and its national evaluation system, to ensure alignment with the requirements of the EU cohesion policy legislation.

On **financial management, control and audit**, amendments to the Albanian Law on the audit authority are still pending, to ensure that management powers remain with the General Director and are not subordinated to the Supervisory Council. The National Authorising Officer (NAO) ensures that its management declaration adequately reflects the results of its supervision and monitoring of management and control systems. For Operational Programmes the management structures have been identified and procedures developed but their risk management and internal control capacities need strengthening, with a comprehensive list of KPIs as well as a risk register for the managing authorities. Albania should improve its track record in following up audit recommendations. A national anti-fraud strategy needs to be adopted, and anti-fraud measures put in place and effectively implemented.

On **visibility, transparency and communication**, a single website is not yet in place to communicate about the various programmes supported with EU funding under the National IPA Coordinator (NIPAC) office.

Chapter 33: Financial and budgetary provisions

This chapter covers the rules governing the funding of the EU budget ('own resources'). These resources mainly consist of: (i) contributions based on the gross national income of each Member State; (ii) customs duties; (iii) the non-recycled plastic resource and (iv) a resource based on value-added tax. Member States must have the appropriate administrative capacity to adequately coordinate and ensure the correct calculation, collection, payment and control of own resources.

There was some progress in the underlying policy areas that indirectly affect the own-resources system (for progress in these areas, see Chapters 16 – Taxation, 17- Economic and monetary policy; 18 – Statistics, 29 – Customs union, and 32 – Financial control).

On **traditional own resources**, Albania started the implementation of the new Law on income taxes which entered into force in 2024. However, the implementation of the new income tax policy for free professions led to partial suspension of implementation of the law for this category based on a Constitutional Court decision. Albania has finalised the draft strategy on public -finance management 2024-2027 which includes specific actions on domestic revenue mobilisation. A working group on drafting of the Medium Term Revenue Strategy 2024-2027 was established in April 2024. The draft medium-term revenue strategy issued for public consultation in September 2024 aims to increase tax revenues by +2.5% of GDP, compared to the base year (2019), reaching 27.7% of GDP in 2027, in line with the MFF 2024-2030, while focusing on tax policy review, and increased efficiency of tax and customs administration.

No additional legal development towards further alignment with the EU *acquis* can be reported, and the tax exemptions remain a concern on domestic revenue mobilisation. While there has been good progress in proceeding quickly with VAT refund for businesses, NGOs operating with EU grants under IPA face procedural challenges in getting the VAT refund.

On **gross national income (GNI) resource**, the Institute of Statistics (INSTAT) continued the regular transmission of GNI and GDP data to Eurostat, in the framework of the ESA 2010 transmission programme.

On **administrative infrastructure**, Albania needs to progress on creating the relevant institutions involved in the own-resources system and an own-resource coordination body, and on implementing rules, in line with the EU *acquis*.

The legal provisions setting out the criteria for initiating public financial inspection, in cases of any irregularities, and serious financial mismanagement situations are in place. The general tax directorate and the general customs directorate continued their work on identification of tax evasion and fraud. (*See also Chapters 1, 16, 29 and 32 on actions against corruption*). Continued efforts are needed to formalise the widespread informal economy, improve the exhaustiveness of the national accounts and GDP/GNI calculations and combat tax evasion and customs duty fraud.

CLUSTER 6: EXTERNAL RELATIONS

There are two chapters in this cluster: external relations (Chapter 30) and foreign, security and defence policy (Chapter 31).

Chapter 30: External relations

The EU has a common commercial policy towards non-EU countries, based on multilateral and bilateral agreements and autonomous measures. There are also EU rules in the field of humanitarian aid and development policy.

On the **common commercial policy**, Albania continued to coordinate its positions and align its policies closely with those of the EU, including within the World Trade Organization (WTO) and its Dispute Settlement Body. During the reporting period Albania completed successfully its third trade policy review in the WTO and accepted the WTO Agreement on Fisheries Subsidies on 23 October 2023.

In the area of regional cooperation, Albania continued its constructive role in the negotiations on CEFTA items under protocols 6 and 7, and worked on implementation of the Common Regional Market Action plan. Within additional protocol 6, Albania has finalised its internal procedures and has confirmed its readiness to adopt in the CEFTA Joint Committee the decisions on electronic commerce package (including IPR aspects, prevention of unjustified geo-blocking and intra-parcel delivery).

In the area of **dual-use goods**, Albania has yet to achieve full alignment with Regulation (EU) 2021/821 of May 2021. Additionally, Albania is neither a participant nor an adherent to the Australia Group. Adherence to the Australia Group would be a positive step towards alignment with EU *acquis* and towards future Australia Group membership, which will be expected upon EU accession.

On **bilateral agreements with third countries**, Albania has 40 bilateral investment treaties in force, 22 of which are with EU Member States. The country has in force 5 free trade agreements (with the EU (SAA), CEFTA, EFTA, with Türkiye and with the UK). In June 2024, the bilateral economic cooperation agreement between Albania and Azerbaijan entered into force.

On **development policy and humanitarian aid**, Albania has not yet in place a framework for cooperation/aid or an agency for development cooperation. An interinstitutional working group was established in November 2023, to draft the regulatory framework for international cooperation in development and humanitarian aid.

Chapter 31: Foreign, security and defence policy

Member States must be able to conduct political dialogue under the EU foreign, security and defence policy, align with EU statements, take part in EU actions, and apply agreed sanctions and restrictive measures.

Albania continued to actively engage in **political dialogue** with the EU on foreign and security policy issues. In February 2024 Albania participated in the tenth EU-Western Balkans meeting of Political Directors on CFSP. In June 2024 Albania participated in a working lunch with members of the Foreign Affairs Council.

The institutional framework enabling Albania's participation in the EU common foreign and security policy and common security and defence policy is in place.

On the **common foreign and security policy**, during the reporting period, Albania maintained its full alignment (100%) with statements by the High Representative on behalf of the EU and Council decisions on sanctions, including all EU restrictive measures against Russia and Belarus related to Russia's war of aggression against Ukraine. Albania participated in the Summit on Peace in Ukraine hosted by Switzerland.

Albania has legal and institutional arrangements in place to deal with the implementation of the EU **restrictive measures** it has aligned with. However, the technical implementation and enforcement of the complex EU restrictive measures remain a challenge and Albania should further strengthen its capacity in this regard.

Albania's active **cooperation with international organisations** continued. During its 2022-2023 term as a non-permanent member of the UN Security Council Albania closely cooperated with the EU and EU Member States in promoting and defending the rules-based international order. The Second Action Plan on Women, Peace and Security was approved in December 2023. Albania is a member of the UN Human Rights Council for the period 2024-2026.

Albania maintains a bilateral immunity agreement with the United States, granting US citizens exemptions from the jurisdiction of the **International Criminal Court**. In doing so, it does not comply with the EU common positions on the integrity of the Rome Statute or with the related EU guiding principles on bilateral immunity agreements. Alignment with the EU position is therefore needed.

On **non-proliferation**, Albania continued to implement its national strategy on small arms and light weapons (SALW) and the related action plan for 2022-2024 as well as its 2020 national strategy against proliferation of weapons of mass destruction (WMD) and its action plan. It remained actively engaged in implementing the 2018 Regional Roadmap and other regional forms of cooperation on firearms. Albania is a member of the Executive Council of the Organisation for the Prohibition of Chemical Weapons (OPCW) for the period 2024-2026. It should complete the procedures to join the Wassenaar Arrangement without further delay. Although it is not yet a participating state of multilateral export control regimes, Albania has fully aligned with the EU Common Position⁹ on arms export control. The country is a party to the Arms Trade Treaty, yet inter-state cooperation and information exchange remain to be further improved.

In terms of **security measures**, Albania has improved the implementation of its security of information agreement with the EU.

On **common security and defence policy**, Albania's participation in **EU military crisis management missions and operations** under the common security and defence policy continued, notably EUFOR Althea in Bosnia and Herzegovina. Albania contributes to regional cooperation in military medicine through the Balkan Medical Task Force (BMTF). It plans to participate in the EU Battlegroup in 2024

⁹ EU Common Position 2008/944

and expressed readiness to contribute to the European Union's Naval Force (EUNAVFOR) Operation ASPIDES for maritime security in the Red Sea, the Indian Ocean and the Gulf.

Regarding **hybrid threats**, Albania has adopted a new National Security Strategy in 2024, with a stronger focus on advancing and developing its capacities for defence against hybrid threats (*see under Chapter 10 – Digital transformation and media*). In June 2024, Albania signed a Memorandum of understanding to become member of the European Centre of Excellence for Hybrid Threats (Hybrid CoE) in Helsinki. Further efforts remain needed to close the space for foreign interference and information manipulation, including disinformation, and to build societal resilience against this and other forms of hybrid threats. Albania aligned with EU Declarations and restrictive measures in reaction to cyber-attacks in 2023 and 2024.

ANNEX I – RELATIONS BETWEEN THE EU AND ALBANIA

Albania is a candidate country since 2014. The first Intergovernmental Conference on **accession negotiations** took place on 19 July 2022, following the approval of the negotiating framework by the Council. On the same day, the Commission launched the analytical examination of the *acquis* – the ‘**screening**’ process, – and the sessions for all the six clusters were completed in November 2023. The screening report on cluster 2 – internal market was presented to the Council in May 2024. An intergovernmental conference was convened in October 2024 to open accession negotiations on cluster 1 – fundamentals.

Albania has been participating in the **stabilisation and Association process** since 1999. The **Stabilisation and Association Agreement** (SAA) between Albania and the EU came into force in April 2009. The transitional period of the SAA ended on 31 March 2019, and since 1 April 2019, Albania is fully associated with the EU. In the reporting period, Albania continued to implement, overall, its overall commitments under the SAA. Regular political and economic dialogue has continued through the relevant joint bodies under the SAA. The Stabilisation and Association Parliamentary Committee met in January 2024. The EU-Albania Stabilisation and Association Council has adopted a Decision to establish joint consultative committees (JCCs) with the European Economic and Social Council Committee (EESC) and the European Committee of Regions (CoR). The JCC, with the EESC will allow civil society organisations from both sides to monitor the path of Albania towards the EU and adopt recommendations accordingly, while the JCC with the CoR will provide a stable cooperation framework of cooperation between Albanian local and regional authorities and EU institutions.

The SAA and its Interim Agreement, applied since 2006, have allowed progressive trade liberalisation and mutual duty-free access for most goods. Since 2000, Albania has also benefited from the ‘autonomous trade measures’. The EU is the main trading partner of Albania, followed by CEFTA countries. Trade integration with the EU is high. In 2023, the EU remained the main trading partner of Albania, accounting for 57.7% of Albania's total trade in goods (72.1% of total exports and 50.6% of total imports). EU-Albanian trade fell by 5% in 2023. Albania's total trade in 2023 was worth EUR 12.4 billion. The country's trade deficit with the EU amounted to EUR 1.5 billion in 2023. Albania's trade with CEFTA represented around 10.3% of total trade in 2023, as compared with 10.7% in 2022.

Visa liberalisation for citizens of Albanian citizens travelling to the Schengen area has been in force since December 2010. A readmission agreement between the EU and Albania has been in force since 2006. The Commission's 2023 sixth report under the visa suspension mechanism¹⁰ concluded that Albania continues to meet the visa liberalisation requirements.

¹⁰ COM/2023/730 final.

Albania has continued to fully align itself with all EU **common foreign and security policy** positions and declarations during the reporting period. Albania continued to actively participate in EU crisis management missions and operations under the common security and defence policy, notably EUFOR Althea in Bosnia and Herzegovina.

The EU adopted in July 2024 the first bilateral assistance measure under the **European Peace Facility (EPF)** worth EUR 13 million to support the Albanian Armed Forces, with a view to strengthening their operational effectiveness, mobility and protection¹¹. The Balkans Medical Task Force, in which Albania participates, benefits from a EUR 6 million 2022 support measure under the European Peace Facility.

Under the **Instrument for Pre-accession Assistance 2021 – 2027 (IPA III)**¹², a fourth financing decision of EUR 67.35 million for the Annual Action Plan 2024 supports the fight against corruption, local governance and economic development, food safety, forests, and employment and social inclusion. In addition, the first financing decision of EUR 130 million for three 2024-2027 operational programmes supports efforts in digitalisation, advancing Albania's green agenda, and youth employment. These programmes are complemented by a significant package of multi-country programmes and the rural development programme IPARD III with EUR 112 million. Albania also participates also in five cross-border cooperation programmes, transnational cooperation programmes and EU programmes.

Ongoing programmes under IPA II (2014-2020) and IPA III are still providing significant support for the social and economic development of the country, environmental protection and connectivity. They also contribute to key reforms, especially on the fundamentals of the accession process, with progress made for example in the re-evaluation of judges and prosecutors ('vetting'). The Energy Support Package with its EUR 80 million budget support programme for Albania addressed the immediate, short-term, and medium-term needs in the context of the energy crisis and of the Russian war of aggression against Ukraine.

Under the **Reform and Growth Facility**, Albania could benefit from an indicative allocation of EUR 922.1 million, to be channelled via a Reform Agenda covering key reforms in five policy areas: business environment and private sector development; green energy; digitalisation; human capital development; and fundamentals / rule of law. Disbursement of Union support will be conditional on compliance with the preconditions and delivery on reforms as set out in the Reform Agenda.

Albania is the only country in the region that has signed cooperation agreements with all EU justice and home affairs agencies of the EU. Albania participates in two transnational cooperation programmes. Albania participates with IPA support in these EU programmes: Erasmus+, Creative Europe (Culture and Media strands), Employment and Social Innovation, Horizon Europe, Customs 2020, Fiscalis 2020, Competitiveness of Enterprises and Small and Medium-Sized Enterprises programme (COSME), Justice, Europe for Citizens and EU Fundamental Rights Agency (FRA) (as an observer), and the Digital Europe programme. To improve the sustainability in local public finances, Albania is participating as an observer in a pilot project under the Technical Support Instrument on structural reforms.

As of July 2024, the **Western Balkans Investment Framework (WBIF)** has supported Albania to the amount of EUR 333.4 million. This has been provided in the form of IPA III grants for flagship projects in the areas of clean energy, the environment and climate, the digital future, and sustainable transport.

The EU provides support via IPA and the Foreign Policy Instrument to strengthen Western Balkans partners' resilience in facing hybrid threats, including cyber and foreign information manipulation and interference.

¹¹ Council Decision (CFSP) 2024/1979.

¹² Official Journal L 330, 20.9.2021.

STATISTICAL DATA (as of 5/09/2024)
Albania

Basic data	Note	2011	2018	2019	2020	2021	2022
Population (thousand)		2 907 i	2 870 i	2 862 i	2 846 i	2 830 i	2 794 i
Total area of the country (km ²)		28 748 w	28 748 w	28 748 w	28 748 w	28 791 e	28 791 e

National accounts	Note	2011	2018	2019	2020	2021	2022
Gross domestic product (GDP) (million national currency)		1 300 624	1 636 731	1 691 903	1 647 431	1 856 172	2 138 339 p
Gross domestic product (GDP) (million euro)		9 268	12 828	13 754	13 310	15 157	17 972 p
GDP (euro per capita)		3 190	4 480	4 820	4 690	5 390	6 433 iw
GDP per capita (in purchasing power standards (PPS))		7 605	9 152	9 505	9 222	10 255	:
GDP per capita (in PPS), relative to the EU average (EU-27 = 100)		29.6	30.2	30.3	30.6	31.2	:
Real GDP growth rate: change on previous year of GDP volume (%)		2.5	4.0	2.1	- 3.5 p	:	:
Employment growth (national accounts data), relative to the previous year (%)		:	:	:	:	:	:
Labour productivity growth: growth in GDP (in volume) per person employed, relative to the previous year (%)		:	:	:	:	:	:
Unit labour cost growth, relative to the previous year (%)		:	:	:	:	:	:
**3 year change (T/T-3) in the nominal unit labour cost growth index (2015 = 100)		:	:	:	:	:	:
Labour productivity per person employed: GDP (in PPS) per person employed relative to EU average (EU-27 = 100)		:	:	:	:	:	:
Gross value added by main sectors							
Agriculture, forestry and fisheries (%)		21.0	21.1	21.0	21.9	21.1	21.3 p
Industry (%)		13.5	14.1	13.8	12.8	12.9	13.4 p
Construction (%)		14.6	10.3	9.8	10.2	10.9	11.1 p
Services (%)		51.0 i	54.6 i	55.4 i	55.2 i	55.2 i	54.2 pi
Final consumption expenditure, as a share of GDP (%)		89.3	90.4	91.3	92.5	88.6	86.0 p
Gross fixed capital formation, as a share of GDP (%)		29.4	23.9	22.3	22.6	24.4	23.9 p
Exports of goods and services, relative to GDP (%)		29.2	31.6	31.3	22.7	31.3	37.4 p
Imports of goods and services, relative to GDP (%)		52.0	45.2	45.0	37.2	44.7	47.8 p
Gross fixed capital formation by the general government sector, as a percentage of GDP (%)		:	:	:	:	:	:

Business	Note	2011	2018	2019	2020	2021	2022
Industrial production volume index (2015 = 100)	1)	67.8 w	96.6 w	95.5 w	89.5 w	113.0 w	116.1 w
Number of active enterprises (number)	2)	75 355 w	97 272 w	93 563 w	92 008 w	93 346 w	101 450 w
Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t (%)	3)	11.8 w	12.5 w	10.8 w	10.4 w	12.6 w	12.5 w
Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t (%)		:	:	:	:	:	:
People employed in SMEs as a share of all persons employed (within the non-financial business economy) (%)	2)	81.1 iw	80.2 iw	81.2 iw	81.3 iw	81.2 iw	:

Value added by SMEs (in the non-financial business economy) (EUR million)	2)	1 539 iw	2 881 iw	3 263 iw	3 103 iw	3 882 iw	:
Total value added (in the non-financial business economy) (EUR million)	2)	2 259 w	4 187 w	4 511 w	4 184 w	5 100 w	6 729 w

Inflation rate	Note	2011	2018	2019	2020	2021	2022
Consumer price index (CPI), change relative to the previous year (%)		:	1.8 d	1.7 d	2.2 d	2.3 d	6.6 d

Balance of payments	Note	2011	2018	2019	2020	2021	2022
Balance of payments: current account total (million euro)		:	- 865.7	- 1 089.2	- 1 153.3	- 1 166.2	- 1 062.9
Balance of payments current account: trade balance (million euro)		:	- 2 869.7	- 3 144.1	- 2 982.1	- 3 828.9	- 4 267.8
Balance of payments current account: net services (million euro)		:	1 110.3	1 263.8	1 056.2	1 795.8	2 400.4
Balance of payments current account: net balance for primary income (million euro)		:	- 13.6	- 180.3	- 227.6	- 211.0	- 314.5
Balance of payments current account: net balance for secondary income (million euro)		:	907.2	971.3	997.1	1 077.9	1 118.9
Net balance for primary and secondary income: of which government transfers (million euro)		:	67.1	67.1	58.2	48.6	31.4
**3 year backward moving average of the current account balance relative to GDP (%)		:	- 7.3	- 7.4	- 7.8	- 8.1	- 7.4
**Five year change in share of world exports of goods and services (%)		:	:	:	5.2	20.9	25.3
Net balance (inward - outward) of foreign direct investment (FDI) (million euro)		608.9 w	1 023.6 i	1 037.1 i	893.6 i	988.8 i	1 188.8 i
Foreign direct investment (FDI) abroad (million euro)		21.4 w	69.1	114.2	76.4	53.3	171.9
of which FDI of the reporting economy in the EU-27 countries (million euro)		:	32.4 w	39.1	28.5	27.3	44.2
Foreign direct investment (FDI) in the reporting economy (million euro)		630.4 w	1 092.1 w	1 150.5 w	970.2 w	1 043.3 w	1 361.9 w
of which FDI of the EU-27 countries in the reporting economy (million euro)		:	248.0 w	649.4	535.3	679.8	736.3
**Net international investment position, relative to GDP (%)		:	- 49.4 w	- 48.4 w	- 53.8 w	- 50.8 w	- 48.5 w
Year on year rate of change in gross inflow of remittances (in national currency) from migrant workers (%)		7.2 iw	5.2 i	5.1 i	5.1 i	5.0 i	4.6 pi

Public finance	Note	2011	2018	2019	2020	2021	2022
General government deficit / surplus, relative to GDP (%)		:	:	:	:	:	:
General government gross debt relative to GDP (%)		:	:	:	:	:	:
Total government revenues, as a percentage of GDP (%)		:	:	:	:	:	:
Total government expenditure, as a percentage of GDP (%)		:	:	:	:	:	:

Financial indicators	Note	2011	2018	2019	2020	2021	2022
Gross external debt of the whole economy, relative to GDP (%)		53.5 iw	65.1 i	59.9 i	64.2 i	64.4 i	54.3 pi
Gross external debt of the whole economy, relative to total exports (%)		182.9 w	205.8 w	191.3 w	283.1 w	205.3 w	145.0 w
Money supply: M1 (banknotes, coins, overnight deposits, million euro)		1 973.2 w	3 752.1 w	4 259.5 w	5 149.2 w	5 727.5 w	6 184.6 w
Total credit by monetary financial institutions to residents (consolidated) (million euro)		:	9 462.0	10 095.6	10 696.1	12 220.4	13 659.5
**Annual change in financial sector liabilities (%)		:	3.2	2.3	7.5	11.6	- 3.4
**Private debt, consolidated, relative to GDP (%)		:	54	54	58	55 p	49 e
Interest rates: day-to-day money rate, per annum (%)	4)	5.57 w	1.24 w	1.10 w	0.73 w	0.65 w	1.55 w
Euro exchange rates: average of period (1 euro = ... national currency)		140.330	127.590	123.010	123.770	122.460	118.980

Trade-weighted effective exchange rate index, 42 countries (2015 = 100)		:	:	:	:	:	:
**3 year change (T/T-3) in the trade-weighted effective exchange rate index, 42 countries (2015 = 100)		:	:	:	:	:	:
Value of reserve assets (including gold) (million euro)		1 912.5 w	369.4	- 79.8	654.9	938.9	- 71.8

External trade in goods	Note	2011	2018	2019	2020	2021	2022
Value of imports: all goods, all partners (million euro)		3 867	5 026	5 269	4 860	6 545	8 002
Value of exports: all goods, all partners (million euro)		1 400	2 431	2 426	2 190	3 012	4 090
Trade balance: all goods, all partners (million euro)		- 2 467	- 2 596	- 2 843	- 2 670	- 3 533	- 3 912
Terms of trade (export price index / import price index * 100) (number)		105.6 iw	103.6 iw	99.2 iw	104.1 iw	104.5 iw	99.6 iw
Share of exports to EU-27 countries in value of total exports (%)		72.8 iw	75.9 iw	76.4 iw	74.7 iw	72.2 iw	73.4 iw
Share of imports from EU-27 countries in value of total imports (%)		64.2 iw	60.0 iw	57.7 iw	57.9 iw	54.4 iw	51.6 iw

Demography	Note	2011	2018	2019	2020	2021	2022
Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)		4.9	2.5	2.3	0.2	- 1.2	0.2
Infant mortality rate deaths of children under one year of age (per thousand live births)		8.7	8.9	10.3	10.0	8.4	6.5
Life expectancy at birth: male (years)		:	77.4	77.6	75.2	73.6	77.4
Life expectancy at birth: female (years)		:	80.5	80.7	79.6	77.7	80.9

Labour market	Note	2011	2018	2019	2020	2021	2022
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)		75.6 ew	74.8 ew	75.9 ew	75.3 ew	75.1 ew	79.1 ew
*Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)		64.9 ew	65.6 ew	67.1 ew	66.3 ew	66.3 ew	70.4 ew
Male employment rate for persons aged 20–64 (%)		72.8 ew	73.9 ew	74.7 ew	74.0 ew	74.6 ew	77.4 ew
Female employment rate for persons aged 20–64 (%)		57.2 ew	57.4 ew	59.7 ew	58.8 ew	58.3 ew	63.7 ew
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)		54.7 ew	58.2 ew	60.4 ew	60.3 ew	60.0 ew	67.4 ew
Employment by main sectors							
Agriculture, forestry and fisheries (%)		45.4 ew	37.4 ew	36.4 ew	36.1 ew	33.8 ew	33.9 ew
Industry (%)		10.6 ew	12.7 ew	13.1 ew	13.4 ew	13.8 ew	14.3 ew
Construction (%)		8.2 ew	7.0 ew	7.0 ew	7.0 ew	8.1 ew	7.6 ew
Services (%)		35.8 ew	42.9 ew	43.5 ew	43.5 ew	44.3 ew	44.2 ew
People employed in the public sector as a share of total employment, persons aged 20–64 (%)		:	15.9 ew	15.3 ew	15.3 ew	16.0 ew	15.1 ew
People employed in the private sector as a share of total employment, persons aged 20–64 (%)		:	84.1 ew	84.7 ew	84.7 ew	84.0 ew	84.9 ew
Unemployment rate: proportion of the labour force that is unemployed (%)		14.0 ew	12.3 ew	11.5 ew	11.8 ew	11.6 ew	11.0 ew
Male unemployment rate (%)		13.6 ew	12.7 ew	11.6 ew	11.6 ew	11.4 ew	10.6 ew
Female unemployment rate (%)		14.4 ew	11.9 ew	11.4 ew	12.0 ew	11.8 ew	11.4 ew
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)		23.9 ew	28.3 ew	27.2 ew	26.5 ew	27.1 ew	24.9 ew

Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)		10.2 ew	8.3 ew	7.3 ew	7.0 ew	7.3 ew	7.4 ew
Unemployment rate for persons (aged 25–64) having completed at most lower secondary education (ISCED levels 0-2) (%)		12.1 ew	9.2 ew	8.6 ew	9.6 ew	9.8 ew	9.3 ew
Unemployment rate for persons (aged 25–64) having completed tertiary education (ISCED levels 5-8) (%)		:	11.5 ew	9.7 ew	10.0 ew	8.4 ew	8.4 ew

Social cohesion	Note	2011	2018	2019	2020	2021	2022
Average nominal monthly wages and salaries (national currency)	5)	46 665 ew	50 589 ew	52 380 ew	53 662 ew	57 190 ew	61 898 ew
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2016 = 100)		:	102 ew	105 ew	105 ew	110 ew	111 ew
GINI coefficient		:	:	:	:	:	:
Poverty gap		:	32.4	28.6	26.0	25.5	:
*Early leavers from education and training: proportion of the population aged 18–24 with at most lower secondary education who are not in further education or training (%)		35.2 ew	17.4 w	16.3 w	15.6 w	16.8 w	15.5 w

Standard of living	Note	2011	2018	2019	2020	2021	2022
Number of passenger cars relative to population size (number per thousand population)		103.5 iw	161.0	176.0	191.0	212.0	232.0
Number of mobile phone subscriptions relative to population size (number per thousand population)		1 841.8 w	1 445.6 w	1 183.8 w	1 176.2 w	1 239.1 w	1 350.0 w
Mobile broadband penetration (per 100 inhabitants)		:	:	62.7 w	70.4 w	73.1 w	76.6 w
Fixed broadband penetration (per 100 inhabitants)		:	13 w	15 w	17 w	20 w	21 w

Infrastructure	Note	2011	2018	2019	2020	2021	2022
Density of railway network (lines in operation per thousand km ²)		13.9 iw	11.6 iw	5.9 iw	7.8 iw	7.8 i	7.1 i
Length of motorways (kilometres)		:	m	m	22	25	25

Education, innovation and research	Note	2011	2018	2019	2020	2021	2022
Public expenditure on education relative to GDP (%)		3.2 iw	3.2 piw	3.3 iw	3.3 iw	3.1 piw	2.9 iw
*Gross domestic expenditure on R&D relative to GDP (%)		:	:	:	:	:	:
Government budget appropriations or outlays on R&D (GBAORD), as a percentage of GDP (%)		:	:	C	C	:	0.06
Percentage of households who have internet access at home (%)		:	83.6	85.5	87.2	90.9	98.4

Environment	Note	2011	2018	2019	2020	2021	2022
*Index of greenhouse gas emissions, CO ₂ equivalent (1990 = 100)		:	:	:	:	:	:
Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2015 constant prices)		233.1	209.4	204.2	196.3	:	:
Electricity generated from renewable sources relative to gross electricity consumption (%)		66.1	92.5	93.0	100.0	94.4	38.1
Road share of inland freight transport (based on tonne-km) (%)		:	:	:	:	:	:

Energy	Note	2011	2018	2019	2020	2021	2022
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Primary production of all energy products (thousand TOE)		1 483	2 015	1 736	1 494	1 823	1 607
Primary production of crude oil (thousand TOE)		895	911	1 005	758	712	657
Primary production of solid fuels (thousand TOE)		1	161	52	69	131	148
Primary production of gas (thousand TOE)		12	32	58	41	44	38
Net imports of all energy products (thousand TOE)		801 i	503 i	753 i	793 i	553 i	705 i
Gross inland energy consumption (thousand TOE)		2 245	2 366	2 355	2 183	2 298	2 209
Gross electricity generation (GWh)		4 191	8 553	5 206	5 313	8 963	7 003

Agriculture	Note	2011	2018	2019	2020	2021	2022
Agricultural production volume index of goods and services (at producer prices) (2015 = 100)		:	:	:	:	:	:
Utilised agricultural area (thousand hectares)		1 201.3	1 174.0	1 174.1	1 165.7	1 165.6	1 164.4
Livestock numbers: live bovine animals (thousand heads, end of period)		:	467.3	415.6	362.6	336.8	297.7
Livestock numbers: live swine (thousand heads, end of period)		:	184.1	183.9	158.4	159.2	137.3
Livestock numbers: live sheep and live goats (thousand heads, end of period)		:	2 781.0 i	2 621.2 i	2 332.2 i	2 255.8 i	2 093.3 i
Raw milk available on farms (thousand tonnes)		:	:	:	:	:	:
Harvested crop production: cereals (including rice) (thousand tonnes)		701.2	678.2	666.1	684.0	691.4	690.9
Harvested crop production: sugar beet (thousand tonnes)		:	27.5	30.7	27.0	24.4	21.3
Harvested crop production: vegetables (thousand tonnes)		:	:	:	:	:	:

Source: Eurostat and/or the statistical authorities in Albania

: = not available

C = confidential value

d = definition differs

e = estimated value

p = provisional

i = Eurostat estimate

m = missing value / data cannot exist

w= data supplied by and under the responsibility of the national statistical authority and published on an "as is" basis and without any assurance as regards their quality and adherence to EU statistical methodology

* = Europe 2020 indicator

** = Macroeconomic Imbalance Procedure (MIP) indicator

Footnotes:

- 1) Based on NACE Rev. 2. Coverage is Sections B to D.
- 2) Based on NACE Rev. 2. Coverage is Divisions 05 to 82 and 95.
- 3) The enterprise birth rate cannot be calculated from the current Statistical Business Register data.
- 4) Annual average of the Tribor rate – interbank rate for overnight loans.
- 5) Public sector only.

