

Screening report

Albania

Cluster 3 – Competitiveness and Inclusive Growth

Chapter 10– Information Society and Media

Date of screening meetings:

Explanatory meeting: 20-21 November 2019, update on 17 October 2022

Bilateral meeting: 30 January – 2 February 2023

Chapter 16– Taxation

Date of screening meetings:

Explanatory meeting: 3-4 June 2019, update on 21 October 2022

Bilateral meeting: 29 – 30 March 2023

Chapter 17– Economic and Monetary Policy

Date of screening meetings:

Explanatory meeting: 9 January 2019, update on 20 September 2022

Bilateral meeting: 15-16 June 2023

Chapter 19– Social Policy and Employment

Date of screening meetings:

Explanatory meeting: 3-5 April 2019, update on 18 October 2022

Bilateral meeting: 22-24 May 2023

Chapter 20– Enterprise and Industrial Policy

Date of screening meetings:

Explanatory meeting: 29-30 January 2019, update on 20 October 2022

Bilateral meeting: 25 - 26 May 2023

Chapter 25– Science and Research

Date of screening meetings:

Explanatory meeting: 11 March 2019, update on 21 October 2022

Bilateral meeting: 26 April 2023

Chapter 26– Education and Culture

Date of screening meetings:

Explanatory meeting: 12 March 2019, update on 18 October 2022

Bilateral meeting: 27 April 2023

Chapter 29– Customs Union

Date of screening meetings:

Explanatory meeting: 23-24 September 2019, update on 22 October 2022

Bilateral meeting: 5-6 June 2023

PREAMBLE

After the first Intergovernmental Conference on accession negotiations with Albania in July 2022, the Commission immediately launched the screening process.

The screening is based on the enhanced enlargement methodology, which was adopted in 2020 and organises the negotiating chapters in thematic clusters in order to inject dynamism into the negotiating process and to foster cross-fertilisation of efforts beyond individual chapters. These thematic clusters bring together the chapters / areas according to broader themes and will allow a stronger focus on core sectors. Within each individual cluster, screening is carried out through meetings on a chapter-by-chapter basis. The substance of those clusters and chapters, as set out in Annex II of the Negotiating Framework, mirror the requirements for membership stemming from the Copenhagen criteria.

This report provides an assessment of where Albania stands in terms of alignment and capacity to apply the acquis in Cluster 3. The negotiating framework also refers to the possibility of accelerated integration. At the bilateral meetings Albania has requested participation in certain areas before accession. This report provides the Commission's opinion and answer to these requests.

Regional cooperation and good neighbourly relations remain essential elements of the enlargement process.

It is important to continue the dialogue with civil society and other stakeholders, with the aim of ensuring the support of citizens for the EU accession process. Albania is expected to strategically communicate the benefits and obligations of the accession process to its public.

A) INTRODUCTION

The enhanced enlargement methodology¹, as reflected in the Negotiating Framework with Albania, puts the negotiating chapters of the EU *acquis* into clusters.

The **Competitiveness and Inclusive Growth Cluster** encompasses digital transformation and media, science and research, enterprise, and industrial policy, as well as social policy and employment, and education and culture. A variety of chapters are also included, namely customs union, economic and monetary policy, and taxation.

This cluster includes eight chapters of the EU *acquis*:

- Under Chapter 10, the **digital transformation and media** 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.
- Under Chapter 16, EU **taxation** rules 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.
- Under Chapter 17, the **economic and monetary policy**, requires the independence of central banks and prohibits them from directly financing the public sector. The chapter also includes Member States coordination of their economic policies and are subject to fiscal, economic and financial surveillance.
- Under Chapter 19, EU **social policy and employment** 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.
- Under Chapter 20, EU **enterprise and industrial policy** strengthens competitiveness, facilitates structural change and encourages a business-friendly environment that stimulates small and medium-sized enterprises (SMEs).
- Under Chapter 25, the **science and research** 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.
- Under Chapter 26, the **education and culture** 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.
- Under Chapter 29, EU **customs union** ensures all Member States follow the same customs rules and procedures. This requires legislative alignment as well as adequate implementing and enforcement capacity and access to the common computerised customs system.

The chapters under the **Competitiveness and Inclusive Growth Cluster** should not be seen in isolation, as several chapters have **commonalities and so interact with each other** to be mutually reinforcing. For example, **taxation, customs union, and industrial policy** are key components of **economic policy**, ensuring that the EU has rules to promote competitiveness and inclusive growth.

This **screening report is structured** according to the **respective chapters** of the cluster. Each chapter starts with a short overview of the **main content of the EU *acquis* / European standards**. Then each

¹ COM(2020) 57 final

thematic area within a chapter first summarises the **country's presentations² and the outcome of the expert discussions** at the bilateral screening meeting, followed by the **Commission's assessment**.

In the last **section**, from its findings the Commission draws **recommendations for the next steps in the accession negotiations process in the present Cluster**.

Albania stated that it accepts the *acquis* in the chapters of Cluster 3. It reserved however the right to request for transitional arrangements in certain limited areas of the *acquis* in this Cluster at a later stage in the negotiations.

² All National Institutions and Ministries are referenced as per their official name during the period of the screening meeting.

B) CHAPTER 10 – DIGITAL TRANSFORMATION AND MEDIA

The *acquis* on **Digital Transformation and Media** aims to eliminate obstacles to the effective operation of the internal market in electronic communications services and networks, in electronic commerce and audio-visual services, by promoting competition, stimulating investment and safeguarding consumer interests in the sector, including the universal availability of basic modern communications services. This *acquis* also includes the rules on information society services and a transparent, predictable and effective regulatory framework for audiovisual media services in line with the European standards.

I. INSTITUTIONAL SET-UP AND LEGAL ALIGNMENT

a. Country presentation

Albania's main institutions responsible for the digital transformation and the implementation of Chapter 10 *acquis* are: the Ministry of Infrastructure and Energy, the National Agency of Information Society (NAIS), Electronic and Postal Communication Authority (AKEP), Audiovisual Media Authority (AMA), the Ministry of Finance and Economy (MFE)³ and the National Electronic Certification and Cybersecurity Agency (AKCESK)⁴. Albania established a Broadband Competence Office (BCO) as integrated part of the new structure of Ministry of Infrastructure and Energy approved in December 2023.

While Albania's national legislation on electronic documents, state databases, public consultation, and digital agenda is not yet fully aligned with EU *acquis*, authorities reflect the principles and best practices of EU Member States regarding digital transformation in the national legislation.

Albania is committed to put forward an ambitious plan to align the national legislation with the EU *acquis* in the field of digital transformation, as outlined in the 2024-2026 National Plan for European Integration (NPEI), approved with Decision of the Council of Ministers No. 16 dated 11.1.2024.

b. Commission assessment

Albania has a well-structured institutional set-up and a **high level of legal alignment**. A Digital Agenda 2022-2026 is in place and the strategic documents are broadly in line with the EU Digital Decade. The institutional setup is well defined with the NAIS and the AKCESK reporting directly to the Prime Minister.

Albania is progressing in the field of digital transformation, in particular with the digitalisation of public services. The plans presented for the implementation and amendments of existing legislation indicate Albania's aim to be fully aligned in time for the accession.

The national legislation does not fully align with the Directive on Security of Network and Information Systems (NIS2). Albania needs to focus its efforts on aligning with the NIS2 Directive.

C. SUMMARY OF FINDINGS - INSTITUTIONAL SET-UP AND LEGAL ALIGNMENT

Albania's institutional setup is well structured and has a **high level of legal alignment**. More efforts need to be put in the alignment with the NIS2 Directive as a matter of priority and setting up a Broadband Competence Office (BCO).

³ Since the screening meetings the Ministry of Finance and Economics has been split into the Ministry of Finance and Ministry of Economy, Culture and Innovation. This report will continue to refer to the Ministry of Finance and Economics.

⁴ With the approval of the new law "On cyber Security" no.25/2024 the name of the National Authority for Electronic Certification and Cyber Security has changed into National Cyber Security Authority

II. ELECTRONIC COMMUNICATIONS AND INFORMATION TECHNOLOGIES (ICT)

a. Country presentation

Albania's national legislation on the development of high-speed electronic communications networks and the provision of the right of way is **fully aligned** with EU Broadband Cost Reduction Directive. Albania established a Broadband Competence Office (BCO) as integrated into the new structure of Ministry of Infrastructure and Energy approved in December 2023.

The guideline on the granting of state aid for the rapid deployment of broadband networks largely aligns with the EU's Communication on the application of State aid rules in relation to the rapid deployment of broadband networks. Albania reports that it is well connected with fibre optic with all neighbour countries. The telecommunication market has been open for competition since 2008. Fixed broadband users increased more than 32% during 2019-2022 and while they reached more than two million in 2022. Albania adopted the new Law on Electronic Communications, further aligning with the EU Directive 2018/1972 establishing the European Electronic Communications Code in May 2024. The new electronic communication law no. 54/2024 was approved by the Assembly on 30 of May 2024.

Albania has a **high level of alignment** with the e-Commerce Directive. National legislation is fully aligned with the EU Regulation on Cross Border Parcel Delivery whereas it is **not yet fully aligned** with the Regulation (EU) 2019/1150 on Promoting Fairness and Transparency for Business Users of Online Intermediation Services (P2B). Authorities have planned to ensure full alignment by the end of 2025.

National legislation is **not yet aligned** with the EU Regulation on Geo-blocking. The Central European Free Trade Agreement (CEFTA) Joint Committee is in the process of drafting a Joint Committee Decision, based on the findings of a CEFTA study on geo-blocking among the CEFTA parties. The decision aims to harmonise the legal framework regarding the prevention of unjustified discriminatory practices in the parties. It also aims at preventing unjustified geo-blocking and other forms of discrimination directly or indirectly, based on the side of the party where the customer is a natural person, or has the customer's place of establishment. Moreover, it will address aspects of customer protection, both individual consumers and businesses, related to electronic commerce, in order to guarantee a high level of consumer protection. The Decision is waiting for its adoption by the CEFTA Joint Committee but is expected to enter into force in January 2025.

Albania's access to internet is regulated by the Law on Electronic Communications which is aligned with the EU Authorisation Directive. The Law promotes net neutrality practices and recognises and accepts the principles laid down by Regulation (EU) 2019/517 on the Implementation and Functioning of the ".eu" Top-Level Domain Name, applicable in the context of administrating the country top-level domain name ".al". AKEP has licensed ten registrars registering ".al" domains through an accreditation process, with the exception of "gov.al" and "mil.al" subdomains, which it registers exclusively. The new Law on Electronic Communication includes a chapter on the provision on Open Internet EU regulation, Albania joined the Declaration for Future of Internet in April 2023

Albania does not yet have 5G networks and the 5G licensing process is planned for 2023-2024. Albania is a signatory of the MoU between six Western Balkan states for 5G for Digital Transformation in Western Balkans, signed on 2nd November 2020 during WB Digital Summit in Tirana, in line with EU best practices and the 5G Toolbox. The 5G Toolbox implementation is part of technical assistance under Instrument for pre-Accession Assistance III (IPA-2022 Technical Assistance). Albania indicates that the completion of a 5G study and the opening of the process for licensing 5G networks is planned for 2023. Albania's objective is for access to WiFi connection in 50% of public spaces like parks, libraries and squares in all cities and villages. The process to achieve this objective is ongoing.

Albanian legislation is not yet aligned with the Digital Service Act and the Digital Market Act but expressed its commitment to ensure full alignment by the time of accession.

In the field of **radio-spectrum policy**, the national legislation on electronic communications in the Republic of Albania, National Frequency Plan reflect the general principles of regulation for radio spectrum of the EU and are based on International Telecommunication Union (ITU) Radio Regulations and the European Common Allocation (ECA) Table. The National Frequency Plan is updated regularly every three to four years. AKEP updated the Frequency Usage Plan on 06.09.2023 thus further aligning with EC Decisions⁵ on the frequency spectrum.

Regarding **roaming**, Albania's Law on Electronic Communication was amended in 2018 to facilitate alignment with the EU Roaming Regulation. Albania is a signatory of the Regional Roaming Agreement for the Western Balkans, which enabled the introduction of the Roam Like at Home (RLAH) regime as of July 2021. Before the introduction of the RLAH regime within the Western Balkans, AKEP approved the EU Regulation on the application of Fair Use Policy (FUP) No 531/2012 and the EU Regulation on the methodology for assessing the sustainability of the abolition of retail roaming surcharges 2016/2286 within Western Balkans and Guidelines on implementation of RLAH and FUP for roaming services in Western Balkans based on the relevant EU regulation and BEREC Guidelines. The new Law on Electronic Communications aiming to **a high level of alignment** with the European Electronic Communications Code was adopted in May 2024. Albania plans to continue with the implementation of the policy reform measures undertaken in the Roadmap for lowering roaming charges between the EU and Western Balkans.

b. Commission assessment

Albania has a **high level of alignment** with the EU *acquis* in the area of electronic communications and information technologies. Albania has made efforts concerning measures outlined in the Roadmap for lowering roaming charges between the EU and WB, namely through the implementation of the regional roaming agreement, including the alignment with the rules on fair use policies and derogations. These measures will facilitate the lowering of roaming charges over the next years.

Albania should establish a Broadband Competence Office (BCO) as a matter of priority. Albania needs to adopt the Law on Electronic Communications in order to align with the EU Directive 2018/1972 establishing the European Electronic Communications Code. Furthermore, it needs to adopt measures to promote fairness and transparency for business users of online intermediation services and ensure the alignment with the EU Regulation 2018/302 on unjustified geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market.

In addition, Albania needs to continue implementing the 5G Toolbox measures, including assessing the risk profile of suppliers and putting in place appropriate restrictions and/or exclusions for high-risk suppliers. Albania needs to ensure full alignment with the DSA and DMA by the time of accession.

C. SUMMARY OF FINDINGS - ELECTRONIC COMMUNICATIONS AND INFORMATION TECHNOLOGIES (ICT)

Albania has a **high level of alignment**, especially with the adoption of the new Law on Electronic Communications thus further advancing in the alignment with the EU Directive 2018/1972 establishing the European Electronic Communications Code. Albania needs to ensure full alignment with the EU Regulation

⁵ EC Decisions on the harmonization of the 24 GHz range radio spectrum band for the time-limited use by automotive short-range radar equipment in the Community; of radio spectrum in the 79 GHz range for the use of automotive short-range radar equipment in the Community; updating harmonised technical conditions in the area of radio spectrum use for short-range devices; harmonisation of the radio spectrum for use by short-range devices and repealing Decision 2006/804/EC; on the harmonisation of the 24 GHz range radio spectrum band for the time-limited use by automotive short-range radar equipment in the Community; and on the harmonisation of the 2010-2025 MHz frequency band for portable or mobile wireless video links and cordless cameras used for programme making and special events.

of 2018 on unjustified geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market.

III. DIGITAL TRANSFORMATION

a. Country presentation

Albania has in place a Digital Agenda 2022-2026. Albania's Law on Electronic Documents, Electronic Identification and Trust Services in Electronic Business (eIDAS) is **fully aligned** with the EU's eIDAS Regulation. Albanian authorities have invested on digitising public infrastructure and setting up government electronic systems and services. Albania is **fully aligned** with EU Broadband Cost Reduction Directive and with the Open Data Directive.

Public services are available online since 2022 through e-Albania (1 242 e-services) and state documents for public services are gathered by the employees on behalf of citizens and businesses. 95% of public services provide the possibility of e-signature or e-seal. Albania's Open Data Portal currently provides open data from 15 sectors, such as health, treasury, customs, education, business, and more than 90 datasets. Albania's Digital Agenda is broadly aligned with the European Strategy for data. The National Interoperability Framework has been in place since 2014, in line with the principles of European Interoperability Framework (EIF). NAIS has also adapted (through Instruction No. 2, dated 30.10.2023, issued by the General Director of the National Agency of Information Society) the National Interoperability Framework with the European Interoperability Framework (EIF) dated March 23, 2017 as part of the Communication approved by the European Commission (COM (2017) 134). Its purpose is to promote and support the distribution of public services by promoting interaction between sectors and to guide the public administration in its work, to provide public services both in national and European context for business and citizens. The country has a Governmental Interoperability Platform in place which encompasses six state databases. The e-Albania government portal is connected to the Government Interoperability Platform that is the underlying and core architecture enabling interaction with state databases and real-time data exchange between 61 electronic systems of public institutions, automating administrative procedures and eliminating accompanying documents. Albania is **fully aligned** with the EU Directive on open data and the re-use of public sector information. The Information and Personal Data Protection Commissioner (IDP) is responsible for monitoring this law in order to protect, supervise and promote the right to reuse of public sector information. NAIS has established the portal opendata.gov.al which facilitates the search for open data provided by public institutions, covering 15 sectors. Albania established in 2024 a "Cloud on Premise" platform in the Government Data centre, to help modernise government systems using the technologies offered by the cloud platform. National legislation is not yet aligned with the Regulation (EU) 2018/1807 on a Framework for the Free Flow of Non-Personal Data. Albania plans to reach full alignment during 2024, following the assessment and analysis, and comparison of EU and existing national environmental legislation to determine the existing state of conformity and the need to take appropriate steps to align the national legislation to this EU *acquis*. The new Law on Electronic Communications Code adopted in May 2024 aimed at a high level of alignment with the provisions of the e-Privacy Directive 2009/136/EC.

Albania has in place the law No 33/2022 "On open data and the re-use of public sector information" aligned with the Directive 2019/1024 "On open data and the re-use of public sector information". The Information and Personal Data Protection Commissioner (IDP) shall be responsible for monitoring this law in order to protect, supervise and promote the right to reuse of public sector information. The National Agency for Information Society (NAIS) is responsible for managing the open data government portal.

Albania's new law "On Cyber Security" was approved on March 21, 2024, and entered into force in May 3, 2024 (Law no.25/2024 "On cybersecurity"). The new law aims at a high level of alignment with NIS 2 Directive (Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148). In the framework of

implementing law no. 25/2024, "On Cyber Security", Albania is working on drafting the relevant sublegal acts. The National Cyber Security Authority (NCSA) is the institution responsible for the implementation and supervision of the law on cybersecurity, electronic identification and trust services and the respective bylaws. Authorities also perform Periodical Cyber Security Audits to the Critical and Important Information Infrastructures to supervise the fulfilment of cyber security measures.

Within the framework of the law "On Cyber Security", the National Operational Cyber Security Centre (SOC) has been established. Currently, AKSK has established a series of laboratories as part of the SOC, aiming to actively monitor and analyse cyber threats for the protection of critical and important information infrastructures such as forensic, malware analysis, vulnerability analysis, information sharing (MISP). Currently SOC is actively monitoring 14 operators of information infrastructures 24/7.

Country's National Cyber Security Strategy and its Action Plan 2020-2025, approved with Decision no. 1084, dated 24.12.2020 "On adopting the National Cybersecurity Strategy and its Action Plan 2020-2025", envisages the establishment and operation of institutional cooperative mechanisms: legal and technical instruments, as a critical element of protection in cyberspace, for digital infrastructures, transactions and electronic communications; through raising professional capacities, increasing nationwide awareness as well as strengthening national and international collaborations for a safe digital environment. The Authority has finalized the 2024-2025 Action Plan for the National Cybersecurity Strategy, which is currently awaiting approval from the Ministry of Finance. Once approval is obtained, the necessary procedures for submission to the Council of Ministers will immediately follow.

Albania has prepared the monitoring report for the National Cyber Security Strategy 2020-2025, for 2023, which is yet to be published.

b. Commission assessment

Albania is **partially aligned** with the EU *acquis* related to digital transformation. It has a **high level of alignment** with the EU *acquis* related to electronic identification, open data and broadband. Particular efforts have been made in the area of digital public services. Albanian authorities have invested in digitising public infrastructure and setting up government electronic systems and services which results in 95% of public services providing the possibility of e-signature.

In terms of **open data**, both the strategies and the laws align with the EU policy documents and *acquis* respectively. Albania needs to take further efforts to ensure the alignment with the regulation on a framework for the free flow of non-personal data and with the ePrivacy Directive. Albania is aligned with the Open Data act, however authorities need to the capacities of the IDP staff on the effective implementation of the national law and make it fully operational by adopting all the relevant implementing legislation.

Albania needs to approve the Law on cybersecurity to ensure full alignment with the NIS 2 Directive. The Commission also recommends the adoption of the Chapter III of Cybersecurity Act (Regulation (EU) 2019/881), which contains provisions on cybersecurity certification. There are currently three cybersecurity certification schemes in preparation that will require EU-wide recognition and phase out of covered national schemes. Furthermore, Albania needs to align with the Geo-blocking regulation and approve the draft Decision to ensure full alignment with the Commission communication on 2030 Digital Compass. Albania needs to align its National Strategy of Artificial Intelligence with COM/2021/205 on the Coordinated Plan on Artificial Intelligence, and its Decision on accessibility of e-Albania by people with disabilities to ensure the alignment with the Directive (EU) 2016/2102 on the Accessibility of the Websites and Mobile Applications of Public Sector Bodies and technically the e-Albania portal being compliant with the Web Content Accessibility Guidelines (WCAG).

C. SUMMARY OF FINDINGS - DIGITAL TRANSFORMATION

Albania has in place a digital strategy (Digital Agenda 2022-2026) governing the national policies, but **it needs to strengthen efforts to fully align** with the EU *acquis* in the area of digital transformation and notably cybersecurity.

IV. AUDIO-VISUAL MEDIA

a. Country presentation

Albania's current Audiovisual Media Law (Law No 97/2013 on Audiovisual Media in the Republic of Albania) is **fully aligned** with the EU Audiovisual Media Services Directive 2010/13. However, it is only **partially aligned** with the amended Audiovisual Media Services Directive 2018/1808 (AVMSD).

The Audiovisual Media Authority (AMA) is the main institution in charge in Albania as the regulatory authority in the field of audio and audiovisual broadcasting services and other support services. AMA monitors the variety, quality and innovation of programs from audiovisual broadcasters, the technological development and implementation, the fulfilment of objectives by the public service broadcaster such as to increase the variety of audiovisual services, and the development of the audiovisual broadcasting sector in Albania.

Albania amended the national legislation in the course of 2023 aiming to fully align with the EU AVMSD of 2018, as well as draft and adopt new secondary legislation for the implementation of the European Media Freedom Act. The Authorities also approved the revised Broadcasting Code in July 2023. There are several ongoing initiatives which support the implementation of the AVMSD, including "The role of audiovisual media in the formation of personality among children aged 6-14 years", and "Improving reporting in the audiovisual media to stop discrimination and the use of hate speech", in cooperation with the Council of Europe, 2018. In addition to that, in 2018 authorities have applied for two TAIEX workshops for the alignment of the amended Directive 2018/1808, with legal experts in the field of media, in cooperation with the Ministry of Infrastructure and Energy in Albania.

Albania plans to establish of a high-performance computing centre - in line with the Digital Europe Programme. There is an ongoing feasibility study for a high-performance computing centre for government data and secure information exchange network for regional interoperability in the Western Balkans, through a grant approved by the Western Balkans Investment Framework (WBIF) in 2022. The project is ongoing and the expected date of completion is December 2025.

The Agreement between the European Union and the Republic of Albania for participation of Albania into the Digital Europe Union Programme 2021-2027, signed on 12 of July 2023 in Brussels and on 17 of August 2023 in Tirana, was ratified by the Law No 87/2023 on 2nd of November 2023, "On Ratification of the International Agreement International between the EU and the Republic of Albania for the Digital Europe Programme for 2021-2027" and came in force on 6th of December 2023.

b. Commission assessment

Albania has a **high level of alignment** with the EU *acquis* in the area of audio-visual media. Albania's plans are in line with the EU policy frameworks. Full alignment with the Audiovisual Media Services Directive of 2018 should be treated as a matter of priority.

C. SUMMARY OF FINDINGS - AUDIO-VISUAL MEDIA

Albania's future plans align with the EU policy frameworks and the country is encouraged to make full use of the Digital Europe Programme in which the country participates since 2023. Full alignment with the Audiovisual Media Services Directive 2018/1808 (AVMSD) should be a priority.

V. FIGHT AGAINST CORRUPTION IN DIGITAL TRANSFORMATION AND MEDIA

a. Country presentation

Albania has put in place an Action Plan on Integrity Risk Management for 2022-2025 and a Cross-cutting Strategy Against Corruption. It ensures transparency through an open public consultation process for all legal acts and strategic documents. All institutions which are responsible for the alignment with the EU *acquis* in the context of Chapter 10 – Information Society and Media have approved and published the transparency programme on their webpages.

Digitalisation has been used to fight corruption in key areas, such as the financial sector, education, public procurement, transport services, healthcare system and property, through the introduction of online services. In the media sector, the National Coordinator Against Corruption is in the process of drafting the new Intersectoral Anti-Corruption Strategy 2023-2030 which will make mandatory for the media to create a systematic commitment to communicate relevant messages to the public regarding the implementation of integrity and anticorruption policies, as well as building awareness and information campaigns with a media focus.

b. Commission assessment

Albania's legislation is **partially aligned** regarding fight against corruption. Albania has put in place a legal and strategic framework for fighting corruption in the area of digital transformation throughout the institutions responsible for implementing the legislation under Chapter 10 – Digital Transformation and Media. The progress that Albania has made in the area of digitalisation of public services greatly contributes to transparency and the fight against corruption.

While this provides a good foundation, it is essential to maintain a monitoring system in place which would ensure its implementation. Particular attention needs to be paid to the media sector, for which a new strategy is currently in the process of being drafted.

C. SUMMARY OF FINDINGS - FIGHT AGAINST CORRUPTION

Albania has in place a legal and strategic framework for fighting corruption in the area of digital transformation.

C) CHAPTER 16 – TAXATION

EU *acquis* on Chapter 16 covers value-added tax, excise duties and aspects of corporate taxation. The *acquis* is also related to cooperation between tax administrations, including the exchange of information to prevent fraud, tax evasion and tax avoidance as well as operational capacity and computerisation of the revenue administration. The *acquis* under this Chapter includes:

- **Indirect taxation** include value added tax (VAT) and excise duties on alcohol, tobacco and energy. The common VAT system is generally applicable to goods and services that are imported or supplied in the EU. Excise duties are levied on the importation or production of specific products. EU legislative activities are aimed at harmonising VAT law and harmonising excise duties on alcohol, tobacco and energy with the aim of ensuring the proper functioning of the internal market.
- **Direct taxation** rules are primarily intended to minimise the obstacles to free movement caused by national direct taxes. Moreover, it includes actions taken to prevent tax evasion and tax avoidance at the international level.
- EU *acquis* in the area of **administrative cooperation** and **mutual assistance** in tax matters. Existing EU directives require all EU member states to share certain information related to tax matters with each other. Moreover, the chapter examines the **operational capacity** and the level of **digitisation** in the area of taxation.

In addition, the European Commission examines measures taken to promote integrity, prevent and fight corruption.

I. INSTITUTIONAL SET-UP AND LEGAL FRAMEWORK

a. Country presentation

Albania's **legal framework** in the area of taxation is **partially aligned** with the EU *acquis*.

In the area of **direct taxation**, Albania's personal income tax is regulated by the Personal Income Tax Law (Law no. 8438/1998). A taxpayer according to the national legislation is a natural person who is Albanian resident for the income generated in the country and abroad as well as natural person who is non-resident for the income generated on the Albanian territory. According to Article 9 of Personal the Income Tax Law, there is in place a progressive taxation rate for wages with the amount up to ALL 40 000 being tax free. There is tax rate of 15 % on interest, income from copyright or intellectual property, games of chance and an 8% rate on dividends.

As regards corporate income tax of Albania, it is regulated by the Law no. 8438/1998 on Income Tax. According to the Law, there is 0% tax rate for taxpayers with income up to ALL 14 000 000 per year and 15% for taxpayers with income over that amount.

Albania informed that its national legislation is currently **not aligned** with the Council Directive 2011/96/EU on the Common System of Taxation Applicable in the Case of Parent Companies and Subsidiaries of Different Member States; Council Directive (EU) 2016/1164 Laying Down Rules Against Tax Avoidance Practices that Directly Affect the Functioning of the Internal Market (ATAD 1); and Council Directive (EU) 2017/952 regards hybrid mismatches with third countries (ATAD 2); Council Directive (EU) 2017/1852 on Tax Dispute Resolution Mechanisms in the European Union.

Council Directive 2009/133/EC on the Common System of Taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares concerning companies of different Member States and to the transfer of the registered office of an SE or SCE between Member States **remains to be fully aligned** with the national legislation. Furthermore, Albania will undertake all the activities needed in order to be fully prepared to implement the Commission Implementing Regulation (EU) 2019/652 on

standard Rules of Functioning for the Advisory Commission or Alternative Dispute Resolution Commission.

Albania is not a party to the Convention on the Elimination of Double Taxation in Connection with the Adjustment of Profits of Associated Enterprises (The Arbitration Convention). Furthermore, Code of conduct for the effective implementation of the Convention on the elimination of double taxation, in connection with the adjustment of profits of associated enterprises, will be reviewed and taken into consideration with the implementation of the Arbitration Convention.

Albania will undertake all the activities needed in order to be fully prepared to implement the Commission Implementing Regulation (EU) 2019/652 Laying Down Standard Rules of Functioning for the Advisory Commission or Alternative Dispute Resolution Commission and a standard form for the communication of information concerning publicity of the final decision in accordance with Council Directive (EU) 2017/1852 with the day of the accession to the EU.

In the area of **indirect taxation**, Albania's Value Added Tax (VAT) is regulated by Law no. 92/2014, on Value Added Tax. A standard tax rate of 20% and reduced tax rates of 6% and 10% are in place. According to the national legislation, subject to VAT are supply of goods and services conducted for consideration in the country by the taxpayer within the framework of its business activity and import of goods. Taxable person (including public bodies) is permanently or occasionally, independently performing an economic activity, regardless of the purposes and the results of such an activity.

National legislation is **partially aligned** with Council Directive 2006/112/EC of 28 November 2006 on the Common System of Value Added Tax. Albania presented the plans to revise its legislation concerning the VAT exemptions and reduced-rate supplies with an aim to align it with the Council Directive 2006/112/EC. The areas that still remain to be aligned include the supply of postal services, services in the areas of health, education, sport and culture.

Moreover, national legislation is **partially aligned** with Council Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State. The national legislation is also **aligned** with Council Directive 2009/132/EC Determining the Scope of Article 143(b) and (c) of Directive 2006/112/EC as regards Exemption from Value Added Tax on the Final Importation of Certain Goods. Albania will undertake all the activities needed in order to be fully prepared to implement Council Implementing Regulation (EU) No 282/2011 on the Common System of Value Added Tax by the day of the accession to the EU.

In the area of **excise duties**, Albania informed that it is regulated by the Law no. 61/2012 on Excise Duty. According to the national legislation, excise goods are: alcohol and alcoholic beverages, tobacco and tobacco products, energy products and other products defined by the law. The law defines excise duty as a tax that is applied to manufactured and imported excise goods, which are issued for consumption in the territory of Albania. The excise tax rates are indexed in line with the rate of inflation (automatic indexation). Chargeability occurs at the time of release for consumption in the territory of Albania (Articles 4 and 5 of the Law no. 61/2012). In the case of importation of excise goods, chargeability coincides with that of the customs debt according to the relevant provisions of the Customs Code, except where the excise duties are suspended under the provisions of the Law.

The Law on Excise Duties is partially aligned with the Council Directive (EU) 2020/262 of 19 December 2019 Laying Down the General Arrangements for Excise Duty. Excise Movement and Control System

(EMCS) is established at the national level based on Commission Regulation 684/2009⁶, Commission Implementing Decision (EU) 2022/197 of 17 January 2022 Establishing a Common Fiscal Marker for Gas Oils and Kerosene (Notified Under Document C(2022) 74). Decision (EU) 2020/263 on computerising the movement and surveillance of excise goods will be implemented on the date of the EU accession. Commission Regulation (EC) 31/96 on Excise Duty Exemption Certificate which is replaced by Implementing Regulation 2022/1637 will be implemented on EU accession.

Law no. 61/2012 on Excise Duties defines the general rules for the production, keeping, storage, movement, and controls on products that are subject to excise duties, as well as establishes specific rules on the excise duty that is applied to the consumption of energy products, alcohol and alcoholic beverages, tobacco and its by-products. Energy products and the respective levels of excise duty applied in Albania are also included. National legislation is **aligned** with the Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy and electricity, except for electricity (CN code 2716) which is not subject to excise duty in Albania, as instead provided for by Council Directive 2003/96/EC.

As regards the excise duties on **alcohol**, Albania informed that the classification of alcohol and alcoholic beverages is partially **aligned** with the Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages. Albania presented that the national legislation is **partially aligned** with Council Directive 92/84/EEC of 19 October 1992 on the approximation of the rates of excise duty on alcohol and alcoholic beverages. In particular, national legislation provides for a preferential rate of tax for “Albanian rakia” which discriminates against competing alcoholic beverages.

For **tobacco**, Albania reported that the tobacco products subject to excise duties are in the same categories as in the Council Directive 2011/64/EU on the structure and rates of excise duty applied to manufactured tobacco. The weighted average retail price is not used as a reference for minimum taxation. In Albania, only but not ad valorem rates are applied to tobacco products unlike provided by EU directives. The country's minimum excise duty for cigarettes is ALL 7 000 per 1000 cigarettes (about 69.50 EUR). Albania has in place a 5-year alignment calendar for all tobacco products and its by-products, with the aim of aligning them with the minimum levels (but not mixed excise duty structure (*ad valorem* and specific) for cigarettes), according to Council Directive 2011/64 on the Structure and Rates of Excise Duty Applied to Manufactured Tobacco. The **alignment** on excise minima on tobacco products is expected by January 2026.

In the area of **car taxation**, Albania explained that its legislation is currently **partially aligned** with the Council Directive 83/182/EEC of 28 March 1983 on Tax Exemptions within the Community for Certain Means of Transport Temporarily Imported into one Member State from another and Council Directive 2009/55/EC of 25 May 2009 on Tax Exemptions Applicable to the Permanent Introduction from a Member State of the Personal Property of Individuals (Codified version) and all related modification. Law no. 9975/2008 for National Taxes determines the types of national taxes and fees that apply in the Republic of Albania for cars. During the first registration of a vehicle in Albania, “luxury” cars are subject to a registration tax of ALL 70 000. Furthermore, there are annual taxes on vehicles. Vehicles aged between 0-3 years are not subject to this tax. However, in addition to the annual tax on used vehicles, and regardless

⁶ Commission Regulation (EC) No 684/2009 of 24 July 2009 implementing Council Directive 2008/118/EC as regards the computerised procedures for the movement of excise goods under suspension of excise duty. This Commission Regulation was repealed with the Commission Delegated Regulation (EU) 2022/1636 of 5 July 2022 supplementing Council Directive (EU) 2020/262 by establishing the structure and content of the documents exchanged in the context of movement of excise goods, and establishing a threshold for the losses due to the nature of the goods.

of the payment of the annual tax, on luxury cars an annual tax of ALL 21 000 is applied every year, valid for 365 days.

b. Commission assessment

The institutional set up in the area of **taxation** is represented by two main bodies within the Ministry of Finance and Economy: General Directorate on Taxation and General Directorate on Customs. Their functions and competences are clearly defined and protected from political interference by the existing legislation. One of the priorities for the authorities remains to provide adequate staffing of the Tax Administration and to ensure further improving of the capacity of the tax administration by the final adoption and implementation of the Medium-Term Revenue Strategy. Adequate staffing remains a considerable issue and there is a significant difference between the current number of staff in place and the planned number of staff.

In the area of **direct taxation**, the personal income tax is mainly regulated by the Personal Income Tax Law. The national legislation is not yet aligned with the Merger Directive - the Council Directive 2009/133/EC of 19 October 2009 on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares concerning companies of different Member States and to the transfer of the registered office of an SE or SCE between Member States. Furthermore, Albania's legislation remains **to be fully aligned** with Council Directive 2011/96/EU of 30 November 2011 on the Common system of taxation applicable in the case of parent companies and subsidiaries of different Member States; Council Directive 2003/49/EC of 3 June 2003 on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States; Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large scale domestic groups in the Union; Council Directive (EU) 2016/1164 laying down Rules Against Tax Avoidance Practices that Directly Affect the Functioning of the Internal Market; Council Directive (EU) 2017/1852 on Tax Dispute Resolution Mechanisms in the European Union

In the area of **indirect taxation**, the Value Added Tax Law of Albania is **partially aligned** with the EU *acquis*. However, the legislation is **still to be aligned** with the several provisions of Council Directive 2006/112/EC and Council Directive 2008/9/EC and start being applied at the latest on the day of EU accession.

As regards **excise duties**, the Law no. 61/2012 Excise Duty is **partially aligned** with the EU *acquis*, namely Council Directive (EU) 2020/262 laying down the General Arrangements for Excise Duty. Ahead of EU accession, Albania needs to align its legislation with the Council Directive 2003/96/EC Restructuring the Community Framework for the Taxation of Energy Products and Electricity, for example as regards the taxable base (in terms of certain products and uses) of the national energy taxation and the national excise duty rates for energy products and electricity, where not respecting the applicable minimum tax rates prescribed in the EU. Furthermore, Albania's legislation is partially aligned with the EU *acquis* on excise duties for tobacco and alcohol.

Albania's national legislation is not aligned with the provisions of the Council Directive 2008/7/EC concerning Indirect Taxes on the Raising of Capital.

As regards **car taxation**, the legislation is currently **partially aligned** with Council Directive 83/182/EEC and Council Directive 2009/55/EC.

C. SUMMARY OF FINDINGS – INSTITUTIONAL SET-UP AND LEGAL FRAMEWORK OF THE TAX SYSTEM

Albania's tax system is **partially aligned** and needs to further align its legislation to the EU *acquis* before the EU accession especially regarding the legal framework on direct taxation, indirect taxation, excise duties, and car taxation. Authorities need to ensure adequate staffing of the Tax Administration and to further improve its capacities.

II. ADMINISTRATIVE COOPERATION AND COMPUTERISATION

a. Country presentation

As regards **administrative cooperation**, the legal basis for international exchange of tax information of the competent authorities in Albania are agreements for avoidance of double taxation and protection against fiscal evasion in terms of income tax and capital tax (49 agreements concluded with 45 countries of which 21 agreements concluded with EU member states). Albania is also a part of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (146 signatories as of January 2023). Furthermore, Albania participates in the Inclusive Framework of BEPS from August 2019. During 2019-2020 the Tax Administration implemented the Project of Automatic Exchange of Information. The legal basis for the automatic exchange of tax information is provided by the Law no. 4/2020 on the Automatic Exchange of Financial Account Information and the Decision of the Council of Ministers no. 613/2020 on the Implementing Provisions of the Law no. 4/2020 on the Automatic Exchange of Financial Account Information. The first exchange between Albania and counterpart tax administrations was carried out on a non-reciprocal basis. Since 2021, after the OECD's positive assessment of the confidentiality and data protection in the Albanian Tax Administration, the exchange of information is taking place on reciprocal basis.

Albania's legislation is **not yet aligned** with the EU Directive 2011/16/EU on Administrative Cooperation in Taxation repealing Directive 77/799/EEC, with the Directive 2014/107 (DAC2); Directive 2015/2376 (DAC3); Directive 2016/881 (DAC4); Directive 2016/2258 (DAC5); Directive 2018/822 (DAC6) and the Directive 2021/514 (DAC7). The particular technical reason for non-alignment is that the Tax Administration of Albania is not yet integrated in the IT system of the EU Common Communication Network (CCN) where the exchange of information happens.

As regards **computerisation**, Albania reported to have in place a well-functioning IT tax system, which is part of the government network (GovNet). Albania has in place C@TS – Informatics System of Tax Administration, which is operational since 2015. It allowed to increase the efficiency of the work of central Tax Administration, to provide services to the taxpayers and create electronic taxpayers files. Further IT systems that are currently operating in the area of taxation are E-filing system, electronic Fiscalisation System and Bank Account Register.

b. Commission assessment

Albania has signed 50 double taxation agreements, including with all EU Member States, except Cyprus, Denmark, Lithuania, Portugal, Slovakia, and Finland. Albania is the only country in the Western Balkans region that has started the automatic exchange of information on the accounts with the EU Member States. The country remains dedicated to implement the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) minimum standards. The recent OECD peer review showed some positive results.

Albania is included in the Council conclusions on the EU list of non-cooperative jurisdictions for tax purposes that was adopted by the ECOFIN Council in February 2023 as part of Annex II. As per Council Conclusions, Albania is invited to amend or abolish preferential tax regimes on the industrial incentives which is identified as a harmful tax regime in the scope of the Forum on Harmful Tax Practices by 31 December 2023. Albania is demonstrating a full cooperation on this issue and is currently revising its legislation and undertaking further measures in order to abolish the identified harmful tax regime.

Regarding **operational capacity** and **computerisation**, despite the number of staff – 1 450 – of the Tax Administration has been kept stable in the recent years, above 10% of vacancies still remain not filled. The staff of the Tax Administration underwent several trainings in the recent years in particular on the new IT tools such as electronic focalisation. The electronic tax administration system is operational, but there is no timetable in place as to achieve interconnection and interoperability with EU systems.

C. SUMMARY OF FINDINGS – ADMINISTRATIVE COOPERATION AND COMPUTERISATION

Albania's tax system is **moderately prepared** in the field of administrative cooperation and computerisation. Authorities need to ensure the full staffing of the Tax Administration and further strengthen efforts to achieve interconnection and interoperability with EU systems.

III. FIGHT AGAINST CORRUPTION - TAXATION

a. Country presentation

The fight against corruption is regulated by the national legislation, namely the Law no. 120/2021 on Amendments and Supplements to the Law no. 9917/2008 on Prevention of Money Laundering and Financing of Terrorism (the "AML Law"); the Law 60/2016 on Whistle-blowers and Whistle-blower's Protection; the Law no. 9643/2006 on Public Procurement, which also contains anti-corruption provisions; and Law no. 9367/2005 on the Prevention of the Conflict of Interests in the Exercising of Public Functions (Conflict of Interest Law).

Albania has in place a comprehensive 2015-2023 National Inter-Sectoral Strategy on fighting corruption and a corresponding Action Plan approved by the government for its implementation. The current Action Plan is for the period 2020 – 2023. The Ministry of Justice of Albania is currently developing a new anti-corruption strategy for the period for 2023-2030. It should focus on three main aspects: (1) prevention of corruption - strengthening of legal and institutional mechanisms to prevent corruption and strengthen integrity in the public administration, with a focus on sectors with a high risk of corruption; punishment of corruption (2) Increasing the performance of all structures responsible for pursuing, investigating and punishing corruption cases; and awareness, (3) raising the awareness of citizens and educating young people to proactively engage in the fight against corruption.

Regarding **the implementation and enforcement** of the anti-corruption framework, a special coordinator for anti-corruption measures is assigned at the General Directorate on Taxation and the General Directorate on Customs of the Ministry of Finance and Economy. Both coordinators are directly subordinated to the Ministry of Justice, and not to the units they are assigned to monitor. Throughout their activity, they shall cooperate with the Audit and Anticorruption Units of both directorates.

The General Directorate on Taxation has also in place an Internal Investigation (anticorruption) Directorate (I.I.D), which reports directly to the Director General and has appropriate investigative powers. This directorate is composed of the Director and seven inspectors, who have judicial police powers in terms of investigation of cases, for the detection and prevention of staff corruption and violations of laws and procedures relating to conflicts of interest and ethical behaviour I.I.D directorate cooperates with agencies including the public prosecutor's office, the police and the Anticorruption agency and the High Inspectorate of Asset Declaration & Conflict of Interest.

b. Commission assessment

Albania has put in place a **legal and strategic framework** for fighting corruption in taxation as described above under country presentation with specific provisions on corruption in taxation, notably under the Law on prevention of corruption and conflict of interests. [See *general anti-corruption measures in Cluster 1 report under Chapter 23*].

In terms of **developing an effective system for the prevention of corruption** in Tax Administration and Custom Office, Albania has achieved a high level of transparency through its increased use of the IT tools, establishment of the effective internal control, enhanced cooperation and coordination between the Ministry of Justice and Ministry of Finance and Economy. Albania needs to build a track record on prosecution of corruption cases related to taxation and customs. Albania should reinforce monitoring systems of corruption cases related to taxation and strengthen the capacity of law enforcement institutions to investigate and prosecute these cases.

C. SUMMARY OF FINDINGS – FIGHT AGAINST CORRUPTION

Albania has in place the structures and tools to prevent corruption in the tax system, however, Albania needs to increase efforts in order to prevent corruption, by improving the functioning of the overall system, to increase competition, compliance and professionalisation. Albania should focus on increasing staffing and training at the General Directorate on Taxation and the General Directorate on Customs. Albania also needs to build a track record on prosecution of corruption cases related to taxation and customs. Albania should reinforce monitoring systems of corruption cases related to taxation and strengthen the capacity of law enforcement institutions to investigate and prosecute these cases.

D) CHAPTER 17 – ECONOMIC AND MONETARY POLICY

The *acquis* in the area of economic and monetary policy is governed by Title VIII (Art. 119 to 144) of the Treaty on Functioning of the European Union (TFEU), and by relevant implementing legislation. Treaty provisions related to the adoption of the euro do not apply to Member States with a temporary derogation as defined in Article 139 of the TFEU.

The *acquis* in the area of economic and monetary policy contains specific rules requiring the independence of central banks, prohibiting direct financing of the public sector by the central banks and prohibiting privileged access of the public sector to financial institutions. Member States shall regard their economic policies as a matter of common concern and are subject to fiscal and broader economic and financial surveillance. They are also obliged to adhere to detailed rules concerning the characteristics of their national budgetary frameworks. New Member States also need to comply with the convergence criteria laid down in the Treaty in order to be able to adopt the euro in due course after accession. Until then, they will be a Member State with derogation from the use of the euro and shall treat their exchange-rate policies as a matter of common interest.

The *acquis* consists mainly of Treaty provisions and protocols as well as regulations and decisions that do not require transposition into national legislation. Nonetheless, as indicated in Art. 131 of the TFEU, each Member State shall ensure that its national legislation, including the statutes of its central bank, is compatible with the TFEU and the Statute of the European System of Central Banks and of the European Central Bank (ESCB/ECB Statute). Regulations under this Chapter require Member States to identify potential risks, prevent or correct any excessive fiscal deficits and harmful macroeconomic imbalances. Directive 2011/85 lays down the requirements for the budgetary frameworks of Member States and requires transposition into national legal and administrative order. On 30 April 2024 three new pieces of legislation entered into force reforming the EU's economic and fiscal framework, producing changes in the *acquis* in the area of economic and monetary policy⁷.

I. MONETARY POLICY

I. A CENTRAL BANK INDEPENDENCE

a. Country presentation

Regarding the **functional independence** of the central bank, Art. 3 of the Law on the Bank of Albania (BoA Law) states that the primary objective of the Bank of Albania (BoA) is to achieve and maintain price stability. The secondary objectives, which are subordinated to its primary objective, shall be to promote and support the development of a market-based foreign exchange system, the internal financial market, the payment system, and foster monetary and credit conditions conducive to the orderly, balanced and sustained economic development of the country. In addition, the Bank of Albania shall foster the liquidity, solvency, and proper functioning of a stable market-based banking system.

Regarding the **institutional independence** of the central bank, Art. 161 of the Constitution of Albania states that the BoA (Bank of Albania) is the Central Bank of the state. The primary law that regulates the

⁷ Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (OJ L, 2024/1263, 30.4.2024, ELI: <http://data.europa.eu/eli/reg/2024/1263/oj>), Council Regulation (EU) 2024/1264 of 29 April 2024 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L, 2024/1264, 30.4.2024, ELI: <http://data.europa.eu/eli/reg/2024/1264/oj>) and Council Directive (EU) 2024/1265 of 29 April 2024 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States (OJ L, 2024/1265, 30.4.2024, ELI: <http://data.europa.eu/eli/dir/2024/1265/oj>).

functioning of the Bank of Albania is the BoA Law. According to the BoA Law, the BoA has the exclusive right to implement monetary policy independently. According to Art. 1(3) of the BoA Law, the BoA shall be entirely independent from any other authority in the pursuit of its objectives and the performance of its tasks. The independence of the BoA shall be respected at all times and no person shall seek to influence any member of a decision-making body of the BoA in the performance of their functions, or to interfere in the activities of the Bank of Albania.

The BoA is independent in setting the exchange rate policy. The BoA has adopted a free-floating exchange rate regime, whereby the exchange rate is freely determined by market forces. The Bank of Albania has the exclusive right to issue banknotes and coins in Albania. It can also decide to issue banknotes and coins for numismatic purposes.

Under Article 2(1) of the BoA Law, the Bank of Albania is accountable to the People's Assembly of the Republic of Albania for achieving and maintaining price stability and for performing the tasks of the Bank of Albania stipulated by the BoA Law.

As stated by BoA Law Art. 24, the BoA cooperates with the legislative and executive branches of the Republic of Albania in pursuing its objectives and take such actions as it deems necessary to promote such cooperation in the performance of its functions. The BoA shall prepare and publish periodical analyses on economic and monetary matters and submit proposals and measures to the Government of the Republic of Albania. The BoA shall provide information as requested by Ministries and other governmental entities with respect to monetary and financial matters, and such entities shall provide information as requested by the BoA concerning macroeconomics, monetary and financial matters. Under Art. 49 (9) of the BoA Law, the Minister of Finance has the right to attend meetings of the Supervisory Council of the Bank of Albania, but s/he is not entitled to vote.

Regarding the **personal independence** of the central bank, Albania stated that, according to Art. 44 of the BoA Law, the term of office of each member of the Supervisory Council, including the Governor and Deputy Governors, is seven years, provided that the completion dates of the terms of individual members is spread evenly over each seven-year period. The members of the Supervisory Council including the Governor and Deputy Governors may be eligible for reappointment unless a ground for removal under Art. 47 is applied to them. Members of the Supervisory Council are appointed by the People's Assembly on the basis of the following proposals: a) five members are proposed by the People's Assembly; b) three members by the Council of Ministers; c) one member by the Supervisory Council. The Governor of the Bank of Albania shall be appointed by the Assembly based on the proposal by the President of the Republic of Albania. The Supervisory Council of the Bank of Albania appoints Deputy Governors on the basis of the Governor's proposals.

Article 47 of the BoA Law states that any member of the Supervisory Council, including Governor and Deputy Governors can be dismissed by the Assembly in case they: (a) have been found guilty and convicted by the court of committing a criminal offense, for which the law envisages imprisonment sentence; (b) have become insolvent or have been declared bankrupt and have not been rehabilitated; (c) have been banned or suspended by the court from exercising a public duty or public service or any activity or profession; (d) have participated actively in political activities during their tenure; (e) have been absent for two or more successive meetings of the SC without a reasonable excuse; (f) have been unable to perform the functions of such office because of an infirmity of body or mind; (g) have engaged in serious work ethic infringement, and have substantially jeopardised the interests of BoA; (h) have been found ineligible to serve on the board of the SC during their tenure, because of existence of at least one of the incompatibles foreseen in Article 46 of BoA Law. Article 51 of the BoA Law foresees safeguards against conflict of interest of the members of the Supervisory Council.

Regarding the **financial independence** of the central bank, Art. 6(3) of the BoA Law states that the entire paid-up capital of the BoA shall be subscribed and owned exclusively by the State of Albania and shall not

be transferable or subject to encumbrance. According to Art. 7 of the BoA Law, the Minister of Finance and Economy shall transfer to BoA negotiable government securities, whenever on the balance sheet of the BoA the value of its assets falls below the sum of its liabilities and paid-up capital. Art. 73(1) of the BoA Law states that the BoA is not subject to taxes and duties.

Art. 8, 9 and 10 of the BoA Law state that the net income of the BoA for each financial year shall be calculated after deducting from revenues the expenditure for the year in question and after making provision: a) for bad and doubtful debts, depreciation of assets, and contributions to the staff retirement fund; and b) subject to the approval of the Supervisory Council, for such other purposes as the Bank of Albania may deem necessary. The BoA shall establish a General Reserve Fund. At the end of each financial year the Bank should allocate to the fund an amount equivalent to 25% of its net profits for that year until the General Reserve Fund amounts to 500% of the paid-up capital of the BoA. After transfers to the General Reserve Fund, the remainder of the net profits for the financial year shall be used to redeem any government securities issued to the BoA. Any balance of net profits for the financial year remaining after all deductions, shall be paid to the State budget within four months after the end of the financial year.

The BoA prepares financial statements at the end of each financial year. According to Art. 68 of the BoA Law, the accounts and records of the BoA may be audited by recognised international auditors appointed by the Supervisory Council. The auditors express an opinion as to whether the statements present a full and fair view of the financial condition of the BoA in accordance with generally accepted international accounting standards. An internal audit, overseen by an Inspector General appointed by the Parliament, is also performed according to Art. 54 of the BoA Law. Albania stated that within three months after the end of each financial year, the Governor of the Bank of Albania submits the annual report with the financial statements and the auditor's opinion to the People's Assembly and to the Council of Ministers.

b. Commission assessment

Albania is **partially aligned** with the EU *acquis* on the **functional independence** of the central bank. Art. 3 of the BoA Law identifies as the principal objective of the Bank of Albania the achievement and maintenance of price stability. This is compatible with Art. 127 of the TFEU which stipulates that the primary objective shall be to maintain price stability.

However, the BoA Law should clearly state the secondary objective in line with Art. 127(1) of the TFEU, according to which, without prejudice to the achievement of the objective of price stability, the BoA shall support the general economic policies of the European Union with a view to contributing to the achievement of the objectives of the European Union. The BoA shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources in compliance with the principles set out in Art. 119 of the TFEU.

Albania is **partially aligned** with the EU *acquis* on the **institutional independence** of the central bank. Art. 161 of the Constitution of the Republic of Albania stipulates that the Bank of Albania has the exclusive right to implement monetary policy independently. According to Art. 1(3) of the BoA Law, the Bank of Albania shall be entirely independent from any other authority in the pursuit of its objectives and the performance of its tasks. The law stipulates that the independence of the BoA should be respected at all times and no person shall seek improperly to influence any member of a decision-making body of the Bank of Albania in the performance of their functions, or to interfere in the activities of the Bank of Albania.

However, the provisions in the Albanian legislation, which are considered not fully compatible with the independence requirements of the TFEU and the ESCB/ECB, need to be brought in line with the *acquis*.

The BoA Law should be amended to align it with TFEU Art. 130, i.e. to explicitly include a general prohibition for the BoA on taking instructions, and to expressly specify that the BoA, its bodies and the members of those bodies shall neither seek nor take instructions from government bodies and institutions, or other persons, including from institutions, bodies, offices and agencies of the EU, as stipulated in the ESCB/ECB Statute. In Art. 1(3) of the BoA law, it should be underlined that all persons shall (instead of

should) respect the independence of the BoA.

According to Article 2(1) of the BoA Law, the Bank of Albania is accountable to the People's Assembly of the Republic of Albania. In order to ensure full independence of its central bank, as prescribed by the TFEU and the ESCB/ECB Statute, Albania should also amend Art. 2 of the BoA Law so that this provision does not in any way allow the BoA to take instructions from the People's Assembly, thus undermining its institutional independence.

As regards the cooperation with the government, the future revision process of the BoA Law should take into account the prohibition on *ex ante* consultation in relation to BoA's decisions. The legal provisions regarding such cooperation should make sure that it does not in fact provide third parties with a formal mechanism to influence the final decision, which would be incompatible with the Treaty and the ESCB/ECB Statute.

Moreover, the BoA Law should be amended to make sure that the attendance of members of the Government to meetings of the Supervisory Council of the Bank of Albania, even without voting rights as in Art. 49 (9), does not allow for the independence of the central bank to be structurally weakened. The active participation of the Minister of Finance, even without voting right, to discussions around monetary policy could structurally offer the Government the possibility to influence the central bank when taking its key decisions. Although a representative of the Government can be invited to attend Executive Board meetings without voting rights, there should be no obligation to extend such invitation.

Albania is **partially aligned** with the EU *acquis* on the **personal independence** of the central bank. In order to achieve full alignment, Albania will need to amend Art. 47 of the BoA Law to bring the grounds for dismissal in line with Art.14(2) of the ESCB/ECB Statute, which stipulates that a Governor may be relieved from office only if she/he no longer fulfils the conditions required for the performance of her/his duties or if she/he has been guilty of serious misconduct.

In addition, the Law on the Bank of Albania does not explicitly regulate (i.e. remains silent) the right to judicial review in case of dismissal of the Governor and the members of the Supervisory Council. However, Albania stated that the Governor and the other members of the Supervisory Council, based on general rules on appealing decision of the Parliament can address courts of general jurisdictions to appeal the decision of dismissal made by the Parliament. By the date of accession, Albania needs to amend the Law to bring it line with Art. 14.2 of the ECB/ESCB Statute, as regards the right of a dismissed Governor to refer such a decision to the Court of Justice of the European Union. National legislation should either refer to the Statute or remain silent on the right to refer such a decision to the Court of Justice of the European Union (as Art.14.2 of the ESCB/ECB Statute is directly applicable). Also, the BoA Law should expressly provide for the right to judicial review to national courts, as regards the other members of the Supervisory Council.

Albania is **partially aligned** with the EU *acquis* on the **financial independence** of the central bank. According to Article 68 of the BoA Law, the accounts and records of the Bank of Albania may be audited by internationally recognised auditors appointed by the Supervisory Council. BoA is also subject to auditing by the Supreme State Audit Institution in the areas of compliance, lawfulness, regularity of administration of public assets, financial management, accounting, as well as economic soundness, efficiency and effectiveness of administration of funds, public or state property. Albania needs to ensure that all audits comply with the prohibition of giving instructions to national central banks and their decision-making bodies and do not cover the BoA's ESCB related tasks.

Moreover, in order to protect the financial and institutional independence of the BoA, Albania should ensure that the submission of the report and financial statements to the People's Assembly and the Council of Ministers at the end of each financial year, as regulated by Art. 69 of the BoA Law, is only for information purposes and does not involve consultations with the two bodies. In the same context, the Inspector General, appointed for a term of five years by the People's Assembly to head the Audit Department of the Bank of Albania, according to Art. 54 of the law, raises serious concerns as regards the institutional independence

of the BoA.

I. B PROHIBITION OF MONETARY FINANCING OF THE PUBLIC SECTOR

a. Country presentation

As stated by Art. 4(1) (a) of the BoA Law, except as otherwise specifically authorised by this Law, the BoA shall not grant any financial assistance to the government, whether in the form of a direct loan or grant, a conditioned loan, a loan participation or another instrument of indebtedness, or through the purchase of a loan, the assumption of a debt or conditioned liabilities. Also, according to Art. 30 (1) of the BoA Law, the BoA shall not grant any direct or indirect credit or any financial assistance to the Government of the Republic of Albania or to any of its State agencies.

However, under Art. 30 (2)(8) of the BoA Law, subject to the limits specified by this Article, the Bank of Albania may provide loans to the Government of the Republic of Albania with maturities not exceeding six months. At no time shall the aggregate principal amount disbursed and outstanding on BoA loans to the Government of the Republic of Albania exceed the equivalent of 5% of the annual average of the Government ordinary revenue for the three financial years immediately preceding. Nonetheless, the Bank of Albania may, in exceptional circumstances, grant a temporary waiver of the limit specified, extending it to a maximum of 8%, to the extent that it does not interfere with monetary policy objectives of maintaining price stability. The BoA explained that this option had not been used since 2010. The abolishment of provisions on monetary financing shall be included in the new draft of the BoA Law.

However, the envisaged alignment with the *acquis* was postponed in view of the recent external shocks and the shallow secondary market for government securities and persisting high short-term government roll-over needs. The BoA's 2023-2025 Medium-Term Development Strategy, which includes the objective of the gradual alignment with the EU *acquis*, also plans promoting the further development of the secondary market for government securities, to improve the general conditions for domestic government financing.

Under Art. 31 of the BoA Law, notwithstanding the provisions of Art. 30, the BoA may extend credit to the Government of the Republic of Albania on such terms and conditions as may be agreed between parties, exceeding the determined amount resulting from the State's membership in an international organization. Any extension of credit shall be conditioned by the issuance of government securities to the BoA under mutually agreed terms and conditions.

Under Art. 32 of the BoA Law, the BoA may purchase and sell Government securities. However, purchases by the BoA for its own account of debt securities issued by the Government in open market operations or in the secondary market, if not for monetary policy purposes, shall be treated as BoA loans to the Government of the Republic of Albania and therefore be subject to the overall limits specified by Art. 30. According to Art. 35 of the BoA Law, the BoA may, on such terms and conditions as it agreed upon with the Minister of Finance, act as fiscal agent for the account of the Government of the Republic of Albania.

b. Commission assessment

Albania's Law is **partially aligned** with the EU *acquis* on the prohibition of monetary financing of the public sector. To achieve full alignment with TFEU Art. 123, Albania needs to amend the BoA Law and delete Art. 30 (2)(8), 31 and 32, which lay down extensive powers for the central bank to provide loans to the public sector. Albania should also extend the prohibition of monetary financing of the public sector to cover central, local and other public authorities, other bodies governed by public law and public undertakings of the other Member States and Union institutions and bodies. At the same time, the possibility of conducting secondary market purchases should be added to the BoA Law to align with Art. 18 of the ESCB Statute.

I. C PROHIBITION OF PRIVILEGED ACCESS OF THE PUBLIC SECTOR TO FINANCIAL INSTITUTIONS

a. Country presentation

Albania stated that the BoA Law does not contain provisions that can be regarded as establishing privileged access to financial institutions by the BoA or any other public body.

b. Commission assessment

Overall, the BoA Law does not contain any provision that can be regarded as establishing privileged access to financial institutions as defined by TFEU Art. 124. Therefore, Albania has a **high level of alignment** with the EU *acquis* on this prohibition. However, the Law should clarify that the possibility to agree on conditions for a bank to receive Government deposits based on an authorisation by the BoA following Art. 28 of the BoA law shall not confer a privileged access of the Government to the bank services.

I.D SUMMARY OF FINDINGS – 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 **partially 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.

II. ECONOMIC POLICY

II.A PARTICIPATION IN THE PROCEDURE OF COORDINATION OF ECONOMIC POLICIES

a. Country presentation

Albania has been participating in the pre-accession format of economic policy co-ordination, since 2006 when it submitted its first Economic and Fiscal Programme to the Commission (known since 2015 as Economic Reform Programme (ERPs). The ERPs reflect the projected medium-term budgetary path, present alternative macroeconomic scenarios and risks, and the implementation of the policy guidance from the high-level dialogue with the EU. The ERP is coordinated by the Ministry of Finance and Economy with participation of other national institutions.

Albania’s latest ERP was submitted in January 2024 and covers 2024-2026. It presents the medium-term macroeconomic and fiscal framework, and structural reform measures and priorities. These include (i) strengthening innovation and skills of young people and adults to enhance employment, (ii) increasing the coverage and adequacy of social protection and health insurance, and (iii) improving business environment and investment climate by accelerating the pace of reforms and tackling informality. The high-level dialogue with the EU in May 2024 agreed on recommendations in the areas of (i) fiscal risks, (ii) public finance management, (iii) monetary policy and financial sector supervision.^{8,9}

b. Commission assessment

Albania is **partially aligned** with the requirements of Art. 121 TFEU on the coordination and surveillance of economic policies. Its active participation in pre-accession economic surveillance has contributed to developing the administrative capacity of the country relevant for this Chapter.

Albania’s ERPs, including the latest ones of 2024-2026, address policy areas and reform plans comparable

⁸ 2024 Joint conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans partners, Türkiye, Georgia, republic of Moldova and Ukraine)

⁹ Challenges identified in the ERP and the relevant Joint Policy Guidance agreed in 2023 are expected to be addressed through key structural reforms in the country’s Reform Agenda under the new Growth Plan for the Western Balkans.

to the Stability or Convergence Programmes (SCP) submitted annually by the Member States until 2023¹⁰. Albania's ERPs include comprehensive macroeconomic and fiscal as well as macro-relevant structural reform parts. The key challenges presented in the ERP partially 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. In addition, further efforts are needed to have more meaningful participation of stakeholders in the ERP consultation.

II.B FISCAL SURVEILLANCE

a. Country presentation

Albania stated that it is fully committed to gradually align its fiscal policy and practices with EU standards and comply with the EU's fiscal surveillance framework, including limiting the government deficit to 3% of GDP (1.4% of GDP in Albania in 2023) and government debt to below 60% of GDP (59.2% in 2023). It has already undertaken several public finance reforms, including in the areas of tax administration, public financial management and public procurement, but continued efforts are needed to further enhance fiscal governance and transparency in line with EU requirements. Albania's fiscal discipline and the sustainability of public finances rely largely on the fiscal rules outlined in the Law on Management of the Budgetary System (the "Organic Budget Law"). The Law on State Borrowing, State Debt and State Loan Guarantees sets the legal framework for debt transactions and the process for state guarantees. It is complemented by a law covering municipal borrowing and a medium-term debt strategy, which guides the envisaged structure of public debt.

b. Commission assessment

Albania is **partially aligned** with the requirements of TFEU Art. 126 and Council Regulation (EC) 1466/97 and 1467/97 on budgetary surveillance and excessive deficit procedure. Albania needs to make further efforts to bring the ratio of the government deficit to GDP at market prices and the ratio of government debt to GDP in line with the respective reference values determined in TFEU Protocol 12 to the, i.e. 3% and 60%, unless the debt ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace.

Although Albania's ERP and Macroeconomic and Fiscal Framework (MFF) include basic calculations of the structural balance, further improvements in forecasting, simulating tools and analytical capacities are needed in order to effectively participate in the European Semester and comply with the requirements of the Stability and Growth Pact on the sustainability of public finances.

II.C ACCOUNTING AND STATISTICS

a. Country presentation

Statistical coverage and reporting in Albania are regulated by Law no. 17/2018 on Official Statistics, Law no. 30/2022 on the Approval of the Official Statistics Programme for the period 2022-2026, the Decision of Parliament no. 19/2021 on the approval of the 2022 Annual Plan for the implementation of the 2022-2026 Official Statistics Programme, the Memorandum of Understanding (MoU) between Institute of Statistics (INSTAT), Bank of Albania (BoA) and Ministry of Finance and Economy (MoFE), no. 1146 of 03.10.2016 for Macroeconomics and Financial Statistics, and by Decision no. 19, of 29.3.2017 of Bank of

¹⁰ From 2024 onwards, Member States are required to submit medium-term fiscal structural plans, presenting the expenditure path, net of discretionary revenue measures, that the Member State intends to pursue in the following 4/5 years, and its investment and reforms commitments. The first medium-term fiscal structural plans will be presented in September 2024.

Albania on Statistical Code of Practice. In the area of macroeconomic statistics, INSTAT is compiling non-financial accounts statistics, the Bank of Albania (BoA) the balance of payments statistics, the international investment position statistics, macro-financial statistics and financial accounts, meanwhile the Ministry of Finance and Economy (MoFE) compiles the government finance statistics.

The **national accounts** are based on the 2010 European System of Accounts (ESA 2010). Annual and quarterly Gross Domestic Product (GDP) is regularly produced and estimated by production and expenditure approach; income approach will be introduced as part of the envisaged revision in 2024. The area of excessive deficit procedure (EDP) statistics and the government finance statistics (GFS) is covered by a MoU between the MoFE, BoA and INSTAT. Albania uses the relevant EU statistical guidelines to compile GFS and EDP statistics and transmits GFS and EDP tables to Eurostat since 2014, twice a year, with ‘not for publication’ statuses.

Albania stated that the guidelines for the compilation of GFS and EDP statistics are aligned with the relevant statistical EU guidelines, including bridge tables between the national accounting system and the European System of National and Regional Accounts (ESA) 2010. The authorities are currently finalizing the revision of the MoU no. 1146 and aim to better define the powers of participating parties to produce macroeconomic statistics as part of the pre-accession criteria and as requested by Eurostat. Albania evaluates its EDP and GFS statistics as partially aligned. (*See Cluster 1 Chapter 18 - Statistics*)

b. Commission assessment

On the quarterly and annual national accounts (main aggregates) Albania is **partially aligned** to ESA 2010 standard. Substantial further work is necessary to improve alignment of both the annual sector accounts and financial accounts including those for the government sector, which have a low level of compliance. Quarterly sector accounts are not compliant. Albania has taken steps to improve the quality of GFS and EDP statistics. However, the GFS data is ‘not yet for publication’ and considerable efforts are still needed to improve their compliance with ESA 2010 and the Manual on Government Deficit and Debt 2019. In addition, the submitted EDP tables are incomplete (e.g. the compilation of pension entitlements table is missing) and government finance statistics need improvement to meet the requirements of the EU *acquis*.

II.D MACROECONOMIC AND BUDGETARY FORECASTS

a. Country presentation

Macroeconomic and budgetary forecasts are prepared by the Ministry of Finance and Economy (MoFE) in the context of the medium-term- MFF. This contains forecasts for the main macroeconomic variables for the current and three subsequent years. According to the methodology applied, the baseline forecast aims to present the most likely macroeconomic scenario. It is underpinned by a set of basic assumptions and uses a wide range of statistical data produced by national and international institutions. The projections are discussed twice a year with the European Commission. The forecast for nominal GDP is legally anchored to that of the IMF for Albania and is binding for the planned deficit and debt ratios. The MFF also contains forecasts and targets for the main fiscal indicators, including the general government balance, primary balance, current balance, and public debt.

b. Commission assessment

Albania is **partly aligned** with the EU *acquis* regarding macroeconomic and budgetary forecasts. The MoFE prepares the macroeconomic and budgetary forecasts, including a basic sensitivity analysis, as required by Directive 2011/85 on requirements for budgetary frameworks of the Member States. However, the legal obligation to use the IMF’s forecast for Albania’s nominal GDP as basis for calculating the public debt-to-GDP ratio and other fiscal indicators is not in line with the EU *acquis*. To achieve full alignment with the *acquis*, Albania will have to produce and publish its own macroeconomic and budgetary forecasts by a mandated independent body or endorsed by it, using modern up-to-date forecasting techniques and compare them with the most recent European Commission forecast or that of other independent bodies, and

significant differences will have to be explained.

II.E Numerical Fiscal Rules

a. Country presentation

Albania has several national fiscal rules in place. The Organic Budget Law no. 9936/2008 Art. 4(1) provides that the public debt-to-GDP ratio should be on a downward path until it reaches 45% of GDP and stay below this level afterwards. The total stock of state guarantees, issued by the general government, must be fully counted as part of the total public debt stock.

If at the budget execution phase the debt-to-GDP ratio is above the previous year's ratio, a correction should be included in the next years' budgets. According to the golden rule, the general government deficit of Albania should not exceed the capital expenditure of the year. A new fiscal rule which requires the primary balance to be at least zero from 2024 onwards was added to the budget law in 2020.

Albania stated that the escape clauses outlined in Art. 4(4) of the Organic Budget Law apply in case of circumstances outside the Government's control (natural catastrophes or accidents), for financial sustainability risks where the Government's intervention is indispensable, in case of war and when the real GDP growth rate is forecast to be at 1% or lower together with a debt-to-GDP ratio of 60% or below.

b. Commission assessment

Albania's fiscal rules are **partially aligned** with the requirements of the budgetary frameworks' directive (2011/85/EU) about avoiding excessive deficit and ensuring reduction of the public-debt ratio, covering all government finance, and establishing a well-defined escape clause. However, Albania has not yet established an independent fiscal institution for monitoring the rules. Such a body will have to produce or endorse the annual and multiannual macroeconomic forecasts underpinning the annual budget and the medium-term plan and monitor compliance with EU and national fiscal rules. In the meantime, compliance with fiscal rules is monitored by the Ministry of Finance and Economy through its Consolidated Budget Implementation Report and by the Supreme State Audit Institution monitors with regular audit. As regards the application of escape clauses, the exceptional circumstances leading to their activation are limited in number and their application is determined by law.

II.F Medium-Term Budgetary Frameworks

a. Country presentation

According to Albania, the Macroeconomic and Fiscal Framework (MFF) builds on forecasts for the main fiscal indicators for the current year and the three subsequent years. The government pursues budgetary objectives expressed in terms of general government balance, general government debt, primary and current fiscal balance. The budgetary objectives expressed as a percent of GDP have to be based on nominal GDP projections which cannot exceed the respective IMF forecast, and the economic assumptions used for the MFF are compared with the IMF ones. The MFF is adopted every year and is based on the most likely scenario. MFF sets the main fiscal anchors for the Medium-Term Budget Plan (MTBP), which is also adopted every year together with the draft annual budget.

The FF comprises expenditure ceilings that apply to the central government with detail by programmes for three years after the current one. Each MFF outlines and quantifies the existing and new policy priorities for line ministries and central budget institutions and provides details on the expenditure and revenue projections by main items. The medium-term planning document also provides projections on government debt and budget payments on public-private partnership (PPP) contracts, as well as some information about fiscal risks. The State budget and the local government budgets may include a reserve and contingency fund of up to 3% of the approved annual budget. Regarding the state budget, an additional mandatory contingency reserve of at least 0.7% of total expenditure aims to cover fiscal risks from exchange rates or interest rates developments. **The MFF and MTBP in force (2025-2027) comply with the requirements**

of the fiscal rules of the Organic Budget Law and aims at achieving a positive primary balance in each year, while keeping the fiscal deficit below 3% of GDP and gradually reducing the public debt ratio close to 55% of GDP by 2027.

b. Commission assessment

Albania is **partially aligned** with Directive 2011/85/EU on requirements for budgetary frameworks. The country has a medium-term budgetary framework including a macroeconomic and fiscal outlook for the following three years, as well as the description of existing and new policies envisaged within the three years budget ceilings for each ministry and Central Budget Institution. However, the description and quantification of the policy impact, including tax policies and their revenue impact, is mainly limited to the annual central government budget. Local government budgeting is only partially reflected in the budgetary framework and therefore a number of key indicators are lacking for General Government. In addition, long term sustainability projections are missing.

II.G TRANSPARENCY OF GENERAL GOVERNMENT FINANCES AND SCOPE OF BUDGETARY FRAMEWORKS

a. Country presentation

The Organic Budget Law covers the publication of annual consolidated budgetary data with information on the status of financial management control and internal audit. The budget plan, the ERP and the medium-term fiscal frameworks, including a citizens' budget, are regularly published on the website of the MoFE. The MoFE is responsible for the overall coordination, harmonisation and monitoring of the public internal financial control for all general government units. All general government units and commercial companies where the State owns more than 50% of capital are subject to internal audits.

Since October 2021, Albania transmits on a quarterly basis information on debt to Eurostat. Since December 2017, the National Statistics Office publishes and updates annually the complete list of public sector units drawn up according to ESA 2010.

b. Commission assessment

Although Albania transmits on a quarterly basis information on debt to Eurostat since October 2021, it is only **partially aligned** with Directive 2011/85/EU which requires that fiscal planning, fiscal rules and forecasts are comprehensive in coverage across sub-sectors of general government, and with Regulation (EC) 479/2009 on the Application of the Protocol on the Excessive Deficit Procedure, which stipulates that the basic condition for participating in the EU economic and fiscal surveillance is the timely provision of quality fiscal and economic data. More efforts are desirable with respect to the publication of GFS on a regular basis (monthly or quarterly for central government, social security, and local government). The treasury records the monthly occurrence of expenditure arrears, but the reporting does not cover all parts of government and total arrears, which regularly amounted to over 2% of previous year's expenditure. These arrears were not presented in the budgetary framework. Despite Albania started to report on tax expenditure, this lacks of comprehensiveness and timely. Albania reports on the contingent liabilities from PPPs, that receives regular payments from the budget, it should also record in the budget and in the EDP tables the contingent liabilities which might arise from the larger part of PPPs (in terms of investment value). Moreover, Albania could improve the budgetary framework's macro-fiscal analysis by adding long-term fiscal sustainability indicators. The expenditure plans of local governments should also be detailed in the framework.

II.H MACROECONOMIC IMBALANCE PROCEDURE

a. Country presentation

INSTAT, in collaboration with the Ministry of Finance and Economy and the BoA, collects a number of statistical indicators that are needed to participate in analyses conducted under the Macroeconomic

Imbalance Procedure (MIP). Albania currently assesses its level of compliance with the MIP scoreboard as medium.

b. Commission assessment

Albania is **partially aligned** with the requirements set out in the Regulation (EU) 1176/2011 on the Prevention and Correction of Macroeconomic Imbalances. The current compliance of the statistical indicators provided by the relevant institutions of Albania with the requirements related to the set of 14 scoreboard indicators covering the major sources of macroeconomic imbalances is assessed as being medium. Further efforts will be needed to secure the timeliness and quality of all relevant data under the Macroeconomic Imbalance Procedure. The remaining gaps concern the house price and unit labour costs indicators. The gaps are of a medium-term priority to relevant national institutions and are expected to be addressed over a period of three years.

II.I SUMMARY OF FINDINGS – 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.

III. FIGHT AGAINST CORRUPTION – ECONOMIC AND MONETARY POLICY

a. Country presentation

Albania has a national cross-cutting strategy against corruption and a related action plan in place for the period 2020-2023. The draft of the new Anti-Corruption Strategy for 2024-2030 and the Action Plan 2024-2026 are expected to be adopted within the final quarter of 2024. Albania has a vast set of legislation in the area of corruption prevention, including the Law on the Prevention of Conflict of Interests in the Exercise of Public Functions (9367/2005), covering public administration, declaration of assets, conflict of interests and whistle-blowers protection. Specific regulations are in place for the Bank of Albania, including a Code of ethics for its employees.

b. Commission assessment

Corruption in Albania remains prevalent in most areas of public and business life, including across branches of central and local government and institutions. Albania needs to increase the coherence of the legal and institutional framework on the prevention of corruption and integrity of public officials. The legislative framework on conflict of interest needs to be aligned with European standards and with the EU *acquis*.

C. SUMMARY OF FINDINGS – FIGHT AGAINST CORRUPTION

The legislative and institutional framework of **Albania on anti-corruption is in place**, but the country needs to make progress in its implementation and in the prevention of corruption and integrity of public officials.

E) CHAPTER 19 – SOCIAL POLICY AND EMPLOYMENT

The general principle of social policy and employment is based on Art. 153 of the Treaty on the Functioning of the European Union (TFEU), according to which the European Union supports and complements the activities of the Member States in the area of social policy.

The *acquis* in the social policy field includes minimum standards in areas such as labour law, equal treatment of women and men in employment and social security, as well as health and safety at work. Specific binding rules have also been developed with respect to non-discrimination on grounds of sex, racial or ethnic origin, religion or belief, disability, age and sexual orientation (Art. 19 of TFEU).

The European Social Fund (ESF) is the main financial tool through which the EU supports the implementation of its Employment Strategy and contributes to social inclusion efforts (See also Chapter 22 - Regional policy and coordination of structural instruments for implementation rules).

Member States participate in EU policy processes in the areas of employment policy, social inclusion and social protection. The social partners from the Member States participate in social dialogue at the European level.

International agreements related to employment, labour and social issues, such as the relevant International Labour Organisation (ILO) Conventions or the UN Convention on the Rights of Persons with disabilities (UNCRPD), need to be taken into consideration. In particular, it should be considered that – given that the Union is a party to the UNCRPD – this Convention is binding in its entirety upon the Member States. Accordingly, full alignment is required.

In relation to Chapter 23 - Judiciary and Fundamental Rights, it should be noted that trade union rights are essentially covered by Chapter 19. As regards anti-discrimination and equal opportunities, the employment aspects of these issues are essentially covered by Chapter 19, whereas Chapter 23 covers non-discrimination and equality more broadly, as well as cultural and minority rights and violence against women, Rights of the child’, especially “deinstitutionalization process.

I. EUROPEAN PILLAR OF SOCIAL RIGHTS

a. Country presentation

The State Labour Inspectorate and Social Services (SLISS) is the institution responsible for the oversight of the implementation of labour legislation which guarantees the enforcement of legal provisions relating to conditions of work and the protection of employees. It is organised at two levels, central and regional, with 165 employees. Albania is also strengthening local government capacities to implement social care reforms.

The new National Strategy for Development and European Integration 2030 strengthens the impetus for providing equitable and quality welfare for all citizens. Spending on social protection programmes has increased for 2022 at over 9% of the GDP.

Albania presented plans to adopt a Social Rights Action Plan in line with the European Pillar of Social Rights incorporating all the 20 elements of the Pillar.

b. Commission assessment

Albania is **partially aligned** with the European Pillar of Social Rights and presented plans to adopt its

Social Rights Action Plan in line with the European Pillar of Social Rights.

C. SUMMARY OF FINDINGS – EUROPEAN PILLAR OF SOCIAL RIGHTS

Albania plans to adopt its Social Rights Action Plan in line with the European Pillar of Social Rights. Overall, Albania is committed to the EU policy and principles guiding its social policy and employment policies.

II. LABOUR LAW

II.A WORKING CONDITIONS AND WORKING TIME, TRANSFER OF UNDERTAKINGS

Country presentation

The Albanian Legal Framework concerning **labour rights and employment conditions** encompasses various laws and regulations, including the Constitution of the Republic of Albania and the Labour Code, supplemented by laws on safety and health at work. Regarding working hours, the Labour Code stipulates that the normal duration of the weekly working time should not exceed 40 hours, with specifics defined by the Council of Ministers or through collective or individual employment contracts. Weekly rest is mandated to be no shorter than 36 hours, including 24 uninterrupted hours, and are not payable, except in cases specified by the Decision of the Council of Ministers or collective contracts. Moreover, the code addresses annual leave, which must be at least four calendar weeks during the year and is not replaceable with compensation unless the employment relationship ends before leave is taken.

In terms of **working conditions**, the Labour Code stipulates that employees must be provided with information regarding basic conditions of work and employment, covering aspects such as work duration, extra hours, breaks, salary, protection of pregnant and breastfeeding women, and benefit from the principle of equal treatment. It implies that employers must make the Labour Code and other relevant laws available to employees. Sanctions for violations of labour rights are outlined, with fines imposed for breaches, and repeated violations subject to increased penalties. There is a general prohibition on employing individuals younger than 15 years old.

Temporary agencies' work is regulated by the Labour Code, allowing for the hiring of employees by temporary employment agencies to work in user undertakings for a specified period, with joint rights and obligations shared between the agency and the host entity, and specific regulations on the duration and conditions of temporary agency employment.

Concerning **information, consultation and participation** of workers, existing national legislation is **partially aligned** with Directive 98/59/EC on collective redundancies, Directive 2002/14/EC on informing and consulting employees and Directive 2009/38/EC on European Works Councils. **Alignment** with Directive 2001/86/EC on Employee Involvement in European Companies (SEs) is in the early stages as the Directive's procedures are not reflected at all in national legislation, and has not commenced yet with regard to Directive 2003/72/EC on Employee Involvement in European Cooperative Societies (SCEs) and to Directive 2015/1798 on including seafarers in some of the information and consultation Directives. Albania remains partially aligned with the Directive (91/383/EEC) 25 June 1991 "on the completion of measures to encourage improvements in the safety and health at work of workers with a fixed-term employment relationship or a temporary employment relationship.

The Albanian legal framework also provides for some protection of employees' rights during **transfers of enterprises**. . It includes safeguards of employment relationships and employment conditions, notably prohibiting unjustified dismissals due to transfers. The Labour Code mandates consultation with employee representatives prior to transfers, underscoring the importance of employee involvement in such decisions. Future plans include initiatives aimed at enhancing the legal framework to address remaining gaps.

Regarding the **minimum wage**, the Government, through the Council of Ministers, sets the official minimum wage for both the public and private sector. The minimum wage is regularly updated.

b. Commission assessment

Albania is **partially aligned** with the EU *acquis* in the area of working conditions. While some aspects partially align with the EU *acquis*, gaps exist concerning . part-time work opportunities and facilitating measures, or clauses related to the maximum duration of weekly working time, for instance. Overall further alignment with the EU *acquis* is necessary to ensure comprehensive harmonisation with European labour standards.

II.B POSTING OF WORKERS

a. Country presentation

The national Albanian legislation is aligning with the *acquis* on the posting of workers. The legal framework encompasses various legislative acts, including the Labour Code. The Labour Code covers areas such as maximum working time, minimum rest time, minimum wage levels, and conditions for temporary work agencies, ensuring compliance with EU standards. Additionally, the Law on Foreigners regulates permits for workers engaged in temporary activities, with approvals granted by the National Agency for Employment and Skills (NAES) to ensure parity with local employees. However, gaps exist, including the absence of a comprehensive definition of posting workers in the Law on Foreigners, and the need for a unified national website to disseminate information on employment terms for posted workers, as outlined in EU directives. Future plans include further alignment of national legislation with EU directives, particularly in road transport legislation, and strengthening administrative capacities for enforcement and inspection to combat informal employment effectively.

b. Commission assessment

Albania's legislation on posting of workers is **partially aligned** with the EU *acquis*. Further alignment is necessary, particularly in road transport legislation, and strengthening administrative capacities for enforcement and inspection to combat informal employment effectively.

II.D SUMMARY OF FINDINGS – LABOUR LAW

Albania is **partially aligned** with the EU *acquis* on **labour relations** and **posting of workers**. Further work is needed in both areas to align with the EU *acquis* and European labour standards.

III. HEALTH AND SAFETY AT WORK

III.A GENERAL FRAMEWORK

a. Country presentation

The Framework Directive (89/391/EEC) adopted in 1989, which aims to ensure a high level of safety and health at work throughout the EU, lays down a series of tasks and responsibilities to be pursued by employers and workers, as well as by the governmental authorities responsible for implementing it. Except the Articles that are mandatory for EU member states, the Framework Directive (89/391/EEC) is fully transposed into Law 10237 dated. 18.02.2010 "On Safety and Health at Work" (as amended by Law 161/2014) and Law no. 7961, dated 12.07.1995 "Labor Code of the Republic of Albania" (as amended).

Under the National Employment and Skills Strategy 2023-2030, the drafting of the Political Document for Safety and Health at Work is foreseen. Currently, the first draft of the Political Document/Strategy of Safety and Health at Work 2024-2030 and Action Plan is yet to be adopted. The "Political Document/Strategy for Safety and Health at Work, for 2024 - 2030", creates a clear vision for the future, strategic objectives and well-defined measures, which can be effectively implemented, developing a more useful system of inspection and management of Health and Safety at Work, in future years.

The Government of Albania has already initiated the evaluation of the previous Strategy for Safety and Health at Work and the new political document is expected to be approved within 2024. Development of an advanced Risk Assessment System (RAS) was initiated in 2023, based on machine learning technology to enable an automated risk-based inspection planning and reporting (with the support of the ESAP II, funded by ILO) The Government of Albania is committed to fostering and strengthening cooperation among state institutions, employers' and workers' organizations, trade unions, civil society and other stakeholders in the field of safety and health at work according to the action plan of NES Strategy. The Government of Albania is also fostering public awareness of OSH issues through awareness-raising

campaigns at company, regional and national level.

The health and safety at work of self-employed workers is considered as part of the general group of works in the Albanian Labour Code and is at such not specifically treated into the Albanian legislation. A compulsory health insurance scheme includes the employed persons, employers and the self-employed persons.

b. Commission assessment

Albania is **partially aligned** with the *acquis* on health and safety at work, efforts need to be stepped up to ensure the further alignment of the national legislation with the EU *acquis*.

III.B WORKPLACES

a. Country presentation

Albanian legislation is **partially aligned** with the EU Directive 89/654/EEC on workplaces. The EU Directive 92/57/EEC on temporary or mobile construction sites has been partially aligned into Albanian legislation. **Albania is not aligned with** the directive 92/91/EEC November 3, 1992 “concerning the minimum requirements for improving the safety and health protection of workers in the mineral-extracting industries through drilling”, issued in implementation of article 16/1 of the Framework Directive 89/391 however some of its provisions are identified under the Law no. 10237, date 18.02.2010 “For Safety and Health at Work” (as amended).

b. Commission assessment

Albania is **partially aligned** with the EU *acquis* on workplaces.

III.C SPECIFIC RISKS (CHEMICAL, BIOLOGICAL, PHYSICAL AGENTS)

a. Country presentation

Albania has **partially aligned** with the EU Directive 98/24/EC on the Protection of the Health and Safety of Workers from the Risks Related to Chemical Agents at Work. It is applicable in situations where hazardous chemical agents are present or have the potential to be present within the workplace. The Directive does not limit the application of legal provisions relating to chemical agents as defined in radiation protection legislation or legislation concerning protection from workplace carcinogens and mutagens, and does not restrict the enforcement of any stricter or more specific laws that govern the transportation of hazardous materials, along with the international agreements that Albania has approved in this domain. Directive (EU) 2017/164 and Directive (EU) 2019/1831 have not been aligned into Albanian legislation. Directives on the use of biological agents at work, carcinogens, asbestos, and explosive atmospheres have been aligned into Albanian legislation.

b. Commission assessment

Albania has a **partial level of alignment** with the EU *acquis* on specific risks including chemical, biological, and physical agents.

III.D INSTITUTIONAL ASPECTS AND EU STRATEGIC FRAMEWORK ON OCCUPATIONAL SAFETY AND HEALTH

a. Country presentation

Several institutions are involved in the implementation, including the Ministry of Finance and Economy, the Ministry of Health and Social Protection and more specifically the General Directorate of Health Policies, as well as other Ministries, as per field of competences, the State Labour and Social Services

Inspectorate, the Health State Inspectorate, the Public Health Institution, the Central Labour Inspectorate, as well as regional and local level institutions.

The main institution for the Implementation of the Labour Law in Albania is the State Labour Inspectorate and Social Services (SLISS). Its main tasks are to ensure the law implementation for the working conditions, workers' rights protection, work duration, and the other safety and health at work responsibilities, and to advise the employers and the employees to respect the laws and regulations under their responsibilities.

Safety and health at work are under the responsibilities of the department of working relations, social dialogue, security, health at work and inspection of VET. The department's capacity was boosted from three employees in 2022 to 10 in 2023.

b. Commission assessment

Albania has some level of preparation regarding the institutional aspects of health and safety at work. Albanian authorities need to strengthen their institutional capacities and inspections processes.

III.E SUMMARY OF FINDINGS – HEALTH AND SAFETY AT WORK EU 'NEW AND GLOBAL APPROACH' ACQUIS

Albania **has a good level of preparation** in health and safety at work and is **partially aligned** to the *EU acquis* on Occupational Safety and Health.

IV. SOCIAL DIALOGUE

a. Country presentation

The right to organise collectively for any lawful purpose and to strike are guaranteed by the Albanian Constitution.

On **tripartite social dialogue**, the Albanian Labour Code has established the National Labour Council including tripartite commissions for wages and pensions, employment, VET, health and security at work, finance, economy, and law. The Council is the highest national tripartite institution of social dialogue in Albania and is composed of workers' representatives, Ministers, as well as employers' representatives. Its chair is the Minister of Finance and Economy of Albania. It is a consultative body which presents relevant recommendations to the Council of Ministers for issues that are consulted and approved by consensus.

Progress was made on strengthening the capacity of the newly assigned staff of the National Labour Council's secretariat. However, some specialised commissions of the National Labour Council became operational in May 2024. Efforts were made to enhance the tripartite collaboration between the State Labour and Social Services Inspectorate, trade unions and employers' organisations.

In 2023, efforts were made to enhance the regulation of the National Labour Council's operations, aiming to improve its effectiveness and efficiency. In May 2024 its regulation was approved by the order of the Minister of Economy, Culture and Innovation no.323, dated 22.05.2024,"On the establishment of the working group for the amendment of the Regulation of the operation of the National Labor Council". Additionally, plans were laid out for the establishment of Regional Consultative Councils across 12 regions of the country in 2024, with the aim of fostering closer collaboration and dialogue on labour issues at the regional level.

As regards the **bipartite social dialogue**, the Labour Code regulates collective agreements, as well as representativeness criteria for employers' organisations and trade unions.

An awareness campaign was also launched in the same year to promote collective bargaining and the importance of collective agreements. These efforts are part of a broader initiative, spanning from 2023 to 2026, focusing on the implementation of the Decent Work Program, a collaborative endeavour between the Albanian Government and Social Partners facilitated by the International Labour Organisation (ILO), aimed at enhancing labour standards and conditions. Furthermore, initiatives were undertaken in 2023 to organise meetings with Social Partners to promote awareness of the state's mediation and conciliation mechanisms, emphasising the benefits of extrajudicial conflict resolution methods.

b. Commission assessment

Progress was made on strengthening the capacity of the newly assigned staff of the National Labour Council's secretariat. However, the specialised commissions of the National Labour Council are yet to become operational. Efforts were made to enhance the tripartite collaboration between the State Labour and Social Services Inspectorate, trade unions and employers organisations. Capacity building for both bipartite and tripartite social dialogue is needed.

V.I. SUMMARY OF FINDINGS – SOCIAL DIALOGUE

Albania has **a basic institutional and legal framework for social dialogue in place**. Tripartite and bipartite social dialogue needs strengthening. Further progress is needed. The country is invited to foster an enabling environment for social dialogue and align with EU social dialogue standards and practices. Overall, capacity building for social dialogue is needed.

V. EMPLOYMENT POLICY

V.A ECONOMIC AND SOCIAL POLICIES & SOCIAL ECONOMY & JUST TRANSITION

a. Country presentation

National employment policies in Albania are developed by the Ministry of Finance and Economy and other pertinent ministries, guided by a comprehensive legal framework and international commitments. These policies are founded upon the Constitution and ratified international agreements, ensuring alignment with fundamental rights and principles. Key strategic documents, including the National Strategy for Development and European Integration 2030 and the National Strategy for Employment and Skills 2023-2030, provide overarching frameworks for employment initiatives. Legislation such as the Law on Employment Promotion and the Law on Vocational Education and Training- delineate specific regulations for employment promotion and vocational education. Additional regulatory frameworks set guidelines and procedures for implementing employment policies and managing public employment services. These policies aim to bolster the employability of the Albanian workforce through diverse measures, including vocational training, self-employment support, and public employment services. Importantly, they extend these benefits to foreign nationals legally residing in Albania for employment purposes, with special provisions for refugees and asylum seekers. The implementation of these policies is reinforced by EU support initiatives, such as the EU for Social Inclusion and the EU for Youth, which aim to enhance social care services, social inclusion and foster youth employment opportunities. Ongoing and forthcoming programs, including the Youth Guarantee Implementation Plan and Operational Programme on Youth Guarantees, underscore Albania's commitment to address unemployment and fostering inclusive economic growth through targeted interventions and partnerships with international stakeholders.

The Albanian economy's transition towards green policies is influenced by its reliance on renewable energy sources and minimal presence in heavy industry. Nonetheless, instances affecting employment, like the dismantling of the Ballsh oil refinery in 2022, prompted dedicated government measures. A programme

was implemented, benefiting 853 unemployed individuals with 100% minimum wage coverage for 30 months. Efforts were made to enhance digital skills among job seekers, with plans to train 2 000 individuals in 2023. Collaboration with donors facilitated the launch of new programs, including ICT training and support for innovative businesses focusing on green and digital aspects. The National Agency for Employment and Skills (NAES) also expanded vocational courses in green sectors like solar panel installation. Legislative provisions, including socially responsible procurement laws, ensure adherence to environmental and social standards in public contracts. Additionally, initiatives such as Elbasan Municipality's participation in the EU's Horizon Europe programme demonstrate commitments to climate neutrality. NAES's objectives for 2023 include digitalization of services, implementing the Youth Guarantee Scheme, and optimising employment service delivery to meet market demands.

b. Commission assessment

Albania is **PARTIALLY ALIGNED WITH THE EU ACQUIS** on economic and social policies and social economy and just transition. Albania should take into account the Council recommendation on developing social economy framework conditions.

V.B EMPLOYMENT SUPPORT SCHEMES & YOUTH EMPLOYMENT

a. Country presentation

Employment support initiatives in Albania are guided by various legislative and regulatory frameworks aimed at integrating long-term unemployed individuals into the labour market and providing effective active support following the COVID-19 crisis. Under the new Law on Employment Promotion, several programmes have been developed and approved, each with specific guidelines outlined in decrees and regulations. Notably, the Employment Individual Plan instrument ensures clear identification of needs and personalised employment plans for individuals. Projects such as the "Support Continuous Unemployed Learning (SCUL)" have been designed (not yet implemented) to provide targeted education for adult job seekers with low qualifications, aiming to reduce long-term unemployment and enhance labour market integration. Additionally, initiatives like the Community Work programme offer training and employment opportunities for long-term unemployed individuals, subsidised salary costs, and other support measures. Collaboration with social partners and NGOs was emphasised to address the needs of vulnerable groups, including those affected by the pandemic, with new programs introduced to adapt to evolving labour market dynamics. Measures such as wage subsidies and vocational training aim to facilitate the integration of jobseekers into the labour market and support enterprises, reflecting Albania's commitment to promoting employment and economic resilience.

The NAES in Albania focuses on addressing youth unemployment and implementing the Youth Guarantee (YG) programme, supported by various legislative frameworks. NAES provides employment and skills services to NEETs (Not in Employment, Education, or Training) alongside other vulnerable jobseekers, with initiatives such as job placements, vocational education and training, and enrolment in employment promotion programmes. The YG Implementation Plan emphasises equal opportunities, gender equality, education, and employment promotion. NAES operates under a governance model involving relevant stakeholders and task forces, ensuring collaboration and effective delivery of services. Key strategies include the development of outreach programmes, communication strategies, and traineeship initiatives aimed at reintegrating young people into the labour market. NAES also focuses on improving vocational education and training programs, conducting tracing studies, and ensuring high-quality teaching staff and infrastructure.

b. Commission assessment

Albania is **partially aligned** with the EU *acquis* on employment support schemes and youth employment.

V.H SUMMARY OF FINDINGS – EMPLOYMENT POLICY

Albania is **partially aligned** with the EU *acquis* on economic and social policies, social economy and just transition, and on employment support schemes and youth employment.

VI. SOCIAL PROTECTION AND SOCIAL INCLUSION

VI.A INSTITUTIONAL ASPECTS OF SOCIAL PROTECTION AND INCLUSION

a. Country presentation

Social protection and inclusion in Albania encompass national strategies developed over the past decade, collaborative frameworks with the EU and other international partners, and a comprehensive legislative framework aimed at ensuring that no individual is marginalised or excluded. The Intersectoral Policy Monitoring Group (IPMG), established in 2018, plays a pivotal role in overseeing the integrated monitoring of all relevant strategies, ensuring coherence and effectiveness. The forthcoming Social Inclusion Policy Document, currently awaiting approval, is poised to establish a transparent, accountable, and regular system for evaluating social inclusion across critical policy domains such as poverty, social protection, employment, skills, health, education, housing, deprivation, and human rights. Ongoing dialogues between the Ministry of Health and Social Protection and civil society stakeholders are taking place with a commitment to fostering good governance and transparency in social policy implementation. Reforms are needed to address the weak social protection system and unequal access to social and healthcare services, particularly for vulnerable populations. There have been no policy developments regarding social protection for people in non-standard forms of work. The main challenge is the exclusion of the majority of those engaged in non-standard forms of work from the social protection system. It is important to introduce new provisions to allow access to the system for people engaged in non-regular work. Legislative gaps and regulatory inefficiencies need to be addressed, and initiatives promoting decent work among workers in non-standard employment are necessary. Despite the lack of alignment with the EU *acquis* in this area, Albania maintains robust monitoring and evaluation mechanisms through Intersectoral Policy Monitoring group (IPMG), which ensures the holistic implementation of inclusion policies. Looking ahead, efforts are underway to develop capacities and structures aimed at enhancing the monitoring and evaluation of processes related to social inclusion and protection, with a focus on stakeholder engagement and the approval of updated policy documents.

b. Commission assessment

Albania has **limited level of preparation** in regards to the institutional aspects of social protection and inclusion needed to implement the EU *acquis* in this area. Efforts are needed to address gaps in social protection for self-employed and those in non-standard forms of work.

VI.B PERSONS WITH DISABILITIES & CHILD PROTECTION AND CARE

a. Country presentation

Albania has two types of disability related income support schemes: contributory and non-contributory. Albania is currently reforming its disability assessment system to move away from a purely medical approach towards a bio-psychic-social assessment carried out by multidisciplinary assessment commissions.

Over 90% of children with disabilities attend mainstreamed education. Inclusion of people with disabilities in the labour market is a priority of National Employment and Skills Strategy 2023-2030. An Employment Social Fund was established to promote and facilitate employment of people with disabilities.

Albania has not yet begun the transposition and implementation of Directive 2019/882 on accessibility requirements for products and services.

Albania's social policies and legislation prioritize the well-being of children, with a focus on improving the legal framework for social assistance, education, health, and social care. Special attention has been given to preschool education, resulting in a significant increase in the number of children attending this level of education. New social protection packages targeting mothers, and their young children approved. An increased number and typology of services for children including specialized mobile service within the deinstitutionalization process. Further qualitative services in infrastructure and medical equipment in the university pediatric care unit and other clinics. The scholarship support system that has been developed in cooperation with local government aims to prevent children from dropping out of school.

Albania is planning to update its legal framework to further safeguard the Rights of children in alternative care (by 2026). It is also committed to ensure that Child friendly services are extended in health, education and care (2026). Awareness raising campaigns on positive parenting and child rights are ongoing.

There is Albanian law in place on ethical rules in the public administration and implementing legislation in place on the approval of the rules for the application of the principles of ethics, classification of the external activities and the value of gifts that may be administered during the activity of the public administration servants. Anti-corruption measures are in place in many of the entities that implement the EU *acquis* on the free movement of goods. The State Inspectorate of Market Surveillance (SIMS) publishes its programmes, reports, and work plans on its website, has its own transparency programme and is subject to national legislation on the prevention of conflict of interests in the exercise of public functions. The State Technical and Industrial Inspectorate (STII) and the customs agency both have similar transparency and conflict of interest measures in place, and SIMS and STII both have a code of ethics.

The long-term care aspects are regulated in sectorial legislation on social insurance, healthcare, and social care. Healthcare services are provided free of charge to people aged 65 and over in Albania, over 40% of visits to primary healthcare centres were by people over the age of 60. The social care service reforms continue to focus on local service delivery, deinstitutionalization, and increasing coverage and the diversity of the typology of services (basket of services adopted). The population receiving the minimum package of social services has increased from 0.2% in 2019 to 1.5% in 2022. Municipal capacities are being strengthened to implement social care reforms. Social pension is available to any Albanian residents over 70 who have lived in Albania for at least five consecutive years and who are not eligible for a pension under the mandatory programme.

b. Commission assessment

Albania has **partially aligned** its institutional and legislative framework on persons with disabilities and child protection and care with the EU *acquis*.

VI.C NON-DISCRIMINATION IN EMPLOYMENT AND SOCIAL POLICY

a. Country presentation

Both the Albanian Constitution and the Albanian Labour Code guarantee equal rights and freedoms for all citizens and workers and prohibit discrimination based on race, ethnicity, religion, political opinion, gender, sexual orientation, age, disability, and on any other grounds. Despite the existing legal basis, discrimination on the grounds of political affiliation, disability, race, belonging to a specific group, economic and educational background were the main causes of appeals to the Commissioner for Protection from Discrimination.

Additionally, the Law 10221/2010 “On protection from, discrimination” provides for the **promotion and achievement of equality, prevention and elimination of discrimination based on an open list of grounds**, offering directly protection in relation to race, ethnicity, colour, language, citizenship, political, religious or philosophical beliefs, economic, education or social situation, gender, gender identity, sexual

orientation, sex characteristics, living with HIV/AIDS, pregnancy, parental responsibility, age, family or marital condition, civil status, residence, health status, genetic predispositions, appearance, disability, affiliation with a particular group or **any other ground**.

The Law on the Protection of National Minorities in the Republic of Albania also defines national minorities and recognises legally all national minorities based on subjective and objective criteria.

Albania and the International Labour Organisation (ILO) signed the 2023-2026 decent work country programme, which aims to address key problems around working conditions and social protection such as the work accidents, effective protection at work by setting up effective mechanisms to tackle violence and harassment, low levels of wages, and insufficient coverage of the social security system.

b. Commission assessment

Albania is **partially aligned** with *acquis* on non-discrimination in employment and social policy.

VI.D EQUALITY BETWEEN WOMEN AND MEN IN EMPLOYMENT AND SOCIAL POLICY

a. Country presentation

The Albanian social insurance protects all employed persons and all economically active citizens, also in case of reduced income.

The Gender Equality Index (GEI) for Albania was 60.4 in 2020, seven points below the average for the EU in 2020. According to Albania's statistical institute INSTAT's labour force statistics for the fourth quarter of 2022 there is a gender employment gap of 11.6% for the group aged 15-64 years old. 69.1% of women participate in the labour force, compared to 80.7% of men. In 2022, the labour force participation rate for women increased by 5.9% for women and 3.0% for men compared with the same (fourth) quarter of 2021. The National Council for Gender Equality approved in June 2023 the Action Plan for the implementation of 'Women, Peace, Security' 2023 – 2027 resolution.

In Albania, pension is available after 35 years of work (since 2015 and will move to 40 years from 2025). The age of retirement is 65 for men (since 2015 until 2032, will increase by 1 month per year up to 67 years by 2056). The age of retirement is 60 for women (since 2015 and from 2032 should increase by 2 months per year up to 67 by 2056). Mothers of 6 or more children, older than 8 years old, are entitled to their pension at age 55 and with 30 years of working history. In Albania, there is equal treatment as regards men and women in relation to social insurance for contributory legislation and the right to benefits. There is also positive discrimination regarding the retirement age for men and women.

The new National Strategy for Gender Equality 2021-2030 reflects the principle of equality and non-discrimination. In the mid-term budget 2022-2024, gender inequalities in various fields were addressed through 45 budgeting programmes. Albania has in place a National Action Plan for equality, inclusion, and participation of Roma and Egyptians 2021-2025. It aims at increasing equal access to education, providing an equal access to justice and civil services, creating equal opportunities for quality and sustainable employment for Roma and Egyptians, and reducing the gap of the quality of health with the rest of the population. However, further efforts are needed to increase labour market mobility and tackle discrimination of Roma and Egyptians, reach out to young Roma and Egyptians, and increase their employment in the public and private sectors.

Regarding the **self-employed**, the harmonisation of the Albanian legislation with the Directive on the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity will be foreseen in the National Plan for European Integration (NPEI) 2025-2027.

Albania has also presented plans to harmonise its labour legislation with the Equality and Non-Discrimination *acquis* (until 2026) and to update its Gender Equality Law by 2030.

b. Commission assessment

Albania is **moderately prepared** in the equal treatment between men and women in employment and social policy, especially since the rules indicating different retirement ages for men and women are compulsory.

VI.E EQUAL TREATMENT AND PAY IN EMPLOYMENT AND SOCIAL POLICY

a. Country presentation

The gender wage gap narrowed from 6.6% in 2020 to 4.5% in 2021. Albania presented plans to harmonise its legislation with the Commission Recommendation on strengthening the principle of equal pay between men and women through transparency in the National Plan for European Integration (NPEI) 2025-2027.

b. Commission assessment

Albania is **partially aligned** with the EU *acquis* in equal treatment and pay in employment and social policy.

VI.F PARENTHOOD

a. Country presentation

The Albanian Constitution recognises that pregnant women and new mothers have the right to special protection from the State.

Since 2015, Albania also recognises the right for parental leave for both parents. The duration of maternity leave is a maximum of 365 days, of which 35 days prior to birth and 63 days post-birth are mandatory. Women who have paid social security contributions for at least 12 months are eligible to benefits and payment under the right to maternity leave.

After the 63rd day postpartum, the mother may decide to return to work and benefit from rights to breastfeeding through special arrangements until the child turns one year old. Paternity leave may start after the 63rd day of maternity leave. The number of beneficiaries of paternity leave is significantly lower than that of maternity leave (605 to 14,543 in 2022).

Plans include the extension of the definition of paternity leave, the introduction of parental leave and of carers' leave, the extension of flexible working arrangements and payment of allowances, as well as employee rights and protection from discrimination related to birth-related leave in Albanian legislation.

b. Commission assessment

Albania has **some level of preparation** in parenthood, Albania plans to further align its legislation with the *acquis* on parenthood.

C. SUMMARY OF FINDINGS- Social Protection and Social Inclusion

Albania has a **limited level of preparation** regarding the institutional aspects of social protection and inclusion needed to implement the EU *acquis* in this area. Albania has a wide range of measures for the equal treatment between men and women in employment and social policy, however it is **partially aligned** with the *acquis* on the equal treatment of the self-employed.

VII. EUROPEAN SOCIAL FUND

The policy and regulatory framework in Albania encompass a series of laws and decrees aimed at fostering employment, skills development, and social protection. This framework includes significant legislation such as the National Employment and Skills Strategy (NESS 2030), which incorporates the Youth Guarantee Implementation Plan. There are laws focusing on employment promotion and vocational education and training. Additionally, regulation 177 of 2020 outlines the composition and functions of the Board of Administration of the Social Employment Fund. Furthermore, legislative measures ratify financial agreements with the European Commission, aligning with pre-accession assistance frameworks. Complementing these laws are policies addressing social protection, local governance, and social care services.

a. Country presentation

The establishment and operation of the Employment Social Fund in Albania have been pivotal in addressing employment and training needs, particularly for people with disabilities. Enacted through the Law on Employment Promotion in 2019, this fund operates under the management board. Within the National Agency for Employment and Skills (NAES), a specialised unit serves as the Technical Secretariat for the Social Employment Fund. In the framework of the financial support mechanism of the Social Fund, pursuant to the Law on social services, over its five-year span, the fund has facilitated the creation of new social services, with varying levels of support provided over consecutive years. Notably, it has disbursed EUR 12 million to benefit 32 869 individuals across 51 municipalities and seven regions. Looking ahead, the programme aims to leverage its experience to contribute to the development of three IPA III Operational Programmes focusing on Youth Guarantee, Energy Efficiency, and Digitalisation. Plans include enhancing the legal framework for levy collection, refining the Social Fund mechanism, and building the necessary structures and capacities for Managing Authorities and Intermediate Bodies. Additionally, efforts are underway to finalise participation in ESF+ programs, including the Youth Guarantee Operational Programme and a Multi-Annual Operational Programme on ESF+.

b. Commission assessment

Albania has **partially aligned** its institutional and legislative framework with the EU *acquis* on the European Social Fund. Further efforts have to be undertaken to enhance capacities within state bodies to ensure their readiness to manage the ESF.

C. SUMMARY OF FINDINGS – EUROPEAN SOCIAL FUND

Albania has **partially aligned** its institutional and legislative framework with the EU *acquis* on the European Social Fund. Further efforts have to be undertaken to enhance capacities within state bodies to ensure their readiness to manage the ESF.

VI. FIGHT AGAINST CORRUPTION – SOCIAL POLICY AND EMPLOYMENT

a. Country presentation

The **fight against corruption** is regulated by the national legislation, namely the Law no. 120/2021 on amendments and supplements to the Law no. 9917/2008 on Prevention of Money Laundering and Financing of Terrorism (the “AML Law”); the Law 60/2016 on Whistle-blowers and Whistle-blower’s protection; the Law no. 9643/2006 on public procurement, which also contains anti-corruption provisions; and the Law no. 9367/2005 on the Prevention of the Conflict of Interests in the Exercising of Public Functions” (the “Conflict of Interest Law”).

Albania has in place a comprehensive 2015-2023 National Inter-Sectoral Strategy on fighting corruption and a corresponding Action Plan approved by the government for its implementation. The current Action

Plan is for the period 2020–2023. The Ministry of Justice of Albania is currently developing a new anti-corruption strategy for the period for 2023-2030. The Strategy should focus on three main aspects: prevention of corruption - strengthening of legal and institutional mechanisms to prevent corruption and strengthening of the integrity in the public administration, with a focus on sectors with a high risk of corruption; punishment of corruption-increasing the performance of all structures responsible for pursuing, investigating and punishing corruption cases; and awareness -raising the awareness of citizens and educating young people to proactively engage in the fight against corruption.

The digitalisation of government services is used to increase transparency and curb the possibility of corruption.

b. Commission assessment

Albania has in place a legal and institutional framework in the fight against corruption.

C. SUMMARY OF FINDINGS - SOCIAL POLICY AND EMPLOYMENT

Albania has in place a comprehensive national legislation and strategy for the fight against corruption. It also aims at increasing the use of digitalisation as a means to fight corruption.

F) CHAPTER 20 – ENTERPRISE AND INDUSTRIAL POLICY

Article 173 of TFEU starts by stating that the Union and the Member States shall ensure that the conditions necessary for the competitiveness of the Union's industry exist. The EU's industrial policy therefore aims to boost competitiveness by facilitating structural adjustments, fostering a conducive business environment, and promoting domestic and foreign investment. Key to this policy is enhancing the operational landscape for small and medium-sized enterprises (SMEs), involving privatisation, restructuring, and aligning with EU competition policy. *See Cluster 2 - Chapter 8 Competition Policy for more details.* This policy framework includes guiding principles, communications and Council conclusions on industrial policy, and EU consultation forums. These elements are geared towards refining enterprise policy across the EU, underpinned by a unified definition of SMEs and joint policy review mechanisms comprised in the Small Business Act.

The current industry policy's focus is the green and digital transitions, reinforcing European industrial leadership across various sectors, capitalising on the Single Market's strengths, and mitigating supply chain vulnerabilities. It supports entrepreneurship and SME growth, particularly through easier funding access and global market entry. The SME relief package and the SME strategy align with the Commission's objectives for a digitally and environmentally progressive European industry, aiming to eliminate regulatory and practical business barriers, both within the Single Market and internationally, and to improve financing options.

Instrumental to these efforts are the Single Market Programme (EUR 4.2 billion for 2021-2027), and parts of the Horizon Europe research programme (see chapter 25). Notably, the key Directive 2011/7/EU on Combating Late Payment in Commercial Transactions, which targets late payment issues in commercial dealings, is under revision with a new observatory planned for better enforcement.

Through its SME Relief Package, the EU focuses on three main goals: (1) developing smart, business-friendly regulations (including Directive (EU) 2019/1023 on preventive restructuring frameworks), (2) enhancing access to finance (e.g., through the InvestEU Fund), and (3) reducing administrative burdens for SMEs. These initiatives together aim to empower SMEs and strengthen industry overall.

I. HORIZONTAL ASPECTS OF INDUSTRY POLICY

a. Country presentation

Albania's industrial sector (including mining and quarrying, electricity production and water supply), accounts for 10.9% of GDP in 2023, forming a significant part of employment, and exports. The sector consists of 14 areas (from tourism to digital and automotive), with over 70% of exports going to the EU. Government priorities are EU integration, energy, tourism, agriculture, digitalisation, and anti-corruption. Albania is currently especially focusing on the twin green and digital transitions, fortifying the energy market, and nurturing SME growth. Export-focused businesses are also key area.

Regarding the **strategic framework**, key documents and strategies include the Economic Reform Programme (ERP) 2024-2026, Country Programme 2020-2024 for Inclusive and Sustainable Industrial Development, Strategic Industry Policy (SIP) 2016-2025, Business and Investment Development Strategy (BIDS) 2021-2027, and National Strategy for Development and European Integration (NSDEI) 2022-2030. Albania also emphasises strategic documents like Digital Agenda (2022-2026), National Strategy for Sustainable Tourism Development (NSSTD) 2019-2023, and Energy Sector policies.

Albania's industrial and economic strategies, outlined in the NSDEI, focus on rule of law, innovation, sustainability, connectivity, green growth, social cohesion, and economic prosperity, targeting knowledge-based and export-oriented industries. The Digital Agenda aims to attract investments in Artificial Intelligence (AI), cybersecurity, and enhance digital capabilities, aligning with the with the EU Digital

acquis. According to the NPEI 2024-2026, which was approved by the decision of the Council of Ministers no. 16, dated 11.01.2024, the following are foreseen within the axis of alignment with the EU *acquis* from NAIS: Coordinated Plan on Artificial Intelligence (**COM/2021/205 EU**) by 2024, Digital Compass 2030 (**COM/2021/118**): by 2024, Directive 2016/2102 on the accessibility of the websites and mobile applications of public sector bodies by 2024, Regulation (EU) 2021/1173 (Joint European Undertaking Structure for High Performance Computing) by 2025. This includes joining the EU Single Market Programme (which it did in early 2024), revising the national Interoperability Framework and enhancing business process outsourcing and digital skills.

Regarding **energy**, Albania produces 100% renewable electricity but imports 20-30% of its energy consumption. The focus is on increasing connectivity, aligning with EU energy policies. This includes diversifying energy sources and regional market integration. Environmental efforts include sustainable practices for the food industry, agrotourism, and the mining sector, with the National Agency of Natural Resources conducting annual inspections. The Transadriatic Pipeline project emphasises social and environmental investments.

Regarding **sector-specific strategies and potential growth areas**, key sectors identified by the government include automotive manufacturing, agribusiness, food-processing, organic farming, and nature-based tourism. The Advanced Technology for Industry (ATI) Programme and the Smart Specialization Strategy (S3) target sustainable agricultural practices and human capital development. The S3 potential areas under discussion involve agriculture, forestry, fisheries, among others. The conclusions from the Entrepreneurial Discovery Process (EDP)¹¹, conducted in collaboration with the Joint Research Centre (JRC), were presented on October 31, 2023.

The National Strategy for Sustainable Tourism Development (NSSTD) prioritises competitiveness and sustainability in tourism. Non-food sector strategies focus on metal ore, non-metallic mineral processing, and waste recycling.

In education and skills development, the country emphasises digital and green skills in the National Strategy of Education (NSE) 2021-2026. The National Strategy for Employment and Skills (NESS) 2023-2030 focuses on lifelong learning and skills development. It includes feasibility studies for lifelong learning adaptation by 2025 and funding for private sector skill development in key areas and in professions with a shortage of (public) training offer, scheduled for 2023-2024. Albania is also focusing on cross-sectoral topics such as brain circulation and Erasmus+. The OECD's SME policy index assessed frameworks related to Programme for International Student Assessment (PISA) and women in business.

Corporate Social Responsibility (CSR) in Albania is evolving. CSR policies have been developed based on internal documents and Law No 7892/1994 on Sponsorships. The country is now developing a CSR strategy, introducing a quota/levy scheme for employers, and establishing an Employment Social Fund for a better integration of persons with disabilities into the labour market. A public consultation has been conducted and the report would be shared with the civil society in June 2023. Involvement in the Trans-Adriatic Pipeline project highlights Albanian's social and environmental commitments on cooperative societies, notably focusing on community safety, including access to medical supplies.

For research and development, the 2023-2030 National Strategy for Scientific Research, Technology and Innovation (NSSRTI) aims to boost research funding to 1% of GDP and foster collaboration among research institutions by 2024. The strategy includes supporting pioneering drone companies. To address concerns about lagging investment in research and innovation compared to regional benchmarks, Albania has designed forthcoming strategies involving new legal frameworks and financial measures to address this disparity. (*See Chapter 25 Science and Research for more details*).

The Ministry of Finance and Economy has been split, to enable the new Ministry of Economy, Culture and Innovation to focus on economic development, business promotion, and trade affairs, with plans to unify the multiplicity of strategic documents into a comprehensive plan by 2025.

On **standardisation**, Albania is focusing its efforts on full CEN-CENELEC membership and international compliance. (See *Cluster 2 - Chapter 1 Free Movement of Goods for more details*). By the end of 2024 the General Directorate of Standardization (DPS) will be able to report on non-conformities and recommendations found by CEN&CENELEC peer assessors.

b. Commission assessment

In the areas of digitalisation, green growth, education, and energy, Albania has shown a clear commitment to align with the EU *acquis* and standards. Albania has taken significant steps towards EU integration through initiatives aimed at aligning with the EU Digital *acquis* by 2025, advancing its education systems as per EU Young Guarantee model and achieving the production of 100% renewable electricity. Regarding skills development and SME support, Albania has made efforts to enhance skills in areas such as AI and consumer protection and collaborate with business and industry associations for improving adult education. These efforts reflect a strong commitment to improving competitiveness.

In addition, Albania is committed to address the research and innovation investment gap, harmonising its strategies with EU models, particularly in terms of legal frameworks and financial measures. Regarding Smart specialisation, the country is currently drafting the strategy that should be finalised by the end of 2024.

The Chamber of Commerce of Albania's study on CSR underscores the country's efforts to promote responsible business practices in alignment with the EU's CSR definitions and regulations. In CSR a broader perspective focusing on sustainability is recommended to be used in Albania's national context. It is also important to start implementing the existing EU regulations on conflict minerals and focus on ensuring due diligence in value chains. In the sector of agriculture and cooperative development, exploring and adopting best practices from EU Member States could be beneficial for developing inclusive and sustainable cooperative strategies. Albania should take into account the Council recommendation on developing social economy framework conditions [EUR-Lex - 32023H01344 - EN - EUR-Lex \(europa.eu\)](#) (see chapter 19). EU Member States mutual societies and foundations were suggested as references to explore. Peer reviews of the OECD also offer good guidance to use.

However, there are several areas where further integration of EU *acquis* and standards is required. This includes the need for improvements in the fostering of entrepreneurial skills in SMEs. Albania also needs to improve its efforts to attract local SMEs in sectors such as defence and examine how it could benefit from EU nearshoring, particularly in the tourism sector.

C. SUMMARY OF MAIN FINDINGS – HORIZONTAL ASPECTS OF INDUSTRY POLICY

Albania is **partially aligned** with horizontal aspects of EU industry policy, in particular on skills development, CSR, innovation, and energy policies. Albania should continue to pursue alignment with these horizontal aspects and also with the EU Social Economy Action Plan, making further progress on fostering the entrepreneurial skills in SMEs, and examining how it could benefit from EU nearshoring. Overall, Albania's strategic industrial approach is extensive, targeting advancements in digitalisation, green growth, education, energy, and sector-specific development, with an emphasis on sustainable economic growth. However, it is crucial that Albania maintains its focus on adopting EU best practices and policies across these sectors, reinforcing its commitment to sustainable development.

II. ENTERPRISE POLICY AND INSTRUMENTS

II.A SMES STRATEGY

a. Country presentation

SMEs have a very significant role in Albania's economy, in which 99.8% (2021) of businesses are SMEs, 93.4% of which are microenterprises. In 2021, Albania had 103 856 SMEs representing 81.6% of employment, 76.1% of non-agricultural value-added. Most SMEs, especially in accommodation and food services, are in Tirana. In 2021 there are only 174 large enterprises. Albania defined SME's in Article 4 of Law 43/2022.

The country's SME policy is guided by the Business and Investment Development Strategy (BIDS) 2021-2027 and its action plan, which aims to foster a competitive, innovative economy, create quality jobs, integrate into international value chains, focus on sustainable development. Albania is currently revising the action plan to include green, digital, and social responsibility aspects, aiming to consolidate these initiatives. The Ministry of Finance and Economy, along with about 10 other institutions and business associations, drives this strategy. The Albanian Investment Development Agency (AIDA), the National Employment and Skills Agency (NESAs), the National Business Centre (NBC), the National Agency for Science, Research and Innovation (NASRI), and the national Union of Chambers of Commerce and Industry (UCCIAL) are also involved.

AIDA leads key SME initiatives, including the 'Made in Albania' promotion and an access to finance platform. AIDA has facilitated initiatives to enhance Micro SMEs (MSMEs) business and e-commerce capabilities.

The NBC has digitalised all services since 2022. In its SME policy index report, the OECD recognises Albania's SME focus, suggesting improvements in specific areas, including entrepreneurial learning, bankruptcy law, women's entrepreneurship and innovation policy.

As part of its digital reforms started in 2022, Albania has streamlined company registration via the National Business Centre (NBC), offering digital licensing that speeds up processes, increases transparency, and reduces SME costs. This measure also enables the government to track economic activity and helps monitor products to reduce informality. The Albanian Investment Development Agency (AIDA) also finalised sector-specific guides for eight key industries—including Textiles, ICT, and Tourism—to support SMEs and attract foreign investment. Albania will also focus on E-commerce. Public "access to finance" platform contributes to enhance MSME support: By April 2023, the platform published 106 calls for applications, received 8,192 interactions, and had 44,702 webpage visits.

Albania faces staff shortage in business development departments, particularly in statistics/economic monitoring.

On **start-ups**, Albania emphasises the need for entrepreneurs to understand the available ecosystem, how to secure funding, for instance, and the national administration's efforts to establish a business council for dialogue with business and CSO representatives. Since laws are in place on start-ups and SMEs, Albania envisages to focus on a state-budget allocation in support of the innovation ecosystem.

Financially, Albania allocates about 0.3% of GDP to SME support, complying with state aid rules. The 2022-2025 Government Programme features four state guarantee support schemes for SMEs, including two dedicated to COVID-19 sovereign guarantee funds for lending.

Despite low financial literacy, efforts like the National Financial Education Strategy (NFES) are underway. Plans for a unified Law on Investments and a Development Fund for MSMEs aim to improve future finance access, including equity-based finance, adhering to state aid laws.

b. Commission assessment

To enhance alignment with EU SME policy, Albania should bolster its monitoring and evaluation mechanisms, including developing a comprehensive framework for assessing SME policies and improving impact measurement. However, a significant staffing shortfall in the Ministry of Finance and Economy presents a significant challenge. There is also a need for more rigorous tracking and analysis of fund

allocation to SMEs, especially given the increased demand from the manufacturing sector following the 2019 earthquake.

In terms of the **informal economy**, Albania's ongoing mid-term review of the Business and Investment Development Strategy (BIDS)2021-2027, the process of fiscalisation (i.e., ensuring the realtime reporting of transactions to the tax authorities), and the establishment of a working group led by the Prime Minister are commendable steps. It is crucial to maintain and intensify efforts to effectively address the informal economy issue.

The 2026 OECD's SME Policy Index, supported by the EU, will be instrumental in measuring the progress needed in key areas such as entrepreneurial learning, women's entrepreneurship, bankruptcy laws, innovation policy, and the integration of SMEs into a green economy. This evaluation will provide vital insights and guide Albania in its continued efforts to align with EU standards and best practices in SME development.

Albania's definition of SMEs is **partially aligned** with the EU one, on the number of employees. The financial thresholds reflect the national reality.

II.B SINGLE MARKET PROGRAMME

a. Country presentation

Albania signed its accession agreement to the Single Market Programme (SMP) in late December 2023. In the programme, the country focuses on areas such as competition policy, internal market surveillance, SME competitiveness and sustainability, consumer protection, product safety, and the production and dissemination of high-quality European statistics.

Albania was a party to the previous EU SME programme (COSME) 2014-2021 , which has enhanced its institutional capacities. Under COSME, the Albanian Consortium (AC) secured 12 partnership agreements with the European Enterprise Network (EEN) between 2020 and 2021. This participation enabled 16 000 Albanian companies to use digital services provided by AC and EEN. The network's activities, including various training sessions, involved 61 participants. Additionally, 350 SMEs received individual advisory support, and 250 SMEs were assisted in drafting business profiles.

Regarding the Erasmus for Young Entrepreneurs, it is led by the Protik Centre, an independent non-profit focusing on ICT, innovation, and entrepreneurship. The Centre has been serving as Albania's Intermediary Organization since 2016, planning to be extended until 2027. Under the guidance of the Protik Centre, the programme, has facilitated 58 partnerships in Albania so far.

b. Commission assessment

Strong digital services are crucial for Albania's participation in Single Market Programme, and the country is making improvements in this area. Furthermore, Albania should maintain its focus on national SME programmes, which are crucial for international engagement and notably effective in reducing brain drain. Raising awareness through expert experiences, diaspora, and academia is also recommended.

Albania is also encouraged to explore the opportunities within the SMP, Clusters, and European Enterprise Networks (EEN), with an emphasis on dual transition and triple resilience. The Association Agreement (AA) signature of the SMP will aid advisory efforts with a focus on identifying SME needs, fostering innovation, and enhancing internationalization. Albania was encouraged to leverage its access to databases for networking.

II.C LATE PAYMENT DIRECTIVE

a. Country presentation

Albanian's Law on Late Payments no. 48/2014 sets the rules for calculating interest on late payments between commercial enterprises and public authorities. Albania has been testing a new system for

monitoring and reporting arrears of local governments since September 2020, shifting from quarterly written reports to automated reporting via the Albanian Government Financial Information System (AGFIS). This enhances the Ministry of Finance and Economy's oversight. The health sector in particular is significantly impacted by late payments. An amendment to include calendar days in the law is pending. Albania plans to fully align with Directive 2011/7/EU on Combating Late Payment in Commercial Transactions by the date of accession.

Under its Budget Law, Albania requires government spending units to document expenses to economic operators within 30 days of invoicing. Expenses from prior years are included in the next year's budget for repayment.

Following its Strategy for the prevention and repayment of arrears and the action plan, the Ministry of Finance and Economics has worked since 2014 to reduce arrears. Monitoring has been automated by the Government's Financial Information System (SIFQ), considering obligations over 60 days from invoicing as arrears as well as those after the payment deadline specified in the agreement or the relevant legislation (according to the provisions in the Ministry of Finance Guideline no.37 dated 06.10.2020).

As of March 2024, general government arrears resulted approximately EUR 82.9 million, a 28.8% decrease from Q1 2023. This includes approximately EUR 32.7 million from central government and approximately EUR 50.2 million from local governments. The Ministry of Finance and Economy is focused on reducing and preventing arrears and has helped to meet targets, such as keeping arrears below 2% of total expenditures. Measures undertaken include payment instalments for court decisions and internal audits in public sector units.

Regarding **plans**, the Ministry of Finance and Economy will take measures to evaluate the change of instruction no. 37 (which provides all legal backing for registration, consolidation and publication of information on expenditures arrears at General Government Level) in order for the Delayed Payments to appear clearly in the framework of overdue obligations.

Discussions are underway to develop a standardised questionnaire for the business sector, enabling regular reports on payment practices. Albania highlighted ongoing efforts, such as the 'farmer's initiative,' aimed at raising awareness among SMEs about their rights. Albania is also revising the criminal code to ensure compliance with EU standards. The Ministry of Justice is working on revising the civil code, targeting full alignment with the EU *acquis* by 2026.

b. Commission assessment

Albania's Law no. 48/2014 on Late Payments is **partially aligned** with Directive 2011/7/EU on Combating Late Payment in Commercial Transactions. Efforts to ensure full alignment are needed, especially with Art. 9, specifically Retention of Title, and Art. 39, and to refine the definitions on calendar days.

II.D SUMMARY OF MAIN FINDINGS – ENTERPRISE POLICY AND INSTRUMENTS

Albania is **partially aligned** with EU SME policy and instruments, but needs to ensure the administrative capacity necessary to ensure further alignment in these areas. Regarding the legal framework, Albania should ensure full alignment with EU Directive 2011/7 on late payments, particularly in Art. 9 and the Code of Civil Procedure.

III. INDUSTRY SECTORS

III.A TOURISM

a. Country presentation

Albania's tourism sector is significant, providing 20% of total employment (226 000 jobs) and contributed

17.4% to the GDP, in 2021. According to Quarterly GDP estimation, the share of economic activities linked directly to Tourism sector, cover 3.8% of GDP in 2023. In 2022 covered 3.5% and in 2021 covered 2.8%. The strategic framework on tourism includes two national strategies: The National Strategy for Development and Integration (NSDI) 2022-2030 focuses on green and digital transitions, promoting digital networks, revenue-generating natural parks, and a national tourism education system; the Strategy for Sustainable Tourism Development (NSSTD) 2019-2023 with its action plan, addresses infrastructure improvement, accommodation regulations, continuous professional training, and integrated tourism products. The NSSTD goals and the maritime legislation aim to be **aligned** with EU objectives on sustainable tourism. The Ministry of Tourism and Environment formulates the law, while the National Tourism Agency (NTA) and National Coast Agency (NCA) handle its implementation. Regular inspections by the NCA ensure compliance with established conditions and standards.

In 2023, the Tourism Development Fund supported 15 agro-tourism projects, leading to 50 certified agrotourism structures benefiting from a reduced profit tax rate of 5%, and other measures (reduced value of VAT, exemption from infrastructure impact tax, etc.). Additionally, plans for digitised services like the certification of maritime tourism operators are in progress. To support the development of Greener Tourism, 4 new national parks (National Park “Albanian Alps”, National Park of Vjosa river, Natural Park “Munelle”), National Park “Porto Palermo” have been established as well as the extension of protected areas, to 21.3% of the country’s territory.

Albania planned to draft a new National Tourism Strategy by the first half of 2024, further underlining its commitment to the sustainable development of its tourism sector, following the EU Communication COM(2010)352 “Europe, the world’s no.1 tourist destination – the political framework for tourism in Europe”.

b. Commission assessment

Within the tourism sector, Albania **aligns** its objectives and maritime legislation with EU goals. However, the EU recommends enhancing consumer protection, fostering data sharing, and monitoring tourist flows.

III.B TEXTILES

a. Country presentation

Albania's textile industry plays a vital role, representing 20% of exports and contributing 38% to the total export value in 2021. It employs over 57 000 people, with 95% of them being women, and 75% having primary education. In 2022, the sector comprised 876 companies, primarily Albanian-owned and from which 77% export their production. Key products include underwear (33%), work uniforms (28%), clothing styling (25%), and others. The leather and shoe production sector, with 245 companies, contributes similarly to exports and employs over 25 600 people, generating in 2022 EUR 480 million.

Despite challenges posed by the global Covid-19 pandemic, the textile and footwear industries continue to be leading forces in Albanian exports, with emerging opportunities in e-commerce. Adaptations in production are crucial to align with changing consumer behaviours.

The Albania's Ministry of Tourism and Environment is in the process of ensuring Extended Producer Responsibility efforts in order to demonstrate its sustainability commitment. Albanian authorities collaborate with the EU's Horizon Europe programme via the Ministry of Education, foster strong partnerships with local universities, and work with UNIDO to bolster industry-academy connections. Albania also engages in a textile university initiative alongside Portugal.

b. Commission assessment

In the textile sector, innovation in fibre solutions is encouraged. Albania has made progress through collaboration with the UE and OECD on a circular economy roadmap, adherence to Small Business Act recommendations, and the allocation of budgetary support for implementation. This is particularly

significant in the garment sector, where innovation on fibres/fabrics/finished products and recycling is identified as a priority for environmental compliance and market access. Further alignment with new EU legislation will be required in the repairing and re-use sectors, as well as regarding ecodesign, digitalisation of product information (Digital Product Passports and digital labels) and waste collection and management.

III.C CONSTRUCTION

a. Country presentation

Construction is as a key economic driver for Albania. The sector is driven by residential projects, post-earthquake reconstruction, and substantial public investments, particularly in roads. In 2021, the sector contributed 9.6% to GDP, the highest since 2013 due to rising construction costs. Oversight falls under the Ministry of Infrastructure and Energy, with national agencies including Albania's Institute of Construction and Energy Efficiency Agency handling project control and energy efficiency monitoring. Building permits are issued by the National Council of Territory and town mayors, while market supervision, including construction products, is managed by the National Inspectorate of Defence.

The National Plan for European Integration (NPEI) aims to **align** Albanian law with the relevant EU *acquis*, including Regulation 305/2011/EU on Construction Products by mid-2025, and **to align** with Directives 2010/31/EU on the Energy Performance of Buildings and 2012/27/EU on Energy Efficiency by 2030.

Regarding energy efficiency, the National Energy and Climate Plan (NECP) has set 8.4% as 2023 target, requiring energy audits for new or renovated buildings. Collaborating with the World Bank, the government is creating a financing mechanism for energy-efficient public and residential buildings, supported by donor projects to enhance energy management in municipalities. In October 2022, Albania introduced a mandatory 15% energy-saving target for public buildings and implemented measures like a subsidy scheme for solar water heaters in the residential sector.

b. Commission assessment

In construction, Albania should focus on digitalisation, technology adoption, and skills development to meet market demands. The country's intention for further alignment as outlined in the National Plan for European Integration (NPEI), targeting alignment with Regulation 305/2011/EU on Construction Products by mid-2025. It is not yet aligned with Directives 2010/31/EU on Energy Performance of Buildings and 2012/27/EU on Energy Efficiency.

III.D RAW MATERIALS

a. Country presentation

Albania's mining sector, managed by private entities, focuses on various minerals. Mining permits depend on prior environmental permits, covering 18 types of minerals. Albania focuses on metal minerals, including chromium, copper, iron-nickel, and nickel-silicate extraction. Oversight involves the Ministry of Infrastructure and Energy, the national Agency of Natural Resources (AKBN) overseeing permits, and the Albanian Geological Service (SHGSH) supervising exploration.

The mining sector is regulated by Law no.10304/2010 on the Mining Sector Directive 2006/21/EC, on Waste Management from Extractive Industries.

In 2022, 295 entities engaged in mining, with copper ore being exported as concentrate, and only clay and limestone being among construction minerals. To encourage investment, the government adjusted mineral rents, raising them from 6% (2018) to 9% (2021) for unprocessed metal minerals and reducing them from 6% (2018) to 0% (2023) for processed minerals. In 2022, royalty tax revenue reached EUR 7.71 million. There is potential for higher revenues from chrome.

Environmental protection measures are mandatory for permit holders, with strict sanctions and inter-ministerial cooperation. Russia's war of aggression against Ukraine has revived coal extraction, but

production costs are still high. Plans include research to enhance mineral reserves, environmental compliance, recycling promotion, and resource utilization. Albania and EIT Raw Materials established an EIT Raw Materials Regional Innovation Centre in April 2024. Additionally, with expected EU4I support, the EIT will establish an EIT Community Hub in Albania by the end of 2024 serving a local innovation one-stop-shop. Albania will become eligible for the EIT Regional Innovation Scheme (RIS) from 2025.

b. Commission assessment

Regarding mining, Albanian's legislation **is aligned** with Directive 2006/21/EC on Waste Management from Extractive Industries. Further alignment with the Critical Raw Materials Act will be needed.

Regarding accelerated integration, the Commission looks favourably upon the establishment of the EIT Raw Materials Regional Innovation Centre and the EIT Community Hub in Albania in 2024. Albania will be able to access EIT RIS support from 2025 once the eligibility requirements are met.

III.E STEEL

a. Country presentation

Albania's steel sector was privatised in 1999. Steel production is carried out by a company which entered into a private administration arrangement through an emphyteusis contract to take over the FEH-DP-Rolling line, which was part of the former Elbasan Metallurgical Factory. The sector focuses on scrap processing and steel lamination, and exports around 60% of its products. With an annual production capacity of 700 000 tons of liquid steel, the sector meets various international standards (EU, US). Main importers are Kosovo*, Montenegro, Turkey, Bulgaria, Serbia, and Italy. The sector operates within a regulated legal framework, focusing on environmental protection and national taxes, given the limited domestic steel market. Albania relies on imported ferrous scrap from France and Israel.

The factory suspended operations in 2022 but maintained its workforce. Albania is investing in environmentally friendly technologies, with plans depending on market demands.

b. Commission assessment

In the steel industry, Albania **should align** with the most recent EU *acquis* on environment (e.g end-of-life directive) focusing on improving scrap quality, while maintaining high environmental standards, and engaging more fully in EU innovation partnerships.

III.F SPACE

a. Country presentation

Regarding Space sector, Albania's spectrum policy is governed by its Law no. 9918/2008 on electronic Communications as amended. As a member of the International Telecommunication Union (ITU) since June 1922, Albania aligns its National Frequency Plan with ITU and European Conference of Postal and Telecommunications Administrations (CEPT) /ECA Table, updating it every three to four years based on World Radiocommunication Conference (WRC) final acts and relevant ECA Table.

The country focuses on **strategic satellite services**, including Albania 1 and Albania 2 satellites, for monitoring, geospatial data processing, and decision-making. In February 2023, the State Authority for Geospatial Information (ASIG) joined the Copernicus Relay network – a community of representatives which coordinates and promotes the use of Copernicus, its benefits and opportunities for residents and businesses – thereby enhancing Copernicus Open Data utilization. ASIG is developing a campaign of activities with the aim of increasing awareness and raising the human capacities of public institutions,

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

related to the way and importance of using the products offered by Satellite Services. Also the State Authority for Geospatial Information (ASIG) since February 2024, is a partner in the SOFTMOVE project which is based on the Objectives of the Interreg IPA Program of the Southern Adriatic 2021/2027, aims to strengthen cross-border cooperation for a smart and sustainable development of the territories involved, for topics such as "U-Space and Unmanned Aircraft System (UAS)". The National Agency of Civil Protection is an authorised user of Copernicus Emergency Management Service Mapping.

A draft law to **further align** electronic communication networks is underway. Albania also commits to **align** with the Network and Information Security 2 (NIS 2) Directive in the future, enhancing its cybersecurity framework to match EU standards.

b. Commission assessment

Relevant for space activities, Albania is making progress towards **the alignment** with the EU *acquis*, including Directive (EU) 2022/2555 on the Network and Information Security (NIS). Additionally, regarding Cybersecurity, national legislation **partially aligns** with the Directive EU 2016/1148 on Network and Information Security 1 (NIS 1). The Albanian National Spectrum Policy (ANSP) is **fully aligned** with Decision 243/2012/EU Establishing a Multiannual Radio Spectrum Policy Programme.

The Commission welcomes Albania's active interest in the space sector and encourages Albania to further enhance the use of services available under the EU Space Programme, in particular the Copernicus, Galileo and EGNOS components.

III.G DEFENCE

a. Country presentation

On **defence**, Albania provides continuous support for the EU Global Strategy and plans to increase engagement in EU missions. Albania has welcomed the EU Strategic Compass, recognising the Western Balkans as a strategic priority.

The country's defence sector comprises 22 registered companies and 8 major defence-related product importers in both the private and public sectors. Although Albania does not produce defence-related items, it has 1 state-owned exporter. Albania's legal framework includes laws on national security, defence, military strategies, non-proliferation, and cybersecurity, including directives on the internal defence market, defence transfers, dual-use export controls. Albania has enacted a new Law no. 36/2020 On Defence and Security Equipment. Law 46/2018 on State, International Transfer Control of Military Goods and Dual-Use Items and Technologies that is **partially aligned** with Directive 2009/43/EC to Enhance Security of Supply within the Union.

In terms of governance, various ministries and agencies handle policy decisions, licensing, import/export control, and storage of defence-related products. The 2023 budget for defence was approximately EUR 297 million.

Albania's defence sector is forging partnerships with businesses and universities to attract young talent and drive innovation. An innovative initiative is scheduled for launch in mid-2023, requiring future cooperation and capacity development. The National Cyber Security Authority (NCSA) has supported the Armed Forces Academy in advancing its cybersecurity education. Established in January 2024, a joint working group revised the curriculum and developed a new Professional Master's program in "Cyber Security in the field of defense," guided by an evaluation of the national cybersecurity labor market.

Albania collaborates with the EU and with NATO **on innovation**. Albania is willing to increase cooperation with the European Defence Agency (EDA) for active interaction with European structures in the field of security and defence while initial cooperation has started, Albania seeks more guidance and capacity building from the EU. Future plans focus on enhancing administrative capacities, aligning national strategies with EU policies (e.g. the national control list of military goods and dual use goods and

technologies to **further align** with Directive 2009/81/EC), and is seeking membership in international arrangements, including the Wassenaar Arrangement, and is exploring how to improve its cooperation with the European Defence Agency (EDA) and participate in Permanent Structured Cooperation (PESCO) projects.

b. Commission assessment

Albania's laws related to security and defence, are already **partially aligned** with the EU *acquis*, the country is committed to fully align with EU directives in these areas. Law 36/2020 on Defence and Security equipment is **partially aligned** with Directive 2009/81/EC. Albania is **fully aligned** with Council Decision 2008/944/CFSP, governing the control of military technology exports.

III.H CREATIVE INDUSTRIES

a. Country presentation

Regarding **creative industries**, Albania has a National Strategy for Culture 2019-2025 a legal binding regulatory mechanism, that helps the creation and consolidation of culture system. The Constitution of Albania enshrines the right to freedom of artistic creation.

Albania has different funding streams to support creative industries. Albania's Creative Economy Fund supports crafts. Digitalisation, future incentive programmes, and international network participation, like Creative Europe and CC4wBs, are key focus areas.

Albania also participates in the Creative Europe Programme where it has participated as partner in 27 projects since 2014.

b. Commission assessment

Albania participates in EU programmes in the field of creative industries and overall, North Albania is committed to the EU policy and principles guiding its creative policies.

III.I SUMMARY OF FINDINGS – INDUSTRY SECTORS

Albania is **partially aligned** with the *acquis* on Industry sectors. Albania has made good progress on aligning with the EU *acquis* in several industrial sectors, with significant efforts in areas like textiles, tourism, and space. However, there are areas where further alignment is required, including construction, mining, defence and the steel industry.

IV. FIGHT AGAINST CORRUPTION

a. Country presentation

Albania's current policy framework includes the National Strategy for Development and Integration 2030, the Cross-cutting Strategy Against Corruption (CCSAC) and Action Plan 2020-2023e, as well as cross-cutting strategies for Justice 2021-2025, Organised Crime and Serious Crimes 2021-2025, Public Administration Reform, National Strategy for Public Procurement 2024-2030, and Strategy for Public Finances Management. The CCSAC comprises prevention measures like transparency and access to information, repression measures involving international judicial and police cooperation, and awareness-raising measures through collaboration with civil society. Independent institutions like the High Inspectorate of Declaration and Audit of Assets and Conflicts of Interest (HIDAACI) are involved.

Albania reports that 95% of public services are available online through the e-Albania platform, totalling 1 239 electronic services. Digital platforms, including tax declaration, public procurement, complaint resolution, asset and interest declaration, and co-governance, contribute significantly. The General Directorate on Anticorruption (GDA) is set to launch a case management system soon, with investigations leading to numerous reports and recommendations. Since its establishment in 2021, the GDA has conducted administrative investigations, leading to 48 final reports, with 333 Administrative measures, 168

recommendations, and 25 criminal reports.

Cooperation with businesses and public enterprises is encouraged through Business Forums, aiming to promote reporting on systemic issues. Regional initiatives, such as participation in the Corruption Risk Assessment Workshop, facilitate sharing best practices.

Plans include issuing a joint PPA-HIDAACI document on integrity, adding a red flag function in the Electronic Procurement System, and issuing of guiding documents for newly stipulated PPL provisions, by 2027 . Albania also envisions a new Cross-cutting Strategy Against Corruption 2023-2030, targeting corruption-sensitive sectors, introducing legality education in school curricula by 2024, implementing the Case Management System at GDA by 2023, and enacting specific legislation on lobbying and business engagement by 2026.

b. Commission assessment

Digitalisation of public services plays a crucial role in the fight against corruption, offering transparency, efficiency, and accountability and Albania has taken positive steps in this regard. Albania has institutions and strategies in place to fight corruption.

c. Summary of Findings – Fight Against Corruption

Albania has institutions and strategies in place to fight corruption in the field of industry.

G) CHAPTER 25 – SCIENCE AND RESEARCH

Research and Innovation (R&I) contribute directly to the level of prosperity and the well-being of individuals and society in general. The Treaty of Lisbon strengthens European Union (EU) action in the field of science and research.

The legal bases for current EU research and technological development (RTD) are Art. 179-189, introduced under Title XIX of the Treaty on the Functioning of the European Union (TFEU). The policy's main aims, under Art. 179 TFEU¹¹, are:

- to achieve a European research area in which researchers, scientific knowledge and technology circulate freely; and
- to strengthen EU scientific, technological and innovative excellence to ensure competitiveness at global level and to help the EU to deliver on its strategic priorities.

Over the years, the policy has evolved significantly, particularly since 1984 when the first multiannual European framework programme (FP) for research was launched.

The Lisbon Treaty (Art. 179 TFEU) introduced the European Research Area (ERA) making the free movement of researchers, scientific knowledge, and technology across Europe a formal objective of the EU. The Treaty also opened the way for the EU to adopt legislation to enforce the implementation of the ERA (Art.182(5) TFEU). The new Pact for Research and Innovation in Europe¹² sets out a list of 10 common values and principles guiding research and innovation in Europe and Europe's collaboration with the rest of the world.

I. RESEARCH AND INNOVATION POLICY

I.A INSTITUTIONAL FRAMEWORK AND MEASURES

a. Country presentation

The constitution of the Republic of Albania guarantees the autonomy of higher education institutions and academic identity. The main laws are the Law no. 7893/1994 on Science and Technological Development, amended in 1998, and the Law no. 80/2015 on Higher Education and Scientific Research in Higher Education institutions in Albania. Albania has a policy framework for **science and research** and is working on a new Law on Scientific Research.

Albania's National Strategy for Development and European Integration 2021-2030 includes a chapter on scientific research and innovation. In addition, Albania has had three national scientific research strategies to date with the fourth currently under preparation for the 2023-2030 period.¹³

Regarding **institutions**, the Council of Higher Education and Scientific Research is the main advisory body. The Ministry of Education and Sport is the main policy making institution. In addition, the National Agency for Scientific Research and Innovation (NASRI) and the National Agency for Funding the Higher Education Institutions (NAFHEI) provide funding for science and research. Finally, the Academy of Sciences contributes to scientific research in line with country priorities.

Albania is working on a Smart Specialisation Strategy, which is expected to be completed in 2024. Once ready, the strategy will be interinstitutional and above sectorial strategies. The Smart Specialisation Strategy

¹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A12016E179>

¹² Council Conclusions on the future governance of the European Research Area, 14126/21 of 19 November 2021

¹³ <https://arsimi.gov.al/wp-content/uploads/2023/03/Draft-Strategjia-Komb%C3%ABtare-p%C3%ABr-Shkenc%C3%ABn-Teknologjin%C3%AB-dhe-Inovacionin.pdf>

process and the Inter-ministerial Committee overseeing it are led by the Deputy Prime Minister.

Policy attention to **innovation** has increased in the recent years and an Inter-ministerial Committee for Innovation and Information Technology was established in 2022 headed by the Prime Minister. Albania's innovation ecosystem is based on the quadruple helix approach. Albania is an associate country in the European Institute of Innovation and Technology and has nominated a National Contact Point. In 2022, Albania was included in the European Innovation Scoreboard, where the country was ranked an Emerging Innovator.

Regarding **intellectual property rights**, the relevant law No 9947 of 7.07.2008 on industrial property was last amended in 2021. Furthermore, Albania's national strategy on industrial property rights 2022-2025 foresees a legal reform in this by 2025.

b. Commission assessment

Albania has the institutional capacity to contribute to EU activities on research and innovation as referred to in the Treaty on the Functioning of the European Union (TFEU). Albania **has a sufficient level of alignment** with the *acquis* and good capacity to further its implementation.

Albania's research and innovation eco-system still needs further development – particularly to strengthen its impact on jobs, and on the economy – following the example of Horizon Europe¹⁴. Aligning with best practices from Horizon Europe and EU Member States' national research and innovation systems will be essential for this. The new Strategy on Scientific research, technology, and innovation 2023-2030 and the new Law on Science will be key for the further advancement in this area. The innovation dimension is still nascent: the innovation gap with Europe continues to widen¹⁵. Moreover, further efforts are needed to strengthen academia-business cooperation.

Albania has progressed well with the development of its Smart Specialisation Strategy. Its qualitative and quantitative assessments have been completed. The entrepreneurial discovery process was completed in November 2023. The forthcoming implementation of the Strategy will test the administration's capacity to work jointly across-ministries and agencies.

In the 2023 European Innovation Scoreboard¹⁶ Albania is classified as Emerging Innovator with a performance at 41.1% of the EU average¹⁷. Moreover, its performance is increasing at a rate lower than that of the EU. Thus, Albania's innovation gap with the European Union is increasing. Its innovation valorisation efforts are at a very early stage. Albania is invited to contribute to the New European Innovation Agenda and join the European Innovation Council Forum.

In the field of science and research Albania has the basic legislation on intellectual property rights in place. The forthcoming legal revision is expected to further strengthen the rules in this area.

I.B NATIONAL FUNDING

a. Country presentation

Albania provides public funding for science and research and is committed to reaching 1% of GDP for the financing of scientific research by 2030. Between 2018 and 2022 the share has increased from 0.05% to 0.08% of GDP with the expected share to be at 0.11% by 2026.

¹⁴ With a budget of €95.5 billion, the successor of Horizon 2020, Horizon Europe, is the EU's key funding programme for research and innovation for the 2021–2027 period.

¹⁵ European innovation scoreboard: https://research-and-innovation.ec.europa.eu/statistics/performance-indicators/european-innovation-scoreboard_en

¹⁶ https://ec.europa.eu/assets/rtd/eis/2023/ec_rtd_eis-country-profile-al.pdf

¹⁷ https://ec.europa.eu/assets/rtd/eis/2023/ec_rtd_eis-country-profile-al.pdf

At present, funding is provided by the following programmes and grants:

- National Research & Development programme managed by NASRI.
- Research Infrastructure programme managed by NASRI, launched in 2019.
- University-Business Cooperation programme managed by NASRI, launched in 2023.
- National Scientific Research Grants managed by NASRI.
- Lecturing Grant and higher education institution Development Grant managed by the Ministry of Education and Sports.
- The Startup Fund, and managed by the Minister of State for the Protection of Entrepreneurship (MoSPE).

National Scientific Research Grants include a Bilateral Cooperation Research Grant and a Research Infrastructure Grant, which are awarded annually by NASRI to public higher education and scientific research institutions. The Ministry of Education and Sports provides public grants to public higher education institutions and the Academy of Albanological Studies. Finally, ministries covering health, agriculture and energy policy provide annual grants to their respective research institutions.

b. Commission assessment

To ensure successful participation in the implementation of the Framework Programme for research and innovation and to facilitate integrations into the European Research Area and into the New European Innovation Agenda, Albania needs to ensure the necessary implementing capacity. This requires the existence of an adequate national institutional framework - including sustained efforts towards the EU target of investing 3% of GDP in science and research.

Despite the right trajectory to increase public spending in research and science, the overall amount remains below 0,1% of GDP. The level of funding in 2022 corresponds to 0.08% of the GDP and the 1% target is unlikely to be met based on the current trajectory. Major efforts will be needed to reach the (still low) target of 1% of GDP by 2030. This point needs urgent addressing, particularly in the context of strengthening the national research and innovation eco-system – starting from a very low level. Albania either needs to take more concrete action or to set more realistic targets to increase the level of investment in science and research.

This should be reflected in a larger context of strengthening the higher-education system and the competitiveness of the economy. Together these measures will support the development of an education, research and innovation ecosystem that interacts positively with the European ones.

I.C INTERNATIONAL SCIENTIFIC AND TECHNOLOGICAL COOPERATION

a. Country presentation

Albania is associated to the Horizon Europe programme for scientific research and innovation 2021-2027 and was also associated to the predecessor programme Horizon 2020 in 2014-2020. Albania joined the Cooperation in Science and Technology (COST) programme in 2018 and became a full member of Eureka in July 2021.

Albania is also part of the European Organization for Nuclear Research (CERN), the Western Balkans Steering Platform on Research and Innovation. Finally, Albania is a party to the Black Sea Convention on International Cooperation in the fields of Culture, Education, Science, and Information and has bilateral research cooperation agreements with Italy and with Austria. Albania intends to align its international cooperation activities with the EU's, notably, in line with the EU's Global Approach to Research and

Innovation¹⁸.

Regarding **accelerated integration**, Albania requested to nominate observers in the European Strategic Forum on Research Infrastructure (ESFRI), which aims at integrating research infrastructures at the EU level.

b. Commission assessment

Albania is becoming more active in the international scientific and technological fora.

Regarding, accelerated integration, the Commission looks favourably on Albania's request to participate in the European Strategic Forum on Research Infrastructure (ESFRI) and has invited Albania to nominate observers. The ERIC Regulation¹⁹ will become directly applicable at the time of accession.

I.D SUMMARY OF FINDINGS – RESEARCH AND INNOVATION POLICY

Albania needs to strengthen efforts to advance its integration efforts into the European Research Area and the New European Innovation Agenda. **Full alignment** has been observed regarding the association to Horizon Europe, but the necessary accompanying measures to strengthen the national higher-education, research and innovation eco-systems need reinforcement – particularly the low level of national funding. The Albanian innovation ecosystem is at an early stage of preparedness and requires further efforts to be fully integrated into the New European Innovation Area: stepping up investments in research and, working towards more reliable statistics on research and innovation, and implementing the Smart Specialisation Strategy. The rapid implementation of the new Law on Scientific Research and the National Strategy on scientific research is important.

II. FRAMEWORK PROGRAMME AND EUROPEAN RESEARCH AREA

II.A HORIZON EUROPE

a. Country presentation

Albania is associated to **Horizon Europe**. Its participation rate in 2022 Horizon Europe was the highest since it joined the EU's framework programme in 2007 with an average success rate at more than 15%. Albania has had most Horizon 2020 and Horizon Europe projects with the following Member States: Italy, Spain, Germany, Belgium, the Netherlands, France, Greece, Austria, and with Bulgaria.

Albania **complies with the rules of ethics** as required by its participation under the EU Framework Programme for Research and Innovation. Moreover, the new Law on Scientific Research will include additional requirements in this area. In the future, higher education institutions will be obliged to establish a Council of Integrity & Ethics and follow a standardised ethical code of conduct.

Albania will consider participating in several EU Joint Undertakings in accordance with its national priorities and financial resources available.

Albania is not associated to the EURATOM Framework Programme. Eligible institutions in Albania are the Centre for Applied Nuclear Physics, the Albanian Atomic Authority attached to the University of Tirana and the Office of National Radiation Protection of the Institute for Public Health.

¹⁸ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Global Approach to Research and Innovation Europe's strategy for international cooperation in a changing world - COM/2021/252 final

¹⁹ European Research Infrastructure Consortium (ERIC) - Regulation (EC) No 723/2009: <https://eur-lex.europa.eu/EN/legal-content/summary/european-research-infrastructure-consortium-eric.html>

b. Commission assessment

Horizon Europe, the EU's 9th multiannual framework programme for R&I, it is designed to facilitate and strengthen the impact of research and innovation in supporting and implementing EU policies, while tackling global challenges. It creates jobs, boosts economic growth, promotes industrial competitiveness and optimises investment impact within a strengthened European research area. It does so by:

- involving a variety of types of organisations, ranging from research institutes, industry, small and medium-sized enterprises and academia, as well as individuals, from a geographical spread of countries; and
- building R&I capacity in less-advanced regions as part of the EU's structural and cohesion policy to remove disparities between regions.

Albania is associated to the EU's Framework Programme for Research and Innovation - Horizon Europe. Its participation in the respective Programme Committees requires administrative capacity including National thematic Contact Points. The association to Horizon Europe includes reciprocal access of European actors to national R&I initiatives. This dimension of international cooperation needs still a lot of development.

European Institutionalised Partnerships²⁰ address Europe's key challenges through concerted research and innovation initiatives by bringing together public and private partners. They are a key implementation tool of the Framework Programme for Research and Innovation and contribute to achieving the EU's political priorities – particularly for the Green and Digital transitions.

Albania has developed sufficient knowledge and administrative capacity to participate fully in Horizon Europe Framework Programme on Research and Innovation. Private sector participation in the programme continues to remain low. Continuous efforts are needed to raise awareness of the new Horizon Europe programme (e.g. participation modalities, instruments/initiatives).

For participating in Horizon Europe grants Albania complies with the applicable rules on ethics. Once adopted, additional requirements included in the new Law on Scientific Research will further strengthen the rules on ethics.

Access to the EURATOM Framework Programme will come with EU accession.

II.B EUROPEAN RESEARCH AREA PRIORITIES

a. Country presentation

Albania is committed to the values and priorities included in the Commission Communication on a new European Research Area (ERA) for Research and Innovation and the Council Recommendation on a Pact for Research and Innovation.

Albania explained that it is working on a National Strategy on Scientific Research, Technology and Innovation covering the period until 2030.

Albania presented that, in total, there are 15 public and 27 non-public higher education institutions and 20 in house research centres attached to line ministries in Albania. An inventory of research infrastructures in Albania still has to be made.

Regarding **the European Research Infrastructure Consortium (ERIC)**, Albania has participated in a Consortium of European Social Science Data Archives (CESSDA) with a project titled Consortium of South-East European Social Science Data Archive.

Albania's upcoming national gender equality plan will include measures to promote gender equality in

²⁰ based on Articles 185 and 187 TFEU

scientific research whilst many institutions already have their own plans in place. The new Law on Science introduces new requirements in this area aligned to EU legislation.

b. Commission assessment

Albania has not yet fully embraced the broadness of the ERA. Regarding, particularly the strategic advantage of participating in European Research Infrastructures has not been used to its full extent. To be able to do so, national capacity building efforts need to be completed first. Actively engaging in the ERA and in Research Infrastructures are a very effective way in gaining access to research and innovation resources that are not available in the Albanian eco-system.

Albania is invited to nominate observers to the ERA Committee and its sub-groups.

To fully integrate into the ERA, close cooperation between the private and public sector is required. Active participation in the structures governing European research and innovation schemes is essential for aligning national efforts, but also for sharing best practice.

II.C SUMMARY OF FINDINGS - FRAMEWORK PROGRAMME AND EUROPEAN RESEARCH AREA

III. FIGHT AGAINST CORRUPTION – RESEARCH AND SCIENCE

a. Country presentation

Albania's anti-corruption policy is defined by its Strategy against Corruption and its action plan for 2020-2023. A new strategy for the 2024-2030 period is being drafted and is expected to be adopted in 2024. Albania adheres to the international anti-corruption conventions, including the United Nations Convention Against Corruption.

In the area of **research and science**, the Ministry of Education and Sports is the main national authority tackling corruption within the sector and has appointed an anti-corruption coordinator. The ministry has introduced new measures to increase transparency and prevent corruption including an electronic register of requests and responses and a single contact point to denounce abuse of European Union funds²¹.

Amongst other measures, Albania has introduced the so-called whistle-blower system regulated by Law No. 60/2016. The Ministry of Education and Sports established a dedicated unit for whistle-blowers and whistle-blowers' protection in 2017.

Regarding the process of awarding grants, the National Scientific Research Grants are subject of an Internal Audit Unit established in each higher education institution and by the State High Audit institution. The Lecture Grant is monitored and audited by the Administration Board and the Internal Audit Unit established in each higher education institution. The grant is also subject to monitoring and auditing by Internal Audit Unit of the Ministry of Education, the Inspection and Financial Control Unit of the Ministry of Finance as well as the inspection of the State High Audit institution. The higher education institutions are obliged by law to adopt internal rules, which prevent and address corruption with research funds.

b. Commission assessment

Albania has a strategic and legal framework in place to tackle corruption in the area of science and research. Active monitoring and reporting will be key for the implementation and monitoring of the Strategy against Corruption and its action plan in the field of research and innovation. The awarding, implementation and monitoring of national grants should follow well established procedures²².

C. SUMMARY OF FINDINGS - FIGHT AGAINST CORRUPTION

²¹ <https://arsimi.gov.al/denonco-parregullsitekorrupsionin-per-fondet-e-be/>

²² e.g. the ones used for the implementation and monitoring of Horizon Europe or similar initiatives

Albania **has an effective framework** to prevent corruption in the area of Research and Science.

H) CHAPTER 26 – EDUCATION AND CULTURE

This chapter covers the areas education and training, youth, sport and culture, which are primarily the competence of the EU Member States. The Treaty on the Functioning of the European Union (TFEU) provides that the Union shall encourage cooperation between Member States and support and supplement their actions in these policy areas, while fully respecting their responsibility for the content of teaching, organisation of education and vocational education and training systems, and their national and regional cultural diversity. Member States need to have the legal, administrative and financial framework and necessary implementing capacity in place to ensure sound financial management of the education, training, youth, sport and culture programmes.

In the field of education, training, sport and youth, besides a Directive on Education of the Children of Migrant Workers²³ and the judgments of the Court of Justice of the European Union (CJEU) on cases related to non-discrimination between nationals of an EU Member State and other EU nationals, the *acquis* mainly consists of Council Recommendations in a number of areas related to school, vocational, higher and adult education, youth volunteering and mobility, numerous Council Conclusions and Resolutions.

The strategic framework for European cooperation in education and training towards the European Education Area and beyond 2021-2030 integrates all actions in the fields of education and training at European level. A key strategy for ensuring effective, high-quality and inclusive digital education is the Digital Education Action Plan (2021-2027).

A similar framework is set by a Council Resolution on the European Youth Strategy 2019-2027, aiming to improve the situation of young people in Europe by creating more and equal opportunities. The new EU Work Plan for Culture 2023-2026 sets out priorities to address the main challenges facing the cultural and creative sectors today and corresponding actions to address them. Finally, in the field of supports strategic priorities are covered by the EU Work Plan for Sport 2021-2024.

Three flagship EU programmes are in place for supporting the sectors in question. Erasmus+ is the EU programme on education, training, youth and sport. Creative Europe is the EU programme which brings together actions supporting the cultural and creative sectors. Finally, the European Solidarity Corps is the EU funding programme for projects engaging young people in solidary activities in a variety of areas.

I. EDUCATION AND TRAINING

I.A GENERAL EDUCATION AND TRAINING FRAMEWORK

a. Country presentation

A number of authorities are responsible for **education and training** in Albania in the different levels of pre-school, pre-university, higher education and vocational education and training. The Ministry of Education and Sports (MoES) bears the overall responsibility for developing the policy, preparing legal acts and bylaws as well as the implementation and progress monitoring of the National Education Strategy (NES) 2021-2026. Early childhood education and care (ECEC) is administered by local-government units under the supervision of two different government institutions, namely the Ministry of Health and Social protection for ages 0-3 and MoES for ages 3-6.

Regarding the **strategic framework**, Albania has developed a NES 2021-2026, which integrates both pre-university and university education in one strategy, and its respective Action Plan. A number of sectoral and cross-sectoral strategies have been adopted, including but not limited to the National Strategy for Employment and Skills (NESS) 2023-2030, the Digital Agenda of Albania 2022-2026, the National

²³ Council Directive 77/486/EEC of 25 July 1977 on the education of the children of migrant workers, OJ L 199, 6.8.1977, p. 32–33

Strategy for Youth 2022-2024, the National Plan for Persons with Disabilities 2021-2025, the National Action Plan for the Integration of Roma and Egyptian 2021-2025.

Education spending as share of GDP varies from 3,1% to 3,5% (2007-2023), which is lower than the EU average in 2022 (4.7%).

Regarding **inclusiveness**, Albanian Law no 18/2017 guarantees children's **right to free and quality education** with equal opportunities and non-discrimination. It extends this right to children who wish to pursue further education beyond compulsory schooling. A national legal framework concerning minority education has also been put in place. Furthermore, Albania's education legislation ensures that children with foreign citizenship, including EU citizens, have equal access to education without discrimination. The education of students with disabilities is effectuated on the basis of Law 69/2012. Inclusive education is also foreseen through the National Agenda for the Rights of Children 2021-2026, the National Plan for Persons with Disabilities 2021-2025 and the National Action Plan for the Integration of Roma and Egyptian 2021-2025.

The Quality Assurance Agency of pre-university Education (QAAPE) is responsible for guaranteeing and evaluating the performance of the public and private pre-university education system. It is also in charge of curriculum development professional development of employees and quality assurance of public and private pre-university education.

The Albanian Qualification Framework (AQF) is referenced to the European Qualifications Framework (EQF) and self-certified to the Qualifications Frameworks in the European Higher Education Area (QF-EHEA). The AQF includes lifelong learning (LLL) qualifications. Albania has signed the recognition of higher education qualifications in the Western Balkans and the recognition of professional qualifications for doctors, dentists and architects under the Cooperation at Regional level under the auspices of the Berlin Process - as part of the Common Regional Market (CRM) 2021-2024 Action Plan.

From 2014 onwards, a new **competency-based curriculum** has been implemented across the pre-university education system, coupled with improvements in student learning and assessment methodologies. Albania reports that training programmes have been developed to train teachers in student-centred teaching and competence-based learning, and that teachers are being progressively enrolled in these.

Albania has adopted a Digital Agenda 2022-2026, which addresses the development of **digital education** and digital skills as one of the four focal areas. This includes initiatives towards promoting the use of digital technologies in education, digital skills development, curriculum modification and inclusion of ICT in schools, and safer internet experience for young people.

Albania prioritises school **well-being**, emphasising mental and social health, recruiting more psycho-social workers, and addressing cyber bullying. Additionally, authorities recognise the significance of integrating sustainability into education and training, focusing on curricula, professional development of educators, and investing in green infrastructure and equipment.

Albania participates in the EU programme for education, training, youth and sport, Erasmus+, as a non-associated third country and benefits from its international dimension. A National Erasmus+ Office (NEO) was established in Albania in 2014 with the objective to assist the Commission, the Executive Agency, and the local authorities in the implementation of the Erasmus+ programme.

b. Commission assessment

Albania is **partially aligned** with the *acquis* in the field of education. Over the past two decades, Albania has undertaken important initiatives to enhance access to education and learning outcomes. Additionally, to further decentralise functions and improve service delivery, Albania has restructured key agencies overseeing educational support and external evaluation. Nonetheless, disparities in opportunities and outcomes persist across population groups. To maintain progress in developing students' key competencies, Albania needs to address a range of remaining challenges.

Education spending as a percentage of GDP and as a share of government expenditure has remained relatively stable over the past two decades with a downward trend observed in recent years. The Albanian authorities need to ensure that there is no mismatch between the ambition of the education reforms and the level of financing, including when it comes to budget allocation per education level, as well as improve efficiency of spending.

Regarding **inclusive education**, Albania needs to keep ensuring better access to education for ethnic minorities, such as Roma and Egyptians. This is a crucial step for the integration of these groups, the creation of new opportunities, and fostering social cohesion across all communities. In the past years, Albania has undertaken financial and non-financial measures to facilitate access and attendance of minority groups in all levels of education. However, Albania needs to scale up activities in order to ensure higher enrolment rates of these students as well as that they don't drop out once in education. Moreover, further efforts are needed to guarantee that they are up to speed with their peers in terms of educational outcomes.

Albanian **National Qualifications Framework** was referenced to the EQF in 2021. The Commission encourages the use of transparency tools of the EQF regarding indication of EQF level in the certificates and linkage of qualifications database to the Europass platform.

The successful implementation of the **competency-based curricula** relies on well-trained teachers, who can effectively engage with the curriculum and assess student performance in alignment with it. Progress has been made in teacher training in this regard. Additionally, an assessment framework was introduced in line with the curriculum reform. However, teachers need more support in implementing assessment practices reflecting the curriculum and in identifying and addressing learning gaps as students' progress through their education.

Moreover, the development of **digital skills** among learners should be coupled with coherent and strategic reforms and investments towards a high-performing digital education ecosystem, in particular digital infrastructure, equipment, content development and teacher training. Albania has taken targeted measures in this direction, but a more systemic and coordinated approach would be needed to ensure the effective and also inclusive digital transformation of the education and training systems.

Furthermore, more efforts are needed to ensure the quality of initial teacher training (ITT) and continuous professional development (CPD), including in terms of digital skills training.

Albania has identified the digital transformation of the education system as a priority and has put efforts in order to integrate the provision of digital skills in the curriculum as well as ICT, especially in pre-university education. It would be important to observe how these measures affect the overall levels of digital skills and competences among young people. Participation in the next cycle of the International Computer and Information Literacy Study (ICILS) 2028 would be useful to provide a diagnosis of the current levels of digital competence among 13-14 years-olds to compare the effectiveness of the policy measures over time.

I.B BASIC AND SECONDARY EDUCATION

a. Country presentation

Early childhood education and care (ECEC) is not mandatory. Attendance in early childhood education and care in Albania is about 82.9 in 2022. Basic education, covering primary and lower secondary education, is mandatory from six years old and lasts for nine years.

Upper secondary education is not mandatory for the age group of 15-18. High school dropouts are allowed to attend high school part-time during adulthood. The types of higher secondary education are gymnasium (general higher secondary education), vocational secondary education and oriented secondary education (artistic schools, sports schools, foreign language schools etc.).

In 2021-2022, the enrolment rate in pre-primary education was 78.8%, up from 72.9% the year before. As for the other educational levels, the enrolment rate in primary education in 2021-2022 was 88.3%, slightly

down on the year before (90.5%), while for lower secondary education it was 87.4% in 2021-2022 compared with 87.1% in the previous year. There has also been a decline in the enrolment rate of students in upper secondary education, at 77.6% in 2021-2022 compared with 78% in the year before.

In terms of **student performance**, the OECDs PISA evaluation of 2018, showed a high proportion of 15-year-olds failing to demonstrate basic proficiency (level 2) in reading, mathematics, and science. The results worsened between the two cycles of the evaluation. In the 2022 PISA evaluation, underperforming 15-years olds are as follows: 73.7 % in reading, 73.9% in maths and 67.4% in science. The average underperformance is 71.7%. This was a significant drop as compared to 2018 (29,7%).

Albania has put in place several measures to address the risk of early school dropouts including through an early warning system, a manual on early prevention system training monitoring, programmes for low achievers and second chance and part time programmes for vulnerable groups.

Moreover, Albania has built an Education Information Management System (EMIS), which aims at improving the education system by collecting and processing all information of pre-university education as well as increasing the level of digital interactivity of schools.

b. Commission assessment

Albania has made progress in increasing participation in **early childhood education and care (ECEC)**. However, more efforts are needed to raise further the enrolment rate and improve the quality of ECEC, especially in rural areas. Furthermore, Albanian government should intensify its efforts to reduce early school leaving and promote higher completion rates in upper secondary education.

In terms of **student performance**, findings from OECD PISA indicate that a significant number of students in Albania are not acquiring the basic skills in reading, mathematics, and science required to fully engage in a knowledge-based society after completing compulsory education. PISA 2022 results show a significant decline in performance in all three domains reversing the gains made until then. Although the 2022 results can be partially explained by the COVID-19 crisis situation, Albania needs to scale up its efforts to increase student performance, especially among those from disadvantaged families, living in rural areas, and belonging to ethnic minorities.

The EMIS developed has the potential to serve as a factual basis for evaluation and inform policymaking. However, to date, the system is not sufficiently utilised. Albania should prioritise the gathering of high-quality data and its application to improve policies and reveal implementation challenges of its educational reforms.

I.C HIGHER EDUCATION

a. Country presentation

On **higher education**, the system is organised in line with the Bologna Process. There are both public and private Higher Education institutions (HEIs), which fall under the same legislation. Special emphasis is given to internationalisation of higher education and broader involvement of Albanian universities in joint and double degrees. HEIs enjoy academic freedom, guaranteed by law, as well as financial, organisational and staff selection autonomy.

b. Commission assessment

Albania has been a full member of the Bologna Process since 2003, which is a foundation for alignment with the European Higher Education Area (EHEA). It is important to fully implement the Bologna key commitments and to align with the Rome Communiqué regarding the social dimension of higher education and fundamental academic values.

I.D SUMMARY OF FINDINGS – EDUCATION

Albania is **partially aligned** with the EU *acquis* on education and training. Albania is invited to ensure sufficient budget for education in line with its ambitions and targets. Further efforts are needed on inclusive education, the use of transparency tools of the EQF, competence-based education and digital skills. In the field of higher education, it is important to fully implement the Bologna key commitments and to align with the Rome Communiqué.

II. VOCATIONAL EDUCATION AND TRAINING

a. Country presentation

The policy framework for the VET system in Albania concerns the National Strategy for Employment and Skills (NESS) 2023-2030 which includes the Youth Guarantee Plan. The legislative framework includes three laws (and sublegal acts) including one on the Qualifications framework as amended in 2018. The Governance of the VET system at national level includes the National Agency for VET and Qualifications (NAVETQ) and the National Agency for Employment and Skills (NAES) under the Ministry of Finance and Economy and the Ministry of Education and Sports. Of the upper secondary education about 17,7% of students participated in VET in 2021-2022. The qualification framework includes right now only formal qualifications. Albania foresees to include non-formal qualification for VET. Micro-credentials are currently not introduced.

Scholarship for girls and awareness raising is foreseen.

The Roadmap for a modernised ICT VET system is approved in 2022. Both digital and green skills are integrated in VET qualifications. As part of the Osnabrück declaration, the National Implementation Plan started implementation in 2022 in the context of the NESS. Based on Law no. 15/2017 on Education and Vocational Training, the VET system operates based on the principle of governing and financial autonomy of VET providers, as well as cooperation with various public and non-public entities and in particular with social partners. There are four sources of funding, namely the state budget, income generated by public VET providers, donor contribution and sponsorship.

b. Commission assessment

Regarding Vocational Education and Training (VET), the legislation on financial autonomy of VET providers was adopted but the legislation implementing the 2017 VET Law is not yet complete. Further reinforcement of the National Agency for Employment and Skills and the National Agency for VET and Qualifications will be important, including through provision of additional human resources and strengthened roles and functions.

The country should ensure sufficient resources for the optimisation of the VET system in line with the needs of the labour market. Participation of girls and vulnerable groups should improve. Further capacity building is necessary, increasing numbers of VET teachers trained in basic didactics, covering pedagogical, assessment, soft and digital skills. Furthermore, the country should be encouraged to ensure the current skills development and employment policy is utilised to expand Lifelong Learning opportunities, increase tailored measures for those not in employment, education or training (NEETs), broaden digital skills as well as continue strengthening service quality and inclusion..

C. SUMMARY OF FINDINGS – VOCATIONAL EDUCATION AND TRAINING

Albania is **partially aligned** with the EU *acquis* on VET. The legislation implementing the 2017 VET Law is not yet complete. Further reinforcement of the National Agency for Employment and Skills and the National Agency for VET and Qualifications is important. Increasing numbers and quality of VET teachers will be crucial.

III. YOUTH

a. Country presentation

Youth (15-29 years old) represents 22.03% of the total population of Albania. The Albanian Parliament officially passed the Youth Law in 2019 aiming to reform the landscape of national and local youth policy development, youth work, youth engagement, and empowerment. The Youth Law introduces changes to Albania's institutional framework and state policies concerning young people, including the establishment of the Youth Ombudsman, the creation of a National Youth Coordinator Office, the implementation of a youth quota for political representation and decision-making, the allocation of a more substantial and dedicated budget for youth-related initiatives, and the inception of a novel national and local mechanism to support Albanian youth.

The National Youth Strategy 2022-2029 and its Action Plan was approved through Decision of the Council of Ministers No. 692, dated 26.10.2022, following a large-scale public consultation. The Youth Guarantee scheme is in the design phase. Authorities plan to start its piloting phase in 2024.

Albania has a Minister of State for Youth and Children. Its responsibilities include drafting and implementing policies aimed at protecting the rights of young people, guaranteeing the participation of young people in social life and coordination of issues related to protection, care, health, the well-being and good education of children. The National Youth Agency is an advisory body to the Minister. Further, Albania has a National Youth Council, local youth Councils and municipal officers in each municipality.

b. Commission assessment

In the field of youth, the launch of the new 2023-2030 national strategy on employment and skills and the new 2022-2029 national youth strategy, as well as the national Youth Guarantee Implementation Plan all place an emphasis on increasing the skills of young people through improved VET and particularly their transition to work upon graduation. Measures envisaged to support digital literacy need to be continued and strengthened.

Due to the unforeseen challenges posed by the COVID-19 pandemic, the full implementation of the Youth Law experienced delays. However, it is important to note that substantial progress has been achieved. Through collaborative efforts with the National Youth Strategy and its Action Plan, this law provides a positive framework at national level for shaping youth policies that ultimately benefit the well-being of young people and youth civil society organisations.

The introduction of the Youth Law and the effective coordination of Tirana's role as the European Youth Capital in 2022 have inspired and enabled young people to engage in youth work activities, non-formal learning, volunteerism, and social entrepreneurship. Prioritising youth work and adhering to the European Youth Work Agenda are central objectives. In partnership with the youth work community of practice, a comprehensive set of initiatives is to be developed to explore educational paths for youth workers and to establish mechanisms for recognising the significance of youth work in Albania.

C. SUMMARY OF FINDINGS – YOUTH

Albania is partially aligned with the EU <i>acquis</i> on Youth. Substantial progress has been achieved. Albania is invited to continue prioritising youth work and adherence to the European Youth Work Agenda are central objectives.
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IV. SPORTS

a. Country presentation

The **institutional structure** for Sports includes the Ministry of Education and Sport, which has a Deputy Minister responsible for sport and the Sports Service Agency. Albania has a Higher Council of Sports. Every municipality has a sport sector or directory. Albania's policies on sport includes three main pillars regarding the sports integrity, the economic dimension of sport and the role of sport in social terms (health, education and social inclusion).

Albania has ratified and adopted several anti-doping legislations including ratification of the European Antidoping Convention (1989) and the International Convention Against Doping in Sports (2005). Albania also has a National Anti-Doping Organisation of Albania.

b. Commission assessment

Albania has been an active participant in the Europe-wide #BeActive campaign, including the organisation of the European Week of Sport which aims to get citizens moving and make them lead healthier lifestyles.

In 2023, Albania reached about 15 000 participants during the European Week of Sport. Cooperation with the Albanian Directory of Sports in the MoES has been professional.

C. SUMMARY OF FINDINGS – SPORTS

Albania **makes good progress** in the field of sports and is invited to continue alignment with the EU Sports acquis.

V. CULTURE

a. Country presentation

Albania has a ministry in charge of culture. The country has a National Strategy for Culture (2019-2025) which is under implementation. It includes five priorities: (1) improving and expanding the cultural market, (2) supporting the culture creativity of artists, (3) preservation and protection of cultural heritage, (4) promotion and representation of Albanian art abroad, and (5) creation of an educational platform through culture. Albania works on the improvement of the legal framework in the field of cultural heritage. Albania ratified the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions in 2006. Regarding cultural heritage and its resilience to climate change, a network of institutions from the cultural heritage field was established after the 2019 earthquake in Albania. Under the National Strategy for Culture (2019-2025), a dedicated group of experts responds to risks to cultural heritage assets, including climate change.

Albania has participated in the Creative Europe programme since 2014. Following the adoption of the law on audiovisual media, Albania has fully joined the Creative Europe Programme in 2023. A Creative Europe Desk (CE Desk) has been set up in Albania to provide support to promote the programme for artists, cultural organisations, cultural entrepreneurs, media and audio-visual professionals.

b. Commission assessment

Albania is **partially aligned** with the EU *acquis* on culture. The implementing legislation of the Law on Cultural Heritage and Museums is still to be finalised.

C. SUMMARY OF FINDINGS – CULTURE

Albania **is making progress** in the EU *acquis* on culture and is invited to continue its work in this area. Overall, Albania is committed to the EU policy and principles guiding its cultural policies.

VI. FIGHT AGAINST CORRUPTION – EDUCATION AND CULTURE

a. Country presentation

Based upon the national framework to prevent and fight corruption, the MoES has built its anticorruption measures related to education on three pillars, namely transparency (digitalisation, online services, transparency programme), monitoring and auditing and integrity (integrity plan, code of ethics, anti-corruption coordinator, responsible authority for Conflict of Interest).

b. Commission assessment

Enhancing the autonomy and transparency of public administration is crucial for improving Albania's education system. The MoES has taken steps in this direction, however greater efforts are needed to

efficiently manage the resources offered by donors and funding from the state budget.

Albania has taken measures to address the politicisation of appointments, such as introducing open competitions for selecting school principals. Nevertheless, at present, the selection of school principals and appointments within key educational agencies is reportedly still susceptible to political influence. It is important for Albania to guarantee merit-based appointments, ensuring that the most qualified candidates with proven experience and competence are chosen and retained in these positions.

C. SUMMARY OF FINDINGS – FIGHT AGAINST CORRUPTION

Albania **is making progress in this area** but is invited to further increase efforts. In particular greater efforts are needed to efficiently manage the resources offered by donors and funding from the state budget. At present, the selection of school principals and appointments within key educational agencies is reportedly still susceptible to political influence.

I) CHAPTER 29 – CUSTOMS UNION

The Treaty on the Functioning of the European Union establishes in Art. 3 that the Customs Union is an exclusive competence of the European Union. Despite the Customs Union being an exclusive competence Member States play an important role in the implementation of this policy.

The customs union *acquis* mainly consists of legislation which is directly binding on the Member States. It ensures the functioning of the customs union and the effective protection and control of its external borders. It includes the Union Customs Code (UCC) and its implementing legislation, the Combined Nomenclature, common customs tariff and provisions on tariff classification, customs duty relief, duty suspensions and certain tariff quotas, and other provisions such as those on customs control of intellectual property rights infringing goods, drugs precursors, cultural goods, as well as on mutual administrative assistance in customs matters and transit.

The Union Customs Code (UCC) - Regulation (EU) No 952/2013 lays down the Union Customs Code. It is complemented Commission Delegated Regulation (EU) 2015/2446 Supplementing Regulation (EU) No 952/2013 as Regards Detailed Rules Concerning Certain Provisions of the Union Customs Code (Delegated Regulation) and Commission Implementing Regulation (EU) 2015/2447 laying down Detailed Rules for Implementing Certain Provisions of Regulation (EU) No 952/2013 (Implementing Regulation).

Member States must ensure that the necessary implementing and enforcement capacities, including links to the relevant EU computerised customs systems²⁴ are in place. The customs services must also ensure adequate capacities to implement and enforce special rules laid down in related areas of the *acquis* such as external trade, health, and security provisions.

I. CUSTOMS LEGISLATION

I.A. GENERAL CUSTOMS RULES

a. Country presentation

On general customs rules, the core pieces of Albanian customs legislation are the Customs Law (Law no. 102/2014) and its implementing act - Decision of the Council of Ministers on Implementing Provisions of Law no. 102/2014 (DCM No. 651/2017). Other laws and international agreements complement the legislation in this area. The EU legislation includes provisions of the UCC, Delegated Regulation and Implementing Regulation.

b. Commission assessment

Albania is **partially aligned** with the EU *acquis* in this area. In particular, it's "scanning fee" is not aligned with the rules in Article 52 of the UCC.

I.B. CUSTOMS DEBT AND GUARANTEES

a. Country presentation

As regards **customs debt**, Albania's applicable legislation is the Customs Law and its implementing act (DCM no. 651). The EU legislation includes provisions of the UCC, Delegated Regulation and Implementing Regulation.

b. Commission assessment

There is a **high level of alignment** with the EU *acquis* on customs debt, except for the rules concerning

²⁴ For example: the Integrated Tariff Environment (TARIC), the New Computerised Transit System (NCTS), export and import controls (ECS – Export Control System, ICS - Import Control System), etc.

guarantees for a potential or existing customs debt (Art. 89 of the UCC, general provisions).

I.C. CUSTOMS TARIFF, CLASSIFICATION OF GOODS AND BINDING TARIFF INFORMATION (BTI)

a. Country presentation

In the area of **customs tariff**, classification of goods and Binding Tariff Information (BTI), Albania's legislation is comprised of the Customs Law, Law no. 35/2012 on the Accession of the Republic of Albania to the International Convention on the Harmonised System of Codification and Description of Goods and provisions of the older implementing act to the Customs Code (DCM no. 205 of 13 April 1999). It is further complemented by Law no. 9461/2005 on the Combined Nomenclature of Goods and the Integrated Customs Tariff, Law no. 9981/2008 on the Adoption of Customs Tariff Levels and an implementing act on the combined nomenclature of goods. The EU legislation includes provisions of the UCC, Delegated Regulation and Implementing Regulation, Council Regulation (ECC) no. 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff and Commission Implementing Regulation (EU) 1998/2022 amending Annex I to the Council Regulation (ECC) No 2658/87.

Albania uses only ad valorem rates.

b. Commission assessment

There is a **partial alignment** with the EU *acquis* in this area. Provisions that are not fully aligned with the EU *acquis* relate to EU-specific general provisions, use of simplified statistical declarations for complete industrial plants, use of specific codes for passenger goods of not commercial nature, and user guides for the country's tariff application (TARISH) need to be aligned to those of Integrated Tariff Environment (TARIC).

I.D. PREFERENTIAL AND NON-PREFERENTIAL ORIGIN AND BINDING ORIGIN INFORMATION (BOI)

a. Country presentation

In relation to preferential and non-preferential origin and Binding Origin Information (BOI), Albania's legislation includes the Customs Law and its implementing act. In addition, it also includes international agreements: in particular the Regional Pan-Euro-Mediterranean (PEM) Convention on Rules of Origin. PEM rules of origin apply to the country's Free Trade Agreements (FTAs) with the EU, CEFTA, EFTA parties and Türkiye. Similar preferential rules of origin apply for trade with the United Kingdom.

EU legislation includes provisions of the UCC, Delegated Regulation and Implementing Regulation, and Regulation (EU) no. 978/2012 Applying a Generalised Scheme of Preferences.

b. Commission assessment

Albania is **partially aligned** with the EU *acquis* in this area. It is aligned with the *acquis* on non-preferential origin, except for provisions on certification of non-preferential origin. As regards preferential origin, Albania is, like the EU, party to the PEM Convention.

However, Albania does not apply a system of Generalised System of Preferences (GSP) to other countries, being itself a beneficiary country and is **not aligned** with that part of the EU *acquis*.

Albania is also **partially aligned** with the EU BOI rules.

I.E. CUSTOMS VALUATION

a. Country presentation

On **customs valuation**, Albania's legislation is comprised of the Customs Law and its implementing legislation act. The World Trade Organisation Agreement on Customs Valuation is directly implemented in the national legislation. The EU legislation on customs valuation is contained in provisions of the UCC, Delegated Regulation and Implementing Regulation.

b. Commission assessment

There is a **high level of alignment** with the EU *acquis* on customs valuation.

I.F. TARIFF MANAGEMENT

a. Country presentation

As regards **tariff management**, Albania's legislation consists of the Customs Law and its implementing legislation act. In addition, for preferential tariff quotas, specific provisions are included in the international agreements (Stabilisation and Association Agreement, FTA with Turkey, Partnership Agreement with the UK).

EU legislation includes provisions of the UCC, Delegated Regulation and Implementing Regulation. Furthermore, it comprises two Council Regulations, opening and providing for the management of autonomous tariff quotas of the Union for certain agricultural and industrial products and suspending the Common Customs Tariff duties on certain agricultural and industrial products, which are updated every six months to accommodate the needs of the Union. In the field of reliefs from customs duty, the EU *acquis* also includes Council Regulation (EC) No 1186/2009 Setting up a Community System of Reliefs from Customs Duty.

b. Commission assessment

There is a **high level of alignment** with the provisions of the EU *acquis* related to the management of tariff quotas and those concerning the fulfilment of the conditions for the introduction of autonomous tariff suspensions. The non-aligned provisions concern the management of tariff quotas.

As concerns reliefs from customs duty, Albania is **partially aligned** with Council Regulation (EC) no. 1186/2009.

I.G. CUSTOMS PROCEDURES FOR IMPORT AND EXPORT

a. Country presentation

In the area of **customs procedures for import and export**, Albania's legislation is comprised of the Customs Law and its implementing act. EU legislation includes provisions of the UCC, Delegated Regulation and Implementing Regulation.

b. Commission assessment

Albania has a **high level of alignment** with the EU *acquis* in this area. Albania is invited to work on the alignment of its guidance and manuals on customs simplification with the EU guidance.

I.H. TRANSIT

a. Country presentation

In relation to transit, Albania's legislation consists of the Customs Law and its implementing act. The EU legislation includes provisions of the UCC, Delegated Regulation and Implementing Regulation.

b. Commission assessment

There is a **low level of alignment** with the EU *acquis* in this area. Albania is in the initial phases of preparation to join the Convention on a Common Transit Procedure (CTC) and the Convention on the Simplification of Formalities in Trade in Goods. Work on the legal alignment and on setting up the relevant IT systems (NCTS) started, with the expected completion of the main project in December 2025. Albania aims to be ready to join the CTC by the end of 2028. Albania is encouraged to regularly participate and make full use of its observer status in the EU CTC Working Group.

I.I. SPECIAL PROCEDURES OTHER THAN TRANSIT

a. Country presentation

On **special procedures** other than transit, Albania's legislation includes the Customs Law, complemented by its implementing act.

EU legislation includes provisions of the UCC, Delegated Regulation and Implementing Regulation.

b. Commission assessment

There is a **high level of alignment** with the EU *acquis* in this area. Albania expects that the implementation of new IT systems in this area, required for the accession, will be finalised by the end of 2027.

I.J. AUTHORISED ECONOMIC OPERATORS (AEOs)

a. Country presentation

As regards **Authorised Economic Operators (AEOs)**, Albania's legislation is comprised of the Customs Law and its implementing legislation act. A CEFTA monitoring mission deemed the AEO programme compliant with CEFTA Additional Protocol 5 on Trade Facilitation.

EU legislation includes provisions of the UCC, Delegated Regulation and Implementing Regulation.

b. Commission assessment

There is a **high level of alignment** with the EU *acquis* in this area.

I.K. CONTROLS OF BAGGAGE OF AIR AND SEA PASSENGERS

a. Country presentation

In the area of **controls of baggage** of air and sea passengers, Albania's legislation consists of the Customs Law, its implementing legislation act and Law no. 22/2020 amending the Law on Border Control. EU legislation includes provisions of the UCC, Delegated Regulation and Implementing Regulation as well as the Council Directive 2004/82/EC on the Obligation of Carriers to Communicate Passenger Data.

b. Commission assessment

Albania has a **high level of alignment** with the EU *acquis* in this area.

I.L. RISK MANAGEMENT

a. Country presentation

In relation to **risk management**, Albania's legislation includes the Customs Law and its implementing act. The EU legislation includes provisions of the UCC.

b. Commission assessment

There is a partial alignment with the EU *acquis* in this area. Albania is encouraged to focus more on the non-financial risks analysis. For this purpose, development of a fully automatic IT system for processing entry and exit summary declarations should be prioritised, together with sharing of automated information with other authorities.

I.M. CUSTOMS ENFORCEMENT OF NON-CUSTOMS LEGISLATION

A. Country Presentation

On customs enforcement of non-customs legislation (legislation that is discussed under other negotiation chapters, including intellectual property rights (IPR), cultural goods, cash controls, drug precursors, dual use goods, EU integrated list of prohibitions and restrictions and other controlled goods) the level of alignment depends on Albania's alignment with the EU *acquis* in the respective negotiation chapters.

Indicatively, Albania harmonised to a large extent its legislation concerning customs enforcement on IPR

and dual use goods. There is partial alignment on cultural goods, cash controls, drug precursors and other controlled goods and substances. Customs authorities also implement these prohibitions and restrictions from the EU list that are implemented in the national law. Albania is advised to consult the last EU integrated list (January 2022).

b. Commission assessment

Albania has different levels of alignment depending on the area.

I.N. SUMMARY OF FINDINGS – CUSTOMS LEGISLATION

Albania has achieved significant progress in its alignment with the EU customs *acquis*. The country has notably achieved a **high degree of alignment** on customs debt, customs valuation, customs procedures for import and export, special procedures other than transit, Authorised Economic Operators and controls of baggage of air and sea passengers.

Efforts are still necessary to **further align** the legislation on general customs rules, customs tariff, classification of goods and binding tariff information, preferential and non-preferential origin and binding origin information, tariff management, risk management, cultural goods and cash controls.

Albania needs to **substantially improve its alignment** with the EU legislation on transit and join the Convention on a Common Transit Procedure (CTC).

II. ADMINISTRATIVE AND OPERATIONAL CAPACITY

II.A. ORGANISATION OF THE CUSTOMS ADMINISTRATION

a. Country presentation

On **organisation** of the customs administration, the Customs Administration of Albania is an independent legal entity (Directorate General of Customs) under the supervision of the Ministry of Finance and Economy. It is headed by a Director General and, at the end of 2022 had 1 074 employees. The Customs Administration operates 18 customs houses, 12 of which are at the border crossing points (including two airports and four ports). All customs houses at border crossing points operate 24 h/7 days a week.

Fees for customs procedures are paid for some services, e.g., clearance outside of working hours of the customs office or outside customs premises.

A 2023-2027 development strategy and action plan of the Customs Administration is in place.

b. Commission assessment

The country's administrative and operational capacities are adequate to perform current customs law implementation and enforcement tasks. However, in view of increasing responsibilities and future obligations deriving from the application of the EU *acquis*, further capacity building and staff recruitment, in particular in the IT area, is necessary.

Regarding **fees**, the so called "scanning fees" (22 EUR or 5 EUR when the declared value of goods is below 1 000 EUR) are levied on any import declarations, in breach of the Stabilisation and Association Agreement, which prohibits customs duties or charges with an equivalent effect on trade between the EU and Albania.

II.B. ADMINISTRATIVE COOPERATION

a. Country presentation

As regards **administrative cooperation**, the legal framework is based on Art. 100 of the Albanian Constitution and the Law 8371 /1998 on Signing of Treaties and International Agreements. International agreements ratified by the Republic of Albania include notably the Stabilisation and Association Agreement

Protocol 6 on Mutual Administrative Assistance in customs matters.

The EU *acquis* consists of the Council Regulation (EC) 515/97 on Mutual Assistance Between the Administrations of the Member States and Cooperation between the Latter and the Commission to Ensure the Correct Application of the Law on Customs and Agricultural Matters as amended, Council Decision 2009/917/JHA on the Use of Information Technology for Customs Purposes, Convention Drawn up on the basis of Article K.3 of the Treaty on European Union on Mutual Assistance and Cooperation Between Customs Administrations (Naples II) and provisions related to the Customs Union EU – Andorra and EU - San Marino.

b. Commission assessment

Albania is **partially aligned** with the EU *acquis* in this area. Protocol 6 of the Stabilisation and Association Agreement on mutual administrative assistance in customs matters is fully applied. Council Regulation (EC) 515/97, Council Decision 2009/917/JHA, Naples II Convention will be applied with the accession to the EU. Nonetheless, many provisions of these laws are in practice incorporated in the national legislation, in particular as regards the Customs administration competences and powers to act in the national territory, powers to gather information, its processing and analysing. **Non-aligned** (non-existing in the national law) provisions concern areas specific for the EU customs: powers concerning enforcement of laws in agricultural matters, exchange of liaison officers with other Member States, authorization to the customs officers to cross into another Member State in case of hot pursuit (cross border pursuit of suspects), cross-border surveillance, covert investigations and handling of personal information in the EU's Customs Information System (CIS). Provisions related to the customs unions EU – Andorra, EU-Turkey and EUSan Marino will be applied with the accession to the EU.

II.C. IT SYSTEMS IN OPERATION AND IMPLEMENTATION OF THE UNION CUSTOMS CODE IT WORK PLAN

a. Country presentation

In the area of **IT systems** in operation and implementation of the Union Customs Code IT work plan.

EU legislation includes Commission Delegated Regulation (EU) 2016/341 supplementing Regulation (EU) no 952/2013 as Regards Transitional Rules for Certain Provisions of the Union Customs Code where the Relevant Electronic Systems are not yet Operational and Amending Delegated Regulation (EU) 2015/2446, Commission Implementing Decision (EU) 2019/2151 Establishing the Work Programme Relating to the Development and Deployment of the Electronic Systems Provided for in the Union Customs Code, Commission Implementing Regulation (EU) 2021/414 on Technical Arrangements for Developing, Maintaining and Employing Electronic Systems for the Exchange and Storage of Information under Regulation (EU) no 952/2013 and Regulation (EU) 2022/2399 establishing the European Union Single Window Environment for Customs and amending Regulation (EU) no 952/2013.

b. Commission assessment

Albania **has a low level of alignment** in the area of IT systems in operation and the implementation of EU customs IT systems in accordance with the EU Multi-Annual Strategic Plan for electronic Customs (MASP-C). Albania plans to reach first milestones related to the IT development in 2024-2026. Gradual alignment and implementation of other IT systems is planned to be achieved between 2027-2028. Authorities need to approve a new order that amends Order no. 27 dated 25.01.2018 “On the approval of the work plan in connection with the development of customs information systems”, which will align with the Commission Implementing Decision (EU) 2019/2151 of 13 December 2019 establishing the work programme relating to the development and deployment of the electronic systems provided for in the Union Customs Code.

II.D. SUMMARY OF FINDINGS – ADMINISTRATIVE AND OPERATIONAL CAPACITY

The administrative and operational capacity of Albania is adequate to perform its existing customs tasks but will need to be reinforced ahead of the accession, in particular in the IT area.

Albania needs to continue developing and upgrading its existing IT systems, in line with the Multiannual Strategic Plan for electronic Customs, to provide for alignment with the EU customs systems. Sufficient financial resources need to be assigned to all ongoing and planned IT projects.

III. FIGHT AGAINST CORRUPTION – CUSTOMS UNION

a. Country presentation

In relation to **fight against corruption**, primary legislation includes Criminal Code (Law no. 7895/ 1995, with later amendments, which includes special provisions on corruption), Administrative Procedures Code (Law No 44/2015), Law 152/2013 on Civil Servants and Anti-Money Laundering Law no. 120/2021. These laws are complemented by legislation on whistle-blowers and whistle-blower's protection (Law No. 60/2016), Law no. 9643/2006 on Public Procurement and Law on the Prevention of the Conflict of Interests in the Exercising of Public Functions (Law no. 9367/2005) and, as regards the area of customs, specific provisions of the Customs Law.

The anti-corruption and professional standards department of the Customs Administration employs five persons and investigates possible cases of corruption denounced by citizens, economic operators or based on information received from inside the institution. The code of ethics for the customs officers is in place. A customs green number for reporting corruption is publicly available. In the years 2020-2022, 67 cases of alleged corruptive practices were referred to the prosecution, while further 114 disciplinary cases were related to smuggling violations.

In the last years there is a strong decrease in the number of cases of alleged corruption and administrative irregularities. This is attributed to the digitalisation of many of the customs processes, increased transparency and more limited possibilities of personal contact with the customs officers. Asset declarations need to be filled by new customs officials or, in the case of senior management, on annual basis. Any employee also needs to give consent for the periodical control of their assets.

b. Commission assessment

Albania has anti-corruption structures and measures in place to prevent corruption. The standards of professional integrity and anti-corruption are consistently applied.

C. SUMMARY OF FINDINGS – FIGHT AGAINST CORRUPTION

Albania has anti-corruption structures and measures in place to prevent corruption.

