

**STABILISATION AND ASSOCIATION  
BETWEEN  
THE EUROPEAN UNION  
AND ALBANIA**

**The Stabilisation and Association Council**

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**COVER NOTE**

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Subject: Twelfth meeting of the EU-Albania Stabilisation and Association Council  
(Tirana, 16 March 2023)

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Delegations will find attached the position paper of Albania tabled on the occasion of the 12th meeting of the Stabilisation and Association Council between the European Union and Albania.

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REPUBLIC OF ALBANIA

# **TWELFTH MEETING OF THE EU-ALBANIA STABILISATION AND ASSOCIATION COUNCIL**

Tirana, 16 March 2023

## **NATIONAL POSITION PAPER OF THE REPUBLIC OF ALBANIA**

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## OPENING

Albania welcomes the twelfth meeting of the EU – Albania Stabilisation and Association Council (SA) Council. It is an opportunity to review Albanian's positive progress in the preparation for membership and to intensify further relations between the EU and Albania.

## ADOPTION OF THE AGENDA

## ADOPTION OF THE MINUTES OF THE ELEVENTH MEETING OF SA COUNCIL EU-ALB

The Stabilisation and Association Council takes note of the minutes of the eleventh meeting of the SA Council of 1 March 2021, as agreed and contained in document UE-ALB 4956/21.

## RELATIONS UNDER THE STABILISATION AND ASSOCIATION PROCESS

### Accession strategy

Albania continues to have as its strategic priority accession to EU. The entire process consists of a clear merit – based perspective that supports a continues progress of the negotiation process and the implementation of the reforms and policies, in line with EU standards. The integration process serves as a steppingstone for Albania's democratization, institutional strengthening, and deeper enshrinement of the rule of law. The entire political spectrum and a sizable majority of the Albanian population are unambiguously in favour of the country's EU membership.

The core principles of the European Union, including respect for all human rights, especially the rights of minorities, democracy and the rule of law, are ideals that Albania has developed as values and is dedicated to upholding and safeguarding.

The accession negotiation process has initiated with the holding of the first intergovernmental conference with Albania on 19<sup>th</sup> of July 2022 and further advanced with the analytical examination of the EU *acquis*, namely the screening process. Albania has accepted and is applying the **revised enlargement methodology** and looks forward to exploring its benefits, including accelerated (gradual) integration.

The EU negotiating structure of Albania is functional and its administrative capacities are upgraded and streamlined in order to move forward in the accession negotiation process and speed up and sustain the attainment of results by the reforms' progress. In addition, with the Chief Negotiator being a state minister placed in the center of the government and a member of the Council of Ministers the communication and coordination with other ministers and institutions and parties on EU Integration related issues is improved. This communication continues with all the segments of society, through the European Integration Partnership Platform, where interested groups and civil society are part and develop social dialogue and participation in European Integration.

All political and technical structures are fully energised and focused on the negotiation process. Albania is fully committed to moving forward in the accession negotiations based on continuing reform progress and is already conducting a professional screening process (for all six clusters) within the timeline proposed by EU: September 2022 - November 2023. Two clusters have already been screened.

Albania has successfully completed the screening of the fundamentals' cluster from September 2022 till January 2023. The EU *acquis* in these chapters was fully accepted and Albania committed to fulfil all the obligations stemming from the negotiations.

Albania looks forward to the approval of the screening report on the fundamentals cluster and aims for the opening of the cluster in the framework of the second intergovernmental conference by 2023. Albania is progressing on the drafting of "Rule of Law" Roadmap and "Public Administration Reform" Roadmap, the two opening benchmarks of Cluster 1 "Fundamentals" as per the methodology of accession negotiations and will be ready to the potential assesment by the Commission on these two opening benchmarks, during 2023.

During the first quarter of 2023, Albania has concluded the bilateral screening of cluster 2 “Internal market” and looks forward to receiving its screening report, too.

Albania is preparing ahead for the screening of all clusters and their potential future opening and a self-assessment on other clusters’ opening readiness and envisaging next steps is under way. Also during screening, the accelerated integration opportunities, as per the new methodology of accession negotiations, are being mapped and Albania will ask for those to be applied, where possible to candidate countries, aiming in particular, social and economic accelerated (gradual) integration with actions of direct benefits for citizens, social groups and businesses.

Albania continues to implement the Stabilisation and Association Agreement. The latest EU – Albania Stabilisation and Association Committee was held on 15<sup>th</sup> of February, 2022. Since the eleventh meeting of the SA Council on 1<sup>st</sup> of March 2021, Albania has successfully progressed in all areas related to European integration, also as acknowledged by the Council conclusions.

Albania continues to align its legislation to EU requirements in several areas, by following the recommendations of the joint SA mechanisms and enhancing the process of institutional and administrative capacity building, in order to increase its ability to assume the obligations of membership.

The EC 2022 Report affirmed that Albania maintained its focus on reforms related to the country’s EU path, despite the challenge of addressing the economic and social consequences of the triple shock: the 2019 earthquake, the pandemic and the Russian war of aggression against Ukraine.

The accession criteria determine the stability of institutions that guarantee democracy, rule of law and respect for human rights, and the existence of a functioning market economy as the main pillars of the national policy of Albania.

The OSCE/ODIHR recommendations are addressed in the new electoral code and a successful and fair election was held in 2021.

Albania made more strides toward putting the **judicial reform** into effect. By closely collaborating with the International Monitoring Operation, significant work has been done in relation to the vetting process (IMO). Full functionality has been reclaimed by the Constitutional Court. The High Court has become functional and the case backlog has been reduced by more than 2000 cases. The fight against corruption has intensified by consolidating operational coordination and monitoring capacities. Significant results were attained in the fight against organized crime.

An action plan was prepared and began implementation to address FATF recommendations. As required by FATF/ICRG, Albania's police have participated in several operations targeting organized crime groups, leading to important arrests and indictments. The work of the National Bureau of Investigation (NBI) and the Special Prosecution Office (SPO) of the Special Anti-Corruption Structure (SPAK) has intensified in the fight against organized crime and corruption, including in high-level cases.

Public administration reform has made good progress in terms of policy-making, integrated policy planning, transparent remuneration system, and strengthening of public finance management.

Albania is committed to the protection of fundamental rights and its legal framework complies with international human rights instruments and European standards.

Albania's steadfast and full cooperation on foreign policy issues and 100% alignment with the EU Common foreign and security policy, including EU restrictive measures is a strong expression of Albania's strategic orientation and of the strengthening of the strategic partnership between EU and Albania.

Albania plays a proactive role in the Western Balkans, supporting peace and reconciliation, prosperity and EU integration in the region. The EU-Western Balkans Summit in Tirana, on 6<sup>th</sup> of December, 2022 demonstrated the importance of the strategic partnership between the EU and the Western Balkans, especially in view of the continued Russian aggression to Ukraine. Albania has assumed the Chairmanship in Office of the Berlin Process in 2023 and the Berlin Process Summit will be held on 16<sup>th</sup> of October 2023 in Tirana.

Albania welcomes the **financial assistance** provided by the Union and especially the Energy Support Package for Albania and the Western Balkans to mitigate the negative impact of Russia's war against Ukraine. Albania has ratified the IPA III Financial Framework Partnership Agreement covering the period 2021 – 2027, with the Law No 65/2022 to initiate its implementation. The financial agreements for IPA 2021 have been signed by NIPAC on November 2022. IPA 2022 and IPA 2023 have been approved in principle by the Council of Ministers of Albania and will be signed within March 2023. The programming process for the identification of the action fiches for the IPA 2024 is ongoing.

Albania is looking forward to the swift implementation of the financial assistance provided by the Union and in particular the Economic and Investment Plan for Western Balkans supporting long-term and sustainable economic recovery, successful regional integration and accelerated convergence with the EU.

Albania considers narrowing the gap in the living standards between the Western Balkan and EU as of paramount importance to speed up the convergence, and EU accession. Albania looks forward to engaging in an intensified political, economic (and financial) dialog with EU as regards to convergence transition during the negotiations and accession to the Union preparation period, in the framework of accelerated integration, too.

## **Political criteria**

The Albanian Government is committed to making every effort to ensure constructive **political dialogue** and to build on the existing political consensus on EU integration in order to pursue the reform agenda in a spirit of compromise and cooperation, maintaining the support of the vast majority of the Albanian society.

As regards **elections**, the partial local elections for mayors in six municipalities were held on March 6<sup>th</sup>, 2022 and the result was accepted by all electoral subjects. The Central Election Commission was fully engaged in fulfilling the obligations for the preparation, development, administration, supervision and announcement of the results of the partial local elections. The recommendations of OSCE/ODIHR and the Venice Commission were considered.



The upcoming local elections have been decreed by the President of the Republic on *14 May 2023*, by Decree No. 13864, dated 24.10.2022. The Central Election Commission will guarantee the fundamental right to free and secret elections, the principle of equality, the removal of restrictions due to disabilities and the facilitation of information to national minorities. Electronic voting and counting will apply in more than one municipality. Different work processes will be digitized, mainly related to the registration of political subjects, submission of financial reports, monitoring of the election campaign and auditing of funds, staff recruitment, election commissions.

**The Parliament** of the Republic of Albania as the supreme representative and legislative body plays a fundamental role in the functioning of the democratic system and in the political processes in Albania.

The Parliament set up the special parliamentary committee on the implementation of the electoral reform. The Parliament approved the extension of the term of activity of the committee until March 2023. The Committee has appointed experts to prepare the draft proposals concerning the legal amendments that it will review.

On June 2022, the new President of the Republic of Albania was elected by the Parliament.

The Parliament has made considerable progress in meeting the recommendations of the European Commission Report for Albania concerning the functioning of the Parliament. The control role of the Parliament was further strengthened through more intensive and quality use of the parliamentary oversight instruments.

The Parliament is revising the law no. 15, dated 5.03.2015 "On the role of the parliament in the European Union integration process of the Republic of Albania". The National Council for European Integration has continued organizing periodic awareness-raising meetings on the fulfilment of obligations from the process of integration in the European Union.

The **justice reform** is in an advanced stage of implementation. The new institutional setup is now fully functional and producing tangible long-awaited results. This reform has had an undeniably positive effect in expelling from the system numerous judges and prosecutors. However, due to rigorous vetting, high number of judges and prosecutors have left the system, resulting in numerous vacancies at all levels of the judiciary. In order not to allow this temporary and yet inevitable situation to undermine the public's perception and trust in the effectiveness of the system, a comprehensive legal package to mitigate these shortcomings was approved and has started to be implemented.

The **Constitutional Court** is composed of 9 judges, regaining full composition as provided by Article 125 of the Constitution. In 2022, 291 applications were filed with the Constitutional Court. The Court took 43 decisions on the merits, while the Meeting of Judges and the Panels of the Court took 195 non-admissibility decisions, within the legal time limits provided by law no. 8577 of 10.02.2000 "On the organization and functioning of the Constitutional Court of the Republic of Albania". The number of pending cases at the end of 2022, carried over to 2023, is 85, and there is no backlog.

The **High Court** has now 16 members out of 19, meeting the necessary quorum of 2/3 members needed to convene and adjudicate in United Colleges. It has also reached the quorum for the appointment of judges to the Constitutional Court. The mission of the High Court to consider cases in the United Colleges and to fulfil its mission and authority on issues when a unified application is needed, has been reached. Following the new appointments of judges, the High Court, for the first time in six years, has reduced the backlog of cases. 6,205 decisions have been taken in 2022 by the High Court, compared to 3,255 cases in 2021.

The new **judiciary self-governance institutions** including the High Judicial Council, High Prosecutorial Council, High Justice Inspector and the new Justice Appointment Council are fully operational and have shown clear commitment to improving transparency, accountability, professionalism and efficiency in the justice system through concrete results. In order to tackle the discrepancies created by the vetting process, emergency instruments foreseen within the legal framework in force were applied to create appropriate conditions for the continuation of work and the review of court cases.

The first phase of the new *Judicial Map* has been executed, meaning that from 1<sup>st</sup> of February 2023, there is a National Court of Appeal of General Jurisdiction, from 6 appellate courts before the reform. As of February 3<sup>rd</sup> 2023, the entire backlog of cases has been redistributed to the judges on duty ensuring an equal caseload among them. This phase will be followed up by two other phases, with the re-organization of district courts on May 2023, and the Administrative Courts of first instance, on July 2023.

The number of graduates and candidates from the *School of Magistrates* in the careers of judges, prosecutors and legal assistants has increased significantly due to the needs and vacancies in the justice system. In 2022, 24 judges, 22 prosecutors, 3 counsellors and 1 legal advisor have graduated. The School of Magistrates is currently being attended by 40 candidates for judges and 26 candidates for prosecutors in the Generation 2020 – 2023; by 32 candidates for judges, 23 candidates for prosecutor in the generation 2021 – 2024 and 45 candidates for judges, 27 candidates for prosecutors and 3 candidates for legal advisors in the generation 2022 – 2025. The School of Magistrates has redesigned the first- and second-year initial training curricula to implement a more practical approach.

The **transitional re-evaluation of judges** and prosecutors has steadily advanced and yielded tangible results. To date, 64% of the files handled in connection with the transitional reassessment process have resulted in the dismissal, resignation or termination of the mandate of the magistrates who have undergone this process. The total number of the assesses to be vetted ex officio is 805. Until 31-st January 2023, the Independent Qualifications Commission has ruled in total for 611 judges, prosecutors and other subjects of vetting. 252 judges, prosecutors and other subjects of vetting were confirmed in duty. 217 judges, prosecutors and other subjects of vetting were dismissed from duty and 92 resigned. 4 assesses were suspended for 1 year. For 4 assessments, the Independent Qualifications Commission has decided on discontinuity of the vetting process based on the provisions of the Vetting Law, Administrative Procedure Code and the Law on Status of Magistrates. In the plenary of February 10, 2022, the Parliament approved the amendments to the Constitution of Albania to extend the mandate of the re-evaluation bodies, until December 31, 2024.

Regarding the **Appeal Chamber**, in response to the recommendations of the Venice Opinion, as well as the recommendations of the European Commission for expedited proceedings, the AC has improved its operational procedural rules, especially with regard to the preparation of cases and the trial of cases taking place in public hearings. From February 2021 to the end of February 2023, the Appeal Chamber has registered 135 re-evaluation jurisdiction cases. From February 2021 until the end of February 2023, the AC has announced 85 re-evaluation jurisdiction decisions.

The **Institution of Public Commissioners** (IPC), as of the period February 2018 – 31 January 2023, has been notified by the Independent Qualification Commission for 600 decisions. The PCs have appealed 71 decisions to the Appeal Chamber. For 521 decisions they decided not to file an appeal, while 8 decisions are in process. The International Monitoring Operation has submitted to the Public Commissioners 23 recommendations to file an appeal. Based on Article 53, Law No. 84/2016, the IPC has registered 958 public denunciations.

The institutional architecture for prosecuting and adjudicating cases of **corruption and organised crime** is fully operational. The **Special Prosecutor's Office for Corruption and Organized Crime** (*SPAK*) has currently 17 appointed prosecutors, out of 20 prosecutors in total. As of December 2022, the new Director of the Special Prosecution Office is Mr. Altin Dumani. The Special Prosecutor's Office against Corruption and Organized Crime, from December 2019 to December 2022, has registered 24 criminal proceedings in total, with 25 former high officials under investigation. For the same period, 18 criminal proceedings with 19 defendants, former high officials, were sent to the court with a Request for Judgment. For the period 2020-2022, 167 criminal proceedings in total, with 835 defendants, were sent to the court with a Request for Judgment.

Following the establishment of the Special Courts against Corruption and Organized Crime in 2019, currently, the Special Court of Appeal consists of 10 judges out of 11 foreseen by law, while the Special Court of First Instance consists of 9 judges, 3 of which designated through the delegation scheme, out of 16 that are foreseen. **The Special Court against Corruption and Organized Crime** has handed down several important verdicts against high-ranking officials, including the former minister of the interior and the former prosecutor general. In the framework of criminal proceedings no. 102/2 of 2020, initiated by SPAK, on corruption in justice and public health service, the Special Court of First Instance against Corruption and Organized Crime issued a decision to arrest a judge in Kruja Judicial District Court, suspected of the criminal offense of “Passive Corruption of Judges, Prosecutors and Other Justice Officials”, a lawyer, suspected of the criminal offense of “Passive corruption of Judges, Prosecutors and other officials of justice”, the Chief Secretary of the Kruja Judicial District Court, suspected of the criminal offense of “Passive Corruption of Judges, Prosecutors and Other Justice Officials”, a psychiatric-legal expert, suspected of the criminal offense of “False expertise”. In addition, in the framework of this proceeding, a cardiac surgeon was held criminally liable, suspected of the criminal offense of “Passive corruption of persons exercising public functions”.

As per the competencies from the Normative Act, since its establishment up to the end of 2022, the court issued 176 decisions for confiscation of assets, seizing respectively: 329 movable assets, 641 real estate, full quotas for 98 commercial entities and corresponding quotas of persons under investigation for 10 commercial entities and several bank accounts with a total value of 22,576,155 €.

The **National Bureau of Investigation** is in full operation. Six agreements with key institutions that can provide information and valid access to the investigation process have been signed by NBI with other law enforcement agencies in the joint fight against corruption and organized crime. The 60 investigators have immediately started their investigations under the leadership of SPO prosecutors and currently are working on approximately 300 criminal proceedings. On the top of the list of short-term priorities of the NBI is the recruitment of judicial police services. Recruitment will be based on the assessment of professional skills and the vetting process of candidates. This process is expected to be completed within 2023. In 2022 and 2023, the NBI has conducted 3 proactive investigation files (2 organized crime and 1 corruption) and referred to the SPO, in order to verify and register the respective criminal proceedings.

Albania is implementing a number of activities **in the fight against organized crime**. During 2021, a total of 1,159 criminal offenses were recorded, out of which 14 cases related to the offense of human trafficking. The criminal police structures have seized a total of about 71,400,699 Euros in assets, bank accounts, and cash derived from the criminal activity of persons and criminal groups. In regard to the criminal offence of "laundering of the proceeds of a criminal offence or criminal activity," under Article 287 of the Criminal Code, assets estimated at the value of around 49,929,728 euros were seized.

During 2022, a total of 1,339 criminal offenses were recorded, out of which 21 cases related to the offense of human trafficking with a value of assets seized for money laundering (Article 287 of the Criminal Code) were 44,708,799 euros. Assets seized from criminal activity (criminal and property investigations according to the Anti-Mafia Law), were estimated at approximately 28,443,345 Euros.

In March 2022, in cooperation with Europol, 19 representatives from the State Police, General Directorate of Customs, SPAK, and NBI were trained on the use of Siena.

The procedures for the appointment of the second liaison officer to the Europol headquarters in The Hague have been completed. The liaison officer has been appointed and is operational from February 16, 2023.

**As regards anti-money laundering**, and the full alignment with EU's fourth and fifth directives, two laws, "On beneficial owners" and "On the bank accounts register", are adopted and are currently in force. Albania is the first jurisdiction in the Western Balkans to commit to automatic exchange of bank account information under the Automatic Exchange of Information framework of the OECD/Global Forum. Structures for the investigation of economic and financial crime in the State Police have gained access to three other registers such as register of bank accounts, register of beneficial owners and register of real estate.

In addition, five sectorial and product risk analysis have been concluded and an entirely new IT system for handling mutual legal assistance is under implementation. The risk-based inspection plans and methodologies have been adopted.

As regards **fight against terrorism**, Albania has a comprehensive legal framework for preventing and combating terrorism and is well advanced in aligning with the respective EU acquis. Albania has been implementing the envisaged measures in the Action Plan (2021-2022) of the Cross-Cutting Strategy against Terrorism 2021 -2025. Albania has made very good progress in implementing the “Bilateral Arrangement with the EU to operationalize the Joint Counter-Terrorism Action Plan for the Western Balkans”, and the updated Joint Action Plan was signed on December 9, 2022.

Albania is the EU's sole third-country partner with all of the EU's Justice and Home Affairs Agencies that has reached an agreement with Eurojust. In addition, to prevent radicalism, violence, extremism and to address the expectations of citizens returned from conflict zones, the *Coordination Center for Countering Violent Extremism (CVE)* functions at the Ministry of the Interior of the Republic of Albania to coordinate and monitor the work with central and international partners. CVE continues the coordination activity on the implementation of the reintegration process of 37 Albanian citizens who were repatriated from the camps of the former conflict countries, Syria and Iraq: 5 citizens repatriated on October 27, 2020, 19 citizens repatriated on August 1, 2021 and 13 citizens repatriated on May 27, 2022.

The Albanian Government has put a multitude of efforts in **fighting corruption** at all levels, through a triadic approach, focusing on prevention, repression, and awareness raising. In December 2022, Albania has been successfully evaluated *in the frame of GRECO V Round Evaluation* for the implementation of 5 recommendations, 13 recommendations were considered partly implemented and only 6 were not implemented, out of the 24. As of February 2020, Albania has undertaken a high-level political commitment to implement the Action Plan agreed with the ICRG/FATF. Out of the 19 points of the ICRG Action Plan, only one point remains "partially addressed", while the other 18 points have been addressed.

The first General Directorate against Corruption was established and is functional at the Ministry of Justice in its capacity as National Coordinator against Corruption. The Network of Anti-Corruption Coordinators has under its monitoring 44 institutions at the central level and 36 institutions at the local level. In 2022, as a result of the administrative investigations, either ex-officio or based on complaints and denunciations received from various sources, 259 disciplinary measures and 88 recommendations were proposed for persons (employees) subject to investigation. 20 criminal reports were submitted/referred to the prosecution office. Until February 2023, 21 disciplinary measures and 16 recommendations were proposed and 3 criminal reports were submitted/referred to the prosecution office.

The Ministry of Justice, as the National Coordinator against Corruption, monitors periodically the implementation of the Cross-Sector Anti-Corruption Strategy 2015– 2023 and the Action Plan 2020– 2023 through a monitoring structure. Four monitoring reports were developed, the monitoring report January - December 2021, January - March 2022, January - June 2022 and July - September 2022. The new Cross-cutting Anti-Corruption Strategy 2023-2030 is currently being drafted.

For the period 2019 - 2022, the *High Inspectorate of Declaration and Audit of Assets and Conflicts of Interest* (HIDAACI) has referred a total of 240 referrals to the law enforcement agencies related to refusal to declare, failure to declare, hiding or false declaration, laundering of proceeds of crimes, fiscal evasion. There were 72 cases in 2020, 16 cases in 2021 and 37 cases in 2022. The e-system of declarations of assets and conflicts of interest has become operational in 2022. According to Law No 119/2014 of 18.09.2014 “On the right of information”, in 2022, HIDAACI published 4,271 declarations of private interests, compared to 3,553 in 2021. In its capacity as an external mechanism of reporting whistleblowing and processing requests for protection against retaliation, for 2017-2022, HIDAACI has registered and investigated 71 cases and 9 requests for protection against retaliation.



Within **the corruption prevention agenda**, a thorough process of *integrity risk assessment* and adoption of integrity plans has been completed. All line ministries and 21 municipalities have approved their Integrity Plans and made them easily accessible online. The Ministry of Justice has approved a monitoring instrument for the implementation of Integrity Plans in the central government.

The first project in **education and anticorruption** in high schools, whereby the students of the high schools are informed and provided with anticorruption mechanisms and how to proactively denounce of corruption, was implemented in 2022. The new phase of the project will go on implementation in 12 high schools outside Tirana and for the next three new academic years.

On **judicial cooperation**, Albania continues to cooperate with EU Member States and Eurojust.

On **migration**, Albania is committed to addressing jointly the common migratory and security-related challenges in the Western Balkans migration route. Albania is in the process of improving its institutional capacities on border management and by closely cooperating with the destination country in the EU. Albania cooperates closely with all the EU justice and home affairs agencies, as well as with individual Member States. The cooperation between Albania, the European Border and Coast Guard Agency (FRONTEX) is delivering outstanding results. The new status agreement with FRONTEX is agreed upon. Albania will implement the EU Action Plan on the Western Balkans. The implementation of the National Strategy for Migration has come to an end in December 2022 and the Ministry of Interior has initiated work on the drafting of the new Strategy for Migration 2023-2027 and its Action Plan. Albania has maintained its commitment and efforts to tackle the **unfounded asylum applications** lodged by Albanian citizens in the EU Member States.

Albania is engaged in the protection of **fundamental rights**, and its national regulations and the legal framework comply with international and European human rights standards. Albania's Observer Status to the EU Agency for Fundamental Rights (FRA) has been approved. The nominations of an Albanian Observer and Alternate Observer to the FRA Management Board, as well as the nomination of a national liaison officer, have taken place.

On **statistics**, during March 2023, the new Official Statistics Program for the period 2022-2026 was approved. The activities of the **Population and Housing Census** continue and the process on field data collection will be held during 2023, as per the approved Annual Plan 2023 of the National Statistical System and INSTAT approved on January 26, 2023.

In the framework of the **freedom of expression**, the draft law "On some additions and changes to law no. 97/2013 "On audio-visual media in the Republic of Albania", as amended", was drafted during 2022, with partial harmonization of the Albanian legislation in force on audio-visual media with EU Directive no. 2018/1808. The revised draft law was re-submitted for consideration to the European Commission at the end of November 2022 and on 21 December 2022, the European Commission (DG Connect) expressed positive feedback about the revised draft law. The final deadline for approval of the law is 31 May 2023. In this context, the draft law has been already approved by the Council of Ministers in February 2023 and is in the process at the Albanian Parliament.

The Government of Albania has embarked on a fully-fledged **property reform** that aims to restore legality in a complex issue of enjoyment of property rights for every Albanian citizen. The digitalization of immovable property registration system is ongoing. Pursuant to Law no. 111/2018 "On Cadaster" and Law no. 20/2020 "On the completion of transitional ownership processes in the Republic of Albania" and recommendation for drafting secondary legislation, 31 Decisions of the Council of Ministers are approved.

With regard to the implementation of the Framework Law "On the protection of **national minorities** in Albania", 9 bylaws have been approved and 3 other bylaws are in the process. The new structure of the National Minorities Committee was adopted in April 2022. The approved state budget for the National Minorities Committee for 2022 was ALL 32 786 000. The state budget fund for financing projects of national minorities based on DCM no. 769, dated 15 December 2021 on the "National Minorities Fund" was ALL 4,000,000 for 2022.

Concerning vulnerable groups and **non-discrimination**, the amendments of 2020 to Law no. 10221 "On Protection from Discrimination", improved the legal framework against discrimination. These amendments, among other, brought national legislation on hate speech in line with the international standards. The constant number of cases handled by the Commissioner for Protection from Discrimination (CPD) shows the increased public awareness and trust in this institution. Regarding the rights of *Roma and Egyptian community*, the National Action Plan for Equality, Inclusion and Participation of Roma and Egyptians 2021-2025" is implemented and monitored. The RomAlb electronic system ([www.romalb.org](http://www.romalb.org)) indicators are being updated and the network of central and local level employees that generate data at the RomAlb system are empowered and trained.

For the school year 2020-2021 around 12,239 Egyptian and Roma children from grades 1-12 have received free textbooks meanwhile and for 2021-2022 around 12,001 Egyptian and Roma children from grades 1-12 have received free textbooks. Thirty thousand Roma and Egyptian citizens received information (including physical, mental and reproductive health issues, STDs, immunization of children 0-14, drug use, etc.).

Policies for social inclusion across all categories of *people with disabilities* in line with the principles of the UN Convention on the Rights of Persons with Disabilities are being implemented. Work was completed on the extension of the Coordinated Mechanisms for Referral of Cases of Domestic Violence (CMR) in all municipalities. Currently, 56 out of 61 CMR are functional.

**The National Strategy for Gender Equality 2021 – 2030** and its Action Plan adopted by the Ministry of Health and Social Protection and is fully aligned with the EU Gender Action Plan III.

In the framework of monitoring the **rights and protection of children** from economic exploitation, including children in street situations, the National Action Plan for the Protection of Children from Economic Exploitation which includes children in street situations, was adopted in October 2019. Juvenile and Youth Crime Prevention Centre is set up as an institution under the Ministry of Justice.

As regards **public administration reform**, as of June 2022, the state minister for Services Standards has been assigned to ensure the political leadership of the public administration reform. In 2022, the Strategic Planning Committee (SPC), an Inter-ministerial committee led by the Prime Minister and supported at the technical level by the State Agency for Strategic Planning and Aid Coordination (SASPAC), has approved the vision, objectives, deadlines, and calendar for the preparation of 17 sectoral and cross-sectoral strategies, among which 5 strategies have been approved and 12 are in the approval process.

In the area of **strategic planning** the National Strategy for Development and European Integration 2022-2023 was approved with the decision of the Council of Ministers No. 88, of 22 February 2023.

On **public service and human resources management**, according to the Monitoring Report of SIGMA (2021), Albania has been evaluated with the highest scores in the Western Balkans region, regarding the stability and strengthening of the civil service system, capacity building and professional growth of the public servants in successfully meeting the challenges of integration into the European Union. As well, in the monitoring report, the indicator "Meritocracy and effectiveness of the recruitment of civil servants" was evaluated with maximum points (5 out of 5).

The information technology systems, for the human resource management, are currently in place. They have played an important role in facilitating the communication between institutions and the daily work processes of the civil servants. The dynamic platform "administrata.al" has significantly improved the communication and reporting of information in real time and has facilitated the work of civil servants who can use the modules and administrative practices (over 300 templates) developed for Human Resources Management procedures. The Human Resource Management Information System (HRMIS) is now an effective tool where the information on human resources in all state administration institutions, independent institutions and local government units is mainly stored, updated and managed. The approval of the Council of Ministers Decision no. 833/2020 and the signed joint instruction between the Department of Public Administration and the Ministry of Finance and Economy paved the way for the automatization of payroll.

Regarding professional development, the Department of Public Administration and the Albanian School of Public Administration have worked closely to ensure the proper training for the civil servants while using innovative e-learning systems such as online trainings through webinars and learning management systems. Special attention was given to delivering training for areas and skills related to the European Union (3,755 trained), since the role of the public administration is key in the process of Albania towards EU integration. In 2022, 5397 individuals were trained and training sessions were delivered for 20,780 participants.

Regarding **digitalisation and transformation of public services**, the National Agency for Information Society (NAIS) has managed to digitalise around 95% of all public services, as of May 1, 2022. 1227 electronic services are provided online, only on the E-Albania governmental portal. In 2022, 2.8 million citizens and businesses were registered and 8.5 million applications for public services were made. E-Albania is connected to the Governmental Interoperability Platform (GG), the core architecture that enables the interconnection of electronic registers with each other and the exchange of real-time data in a safe and reliable manner. 58 electronic systems are connected to the GG and exchange data in real-time, compared to 55 electronic public administration systems at the end of 2021. 66% of the fields in the application forms are filled automatically by the interaction and exchange of data between systems. There is also an increase in the number of transactions performed in the GG, where over 229 million transactions were made only during 2022, compared to 215 million in 2021 and 145 million in 2020.

On **public finance management (PFM)** the Ministry of Finance and Economy has started the process for the new PFM strategy 2023-2030, in September 2022, planned in three phases. During September – mid October 2022, the first draft of the “Menu of Challenges” was prepared with SIGMA/OECD support, consulted and adopted. The second phase “Drafting and costing of the new PFM strategy” will start within March 2023 and will be concluded within June 2023. The third phase “Launching and approval of the new PFM Strategy” is expected to start in July 2023. The new PFM strategy is planned to be approved within 2023.

Albania, is committed to ensuring **good neighbourly relations** in line with the enlargement and the Stabilisation Association Processes. Albania is part of the Common Regional Market, launched at the Sofia Summit in November 2020 and is committed to the implementation of CRM Action Plan 2021-2024 and AP5 and AP6 (*as explained in the Acquis section below*).

## Economic criteria

The Economic Reform Program of Albania for 2023-2025 outlines the main macroeconomic and fiscal policies aiming to establish a clear balance between the internal strengths and external threats, with a view to enable sustainable growth, increased employment and reduced public debt. In addition, summaries as the priority structural reforms that Albania is implementing for the short-term future with a view to increasing domestic production, stimulating new investments and ensuring sustainable and inclusive growth and competitiveness.

**Fiscal consolidation** continues to be the primary objective of fiscal policy to ensure the macroeconomic stability of the country during all times and most particularly during economic shocks and hardships, which is an essential premise for ensuring relatively high, sustainable and inclusive economic growth and therefore to the best of the general public interest for the economic convergence toward EU average levels of income per capita.

At the same time, in addition to fiscal consolidation, the Albanian government aims to maintain a healthy ratio of current and **capital budget expenditures**, where capital expenditures of central government (i.e., public investments) will be targeted to be around an annual average of 5.3 percent of GDP over the period 2023-2025, essential to support economic growth in the medium and long term. **The budget deficit** for 2023 is planned to be at the level of 2.6 percent of GDP from about 3.3 percent for 2022. The primary balance for 2023 is expected to be positive at about 0.3 percent, a substantial improvement from the negative level of about -1.2 percent for 2022. The current fiscal balance (the difference between public investment and the fiscal deficit) will be positive in 2023, at the level of 3.1 percent of GDP from an expected again positive level of 2.2 percent this year (2022), in accordance with the respective fiscal rule (the "golden rule" of the budget).

In recent years, until the pandemic hit, the public finances had entered a safe and optimal trajectory of fiscal consolidation, materialised in the most key parameters of sustainability. Affected by multiple shocks, 2019 – 2022, and in order to react swiftly to the effects and impact of increased prices different normative acts were issued to amend the budget. Nevertheless, Albania is committed to prudent fiscal policies in compliance with national fiscal rules.

The **Albanian economy** proved resilient in the face of multiple shocks over the last years. And the country's economy has maintained a positive growth momentum during 2022 despite the latest external shock from the war in Ukraine reflected in higher prices and a global decrease of basic commodities, all of which have caused a strong increase in inflation as well as a strong tightening of financial conditions. In 2022, **the economic growth** was strong in the first quarter increasing with 6.37 percent, then it slowed down considerably to 2.65 percent in the second quarter affected by high prices, input costs increase uncertainty by the start of the war in Ukraine. The growth-regained strength again in the third quarter at 4.02 percent affected by a relatively good touristic season.

Developments in the **labour market**, referring to statistical data, have been positive and in continuous recovery after the wave of decline in economic activity caused by COVID - 19 pandemic. Employment, mainly in industry, construction and services, started to improve in 2021. Unemployment during the first three quarters of 2022 is reduced to 11.3 percent on average from 12.1 percent of the same period in 2021, while employment has increased by about 4.7 percent year-on-year.

According to the quarterly labour force survey for 2022, the unemployment rate (for the 15 – 64 age group) was at 11.7% in the first quarter, 11.5% in the second and reduced to 10.8% in the third quarter. The official unemployment rate is estimated to reach the 10.7 percent level in 2023 and employment is expected to grow by an average of 0.5% per year.

Albania has increased the number of digitalised public services aiming to contribute in the formalisation of the economy and to reduce unreported labour.

The Bank of Albania started **monetary policy** normalization, amid continued inflationary pressure. The base policy rate was raised from an all-time-low of 0.5% to 2.75% during 2022, in a series of five consecutive steps.

The normalization of the monetary policy has been reflected in the financial markets in line with the transmission lags. Although interest rates have been increasing, financial markets remain liquid and with contained risk premiums, while credit conditions are still accommodative. The foreign exchange market is characterized by an appreciating tendency of the Lek against the main currencies, as a result of high foreign exchange inflows during this year. This positive performance of the Lek has helped absorb some of the foreign shocks to inflation.

The Bank of Albania expects inflation to gradually decline towards the target of 3.0% in 2024, as upward pressures from international prices abate and the monetary policy tightening works its way to the economy.

**Headline inflation** averaged 6.7% in 2022, accelerating from 2.0% in 2021. High commodity prices in international markets due to the war in Ukraine as well as elevated inflation rates in Albania's main trading partners have constituted a strong supply shock to domestic prices. Additionally, a cyclical upturn of the domestic economy reflected in high-capacity utilization rates, in increasing employment and falling unemployment rates and in accelerating wage growth proved conducive to the transmission of foreign supply shocks to domestic prices. After peaking at 8.3% during October 2022, the inflation rate decelerated in the subsequent months reaching 7.4% in December 2022.

The **financial sector**, in terms of capitalisation, liquidity and profitability, continues to be very stable. The banking activity expanded during 2021 and 2022 on the back of rising deposits and capital that was directed mostly toward lending, interbank placements and securities investments. Deposits expanded by 6% in 2022. Credit to the private sector expanded by 7% in 2022.

Credit quality improved considerably between December 2020 and December 2022. The non-performing loans ratio reached 5.0% in December 2022, with a slight decrease of 0.7 percentage points from December 2021 and a 3 percentage points decline from the level of December 2020.

The interest rates on loans and deposits have started to increase from the first quarter of 2022 and the average Lek and Euro interest rate spreads in 2022 were slightly higher compared to 2021.



The **external position** of the economy has been improving and foreign reserves are high, providing adequate buffers against potential adverse shocks. The current account deficit to GDP ratio has declined to 7.6% in 2021 and 4.6% in the first nine months of 2022. This is primarily related to tourism inflows which rebounded in 2021 after the travel restrictions due to the COVID-19 pandemic a year earlier were lifted. And, when almost completely removed in 2022, tourism inflows accelerated and exceeded pre-pandemic levels. **Remittances** also expanded and they have consistently maintained an upward trend since the second half of 2020. On the other hand, the commodity trade deficit has expanded particularly due to higher international prices in the aftermath of the conflict in the Ukraine and also as a result of a higher electricity import demand due to faltering domestic production. FDIs have shown high growth rates particularly since the last quarter of 2021. They have returned to be the main financing source of the registered current account deficits.

**Foreign reserves** are high with the stock standing at 4,952 million euros at the end of December 2022, close to the levels of the previous year. Foreign reserve adequacy ratios are well above their adequacy criteria levels with gross reserves sufficient to cover 3 times the short-term external debt and 7.1 months of imports of goods and services. Gross external debt has dropped to 56.3% of GDP at the end of the third quarter of 2022 from 63.2% at the end of 2021 and 64.5% in the last 5 years. The repayment capacity and liquidity adequacy indicators have improved due to higher exports and fiscal revenues. The stability of the external position of the economy was also reflected in the foreign exchange market, where the exchange rate of ALL against Euro has appreciated throughout 2022.

**Fiscal policy** will target a gradual downward trajectory of the public debt each year, while the primary balance will return to a positive level from 2023 and forward in accordance with the fiscal rules in the Law on Organic Budget (LOB). Meanwhile, starting from the budget year 2024, as foreseen in the LOB, and onwards, the primary balance will be no less than zero (so at least balanced or positive).

For the medium-term period 2023-2025, within the approved ERP, the budget deficit is targeted at an average of around 2.3 percent per year. More specifically the overall fiscal balance is targeted at -2.6 percent for 2023, and -2.2 percent for 2024 and 2025. The primary balance is targeted at an average of around 0.8 percent per year over the following medium-term period 2023-2025. The primary balance will return to a positive level (primary surplus) from 2023 onwards. Meanwhile, starting from the budget year 2024 and onwards, this target will also be legally binding, wherein the LOB it is determined that starting from the budget year 2024 and for each following year, the primary balance will be no less than zero (so at least balanced or positive).

The capital expenditures are targeted at 5.7, 5.1 and 5.2 percent respectively for 2023, 2024 and 2025. The current fiscal balance is targeted at an average of around +3.0 percent per year over the following medium-term period 2023-2025. More specifically the current fiscal surplus is targeted at 3.1, 2.9 and 3.0 percent respectively for 2023, 2024 and 2025. As a result, the gross public debt will follow the downward trajectory that started since 2021 after the pandemic, in accordance with the respective fiscal rule. In 2022, public debt is expected to fall to around 68.8 percent of GDP from around 73.2 percent in 2021 and is expected to continue to fall further to around 65.3% by 2025, and further decline to around 54.9 percent by 2031.

In 2022, the Albanian government has introduced **the Social Package** introducing 7 measures in order to support the citizens and businesses affected by the global energetic crisis and the spike of prices as a result of the war in Ukraine. The overall amount of the package is 1.450.000.000 All.

## EU Acquis

In the **free movement of goods**, on the non-harmonised area and application of the principles set out in Articles 34-36 of the Treaty on the Functioning of the European Union, Albania has finalised the 1st phase of the Action Plan for compliance with these Articles focused on selected sectors. Regarding further harmonisation of Albanian legislation with the EU acquis, in the area of ‘new and global approach’ product legislation, two technical rules on personal protective equipment and simple pressure vessels were adopted. A law that only allows pyrotechnical articles that have fulfilled conformity procedures and has the CE marking affixed to be placed on the Albanian market was also adopted on 15<sup>th</sup> December 2021. As regards the ‘old approach’ product legislation, implementing legislation was adopted in June 2021 and designed to be aligned with the EU acquis on bottles used as measuring containers, pre-packages and units of measurement.

As regards to **the right of establishment and freedom to provide services**, the screening of sectoral legislation for compliance with the EU Services Directive was completed in November 2022. As a result, 38 service sectors which cover a total of over 500 service activities have been screened. 275 pieces of legislation (85 laws and 195 regulations) were identified as falling within the scope of the Services Directive. A significant number of 122 pieces of legislation (51 laws and 71 regulations) will need to be amended to comply with the Services Directive (44% of the total). In December 2022, a comprehensive screening report outlining inter alia the screening methodology and screening results was drafted. For postal services, a new policy paper was approved by the Decision of Council of Ministers. The EU Regulation on cross-border parcel delivery services was transposed. During 2022, a list of postal operators which fall under the criteria of the regulations for cross-border parcel delivery was identified. The assessment report concerning tariffs for cross-border parcel delivery was finalised by 30 June 2022. In the field of professional qualifications, Albania committed to the preparation of the roadmap for harmonisation with the EU acquis in the field of mutual recognition of professional qualifications.

Albania has legislation in place on risk management standards and licensing requirements of financial institutions, including non-banks and foreign exchange bureaus, following the Moneyval recommendations. The latest Moneyval report (June 2022) noted improvements on technical compliance with FATF recommendations and led an upgraded rating for three of them, i.e., the transparency of beneficial ownership of legal persons, supervision of financial institutions, and the legal framework for mutual legal assistance with foreign counterparts on non-conviction-based confiscations.

On **public procurement**, the National Public Procurement Strategy and its action plan 2020 – 2023 is under implementation. In 2023, the review of the current Strategy and the drafting of the new one will be carried out. A Roadmap on the use of procurement procedures in civil emergency situations and events of force majeure was adopted in 2022 aligned with the Guidance from the European Commission on using the public procurement framework in the emergency situation related to the COVID-19 crisis 2020/C 108 I/01. The new E-Appeals and E-Complaints Management System of the Public Procurement Commission was launched in October 2021.

On **intellectual property**, the National Strategy for Intellectual Property 2022 – 2025 was approved by the Council of Ministers in May 2022 and is being implemented. The Law on industrial property was amended in July 2021 approximating partially the Directive (EU) 2016/943 of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure. The Law on copyright and other related rights was amended in April 2022 in order to approximate partially the Directive 2012/28/EU of 25 October 2012 on certain permitted uses of orphan works, and Directive (EU) 2017/1564 of 13 September 2017 on certain permitted uses of certain works and other subject matter protected by copyright and related rights for the benefit of persons who are blind, visually impaired or otherwise print-disabled, and improve the legal regulation of collective management organisations. The implementing acts are being prepared.

On **competition**, the legal review of the Law on competition protection has highlighted that the Law is broadly approximated with the EU acquis in the field of competition and that only minor amendments are needed related to its approximation with the acquis. The primary legislation is continuously supplemented with the secondary legislation aligned with the EU acquis. In 2022, the Competition Commission approved the Guideline “On competition restriction ‘By object’ for the purpose of defining which agreements may benefit from the Regulation “On Minor Importance agreements”. During 2022, the Competition Authority carried out five monitoring procedures and 10 investigative procedures. In 2022, in total, the Competition Commission approved 99 decisions. Out of these, in 2022, there were 50 decisions on mergers and acquisitions. On the other hand, in 2022, the number of complaints submitted to the Albanian Competition Authority was 33 complaints. The State Aid Commission approved in 2022 eight decisions.

As regards **free movement of capital**, the national retail payments strategy (NRPS) 2018-2023 is being implemented. The law on payment services, designed to be aligned with the EU Payment Service Directive II (PSD II) provisions on transparency conditions and information requirements for payment services, came fully into effect in July 2022. In May 2022, the scope of application of the regulation on International Payment Account Number was extended to other payment service providers beyond banks in cases when the IBAN is used.

In the field of **taxation**, progress has been made in aligning legislation with the Acquis on VAT, Excises. Legal acts related to international cooperation and mutual assistance in the field of taxation have been adopted. Progress has been made on the further organizational development of the General Directorate of Taxes (GDT) and the establishment of a fiscal cadaster for the administration of property tax.

In coordinating and discussing **trade – related** policies several meetings have been organised by the National Trade Facilitation Committee for the implementation of the Action Plan and discussions of trade policies. Albania has joined the WTO joint plurilateral initiatives in line with the EU's foreign trade policy. In this regard, Albania finished its internal legislative procedures for the approval of the Services Domestic Regulation (SDR) and is in the process of following the internal procedures for adherence to the Agreement on Fisheries Subsidies. Concerning dual-use export controls, the Law on the trade of products that can be used for capital punishment, torture or punishment or humane or degrading treatment, aligned with the EU acquis, was endorsed by the Council of Ministers on 27<sup>th</sup> of December 2022, and submitted for examination and adoption to the Parliament. Albania has taken measures to increase its capacities and implementation of legislation on dual-use export controls.

On **enterprise and industrial policy**, the new Business and Investment Development Strategy 2021 – 2027 and its Action Plan were approved in July 2021. The adoption of the Law on innovative start-ups, in March 2022, was followed by the approval of its implementing acts, in order to create a favourable regulatory and institutional ecosystem for the establishment and development of start-ups, including dedicated support measures. The Law on the development of micro, small and medium-sized enterprises was adopted in April 2022, partially aligned with the Commission Recommendation of 6<sup>th</sup> of May, 2003 concerning the definition of micro, small and medium-sized enterprises.

On **employment and social policy**, through the adoption of the new Employment Promotion Law in 2019 (law no. 15/2019), the Ministry of Finance and Economy, undertook a reform on the employment promotion programs (EPP) portfolio and provisioning. The 8 new and revised Employment Promotion Programs, including the ones for COVID – 19 situations, aimed to achieve a better response to the needs of unemployed jobseekers, particularly the most vulnerable ones and harmonize the interactions and interventions of NAES, State Social Service and local authorities. The DCM no. 608 which was drafted as a short-term measure, considering the difficult economic situation, was amended on October 2021 in order to be operational for a longer period (from December 2021 to July 2023) and to include a larger category of job seekers. This made the program effective and workable during 2022 as well. Preliminary, data shows that there was also a high level of employability after completing the program (65% of people who attended the program).

The new National Strategy on Employment and Skills 2023-2030 is finalized and is under approval process in the Council of Ministers. The vision of the National Employment and Skills Strategy 2023-2030 is “Quality employment and lifelong learning for all”. On **social assistance**, pursuant to law no. 139/2015 “On local self-governance” and Law 121/2016 “On social care services in the Republic of Albania” municipalities have the responsibility to establish and manage local social care services to better respond to identified, assessed, budgeted and integrated needs in Local Social Plans approved by the municipalities. The Social Fund has contributed to new social services in the territory for groups in need, guaranteeing social services according to the needs specified in the Social Plan of each municipality. All municipalities implement Social Plans. During 2019- 2022, the total fund disbursed by the Social Fund, for the local government, is 539 million ALL.

As regards **education and culture**, the National Strategy for Education 2021–2026 and its Action Plan was approved in October 2021. The curricula reform initiated in 2015 was effectively implemented, according to the competency approach. This process was accompanied by extensive trainings of teachers. Albania continued to participate actively in EU programmes. In the field of *culture*, several sub-legal acts were approved as foreseen by the Law on culture and museums. In March 2022, Albania ratified the agreement to participate in the new EU Creative Europe programme 2021-2027. On 28 November 2022, the element of Albanian Intangible Cultural Heritage “Xhubleta – as practice and knowhow” is included in the List of World Intangible Cultural Heritage in Need of Urgent Safeguarding of UNESCO. In the field of Youth, the National Youth Strategy 2022-2029 was approved by the Decision of the Council of Ministers, dated 26.10.2022. The remaining bylaws were approved for the implementation of the law on youth.

As regards **research and innovation**, the Law on Establishment, Organization and Functioning of Technological and Scientific Parks in Albania was adopted on July 14, 2022. The new law on “Start-up” which aims to support start up-s which foster innovation, is operational since 2022. In 2022 Albania has signed the association agreements to the Horizon Europe Program and this marks an important milestone for closer research and innovation cooperation in the Western Balkans. Albania’s participation in Horizon program has improved significantly and shows good development during the last three years, especially in 2022. In June 2021, Albania became a member of EUREKA. In 2023, for the first time, it is planned a new budget line designated to support EUREKA projects. Given the continued recommendation to increase the national fund for Research and Innovation (R&I), despite the difficulties created in the state budget due to the restrictions caused by the COVID-19 situation, the budget dedicated to R&I for 2022 has had a pointedly increase. A new budget program for financing the research infrastructure in HEI is introduced in 2021. In parallel a devoted financing programme for R&D&I projects with any technological focus is established and is functional since 2022. For the first time in 2022, Albania is part of "European Innovation Scoreboard" report, providing a comparative analysis of innovation performance in EU.



As for the preparation of the Albanian **Smart Specialisation Strategy (S3)**, during 2022 Albania finalized the qualitative analysis and started the preparations on the Entrepreneurial Discovery Process (EDP) which will be concluded within summer 2023. The S3 is expected to be finalised within 2024.

On **information society and media**, the draft Law on electronic communications aiming to further approximate the Directive 2018/1972 of 11 December 2018 establishing the European Electronic Communications Code is finalised and is planned to be adopted in 2023.

The Council of Ministers approved four decisions to simplify the procedures for the setup of high-speed electronic communications networks and another one to introduce simpler rules for building permissions for small mobile networks antennas, in order to facilitate the process of granting permits for the deployment of the 5G network.

The Digital Agenda of Albania and its Action Plan 2022 – 2026 was approved by the Council of Ministers in June 2022. The Law on open data and re-use of public sector information was adopted in March 2022, partially aligned with the Directive 2019/1024 on open data and the re-use of public sector information, aiming to promote the use of open and government data.

The National Strategy for Cyber Security adopted in 2020, is being implemented and monitored. The list of critical information infrastructures and important information infrastructures was revised in December 2022, increasing the number of such infrastructures from 140 to 289. The draft Law on electronic identification and trust service is prepared fully aligned with the eIDAS Regulation. The draft Law on cyber security is prepared fully aligned with the NIS Directive and partially aligned with the NIS 2 Directive. Both draft laws are scheduled to be submitted for examination and adoption to the Parliament in the first quarter of 2023. The Government has decided to increase the number of employees of the National Authority for Electronic Certification and Cyber Security from 24 to 85 employees, and to increase substantially their salaries, to support capacity development and institutional strengthening.

On **agriculture and rural development**, the guidelines “For Creation of the Consolidated National Farm Register” are published. The new Strategy for agriculture, rural development and fishery, 2021 – 2027, and action plan were adopted in June 2022. The Law on Vineyards and Wines and two by-laws, the Law on the organization and functioning of Local Action Groups (LAG-s) and 2 by-laws were approved in 2022. *IPARD III Programme* for Albania (2021 – 2027) was adopted by the Commission on 9 March 2022, with an overall budget (grant amount) for the IPARD III Programme of 146.4 million EUR, of which: EU Contribution of 112 million EUR and a National Contribution of 34.4 million EUR. IPARD will continue to provide support to physical investments to be carried out, in order to align to the EU standards (environment, animal welfare), improve the economic and environmental performance of agricultural holdings, provide the infrastructure needed for the development of agriculture and investments necessary to achieve environmental aims, enhance farmers’ position in the food chain and promotion of the regeneration of the labour force in the farming sector.

In the area of **food safety**, in 2022 the new operational structure of the MARD was made effective, enabling a revised policymaking structure in the field of food safety, veterinary and phytosanitary policy with a clear division of duties, responsibilities, chain of command and reporting system. The Albanian legislation was further aligned with the EU acquis in food safety, veterinary and phytosanitary field. The process of drafting the relevant laws on official controls, animal health and plant health has started in line with EU legislation. On general food safety, the National Food Authority has carried out regular official controls in accordance with the annual risk-based plan and also to the Border Control Posts including products of animal origin, non-animal origin, live animals, veterinary medical products, plant propagation material and plant protection products. TRACES is used regularly. Albania has continued the monitoring process and eradication of the major zoonotic diseases with high risk such as anthrax, brucellosis, in cattle and small ruminants, tuberculosis and rabies.

On **fisheries**, concrete measures were taken to approximate Albanian legislation with EU legislation. The Vessel Monitoring System (VMS) system is working properly and its function is to help identify violations related to the fishing activity at the sea. In June 2022, the Council of Ministers approved the Agriculture, Rural Development and Fisheries Strategy 2021-2027. For the establishment of a functional fish wholesale market and a fish marketing information system the construction of the wholesale fish markets in Shëngjin and Vlorë was completed. Albania has updated the register of fishing vessels and made progress to improve landing statistics. The Council of Ministers approved Decision No 756 of 1.12. 2022 “On the method of establishing and operation of the Electronic Reporting System of fishing activity and determining the time for its implementation”. The system of issuing catch certificates for fishery products is in place. Allocated zones for aquaculture (AZA) are being identified aiming development of a multi- annual national strategic plan for aquaculture development in Albania. Albania participates regularly in the activities of the GFCM and ICCAT and implements their recommendations.

As regards **environment and climate change**, Albania published a National Inventory Report (NIR) that provides detailed information on greenhouse gas (GHG). In November 2022, Albania presented its Fourth National Communication to the United Nations Framework Convention on Climate Change. Regarding *nature protection*, the Council of Ministers approved on 26<sup>th</sup> of January 2022, the designation of the natural ecosystem “Vjosë River Valley” as a “Natural Park” (category IV) and on 29<sup>th</sup> of July 2022, was approved by the Council of Ministers the Bay of Porto Palermo as Marine Protected Area – category IV. The total surface of Protected Areas is increased, reaching 21.3% of the national territory.

On **transport**, the draft National Transport Strategy and its Action Plan 2021 – 2025, aligned with the latest EU strategic documents, Green Agenda, Economic and Investment Plan for Western Balkans and Sustainable and Smart Mobility Strategy, is being finalised taking into account the comments of CONNECTA received in January 2023. In *road safety*, the Road Code was amended and a new guideline was approved in 2021, aiming to further approximate the Directive 2014/45/EU of 3<sup>rd</sup> of April 2014 on periodic roadworthiness tests for motor vehicles and their trailers. For the implementation of the Law on the transport of dangerous goods, two guidelines regulating the training and testing of drivers of vehicles carrying out the transport of dangerous goods and safety advisers in the transport of dangerous goods are approved in February 2022. In *railway transport*, in December 2022, the Prime Minister approved the structures and organisational charts of the Railway Safety Authority (17 employees) and of the National Authority for the Investigation of Rail and Maritime Accidents and Incidents (12 employees). The establishment of the Railway Regulatory Authority is in process. A guideline of the Minister of Infrastructure and Energy was approved in December 2022 on professional training and testing of railway drivers.

In *aviation*, Albania has worked to fulfil all the requirements set for the first phase of the Multilateral Agreement on the Establishment of the European Common Aviation Area (ECAA). The approximation of the legislation is continuing due to the dynamic changes in the relevant EU legislation. In the period 2021 – 2022, there were approved seven sublegal acts, aiming to approximate the EU *acquis* and comply with the ICAO rules.

Regarding membership in the Paris Memorandum of Understanding on Port State Control, several measures were implemented in 2021 – 2022, including the increase of the staff of the General Maritime Directorate to 81 employees, organisation of several training activities, and the issuing of an order of the Minister of Infrastructure and Energy in October 2021 on the rules on the organisation and functioning of the Flag State Control, fully aligned with the Directive 2009/21/EC of 23 April 2009 on compliance with flag State requirements and Directive 2013/54/EU of 20 November 2013 concerning certain flag State responsibilities for compliance with and enforcement of the Maritime Labour Convention, 2006.

Albania ratified the accession to the Protocol of 1988 in relation to the International Convention for the Safety of Life at Sea (SOLAS) of 1974 and to the International Convention on the Control of Harmful Anti-fouling Systems on Ships, 2001. The review of the Implementation plan for the vessel traffic monitoring and information system (VTMS) is in process.

As regards **Trans-European Networks and Connectivity** measures, Albania participates very actively in all activities carried out by the Transport Community Permanent Secretariat and is committed to implementing the TCT action plans, which are included as annexes in the new draft Transport Strategy. All the sections of the Adriatic – Ionian Highway/Expressway (Route 2b/Corridor VIII/Route 2c) are included in the Five-Year Rolling Work Plan for the Development of the Indicative TEN-T Extension of the Comprehensive and Core Networks to the Western Balkans, endorsed on 18 May 2022.

On **energy** Albania was the first Western Balkan country to approve the National Energy and Climate Plan (NECP) 2020 – 2030 in December 2021, in accordance with the Regulation (EU) 2018/1999 of 11<sup>th</sup> of December 2018, on the Governance of the Energy Union and Climate Action. The NECP foresees the reduction of GHG emissions by 18.7%, increase of energy efficiency by 8.4% and increase of the share of renewable energy in the final energy demand to 54.4%. The Albanian Power Exchange (ALPEX) moved towards becoming operational by procuring the electronic trading platform for the day-ahead and intraday market. In November 2022, the Parliament adopted amendments to the VAT Law, excluding imports and trading on ALPEX markets from VAT. The start of operations of ALPEX will fulfil one of the requirements of the Third Energy package and integrate the Albania-Kosovo electricity market with the regional markets.

Albania declared in October 2021 the state of emergency in the supply of electricity. The state of emergency is extended until 30<sup>th</sup> of June 2023. The Albanian government decided to maintain the same electricity tariff for households and small businesses to protect them from the current price spike. The Government decided in October 2022 to strengthen the measures to reduce electricity consumption by 15% during the emergency period.

In the **gas sector**, the Law on natural gas sector was amended in June 2021 approximating partially the Regulation (EU) 2017/1938 of 25<sup>th</sup> of October 2017, concerning measures to safeguard the security of gas supply. The Energy Regulatory Entity (ERE) adopted the LNG and storage tariff methodologies and licensing rules for LNG.

In **renewables**, the new draft Law on the promotion of the use of energy from renewable sources is being prepared aiming to transpose the Directive (EU) 2018/2001 of 11<sup>th</sup> of December 2018, on the promotion of the use of energy from renewable sources. Albania intends to construct the Skavica Hydropower Plant as an important step to increase energy security, reduce electricity imports and increase efficiency and energy production in the Drin River Cascade. The construction of the photovoltaic plant of Karavasta started in July 2022, while the photovoltaic plant of Spitalla is due to start. ERE joined the initiative of the Energy Community for the establishment of a regional system for guarantees of origin (GOs).

In March 2021, the amendments to the Law on **energy efficiency** were adopted, which fully approximated the Directive 2012/27/EU of 25 October 2012 on energy efficiency, in line with the Decision of the Ministerial Council of the Energy Community D/2015/08/MC-EnC.

The EU **Civil Protection** Mechanism was signed in November 2022 and approved by the Albanian government in February, 2023.

As regards **regional policy and coordination of structural instruments**, following the approval of the Law on Regional Development and Cohesion in September 2020 and 26 consultative meetings, five implementing acts were drafted. The drafting of by-laws for the managing authority and for the establishment of the database and monitoring system for regional development and cohesion is ongoing. On administrative capacity, the staff of the structures involved in indirect management continues to receive training and this will continue to remain in focus. As regards programming, Albania continues to gain experience in programming and implementation of regional development policies through the participation in cross-border cooperation and transnational and interregional cooperation programmes. Albania participates in the EU Strategy for the Adriatic Ionian Region (EUSAIR), which promotes cooperation and synergies among the participating EU and non-EU countries.

As regards **consumer protection and public health**, the effectiveness and capacity of the Consumer Protection Commission (CPC) and of other consumer protection bodies continued to be strengthened through trainings on EU acquis and enforcement practices. The National Health Strategy 2021-2030 was approved by the Decision of Council of Ministers No. 210, dated 06.04.2022 and its action document on primary health care is being implemented. The Law on medicines and pharmaceutical services was amended in 2022, which partially approximates Directive 2001/83/EC “On the Community Code relating to medicinal products for human use”. The National Agency of Quality Assurance of Health Social Services was established in 2021. In order to fulfil the recommendations of the European Committee for the Prevention of Torture of the Council of Europe (CPT), the Law on Mental Health was amended in 2021 and an Order of the Minister of Health and Social Protection on the procedures of implementation of hospitalization and treatment procedures in mental health inpatient services has been approved.

As regards **customs**, progress was made, notably by applying the transitional rules of origin in the pan-Euro-Mediterranean area and by strengthening capacities and improving cooperation among bodies involved in the fight against smuggling and import of counterfeit goods, Authorized Economic Operators obtaining validation by CEFTA, and digitalizing of customs services. Albania is implementing its authorized economic operator (AEO) programme with the first 8 registrations in 2021, and successful validation of safety and security standards in line with CEFTA Additional Protocol 5.

As regards **external relations** significant work is done at the technical level under CEFTA for the realisation of the measures foreseen in the Action Plan on CRM and implementing AP5 and AP6. The finalisation of work at the technical level depends on the approval of CEFTA Joint Committee. The Albanian AEO program was validated positive by CEFTA team in June, 2022. Albania has started the implementation of the PEM transitory rules with EU on 1<sup>st</sup> of September 2021, EFTA by 1<sup>st</sup> of January 2022 and by 1<sup>st</sup> of February 2023 with CEFTA.

In September 2022, within Blue Lanes initiative, a MoU was signed with Italian customs administration on the electronic exchange of data. CEFTA TRACES NT was launched in July 2022 and currently is being piloted successfully by Albania to enable data and documents exchange related to phytosanitary certificates and common health entry documents. With the entry into force of the AP6 in January 2021, several meetings have been held with businesses for awareness. Negotiations on CEFTA Additional Protocol on Dispute Settlement are still ongoing. Until now, nine rounds of negotiations have been held.

### **Financial cooperation: Pre-accession assistance (IPA)**

The *IPA III Financial Framework Partnership Agreement* was approved in principle by the Council of Ministers on 15<sup>th</sup> of September 2022, and ratified by the Albanian Parliament on 29<sup>th</sup> of September 2022.

After the approval by the European Commission of the package of Action Documents for IPA 2021, the *Financial Agreement for IPA 2021* was signed by NIPAC on 30<sup>th</sup> of November 2022.

After the finalisation of the programing procedures by the Albanian beneficiary institutions and submission of the ADs on 15<sup>th</sup> of July 2022, the European Commission approved the IPA 2022 action programme on 5<sup>th</sup> of December 2022. The Financing Agreement was submitted for the internal procedures to NIPAC in January 2023.

The process for the identification of the action fiches for the IPA 2024 programme has been organized and finalised according to the decided timeline. With the same deadline Albania started the process of drafting the Operational Programmes for the period 2023 – 2027. In July 2022, NIPAC submitted three draft Operational Programmes to the EC.



In November 2022, the European Commission took an initiative to support the countries of the Western Balkans in facing the energy crises caused by the war in Ukraine. For this purpose, the funds planned for the IPA 2023 program will be allocated for the budget support package for the energy crisis. The support package, with a total cost of 80 million Euro was approved in the IPA Committee at the end of November, 2022 and approved in principle in Council of Ministers in March 2023. The IPA 2023 program pays special attention to State Building and Resilience to mitigate the immediate socio-economic impact of the energy crisis and to create the basis for building energy resilience in Albania.

Regarding Territorial Cooperation Programmes, under IPA II 2014–2020, Albania participates in eight Transnational/CBC Programmes.

Under the new financial perspective IPA III for the period 2021 – 2027, Albania will participate in eight new Transnational/CBC Programmes. During the reporting period, regular monitoring visits were organised for the projects financed under these Programmes with the main aim of supporting the beneficiaries in the project implementation.

Albania participated actively in the work of Joint Task Forces for the new IPA III Programmes, which were sent for review and adoption to the EU Commission in the first quarter of 2022, approved by the Commission in the second half of 2022.

In fulfilment of the agreement between the Republic of Albania, and the European Commission on the rules of implementation of EU financial support for Albania, seven meetings covering six sectors of the Sectoral Monitoring Committees for the year 2022 were held. Each sectoral monitoring committee examined the efficiency, effectiveness, quality, coherence, coordination and compatibility of the implementation of actions in the relevant field or program, as well as their consistency with the national strategy.

In these meetings, the progress in reaching the objectives of the measures and outputs was acknowledged, evidencing that the overall management of the EU financial assistance, from the process of programming to the implementation of the actions, was further improved. Many of the operational conclusions for the year 2021 have been fulfilled and some of them still need to be revised in the context of the process that is actually accompanying our institutions with the opening of negotiations. The follow-up of the actions for the first round of 2022 will be subject of the annual meeting of the IPA Monitoring Committee for the year 2022 that is foreseen to be held in March 2023.

Emerging from the challenges of the last years of the IPA support to Albania beneficiaries, during 2022, a dedicated fund with a total amount of **360 million ALL was allocated** through the Normative Act No 17 of 1.12.2022 “On some amendments to the Law No 115/2021 “On State Budget for the year 2022”, aiming to support the public central and local institutions in the frame of EU and other donors funded projects concerning pre-financing; co-financing; and VAT and other custom duties payments. This mechanism resulted successful by supporting 43 beneficiary institutions. 85% of the total requests submitted were related to EU-funded projects.

From January 1<sup>st</sup>, 2023 the EU contractors will be VAT exempted according to Law No 82/2022 “On some addenda and amendments to Law No 92/2014 “On value added tax in the Republic of Albania”, as amended, which will contribute to a smooth implementation of IPA support to Albania.

In the context of **Economic and Investment Plan for the Western Balkans**, on 23<sup>rd</sup> of February 2022, twenty-one flagship projects for a total value of over €3.2 billion in key railway, road and waterway interconnections, renewable energy and transition from coal, waste water management, new healthcare facilities, as well as the roll-out of broadband infrastructure as follows: i) Mediterranean Corridor: Tirana Bypass; ii) Mediterranean Corridor: Vorë - Han i Hotit Railway Line and iii) Vau i Dejës Floating Solar Photovoltaic Power Plant were endorsed.

## Bilateral Relations under the Stabilisation and Association Agreement

Overall, the Stabilisation and Association Agreement (SAA) is being implemented well. Given that the Stabilization and Association Agreement between the EU and Albania entered into force on 1 April 2009, the transitional period ended on 31<sup>st</sup> of March, 2019. Since 1<sup>st</sup> of April 2019, Albania is fully associated with the EU. The previous session '*Acquis*' gives an overview of the country's progress in the implementation of the SAA.

## Exchange of views on developments in the Western Balkans and other international issues of common interest

### Alignment with EU positions in the framework of CFSP

Since the beginning of 2004, as part of Thessaloniki agenda, Albania is invited to align itself with the Common positions, declarations etc., on a regular basis, in order to coordinate its foreign and security policy with the EU. Albania has continued to actively support the EU foreign, security, and defence policy. When invited, Albania aligned itself with all relevant EU declarations and Council decisions (100% alignment). In particular, since February 2022, Albania has aligned with and is implementing all EU sanctions and restrictive measures against Russia, Belarus and Iran, over Ukraine. Alignment, especially in international organisations would benefit from a proper consultation and sufficient time to complete the decision-making process on the invitations to align with EU positions.

### Regional Cooperation and good neighbourly relations

The main priority of the Republic of Albania's foreign policy in the region is to maintain and develop good neighbourly relations with all the countries of the region, promote and contribute to political stability, peace, security and economic development through cooperation both at bilateral and at multilateral level. A safe and politically stable region that develops proper economic ties within it and with the rest of the world serves the national interests of Albania and is also in the interest of all other Western Balkan countries and of our neighbours.

Albania considers good regional cooperation as beneficiary to all countries of the Western Balkans and as a preparatory process for future EU membership. By being an active participant of the Berlin Process, the Republic of Albania is focused on enabling the Western Balkan citizens to enjoy the four EU fundamental freedoms (free movement of goods, capital, services and persons). To this end, the Albanian Government has promoted the “Open Balkan” initiative, a regionally owned initiative that aims to create an economically integrated region in order to strengthen regional cooperation and generate economic growth. It is complimentary and an added value to the EU integration process. This initiative at present has three participants (Republic of Albania, Republic of North Macedonia and Republic of Serbia), remains open for the participation of the other Western Balkans Countries (Bosnia and Herzegovina, Montenegro and the Republic of Kosovo).

Albania continues to participate actively in regional initiatives, such as the South East European Cooperation Process, the Regional Cooperation Council, the Central European Free Trade Agreement (CEFTA), the Energy Community Treaty, the European Common Aviation Area Agreement, the Central European Initiative, the Regional Initiative for Migration and Asylum, and the “Brdo – Brijuni process”. Albania successfully completed the AII-EUSAIR Chairmanship in Office for the period May 2021-June 2022. In the framework of the RCC, in July 2022, Albania has presented the candidacy of Mrs. Majlinda Bregu for the renewal of her term in office as Secretary General of the RCC. This year Albania has assumed the Chairmanship in the Office of the Berlin process and will host the BP Summit in Tirana, on October 16, 2023. Albania has assumed as well the Chairmanship in Office for the Western Balkan Fund, from January 2023 to December 2023.

Albania continues to strengthen bilateral relations with all the countries of the region by maintaining an intensive dialogue with them and by applying the mechanism of strategic partnerships and of joint government meetings that enable more effective and deepened cooperation. It also maintains a very good relationship with the neighbouring EU Member States, with two of them developing relations of strategic importance.

## **Developments in the Western Balkans**

The European Union and Albania will proceed with exchanging views regarding the developments in the Western Balkans.