

NATIONAL PLAN FOR EUROPEAN INTEGRATION

2022 – 2024

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PART 1: INTRODUCTION

EU Integration

The European integration is the geostrategic and political objective of Albania, which is at the core of its domestic and foreign policy. This strategic objective is based on the will and full support of the Albanian citizens and as defined, in the resolutions of the Albanian Parliament of April 11, 2019, October 3, 2019 and June 18, 2020, on Albania's progress on the road to the European Union and the opening of accession negotiations.

Based on the priorities of the Program of the Albanian Government for the period 2021 – 2025, the priority of Albania's foreign policy is to advance faster towards Albania's accession to the EU. Our short-term priority for 2022 is to receive the positive decision for the concrete start of negotiations through the organisation of the first Intergovernmental Conference, after the political decision of March 2020 on the opening of negotiations.

Albania became part of the Stabilisation and Association Process, announced for Southeast European countries at the Zagreb Summit in 2000.

Albania signed and ratified in 2006 the Stabilisation and Association Agreement with the European Communities and their Member States, which entered into force on 1 April 2009. As set out in Article 1 thereof, the Stabilisation and Association Agreement aims at "... to support the efforts of Albania to strengthen democracy and the rule of law; to contribute to the political, economic and institutional stability in Albania, as well as to the stabilisation of the region; to provide an appropriate framework for political dialogue, allowing the development of close political relations between the Parties; to support the efforts of Albania to develop its economic and international cooperation, also through the approximation of its legislation to that of the Community; to support the efforts of Albania to complete the transition into a functioning market economy, to promote harmonious economic relations and develop gradually a free trade area between the Community and Albania; to foster regional cooperation in all the fields covered by this Agreement".

Article 70 of the SAA defines the approximation of the domestic legislation with that of the European Union. The preparation of the National Plan for European Integration is an expression of this obligation that Albania is fulfilling from 2014.

The National Plan for European Integration has reflected from year to year, the increased commitment of Albania, in accordance with its status vis-a-vis the EU, to approximate the EU legislation, in order to achieve a legal and normative framework and standards that will enable it to take over the obligations of accession.

The European Council in June 2014 granted to Albania the status of candidate country for European Union membership.¹

After two positive recommendations from the European Commission, respectively in the Report for Albania in 2016, published on 9 November 2016² and the Report on Albania³ and the Enlargement Strategy 2018⁴, published on 17 April 2018, the EU General Affairs Council of 26 June 2018, agreed to respond positively to the progress made by Albania and set the path towards opening the accession negotiations in June 2019.

Based on the political mandate of the Council of June 2018, the European Commission initiated in October 2018, the explanatory meetings as part of the screening process, as the first step of accession negotiations. The screening process began with the explanatory meeting of Chapter 23 – Judiciary and Fundamental Rights, in September 2018. The explanatory meetings for all the negotiating chapters were completed within 2019.

The explanatory meetings were a major step forward that gave a new impetus to the approximation of the Albanian legislation with that of the European Union. Following the explanatory meetings, Albania initiated the preparations for bilateral meetings, which started with the analysis of the legal, administrative and institutional gaps compared to the EU legislation according to the negotiating chapters. These preparations were accelerated further during 2020 and 2021.

During 2019, despite the fact that the European Commission, in the Enlargement Package of 29 May 2019, again recommended to the Council the unconditional opening of membership negotiations, as it did in the 2018 Enlargement Package⁵, the meetings of the General Affairs Council of the Union European Union, of June 18, 2019 and October 17-18, 2019, did not take any decision on Albania's progress in the accession negotiation process.⁶

On 2 March 2020, the European Commission in its updated Report assessed that Albania had stepped up its efforts and achieved other tangible and sustainable results in the key areas identified in the Council Conclusions of June 2018. Therefore, in line with recommendation of the 2019 Enlargement Package, the Commission recommended the opening of accession negotiations.

On 25 March 2020, the European Council decided to open the accession negotiations with the Republic of Albania, in light of the progress achieved on reforms and the fulfilment of the

¹ <https://data.consilium.europa.eu/doc/document/ST-8288-2014-INIT/en/pdf>

² https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20161109_strategy_paper_en.pdf

³ <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20180417-albania-report.pdf>

⁴ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20180417_strategy_paper_en.pdf

⁵ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-communication-on-eu-enlargement-policy_en.pdf

⁶ <https://www.consilium.europa.eu/media/41123/17-18-euco-final-conclusions-en.pdf>

conditions set unanimously by the Council in June 2018. The Council in its conclusions assessed that Albania had demonstrated its determination to advance the EU reform agenda and had delivered tangible and sustained results, fulfilling the conditions identified by the June 2018 Council for the opening of accession negotiations.⁷

The Council determined that the first intergovernmental conference should be convened as soon as possible after the adoption of the negotiating framework by the Council, provided that Albania by then has:

- adopted the electoral reform fully in accordance with OSCE/ODIHR recommendations, ensuring transparent financing of political parties and election campaigns;
- ensured the continued implementation of the judicial reform, including ensuring the functioning of the Constitutional Court and the High Court, taking into account relevant international expertise including applicable opinions of the Venice Commission;
- finalised the establishment of the anti-corruption and organised crime specialised structure;
- further strengthened the fight against corruption and organised crime, including through cooperation with EU Member States and through the action plan to address the Financial Action Task Force (FATF) recommendations.

The Commission presented to the Council its proposals for the negotiating framework with Albania and North Macedonia on 1 July 2020. These proposals integrated and further developed the reinforced approach to the enlargement process.

On 6 October 2020, the Commission published its Report on Albania⁸ and the Enlargement Strategy of the European Union⁹. In the Enlargement Strategy, the Commission assessed that “Albania has advanced towards its strategic goals with the Council’s decision to open EU accession negotiations. ... Albania has made decisive progress and is close to meeting the conditions set by the Council in view of the first Inter-Governmental Conference”.

On 1 January 2021, Portugal took over the Presidency of the Council of the EU for the first half of 2021 (January – June 2021). The Portuguese Presidency of the Council of the EU included the topic of enlargement in its priorities, based on a commitment made in the framework of the EU Presidency Troika. The goal was to organise the first Intergovernmental Conference with Albania and Northern Macedonia as soon as possible, within the mandate of the Portuguese Presidency.

On March 1, 2021, the 11th meeting of the Stabilisation and Association Council was held in Brussels with the participation of the Prime Minister Edi Rama and the EU High Representative for Foreign Affairs and Security Policy, Josep Borrell. The 11th Stabilisation and Association

⁷ <https://data.consilium.europa.eu/doc/document/ST-7002-2020-INIT/en/pdf>

⁸ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/albania_report_2020.pdf

⁹ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20201006-communication-on-eu-enlargement-policy_en.pdf

Council took stock of Albania's progress in implementing the Stabilisation and Association Agreement, including the fight against corruption and organised crime, etc., following the adoption of the March 2020 Council decision to open negotiations for Albania and Northern Macedonia. Albania reaffirmed its commitment to continue fulfilling reforms related to European integration. The European Union reaffirmed that Albania had met the conditions for the holding of the first Intergovernmental Conference as soon as possible after the approval of the negotiating framework. The meeting confirmed as well, the continuation of the European Union's priority partnership with the countries of the Western Balkans, the continuation of EU support in overcoming the consequences of the pandemic and the provision of COVID-19 vaccines.

On 1 July 2021, Slovenia took over the Presidency of the Council of the EU for the second half of 2021 (July – December 2021). The Slovenian Presidency of the Council of the EU included the topic of enlargement in its Presidency priorities, with the aim of holding the first Intergovernmental Conference with Albania and Northern Macedonia as soon as possible, within its mandate.

On 15 September 2021, the EU adopted the Instrument for Pre-Accession Assistance 2021 – 2027 (IPA III). IPA III has a budget of 14.2 billion euro to support the implementation of reforms related to the accession process of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, Northern Macedonia, Serbia and Turkey. The adoption of this instrument paved the way for the implementation of the Economic and Investment Plan for the Western Balkans, which sets out a substantial investment package mobilising around 30 billion euro for the region over the next seven years, amounting to one third of GDP of the region. This consists of 9 billion euro in grants and 20 billion euro from the new Western Balkans Guarantee Facility.

On October 6, 2021, the European Union – Western Balkans Summit took place in Slovenia. At the end of the meeting, the leaders of the European Union and its member states, in consultation with the leaders of the Western Balkans, adopted a statement which in its first point stated “The EU reaffirms its unequivocal support for the European perspective of the Western Balkans and welcomes the commitment of the Western Balkans partners to the European perspective, which is in our mutual strategic interest and remains our shared strategic choice. The EU reconfirms its commitment to the **enlargement** process and its decisions taken thereon, based upon credible reforms by partners, fair and rigorous conditionality and the principle of own merits. We will further intensify our joint engagement to take forward the region's political, economic and social transformation, while acknowledging the progress made by the Western Balkans. We also recall the importance that the EU can maintain and deepen its own development, ensuring its capacity to integrate new members”.¹⁰

In the Report for Albania published on October 19, 2021 as part of the 2021 enlargement package, the European Commission concluded that “On the negotiating frameworks with North

¹⁰ <https://www.consilium.europa.eu/media/52286/eu-wb-summit-brdo-declaration-6-october-2021-04.pdf>

Macedonia and Albania, it is crucial that EU Member States conclude the discussions without further delay and that the first intergovernmental conferences with Albania and North Macedonia are held as soon as possible under the Slovenian Presidency ... Albania's progress in electoral reform and continued good results in implementing key rule of law reforms has underpinned the Commission's assessment that the country has fulfilled the conditions for holding the first intergovernmental conference of the accession negotiations. The delays in the official launch of accession negotiations are having a negative impact on the credibility of the EU".¹¹

However, during 2021, apart from the fact that the progress made by Albania has been acknowledged and appreciated by all the European partners, the approval of the negotiating position for Albania and the decision to hold the first intergovernmental conference have not been achieved. These continue to be linked to the Northern Macedonia dossier.

Managing the membership negotiation process

The role of the Albanian Parliament, in the process of EU accession is regulated by Law No 15/2015 of 5.03.2015 "On the role of the Assembly in the process of integration of the Republic of Albania in the European Union". In accordance with this Law, the National Council for European Integration has been established and functions as the highest national advisory body for European integration. The National Council for European Integration promotes and guarantees comprehensive cooperation between political forces, public institutions and civil society, and ensures increased transparency in decision-making on integration issues.

Implementing this Law, the Council of Ministers submits to the Albanian Parliament every year a detailed report on the progress of implementation of obligations under the National Plan for European Integration, the accession negotiations process and the management of European Union's assistance. The Council of Ministers also presents a special report on the Commission's Annual Report on Albania.

In terms of inter-institutional coordination, the Albanian Government undertook a reconceptualisation of the structures responsible for European integration. This process was done taking into account that accession negotiations are a very technical and complicated process, which require the best possible coordination and the most efficient use of institutional resources of the Albanian public administration.

This process was initiated with the approval of the Decision of Council of Ministers No 749 of 19.12.2018 "On the establishment, organisation and functioning of the state structure responsible for the conduct of negotiations and the conclusion of the Treaty of Accession of the Republic of Albania to the European Union".

¹¹ https://ec.europa.eu/neighbourhood-enlargement/system/files/2021-10/Communication-on-EU-Enlargement-2021-v2-and-annexes_en.pdf

The following by-laws have been adopted for the implementation of this Decision:

- Decision of Council of Ministers No 422 of 6.05.2020 “On the composition, rules of functioning and financial treatment of the negotiating group and the duties of the chief negotiator for the conduct of the accession negotiations of the Republic of Albania to the European Union”, as amended;¹²
- Order of Prime Minister No 93 of 20.05.2019 “On the organisation and functioning of the Technical Committee of the Inter-Institutional Working Groups”;
- Order of Prime Minister No 94 of 20.05.2019 “On the establishment, composition and functioning of the inter-institutional working groups for European integration”;
- Order of Prime Minister No 113 of 30.08.2019 “On the forms of participation, functioning and institutional structure of the European Integration Partnership Platform”.

Pursuant to the Decision of Council of Ministers No 749 of 19.12.2018 “On the establishment, organisation and functioning of the state structure responsible for the conduct of negotiations and the conclusion of the Treaty of Accession of the Republic of Albania to the European Union”, in May 2020, it was approved the Decision of Council of Ministers No 422 of 6.05.2020 “On the composition, rules of functioning and financial treatment of the negotiating group and the duties of the chief negotiator for the conduct of the accession negotiations of the Republic of Albania to the European Union”.

The Chief Negotiator for Albania’s accession to the EU and the Negotiating Group consisting of 22 negotiators were appointed. The Decision lays down their responsibilities in the European Union accession negotiating process, including the drafting and monitoring of the National Plan for European Integration.

The Decision of Council of Ministers No 749 of 19.12.2018 stipulates that the Negotiating Group “monitors and coordinates the fulfilment of the obligations of the Stabilisation and Association Agreement and strategic documents for the European integration process” and “directs the process of updating the national plan for the implementation of the Stabilisation and Association Agreement”.

For the implementation of the Stabilisation and Association Agreement, the Ministry for Europe and Foreign Affairs updates each year the National Plan for European Integration, as the planning instrument for the approximation of Albanian legislation with the legislation of the European Union.

¹² Amended by the Decision of Council of Ministers No 994 of 9.12.2020 “On some amendments to the Decision of Council of Ministers No 422 of 6.5.2020 “On the composition, rules of functioning and financial treatment of the negotiating group and the duties of the Chief Negotiator, for the conduct of the accession negotiations of the Republic of Albania to the European Union”, and Decision of Council of Ministers No 746 of 9.12.2021 “On some amendments and addenda to the Decision of Council of Ministers No 422 of 6.5.2020 “On the composition, rules of functioning and financial treatment of the negotiating group and the duties of the Chief Negotiator, for the conduct of the accession negotiations of the Republic of Albania to the European Union”, as amended

The National Plan for European Integration 2021 – 2023 was approved by the Decision of Council of Ministers No 90 of 17.02.2012¹ “On the approval of the National Plan for European Integration 2021 – 2023”.

From the monitoring of the implementation of the National Plan for European Integration 2021 – 2023, it was noticed that, for 2021:

- Out of 87 planned projects, 66 acts were approved;
- The total realisation of PKIE in percentage is 76%.

The level of implementation of the National Plan for European Integration 2021 – 2023 was slightly lower than that achieved during 2020 in the framework of the implementation of the National Plan for European Integration 2020 – 2022. Its implementation for 2020 was at 87%.

The National Plan for European Integration 2022 – 2024

Article 70 of the SAA defines the commitment of the Republic of Albania to approximate the Albanian legislation with that of the European Union.

At the same time, the full approximation of Albanian legislation with that of the European Union, and its full and effective implementation, are one of the Copenhagen criteria for EU membership. The accession negotiation process is itself the process of approximation of the Albanian legislation with that of the European Union.

The National Plan for European Integration aims to coordinate this approximation process while aiming simultaneously at the fulfilment of the obligations under the Stabilisation and Association Agreement and the obligations that arise as part of the process of membership in the European Union. Timely and quality drafting of the Plan and its monitoring are a precondition to accelerate the process of approximation of Albanian legislation with the *acquis* of the European Union.

The drafting and monitoring cycle of the National Plan for European Integration consists of the following processes:

1. Preparatory work;
2. Gap analysis;
3. Planning;
4. Drafting and quality control;
5. Consultation and approval;
6. Monitoring, reporting, and evaluation.

Schematically, this programming cycle is shown in the figure below.

Figure: Relationship between the processes of the National Plan for European Integration



Particularly important in this planning and monitoring cycle are the stages of gap analysis and planning. The result of these processes is embodied in the document of the National Plan for European Integration, which shows the priorities of approximation of legislation, the ministries responsible for drafting Albanian projects, the degree of approximation, and the date of approval.

The Ministry of Europe and Foreign Affairs initiated the identification of legal measures that would be included in the National Plan for European Integration 2022 – 2024 in the beginning of September 2021. At this stage, all the ministries and coordinating institutions were instructed to begin the gap analysis and identification of priorities taking into account the responsibilities under the existing cross-sectoral / sectoral strategies and fiscal space, as defined during the first phase of the preparation of the Medium Term Budgetary Programme 2022 – 2024.

The Ministry for Europe and Foreign Affairs initiated the review of the methodology for the preparation of the National Plan, based on the experience of preparing the previous Plans. In this

process, the Ministry for Europe and Foreign Affairs was assisted by the project “Support to European integration”, financed by the European Union.

The methodology for the preparation of the National Plan for European Integration 2022 – 2024 was approved by the Negotiating Group on 27 October 2021.

The NPEI 2022 – 2024 methodology presents these changes compared to the preceding methodology:

Provides a more detailed division between the various processes of drafting, monitoring and implementation of the National Plan for European Integration;

- Emphasises and provides more comprehensive guidance on the process of analysing legal and institutional gaps in terms of accession negotiations;
- Provides more detailed instructions regarding the identification of legal measures to be planned in the National Plan for European Integration;
- Provides more detailed instructions on the specific costing of each legal and implementing measure, in accordance with the Medium Term Budgetary Programme;
- Includes and provides guidance on conducting consultations with civil society under the Partnership Platform for European Integration.

Following the approval of the methodology of the National Plan for European Integration, a full cycle of trainings was conducted for the directorates / integration units in the line ministries and other central institutions, as well as for the key staff involved in the drafting and implementation of this document. These trainings were conducted in cooperation with the project “Support to European integration”, funded by the European Union.

The National Plan for European Integration (PKIE) 2022 – 2024 includes short-term and medium-term legal and implementing measures that extend until 2024, aiming at the gradual approximation of Albanian legislation with the *acquis* of the European Union.

The NPEI is structured in four main parts:

- The introduction, which gives a brief description of the EU accession process, the coordination structures in this process and a description of the NPEI itself;
- The second part presents the current situation and the latest achievements in matters related to the Political Criteria. This section also includes achievements in meeting key priorities related to rule of law, etc;
- The third section summarises the issues related to the Economic Criteria focusing on the macroeconomic situation, financial stability, etc;
- Part four is the planning part of the NPEI, divided into 33 chapters that correspond to the 33 negotiating chapters.

The plan does not include Chapter 34: Institutions and Chapter 35: Other Issues. Chapter 34 regulates the participation of the Member States in the institutions of the European Union, while

Chapter 35 (EU legal acts that are part of this chapter) outlines the last stages of the accession negotiations.

PART 2: POLITICAL CRITERIA

EU accession is the main national interest and strategic goal of the Government of the Republic of Albania. Accession criteria determine the stability of institutions that guarantee democracy, rule of law and respect for human rights, as well as the existence of a functioning market economy, as the main pillars of the national and foreign policy of the Republic of Albania.

The Government of the Republic of Albania considers that the fulfilment of the Political Criterion is of utmost importance in the EU accession process. Moreover, the Government is committed to making sustainable efforts to implement key priorities related to justice reform, fight against corruption and organized crime, protection of human rights and public administration reform.

2.1 Democracy and rule of law

The Government of Albania is fully committed to undertaking and implementing all necessary reforms to strengthen the legislative process, the electoral system, the central and local government, the public administration, and the justice system. The focus of work of the Government of Albania will be the implementation of the necessary reforms to meet the obligations arising from the EU-Albania Stabilization and Association Agreement (SAA) and in particular, to address the recommendations of the European Commission Report 2021 for Albania.

Regarding the public administration, the Government of Albania is committed to implementing a genuine reform, to guarantee merit-based treatment and evaluation and commitment of employees by creating an effective and efficient institutional network that provides better services to citizens. Also, the ultimate goal of the Government of Albania is the creation of an efficient public administration, capable of implementing fully the commitments and obligations arising from the implementation of the Stabilization and Association Agreement.

Every action taken by the Government in the framework of the justice system reform and the rule of law has the ultimate goal of creating an independent, efficient and accountable judicial system in Albania, which is able to render justice in a fair and transparent way, as well as to implement legislation aligned with the EU *acquis*.

The fight against corruption is a key priority of the Government of Albania. The main directions of the anti-corruption policy include a series of measures to prevent corruption, to strengthen institutions, to ensure overall monitoring by civil society organizations, as well as punishment through measures of administrative and/or criminal nature of corrupt officials. The

implementation of the Cross-Cutting Anti-Corruption Strategy 2015-2023 has aimed at contributing to the sustainable reduction of corruption as well as to taking effective measures to prevent corruption at all levels.

Moreover, the Albanian Government is committed to protecting human rights and in particular to the further implementing anti-discrimination policies, to improving the situation regarding social rights with a special focus on vulnerable groups and juveniles. Reforms consist both in the area of property rights and in the implementation of ECtHR court judgements about restitution and compensation of property.

2.1.1 Parliament

The Assembly of the Republic of Albania plays a fundamental role in the functioning of the democratic system and in the political processes in Albania as the highest representative and legislative body of the country. The Assembly represents the will of the people and is the guardian of the values of democracy. As the elected body that represents the Albanian people, the Assembly is the legislative body, which reviews and adopts laws for the benefit of society and the development of the country. The Assembly exercises the function of parliamentary control over the executive and monitors independent institutions. The Assembly also plays an essential role in the country's European integration process, guaranteeing democratic legitimacy and legal and political control of the process.

During January - October 2021, the Assembly has made significant progress to fulfil the recommendations of the European Commission Report 2021 for Albania, which are related to the functioning of the Assembly.

The Assembly drafted and approved its Action Plan on the implementation of recommendations given in the European Commission report, which contains 5 main objectives of the work of the Assembly for the period October 2020 - October 2021 as well as specific measures (38 measures) to attain such objectives. The implementation of the Action Plan measures has been continuously monitored through periodic reports that the Services of the Assembly have sent to the Conference of Chairpersons and the Ministry of Justice. By the end of the deadline for the implementation of the Action Plan (October 6, 2021), out of the 38 foreseen measures, 35 measures (or 92%) were fully implemented, 2 measures (or 5%) were partially implemented and the start of implementation of 1 measure (or 3%) was conditional with the holding of the First Intergovernmental Conference.

On September 10, 2021, it was held the first meeting of the new legislature of the Assembly (X legislature) created after the parliamentary elections April 25, 2021. In the second plenary session of the Assembly held on September 10, 2021, the Temporary Committee of Verification of Mandates presented to the Assembly the report on the validity of the mandates of the members of parliament and immediately after the verification of the mandates, the members of parliament

took the oath. Immediately after the oath-taking procedure, the Assembly elected Mrs. Lindita Nikolla as the Speaker of the Assembly (decision no. 64/2021) with 79 votes in favour. In the plenary of 13 and 23 September 2021, the Assembly elected 2 Deputy Speakers of the Assembly, 6 Secretariats of the Assembly, the chairmanship and composition of 8 standing parliamentary committees. In the plenary of September 16, 2021, the incumbent Prime Minister, Mr. Edi Rama presented the political program and the composition of the Council of Ministers. After 20 hours of parliamentary discussions regarding the political program and the composition of the Council of Ministers, held on 16 and 17 September 2021, the Albanian Parliament approved the composition and the political program of the Council of Ministers with 77 votes in favour (decision no. 68/2021), on 17 September 2021.

The legislative role of the Assembly has increased significantly during January - October 2021, through the increasing number of legislative initiatives proposed by the MPs themselves (26 legislative initiatives) as well as the increasing number of amendments proposed directly by MPs for the draft laws reviewed by the Assembly (421 amendments). Out of 137 draft laws submitted to the Assembly for review and approval, 26 legislative initiatives (or 19%) have been proposed by the deputies. The legislative activity of the Assembly in the parliamentary committees and in the plenary has resumed without interruption even during the pandemic situation caused by Covid-19.

During January - October 2021, the Assembly reviewed and passed 206 parliamentary acts of which 102 laws, 80 decisions and 24 resolutions.¹³ All the laws passed during this period (102), were adopted by consensus between the parliamentary majority and the opposition. Out of 102 laws passed during this period, 11 laws were passed by 3/5 qualified majority, 24 laws were passed by absolute majority and 67 laws were passed by simple majority. The Assembly adopted amendments to 10 justice reform laws¹⁴ aimed at further strengthening the efficiency of the judiciary and its capacity to fight corruption and organized crime.

¹³ Parliament's data cover the period 1 January - 20 October 2021.

14 a) Law no. 41/2021, "On some amendments to law no. 7905, dated 21.03.1995 "Code of Criminal Procedure of the Republic of Albania" amended"; 2) Law no. 42/2021, "On some addenda and amendments to law no. 97/2016 "On organisation and functioning of the prosecutor's office in the Republic of Albania"; 3) Law no. 43/2021, "On some addenda and amendments to law no. 7895, dated 27.1.1995, "Criminal Code of the Republic of Albania", amended"; 4) Law no. 44/2021, "On some addenda and amendments to law no. 8116, dated 29.03.1996, "Code of Criminal Procedure of the Republic of Albania" amended"; 5) Law no. 45/2021, "On some addenda and amendments to law no. 8577, dated 10.02.2000 "On organisation and functioning of the Constitutional Court" amended"; 6) Law no. 46/2021, "On some addenda and amendments to law no. 98/2016 "On organisation of the judicial power in the Republic of Albania", 7) Law no. 47/2021, "On some addenda and amendments to law no. 95/2016 "On organisation and functioning of institutions to fight corruption and organised crime"; 8) Law no. 48/2021, "On an amendment to law no. 25/2019 "On organisation and functioning of the judicial police"; 9) Law no. 49/2021, "On some addenda and amendments to law no. 49/2012, dated 03.05.2012, "On Administrative courts and adjudication of administrative disputes" amended"; 10) Law no. 50/2021, "On some addenda and amendments to law no. 96/2016, "On the status of judges and prosecutors in the Republic of Albania' amended".

The standing parliamentary committees have reviewed and passed 110 draft laws, 23 draft decisions and 24 draft resolutions. The committees have held 211 meetings. During the review of the draft laws by the Committees, the deputies proposed 421 amendments, which were passed in the plenary session. During the draft laws review by the Committees, the government representatives answered 410 questions of the deputies on the draft laws.

Moreover, the Committees paid special attention to the hearings with stakeholders (17 representatives of the groups of interest) and also taking their opinion and suggestions on the draft laws proposed to the Assembly. During the reporting period, it results that out of 421 amendments proposed before the Parliamentary Committees, 37 (or 9%) are amendments which are based on the remarks submitted by the groups of interest for the respective draft laws.

Transparency in the legislative process of the Assembly has been further strengthened through the establishment of an *online* platform for consultation of the draft laws as well as live broadcasting of parliamentary committee meetings on the TV channel dedicated to the Assembly and on the social media.

The Assembly has strengthened control of the compliance of the proposed draft laws with the EU *acquis*, guaranteeing a better quality of the aligned legislation. During January - October 2021, the Assembly has adopted 13 laws aimed at aligning Albanian legislation with the EU *acquis*.¹⁵ The Committee for European Integration (CIE) has played an important role in this process. During the review and approval of draft laws aimed at alignment with the EU *acquis* (*13 draft laws during January - October 2021*), CIE has proposed 72 amendments, to ensure a more accurate approximation of draft laws with the EU *acquis*, which were also approved in the plenary.

The control role of the Parliament was further strengthened during January-October 2021, through the more intensive and qualitative use of the instruments of parliamentary oversight provided in the Constitution, the Rules of Procedure of the Assembly and Law no. 15/2015 (*5 interpellations with members of the Council of Ministers; 29 hearings in Committees with ministers, deputy ministers and heads of other central institutions; 43 requests for written information from MPs; 2 parliamentary inquiry committees*). Ministers, Deputy Ministers and

15 1) Law no. 10/2021 "On asylum in the Republic of Albania"; 2) Law no. 28/2021, "On some addenda and amendments to law no. 124/2015 "On energy efficiency", amended"; 3) Law no. 32/2021 "On mandatory insurance in the transport sector"; 4) Law no. 63/2021, "On some addenda and amendments to law no. 8378, dated 22.7.1998, "Road Code of the Republic of Albania", amended"; 5) Law no. 64/2021, "On an amendment to law no. 48/2014 "On delayed payments in contractual and commercial obligations"; 6) Law no. 73/2021 "On putting on market and supervision of pyrotechnic items"; 7) Law no. 74/2021 "On putting on market and supervision of explosives for civil use"; 8) Law no. 79/2021 "On aliens"; 9) Law no. 88/2021 "On creation of the Railway Security Authority"; 10) Law no. 89/2021 "On creation of the Railway Regulatory Authority"; 11) Law no. 90/2021 "On the separation of the company "Albanian Railway" s.a"; 12) Law no. 91/2021 "On creation, organisation and functioning of the National Authority of Investigation of Railway and Maritime Accidents and Incidents"; 13) Law no. 96/2021, "On some addenda and amendments to law no. 9947, dated 7.7.2008 "On industrial ownership", amended".

heads of other central institutions appeared in 29 hearings before the standing parliamentary committees and answered 153 questions of the deputies.

During January - October 2021, the Assembly has approved the establishment of 2 parliamentary inquiry committees. The Assembly, by means of the decision no. 45/2021, dated 07.05.2021, decided to establish the inquiry committee *"On the investigation of serious constitutional violations by the President of the Republic of Albania"*, determined the composition of the inquiry committee with representatives of the parliamentary majority and opposition, as well as the scope of work of the committee as follows:

- Investigation and verification whether the acts committed and the statements given by the President of the Republic before and during the election campaign, as well as on the day of the electoral silence 2021 constitute a serious violation of the Constitution;
- Verification of the consequences of these acts in relation to the principle of unity of the people, disruption of political balance, public order, incitement of hate and violence, putting at risk the lives of people, interference and intimidation of public institutions, damaging the image and the reputation of the country, as well as relations with strategic partners of Albania;
- Verification of certain acts, behaviour and attitude of the President of the Republic, in relation to his role and constitutional position.

The inquiry committee conducted its activity within the deadline set in the Assembly Decision no. 45/2021, from 08.5.2021 until 28.05.2021. During this period the committee held 10 meetings. The Inquiry Committee, at the end of the inquiry process and the review of acts and materials administered during this process, in the meeting of 28.05.2021, based on article 20 of law no. 8891, dated 2.5.2002 *"On the organization and functioning of the parliamentary inquiry committees"*, approved the Final Report of the inquiry. The inquiry committee, at the end of the investigation, regarding points "a" and "b" of the scope of work of the Inquiry Committee, concluded that the President of the Republic through his acts and attitude has violated Articles 2/2, 4, 7, 13, 18, 45, 86/1, 88/3, 89, 94, 100/1, 100/2, 102/1, 124, 135, 145 and 148 of the Constitution. Regarding point "c" of the scope of work of the Inquiry Committee, the latter concludes that the acts, behaviour and attitude of the President of the Republic are in conflict with its role and constitutional position.

In conclusion, the Inquiry Committee proposed to the Assembly:

- Approval of the Final Report of the Inquiry Committee *"On the investigation of serious constitutional violation by the President of the Republic of Albania"*, and respective annexes;
- Dismissal from office of the President of the Republic for serious violation of articles 2/2, 4, 7, 13, 18, 45, 86/1, 88/3, 89, 94, 100/1, 100/2, 102 / 1, 124, 135, 145 and 148 of the Constitution of the Republic of Albania.

In the plenary of June 9, 2021, the Assembly of Albania passed with 104 votes in favour: Decision no. 54/2021 *"On approval of the final report of the Parliamentary Inquiry Committee "On the investigation of serious constitutional violation by the President of the Republic of Albania and the respective annexes "*, and Decision no. 55/2021 *"On the dismissal from office of the President of the Republic Mr. Ilir Meta due to serious violation of the Constitution"*. The speaker of the Assembly, based on Article 90, point 3 of the Constitution and Article 112, point 4 of the Rules of Procedure of the Assembly, sent to the Constitutional Court the decision of the parliament to dismiss the President of the Republic. Article 90, point 3 of the Constitution reads: *"The decision of the Assembly is presented to the Constitutional Court, which, when finding the President of the Republic guilty, declares his/her dismissal from office."*

The Assembly of Albania by means of Decision no. 79/2021, dated 14.10.2021 decided to establish the parliamentary inquiry committee *"On control over the activity of the public administration bodies and local government to verify the use of state administration resources for electoral purposes in the elections of April 25, 2021"*, determined the composition of the inquiry committee with representatives of the parliamentary majority and opposition, and also the scope of work of the committee as follows:

- Verification of the use of personal data for electoral purposes;
- Verification of the use of public funds for electoral purposes, including damage compensation after the 2019 earthquake;
- Verification of the use of the process of legalization of informal constructions for electoral purposes;
- Verification of employment in public administration for electoral purposes. The inquiry committee started to perform its activity, by discussing the approval of the Rules of Procedure of the Committee, the election of the secretary of the committee and the approval of the Preliminary Inquiry Plan.

The oversight role of the Assembly in the European integration issues is further strengthened during January-October 2021. The Committee for European Integration (CEI) and the National Council for European Integration (NCEI) have played a key role in monitoring the required reforms and implementing the recommendations in the framework of European integration process of Albania.

NCEI has continued to monitor the progress of the European integration process and the fulfilment of the obligations for EU accession through regular meetings with government representatives. During January - October 2021, NCEI has held 3 meetings. On January 25, 2021, it was held the online meeting on: *"Implementation of the Action Plan for the opening of negotiations approved by the Assembly with the resolution of 24.09.2020 "On opening of Accession Negotiations of Albania in the European Union and Approval of the Action Plan to Fulfil the Priorities Defined by the Council of the European Union"*. The Chief-Negotiator of Albania for European integration Mr. Zef Mazi was present to inform the NCEI members about the implementation of the Action Plan. In the second part of this meeting the NCEI members

discussed and approved the Report on the NCEI activity for 2020.¹⁶ After the approval in the NCEI, this report was presented in the plenary by the NCEI Chairperson on 22 February 2021. On 22 February 2021, it was held an online meeting on: "Progress of implementation of the recommendations of the European Commission in the 2020 Report for Albania referring to the field of agriculture and food safety and also the management of EU financial assistance in these two fields". The Minister of Agriculture and Rural Development, Mrs. Milva Ekonomi was invited to this meeting, and she informed the NCEI members and guests about the topic. On October 20, 2021, the next meeting of NCEI took place, where the Ambassador of the Delegation of the European Union in Albania, Mr. Lugi Sorecca, presented the "2021 Report of the European Commission for Albania". Also, Mrs. Olta Xhaçka, Minister for Europe and Foreign Affairs and Mr. Zef Mazi, Chief Negotiator of Albania with the European Union participated in this meeting and discussed the way ahead concerning the recommendations of this Report.

The Assembly has exercised parliamentary control not only over the executive, but also over the constitutional bodies or bodies established by law to verify the implementation of the adopted legal framework. During January - October 2021, 27 independent institutions have reported to the parliamentary committees on their activity during 2020, of which 24 independent institutions have reported even in the plenary session. In the plenary, the Assembly has adopted 24 Resolutions, through which it has evaluated the annual activity of 24 independent institutions for 2020, and it has assigned them specific tasks for 2021.

It is being reviewed the inter-institutional mechanism "Government-Assembly-Independent Institutions", approved by the Assembly decision no. 49/2017 to follow and monitor, systematically, the implementation of the recommendations of independent constitutional institutions or institutions established by law, according to the Order of the Secretary General of the Assembly. In the framework of the review of the Assembly decision no. 49/2017, the Monitoring Service of Independent Institutions with the OSCE support held a meeting with independent institutions and representatives of the executive on June 4, 2021. The inter-institutional platform is constantly updated by the Assembly and the independent institutions. Despite the review, the Monitoring Service of Independent Institutions has periodically processed every 4 months the data on the level of implementation of the recommendations of independent institutions addressed to the executive and subordinate agencies.

In the course of exercise of the electoral function, during January - October 2021, the Parliament approved 21 decisions on election or appointment to constitutional institutions or institutions established by law, of which: 2 decisions on the appointment of ministers (MoFA and Minister of Defence), 1 decision on the approval of the composition and the political program of the Council of Ministers (*see above*), 18 decisions on the election or appointment of the heads and / or members of 8 independent institutions (chairman and 7 members of the Steering Committee of the Albanian Radio and Television; DRTSH; 1 member of the Governing Council of AKEP; 1

¹⁶ <https://www.parlament.al/Files/Integrimi/Raporti%20i%20KKIE%20p%C3%ABr%20vitin%202020.pdf>

member of AFSA; 2 members of the Competition Committee; 3 members of the PPC; 1 member of the Statistics Council; the second alternate member for the position of IQC Commissioner and the first alternate member for the position of the Public Commissioner; the chairwoman of AMA. Also, the Parliament has approved 1 decision for the dismissal of the President of the Republic (*see above*).

On July 23, 2021, the Assembly announced the vacancies that will be created in December 2021, respectively 2 vacancies for members of the High Judicial Council (HJC) and 2 vacancies for members of the High Prosecutorial Council (HPC), from the ranks of pedagogues of the Faculties of Law and the School of Magistrates. On October 12, 2021, the Heads of Higher Education Institutions and the School of Magistrates held a special meeting in the premises of the Chairmanship of the Assembly for the election of candidate members of the HJC and HPC, convened by the Secretary General of the Assembly. After the special meeting, the process for selection of candidates is ongoing.

The priorities of the Parliament in 2022 are:

- Increase the quality of the exercise of parliamentary functions (*representation, law-making, parliamentary control*);
- Strengthen the role of the Parliament in the European integration process;
- Increase transparency concerning the activity of the Parliament;
- Strengthen the administrative capacity of the Parliament.

These priorities of the Assembly will be pursued through the attainment of the following objectives and measures:

- Strengthening the legislative role of the Parliament by: organizing *workshops* and information sessions with MPs on the legislative process in committee meetings and in the plenary; effective monitoring of compatibility of draft laws proposed to the Parliament with the EU *acquis* to ensure a better quality of approximated legislation.
- Strengthening the oversight role of the Parliament by organizing workshops and information sessions to guide MPs in the effective and efficient use of parliamentary control instruments (*hearings, on-site monitoring visits, interpellations and questions, motions with debates, requests for information*); more frequent and qualitative use of parliamentary control instruments to monitor reforms and fulfil recommendations within the context of the European integration process; reviewing Law no.15/2015 to foresee an effective mechanism for overseeing the activity of the government (reviewing the negotiating position) during the accession negotiation process, based on best practices in this field; creating within the Inter-Institutional Platform of the Assembly a space for the recommendations of the annual report of the European Commission for Albania, addressed to independent institutions.

- Drafting and approval of the Action Plan of the Assembly for the implementation of the recommendations given to the Assembly in the EC Report 2021 for Albania as well as the monitoring of its implementation.
- Enhancing transparency in the activity of the Parliament by holding training sessions with groups of interest and CSOs that cooperate with the Parliament on the legislative process, consultation process and public hearings; organising periodic meetings of deputies with citizens to present the activity of the Assembly; holding public hearings of the standing parliamentary committees to take the opinion of civil society and interest groups, during the decision-making process of the Parliament; re-engineering online public presentation of parliamentary information through information technology (IT) to enable active citizen participation; publishing the report of the Parliament on public participation in the parliamentary decision-making process of 2021; strengthening cooperation of the Parliament with the civil society, as a very important partner in the successful progress of integration reforms; periodic online publishing of the Assembly Newsletter regarding the activity of the Assembly in the European integration process.
- Strengthening the administrative capacity of the Assembly through continuous training of the Assembly's services in various fields, especially those related to the European integration process.

2.1.2 Elections

The role of the Central Election Commission is very important for the functioning of the democratic system and the political processes in Albania. This body directs and supervises the activity of the election administration, monitors the activity of electoral subjects, state bodies and institutions, the media in relation to the elections. Law no. 101/2020 created a new architecture of election administration with the establishment of three governing bodies of the Central Election Commission, which are:

- State Election Commissioner;
- Regulatory Commission;
- Commission of Complaints and Sanctions.

The President of the Republic, on September 6, 2020, decreed the date April 25, 2021, as the date for the elections for the Parliament of Albania. Pursuant to the new electoral legal framework, the elections were held on April 25, 2021. The Central Election Commission, although within a short timeframe for the conduct of parliamentary elections of Albania on April 25, 2021, managed to:

- Implement all key OSCE/ODIHR recommendations of the 2019 report.
- Respect the fundamental freedom of association and electoral subjects were able to organise campaigns freely, despite restrictions imposed by the pandemic.
- Carry out the electronic identification process in 5199 voting centres, with less than 150 voting centres which conducted a manual identification process.

- Examine, investigate administratively and have SEC decide on all cases of denunciations related to the conduction of prohibited activities by electoral subjects or candidate deputies according to the provisions of decision no. 9 dated 24.12.2020 of the Regulatory Commission in the Central Election Commission.

According to the OSCE /ODIHR 2021¹⁷ report, parliamentary elections were generally well organized by the election administration. The new electoral administration gained the trust of most interest groups.

In the next elections of the Local Governance Bodies, the priority of the Central Election Commission is:

- to organise electronic voting in more Voting Centres;
- to organise the voting process abroad, with the right to vote enjoyed by all Albanian citizens who live in the diaspora and beyond;
- to guarantee the fundamental right to free and secret ballot, to protect the principle of equality, to lift restrictions due to disability, to facilitate information for national minorities;
- to identify, investigate and prosecute cases of vote buying, misuse of state resources;
- to promote personal data security and legal security;
- to invest in electoral education programs, timely information for voters, with the priority being the first-time voter involvement and programs dedicated to promoting the role of women in the electoral process;
- to digitalize all work processes related mainly to the registration of political entities, to submit financial reports, to monitor the election campaign and to audit the funds, to recruit the staff, the election commissions.

2.1.3 Governance

The central government sets out the vision and key policies and proposes the legislation to strengthen democracy and the sustainable economic development of the country. The organization, the functioning and the competencies of the Government / Council of Ministers (composed of the Prime Minister, Deputy Prime Minister and Cabinet Ministers) are foreseen in the main constitutional provisions and in the Law no. 9000 dated 30.01.2003 "On the organization and functioning of the Council of Ministers". Accelerating reforms and preparing the country to join the European Union remain a major priority for the Albanian Government.

National Strategy for Development and Integration

¹⁷ <https://www.osce.org/files/f/documents/4/c/495052.pdf>

The National Strategy for Development and European Integration 2030 (NSDEI 2030) is the main strategic document for the country, which presents the directions and sets the priorities of sustainable economic and social development of the country, on the path of its integration into the European Union, including the coupling with sustainable development goals, in order to achieve the Agenda 2030 goals.

NSDI 2030 constitutes the main pillar of the Integrated Planning System and guides through the medium and long-term priority development policies of the country. It is the overarching document, which ensures the prioritization of policies in the medium and long-term and serves as a framework document for all sector/cross-sector policies and strategies.

Currently, the drafting process of the NSDI 2030 has started, and it will cover a period of ten years 2021-2030 while the implementation of the National Strategy for Development and European Integration 2016-2020 (NSDI II) in all strategic areas of development of Albania and the European Union integration process and integration with the Agenda 2030 is ongoing. In contrast to previous cycles of the strategic framework, NSDI 2030 aims at reflecting the development priorities over a relatively longer period of time.

The process of identification of medium-term 2022-2024 and long-term priorities 2024-2030 has been completed, through the preparation of Priority Policy areas that ensure:

- Preparation of budget ceiling for the period 2022-2024.
- Identification of priorities for 2030, within the National Strategy for Development and Integration 2030 / Agenda 2030.

In the NSDI 2030 preparation process, UN technical assistance for the drafting of the NSDI 2030, has been provided based on the methodology and terms of reference prepared by the DDGG Expertise is dedicated to preparing the draft - (the selected expert is working), as well as UN dedicated expertise to analyse economic growth and costing of the NSDI 2030 (recently two UN experts are recruited recently, who are already working with the costing analysis of the NSDI III).

With the latest changes in the establishment, organization and functioning of the State Agency for Strategic Planning and Assistance Coordination, under the Prime Minister's Office, also known as the State Agency for Strategic Programming and Aid Coordination (SASPAC)¹⁸, this Agency will ensure the drafting, the implementation and the harmonization of the National Strategy for Development and Integration, sector strategies, foreign aid coordination, coordination of the process of management of project that are of national interest.

¹⁸ Decision of the Council of Ministers no.642 dated 29.10.2021 "On creation, organisation and functioning of the State Agency of Strategic Programming and Aid Coordination"

Role of the Chief Negotiator

The Chief Negotiator has continued monitoring the progress of the European integration process and the fulfilment of the obligations of EU accession through meetings and periodic briefings with the Negotiating Team. During the meetings, the Chief Negotiator has recorded on regular basis the updates on the reported progress and submitted comments.

During January - December 2021, the Chief Negotiator has regularly submitted weekly reports to the Council of Ministers, which reflect the developments on the progress of approximation of legislation and implementation of the commitments under NPEI 2021-2023. The weekly reports also contain legal and administrative shortcomings, information on the work and status of the cross-sector working group on European Integration, plan of action in the areas of the 33 *Aqcu* chapters and 2 criteria, as well as an assessment of the need for support to be filtered and addressed as issues by the Chief Negotiator. Following the preparatory tasks, the Chief Negotiator has coordinated with the negotiators of chapters to draft and submit three quarterly reports for 2021.

The Chief Negotiator has regularly attended and monitored the weekly meetings of the Legal Directorates, on the status of fulfilment of the legal measures of the NPEI 2021 to address the problem of delays in higher decision-making instances.

During January - December 2021, the Chief Negotiator, in coordination with the MoFA and the Negotiators, monitored the collection of periodic information and the progress of the annual meetings of the EU-Albania Stabilization and Association Subcommittees, including the EU-Albania Stabilization and Association Committee, in which the Chief Negotiator has participated. Additional information and final reports of these Subcommittees have been sent to the European Commission (EC) structures.

The final reports of these Subcommittees have been consulted in advance with the Chief Negotiator before being sent to the European Commission structures. Where necessary, the Chief Negotiator has sent back the materials to the contributing institutions with proposals or remarks on the preparatory work, in order to intensify efforts to meet the deadline for the preparation of materials, to cover all issues and to improve the reporting clarity.

The Negotiating Team members, in coordination with the Chief Negotiator, have given their opinion during the process of identification of relevant priorities in order to ensure support for specific chapters in drafting the financial assistance program of the European Union according to the relevant chapters. The Chief Negotiator has taken all measures to ensure that the package of Action Documents for IPA 2021 and IPA 2022 as well as the National Strategic Response for IPA III (2021-27) be submitted to Brussels within the deadline.

During January - December 2021, the Chief Negotiator has followed and monitored the process of establishment and operation of the Partnership Platforms for European Integration (PPEI),

work on technical meetings of Inter-Institutional Working Groups for the respective chapters of the Acquis and in coordination with the MoFA and Negotiators, the Chief Negotiator has prepared the National Negotiating Framework.

During 2021, the National Council for European Integration, as the highest national advisory structure for European integration has organized 7 regular and awareness raising meetings. The Chief Negotiator and his cabinet have actively participated in the following meetings:

- **On January 25, 2021**, on "the opening of Albania's Accession Negotiations in the European Union and Approval of the Action Plan on Fulfilment of Priorities Defined by the Council of the European Union".
- **On October 20, 2021**, on the presentation of the "Annual Report of the European Commission for Albania 2021".
- **On December 15, 2021** the Round Table between members and guests of the NCEI with 22 representatives of civil society organizations on the role and contribution of CSOs during the negotiation process.

The Chief Negotiator has prepared the draft National Position of Albania for the first IGC as well as an exercise manual with instructions on drafting the Negotiating Frameworks of the Negotiating Chapters. Over the next year this exercise will be completed for all chapters.

The Chief Negotiator has monitored, through the exchange of information and physical or online participation, the activities of several technical assistance projects of *acquis* chapters in order to pay special attention to the core group chapters. In this context, the Chief Negotiator has participated in seminars /workshops of line ministries and foreign NGOs accredited in Tirana and abroad; twinning activities, etc;

Regarding talks with the EU, the Chief Negotiator has held a series of meetings with representatives of the Ministries of Foreign Affairs and Secretaries of State of the EU countries about the country's accession progress. Moreover, the Chief Negotiator has followed and communicated with the European Commission through the EU Delegation in Tirana, the positions and concerns of Albania on the texts of cooperation agreements, memoranda, recommendations / conclusions, mainly in the framework of the Stabilization and Association Agreement. The Chief Negotiator has held regular dedicated meetings with most of the EUMS ambassadors accredited in Tirana, and he has visited several capitals of EUMS (including three visits in Brussels), in relation to which the Prime Minister has received regular reporting on the key results of the visits;

Recently, the Chief Negotiator has participated in conferences and high-level meetings, such as the regional conference "Future Europe", organized by the Chief Negotiator of Montenegro.

The aim of the conference was the perspective of the Western Balkan countries towards a European future. The topics discussed were:

- Western Balkans - as part of the EU
- Climate change and environmental objectives
- Investing in youth in the European future

The Chief Negotiator has also held ongoing meetings regarding the exchange of experiences and transfer of know-how between the Chief Negotiators of the Western Balkan countries. It is highly mentioned, the productive meeting held with Mr. Vladimir Drobnjak, Chief Negotiator of Croatia, who has extensive experience in successfully concluding negotiations and following up the work for European Integration.

Administrative and Territorial Reform

The implementation of the local decentralization reform has clearly aimed at increasing the responsibilities of local government units in the public sector, mainly services which are generally accepted to be more efficient when they are exercised by the governance level that is closer to the citizens to strengthen local government and the decentralization process, guarantee a higher efficiency of the local government and increase financial and functional autonomy.

In the framework of the mid-term evaluation and annual reports of the Cross-Cutting Strategy on Decentralization and Local Government and its Action Plan, which analyse the post-reform period, the vision and the objectives of the Territorial Administrative Reform have been successfully achieved. Many efforts were made to support the process of territorial, administrative and financial consolidation by the central government and international partners. Stakeholders at both central and local level believe that the reform has increased the municipality managerial skills; integrated planning capacity; capacity to increase revenue from its own resources; as well as to provide better services to the citizens and coverage of service provision. A number of important achievements have laid the foundation for the functioning of the new local government system that entered into force in 2015, including intensive efforts for the know-how transfer and financial and physical inventories of the new municipalities and the establishment of one-stop-shops to improve the quality and time limits for administrative services to citizens at the local level.

Civil society

The Roadmap for the Government Policy towards a More Enabling Environment for Civil Society Development, approved by Decision of the Council of Ministers no. 539, dated 25.7.2019, contains three strategic directions and nine priorities as follows:

- **Strategic Direction 1:** Institutionalized Government – civil society cooperation in policy making and EU Integration
- **Strategic Direction 2:** Enabling the legal environment and data governance;
- **Strategic Direction 3:** Favourable fiscal and funding framework.

In the framework of implementation of the project "Support for the Implementation of the Roadmap for the Government Policy towards a More Enabling Environment for Civil Society Development (2019/413554), on June 24, 2021, the Parliament passed the Law no. 80/2021 "On the registration of non-profit organizations".

In order to successfully implement the Roadmap for Civil Society, Technical Assistance has been provided with the EU support (Support to the Implementation of the Road Map for Government Policy Towards a More Enabling Environment for Civil Society Development (2019/413554), which so far has supported the Working Group responsible for the implementation of the Roadmap. With the Technical Assistance support, many objectives foreseen in the Action Plan on implementation of the Roadmap have been achieved as follows:

1. Methodology to be used for monitoring and reporting of the Roadmap;
2. Analysis on civil society registration models;
3. Communication and awareness raising plan;
4. Analysis on modalities of data collection for NGOs and recommendations to improve the existing system;
5. Action Plan on Communication and Awareness Raising;
6. Analysis of the legal basis and functions of the NCCS;
7. Manual of international standards for NGOs registration;
8. Comments on update of the law on registration of NGOs;
9. Organization of 4 awareness raising campaigns for civil society;
10. Analysis of the NGOs data to be entered into the electronic NGOs registration system;
11. Web system design for NGOs funding opportunities;
12. Technical proposal for the electronic registration system of NGOs and technical specifications.

All these products contribute to the improvement of the three main strategic directions foreseen in the Roadmap for the Civil Society.

2.1.4 Public Administration Reform

Public Administration Reform is one of the main priorities of the Albanian Government closely linked with the European Integration process. The development of the country and the implementation of every undertaken reform may only be achieved by having as a foundation a public administration that operates responsibly and professionally and consists of qualified and impartial officials who serve the citizens with integrity and dedication.

All these principles stated out in the government's vision for further improvement, transformation and digitalization of public services are envisaged under the strategic context, which supports the implementation of the public administration reform.

Since 2015, the Albanian Government has approved the Cross-cutting Strategy for Public Administration Reform (CCSPAR 2015-2022), which is the basis for the implementation and the monitoring of implementation of the Public Administration Reform.

This Strategy is supported by the vision and the strategic objectives set out in the National Strategy for Development and Integration (NSDI 2015-2020) as a core strategic document that combines the European Union integration agenda with the sustainable economic and social development of the country, including the connection with Sustainable Development Goals (SDGs).

The Strategic Framework for Public Administration Reform has been extended until 2022 to provide strategic support for the IPA 2019-2020 program in relation to which it has been approved the Action Plan 2018-2022 for the following years. The main strategic policy goals in the new plan 2018-2022 correspond to the four priority pillars of the strategy, which are the focus of the Reform:

- Policymaking and quality of legislation;
- Organization and functioning of Public Administration;
- Civil Service and Human Resources management;
- Administrative procedures and supervision.

Policy development and coordination

The government has worked towards strengthening the strategic planning system, monitoring policies and legislation, reporting and evaluation by converting its priorities into specific actions. Through the establishment of the information systems on policy planning and public finances, the aim is to improve coordination and cooperation between ministries, raise transparency for strategic government documents and real-time monitoring.

Governance accountability stands quite high and therefore the index of applicability of system standards for drafting the strategic framework for the first semester of 2022 is at 96.5%. In this context, 75% of the strategic documents fulfil qualitatively and at a high level the system protocols based on the good governance principles.

Special attention has been paid to the structuring of the performance framework, which enables the assessment of the state of the strategic framework for 2020¹⁹, as well as the progress made during this period. The performance framework presents a set of quantitative and qualitative indicators, focusing both on the preconditions of successful reforms (laws, policies, structures and good procedures) and on the current implementation of reforms and the results following such reforms. In this regard, progress has been achieved even in the performance framework/ monitoring and reporting (R&M) of the strategic framework during 2020, where a total of 15 monitoring / performance reports have been drafted in important sectors at sector / cross-sector

¹⁹ Annual Reports 2020 drafted during the first semester 2021

level with 40% drafted in the field of development and 60% in the field of good governance, of which 87% have been finalized and approved, while 13% are still in the consolidation phase.

Based on the data for the first quarter 2021, it results that (i) 6 evaluation packages have been drafted in implementing the Principles of Good Governance in the role of quality assessor (6 reviews in total) of which (i) 34% are categorized according to the rating system in Category III: Moderate quality/most standards are met and they are partially compatible (ii) 33% are categorized according to the rating system in Category II: Moderate quality but system standards are not met; (ii) 33% are categorized according to the rating system in Category I: Poor quality for improvement.

Compared to the second quarter 2021 the performance shows an increasing trend with (i) 9 evaluation packages drafted in implementation of the Principles of Good Governance in the role of quality assessor (8 reviews in total) and (i) 13% are categorized according to the rating system in Category III: Moderate quality/ most standards are met and they are partially compatible (ii) 25% are categorized according to the rating system in Category II: Moderate quality but system standards are not met; (ii) 62% are categorized according to the rating system in Category I: Poor quality for improvement.

Compared to the second quarter 2021, the performance shows an increasing trend with (i) 9 evaluation packages drafted in implementation of the Principles of Good Governance in the role of quality assessor (8 reviews in total) and (i) 13% are categorized according to the rating system in Category III: Moderate quality / most standards are met and they are partially compatible (ii) 25% are categorized according to the rating system in Category II: Moderate quality but system standards are not met; (ii) 62% are categorized according to the rating system in Category I: Poor quality for improvement.

Progress has been made in one of the main objectives of the good governance system linked with the increase of quality of accountability and transparency, having the public consultation process as the main component. During the first semester 2021, it turns out that the Public Consultation Index is 72.22% and the progressivity rate has a progressive trend even though the results coincide only with the first semester of the year. The progress rate has increased by 50% compared to 2020 vs 2019 (comparisons with the respective periods). The quality index for this period has an increasing trend with a constant coefficient, which results in 4.94 points compared to 2020 (5.66) and 2019 (5.15 points) and it certainly shows a significant increase in 2018 (3.27 points).

During the first semester 2021, 75% (305) of civil servants of the public administration have been trained on the methodological framework and the public consultation process and 25 workshops /webinars, on-the-job training have been organized with a focus on capacity building and know-how of Public Consultation Coordinators.

In the framework of the impact assessment, the legal acts drafted during the first semester 2021 have been subjected to the impact assessment process where a total of 41 RIA reports have been drafted. The quality of the acts drafted and accompanied with the RIA for this period is estimated at 76%.

Public Finance Management

The Ministry of Finance and Economy has resumed the implementation of reforms undertaken in the field of public finance management, which materialize in the Public Finance Management Strategy 2019-2022, approved on December 18, 2019. This strategy consists of seven specific objectives (SO), as follows:

- SO1: Sustainable and prudent fiscal framework;
- SO2: Well-integrated and efficient planning;
- SO3: Revenue mobilization;
- SO4: Efficient execution of the budget;
- SO5: Transparency of public finances;
- SO6: Effective internal control;
- SO7: Effective oversight of public finances.

The Action Plan of the MPF Strategy was revised in the second half of 2020.

The MoFE undertook a comprehensive process of reviewing the logical framework of the Strategy and Action Plan with a strong focus on their indicators, goals and timeline, in order to consider the negative impact of the 2019 earthquake and the Covid-19 pandemic in the achievement of the PFM strategy outcomes.

The Monitoring Report on implementation of the Public Finance Management Reform Strategy 2019-2022 was adopted. The main achievements are the following:

- The Organic Budget Law was amended in July 2020, adding new fiscal rules. The new rule concerned the primary balance, which starting from 2023 cannot be negative;
- Mid-term review of the National Strategy for Development and Integration (NSDI-II) was finalized;
- DCM no. 290 on creation of an IPSIS database that will serve as the main system for planning, analysis, preparation, monitoring of all strategic documents was approved;
- The new AFMIS system included all Line Ministries and Budget Institutions during 2020;
- The Strategic Planning Committee approved the Priority Policy Document in March and July 2020;

- 15 Civil Society Organizations were trained on participatory budgeting and gender budgeting;
- The Unified List of Projects was approved during 2020;
- The regulatory framework on Medium Term Budget Program processes in Local Government Units was reviewed;
- Reports on Arrears were published at Local Level;
- All municipalities prepared the "Report on the Status of Financial Insolvency Procedures of Local Self-Government Units";
- The National Systematic Data Plan (NSDP) 2020-2027 was approved;
- The General Directorate of Taxation updated the database of the stock of tax debt according to the plan;
- The Directorate General of Customs has been working on further alignment of the regulatory framework with the EU acquis: Updated Guidelines on Binding Tariff Information (BTI);
- However, 110 out of 1100 new budget institutions are using the WebPortal for electronic archiving;
- Integration test with the Human Resource Management Information System was successfully completed;
- The General Directorate of Treasury improved the forecast and the liquidity and monitoring. The liquidity forecast is prepared and updated on a daily and monthly basis;
- Debt Management Strategy 2021-2023 was approved in January 2021;
- The conduct of domestic and foreign lending markets is analysed;
- A new Public Procurement Law (Law No. 162/2020) was passed by the Parliament on 24 December 2020, and also the new Public Procurement Rules were adopted in May 2021 through DCM no. 285, dated 19.05.2021;
- The electronic appeal system of the Public Procurement Commission, which consists in the creation of the complaints management system, is being finalized;
- The integration of the *Albanian Government Financial Information System* AGFIS with the Electronic Procurement System was established;
- The External Aid Management Information System (EAMIS) is being completed with data entered from the contact points of the six Partners for Development and Integration, a total of 40;
- The database of state aid schemes was improved and the annual report on the state aid was prepared; 3 new state aid schemes have been launched (out of 2 planned);
- INSTAT published the document "Harmonization of Audit Policies for Macroeconomic Statistics";
- A Budget Guide for Citizens was prepared and published;
- A calendar of hearings on key budget processes was prepared and implemented.
- Three Budget Institutions registered their assets in the asset module in AGFIS;
- The Policy Document on the Further Development of Public Internal Financial Control (PIFC) 2021–2022 in Albania was approved;
- The Instruction "On the delegation of tasks of employees in public sector units" was approved;

- The methodology for evaluation of quality of internal control was approved;
- Separate databases for the findings and recommendations of Financial Management and Control (FMC) and Internal Audit (IA) were created;
- The Internal Audit Manual was revised in January 2020 in order to improve the quality of internal audit reports;
- The Annual Audit Plan was prepared based on the revised risk-based methodology;
- The regulatory framework such as compatibility, financial and performance audit manuals was revised and the Audit Regulation was amended;
- The new manual "On monitoring the implementation of recommendations and the Institutional Register of Recommendations" was approved.

On November 25, 2021, the Albanian Parliament approved the state budget for 2022.

Priorities

The government priorities in the field of public finances continue to remain the same as before the pandemic, but with a growing commitment, namely:

- Reduce public debt;
- Settle and prevent arrears;
- Continue mobilization for tax and customs revenue collection;
- Improve management of public investment projects including Public Private Partnerships and subsidies;
- Ensure a better link between the strategic plans and the Medium-Term Budget Program;
- Ensure a more structured and timely engagement with citizens, civil society organizations and academia in budget planning, monitoring and reporting;
- Increase efforts to improve the level of implementation of the recommendations and findings of the High State Audit institution.

Civil Service and Human Resource Management

Albania is already considered a leader in the field of Human Resources Management and Public Services, ranked on top in the Western Balkans for the progress in fulfilling one of the main and most important principles of the Public Administration Reform set by SIGMA / OECD.²⁰

The Public Administration Department supported by the IPA 2014 expertise project "Implementation of civil service reform throughout the public administration" has been working on drafting and harmonizing job descriptions for line ministries and their finalisation for the three main pillars (according to structural organization) relating to (i) sector policy and development; (ii) regulatory and compatibility aspect; (iii) economic aspect and support services.

²⁰ <http://www.sigmaweb.org/publications/principles-public-administration-overview-alb.pdf>

In the same line with the review of job descriptions, the Public Administration Department in close cooperation with the project expertise has identified and drafted the workflow processes in line ministries elaborating the horizontal/similar and vertical processes that are specific to each ministry. Thus, analogous horizontal work processes in the field of Human Resource Management have been identified; EU integration and IPA projects drafting; legislation drafting and Regulatory Impact Assessment; Funding and budget as well as designing of 20 horizontal processes.

Concerning the preparation for the approval of the salary policy for civil servants, a salary policy document has been created defining the elements and the manner of implementation of the salary system. The reform of the salary system and its implementation is an important mechanism that aims to increase civil servants' motivation and performance to make the public administration more attractive to qualified professionals and in accordance with the principle "Equal pay for equal work".

Although the pandemic situation has affected this process, in implementation of the recommendations given in the meeting of the EU-Albania Public Administration Reform Special Group (PARSG), a detailed work plan with phases and steps has been created and it is being followed with priority indicating the specific phases and steps towards finalization and approval of the salary policy document to make possible such an important reform. Budget implications for this reporting period are estimated for four institutions.

It is intended that during the first semester of next year, cost calculation will be made for a larger number of institutions, so that, based on the available funds, it will be possible to determine how will the salary system review document be implemented. To regulate further the performance of civil servants, the manual on work performance has been finalized. This manual includes, among others, recommendations for legal amendments needed to improve this system, amendments for which the DoPA has already started working.

Regarding the finalization and interconnection of the Human Resources Management Information System (HRMIS) with the treasury system and the data exchange between the systems, the link between the HRMIS and the treasury has already been established. Approval of the Decision of the Council of Ministers no. 833, dated 28.10.2020, which sets clear tasks for public institutions, has been a positive development in terms of the responsibility of institutions in implementing this legal basis and continuous and periodic updating of systems.

In May 2021 it was signed the joint instruction no. 1 dated 21.05.2021 "On the form, the elements and completion of monthly payroll list and payroll expense order in general governance units" between DoPA and the Ministry of Finance and Economy. This process will be followed by a training plan to enable capacity building of employees in the field of human resources and finance to generate payroll lists through the system.

Following this instruction, DoPA and the Ministry of Finance and Economy have developed a work plan for institutions/spending units for the generation of the monthly payroll list through the HRMIS and their automatic submission to the Government Financial Information System (GFIS) and organising relevant training for all users through the Albanian School of Public Administration.

Until now, in coordination with the MoFE (with the technical support of the National Agency for Information Society), there are more than 25 institutions that have implemented the training plan.

Also, the changes made by DCM no. 833 dated 28.10.2020 "On detailed rules for the content, procedure and administering of personnel files and the central personnel register" and Instruction no. 1 dated 21.05.2021 were considered in the HRMIS system (unified payroll and payroll expense order).

Concerning standardization of the recruitment process, the use of the platform "Administrata.al" has been an important effective tool in this regard. The platform created to enable the identification and standardization of procedures and practices in the field of Human Resource Management has facilitated the work by making available to civil servants at central and local level the entire legal framework, standard patterns, modules with detailed steps of important processes of human resource management in the civil service such as restructuring, recruitment, performance evaluation, job description, litigation, etc.

After the establishment of this platform, considerable progress has been made to include relevant modules which facilitate and unify the work of civil servants in the field of Human Resources at central and local level.

In addition to the modules, the platform also contains: (i) key work processes in the field of Human Resource Management; (ii) the section of reports; and (iii) the set of key indicators in the field of reporting. More than 175 employees (users of the portal) were trained during 2021 to recognize and use these modules.

Moreover, in accordance with the approval of the practical manual "On the implementation of the Code of Administrative Procedures", trainings were organised to clarify the provisions of the new Code of Administrative Procedures and uniform implementation of the provisions during the exercise of functions by the public administration. Thus, the trainings on the legal framework of the Civil Service and the new Code of Administrative Procedures were organised during this reporting period (December 2020 - August 2021) at the local level, where 347 employees of the Local Government Units were trained and became familiar with the manuals and the guidelines developed for Human Resource Management, set of indicators and HRMIS.

DoPA has continued to monitor the online module (database) regarding court decisions in state administration institutions on the platform www.administrata.al for the execution of court decisions. The Public Administration Department has cooperated with the Commissioner for the

Oversight of the Civil Service by assisting and monitoring the entire process, defining responsibilities and time limits for Special Commissions set up in each institution. During January-September 2021, 65 court decisions were enforced.

During January - October 2021, statistical data of ASPA in terms of capacity building show positive and increasing trend.

The Commissioner for the Oversight of the Civil Service in cooperation with ASPA, has started the HRU training process in the local administration, with the training of the staff of the Commissioner.

Regarding administrative procedures and oversight in central, local and independent government institutions, the Commissioner for the Oversight of the Civil Service has resumed the activity of issuing instructions and recommendations concerning the unification of law enforcement in the civil service based on the identified problems.

Addressing the recommendations of the European Commission Report 2021, during the review of the draft law on the 2022 budget on 11.11.2021 the Parliamentary Committee on Legal Affairs, Public Administration and Human Rights, approved the Commissioner's proposals for changes to the structure of the institution.

Main priorities for the next year are:

- Drafting the new Public Administration Reform Strategy (within 2022/2023):
 - (i) assess the status quo and analyse measures and indicators to avoid overlapping with other strategies under the PAR umbrella;
 - (ii) determine the priority areas on which the new strategy will be based, costing, consultation;
 - (iii) approve the new strategy.
- European integration continues to be a priority of the Albanian School of Public Administration. Capacity building of the public administration in this field remains the focus of ASPA;
- Capacity building of civil servants for the rigorous implementation of civil service legislation through continuous training of civil servants at central and local level for the use of the platform "Administrata.al" as well as awareness raising on the advantages of using the platform in terms of unification and implementation of procedures in Human Resource Management;
- Continuous use of and reporting by institutions in the Central Personnel Register (HRMIS) and the platform "administra.al" according to the provisions of sublegal acts governing their use;
- Progress towards the implementation of the salary reform;
- Capacity building of employees to use the new templates and standards of the performance evaluation system to ensure an objective and fair system of performance

evaluation as a necessary condition for the civil servants' motivation leading to an engagement and higher commitment to public service.

Service delivery to citizens and businesses

Recently, Albania has become a good practical example to follow in terms of digital transformation. Such transformations provide justice, comfort to citizens and fight against the phenomenon of corruption. Changes are part of the daily reality and they have also been welcomed in the reports of international organizations. According to the UN report, Albania ranked 59th in the world for the e-governance index and moved to the 31st position for online services, leaving behind all the Western Balkan countries. The Organization for Economic Co-operation and Development (OECD) has rated Albania as the only country in the Western Balkans that meets all the indicators of digital governance, while the US Department of State during the last two years has appraised the e-Albania platform as a significant progress in provision of online services, especially in the fight against corruption. Over the last two years, the European Commission has assessed the progress made in e-governance services and it has noted their impact on reducing corruption and informality. Albania has also been awarded the Digital Governance Award by ReSPA (EU Initiative) and OECD / SIGMA for implementation of practices, initiatives, online services, and effective measures to address the coronavirus crisis.

Currently, every application for public services is made only online through the unique government platform e-Albania, where citizens and businesses receive 95% of services through this platform, without standing in the queue and paying cash. **The government portal e-Albania offers over 1209 electronic services.** The portal counts over **104 million transactions (January - July 2021) among the interconnected systems where 55 electronic systems** are connected to the Government Interaction Platform by exchanging data in real time and enabling more electronic services to citizens. 2.2 million users and 12.5 million applications for public services are registered in the e-Albania platform.

Citizens may obtain any document, from personal certificates to property certificates, pay monthly bills, health services, obtain court certificates, insurance certificates and any other municipal service. The same applies to businesses. With just one click any obligation due to the state may be settled. Citizens and businesses no longer collect accompanying documents produced by the state, as all accompanying administrative documents are provided by the institutions themselves, with electronic signature or stamp and the deadlines for collection of accompanying documentation for the applicant's file are monitored in real time.

Regarding public services for this period, **the number of ADISA joint offices that provide public services has increased to 23 centres in total.** During this period, offices are opened in Tepelena and Himara where public services were provided to citizens who are assisted in receiving online services through the e-Albania portal.

Main priorities for the next year are:

- The priority of the National Agency for Information Society is to digitalize further the existing services, in order to provide the final electronic documents to citizens and business.
- Making investments to enable the extension of ADISA in the territory through integrated centres and joint offices with one stop shop near the municipalities
- The operation of integrated centres and other service channels would not be complete without the rigorous monitoring and performance evaluation to help identify ways of continuously improving the activity of service centres/counters against objectives and targets. ADISA performance evaluation for service counters aims at improving the provision of public services to citizens and increasing the overall satisfaction of service users.
- Establishing and implementing quality management standard in all integrated centres and ensuring that quality control tools are also introduced in all public institutions that provide services at the counters.

2.1.5 Judicial system and justice system reform

For more information, refer to *Chapter 23 “Judiciary and Human Rights”*.

2.1.6 Anti-corruption

Please refer to Chapter 23 “Judiciary and Human Rights”.

2.2 Human rights

Please refer to Chapter 23 “Judiciary and Human Rights”.

2.3 Regional issues and international obligations

2.3.1 Regional cooperation

The main priority of the foreign policy of the Republic of Albania in the region is the promotion of and contribution to political stability, peace, security and economic development through cooperation at both bilateral and multilateral level. A secure and politically stable region that develops the right economic ties internally and with the rest of the world serves the national interests of Albania, but it is also in the interest of all other countries of the Western Balkans and our neighbours.

Albania remains an active participant and beneficiary of the Berlin Process, which aims, among other things, to deepen economic and trade cooperation within the Western Balkans.

Referring to the Berlin Summit 2021, we consider that comprehensive regional cooperation is a fundamental factor for the Western Balkan partners on their path to EU membership rather than a substitute for membership. We commend the positive coordination between the projects launched under the Berlin Process and EU policies, with particular focus on the Economic and Investment Plan, the Green Agenda for the Western Balkans and the Common Regional Market. We recognize that the Economic and Investment Plan focuses on sustainable transport, clean energy and digital connectivity projects implemented through the Western Balkans Investment Framework.

In the field of digital connectivity, we recognize the full implementation of the Regional Roaming Agreement and the launch of the free roaming regime in the Western Balkans from 1 July 2021.

We are willing to continue working on the *Draft Roadmap* on Lowering Roaming Charges between the EU and the WB. Lowering roaming charges between the EU and the WB is in line with the Measures supporting a Digital Agenda for the Western Balkans, the Common Regional Market Agenda 2021-2024 and the commitment of WB executives to work closely with all stakeholders, including governments and telephone operators from both the WB and the EU, in order to support the implementation of a roadmap to facilitate the reduction of roaming charges between the EU and the WB. We recognize that the achievements of the Regional Green Corridors are; the flow of basic medical and food supplies during the COVID-19 pandemic. The Green Corridors were a great example of how inclusive regional cooperation can facilitate a rapid and effective response to the devastating effects of the crisis.

"Open Balkan" currently a cooperation between the three countries of the region, Albania, North Macedonia and Serbia, aims at implementing as soon as possible, the four EU freedoms, the movement of people, goods, services and capital, which will be implemented throughout the region. This initiative will enable the cooperating countries of the region to open their borders to facilitate the life of citizens and the business community. The initiative is supported by the US and the EU and it is in line with the Common Regional Market Plan of the Berlin Process, thus the "Open Balkan" itself is a mechanism of the Berlin process. This initiative should be seen as a first successful move for the region and it helps to integrate our countries into the EU, strengthen regional cooperation and generate economic growth. The Open Balkan also complements regional co-operation in the framework of various regional initiatives, such as the Common Regional Market, Digital Agenda, Connectivity, WB Green Agenda, Green Corridors and the wider Berlin Process. This initiative serves to and complements the efforts of the countries of the region towards EU integration.

The Open Balkans remains open to all countries in the region and it is designed as a comprehensive regional initiative.

Republic of Kosovo

- The Republic of Albania maintains excellent relations with the Republic of Kosovo, based on the Joint Declaration on Cooperation and Strategic Partnership. There are no unsolved issues between the two countries. Intensive work is being done to deepen economic relations and increase the trade volume;
- Cooperation between the two countries is considered strategic, stabilizing for the region and focused on the Euro-Atlantic perspective;
- The Strategic Partnership with Kosovo is implemented through agreements and protocols signed during the seven Governmental meetings (G2G) (G2G7 on 26 November 2021) that have been held until now. They have made possible a package to develop bilateral agreements covering all areas of cooperation, including trade development, cooperation between customs authorities, transport infrastructure, energy-related cooperation, agriculture, tourism, education, cultural cooperation, but also cooperation on security issues, facilitating border control procedures, fighting serious and organized crime, implementing foreign policy, and many more other areas.
- The Republic of Albania strongly supports the EU-led dialogue between Kosovo and Serbia, the outcome of which should be a legally binding Agreement that enables mutual recognition between the two countries, UN and EU membership of Kosovo, and fair treatment of minorities, in accordance with the Constitution of Kosovo.
- It is assessed the current economic cooperation with Kosovo as well as the willingness of both countries to strengthen this cooperation further.

Bosnia and Herzegovina

- Relations with Bosnia and Herzegovina (BiH) are good with a willingness to intensify the political dialogue.
- The Republic of Albania strongly supports the sovereignty, the territorial integrity, the social cohesion of Bosnia and Herzegovina, and its progress on the Euro-Atlantic path;
- Albania is determined against any destabilizing efforts and "separatist" rhetoric coming from inside and outside Bosnia and Herzegovina;
- Albania is following with great concern the escalation of the latest ethnic tensions in the country, the efforts of the BiH Serbian leaders to withdraw from the joint state institutions, especially from the joint BiH armed forces.
- Albania expects Bosnia and Herzegovina to be more committed to the regional cooperation, including the involvement of the six WB countries in regional initiatives, as well as a more open attitude towards the involvement of the Republic of Kosovo in the regional cooperation mechanisms.
- Albania believes that it is high time to adopt a new position towards Kosovo and that it should review the recognition of the documents of the Republic of Kosovo and the visa regime facilitation for the Kosovo citizens;
- The volume of trade between the Republic of Albania and Bosnia and Herzegovina remains modest. While a visa-free regime has been in place since 2010, in 2018 it was possible for citizens of both countries to travel only with an ID card.

Serbia

- The Albanian government understands the bilateral relations with Serbia in light of implications and multiple impact at regional level, including Kosovo and Albanians who live in the region;
- From January 2021, the agreement on free movement of citizens with ID cards has become effective between our two countries;
- Albania pays special attention to Albanians who live in southern Serbia, and it requests more respect and involvement in the socio-economic life of their country, in accordance with the international norms and the European law;
- An important issue to us is the de-registration of the addresses of Albanians, mostly in Medvedja. The removed addresses in the municipality of Medvedja are not an isolated case, but instead it is an ongoing policy that deprives them of their fundamental rights.
- The continued use of discriminatory language and terminology against the Albanian people and the Albanian minority by the high authorities in the Republic of Serbia remain a concern.
- Albania strongly supports the EU-led Kosovo-Serbia dialogue, which outcome must be a legally binding agreement enabling mutual recognition between the two countries, UN and EU membership of Kosovo, as well as fair treatment of minorities, in accordance with the Constitution of Kosovo.
- Albania expects the Serbian side to be straightforward and sincere in the dialogue with Kosovo;
- There is a continuous diplomatic offensive by Serbia against various states to withdraw the recognition of Kosovo and to prevent Kosovo's membership in the most important regional initiatives. Such offensive is against the spirit of the regional cooperation, the Berlin Process and the EU-led Dialogue. Serbia must stop this offensive, which goes against the international law and undermines regional stability;

Montenegro

- Relations with Montenegro are very good, friendly and continue to be intensified further. A dynamic and productive relationship has produced an evolving bilateral cooperation. Albania welcomes the progress made by Montenegro during the EU accession negotiations;
- After the First Joint Meeting of both Governments in Shkodra (2018), both countries are working to prepare the second G2G this year. Consultations on various issues have been held on regular basis;
- Cross-border cooperation was strengthened with concrete projects that improve infrastructure on both sides of the border;
- A very positive example of concrete cooperation is the opening of the joint border crossing point-Grabom-Zatrijebacka Cijevna, with the presence of Prime Minister Rama and Prime Minister Krivokapic. (July 29, 2021)

- Albania remains committed to working with the political factor, including the Albanian factor in Montenegro and notes the willingness to further cooperate with any government that has the Euro-Atlantic perspective on its agenda;
- There has been an intensive exchange also at regional and international level, in the framework of EU accession, NATO, the Berlin Process and the Albania-Montenegro-Croatia Trilateral Initiative.
- Both governments are committed to working towards increasing the trade volume that currently remains modest;

North Macedonia

- Relations with North Macedonia have intensified and continue to be particularly good and friendly. The intergovernmental dialogue between the governments is stable, strong and integrated through extensive bilateral cooperation in many sectors and areas;
- Progressive political dialogue with exchange of visits at the highest levels has been intensified by reciprocal visits at the level of the heads of state, speakers of parliament, prime ministers, foreign ministers and others;
- Albania welcomes the efforts and the achievements of the Government of North Macedonia to build a functioning multi-ethnic society based on the full implementation of the Ohrid Framework Agreement and the Law on Languages, and it hopes that the authorities in Skopje will make further efforts on this matter;
- Both countries are working to prepare G2G 2. An ambitious agenda is being discussed for the second joint government meeting in North Macedonia, which consists in strengthening connectivity, finalising the infrastructure, energy and mobility corridors, with a special focus on major infrastructure and energy connectivity projects: 8th Corridor, Durrës - Elbasan - Skopje section;
- Arbri Road and the extension in the segment Bllata - Skopje; Completion of 400 KV interconnector; Construction of Kicovo - Ohrid railway up to Lin; Joint customs point and Border Crossing Point in Qafë - Thanë.
- The volume of trade, even though relatively modest, marks an increasing trend.

Greece

- Relations with Greece are good. Greece is a valued neighbour, but it is also Albania's partner on its path to democracy, progress and European integration;
- For several years, Greece has been on the top of the list of partners in trade and foreign direct investment. A significant part of economic and financial activity of Albania is oriented towards Greece, thus the economies of both countries are strongly connected. Both countries have the desire to further deepen economic cooperation and increase the presence of Greek investments in the field of energy, tourism, transport, infrastructure, agriculture, etc .;

- Achievements in bilateral cooperation include the implementation of the agreement on the search, exhumation, identification and burial of Greek soldiers killed in the Albanian territory during the Greek-Italian war of 1940 - 1941, withdrawal of the Greek reserve for the Apostille Seal to Albania, successful finalization of the review of textbooks, the signing of the agreement for mutual recognition of driving licenses, on January 18, 2021 the two countries signed an agreement for the establishment of a common centre of border cooperation and on January 26, 2021 the agreement for the allocation of a grant of 2,5 million Euros for the reconstruction of a vocational school in the complex "5 Maji" in Tirana in the framework of the reconstruction after the earthquake of November 26, 2019;
- The political dialogue between the two countries took a very positive step during the last visit (October 20, 2020) of the Greek Minister of Foreign Affairs Dendias where both countries voiced their decision to refer to the Court of Justice in the Hague the issue of the delimitation of the maritime space in the Ionian Sea, thus paving the way to the resolution of the most difficult open bilateral issue between Albania and Greece.
- The Greek minority and the Albanian community in Greece are bridges that serve to the good relations between our countries.
- From the start of the Covid-19 pandemic, both countries have had a fruitful cooperation for the measures and counter action. Greece has donated 120000 Astra Zeneca vaccine doses to Albania.

Italy

- Relations with Italy are extremely good. Italy remains one of main strategic partners of Albania;
- Cooperation is based on extraordinary historical, cultural and economic ties. Inter-state dialogue between governments is stable, strong and integrated through deep bilateral cooperation in many sectors and areas;
- We have intensified the political dialogue with high-level exchange visits: the official visit of PM Rama in Rome on November 17, 2021, invited by Prime Minister Dragi.
- Cooperation in the field of defence and justice and home affairs was further strengthened, in particular in the fight against organized crime, drug trafficking, trafficking in human beings, illegal migration and asylum. Albania is cooperating closely with Italy on irregular migration. Italy remains the first trade partner of Albania and one of the main donors in Albania.

Turkey

- Albania appreciates the strategic partnership and the very good and friendly traditional relations with Turkey.
- Our strategic ties as well as the close partnership serve to the good neighbourhood, stability, peace and progress in the region and beyond.
- Albania and Turkey are reliable partners in NATO.

- The intensification of political dialogue and the comprehensive bilateral cooperation are reflected in the high-level exchange visits such as the visit of PM Rama in Ankara (January 6 and June 3, 2021) to the Speaker of the Turkish Parliament and the mutual visits of several ministers in Tirana and Ankara. as well as with the signing of several agreements of mutual interest.
- There is a growing presence of Turkish investments, especially in the field of energy, banking, tourism, telecommunication, and infrastructure. Turkey is Albania's 4th largest trading partner. Turkish investments reach 3.6 billion dollars, while 15 thousand Albanian citizens are employed by the Turkish companies.
- There has been an intensive exchange at the regional level, within regional and international initiatives.

2.3.2 European Union - Albania relations

The European integration has been one of the most important priorities of the foreign policy of Albania and the driving force for achieving economic well-being, social welfare and political stability.

Albania is a candidate country after the June 2014 Meeting of the Council of the European Union in Brussels. Being awarded the candidate status was a result of Albania's reform efforts in recent years and the EU confirmation of the efforts made and the progress achieved on the path to Albania's accession. The decision also encourages Albania to continue with the existing reforms and launch new reforms needed to prepare Albania to further launch the accession negotiations. A constructive and sustained political dialogue remain essential to consolidate and continue reforms.

On July 1, 2021, Slovenia took over the Presidency of the Council of the European Union. As a strong supporter of EU enlargement in the Western Balkans and part of the troika together with Germany and Portugal, Slovenia has made the issue one of its presidency priorities.

The six-month program of the Slovenian Presidency is based on four priorities. Under the slogan “*Together. Resilient. Europe*”, Slovenia is striving to facilitate the EU's recovery and strengthen its resilience, to reflect on the future of Europe, to strengthen the rule of law and European values, and to increase security and stability around European borders. Under the fourth priority, Slovenia is paying special attention to the Western Balkan countries, their European future, and the continuation of a credible EU enlargement process. Slovenia is committed to striving for economic recovery of countries in the region and ensuring sustainable development through green and digital transition, while improving the connection within the region and between the region and the European Union. Slovenia was also committed to hosting the EU-Western Balkans summit on 6 October 2021.

During this period, the debate and discussions continued regarding the acceleration of the EU enlargement process in the Western Balkans. The meeting of the Bled Strategic Forum, held in Slovenia on September 1, 2021, was partly dedicated to this topic. Also, in the meetings held during September, the political importance of the region has been part of the conveyed messages. The German Chancellor Angela Merkel visited Tirana on September 14, 2021 and she met the prime ministers of the region, where she stressed the importance of the EU integration of the Western Balkans and the need for stronger regional cooperation.

The President of the European Commission Ursula von der Leyen, during her speech in the European Parliament, on 15 September 2021, on the situation in the European Union, raised the issue of the importance of the enlargement process and she promised to travel to the region before the Western Balkans Summit (6 October 2021). Tirana was the first capital chosen for the visit on September 28, 2021.

During 2021, apart from the fact that progress made by Albania has been acknowledged and assessed by all European partners, there have been no new developments in advancing the European integration dossier. This is because there is still no progress in resolving the dispute between Bulgaria and North Macedonia, which continues to be an obstacle to Albania. Moreover, during this period there has been no discussion by the European decision-makers about the possibility of handling Albania separated from North Macedonia.

PART 3: ECONOMIC CRITERIA

3.1 Functioning of the market economy

3.1.1 Economic developments

Economic activity has expanded rapidly during the first half of 2021. GDP growth accelerated to around 12% in annual terms supported by faster growth rates of private and public consumption and investments as well as strong export performance. While, these growth rates are directly affected by the low base of 2020, trends within the evolution of aggregate demand components indicate for the latter to have surpassed the negative shock from the pandemic and to have moved along their medium-term trajectories. Furthermore, as indicated by up-to-date economic data, the negative impact from the pandemic is estimated to have not affected long-term economic trends and equilibria.

Measures taken in 2020 by the government and the Bank of Albania helped alleviate the immediate effects of the crisis and maintain financial stability, which proved an important precondition for helping the economy recover faster. The financial system remains stable and the banking sector continues to be characterized by capital adequacy, remains liquid and profitable. The non-performing loan ratio has continued its downward trend reaching 7.0% during August

2021. After a fast deterioration in 2020 reflecting the stimulus fiscal packages undertaken, the deficit and public debt have stabilised in 2021. A similar tendency is estimated for the evolution of the current account deficit which has returned to pre-pandemic levels.

The current account deficit recorded EUR 554.1 million in the first half of 2021, expanding by 9.6% in annual terms. Its ratio to GDP stands at 7.7%, compared to 9.9% in the first half of 2020 and 8.8% for the year as a whole. The decline of the current account deficit was driven by the increase of the surplus in the services sub-account (up by -75.8%), as a result of the strong rebound in the export of "travel services". On the other hand, the merchandise trade deficit expanded by 22.8%, due to the rapid growth of imports associated with improved aggregate demand. The increase of services surplus has improved the overall trade deficit by 1.1% compared to a year ago. Meanwhile, the primary income deficit has deepened mainly due to higher investment income outflows. On the other hand, the secondary income balance has rapidly improved due to remittances' inflows, which increased annually by 24.4%.

Net capital inflows amounted to EUR 146.7 million in the first half of 2021, from EUR 51.6 million in the first half of last year. Net liabilities in the financial account dropped by 32.6% in annual terms, mainly due to the strong base effect from the issuance of the Eurobond in the second quarter of 2020. Net Foreign Direct Investment fell by 1.7% mainly as a result of reduced FDI in the energy sector as major energy projects are in final stages of completion. The current account deficit financing structure continues to rely mainly on non-debt-creating flows.

Albania's gross external debt declined to 62.6% of nominal GDP at the end of the first half of 2021, from 65.6% at the end of 2020. The debt stands at EUR 8,811 million, registering an annual drop of 1.5%. The composition of debt according to sectors, is as follows: (i) the general government owns about 47.8% of it; (ii) deposit-taking corporations about 16.5% of it; (iii) other sectors about 16.6% of it; (iv) foreign direct investment (FDI) about 18.5% of it; and (v) the monetary authority about 0.01% of the debt. The composition of debt according to instruments shows that "other investments" in the form of "loans" and "deposit currencies" represent the main debt instrument, which is followed by FDI intercompany loans. Meanwhile, the issuance of Eurobonds has caused an increase in the weight of "portfolio investments" which extends to 2021 as well. According to maturity, long-term debt accounts for about 92.0% of the total. It has expanded in annual terms by about 3.7%.

As of September 2021, the level of foreign reserves stands at 4,204 million euros, recording a growth of almost 2% compared to the same period in the previous year. The international reserve adequacy ratios stand significantly above their adequacy criteria levels. Gross reserves in the third quarter are estimated to cover over 3 times the total stock of the external short term debt, significantly above the critical level of 100%. For the same period, the stock of international reserves is estimated to be sufficient to cover around 8 months of imports of goods and services, above the minimum requirement of 4 months.

Inflation has been increasing over the first nine months of 2021, from 0.9% in the first quarter to 1.8% and 2.4% in the second and third quarter. On average, inflation stands at 1.7%. The increase of inflation is mainly attributed to: (i) the increase of oil prices, reflecting amongst other factors the base effect from last year drop. However, during the months of August and September, the index of this subgroup was very close to its pre-pandemic level, signaling for a stabilization of the contribution going forward; (ii) the increase of unprocessed food prices, mainly vegetables; (iii) the increase of processed food prices – especially since June – driven mainly by high food commodity prices in the international market.

The easing of anti-Covid measures boosted demand for services, exerting upward pressures on their prices. Such pressures were seen in the increase of the inflation of “Recreation and culture” – especially during the third quarter – of “Hotels, bars and restaurants”, during summer months and, of “Transport”, “Health” and “Communication” since the second quarter.

From the point of view of macroeconomic factors, the pick-up of inflation is largely driven by the rapid increase of energy and food prices in the international market. On the other hand, domestic inflationary pressures have increased, but remain moderate. The increase of employment and wages is still insufficient while inflation expectations remain below the inflation target. Over the first nine months of 2021, core inflation was 1.5%, maintaining almost the same level as in 2020. Its contribution to headline inflation was relatively stable to around 1 percentage point.

In the short run, inflationary pressures are expected to increase, driven mainly by rising commodities prices in international markets. The latter are expected to normalize during 2022. On the other hand, domestic inflationary pressures are expected to increase gradually following the uninterrupted expansion of the Albanian economy and the absorption of slack. This will lead to a more dynamic growth in wages and other production costs supporting a sustain convergence of inflation to target. Inflation is projected to increase gradually, reaching the target by 2022.

The accommodative monetary policy of the Bank of Albania has created favorable financing conditions to support the recovery of the economy and the increase of inflation towards the target. The financial market is calm, stable interest rates have prevailed and the declining market premia trends have continued. Yields have fluctuated close to their low levels of the previous year, with a modest declining tendency for long maturities. The government domestic financing needs were met comfortably by the domestic financial market. Lending interest rates have remained close to their levels of 2020 for businesses (at avg. 5.6%) and have declined further for households (avg. 6.2%). The foreign exchange market has been calm, characterized by a slight appreciation of Lek towards Euro in the third quarter of the year, in reflection of a stronger tourism activity. Currently, eur/lek exchange rate is fluctuating around 121.5 lek/euro, with an annual appreciation of Lek of 2.0%.

Bank lending has been strongly supported by favourable financing conditions, the increase of demand and banks' positive approach to lending. Lending to private sector has increased annually by 8% over the first 9 months of 2021 compared to 6.8% growth in 2020. Lending has financed

the expansion of investments of both businesses and households, as well as their liquidity needs. Lending to households is growing faster at 8%, supported by both mortgage (10.9%) and consumer loans (5.3%). On the other hand, businesses lending growth has remained broadly stable at 7.6% supported, amongst other factors by public guarantee scheme introduced last year and credit restructuring. Moreover, lending continues to retain two positive features. First, lek credit continues to pose high growth rates, indicating a good transmission of the monetary stimulus and strengthening the banking system's resistance to exchange rate risks. Second, the non-performing loan ratio fell below 7.0% in August, suggesting a satisfactory quality of this portfolio.

Going forward, we expect bank lending to grow steadily in line with economic growth and supported by favourable credit conditions. The good health of the banking sector, which is liquid, well-capitalized, profitable underpins such expectations.

Macroeconomic stability

Last year (2020) was in terms of economic activity and public finance, one of the most difficult years in three decades. Albania, in addition to the shock from the COVID-19 pandemic that spread throughout the whole world, shortly before it was also hit by the earthquake, and of course the negative effect on the economy is amplified. However, despite the severe impact that both shocks have had, thanks to the relatively good responses to economic policies (fiscal and monetary), available statistical data show that the overall situation at the close of 2020 was significantly less severe than expected at the beginning of the pandemic, and throughout 2021 the recovery of the economy is significantly faster than initially expected. So far, it seems that the main economic and financial fundamentals and the overall macroeconomic stability of the country have resisted these shocks relatively well.

The Albanian economy during 2020 recorded a recession of 4 percent, which due to the pandemic reached the peak of GDP contraction in the second quarter at about -11.3 percent, but showing signs of recovery and returning to positive ground in the last quarter of the year. Although the whole year 2020 recorded a strong recession for our economic history, it is worth noting that this recession was much more restrained than our initial forecasts, ranging from about -6 percent (Ministry of Finance and Economy projection) at about -8 percent from other domestic and international institutions.

During the first half of 2021, the Albanian economy showed very encouraging signs, marking a rapid recovery of economic activity. Gross Domestic Product (GDP) for the first half of 2021 has increased by about 11.9 percent compared to the first half of 2020 according to the latest estimate available from INSTAT. This recovery relies on a wide range of factors and is present in almost all sectors of the economy. The reduction (almost removal) of restrictions after the fall

of infections, where the vaccination process has also played a key role, the increase of business and consumer confidence, the improvement of partner economies, as well as fiscal and monetary support policies, have led to increased household consumption, public and private investments, as well as exports. Both the manufacturing and services sectors have benefited from these developments, providing recovery for business and employment and creating good premises for the medium-term outlook.

According to the optics of aggregate demand, in the first half of 2021 it is estimated that all components of aggregate demand have marked strong growth, thus reflecting the resumption of normal economic activity, after the lockdown experienced during 2020. Growth through the first half of 2021 was generated almost entirely by domestic demand, both from private consumption and investment. Meanwhile, net foreign demand is estimated to have also a positive contribution to total growth, but much more moderate. This is because the high positive contribution from the strong growth of exports of goods and services was almost counterbalanced almost entirely by the negative contribution from the also strong growth of imports of goods and services.

In this context, total final consumption, which is the largest share in the economy, decreased by about 1.9 percent in real annual terms during 2020 and the final consumption of the population decreased by about 2.3 percent. Meanwhile, for the first half of 2021, final consumption marked a significant increase of 6.1 percent, while private consumption marked an increase of 5.7 percent compared to the same period a year earlier.

Gross Fixed Capital Formation (total investments) decreased by about 2 percent in real annual terms during 2020, while for the first half of 2021 this rate increased by 29.7 percent. This increase is attributable to a considerable extent to the increase in public investment during the first half, including those for post-earthquake reconstruction.

Developments in foreign trade of goods showed a significant increase in annual terms, both in exports and imports, in the third quarter of 2021. Continuation of the upward trend since the previous quarters and the fact that values have increased significantly, are indicators for the recovery of foreign trade of goods in general. Exports of goods for the 9-month period 2021 marked an increase of + 36.5% compared to a year ago. While imports of goods for this period of 2021 marked an increase of +29.6% compared to a year ago. The trade deficit for the period January-September 2021 has increased by 23.9% compared to the same period a year ago. The coverage ratio of exports to imports for this period is 47.8%.

On the aggregate supply side, all branches contributed positively in the first half of 2021, except for agriculture, which recorded a slight decline and a slight negative contribution. Specifically: Industry registered an increase of 31.7% and a positive contribution of 4.0 p.p. to the total GDP growth of 11.9%; Construction recorded an increase of 31.9% and a contribution of 2.46 p.p.; Financial and insurance activities registered an increase of 21.8% and a contribution of 0.62 p.p.; Arts, entertainment and recreation recorded an increase of 18.3% and a contribution of 0.39 p.p.; Public administration and defense, education and health recorded an increase of 10.6% and a

contribution of 1.3 p.p. While "Agriculture, forests and fisheries", which during the same period last year was the only sector that recorded positive growth, during the first half of this year recorded a slight decline of -0.3 percent and a negative contribution of 0.1 p.p. Thus, it is evident that in all sectors, both those with strong positive growth and in the case of "contrast" of declining agriculture, the "base effect" constitutes the substantial weight.

Also the implications in the labour market so far do not seem to have been extremely worrying especially with regard to the long-term structural implications. The latest data from INSTAT according to the Quarterly Labour Force Survey (LFS) in the third quarter of 2021, show that the unemployment rate for the 15-64 age group is 11.6%, compared to 12.1% for the same quarter of a year ago. While for the working age group 15 years and above, the official unemployment rate in the third quarter of 2021 marked the value of 11.3%. The number of unemployed persons of working age (15-64 years) in the third quarter of 2021 was 156,406 persons.

In the third quarter of 2021 the number of employees of working age (15-64 years) was 1,196,838 people. Compared to the same quarter of the previous year (Q3-2020), the number of employed persons increased by 42,462 persons or +0.2%.

The external position of the economy, another extremely important fundament and typically vulnerable to such shocks, remained relatively solid. In the second quarter of 2021, the overall balance of payments was negative and foreign assets decline (reserve) of about 117 million euro. The current account deficit is 243 million euros, narrowed in annual terms by about 134 million euros or 36%. The improvement in the current account deficit was largely driven by the expansion of the trade surplus in services, reflecting the significant increase in revenue from "travel" following the easing of restrictive measures under the Covid-19 pandemic. At the same time, foreign exchange inflows of emigrants increased in annual terms. The positive contribution of these factors has fully offset the deepening of the trade deficit in goods as well as the widening of the negative balance of primary incomes. The stock of foreign exchange reserves at the end of June 2021 amounted to 3,925 million euros, sufficient to cover 8.4 months of average imports of goods and services.

In the first half of 2021, foreign direct investment amounted to +480.2 million euros or -2.3%, compared to +491.4 million euros in the first half of 2020. While only for the second quarter of 2021, FDI amounted to +243.4 million euro or + 1.8%, compared to euro +239.0 million in the second quarter of 2020. This quarter, the inflow of foreign direct investment in the form of capital expansion was mainly concentrated in the hydrocarbon sector (at 23%), financial intermediation (to the extent of 16%), energy (to the extent of 6%), as well as the construction and communication sectors (respectively to the extent of 5%). In the first half of 2021, revenues from services related to Tourism in general increased by + 68.2%, compared to the first half of 2020. Also for this period, Remittances increased by + 24.4%.

The stability of the external position of the economy was also reflected in the foreign exchange market, where the exchange rate of ALL against major currencies remained relatively stable throughout 2020 and continues to remain so.

The sustainability of the financial sector, in terms of capitalization, liquidity and profitability, continues to remain another strong and continuously improving fundament of the economy. Non-performing loans (NPLs) continued to decline, marking at the end of July the level of about 7.05% from 24% that peaked about two years ago. The total stock of bank loans in August 2021, had an increase of 6.6%, compared to the same month of 2020. The stock of loans in ALL increased by 8.2%, while that in foreign currency increased by 4.9%, compared to a year ago. Also, lending to the private sector of the economy has already seen a significant expansion by the end of August 2021, recording an increase of over 7% compared to a year ago for loans to businesses and over 8% for loans to consumers.

Regarding Deposits, referring to the data so far, during August 2021 the total stock of bank deposits has increased by 9.8% compared to the same month of 2020. The total stock of deposits in ALL increased by 7.1%, while that in foreign currency increased by 12.2%. In August 2021, it results that about 44.8% of the total deposit stock consists of ALL deposits, while the remaining 55.2% consists of foreign currency deposits. The total deposit stock for August 2021 alone increased by ALL 20.7 billion compared to the previous month (July 2021). The total stock of business deposits in August 2021 marked an increase of 27% compared to August 2020, while the total stock of household deposits increased by 6.7% compared to the same month of the previous year.

In September 2021 the annual change of the consumer price index is + 2.5%, while a year ago this change was + 1.5%. The average inflation for the period January - September 2021 is + 1.7%. The monthly change of the consumer price index in September 2021, compared to August 2021, is 0.5%. Average inflation for 2021 is projected to remain at 2.2%, still slightly below the Central Bank target of 3%.

For 2021 as a whole, economic growth is projected at 7.6 percent and is projected to remain around the level of 4 percent over the following medium-term period.

Financial stability and acceleration of lending to the economy.

The banking sector maintained an adequate level of capitalization, liquidity position and profitability. Non-performing loans (NPLs) continued to decline and their ratio to total loans marked 7% in August from 8% a year earlier. Also, lending to the private sector of the economy has seen a significant expansion, supporting the needs of families and businesses for liquidity and investment.

The external position of the economy and the balance of payments remain stable.

The current account deficit narrowed in the first half of this year, driven by the increase of service exports and remittances. On the other hand, deficits in merchandise trade and primary income expanded further.

The positive net flows in the capital account increased substantially in the first half of the year while the flow of foreign direct investment decreased slightly. On the other hand, a strong rebound in FDIs is observed in the case of mining.

The overall balance of payments and the external position of the economy remain stable, with the foreign exchange reserve stock at the end of the period considered sufficient to cover 9 months of imports of goods and services.

3.1.2 Monetary and fiscal policies

The Bank of Albania has maintained an accommodative monetary policy during the last decade in face of subdued inflationary pressures from domestic and foreign environment. The monetary stimulus has supported economic growth and gradual build-up of domestic demand inflation. The Bank of Albania increased its monetary stimulus in 2020, in the face of the pandemic crisis reducing its policy rate by 50 basis point to 0.50%. The policy rate has remained unchanged in 2021. The Bank of Albania has continued to provide unlimited liquidity to the banking system aiming to ensure normal and stable functioning of the financial markets during the pandemic.

In addition to monetary measures, the Bank of Albania's response package to the Covid-19 crisis included other micro and macroprudential measures (see section 3.1.6), which, together with supporting fiscal packages, have mitigated the negative impact of shocks in the financial system and the economy, creating premises for the revival of economic activity.

The transmission of the accommodative monetary policy to the economy has been effective. Borrowing interest rates remain low and credit to the economy continues to grow steadily. Credit to private sector has supported the financing needs of households and businesses and is balanced in terms of currency distribution. The increased monetary stimulus, together with the forward guidance, has served to reduce uncertainties in the financial markets and keep risk premia low.

Monetary policy will continue to strive for the achievement of price stability as main objective. The economic activity is expected to rebound swiftly in 2021 after it declined in 2020. The economy is expected to maintain stable rates of growth in the coming years. This recovery will be supported by macroeconomic stimulus, by reducing uncertainty and improving the foreign economic environment. With the economy growing steadily and approaching its long term potential, inflationary pressures are expected to intensify supporting sustained inflation rates. The inflation rate is expected to reach the 3% target in 2022. Normalisation of monetary policy will start gradually as the inflation outlook improves further. Nevertheless, monetary policy will remain accommodative in the medium term with interest rates standing below their long term trends.

The priorities of the Bank of Albania in the field of economic criteria include:

- Adopting monetary policy to the achievement of price stability;

- Improving the transmission mechanism by following measures to reduce non-performing loans, encourage the use of local currency in financial markets and develop the secondary market and exchange rate risk hedging instruments;
- Modernization of the system of payments and the expansion of services provided;
- Continuous harmonization of monetary, fiscal and macroprudential policy;
- Perfection of technical expertise and analytical capabilities to ensure a decision-making well-informed;
- Completion and implementation of the emergency intervention regime to precede disciplined exit from the banking market.

The current combination of economic policies is appropriate and necessary to maintain macroeconomic stability, to support the revival of economic activity and to return it to a sustainable growth trajectory.

Fiscal Policy

In recent years, until the onset of the pandemic, public finances had embarked on a safe and optimal fiscal consolidation trajectory, materialized in the key parameters sustainability. First, this was materialized in the overall budget deficit reduction from 5% of GDP in 2013 to below the 2% level by 2019.

While in 2020, as the main counter-response to the amortization to some extent of the pandemic shock, a highly expansionary fiscal policy was undertaken. Consequently, the total budget deficit amounted to about 6.8% of GDP and public debt increased to about 76% of GDP, so by about 10 percentage points compared to the end of 2019.

To pursue such an expansionary fiscal policy in response to the shock, the government had to activate during 2020 the "deviation clauses" from the fiscal rules, as clauses previously provided in the Organic Budget Law (LOB), not thus affecting the credibility of public finances in the markets perception and economic agents. Also, with the aim of maintaining as much as possible intact the credibility of public finances in the markets perception, a key element for public finances as a macroeconomic fundament, especially for small countries with relatively low budget refinancing needs. Also, another legal initiative was launched in July 2020 (at the height of the pandemic) including another new fiscal rule in the LOB, which legally sanctioned the return of the primary budget balance to at least balanced level (so not less than zero) starting from 2024 onwards²¹.

This rule was welcomed quite positively by all international institutions (including definitely rating agencies) and consequently by economic actors as a whole, as a very appropriate and effective initiative to maintain the credibility and stability of public finances, not only in medium

²¹ The original rule sanctioned "since 2023" but then this was changed again in July 2021 and became "since 2024".

and long term post-pandemic, but we even estimate that it was quite helpful to provide a relatively normal financing (borrowing) even in the short term during the shock, so during 2020 and the first half of this year, despite the much larger magnitude higher borrowing than typically.

From 2022 onwards, the basic objective of fiscal policy in the direct function of ensuring the macroeconomic stability of the country, will again be fiscal consolidation, as an essential premise for ensuring sustainable and inclusive economic growth. Fiscal policy will target a downward trajectory of public debt, so a gradual but annual downward trajectory, while the primary balance will return to a positive level from 2024 onwards, in accordance with the fiscal rules in the LOB.

At the same time, in addition to fiscal consolidation, we will aim to maintain a healthy ratio of current and capital budget expenditures, where capital expenditures (so public investments) will be targeted at around 5 percent of GDP in each budget year.

The budget deficit for 2022 is planned to be at the level of 5.4 percent of GDP from about 6.8 percent expected for 2021. The primary balance for this year is expected to be again negative at about -2.7 percent, however in an improvement of about -4.6 percent expected for 2021.

However, the current fiscal balance (the difference between public investment and fiscal deficit) will be positive in the coming year 2022, at the level of 1 percent of GDP from an expected again positive level of 0.5 percent this year, in accordance with the respective fiscal rule (the “golden rule” of the budget). Gross public debt will also return to a downward trajectory starting in 2022, in line with the respective fiscal rule, where it is expected to fall to about 78.9 percent of GDP from about 80 percent expected this year. The primary balance will return to a positive level (primary surplus) from 2024 onwards. This target already becomes legally mandatory that starting from the budget year 2024 and for each subsequent year the primary balance will be not less than zero (so at least balanced or positive). Under the baseline scenario, public debt is expected to fall by around 74.9 percent in 2025 and further by around 67.9 percent in 2028.

3.1.3 Interaction of market forces

The privatization process remains a priority, especially in the strategic sectors, aiming to attract foreign and domestic capital that would have a positive impact on the economic development. In strategic and non-strategic privatizations there are no restrictions for the participants.

The privatization of strategic joint stock packages (companies operating in sectors of special importance for the economy) is implemented in accordance with the Law No. 8306, dated 14.03.1998 "On the privatization strategy of sectors of special importance", as amended.

In the framework of achieving the objectives related to the privatization of state assets, the Minister responsible for the economy annually reviews the plan for the privatization of state assets.

- "Action plan No. 7476, dated 30.09.2015 "On the privatization of state-owned enterprises in strategic sectors for the period 2015-2020",
- "Action plan No. 3459, dated 29.04.2016 "On the privatization of assets for the period 2016-2020", amended for the period 2018 - 2020, with the Order of the Minister of Finance and Economy No. 88, dated 21.03.2018.
- "Action plan No. 2564, dated 29.03.2017 "On privatization / liquidation of state-owned enterprises in non-strategic sectors 2017-2020".

During 2020, a total of 12 state assets were privatized, achieving a total of 401,539,296 ALL and 303,767,835 Privatization Bonds. While during the period January-October 2021, a total of 7 state assets were privatized, achieving a total of 24,696,978 ALL and 57,852,504 Privatization Bonds.

The sale of state assets is done through a public auction procedure whereas former landowners have the right of pre-emption. Some of these properties have been purchased by the landowners, exercising their right of pre-emption. In the privatization of buildings located on the land owners, the latter pay 20% of the value of buildings in Lek and 80 % of the value of these buildings

For more information on privatization, please refer to Chapter 20: Entrepreneurship and Industrial Policy.

3.1.4 Entering and exiting the market

In the framework of improving the regulatory framework, it was approved the DCM No. 65, dated 03.02.2021 "On the approval of the regulation of extrajudicial agreements of accelerated reorganization", which aims to determine the procedures to conclude out-of-court expedited reorganisation agreements between the debtor, which is subject to bankruptcy law, and two or more creditors, if the debtor is insolvent.

Until 2007, the registration of legal entities was done in the Tirana Judicial District Court, while the registration of natural persons was done in the District Courts. For this reason, since registration was a purely judicial procedure, the establishment of a business in Albania encountered a large number of judicial and administrative barriers, which increased costs and created difficulties in conducting commercial activity. Moreover, at that time, a trade register was freely accessible to the public and information could not be obtained in real time by interested persons.

In order to simplify procedures and reduce costs, with law No. 9723, dated 03/05/2007 "On business registration", as amended, the National Registration Center (NRC) was established, which had as its main function the handling of business registration procedures, as well as the maintenance and administration of the Commercial Register.

With the establishment of the NRC, business registration was transformed from a court process into an administrative process with self-declaration, a one-stop shop. This made it possible to register the subjects in the commercial register to achieve their simultaneous registration with the central and local tax administration, the social and health insurance scheme, the labor inspectorate and the Public Procurement Agency.

The registration reform was followed by business licensing and licensing reform. The licensing / permitting process until 2009 was very lengthy, bureaucratic, costly and non-transparent. There were a large number of licenses / permits and institutions involved in this process. The application was made in scientific form and the procedures, deadlines and application formats were not standardized. Also, there was no national register for licenses and permits.

The establishment of the National Licensing Center, brought a further improvement of the business climate in the country, reduction of administrative barriers, as well as increased transparency in licensing / permitting procedures. Another innovation was the transformation of the licensing / permitting process from a written process to a fully electronic process, through the establishment and operation of the National Register of Licenses, Authorizations and Permits.

In December 2015 it was adopted the Law No. 131/2015 "On the National Business Center (NBC)", which created the new institution, the National Business Center (as a result of the merger of the National Registration Center and the National Licensing Center). The National Business Center (NBC) operates as a one-stop shop for registering and licensing / licensing businesses. QKB administers the commercial register (known as a state database), which is a unique database, divided into separate electronic files for each entity that has the obligation to register and it is kept in electronic form, and the National Register of Licenses, Authorizations and Permits (known as a state database), which is a unique database for all licenses / permits issued in Albania.

The merger of the NRC and the NLC enabled the establishment of the NBC, as a single one-stop center for the provision of business registration and licensing services. This has led to a further reduction of administrative barriers for businesses operating in the Republic of Albania. The establishment and operation of the NBC was welcomed by the entities, as now the procedures and all the necessary information to operate in the Albanian market can be easily found in a single center.

The administrative services provided by the NBC are provided by simple procedures, electronically, within short deadlines and at symbolic fees.

Since 2015, the National Business Center has offered its services online through the government portal e-albania free of charge. Meanwhile, starting from 2020, the services of registration of natural persons, suspension and activation of the activity of entities, as well as the provision of a license / permit are offered only online through the government portal e-albania. Meanwhile, NAIS, as the institution responsible for the administration of the government portal e-Albania, has indicated that the remaining services for legal entities are ready and after being implemented and tested will be ready to be used by businesses until the end. of the year 2021.

The Commercial Register is a unique database, divided into separate electronic files for each entity that has the obligation to register, according to the provisions of this law, and is kept in electronic form. All data, applications and accompanying documents, submitted in written form or in electronic form, according to the law are registered by the BCC in electronic form in the subject file in the register. All data, applications and accompanying documents: a) submitted by applicants in electronic format, according to this law, are stored and archived by the BCC only in electronic format; b) submitted in written form, according to this law, are converted and stored by the BCC in electronic form. The BCC has no obligation to keep and archive the applications and accompanying documents submitted in written form.

The register also contains data pertaining to the establishment, activity and deregistration of entities, any changes in the status and organization of the entity, data pertaining to it in relation to representation, as well as other data provided by law.

In order to simplify procedures and reduce costs, with law no. 9723, dated 03/05/2007 "On business registration", as amended, the National Registration Center (NRC) was established, which had as its main function the handling of business registration procedures, as well as the maintenance and administration of the Commercial Register.

With the establishment of the NRC, business registration from a court process was transformed into an administrative process with self-declaration, into a one-stop shop. Thanks to this, it was possible to register the subjects in the commercial register to realize their simultaneous registration with the central and local tax administration, the social and health insurance scheme, the labor inspectorate and the Public Procurement Agency.

Registration reform was followed by business licensing and licensing reform. The licensing / permitting process until 2009 was very lengthy, bureaucratic, costly and non-transparent. There were a large number of licenses / permits and institutions involved in this process. The application was made in scientific form and the procedures, deadlines and application formats were not standardized. Also, there was no national register for licenses and permits.

The merger of the NRC and the NLC enabled the establishment of the NBC, as a single one-stop shop for the provision of business registration and licensing services. This has led to a further reduction of administrative barriers for businesses operating in the Republic of Albania. The establishment and operation of the NBC was welcomed by the entities, as now the procedures

and all the necessary information to operate in the Albanian market can be easily found in a single centre.

Administrative services provided by the NBC are provided through simple procedures, electronically, within short deadlines and at symbolic fees.

Meanwhile, the beginning of the year to 2020 BACs has offered all its services only electronically, via e-government portal Albania, and online applications does not apply in BACs application fee of 100 ALL.

The Commercial Register is a unique database, divided into separate electronic files for each entity that has the obligation to register, according to the provisions of this law, and is kept in electronic form. All data, applications and accompanying documents, submitted in written or electronic form, according to the law are registered by the BCC in electronic form in the subject file in the register. All data, applications and accompanying documents: a) submitted by applicants in electronic format, according to this law, are stored and archived by the BCC only in electronic format; b) submitted in written form, according to this law, are converted and stored by the BCC in electronic form. The BCC has no obligation to keep and archive the applications and accompanying documents submitted in written form.

The register also contains data, pertaining to the establishment, activity and deregistration of entities, any changes in the status and organization of the entity, data pertaining to it in relation to representation, as well as other data, provided by law.

According to Law No. 9723/2007, the subjects that are obliged to register are:

- Commercial entities;
- Simple companies, according to the provisions of the civil code;
- Natural persons, within the meaning of the civil code, who do not have the quality of a trader, who exercise economic activity or an independent profession;
- Representative offices of Albanian and foreign companies;
- Savings and loan associations;
- Mutual cooperation societies;
- Any other entity, which by law is obliged to register with the NBC.

Any interested person may, according to this law, perform free of charge, at any service counter, searches in the electronic database for any registered data, except for the residential address of individuals.

The application for registration is done electronically through the electronic counter (online application) or at the BCC service counters, located at the BCC headquarters, as well as at local government units or chambers of commerce, as well as at notary offices (only on-line application).

The online application can be made by any individual / citizen or entity (equipped with NUIS / NIPT) (without having to appear at the physical counters of the BCC), who must first register on the unique government portal e-Albania. Registration in this portal is done by filling in the required data respectively depending on whether the application will be performed by an individual or an entity.

In accordance with Law No. 9901, dated 14.04.2008, "On traders and commercial companies", as amended, the initial capital for limited liability companies is 100 ALL, with the exception of joint stock companies, whose initial capital varies from 3,500,000 ALL to joint stock companies with private offer in 10 000 000 ALL to joint stock companies with public offer.

Adoption of Law No. 110/2012 "On the cross-border merger of commercial enterprises" enabled the cross-border merger between a foreign and an Albanian company. Furthermore, in accordance with the provisions of the aforementioned law, the National Business Center has developed new functions in the electronic register, which enable the application for cross-border merger between a foreign company and an Albanian company. However, currently the application can be made only for the cross-border union that results in the creation of a new Albanian society.

Law No. 9723, dated 03.05.2007 "On business registration" was amended in February 2015 by Law No. 8/2015 "On some amendments and additions to the law No. 9723, dated 3.5.2007" On business registration ", as amended" in order to approximate this law with Directive 2009/101/EC, providing for electronic filing of financial statements annual and audit reports by entities.

The entity also records deposits in the commercial register, annual financial statements, business performance report and audit report, maintained in accordance with legal requirements, in cases where these documents must be stored for up to 7 months from the closing date of each financial year. Their submission is done electronically through the e-albania portal.

With financial assistance from the World Bank, BACs was part of the project "soft Improving s existing are-it the MBCs and the creation of new modules for public access to financial information (which has already been completed and is being implemented) which among others:

- Enables a new financial statements deposit module through an on-line system, where financial information will be accessible to third parties.
- Enables the implementation of the new format (system) for depositing financial statements in the BCC through the government portal e-albania, using an electronic communication format (XML).

In February 2020, the National Business Center signed the agreement for the participation of the Albanian commercial register in the regional portal of business registers of Southeast Europe. European Bank for Reconstruction and Development (EBRD) is supporting the Serbian Business Registration Agency (SRBA) and its counterparts in South East Europe to establish a regional IT

platform that will allow the connection of institutions responsible for business registration in the region and providing value-added data and services to the business community, to facilitate potential cross-border business registrations and the transfer of company headquarters through a regional online portal.

Meanwhile, as a rule, any economic activity is carried out freely in Albania. However, some activities that may affect public health, national security, etc., are required to undergo the licensing process.

In the annex of Law No. 10081, dated 23.02.2009, "On licenses, authorizations and permits in the Republic of Albania", as amended, are defined the main areas and categories of licenses / authorizations / permits issued in Albania by central institutions.

However, in the DCM No. 538, dated 26.05.2009, "On licenses and permits processed by or through the National Business Center and some other common bylaws", as amended", further division of licenses and permits issued by central institutions, in licenses / permits treated by or through the NBC and in licenses / permits processed without the involvement of the NBC.

All natural and legal persons registered and equipped with NUIS / NIPT, can apply at the BCC service counters to obtain one of the licenses and permits handled by or through the BCC. Starting from 2020, licensed / licensed services are provided only online through the government portal e-albania. Meanwhile, NAIS, as the institution responsible for the administration of the government portal e-Albania, has indicated that the remaining services for legal entities are ready and after being implemented and tested will be ready to be used by businesses until the end of the year 2021.

However, in order to further improve the business environment, the Government of Albania has established a working group for regulatory reform in the field of licensing, where the NBC is a contributing institution. As part of this reform, the working group has proposed the elimination of 22 licenses and further improvement of the licensing process, by reclassifying the licenses or reducing the decision-making deadline for the other 49 licenses.

Currently 11 licenses have been eliminated.

1. License "Controlled natural switching (natural switching stations)", with code II.2.A.2 –
2. License "Production and trade of seeds and seedlings", with code II.4 –
3. License "Expertise activities related to environmental impact", with code III.2.A –
4. License "Expertise and / or professional services related to forests or pastures", with code III.7.A
5. License "Expertise and / or professional services related to mineral resources", with code IV.4.A
6. License "Expertise and / or professional services related to hydrocarbon resources", with code IV.4.B

7. License "Trade of spare parts for motor vehicles and / or trailers authorized by the manufacturer", with code VII.3.B.3 –
8. License "Agencies dealing with the practice of circulation of motor vehicles and / or trailers", with code VII.3.B.4 –
9. License "Bailiff Service", with code XI.2 –
10. License "Energy Auditor"
11. License "Energy Services"

3.1.5 Legal system (property rights; implementation of law and contracts; efficiency of the judiciary)

For more information on land cadastre, please see Chapter 23: "The Judiciary and Fundamental Rights", in the Judiciary and Property Rights section.

3.1.6 Financial sector

The activity of the banking sector developed steadily during the first half of 2021, despite the challenges posed by the pandemic situation in the country. Operational measures taken by banks to ensure the continuity of critical functions and customer relations and measures taken by public authorities to mitigate the pandemic impact on the economic and financial activity of the country, enabled the financial intermediation activity to continue in an appropriate manner and the financial indicators of the banking sector remained at good levels. Uncertainty about economic developments in the presence of a pandemic remains significant, and so do the challenges to banking and financial activity. However, the assessments of the banking industry and the resistance testing exercises suggest that the capacities of the banking sector to face these challenges are currently sufficient. Financial system performance indicators including those of capitalization, profitability, liquidity and asset quality remain at good levels. The degree of interconnection between financial institutions remains stable and reflects the importance of the stability of the banking sector for the entire financial system. The direct exposure of the banking sector to the non-banking sector is estimated to be low, while the performance of the banking sector remains critical to the activity and stability of the non-banking sector.

The financial sector and its intermediary role, measured by the size of its assets, has continued to expand. Financial system activity expanded by almost 4 percentage points (pp) during the first half of 2021, climbing to 122.4% of the Gross Domestic Product.

The banking sector provided the highest contribution to the expansion of financial system assets, supported mainly by the expansion in lending and investments in government securities. The non-banking segment of the financial system has generally performed well, slightly expanding its share to around 13% of GDP. The growth of weight is concentrated in non-bank financial institutions segment, mainly investment funds and pension funds.

Weight of assets of the constituent segments of the financial system to GDP²² of the country.

Supervisory Authority	Bank of Albania			Financial Supervision Authority			Financial intermediation
Financial system	Banking sector	NBFI	SLAs	Insurance companies	Pension funds	Investment funds	
2011	88.1	2.7	0.8	1.5	0.0		93.1
2012	92.1	2.7	0.8	1.6	0.0	1.2	98.6
2013	94.8	2.7	0.7	1.7	0.0	3.9	103.8
2014	97.6	3.0	0.8	1.9	0.0	4.8	108.2
2015	97.3	2.9	0.8	2.1	0.1	5.0	108.0
2016	100.5	3.0	0.6	2.1	0.1	4.7	111.0
2017	99.4	3.1	0.6	2.1	0.1	5.0	110.3
2018	96.0	3.5	0.6	2.1	0.2	4.5	106.9
2019	95.5	4.2	0.7	2.2	0.2	4.3	107.2
2020	105.9	4.5	0.8	2.6	0.2	4.5	118.5
2021	109.6	4.6	0.8	2.6	0.3	4.6	122.4

The Albanian banking sector in its structure numbers 12 banks, of which 8 banks are with foreign capital and 4 banks with domestic capital.

During August 2021, banking sector assets increased by about ALL 38 billion and reached the level of ALL 1 697 billion. The increase in assets of the banking sector was due to the expansion of interbank investments and loans. Investments in securities continue to expand the assets of the banking sector. The provisions fund slightly expanded the level of assets by about ALL 0.4 billion. On the liabilities side, all the increase has come from the expansion by about ALL 28 billion, or 2%, in transactions with customers (deposits). The current level of deposits is sufficient to finance about 81% of the banking activity and at the end of August the deposits marked the level of ALL 1 367 billion. In annual terms, the assets of the banking sector increased by about 10% (about ALL 153 billion) and the increase mainly reflects the expansion in securities and the interbank investment portfolio. Investments in loans recorded an annual increase of about 7%. The good level of liquidity of the banking sector and the continuous expansion of the deposit base have reduced the dependence of the banking sector on foreign financing. In August 2021, non-resident liabilities accounted for about 3% of total banking sector liabilities, maintaining this level during the months of 2021.

²² INSTAT, June 2021

During 2021, the credit balance of the banking sector increased slightly and at the end of August it rose to the level of ALL 633 billion (from ALL 609 billion in December 2020).

Except for short-term and public sector loans, which decreased compared to the end of last year, all other categories of loans by sector, currency and term have expanded compared to December 2020. However, the main contribution to the positive performance of credit stock for the period provided the expansion of long-term credit, business credit, household credit and local currency. According to credit classes, expansion was observed mainly for the first class of classification (the standard one), influenced by both the inflow of new credit and the increase in the value of overdue loans within this class. For other categories of credit classification, a contraction was recorded, where it is worth noting the contraction of loans in substandard and doubtful classes, as a result of repayments and restructuring of some of them.

The stock of substandard and non-performing loans shrank by 9% and 33%, respectively, compared to December 2020. Due to the significant weight of foreign currency loans (50%), exchange rate developments play an important role in the nominal value of its in local currency. The effect of the exchange rate on the change of foreign currency loans converted into Lek during the first eight months of 2021 was negative by Lek 3.5 billion and this effect reflects the strengthening of the Lek against the Euro. Excluding the impact of the exchange rate, the change in foreign currency loans referred to the end of 2020, would be + 3.7% from + 2.5%.

New loan granted during the first eight months of 2021 was about 34% higher compared to that given for the same period a year ago, while new loan granted during August was as much as the monthly average of the last 12 months. About 70% of the new loan (granted during 2021) is granted to the business entity, who have received the new loan mainly for short-term purposes (overdraft and working capital). Meanwhile, during the first eight months of the year, the inflow of credit for real estate investments for businesses has increased by 33% compared to the same period a year ago.

Credit quality has continued to improve over the one-year period and the 7% non-performing loan ratio (NPLR) marked the lowest level over the last decade (since December 2009). Compared to a year ago, the outstanding non-performing loans shrank by 8.5%, while the NPLR fell by 1.2 pp, reflecting the rapid decline in the non-performing loans stock. Improvement of the stock of non-performing loans in annual terms was recorded for all categories of loans, except loans to households and those in domestic currency. Non-performing loans to the household sector expanded by 6.4% over the last 12 months, while domestic currency loans remained unchanged. During this period, the performance of non-performing loans was determined by the increase in repayments and the reclassification of some loans in the "substandard" and "doubtful" classes.

The structure of non-performing loans is dominated by lost loans (52%), while doubtful and substandard loans account for 19% and 28% of the total loans, respectively. The share of lost loans to the total outstanding non-performing loans has increased in the last year, and this increase reflects the decline in the stock of loans in other classes of non-performing loans. Credit quality remains to be monitored on an ongoing basis, as with the repeal of the measures taken by

the Bank of Albania to postpone the payment of loan instalments by businesses, the stock of non-performing loans may increase.

Liquidity ratios increased slightly during August, while all banks maintained significantly higher ratios compared to the lower regulatory limits, both for individual currencies and for total liquid assets. The loan / deposit ratio marked 46%, slightly decreasing compared to 48% the previous year. For the currency, the ratio decreased, while for the local currency, this ratio increased slightly compared to a month and a year ago. The financial result of the banking sector at the end of August was positive (+13.2 billion ALL) but higher (+28%) compared to a year ago. The net interest result was ALL 30 billion, or about ALL 1.9 billion higher than a year ago. This development was mainly influenced by the increase in interest income collected from customers, but also the decline in interest expenses. Expenditures for provision of bank loans during the period January-August were about ALL 1.5 billion or ALL 2 billion less compared to a year ago. Expenditures for provisioning of other financial assets were about ALL 1.3 billion from a negligible value a year ago. The combined effect of both types of provision expenses on the net result of the banking sector was positive by ALL 0.7 billion.

The banking sector is well-capitalized and all banks has reported a capital adequacy rate above the regulatory minimum of 12%. The capital adequacy ratio for the entire sector fell to 18% from 19% six months ago. Compared to a year ago this rate was 0.2 p.p. lower and the decline reflects the increase in the level of risk-weighted assets. The increase of risk-weighted assets affected the decline by 0.8 p.p. of the capital adequacy ratio. During the period, the level of regulatory capital of the banking sector increased slightly, reaching ALL 158 billion at the end of June. The increase in banks' regulatory capital was influenced by the increase in retained earnings and reserves. Retained earnings of previous periods have been the element with the main contribution to the increase of shareholder and regulatory capital during the last two years. The maintenance of retained earnings from previous periods was also influenced by the intervention of the Bank of Albania with the decisions of April and July²³ of the year 2020 and January 2021²⁴, for suspension of profit distribution by the bank.

To assess the resistance of the banking sector to shocks from the real economy or financial markets in the medium term, the Bank of Albania periodically conducts stress testing exercises. The capital adequacy test shows the degree of resilience of individual banks in terms of capital and aims to demonstrate its adequacy in withstanding the supposed shocks to economic growth, credit, exchange rate levels and interest rates. Overall, these exercises conducted for the end of the first half of 2021, and extending to the period 2021-2022, show that the banking sector is resilient to potential macroeconomic shocks. The results also show that individual banks are more exposed to alleged shocks and need to strengthen their capital positions.

²³ Decision nr. 24, dt. 08.04.2020 and decision nr. 40, dt. 01.07.2020 "For suspension of profit distribution by banks" effective until the end of June and December 2020.

²⁴ Decision nr.4, dt.13.01.2021 "For suspension of profit distribution by banks" effective until 31 December 2021.

Risks of the banking sector

Banks have perceived increased economic and financial risks during the period, but banks' confidence in the soundness of the financial system has remained unchanged following the good financial indicators and the measures taken to maintain them. Credit risk noted a significant decline during the period. The improvement has appeared in almost all loan categories, and has come simultaneously from the decrease in the stock of non-performing loans and the increase in outstanding loans.

The liquidity position of the banking sector is assessed at good levels but needs careful monitoring. Liquidity indicators, in domestic currency and foreign currency, remained significantly above the regulatory minimum levels. The negative gap between assets and liabilities, according to the remaining contractual maturity segments, in relation to the total assets in the short run, continues to remain high. The presence of high values of liquid assets and the presence of extended values of the maturity gap in the short run are two pages of the same coin. This means that due to the change in the structure of liabilities of the banking sector and their orientation towards timeless instruments, banks tend to invest in assets with higher liquidity quality. This approach enables the liquidation of these assets in case of need to cope with a stressful situation in fulfilling the obligations.

Market risks did not show significant changes during the period but their careful management remains necessary. Exposure of the banking sector to indirect exchange rate risk registered a slight decline compared to the first half of the year and a year earlier. Currency mismatch indicator for all currencies declined. Regarding the interest rate risk, there is an increase in the banking sector's exposure to it. The magnitude of the impact due to the total net weighted position in the banking book against the regulatory capital of the banking sector, marked 5.6% at the end of the year, increasing by 1.3pp compared to the previous period. The contribution to the growth of the indicator came from the two constituent elements that refer to the weighted difference between assets and liabilities with fixed interest rate and that for assets and liabilities with floating rate. Given that the total net position is positive, the sector carries relative exposure to interest rate changes, but the impact is estimated to be relatively low, being significantly below the upper regulatory limit.

The risks of banking activity are reflected and intertwined with developments of a structural nature. Such is the long-term existence of a low-interest environment, which maintains pressure on banks' financial performance, encourages a shift in its financing structure to shorter-term resources and the need for higher liquid assets, and preserves the potential for increased activity stress in the event of a strong and sudden correction. The high use of currency in the banking sector is associated with risks to the management of foreign currency liquidity risk. Overall, systemic risk assessment indices show an increase over the period.

Through regulatory actions of microprudential nature and macroprudential policy instruments, the Bank of Albania has tried to address these risks. Several new regulatory acts that have been implemented, including the one on the liquidity coverage ratio, the package of measures for de-

euroization, as well as the regulation on the implementation of macroprudential capital additions, aim to mitigate risks and strengthen the banking sector's resilience towards them.

Bank of Albania estimates that the financial system and the banking sector have continued to perform steadily, despite the operating risks. The better situation in public health and the revival of economic activity in the second and third quarters of the year shows the interdependence that exists between these elements and highlights the importance of accelerating the vaccination process and the understanding of this process by the public. In parallel, developments in recent weeks point to the uncertainty that the pandemic still carries, and the need for economic, financial and prudential policies to remain oriented towards mitigating the effect of these uncertainties on the performance of the economy. For the banking sector, the importance of regularly assessing the degree of exposure to risks, and maintaining a proactive attitude towards taking measures to mitigate and cope with them remains relevant.

Macroprudential policy

During the first half of 2021, the Bank of Albania adhered to the prudential measures taken to facilitate the requirements for the classification and provisioning of loans affected by the pandemic, even in terms of their restructuring. With a higher possibility of increasing non-performing loans after the abolition of these measures and the need to have more appropriate levels of capital, the Bank of Albania set some restrictions regarding the distribution of banks' profits in the form of dividends.

During the period, it was assessed that these measures were appropriate, considering:

- the structure of the banking sector, the characteristics of the economy and the need to operate with relatively higher levels of capital;
- the opportunity created by prudential regulatory easing for banks to mitigate the shock to their financial indicators, including capital levels;
- the need to save space to act, in case this becomes necessary by future developments.

In these conditions, pursuant to the regulation “On macroprudential capital buffers”, the publication of the Governor's decisions proceeded²⁵.

In parallel, the Bank of Albania has continued with the operationalization of capital values that cover the structural risks of the financial system, as well as the conception of instruments that prevent excessive growth of credit and debt, mainly from the household sector.

The banking sector continued to show a steady trend in terms of distribution and use of financial resources. This was also reflected in the Herfindahl Index, which measures the level of concentration in the banking sector. Concentration indicators, measured by the Herfindahl Index,

²⁵ You can find in this link: [https://www.bankofalbania.org/Financial Stability/Macroprudential policy/Macroprudential policy instruments/Instruments and Decisions/](https://www.bankofalbania.org/Financial%20Stability/Macroprudential%20policy/Macroprudential%20policy%20instruments/Instruments%20and%20Decisions/)

for total assets, deposits and loans, have shown a relatively high concentration in the banking sector in terms of assets, deposits and less for loans. However, there is a slightly better distribution of weights in the market over the last few years which consequently indicates increasing competitiveness.

Table 2 Herfindahl Concentration Index of Assets, Loans and Deposits

Indicator	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	August 2021
HI_aktive	0:15	0:14	0:14	0:15	0:15	0:14	0:14	0:15	0:15	0:15	0:15	0:15	0:15	0.14
HI_depozita	0:17	0:15	0:16	0:16	0:15	0:14	0:14	0:14	0:14	0:15	0:15	0:15	0:15	0.14
HI_kredi	0:11	0:11	0:11	0:12	0:12	0:12	0:12	0:12	0:13	0:13	0:13	0:12	0:12	0.12

Table 3 Non-performing loans, in percentage

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	August 2021
Report of non-performing loans	6.64	10:48	13.96	18.77	22:49	23:49	22.8	18:22	18:27	13.2	12.9	8.4	8.1	7.0

Table 4 Interest rate differential

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	August 2021
Interest rate spread (average of loan and deposit rates)	5.69	6.81	5.96	5.6	5.4	6.1	5.89	5.67	4.76	5:13	5:02	4.99	4.91	4.36

Table 5 Key profitability indicators, in percentage (cumulative)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	August 2021
Interest income / average income-generating assets	8.1	8:11	7.78	7.73	7:31	6:28	5.72	5.2	4.71	4:51	4:10	3.98	3.88
Average interest expenses / liabilities that incur expenses	4:06	3.78	3:57	3.72	3:42	2:14	1:29	0.94	0.69	0.66	0.61	0.54	0.46
Net Interest Margin	4:04	4:32	4.2	4:01	3.88	4:15	4:42	4:23	3.92	3.77	3:43	3.39	3.36

(NIM)													
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Source: Bank of Albania

Insurance market

The insurance market consisted of 12 insurance companies. In the market structure, 8 insurance companies operate your new activity in Non-Life insurance and 4 in Life insurance. One of the Non-Life companies also performs reinsurance activity. Based on the overview of the technical account of Non-Life insurance companies, even during this year it is noticed that the insurance market continues to be dominated by the portfolio of domestic MTPL.

The total gross written premiums for the Life and Non-Life insurance market is ALL 16.61 billion, marking a decrease of ALL 1 010 million or translated as a percentage of 5.73% compared to a year ago. This drop is due to the decrease of the gross written premiums volume by ALL 960 million or 5.85% in the Non-Life insurance market and the decrease by 51 million or 4.18% in the Life insurance market. The decline in insurance premium income for the entire insurance market was caused by the measures taken due to Covid-19 pandemic, which restricted the movement of vehicles and citizens.

The Capital Adequacy Indicator for the Non-Life market on 31.12.2020 is sufficient, with ALL 2.7 billion, or 169.66%, above the required level. For the Life market, the indicator is also sufficient, with about ALL 558 million, or 137.72%, above the required level. The capital adequacy indicator has increased for both insurance markets

ROE (Return on Equity) and ROI (Return on Investment) profitability indicators are ROE at 8.73% and ROA 2.68, respectively. Both indicators have increased for the year, reflecting a steady and in proportionate increase in insurance companies' profits, assets and equity.

The total assets of the insurance market, according to the financial statements, are ALL 38.86 billion, increasing by ALL 61.65 million. This increase has come mainly from the Life sector as a result of the increase in the item "Investments in land, buildings and financial investments". Total assets in the Life market increased by 709 million or 17.3% more compared to 2019. The net financial result of the insurance market is positive at the amount of ALL 1 billion.

In January - September 2021 the insurance market had an increase of 18.06%. The volume of gross written premiums reached the amount of ALL 14.17 billion.

The total assets of the insurance market according to the data reported on 30.06.2021 are ALL 39 billion, with an increase of about 3% compared to the end of 2020.

Investment Funds Market

The market structure of Investment Funds until 31.12.2020 consisted of eight investment funds. According to the analysis of data on the Investment Funds market on 31.12.2020, the net asset value of the Funds was over ALL 67.4 billion with an increase of 0.9% compared to 31.12.2019.

The number of investors investing in this market as of 31.12.2020, is 32 656 investors, marking an increase of 11.67% compared to 31.12.2019. According to the analysis of data on the Investment Funds market on 30.06.2021, the net asset value of the Funds was over ALL 71.85 billion with an increase of 6.6% compared to 31.12.2020.

Voluntary Private Pension Market

The structure of the voluntary private pension market consists of four pension funds, which are administered by three different management companies.

Analysis of voluntary private pension market data on 31.12.2020 shows total net assets of ALL 3.6 billion with an increase by 23.8% compared to the end of 2019.

During 2020, the market investments of Pension Funds consist of Treasury Bonds of the Republic of Albania with a maturity of 5, 7 and 10 years.

The analysis of data on the voluntary private pension market on 30.06.2021 shows total net assets of ALL 3.98 billion with an increase of about ALL 372.02 million, or 10.32% compared to the end of 2020.

3.2 Capacities to withstand competitive pressures and market forces within the European Union

3.2.1 Human capital and physical capital

Labour market functioning

The implications in the labor market so far do not seem to have been extremely worrying especially with regard to the long-term structural implications.

Referring to the quarterly labour force survey by INSTAT, the employment rate for the population aged 15-64, in the third quarter of 2021 is 62.0%. During this quarter, the total number of employees increased by 2.1% compared to the previous one (Q2-2021), while compared to the same quarter of the previous year (Q3-2020), this indicator increased by 0.2%. The annual rate of employment change for the population aged 15 and over, from the third quarter of 2020 to the third quarter of 2021, is +0.7%. In annual terms, according to the main sectors of the economy, employment increases by 10.1% in the industry sector, by 0.5% in the services sector, while it decreases by 4.5% in the agricultural sector.

During the third quarter of 2021, the labour force participation rate for the population aged 15-64 is 70.1%. Compared to the third quarter of 2020, the labour force participation rate is 0.3

percentage points higher, while compared to the previous quarter (Q2-2021) this indicator increases by 1.1 percentage points.

The labor force participation rate for young people aged 15-29, during the third quarter of 2021, is 53.5%. This indicator has increased by 0.2 percentage points, compared to the third quarter of 2020, and by 1.6 percentage points compared to the second quarter of 2021. For the population aged 30-64, in the third quarter of 2021, the rate of participation in the labour forces is 78.5%.

In the third quarter of 2021, the official unemployment rate in Albania, for the population aged 15 and over, is 11.3%. The official unemployment rate decreased by 0.3 percentage points, both compared to the third quarter of 2020 and the second quarter of 2021.

The official youth unemployment rate is 19.9%. The youth unemployment rate in the third quarter of 2021, decreased by 0.8 percentage points compared to the third quarter of 2020. Compared to the second quarter of 2021, this indicator remained the same. The unemployment rate for the 30-64 age group is 8.7%. This indicator has decreased by 0.3 percentage points in annual terms and by 0.8 percentage points, compared to the previous quarter.

Labour market dynamics are constantly improving, reflecting the effectiveness of policies undertaken by the government that go in favour of sustainable economic development and employment promotion.

Labour market data table (15 years and older)

<i>(In %)</i>		Official Unemployment Rate	Employment Rate	Labour force participation rate
2012	<i>Q1</i>	12.9	51.1	58.7
	<i>Q2</i>	13.3	50.2	57.9
	<i>Q3</i>	13.6	48.6	56.2
	<i>Q4</i>	13.6	48.7	56.4
2013	<i>Q1</i>	14.3	47.0	54.9
	<i>Q2</i>	16.0	44.1	52.5
	<i>Q3</i>	16.8	42.9	51.5
	<i>Q4</i>	16.8	42.4	50.9
2014	<i>Q1</i>	18.2	41.5	50.8
	<i>Q2</i>	17.2	44.4	53.6
	<i>Q3</i>	17.0	45.8	55.2
	<i>Q4</i>	17.6	45.6	55.3
2015	<i>Q1</i>	16.9	45.6	54.8
	<i>Q2</i>	17.0	45.8	55.2
	<i>Q3</i>	17.2	46.3	55.9
	<i>Q4</i>	17.3	47.0	56.8

2016	Q1	16.6	47.5	56.9
	Q2	15.5	48.4	57.2
	Q3	14.7	49.9	58.6
	Q4	14.2	49.1	57.2
2017	Q1	14.2	49.2	57.3
	Q2	13.9	50.0	58.1
	Q3	13.6	50.7	58.7
	Q4	13.4	51.2	59.1
2018	Q1	12.5	51.9	59.3
	Q2	12.4	52.0	59.3
	Q3	12.2	52.2	59.4
	Q4	12.3	52.3	59.6
2019	Q1	12.1	52.5	59.7
	Q2	11.5	53.6	60.6
	Q3	11.4	53.8	60.7
	Q4	11.2	53.8	60.6
2020	Q1	11.4	53.1	60.0
	Q2	11.9	51.7	58.8
	Q3	11.6	53.2	60.2
	Q4	11.8	52.0	59.0
2021	Q1	11.9	51.9	58.8
	Q2	11.6	52.4	59.3
	Q3	11.3	53.7	60.5

Source: INSTAT

With regard to the education expenditures, the total funds/ final expenditure ceilings of the medium-term budget program 2021-2023, approved for the Ministry of Education and Sports, with, with the Decision No. 527, dated 22.7.2020 of the Council of Ministers "On the approval of the final ceilings of expenditures of the medium-term budget program 2021-2023", for 2021 are at the amount of 43 billion and 852 million ALL, with an increase of 5.5% compared to the revised funds of 2020; in 2022 are at the amount of 44 billion and 431 million ALL and in 2023 reached the amount of 45 billion and 512 million ALL. The funds projected for the period 2021-2023, have an average annual increase ranging from 5.5% to 2.4% over the previous year. Funds approved for 2023, compared to 2020 according to DCM No. 527, dated 22.7.2020, have an increase by 9%.

The funds provided in the education system based on the draft law "On the budget of 2022", for the medium term 2022-2024, are as follows:

- The approved funds for 2022, with the draft law "On the budget of 2022", are at the amount of 45 billion and 658 million ALL. Compared to the funds approved for 2021 there is an increase of 2 billion and 676.7 million ALL or 6.2 % more than 2021.

- The funds approved for 2023, with the draft law "On the budget of 2022", are at the amount of 44 billion and 484 million ALL. Compared to the funds approved for 2022 there is a reduction of 1 billion and 174.4 million ALL or - 2.6% less than in 2022.
- The funds approved for 2024, with the draft law "On the budget of 2022", are at the amount of 45 billion and 956 million ALL. Compared to the funds approved for 2023, there is an increase of 1 billion and 472 million ALL or 3.3% more than in 2023.

Funds provided for education are projected to reach 7.16% of public expenditures for 2022, 7.1% of these expenditures in 2023, and 6.97% in 2024. Funds for education are projected to reach 2.45% of GDP in 2022, at the rate of 2.26% of GDP in 2023, and at the level of 2.22% of GDP for 2024.

Funds for the "Education Sector", provided in medium term 2024-2024, which include in the funds for education, secondary revenues of public HEIs, other revenues for education from third parties, funds provided by the Ministry of Defense/ The Armed Forces Academy”, Ministry of Justice/ “School of Magistrates ”, Ministry of Interior / “ Security Academy ”Ministry of Finance and Economy / “ Funds for education and vocational training ”, funds provided by local self-government units for services and functions in pre-university education ”, as well as funds from special donor projects (* excluding family expenses and education expenses from private institutions)

In 2022, funds allocated to education are projected to reach the amount of ALL 65.6 billion. Compared to public expenditures, funds for education stand at 10.29% and to 3.51% compared to Gross Domestic Product.

In 2023, funds allocated to education are projected to reach the amount of ALL 67.04 billion. Compared to public expenditures, funds for education stand at 10.71% and to 3.41 % compared to Gross Domestic Product.

In 2024, funds allocated to education are projected to reach the amount of ALL 71.3 billion. Compared to public expenditures, funds for education stand at 10.91% and to 3.47 % compared to Gross Domestic Product.

3.2.2 Sectoral structure and that of enterprises

Statistics on small and medium enterprises (SMEs) based on the results of Structural Survey of Enterprises, for the year 2019, show that:

- 99.8 % of active enterprises are SMEs, the same percentage as in 2018.
- 81.6 % of the total number of employees are employed by SMEs, from 79.8 % in 2018.
- 78.9 % of turnover belongs to SMEs compared to 77.4 % in 2018
- 68.2 % of total investments were made by SMEs from 70.6 % in 2018.

- According to the number of enterprises, the trade sector has the highest percentage of SMEs with 40.1 %, while electricity, gas, water supply and waste management sector has the lowest percentage with 0.6 %.
- According to the number of employees, the trade sector has employed 28.5 % of SMEs, while the sector with the lowest number of employees in SMEs is mining and quarrying sector with 1.8 %.
- According to the percentage of turnover, trade sector prevails with 52.4 %, while the sector with the lowest percentage of turnover generated by SMEs is mining and quarrying sector with 2.4 %.
- In the percentage of investment, the sector with the highest percentage of investment made in SMEs is electricity gas, water supply and waste management sector with 31.4 %. On the other hand, mining and quarrying sector has the lowest percentage of investments with 2.2 %.
- Enterprises with 250+ employed, even though constitute only 0.2 % of enterprises, engaged 18.4 % of employees, made 31.8 % of investment and 21.1 % of turnover.
- 3.1 % of small and medium enterprises exported goods in 2019 from 2.5 % in the previous year. The exported value of goods is 59.4 % of total exports. Regarding SMEs, the sector with the highest percentage of exporting enterprises is the mining and quarrying industry, where 23.7 % of the active enterprises of this sector are exporting.
- 10.8 % of SMEs import goods, from 8.8 % in 2018. They constitute 78.0 % of the total import value for 2019. For SMEs, the sector with the highest percentage of imports is mining and quarrying industry with 24.2 %.

For more information on data and methodology used please refer to the link:

<http://instat.gov.al/media/8122/results-on-sme-2019.pdf>

3.2.3 State influence on competitiveness/ competition

The annual state aid report for 2020 has been prepared in accordance with the methodology of the European Commission in the area of state aid. The annual report on state aid for 2020 does not include data on aid in the agriculture and fisheries sector, due to the fact that those sectors falls outside the scope of application of law No. 9374, dated 21.04.2005 "On state aid", as amended.

The total state aid for 2020 reached the level of 30,761.82 million ALL (248.56 million euro), categorized in:

- Horizontal state aid – the absolute amount for 2020 was 28 843.57 million ALL (233.06 million euro). Compared to 2019 it was increased by 24,633.13 million ALL. The share for this category is 93.76%;
- Sectorial state aid -- the absolute amount for 2020 was 1 918.25 million ALL (15.5 million euro). Compared to 2019 it was decreased by 2 328.12 million ALL. The share for this category at the total state aid in 2020 was 6.24%.

In nominal terms, total state aid expenditures in 2020 increased by 22 305.01 million ALL compared to 2019. The main state aid instruments during 2020 are state guarantees, grants and tax exemptions.

During 2021, Ministry of Finance and Economy prepared the draft Law “On the development of micro, small and medium sized enterprises”, that is foreseen for approval within 2022. The main elements of the new draft law are as following:

- Approximation of the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises, regarding data collection and the calculation methods for the categorization of micro, small and medium sized enterprises and the implementation of the methodology for its use by businesses;
- The definition for medium-sized enterprises has also been added;
- Provision of state support to micro, small and medium sized enterprises, in accordance with the state aid rules;
- Determination of the forms of state support for micro, small and medium enterprises, such as: financial support from the state budget, from domestic or foreign development partners, state loan guarantees according to the legislation in force on state debt and guarantees, in implementation of specific policies of the Council of Ministers, in accordance with the fiscal principles and rules on public debt sustainability and limitations of state debt and state loan guarantees, as well as the provision of public support services for micro, small and medium sized enterprises by the Albanian Investment Development Agency (AIDA);
- Preparation of the annual report by AIDA, based on the database of financial schemes and public service support for MSMEs provided by state authorities as well as by domestic or foreign development partners;
- Establishment and functioning of the Consultative Council for enterprises;
- A legal reference on drafting and approval of the Business and Investments Development Strategy.

The draft Law has been shared with the European Commission services for prior consultation.

Pursuant to the Normative Act No. 15 Dated 15.04.2020 "On some changes and additions to Law No. 88/2019 ‘On the budget of 2020’", as amended, the Guidance No. 9 Dated 20.03.2018 "On standard budget implementation procedures", and the Supplementary Guidance No. 2 Dated 20.01.2020 "On the implementation of the 2020 budget", it was decided that funds allocated to AIDA in 2020, will be managed by the Ministry of Finance and Economy (MFE) and will be distributed to the Albanian companies as support schemes due to COVID 19 situation.

During 2021, a working group of representatives from the Ministry of Finance and Economy, from AIDA, and experts of TAIEEX, worked together to design the new scheme in support of Albanian SMEs, as well as adopting changes coming from business community feedback and EU

directives and experts' recommendations. The launch of the scheme depends on the adoption of the draft-law "On the development of the micro, small and medium sized enterprises"

3.2.4 Trade integration

Albania's trade exchanges are concentrated with EU-27 countries.

According to INSTAT, published in November 2021, trade volume with EU countries accounts for 58.0% of all trade. In November 2021, exports to EU countries accounted for 70.8% of the total exports and imports from EU countries accounted for 52.1% of total imports.

The main trading partners are: Italy (30.1%), Turkey (8.0%), Greece (7.2%) and China (5.6%).

Trade exchanges, for the eleven-month 2021, with EU countries account for 60.2% of all trade. In the period January - November 2021, exports to EU countries accounted for 72.0% of total exports, while imports from EU countries accounted for 54.6% of total imports.

The main trading partners are: Italy (30.1%), Turkey (7.8%), Greece (7.2%) and Germany (6.5%)

In this eleven-month period, exports of goods reached at ALL 337 billion, increasing by 35.4%, while imports of goods amounted at ALL 713 billion, increasing by 31.1%, compared to a year ago. The trade deficit reached the value of ALL 376 billion, increasing by 27.4%, compared to the same period of 2020.

PART 4

CHAPTER 1: FREE MOVEMENT OF GOODS

4.1.1.1 Chapter content

The principle of the free movement of goods implies that products must be traded freely from one part of the Union to another. In a number of sectors this general principle is complemented by a harmonised regulatory framework, following the "old approach" (imposing precise product specifications) or the "new approach" (imposing general product requirements). The harmonised European product legislation, which needs to be transposed, represents the largest part of the *acquis* under this chapter. In addition, sufficient administrative capacity is essential to notify restrictions on trade and to apply horizontal and procedural measures in areas such as standardisation, conformity assessment, accreditation, metrology and market surveillance.

4.1.1.2 Chapter structure

1. General issues

- 1.1 Measures with equivalent effects with quantitative restrictions
- 1.2 Mutual recognition of products
- 1.3 Information exchange on obstacles for free movement of goods

2. Horizontal issues

- 2.1. Standardisation
- 2.2. Accreditation
- 2.3. Conformity assessment
- 2.4. Metrology
- 2.5. Market surveillance

3. Old Approach

- 3.1. Motor vehicles
- 3.2. Chemicals
- 3.3. Good laboratory practices
- 3.4. Drug precursors
- 3.5. Detergents
- 3.6. Fertilisers

4. New Approach

- 4.1. Low voltage equipments
- 4.2. Simple pressure vessels
- 4.3. Toys
- 4.4. Machinery
- 4.5. Personal protective equipments
- 4.6. Explosives for civil uses dhe pyrotechnics
- 4.7. Equipment and protective systems intended for use in potentially explosive atmospheres
- 4.8. Lifts
- 4.9. Non-automatic weighing instruments
- 4.10. Measuring Instruments
- 4.11. Pressure equipments
- 4.12. Hot water boilers
- 4.13. appliances burning gaseous fuels
- 4.14. Radio equipment
- 4.15. Electromagnetic Compatibility
- 4.16. Recreational crafts
- 4.17. Cableways
- 4.18. Construction Products
- 4.19. Transportable pressure equipment
- 4.20. Noise emission in the environment by equipment for use outdoors

- 4.21. Pollutant emission limits and type-approval for internal combustion engines for non-road mobile machinery
- 4.22. Ecodesign for energy-related products
- 4.23. Aerosol dispensers
- 4.24. Prepackaging
- 4.25. Bottles used as measuring containers
- 4.26. Units of measurements
- 4.27. Information on energy consumption and other sources for energy-efficient products

5. Procedural measures

- 5.1. Information for technical regulations
- 5.2. Firearms
- 5.3. Transfers of defense-related products
- 5.4. Crystal glass
- 5.5. Textile
- 5.6. Footwear
- 5.7. Transparency pricing for medicinal products
- 5.9. Return of cultural objects unlawfully removed

4.1.1.3 Summary of SAA and EU *acquis* requirements

The obligation to approximate Albanian legislation with the EU *acquis* in the field of free movement of goods stems from Article 70 and 75 of SAA.

These provisions oblige Albania not only to technically bring its national legislation in line with EU law, but also to ensure that this legislation enters into force and it is properly implemented. Therefore, in this pre-accession phase, it is needed that various state authorities are involved in the approximation process of the Albanian legislation with the *acquis* in force.

Moreover, since EU law is subject to a constant development, it is obvious that the approximation of Albanian law to the EU *acquis* currently in force will not be complete. Ongoing monitoring of EU developments is necessary, both as a pre-accession effort and to prepare Albania for its future EU membership.

Under the SAA, The European Partnership with Albania is the main instrument to assist the Albanian authorities in realizing the country's European perspective.

The general principle of the free movement of goods implies that products must be traded freely from one part of the Union to another. The free movement of goods has been a key element increasing and developing the internal market. This principle is laid down by Articles 34, 35 and 36 of the Treaty on the Functioning of the European Union (TFEU), preventing Member States from adopting and maintaining unjustified restrictions on intra-EU trade.

The TFEU provisions do not preclude prohibitions justified on grounds of public morality, public policy or public security, the protection of health and life of humans, animals or plants, or the protection of industrial and commercial property, as well as other mandatory requirements recognised by the Court of Justice (e.g. protection of the environment). Such prohibitions must, however, remain proportionate and must not amount to arbitrary discrimination or a disguised restriction on trade between Member States.

Measures having equivalent effect to a quantitative restriction are prohibited subject to a limited and restrictive set of exceptions. This notably implies the elimination of technical barriers to trade and the compliance with the principle of mutual recognition. Sufficient administrative arrangements are foreseen to be put in place to apply the information exchange procedures laid down in Regulation (EU) 2019/515 and in the “strawberry” Regulation (EC) No 2679/98.

In a number of sectors, the general principle is complemented by a harmonized regulatory framework. Horizontal measures define the quality infrastructure which Member States should put in place in areas such as standardization, conformity assessment, accreditation, metrology and market surveillance.

The harmonized European product legislation, which needs to be transposed by each Member State, represents the largest part of the *acquis* under this chapter. It is based on the “old approach” (imposing precise product specifications) and the “new and global approach” (imposing general product requirements).

New and Global Approach product legislation covers low voltage equipment (LVD), electromagnetic compatibility (EMC), toys, machinery, lifts, noise emissions by outdoors equipment, emissions of pollutants from non-road mobile machinery engines, personal protective equipment (PPE), equipment and protective systems intended for use in explosive atmospheres (ATEX), gas appliances, pressure vessels, cableway installations, construction products, recreational craft, eco-design requirements for energy-related products (ERP), and radio equipment (RED). Old Approach product legislation covers the areas of motor vehicles, chemicals, detergents, drug precursors, good laboratory practice.

A series of procedural measures also require sufficient administrative capacity in order to be properly applied. These include a notification procedure in the field of technical standards and regulations laid down in Directive 1535/2015 / EU, legislation on the trade in weapons, defence products, crystal glass, footwear, textile labelling, pricing of medicinal products and Directive 2014/60/EU on cultural goods.

[4.1.1.4 Current situation in Albania and key achievements](#)

Current situation

Albania has made some level of preparation / is moderately prepared in the area of free movement of goods around 55% (30 legal acts) of EU acquis under this chapter is partly harmonised, whereas 45% is not yet harmonised. There was limited progress over the reporting period on the sectoral alignment with the "new and global approach" product legislation and the accreditation of additional conformity assessment bodies.

General principles

With regard to the non-harmonized area and application of the principles set out in Articles 34-36 of the Treaty on the Functioning of the European Union, Albania is taking measures to draft an action plan for the removal of measures having equivalent effect to quantitative restrictions on trade in goods. The methodology for screening these measures / barriers is already in place and the work for screening of measures in some selected sectors. The Action Plan for abolishing the measures is expected to be finalized by the end of 2022 (more detailed information in section 1.4.2). It should be noted that the Action Plan is expected to be a document that will need to be updated periodically.

Horizontal issues;

The principles of goods marketing and market surveillance in Albania are regulated horizontally by:

- Law no. 10489, dated 15.12.2011, "On marketing and market surveillance of non-food products" (which partially harmonizes Decision 768/2008 / EC and Regulation 765/2008 / EC, the latter already amended by Regulation 2019/1020);
- Specific legislation regulating the activity of quality infrastructure institutions (standardization, accreditation, metrology and market surveillance).

Actually, work has started for drafting a comprehensive Roadmap in the field of free movement of goods, which will set the frame for planning further legal and institutional harmonisation, for a 7-year term this document is expected to be finalized by the end of 2022 (more detailed info given at point 1.4.2).

Market Surveillance

The increase and strengthening of the implementation capacities of the State Inspectorate of Market Surveillance (SIMS) has been done through the change of the structures of the (SIMS) as well as through the increase of the number of inspectors. The structure of the inspectorate is 95% complete, the recruitment of the remaining vacancies is in process and is expected to be completed by the end of 2021. In September 2020, the SIMS moved to new facilities, where the number of offices quadrupled and every employee of the institution has a personal work space which leads to the improvement and facilitation of the performance of daily operational tasks. SIMS has acquired 23 testing equipment that will help inspectors identify products in non-conformities. These devices will be useful for inspectors in finding non-conformities in pre-

packages, electrical equipment, toys, machinery, elevators, etc. Also 3 machines (auto-laboratories) were added to the Metrological Inspection Sector in SIMS by the General Directorate of Metrology.

All inspectors have been trained continuously during 2021 (mostly on-line due to the pandemic). SIMS (along with other WB6 market surveillance authorities) is also a PTB-funded SEE QI (South East Europe Quality Infrastructure) project on legal requirements and the implementation of some non-food safety directives, mainly machinery and equipment, personal protection (PMP). Online meetings and trainings on these issues have been ongoing. In the last trimester of 2021 SIMS, through the support of TAIEX, will be part of some trainings in the fields of Lifts and Gas Appliances.

Standardization

The legislation in the area of standardisation clearly provides rules and procedures in compliance with those used by European and international standardisation organizations, such as CEN, CENELEC, ETSI, ISO and IEC. Decision of Council of Ministers No. 382/2018 “On the approval of the Regulation of Standardization Activities” has partially transposed EU Regulation No. 1025/2012 “On European Standardization”. This DCM was amended during 2021 with DCM no. 673, dated 10.11.2021 "On some additions and changes to the Decision no. 382, dated 27.06.2018, of the Council of Ministers, on the approval of the regulation on standardization activity".

For a complete transposition of the above EU regulation no. 1025/2012 "On European standardization", DPS in cooperation with MFE has prepared some changes and amendments to the DCM 382, dated 27.06.2018, which are expected to be approved by the Council of Ministers within the fourth quarter of 2021 and enter into force with publication in Official Journal.

In addition to the legislation in force, all standardization processes are based on DPS's internal regulations which are in compliance with those of European and international regulations.

- The General Directorate for Standardization (DPS) is a full member of the European Telecommunications Standards Institute (ETSI) and an affiliate member of the European Committee for Standardization (CEN) and the European Committee for Electro technical (CENELEC), correspondent member of International Standardization Organization (ISO) and member (with limited voting rights – only to 3 Technical Committees) of the International Electro Technical Commission (IEC).
- On June 14, 2021 DPS applied to CEN & CENELEC Management Centre full membership in CEN and CENELEC. Along with the official application were also submitted the file with the materials where detailed information is provided to demonstrate that DPS meets the criteria for full membership in CEN and CENELEC set

out in the CEN-CENELEC Internal Regulation Part 1 - Organizational and structure (July 2018), 1D "CEN and CENELEC membership requirements".

- In total 94% of standards of CEN&CENELEC were adopted; and about 89% standards in the field of telecommunication as published by ETSI, 14% of IEC standards, and 18% of ISO standards.
- DPS database was improved regarding standards in recording/archiving, standards for translation of terminology, interconnection with standards databases of European and international standards organizations above mentioned.

Accreditation

Law no. 116/2014 "On the accreditation of conformity assessment bodies in the Republic of Albania" has fully harmonized the relevant provisions for accreditation of Regulation (EC) No. 765/2008 of the European Parliament and of the Council of 9 July 2008 Requirements for accreditation and market surveillance. This law regulates the functioning of the General Directorate of Accreditation, its accreditation board, technical committees and other procedural issues and is fully in line with Regulation (EC) No. 765/2008, therefore there is no planning for further approximation. All secondary acts in the field of accreditation were approved in July-September 2015. In 12 January 2021 with Order of Prime Minister No. 2, is approved the new structure and organization chart of DPA.

The General Directorate of Accreditation (GDA) is full member of the European Cooperation for Accreditation (EA) organization and a signatory member of EA MLA for testing laboratories, management system certification bodies, certification of persons and inspection bodies. GDA is signatory member of ILAC MRA in the field of testing and inspection and IAF MLA for management system certification.

Metrology

The General Directorate of Metrology is a member of EURAMET as well as an associate member of WELMEC. The General Directorate of Metrology has implemented the documentation of the Quality Management System of GDM in the laboratories of the Directorate of Scientific and Industrial Metrology, in accordance with the new standard SSH ISO/IEC 17025:2017 "Technical competencies of testing and calibration laboratories".

Regarding the Quality management evaluation of GDM, it was organized and successfully carried out the evaluation of mass, volume, pressure laboratories by the European Metrology Organization EURAMET, EURAMET project No. 1465, regarding the fulfilment of the requirements of the new standard ISO/IEC 17025:2017 and the International Agreement on Mutual Recognition (CIPM MRA).

The Quality Management System gained the trust of the European Organization (EURAMET) in April 2019 and paved the way for the republishing of the calibration and measurement

capabilities (CMC) of the field of Mass in the database of the International Bureau of Weights and Measures, BIPM KCDB.

The implementation of the project with PTB "Regional Quality Infrastructure Consultancy Fund Southeast Europe" is in progress, in the framework of the implementation of activities, respectively in the temperature laboratory, electrical laboratory, length laboratory, chemistry laboratory and proficiency testing.

The CMCs (Calibration and Measurement Capabilities) of the pressure and volume laboratory are in the process of being declared. CMCs of Volume have been accepted by the European Organization (EURAMET), as well as by 4 Regional Organizations (RMOs) and are awaiting a response from the SIM (Inter-American Metrology System).

Although the situation is difficult due to Covid 19, GDM laboratories have started the process of inter-laboratory comparisons with counterpart institutes, in order to accredit the laboratories. Also, GDM is appointed as a coordinator in the project with PTB for the realization of comparisons and laboratory tests according to the ISO/IEC 17043:2010 standard. This process will help many laboratories and local entities, since the accreditation, the inter-laboratory comparison and the proficiency test, will be done within the Republic of Albania and with less financial costs.

The comparison in the field of temperature and humidity is in progress as a EURAMET project with INRIM, Italy as a pilot. Also, bilateral inter-laboratory comparison has started in the field of pressure with the Kosovo Metrology Agency, where DPM has the pilot role. The field of force has also initiated a bilateral inter-laboratory comparison with the Turkish Metrological Institute (UME). In collaboration with the Hellenic Metrology Institute (EIM), bilateral inter-laboratory comparisons in the field of length, temperature and humidity as well as in the electrical field are in progress. Meanwhile, the chemistry proficiency test is in progress with the German Institute of Metrology (PTB).

Old Approach Directives

Regarding the legislation of "old approach" products, Law no. 27/2016 "On **Chemicals** Management" and its implementing bylaws, partially transpose provisions of the Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and other relevant acts of the acquis. The REACH-based legal package (1 law and 3 DCMs) have transposed into national legislation all possible elements of EU Regulation 1907/2006, which can be approximated by the candidate countries. National legislation on Chemical Classification, Labelling and Packaging (CLP) is in line with the United Nations Harmonized System for Chemicals Classification and Labelling. The project "Support to the Ministry of Tourism and the Environment for the Improvement of Chemicals Management", has start its implementation since March 2019, with the financial support of the Swedish Government/SIDA. This project will be implemented by the Swedish Chemicals Agency (KemI) for 3 years and will contribute

increasing capacity building of institutions involved in chemicals area, as well as the implementation of the legislation adopted in this field.

Regarding the **detergents**, Regulation 648/2004 of the European Parliament and of the Council of 31 March 2004 on detergents is partially harmonized by Law no. 10216/2010 "On detergents"; DCM no. 669 dated 28.09.2011 "On the labeling and data of ingredients for detergents" and DCM no. 220, dated 28.3.2012 "On determining the standards, test methods and permissible limits for biodegradation of detergents and risk assessment for surfactants in detergents."

Regarding the **motor vehicles**, The Ministry responsible for transport has transposed into Albanian legislation 3 framework directives for road vehicles, motor vehicles and agricultural and forestry tractors, respectively: directive 2007/46 / EU, directive 2002/24 / EU and directive 2003/37 / EU. The Ministry has approved bylaws Nr. 11, dated 6.6.2011 "On the approval of the type of motor vehicles and their trailers and their systems, components and special technical units", Nr. 12, dated 6.6.2011 "On the approval of the type of motorcycles with two and three wheels", Nr. 10, dated 30.5.2011 "On the approval of the type of agricultural and forestry tractors and interchangeable towed machinery together with their systems, components and special technical units."

Meanwhile these directives have been repealed and currently 3 new European regulations have been adopted that have the same object as the repealed directives (Regulation 2018/858 on the approval and supervision of the market of motor vehicles and their trailers, components and special technical units used in them; Regulation no. 168/2013 on type approval and market surveillance of 2,3 and 4 wheel motorcycles; and Regulation 167/2013 on type approval and market surveillance of agricultural and forestry tractors).

New Approach Directives

Albania has partially harmonized about 15 directives / regulations that fall under the new approach, which include: low voltage equipment, electromagnetic compatibility, toys, elevators and its components, machinery, noise emission from equipment for outdoor use, pressure equipment, transportable pressure equipment, radio equipment, measuring instruments, non-automatic weighing instruments, aerosol equipment, prepackages, measuring bottles, explosives for civil use and fireworks.

According to the area of responsibility, the implementing institutions responsible for market surveillance are the State Inspectorate for Market Surveillance, the State Inspectorate, Technical and Industrial, the Authority for Electronic and Postal Communications (radio equipment).

The control of explosives for civil use and pyrotechnic products is performed by the Ministry of Defense, the Ministry of Interior and the Ministry of Finance and Economy. The Ministry of Defense is responsible for the production, import, export and conformity control of explosives

for civil use and pyrotechnic products, while other Ministries are responsible for the use, disposal, storage and transport of these goods.

Procedural Measures

Regarding the **textiles, crystal glass and footwear** field, the relevant European legislation is partially harmonized respectively with DCM no. 1058/2016 “On the approval of the technical rule“ On the names of textile fibers and labeling, the respective marking of the fiber composition of textile products ”, DCM no. 221/2012 "On the approval of technical rules" on the labeling of crystal glass products "and DCM no. 222/2012 "On the approval of technical rules for the labeling of materials used in the main components of footwear, on sale to consumers". SIMS is the institution responsible for market surveillance for these products.

Regarding the **weapons**, the priority of the State Police is to create a safer environment for local and foreign citizens, businesses and society. Unauthorized possession of firearms is still a concern, due to the situation over the past years and the increase of movement of goods and people. This factors reflected in increasing criminal activity related to firearms, illegal trafficking in weapons and ammunition.

The Albanian Parliament has adopted a number of laws regarding weapons aiming to have a more effective control on them. The package of legal and sub-legal acts in Albania is complete with normative acts of the Council of Ministers, Instructions of Minister of Interior or other institutions, in order to allow lawful activities with weapons and also to penalize those citizens who intend to carry out and organize illegal activities in this regard.

Our country has joined major international arms control agreements including: The Arms Trade Treaty, the UN Small Arms and Light Weapons Action Program, the Firearms Protocol, and has embraced regional initiatives to strengthen control of small arms and light weapons (SALW), in the territory of the Republic of Albania and throughout the region.

Law no. 27/2018 "On cultural heritage and museums" is partially aligned with EU Directive 2014/60 and Council Regulation no. 116/2009, regarding the free movement of cultural properties. Pursuant to the law, was approved: the DCM no. 432, dated 26.6.2019 "On the functioning and manner of development of the activity of the National Cultural Heritage Registration Institute" and the Prime Minister's Order no. 136, dated 21.10.2019 "On the approval of the structure and organization of the National Cultural Heritage Registration Institute".

The National Institute of Cultural Heritage Registration is responsible for the administration of the State Database "National Register of Cultural Assets (NRCP)", in order to identify, register, store and connect in real time (online) this service with State Institutions, Private Entities (Physical / Legal) possessing and administering Cultural Properties Funds for registration and certification of public and private owned cultural property objects, the Customs Service of the Republic of Albania for monitoring the movements and ownership of publicly owned cultural

property objects and private inside and outside the territory of the Republic of Albania as well as with the State Police for exchange of information in the system regarding cases of robbery and theft of cultural heritage objects in the country and denunciations by International Institutions operating inside and outside the country, Sequestration of cultural property objects property.

Summary of key achievements

General principles

During 2021, work has advanced on drafting an Action Plan for the identification and removal of measures having equivalent effect to quantitative restrictions on trade in goods. This Action Plan is expected to ensure compliance with Articles 34 - 36 TFEU as regards existing Albanian legislation. In the period February - October 2021 the following has been achieved:

- Finalization of the Concept Paper of the Action Plan, where the methodology of screening and structure of Action Plan are provided;(February 2021)
- Identification of legislation by line ministries / institutions in order to create an "inventory" of laws / bylaws on the basis of which work will continue to screen and analyse barriers (in continuous update);
- Preliminary consultations with stakeholders from the business community on potential measures encountered during their activity (February 2021);
- Identification and analysis of measures with equivalent effect for about 18 sectors / products, where about 36 laws / bylaws were analysed (medical equipment, chemicals, oils and lubricants, medicines for human use, salt, light plastic bags, toys, lifts, machinery, personal protective equipment, pressure equipment, radio equipment, noise emission from outdoor equipment, measuring instruments, detergents, plant protection products, organic products). Consultations with line institutions on joint agreement on findings and planning of repeal measures are under way. Analysis in the field of veterinary medicine is also in progress, where about 15 relevant legal / sub-legal acts will be analysed.

The next steps are consulting /agreeing on the analysis for all the above sectors, planning for repealing the measures, consultations with state institutions and stakeholders through the Partnership Platform for European Integration, in order to draft the Action Plan with the selected sectors.

The whole process of preparing the Action Plan is supported by the SANECA Project, which is implemented by GIZ with the financial assistance of the German Government.

Horizontal issues;

During 2021, work has started on drafting a strategic document / roadmap in the area of free movement of goods, which will set the frame for planning further legal harmonization and

establishment / strengthening of the institutional framework responsible for its implementation, for all harmonised area. In the period February - October 2021 the following has been achieved:

- Finalization of the Concept Note of Roadmap, which identifies, among other things, the objectives, mission and its structure;
- Collection and revision of contributions from line institutions according to the areas of responsibility for each product, which will be part of the main section of the roadmap regarding the current situation, legal and institutional / administrative gaps and plans to address them.

The next steps are drafting of the first draft of Roadmap, consultation with state institutions and stakeholders through the Partnership Platform for European Integration and its finalization.

Market Surveillance

In order to increase the safety and reliability of consumers, SIMS has conducted 770 inspections in the fields of pre-packaging, measuring instruments, toys, personal protective equipment, electrical products, mechanical products, etc. 82 administrative measures were taken, of which 12 fines, 58 warnings and 12 urgent measures (ban on trade and destruction of products). A total of 4,556 products were inspected, of which 198 resulted in non-conformity. Permanent trade ban measures have been taken for over 23 models of electrical products (About 2471 units in total).

Standardization

Legislation in the field of standardization provides rules and procedures in line with those used by European and international standardization organizations, such as CEN, CENELEC, ETSI, ISO and IEC. Decision of the Council of Ministers no. 382/2018 "On the approval of the regulation on standardization activity" has partially transposed EU Regulation no. 1025/2012 "On European standardization".

For a complete transposition of this regulation, DPS has planned the amendments to DCM 382/2018, which is expected to be approved and enter into force in the 4th quarter of 2021. The amendments were approved with DCM no. 673, dated 10.11.2021 "On some additions and changes to the Decision no. 382, dated 27.06.2018, of the Council of Ministers, On the approval of the regulation on standardization activity". Full transposition of EU Regulation no. 1025/2012 "On European standardization" is also provided in NPEI 2021-2023.

In the area of standardization, for the period January - September 2021 a total of **1415** standards and standardization documents have been approved as Albanian Standards (AS) and Albanian Standardization Documents, of which:

- **533** standards published by CEN;
- **301** standards published by CENELEC;
- **250** standards published by ETSI;
- **235** standards published by ISO;

- **96** standards published by IEC.

100% of the harmonized European standards were adopted as Albanian harmonized standards. **194** standards and standardization documents were withdrawn as per being withdrawn by European and international standards organizations. The structure of Albanian standards archive is composed by: **79% of ENs, 16% of international standards (ISO/IEC), 5% purely Albanian standards.**

Accreditation

On 12 January 2021, it was approved the Prime Minister Order No. 2 “On approval of structure and organization chart of General Directorate Accreditation”. The number of DPA personnel was increased from 14 to 20 and the accreditation directorate was split in two directorates: directorate of testing, calibration and medical laboratories and directorate of certification and inspection bodies. In the meantime it is established the position of quality manager which was performed till now by one member of the DPA staff, the position of the Head of directorate of testing, calibration and medical laboratories and position of Head of directorate of certification and inspection bodies. The new structure will be responded more to market needs for accreditation service. The new structure was started to be implemented on 1 March 2021.

GDA has successfully passed the mutual evaluation of EA, which was conducted in February and April 2021. The evaluation team has the pleasure to confirm that the overall operation of DPA is in accordance to the specified requirements (ISO/IEC 17011:2017 and Regulation 765/2008). The evaluation team was impressed with the organization structure of DPA and the skills and knowledge of the personnel of DPA regarding their procedures and the documentation of the quality system. The decision to maintain the signatory status on testing, certification of management system, inspection and certification of persons was taken on 27 October 2021.

In the frame of deregulation process, GDA has implemented an electronic system of accreditation service which includes online application, uploading of accreditation documentation, sending invoices, reports and correspondence, and sending accreditation certificate to CAB. This system also provides: simplifying procedures and saving time for communication, recording actions taken, shortening the deadlines of the accreditation procedure.

Currently, conformity assessment bodies were accredited by the GDA. The accreditation figures until October 2021 was as follows:

- 44 Testing laboratories
- 4 medical laboratories
- 1 calibration laboratory
- 28 inspection bodies
- 11 certification bodies of persons
- 6 certification bodies of management systems

Metrology

General Directorate of Metrology has realized revenues in the amount of 45 075 089 ALL (excluding VAT), respectively for 36 106 verified and calibrated measuring instruments until 31 August.

During 2021 the work for the harmonization of the domestic legislation with the *acquis* of the European Union has continued working with:

- The draft decision “On the units of measurement”, which has been sent for consultation to the line ministries;
- Amendment of Order no. 1897/3, dated 03.08.2016 "On the requirements and procedures for the approval of the system for pre-packaging" which was approved by Order no. 1, dated 15.01.2021 of the Minister of Finance and Economy.
- DCM 349, dated 16.6.2021 "On the approval of the regulation for measuring container bottles",
- DCM No. 443, dated 22.7.2021 "On the approval of the regulation for pre-packaging".

During 2021, the number of verifications and calibrations of measuring instruments has increased. There is a significant improvement of the metrological service, specifically in the field of verification and calibration, reducing to zero, complaints from consumers and businesses.

Laboratory comparisons were made and participation was made in the Technical Committees, according to the respective fields. The training of the technical staff of the institution "On electric meters" has been carried out.

New Approach Directives

Regarding the approximation of legislation with the EU *acquis* has continued and the following technical rule was adopted:

- Decision of Council of Ministers No. 349, dated 16.6.2021 "On the approval of the regulation for measuring container bottles"; - Decision of Council of Ministers no. 443, dated 22.7.2021 "On the approval of the regulation on prepackaging";
- Decision of Council of Ministers No. 925 of 25.11.2020 “On the approval of the technical regulation “On aerosol dispensers””, which partly aligns Council Directive 75/324/EEC of 20 May 1975 on the approximation of the laws of the Member States relating to aerosol dispensers;
- Law 73/2021 "On the placing on the market and supervision of pyrotechnic articles", which partially harmonizes Directive 2013/29 / EU of the European Parliament and of the Council of 12 June 2013 on the harmonization of the laws of the Member States relating to the making available on the market of pyrotechnic articles”;

- Law 74/2021 "On the placing on the market and supervision of explosives for civil use" which partially harmonizes Directive 2014/28 / EU of the European Parliament and of the Council of 26 February 2014 on the harmonization of the laws of the Member States relating to with the placing on the market and supervision of explosives for civil use "

Regarding the implementation of legislation, during 2021 the situation is as follows:

- **Toys**, on which SIMS has conducted 15 inspections and 3 administrative measures have been taken (1 fine and 2 urgent measures banning trade and product destruction). A total of 167 products were inspected, of which 5 resulted in non-conformity. Most of the nonconformities were detected through the Safety Gate.
- **LVD & EMC**, 72 inspections were carried out from the Electrical Products Sector in order to check the compliance of products regarding LVD and EMC. A total of 240 products were checked regarding CE Mark and regarding Declaration of Conformity (household appliances, washing machines, vacuum cleaners, air conditioners, refrigerators, chargers, as well as other different electrical products that fall under GPSD) were examined, of which 33 products were not in formal conformity and they were banned from trading. Out of these 33 products 28 did not comply with formal conformity requirements and 5 were products that there published in RAPEX (Safety Gate). These products were in the categories of: chargers, electric heaters, LED lamps, adapters, extension cords, air conditioner etc. (almost 2500 units). There have been 10 administrative measures imposed in the form of emergency measures "Permanent Trading Prohibition" and 3 fines were issued.
- **RED** - 11 inspections were carried out from the electrical products sector in order to check the compliance of products regarding RED (During these inspections compliance of other electrical products that fall in other directives was also checked). A total of 120 products were checked for CE Mark and for 17 of those the DoC was required. All the products were found in conformity. No administrative measure was taken
- **Machinery** conducted inspections in 2 entities. A total of 11 products were inspected which have resulted in conformity. In-depth inspections in this area started in September 2020;
- **Elevators**, conducted 6 inspections on importers of products within the Lifts Directive. In total there controlled 13 products and all of those were in conformity regarding proper CE Marking and accompanying EU Declaration of Conformity.
- **Personal protection equipment**, on which SIMS has conducted 28 inspections. and has taken 1 administrative measures (1 fine). A total of 310 products were inspected of which 5 resulted in non-conformity.
- **Appliances burning gaseous fuels** The Mechanical Products Sector has yet to carry out any inspections on gas appliances. The main focus of the sector has been the registration of lifts, and due to the fact that there are no big importers that focus entirely on gas appliances, in inspections on other group products, if there are noticed gaseous appliances they are checked if they comply with regulation requirements. Until September 2021, no product in that falls in this directive has been banned from trading.

- ***Simple pressure vessels*** The Mechanical Products Sector has yet to carry out any inspections on simple pressure vessels. The main focus of the sector has been the registration of lifts, and due to the fact that there are no big importers that focus entirely on simple pressure vessels, in inspections on other group products, if there are noticed SPV they are checked if they comply with DIRECTIVE requirements. Until August 2021, no product in that falls in this directive has been banned from trading.
- ***Noise emission in the environment by equipment for use outdoors (OND)*** The Mechanical Products Sector has yet to carry out any inspections on OND. The main focus of the sector has been the registration of lifts, and due to the fact that there are no big importers that focus entirely on OND, in inspections on other group products, if there are noticed OND they are checked if they comply with DIRECTIVE requirements. Until September 2021, no product in that falls in this directive has been banned from trading.
- ***Pyrotechnics***, The Mechanical Products Sector has not yet been able to carry out any inspections related to the pyrotechnic item. In-depth inspections in this area are expected to come in December
- The **aerosol dispenser** directive was transposed in the Albanian legislation only by the end of 2020, and the inspectors have not yet carried out any inspections on its implementation.
- ***Pre-packaging*** on which 283 inspections were conducted and a total of 1351 products were inspected which resulted in conformity.
- ***Non-Automatic Weighing Instruments***, in September 2020, the first in-depth inspections of importers and manufacturers of these instruments have started; The Metrological Inspection Sector in SIMS for 2021 has conducted 1 inspection in whose products have resulted in conformity.
- ***Measuring Instruments***, in September 2020, the first in-depth inspections of importers of these instruments have started. The Metrological Inspection Sector at SIMS for 2021 has not yet conducted any inspection for Measuring Instruments.
- ***Bottles as measuring vessels*** The Metrological Inspection Sector in SIMS for 2021 has not yet performed any inspection for Bottles as measuring vessels. Often these inspections have gone along those of pre-packaging and the information is mostly mixed up.
- ***Units of measurements*** The Metrology Inspection Sector at SIMS has through the years has carried out inspections on Units of Measurements but unfortunately there is no real data (except for no of inspections) held by inspectors on their findings as often these inspections have gone along those of pre-packaging and the information is mostly mixed up. What is known is the fact that there has never been taken a warning or corrective measure during these inspections on units of measurements.
- ***Information on energy consumption and other sources for energy impact products:*** Responsible for the labelling directives in this chapter is the Sector of Electrical Products at SIMS which has recruited 6/7 inspectors. Inspections carried out by SIMS in this directive have not been dedicated but for the fulfilment of this directive's requirements all the economic operators have been informed during the electrical products' inspections. During the inspections the inspectors have checked the formal conformities

and no product has been found to be non-compliant, but the economic operators have been advised on the placing of the labelling.

Old Approach Directive

In accordance to the Law 27/2016 and under the National Environment Agency, Chemical Office was established which foreseen 1 Head of sector and 3 Specialists.

Regarding the implementation of the legislation, during 2021, no inspections have been conducted by SIMS regarding detergents, as work is being done on the legislation in this area.

Procedures Measures

Regarding the implementation of the legislation, the State Inspectorate of Market Surveillance during 2021, has not conducted inspections related to **textiles, footwear, and crystal glass**, because it is focused on other areas with higher risk. Footwear Directive, on which during 2021 SIMS has not conducted inspections in this area. Since SIMS is a new has tried to manage his human resources at small capacities available to areas that have shown to be the most problematic and that needed immediate action. In the near future is expected to have inspections in this field in order to evaluate the situation.

On 2020, the law no. 152/2020, dated 17.12.2020 on some additions and changes to law no. 74/2014 "On weapons", was amended.

The law is partially aligned with Directive (EU) 2017/853 of the European Parliament and of the Council, dated 17 May 2017 amending Council Directive 91/477 / EEC of 18 June 1991 "On the control of the purchase and possession of weapons" Also the law has a partial approximation with Regulation no. Regulation (EC) No 258/2012 of the European Parliament and of the Council of 14 March 2012 pursuant to Article 10 of the United Nations Protocol against the Illicit Production and Trafficking in Firearms, Components and Ammunition, which supplements the Convention of the United Nations United Against International Organized Crime and which establishes measures to authorize the import, export and transit of firearms, their components and ammunition. The Ministry of Interior during the first 5 months of 2021 has drafted 7 bylaws in implementation of law 74/2014 "On weapons" regarding the licensing procedures of activities allowed with weapons, safety rules for weapons, entry / exit regime and marking of firearms etc. regulating procedural aspects and further harmonizing the legislation in the field of small arms and light weapons control with that of the European Union.

Currently, have been approved the decisions as below:

- Decision of the Council of Ministers no. 272, dated 12.5.2021 “On some changes and additions to the DCM no. 348, dated 29.04.2015 "On the procedures of entry / exit, stamping of weapons and registration of Albanian and foreign citizens with weapons of category" B "and" C "in the territory of the Republic of Albania";
- Decision of the Council of Ministers no. 271, dated 12.5.2021 “On some additions and changes to the Decision no. 275, dated 01.04.2015 of the Council of Ministers, "On the approval of the regulation" On the conditions and rules of weapons safety ";
- Decision of the Council of Ministers no. 269, dated 12.5.2021 “On some changes and additions to Decision no. 94, dated 4.2.2015, of the Council of Ministers, "On procedures for weapons, in cases of declaration of death, declaration of legal closure of activity, for study purposes, loss of weapon, theft or document / authorization";
- Decision of the Council of Ministers no. 270, dated 12.5.2021 “On some changes and additions to Decision no. 96, dated 4.2.2015, of the Council of Ministers, "On determining the rules and procedures for declaring, storing, registering and disabling weapons for collection";
- Decision of the Council of Ministers no. 289, dated 19.5.2021 “On some additions and changes to the Decision no. 95, dated 4.2.2015, of the Council of Ministers, "On the procedures for the assessment of the threat to life and the provision of special authorization for carrying weapons";

Decision of the Council of Ministers no. 303, dated 26.5.2021 "On the approval of the types of weapons, neuromuscular substances and other means of use of force by the State Police"; 7. Decision of the Council of Ministers no. 462, dated 30.7.2021 “On some additions and changes to the decision no. 421, dated 13.5.2015, of the Council of Ministers "On the procedures of reviewing requests, documentation, review deadlines and special licensing criteria for activities allowed with weapons

During the period Year 2021, in implementation of the obligations, the Ministry of Culture and the National Institute for the Registration of Cultural Heritage have made possible the approval by the Council of Ministers of acts:

- Decision *"On Determining the special conditions of licensing, social documents, procedures for reviewing or revoking the license, application fees and annual quotation of licenses for the activity of cultural markets"*, approved by the Council of Ministers Decision No. 199 dated 31.3.2021.
- Two guidelines, which deal with the Licensing of Traders of Cultural Properties, are in the drafting process and require the approval of the minister responsible for cultural heritage. Instruction on the establishment and functioning of the "Register of trade in cultural assets", pursuant to point 7, article 116, of Law 27/2018.

- Common Instruction on the values on which is mandatory a more detailed description of cultural properties, objects of commercial operations, in accordance with point 8, article 116, of Law 27/2018.
- The Decision "*On Determining the procedures and ways of administering the database of stolen cultural properties*",

In the process of approval:

- Instruction on procedures for updating the database and administration of stolen cultural properties, according to point 6, article 130, of Law 27/2018.

The above-mentioned acts are also provided in NPIE 2021-2023.

Full compliance of Directive 2014/60/EU of the European Parliament and of the Council of 5 May 2014 "*On the return of cultural objects unlawfully removed from the territory of a Member State*", will be only when Albania becomes part of the European Union, as some of the articles of this Directive apply only to member countries. Measures in the process of a framework of other obligations

- The Ministry of Culture and the National Institute for Registration of Cultural Heritage are in the process of drafting acts related to the procedures of monitoring the civil and physical circulation of cultural properties. These acts are foreseen to be realized by Project AL/IPA2015/13 "*Building capabilities of the Albanian Public Administration on free movement and fight against illicit trafficking of Cultural goods*";
 - "Instruction on procedures and transferring of cultural assets abroad, regarding to the point 4, article 123 of law 27/2018".
 - "Instruction for the Approval of general definitions, regarding to articles 124, point 3, and article 128 point 3 according with Articles 123, 124 and 128 of law 27/2018".
 - Instruction on terms, way, procedure, and method of issuing or renewing the import license, according to paragraph 6, Article 129 of law 27/2018".
- Provided on NPIE 2021-2023.*

The Albanian Government has also approved 2 (two) strategies:

- Crosscutting Strategy against Organized Crime and Serious Crimes 2021-2025 and Action Plan 2021-2022 approved by the Council of Ministers Decision No. 1140 dated 24.12.2020.
 - Ministry of Culture and National Institute for Registration of Cultural Heritage in the process of drafting the National Action Plan for the fight against trafficking in cultural properties (part of the obligations of the Strategy).
- National Strategy for Integrated Border Management and Action Plan 2021 - 2027 (Cross-cutting Strategy)

Trainings:

Ministry of Culture and National Institute for Registration of Cultural Heritage have participated in the training entitled "*Technical Training on the Law Enforcement on Prevention of Illicit Trade of Cultural Heritage and the Fight Against Illicit Trafficking*", course held from 18-22 October 2021 in Tirana.

For 2022 it is planned to take measures to finalize the acts listed above in cooperation with the National IPA project entitled "*Capacity building of the Albanian Public Administration in the free movement of goods and the fight against illegal trafficking in cultural properties.*"

Regarding the involvement of civil society in the negotiation process and the establishment / functioning of the Chapter 1 Round Table, the MFE announced the call for applications for the PPEI Chapter 1 Round Table in March 2021. The relevant Chapter 1 Roundtable was established in May 2021, its first meeting was organized (July 2021) and the rules of procedure were adopted for its proper functioning as a consultation platform between state and non-state actors in the membership process in the respective chapter.

4.1.1.5 List of responsible ministries and institutions

- Ministry of Finance and Economy
- General Directorate of Standardization
- General Directorate of Accreditation
- General Directorate of Metrology
- State Market Surveillance Inspectorate
- Ministry of Environment and Tourism
- Ministry of Agriculture and Rural Development
- Ministry of Health and Social Protection
- Ministry of Infrastructure and Energy
- State Technical and Industrial Inspectorate
- Ministry of Defence
- Ministry of Interior
- Ministry of Culture
- National Institute of Registration Cultural Heritage

4.1.1.6 Identified Gaps and Priorities

General principles

Regarding the non-harmonized area and application of the principles set out in Articles 34-36 of the Treaty on the Functioning of the European Union, Albania does not yet have an action plan for the abolition of measures equivalent to quantitative restrictions for trade in goods, an obligation that derives directly from the SAA. However, work on drafting this action plan has

begun and some measures with equivalent effect have already been identified in some of the sectors / products analyzed. Priority in this area remains:

- finalization and agreement of the analysis findings for the sectors / products analyzed and concrete planning of their abrogation, depending on the analysis;
- determination of other sectors / products to be reviewed;

As regards, the two key regulations in this area regarding the mutual recognition of products lawfully marketed in another Member State (Regulation 2019/515) and the real-time exchange of information between Member States in cases of obstacles that may impede free movement of goods (Strawberry Regulation 2679/98), are not harmonized in our legislation, as they are relevant after EU membership. However, the preliminary measures that can be taken in advance will be part of the Action Plan, to enable the preparation in advance of the institutional framework that will be responsible for the implementation of the obligations arising from these regulations.

Horizontal issues

At the end of the analysis of the legal and institutional gaps finalized by the IIWG of Chapter 1, as part of the preparations for the bilateral meeting, it results that:

- for a considerable number of already harmonized acts (about 32 acts) there are still provisions of EU acquis that have not been approximated, which makes their harmonization partial; also the relevant institutional framework needs to be further strengthened to improve implementation;
- about 19 European acts are not harmonized in the Albanian legislation.

Considering this, the process of further legal and institutional harmonization will have to be based on a document of strategic nature, to define its medium and long-term vision, based on a sound planning, which serves the negotiation process, but also the internal needs and capacities of the country. The request for the drafting of such a document has been repeatedly mentioned in the Progress Reports as well as the meetings of the Subcommittee on Trade, Industry, Customs and Taxation.

For this reason, the main priority in this area, remains the preparation of the Roadmap for alignment in the area of free movement of goods. Work for this has already advanced, as mentioned in the sections above, and is expected to be finalized during 2022.

New Approach

Regarding the new approach, about 37 % of the acts of the acquis falling under this subchapter are not yet transposed into Albanian legislation (e.g. acquis related to equipment and protective systems intended for use in potentially explosive atmospheres, cableway installations designed for person transport, construction products, simple pressure vessels, gas appliances, etc.). In order to achieve a higher degree of transposition, as well as based on the recommendations given in the Progress Report for Albania, it is necessary to continue the work on the alignment of the

acquis in this subchapter. There is also a need to further strengthen administrative capacities, by increasing the number of staff, as well as by taking measures to increase their expertise through training or other instruments, in the structures in charge of drafting and monitoring of legislation in the field of free movement of goods.

Old Approach

Regarding the old approach, about 50 % of the acts of the acquis falling under this subchapter are not yet transposed into Albanian legislation (e.g. the acquis on motor vehicles, good laboratory practices, drug precursors). In order to achieve a higher degree of transposition, as well as based on the recommendations given in the Progress Report for Albania, it is necessary to continue the work on the alignment of the acquis in this subchapter. There is also a need to further strengthen administrative capacities, by increasing the number of staff, as well as by taking measures to increase their expertise through training or other instruments, in the structures in charge of drafting and monitoring of legislation in the field of free movement of goods.

Procedural measures

Regarding the old approach, about 35 % of the acts of the acquis falling under this subchapter are not yet transposed into Albanian legislation (e.g. acquis related to information in the field of technical regulations, transparency of measures regulating the prices of medicinal products). In order to achieve a higher degree of transposition, it is necessary to continue the work on the alignment of the acquis in this subchapter. There is also a need to further strengthen administrative capacities, by increasing the number of staff, as well as by taking measures to increase their expertise through training or other instruments, in the structures in charge of drafting and monitoring of legislation in the field of free movement of goods.

Priorities

- Continue further harmonization of non-harmonized EU legislation;
- It is necessary to recruit a more competent and specialized staff for the Market Surveillance Inspectorate;
- Increase the engagement and involvement of civil society in the process of accession negotiations, through the functions of the Roundtable for Chapter 1, set up under the Partnership Platform for European Integration;
- Increase and strengthening of capacities of members of IIWG, regarding the completion of the *screening phase* and further on the process of accession negotiations for Chapter 1;
- Approximation of the legislation regarding the traceability of pyrotechnical articles;
- Legislation on protection products and procurement is not aligned with the acquis. Law 27/2018 "On Cultural Heritage and Museums" is partially aligned with the Acquis on the return of cultural objects illegally removed from the territory of a member state. There is

a continuing process on the drafting and approval of other bylaws for this purpose, provided for in the implementation of the law, as well as of the relevant norms of the Acquis.

Planned Legal Measures 2022-2024

- Draft Decision of Council of Ministers “On approval of technical regulation on simple pressure vessels and the reference list of harmonized standards”, which will partly align the Directive 2014/29/EU of the European Parliament and of the Council of 26 February 2014 on the harmonization of the laws of the Member States relating to the making available on the market of simple pressure vessels (SPVD). It is planned to be approved in fourth trimester of 2022;
- Draft Decision of Council of Ministers “On approval of technical regulation on appliances burning gaseous fuels and the reference list of harmonized standards”, which will partly align the Regulation (EU) 2016/426 of the European Parliament and of the Council of 9 March 2016 on appliances burning gaseous fuels. It is planned to be approved in fourth trimester of 2023.
- Draft Law “On some changes on law no. 10489, dated 15.12.2011 “On marketing and market surveillance of non-food products””, which will partly align the Regulation (EU) 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance and compliance of products; and the Regulation (EU) 2019/515 of the European Parliament and of the Council of 19 March 2019 on the mutual recognition of goods lawfully marketed in another Member State. It is planned to be approved in fourth trimester of 2024.
- Draft-law "On the definition of export authorizations, and measures for import, transit of firearms, components and ammunition", which aims to harmonize Regulation 258/2012. It is planned to be approved in fourth trimester of 2024.
- Draft Law "On construction products" which aims at the partial harmonization of Regulation 305/2011 on the definition of harmonized conditions for the marketing of construction products and the repeal of Council Directive 89/106 / EEC; It is planned to be approved in fourth trimester of 2024.

CHAPTER 2: FREE MOVEMENT OF WORKERS

4.2.1.1 Chapter content

The European Union legislation in the field of free movement of workers provides that citizens of one Member State have the right to work in another Member State, enabling them the same working and social conditions as domestic workers. The free movement of persons is based on the general principles deriving from the Treaty on the European Union and the Treaty on the Functioning of the European Union, as well as on the jurisprudence of the Court of Justice of the European Union. These principles include the removal of barriers to the free movement of

workers, equal access to the labour market and the prohibition of discrimination. The acquis in this chapter provides that EU citizens have the right to move and to work in the other EU Member States, to reside there for that purpose together with their family and to be treated in the same way as national workers in terms of working conditions and social and tax advantages. Furthermore, the acquis includes EU instruments on the coordination of different national social security systems.

4.2.1.2 Chapter structure

- Access to the labour market;
- Coordination of the social insurance system

4.2.1.3 Summary of SAA and EU acquis requirements

The Stabilization and Association Agreement contains numerous obligations stemming from the provisions of Articles 48 and 49 of the SAA in the area of labour market access for EU citizens in the Republic of Albania, workers' mobility, employment conditions, and professional training. Another aspect of the free movement of workers is to promote the youth exchanges and the conclusion of bilateral agreements on employment and vocational training between the Republic of Albania and the European Union Member States. The Stabilization and Association Agreement provides that, in accordance with the applicable conditions and modalities, Albania and the Member States of the EU shall ensure that country nationals who are legally employed in their territory are not subject to discrimination based on nationality, as regards working conditions, remuneration or dismissal.

The obligation for Albania to proceed with the coordination of social security schemes stems from Articles 48 and 99 SAA. Articles 46, 47, 49, 50, 51, 53, 54, 55, 56, 57, 58, 59, 70 SAA define the pillars of cooperation between Albania and the European Union in the field of access to the labour market for EU nationals. The treatment of workers, Albanian nationals and those legally employed in the territory of a Member State are regulated by the SAA, Article 46 and 47.

4.2.1.4 Current situation in Albania and key achievements

Current situations in Albania

In the EC Report for 2020 for chapter 2 "On freedom of movement for workers", Albania has achieved some level of preparation. Progress has been made in this area, notably with the free movement of family members of EU citizens; concluding the new bilateral social security agreements and preparing to join the European Employment Network (EURES) upon accession.

Access to the labour market

EU citizens have the right to work in Albania without a work permit. This is made possible by the provisions of the Aliens Act and subsequent amendments, which provide that foreigners do not need a work permit or business registration certificate if they are nationals of an EU Member State or Schengen country and enter and reside legally in Albania. The eligibility of social security schemes and the recognition of occupational pensions are regulated by bilateral agreements. Immigrant admission policies do not impede the permanent residence of workers' families from EU countries.

The legislation of the Republic of Albania, in accordance with the obligations of European integration within chapter 2, aims to create opportunities for equal and non-discriminatory access to the labour market, vocational training, movement of EU workers, as well as employment conditions, same as Albanian citizens.

Law no. 108/2013 "On foreigners", as amended, as well as law no. 13/2020 "On some changes and additions to law 108/2013" On foreigners ", as amended", regarding the employment of citizens and their family members with the citizenship of a member country or not, have created the possibility of employment in the labour market in the country, without being limited by annual employment quotas, the obligation to obtain a work permit or certificate of registration in work.

Recently, a new integral law on foreigners has been adopted. Law 79/2021 "On foreigners", already approved by the Albanian Parliament, aims to align with the EU acquis in the field of free movement of workers and immigration for employment reasons. A novelty of this law was the merging of two permits and procedures for the stay and employment of foreigners in the country into a single permit. EU citizens and members of their families who do not have the citizenship of an EU Member State or Schengen Area, even with the new law on foreigners, enjoy the right of free access to the labor market in the country just like Albanian citizens, without being limited by quotas for the employment of foreigners or the obligation to obtain a unique employment permit or any other similar authorization. With the approval of the new law 79/2021 "On foreigners", Albanian institutions (Ministry of Interior, Ministry of Europe and Foreign Affairs and the Ministry of Finance and Economy) have begun work on drafting bylaws in its implementation.

Law No. 15/2019 "On employment promotion" defines the rules and the way of functioning of the public system of employment services, active and passive labour market programs and the bodies responsible for their management. According to this law, EU citizens who enter and stay regularly in the territory of the Republic of Albania for employment purposes, have the right to benefit from the services provided in the regional / local structure. (Article 4). The National Agency for Employment and Skills, established by the decision of the Council of Ministers No. 554, dated 31.4.2019 "On the establishment, organization and functioning of the National Agency for Employment and Skills", ensures the fulfilment of these rights.

Law no. 7961 / 1995 "Labour Code of the Republic of Albania", as amended, applies to EU citizens and members of their families in the same way as for Albanian citizens on issues related to their employment and employment, which are not covered by law 108/2013 on foreigners (Article 4). According to Article 9 of this Code,: “1. In exercising the right to employment and profession, any form of discrimination, provided in this Code and in the special legislation for protection from discrimination, is prohibited. 2. "Discrimination" means any discrimination, exclusion, restriction or preference based on sex, race, colour, ethnicity, language, gender identity, sexual orientation, political, religious or philosophical beliefs, economic, educational or social status, pregnancy. , parental responsibility, parental responsibility, age, marital or marital status, marital status, place of residence, health status, genetic predisposition, disability, living with HIV / AIDS, joining or belonging to a trade union, belonging to a particular group, or for any other cause, which has the purpose or consequence to impede or make impossible the exercise of the right to employment and profession, in the same manner as others ”

Regarding the preparation to join EURES (European Employment Services Network), Albania has established an integrated database for the employment service system. This will facilitate the exchange of information between the IT departments of the civil registry, the tax system, the compulsory health care system and the economic assistance system.

Italian citizens, who make up the largest number of EU citizens in the Albanian labour market, are mainly employed in the following fields: medicine, services, marketing, trade, manufacturing, information and telecommunications. Romanian citizens, who are the second largest group of EU citizens entering the Republic of Albania, are mainly employed in the field of trade and services and call centres.

In order to improve the working conditions of employees, by order of the Prime Minister on November 24, 2020 was approved the new structure of the State Labor Inspectorate and Social Services, as a body that controls the implementation of labor legislation in entities operating in the Republic of Albania.

This structure brought an increase of SLISS staff as well as a reorganization of it, where a special place is occupied by the creation of the Risk Analysis Sector, which part of its work has risk analysis, risk management process for planning and monitoring of field inspection work. The Risk analysis process being centralized will ensure that the working inspection body has a complete picture of the risks and undertakes the appropriate strategies.

Coordination of the social security system

There are bilateral social security agreements with Belgium, Czech Republic, Germany, Luxembourg, Hungary, Austria, Romania, Northern Macedonia, and Turkey. The negotiations with Switzerland and Canada are concluded. The agreement with Kosovo was ratified on April 2019. There have been exchanges to coordinate social security schemes with Bulgaria, Spain,

France, and Croatia. A technical co-operation agreement has been drawn up to continue negotiations on a bilateral agreement on the coordination of social security schemes with Italy.

The following bilateral agreements “On social security” between Albania and the respective countries have been ratified and entered into force: the Republic of Turkey, the Republic of Northern Macedonia, the Grand Duchy of Luxembourg, Hungary, the Czech Republic, the Federal Republic of Germany, the Kingdom of Belgium, the Republic of Austria and Bulgaria.

Agreement with Republic of Kosovo, "On the certification of insurance periods for the realization of the right to a pension" was ratified by the Parliament with Law No. 20 dated on 12.04.2018 and has entered into force on 01.12.2018.

Bilateral agreements that are expected to enter into force:

- Romania, ratified by the Albanian Parliament with Law No. 42 dated 14.04.2016;
- Canada ratified by the Albanian Parliament with Law No. 58, dated 12.09.2019.

The Agreement with Swiss Confederation, was approved by DCM No. 533, dated 31.07.2019 "On the Approval in Principle of the Agreement between the Republic of Albania and the Swiss Confederation, for Social Protection". but has not been ratified as we await the decision of the Swiss party to continue the proceedings for this agreement.

The agreement with the Republic of Bulgaria is in the initial stage according to Law no. 43/2016 "On international agreements in the Republic of Albania"

Summary of key achievements

Access to the labour market

With the DCM no. 659/2019 in October 2019 were approved the “Employment Strategy and Skills” and its Action Plan. The vision of the Employment and Skills Strategy is: "Higher skills and better work for all women and men". The strategy revised the indicators until 2022, based on data confirmed by close cooperation with INSTAT. Furthermore, the Action Plan 2019-2022 and the indicators for its implementation, provides the details of the planned budget for each measure, in cooperation and with the contribution of donors. Each measure will be implemented by the support provided in the SRC, as well as by the donor projects that are being implemented, and by the approved projects that will be implemented.

Adoption of law 13/2020 "On some changes and additions to law 108/2013" On foreigners ", as amended, according to which family members of citizens of one of the EU countries, who do not have the citizenship of these countries, enjoy the equal rights with Albanian citizens to be employed in the labour market in the country, without having to obtain a work permit or certificate of registration at work and without restrictions on quotas for their admission and employment.

The amendments were intended to bring it more fully in line with Articles 23 and 24 of Directive 2004/38 / EC of the European Parliament and of the Council of 29 April 2004 on the right of citizens of the Union and members of their families to move and staying freely within the territory of the Member States by amending Regulation (EEC) No 1612/68/360 / EEC, 75/34 / EEC, 75/35 / EEC, 90/364 / EEC, 90/365 / EEC, and 93 / 96 / EEC.

Approval of bylaws pursuant to law 15/2019 "On employment promotion".

Amendment of employment promotion programs and employment services, is done through the approval of 4 (four) decisions of the Council of Ministers and 7 (seven) programs, including programs to promote the employment of unemployed persons due to COVID -19.

Coordination of the social security system

Regarding the following countries, the status of agreements is presented as follows:

- **Agreement with Bulgaria** - negotiations was opened in Sofia, on 05.11-08.11.2019, for the drafting of a new agreement that would replace the old agreement with Bulgaria, (entered into force by decree no. 1578, dated 20.11.1952). **Due to the Covid 19 pandemic, no further rounds of negotiations have taken place.**
- **Agreement with Kosovo** - it was agreed to finalize a more comprehensive agreement for the coordination of social security schemes between our two countries in accordance with the standards of European legislation. The first round of negotiations agreement on this agreement took place in Tirana on September 17-18, 2020. It is expected that the second round of negotiation will be held in Pristina in the near future.
- **Agreement with Montenegro** - the Montenegrin side has expressed its interest in opening negotiations to agree on a bilateral agreement.

In general, the legal framework is not yet fully in line with the EU acquis.

4.2.1.5 List of responsible ministries and institutions

- Ministry of Finance and Economy
- State Inspectorate of Labour and Social Services
- National Agency for Education, Vocational Training and Qualifications
- Institute of Statistics
- Institute of Social Security
- Ministry of Health and Social Protection / Compulsory Health Insurance Fund
- Financial Supervisory Authority
- Ministry of Internal Affairs
- Ministry of Interior / General Directorate of State Police
- National Employment Service

- National Employment and Skills Agency

4.2.1.6 Gaps identified and Priorities

Gaps identified

Following the adoption of Law 79/2021 For foreigners, there is a need to adapt bylaws to the new law, as well as training of KPA employees and drafting manuals for proper implementation of applicable legislation. An updated analysis of the legal and institutional shortcomings of the legal acts of this chapter with the domestic legislation, trainings of the employees of the institutions involved in the approximation of the legislation of this chapter and periodic IWG meetings of this chapter are needed. With regard to access to the labor market, sector-by-sector analysis is needed regarding EU citizens' access and the barriers that exist. Due to the fact that the employees of the Employment and Migration Policy Sector are also engaged in other chapters, assistance with expertise and human resources in this regard is needed.

Priorities

The main focus of the Albanian Government is:

- To align the EU legislation on the free movement of workers and developing of an IT system to enable connection to EURES. The EU citizens will have access to Albanian labour market and will be treated equally to Albanian citizens in terms of employment, conditions, remuneration, study, and vocational training.
- To implement the legislation in force in the field of foreigners, employment, vocational education and training, as well as working conditions and employment relations, for EU citizens in the Republic of Albania, as well as to work on its continuous approximation with the *acquis communautaire* in the field of free movement of employees.

In addressing the European Commission's recommendations, the Albanian Government is focused its efforts on coordinating the social security schemes for Albanian citizens living and working abroad, as well as employees of EU Member States employed in Albania. This includes signing of multi-country social protection agreements. The Ministry of Finance and Economy in cooperation with the Ministry of Health and Social Protection and the Ministry for Europe and Foreign Affairs is working on coordination of social security schemes with countries where are a significant number of Albanian citizens, especially in Italy and Greece. There are bilateral social security agreements with Belgium, the Czech Republic, Germany, Luxembourg, Hungary, Austria, Romania, the Former Yugoslav Republic of Macedonia, Canada, Kosovo and Turkey.

CHAPTER 3: RIGHT OF ESTABLISHMENT AND FREEDOM TO PROVIDE SERVICES

4.3.1.1 Chapter content

Member States must ensure that the right of establishment of EU national and legal persons in any Member State and the freedom to provide cross-border services is not hampered by national legislation, subject to the exceptions set out in the Treaty. The acquis also harmonises the rules concerning regulated professions to ensure the mutual recognition of qualifications and diplomas between Member States; for certain regulated professions a common minimum training curriculum must be followed in order to have the qualification automatically recognised in an EU Member State. As regards postal services, the acquis also aims at opening up the postal services sector to competition in a gradual and controlled way, within a regulatory framework which assures a universal service.

4.3.1.2 Chapter structure

- The right of establishment
- Freedom to provide cross-border services
- Postal services
- Mutual recognition of professional qualifications

4.3.1.3 Summary of SAA and EU acquis requirements

The articles of the SAA that are relevant to this chapter are: 50, 57, 58, 70 and 100.

Article 50 requires Albania to facilitate the establishment of business in its territory by Community companies and nationals (including subsidiaries and branches), giving them treatment no less favourable than that accorded to its companies or any of the third place companies, whichever is better. Article 57 requires both parties to take the necessary steps to allow progressively the provision of services by the respective companies or citizens who are established in a party other than that of the person for whom the services are intended. In step with this liberalization process, the parties are required to allow the temporary movement of natural persons providing the service or who are employed by the service provider as key personnel. Article 58 requires Albania not to impose any new measures or actions that make the conditions for the provision of services by EU citizens stricter compared to the existing situation before the entry into force of the SAA.

According to Article 70 of the SAA, Albania has an obligation to align its national legislation with the EU acquis, as well as to ensure that existing and future legislation is properly implemented.

Member States must ensure that the right of establishment of EU nationals and legal entities in each Member State and the freedom to provide cross-border services, as provided for in Articles 49 and 56 of the Treaty on the Functioning of the European Union (TFEU), are not impeded by national legislation, subject to the exceptions set out in the Treaty. An essential part of the acquis in this area is Directive 2006/123 of the European Parliament and of the Council on services in the internal market (Services Directive). The case law of the European Court of Justice in relation to Articles 49 and 56 is also part of the acquis.

The acquis in this chapter is of a horizontal nature and can be divided into three general areas:

- i) Right of establishment and freedom to provide services (Articles 49 and 56 of the TFEU and the Services Directive);
- ii) Mutual recognition of professional qualifications (mainly Directive 2005/36 / EC of the European Parliament and of the Council on the recognition of professional qualifications, as recently amended by Directive 2013/55/EC);
- iii) postal services (mainly Directive 97/67 / EC of the European Parliament and of the Council, as amended) which consist of a sector-specific regulatory framework ensuring the provision of universal postal services and the creation of an internal postal market.

With regard to the right of establishment and the freedom to provide services, the Services Directive contains provisions aimed at facilitating the provision of services to service providers as well as the provision of temporary cross-border services in another Member State. The Directive is a horizontal instrument that covers a wide range of different services and is likely to affect a significant number of national laws and regulations. Its implementation requires Member States to take a combination of legislative and non-legislative measures (organizational or practical measures).

For this reason, and in terms of implementing legislation, a mix of horizontal and specific legislative measures is required which is likely to include the amendment of existing laws, as well as the adoption of new specific legislation and a horizontal framework law. The provisions of the Directive are largely based on the relevant case law of the European Court of Justice, which remains fully applicable. The Directive requires the designation of a Single Contact Point (CAP), where service providers can obtain electronic information and in full on the administrative procedures required to access and exercise service activities. In addition, the authorities of the Member States should participate in an electronic system for the exchange of information between administrative authorities (Internal Market Information System or IMI) which allows cooperation in the oversight of service activities and the effective exchange of information between member States.

With regard to the mutual recognition of professional qualifications, Directive 2005/36 “On the recognition of professional qualifications” of the European Parliament and of the Council, as amended, lays down rules on the recognition of professional qualifications between Member States to facilitate access to regulated professions for European nationals wishing to practice their profession in one State. Members different from those who have benefited from the respective qualifications. The Directive also facilitates the provision of temporary and occasional services by professionals (covered by Title II of the Directive). For some regulated professions, a joint minimum training program must be followed in order for the qualification to be automatically recognized in an EU Member State (covered by Chapter III of Title III of the Directive). In the case of health sector occupations, minimum training requirements are mandatory in each Member State as conditions for access to the profession at national level as well. In addition to the aforementioned Directive, the recognition of professional qualifications for certain professions is governed by specific legislation. Within Chapter 3 there are 5 such directives.

Two directives concern the professions dealing with toxic products: Directive 74/557 / EEC “On the attainment of the right of establishment and the freedom to provide services in connection with the activities of self-employed persons and intermediaries engaged in the marketing and distribution of toxic products ” and Directive 74/556 / EEC, which lays down detailed provisions concerning transitional measures relating to the activities, trade and distribution of toxic products and activities involving the professional use of such products, including the activities of intermediaries, because some Member States require specific qualifications for professions dealing with toxic products.

However, professionals from an EU Member State who do not require such qualifications can still carry out these activities if they provide evidence of professional experience. The directives cover professionals dealing with the following toxic substances: pesticides, toxic substances, medicinal products (phyto-pharmaceuticals and products intended for use as food preservatives), herbicides, harmful products for use in industry, toxic gases, surgical medical products, bactericides, germicides and disinfectants) and cosmetic products and dyes containing toxic substances.

Two other directives cover the effective exercise of the legal profession, Directive 77/249 / EEC and Directive 98/5 / EC, the first dealing with the provision of services and the second with the right of establishment.

The latter Directive (Directive 86/653 / EEC) regulates the profession of commercial agents, self-employed intermediaries authorized to negotiate the sale and purchase of goods, on behalf of another person. The Directive harmonizes the rules on: the rights and obligations of commercial agents and their orders; remuneration of commercial agents; and the conclusion and termination of agency contracts, as well as any compensation or compensation to agents in the event of termination of the contract.

The Postal Services *acquis* aims to open the postal services sector to competition gradually and in a controlled manner, within a regulatory framework which guarantees the provision of universal postal services. The main part of the legislation includes the following three postal directives: i) The first (framework) directive is that of the European Parliament and of the Council 97/67 / EC, as amended by ii) The Parliament's second postal directive 2002/39 / EC and Council, and iii) Third Postal Directive 2008/6 / EC. The *acquis* sanctions the creation of an internal market for postal services and promotes a high quality postal service for end users. In terms of administrative capacity, the establishment of an independent National Regulatory Authority (NRA) in this area is crucial for the proper implementation of relevant EU legislation.

4.3.1.4 Current situation in Albania and key achievements

Current situation in Albania

Albania is moderately prepared in the right of establishment and freedom to provide services. According to the EC progress report 2021, good progress was achieved in the reporting period, in particular through initiating the screening exercise of the legislation to be aligned with the *acquis* in some sectors. This progress has risen two levels with the 2020 estimate.

The recommendations of 2021 remain the same as those of 2020:

- Finalize screening of the existing legislation to identify barriers to the freedom of establishment and free movement of services with a view to further aligning domestic legislation with the Services Directive;
- step up efforts to align its legislation with the EU *acquis* and ensure appropriate institutional capacity in the area of mutual recognition of professional qualifications.

With regard to the right of establishment and the freedom to provide services, legislation on mining and social policies is broadly in line with the Services Directive. Veterinary clinics and hospitals are licensed according to Law No.10081 of 23.2.2009 “On licenses, authorizations and permits in the Republic of Albania”, amended and the Decision of the Council of Ministers No. 538 dated 26.5.2009 “On licenses and permits treated by the National Licensing Centers and some other regulations joint bylaws ”- part of category II.2.

Legislation governing the legal profession has been partially aligned with the *acquis* and there are still restrictions, especially for notaries and private bailiffs.

The Inter-Institutional Working Group (IIWG) for Chapter 3, supported by the GIZ-implemented SANECA project, in September 2020 carried out a first comprehensive assessment of the legal, institutional and administrative gaps to determine the extent to which the Albanian regulatory and institutional framework is in line with the *acquis* in this chapter and to plan the necessary measures for future alignment. The analyzes were also updated in early February 2021 and are

subject to update according to changes in the level of compliance with the acquis in the country and planned harmonization measures.

Right of establishment and freedom to provide services

The right of establishment and the freedom to provide services are regulated by Law No. 66/2016 "On services in the Republic of Albania", while the general regime for the establishment and registration of a business is regulated by Law No. 9901/2008 "On traders and companies ", as amended, and Law no.9723/2007 "On Business Registration", as amended. Law No. 10081/2009 "On licenses, authorizations and permits in the Republic of Albania" as amended, regulates the general regime of issuing authorizations for businesses, while the main principles of the EU Services Directive are provided in Law no.44/2015 "On the code of administrative procedures of the Republic of Albania, for example, the right to information, electronic procedures, conditions for issuing authorizations, including tacit approval.

Law No 66/2016 "On services in the Republic of Albania" transposes most of the main provisions of the EU Services Directive regarding the right of establishment. It guarantees natural and legal persons (domestic and foreign) access to the market and the exercise of service activities without direct or indirect discrimination on the basis of nationality, for example, by prohibiting criteria such as citizenship, residence or restrictions on participation in society or the test of economic need. It guarantees non-discriminatory access to services for both domestic and foreign service recipients, provides quality standards for the provision of services and requires the establishment of a single point of contact (PVK) as part of the e-Albania portal, approved by Council Decision of Ministers no. 1147, dated 9.12.2020 "On the Establishment of the state database "unique government portal e-albania" and on the approval of the rules" on the operation of the single point of contact ", which acts as a one-stop-shop for service providers and their beneficiaries to obtain information on requests for access and exercise of the service activity, contact details of the competent authorities regulating market access for the relevant service activities, for associations or organizations from which providers and recipients services can be assisted, legal remedies in case of dispute and the opportunity to complete procedures and formalities for accessing and exercising online service activities.

Vertical legislation, i.e. sectoral legislation regulating access to and exercise of specific service activities in different sectors, e.g. tourism, trade, business services, etc., must comply with the principles set out in the Law on Services and, consequently, with the EU Services Directive, and competent authorities must review existing sectoral legislation in their jurisdiction for compliance with the Law on Services and the EU Services Directive, while also ensuring compliance with these principles in future legislation through a notification system set out in the Law on Services.

In this context, and following the European Commission's recommendation to complete the screening of existing legislation in order to identify obstacles to the freedom of establishment and the free movement of services and to further align legislation with the Services Directive, the

Ministry of Finance and Economy (MFE), which is supported by the GIZ SANECA project and is the lead ministry for Chapter 3, completed the screening of 20 of the 35 previously identified priority service sectors in July 2021, in cooperation with the respective competent authorities. The screening follows a sector-by-sector approach and is led and monitored by MFE. Work is currently underway to complete the screening of all relevant service sectors by November 2022 in order to achieve further alignment with the acquis.

The National Business Center (NBC) operates as a one-stop shop for business registration and licensing / licensing. NBC administers the commercial register (known as a state database), which is a unique database, divided into separate electronic files for each entity that has the obligation to register and it is kept in electronic form, and the National Register of Licenses, Authorizations and Permits (known as a state database), which is a unique database for all licenses / permits issued in Albania. The National Business Center operates through service points throughout the country, as well as through the e-Albania portal.

Since 2015, the National Business Center has offered its services online through the government portal e-Albania free of charge. Meanwhile, starting from 2020, the services of registration of natural persons, suspension and activation of the activity of entities, as well as the provision of a license / permit are offered only online through the government portal e-Albania. In the reporting period, about one million registered e-Albania users benefited from over 500,000 electronic services per month.

Law No 110/2012 “On cross-border mergers of commercial companies” has fully transposed with the Directive 2005/56/EC “On Cross border mergers of limited liability companies” as amended. The law regulates the procedures, responsible authorities involved in the case of outbound and inbound mergers between an Albanian company and a company established in an EU member state, by facilitating the merger without going through liquidation. To facilitate the implementation of the law in practice, i) a commentary of the law and a ToT for notaries is done, as they are assigned by the law with the task of scrutinizing the legality of the merger; ii) 15 cross border registration forms are available at NBC.

In the field of postal services, the legislation is fully aligned with Directive 97/67 / EC, as amended, with the exception of the regulation on the provision of cross-border services for packages. The postal market has been open to competition since 2017. There is one universal service provider in the market (Albanian Post JSC) and 33 other postal service providers that have been provided with Authorization by AKEP. The Electronic and Postal Communications Authority (AKEP) is the regulatory institution responsible for the implementation of legislation in this field. The New Strategy for the Postal Sector 2021+ has been drafted and published for public consultation during 2021. It is expected to be sent for consultation, through the e-Acts system, to the line ministries.

Regulated professions in Albania are regulated by Law no. 10 171/2009 “On regulated professions in the Republic of Albania”, as amended, which transposes some aspects of the EU

Directive on mutual recognition of professional qualifications (Directive "On the recognition of professional qualifications" 2005/36 / EEC and 2013/55 / EC), Directives 98/5 and 77/249 "Lawyers"; Directives 74/557 / EEC and 74/556 / EEC "On traders of toxic products"; Directive 86/653 / EEC "Commercial Agents"; EU Directive 2018/958 "On the test of proportionality").

In order to respond to the European Commission's recommendation to strengthen efforts to align Albania's legislation with the EU acquis and to ensure adequate institutional capacity in the area of mutual recognition of professional qualifications, MES, with the support of the GIZ SANECA project, approved a concept for the preparation of a roadmap for alignment with the acquis in the area of mutual recognition of professional qualifications in April 2021 and a work plan for the preparation of the roadmap, in May 2021. Initial identification of institutional stakeholders to be involved in the preparatory process has been done by July 2021 and specific working groups have been established for this purpose. Work is underway on the next steps in the preparation of the Roadmap, in particular regarding the inventory of legislation to be assessed for compliance with the acquis and the list of regulated professions. The roadmap is expected to be prepared by 2022.

Alongside this, Albania has committed to introduce and implement mutual recognition of professional qualifications for regulated professions in the region, in line with the acquis, as part of its regional integration agenda, i.e., the Common Regional Market (CRM) 2021-2024 initiative/action plan, endorsed by the six Western Balkan countries in November 2020.

In particular, the RCC is to facilitate the process of automatic recognition of professional qualifications for seven professions (sectoral professions) based on the EU system of automatic recognition. In January 2021, the RCC submitted a draft agreement to establish automatic recognition for three out of the seven professions negotiated previously by the parties (i.e., doctors, dentists, and architects), while the remaining four professions will continue to be negotiated.

The CEFTA Secretariat is tasked to take the lead in adopting a framework for the recognition of professional qualifications based on the EU's general recognition regime in a pilot sector (civil engineers), with a gradual extension each year to other sectors covered by the EU's general recognition regime.

Summary of key achievements

General

With the support of the GIZ SANECA project, the IIWG of Chapter 3, updated the assessment of legal, institutional and administrative gaps in February 2021.

In addition, MFE developed a methodology for the identification and mapping of stakeholders among others in Chapter 3 based on an influence-importance matrix, for the purpose of setting

up the relevant roundtable for Chapter 3 in the framework of the Partnership Platform for European Integration (PPEI). The MFE launched the call for applications for the PPEI Chapter 3 Roundtable in March 2021 and held information sessions to raise awareness among non-state actors and encourage participation in the Platform. The relevant Chapter 3 Roundtable was established in May 2021 and now has rules of procedure for proper functioning as a consultation platform between state and non-state actors in the accession process in the relevant Chapter.

Right of establishment and freedom to provide cross-border services

In July 2021, the MFE, completed the screening of sectoral legislation for compliance with the EU Services Directive for 20 of the 35 previously identified priority service sectors. The screening covered the following service sectors: legal professions (lawyers, mediators and notaries), mining, private social services, taxation (tax agents), customs (customs agents and customs agencies), veterinary, industrial property, e-commerce, tourism, crafts, environment (only at the legislative level), financial professions (auditors and accountants), financial services, games of chance, labour market intermediaries, vocational education and training, quality infrastructure, trade in animals, trade in foodstuffs, and trade in seeds, seedlings and plant protection products. A total of 350 service activities and more than 100 barriers to trade in services are the result of the screening carried out. More than 200 national provisions for which there are concerns about their compatibility with the *acquis* must either be abolished or amended. 20 institutions regulating market access and the exercise of certain service activities, represented by a total of 48 officials, were trained, coached and involved in the screening process. Twenty rounds of consultations were held to agree on the results of the screening and to ensure the commitment of the institutions involved to remove barriers to trade in services. Currently, the institutions involved are expected to officially endorse the results of the screening and commit to removing the barriers identified within certain deadlines.

Meanwhile, the MFE has been notified by the competent authorities for the assessment of compliance with the Law on Services three legal acts / bylaws in areas such as trade in medical devices, maritime tourism and metrology by the competent authorities.

Through the project "Improving the quality of Financial Reporting" of the World Bank, it has become possible to clearly define the documents that must be drafted by entities, depending on their classification, during the financial reporting process; further increase of transparency for the economic and financial activity of the subjects registered in the commercial register; processing and generating reports for financial statement data; implementation of the new format (system) for sending service statements to the BCC, through the government portal e-Albanian, using an electronic communication format (XML).

In February 2020, the National Business Centre (NBC) signed an agreement on the participation of the Albanian commercial register in the Regional Business Registry Portal (BIFIDEX). Thanks to this project, it is enabled the real-time communication of reliable, updated data for all commercial entities registered in the trade registers of the participating countries, as well as the

basis for the creation of global services for all entities in the participating countries. The portal will also enable the interconnection of Albanian businesses with those of the region, enabling the increase of economic and trade cooperation of the countries of the region.

NAIS, as the responsible institution for the administration of the government portal e-Albania, has informed that the remaining services for the legal entities are ready, and after they are implemented and tested they will be ready to be used by the business.

Based on the recommendations of MONEYVAL, it was approved the Law Nr. 112/2020, “On the beneficial owners register”, amended, and the respective sub-legal acts. With the approval of this law, it was made possible the definition of the beneficial owner, the reporting entities having the legal obligation to register the data of their beneficial owners in the register and the necessary procedure and deadlines for the registration of the data of the beneficial owners. With the approval of this law, it was established the Beneficial Owners Register, which is administered by the NBC.

Furthermore, was created the Single Counter (PSC) No 1620 of 10.08.2020 "On the administration, operation and use of the E-permit platform". The unique counter functions as part of the structure of the National Institute of Cultural Heritage. The unique counter enables communication and mutual assistance issues for the provision of services as provided by the legislation on cultural heritage and museums. The services provided by this unit are related to the National Digital Platform e-Albania.

Mutual recognition of professional qualifications

Ministry of Education and Sports (MES), approved in April 2021 “The concept of preparation of the roadmap for comprehensive harmonization with the acquis on mutual recognition of professional qualifications, while in May 2021 the work plan for the preparation of the Roadmap was revised. MES in July 2021 carried out the initial identification of institutional actors to be involved in the process of preparation of the Roadmap and formed dedicated working groups with members from policy-making institutions, regulators, professional orders and higher education institutions, responsible for various horizontal and sectorial aspects. Seeking alignment with the acquis in the field of recognition of professional qualifications and regulated professions. In December 2021, with the support of the GIZ SANECA project and the presence of mobilized international and national expertise, 5 training sessions were held in hybrid format (online and physical) on the content of the acquis, its legal and institutional implications and steps in the preparation process of the Roadmap, which was attended by about 100 participants mainly from regulatory and academic bodies related to regulated professions.

Postal services

The subfield of postal services in the Republic of Albania is regulated by Law no.46/2015, dated 7.05.2015 "On postal services in the Republic of Albania", fully aligned with Directive 97/67 / EC, as amended by Directive 2002/39 / EC and Directive 2008/6 / EC of the European Parliament and of the Council of 20 February 2008 laying down rules for the provision of open

market postal services, universal postal services and the financing of universal services and other bylaws issued in its implementation.

Based on this law, 3 Decisions of the Council of Ministers have been approved as well as 8 Regulations.

Following the adoption of the Law No. 46/2015 "On postal services in the Republic of Albania", the new operator licensing scheme is in line with Article 9 of the Postal Directive and the reserved area is no longer in place as of 1 January 2017.

Also, by Guideline No 5 of 25.06.2021 of the Ministry of Infrastructure and Energy "On the approval of the rules on the delivery of cross-border postal parcels" Regulation (EU) 2018/644 of the European Parliament and the Council of 18 April 2018 on mutual services has been approximated. postal packages.

4.3.1.5 List of responsible ministries and institutions

- Ministry of Finance and Economy (MFE)
- Ministry of Education and Sports (MES)
- Ministry of Agriculture and Rural Development (MARD)
- Ministry of Justice (MoJ)
- Ministry of Infrastructure and Energy (MEI)
- Ministry of Culture (MC)
- Ministry of Health and Social Protection (MHSP)
- Ministry of Tourism and Environment (MTE)
- Ministry of Interior (MI)
- The Bank of Albania
- National Business Center (NBC)
- Electronic and Postal Communications Authority (AKEP)
- National Agency for Information Society (NAIS)
- Audiovisual Media Authority (AMA)
- National Institute for the Registration of Cultural Heritage (NIRCH)
- Educational Services Center (ESC)
- Institute of Statistics (INSTAT)
- National Authority for Electronic Certification and Cyber Security (NAECCS)
- National Agency for Scientific Research and Innovation (NASRI)
- Financial Supervision Authority (FSA)
- General Directorate of Industrial Property (GDIP)
- Center for Scientific Education (CSE)
- National Agency for Vocational Education and Training and Qualifications (NAVETQ)
- National Chamber of Advocates (NCHA)
- Public Health Institute (PHI)

- General Directorate of State Policy (GDSP)
- National Chamber of Mediators
- National Chamber of Crafts
- Order of Psychologist
- Centre for Education Services (CES)
- Quality Assurance Agency for Higher Education (QAAHE)
- Professional Order of the Nurse
- Professional Order of the Veterinarian
- Professional Order of the Doctors
- Professional Order of the Dentists
- Professional Order of the Pharmacists

4.3.1.6 Identified Gaps and Priorities

Right of establishment and freedom to provide cross-border services

Identified Gaps:

- Non-completion of screening for all relevant service sectors; MFE plans to complete screening for all relevant service sectors, for example, for about 18 other sectors such as agriculture, copyright, construction, urban planning, etc., by 2022.
- Non-compliance of the Law on Services with the EU Directive regarding Arts.16-18 cross-border service provision, and administrative cooperation. Furthermore, need for transposition of art.23 (professional liability) and 25 (multidisciplinary services) of the Service Directive,
- Lack of capacity at the institutions responsible for conducting screening.

Priorities:

- Finalise screening of sectorial legislation on services within 2022;
- Prepare an action plan for alignment with the EU Service Directive for all relevant service sectors in Albania within 2022;
- Licensing of veterinary clinics and hospitals is currently regulated by Law no. 10081 dated 23.2.2009 "On licenses, authorizations and permits in the Republic of Albania, amended and DCM no. 538 dated 26.5.2009 "On licenses and permits treated by the National Licensing Centers and some other common bylaws" - part and category II.2;
- In the legal sector with the adoption of the Law on Advocacy, the legislation in this area is partially aligned with the EU acquis, but there are limitations, especially for notaries and private bailiffs.

Mutual recognition of professional qualifications

Identified Gaps

- Lack of approximation of the Professional Qualifications Directive and the specific acquis governing the field of mutual recognition of qualifications (Directive 2018/958 on the proportionality test and the acquis governing specific professions, such as lawyers, commercial agents and traders of toxic products);
- lack of capacities for transposing the Directive at stake;lack of capacities for coordinating/ managing the alignment process/es for mutual recognition of professional qualifications;

Priorities

- Preparation of the Roadmap for Comprehensive Harmonisation with the Acquis on Mutual Recognition of Professional Qualifications within 2022.
- Albanian authorities need to strengthen institutional capacities for mutual recognition of professional qualifications;
- Further approximation of the Qualifications Directive through the law on regulated professions and bylaws in implementation of the provisions of the acquis, as well as the legal framework related to regulated professions;

Postal services

Priorities:

- Approval of the policy document for the development of the postal sector for the period2021+ , to set the objectives for the development of the sector in order to respond to changes due to the impact of technological developments in the sector, to guarantee universal postal service, as well as promoting the development of electronic commerce;
- Implement the rules adopted for cross-border postal parcel delivery services, based on EU practice, in order to promote the development of e-commerce.

Identified Gaps:

- With Guideline of the Minister of Infrastructure and Energy No 5 of 25.06.2021, the rules on the delivery services of cross-border postal packages have been approved”, in accordance with Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on delivery services cross-border postal packages.
- Monitoring of tariffs for these services by AKEP is expected to start from January 1, 2022.

CHAPTER 4: FREE MOVEMENT OF CAPITAL

4.4.1.1 Content of the chapter

Member States must remove, with some exceptions, all restrictions on movement of capital both within the EU and between Member States and third countries. The *acquis* also includes rules concerning cross-border payments and the execution of transfer orders concerning securities. The directive on the fight against money laundering and terrorist financing requires banks and other economic operators, particularly when dealing in high-value items and with large cash transactions, to identify customers and report certain transactions. A key requirement to combat financial crime is the creation of effective administrative and enforcement capacity, including co-operation between supervisory, law enforcement and prosecutorial authorities. Liberalization of payments is an essential requirement for the free movement of capital.

More specifically, as for the other components, it is necessary to eliminate all restrictions on payment movements between Member States as well as between Member States and third countries, with exceptions in certain circumstances. Guaranteeing the free movement of payments also contributes to economic growth by enabling the promotion of the use of the euro both within the European Union and as an international currency. In this context, the *acquis* of the European Union aims to create the Single Euro Payment Area (SEPA), which operates under the same rules throughout the market in regulating payment services and consumer protection and at the same time aims at promoting electronic payments and fostering competition through the introduction of new actors.

In this regard, Directive 2015/2366/EU on payment services in the internal market, aims to facilitate payment transactions within the EU by creating a legal framework for the Single Euro Payment Area (SEPA). Another important directive is the E-Money Directive 2009/110 / EC , which provides the legislative framework for taking further steps to closely monitor and supervise businesses and electronic money and creates single market in services of electronic money aiming to promote the use of these services by the general public despite the fact of not having/owning a bank account.

Another important regulatory act that supports the functioning of SEPA is the Regulation EC (No.) 924/2009 on cross-border payments, which regulates the tariffs set by an institution for electronic payment transactions in euros and other notified Member State currencies (e.g. credit transfers, direct debits, card payments, ATM withdrawals).

Also, Regulation (EU) no. 260/2012 of the European Parliament and of the Council of 14 March 2012, which sets out the technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) no. 924/2009, is an important act for regulating credit transfers and direct debits in euros within the Single Euro Payment Area (SEPA).

Furthermore, part of the *acquis* of this chapter is Regulation (EU) 2015/751 of the European Parliament and of the Council of 29 April 2015 "On interchange fee rates for card payment transactions" which aims to regulate interchange fees applied by payment service providers to debit and credit card users by setting a price ceiling value.

The main legislation in the field of anti-money laundering is Directive (EU) 2015/849 of the European Parliament and of the Council of 20th of May 2015 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing, amending Regulation (EU) 648/2012 of the European Parliament and of the Council, repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC. The directive requires entities subject to it to enforce proper customer care and report suspicious transactions, as well as to take important supportive measures, such as data retention, training and internal procedures. Furthermore, Regulation (EC) 1889/2005 which regulates cash entering or leaving the EU, and Regulation (EC) 1781/2006 (to be replaced by Regulation (EU) 2015/847) provide that transfers of funds should be accompanied by meaningful information on the payer to ensure full traceability of funds.

To successfully combat financial crime, Member States must ensure that there is an effective administrative and enforcement capacity, including co-operation between supervisory authorities, law enforcement and the prosecution.

4.4.1.2 Structure of the chapter

- Capital movements and payments
- Payment systems
- Fight against money laundering and terrorist financing

4.4.1.3 Summary of the SAA requirements and the *Acquis* of the European Union

The obligation to approximate the Albanian legislation in the field of free movement of capital with that of the European Union derives from Articles 60-62 and 70 of the SAA. Money laundering is foreseen in Articles 4 and 82 of the SAA.

Article 62 of the Stabilization and Association Agreement provides that during the first three years after the entry into force of this Agreement, the Parties shall take measures to create the necessary conditions for the gradual further implementation of Community rules on the free movement of capital and by the end of the third year following the date of entry into force of this Agreement, the Stabilization and Association Council shall determine the modalities for the full implementation of the Community rules on capital movements.

4.4.1.4 The current situation in Albania and main achievements

Following the meetings held by the Inter-Institutional Working Group established by order of the Prime Minister no. 141 dated 29.10.2020 for the liberalization of the sale and purchase of real estate in Albania, for EU citizens/subsidiaries/branches of community companies”, as well as in fulfillment of the obligation that derives from the Stabilization and Association Agreement, a structured summary is done of Albanian legislation on the rights of foreign nationals over immovable properties. In connection with this commitment, contributions have been collected from relevant institutions, such as the Ministry of Tourism and Environment, the State Cadastre Agency, the Ministry of Justice, the Ministry of Finance and Economy, the Ministry of Agriculture and Rural Development, the Ministry of Europe and Foreign Affairs.

Referring to the legislation in force for the areas under the responsibility of the Ministry of Tourism and Environment, there is no concrete provision for allowing/prohibiting the right to sell real estate to EU citizens. Regarding the issue of forest ownership, there is also no concrete provision for allowing / prohibiting the right to sell real estate to EU citizens.

Meanwhile, there are some legal provisions that favor/limit the use of state assets in order to protect the environment, protected areas, forests and for sustainable development in the field of tourism such as: law no. 57/2020 “On forests”; law no. 10 431, dated 9.6.2011 "On environmental protection"; law no. 81/2017 “On protected areas”; law no. 93/2015, dated 27.07.2015 "On tourism"; decision no. 162, dated 2.3.2016 of the Council of Ministers "On the rules, procedures and ways of making available state immovable property in areas with tourism priority development".

Referring to State Cadastre Agency (SCA), foreign nationals currently enjoy only the right to lease agricultural land, forests, meadows and pastures. This is based on the laws: Law no. 7501, dated 19.07.1991, "On land", repealed, which provided that these persons have the right to rent agricultural land, but this law on the other hand did not regulate the right to purchase it. Law No. 7501/1991, "On Land", as amended, Article 3/a, explicitly provided that: "owners of agricultural land may lease it to local or foreign natural or legal persons. For the lease of agricultural land, the provisions of the Civil Code that regulate the lease contract apply".

Law no. 8337, dated 30.4.1998, "On the transfer of ownership of agricultural land, forests, meadows and pastures" sanctions the non-exercise of the right to purchase agricultural land, forests, meadows and pastures, by natural and legal persons domestic and foreign. Specifically, Article 4 provides that: “the transfer of ownership of agricultural land, forests, meadows and pastures is not recognized to foreign natural and legal persons. Foreign natural and legal persons enjoy the right to rent it for up to 99 years. The lease of agricultural land, forests, meadows and pastures is done according to the provisions of the Civil Code.

The Constitution gives special protection to the right to private and public property. In particular, such protection or legal guarantee aims at guaranteeing the property rights provided in Article 11, paragraph 2, and guarantees the right to private property in Article 41, paragraph 1. In accordance with point 1 of Article 16 of the Constitution the fundamental rights and freedoms, as well as the obligations provided in the Constitution for Albanian citizens apply equally to

foreigners and statelessness persons in the territory of the Republic of Albania, except in cases when the Constitution specifically links with Albanian citizenship the exercise of certain rights and freedoms. In this sense, referring to the above analysis, the Constitution has not linked the right to property only with Albanian citizenship.

Also, the Civil Code does not contain provisions that prevent the sale of real estate to EU citizens, subsidiaries or branches of community companies. The draft-law "On some additions and changes to law no. 8337, dated 30.4.1998, "On the transfer of ownership of agricultural land, forests, meadows and pastures" is included in the General Analytical Program of Projects (GAPP) for 2022, where the deadline for approval from the Council of Ministers is expected to be the last quarter of 2022. In the case of Chapter 4, Articles 63-66 of the Treaty on the Functioning of the European Union (TFEU) regulate the movement of capital, while the definitions of the different types of capital movement are based on Directive 88/361/EEC on the implementation of Article 67 of the Treaty.

Albania is moderately prepared in the field of free movement of capital. Some progress has been made during the reporting period, especially with the implementation of the 2020 payment systems legislation that entered into force in January 2021. This finding is also found in the last Progress Report of 2021. The report highlights the commitment derived from the SAA regarding the liberalization of the sale and purchase of real estate for EU citizens, has not been fulfilled yet, while the law "On investments" is still not approved.

Payment Systems

Foreign banks have the right to open branches in Albania, as well as to offer cross-border payments. Non-cash payments are handled according to the regulation of the Bank of Albania on the payment system and instruments. The regulatory framework of the Bank of Albania (BoA) regulates payment systems and instruments and allows payment transactions to be carried out not only by banks, but also by non-bank financial institutions and savings and loan associations. Moreover, the measures that the Bank of Albania decided in March 2020 due to the blockade of COVID-19 to reduce the costs of payment systems services and to promote home-banking, continue to be in force today. The legal and regulatory framework for electronic payments in Albania remains the same for national and cross-border payments without restrictions. On the other hand, the National Payment System Committee (NPSC) has created the necessary regulatory conditions for the participation of representatives of non-bank financial institutions and system operators.

Meanwhile, the implementation of the National Strategy for Low Value Payments (2018-2023) continues, where developments have been marked especially with the adoption of the law "On Payment Services" in 2020, which aims to approximate with the Payment Service Directive II (PSD). The law, which will bring the effects of full implementation into the market by July 2022, follows the PSD II approach to transparency requirements and information requirements for payment services. One of the objectives of the strategy where progress still needs to be made is

to increase financial education in the Albanian population in order to increase the proportion of the Albanian adult population that owns a payment account, by 70% by 2023. Meanwhile, pursuant to law no. 55/2020 "On payment services in the Republic of Albania", banks may operate with agents for the provision of payment services.

It is worth mentioning that the Electronic Money Directive 2009/110/EC has been transposed into Albanian legislation through Law no. 10481, dated 17.11.2011, For some changes and additions to Law no. 9662, dated 18.12.2006 "On Banks in the Republic of Albania" and the regulatory framework in force. Currently, 6 electronic money institutions operate in the Albanian market, by reflecting an increase in comparison to last year, and two of the 12 banks offer prepaid products. In recent years, there has been an increasing trend of prepaid instruments issued by these institutions, as well as a significant expansion of terminals where these instruments can be used as a means of payment. Also, during the last two years there is a significant increase in card payments and credit transfers initiated through "home-banking" services.

Currently, work is underway for the membership of the first electronic money institution in the AECH system. Also, within the *Instant Payment* project, a report has been drafted under the assistance of the World Bank which analyzes all possible scenarios of project implementation, advantages and disadvantages by identifying the most feasible scenarios in the Albanian context. Developments have also been noted regarding the system of settlement of payments in euros within the country, where currently the Bank of Albania is in the process of testing the systems included in the project. At last, but no less important, during this period, legal and sub-legal acts have been drafted in the framework of the transposition of Directive 2014/92/EU "On the payment account", which are in the process of consultation with payment service providers.

Regarding the achievements, significant developments have been recorded in the field of payment systems. More specifically, the entry into force of Law no. 55/2020, dated 30.04.2020 "On payment services" has transposed into domestic legislation the Directive 2015/2366/EU "On payment services in the internal market", and further approximated the Electronic Money Directive 2009/110/EC, marking further alignment with the *acquis* of this chapter.

The law is published in the Official Gazette of the Republic of Albania no. 123, dated 2.7.2020 and entered into force in January 2021, meanwhile the implementation of its transitional provisions by market players must be completed by July 2022.

The Bank of Albania, in the framework of the implementation of Law 55/2020 "On payment services", has approved the regulation no. 59, dated 24.11.2021 "On the licensing of payment institutions and electronic money institutions, as well as on the registration of payment service providers". Also, in this context, a series of regulations have been reviewed which are related to the licensing and regulation of institutions which can provide payment services according to the provisions of law 55/2020 through the following decisions:

- Decision no. 60, dated 24.11.2021 "On some changes in the regulation "On the granting of license to non-bank financial institutions"". Amendments to this regulation were foreseen for the second quarter of 2022, but were approved in November 2021.
- Decision no. 61, dated 24.11.2021 "On some changes in the regulation "On the granting of license to banks and branches of foreign banks in the Republic of Albania"";
- Decision no. 62, dated 24.11.2021 "On some changes in the regulation "On the granting of license to savings and credit associations and their Unions"";
- Decision no. 63, dated 24.11.2021 "On some changes in the regulation" On the minimum security requirements, in the premises where banking and financial activities are performed and on the transport of monetary values";

In this line, it is estimated that with the approval of regulation 59/2021 and the amendments to the regulation 60/21 " On the granting of license to non-bank financial institutions", the Electronic Money Directive 2009/110/EC has been further approximated from the viewpoint of the level of approximation of minimum initial capital as well as licensing requirements.

On the other hand, the law “On Payment Services” is considered an important step towards integration in the Single European Payment Area (SEPA) and the requirements of Chapter 4 in terms of payment services. Also, from the local market development point of view, the law is considered to have a direct impact on driving competitiveness and innovation in the scope of low-value payments, thus promoting their effectiveness and cost reduction, which their usage carries. This law aims to balance the extent for providing payment services between banks and payment institutions, allowing the latter to open a payment account and issue electronic payment instruments. Furthermore, the law is considered to enhance transparency in services provided by the market and establish a consolidated consumer protection framework.

Regarding the approval of the action plan of the National Strategy for Low Value Payments 2018-2023, except the approval of the law "On payment services", which aims to promote financial inclusion and the use of electronic payments, a number of other measures have been taken, where we can mention the drafting and approval of the Direct Debit regulation in October 2021, which partially transposes Regulation (EU) no. 260/2012 of the European Parliament and of the Council of 14 March 2012, which sets out the technical and business requirements for credit transfers and direct debits in euro. It is worth noting that the strategy is part of the Economic Reform Program (ERP) 2022-2024.

Fight against money laundering and terrorist financing

Since February 2020, Albania undertook a high-level political commitment to work with FATF and MONEYVAL to strengthen the effectiveness of its regime in preventing money laundering and terrorist financing. Through the decision no. 1 dated 19.02.2020 "On the establishment of the inter-institutional working group to fulfill the recommendations of the ICRG-FATF" of the Albanian Coordination Committee of the Fight against Money Laundering, an inter-institutional

working group was established, chaired by the Deputy Prime Minister and with the participation of main institutions and ministries, such as Ministry of Finance and Economy, Ministry for Europe and Foreign Affairs, Ministry of Defense, Ministry of Interior, Ministry of Justice, General Prosecutor Office, Special Prosecutor Office, Bank of Albania, Financial Supervisory Authority, General Directorate of State Police and State Informative Service.

The General Directorate for the Prevention of Money Laundering (GDPML) in this working group has the role of technical secretariat with the duty to report on weekly basis the follow up of the ICRG action plan and measures and actions that Albania needs to fulfill in preventing money laundering and countering terrorism financing and proliferation financing.

The General Directorate for the Prevention of Money Laundering, in compliance with the recommendations of the Financial Action Task Force (FATF), as well as by addressing the issues identified by Moneyval, during the period January-June 2021 prepared the Draft Law "For some additions and changes to law no. 9917, dated 19.05.2008 "On the prevention of money laundering and terrorist financing", amended in the framework of full approximation with Directive no. 849/2015 amended by EU 843/2018 "On the prevention of the use of the financial system for money laundering and terrorist financing purposes." The purpose of this draft law is to protect the financial system and the economy as a whole from the threats of money laundering and terrorist financing, strengthening the integrity of the prevention system in the country and contributing to peace, security and fulfillment of international obligations in the field.

The legal changes mainly consist of:

- clarity of some of the definitions necessary for the implementation of this law,
- determination of some necessary data which must be implemented by the subjects during the implementation of appropriate and extended vigilance measures;
- defining some additional enhanced vigilance measures to be applied by reporting entities in cases of transactions or categories of clients with high risk countries;
- setting deadlines for keeping documentation by reporting entities;
- imposition of further administrative sanctions, in accordance with the Directive.

On the achievements side, GDPML has continued to report on a quarterly basis to the ICRG/FATF action plan February 2020- February 2022.

Also, the draftlaw "On some additions and changes to law no. 9917, dated 19.05.2008 "On the prevention of money laundering and terrorist financing", amended, marks significant progress in the alignment with European Union legislation in the field of prevention of money laundering and terrorist financing. The draft law was approved by the Council of Ministers, dated 22.09.2021 and after being discussed in the Parliamentary Committees in the Albanian Parliament, it was approved in the plenary session of the 2nd of December and was published as Law no. 120/2021, in the Official Gazette of the Republic of Albania no.197. The approval of this draftlaw brought the full approximation with the directive (EU) 2015/849 of the European

Parliament and the Council, dated 20 May 2015, “On the prevention of the use of the financial system for money laundering or terrorist financing purposes, which amends the regulation (BE) no. 648/2012, of the European Parliament and of the Council, and repealing Directive 2005/60 / EC of the European Parliament and of the Council and Commission Directive 2006/70/EC ”, amended.

In the reporting period January - June 2021, the number of reports of suspicious transactions is 704, while the number of distributions in the LEA is 107. The suspicious transactions reports (STR) regime is actually satisfactory and in line with the risks identified by the relevant authorities. Detailed data on SERs, inspections between reporting units, referrals to LEAs, etc. are reported under Chapter 24. Ongoing training is also provided for staff.

The latest Progress Report 2021 in the field of money laundering prevention shows a progress mainly through the establishment of the inter-institutional working group for the implementation of the ICRG / FATF action plan, the deadline of which is within February 2022. We are currently working on meet the ICRG-FATF recommendations.

4.4.1.5 List of responsible ministries and institutions

- Bank of Albania
- Ministry of Tourism and Environmen
- Ministry of Justice
- Ministry of Finance and Economy
- Ministry of Finance and Economy/Directorate General for the Prevention of Money Laundering
- Ministry of Agriculture and Rural Development
- Institute of Statistics (INSTAT)
- Ministry for Europe and Foreign Affai
- Financial Supervisory Authority (FSA)

4.4.1.6 Identified Gaps and Priorities

As it was presentied in the latest progress raport made public in 19.10.2021, the identified gaps in the chapter 4 consist of:

- Non-approval of the Draft Law ‘On investments’. The draft law has long been in the process of coordination with other relevant institutions, the completion of which is still without a clear timeline
- Non-fulfillment of the commitment deriving from the SAA, on the liberalization of the sale and purchase of real estate for EU citizens.

The set of priorities is listed below.

- Implementation of the action plan of the National Strategy for Small Value Payments 2018-2023. This strategy aims to promote the financial inclusion of the population and promote the use of electronic payments in the Albanian economy.
- Operationalization of the euro settlement system and monitoring of market effects (2022-2023).
- Implement the recommendations of the Moneyval report and align with the EU acquis on anti-money laundering/ terrorist financing.

CHAPTER 5: PUBLIC PROCUREMENT

4.5.1.1. Content of the chapter

The acquis on public procurement includes general principles of transparency, equal treatment, free competition and non-discrimination. In addition, specific EU rules apply to the coordination of the award of public contracts for works, services and supplies, for traditional contracting entities and for special sectors. The acquis also specifies rules on review procedures and the availability of remedies. Specialised implementing bodies are required.

4.5.1.2. Chapter structure

This chapter is divided in 5 (five) subchapters as follows:

1. Classic procurement;
2. Procurement in the field of utility sectors;
3. Complaints in the field of public procurement;
4. Concessions and public-private partnerships;
5. Procurement in the field of defence and security.

4.5.1.3. Summary of SAA requirements and Acquis

The requirements of the Stabilisation and Association Agreement are included in the Article 74 “Public contracts”, which lays down that Albania and the EU shall consider the opening-up of the award of public contracts on the basis of non-discrimination and reciprocity, in particular in the WTO context, as a desirable objective.

The Article 70 of the SAA, on the other side, stipulates the general obligation of the Republic of Albania to align its legislation with the EU *acquis*.

The acquis on public procurement is based on the general principles such as transparency, equal treatment, free competition and non-discrimination deriving from the Treaty on the Functioning of the European Union (TFEU), Part Three, Title IV und Title VII, Directive 2014/23/EU, Directive 2014/24/EU, Directive 2014/25/EU, Directive 2009/81/EC, Directives

89/665/EEC and 92/13/EEC, and from the jurisprudence of the European Court of Justice (ECJ).

4.5.1.4. Current situation in Albania and main achievements

According to the European Commission's 2021 annual report, Albania is moderately prepared in public procurement and there has been good progress, particularly through the adoption of the new public procurement law and the national public procurement strategy following extensive public consultation. It is also noted that the recommendations given in 2020 have been implemented to a large extent.

The National Public Procurement Strategy, as adopted by the Decision of Council of Minister No. 850, dated 4.11.2020, constitutes the strategic framework for the development of procurement in the Republic of Albania. This strategy aims to identify all the main strategic objectives in terms of further improvement of the procurement system, as well as the necessary measures to be taken to achieve these objectives.

Legal framework

Law No. 162/2020 "On public procurement" was adopted in December 2020. This law extensively transposes EU directives as follows:

- Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 "On public procurement and repealing Directive 2004/18/EC", as amended.
- Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 "On procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC", as amended".
- Council Directive 89/665/EEC of 21 December 1989 "On the coordination of the laws, regulations and administrative provisions relating to the application of review procedures to the award of public supply and public works contracts", as amended".
- Council Directive 92/13/EEC of 25 February 1992 "Coordinating the laws, regulations and administrative provisions relating to the application of Community rules on the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors", as amended".

The legal framework in the field of public procurement is supplemented by other bylaws:

- DCM no. 285, dated 19.05.2021 "On the adoption of public procurement rules";
- DCM no. 384, dated 30.06.2021 "On the method of communication in public
- DCM no. 457, dated 30.07.2021 "On the adoption of the common procurement vocabulary";

- DCM no. 768, dated 15.12.2021 “On determining the types of social services and other specific services, types of special services, for which the right of organizations to participate in public procurement procedures can be reserved, as well as detailed rules for their procurement ”;
- Standard tender documents;
- Directions;
- Recommendation;
- Technical manuals;

Law No. 125/2013 “On concessions and public-private partnership”, as amended, regulates concessions and public-private partnerships in the Republic of Albania. This law is partially aligned with the Directive 2014/23/EU of the European Parliament and Council dated February 26, 2014 “On the award of concession contracts”.

The legal framework in the field of concessions and public-private partnership is supplemented by other bylaws:

- DCM no. 280, dated 7.4.2020 “On the adoption of the regulation on the functioning of the selection committee of the concession/ PPP projects and the criteria for the evaluation of the requests of the contracting authorities for support with specialized expertise”;
- DCM no. 285, dated 10.4.2020 “On the organisation, operation as well as procedures and level of services fees to be provided by Concessions Treatment Agency (ATRAKO)”;
- DCM no. 420, dated 27.05.2020 “On some changes and additions to Decision of the Council of Ministers no. 575, dated 10.7.2013, “On the adoption of the rules for the evaluation and award of concessions/public-private partnership”, as amended”.

Regarding procurement in the field of defense and security, Law No. 36/2020 “On procurement in the field of defense and security” alignes partially with the Directive 2009/81/EC the European Parliament and of the Council of 13 July 2009 “On the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, and amending Directives 2004/17/EC and 2004/18/EC”.

The legal framework in the field of defense and security is supplemented by othe bylaws:

- DCM no. 1170, dated 24.12.2020 “On the adoption of procurement rules in the field of defense and security”;
- DCM no. 1085, dated 24.12.2020 “On determining the rules for concluding contracts for the purchase of equipment/ tools specifically designed or apdated for millitary purposes, as well as weapons, ammunition or combat materials for operational purposes, including technology and software related to these goods, as well as on the the composition, organisation and functioning of the special commision for the classification of these contracts”;

- DCM no. 542, dated 29.09.2021 “On the rules, procedures and requirements for the protection of classified information during procurement in the field of protection and security”;
- Standard Tender Documents.

Institutional framework

In the field of public procurement (classic and sectorial contracts), the institutional competencies are as follows:

- Policy-making institution: Public Procurement Agency ;
- Proposing institution for legal acts and bylaws: Public Procurement Agency;
- Monitoring and verification institution for procurement procedures: Public Procurement Agency;
- Institution responsible for reviewing complains: Public Procurement Commission ;
- Implementing institution: Centralized Purchasing Agency; Contracting Authorities and Contracting Entities as defined in the public procurement law.

In the field of concession and PPPs, the institutional competencies are as follows:

- Policy-making and proposing of legal acts and bylaws institution: Concessions Treatment Agency and Ministry of Finance and Economy;
- Institution responsible for reviewing complains: Public Procurement Commission ;
- Monitoring institution for the legality of the procurement process: Public Procurement Agency;
- Implementing institution: Contracting Authorities according to the provisions of the legislation in the field of the concessions and PPPs.

In the field of defense and security procurement, the institutional competencies are as follows:

- Policy-making institution: Ministry of Defense and Ministry of Internal Affairs;
- Institution responsible for reviewing complains: Public Procurement Commission;
- Monitoring institution for the legality of the procurement process: Public Procurement Agency;
- Monitoring institution related to information security: National Security Agency;
- Implementing institution: Contracting authorities according to provisions of procurement legislation in the field of defense and security.

Main achievements

Key achievements identified during 2021 include:

1. Adoption of bylaws pursuant to Law no. 162/2020 “On Public Procurement”. The adoption of these bylaws further aligned the European Union legislation and completed the legal framework regarding public procurement;
2. In the framework of the entry into force of Law no. 162/2020 and the adoption of DCM no. 285, dated 19.05.2021 “On public procurement rules”, PPA, in cooperation with the

OSCE Presence in Tirana, from 25 May to 16 June 2021, has organized online information sessions for the Contracting Authorities and Entities, in order to make them acquainted with the new legal framework and the novelties brought by it. Also, PPA, in cooperation with ASPA, has started the training process according to the agreed modules and thematic areas, for the Contracting Authorities and Entities. In this context, during the month of July, 5 three-day training sessions were organized.

3. Regarding procurements in the field of defense and security, DCM no. 542, dated 29.09.2021 “On the rules, procedures and requirements for the protection of classified information during procurement in the field of defense and security”, has been adopted;
4. Regarding the complaints review system, it was possible to finalize and make public the complaints database on the PPC website, as well as the finalization of the Electronic Complaints System.

4.5.1.5. Responsible institutions

- Public Procurement Agency;
- Public Procurement Commission;
- Ministry of Finance and Economy;
- Ministry of Infrastructure and Energy;
- Concessions Treatment Agency (ATRAKO);
- Ministry of Defence;
- Ministry of Interior;
- Centralized Purchasing Agency;
- National Security Agency;
- Institute of Statistics;
- General Police Directorate.

4.5.1.6. Gaps identified and Priorities

Regarding the field of public procurement, through the adoption of the new Law on Public Procurement in 2020, the rules for public procurement in May 2021, STDs, instructions, DCM on communication forms, DCM on CPV codes, a very substantial alignment of Directive 2014/24 / EU and Directive 2014/25/EU, has been achieved.

Regarding the review of complaints, through the adoption of the new Law on Public Procurement in 2020 and the rules on public procurement in May 2021, a very substantial alignment of Directives 89/665/EEC and 92/13/ EEC, has been achieved.

Regarding concessions and PPPs, the level of alignment with Directive 2014/23/EU is assessed as partial. An assessment of the legal gaps for this directive is being carried out by ATRAKO through foreign technical assistance.

Regarding procurement in the field of defense and security, through the adoption of Law 36/2020 on procurement in the field of defence and security, the rules for procurement in this field in December 2020, as well as the STDs in April of 2021, a very substantial alignment of Directive 2009/81/EC has, been achieved.

Overall, the EU *acquis* for Chapter 5 has been broadly aligned by recent legal changes, with the exception of the field of concessions which will require further alignment.

The main priorities under Chapter 5 for the period 2022-2024 are as follows:

- Ensure that the terms of intergovernmental agreements entered into with third countries comply with the requirements of the *acquis* included in the SAA, in particular those in the field of public procurement.
- Further alignment of the law on concessions and PPP with Directive 2014/23/EU.

The alignment with Directive 2014/23/EU will be achieved through the reviewing of the current law on concessions and PPP (law 125/2013), by the first trimester of 2023.

CHAPTER 6: COMPANY LAW

4.6.1.1 Content of the chapter

The company law *acquis* includes rules on the formation, registration, merger and division of companies. In the area of financial reporting, the *acquis* specifies rules for the presentation of annual and consolidated accounts, including simplified rules for small- and medium-sized enterprises. The application of International Accounting Standards is mandatory for some public interest entities. In addition, the *acquis* specifies rules for the approval, professional integrity and independence of statutory audits. This chapter includes harmonized rules in the field of company law, including financial reporting requirements, aimed at facilitating the exercise of the right of incorporation.

4.6.1.2 Chapter Structure

- Company law
- Accounting and audit

4.6.1.3 Summary of the SAA requirement and EU *acquis*

In accordance with the obligations laid down in Articles 70 (3), 49, 50 (1), 51 (1), 55 (1) and Article 56 of the Stabilization and Association Agreement, Albania is committed to approximate company legislation with the EU *acquis*.

Article 49 requires that Albanian legislation have clearly defined concepts for the companies, subsidiaries, branches and establishment.

In addition, Article 50 provides for facilitating the start-up of activities in the territory of the Republic of Albania, by companies and citizens of the EU, by guaranteeing treatment no less favourable than that accorded to its companies, or companies in a third country, as well as their affiliates and branches.

Article 51 of the SAA provides that each Party may regulate the deployment and operation of companies and nationals in its territory, as long as these regulations do not create discrimination against companies and nationals of the other Party compared with its nationals and companies. The establishment and implementation of a trade legal framework in accordance with EU standards, the creation of commercial companies, the reduction of business opening barriers, the simplification and standardization of business practices in accordance with international practices.

The chapter includes harmonized rules in the field of company law, including financial reporting requirements, intended to facilitate the exercise of the right of establishment.

In the field of company law, the Directive on coordination of safeguards which are required of companies for the protection of the interests of members and third parties (2009/101/EC – former First Company Law Directive) includes safeguards providing for mandatory disclosure requirements, limiting the grounds for invalidity of the obligations entered into by companies, as well as limiting the grounds for nullity of public and private limited liability companies. Directive (89/666/EEC) similarly provides for disclosure requirements in respect of branches opened in a Member State governed by the law of another State. Directive 2012/30/EU (recast of 77/91/EEC) contains rules on the formation of public limited liability companies and the maintenance and alteration of their capital. Directive 2009/102 / EC requires member states to ensure that their domestic law recognizes limited liability companies with one branch.

Directives 2011/35/EU and 82/891/EEC harmonize national rules for the protection of shareholders and creditors in the context of domestic mergers and divisions of public limited liability companies. Directive 2009/109/EC introduces simplified reporting and documentation requirements in the case of mergers and divisions. Directive 2005/56/EC on cross-border mergers provides for rules and procedures to facilitate cross-border mergers of public and private limited liability companies. Directive 2004/25/EC on takeover bids lays down harmonized rules to facilitate cross-border takeovers within the EU as well as improving transparency and protecting minority shareholders in the context of such takeovers. Directive 2012/17/EU on the interconnection of central, commercial and companies registers prescribes the establishment of the system of interconnection of business registers, comprising a European central platform through which national business registers will make their information available to cross-border disclosure mechanisms, including the e-Justice portal.

The EU *acquis* also provides for certain European legal forms: i.e. the European Economic Interest Grouping (EEIG - Regulation 2137/85) and the European Company (Societas Europaea or SE - Regulation 2157/2001), while leaving several aspects of their internal structure and operation to be regulated through the domestic law of Member States.

The shareholders' rights Directive 2007/36/EC introduces minimum standards for the exercise of certain rights of shareholders in listed companies. Commission recommendations (2004/913/EC, 2005/162/EC and 2009/385/EC, and 2009/384/EC) address corporate governance principles regarding remuneration of directors, the independence of non-executive directors and board committees, and remuneration in financial institutions. Commission Recommendation 2014/208/EU on the quality of corporate governance reporting ('comply or explain') provides guidance on how listed companies should explain their departures from the recommendations of the relevant corporate governance codes. Directive 2004/109/EC requires harmonization of transparency requirements related to listed companies.

In the field of accounting, the *acquis* includes recognition, valuation and disclosure rules and layouts for balance sheet and profit & loss account for annual and consolidated financial statements (Directive 2013/34/EU) of public and private limited liability companies. This Directive also sets out who needs an audit, as well as publication obligations. In addition, Regulation (EC) No 1606/2002 on the application of international accounting standards requires EU companies listed on a regulated market to draw up their consolidated financial statements in accordance with international accounting standards which have been endorsed by the EU. Under this Regulation, Member States may also decide to apply International Financial Reporting Standards to the individual and/or consolidated financial statements of companies.

Directive 2006/43/EC on statutory audits harmonises rules including inter alia the approval and registration of statutory auditors, external quality assurance, public oversight, auditor independence and the application of International Standards on Auditing (ISAs). Amending Directive 2014/56/EU establishes additional requirements to improve audit quality, with a focus on auditor independence, audit reports and public audit oversight. New Regulation 537/2014/EU introduces specific requirements regarding the statutory audit of public-interest entities (PIEs). PIEs are credit institutions, listed companies, insurance undertakings, and other entities designated as such by Member States. The Regulation also imposes specific requirements on the organisation of the public oversight system of statutory auditors and audit firms that audit PIEs.

4.6.1.4 Current situation in Albania and key achievements

Current situations in Albania

According to the European Commission 2021 Report for chapter 6, it is concluded that Albania is moderately prepared for membership. This assessment is the same as in 2020.

In the field of company law, Albania is moderately prepared. According to the EU 2021 progress report, progress has been made in the reporting period, in particular, by improving the transparency of companies' financial statements in the business register, and in the approximation further of its framework with the EU acquis on non-financial reporting and corporate governance reporting. However, there has been no progress on company law. According to the EU report, in the coming year, Albania should in particular consider:

- Review of existing legislation in the field of company law in order to identify the necessary changes to complete alignment with the EU *acquis*;
- Further alignment of the legal framework for accounting and auditing with the latest development of EU *acquis* in these areas.

The Ministry of Finance and Economy will continue with the process of legal gap analyzing and making the amendments to company law.

Based on Law no.9723/2007 “On Business Registration”, the financial statements are deposited and published in the commercial register. Starting from 2015, the process of submitting financial statements becomes completely electronic through the government portal of e-Albania. In 2019, with the technical and financial assistance of the WB, a modernized electronic reporting system was implemented in the NBC for the deposit and publication of financial statements.

Thus, legally and technically, it is possible for the financial statements and related reports to be deposited electronically in the commercial register. Currently, work is underway to publish one of the reports submitted by the entities, together with the financial statements, which for technical reasons could not be published.

Referring to the recommendations addressed by the European Commission, on the area of company law, Albanian legislation is generally in line with EU *acquis*. Law No 9901 of 14.04.2008 “On Traders and Business Organizations” regulates the formation, organization and development of business organizations in Albania. The law largely complies with relevant EU legislation, with amendments made over time. Further progress was made with the adoption of Law No 110/2012 “On cross-border mergers of companies” approximating Albanian legislation with the requirements of EU Directive 2005/56 / EC of 26 October 2005 “On cross-border mergers of limited liability companies” as amended.

The technical infrastructure for the application of the e-signature has been completed. Two CSPs (Certificate Service Provider) were accredited, as: one as public - the National Agency for Information Society (NAIS), and a private CSP- “Aleat Ltd”.

The National Business Center (NBC) operates as a one-stop shop for business registration and licensing / licensing. NBC administers the commercial register (*known as a state database*), which is a unique database, divided into separate electronic files for each entity that has the obligation to register and it is kept in electronic form, and the National Register of Licenses,

Authorizations and Permits (*known as a state database*), which is a unique database for all licenses / permits issued in Albania.

Since 2015, the National Business Center has offered its services online through the government portal e-Albania free of charge. Meanwhile, starting from 2020, the services of registration of natural persons, suspension and activation of the activity of entities, as well as the provision of a license / permit are offered only online through the government portal e-Albania.

NAIS, as the responsible institution for the administration of the government portal e-Albania, has informed that the remaining services for the legal entities are ready, and after they are implemented and tested, they will be ready to be used by the business by the end of the year 2021.

Law No 9723 of on 03.05.2007 "On business registration", was amended in February 2015 by Law no. 8/2015 "On some changes and additions to Law No 9723 of 3.5.2007", "On the National Registration Center " as amended, by further adapting the Directive 2009/101 / EC in order to submit electronically annual balance sheets and audit reports from companies.

The entity shall register and submit at the commercial register, the annual financial statements, the activity progress report and the audit report, held in accordance with legal requirements, in cases when the keeping of such documents is obligatory not later than 7 months from the closing date of each financial year. Their submission is done electronically via the portal e-Albania.

Law No 110/2012 "On cross-border mergers of commercial companies" has fully transposed the Directive 2005/56/EC "On Cross border mergers of limited liability companies" as amended.

In terms of takeover bids, Albania has fully transposed Directive 2004/25 / EC of the European Parliament and of the council of 21 April 2004 "On takeover bids" according to Law No 10236 of 18.2.2010 "On takeover control of companies with public offer".

In the field of corporate accounting, International Financial Reporting Standards (including their continuous updates) and National Accounting Standards have been mandatory since 2008. National Accounting Standards have been adopted since 2008 and their amendments have been adopted as of July 2014 with effect from 1 January 2015. The requirements of the improved national standards are in accordance with International Financial Reporting Standard (IFRS) for Small and Medium-sized Enterprises (SMEs), while the presentation of financial statements is fully aligned with the requirements of the EU Directive 2013/34 of the European Parliament and of the Council, as amended (Accounting Directive).

In relation to this sub-area, progress has been made towards the approximation of Albanian legislation with the EU *acquis* in the field of corporate accounting through the adoption of a new accounting law No 25 of 10.05.2018 "On accounting and financial statements", which aimed at further alignment with the *acquis* in the field of company accounting, specifically with Directive

no 2013/34 / EU of the European Parliament and of the European Council of 26 June 2013, where progress is noticed in the implementation of this law.

Further efforts are needed to align legislation with the *acquis* on the annual and consolidated financial statements.

The capacity of the National Accounting Council, which translates unchanged from the original IFRSs, drafts and maintains accounting standards and monitors the implementation of both sets of financial reporting, needs to be further strengthened. However, the new legal changes, the new accounting law, it is provided a specific task for the NAC, in Article 24, point f), which stipulates "to monitor the application of accounting and financial reporting standards", which does not has been included in the previous law.

The National Accounting Council has reviewed the explanatory notes for the small units defined in the MRS, in order to reduce them to the extent provided in Directive 34/2013, art. 16 "Contents of the notes to the financial statements in respect of all undertakings" and items (a), (m), (p), (q) and (r) of Art. 17 (1) "Explanatory notes for medium and large units and units of public interest".

Explanatory notes have been completed and published for comment on the NAC website. The process is expected to be completed on first quarter 2022.

Also, through the use of IFRSs in Albania, which are mandatory for all PIEs (except those entities that are classified as PIEs due to the nature, size and number of their employees, but do not exceed the thresholds defined by Law 25/2018 "On accounting and financial statements", Art. 4, point 1.3), we have full approximation with Regulation No. 1606/2002 of the European Parliament and of the Council of July 19th, 2002 on the implementation of international accounting standards.

With regard to the area of statutory auditing, Law No 10091 of 5.03.2009 "On Legal Audit, Organization of the Profession of the Legal Auditor and the Certified Accountant", as amended, aimed at establishing a public oversight board as a permanent structure from its own financial resources. The Public Oversight Board, which is established as an independent regulatory authority with its financial resources, serves to carry out public oversight and to ensure that statutory auditors and audit companies are subject to a system that ensures the quality of audits performed.

During 2019, inimplementationof Law No 10091 of on 05.03.2009 on the statutory audit, the Decision of the Council of Ministers no. 17, dated 16.01.2019 "On the determination of other state or private companies, important for the public interest, due to the nature of the business, the size or number of their employees" was approved.

During 2018-2021, Public Oversight Board was focused on creating the necessary regulatory framework, as required by legal provisions, by drafting and adopting a series of regulations related to the functioning of its support structure, revenue collection, investigation and discipline. The Public Oversight Board has appointed the Investigation and Discipline Commission which since July 2019 has proposed the disciplinary measures for statutory auditors' / audit firms, as well as for review of accountants approved in the process.

Regarding the implementation of its main activities, the POB will play an active role in cooperation with other institutions such as the General Directorate of Taxation, the National Business Centre, and the National Accounting Council and with other regulatory institutions in order to achieve the supervisory vision. In this context, the cooperation between the POB and the financial regulators (Bank of Albania and the Financial Supervisory Authority) has been further developed with a focus on auditing issues.

The Public Oversight Board is also in the process of fulfilling all the requirements set out in the MoneyVal recommendations and the ICRG / FATF action plan. In this context, such requirements are also included in the quality control process of statutory auditors and certified public accountants.

Summary of the main achievements

Commercial companies

Law No 110/2012 "On the cross-border mergers of companies" has aligned Directive 2005/56 / EC "On the cross-border mergers of limited liability companies" as amended. The law regulates the procedures, responsible authorities involved in cases of external and internal mergers between an Albanian company and a company established in an EU Member State, facilitating mergers without going into liquidation. In order to facilitate the implementation of the law in practice, the following are drafted:

- the law commentary and a ToT for notaries, as long as they are assigned by law with the task of reviewing the legality of mergers; and
- 15 forms of cross-border registration are available at the BCC.

In order to further improve the process of depositing financial statements in the commercial register, the project "Improving the quality of Financial Reporting" has been implemented with the assistance of the World Bank. This project has enabled:

- Clearly definition of the list of documents that should be drafted by the companies depending on their classification, during the financial reporting process;
- Further increase of transparency on the economic and financial activity of the subjects registered in the commercial register;

- Processing and generating reports for financial statement data.
- Implementation of the new format (system) for submitting service statements to the NBC, through the government e-Albanian portal, using an electronic communication format (XML).

In February 2020, the National Business Centre (NBC) signed an agreement on the participation of the Albanian commercial register in the Regional Business Registry Portal (BIFIDEX). Thanks to this project, it is enabled the real-time communication of reliable, updated data for all commercial entities registered in the trade registers of the participating countries, as well as the basis for the creation of global services for all entities in the participating countries. The portal will also enable the interconnection of Albanian businesses with those of the region, enabling the increase of economic and trade cooperation of the countries of the region.

Based on the recommendations of MONEYVAL, it was approved the Law No 112/2020, “On the Beneficial Owners Register”, amended, and the respective sub-legal acts. With the approval of this law, it was made possible the definition of the beneficial owner, the reporting entities having the legal obligation to register the data of their beneficial owners in the register and the necessary procedure and deadlines for the registration of the data of the beneficial owners. Also, with the approval of this law, it was established the Beneficial Owners Register, which is administered by the NBC. The Beneficial Owners Register is a state electronic database, in which are recorded the data of beneficial owners of entities that have the obligation to report them, which collects in real time the data recorded in the respective state registers administered by the respective state institutions, as well as it serves as the official electronic archive and ensures transparency in the field of beneficial owners

On 14.05.2020 the Law No 62/2020 “On Capital markets” was approved, which entered into force on 01.09.2020. Law “On Capital markets” is partially aligned with the Directives of Markets in Financial Instruments (MIFID II), as well as with the Directive 2004/109/EC on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

Accounting

In the field of accounting, since 2008, according to Law no. 9228, dated 29.04.2004 "On accounting and financial statements", as amended, all amendments to International Financial Reporting Standards, as published by the International Accounting Standards Board (IASB), London are regularly translated into Albanian, under the responsibility of the National Accounting Council (NAC). Amendments to IFRSs become mandatory by Order of the Minister of Finance and Economy (MoFE) and are published on the MoFE and NAC websites. In accordance with the annual practice of the IASB, the consolidated version of the IFRS in Albanian language is prepared and published on the NAC website.

In 2021 there are approved: Order No 164 of 08.09.2021 “On the announcement of the Albanian translation of the amendments IAS no.12“ Income Taxes ”, Order no.134 dated on 21.07.2021 "On the changes of the legal reference to the National Accounting Standards Improved", Order no.96 dated 25.5.2021 "On the approval of the translation into Albanian of the amendments to International Financial Reporting Standards", Order No 101 of 25.5.2021 “On the approval of the Albanian translation of the amendments to the International Financial Reporting Standard 16“ Rents”.In accordance with the annual practice of the IASB, the consolidated version of IFRSs in Albanian language is prepared and published on the CCC website.

Pursuant to the recommendation of the European Commission, in June 2020, the NAC published the "Guide for drafting the non-financial report".

By the end of 2020, the NAC has drafted the Guidelines for the implementation of NAS 4 “Inventories”, NAS 5 “Long-Term Assets”, NAS 7 “Rents”, NAS 9 “Businesses’ Combination” and NAS 13 “Biological Assets and Concession Agreements”. Also, the Guidance to the Non-Financial Report and the Recommendation on the quality of the Internal Management Report were published (reports required in Articles 18 and 19 of Law No. 25/2018 “On Accounting and Financial Statements”. The financial statements of 50 economic units, of which 25% are PIE, were monitored by the NAC.

Regarding the EC recommendations, which states that in the field of corporate accounting the new law on accounting and financial statements has been partially aligned with the Directive, the National Accounting Council has revised the explanatory notes for the small units defined in the NAS, in order to reduce them to the extent provided in Directive 34/2013, art. 16 "Contents of the notes to the financial statements in respect of entities" and items (a), (m), (p), (q) and (r) of Art. 17 (1) "Explanatory notes for medium and large units and public interest entities". Explanatory notes have been completed and published for comment on the NAC website. The process is expected to be completed on January 20, 2022.

In July 2021 the changes to the explanatory notes of the complete set of National Accounting Standards (1-15) were published for comments. According to the regulation, the deadline for comments can be extended up to 6 months with the approval of the National Accounting Council.

Up to date, the review of all guidelines for the implementation of National Accounting Standards (1-14) has been completed. The material is expected to be published in hardcopy within the first 6 months of 2022.

Audit

The Public Oversight Board has conducted an oversight process that relies on a risk analysis and a sound methodology in conducting quality control over statutory audits. In order to review the quality of the audit and ensure the promotion of quality improvement of audits in accordance

with the legal and regulatory framework in force, the POB during 2019-2021 has conducted inspections of 19 audit firms and 30 individual engagements by these audit firms. Meanwhile, in the same period of time, a thematic inspection was conducted on issues of prevention of money laundering and financing of terrorism for 8 other entities.

Since July 2019, the implementation of regulation no. 4 "On investigation and procedures and taking disciplinary measures" has become possible through the creation of appropriate structures for its implementation, as an integral part of the Public Oversight Board. Thus, the Public Oversight Board has appointed the Commission of Investigation and Discipline, which since July 2019 has proposed disciplinary measures for 31 statutory auditors / audit firms. This commission in the same period of time has reviewed 74 cases of certified accountants in the verification process followed by the Ad Hoc Commission, established in order to implement Regulation no. 9, dated on 27.02.2019 "On the regulation and supervision of the functioning of the profession of Certified Accountant and their professional organizations", as amended.

Furthermore, the Public Oversight Board has published for the first time the ranking in the audit market for auditors divided respectively according to the form of the organization, considering the volume of their revenues from audit services and the volume of the number of clients. The consolidated publication of the ranking, according to these two criteria, was done regardless of the legal form of the organization. This publication is the first of its kind in 23 years that the accounting profession has existed.

Pursuant to regulation No 12 of on 02.07.2020 of the POB "On appropriate vigilance measures and extended by the subjects of the law on prevention of money laundering and terrorist financing", which serves as a guide for measuring the risk of money laundering and financing terrorism as part of the regulation and manual for the supervision of entities for the prevention of money laundering and terrorist financing, the POB has approved an inspection plan, which was carried out respectively, 4 during the period of November - December 2020 and 4 during January - February 2021.

Also, in July 2020, POB's inspectors conducted an on-site inspection of the IEKA Registration Committee, in relation to the procedures followed on its registration activity. Meanwhile, during this period, with the support of the World Bank, the POB has reviewed and improved the regulatory framework of examinations for candidates for statutory auditors and certified accountants, namely regulation No 2 of on 22.02.2018 "On the functioning of the commission of professional skills exams and supervision of the testing process of candidates for legal auditor and certified accountant", as amended, and regulation No 6 of 31.05.2018 "On testing procedures and evaluation system in the examination of professional skills of candidates for legal auditor and certified accountant", as amended.

Regarding the EC recommendations, where it is evidenced that Albania should continue to strengthen the capacity of the POB and also harmonize the rules of statutory audit, during 2021 were conducted 4 (four) full controls of quality control system at the statutory auditors where 7 audit engagements were reviewed. Also, 4 (four) limited audits were performed for statutory

auditors with less than 5 years of experience, where 4 audit engagement files were reviewed. During August 2021, the Public Oversight Board has notified the quality control inspection in 13 statutory auditors / audit companies in accordance with the annual work calendar for quality assurance control inspections. During September, the information required for the implementation of the quality control process will be submitted and during October - December 2021, the team of POB's quality control inspectors will continue with on-site visits. The POB will continue to carry out its activity, with a special focus on quality control over audits of entities of public interest, as well as taking disciplinary measures in relevant cases.

4.6.1.5 List of ministries and institutions responsible

- Ministry of Finance and Economy
- National Business Centre
- Public Oversight Board
- National Accounting Council
- Financial Supervisory Authority
- The Bank of Albania
- INSTAT
- Minister of State for the Protection of Entrepreneurship

4.6.1.6 Gaps identified and Priorities

Commercial companies

Priorities in this area are:

According to the EU report, next year Albania should in particular consider:

- Review existing legislation in the field of company law in order to identify the changes needed to complete alignment with the EU *acquis*,
- Further alignment of the legal framework for accounting and auditing with the latest EU *acquis* in these areas.

Gaps identified:

The Ministry of Finance and Economy is coordinating with potential donors on the possibility of providing technical assistance to the MFE to assist in the process of analyzing the deficiencies and making amendments to the law needed to complete alignment with the EU *acquis*.

In addition to, existing legislation in the field of enterprise law need be reviewed with a view to identifying the legal changes needed to approximate European Union legislation.

Accounting and Auditing

Priorities in this area are:

In fulfilment of the recommendations of the European Commission as well as the analysis of achievements and shortcomings in the field of accounting and auditing, in relation to Chapter 6 the priorities are evaluated as follows:

- Further approximation of the legal framework for accounting with the latest EU acquis in this area.
- Further strengthening of the capacity of the Public Oversight Board (POB) and harmonization with EU statutory audit rules.

Gaps identified:

Regarding the field of accounting, the new law 25/2018 "On accounting and financial statements" is partially harmonized with Directive no.2013/34 / EU of the European Parliament and of the European Council of 26 June 2013. Also, through the use of the International Financial Reporting Standard IFRS in Albania, which are mandatory for all entities of public interest PIE -(except those entities that are classified as PIEs due to the nature, size and number of their employees, but do not exceed the thresholds set out in Law 25/2018 "On accounting and financial statements", Art. 4, point1.3), we have full approximation with Regulation no.1606/2002 of the European Parliament and of the Council of 19 July 2002 on the implementation of international accounting standards.

From the compliance tables that accompany the adoption of the law, it is noticed that there are still some issues such as thresholds or limits, which are not in full compliance with the Directive. This is because the requirements set out in these articles are:

1. Optional for member states as well; or
2. Not relevant or not applicable to Albanian entities.

Whereas, referring to the field of statutory auditing, current Albanian Law No. 10091 of 5.3.2009 on "Statutory Audit, Organization of Statutory Auditor and Certified Accountant Professions" as amended, is already in compliance with the requirements set by the Statutory Auditing Directive 2014/56/EU and the new Regulation 537/2014 / EU to a large extent. From the compliance tables that accompany this law, it is noticed that there are still some specific issues, which are not in full compliance with the Directive and the Regulation.

This is because the requirements set out in these articles are:

1. Optional for member states as well; or
2. Not relevant or not applicable to Albanian entities.

Within the scope of the audit, the Public Oversight Board is in the process of approximation of EC Regulation 537/2014 (Regulation 537/2014 on auditing) on special requirements related to the statutory audit of public interest entities, as far as applicable, through Regulation no.7 dated 02.10.2018 "On the procedures and methodology of Quality Control of Audit". In this context,

Article 4, Article 5, Article 15, partial approximation of Article 27 of Regulation 537/2014 on auditing will be approximated. Also, a large part of the provisions of Directive 2006/43 / EC of the European Parliament and of the Council of 17 May 2006 on the statutory audit of annual accounts and consolidated accounts, amending Council Directives 78/660 / EEC and 83/349 / EEC and repeals Council Directive 84/253 / EEC, are also reflected in the provisions of Law 10091/2009 on Auditing, as amended. Those provisions which are partially approximated or not approximated with the audit law and regulation no. 7 dated 02.10.2018 "On the procedures and methodology of legal audit quality control", which are provisions not applicable in our context or are irrelevant for the time being, will be reviewed in the following periods.

In this context, it is emphasized that the act will have further approximation within the foreseeable future, but not in the short term. Meanwhile, the institution of the Public Oversight Board continues its work in the framework of improving quality control, taking disciplinary measures and improving the profession of certified accountant and statutory auditor.

CHAPTER 7: INTELLECTUAL PROPERTY RIGHTS

4.7.1.1The Content of Chapter

European Union has harmonized regulations for the legal protection of Intellectual Property Rights copyright and certain related rights. There are applied special provisions for the protection of database(s), software(s), semiconductor topographies, satellite broadcasting and cable retransmission. In the field of industrial property rights, the acquis sets out harmonized rules for the legal protection of trademarks and designs. Other specific provisions are applied to biotechnological, pharmaceutical and plant protection products. Also, acquis defines a Community trademark and Community design. Finally, acquis contains harmonized rules for the enforcement of copyright and other related rights, as well as industrial property rights. There are required adequate enforcement mechanisms, in particular effective enforcement capacity.

4.7.1.2The Structure of Chapter

The chapter of Intellectual Property chapter is divided into three sub-chapters as it follows:

- Industrial Property
- Copyright and related rights
- Accomplishment of the Industrial Propriety Rights

4.7.1.3Summary of SAA's requirements and European Union Acquis

According to Article 73 of the Stabilization and Association Agreement, Albania is obliged to align its national legislation with the EU's acquis. The approximation of the Albanian law with

the EU's acquis on intellectual property started many years ago and has already reached good levels of compliance.

Article 73, Intellectual, Industrial and Commercial ownership of the Stabilization and Association Agreement stipulates the following:

- In accordance with the provisions of this Article and Annex V, Albania and the European Union reaffirm the importance that they provide to ensuring adequate and effective protection as well as the enforcement of intellectual, industrial and commercial property rights.
- Albania takes the necessary measures to guarantee within four years of the entry into force of this Agreement as well as a level of protection of intellectual, industrial and commercial property rights equal to those existing in the Community, including effective means of enforcing those rights.
- Albania undertakes to become a party within the a. m. time period to the multilateral conventions on intellectual, industrial and commercial property rights as referred to Annex VI, Paragraph 1. The Stabilization and Association Council may decide to compel Albania to become a party in special multilateral Conventions in this field.
- If problems occur in the field of intellectual, industrial and commercial property affecting trade conditions, upon the request of a Party, the problems are urgently referred to the Stabilization and Association Council, aiming to reach satisfactory solutions for the parties.
- Strengthening the protection of intellectual property rights and ensuring a level of protection equal to that of EU countries, it has been one of the commitments of the Albanian Government provided in the Stabilization and Association Agreement (Article 73). In the implementation of this commitment, legislative measures and implementing activities have been already taken, both in terms of approximation of national legislation in the field of intellectual property with the acquis, as well as in terms of strengthening the administrative capacity of responsible institutions in this field.

In regard to the legislation of the European Union, it must be partially transposed before the membership in the European Union. In particular, Regulation 2017/1001 on the EU trademark, Regulation 6/2002 on Community design, Regulation 1257/2012 on the European Patent Convention, Regulation 1260/2012 on the language regime for European Patents, there contain self-executing regimes which will be fully implemented for Albania only after accession.

Also, it should be noted that in the field of intellectual property (including industrial property), Albania, like many other candidate countries and the EU member states themselves, it is also a party to a number of international agreements. For example, following its membership in the World Trade Organization, Albania is a party to the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). Albania is also a party to several World Intellectual Property Agreements. Together, they form a set of rules that must be reflected in the national legal order.

4.7.1.4 Current situation in Albania and the main progress

Albania has a level of preparation / is averagely prepared for intellectual property rights.

The National Strategy for Intellectual Property 2016 - 2020 as approved by the Decision of the Council of Ministers No. 527 dated 20.07.2016 "On the approval of the National Strategy for Intellectual Property 2016-2020" is the strategic framework in the field of intellectual property. The implementation of this Strategy has had a good progress both in terms of fulfilling the activities and achieving the objectives as well as the inter-institutional cooperation in its implementation and monitoring under the direction of the General Directorate of Industrial Property.

In the meanwhile, the National Strategy for Intellectual Property 2021 - 2026 is being prepared. The drafting of the Strategy was carried out by the Inter-Institutional Working Group set up based on the Prime Minister's Order No. 118, dated 23.09.2020 "On the establishment and functioning of the inter-institutional working group, which will deal with the drafting of the National Strategy for Intellectual Property". The drafting of the Strategy was supported with technical expertise by WIPO. This is the third strategy in the field of intellectual property and now the Albanian institutions are more than aware of their functional duties in the process of implementing the legislation in force on intellectual property. The approval of this Strategy and its implementation aim at developing the legal framework and strengthening its implementation by all ministries and institutions according to the respective area of responsibility.

Law No. 35/2016 "On copyright and other related rights is fully approximate to:

- Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 "On the term of protection of copyright and certain related rights" (codified version).
- Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 "On the enforcement of intellectual property rights".
- Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 "On the harmonisation of certain aspects of copyright and related rights in the information society".
- Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 "On the resale right for the benefit of the author of an original work of art".
- Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 "On the legal protection of databases".
- Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 "On the legal protection of computer programs".
- Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 "On rental right and lending right and on certain rights related to copyright in the field of intellectual property".

This law is partially approximate with the following:

- Council Directive 93/83/EEC of 27 September 1993 “On the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission”.
- Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 “On collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market”.

In the field of industrial property rights, the legal framework includes first, Law, No. 9947 "On industrial property", (amended). The above mentioned law(s) is completely approximate with the following EU acquis:

- Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions;
- Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs;
- Regulation of Council (EC) No. 6/2002 of 12 December 2001 on the Community design;
- Directive 87/54 / EC of the European Parliament and of the Council of 16 December 1986 on the legal protection of topographies and semiconductor products;
- Directive 2004/48 / EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights;
- Directive 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trademarks;
- Directive 2015/2436 / EC, dated 16.12.2015 "On the harmonization of the legal basis of Member States relating to trademarks";
- Regulation (EU) No. 1151/2012 of the European Parliament and of the Council of 21 November 2012 “On quality schemes for agricultural products and foodstuffs”.
- Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 “Establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007”.
- Directive 2004/48 / EC on the enforcement of intellectual property rights.
- Directive 2016/943 of the European Parliament and of the Council of 27 May 2016 on the protection of business (trade secret) knowledge and information against illegal acquisition, use and disclosure

This legal act was recently amended by Law No. 96/2021 “On some additions and amendments to Law no. 9947, dated 7.7.2008 "On industrial property", to further approximate in Albanian legislation Directive 2016/943 on the protection of trade secrets, the establishment of the state database of Industrial Property, Industrial Property Management System (Albanian SAPI) as well as some changes on the regulation of the general principles of functioning of the State Inspectorate of Market Surveillance in the field of IP.

The General Directorate of Industrial Property and the Directorate of Copyright at the Ministry of Culture are the main responsible institutions, directly engaged in Intellectual Property issues in Albania. The General Directorate of Industrial Property cooperates with the Directorate of Copyright in joint activities, as provided in the strategic documents.

Both institutions prepare, promote, distribute materials for information purpose, organize awareness campaigns for institutions, interest groups and the public through electronic and print media, as well as various national and international activities, such as seminars, conferences, trainings, etc. They cooperate with a number of other institutions, such as the State Inspectorate of Market Surveillance, the General Directorate of State Police, the General Directorate of Customs, the General Directorate of Taxes, etc., which are part of the enforcement mechanism of these rights in the Republic of Albania. Inter-institutional cooperation has been successful in raising awareness, establishing the right balance between the rights of owners of Intellectual Property objects and the interests of users and the fight against informality.

The Republic of Albania has become part of the WIPO Global Brand & Design Database, with over 18,000 thousand registrations, a database that includes most of the WIPO member states.

The General Directorate of Industrial Property has finalized the signing of the free reduction agreement of the research report with the European Patent Office.

Independent inventors, small and medium enterprises, universities and non-profit organizations benefit from a reduction of 75% of the basic fee, about 100 Albanian applications.

- Advantage - Albanian applicants in filing with GDIP have a fee reduction;
- International patent application for invention, based on the patent agreement;
- National patent application submitted to GDIP;

The activity of the General Directorate of Industrial Property is increased on yearly bases in line with the development of the Albanian economy and raising awareness on the importance of industrial property. The increase of awareness is noticed by the figures which GDIP has marked not only for 2021 but also during 2020, a year which although it affected the daily activity of GDIP, I can confidently state that we have achieved satisfactory results.

During this period, 2,335 brand applications were submitted to GDIP, out of which 727 of them are with Albanian applicants, compared to 2020 where 566 applications were completed by Albanian citizens.

Seventeen applications for national patents compared to 8 during 2020, 28 applications for industrial design compared to 11 applications during 2020 and 1 application for name of designation.

While year 2020 was closed with 4100 applications for brand with an encrease of 6.8% compared to 2019 out of which 1164 are national applications.

Due to the increase of application number, GDIP closed the year 2020 with an increase of 13.15% of the income that is converted into quality services towards the citizens and higher levels of the overall performance.

These results show interest not only of the local business or local creators to record its own creativity, but also of the international market who show interest and seek protection for the Albanian market.

The inclusion of the General Directorate of Industrial Property in the unique government portal e-Albania with 154 online services for business or any individual who owns or has created an object of industrial property, it has created great facilities. Up to now, 81 applications have been made through this portal and have continued with the processes or have been provided with the relevant certificate.

Copyright Directory conducts its activity based on the accomplishment of the Law No. 35/2016 “For the copyright and related rights”. This directorate cooperates with the competent state authorities, contributing institutions that have an important role in the range of copyright and law accomplishment.

In accomplishment of the Law No. 35/2016 “For the copyright and certain related rights”, the collective administration is performed from the agency of administration of copyright(s), and the object of their activity is the collection of incomes for usage of work pieces and their distribution to title holders of copyright(s) and certain related rights. The agency of collective administration is licensed from the responsible ministry for the copyright(s) upon the proposal from the Copyright Directory (CD). The license of the agencies of collective administration for the operation of the activity is valid for 3 years and it can be renovated.

The collective management organisation is supervised from the Copyright Directory (copyright) on overall activity of their function. Actually there are 4(four) collective management organisation, in the field of collective administration.

SUADA (the unique authority for the administration of copyrights) is registered in the Law court of Tirana and aims to collect tariffs award from the use of works of copyright and certain related rights from the user's subjects. It functions as a unique authority on behalf of all the licensed agencies for the collective management organisation and the distribution of these incomes to the related agencies in accordance with the legislation in power. Afterwards, these agencies make the distribution of the incomes to the title holder(s) of copyrights that represent.

The e-Albania portal offers an online service for registering copyright and transferring rights. During the period January-September 2021, 165 registrations were made for copyright and transfer of copyrights.

In order to improve the legal framework, but also beyond other aspects regarding copyright, the Directorate of Copyright is involved in two projects specifically:

- ALSIP _ Albania Swiss Intellectual Property
- Intellectual Property Bilateral Cooperation Project.

In the Field of Implementation of Intellectual Property The State Inspectorate of Market Surveillance (SIMS) is responsible and guarantor of the protection and observance of intellectual property rights in the internal market through planned inspections and upon request of complaints submitted by rights holders.

The State Inspectorate of Market Surveillance was established by Decision of the Council of Ministers no. 36, dated 20/01/2016. Its structure defines, among others, the Intellectual Property Directorate consisting of the Copyright Sector (CS) and the Industrial Property Sector (IPS). The activity of SIMS is based on Law no. 10433, dated 16.6.2011 "On inspection in the Republic of Albania" and in specific laws such as, Law no. 35/2016 "On Copyright and Other Related Rights" and Law 9947, dated 07.07.2008 "On Industrial Property", as amended. Approval and entry into force of Law No. 96/2021 "On some additions and amendments to Law no. 9947, dated 7.7.2008 "On industrial property" also improved the procedures for market surveillance in relation to violations of industrial property objects. To implement the above legal changes, currently the immediate need is to develop a risk methodology for the risk management and analysis to initiate ex officio inspections, as well as to draft and adopt a regulation on the destruction of counterfeit and pirated goods. Also, it is very important a commentary on the implementation of legal provisions on which the activity of Inspectorate of State of Trade Monitoring (SIMS) will be based.

SIMS organic includes, the Intellectual Property Directorate consisting of the Copyright Sector (SDA) and the Industrial Property Sector. The Copyright Sector consists of 1 + 9 inspectors, and the Industrial Property Sector consists of 1 + 6 inspectors. SIMS staff has participated in trainings regarding intellectual property objects and EU standards and market surveillance practices related to the fight against piracy and counterfeiting of Intellectual Property objects.

During january-november 2021, 313 inspections were carried out on copyright and other related rights and 57 main administrative measures were imposed and 20 complaints were filed for trademark infringement, for which 7 inspections were legitimized and 6 administrative measures with fines were imposed.

All these inspection processes are carried out online through the e-inspection system, paying special attention to regular legal procedures.

The Directorate for the Protection of Intellectual Property (DPIP) is an integral structure of the Operational - Investigation Department at the General Directorate of Customs. Its staff consists of one (1) director and four (4) specialists.

The scope of the work of DPIP is to implement the legislation on the Protection of Intellectual Property according to the laws and bylaws in force for the Albanian Customs territory, to coordinate the work between other Directorates of the General Directorate of Customs, third institutions, and/or groups of interest in Intellectual Property issues, to professionally administer the requests that interested parties submitted to DMPI, keeping in mind the observance of procedural deadlines, and treatment of issues in a professional manner. Also, to exercise in an appropriate and efficient manner the competencies given by the law and the drafting and updating of materials according to the legal and sub -legal acts in force.

The legal basis on which the customs system operates is: Trips Agreement, articles 51-60, Law no. 102/2014 "Customs Code of the Republic of Albania". DCM no. 651, dated 10.11.2017 "On the implementing provisions of Law no. 102/2014, "Customs Code of the Republic of Albania", as amended. DCM no. 651, dated 10.11.2017, as amended has partially approximated in articles 364 - 392, Regulation (EU) No. 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning the implementation by the customs of intellectual property rights and the repeal of Council Regulation (EC) No. 1383/2003.

By having the support of the European Union, it was put into efficiency the software of Ines + (database of application for action and goods found to be infringing on intellectual property rights) has been put into operation and the customs administration has been trained in its use and there are prepared.

During january-october 2021, the General Directorate of Customs through IPR Directorate has handled 107 applications for protection submitted based on DCM no. 651 dated 10.11.2017 "On the implementing provisions of law no. 102/2014, the Customs Code of the Republic of Albania ", among which 102 applications were approved and 5 were rejected for various reasons.

The period is based on the beginning of the first month up to the time until of drafting of the PKIE that is October 2021.

During the joint inspections with the Customs Offices/other structures of the Operational-Investigative Department and of the third structures dealing with intellectual property issues, inspections were carried out during which the goods which were certified by the right holders were suspended and destroyed.

During this period, the data and curricula of ASPA have been updated and the level of the on-the-job training model has increased, and the total number of trained persons is 110 persons including all customs branches of the Republic of Albania.

Achievements of 2021 include the preparation and approval of Law no. 96/2021 "On some additions and amendments to Law no. 9947, dated 7.7.2008 "On industrial property", which further approximated the Albanian legislation with the acquis of the European Union.

From 31 May 2021, the General Directorate of Industrial Property of Albania (GDIP) is part of the DESIGNclass which will use and accept the list of terms from the harmonized product description database (HDBPI) in the DESIGNclass. DESIGNclass offers users the ability to search for and translate product descriptions into 29 foreign languages. The approval of HDBPI by General Directorate of Intellectual Property (GDIP) is a concrete result of the International Cooperation program managed by EUIPO in cooperation with its international partners.

The Ministry of Culture during 2021 prepared the amendments to Law no. 35/2016 "On copyright and other related rights" to further approximate the legislation of the European Union, specifically by partially approximating Directive (EU) 2017/1564 of the European Parliament and of the Council of 13 September 2017 on some permitted uses of certain works and other areas protected by copyright and other related rights for the benefit of persons who are blind, visually impaired or otherwise disabled reading printed materials, and amending Directive 2001/29 / EC on the harmonization of certain aspects of copyright and other related rights in the information society and Directive 2012/28 / EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of works without authorship. This draft law was consulted with the services of the European Commission and has been submitted to the Albanian Parliament for approval.

During 2021, by order of the Minister of Culture were licensed four collective administration agencies:

- Agency of Albautor for the copyright(s) for the category of author's rights for musical works with or without words
- Agency of "AKDIE" for the protection of copyright(s) as interpreters and / or executors of the work pieces
- Agency of "FMAA"- in the section of cinematography and other audio-visual work pieces
- "Agency of collective management Faber Collective Phonogram" The producers of the phonogram.

4.7.1.5 List of ministries and responsible institutions

1. General Directorate of Intellectual Property
2. Ministry of Culture/ Directorate of Copyrights
3. The State Inspectorate of Market Supervision;
4. The General Directorate of Taxes;
5. The General Directorate of Customs;
6. The Authority of Audiovisual Media;
7. Police of State – Directorate of Economical Crime;
8. Ministry of Justice;
9. Ministry of Education, Sport and Youths;
10. School of Magistrature;

4.7.1.6 The identified discrepancies and priorities

The approval and implementation of the new Intellectual Property Strategy 2021 - 2025 is one of the priorities of all the Albanian institutions involved in the protection and development of intellectual property rights. The document is being finalized and is expected to be approved soon by the Council of Ministers.

The approximation of the Albanian legislation with European Union legislation in accordance with the Stabilization and Association Agreement and the requirements of membership negotiations remains a priority of the Ministry of Culture / Copyright Directorate and the Ministry of Finance and Economy / General Directorate of Industrial Property. In regard to the approximation of legislation, it should be considered that part of the European Union acquis on industrial property will be fully harmonized only when Albania will be a member state of European Union.

In the time period of 2022 - 2025 regarding the time frame of implementation of the new Strategy, the General Directorate of Industrial Property will undertake a new legal reform in the field of industrial property, drafting a new law for each object of industrial property, as there have many developed countries as well as approximating all field directives for each industrial property object.

During 2022, the General Directory of Intellectual Propriety has undertaken to start drafting the new law "On trademarks and service marks" as well as the law "On patents and usage models". These two legal acts will be approved within 2025.

Up to the year 2025, the GDIP will approximate industrial property legislation with EU directives / regulations for the remainder part, without affecting the articles that are a condition met by EU accession as it follows;

- Directive (EU) 2015/2436 on the approximation of the laws of the Member States relating to trademarks of 16 December 2015;
- Regulation (EU) 2017/1001 on the European Union trademark of 14 June 2017;
- Directive 98/71 / EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs.

The drafting and implementation of new legislation in the field of industrial property will require more in-depth training and the need arises to increase administrative capacity.

The strengthening of the Training Center continues to be another priority and commitment of GDIP in order to provide specialized training in the field of industrial property. In the framework of the World Intellectual Property Day on April 26, the establishment of the Training Center was

launched and where trainings are dedicated to Universities nationwide has been held to date. At the moment a priority remains the preparation of Intellectual Propriety modules, which are dedicated to each IP object. Currently, it has started the translation of the modules which are prepared by WIPO Academy and will be used by the Training Center after agreeing with this academy.

The training of teachers nationwide on the subject of intellectual property will be one of the main objectives of GDIP for 2022, as a very sustainable indicator in the education of generations in the field of intellectual property. This training will be done in cooperation with Agency for Quality Assurance of Pre-University Education and will be extended to all cities.

The General Directorate of Industrial Property based on the annual work schedules will focus on meetings with business subjects, training of pre-university and university education structures, state structures, authorized representatives.

Law No. 35/2016 "On Copyright and other related rights" is a law harmonized and integrated with the Directives of the European Union. However, the approximation of legislation will continue in line with developments in the European Union legislation.

The Ministry of Culture in cooperation with the National Agency for Information Society has drafted the Terms of Reference for the implementation of the procedure with the object "Establishment of a digital platform for copyright". During 2022 it is expected to set up a copyright platform which includes: database of works registered with the Directory of Copyright; database on copyright transfer contracts and other related rights; database for works without author; the new management of the Unique Suada Counter, according to legal changes; the management of the unique Counter by a structure composed of licensed agencies; licensed collective management agencies and their activity; monitoring the use of copyright by user entities and their mandatory provision of contracts, authorizations issued from the Agency of Collective Administration

Through the platform, information will be generated for all stakeholders in the field of copyright, manual work will be reduced and the physical archive will be digitized.

Institutions engaged in the monitoring of the implementation of legislation face in their activity a low level of awareness by economic operators on the observance of intellectual property rights. Awareness of economic operators will be another area where the activity of institutions for the protection of intellectual property rights will be focused.

The administrative capacities of these institutions will be further strengthened. Thus, the staff of State Inspectorate of Trade Supervision will be trained on the latest changes and innovations in the field of copyright as well as industrial property rights. Strengthening logistical capacity will also increase the number and efficiency of inspections. Inspections for compliance with

copyright and industrial property will include scheduled and unscheduled inspections based on complaints from consumers, economic operators, notices from Customs, third parties, etc.

For the Copyright Sector pursuant to Law No. 35 Dated 31.03.2016 "On copyright and other related rights", as a priority will be the following areas of inspection:

- Software inspection,
- Inspection of photocopies,
- Inspection of audio-visual works,
- Inspection of publishing houses,
- Inspection of printing houses,

For the Industrial Property Sector pursuant to Law No. 9947, Dated 7.7.2008, "On industrial property" (amended), priority will be given to handling issues and conducting inspections on the basis of requests-complaints that will be filed with the State Inspectorate of Trade Supervision for violation of rights over industrial property objects.

Finally, all institutions involved in the implementation of industrial property rights will strengthen cooperation between them, also in the framework of the implementation of the new Intellectual Property Strategy, and with counterpart institutions in the member states of the European Union and in the countries of region.

In the framework of the implementation of the National Plan for European Integration 2022 - 2024, the Albanian ministries and institutions involved in the development and protection of intellectual property rights will focus on these key priorities:

- Further approximation of the Albanian legislation on copyright and related rights with the legislation of the European Union;
- Improving the functioning of collective management organizations and paying royalties to rights holders;
- Harmonization of legislation on industrial property rights and the system of enforcement of intellectual property rights.

CHAPTER 8: COMPETITION POLICY

4.8.1.1. The Content of the chapter

European Competition Policy is an essential part of the internal market. Its aim is to provide everyone in Europe the best quality goods and services at the lowest prices, aiming at the promotion and the protection of competition. Competition policy applies the rules to make sure that undertakings compete in free and effective way with each other. This encourages undertaking and efficiency, creates a wider choice for consumers, and helps to reduce prices and to improve quality.

The *acquis* in this chapter includes both anti-trust policies and state aid control policies. The legal framework includes rules and procedures to combat anti-competitive behavior (prohibited agreements between undertakings and abuse of a dominant position), to review mergers and acquisitions between undertakings, and to prevent governments from providing state aid that distorts competition in the internal market. In general, competition rules are directly applicable throughout the European Union and Member States must cooperate fully with the Commission to enforce them.

4.8.1.2. The Chapter Structure

- Competition Policy
- State aid
- Liberalization

4.8.1.3. Summary of the requirements of SAA and EU *acquis*

Cooperation between the EU and Albania on competition policy is regulated in some articles of the SAA. First, in Title IV “Approximation of legislation, enforcement of laws and competition rules”, Article 70 defines that Albania will try to ensure that its existing laws and future legislation are gradually aligned with the Community *acquis* and that it will ensure that the existing and future legislation is properly implemented and enforced.

Article 71 (Competition and other economic provisions) clearly states that the following provisions of this Article, such as prohibited agreements between undertakings, decisions taken by groups of undertakings and coordinated practices between undertakings having as their object or consequence, preventing, restricting or distorting competition; abuse of a dominant position by one or more undertakings in the territory of the Community or in Albania as a whole or in a substantial part thereof; any state aid which distorts or risks distorting competition by favoring certain undertakings or certain products is incompatible with the proper functioning of the Stabilization and Association Agreement. In order to relate not only with the SAA provisions but also according to the EU legislation, Albania is engaged in the approximation of its domestic legislation with that of the EU.

4.8.1.4. The current situation in Albania and main achievements

The 2021 Progress Report for Albania predicts that Albania has a level of preparation / is moderately prepared in competition policy. There has been limited progress during the reporting period, particularly with the adoption of some guidelines by the Albanian Competition Authority (ACA), including those for effective implementation and ensuring the proper functioning of the market.

The purpose of law no. 9121/2003 "On competition protection", as amended, is the protection of free and effective competition in the market. The provisions of the law apply as in the case of prohibited agreements between undertakings, abuse of a dominant position and procedures for controlling mergers and acquisitions between undertakings.

EU rules also set out a system of state aid control. Governments are allowed to provide state aid only if restrictive conditions are met, in order to prevent distortion of competition.

Competition

The legal framework in competition field is broadly in line with the EU *acquis* and the Stabilization and Association Agreement (SAA). The law no.9121, dated 28.07.2003 "On competition protection", as amended, is largely aligned with Article 101 TFEU (prohibited agreements) and Article 102 TFEU (abuse of dominant position). It also provides procedures for prior control of mergers, in line with the Merger Regulation. Implementing legislation is broadly in line with the relevant EU regulations and European Commission guidelines.

The Competition Authority bases its activity on Law no. 9121, dated 28.07.2003 "On competition protection ", as amended and in a complete set of bylaws, including regulations and guidelines. The law and the secondary legal framework are fully aligned with the EU competition framework, Articles 101 TFEU (Prohibited Agreements) and Article 102 of TFEU (Abuse of Dominance). The law also provides preliminary procedures for the control of concentrations, in line with the EU Concentrations Regulation. The implementing legal framework is fully aligned with relevant EU regulations and European Commission Guidelines, such as European Council Regulation (EC) no. 1/2003, dated 16 December 2002 "On the application of the rules of competition laid down in Articles 81 and 82 of the Treaty; European Council Regulation (EC) No. 139/2004, dated 20 January 2004 "On the control of concentrations between undertakings" (EC Merger Regulation); Notification to the Commission on the definition of the relevant market for the purposes of Community competition law; Notification of the Commission on immunity from fines and reduction of fines in cartel cases; Guideline on the method of determining the fines imposed in accordance with Article 23 (2) (a) of Regulation no. 1/2003; Notification to the Commission of agreements of minor importance which do not significantly restrict competition under Article 81 (1) of the Treaty establishing the European Community (de minimis), etc., as well as other EU legal acts, etc.

Regarding the institutional framework, ACA is responsible for the implementation of law no. 9121/2003 "On Competition Protection", as amended. Based on article 18 of law no. 9121/2003, ACA is an independent authority, which in compliance with article 24 of the law, within the first 3 (three) months of the following year, submits and reports to the Assembly of Albania the annual report of the Authority.

Article 24 of the law defines the duties and responsibilities of the Commission, where it is determined that the CC can adopt secondary legislation, in the form of regulations and guidelines

according the law. Pursuant to Article 41 of the law, ACA on its own initiative, at the request of the Assembly or at the request of regulatory institutions of the respective sectors, may conduct a general investigation in a sector of the economy, if it is suspected that competition in the market is restricted or distorted.

Pursuant to Article 42 and 43 of the law, ACA initiates preliminary investigation or in-depth investigation procedures related to restrictions, distortions or obstructions of competition in the market.

Article 44 of the law provides that in cases of a risk of conducting a serious and irreparable damage to competition, when there is likely to be a violation of Articles 4 and 9 of the law, interim measures may be taken. Obligations to undertakings including structural measures related to the prevention of competition violations are defined in Article 45 of the law. In this article are defined the cases when the interested undertakings make commitments in the form of conditions and obligations, in response to the remarks made by the ACA in the preliminary evaluation.

Concentration control procedures are provided in articles 53-64 of the law regarding the analysis and evaluation performed by the ACA. The legal provisions provide for the preliminary procedure in cases when the concentration does not show signs of significantly restricting competition in the market, or the in-depth procedure when it is found that the concentration shows signs of the creation or strengthening of a dominant position

The law, in articles 69 and 70, provides the obligation of the central and local bodies to request the assessment of the Authority for any project normative act that has to do with quantitative restrictions on market entry and trade, establishment of exclusive rights or of special rights, in certain areas for the undertaking or for certain products or the imposition of the same practices on prices and conditions of sale. The legal provisions provides the obligation of the central and local authorities, entities and other regulatory institutions that in the performance of their duties to regulate economic activity, to implement the provisions of competition law and to ensure fair and effective competition.

Regarding administrative capacities, ACA staff has benefited from a series of trainings:

1. In the framework of the IPA 2015project, Twinning Project with the Spanish Competition Authority (CNMC- Spanish National Commission for Markets and Competition), a twinning project funded by the European Commission entitled: "Capacity building for the Competition Authority to protect free competition and effective in the market";
2. In the framework of the project with EBRD, where ACA was the beneficiary of the project entitled "Technical assistance to the Competition Authority, capacity building, drafting legislation and advocacy", etc.
3. In the framework of the OECD / RCC, UNCTAD, etc.

Pursuant to NPEI 2021 - 2023, a number of secondary legislation have been approximated, such as Directive (EU) 2019/1 of the European Parliament and of the Council of 11 December 2018 on strengthening the competition authorities to be more effective enforcement and to ensure the proper functioning of the internal market; Guideline "On best practices for carrying out procedures related to the implementation of Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU)"; Guideline on Confidentiality and Access to Files, Guidance on Best Practices for the Submission of Economic Evidence and the Collection of Data in Cases Relating to the Application of Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU)) and in cases of concentrations "etc.

The secondary legislations approved by the ACA, define in detail the procedures which assist the Competition Authority in carrying out the mission according to the object of the law, in the framework of the protection of free and effective competition in the market. The Competition Authority has continued the process of approximation of legislation with that of the EU *acquis*. The activity of the institution has been in implementation of the competition law, the Resolution of the Assembly of the Republic of Albania "On the evaluation of the activity of the Competition Authority for 2020", as well as the tasks defined in the Progress Reports by the European Commission, in the meetings of the Subcommittee "Internal Market and Competition including consumer protection", SAC meetings, etc.

During the period 1 January 2021 - 30 September 2021, CC has approved a total of 80 (eighty) decisions where we mention decisions regarding the opening of investigative procedures for suspected violations of Article 4 (prohibited agreements) and 9 (abuse of dominant position), decisions for authorization of concentrations, decisions on fines, decisions for granting conditions and obligations, decisions for taking temporary measures, for approval of bylaws, etc.

Regarding the implementation of Article 4 of Law no. 9121/2003 "On Competition Protection", as amended, have been object of investigation by the CA for prohibited agreements, the public procurement market for the purchase of food; the public procurement market printing service (printing and enveloping of invoices, control stamps, special postal products, etc.); market of import and wholesale of chemical fertilizers DAP, Nitrate and Urea; wholesale and retail market of pre-medical materials (including import and wholesale trade of masks; import, production and wholesale trade of alcohols and gel-disinfectants; import and wholesale trade of thermometers).

Regarding the implementation of Article 9 of law no. 9121/2003 "On Competition Protection", as amended, regarding the cases of abuse of a dominant position, investigations were carried out in the market of loading and unloading, import, storage, wholesale of fuels; in the market where Non-Bank Financial Institutions operate; in the market of loading-unloading, import, storage, wholesale of LPG.

Pursuant to Article 41 of law no. 9121/2003, ACA has conducted a general investigation in the market of hospital services, including all services provided by public and non-public hospitals in the territory of the Republic of Albania.

Regarding the control of concentrations, the legal provisions for concentrations in different markets and sectors of the Albanian economy have been implemented, such as the market of audio media services, the market of electricity generation, mentioning a considerable number of notices and transactions that have occurred in the international market, without bringing consequences on competition in the domestic market.

With the Decision of the CC no. 757, dated 23.12.2020 "Approval of the document -" Competition Advocacy and Communication Strategy ", the document "Competition Advocacy and Communication Strategy "was approved. This document aims to promote a competitive environment, working closely with all state and regulatory institutions to raise public and business community awareness of the benefits of free and effective competition in the market; The efforts of the ACA, strengthening, on the one hand, the advocacy role of the institution and on the other hand, the communication strategy, towards a diverse group of stakeholders.

State Aid

The legislative framework for state aid is broadly in line with the EU's *acquis* and the SAA. The Law on State Aid mainly reflects Articles 107 and 108 TFEU. Implementing legislation is partially aligned with the EU's Acquis in some areas, e.g. General Block Exclusion Regulation. Further alignment with EU implementing legislation on State aid control is needed. Regarding the institutional framework, the State Aid Commission (SAC) is responsible for the implementation of the Law on State Aid, supported by the technical-administrative structure of the secretariat for state aid in the ministry responsible for the economy.

According to Law no. 9374/2005 "On State Aid", as amended, new aid measures must be notified to the SAC, which must find them compatible before they can be put in place. The SAC can order the recovery of illegal and incompatible aid but has not done so to date. Its decisions are subject to court appeal.

In general, Albania has fulfilled the obligations deriving from the Stabilization and Association Agreement in this area. Albanian Law on State Aid, Law no. 9374, dated 21.04.2005 "On State Aid" has been amended and is fully compliant with the following EU directives: Commission Regulation (EU) no. 1407/2013 of 18 December 2013 p "On the implementation of Articles 107 and 108 of the Treaty on the Functioning of the European Union on de minimis aid"; Commission Regulation (EU) No 651/2014 of 17 June 2014 on certain categories of aid compatible with the internal market pursuant to Articles 107 and 108 of the Text of the Treaty; Commission Regulation "On De minimis aid" no. 1407/2013; Commission Regulation (EU) No 651/2014 of 17 June 2014 p "On the declaration of certain categories of state aid in accordance with the internal market pursuant to Articles 107 and 108 of the Treaty"; European Commission

Decision "On the implementation of Article 106 (2) TFEU" On State aid in the form of compensation for public services provided to enterprises mandated to provide services of general economic interest ".

The approved legal basis allows the State Aid Structure in its activity and the realization of the mission and object of the law, in the framework of the prohibition of any aid provided by state resources, in any form whatsoever, granted through public resources, which, directly or indirectly, distorts or threatens to distort competition, by favouring certain undertakings or the production of certain products.

During the period January 1, 2021 - October 30, 2021, the State Aid Commission has approved the following:

- Decision of SAC no. 103/2021 “Authorization of State Aid“ for the empowerment of women and the promotion of entrepreneurship ”
- Decision of SAC no. 102/2021 "On the approval of the annual report" On state aid for 2020 "

With regard to liberalization, laws on competition protection and state aid are applicable to public undertakings and undertakings with special or exclusive rights, except when their implementation obstruct the performance of specific tasks of services of general economic interest that assigned to them.

4.8.1.5 List of Ministries and responsible institutions

- Albanian Competition Authority;
- Ministry of Finance and Economy (State Aid secretariat);
- State Aid Commission;
- Ministry of Infrastructure and Energy;
- Ministry of Health and Social Protection;
- Ministry of Agriculture and Rural Development;
- Ministry of Culture;
- Ministry of Tourism and Environment;
- Ministry of State for the Protection of Entrepreneurship;
- Institute of Statistics.

4.8.1.6 Identified deficiencies and priorities

The Competition Authority pays the relevant attention to the protection of free and effective competition in the market through the application of competition rules and principles in the implementation of the provisions of the legal framework in force. The European Commission in

Progress Report for 2021 has stated that Albania has some level of preparation / is moderately prepared in competition policy.

Based on the Explanatory Meeting regarding the EU *acquis* on Competition Policy, dated 4-6 November 2019 held in Brussels, EU acts have been identified which have been fully or partially implemented as well as acts which will be foreseen to be approximated in the future. On this basis, the Legal Gap Analyses has been drafted and concrete legal initiatives are foreseen to be completed in the following years.

Some of the priorities of NPEI 2022-2024 in the field of competition are the drafting of some guidelines to fulfill the secondary legal framework, such as:

- In 2022 is foreseen the Guideline "On restrictions of competition by object" for the purpose of identifying agreements which may benefit from the De Minimis Notice ", in accordance with the Guidelines on restrictions of competition "by object" for the purpose of identifying agreements which can benefit from the De Minimis Notification, European Commission Document, version dated 3.06.2015 (Brussels 25.06.2014 / SWD (2014) 198);
- In 2023 is foreseen the Regulation "On some additions and amendments to the Regulation" On the Functioning of the CA", in accordance with the Manual of Procedures of Anti-Competitive Behavior of the EU (European Commission Document, November 2019);
- In 2023 is foreseen the Guideline "On best practices for information disclosure in procedures under Articles 101 and 102 of the TFEU and the Regulation on Concentrations", in accordance with Best Practices for information disclosure in procedures under Articles 101 and 102 of the TFEU and according to the regulation of Concentrations (2 June 2015 / European Commission Document);
- In 2024, the Guideline "On the referral of cases related to concentrations" is foreseen, in accordance with the Notification of the Commission for the referral of cases related to concentrations (2005 / C 56/02).

The Progress Report for 2021, in describing the situation in Albania in terms of competition policy, has continued to provide some recommendations to the State Aid Commission, which relate to:

- ensure the operational independence of the SAC and significantly increase the administrative capacity of SAC's secretariat;
- further align the legislative framework in the area of State aid with the EU *acquis*;
- step up efforts to raise awareness of the SAC with respect to line ministries, regional and local authorities in order to ensure prior notification of aid measures and strengthen the enforcement of State aid rules.

State aid structures will in particular work for:

- Implementation of the Prime Minister's Order no. 128/2019 "On the establishment of the inter-ministerial working group for state aid",
- Implementation of the measures foreseen in the Public Financial Management Strategy 2019-2022, the objective "Strengthening the effectiveness of State Aid". This objective is intended to increase the efficiency of public spending decisions, fiscal policy and transparency of state resources;
- Providing advice and support for the notification of aid schemes (line ministries and regional and local authorities) in order to understand and implement state aid rules.

In this context, the State Aid Commission for the follow-up of the above-mentioned recommendations, as well as other institutions part of the Inter-Institutional Working Group for European Integration, will try to ensure that the existing legal framework of this chapter and future legislation gradually ensure compliance with the EU acquis and that it will ensure that existing and future legislation is properly implemented and enforced.

CHAPTER 9: FINANCIAL SERVICES

4.9.1.1 Content of the chapter

The acquis in the field of financial services aims to guarantee equal competition between financial institutions and their financial stability, specifically in the areas of banking, insurance, supplementary pensions, investment services and securities markets. The acquis of this chapter includes rules on the licensing, operation and supervision of these institutions.

4.9.1.2 Structure of the chapter

- Banks and financial conglomerates
- Insurance and occupational pensions
- Financial market infrastructure

4.9.1.3 SAA requirements and the EU acquis

The approximation of the legal framework in the field of financial services with the acquis arises as an obligation to fulfil the commitments undertaken in the framework of the implementation of Articles 50, 57, 70, 82 and 89 of the SAA.

The acquis in the area of financial services includes rules for the authorisation, operation and supervision of financial institutions in the areas of banking, insurance, supplementary pensions, and investment services and securities markets.

4.9.1.4 Current Situation in Albania and main achievements

The European Commission's 2021 Progress Report on Albania noted that Albania is moderately prepared in the area of financial services. Some progress on last year's recommendations was made by the adoption of the Law on compulsory insurance in the transport sector and in further aligning the legislation on bank recovery, resolution and supervision and on post-trading.

Banks and financial conglomerates

The Bank of Albania has continued the work for drafting new bylaws and for reviewing the regulatory supervisory framework in force, aiming at further alignment with the acquis of the European Union and the standards of the Basel Committee regarding the requirements of Basel III, in implementation of obligations arising for the Bank of Albania from the European integration strategic documents, such as the Stabilization and Association Agreement, European Commission Progress Reports, joint EU-Albania subcommittees, strategic objectives, etc.

More specifically, the Bank of Albania has marked further achievements in the approximation of the requirements of Regulation 575/2013/EU (CRR), as well as its latest amendments through Regulation 2019/876/EU (CRR2) in the supervisory regulatory framework, especially for the banks' leverage ratio, net stable funding ratio and large exposures. The revision of capital adequacy regulation requirements (for credit risk and market risk), as well as the drafting of a guideline for banks on the internal liquidity adequacy assessment process (ILAAP), are also under process.

Bank of Albania with regard to continuous alignment with EU acquis and more particularly with Basel III requirements:

- approved by decision no. 63, dated 4.11.2020, the regulation "On leverage ratio of banks", in compliance with the requirements of Regulation 2019/876/EU (CRR2);
- approved by decision no. 70, dated 2.12.2020, the regulation "On the net stable funding ratio of banks", in compliance with the requirements of Regulation 2019/876/EU (CRR2), and also approved some amendments to this regulation by decision no. 45, dated 1.9.2021, particularly by adding two new annexes which contain the reporting forms and explanatory guidelines to fill them, in compliance with EBA Annexes no. 12 and 13.
- approved by decision no. 46, dated 1.9.2021, an amendment to the regulation "On the liquidity coverage ratio", consisting in the revision of the definition of "significant currency", in compliance with Regulation 2019/876/EU;
- approved by decision no. 47, dated 1.9.2021, some amendments to the regulation "On consumer credit and mortgage credit", aiming at providing fair practices in the market related to the interest rate level, late payments, and implemented penalties, particularly from non-bank financial institutions for the consumer loans. Consequently, some amendments were approved by decision no. 48, dated 1.9.2021, in the regulation "On the functioning of credit registry at the Bank of Albania, and the conditions and procedures on the information, use and revision of data being administered in this registry", in line with the above-stated amendments;

- has drafted some amendments to the regulation “On capital adequacy ratio”, which aim the further alignment with Regulation 575/2013/EU (CRR) and Regulation 2019/876/EU (CRR2), regarding credit and counterparty credit risk.

A special focus during 2021 has been the drafting of the regulatory framework, implementing the provisions of law 55/2020 "On payment services", which approximates the EU acts (EBA Guidelines, EU regulations, pursuant to Directive 2015/2366 (PSD2)) relating to payment services matters, dealt with in the list of acts of Chapter 4.

Furthermore, has started the work for the implementation of Directive 2014/92/EU on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features (PAD) and its relevant regulations, into Albanian legal and regulatory framework. For this purpose, have been prepared the relevant drafts, which will be further discussed with payment service providers. The chapters of Directive 2014/92/EU related to transparency and comparability of fees and payment account switching are transposed into the form of a draft-regulation, while the chapters related to access to payment account with basic features are transposed into the form of a draft-law.

Bank of Albania has continued to take the necessary measures and to monitor the effects of the situation created by the pandemic, on the level of capital and profitability of banks and in particular on the quality of the loan portfolio. Also, at the beginning of 2021, some regulatory amendments were approved, regarding the suspension of profit distribution by banks, realized during the years 2020-2021; postponement of the period of suspension of credit classification and provision by banks, until the end of March 2021; postponement of the entry into force (for January 2022) of the amendments approved by decisions 53/2020 and 54/2020, in relation to large exposures and consolidated supervision.

Total assets of banking system increased by 8.5% during the first 9 months of 2021 and its activity has been profitable (ROA recording the value of 1.31% and ROE at 12.83%). The capital adequacy ratio was 18.3% at end of September 2021. Loan portfolio grew by almost 5% accompanied by a fall of non-performing portfolio, by 16%. The ratio “non-performing loans/total loans” scored the level of 6.49%, with a decrease of 1.62 pp from the beginning of the year. Liquidity ratio stands at quite high level of 45.9% versus the minimum required of 20%.

The remaining part of 2021 and the year 2022 are expected to witness similar banking activity outcome results with a steady increase, profitable financial result, stable capital levels and high liquidity ratio. As there may be a further increase in loan portfolio, the non-performing portfolio may face certain challenges related to COVID pandemic, but also related to domestic economic performance and parameters.

Macroprudential policy

Bank of Albania adhered to the prudential measures taken to facilitate the requirements for the classification and provisioning of loans affected by the pandemic, even in terms of their

restructuring. With a higher possibility of increasing non-performing loans after the abolition of these measures and the need to have more appropriate levels of capital, the Bank of Albania set some restrictions regarding the distribution of banks' profits in the form of dividends.

During the period, it was assessed that these measures were appropriate, considering:

- the structure of the banking sector, the characteristics of the economy and the need to operate with relatively higher levels of capital;
- the opportunity created by prudential regulatory easing for banks to mitigate the shock to their financial indicators, including capital levels;
- the need to save space to act, in case this becomes necessary by future developments.

In these conditions, pursuant to the regulation “On macroprudential capital buffers”, the publication of the Governor's decisions proceeded .

In parallel, the Bank of Albania has continued with the operationalization of capital values that cover the structural risks of the financial system, as well as the conception of instruments that prevent excessive growth of credit and debt, mainly from the household sector.

Resolution of Banks

In bank’s resolution area, the Bank of Albania has proceeded its activity in terms of completing the regulatory and methodological framework on resolution of banks, strengthening the resolvability of banks’ through resolution planning and removal of potential impediments and monitoring financial assets of the Resolution Fund.

During 2021, aiming to the alignment with the EU legislation in order to complete the regulatory and implementation framework for bank resolution, the Bank of Albania approved:

- by decision no.20, dated 04.07.2021 the Regulation “On contractual recognition of write-down and conversion powers”, which is aligned with the European Commission Regulation 2016/1075/EU of March 2016, supplementing Directive 2014/59/EU of the European Parliament and of the Council.
- by decision no.33, dated 07.07.2021, the Regulation "On the establishment and operation of the asset management company" which is prepared based on European best practice.
- by decision no.34, dated 07.07.2021, the Regulation “On the criteria for setting the rate of conversion of liabilities into capital”, in alignment with EBA/GL/2017/03 of 11 July 2017 pursuant to Article 50(4) of Directive 2014/59/EU (the BRRD), on the setting of conversion rates of debt to equity in bail-in.
- by decision no.35, dated 07.07.2021, the Regulation “On classes of arrangements to be protected in a partial transfer”, in alignment with the Commission Delegated Regulation (EU) 2017/867 of 7 february 2017, on classes of arrangements to be protected in a partial property transfer under article 76 of Directive 2014/59/EU of the European Parliament and of the Council.

Bank of Albania has continued to further develop the resolution plans and communicate with systemic banks, to monitor how they satisfy the recommendations delivered by the Bank of Albania as the Resolution Authority to remove potential impediments to resolvability, as identified with the resolution planning cycles.

For 2021 planning cycle, the resolution plans are further supplemented in addition to updating various sections of the plan such as, strategic analysis of the bank's business, identification of critical economic functions, analysis of critical internal and external interdependencies, infrastructure and critical systems, the resolution plans provide a deeper analysis with regard to the selection of preferred resolution strategy and the resolution tool, etc.. They provide a better, comprehensive assessment and more information regarding the credibility and feasibility of normal insolvency proceedings, assessing whether resolution meets the public interest test.

Following the provisions of Regulation no.78/2020 "On the minimum requirements for regulatory capital instruments and eligible liabilities" Bank of Albania drafted the methodological document for 2021, to determine the way of calculation of the minimum requirements for regulatory capital instruments and eligible liabilities – MREL, for banks, based on the SRB MREL Policy under the Banking Package in the 2020 resolution planning cycle. The resolution plans for year 2021 contain the intermediate target level for the year 2022 of the minimum requirements for regulatory capital instruments and eligible liabilities – MREL, and final target level to be met up to 2027, for each individual bank.

With regard to the Resolution Fund, Bank of Albania monitors regularly the performance of financial assets of the Resolution Fund, based on quarterly reporting of the Albanian Deposit Insurance Agency as the Resolution Fund Administrator.

The Bank of Albania updates the target level of the Resolution Fund and the annual contribution of banks on yearly basis. For the current year Bank of Albania has updated the target level of the Resolution Fund and the annual contribution of banks, which have been paid within regulatory deadline.

Insurance and occupational pensions

With regard to markets under supervision, the Albanian Financial Supervisory Authority (AFSA) has continued to further align its regulatory and supervisory framework with the requirements of the EU acquis.

AFSA during 2021 has monitored the developments in the supervised markets and has regularly assessed the impact of the pandemic on said markets, which faced new challenges. In the framework of executing its functions and competencies, AFSA continued to work on effective market surveillance and regulation, in accordance with AFSA's "Crisis Supervision Procedure".

Regarding the insurance market, AFSA continued to monitor and analyze, assessing the financial position of companies operating in this market, both individually and as a whole for the entire market. The financial situation of insurance companies was presented with an adequate level of liquidity, maintaining financial indicators at the market level.

The legal framework has been improved through the adoption of Law no. 32/2021 "On compulsory insurance in the transport sector", by the Albanian Parliament on 16.03.2021 and entry into force on 01.07.2021, fulfilled a recommendation of the EC Report.

The law is drafted in compliance with Directive 2009/103/EC of the European Parliament and of the Council of 16 September 2009 relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability.

Pursuant to Law no. 32/2021 the following regulations have been drafted and approved:

- Regulation no. 191, dated 26.10.2021 "On the administration of the compensation fund".
- Regulation no. 190, dated 26.10.2021 "On the administration of the guarantee fund and the rules for handling of damages with green card".
- Regulation no. 189, dated 26.10.2021 "On mediation commissions".
- Regulation no. 126, dated 28.07.2021 "On the calculation of the compensation fund and on the cases of manipulation, intervention and restoration of the minimum value of the compensation fund";
- Regulation no. 125, dated 28.07.2021 "On the definition of the rules and methodology for calculating the indemnity covered by the compulsory insurance contract in the transport sector".
- Regulation no. 105, dated 30.06.2021 "On the electronic claims register of the Albanian Insurance Bureau".
- Regulation no. 104, dated 30.06.2021 "On the reporting and supervision standards of the Albanian Insurance Bureau".
- Regulation no. 103, dated 30.06.2021 "On the manner of administration and payment of damages, compensation fund on the date of the accident before the entry into force of law no. 32/2021".

AFSA continued the cooperation with the World Bank consultants for the implementation of the project financed by SECO, "Improving the supervisory capacities of the Financial Supervisory Authority - "Focused on the Insurance Market Development".

AFSA drafted the draft law "On private pension funds". The law aims aligning with Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs). The draft law was sent to the Ministry of Finance and Economy to continue the approval process.

In order to continue working towards consumer / investor financial education for the supervised markets, AFSA has created a working group within the institution to draft the strategy on

Financial Education for the upcoming three years. This strategy will set out the AFSA's priorities as regard to financial education and will contribute to a further development of markets under supervision in a secure, transparent and efficient manner, to facilitate access to the financial products. This would also contribute in reducing financial risks, increasing confidence in financial institutions, strengthening market integrity and to a more stable financial system as a whole.

Financial market infrastructure

AFSA has constantly intensified its efforts to improve infrastructure and establish a necessary regulatory basis for the stable development of the non-banking financial market. According to commitments under the SAA, it has continued improving and aligning the existing legislation with the EU directives.

Approval by the Albanian Parliament of important laws in the field of capital markets and investment funds, Law no. 62/2020 "On Capital Markets", Law no. 56/2020 "On Collective Investment Undertakings ", Law no. 66/2020 "On Financial Markets based on Distributed Ledger Technology", strengthen the supervision and regulation of these markets, as well as significantly improve the legal framework in the field.

The new laws in the field of capital and investment funds market aim at promoting the further development of markets, ensure their integrity and increase transparency in order to protect investors' interests. These laws constitute the basis for new business financing opportunities, new investment alternatives, encouraging foreign investors to invest in Albania, positively impacting the country's economic growth and maintaining a stable financial system. The need these laws is closely related to the process of European integration of Albania. The laws are drafted in accordance with the directives and best practices of the European Union in the field of capital markets and investment funds.

Approval of Law no. 62/2020, dated 14.05.2020 "On Capital Markets" brought improvement of the legal and regulatory framework, as well as harmonization with the directives of the European Union. The purpose of the law is to regulate the capital markets, the manner and conditions for the provision, purchase and sale of financial instruments in the Republic of Albania, as well as to determine the procedures for regulating and supervising the markets of financial instruments. This law responds to both the Albanian reality and the dynamics of the demands of European markets.

During 2021, in the framework of the new legal package, AFSA adopted important by -laws in the field of capital markets and collective investment undertakings. Thereupon, steps will be taken to complete the regulatory framework of the new law "On Capital Markets" with the technical assistance of the Project "Strengthening the Supervisory Capacities of the Financial Supervisory Authority with a focus on Capital Market Development". This project will support AFSA in strengthening its capacity to regulate and monitor the capital market.

Pursuant to Law no. 62/2020, AFSA's Board with decision no. 127, dated 28.07.2021 approved some additions and amendments to regulation no. 195, dated 29.12.2020 "On the licensing of the brokerage company, the registration of the branch of the foreign brokerage company and the recognition of the foreign brokerage company".

Adoption of Law no. 56/2020, marks an important step in further improving the legal basis governing this area, better addresses market demands, European standards, and provides better protection for investors.

The law encourages market development through the provision and regulation of certain new forms of investment funds, such as master funds, feeder funds or umbrella funds, or alternative investment funds. The fund's market development promotes at the same time, the development of the capital market, as these funds are a very significant institutional investor for this market.

During 2021, new regulations have been drafted and adopted by AFSA's Board. The regulations have been prepared in consultation with stakeholders and entities operating in this market.

Pursuant to Law no. 56/2020 the following regulations have been approved:

- Regulation no. 108, dated 30.06.2021 "On master or feeder undertaking or sub-fund".
- Regulation no. 107, dated 30.06.2021 "On the content, timelines and form of reports of collective investment undertakings, management companies and depositaries".
- Regulation no. 106, dated 30.06.2021 "On investments, lending and borrowing of licensed collective investment undertakings with public offer".
- Regulation no. 2, dated 27.01.2021 "On the operation of collective investment undertakings established in the Republic of Albania by fund management companies and depositaries".

Pursuant to Law no. 66/2020 "On financial markets based on distributed ledger technology" AFSA is working on drafting regulations.

The Albanian Securities Exchange (ALSE) started its operations on 22nd February 2018 with the limitation to trade only government securities during the first year of its activity. Despite the removal of such limitation since February 2019, government securities are the only financial instrument traded currently on the Exchange. 3 members (banks) trade on the Securities Exchange on behalf of their portfolio or clients. The trading volume during February 2018-September 2021 reached about 26.7 million EUR. The transactions at the Securities Exchange are made mainly between Banks, on behalf of their institutional clients.

By the end of 2019 ALREG was licensed by the Bank of Albania and AFSA to carry out the function of the clearing and settlement for non-government securities which could be traded on the Securities Exchange. The establishment of such an institution, which plays the role of a Central Securities Depository (CSD), is an important step towards the completion of capital

market infrastructure. Starting from October 2019, 8 issues of bonds with private placement in an amount of EUR 30 million have been registered with ALREG. On March 2021, the Board of AFSA approved the “Guarantee Fund” regulation of the Albanian Securities Register (ALREG), which shall guarantee the finalization of transactions concluded in the Exchange. The approval on 1st march 2021 of ALREG membership as indirect participant in the AIPS System (Albanian Interbank Payment System for large value payments) of Bank of Albania, has made the post-trade infrastructure fully operational.

4.9.1.5 Responsible institutions

- Financial Supervisory Authority
- Bank of Albania
- Ministry of Finance and Economy
- Albanian Deposit Insurance Agency
- Institute of Statistics (INSTAT)

4.9.1.6 Identified gaps and priorities

Identified gaps of Bank of Albania are:

According to Progress Report 2021 of the European Commission for Albania, in relation to Chapter 9, it is recommended that Albania should align its legislation with the EU capital requirements framework corresponding to Basel III and continue with the implementation of macro-prudential policy and the resolution framework.

In this regard, it is evidenced that the regulatory framework of the Bank of Albania needs to be continuously aligned with the EU framework, and especially with the latest acts adopted or updated by the European Parliament and the Council or by the European Banking Authority. (EBA). More specifically, we refer to the alignment with the requirements of Regulation 2019/876/EU (CRR2) amending Regulation 575/2013/EU (CRR), regarding the leverage ratio, net stable funding ratio, regulatory capital and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure of information. During the last two years, the Bank of Albania has continuously transposed a significant part of the requirements of Regulation 2019/876/EU, especially regarding the requirements for the leverage ratio, the net stable funding ratio, large exposures, etc.

In order to fill the identified shortcomings, based also on the recommendation of the Progress Report 2021 and the priorities listed below, it is foreseen that during the medium term 2022-2024, the Bank of Albania will continue with the alignment of the regulatory framework with the requirements of Regulations 575/2013/EU and 2019/876/EU, but also of other EU's or Basel's

documents, regarding regulatory capital and Pillar I risks, which will further fulfil the requirements of Basel III.

Also during 2022 it is foreseen to be finalized the work for the transposition of Directive 2014/92/EU “On the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features” and its three relevant regulations.

The priorities of Bank of Albania are:

- Alignment of its regulatory and methodology framework with the EU legislation, adoption of the Basel Committee principles and addressing the problematic issues and suggestions presented by the supervised entities.
- In the medium term, Bank of Albania intends to work on expanding and improving its macroprudential toolkit, in parallel with financial market and risk developments. In this regard, the shorter term focus is on operationalizing the Systemic Risk Buffer (SyRB) and building the regulatory framework for the use of borrower-based instruments such as the LTV and DTI limits.
- Continuous harmonization of monetary, fiscal and macroprudential policy.
- Alignment of the regulatory and methodological framework with the European Union regulatory and methodological framework and best practice, to enhance the resolution implementation capacity and strengthen the banks’ resolvability. Pursuant to the Regulation no.78/2020 "On the minimum requirements for regulatory capital instruments and eligible liabilities" Bank of Albania will update the methodological document on setting the minimum requirements for regulatory capital instruments and eligible liabilities – MREL, for year 2022.

The priorities of AFSA are:

- Promoting financial sustainability through effective market supervision;
- Completion of the legal/regulatory framework and market development;
- Increase of supervisory capacities through technical assistance projects;
- Insured persons and investors protection.

The Albanian Financial Supervisory Authority and Bank of Albania are independent institutions funded by its own revenues and not from the state budget.

CHAPTER 10: INFORMATION SOCIETY AND MEDIA

4.10.1.1 Content of the chapter

In this chapter the acquis includes specific rules for electronic communications, information society services, in particular e-commerce, conditional access services and audiovisual services. In the field of electronic communications, the acquis of European Union aims to eliminate obstacles to the effective functioning of the internal market in telecommunications services and

networks, to promote competition and to protect the interests of consumers in the sector, including the availability of modern universal services. As regards to the audio-visual policy, the acquis requires legal approximation to the Television without Frontiers Directive, which creates the conditions for the free movement of television broadcasts within the EU. The acquis also aims to create a transparent, predictable and effective regulatory framework for public and private broadcasting in line with European standards and requires capacity to participate in the Community programs Plus Media and Media Training.

4.10.1.2 Chapter structure

Chapter 10, information society and media consist on three basic areas as follows:

- Electronic communications and information technologies;
- Information society services;
- Audio-visual policy

4.10.1.3 Overview of SAA and EU acquis requirements

Articles 102 – 104 of Stabilisation and Association Agreement provide the obligation to approximate the national legislation with the EU acquies and to harmonise it with EU policies. Article 102 of the SAA provides cooperation in the audio-visual field. This includes an obligation for Albania to harmonise its policies in regulating aspects of cross-border broadcasting content with EU standards and legislation. It also requires that special attention be paid to the respect of intellectual property rights in the transmission of programs by various means, including terrestrial, satellite, cable, etc. The rapid changes in media technology, the current reality of digital television in Albania and the updating of legislation with European standards and best practices in this field have served as a powerful incentive to take the right steps in creating an enabling environment and a long-term vision to regulatory approaches. Article 103 of the SAA covers cooperation in the field of information society. Article 104 of the Stabilisation and Association Agreement deals with cooperation focusing on electronic communications networks and services.

The main part of the acquies in the field of electronic communications consists of the EU Electronic Communications Code, Directive 2018/1972/EU adopted in December 2018, which has replaced the 2002 and 2009 electronic communications directives package. The code includes measures to promote investments in very high capacity networks, new frequency spectrum rules and 5G cellular networks, changes to universal service regimes, consumer protection rules, numeracy and emergency communications. Except the new EU Regulation for General Data Protection which came into force in May 2018, e-privacy rules in electronic communications are changing. The proposed EU e-Privacy Regulation has changed by resulting in the EU Privacy Regulation repealing Directive 2002/58/EC. An important piece of legislation is also the Directive on the security of network and information systems.

In the area of audio-visual policy, the main legislative part is the Directive 2010/13/EU on audio-visual services which cover traditional television broadcasting and on-demand audio-visual media services and sets a minimum set of rules for both types of services. On 14 November 2018, the EU Council adopted amendments to Directive 2010/13 / EU to Directive 2018/1808 / EU on the coordination of certain provisions laid down by law, regulation or administrative action in the Member States concerning the provision of audiovisual media services (Directive on Audiovisual Media Services), in order to change market realities ". These changes include some new arrangements aimed at better protection of minors; new rules for the platforms of video sharing, promotion of European works, etc.

In the field of information society and media, new acquies have been adopted or are in the process of adoption by the European Union based on the latest developments in the digital economy.

4.10.1.4 Current situation in Albania and key achievements

Chapter 10, information society and media consist on three basic areas as follows:

- Electronic communications and information technologies;
- Information society services;
- Audio-visual policy

Albanian legislation in force on electronic communications, information society, and audiovisual media, developed from 2008 onwards, is based on the EU acquis for this chapter.

In the field of electronic communications, Law no. 9918, dated 19.05.2008 "On electronic communications in the Republic of Albania", as amended, is the basic law which regulates the activity in the field of electronic communications, and defines specific regulations for telecommunications services and networks in accordance with the EU acquis.

This law has transposed the package of EU directives on electronic communications of 2002, amended in 2009, as follows:

- Directive 2002/19 / EC of the European Parliament and of the Council of 7 March 2002 "On the access and interconnection of electronic communications networks and associated facilities (Access Directive)";
- Directive 2002/20 /EC of the European Parliament and of the Council of 7 March 2002 "On the authorization of electronic communications networks and services (Authorization Directive)";
- Directive 2002/21 / EC of the European Parliament and of the Council of 7 March 2002 "On a common regulatory framework for electronic communications networks and services (Framework Directive)";

- Directive 2002/22 / EC of the European Parliament and of the Council of 7 March 2002 “On universal service and user rights relating to electronic communications networks and services (Universal Service Directive) ”;
- Directive 2002/58 / EC of the European Parliament and of the Council of 12 July 2002 “On the treatment of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications)”;
- Commission Directive 2002/77 / EC of the European Parliament and of the Council of 16 September 2002 “On the competition in the markets for electronic communications networks and services;
- Directive 2009/136/ EC and 2009/140/ EC which amended the 2002 directives respectively (Directive 2002/19 / EC, Directive 2002/20 / EC, Directive 2002/21 / EC, Directive 2002/22 / EC and Directive 2002/58 / EC).

Law no. 120/2016, "On the development of high-speed electronic communications networks and the provision of the right of way", is another important law for the development of high-speed electronic communications networks, which has transposed the Directive 2014 / 61 / EC of the European Parliament and of the Council of 15.5.2014, "On measures to reduce the cost of establishing high-speed electronic communications networks".

National legislation in the field of electronic communications includes a number of secondary laws, decisions of the Council of Ministers and Regulations adopted by AKEP, for specific regulations related to the electronic communications / telecommunications sector and which are in line and supported by the *acquis* and EU practice in this area, such as:

- DCM no. 636 dated 29.7.2020 "On the approval of the multiannual program for spectral policy and action plan" which has transposed the EU decision no. 243/2012.
- DCM no. 1187 dt. 24.12.2020 "On the approval of the National Frequency Plan" based on the European Allocation Plan (ECA 2020)
- Instruction of the Minister no. 7 dt. 22.10.2019, "On the definition of general rules for the management of communications traffic and the protection of users' rights", which has partially transposed Regulation (EU) 2015/2120 of the European Parliament and of the Council of 25 November 2015, which defines measures relating to free access to the Internet and which amends the Directive 2002/22 / EC “on universal service and the rights of users in the field of electronic communications networks and services”, and also the Regulation (EU) no. 531/2012 regarding roaming service in public networks of mobile communications within the European Union.
- Frequency Use Plan, approved by AKEP in line with European practice and uses in CEPT.
- AKEP Regulation no.47, dated 26.10.2017 "On the implementation of the General Authorization" in accordance with Directive 2002/20 / EC and Directive 2002/21 / EC;
- Decision of the Council of Ministers no. 1187, dated 24.12.2020 "On the approval of the National Frequency Plan", fully in accordance with Directive 2009/114 / EC; Directive 2005/82 / EC and Decision 676/2002 / EC;

- AKEP Regulation No. 30, dated 05.12.2013, "On granting individual authorization for the use of frequencies";
- Decision of the Steering Council of AKEP no. 932, dated 11.08.2009 "On the approval of the National Numbering Plan", amended;
- AKEP Regulation No. 10, dated 11. 08. 2009 "On the determination of numbers and numerical series", as amended;
- Regulation no. 33 dated 15.05.2014 "On the conditions of use of frequencies without individual authorization and technical requirements for radio equipment used in these bands";
- Regulation no. 43 dated 22.09.2016 "On the manner of the implementation of number portability" amended;
- Regulation no. 35, dated 10.09.2015 "Rules for the shared use of facilities and assets of public electronic communications networks";
- Regulation no. 37, dated 19.10.2015 "On technical and organizational measures to guarantee the security and integrity of networks and / or electronic communications services";
- Regulation no. 16, dated 16.04.2010 "On service quality indicators";
- Regulation no. 9, dated 17.07.2009 "On market analysis", amended by Decision of the Board of Directors no. 2342, dated 31.07.2013, in accordance with Recommendation 2007/879 / EC and the Commission guidelines on market analysis and assessment of the significant market power in the Community regulatory framework for electronic communications networks and services, (2002 / C 165 / 03);
- Regulation no. 32, dated 26.12.2013, "Rules and Guidelines for the Separation of Accounts and Cost Calculation for Entrepreneurs with Sensitive Market Power (FNT)", fully in line with Recommendation 2005/698 / EC and Recommendation 2009/396 / EC.
- Regulation no.19, dated 14.06.2010, "on access and interconnection".
- Regulation "on the implementation of the FUP and the sustainability of RLAH with the Western Balkans", approved by Decision no. 9 dated 9.6.2021 of the Board of AKEP.
- Regulation no. 49 dated 11.3.2021 "on the protection of consumers and subscribers of public electronic communications services" etc.

A complete list of regulations approved by AKEP, pursuant to law no. 9918, dated 19.05.2008 "On electronic communications in the Republic of Albania", is given in the following link: <https://akep.al/vendime-akte/komunikimet-elektronike/>;

In the field of information society, the existing legal framework includes:

- Law no. 10128 dated 11.5.2009 "On Electronic Commerce" as amended, which has transposed Directive 2000/31 / EC of the European Parliament and of the Council of 8 June 2000 "on certain legal aspects of information society services, in particular Electronic trade in the Internal Market (Directive on Electronic Commerce)";
- Law no. 9880, dated 25.02.2008 "On electronic signature" amended by Normative Act no. 8, dated 30.9.2009 "on Electronic Signature", Law no. 107/2015 "On electronic identification and trusted services for electronic transactions.

- Directive 98/84 / EC “on conditional access services” has been transposed into law no. 97/2013 "On audiovisual media in the Republic of Albania" amended.
- Law no. 2/2017 “on cyber security” has partially transposed Directive no. 2016/1148 / EU of 6 July 2016, "on measures for a common high level of security of networks and information systems in the EU";
- Law no. 35/2016 "on copyright and other related rights", which transposes directive 2001/29 / EC “on copyright in the information society”, directive 93/83 / EEC “on the author copyright in radio-television broadcasts”etc.

In the field of information society, have been adopted several laws and bylaws related to e-government, electronic public services, etc. Some of them, such as the law on electronic document, the law on state databases, the law on public consultation, the decision of the Council of Ministers on open data policies, etc., do not transpose any specific EU acquis, but are based on the practices of European countries for the development of the information society. The interoperability framework approved by the National Information Society Agency is in line with the European Interoperability Framework.

Also the draft law "On open data and reuse of public sector information", approved by the Council of Ministers with DCM no. 796 dated 12.10.2020, aims at the partial transposition of Directive (EU) 2019/1024 of the European Parliament and of the Council of 20 June 2019 "On open data and re-use of public sector information". The DCM no.553, dated 15.07.2020, "On the approval of the List of Critical Information Infrastructures and the List of Important Information Infrastructures" is based on EU practice. *The Decision of Council of Ministers no 1147 dated 9.12.2020 “On the creation of the state database “Unique government portal e-albania” and the approval of the rules on the operation of the single contact point” was approved. This decision defines the necessary functional, technical and legal requirement of the single point of contact for electronic services in the Republic of Albania (e-albania) as the only digital gateway to facilitate access to information for service providers and user’s electronic procedures and effective assistance to obtain services.*

In the field of audiovisual media, the existing legal framework includes:

- Law no. 97/2013 "On audiovisual media in the Republic of Albania" as amended, which has transposed Directive 2010/13 / EC of the European Parliament and of the Council of 10 March 2010, “on the coordination of certain provisions laid down by law, normative act or decision administration in the Member States relating to the provision of audiovisual media services (Audiovisual Media Services Directive)”;
- A number of regulations approved by AMA pursuant to law no. 97/2013 "On audiovisual media in the Republic of Albania" amended.

The institutional framework in Chapter 10 includes:

- Responsible Institutions for policies and regulation of the electronic communications / telecommunications sector: Ministry of Infrastructure and Energy (MIE) and the Electronic and Postal Communications Authority (AKEP);
- Institutions in the field of information society: National Agency for Information Society (AKSHI), National Authority for Electronic Certification and Cyber Security (AKCESK), Ministry of Infrastructure and Energy, AKEP for the development of broadband networks, as well as other contributing institutions in various aspects such as e-commerce, Ministry of Finance and Economy, for conditional access, AMA, Ministry of Culture for copyright in the information society, etc .;
- Audiovisual Media Authority (AMA), as the regulatory body in the field of audiovisual media pursuant to law no. 97/2013 "On audiovisual media in the Republic of Albania" amended. Ministry of Infrastructure and Energy and AKEP on issues related to the national frequency plan for electronic communications networks for audiovisual broadcasting, etc.

The Multinstitutional Working Group on the European Integration, charged with Chapter 10 (Information Society and Media), is chaired by the Ministry of Infrastructure and Energy (MIE), as the policy-making institution in the telecommunications / electronic communications sector, to which based on the LGA of chapter 10 it relates most of the acquis of this chapter.

In this chapter important contributors in the respective sections of the regulatory bodies are, the Electronic and Postal Communications Authority (AKEP), for the regulation of the electronic communications sector and the Audiovisual Media Authority (AMA), for the regulation of the audiovisual media. In the information society section, the main contribution comes from the National Agency for Information Society, for the development of electronic public services, and from AKCESK in implementation of the relevant legislation on electronic identification and trusted services and cyber security. Regarding the field of audiovisual policy and the implementation of law no. 97/2013 "On audiovisual media in the Republic of Albania" as amended, the main role is played by the Audiovisual Media Authority (AMA).

Based on the latest EU report, Albania is moderately prepared for membership in the European Union in terms of information society and audio-visual media. During 2020, progress was made with the approval of the National Cyber security Strategy and its action plan 2020-2025, the approval of the Digital Agenda action plan 2020-2022, the approval of the National Broadband Plan 2020-2025 and the approval of the Spectral Policy which transposed EU decision no. 243/2012/ EC. The legislation on electronic communications is based on the package of directives of 2002 and 2009. With the approval of law 9918/2008 "On electronic communications in the Republic of Albania" during the year 2008, barriers for entrepreneurs to enter the Albanian electronic communications market were eliminated by provided:

- the right of every entrepreneur to provide electronic communications networks and services, to meet the requirements of general authorization as well as those of individual authorization.
- an appropriate regulatory environment that respects the principle of technological impartiality;

- the introduction of new 'players' in the market, without requiring the use of limited resources, which is realized with simple and fast procedures, without the need for any specific preliminary decision;
- granting rights to use limited resources through transparent, non-discriminatory and proportionate procedures.

Aware of the role of information and communication technology (ICT) in the development of society and economic growth, in promoting inclusive participation and effective governance, in respecting and contributing to the fulfillment of basic principles that serve for a qualitative democracy, a functioning rule of law as well as transparent political representation, the Albanian government has undertaken a number of reforms for the development of the information society. In fulfillment of the commitments of the SAA, deriving from its articles 102, 103 and 104, a lot has been done for the planning and implementation of policies in the field of telecommunications and information society. The cross-sectoral strategy for the Digital Agenda 2015-2020, adopted in April 2015, was a strategic document for future developments in Albania towards a knowledge-based economy. With the decision of the Council of Ministers no. 1081, dated 24.12.2020, the action plan of the cross-sectoral strategy “Digital Agenda of Albania”, 2020–2022, has been approved.

In the field of electronic communications, the new National Broadband Plan has been approved by Decision of the Council of Ministers, no. 434, dated 3.6.2020 "On the approval of the National Plan for the Sustainable Development of Digital Broadband Infrastructure 2020-2025" the new National Broadband Plan has been approved.

By Decision of the Council of Ministers, no. 636 dated 29.7.2020 "On the approval of the multi-annual program of spectral policy and action plan" was approved the spectral policy document which has transposed the EU decision 243/2012 / EU on the approval of a multi-year program on radio spectrum.

During 2018, the law on electronic communications was amended, to pave the way for the regulation of roaming tariffs decided by AKEP on the basis of bilateral, multilateral agreements. On July 1, 2021, the full implementation of "roaming like at home" (RLAH) was finalized for the countries of the Western Balkans.

With the spectral policy decision approved by DCM no. 636 dated 29.7.2020 "On the approval of the multi-year program of spectral policy and action plan" is set the deadline for the release of Digital Dividend 2, on 30 June 2022, according to the maximum deadline of the EU.

In the field of information society there is progress in the digitalization and development of electronic services. The National Agency for the Information Society has been strengthened. The implementation of Albania's digital agenda and the national plan for the development of broadband continues. Electronic services provided to public institutions and citizens have

increased. The Draft Decision "On the approval of the Digital Agenda 2021+ and the Action Plan 2021+ is currently in public consultation."

According to the EU practises, it is drafted the 5G strategy for Albania which is under review process. The work for the transposition of the new Electronic Communication Code directive EECC (Directive 2018/1972/EU) has already begun and it is foreseen to be concluded within the year 2022.

With regard to the Directive 2013/37 / EU of the European Parliament and of the Council of 26 June 2013, which amends the Directive 2003/98/EC "on the re-use of public sector information", the package for the adoption of the Draft Law on "Open Data and reuse" has been prepared and by Decision of the Council of Ministers no. 796 dated 12.10.2020, the draft law "On open data and reuse of public sector information", has been sent for review and approval to the Albanian Parliament.

In the field of media, the process of switchover and full transition to digital broadcasting was finalized in December 2020. Currently, digital TV broadcasts are accessible throughout the territory and provide high quality and a large number of free TV programs. .

The National Authority for Electronic Certification and Cyber Security (AKCESK) has conducted a cyber security assessment in Albania under the Cyber Maturity Model (CMM) as part of the World Bank's global cyber security capacity building program. The report on Albania's level of cyber security prudence was published by AKCESK on 1 March 2019. AKCESK has drafted a strategy for cyber security which was approved by the Decision of Council of Ministers No 1084 of 24.12.2020 "On the approval of the National Strategy for Cyber Security and the action plan 2020 – 2025". The Council of Ministers approved with the decision no. 553 dated 15.07.2020 "On the approval of the List of Critical Information Infrastructures and the List of Important Information Infrastructures".

4.10.1.5 List of ministries and responsible institutions

The responsible institutions for chapter 10 are Ministry of Infrastructure and Energy (MIE) and *National Agency for Information Society (AKSHI)*.

Other contributing institutions are:

- Electronic and Postal Communications Authority (AKEP);
- Audiovisual Media Authority (AMA);
- National Authority for Electronic Certification and Cyber Security (AKCESK);
- Commissioner for the Right to Information and Protection of Personal Data;
- Institute of statistics;
- Albanian Radio Televizion (RTSH)
- Ministry of Internal Affairs;

- Ministry of Finance and Economy;
- Parliament of Albania;

4.10.1.6 Identified shortcomings and priorities

Chapter 10 "Information society and media" contains a considerable number of legal acts such as directives, decisions, regulations and soft law such as communiqués, recommendations, etc.

The main regulations for electronic communications adopted with the existing legal framework, are based on the package of directives of 2002 and 2009 on electronic communications (Directive 2002/19/EC) “on access and interconnection of electronic communications networks and related facilities”, Directive 2002/20 / EC “on the authorization of electronic communications networks and services”, Directive 2002/21 / EC “on the common regulatory framework for electronic communications networks and services”, Directive 2002/22 / EC “on universal service and user rights regarding electronic communications networks and services”, as amended in 2009, have been replaced by the Directive 2018/1972 / EU, European Electronic Communications Code (EECC).

The list of the acquis on electronic communications includes a large number of EU decisions (over 70), related to the use of the frequency spectrum in certain bands and subbands. Frequency spectrum regulations currently include the provisions of the law on electronic communications for frequencies, the National Frequency Plan, the Frequency Use Plan, and the spectrum policy document, which are in line with EU practice and acquis, but there are no special acts for the transposition of frequency-specific decisions. It is necessary to analyze all EU decisions on the frequency spectrum, according to the LGA list and to find the best way to transpose them in the national legal framework

The list of the acquis of chapter 10, contains a large number of new acquis adopted by the EU, or in process of adoption and also related to technological change. Also a part of the acquis are in a dynamic periodic updating process, such as the acquis on electronic communications, frequency spectrum decisions, directives on audiovisual media, etc. For just a part of the new acquis in this chapter related to digital developments, such as digital platforms, artificial intelligence, etc., a detailed analysis is needed due to the interplay they have with several sectors and institutions. The short- and medium-term normative priorities include addressing the EU recommendations for further alignment with the EU acquis of Chapter 10, in line with developments in the EU acquis and the Digital Agenda.

The priorities in Chapter 10 aim at implementing the recommendations of the 2021 Commission Report for Albania as follows:

- Adoption of amendments to the Law on Electronic Communications in accordance with the EU Code of Electronic Communications.

- Transposition of Directive 2018/1808 / EU “on the coordination of certain provisions laid down by law, regulation or administrative action in the Member States relating to the provision of audiovisual media services (Directive on Audiovisual Media Services) in order to change market realities ”, to the law no. 97/2013 "On Audiovisual Media in the Republic of Albania" amended. The Ministry of Infrastructure and Energy in cooperation with the Audiovisual Media Authority and other actors involved in the process will work on the transposition of this directive
- Adoption of the new Strategy of Digital Agenda

CHAPTER 11: AGRICULTURE AND RURAL DEVELOPMENT

4.11.1.1 Chapter content

The acquis on agriculture and rural development covers a large number of binding rules, many of which are directly applicable. Their proper application and their effective enforcement by an efficient public administration are essential for the functioning of the Common Agricultural Policy. This requires the setting up of a paying agency and management and control systems such as the Integrated Administration and Control System, and the capacity to implement rural development programmes. Member States must be able to apply EU legislation on direct support schemes and to implement the common market organisation for various agricultural products.

Accession to EU requires integration of Common Market Organization for a number of agricultural products, including arable crops, sugar, products of animal origin and other crops. The CMO rules are particularly complex and it covers 21 agricultural products/product groups. This regulation has an internal aspect covering market interference and marketing and producer organization rules and an external aspect covering trade with third countries.

The chapter also encompasses legislation on protection of designation of origin and geographical indications and traditional specialties for agricultural products and foodstuffs and control of this protection; rules for organic farming and control and inspection; state aids in agriculture; and establishment and operation of system for farm accountancy data network which is very important tool for formation of CAP.

The implementation, management and control of the Common Agricultural Policy (CAP) require the creation, modification and/or reinforcement of appropriate administrative structures. In some cases, the acquis sets out detailed specifications for the required administrative structures. In many cases the acquis simply uses terms such as the “competent authority” to refer to the administrative structure that is needed. This means that it is left to each Member State to decide which institution is responsible for the effective implementation of the acquis. However, the functions that EU Member States must carry out - through the administrative structures they establish - are clearly specified in the acquis.

4.11.1.2 Chapter structure

- Horizontal issues
- Common market organization
- Rural Development
- Organic Production
- Quality Policies

4.11.1.3 Summary of SAA and EU acquis requirements

According to Article 70 of Stabilisation and Association Agreement, Albania has the obligation to approximate its national law with the EU acquis. Cooperation in the field of agriculture and agro-industrial sector between the Republic of Albania and the European Union is provided in Article 96 of SAA. Article 96 stipulates that the focus should be on priority areas related to the Community acquis in the field of agriculture.

Cooperation shall notably aim at modernizing and restructuring the Albanian agriculture and agro-industrial sector, and at supporting the gradual approximation of Albanian legislation and practices to the Community rules and standards.

Concerning the requirements of European Union legislation, agricultural policies are part of the second set of competences of the European Union. Article 4 of the Treaty on the Functioning of the European Union provides that in this case, the European Union and the Member States shall have the right to adopt legal acts. Member States may exercise their powers if the European Union does not exercise its powers or has decided not to exercise those powers.

The acquis of agriculture and rural development contains a large number of mandatory rules, many of which are directly applicable. Proper implementation of these rules and effective control by an efficient public administration are essential for the functioning of the common agricultural policy. This requires the establishment of a payment agency and payment management and control systems, such as the Integrated Administration and Control System, and the capacity to implement rural development programs. Member States should be able to implement EU legislation on direct farm support schemes and to implement provisions for the common organization of the market in various agricultural products.

The implementation, management and control of the Common Agricultural Policy (CAP) requires the creation, modification and / or strengthening of appropriate administrative structures. In some cases, the acquis provides detailed specifications for the required administrative structures. In many cases, the acquis simply uses terms such as "competent authority" to refer to the administrative structure that is needed. This means that it is up to each

Member State to decide which institution is responsible for the effective implementation of the acquis. However, the functions that EU Member States must perform through the administrative structures they set up are clearly defined in the acquis.

Following the reform of the Common Agriculture Policy, the key elements of the EU legislation are:

- Regulation (EU) No. 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005;
- Regulation (EU) No. 1306/2013 of the European Parliament and of the Council of 17 December 2013;
- Regulation (EU) No. 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No. 637/2008 and Council Regulation (EC) No. 73/2009 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No. 165/94, (EC) No. 2799/98, (EC) No. 814/2000, (EC) No. 1290/2005 and (EC) No. 485/2008;
- Regulation (EU) No. 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No. 922/72, (EEC) No. 234/79, (EC) No. 1037/2001 and (EC) No. 1234/2007;
- Commission Regulation (EC) No. 834/2007 on organic production, labeling of organic products and control;
- Commission Regulation (EC) No 889/2008 of 5 September 2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control;
- Regulation (EU) No. 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs.

4.11.1.4 Current situation in Albania and key achievements

Albania has **some level of preparation** in agriculture and rural development. During the reporting period, there was **some progress** in adopting and implementing the new legal framework for quality policy; ensuring administrative capacities for the implementation of the instrument for pre-accession assistance for the rural development programme (IPARD II). Albania submitted a new measure '*Technical Assistance*' for entrustment.

In the framework of the implementation of the IPARD II Program (2014-2020), 3 calls for applications were made. Under the three calls for applications were submitted a total of 1057 applications with a total grant application requested in the amount of about 222.6 million euros.

The first call for applications

A total of 317 applications were submitted for this call where the total number of contracted projects is 129 projects with a grant value of about 23.1 million Euros and 113 investment projects finished. The contracting process for this call has been completed.

The second call for applications

A total of 371 applications were submitted for this call, out of which there are contracted 188 projects with a grant value of about 31.39 million Euros and 75 fully finished investments.

The third call for applications

A total of 369 applications were submitted for this call and total number of contracted projects is 35. There are still applications in process of administrative control.

The disbursed amount including advance payments (10% - 50%) and investments fully finished for the 3 calls until the end of October 2021 is: 31.1 Million Euro Total Grant, out of which 23.33 million Euro EU Contribution, and 7.77 Million Euro National Contribution.

All calls for application under this program are opened for all citizens (natural and legal persons) who work and operate within the territory of the Republic of Albania in the area of agriculture and rural development.

For all three calls for applications it is noted that the number of applications was beyond the expectations to benefit from grant funds. Thanks to the support of grants from the IPARD II Program, there has been an increase of the capacities of collection facilities and refrigeration rooms; of fruit and vegetable processing lines; agricultural mechanics; greenhouse investments; agro-tourism units; anti-hail nets; slaughterhouse; meat processing investments; aquaculture etc.

After receiving the entrustment for budget implementation tasks for the Technical Assistance measure, in July 2020, the implementation of the activities planned according to the Annual Plan of this measure has started. The following procedures have been realized in implementation of this plan:

- Ex-ante evaluation for the IPARD III Program; and
- IPARD Agency training.

Both operational structures (Managing Authority and IPARD Agency), for the three calls for applications carried out, prepared a series of necessary documents that were presented in the information campaign and published on the websites of MARD and IPARD Agency, such as: guidelines for applicants with all annexes, Action Plan detailing information campaign dates, participation objective, involvement of extension services during information campaigns and other responsibilities to be performed during the implementation of the calls for application, etc.

The information campaigns were implemented by the Managing Authority and the Paying Agency using all national and local media. Information spots were broadcasted on television

providing general information about IPARD II measures, awareness-raising and potential beneficiaries.

National Support Measures for 2021:

Support for registered sheep / goats:	7,737 applications
Beekeeping support:	2,098 applications
Replacement of plastic in greenhouses:	934 applications
Planting of aromatic medicinal plants:	1,177 applications
Organic Agriculture:	123 applications
GAP Global Certification:	26 applications
Machinery equipment line (olive oil, BM and milk)	16 applications
Investments in guesthouses, rural tourism	24 applications
Investments in Agrotourism	18 applications

In total, there were 12,153 applications.

National Support Budget for 2021 is 6.2 million Euros, which covers 3,028 applications out of 12,153. So far the executed budget for National Schemes for 2021 is 86.2% of the total budget. Total disbursed amount is 5.6 million Euros.

In the area of common market organisation, the implementing legislation for the new law on olive oil has been adopted. Two legal acts have been adopted in the olive oil sector which partially aligns the relevant national legislation with the acquis:

- DCM No. 235, dated 21.3.2017 "On the approval of the regulation "On the quality characteristics and criteria of nature of olive oil and olive pomace oil". This DCM defines and updates the characteristics of quality, naturalness and safety for olive oil and olive pomace oil, ensuring a quality product to the final consumer and ensuring fair competition in the market. Relevant limits are set for each characteristic and criterion, in accordance with the Regulation of the European Commission (EEC) No. 2568/91, dated 11 July 1991 "On the characteristics of olive oil and olive residue oil and on the relevant methods of analysis", as well as the COI Standards of 2015 applied for the trade of olive oil and olive oil of olive residues;
- Order no. 512 dated 12.10.2016 "On the establishment and functioning of the permanent commission for the tasting of virgin olive oil". This order determines the composition of the commission, the number of members, institutions and groups to which they should belong, the duties of the chairman and members, as well as through the appendix attached to the order, determines the methods, methods of organoleptic evaluation, vocabulary, infrastructure of the tasting room, elements, supervision of tasters, evaluation sheets.

With regard to organic farming, alignment with the EU legislation continues, where Law 106/2016 "On biological production, labelling of biological products and their control" is adopted and complementation with secondary legislation continues. The Organic Production Commission (CPC) is responsible for approving and supervising the control bodies for the

certification of organic products. Supervision of control bodies, on behalf of the CPC, is carried out by the Food Safety Policy Unit responsible for drafting legislation, registering organic operators and collecting and preparing statistical information on organic production.

In recent years, financial support for organic farming through direct schemes has continued and has been increased, including certified biological farms and in conversion farms.

In relation to quality policies during 2019, the Law No 8/2019 of 26.02.2019 “On quality schemes for agricultural products and foodstuffs”, was adopted. This law establishes the quality schemes and defines the responsible bodies for the recognition and protection of denominations of origin, geographical indications and traditional specialties guaranteed for agricultural products and foodstuff. In implementation of this law are drafted and approved the sublegal acts.

4.11.1.5 List of responsible ministries and institutions

The leading institution for Chapter 11 is the Ministry of Agriculture and Rural Development. The Agricultural and Rural Development Agency (ARDA) is the structure implementing the national support schemes in agriculture and rural development. ARDA is part of the management and operating structures under the IPARD II programme (2014-2020).

Parts of the Inter-Institutional Working Group for Chapter 11 are the following institutions:

- Ministry of Justice (MoJ)
- State Cadastre Agency (SCA)
- Institute of Statistics (INSTAT)
- Ministry of Finance and Economy (MFE)
- Agricultural and Rural Development Agency (ARDA)
- Seed and Seedling Entity
- National Tobacco and Cigars Agency (AKDC)
- Ministry for Europe and Foreign Affairs (MEPJ)
- Ministry of Tourism and Environment, MTM)
- National Agency for Information Society (NAIS)
- General Director of Property Rights (DPPI)
- Agriculture University of Tirana (UBT)

4.11.1.6 Gaps identified and priorities

Gaps identified

In regard to the implementation of the IPARD Programs, the operational structures (Managing Authority and the IPARD Agency) are established and operate in accordance with the

requirements set out in the EU regulations. Despite the achievements so far, continuous strengthening of the capacities of the IPARD authorities is required for the implementation of the new measures within the IPARD Programs.

Regarding the organic farming, under the implementation of the Law No 106/2016 “On biological production, labelling of biological products and their control”, the legal framework has been further developed adopting the rules on:

- Decision of Council of Ministers no. 336, dated 6.6.2018 "On the approval of detailed rules for production, passage, exclusion rules of production and control of biological production of plant and seaweed";
- Order of the Minister of Agriculture and Rural Development, no. 131, dated 28.03. 2018 "On the Approval of the list of products and substances used in organic production";
- Decision of Council of Ministers no. 830, dated 18. 12. 2019 "On the approval of detailed rules for the collection, packaging, transport, storage, labeling, notification of activity and control of biological products";
- Decision of Council of Ministers no. 859, dated 24.12.2019 "On the composition, functioning, organization and tasks of the commission for biological production";
- Decision of Council of Ministers no. 1030, dated 16.12.2020 "On the approval of detailed rules for the production of processed organic animal feed, processed organic food, biological yeast and exclusion rules";

Order of the Minister of Agriculture and Rural Development, no. 288, dated 8.6.2020 "On the Approval of the list of products and substances used in the processing of organic food";

Based on the Law No 8/2019 of 26.02.2019 “On quality schemes for agricultural products and foodstuffs” the following implementation legal acts have been approved:

- Decision of Council of Ministers No. 677 of 16.10.2019 “On the approval of national logo with designation “Traditional Speciality Guarantee” for agricultural products and foodstuffs”;
- Decision of Council of Ministers No. 860 of 24.12.2019 “On functioning, duration, organisation and tasks of Quality Schemes Commission for agricultural products and foodstuffs”;
- Guideline of Minister of Agriculture and Rural Development No. 7 of 21.04.2020 “On the form and content of the register of quality products”;
- Order of Minister of Agriculture and Rural Development No. 299 of 29.07.2020 “On approval of the list of agriculture products for human consumption and foodstuff” in accordance with the scope of application of the law;
- Order of Minister of Agriculture and Rural Development No. 424 of 16.10.2020 “On the form and content of the quality certificate” confirming the compliance of the agricultural and food products with the specifications;
- Order of Minister of Agriculture and Rural Development No. 425 of 16.10.2020 “On the format of application and opposition”.
- Decision of Council of Ministers No. 231 of 19.4.2021 “On composition, functioning, organization and tasks of the Commission for the approval and audit of certification bodies”;

- Decision of Council of Ministers No. 401 of 6.7.2021 “On defining details criteria for the approval and competencies of certification bodies”.

Also, the draft law “On vineyards and fines” has been approved during the meeting of the Council of Ministers on 24 December 2020, and it is under approval process by the Albanian Parliament.

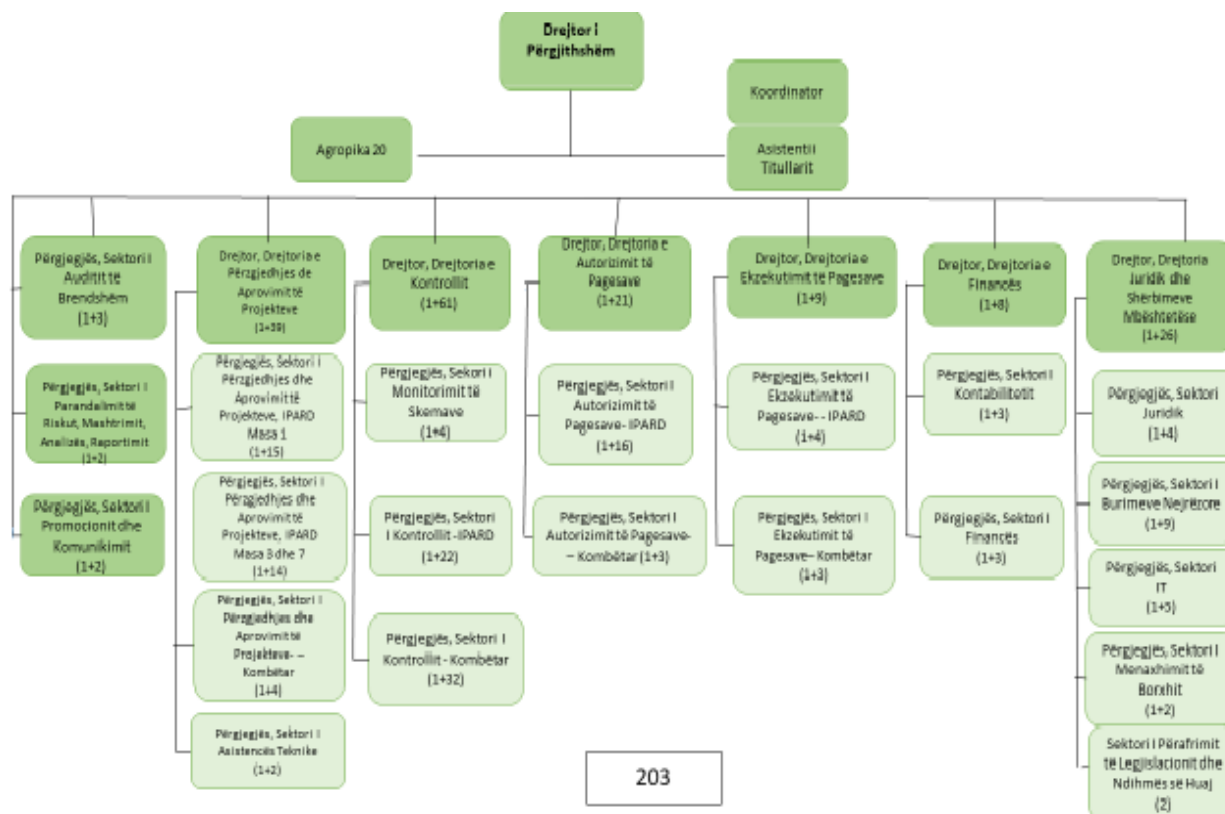
Despite the achievements so far, the completion of the legal basis regarding the quality schemes of agricultural and food products, the law on viticulture and wine, as well as the direct measures according to the CMO are required.

Capacity building of ARDA

A new organizational structure of ARDA was approved through the Prime Minister Order No. 156 of 18.1.2019 “For some changes on the Order No 140 of 17.09.2018 “On the approval of the structure and organizational chart of the Agriculture and Rural Development Agency (Paying Agency)”.

IPARD Agency staff was increased with 14 new IPARD positions, and consequently the total number of the employees became 183, who were employed according to the Law No 152/2013 “On civil servant”. Meanwhile the work-load was revised accordingly for 2020; the structure will be increased with twenty new employees.

The total number of the employees is 203 people.



During 2021, more than 25 training programs/topic are implemented to increase the capacity of existing and recently recruited employee for IPARD II rules and procedure. In these training have participated more than 59 employees. The total training days is 26 days.

In the coming year, Albania has on focus this priorities:

- Development of an Integrated Administration and Control System (IACS), including improvement of the farm and animal register;
- Approval of the implementation plan for the Farm Accounting Data Network (FADN) registries, in order to provide consistent, systematic and certified data;
- Drafting and approval in the European Commission of the IPARD III Program 2021 - 2027;
- Strengthening the administrative capacity necessary for the implementation of IPARD Programs;
- Strengthen cooperation between responsible national authorities to facilitate the successful implementation of the IPARD program;
- Completion of the legal framework for organic products, in line with the new legislation of EU, which will enter in force on 2022;
- Completion of the legal framework for protected designations of origin, geographical indications and traditional specialties guaranteed;

- Completion of the legal framework for the organic products;
- Approving the law on vineyards and wine and drafting of respective sublegal acts;
- Approving the law “On Beekeeping”
- Ensuring the institutional and administrative capacity to implement the legislation.

Other horizontal issues

MARD is in the process of drafting the Cross-cutting Strategy for Agriculture, Rural Development and Fisheries 2021-2027. A Working Group has been set up for this purpose and the Strategic Concept Paper as well as the first draft of the strategy have been prepared, with the assistance of the GIZ project. Thematic working groups with participation and interest groups have been established in the early stages of drafting. The strategy refers to the CAP but does not approximate the legal basis. It is foreseen to be approved by DCM.

CHAPTER 12: FOOD SAFETY, VETERINARY AND PHYTOSANITARY POLICY

4.12.1.1 Content of the chapter

This chapter covers detailed rules in the area of food safety. The general foodstuffs policy sets hygiene rules for foodstuff production. Furthermore, the acquis provides detailed rules in the veterinary field, which are essential for safeguarding animal health, animal welfare and safety of food of animal origin in the internal market. In the phytosanitary field, EU rules cover issues such as quality of seed, plant protection material, harmful organisms and animal nutrition.

4.12.1.2 Chapter structure

- Food safety
- Veterinary policy
- Phytosanitary policy
- Seeds and Seedlings
- Feed
- GMOs

4.12.1.3 Summary of SAA requirements and European Union acquis

According to Article 70 of Stabilisation and Association Agreement, Albania has the obligation to approximate its national law with the EU acquis.

Cooperation in the field of agriculture and agro-industrial sector between the Republic of Albania and the European Union is provided in Article 96 of SAA. Article 96 stipulates that the focus should be on priority areas related to the Community acquis in the field of agriculture. Cooperation shall notably aim at modernizing and restructuring the Albanian agriculture and

agro-industrial sector, and at supporting the gradual approximation of Albanian legislation and practices to the Community rules and standards.

The *acquis* on food safety, veterinary and phytosanitary policies reflects the EU's integrated approach to food safety with a view to ensuring a high level of food safety, animal health, animal welfare and plant health within the European Union through measures coherent from farm to table and adequate monitoring, ensuring the effective functioning of the internal market. The main preconditions for a candidate country in this area are the transposition of EU legislation, as well as its implementation by a well-structured and trained administration.

The *acquis* in this chapter contains a very large number of Regulations, Directives and Decisions.

For the implementation of food safety legislation, the Member State must have the appropriate administrative structures in place to be able to carry out inspection and control of food products including appropriate laboratory capacity. The basic rules are set out in the General Regulation on Foods for Humans and Animals No. 178/2002 on general principles and requirements of food production, processing, labeling, packaging and distribution. In particular, this Act lays down definitions, principles and obligations covering all stages of the production and distribution of food for humans and animals. Fulfilling the traceability requirements for all food for humans and animals, as well as for business operators, are mandatory for implementation. Food safety legislation covers packaging, labeling, marketing, additives, extraction solvents, flavorings, food contact materials, nutritional supplements, mineral water and ionizing radiation, contaminants, new foods, frozen foods, seeds and material quality, products, harmful organisms, plant variety rights, and genetically modified organisms.

In the field of veterinary policies, Regulation No.2016/429 on transmissible animal diseases sets out rules for the prevention and control of animal diseases which are transmissible to animals or humans. These rules provide for the prioritization and categorization of diseases and the definition of animal health establishment responsibilities, early detection, disease notification and reporting, surveillance, eradication programs and disease-free status, disease awareness and preparedness, registration and approval of establishments and carriers, movements and traceability of animals, germ products and products of animal origin, entry of animals, germ products and products of animal origin into the European Union and export of such consignments from the European Union, non-commercial movements of animals as well as emergency measures to be taken in the event of an emergency situation of an illness. These rules aim to ensure the improvement of animal health to support sustainable agricultural and aquaculture production, the effective functioning of the internal market as well as a reduction of adverse effects on animal health, public health and the environment of certain diseases and measures taken for the prevention and control of diseases. Veterinary legislation covers control systems in the internal market, products of animal origin, certification, import control system, border inspection posts, identification and registration of animals of all species and registration of their movement, control measures for animal diseases, animal diseases as well as the trade of live animals and embryos.

The regulation No. 2016/2031 establishes rules for protection against plant parasites to determine the phytosanitary risks posed by any species, type or biotype of pathogenic agents, animals or parasites harmful to plants or plant products ('pests') and measures to reduce their risks at an acceptable level.

Following the reform of the Common Agricultural Policy, the main parts of the EU acquis in the field of Phytosanitary are:

- Commission Implementing Regulation (EU) 2019/2072 of 28 November 2019 establishing uniform conditions for the implementation of Regulation (EU) 2016/2031 of the European Parliament and the Council, as regards protective measures against pests of plants, and repealing Commission Regulation (EC) No 690/2008 and amending Commission Implementing Regulation (EU) 2018/2019.
- Directive 2009/127/EC of The European Parliament and of The Council of 21 October 2009 with regard to machinery for pesticide application.
- Commission Regulation (EU) 2017/269 of 16 February 2017 concerning statistics on pesticides, as regards the list of active substances.
- Commission Implementing Regulation (EU) 540/2011 of 25 May 2011 implementation of Regulation (EC) No. 1107/2009 of the European Parliament and of the Council concerning the approved list of active substances;
- Directive 2009/128/EC of The European Parliament and of The Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides.

Regulation No. 2016/625 on official controls and other official activities carried out to ensure the implementation of the law on food and feed, rules for animal health and welfare, plant health and plant protection products sets the rules for conducting official controls and other official activities by the competent authorities, the financing of official controls, administrative assistance and cooperation between countries for the proper implementation of the rules, the adoption of conditions to be met in relation to animals and goods entering the Union from a third country, creating a computerized information system to manage information and data related to official controls.

These rules apply to official controls carried out to verify compliance with the rules for the implementation of legislation in the fields of safety, integrity and health of food and feed at any stage of production, processing and distribution, intentional release into the environment of organisms genetically modified for the purposes of food and feed production, food and feed safety at every stage of production, processing and distribution of food and feed use, animal health requirements, prevention and minimization of health risks human and animal derivatives derived from animal by-products, animal welfare requirements, protection measures against plant pests, requirements for placing on the market and use of plant protection products and sustainable use of pesticides, organic production and labeling of organic products, use and

labeling of protected designations of origin, protected geographical indications and traditional specialties.

4.12.1.4 Current situation in Albania and main achievements

Albania has reached a certain level of preparation in this area. Albania has made some progress. Albania established the National Authority for Veterinary and Plant Protection. Albania has made some progress on the 2020 recommendations, but they remain valid as further progress is required.

Regarding to food safety in general, the National Food Authority has conducted regular official controls in accordance with the annual risk-based plan.

The National Food Authority carries out official controls at Border Inspection Posts, including products of animal origin, non-animal origin, live animals, veterinary medicinal products, plant propagating planting material and plant protection products. TRACES is used regularly.

In terms of veterinary policies, the government approved the establishment and functioning of the National Authority for Veterinary and Plant Protection. The National Veterinary and Plant Protection Authority directs and coordinates the regional veterinary service. This new institution has made possible the cooperation and closer assessment of the field needs. The increase in the number of veterinarians from 166 in total for 2020 to 531 in 2021 has significantly increased the early identification of the disease and all veterinary measures taken nationwide. Efficient performance and monitoring has also been made possible for veterinary staff, especially those newly recruited. A website is being supported by IPA 2016 "Food Safety Project".

Programs for monitoring brucellosis and tuberculosis in herds of cattle with more than 10 heads have continued during 2020. Vaccination against nodular dermatosis in cattle and brucellosis in small animals overhaul continued during 2020. With the support of EU, completed the first two rabies vaccination campaigns for the period 2020-2022. The third vaccination is expected to take place in November 2021. Nationwide verification and registration of the number of animals in Albania is being implemented and the country has made good progress in the registration and identification of pets and pigs, although this is still ongoing. Also, the reporting of animal diseases and animal movement has been improved.

Regarding the reform in the veterinary sector, the instruction of the Minister of Agriculture and Rural Development No. 17 dated 24.9.2021 "On specific hygiene requirements for meat and meat products, including meat products, minced meat and mechanically separated meat" and Instruction of the Minister of Agriculture and Rural Development no. 18, dated 24.9.2021 "On determining the conditions of live animal markets". Ministerial Order No. 366, dated 9.9.2021

"On carrying out control activities in slaughterhouses and markets", which allows official veterinarians to carry out their activity in markets and slaughterhouses.

On 15.10.2021, the control before and after the slaughter of animals in the slaughterhouse has started by the official veterinarians of the regional veterinary service. The new format of the animal health certificate and other documents reflect the newly organized veterinary service, as well as the new meat seals have been produced, providing a more complete and reliable information on the traceability of the product to the consumer.

Pursuant to the Order of the Minister of Agriculture and Rural Development No. 17 date 24.9.2021, the RUDA system has been installed and accessed in all slaughterhouses. This activity will help in the rapid reflection of data, on a daily basis, in order to close the control of the movement of animals and to take a further step in the traceability of products from animals.

Regarding to the placing on the market of food, feed and animal by-products, the National Residue Monitoring Plan, including veterinary medicinal products, pesticide residues, heavy metals and mycotoxins in live animals and products of animal origin is carried out regularly, in accordance with valid analytical requirements and methods.

The National Food Authority regularly takes samples from establishments exporting fish products, which are analyzed for chemical and microbiological content, including histamines.

The capacity to monitor the maximum level of pesticide residues in products of plant origin has increased. The Institute of Veterinary and Food Safety tests a significant number of chemicals in accordance with the Commission Guidelines on the validity procedures of methods and analytical quality control for analysis of residues and pesticides in food and feed.

Regarding the food safety rules, Albania has continued to make changes to previous national regulatory acts regarding specific hygiene requirements for meat and meat products, milk and dairy products, live and bivalve molluscs and fish and fishery products, to ensure a partial approximation with Regulation (EC) No.2074/2005 of 5 December 2005 laying down implementing measures for certain products under Regulation (EC) No. 853/2004 of the European Parliament and of the Council and on the organization of official controls according to Regulation (EC) No. 854/2004 of the European Parliament and of the Council and Regulation (EC) No. 882/2004 of the European Parliament and of the Council, derogating from Regulation (EC) No. 852/2004 of the European Parliament and of the Council and amending Regulations (EC) No 853/2004 and (EC) No 854/2004 (Text with EEA relevance)

For phytosanitary policy, the Ministry of Agriculture and Rural Development has continued to approve active plant protection substances in line with the Commission Implementing Regulations. Albania signed an agreement with Northern Macedonia on the recognition of phytosanitary certificates. After reforms in this sector, phytosanitary service is also included in the National Authority of Veterinary and Plant Protection (NAVPP) performing tasks related to

monitoring and verifying the phytosanitary condition for all plant pests in the country, overseeing the risk of using plant protection products in products which pose a high risk to human health and the environment, as well as issue phytosanitary certificates for export.

Following the Annual Plan "On the approval of the national plan of official controls based on risk and sampling for food, animal feed, plant protection and agricultural inputs, as well as the sampling plan in the CIP for 2021", the annual plan has been drafted of monitoring pesticide residues in 18 products of plant origin. In the National Monitoring Plan for pesticide residues in fruits and vegetables approved for the period June 2020 - April 2021, compared to 2020, the number of products of plant origin to be monitored has increased from 12 to 18 and the minimum number of samples to be analyzed in 2021 is 1000 samples.

In terms of veterinary policies, the following programs have been developed:

- Anthrax control strategy, No.2189 prot., dated 10.3.2021, provides the vaccination of planned and new outbreaks;
- Order No.200, dated 19.5.2021 "Bovine brucellosis control program", provides the testing of farms with milk production direction with 5 heads and above;
- Order No.163, dated 12.4.2021 "Brucellosis Control Program for small romantics", provides the vaccination of small romantics for overhaul;
- Order No. 377, dated 9.9.2021 "Bovine tuberculosis control program" provides for testing of farms with dairy production direction with 10 heads and above;
- Order No.350, dated 31.8.2021 "Nodular Dermatitis Disease Control Plan" provides the vaccination of overhaul cattle;
- Vaccination of red foxes for rabies;

The Epidemiology and IR Department in cooperation with the system maintenance company is working to improve the RUDA system in relation to the transition from internet explorer to google chrome, for the possibility of opening and using this system anytime and anywhere via ipad, phone, laptop etc. Currently the RUDA system has passed the test server and will be tested for some time in order to verify all the dates that the system has. RUDA will be accessed to export information for establishing the farm register. Also, avian influenza and epizootic disease contingency plans have been revised. Risk-based African swine fever and avian influenza monitoring plans have been prepared.

In order to improve the legal framework and further approximation of Albanian legislation with EU legislation in the field of food safety, veterinary and phytosanitary, with the support of the IPA Project "Support to Food Safety, Veterinary and Phytosanitary Standards" document on the analysis of legal deficiencies have undergone a thorough review. This document has been completed and continues to be updated in accordance with the new acts of the Acquis, acts transposed into Albanian legislation, findings from the preparation of Compliance Tables and the Analysis of Institutional and Administrative Deficiencies. Institutional and Administrative Deficiency Analysis has been prepared in the field of food safety and is in process in the field of veterinary and phytosanitary.

The following acts have been prepared for 2021:

- Ordinance of the Minister of Agriculture and Rural Development No.2, dated 13.1.2021 “On the establishment of detailed rules regarding the standards of marketing and marketing of eggs”, which partially approximates Commission Regulation (EC) No.589/2008 of 23 June 2008 On the establishment of rules detailed implementation of Council Regulation (EC) No.1234/2007 on egg marketing and trading standards”.
- Guideline of the Minister of Agriculture and Rural Development No.3, dated 18.1.2021 “On the approval of the National Plan of Official Risk-Based Controls and Sampling for Food, Animal Feed, Plant Protection and Agricultural Inputs as well as the Sampling Plan at the Inspection Points Border (BIP) for the year 2021 ”.
- Ordinance of the Minister of Agriculture and Rural Development No.11, dated 10.5.2021 “On the maximum level of pesticide residues in fruits, vegetables, fresh and / or processed seeds”. This guidance is based on the European Commission's Pesticide Database on Maximum Residue Levels (MRLs).
- Ordinance of the Minister of Agriculture and Rural Development No.12, dated 1.6.2021 “On the approval of the Plan for Monitoring Pesticide Residues in Products of Plant Origin, in banana, tomato, carrot, cucumber, apple, potato, table grapes, green salad, pepper, spinach, table olives, watermelon, melon, tangerine, cabbage, peach + nectarine, pomegranate and strawberry”.

The following bylaws have been prepared in order to improve the legal framework and further approximation of Albanian legislation with that of the EU in the field of veterinary medicine:

- Order of the Minister of Agriculture and Rural Development No.367, dated 9.9.2021 “On the minimum rules applicable to the protection of poultry for meat production" partially aligned with Council Directive 2007/43 / EC of 28 June 2007 laying down minimum rules for the protection of birds kept for meat production;

The following legislation has been prepared for the control of Lumpy Skin disease and avian influenza.

- Order of the Minister of Agriculture and Rural Development No.163/1, dated 20.4.2021 “On the approval of the contingency plan of Lumpy Skin disease”;
- Order of the Minister of Agriculture and Rural Development No.228, dated 1.6.2021 “On some protective measures against avian influenza with high pathogenicity in birds, which occurs in the Republic of Kosovo”;
- Order of the Minister of Agriculture and Rural Development No.234, dated 2.6.2021 “On the approval of the bird flu contingency plan”;
- Order of the Minister of Agriculture and Rural Development No.241, dated 7.6.2021 "On the approval of the regulation" On taking restrictive measures for the prevention and control of avian influenza in birës”.
- Order of the Minister of Agriculture and Rural Development No.242, dated 8.6.2021 “On the establishment of the national crisis center”.

- Order of the Minister of Agriculture and Rural Development No.261, dated 24.6.2021 “On some additional measures for the prevention and control of avian influenza, at the border inspection points, breeding, movement and trade of birds”.

For the field of phytosanitary in order to improve the legal framework and further approximation of Albanian legislation with EU legislation, the following legal acts have been approved for 2021:

- Order of the Minister of Agriculture and Rural Development No.40, dated 22.1.2021 “On the update of Order No.72, dated 02.03.2017 "On the approval of active substances of plant protection products" prepared on the basis of full approximation of Commission Implementing Regulation (EU) 2020/2101, Commission Implementing Regulation (EU) 2020/2105, Regulation Commission Implementing Regulation (EU) 2020/2007, Commission Implementing Regulation (EU) 2020/2104, Commission Implementing Regulation (EU) 2020/2087.
- Order of the Minister of Agriculture and Rural Development No.169, dated 21.4.2021 “On updating the order No.72, dated 02.03.2017 "On the approval of active substances of plant protection products", prepared on the basis of the full approximation of the Commission. Implementing Regulation (EU) 2021/81, Commission Implementing Regulation (EU) 2021/567, Commission Implementing Regulation (EU) 2021/427, Commission Implementing Regulation (EU) 2021/129, Commission Implementing Regulation (EU) 2021 / 134, Commission Implementing Regulation (EU) 2021/413, Commission Implementing Regulation (EU) 2021/52, Commission Implementing Regulation (EU) 2021/566, Commission Implementing Regulation (EU) 2021/79, Commission Implementing Regulation (EU) 2021/459, Commission Implementing Regulation (EU) 2021/556, Commission Implementing Regulation (EU) 2021/574, Commission Regulation (EU) 2021/383.
- Order of the Minister of Agriculture and Rural Development No.354, dated 2.9.2021 “On the update of Order No.72, dated 02.03.2017 "On the approval of active substances of plant protection products" prepared on the basis of full approximation of Commission Implementing Regulation (EU) 2021/917 dated 7 June 2021, Commission Implementing Regulation (EU) 2021/843 dated 26 May 2021., Commission Implementing Regulation (EU) 2021/853 of 27 May 2021, Commission Implementing Regulation (EU) 2021/1191 of 19 July 2021, Commission Implementing Regulation (EU) 2021/745 of 6 May 2021, Commission Implementing Regulation (EU) 202/726 of 4 May 2021, Commission Implementing Regulation (EU) 2021/795 of 17 May 2021, Commission Implementing Regulation (EU) 2021/1379 of 19 August 2021, Commission Implementing Regulation (EU) 2021/824 of 21 May.
- Decision of the Council of Ministers No.562, dated 29.9.2021 “On some additions and changes to the DCM No.335, dated 6.6.20218 “On the approval of the detailed registration rules and evaluation criteria of plant protection products”. The amendment consists of the complete transposition of EU legislation regarding the withdrawal from the market of PPPs containing active substance which has not been approved. The DCM

amendment provides the legal basis for the preparation of the minister's order for each of them.

In the framework of strengthening the institutional capacities in the field of veterinary medicine, the number of veterinarians has increased from 166 in total for 2020 to 531 in 2021, significantly increasing the early identification of the disease and all veterinary measures taken nationwide.

The National Veterinary and Plant Protection Authority directs and coordinates the regional veterinary service. This new institution has made possible the cooperation and closer assessment of the needs of the field. Efficient conduct and monitoring has also been made possible for veterinary staff, especially those newly recruited.

4.12.1.5 List of responsible ministries and institutions

The leading institution for this chapter is the Ministry of Agriculture and Rural Development (MARD).

MARD is responsible for formulating policies, legislation and strategies on controlling the quality and safety of food products in order to integrate food control as a key function in the protection of consumer health and interests, providing fair competition in the national market and the introduction of food products in the international market.

The Inter institutional Working Group for Chapter 12 is composed of the following institutions:

- National Food Authority (NFA)
- National Authority of Veterinary and Plant Protection (NAVPP)
- Institute of Statistics (INSTAT)
- Ministry of Finance and Economy (MFE)
- Ministry of Tourism and Environment (MTE)
- Institute of Food Safety and Veterinary (ISUV)
- Ministry for Europe and Foreign Affairs (MEFA)
- National Tobacco and Cigars Agency (NTCA)
- Seed and Seedling Entity (SSE)
- Agricultural University of Tirana (AUT)

4.12.1.6 Identified shortcomings and priorities

Through the IPA project “Support to Food Safety, Veterinary and Phytosanitary Standards” the legislative gap analysis table (LGA) has undergone a complete review and continues to be updated in accordance with the results and findings from the preparation of Compliance Tables (ToCs), and Institutional Analysis and Legal Gaps (IAGA) and comparing it with the EU acquis.

Based on the legal gap analysis, the transposition of the acquis of the European Union with the domestic legislation related to official controls, animal health and plant health will be completed in 2023.

The national legislation in this chapter is partially approximated. While in Albania there is already an adequate institutional framework for the implementation of the acquis in this Chapter, some adjustments and strengthening of the administrative capacity of existing institutions are still required.

With regard to food safety, although the National Food Authority conducts regular official controls in accordance with the annual risk-based plan, the development and adoption of an improved risk assessment methodology remains problematic, due to the lack of necessary systems information technology operations that cannot be offset by the existing human resources needed to analyze the data. The quality of inspection statistics, by not limiting it to the number of inspections or measures taken for violations, remains to be improved.

Regarding the legislation in the field of food and feed, as well as in the field of genetically modified organisms, the further legal framework remains to be drafted as well as the approximation with the legislation of the European Union.

The veterinary service reform has not yet been completed, including staffing at all levels and approval of internal operational procedures. It is important to create a structure coherent with the requirements of EU animal health law. This should create the necessary capacity for passive and active surveillance, including reliable estimates of disease spread, through a comprehensive data analysis, planning and implementation of effective disease prevention and/or eradication systems.

The animal register should include more information on other animals, such as pigs, horses, poultry and other animals as mentioned in the relevant EU Animal Health Act.

In the field of phytosanitary, the legal framework on disease and pest control in plants and plant products as well as plant protection products must be completed in accordance with EU normative acts. Their full implementation is very important.

Short-term priorities in the field of food safety include:

- Strengthening the food safety system and control systems;
- Strengthening laboratory capacities in the field of food safety;
- Completion of the legal framework in the field of food and animal feed in relation to foods for special nutritional uses, food additives, implementing rules for the authorization of health declarations, informing consumers about the absence or reduction of gluten in the food, placement of maximum levels of coccidiostats or histomonostat in food resulting from their unavoidable transfer to animal feed, determination of the sampling procedure and methods for the analysis of fast-frozen foods intended for human

consumption, detailed rules on minimum requirements for border inspection posts, production, placing on the market and use of medicated animal feed; the use of lactic acid to eliminate contamination of bovine carcasses, the difference between feed materials, feed additives, biocidal products and PMVs.

- Enforce food safety rules through improved formal controls, including control conditions and controls;
- Adoption of a new risk-based methodology for planning official food safety controls; implementation of official controls according to the updated annual inspection plans based on an improved risk-based methodology for planning official food safety controls;
- Replacement of the annual pesticide residue monitoring plan with a national control plan, based on additional risk factors, including consumption by vulnerable groups as well as pre-consumption processing stages.

Short-term priorities in the field of veterinary include:

- Initiate the drafting of animal health law in line with the European Union acquis in the framework of a consolidated national food safety policy.
- Complete veterinary service reform, including staffing at all levels, and approve internal operational procedures.
- Take full ownership of rabies vaccination campaigns, switching in the future to using its own resources for such vaccination campaigns, in line with the obligations of harmonization with the relevant EU acquis and continuing to implement effectively of rabies vaccination program (2020-2022);
- Include in the animal register more information on other animals, such as pigs, horses, poultry and other animals as mentioned in the relevant EU Animal Health Act.
- Build the necessary capacity for passive and active surveillance, including reliable assessments of disease spread, through a comprehensive data analysis, planning and implementation of effective disease prevention and / or eradication systems.
- Completion of the legal framework on control of animal diseases, animal hygiene and welfare, veterinary controls in accordance with EU normative acts and their full implementation.

Short-term priorities in the field of phytosanitary include:

- Initiate the drafting of a law on plant health in line with the acquis of the European Union in the framework of a consolidated national food safety policy.
- Strengthening laboratory capacities in the field of phytosanitary;
- Registration of professional operators;
- Training and approval of operators for issuing plant passports;
- Monitoring, control and identification of quarantine and non-quarantine pests;
- Strengthening the implementation structures of the phytosanitary service;
- Improve product control for plant protection and consolidate pesticide monitoring capacities in food products;

- Completion of the legal framework on the control of diseases and pests in plants and plant products as well as plant protection products in accordance with EU normative acts and their full implementation.

CHAPTER 13: FISHERY

4.13.1.1 Chapter content

The acquis in this chapter consists of regulations, which do not require transposition into national legislation. However, this requires the introduction of measures to prepare the administration and the operators for the implementation of the Common Fisheries Policy, (CFP) which includes market policy, resource and fleet management, inspection and control, structural measures and state aid control. In some cases, existing fisheries agreements and conventions with third countries or international organisations need to be adapted.

4.13.1.2 Chapter structure

Chapter 13 is not divided into subchapters.

4.13.1.3 Summary of SAA and EU acquis requirements

According to Article 70 of Stabilisation and Association Agreement, Albania has the obligation to approximate its national law with the EU acquis.

The obligation from the Stabilisation and Association Agreement stems from Article 96 of the SAA. The article stipulates the importance of identifying mutually beneficial areas of common interest with the priority related to the EU acquis in fisheries, including the respect of international obligations concerning international and regional fisheries organisation rules of management and conservation of fishery resources.

Concerning the requirements of the European Union legislation, fisheries policies (with the exception of the conservation of marine biological resources) are part of the second set of competences of the European Union. Article 4 of the Treaty on the Functioning of the European Union provides that in this case the European Union and the Member States have the right to adopt legal acts. Member States can exercise their competencies if the European Union does not exercise or has decided not to exercise those competences.

The *acquis* in this chapter consists of regulations, which do not require transposition into national legislation, and requires the introduction of measures to prepare the administration and the operators for the implementation of the Common Fisheries Policy (CFP) rules. The scope, the objectives and the principles of the CFP are laid down in the framework regulation on the Common Fisheries Policy (Council Regulation (EU) No 1380/2013).

The CFP provides rules for the conservation of living aquatic resources, the limitation of the environmental impact of fisheries and the conditions of access to waters and resources. It also comprises a structural policy and specific rules for the management of the fleet capacity, the control of fishing activity and enforcement of its rules. The CFP is based on sound scientific advice and provides a framework for the collection, management and use of fisheries data. Specific management measures for the sustainable exploitation of fisheries in the Mediterranean Sea are laid down in Regulation (EC) No 1967/2006 (Mediterranean Regulation). Specific rules also apply for the management of some stocks, such as the European eel (Regulation 1100/2007).

With regard to resource and fleet management, the *acquis* contains specific rules for the adjustment of fishing capacity in order to seek a balance between fleets and stocks as well as for the measurement of tonnage. Member States are requested to collect and update data related to the fishing capacity in a specific fishing fleet register. Inspection and control are mainly the responsibility of Member States who need to ensure the administrative capacity for effective implementation, while the legal framework has been established at EU level. The *acquis* establishes detailed rules for the registration and reporting of catches and the operation of a satellite-based vessel monitoring system.

Regulation (EU) No 508/2014 lays down provisions for the European Maritime Fisheries Fund (EMFF) and defines financial measures for the implementation of the Common Fisheries Policy, relevant measures relating to the Law of the Sea, the sustainable development of fisheries and aquaculture areas and inland fishing as well as the Integrated Maritime Policy. In order to benefit from the EMFF, EU Member States are required to adopt a strategic document and an Operational programme (OP). Member States should also have the necessary administrative management and control capacity in place in order to ensure a sound and efficient implementation of the OP.

The market policy *acquis* is defined by Regulation (EU) No 1379/2013 of the European Parliament and of the Council and is based on professional organisations, common marketing standards, consumer information, competition rules and market intelligence.

In addition to general state aid rules, the *acquis* contains specific state aid rules applicable to the fisheries and aquaculture sector.

Given its exclusive competence in the field of conservation of marine biological resources, the EU is party to a number of international agreements and organisations. In some cases, existing

fisheries agreements and conventions with third countries or international organisations need to be adapted or denounced prior to accession.

Albania has been harmonising its legal framework and the provisions of national regulations with the provisions of the Common Fisheries Policy (CFP) in order to adequately prepare both the sector and the administration for full discharge of its obligations under the CFP.

The main EU *Acquis*:

- Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000;
- Regulation (EU) No. 1380/2013 of the European Parliament and of the Council of 11 December 2013 on the Common Fisheries Policy, amending Council Regulations (EC) No. 1954/2003 and (EC) No. 1224/2009 and repealing Council Regulations (EC) No. 2371/2002 and (EC) No. 639/2004 and Council Decision 2004/585/EC;
- Regulation (EU) 2017/1004 of the European Parliament and of the Council of 17 May 2017 on the establishment of a Union framework for the collection, management and use of data in the fisheries sector and support for scientific advice regarding the common fisheries policy and repealing Council Regulation (EC) No 199/2008;
- Council Regulation (EC) No 1224/2009 of 20 November 2009 establishing a Community control system for ensuring compliance with the rules of the common fisheries policy, amending Regulations (EC) No 847/96, (EC) No 2371/2002, (EC) No 811/2004, (EC) No 768/2005, (EC) No 2115/2005, (EC) No 2166/2005, (EC) No 388/2006, (EC) No 509/2007, (EC) No 676/2007, (EC) No 1098/2007, (EC) No 1300/2008, (EC) No 1342/2008 and repealing Regulations (EEC) No 2847/93, (EC) No 1627/94 and (EC) No 1966/2006;
- Council Regulation (EC) No 1100/2007 of 18 September 2007 establishing measures for the recovery of the stock of European eel. The purpose of this Order is to lay down the measures to protect and recover the stock of the European eel;
- Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council.

4.13.1.4 Current situation in Albania and key achievements

Albania has some level of preparation in fishing, has made good progress by finalizing the process of reactivation of the vessel monitoring system (VMS) by strengthening the inspection and control capacities to prevent illegal, unreported and unregulated fishing. The government approved the plan of allocated zones for aquaculture in February 2021. However, the licensing of

aquaculture ventures will be based on specifically designated areas following discussions with line ministries.

For the establishment of a functional fish wholesale market and a fish marketing information system the construction of the wholesale fish market in Shengjini was completed. While the wholesale fish market in Vlora is under construction process.

Allocated zones for aquaculture (AZA) are being identified aiming development of a multi-annual national strategic plan for aquaculture development in Albania.

Albania has updated the register of fishing vessels and made progress to improve landing statistics. The system of issuing catch certificates for fishery products is in place.

With regard to international agreements, Albania has continued to participate in the activities of the General Fisheries Commission for the Mediterranean and has fulfilled the recommendations made. In addition, Albania has met all the requirements and recommendations of the International Commission for the Conservation of Atlantic Tuna. Albania has significantly improved reporting to these organizations in line with their requirements.

Albania has prepared and submitted Statlant37A_GFCM_FAO_2018 and Albania008A_2018, reviewing all data captured since 2013. On the other hand, during 2018, Albania submitted all data under GFCM_DCRF-2017 as well as ICCAT - Task I + II (2014 - 2017).

In the framework of fisheries, Albania signed Malta's MedFish4Ever Declaration on the sustainability of fisheries in the Mediterranean (an EU initiative to convert fisheries in the Mediterranean for sustainability and thereby preserve economic growth and jobs) and the Statement of the High Level Craft Fisheries (HL-SSF) conference in September 2018 in Malta.

In order to improve the legal framework and further approximation of Albanian legislation with EU legislation in the field of fisheries, during 2021, the following legal acts are approved:

- Decision of the Council of Ministers No 113 of 17.02.2021 “On the approval of the policy guide document on Allocated Zone for Aquaculture AZA”. This decision of the Council of Ministers was drafted pursuant to Law No. 103/2016 "On Aquaculture", as amended, in order to develop the aquaculture sector in the country;
- Decision of the Council of Ministers No 330 of 2.06.2021 “On an addition to the Decision of the Council of Ministers No 719 of 12.10.2016, “On the management of commercial fishing capacities and some regulations on the functioning of the register of fishing vessels”, as amended. This Decision of the Council of Ministers is partially approximated with Commission Implementing Regulation (EU) 2017/218, of 6 February 2016 “On the Union fishing fleet register”. These amendments determine the minimum information on vessel characteristics and activity, which must appear in the national fishing fleet register;

- Decision of the Council of Ministers No 476 of 30.07.2021 “On some additions and changes to the Decision of the Council of Ministers No 402 of 8.05.2013, “On determining the management measures for the sustainable use of fishery resources in the sea”. This Decision of the Council of Ministers is partially approximated with Regulation (EU) No 1343/2011 of the European Parliament and of the Council of 13 December 2011 on certain provisions for fishing in the GFCM (General Fisheries Commission for the Mediterranean) Agreement area and Regulation (EU) 2019/1241 of the European Parliament and of the Council of 20 June 2019 on the conservation of fisheries resources and the protection of marine ecosystems through technical measures; The decision aims to increase and strengthen management measures for the conservation, management and sustainable use of fishery resources at sea, in line with sustainable economic, environmental and social development.
- Order of the Minister of Agriculture and Rural Development No 255 of 17.06.2021 “On an amendment in Order No 216 of 29.05.2020 “On a multiannual management plan for sustainable demersal fisheries in the Adriatic Sea (geographical subareas 17 and 18)”, Recommendation GFCM/43/2019/5.
- Order of the Minister of Agriculture and Rural Development No 402 of 30.09.2021 “On the approval of the Regulation “On the drafting of a discard plan for certain demersal fisheries in the sea”. This order is partially approximated with Commission Delegated Regulation (EU) No 2017/86 of 20 October 2016 establishing a discard plan for certain demersal fisheries in the Mediterranean Sea”. The order aims to reduce waste by increasing the landing obligation for some forms of demersal sea fishing.
- Regulation of the Ministry of Agriculture and Rural Development No 1 of 19.7.2021 "On the organization and functioning of the Shëngjini market for the trade of fishery products".

4.13.1.5 List of responsible ministries and institutions

The lead institution for Chapter 13 is the Ministry of Agriculture and Rural Development, which is also the coordinating institution of the inter-institutional working group.

The following institutions are part of the inter-institutional Working Group for Chapter 13:

- Institute of Statistics (INSTAT)
- Ministry of Finance and Economy (MFE)
- Ministry of Europe and Foreign Affairs (MEFA)
- National Food Authority (NFA)

4.13.1.6 Gaps identified and priorities

Gaps identified

Albania needs to complement fisheries service staff and establish the necessary administrative capacity of the fisheries sector to implement national policies in line with the EU Common Fisheries Policy (CFP) and international agreements. Despite the establishment of the Directorate of Fisheries and Aquaculture, administrative capacity remains low.

By Decision of the Council of Ministers No 113, of 17.02.2021 “On the approval of the policy guide document on Allocated Zone for Aquaculture AZA in Albania” has been approved the policy guide document on the allocated zone for aquaculture (AZA) in Albania, only for one zone, while it must be approved by DCM for the areas designated for other marine aquaculture, while discussions will continue with other actors involved for approval for other maritime areas.

Priorities

During 2022, Albania aims at these priorities:

- Achieve further compliance of the legal framework with EU rules in the field of fisheries, aquaculture and inland waters;
- Increasing the capacity of the fisheries administration, as well as collecting, processing catch data for drafting fisheries management plans and reporting to regional fisheries management organizations (GFCM);
- Implementation of the National Fisheries Development Strategy;
- Development of appropriate mechanisms for data collection at national level, which should be fully in line with the EU acquis;
- Implement and develop policies for the organization of wholesale and retail fish products markets and promote the improvement of the quality of fish products;
- Further expansion of existing fishing ports, construction of ladders for ship repair and construction of docks for fishing vessels in Vlora, Saranda and Shengjin, in order to increase the readiness of technical indicators for the marine fishing fleet;
- Support for soft loans to fishing operators in order to repair and modernize their fishing vessels, without increasing the fishing effort
- Increasing the level of industrial processing of fishery and aquaculture products, improving their marketing through increasing quality and safety;
- Strengthen inspection, control, monitoring and supervision capacities.

CHAPTER 14: TRANSPORT POLICY

4.14.1.1 Chapter content

EU transport sector legislation aims to improve the functioning of the internal market by promoting safe, efficient and environmentally friendly services. Transport legislation covers the sectors of road, rail, inland waterway, combined transport, air and maritime transport. It deals

with technical and safety standards, social standards, state aid and market liberalization in the context of the internal transport market.

4.14.1.2 Chapter structure

- Road transport
- Railway Transport
- Maritime Transport
- Air Transport
- Combined Transport

4.14.1.3 Summary of SAA and EU acquis requirements

Cooperation between the EU and Albania on transport policy is governed by several articles of the Stabilization and Association Agreement. Article 106 “Transport” provides that the parties, i.e. Albania and the European Union will focus on priority areas related to the EU acquis, with the aim of restructuring and modernizing Albanian modes of transport, improving the free movement of passengers and goods, facilitating market access and transport infrastructure, supporting the development of multimodal infrastructures and connecting to key trans-European networks and achieving operating standards comparable to those of the European Union.

Article 59 of the SAA in relation to Protocol 5 "On land transport" sets out the obligations of the parties with regard to the provision of transport services between the Community and Albania. Article 59 provides that parties shall ensure unlimited transit road traffic based on the effective application of the principle of non-discrimination. In maritime transport, the parties will effectively apply the principle of unrestricted access to the market and traffic on a commercial basis without entering into a cargo sharing agreement with third countries, eliminating all unilateral measures and administrative, technical and administrative barriers and others that may hinder access to maritime transport and guarantee national treatment to the other party's vessels. In air transport, the parties shall agree on the conditions of mutual access to the air transport market.

Article 70 and Article 59 (6) stipulate that Albania will gradually align its legislation with the EU acquis in order to improve its transport system and transport services.

With regard to the requirements of European Union legislation, the policies in Chapter 14 belong to the second set of European Union competences, i.e. the set of competences shared between the European Union and its member states. According to Article 4 of the Treaty on the Functioning of the European Union, both the European Union and the Member States may adopt legal acts in the field of transport. Member States shall exercise their jurisdiction in the event that the European Union does not exercise this jurisdiction or has decided not to exercise that jurisdiction.

The European Union's transport policy aims at sustainable mobility, combining Europe's competitiveness with the well-being of its citizens, thereby contributing to increased security and the strengthening of rights. This is an essential component of Europe 2020, and contributes to the social and territorial cohesion. The objectives of the European Union's transport policy are: to improve the functioning of the internal market by promoting the creation of an integrated, secure, competitive, environmentally friendly, easily accessible and effective transport system that offers a high level of sustainable movement in the European Union, protecting the environment, promoting the standards of work and qualifications for the sector and protecting the safety and health of citizens. The European Union's sustainable transport policy requires an integrated, interoperable and interconnected transport system to meet the economic, social and environmental needs of society.

The European Union's transport policy is governed by Title VI, Articles 90 – 100 of the Treaty on the Functioning of the European Union (TFEU). An important part of the *acquis* consists of mandatory and directly applicable legislation in the form of regulations and decisions. The remainder of the *acquis* in this chapter consists of directives that need to be transposed into the legal system of the Member State.

The *acquis* in this chapter covers road transport, rail transport, inland water transport, combined transport, aviation, maritime transport and satellite navigation.

Parts of the *acquis* in this chapter are covered by the Agreement on the European Common Aviation Area, specifically in Annex I.

4.14.1.4 Current situation in Albania and main achievements

The key strategic document for the transport sector is the Transport Sector Strategy 2016 – 2020, approved by the Decision of Council of Ministers no. 811, dated 16.11.2016 “On the approval of the Transport Sector Strategy and Action Plan 2016 - 2020”. The implementation of this strategic document has been regularly monitored by the Ministry of Infrastructure and Energy and the specific monitoring group for the strategy. The final report for the implementation of the National Transport Strategy is published in the official website of the Ministry of Infrastructure and Energy, https://www.infrastruktura.gov.al/wp-content/uploads/2021/10/4th-Monitoring-Report_May-2021-Transport-Sector-Strategy-final-21.06.2021.pdf.

Other strategic document in the transport sector is "The Second Review of the National Transport Plan (NTP3)", approved by the Order of the Minister of Infrastructure and Energy no. 40, dated 21.01.2020, a document that is being implementing as it is considered as an instrument in the function of the transport policies.

Referring to the complexity and inter-sectorial involvement that requires the road strategy it has been required international specialized assistance for its drafting. In meantime, based on the institutional cooperation framework, MIE and the Ministry of Interior are in continuous coordination to follow up and achieve the same objectives of the previous road safety strategy 2010-2020. Moreover, these two intuitions are implementing the Road Safety Regional Action Plan approved by the Transport Community Treaty (TCT).

In road transport, the work has continued on the approximation of legislation with the EU acquis.

Regarding the implementation of the intelligent systems in the road transport, the Ministry of Infrastructure and Energy has issued the Order No. 185, date 18.6.2020 “On the implementation of the Strategy on applying the intelligent systems in the road transport”.

Regarding the road safety, Directive 2014/45/EU of the European Parliament and of the Council of 3 April 2014 on periodic roadworthiness tests for motor vehicles and their trailers and repealing Directive 2009/40/EC, Number CELEX 32009L0103, Official Journal of the European Union, series L, number 127, date 29.4.2014, page 51–128 was completely approximated with the legal acts approved until the end of 2021; with the Law no. 63/202, date 7.5.2021 “On some additions and amendments to the Law No. 8378, date 22.7.1998 “Road Code of the Republic of Albania”, as amended; via the DCM No. 880, date 24.12.2019, “On some additions and amendments to the DCM No. 153, date 7.4.2000 “On the approval of the Regulation for the implementation of the Road Code of the Republic of Albania”, as amended; and Instruction No. 6 of MIE, date 12.11.2021 “On the roadworthiness tests for motor vehicles”.

Basic legal acts in the road transport sector:

- a. Law No. 8308, date 18.03.1998 “On road transports”, as amended, which is approximated with:
 - o Regulation (EC) No 1071/2009 of the European Parliament and of the Council of 21 October 2009 (Official Journal of the European Union, series L, number 300, date 14.11.2009, page 51-71) establishing common rules concerning the conditions to be complied with to pursue the occupation of road transport operator and repealing Council Directive 96/26/EC;
 - o Regulation (EC) No 1072/2009 of the European Parliament and of the Council of 21 October 2009 on common rules for access to the international road haulage market”, (Official Journal of the European Union, series L, number 300, date 14.11.2009, page. 72), as amended with the Commission Regulation (EU) no. 612/2012, date 09.07.2012, (Official Journal, series L, number 178, date 10.07.2012, page. 5) and Council Regulation (EU) no. 517/2013, date 13.05.2013, (Official Journal, series L, number 158, date 10.06.2013, page. 1);
 - o Regulation (EC) No 1073/2009 of the European Parliament and of the Council of 21 October 2009 on common rules for access to the international market for coach and bus

services (Official Journal of the European Union, series L, number 300, date 14.11.2009, page 72), and amending Regulation (EC) No 561/2006;

- Directive 2010/40/EU of the European Parliament and of the Council of 7 July 2010 on the framework for the deployment of Intelligent Transport Systems in the field of road transport and for interfaces with other modes of transport. (Official Journal of the European Union, series L, number 207, date 6.8.2010, f. 1–13);
- Directive 2006/22/EC of the European Parliament and of the Council of 15 March 2006 on minimum conditions for the implementation of Council Regulations (EEC) No 3820/85 and (EEC) No 3821/85 concerning social legislation relating to road transport activities and repealing Council Directive 88/599/EEC (Official Journal of the European Union, series L, number 102, date 11.4.2006, f. 35);
- Directive 2003/59/EC of the European Parliament and of the Council of 15 July 2003 on the initial qualification and periodic training of drivers of certain road vehicles for the carriage of goods or passengers, amending Council Regulation (EEC) No 3820/85 and Council Directive 91/439/EEC and repealing Council Directive 76/914/EEC, no. CELEX 32003L0059, Official Journal of the European Union, L 226, 10.9.2003, page 4-17.

b) Law No. 118/2012, “On transport of dangerous goods”, was approximated:

- Partially with the Directive 2008/68/EC of the European Parliament and of the Council of 24 September 2008 on the inland transport of dangerous goods, number CELEX 32008L0068, (Official Journal of the European Union, series L, no. 260, date 30.9.2008, page 13-59, repealing the Directive 94/55/EC, 96/49/EC, 96/35/EC and 2000/18/EC).
- Completely with the Council Directive 95/50/EC of 6 October 1995 on uniform procedures for checks on the transport of dangerous goods by road”, number CELEX 31995L0050, (Official Journal of the European Union, series L, no. 249, date 17.10.1995, page 35-40).
- Partially with the Directive 2010/35/EU of the European Parliament and of the Council of 16 June 2010 on transportable pressure equipment and repealing Council Directives 76/767/EEC, 84/525/EEC, 84/526/EEC, 84/527/EEC and 1999/36/EC, no. CELEX 32010L0035, (Official Journal of the European Union, no.165, 30.6.2010, page 1-18).

It is to be mentioned that the Directive 2010/35/EU was completely approximated with the DCM No. 430, date 26.6.2019 “On approval of the technical regulation on main requirements and conformity assessment of transportable pressure equipment”

The basic legal act in the railway transport sector is the Law no. 142/2016 “Railway Code of the Republic of Albania”. This legal act is partially approximated with the Directive (EU) 2012/34 of the European Parliament and of the Council, date 21 November 2012 “On establishing a single European railway area”, Directive (EU) 2016/798 of the European Parliament and of the Council date 11 May 2016 on railway safety, Directive (EU) 2016/797, of the European Parliament and of the Council, date 11 May 2016 “On the interoperability of the rail system within the European Union”; Directive 2007/59/EC of the European Parliament and of the

Council date 23 October 2007, “On the certification of train drivers operating locomotives and trains on the rail system in the Community”, Regulation (EU) 2016/796, of the European Parliament and of the Council, date 11 May 2016, “On the European Union Agency for Railways and repealing Regulation (EC) No. 881/2004”, Regulation (EC) 1370/2007, of the European Parliament and of the Council, date 23 October 2007, “On public passenger transport services by rail and by road and repealing Council Regulations (EEC) No. 1191/69 and 1107/70”, Regulation (EC) No. 1371/2007, of the European Parliament and of the Council, date 23 October 2007, “On rail passengers’ rights and obligations”, etc. Based on this legal act and on the legislation for its implementation in 2022 shall be performed the complete reorganization of the institutional structure of the railway transport sector.

In air transport, the basic legal act is the Law no. 96/2020 “Air Code of the Republic of Albania”. This legal act is partially approximated with the Regulation (EU) 2018/1139 of the European Parliament and of the Council of 4 July 2018 on common rules in the field of civil aviation and establishing a European Union Aviation Safety Agency, and amending Regulations (EC) No 2111/2005, (EC) No 1008/2008, (EU) No 996/2010, (EU) No 376/2014 and Directives 2014/30/EU and 2014/53/EU of the European Parliament and of the Council, and repealing Regulations (EC) No 552/2004 and (EC) No 216/2008 of the European Parliament and of the Council and Council Regulation (EEC) No 3922/91, Regulation (EC) No 1008/2008 of the European Parliament and of the Council of 24 September 2008 on common rules for the operation of air services in the Community, Regulation (EC) No 1070/2009 of the European Parliament and of the Council of 21 October 2009 amending Regulations (EC) No 549/2004, (EC) No 550/2004, (EC) No 551/2004 and (EC) No 552/2004 in order to improve the performance and sustainability of the European aviation system, Regulation (EU) No 996/2010 of the European Parliament and of the Council of 20 October 2010 on the investigation and prevention of accidents and incidents in civil aviation and repealing Directive 94/56/EC, Regulation (EC) No 300/2008 of the European Parliament and of the Council of 11 March 2008 on common rules in the field of civil aviation security and repealing Regulation (EC) No 2320/2002, as amended. Phase I of the Multilateral Agreement on the Establishment of a European Common Aviation Area (ECAA) is being implemented in accordance with the conditions set out in Protocol I to this Agreement. By decision no. 1/2019, 31 July 2019, of the Joint Committee of this Agreement, has been replaced by its Annex I, published in the Official Journal of the European Union, L 211/4, 12.08.2019.

In the maritime transport, the Ministry of Infrastructure and Energy has continued the work to approximate the field legislation. In the maritime transport, the main legal act is the Law no. 9251, date 08.07.2004 “Maritime Code of the Republic of Albania” as amended. In the framework of implementing the Code, legal instruments of IMO and EU legislation have been prepared and approved law no.10109, date 02.04.2009 “On maritime administration of the Republic of Albania”, law 168/2013 “On security in ships and in ports”, which along with the applicable legal bylaws approximates the Regulation (EC) No 725/2004 of the European Parliament and of the Council of 31 March 2004 on enhancing ship and port facility security and the Directive 2005/65/EC of the European Parliament and of the Council of 26 October 2005 on

enhancing ship and port security, number CELEX 32005L0065. DCM no. 13, date 11.1.2017 on approval of the regulation “On port state control in the Republic of Albania” which approximates completely the Directive 2009/16/EC of the European Parliament and of the Council of 23 April 2009 on port State control, CELEX 32009L0016 and Directive 2013/38/EU of the European Parliament and of the Council of 12 August 2013 amending Directive 2009/16/EC, CELEX 320138L0038. Decision of Council of Ministers no. 809, date 16.11.2016 on approval of the regulation “On implementing the International Safety Management Code (ISM Code)”, which approximates completely with the Regulation (EC) No 336/2006 of the European Parliament and of the Council of 15 February 2006 on the implementation of the International Safety Management Code within the Community, CELEX 32006R0336.

During 2021, progress was made in the implementation of the Revised Albanian National Transport Plan (ANTP3) and on drafting the National Transport Strategy and its action plan for 2021-2025. Progress is noted on the extension of the Green Corridors with the EU member states.

It has been approved the implementing legislation on establishing new railway authorities, including Law no. 88/2021 “On establishing the railway security authority”, Law no. 89/2021 “On establishing railway regulatory authority”, Law no. 90/2020 “On allocation of the company “Albanian Railway” sh.a and the Law no. 91/2021 “On establishing, organization, and functioning of the Railway and Maritime Accidents and Incidents National Investigation Authority, which approximates partially with the Directive 2012/34/EU of 21 November 2012, on establishing a single European railway area, Directive (EU) 2016/798 on railway safety (codified), Directive (EU) 2016/797, date 11 May 2016 on the interoperability of the rail system within the European Union.

The Ministry of Infrastructure and Energy in the framework of approximating with the *EU acquis* on maritime transport during 2021 has approximated these directives. Respectively the Directive 2009/21/ EC of the European Parliament and of the Council , 23 April 2009 “On compliance with flag State requirements” approved with the Instruction of the Ministry of Infrastructure and Energy no. 410, date 27.10.2021 “On the approval of the regulation on the organization and functioning of the flag State control in the Republic of Albania”, and the Directive no. 2978/94, date 21 November 1994, “On the implementation of IMO Resolution A.747(18) “On the application of tonnage measurement of ballast spaces in segregated ballast oil tankers”, approved with the Order of the Minister of Infrastructure and Energy, no.412, date 28.10.2021 “On the application of tonnage measurement of ballast spaces in segregated ballast oil tankers”.

In the maritime transport area, in compliance with the measures for the improvement of the ships under Albanian flag in the framework of the Memorandum of Understanding for the Port State Control (Paris MoU), MIE in cooperation with the other institutions and the Permanent Secretariat of TCT has drafted Road Map consisting of 33 measures. In implementing these measures during 2021, it was approved the Instruction of the Minister of Infrastructure and

Energy no. 410, date 27.10.2021 “On the approval of the regulation on the organization and functioning of the flag State control in the Republic of Albania”, which approximates completely with the Directive 2009/21/ EC of the European Parliament and of the Council, 23 April 2009 “On compliance with flag State requirements”.

Albanian air transport legislation is largely in line with the EU acquis. Albania is fulfilling the conditions regarding the completion of the first phase of the Multilateral Agreement on the Establishment of the European Common Aviation Area ECAA, including in national legislation the EU legal framework set out in Annex I to the ECAA, amended by the EC Decision no. 1/2019 of 31st of July, 2019. Referring to the Law no. 96/2020, dated 23.07.2020 “The Air Code of the Republic of Albania”, partially approximated with the European legislation, during 2021 have been approved by the Minister of Infrastructure and Energy the following bylaws:

- Order no. 26, date 18.1.2021 “On approval of the Regulation on defining mutual requirements for the services providers of the Air Traffic Management and Air Navigation, and other functions of the air traffic management network and their supervision”, which approximates completely with the Commission Implementation Regulation (EU) no. 2017/373, date 1 March 2017;
- Order no. 197, date 10.5.2021 “On approval of the regulation “On air transport of dangerous goods in the Republic of Albania” which is in compliance with the Convention on Civil Aviation (ICAO);
- Order no. 296, date 29.7.2021 “On approval of the regulation on aeronautical information services in the Republic of Albania”, which is in compliance with the Annex 15 to the Convention on Civil Aviation (ICAO);
- Order no. 163, date 26.3.2021 “On defining the detailed measures for the implementation of the common basic standards on civil aviation security”, which approximates completely with the Commission Implementing Regulation (EU) 2015/1998, date 5 November 2015.
- Decision of Council of Ministers No. 739, date 3.12.2021 “On organization and functioning of the National Investigation Authority for Civil Aviation Operation Safety and the regulations for the investigation process”, which approximates completely with the Regulation (EU) No 996/2010 of the European Parliament and of the Council of 20 October 2010 on the investigation and prevention of accidents and incidents in civil aviation and repealing Directive 94/56/EC,
- Decision of Council of Ministers No. 821, date 24.12.2021 “On defining basic standards for the civil aviation security by the illegal intervention acts that put in risk the security of Civil Aviation”, which approximates with the Regulation (EC) No 300/2008 of the European Parliament and of the Council of 11 March 2008 on common rules in the field of civil aviation security and repealing Regulation (EC) No 2320/2002, as amended by the Regulation of the Commission (EU) No. 18/2010 date 8 January 2010.

4.14.1.5 List of responsible ministries and institutions

The institutions responsible for Chapter 14, according to Prime Minister Order No. 94 "On the establishment, composition and functioning of the inter-institutional working groups on European Integration" are as follows:

1. Ministry of Infrastructure and Energy;
2. Ministry of Finance and Economy;
3. Albanian Road Authority;
4. Institute of Transport;
5. Albanian Railway JSC;
6. Directorate of Railway Inspection;
7. General Road Transport Services Directorate;
8. General Maritime Directorate;
9. Albanian Maritime Register JSC;
10. Albanian Civil Aviation Authority;
11. Institute of Statistics (INSTAT).

4.14.1.6 Deficiencies and priorities

Despite the good implementation of the road security strategy is necessary the drafting of the new road security strategy. This new strategy should include new measurements regarding the reduction of black spots in the road infrastructure and at in meantime should strength the education and the measures for the implementation of the relevant law in cooperation among all the relevant ministries and institutions. This Strategy should be in conformity with the Action Plan on Transport Community Road Safety. Moreover, the law on the systems of traffic management and road safety should be further improved.

Regarding the transport of dangerous goods should be approved the criteria and procedures of licensing the institutions of the vocational education and instructions for the training and testing program for security advisors. There have been already prepared 4 relevant bylaws and during 2022 shall terminate their inter-institutional consultation.

In the railway transport is already approved the legal framework for the allocation of the Albanian Railway Company and establishing of the new railway institutions for the regulation of the railway transport. The institutional capacities of these institutions shall be strengthened taking into consideration the implementation of the approved legislation, preparation and approval of the legislation in compliance with the acquis. In the railway sector shall continue the efforts to increase the volume of transported goods for the extension of the cross-border railway transport, etc.

In the maritime transport it shall be continued with the implementation of the specific plan of the measures for the improvement of the situation for the ships with the Albanian flag. After the

strengthening of the institutional capacities of the unit for the flag control shall be continued with the further training of the staff and increase of inspections. This shall make possible the continuous improvement of the situations with the Albanian flag ships and the initiation of the procedures for the signing of the Memorandum of Paris for the Port State Control.

A deficiency that shall be completed during 2022 and in continuity is the establishment of the ships monitoring and information system (VTMIS).

In the air transport shall be continued with the further approximation of the legislation. Therefore, it has been completed the conditions provided in Annex 1 of the Multilateral Agreement on the Establishment of the European Common Aviation Area. During 2022 and in continuity it shall be performed the completion of the further conditions of this Agreement.

There are deficiencies even in the implementation of the intelligent systems in transport. This will include the drafting of the strategic documents (except the road transport) and their further implementation through the dedicated action plans.

The Albanian legislation for the passengers` rights is not in complete compliance with the European Union legislation. This is a deficiency to be completed in the future.

The priorities of the Albanian ministries and institutions included in Chapter 14 are:

- Approval of the National Transport Strategy for the period 2021-2025 and its action plan (with its financial implications as per the Medium term Budget Program);
- Preparation and approval of the new Safety Road Strategy in compliance with the Safety Road Action Plan of the Community Transport;
- Implementation of the legislation regarding the railway sector reform in compliance with the Railway Action Plan of the Community Transport and guaranteeing the complete functioning of the railway transport network;
- Acceleration of undertaking real measures for the performance improvement of the vessels under the Albanian flag.

CHAPTER 15: ENERGY

4.15.1.1 Chapter content

Objectives of the EU energy policy include, amongst others, an enhanced competition in energy markets, security and sustainability of energy supplies, consumer protection and empowerment, and environmental protection.

The EU acquis on energy consists of the rules and policies notably regarding the development of electricity, gas, and oil sectors, renewable energies, competition and state aid (including the coal sector), the internal energy market (opening of electricity and gas markets), non-discriminatory access to energy networks, reduction of energy poverty, nuclear safety and radiation protection as well as promotion of renewable energy sources and energy efficiency.

As regards international agreements, Chapter 15 includes the Energy Community Treaty as well as the Energy Charter Treaty and related instruments.

4.15.1.2 Chapter structure

Chapter 15 consists of the following segments:

- security of supply;
- energy market;
- energy efficiency and renewable energy sources;
- nuclear safety and radiation protection

4.15.1.3 Summary of SAA and EU acquis requirements

The SAA's requirements in the energy sector are stipulated in Article 107 thereof, which provides that energy cooperation shall focus on priority areas related to the EU acquis in the field of energy, including nuclear safety aspects as appropriate. Cooperation in the energy sector shall reflect the principles of the market economy and it shall be based on the signed regional Energy Community Treaty with a view to the gradual integration of Albania into Europe's energy markets. Therefore, priorities for Albania's legal and regulatory approximation with the EU acquis on energy clearly stem from the Energy Community acquis, i.e., those EU legal acts, which are adapted and incorporated for the Energy Community pursuant to the Energy Community Treaty.

In addition, Article 17(2) of the SAA stipulates that trade in products covered by the Treaty establishing the European Atomic Energy Community shall be conducted in accordance with the provisions of that Treaty. Article 70 of the SAA further establishes that Albania shall approximate gradually its legislation with the EU acquis aiming to improve, inter alia, its energy sector.

Regarding the EU acquis requirements, policies under Chapter 15 fall into Group II of the EU's competences, i.e., shared competences (Article 4 of the TFEU): the EU and EU countries are able to legislate and adopt legally binding acts. EU countries exercise their own competence where the EU does not exercise, or has decided not to exercise, its own competence.

4.15.1.4 Current situation in Albania and key achievements

General remarks

The main policy document in Albania's energy sector is the National Energy Strategy 2018–2030, as approved by the Council of Ministers (hereinafter – “CoM”) Decision No 480 of 31.07.2018. The Strategy is in line with national efforts to support the country's economic development and to meet its commitments under the SAA, the Energy Community Treaty, and other international agreements. The Strategy focuses on enhanced security of energy supply and minimised environmental impacts at affordable costs for Albanian citizens and all sectors of the economy.

Albania is moderately prepared in the energy sector for accession to the EU. During the last several years, a notable progress was reached in approximation of the rules regulating electricity and gas sectors as well as cross-border energy exchanges. Activities further continued in order to guarantee the economic sustainability of the electricity and gas sector and on implementation of the respective sectoral legislation. Implementation of soft organisational measures pursued and good progress has been made with the establishment of the power exchange responsible for the operation of the organised day-ahead and intraday electricity market.

Security of supply

Albania's national legislation regulating the security of energy supply is partially in compliance with the EU acquis on energy.

Law No 7746 of 28.07.1993 “On hydrocarbons (exploration and production)”, as amended, is partially approximated with **Directive 94/22/EC**.²⁶ Law No 7746 defines the basis on which the activity of exploration and production of hydrocarbons in Albania is carried out. It sets out the procedures to be followed for concluding hydrocarbon agreements for the exploration, development, and production of hydrocarbons, including – as a condition guaranteeing national security – in the event of the conclusion or transfer of hydrocarbon agreement quotas. The Law also sets out the basic principles that each hydrocarbon deal must have.

For the development of natural gas infrastructure, the Development Plan of the Natural Gas Sector in Albania – the so-called Gas Master Plan – was approved by CoM Decision No 87 of 14.02.2018.²⁷ The Gas Master Plan defines the main lines for the development of the gas market and services in Albania based on natural gas supplied through the Trans Adriatic Pipeline (TAP), but also taking into account potential gas sources discovered and concretised in the country and

²⁶ Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorizations for the prospecting, exploration and production of hydrocarbons.

²⁷ CoM Decision No 87 of 14.02.2018 “On the approval of the Development Plan of the Natural Gas Sector in Albania and the identification of priority projects”.

gas supplies through other potential pipelines – the Ionian Adriatic Pipeline (IAP Project) and the Albania-Kosovo pipeline (ALKOGAP Project).

Law No 8450 of 24.02.1999 “On the processing, transportation and marketing of oil, gas and their by-products”, as amended, remains in force and stipulates the obligation to maintain a security reserve for oil and petroleum by-products for 90 days starting from 2010. The Law is only episodically aligned with **Directive 2009/119/EC**²⁸ and, as reported by the Energy Community Secretariat, the current oil stockholding system in Albania is not compliant therewith. The Draft Law “On the establishment, maintenance, and management of security minimum stocks of crude oil and petroleum products” is being developed and discussed with the stakeholders, but there is no tangible progress reached towards its adoption.

Security of supply provisions stemming from **Directive 2004/67/EC**,²⁹ as regards gas supply, and **Directive 2005/89/EC**,³⁰ as regards electricity supply, are to a large extent transposed to Albania’s national legislation by Law No 102/2015 of 23.09.2015 “On the natural gas sector” and Law No 43/2015 of 30.04.2015 “On the electricity sector”, respectively, and their implementing regulations (bylaws) dealing with security of supply measures.

Energy market

Albania’s national legislation regulating relations in electricity and gas markets is largely in compliance with the EU acquis on energy.

Law No 43/2015 of 30.04.2015 “On the electricity sector”, as amended, was developed and adopted in compliance with **Directive 2009/72/EC**³¹ and **Regulation (EC) No 714/2009**.³² Based on this Law, the Electricity Market Model was approved by CoM Decision No 519 of 13.07.2016,³³ which is seen as the concluding step towards the development of a fully competitive electricity market in Albania pursuant to its commitments under the Energy Community Treaty.

Energy market

²⁸ Council Directive 2009/119/EC of 14 September 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products.

²⁹ Council Directive 2004/67/EC of 26 April 2004 concerning measures to safeguard security of natural gas supply.

³⁰ Directive 2005/89/EC of the European Parliament and of the Council of 18 January 2006 concerning measures to safeguard security of electricity supply and infrastructure investment.

³¹ Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC.

³² Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003.

³³ CoM Decision No 519 of 13.07.2016 “On the approval of the Electricity Market Model”.

In line with the requirements of Law No 43/2015 and the Electricity Market Model, the Albanian Energy Regulatory Authority (hereinafter – “ERE”) adopted the Electricity Market Rules (Decision No 214 of 28.12.2016), which govern the organised day-ahead and intraday electricity market, and the Electricity Balancing Market Rules (Decision No 106 of 02.07.2020), which require from the electricity transmission system operator OST Sh.A to secure balancing services through a competitive market-based process. The electricity balancing market was launched in April 2021, while the day-ahead and intraday electricity market is expected to become operational during the year 2022.

Based on Law No 43/2015 and its subsequent amendments, requirements for submission and publication of data in electricity markets pursuant to Regulation (EU) No 543/2013³⁴ is transposed to Albania’s national legislation and the electricity transmission system operator OST Sh.A has started publishing data on the ENTSO-E Transparency Platform.

All three electricity Network Codes on network connections applicable in the Energy Community – Regulation (EU) 2016/631,³⁵ Regulation (EU) 2016/1388,³⁶ and Regulation (EU) 2016/1447³⁷ – were transposed by ERE in 2018. However, as reported by the Energy Community Secretariat, their full implementation is yet to be completed.

Law No 102/2015 of 23.09.2015 “On the natural gas sector”, as amended, is fully aligned with Directive 2009/73/EC³⁸ and Regulation (EC) No 715/2009.³⁹ Pursuant to this Law, the Natural Gas Market Model was approved by CoM Decision No 590 of 09.10.2018,⁴⁰ which is an important step towards the development of the gas market in Albania by guaranteeing a fully competitive gas market in line with the obligations under the Energy Community Treaty.

Based on Law No 102/2015, ERE transposed to the national legislation all four gas Network Codes adapted and incorporated for the Energy Community, i.e.: Regulation (EU) 312/2014,⁴¹ Regulation (EU) 2015/703,⁴² Regulation (EU) 2017/459,⁴³ and Regulation (EU) 2017/460.⁴⁴

³⁴ Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council.

³⁵ Commission Regulation (EU) 2016/631 of 14 April 2016 establishing a network code on requirements for grid connection of generators.

³⁶ Commission Regulation (EU) 2016/1388 of 17 August 2016 establishing a Network Code on Demand Connection.

³⁷ Commission Regulation (EU) 2016/1447 of 26 August 2016 establishing a network code on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules.

³⁸ Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC.

³⁹ Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005.

⁴⁰ CoM Decision No 590 of 09.10.2018 “On the approval of the Natural Gas Market Model”.

⁴¹ Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks.

⁴² Commission Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules.

The major gap in approximation of Albania's national law with the EU acquis related to energy markets is the missing transposition and implementation of wholesale energy market integrity and transparency rules stemming from Regulation (EU) 1227/2011,⁴⁵ the so-called REMIT, as adapted for the Energy Community under Decision 2018/10/MC-EnC⁴⁶ resulting in the so-called "REMIT Light" regulatory model. The necessary primary and secondary legislation for transposition and implementation of "REMIT Light" in Albania should be elaborated, aligned, and adopted as a priority legislative measure.

Energy efficiency and renewable energy sources

Law No 124/2015 of 12.11.2015 "On energy efficiency", as amended, is largely in compliance **Directive 2012/27/EU**,⁴⁷ especially as a result of its amendments adopted in 2021. This Law aims at establishing and implementing Albania's national policies and regulations to promote and improve the efficient use of energy, and sets the relevant mandatory targets for the public, private sector, and large consumers. As required by Law No 124/2015, the CoM established the Agency for Energy Efficiency as an institution responsible for implementing policies and promoting energy efficiency measures.⁴⁸

Amendments to Law No 124/2015, as introduced by Law No 28/2021 of 08.03.2021, consist of further approximation of energy efficiency regulations with Directive 2012/27/EC and contain provisions requiring the alignment and harmonisation of national and local Energy Efficiency Action Plans with the National Energy and Climate Plan, introduction of energy efficiency obligation schemes, improvement of energy efficiency in buildings where the governmental buildings are expected to play an exemplary role, provisions on energy consumption data, etc.

Law No 116/2016 of 10.11.2016 "On the energy performance of buildings" is largely in line with **Directive 2010/31/EU**.⁴⁹ This Law regulates the improvement of the energy performance of buildings, taking into account the local climate conditions, the levels of internal comfort of a building and also the cost effectiveness for the construction of new buildings and the reconstruction of existing ones.

⁴³ Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013.

⁴⁴ Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas.

⁴⁵ Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency.

⁴⁶ Decision 2018/10/MC-EnC of the Ministerial Council of the Energy Community of 29 November 2018 implementing Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency.

⁴⁷ Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC.

⁴⁸ CoM Decision No 85 of 07.12.2016 "On the establishment and manner of organization and functioning of the Agency for Energy Efficiency".

⁴⁹ Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings.

Pursuant to Law No 116/2016, the CoM has approved a set of implementing regulations, which further specify the measures and procedures for enhanced energy performance of buildings and also cures the previous gap of missing bylaws to practically implement the Law. In particular, the CoM adopted the following decisions:

- Decision No 537 of 08.07.2020 “On approval of the minimum energy performance requirements of buildings and building elements”;
- Decision No 256 of 27.03.2020 “On the methodology for calculating the optimal cost levels for the minimum energy performance requirements of buildings, units and elements of buildings”;
- Decision No 958 of 02.12.2020 “On the procedures and conditions of the energy performance certification of buildings and the model, content, conditions of registration of the “Certificate of energy performance” of the respective buildings;
- Decision No 954 of 25.11.2020 “On the criteria and procedures for the manner of selection and the number of certificates to be verified, as well as the process of supervising the energy performance certificates of buildings”;
- Decision No 1094 of 24.12.2020 “On approval of the national methodology for calculation of energy performance in buildings”.

The Council of Ministers in December 2021 has approved the National Integration and Climate Plan of the Council in Recommendation 2018/1 / MC-EnC-EnC and in the regulation with Regulation (EU) 2018/1999, which provides for energy efficiency targets and measures..

On the other hand, national transposition and implementation of energy labelling regulations in Albania is lagging behind. This refers to **Regulation (EU) 2017/1369**⁵⁰ and corresponding **Delegated Regulations** pursuant to the Energy Community’s adaptations of 2014⁵¹ and 2018.⁵² The Energy Community Secretariat emphasises its detected compliance issues and the lack of progress of the necessary transposition and implementation. Curing this gap in approximation of Albania’s national law with the EU’s energy labelling rules is seen as one of the key priorities for the upcoming period. Law No 7/2017 of 02.02.2017 “On the promotion of the use of energy from renewable sources”, as amended, aims at promoting the use of energy from renewable energy sources in Albania and is largely in line with **Directive 2009/28/EC**.⁵³ A number of

⁵⁰ Regulation (EU) 2017/1369 of the European Parliament and of the Council of 4 July 2017 setting a framework for energy labelling and repealing Directive 2010/30/EU.

⁵¹ Decision 2014/03/MC-EnC of the Ministerial Council of the Energy Community of 23 September 2014 adapting certain Delegated Regulations on energy related products.

⁵² Decision 2018/3/MC-EnC of the Ministerial Council of the Energy Community of 29 November 2018 adapting and implementing Regulation (EU) 2017/1369 of the European Parliament and of the Council setting a framework for energy labelling, and certain Delegated Regulations on energy-related products.

⁵³ Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC.

secondary legislation acts is still missing to fully implement the Law in compliance with the EU acquis.

On the other hand, Law No 9876 of 14.02.2008 “On the production, transport and marketing of biofuels and other renewable fuels for transport”, as amended, is outdated and does not comply with Directive 2008/28/EC. As reported by the Energy Community Secretariat, provisions related to the sustainability of biofuels are still not transposed and the legal framework remains completely non-compliant with the Directive. Recast Law No 9876 is in need to ensure Albania’s compliance with the EU acquis on renewable energy in transport.

Based on the Consolidated National Action Plan for Renewable Energy (NREAP) for 2019–2020,⁵⁴ as amended which determines an extension of NCREAP (2019-2020) until 2021 and envisaged an average increase of electricity generators from renewable sources in the amount of 738 MW of which: hydropower – 57 MW, solar energy (photovoltaics) – 490 MW, wind energy – 150 MW, and energy from waste – 41 MW, as required under Article 22 of Directive 2008/28/EC, Albania regularly informs the Energy Community Secretariat on the implementation of NREAP and submits its renewable energy progress reports.

Also, with the goal to promote the use of electricity from renewable sources, and namely to incentivise electricity production from solar and wind energy, the CoM approved the scheme for competitive development of renewable energy generation and corresponding support measures.⁵⁵ Following this scheme, two competitive auctions for construction of new photovoltaic generation capacities with a total installed capacity of 240 MW have been successfully completed and is announced a new auction for Eolic plants of 70-150 MW.

Albania has made some progress in electricity market reforms and interconnection reform measures, in the renewable and gas sources sectors and in regional interconnection lines, as well as in the transition from exclusive and hydropower generation to renewable energy sources such as photovoltaic and wind. Such efforts should be pursued further given its commitments under the Paris Agreement on Climate Change and the need to engage in clean energy transition in line with the Green Agenda for the Western Balkans, as adopted by the Summit of the Sofia in November 2020.

Nuclear safety and radiation protection

The Albanian policy framework in radiation protection includes three policy documents:

- Policy for safe management of radioactive waste in the Republic of Albania, prepared as Document No 1319/3 of 25.03.2013 of the Commission for Radiation Protection;

⁵⁴ CoM Decision No 508 of 28.08.2019 “On approval of the Consolidated National Action Plan for Renewable Energy for 2019-2020” amended with DCM no. 64, dated 3.2.2021 “For a change in the decision no. 580, dated 28.8.2019, of the Council of Ministers”.

⁵⁵ CoM Decision No 349 of 12.06.2018 “On the approval of support measures to promote the use of electricity from renewable sources of sun and wind, as well as procedures for the selection of projects for their benefit”.

- Order of the Minister of Health No 435 of 14.10.2015 “On approval of the document “Strategic steps for safe management of radioactive waste in the Republic of Albania”. The document is valid for the period 2017–2030 defining the measures to be taken for the safe management of radioactive waste in Albania;
- Order of the Minister of Health No 434 of 14.10.2015 “On approval of the document “Education and training for protection and safety from ionising radiation” and of the steps for its implementation”, which defines the measures for training of personnel dealing with radioactive materials.

Law No 8025 of 09.11.1995 “On protection from ionising radiation”, as amended, is partially in compliance with **Directive 2013/59/Euratom**,⁵⁶ whereas further approximation with the Euratom acquis and implementation of Law No 8025 is ensured by the following CoM Decisions:

- Decision No 8 of 07.01.2010 “On approval of the Regulation on safe management of radioactive waste in Albania”;
- Decision No 9 of 07.01.2010 “On approval of the Regulation on the categorization of radioactive sources in the Republic of Albania”;
- Decision No 10 of 07.01.2010 “On approval of the Regulation on licensing and inspection of activities with ionising radiation”;
- Decision No 877 of 30.10.2015 “On approval of the regulation on physical protection of radioactive materials”;
- Decision No 957 of 25.11.2015 “On approval of the regulation on the levels of internal radon concentration and radioactive concentration in goods, in order to protect the public”;
- Decision No 638 of 07.09.2016 “On approval of the Regulation on safe management of radioactive waste in the Republic of Albania”;
- Decision No 815 of 16.11.2016 “On approval of the Regulation on safe transport of radioactive materials”;
- Decision No 700 of 21.11.2018 “On approval of the regulation “On preparation and response in case of radiological emergency for the protection of employees and the public”;
- Decision No 801 of 11.12.2019 “On approval of the regulation “On protection of the public and employees professionally exposed to ionising radiation, and safety against medical exposures with ionising radiation sources”.

In addition, in the area of nuclear safety and radiation protection, Albania has ratified the following international conventions:

⁵⁶ Council Directive 2013/59/Euratom of 5 December 2013 laying down basic safety standards for protection against the dangers arising from exposure to ionising radiation, and repealing Directives 89/618/Euratom, 90/641/Euratom, 96/29/Euratom, 97/43/Euratom and 2003/122/Euratom.

- Joint Convention on the Safety of Used Fuels and on the Safety of Radioactive Waste Management ratified by Law No 10379 of 24.02.2011 “On the accession of the Republic of Albania to the Joint Convention “On the safety of management of consumed fuel and on the safety of management of radioactive waste” (entered into force on 27.09.2011);
- Nuclear Safety Convention ratified by Law No 10380 of 24.02.2011 “On the accession of the Republic of Albania to the Convention on Nuclear Safety” (entered into force on 27.09.2011);
- Convention on the Physical Protection of Nuclear Materials ratified by Law No 8853 of 31.01.2002 “On the accession of the Republic of Albania to the Convention for the Physical Protection of Nuclear Materials” (entered into force on 04.04.2002). Amendments to the Convention on the Physical Protection of Nuclear Materials ratified by Law No 88/2013 of 21.02.2013 “On the ratification of amendments to the Convention on the Physical Protection of Nuclear Materials” (entered into force on 06.03.2013);
- Convention on the Early Notification of a Nuclear Accident ratified by Law No 9026 of 13.03.2003 “On the accession of the Republic of Albania to the Convention on the Early Notification of a Nuclear Accident” (entered into force on 30.10.2003);
- Convention on Assistance in Case of a Nuclear Accident or Radiological Emergencies ratified by Law No 9015 of 20.02.2003 “On the accession of the Republic of Albania to the Convention on Assistance in Case of Nuclear Accident or Radiological Emergency” (entered into force on 31.05.2003);
- Convention on Additional Protocol ratified by Law No 10314 of 16.09.2010 “On the ratification of the Additional Protocol between the Republic of Albania and the International Atomic Energy Agency for the implementation of guarantees for all nuclear activities in Albania” (entered into force on 3.11.2010).

4.15.1.5 List of responsible ministries and institutions

The following ministries and other institutions are in charge with decision-making powers in the energy sector with their specific competences prescribed by law:

- Ministry of Infrastructure and Energy;
- Ministry of Health and Social Protection;
- Energy Regulatory Authority (ERE);
- National Nuclear Agency;
- Office of Radiation Protection;
- National Agency of Natural Resources;
- Agency for Energy Efficiency;
- State Technical and Industrial Inspectorate.

The following other stakeholders are assigned with specific responsibilities in the energy sector:

- electricity transmission system operator OST Sh.A;
- electricity holding OSHEE Sh.A;

- Albanian Power Exchange (NEMO);
- combined gas transmission and distribution operator Albgaz Sh.A.

4.15.1.6 Identified gaps and priorities

Priorities

The following priorities are indicated within the scope of Chapter 15:

Security of supply:

- Finalisation and adoption of the draft Law “On the establishment, maintenance, and management of security minimum stocks of crude oil and petroleum products” to ensure full approximation with Directive 2009/119/EC as regards oil stockholding system.

Energy market:

- Liberalization of energy market and the security of supply.
- Finalisation of the functional unbundling of the electricity distribution system operator and improvement of electricity supplier switching rules.
- Development and adoption of necessary secondary legislation acts implementing Law No 43/2015 of 30.04.2015 “On the electricity sector” .
- Launching the organised day-ahead and intraday electricity market and implementation of the electricity market coupling with Kosovo, including designation of NEMO.

Energy efficiency and renewable energy sources:

- Finalisation and adoption of the integrated National Energy and Climate Plan (2022–2030) within 2021 with the goal of harmonisation of Albania’s national targets for reduction of greenhouse gas emissions, development in the use of renewable energy source, and enhanced energy efficiency.
- Update of the National Energy Efficiency Action Plan and development of respective local

Energy Efficiency Action Plans.

- Finalisation of national transposition and implementation of Directive 2018/28/EC encompassing (i) completion and adoption of the primary legal basis for the use of renewable energy in transport (biofuels), and (ii) development and adoption of the remaining bylaws implementing Law No 7/2017 of 02.02.2017 “On the promotion of the use of energy from renewable sources”.
- Update of the National Renewable Energy Action Plan.

Other relevant EU acquis

- Full national transposition and implementation of Regulation (EU) No 347/2013 on guidelines for trans-European energy infrastructure with the focus on ongoing developments of Albania's strategic electricity and gas infrastructure projects.

Shortcomings

The key national institutional and administrative structures for implementing Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources have not been established yet. Adoption of the remaining bylaws implementing Law No 7/2017 of 02.02.2017 "On the promotion of the use of energy from renewable sources", Based on the DoCM no.275, date 16.05.2018, until the establishment of the REO those functions shall be performed by the Distribution System Operator (OSHEE). The functions of the Agency responsible for renewable energy sources actually are held by the National Agency for Natural Sources.

EEA remains a relatively new institution, therefore the training of the staff and the strengthening of their capacities to go further with the implementation of energy efficiency measures.

According to the early provisions based on the Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products, which is not part yet of the Energy Community acquis, is excluded as it is not seen as an utmost priority of transposition anymore. Though it is deemed to be a prudent solution to develop national ecodesign legislation in parallel to energy labelling regulations.

Finalize the recommendations of the Energy Community Secretariat for the functional division of the electricity distribution system operator by appointing a compliance officer, who will monitor the implementation of the DSO compliance program, approved by the Energy Regulatory Entity (ERE) in December 2020.

CHAPTER 16: TAXATION

4.16.1.1 Chapter Content

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

4.16.1.2 Chapter structure

- Indirect taxation: Value Added Tax and excise duties
- Direct taxation

- Administrative cooperation and mutual assistance

4.16.1.3 Summary of SAA and EU *acquis* requirements

Article 98 of the Stabilization and Association Agreement stipulates that Albania and the EU will establish cooperation in the field of taxation. This cooperation includes measures aimed at strengthening further reforms in the fiscal system and restructuring the tax administration, in order to ensure efficiency in tax collection and the fight against tax evasion. Furthermore, this cooperation should take into account the priority areas related to the EU *acquis* in the field of taxation and the fight against harmful tax competition. In this regard, Albania and the EU recognize the importance of improving transparency and the exchange of information between the Member States of the European Union and Albania, in order to facilitate the implementation of measures to prevent tax evasion or evasion. Also, this article requires consultations between Albania and the EU Member States, in order to eliminate harmful tax competition between them, to ensure an equal level in terms of business tax.

The *acquis* regarding taxes extensively covers the area of indirect taxation, which includes Value Added Tax (VAT) and excise duties. It sets out the implementation scope, definitions and principles of VAT. Excise duties on tobacco products, alcoholic beverages and energy products are also subject to European Union (EU) legislation. As far, direct taxes are concerned; the *acquis* covers some aspects of individual income tax and corporate tax.

The *acquis* in the area of direct taxation deals with certain aspects of profit tax and the avoidance of double taxation. The focus is on eliminating irregularities in cross-border economic activities between enterprises within the Union. The Business Taxation Code of Conduct represents a political commitment by Member States to address harmful tax competition. Member States are obliged not to introduce new harmful tax measures and restore existing ones.

EU legislation in the field of administrative cooperation and mutual assistance between the tax and customs authorities of the Member States provides means to information exchanges with a view to preventing and avoiding tax evasion and assisting in the implementation of customs legislation. Certain tax and customs information is automatically exchanged; other information is exchanged spontaneously or upon request.

Acquis in the field of operational capacity and computerization covers various areas of taxation. The *acquis* on Information Exchange System on Value Added (IESVA) provides direct electronic exchange of data between national VAT administrations. This allows national administrations to monitor and control trade within the EU and detect possible irregularities. On excise duties, the *acquis* requires IT systems to allow Member States to exchange information on excise producers and traders. Such systems are the European Register of Operators (Excise Data Exchange System - SEED) and the Central Services Monitoring System / Excise Information Management System (CS / MISE). Movements of excise goods under suspension regime are

monitored within the EU through the Electronic Excise Movement and Control System (EMCS). In the area of direct taxation, Member States should set up an automatic information exchange system for five categories of income and capital (employment income, directors' fees, pensions, life insurance products and income ownership from immovable property (dividends, capital gains, other income generated in respect of assets held in a financial account, any amounts related to whether a financial institution is a obligator or debtor (including repayment payments, account balances) through standard computerized forms.

4.16.1.4 Current situation in Albania and key achievements

Albania is **moderately prepared** in the field of taxation. **Some progress** has been made, in particular with the partial alignment with the Merger Directive, the reduction of the stock of liabilities in VAT refunds the automatic exchange of financial account information.

For **indirect taxes**, the standard VAT rate is 20% and the reduced rates are 6% and 10%. However, there is a further increase in the number of exemptions for both yachts and watercraft not older than 20 years. The easing of risk criteria in April 2020 and simplified procedures resulted in faster VAT refund payments. As of April 2020, the quarterly VAT refund stock is published regularly. By March 2021, the stock was reduced to 48.5 million euros, compared to 93.3 million euros in December 2019 and 137 million euros in December 2018. As of January 2021, in response to the impact of COVID-19, only taxpayers with annual turnover over 81 750 euros (the previous threshold was 16 350 euros) are subject to VAT and those with an annual turnover over 40 870 euros can choose if they want to be subject to VAT. The excise law taxes all energy products listed in Directive 2003/96 / EC.

With law No. 85/2019, dated 18.12.2019 “On some changes and additions to Law No. 92/2014 ‘On Value Added Tax in the Republic of Albania’, as amended”, published in the Official Gazette No. 184, dated 31.12.2019, were approved some exemptions from VAT related to the construction process, which consist of supporting the process of reconstruction of areas affected by the earthquake of November 26, 2019. Through this law the purchase of new electric motor vehicles, with zero km, which have not been previously registered for circulation in any other country will also exempted from VAT.

Regarding the minimum registration limit for value added tax, from 1 January 2021, is applied as the minimum registration limit, the turnover of 10 million ALL in a calendar year, based on the provisions of the decision of the Council of Ministers No. 576, dated 22.07.2020, published in the Official Gazette No. 139, dated 29.07.2020. Meanwhile, every taxable person who has an annual turnover greater than 5 million ALL, has the right to choose to apply the normal VAT regime.

Meanwhile, by law No. 64/2020, dated 14.05.2020 it was approved the exemption from VAT of the import of yachts and other watercraft, used for tourism, pleasure and entertainment purposes, not older than 20 years, included in code 8903 of the Combined Nomenclature of Goods.

By law No. 123/2020, dated 15.10.2020, part of the supplies that are treated with the reduced VAT rate of 6% became also the supply of construction works service for state investments of sports clubs/sports federations or for investments of private entities in sports infrastructure, defined in the legislation of the field of sports.

With the law No. 111/2021, dated 25.11.2021 "On some additions and amendments to the law No. 92/2014 "On value added tax in the Republic of Albania", as amended ", a reduced rate of value added tax of 10% will be applied for agricultural inputs. The compensation rate for agricultural producers has been changed from 6 % to 0 %. Also, the exemption from VAT for the import of machinery and equipment has been approved in order to implement investment contracts at value equal to or greater than ALL 500 million.

Excise taxation is partially harmonized with the EU *acquis*. Mineral oils are listed for several uses. Favorable excise tax on processed tobacco grown in Albania leaves continues. Small producers of alcoholic beverages enjoy reduced tax rates. The excise law taxes all energy products listed in Directive 2003/96 / EC with exception of electricity

Tobacco excise has been gradually increased by setting an increasing calendar for all categories of "Tobacco and its by-products defined in law No. 61/2012 "On excises in the Republic of Albania", recently amended with the law No. 114/2021.

Categories such as shisha, hookah and nicotine (tobacco products for oral use) have been added. With the changes made, it has been unified the excise for "Petroleum gases and other hydrocarbon gases" to an excise level of 6 ALL / liter which enters into force on July 1, 2022. The indexation of the excise level every two years at the official inflation rate announced by INSTAT, with the exception of tobacco and its by-products has also been approved.

With the above mentioned law it has been removed the reimbursement of excise duty on fuels for industry, which are used for technological needs of production of products in these sectors such as pharmaceuticals, bricks, cement, beer and crude oil.

With the law No. 98/2018 "On some additions and amendments to law No. 61/2012 "On Excise Taxes in the Republic of Albania", in force since 1 January 2019, the heated tobacco product is listed for the first time as an excise product. For heated tobacco, recycled tobacco products and other substances consumed by a heated process through an electronic tobacco heated apparatus, the taxation level is ALL 6000 / kg.

VAT refund. The tax administration has significantly improved the volume, procedures and deadlines for VAT refunds.

During the period January - December 2020, a total of ALL 16.508 bln of VAT refund requests were reimbursed, approximately 30% less than in 2019 (from 23.509 bln ALL reimbursed in 2019). For the period Jan – Jun 2021, GDT has reimbursed in total ALL 15.3 bln (8.1 bln ALL or 112 % more than during 1st semester of 2020). GDT cleared all the stock carried over from before 2020, with the last payment done to the taxpayer TAP in 30.06.2021. For the period Jan – Aug 2021, GDT has reimbursed in total 17.9 billion ALL, or 45% more than planned (12.3 billion ALL) for this period. By the end of Aug 2021 there is a VAT stock of 1.3 billion ALL, decreased by 87% compared to the stock value on 31.12.2020.

Starting from December 2019, the Tax Administration reimburses within the legal deadline every small and medium taxpayer, giving priority to exporting and investing companies. The remaining VAT stock includes 2-3 large investors. Based on the approved legal changes, the VAT stock for these large investors continues to be paid in monthly installments, based on the agreements reached with them. It is predicted that this stock will become zero within 2021, which means that in the future there will be no entity that is not reimbursed within the legal deadlines and the tax administration finally closes this long-standing problem.

With regard to **direct taxes**, financial institutions are legally obliged to calculate, withhold and declare income tax from savings income. In response to the COVID-19 situation, the deadline for submitting financial statements was extended, with a profit tax exemption for small businesses and a temporary deferral and profit tax payments for all other businesses with some exceptions. Furthermore, changes were made to direct taxation to support taxpayers affected by the COVID-19 pandemic. As a result, from January 2021, taxpayers with total annual income up to 14 million ALL (approximately 115,000 euros) are subject to a rate of 0% profit tax, while taxpayers with total annual income above this threshold, will subject to a 15% rate. Since December 2020, Albania has partially aligned its legal framework with the Mergers Directive by allowing deferral of capital gains taxation until the assets / liabilities are sold by the receiving company, if both the transferring and receiving companies are resident in Albania.

Albania has joined the Comprehensive Framework of Organization on Economic Cooperation and Development (OECD) on Tax Base Erosion and Profit Transfer (BEPS) in August 2019. In this context, the Multilateral Convention (MLI), for the implementation of measures related to Double Taxation Avoidance Agreements for the Prevention of Taxable Base Erosion and Transfer of Profit (BEPS), was approved by the parliament with law no. 93 dated 16.07.2020 and the instrument of ratification was submitted to the OECD. This Convention entered into force on 01.01.2021.

As regards the **administrative cooperation and mutual assistance**, in January 2020, the Law on Automatic Exchange of Information on Financial Accounts was adopted, aiming at approximation with the Conformity Reporting Standards and partial approximation with the relevant EU Directive of 2014. Currently, the automatic exchange of information on financial accounts has started and will continue every year.

As for the negotiation of double taxation agreements, during 2021 the agreement with Finland was approved in principle and negotiations have been held with Slovakia while procedures for its approval will continue. Also, during 2021, the double taxation agreement with Israel was ratified..

Law no. 4/2020, "On the automatic exchange of financial account information" was approved, with the aim of implementing the Automatic Exchange of Information in financial accounts for tax purposes, according to common reporting standards. Prior to the first exchange of information, the legal basis was drafted and approved (Decision of the Council of Ministers No. 613, dated 29.7.2020 "On the implementing provisions of Law No. 4/2020," On the automatic exchange of financial account information ") and the necessary infrastructure was set up, including the GDT IT system to implement this commitment.

On the **operational capacity and computerization**, 1040 GDT employees received online training in 2020, according to the annual training program, which is based on needs. Since January 2021, electronic invoices have become mandatory for non-cash transactions between businesses and government, in an effort to increase tax compliance and reduce informality.

With the Prime Minister's Order No. 33, dated 12.02.2020, the Organizational Structure of the Central Tax Administration was approved while with the Order of the Minister of Finance No. 79, dated 27.03.2020, the Organization Chart of the Central Tax Administration was approved at a total number of 1450 employees, of which 1122 are treated according to civil servant status and 328 are treated through the provisions of the Labor Code. Currently there are 132 vacancies for the positions regulated by the Civil Servant Law and 15 vacancies for positions regulated by the Labor Code. All vacancies are reflected and planned in the HRMIS System of Public Administration Department.

During 2020, 43 employees were employed in total, of which 7 employees were appointed to positions regulated by the civil servant law, 5 civil servants were appointed pursuant to court decisions and 31 employees were appointed to positions regulated by the provisions of the Labor Code. During this year, 3 employees were fired due to disciplinary measures.

During 2021, a total of 138 employees were employed, of which 57 employees were appointed to positions regulated by the civil servant law, 60 civil servants were appointed pursuant to court decisions and 21 employees were appointed to positions regulated by the Labor Code. During this year, 3 employees were fired due to disciplinary measures.

The annual training program for 2021 was approved by the Director General of Taxation based on the needs of the tax administration. For the year 2021, according to the training program and the training calendar of the Fiscal Academy and of the Albanian School of Public Administration, a total of 667 employees of the tax administration have been trained.

The tax administration through the field monitoring structures has conducted during 2020, 17 979 verifications throughout the country, where 4 214 entities have been found in violation of tax legislation. Field verification structures have exercised verifications in implementation of work plans and have performed the verification of entities, which pose a high risk in non-compliance with tax legislation. The daily activity is mainly focused on TP coming out of the risk module where topics and elements were identified in advance for verification.

While in the period January-September 2021, 3996 verifications were performed where 408 violations of tax legislation were found. The Directorate of Field Verification and Coordination has operated through the lists received from the Risk Directorate based on the breached criteria, and according to the work plans. Pursuant to the GDT Operational Plan for the Summer Tourism Season 2021, verifications have been carried out in the areas with the highest economic activity during the tourist season.

Actions taken in the framework of the Fight against Informality.

Based on the Decision No. 24, dated 23.06.2021, the Sectorial Reconstruction Plan was approved.

Tax data for the period April 2019- August 2020 were analyzed for all Taxpayers (TPs) who are provided with the VAT exemption authorization within the Reconstruction process.

Based on the breached rules, the treatment methods were determined as follows:

- 228 personalised letters
- 125 fiscal visits
- 45 tax audits
- 324 desk audits

- Based on the decision No. 23, dated 27.05.2021, the Risk Rules for the monitoring of taxpayers were approved in the framework of the change of the VAT and profit tax threshold and the following criterias were developed:
 - 5 Criteria related to the new VAT Threshold of 10 million ALL (effective from 1 January 2021).
 - 4 Criteria related to the new Profit Tax Threshold of 14 million ALL (effective from 1 January 2021).

- Based on the decision no. 23, dated 27.05.2021, the general Analysis of the Risk Sectors was approved. From the analysis of risk sectors based on the breached rules of the Risk Module for the period July 2020- June 2021, the highest risk sectors are: Retail Trade, Beverage Service Activities, Wholesale Trade and Construction.
- Based on the decision no. 23, dated 27.05.2021, the Sectorial Tourism Plan was approved. The Tourism Plan was developed for the period May-September 2021 for all

entities operating in the field of tourism and Bar-restaurants. Some of the results of the Tourism Plan: increase by 6% of the number of new TPs 2021-2020, increase by 14% of the number of employees declared 06 / 2021-2019, increase by 31% of the payment for contributions, decrease by 33 % of the number of employees with minimum wage, reduction by 17% of TPs who declare only 1 employee (08/2021 compared to 06/2021), 175 TPs are now liable to the VAT.

- Verification of TPs with activity in the field of "Trade" who have a decrease in turnover for the comparative periods January-March 2021 / January-March 2019. For these TPs field verifications were performed.
- Verification of TPs *with a turnover over 8 million ALL based on the data of VAT declarations* for the period January-August 2021. Regional directorates have made the relevant verifications and have taken measures to change tax responsibilities as recommended in the Annual Report of the European Commission.
- Verification of active TPs *with a turnover of over 8 million ALL according to Regional directorates, based on the data of the Simplified Profit Tax declarations*. Regional directorates after performing the relevant verifications have taken measures to change tax responsibilities as recommended in the Annual Report of the European Commission.
- Based on the data of VAT declarations for the period January-March / May / June / July / August 2021 the data of taxpayers which result in Purchases *25% higher than Sales* (after removing Purchases and Imports for Investments) are analyzed. These TPs are followed by the respective Regional Tax Directorates.
- Based on the data of VAT declarations for the month of April 2021, non-declarant / declarant taxpayers with zero value have been identified, which result with Turnover according to the fiscal registers. These TPs are handled by the respective Regional directorates.
- Based on the Profit Tax and Simplified profit tax Declarations, Active TPs are identified for which *Cash turnover without VAT 2020 is greater than the tax revenue* in the Profit tax and Simplified profit tax declarations 2020, (Difference > 100,000). These TPs are handled by the respective Regional directorates.

Fiscalisation Process

The Law No. 87/2019 "On electronic invoice and turnover monitoring system" amended, otherwise known as "Fiscalization Project" has continued to be implemented.

Starting from November 2020, the Taxpayer Service Directorate has conducted regular trainings. These trainings were attended by 1,252 representatives of public entities. Until the September 2021, a total of 30,481 taxpayers and 3,433 accountants have participated in these trainings.

In the framework of information from the structures of the Tax Administration during the period 1 March - 14 April, in addition to trainings, 15,747 information visits were made to activity

places, mainly to small business entities, with the aim to inform them about the fiscalization process, criteria, conditions to be met, legal obligation, implementation deadlines, etc.

During the period May-August 2021, the Plan of Measures has been implemented to provide assistance to taxpayers on the registration of data in the Self Care Portal, through the Small Business Corner at each Regional Tax Directorate and also through field visits, assisting a total of 6,365 taxpayers. From September 1, for a period of 3 months, the implementation of the Measures Plan on informing and providing assistance in the places of activity of small business taxpayers will continue, with the small business taxpayers to be included in the Fiscalization Process - B2C phase, as well as through the awareness raising of taxpayers who carry out cashless transactions - B2B phase. Pursuant to the Measures Plan, about 3,000 daily field visits have been conducted so far.

Starting from January 1, 2021, the issuance of electronic invoices has started against public entities in fulfillment of the legal obligation deriving from the law, but also among taxpayers, despite the fact that the law specifies mandatory obligation from July 1, 2021 for cashless transactions (among taxpayers). Meanwhile, on September 1, 2021, the fiscalization process for cash transactions (taxpayer-consumer) has begun.

For the period 1.1.2021- 24.09.2021, it results that 33,615 taxpayers have issued a total of 40,532,220 invoices, of which 2,014,136 are electronic invoices, while 38,518,084 invoices are in cash.

From the total of fiscalized electronic invoices, it results that 131,053 of them were issued against public entities, while 1,883,083 were issued against private entities. To date, from these fiscalized electronic invoices, it results that 588,881 of them have been accepted by the buyer. Issuance of electronic invoices by taxpayers are made/published by the software solutions offered by certified companies, as well as by the Self Care Portal.

The General Directory of Property Tax has launched version 3.0 of the Fiscal Cadastre Information System which contains all the necessary functionalities for taxation and billing of the property tax "building". Ongoing assistance has been offered to municipalities on the implementation of the property tax "building" reform.

4.16.1.5 List of responsible ministries and institutions

The institutions responsible for this chapter are:

- Ministry of Finance and Economy / The General Directorate of Macroeconomic Policies and Fiscal Affairs ((Leading institution)
- General Directorate of Taxation
- General Directorate of Customs

- Ministry of Finance and Economy /General Directorate of Property Tax

The General Directorate of Macroeconomic Policies and Fiscal Affairs drafts fiscal laws, in line with the economic program.

The General Directorate of Taxation (GDT) is the main tax institution in the Republic of Albania and has the authority to enforce the tax laws by administering the national taxes and fees as set forth in the relevant laws. The main purpose of the GDT is to help taxpayers to pay their taxes liabilities in accordance with applicable tax laws and to ensure that those tax revenues go to the state budget accounts, by providing taxpayers with an effective payment system.

The General Directorate of Customs (GDC) is the main Customs Institution in the Republic of Albania and has the authority to implement the Law on Excise Taxes in the Republic of Albania, by administering the excise duties on domestic production and imports.

The Ministry of Finance and Economy, the General Directorate of Property Tax and the municipalities are the institutions responsible for the implementation of the property tax reform.

4.16.1.6 Gaps identified and Priorities

With regard to **indirect taxes**, excise taxation is partially aligned with the EU *acquis*. Mineral oils are listed for several uses. Favorable excise tax on processed tobacco grown in Albania leaves continues. Small producers of alcoholic beverages enjoy reduced tax rates. The priority of the Tax Administration for 2021 is to increase the VAT stock.

As for **the direct taxes**, the new law on income tax is scheduled to be introduced in 2022 and enter into force in 2023. This law will address issues related to personal income tax and profit tax aiming harmonization with economic changes in recent years. It also aims to further harmonize directives in the field of direct taxes. This law also partially approximates the ATAD Directive (EU) 2016/1164. The negotiation of double taxation agreements, especially with EU countries, is another priority in this area.

On the **administrative cooperation and mutual assistance**, Albania has not yet signed double taxation agreements with Denmark, Cyprus, Lithuania, Portugal, Slovakia and Finland.

Regarding the **operational capacity and computerization**, in March 2020 the tax administration staff was further reduced from 1512 to 1450. Since April 2021, the number of vacancies remained very high at 168 (11.6%), despite the improvement if compared to 193 (13.3%) in last year's report. Albania has not yet the technical capacity to facilitate the efficient exchange of information. The electronic tax administration system has been operational since January 2015, but there are no deadlines for achieving interconnection and interaction with EU systems. The implementation of the legal basis for the fiscal cadaster, approved in 2018, has

been delayed, due to incomplete data, hindering its functioning. Municipalities have continued to compile the necessary information, while it is planned to change the legal basis.

The General Directorate of Property Tax has encountered difficulties in its daily operations with regard to the availability and quality of data from databases available to other institutions, mainly data with geographical information on immovable property.

Regarding the tax policies, priority remains the approximation of Albanian legislation with the legislation of the European Union, as well as the improvements on tax administration through the increase of the taxable base. This strategic objective will be achieved through:

- Further harmonisation of tax policies with the EU *acquis*;
- Creating a favorable business climate for the dynamic development of private enterprise and attracting foreign investment;
- Drafting of tax policies that support economic and social development in Albania and promote the formalization of the economy;
- Improving the management of the tax administration to achieve the estimated revenues, based on professionalism, integrity and honesty, as well as having standards that generate trust in citizens, international partners and the local and foreign business community.

During 2022, the approval of the Medium-Term Revenue Strategy (SAA) 2022-2026, has also been scheduled. The draft of the strategy was prepared with the technical assistance of the International Monetary Fund, and it presents the reforms in the field of tax policy and tax and customs administration that are expected to be undertaken during the five-year period. The strategy aims improving fiscal policies and increasing tax revenues and the effectiveness of the tax and customs administration in their collection.

CHAPTER 17: ECONOMIC AND MONETARY POLICY

4.17.1.1 Chapter content

The *acquis* in the area of economic and monetary policy is governed by Title VIII (Articles 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.

It contains specific rules requiring the independence of central banks in Member States, 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 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.

4.17.1.2 Structure of the Chapter

- Economic Policy
- Monetary Policy

4.17.1.3 Summary SAA requirements and EU acquis

Article 87 of the SAA stipulates the cooperation in the areas of economic and trade policies, stating that Community and Albania shall facilitate the process of economic reform by cooperating to improve understanding of the fundamentals of their respective economies and the formulation and implementation of economic policy in market economies. At the request of the Albanian authorities, the Community may provide assistance designed to support Albania's efforts to establish a functioning market economy and gradually to approximate its policies to the stability-oriented policies of the Economic and Monetary Union.

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 Article 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.

4.17.1.4 Current Situation in Albania and Main Achievements

Albania is moderately prepared in the area of economic and monetary policy. Limited progress was made on the National Accounts and Excessive Deficit Procedures notifications, significant improvement is still needed to achieve full compliance with ESA 2010. However, as the last progress report refers, the further alignment of Law on Bank of Albania with the EU acquis and improvement of government's policy coordination and consultation mechanism with nongovernmental stakeholders are the main priorities.

Economic Policy

As a candidate country for EU membership, Albania submits once a year to the European Commission the Economic Reforms Program (ERP).

ERP for the period 2021-2023 presents the main priorities, policies and reforms of the Albanian government and the Bank of Albania on economic aspects. It is based on the Law no. 88 "On the Budget of 2020" and in the Macroeconomic and Fiscal Framework 2022-2024, adopted in January 2021.

Regarding the economic aspects and public finances, year 2020 has been one of the most difficult years in three decades. Albania, was hit not only by COVID-19, but also it was hit before COVID -19 by the earthquake, and consequently its effect has been amplified in the economy. However these effects of the double shock, thanks to relatively good responses in terms of monetary and economic policies implementation, the statistical data show that the general situation at the end of 2020 was quite less difficult than the initial expectations during the beginning of the pandemic COVID-19. Also, during year 2021, the recovery of economy has been significantly faster than the initial expectations. So far, it seems that the main economic and financial foundations and the overall macroeconomic stability of the country have resisted these shocks relatively well.

The Albanian economy during 2020 recorded a recession of 4 percent, which due to the pandemic reached the peak of GDP contraction in the second quarter at about -11.3 percent, but showing signs of recovery and returning to positive ground in the last quarter of the year. Although the whole year 2020 recorded a strong recession for our economic history (in three decades there was a recession only in 1997 at 11 percent, even during the global financial crisis of 2008-2009 the Albanian economy managed to avoid recession), it should be noted that this recession was much more contained than the initial forecasts ranging from about -6 percent (MFE projection) to about -8 percent from other domestic and international institutions.

During 2020, a strong expansionary fiscal policy was undertaken as the main counter-response in order to amortize to some extent the pandemic shock impact. Consequently, the total budget deficit amounted to about 6.8% of GDP and public debt increased to about 76% of GDP, ie by about 10 percentage points compared to the end of 2019.

For the implementation of the expansionary fiscal policy in response to the shock, the government activated during 2020 the "deviation clauses" from the fiscal rules, as clauses already provided in the Organic Budget Law (LOB), thus not compromising the credibility of the public finance in the perception of markets and economic agents. Also, with the aim of maintaining as much as possible the credibility of public finances in the perception of markets, a key element for public finances as a macroeconomic foundation, especially for small countries with relatively large budget refinancing needs as Albania, it was launched in July 2020 a legal initiative which included a new fiscal rule in the LOB, which legally sanctioned the return of the primary budget balance to at least one level. balanced (i.e., not less than zero) starting from 2024 onwards .

This rule was quite positively welcomed by all international institutions (including of course the rating agencies) and obviously by all economic actors, as a very appropriate and effective initiative to maintain the credibility and stability of public finances, not only in medium-term and long-term post-pandemic term, but it was quite helpful to provide a relatively normal financing (borrowing) even in the short term during the shock, ie during 2020 and the first half of this year, despite the much larger magnitude demand of borrowing than typically.

Already, starting from 2022 onwards, the main objective of fiscal policy, aiming to ensure the macroeconomic stability of the country, as an essential premise for ensuring sustainable and inclusive economic growth, will again be the fiscal consolidation.

Fiscal policy will target a downward trajectory of public debt, ie a gradual but annual downward trajectory, while the primary balance will return to a positive level from 2024 onwards, in accordance with the fiscal rules in the LOB.

At the same time, in addition to fiscal consolidation, it will be aimed to maintain a sustainable ratio of current and capital budget expenditures, where capital expenditures (ie, public investments) will be targeted at around 5 percent of GDP in each budget year.

The budget deficit for 2022 is planned to be at the level of 5.4 percent of GDP from about 6.8 percent expected for 2021. The primary balance for this year is expected to be negative again at about -2.7 percent, however in an improvement of about -4.6 percent expected for 2021.

However, the current fiscal balance (the difference between public investment and fiscal deficit) will be positive in the coming year 2022, at the level of 1 percent of GDP from an expected level still positive of 0.5 percent this year, in accordance with the respective fiscal rule (the “golden rule” of the budget). Gross public debt will also return to a downward trajectory starting in 2022, in line with the respective fiscal rule, where it is expected to fall to about 78.9 percent of GDP from about 80 percent expected this year. The primary balance will return to a positive level (primary surplus) from 2024 onwards. This target is already legally binding, where the LOB stipulates that starting from the budget year 2024 and for each subsequent year the primary balance will be not less than zero (ie at least balanced or positive). Under the baseline scenario, public debt is expected to fall to around 74.9 percent in 2025 and further to around 67.9 percent in 2028.

Monetary Policy

As it is stated in the last Progress Report of EU Commission, Bank of Albania is financially independent, with sufficient instruments, competence and administrative capacity to function effectively and to conduct an efficient monetary policy. It has a fully operational Supervisory Council.

One of the main objectives of Bank of Albania's activity is to further strengthen its good governance. The Medium Term Strategy defines three main pillars to achieve this goal: (i) strengthening independence; (ii) increasing transparency; and (iii) improving accountability. Recently, Bank of Albania has made significant progress to increase legal accountability to the Albanian Parliament and the Council of Ministers, as well as transparency to the financial sector, the media and the general public.

As regards the first pillar of good governance, the independence of the Bank is sanctioned in the Constitution of Albania. As an independent constitutional institution, the Bank's organization and functioning is regulated by its organic law, except when the Constitution provides otherwise.

According to the European Commission, the Law on Bank of Albania is broadly in line with the EU acquis. It provides a large degree of independence for the Bank and sets the primary objective of maintaining price stability (functional independence). The law stipulates that the Bank must neither seek nor take instructions from other authorities, and that it is the sole institution responsible for monetary and foreign exchange policies in the country (institutional independence). However, the law will need to be further aligned with the Statute of the European Central Bank (ECB) in terms of personal independence of the Council members.

The Bank of Albania strives to achieve price stability through implementing an inflation targeting regime coupled to a flexible exchange rate. The main features of this regime are laid out in the Monetary Policy Document, available publicly. Bank of Albania sets the inflation target as year-on-year growth in consumer prices of 3% over the medium term. The monetary policy is conducted with a standard set of market-based instruments: i) open market operations; ii) standing facilities; iii) required minimum reserves. Monetary policy decisions are based on the deviations of forecasted inflation from the target in the coming period. The monetary policy framework and the exchange rate regime are appropriate to achieve the banks objective and are not expected to change in the medium term. The instruments are under continuous calibration in order to increase the efficiency of the monetary policy transmission to the markets.

Bank of Albania has pursued an expansionary monetary policy since 2009, in order to respond to low domestic and foreign inflationary pressures, with the final goal of achieving its price stability objective. The expansionary monetary policy was transmitted into favorable financing conditions, driving higher demand and gradually strengthening domestic inflationary pressures. With the spread of the Covid-19 pandemic, the Bank of Albania intensified its monetary stimulus, lowering the policy rate by 50 basis points to 0.50%, and offering unlimited liquidity to the banking system. These measures remained unchanged throughout 2021.

Bank of Albania expects the economy to grow notably in 2021, led by the recovery of domestic and foreign demand. The increase in aggregate demand is predicted to be coupled by an increase of employment and wages, feeding inflationary pressures. Bank of Albania expects the inflation to steadily grow towards its target of 3.0% in 2022. The monetary policy will continue to be guided by the fulfilling of the price stability objective. The stable growth of the economy and the

domestic inflationary pressures will require a gradual normalization of the monetary policy in the coming quarters. Despite this, the monetary policy will retain its expansionary stance in the medium term, maintaining the policy rate below its equilibrium level. Under the condition of the expectations for a gradual reduction of the fiscal stimulus, the stimulating stance of the monetary policy is necessary to support the stable growth of the economy and anchoring of the agents' expectations around the central bank's objective.

Financial government statistics in Albania and Excessive Deficit Notification Procedure

Albania, as a candidate country for EU membership has the obligation to compile and submit to Eurostat the EDP Notification Tables as well as additional indicators related to government financial statistics and has been working intensively for several years now through the project "Improvement of Capacity for Government Financial Statistics (GFS), in Southeast European countries", funded by SECO .

Based on the memorandum of cooperation (year 2016) between INSTAT, BoA and MFE, these three institutions cooperate closely for the production in accordance with European standards of government financial statistics and EDP Notification Tables. Regarding the institutional responsibilities, MFE is the main institution of the source of data within the institutional responsibility for the production and publication of government financial statistics (GFS). INSTAT is responsible for transmitting EDP Notification Tables to Eurostat, and at the same time compiling non-financial general government statistics. Also, in the framework of the harmonized drafting of EDP Notification Tables, it has undertaken the obligation to collect and compile financial data of extra budgetary institutions, part of the General Government sector (ESA2010).

INSTAT periodically, during April and October, transmits the Excessive Deficit Procedure tables to Eurostat in the framework of candidate countries for accession data to Eurostat. These data are sent in test format and not for publication. The Bank of Albania is responsible for compiling an financial statistics of the General Government following the methodology ESA2010 and also has the obligation to report to Eurostat and the ECB the financial accounts of the General Government.

The work is continuing to address shortcomings related to government financial statistics in order to meet the methodological and regulatory standard.

Currently, there have been gathered the data of extra-budgetary units and the work is continuing for the consolidation with the budgetary data of the government. It is predicted to provide the overall assessment in terms of Government financial statistics and EDP notification for next regular reporting to Eurostat.

MFE has initiated a project with the World Bank and has advanced towards the implementation of the International Public Accounting Standard, which will enable the accurate assessment and reporting of the general government deficit and the level of the debt. Meanwhile, within the

SECO project, during 2021, the issue of compiling quarterly frequency statistics of the General Government (GFS) is expected to be resolved. Meanwhile, a centralized data system (IT) is being tested, where the three institutions involved will be both suppliers and users of the information. The system will contain integrated and harmonized GFSM2014 and ESA2010 standards data, and its output will be in the EDP Tables transmitted to Eurostat. At the same time, the system will enable the qualitative harmonization of the reporting of general government financial accounts to Eurostat and ECB by Bank of Albania and the GFS reports of the MFE to the World Bank and the IMF with the EDP Tables. With the suggestions of the expert, the system will be installed on INSTAT servers, which will hold the role of the administrator.

Albania has made progress regarding the Procedure for identification of Macroeconomic Imbalances (MIP). At the end of the project (IPA 2017) on indicators of MIP, in July 2021, Albania reported to Eurostat, the sources of data in time series accompanied by the respective metadata, as well as the updated quality reports, in compliance with project's activity.

17.1.5 Responsible Institutions list

- Bank of Albania
- Ministry of Finance
- Institute of Statistics
- Albanian Financial Supervision Authority

17.1.6 Shortcomings and priorities

In the framework of the European Commission recommendation in the Progress Report for Albania (recently published in October 2021) on improving the coordination of government economic policies and consultation mechanisms with non-governmental parties, the Ministry of Finance and Economy, in order to draft documents such as ERP and the Annual Budget, conducts consultations with interested parties. For ERP drafting are held hearings and consultations with other governmental institutions (Line Ministries) and other governmental bodies, as well as with other stakeholders depending on the structural policies that are presented and proposed. Almost the same procedure is followed for the stages of drafting the Annual Budget.

In the consultation process between the Government and private parties, there are supportive independent structures that facilitate the dialogue between representatives of the business community, international organizations, donors and government representatives. This creates a favorable, non-discriminatory and transparent business and investment climate, facilitates the support of mutual trust between the business community and government in Albania, and contributes to the institutionalization of the effective policy dialogue. It could be mentioned the Investment Council and in addition to it, other structures that support the goals for the same

purpose, are: Chamber of Commerce and Industry, International Chamber of Commerce, Union of Chambers of Commerce and Industry of Albania, Advisory Council to Central Government - Local Self-Government., National Labor Council, Employment Advisory Council, National Economic Council, etc.

In the medium term objectives of the Ministry of Finance and Economy, aiming the harmonization with EU acquis, specifically according to the definitions of Chapter 17 and in line with the rules and best practices of other EU member states, it will be included the establishment of the Fiscal Council as an independent body. It is also aimed to create a special unit/sector at the Ministry of Finance and Economy, under the General Directorate of Treasury, which will have as its primary and sole function the compilation and dissemination of government financial statistics (GFS) according to standards applied in the EU (ESA2010) as well as the systematic and periodic monitoring and reflection of these standards.

Bank of Albania is working on drafting a new organic law in accordance with the legal criteria that must be met to become an integral part of the European System of Central Banks. This law will be in line with the EU Treaty and the Statute of the ECB. According to the interpretation of the European Commission, the obligation of legal convergence does not require the harmonization of central bank legislation, but only its adequacy in order to eliminate incompatibilities with the EU Treaty. The National Plan for European Integration envisages the adoption of the new law of the Bank of Albania within the fourth quarter of 2022. This process will be carried out in cooperation with the IMF and the Central Bank of Italy.

It is also aimed to further improve the theoretical and operational framework of monetary policy. Bank of Albania operates under a monetary policy anchored in the inflation targeting regime where the inflation target will continue to be at 3.0% in the medium term. Monetary policy decision-making is based on a consolidated framework of analysis and forecasting. However, changes in the economic and financial context and the innovations in the economic field, make it necessary the constant update of the forecasting models and analysis of monetary policy, the application of modern techniques in the field of modeling, as well as increasing the staff skills with latest updates.

Another priority is to support the financial markets development in order to improve the transmission mechanism and maintain financial stability. The transmission of monetary policy requires developed financial markets. Monetary policy has found good transmission in existing markets, however their development remains a priority for supervisory authorities. In this context, the Bank of Albania supports the Ministry of Finance and Economy in the pilot project for the issuance of reference securities through Market Developers. Also, in cooperation with other institutions, the Bank of Albania will support the development of the foreign exchange market, by promoting financial instruments for hedging against exchange rate risk.

The Working Interinstitutional Group on government financial statistics has the priority of reporting the harmonized data between the three institutions and full alignment with ESA 2010 standards.

Regarding the MIP procedure priorities, beyond the considerable work that has been done so far, further progress is needed in calculating the two main indicators: the Labor Cost Index per nominal unit and the Housing Price Index as well as the ancillary indicators Gross Domestic Expenditure on Research and Development (R&D).

CHAPTER 18: STATISTICS

4.18.1.1 Chapter Contents

The acquis in the field of statistics requires the existence of a statistical infrastructure based on principles such as impartiality, reliability, transparency, confidentiality of individual data and dissemination of official statistics.

The National Institute of Statistics acts as a reference point for the methodology, production and dissemination of statistical information. The Acquis covers the methodology, classifications and procedures for data collection in various areas such as macroeconomic statistics, demographic and social statistics, regional and business statistics, transport, foreign trade, agriculture, environment, science and technology.

For the period of this document, after a detailed evaluation process, INSTAT will propose the draft law "On the Census of Agriculture and Agricultural Farms", the draft decision of the Council of Ministers "On the implementation of the Nomenclature of products according to CPA 2015 activities". Also, the Director General of INSTAT, with the authority given to him by the law on official statistics, will approve the guidance documents in order to approximate the acquis implementing the EU regulations directives.⁵⁷

4.18.1.2 Chapter Structure

The structure of Chapter 18 “Statistics” is as follows:

- Demographic and Social Statistics.
- Economic Statistics.
- Sectoral Statistics.
- Environmental Statistics and Multidomain.

4.18.1.3 Summary of SAA Requirements and European Union Acquis

⁵⁷ According to Law no. 17/2018 on Official Statistics, article 17 point 4, the General Director is responsible for the implementation of the instructions and standards provided in article 20, letter "b", of this law, only for INSTAT. Article 20 letter "b" The Steering Board shall propose to the General Director the issuance of instructions and the setting of standards to be implemented by the institutions of the National Statistical System, to ensure the quality in the development, production and dissemination of official statistics, as well as to monitor their implementation.

The obligation to approximate the Albanian legislation on official statistics with that of the European Union derives from Articles 70 and 88 of the (SAA).

Article 88 provides that "cooperation between the parties shall focus primarily on priority areas related to the Community acquis in the field of statistics". This will aim in particular at developing an efficient and stable statistical system, capable of providing the comparative, reliable, objective and accurate data needed to plan and monitor the transition process and reforms in Albania. It will also enable the Albanian Institute of Statistics to better meet the needs of its national and international users (both public administration and the private sector). The statistical system must respect the basic principles of statistics adopted by the United Nations, the Code of Practice of European Statistics and the provisions of the European Statistical Law and move towards the acquis of the Community.

The acquis in the field of statistics consists almost exclusively of legislation which is directly applicable in the Member States such as the Regulations of the European Parliament and of the Council and the Decisions and Regulations of the Commission. Common rules are laid down for the methodology, production and dissemination of statistical information. The statistical acquis also contains a wide range of methodological manuals in various statistical fields such as agriculture, economic and monetary policy, demographic and social statistics and research. International agreements or international standards such as the code of practice in statistics provide another basis for statistical production.

The work of the National Statistics System is based on the National Program for Official Statistics 2017-2021 approved by (DCM 10/2017), dated 9.2.2017. This is the main document that regulates the production of official statistics from the National Statistical System necessary to monitor the economic, social and environmental situation in the Republic of Albania, in accordance with the statistical principles provided in Articles 4 and 5 of Law no. 17/2018 "On Official Statistics", which are in accordance with the Code of Practice of European Statistics. The program also serves to orient INSTAT and other statistical agencies towards the quality of statistical output required by the acquis standards. In 2022, the Albanian Parliament will approve the National Program for Official Statistics 2022 – 2026.

Law no. 17/2018, dated 05.04.2018 "On official statistics" is drafted according to the Code of Practice and the European Regulation of Statistics (EC 223/2009) and the principles of the Code of Practice of European Statistics.

The legal basis for the development, collection, compilation and publication of statistics of the Bank of Albania is Law No. 8269, dated 23.12.1997 "On the Bank of Albania", which is partially in accordance with Regulation (184/2005 EC).

4.18.1.4 Current situation in Albania and the main Achievements

Albania is moderately prepared on statistics. Some progress was made, notably on the alignment with (ESA 2010) standards, and faster and new publications of statistics and increased transmission to Eurostat.

Regarding last year recommendation, the appointment of the Director General of INSTAT was carried out and the action plan was prepared, however it needs to be finalized and other recommendations remain valid. The Population Census Law was also adopted. The role of Albania's National Statistics System was further strengthened and resources improved, however, data collection methods need to be modernized and statistical production processes improved. Communications with users need to be improved.

Regarding statistical infrastructure, the Law on Official Statistics is in force and in line with the Code of Practice of European Statistics, and most classifications are in line with EU Standards.

The Albanian government has approved INSTAT's request to add 13 new employees to its staff in 2022.

In recent years, specific attention has been paid to the implementation of the legal framework under which INSTAT and the National System of Statistics carry out their statistical activities. Pursuant to Law no. 17/2018 "On Official Statistics", the Albanian Government has approved decision No. 541, dated 29.9.2021 "On the approval of the Nomenclature of States and Territories for the Statistics of Foreign Trade of Goods and the geographical division for other business statistics.

Demographic statistics and its components such as: Population, Births, Deaths, Natural Additions and Net Migration are produced in accordance with the regulations and definitions used by EUROSTAT. INSTAT has transmitted this data as well as metadata through the electronic platform Metadata Handler with annual frequency (Euro SDMX Structural Metadata, ESMS). INSTAT broadcast the main population data to Eurostat in June 2021 and will broadcast detailed demographic data in December 2021.

INSTAT has processed, analysed and transmitted for the first time in Eurostat data on weekly deaths according to the main demographic characteristics (NUTS 3, SEX and AGE). These data were transmitted as final data for 2020, as well as preliminary death data according to the weeks of 2021. INSTAT joined the initiative from EUROSTAT voluntarily for more detailed statistics and with high periodicity within situation caused by the global COVID pandemic 19.

INSTAT in accordance with (OSP 2017-2021) has collected, processed, analysed and disseminated since 2017 data on foreigners with residence permits, irregular foreigners and statistics on asylum seekers in Albania. These data made it possible to complete some indicators on asylum seekers which are required by the Eurostat questionnaires and were broadcast in February 2021. In the framework of the approximation of statistics on residence permits, irregular foreigners and statistics on asylum seekers, INSTAT has developed standard formats

for their collection from administrative sources in accordance with the regulations and definitions used by EUROSTAT.

INSTAT in the framework of improving and meeting the indicators on migration statistics in Albania has conducted an extensive study on 24 thousand households in 2019 with the support of (IOM). This study which was published in September 2020 makes it possible to assess Migration from 2011 onwards, and to produce and improve a number of indicators related to Migration statistics.

The Household Budget Survey (HBS) is a statistical survey conducted by households and provides an overview of the socio-economic situation of households in Albania. The results of this survey are also used to update the weights used in the Consumer Price Index and to calculate the Final Consumption of the household as a significant aggregate of (GDP) by the expenditure method. As of January 2014, the (HBS) is an ongoing and annual survey. From 2019 for the entire sample information in the diary is collected with a data collection period of 1 week. The main results of (HBS) 2020 were published in October 2021. The 2021 survey is currently being conducted in the field, the sample of which continues at the size of the 2020 sample to study and analyze the main consumption indicators for 6 main municipalities.

Regarding the Family Tourism Survey "Holidays and Travels", the collection of field data for 2020 has been completed. Currently the publication of the main results for 2020 data is being prepared, which will be made public in November 2021. The 2020 data have been transmitted to EUROSTAT according to the relevant requirements and instructions. Field data collection for the third quarter of the 2021 survey has been completed, while data entry for the first and second quarters has been completed.

Survey on the Use of Information and Communication Technology in Households and Individuals, has completed the field data collection process for 2021 in the period June-July 2021. Data for 2020 have been transmitted to EUROSTAT as required and relevant instructions. Currently, the process of editing and processing data for 2021 is underway. Publication of the main results for the data for 2021 will be made public in December 2021.

During 2020, INSTAT conducted the fourth wave of the Income and Living Standards Survey (SILC) during the period July-November (postponed as a result of the pandemic situation). During this period the work is focused on cleaning the data of SILC 2019 as well as preparing aggregate files, updating programs and building a consolidated file for SILC 2017, 2018 and 2019 data. The process of completion and transmission to EUROSTAT of the consolidated data of SILC 2019 was postponed as a result of the pandemic and were sent and validated to EUROSTAT in April 2021. The following link presents the main results of the Income and Living Standards Survey, 2017, 2018, 2019.

<http://www.instat.gov.al/al/temat/kushtet-sociale/anketa-e-t%C3%AB-ardhurave-dhe-nivelit-t%C3%AB-jetes%C3%ABs-aanj/publikimet/2021/matja-e-t%C3%AB-ardhurave-dhe-nivelit-t%C3%AB-jetes%C3%ABs-n%C3%AB-shqip%C3%ABri-2019/>

During 2021, the Income and Living Standards Survey for 2021 was conducted during the period May - September 2021. The processing of (SILC) 2020 data is also carried out, as well as the creation of consolidated files for the years 2017, 2018, 2019 and 2020. For the first time Albania will produce longitudinal indicators where individuals are studied for a period of 4 years (2017-2020).

Since 2019, INSTAT is developing the European Integrated System of Social Protection Statistics (ESSPROS).

In 2021 Albania realized the module of Pension Beneficiaries for the years 2018-2019 and transmitted the preliminary data to EUROSTAT. INSTAT also collected qualitative and quantitative data on the basic system which it transmitted to EUROSTAT in the form of testing.

To further improve and develop the (ESSPROS) system in the country, Albania is being assisted by ad-hoc technical support from the (IPA project).

In accordance with (OSP 2017-2021), INSTAT produces and publishes updated statistics on causes of death and public health. With the start of the implementation of the approved Cause of Death Nomenclature (ICD-10) the changes in the statistics of causes of death according to the recommendations of Eurostat will be reflected. In the framework of IPA MBP 2017 project implementation, during 2020, INSTAT implemented for the first time the Health Survey (EHIS). The data collection process is expected to be completed during December 2020, with a 4 month fieldwork. In July 2021, INSTAT broadcast on Eurostat the microdata of the (EHIS) survey. In October 2021, INSTAT also submitted to Eurostat the quality report and the final project report. The results of the survey are expected to be published within the fourth quarter of 2021. Results which will supplement and enrich the entirety of public health data according to ECHI (European Core Health Indicators), as well as facilitate the comparison of data, which will serve to monitor health, health care at the level of EU standards.

In the framework of improving and meeting the indicators on crime and criminal justice statistics, INSTAT has been continuously assisted by IPA 2014, 2015, and 2017. The International Classification of Crimes for Statistical Purposes (ICCS) is still in the process of being drafted. INSTAT has completed for all levels the classification mapping based on the Criminal Code of the Republic of Albania, and the first eight levels of classification have been finalized and agreed with the inter-institutional technical working group. The implementation of this classification, by INSTAT and the institutions responsible for the production of criminal justice statistics, will ensure comparability of data at national and international level. From 2013, INSTAT broadcasts a questionnaire on crime statistics to Eurostat. In the framework of the (IPA-2017) project "Crime and criminal justice statistics", INSTAT is developing an expanded set of crimes of interest in the EU, criminal offenses which are in line with the (ICCS) classification. All project activities have been completed and submitted to Eurostat.

In accordance with (OPS 2017-2021), INSTAT publishes every year updated gender statistics in a dedicated publication “Women and Men in Albania. In January 2020, INSTAT in cooperation with the Ministry of Health and Social Protection launched for the first time the Gender Equality Index (GEI) report. The gender equality indicator is a fundamental value of the European Union and is essential for the development of a country's gender policies. As such measuring the progress of gender equality is an integral and effective part of policy makers. During 2021, INSTAT has started the preparatory work for the calculation of (GEI) 2021, through the combination of selected indicators of gender equality in a single summary measure. After analyzing the data, (GEI) 2021 calculations will be sent for validation to (EIGE) and it is expected within the fourth quarter of 2021 to complete the calculation of the indicator for 2021.

In terms of education statistics, INSTAT publishes annually updated statistics on enrolment and graduation by programs and educational levels in public and private educational institutions. The (ISCED-11) International Standard Education Classification is used to classify data and produce statistics by levels and areas of study. Education statistics are based on administrative resources, mainly from the Ministry of Education, Youth and Sports and the Ministry of Finance and Economy. Additional indicators related to school attendance and adult education were calculated using the Adult Education Survey (AES) and the Labour Force Survey (LFS) data. For the first time, the (AES) survey was conducted in 2017 and the next round is planned within the years 2023-2024. Education statistics are transmitted annually to (UNESCO-UIS) through highly detailed questionnaires. Further improvements in data quality and data transmission to Eurostat will be the main objective regarding these statistics.

The Labour Market Sector conducts assessments for two statistical activities with a quarterly frequency: "Quarterly Labour Force Survey" and "Production of Administrative Labour Market Data". For "Administrative Data on Wages", with quarterly and annual frequency, the publication will continue using the administrative data obtained from the General Directorate of Taxes.

During 2021, the Survey on "Cost of Labour Structure" was conducted, planned every four years. The first results of this survey are expected in 2022.

During 2021, INSTAT has managed to fulfil the obligations deriving from (OPS 2017 – 2021), the following objectives have been realized according to the modules:

- Statistical indicators on labour force, employment and unemployment by gender, economic activity, occupational group, age group, educational level and counties (Last publication corresponds to Quarter 2 2021).
- Statistical indicators on the total registered unemployed and by gender, age group, level of education and counties, registered unemployed receiving unemployment benefits, registered long-term unemployed and registered unemployment rate.
- Statistical indicators on the structure of income from work per hour, monthly and annual according to individual characteristics of employees (gender, age, occupation, highest

level of education achieved), and employers (economic activity, size and ownership of the enterprise) (The latest publication corresponds to Quarter 2 2021).

- Statistical indicators on the average monthly salary for salaried employees in the public sector and for all economic sectors by economic activities and group of occupations, the gender pay gap by economic activities and occupational groups (Last publication corresponds to Quarter 2 2021).

During 2021, the preparatory work for the Census of Population and Housing has continued, which during this year is focused on the organization of the second Pilot Census, as it has organized three field tests from March to July 2021. Pilot Census started on October 4, 2021 and will last six weeks on the ground. The main purpose of this Pilot is to test each phase, in order to improve all materials and procedures for a successful Census next year. Pilot Census is being carried out in 50 different areas (with specific characteristics) distributed in nine municipalities, such as Tirana, Fushë Arrëz, Dibër, Korçë, Kamëz, Durrës, Selenica, Dropull and Pustec. These areas have different typologies and cover several population groups such as different minorities, religious groups, the elderly, people with disabilities, etc. From a methodological point of view, all three questionnaires such as the questionnaires for households (Households), collective housing and homeless persons were updated based on the results of the third Census field test and the review of relevant (CAPI) applications. The questionnaire was designed based on the recommendations of the UN and Eurostat for the 2020 Census round and reflects all the requirements of the Census Regulation (EC) No. 763/2008 - all essential topics. Furthermore, it contains user requests, collected through consultation tables and provides comparability with the previous Census questionnaire. Manuals for interviewers, controllers and supervisors, training materials and assessment tests have been prepared, 50 surveyors, 6 controllers and 3 supervisors were recruited for the Census Pilot process. Five-day trainings were organized for each level of staff involved in the field. Supervisors, logistics and IT staff were trained together. Training was organized for auditors of all municipalities; while a training for surveyors was organized separately (9 municipalities are part of Pilot Census). Evaluation tests are organized at the end of each training. In order to ensure the monitoring of field work during the pilot, in addition to controllers, supervisors, regional and central staff of INSTAT, a dashboard has been created, which enables a complete monitoring of field work in real time. In terms of communication with users, several activities have been developed such as:

- Update of the dedicated section of Census on the INSTAT website.
<http://instat.gov.al/al/cens-2022/>
- Sharing Monthly Information with the Census Central Commission.
- Distribution of posters and leaflets in the selected Municipalities.
- Organizing nine information roundtables in the pilot municipalities focusing on different groups such as representatives of municipalities, universities, schools, ethnic groups, religious groups and people with disabilities.
- Press conference on the launch of the Pilot Census of Population and Housing.
- TV spots on pilot census to raise public awareness about this activity.
- Social media campaign to disseminate and further promote Pilot Census.

The purpose of organizing the roundtables was to inform the focus groups on the process and activities of Pilot Census and to seek their cooperation in this important process. The next activities foreseen in the period November - December 2021 are:

- Organizing a Pilot Post-Registration Survey PES (sample to be set).
- Pilot results tabulation, for internal use.
- Reflection of pilot census findings in all Census of Population and Housing processes.

In recent years, Albania has done intensive work in the field of National Accounts statistics to increase the level of compliance with (ESA 2010), specifically in methodological improvements or even in the addition of new indicators. Various multi-beneficiary IPA projects, from the EU and beyond, have assisted in the development of National Accounts and will continue to provide technical assistance until its full implementation.

In fulfilment of the objectives of (OPS 2017 – 2021), according to the objectives modules, the following activities have been realized:

- Annual Accounts by Institutional Sectors - Evaluation and publication of the Income Generation and Generation Account by Institutional Sectors 2018.
- Main aggregates of National Accounts.
- Estimation and publication of (GDP) indicators according to the method of production and method of expenditure, 2019 at current prices and prices of the previous year.
- Statistical indicators on quarterly (GDP), by production method, at current prices, with prices of the previous year and "chain link" by economic activity, adjusted and not adjusted seasonally (Last publication corresponds to the 3rd Quarter 2020).
- Main statistical indicators on quarterly (GDP), by method of services, at current prices, with previous year's prices and "chain link", seasonally adjusted and unadjusted (Last publication corresponds to 3rd Quarter 2020).
- Carrying out calculations for the transition from the (GDP) indicator to the Gross National Income indicator (GNI).
- Source usage tables and input-output tables - Compilation and publication of Source - Use tables for the reference year 2018 with current prices at three levels of detail.
- Regional accounts - Estimation and publication of (GDP) indicators by statistical regions level 2/3 2019.
- Public Administration Accounts - Publication of the "List of Public Sector Institutions 2020".

INSTAT is part of the (ESA 2010) Broadcasting Program, regularly broadcasting on EUROSTAT, National Accounts indicators (Annual and Quarterly National Accounts, Regional Accounts, Non-financial Accounts by Institutional Sectors, Resource-Usage Tables and IOT), in the format (SDMX). The Bank of Albania transmits Financial Accounts by Institutional sectors. Continuous efforts are made by INSTAT to increase the data and the number of transmitted tables.

In fulfilment of the obligations in the framework of the approximation of the National Accounts statistics, the structural metadata of the National Accounts have been prepared and published on the official website of NSTAT, which have been transmitted to EUROSTAT through Metadata Handler (Euro SDMX Metadata, ESMS).

In cooperation with the BoA and MFE, INSTAT broadcasts regularly twice a year on Eurostat, the Notices of Excess Deficit Procedure (EDP). The last submission was made in October 2021, using the official EUROSTAT application format. These tables are estimated to be partially aligned with the recommendations of (ESA 2010) and the Deficit and Debt Manual (MDGG 2014).

To complete the (EDP) tables it is necessary to identify the totality of institutional units that are classified under the General Government, in accordance with (ESA 2010) standards. The lists of public and financial sector units are compiled in accordance with (ESA 2010) and their publication meets the obligations arising in the framework of integration. The list agreed by the Ministry of Finance and Economy, the Bank of Albania and INSTAT is updated and published regularly, every year.

Albania is involved and has made progress in the Macroeconomic Imbalance Procedure (MIP) system. This system is an oversight mechanism for monitoring economic policies and detecting potential damage to the proper functioning of the economy of a member state, the Economic and Monetary Union, or the European Union as a whole. Currently, INSTAT and the Bank of Albania have managed to provide the necessary information (filling in the tables, according to the available time series) for 14 main indicators and 25 auxiliary indicators. Respective metadata for all key indicators and documentation for ancillary indicators have been developed.

The Macroeconomic Statistics Audit Policy, based on the Harmonized Audit Policy (HERP), which is mandatory for all EU member states, has been published on the official INSTAT website. This policy was drafted in cooperation with the Ministry of Finance and Economy and the Bank of Albania. The Structural Metadata of the National Accounts are also published on the official website of EUROSTAT and INSTAT.

In the framework of improving and meeting the indicators on Business Statistics, INSTAT is continuously assisted by (IPA 2017 and 2019) programs.

Regarding "Business Statistics", INSTAT has evaluated updated and transmitted to Eurostat data on economic indicators, in accordance with European concepts and definitions. During 2021, in fulfilment of the objectives of OPS 2017 - 2021, the following objectives have been achieved. INSTAT maintains and is responsible for updating business registers, the registers are updated and maintained with administrative and statistical sources.

- The Statistical Register of Enterprises contains all legal units, enterprises, which perform economic activities, contributing to gross domestic product (GDP). In June 2021 the data of the registers with reference year 2020 were published. Publication is accompanied by

the (ESQRS) quality report (Standard Structure of the ESS Quality Report) which is published annually on the official INSTAT website and transmitted to Eurostat.

- The Statistical Register of Local Units was built in 2010 and is updated annually. This register is the main basis for the production of regional statistics.
- Due to globalization, the international comparability of statistical data has become very important. The Register of Enterprise Groups and Multinational Enterprise Groups (MNEs) has been built and maintained since 2018.

INSTAT collects, processes and publishes Structural Statistics of Non-Agricultural Economic Enterprises with an annual survey. The statistics include all active enterprises in Albania, regardless of their legal form. Preliminary data are published 11 months after the reference year, the final data are published 14 months after the year of reference in the special publication "Overall Results of the Structural Business Survey", in the Statistical Yearbook and on the INSTAT website. The results are published nationally, according to economic activities and the size of the enterprise. INSTAT also produces Structural Enterprise Statistics by regions, which aim to show the development and structure of their economic activities.

During 2021, the production of the final results of the Structural Statistics of Economic Enterprises 2019 and the preliminary results of 2020 was realized. Also, the processing and production of structural statistics for Small and Medium Enterprises 2019 was realized. INSTAT has conducted the evaluation of structural statistics at the regional level for the main indicators for 2019. In June 2021, some of the key indicators were broadcast on Eurostat. To ensure the continuity and improvement of the quality of statistical indicators of enterprises, INSTAT also used administrative resources for editing and imputation with data of key indicators.

From 2018, data for the production of Industrial Product Statistics (PRODCOM) are collected and processed. PRODCOM statistics are rated for internal use only and are not published and transmitted to Eurostat. Improving data quality requires the development of appropriate statistical infrastructure for the production of these statistics. This data series will serve for a more complete analysis of the indicators of production and sales of industrial products.

INSTAT collects, processes and publishes Short-Term Statistics of Non-Agricultural Economic Enterprises. In recent years data have been provided in a combined way through administrative sources and quarterly survey. Short-term statistics include all active enterprises in Albania, regardless of their legal form. Data are published 60 days after the end of the reference quarter for Construction Permits and 75 days for Short-Term Statistics. From 2018, data are transmitted on a regular basis quarterly key indicators and quality reports for all annexes of Short-Term Enterprise Statistics.

During 2021 administrative resources were used for the analysis and production of short-term indicators. In case of lack of administrative resource, was used the contact of enterprises with direct observation in the enterprise.

During 2021, in fulfilment of the objectives of (OPS), the following have been realized:

- Quarterly Retail Trade Index, latest publication corresponds to the second quarter 2021.
- Short Term Statistics, Goods and Services, last quarterly publication corresponds to the second quarter 2021.

Data on approved building permits are administrative data. Statistical information on construction permits is collected by the regional offices of INSTAT in cooperation with the urban offices of the respective municipalities. Data on approved building permits provide information on buildings and engineering works on site.

During 2021, in fulfilment of the objectives of the (OPS), quarterly publications on construction permits were made, while the latest publication corresponds to the third quarter 2021.

Pursuant to Law no. 8269, dated 23.12.1997, "On the Bank of Albania", as amended, Law no. 17/2018, dated 05.02.2004 "On official statistics", "National Program of Official Statistics 2017-2021", the Bank of Albania has continued with the production and publication of statistical blocks presented through monetary and financial statistics and external sector statistics . The Bank of Albania have ensured that all indicators prepared to guarantee the fulfilment and observance of all principles of official statistics, such as integrity, transparency, quality, coherence, confidentiality, etc.

The Bank of Albania has been engaged in the (IPA Multi-Profit Program 2017) for International Trade Services Statistics, where the main focus of the project is the improvement of statistical methodologies mainly for processing services, freight transport services, (FISIM) import measurement, government services and broader data coverage including resident accounts transactions.

In the framework of the investments made, the Bank of Albania has completed the one-year project for the automation of the production of the block of statistics of the external sector. Currently the work has continued in parallel in the system and the existing MS Office to guarantee the continuity of compiling statistics of future periods only with the system. This system includes the compilation of monthly balance of payments statistics, one of the questionnaires planned for reporting to Eurostat.

In terms of implementation activities for monetary statistics, monthly and quarterly monetary indicators are regularly produced and published, such as: monetary aggregates, deposits, loans, interest rates on deposits and loans for new and current amounts, sectoral balance sheets and monetary representations of depository corporations and other financial institutions.

Regarding the compilation of financial accounts statistics, work has continued on the consolidation of information sources and valuation methodology in the preparation of Financial Accounts, for all economic sectors, in accordance with the requirements of the European Central

Bank and Eurostat. The Bank of Albania regularly publishes the Financial Accounts of Albania, on an annual basis together with their analysis.

Within the inter-institutional working group for improving the quality of Excess Deficit Procedure (EDP) indicators, work has continued to harmonize financial account data with government finance statistics. Also, the work continues for the implementation of regulation 501/2004 EC for the drafting of financial accounts on a quarterly basis.

Regarding external sector statistics, the Bank of Albania has regularly transmitted to Eurostat the following questionnaires, on a quarterly and annual basis:

- Balance of quarterly payments.
- International investment position.
- International trade in services by country.
- Inflow of direct investments by countries.
- Direct investment income by states.
- Inflow and income from direct investments by countries and economic activity.
- Direct investment stock by countries.
- Stock of direct investments by countries and activities.
- The Bank of Albania regularly continued the publication of international trade in services by countries, as a new statistical product.

Regarding monetary statistics and financial accounts, the Bank of Albania during 2021 cooperated closely with the Bank of Portugal in the framework of the program "Strengthening the capacity of the central banks of the Western Balkans, in order to integrate into the European System of Central Banks", supported by (TAIEX), (ECB). The activity was focused on the integration of microdatabases in the datawarehouse system for statistical purposes and was perceived as such in order to increase the capacity of statistical staff to meet the challenges posed by the technological development of the BoA in the field of statistical information management for decision making.

In the framework of the National Plan for European Integration (NPIE) for the methodological approximation of statistics with international standards and their harmonization according to the Community acquis, during 2021 work has been done for the approximation of Regulation (EU) no. 2021/379 of the European Central Bank, of 22 January 2021 concerning the balance sheet items of credit institutions and the monetary financial institutions sector. The regulation will be accompanied by the reporting package and the relevant guide for the definition and evaluation of indicators, as well as will enable harmonization with the standards of the European Union in the field of monetary aggregates. This ensures, at the same time, compliance with the reporting requirements of the European Central Bank, in fulfilling the requirements for a comprehensive and dynamic reporting system.

The Bank of Albania has completed in October 2021, the (IPA 2017) project for International Trade Services statistics. During this project, have been successfully closed activities such as:

- Conducting surveys at enterprises that have the objective of processing goods owned by residents. The purpose of this survey was to measure the added value during the processing of these goods by resident enterprises, which will serve in the design of processing services. The results of this survey were discussed and agreed with the project expert, estimating that in measuring these services, the enterprise survey provides a better approximation of the service value versus the gross customs database data. The Bank of Albania will conduct for three consecutive years the survey of enterprises to have a consistency in the time series of evaluation of this indicator.
- Drafting the import of (FISIM), is another fulfilment of activities.
- In the context of increasing statistical sources, the inclusion of reporting information by the General Tax Directorate for employee compensation, Albcontrol for sharing with air transport countries and the Ministry of Finance for government services in improving reporting has been successfully achieved.
- Calculating the cost of transport and insurance, based on expert recommendations excluding trade with neighbouring countries with the assumption that the cost of transport between Albania and them is negligible.
- Creating a register of enterprises with foreign bank accounts and drafting a reporting form in the context of wider data coverage.
- Action plan in the framework of the new European Regulation on Statistics EU 2019/2152, which will report two new indicators related to the international trade in services - according to the characteristics of the enterprise and according to the way services are provided. During this activity, the main data sources were identified and a medium-term action plan was agreed which specified the roles of the Bank of Albania and INSTAT.
- The service trade design methodology was updated, including all indicators that had an impact during the project.
- The quality report of the international trade of services was drafted for the first time by the Bank of Albania, under the supervision of an expert.

The Bank of Albania in September 2021 carried out the compilation and uploading of metadata in the Eurostat Metadata Handler system for all indicators covered by the respective acquis. These metadata were successfully validated by Eurostat.

In the framework of improving and meeting the indicators on Sectoral Statistics, INSTAT is continuously assisted by (IPA 2017 and 2019) programs. Regarding "Sectoral Statistics", INSTAT has evaluated updated and transmitted to Eurostat data on these indicators, in accordance with European concepts and definitions.

During 2021, in fulfilment of the objectives of (OPS 2017 – 2021), the following objectives have been achieved:

- INSTAT collects, processes and publishes Electricity Statistics collected from administrative sources. Electricity Balance provides statistical information on net domestic electricity production, gross import and export of electricity, grid losses and final consumption in our country. Electricity statistics are published for the quarterly

period provided by administrative sources. During 2021, in fulfilment of the objectives of the OPS, quarterly publications on electricity statistics were realized, the latest publication corresponds to the third quarter 2021.

- INSTAT collects and publishes the General Energy Balance, which presents the current situation in the energy sector in the Republic of Albania. It is a summary of all available energy balance sheets and has been compiled in full since 1998. The balance sheet presents the specific origin and use by energy sources and consists of two main parts: energy supply and use.
- INSTAT broadcasts Eurostat mini-questionnaires every year; annual questionnaires (Electricity and Heating, Natural Gas, Oil, Coal, Renewable Energy and Waste, Household Energy Consumption and Summary Assessment of Renewable Energy Sources); monthly questionnaires (Oil, Gas and Electricity) and energy prices (Electricity and Gas for Households / Industry).
- INSTAT produces and publishes statistics on the Movement of Citizens which present data on entry and exit of Albanian and foreign citizens: by way of travel (by sea, air, land), border points, purpose of travel of foreign citizens, entrances of foreign nationals by states. Statistics on Citizens Movements are published approximately 21 days after the end of the reference month (T+21), according to the date set in the INSTAT Publications Calendar. Data on the Citizens Movement are administrative data. During 2021, in fulfilments of the objectives of the OPS, monthly publications on the movement of citizens have been made, the latter corresponds to October 2021.

Regarding Tourism Statistics - offer side INSTAT collects, processes and publishes statistics on "Accommodation Structures" by direct survey with surveyors. In July 2017, with the support of (IPA MB) projects, the monthly survey for collecting information at enterprises started. In July 2020, the data of the Tourism Survey on "Accommodation Structures" for the period 2018-2019 were published for the first time. Data are collected on a monthly basis, while the publication for 2020 and 2021 is done on a quarterly basis. Following publication, data and quality report on Accommodation Structures are transmitted to Eurostat. The latest publication corresponds to the third quarter 2021.

Statistics on Science include biennial surveys in all sectors where this activity potentially takes place business sector, non-profit organizations, government, higher education institutions and statistics on funds allocated in the state budget for this activity. The methodology followed is based on the EC Regulations for the production and development of statistics on Science and Technology, as well as the Frascati Manual 2015. INSTAT during 2021 collected through survey data for all four sectors and administrative data for (GBARD) Statistics. The collected data are in the processing stage.

Technology statistics include statistical indicators on the use of Information and Communication Technology (ICT) by enterprises. Statistical indicators of (ICT) use in enterprises include the annual survey in enterprises with 10 and more employees. Data collection is performed with the (CAPI) method, through face-to-face interview with tablet.

The methodology followed and the questionnaire used are in line with EC Regulations. Statistics of (ICT) use in enterprises are produced from 2015 onwards and from 2021, are produced and published in accordance with the deadlines set out in the regulations. Statistical indicators for this sub-area are published nationally according to economic activities classified according to the Nomenclature of Economic Activities Rev.2 (Rev.2) and the size of the enterprise. During 2021, in fulfilments of the objectives of the (OPS), two annual publications were realized the latter corresponds to 2021.

Innovation statistics include a two-year enterprise survey where information is collected for three years of reference. The methodology followed is in line with the fourth edition of the Oslo Manual and EC Regulations on the production and development of Science and Technology statistics. INSTAT produces indicators for Innovation activities in enterprises from the reference period 2017-2019 based on the harmonized EU questionnaire. To be consistent with the reference period of data collection with EU countries, the last survey was conducted by INSTAT in 2020 for the reference period 2018-2020.

The data were published in June 2021. Statistical indicators for this sub-area were published nationally according to economic activities classified according to the Nomenclature of Economic Activities (Rev.2) and the size of the enterprise. During 2021, in fulfilment of the objectives of the (OPS), monthly publications on transport and road safety statistics were made, the latter corresponding to October 2021.

On Environmental Statistics, until 2019, the statistics on “Urban Solid Waste in Albania” were based on data collected in the field through the annual survey on urban waste at the entities that exercised their collection and management. In 2021, INSTAT for the collection of data on urban solid waste referred to 2020, has continued with the application of the innovative method through electronic questionnaires "online" in all municipalities of the country. This new method will enable the production of several new indicators disaggregated at the county level and at the municipal level. During this period, INSTAT has continued with the annual publications on the accounts of environmental material flows (E - MFA) and environmental taxes and will continue to produce them on an annual basis. In the framework of the multi-beneficiary (IPA) project 2017, work has begun on assessing the situation regarding the production of air emission accounts and other environmental accounts (EGSS, PEFA, EPEA). During 2021 INSTAT has completed the work for the establishment of the system for the production of Air Emission Accounts, and has produced data for 2016.

For the production of livestock statistics, monthly surveys are conducted (such as slaughter of cattle, wool, goats and pigs in slaughterhouses, slaughter of birds in slaughterhouses, collection and processing of milk, egg production). INSTAT also conducts an annual survey on milk processing. Monthly data are available and sent to EUROSTAT for evaluation, however they are not yet disseminated nationwide as the information is not yet complete for these statistics, as data on slaughter outside slaughterhouses and on farm cow milk production are lacking etc. During the second half of 2021, for monthly livestock surveys,

INSTAT, in order to improve the data collection methodology, tested the application of the tablet method (CAPI).

Regarding Fisheries Statistics, in July 2021, INSTAT in cooperation with the Ministry of Agriculture and Rural Development (as the main source of statistical information), has published these statistics. Detailed data on Fisheries and Aquaculture statistics have also been sent to Eurostat, and the preparation and submission to EUROSTAT of "Metadata related to Fisheries and Aquaculture Statistics" has been completed.

The 2012 Census of Agriculture farm list was used as a selection basis for the Annual Agriculture Survey (AAS). Due to the lack of other sources of administrative data, the selection base is currently updated only by information from annual agricultural surveys. The selection base is also updated with the list of new farms compiled annually by the Ministry of Agriculture and Rural Development (MARD).

In Albania, the Annual Agricultural Survey (AAS) includes land use, crops and crop production, livestock and livestock production, balance sheets, agricultural labour contributions and expenditures. Regarding the data of this survey, within the (IPA) multi-beneficiary program 2015 was realized the time series 2013-2017 regarding soil and crop production statistics. In continuation of the work done, with the support of multi-beneficiary (IPA 2017), the time series 2013-2018 has been realized in terms of statistics on the number of heads and livestock products. Meanwhile, within the (IPA multi-beneficiary Project 2017), work is being done to complete the time series 2018 - 2020 for crop production and livestock statistics.

In relation to agricultural price statistics, a monthly survey on producer prices is conducted. Producer price indices are published annually at the national level. Data on agricultural input prices are collected from quarterly surveys (INPUT1 and INPUT2). INSTAT conducts a survey dedicated to animal prices for breeding. Data on prices and rents of agricultural land are collected through the Annual Agricultural Survey.

In 2022, the production of the price index of agricultural products based on 2020 (2020 = 100) will begin. Also through technical assistance will be enabled the production for the first time of the input index of agricultural products. In the future, INSTAT will start sending to EUROSTAT data on prices of agricultural products.

The Economic Accounts Sector in Agriculture compiles and transmits Economic Accounts in Agriculture (EAA) for internal use only. (EAA) data are mainly used for compiling annual and quarterly National Accounts, as well as for compiling regional accounts for agriculture. Currently, INSTAT does not produce and does not publish the entire set of (EAA) accounts and indicators for publication. Based on the results of the multi-beneficiary (IPA 2017), and the next Census of agriculture and ad-hoc missions, the establishment of the system of economic accounts in agriculture is planned to be completed during 2025.

INSTAT has planned to conduct the Census of Agriculture. In order to update the list of agricultural farms, as a selection base for the next Census of Agriculture, INSTAT has included in the Census of Population and Housing 2022, a special section with questions dedicated to Agriculture and Livestock. Also, according to the recommendations set out in the Resolution of the Albanian Parliament, INSTAT has completed the strategic documents of the Census of Agriculture as well as the plan of activities which are in draft form. The main achievements during 2020 - 2021 are:

- Methodological improvement has been made in the application of annual surveys by implementing the online data collection methodology for urban waste in addition to the traditional one in the field of water and wood use in industry.
- Submission for the first time in EUROSTAT of the Fisheries Statistics Metadata.
- Production for the first time of indicators on organic products in agriculture.
- Production of county level indicators for statistics on urban solid waste.

The Geographic Information System (GIS) for statistical purposes serves for the continuous updating of Census areas. During 2020, INSTAT has performed quality controls and updating the geodatabase of buildings and their entrances, data obtained from the field update of geospatial information of 2019, in support of the Census of Population and Housing. The geodatabase update process is being performed through (ArcGis) software using a dedicated template. The geospatial database for statistical purposes, updated and maintained, will serve to support statistical activities (censuses, surveys, etc.), inventory of the number of buildings and their characteristics.

4.18.1.5 List of Responsible Ministries and Institutions

INSTAT is the main producer of official statistics in the Republic of Albania and the institution responsible for coordinating the functioning of the National Statistics System (NSS), consisting of two statistical agencies such as the Ministry of Finance and Economy and the Bank of Albania. Other public institutions such as the Ministry of Agriculture and Rural Development, the Ministry of Tourism and Environment, the Ministry of Infrastructure and Energy, the Ministry of Interior, etc., and their dependent institutions, contribute to the production of official statistics as providers of statistical information and administrative data.

The Bank of Albania, as a statistical agency, is the institution responsible for the production of monetary and financial statistics, and financial accounts, also responsible for the production of balance of payments statistics and the position of international investments.

The Ministry of Finance and Economy, as the statistical agency, is responsible for producing government financial statistics. Also together with the Bank of Albania, it supports and supplies data to INSTAT for the compilation of input-output tables within the (EDP).

4.18.1.6 Identified Gaps and Priorities

The main goal of INSTAT is to further align its legislation with the EU acquis on European statistical standards and to increase its role as coordinator of the National Statistical System.

Based on the latest EU recommendations, for 2021 the identified priorities are as follows:

- Implement the Population and Housing Census in accordance with relevant EU legislation and international standards.
- To finalize the detailed action plan and budget foreseen for the Agriculture census of 2024.
- Implement the Law on Official Statistics and continue its improvement and role as Coordinator of the National Statistical System and the expansion of the number of statistical agencies.

The Bank of Albania, based on the recommendations of the progress report for Chapter 18, identifies the following shortcomings which are a priority in the official statistical program as well as in the objectives of the Bank of Albania.

- Compilation of balance of payments statistics with monthly frequency.
- Drafting financial accounts on a quarterly basis (stock and flow).

Other priorities based on the program of Official Statistics 2022-2026, the Development Strategy of INSTAT, as well as the Assembly resolution of the for the evaluation of the activity of the Institute of Statistics for the year, are as follows:

- Review of the basket of agricultural products included in the economic accounts in agriculture and re-base of the Price Index in Agriculture (2020 = 100).
- Focusing on data needs for compiling Environmental Economic Account modules. INSTAT will focus on further development of the modules: Air Emissions Accounts, Physical Energy Flow Accounts, and Environmental Taxes.
- Successful completion of the Census of Agriculture.
- Support of statistical activities with geo-spatial information (censuses, surveys, etc.).
- Ongoing implementation of the European System of Accounts (ESA 2010).
- Increasing the variety of tables broadcast on EUROSTAT, under the (ESA 2010) Broadcasting Program.
- Transmission of Data on Weekly Deaths, a voluntary request from Eurostat in the context of the global pandemic.
- Focusing on the data needs for the compilation of the remaining modules, INSTAT will focus on the further development of the modules: Physical energy flow accounts, products and services in the environmental sector (environmental goods and services sector), environmental protection expenditure accounts.
- Compilation of balance of payments statistics with monthly frequency.
- Compilation of financial accounts on a quarterly basis (stock and flow).

INSTAT has also provided for the approximation of some EU acts in (NPİE 2022-2024) provided by Chapter 18 Statistics, for further harmonization with EU standards. The acts envisaged in implementation and the EU recommendations are as follows:

- Draft Law "On the Census of Agriculture and Agricultural Farms".
- Draft Instruction "In support of the implementation of the European System of National Accounts".
- Draft Instruction "On Statistical Surveys of Milk and Its By-Products".
- Draft Instruction "On the implementation of the regulation on Statistical Surveys of Milk and Its By-Products".
- Draft Decision "On the implementation of the Nomenclature of products by activities".
- Draft Instruction "On Implementing the Income and Living Standards Survey"

These acts will require translation of EU legislation into Albanian, continuous training to increase staff capacity, organization of workshops on how to implement the regulation and consultation tables with stakeholders

CHAPTER 19: SOCIAL POLICY AND EMPLOYMENT

4.19.1.1 Content of the chapter

This chapter focuses on the functioning of social dialogue, in particular, the general legal framework on trade unions and employer organisations, right to form/join unions, to collective bargaining and to industrial action, right to strike, tripartite consultation mechanisms, including economic and social councils, bipartite social dialogue/collective agreements and the involvement of social partners in the design and implementation of legislation.⁵⁸

4.19.1.2 Structure of the chapter

The list of subchapters, as follows:

- Law of Employment;
- Occupational Health and Safety ;
- Social Dialogue;
- Employment Policy;
- European Social Fund;
- Social Inclusion and People with disabilities;
- Social Protection;
- Antidiscrimination and Equal Opportunities.

⁵⁸ Chapter 23 “Judiciary and Fundamental Rights” covers the freedom of assembly and association from a broader fundamental rights perspective.

4.19.1.3. Summary of the SAA requirements and EU *acquis*

The general obligation to approximate Albanian law with that of the European Union stems from Article 70 of the SAA. As clear from this provision, Albania has not only the obligation to technically bring its national legislation in line with EU law, but also secure that it is properly implemented. As per Article 77 SAA, Albania shall progressively harmonise its legislation to that of the Union in the fields of working conditions, notably on health and safety at work, and equal opportunities.

Obligations in the field of social and employment policies arise from Article 99 on "Development, Improvement of the Social Security System", Article 48 on "Coordination of systems of Social Protection for Citizens Community Worker in the Albanian territory and Albanian citizens, employees in the European Union" countries.

Articles 46, 47, 48, 77, 99 of the SAA define the cooperation between Albania and the European Union aimed at modernizing and restructuring the employment services and vocational training, implementation of active and passive employment programs and support to the gradual approximation of Albanian legislation and practices in the field of labour market and vocational training with the Union rules and standards.

The *acquis* in the social policy field includes minimum standards in areas such as labour law, gender equality, health and safety at work and non-discrimination. Under Article 153 of the Treaty on the Functioning of the European Union (TFEU), the Union supports and complements the activities of the Member States in the area of social policy. 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 (the rules of implementation are contained in Chapter 22, which deals with all structural instruments).

In the field of disability, the EU is a part of the UN Convention on the Rights of Persons with Disabilities and has adopted a strategy aimed at mainstreaming disability issues, into relevant Union policies and at enhancing the inclusion and participation of people with disabilities, on an equal basis with others.

International agreements related to employment, labour and social issues, such as the relevant ILO Conventions and the UN Convention on the Rights of People with disabilities, need to be taken into consideration.

4.19.1.4 Current situation in Albania

Albania has some level of preparation in the area of social policies and employment. Some progress has been made in increasing labor market participation and improving the quality and effectiveness of labor market institutions and services.

Albania has continued to restructure its employment governance system, as provided in the new Law on Vocational Education and Training (VET). Social services reform is progressing, aiming at financial and administrative growth, to strengthen the local level.

Some progress has been made in implementing the recommendations of the previous report, in particular in increasing labor market participation and improving the quality and effectiveness of labor market institutions and services. Albania has continued to restructure its employment governance system, in line with laws on vocational education and training and employment promotion.

Regarding labor legislation, the amended Labour Code is being implemented.

In order to improve the monitoring of the implementation of the labor legislation and the collection of inspection data by SLISS, a platform called "Matrix" has been developed. This service is designed to set standards in business relations and serves as a testing opportunity for each entity, in relation to the implementation of labor legislation, creating the possibility of self-correction. "Matrica" also serves to standardize the work of labor inspectors in every decision and this because:

- Increases the professional intelligence of labor inspectors, ensures transparency in its decision-making and minimizes abuse of office.
- Aims for equal treatment, for non-compliance with the same legal provision, on equal terms

Through the processing of inspection data obtained from the "Matrix" we orient the inspection based on the level of risk of the subjects.

In order to monitor child labor, a practical guide has been developed for labor inspectors in identifying and controlling forms of child labor and responding appropriately. This particular guidance will strengthen the role of labor inspectors in identifying and referring illegal child labor.

-With DCM no. 479, dated 17.6.2020 "On some changes and additions to the DCM no. 108, dated 15.2.2017" On the approval of the regulation for the protection of children at work ", which was approved and entered into force with the publication in the Official Gazette of the date 22.06.2020, the obligation of labor inspectors to implement this practical guide has been increased as annex II which is attached to this DCM.

Regarding **the occupational health and safety**, the 2016-2020 occupational, safety and health policy document and its action plan are under implementation. Between 2013 and 2017, Albania adopted laws transposing 19 EU directives linked to the Framework Directive on Health and Safety at Work.

During 2018- 2019, Albania concentrated on effective implementation of occupational safety and health instruments.

During 2019, entered into force DCM no. 596 dated 04.09.2019 "On some changes and additions to the DCM no. 639 dated 07.09.2016 "On the rules, procedures and types of medical examination tests, which will be performed depending on the work performed by employees, as well as the manner of functioning of the medical service at work."

Accidents at work are investigated by SLISS, dividend by type of activity. In this context, for 2019 it results that according to the regional branches the largest number of inspections in case of accident at work was performed in the regional branch Tirana, Durrës, Dibër and Lezha.

According to the type of economic activity, the largest number of accidents at work investigations result in the construction sector which occupies 24.8% of the total inspections for accidents at work, continuing with the "manufacturing enterprises" which occupy 24.3% of the total inspections for accidents at work. Employees injured in the construction sector account for 25.5% of employees injured at work during 2019.

The situation of occupational safety and health issues has received increased attention from the subjects themselves, which is also reflected in the awareness of employer reporting accidents at work, law enforcement and the consequences of not reporting accidents. Facilities have been created to obtain additional information and to carry out this reporting through the official website, enabling reporting of accidents every day and hour of the week, including weekend or official holidays.

In addition to accidents reported by employers themselves as required by law, this year we have also recorded accidents from other sources, specifically from Prosecution, the media, complaints of injured employees themselves coming directly to the State Labour Inspectorate or through the Co-Governance Platform.

There are no recorded cases of children injured at work, pregnant women / breastfeeding women or people with disabilities, groups enjoying special protection under labour legislation.

From year to year, there is an increase in the number of entities that undertake measures to create safe working conditions, and there is an increase for the period of time January-August 2020:

- Number of subjects covered by medical services, (found in 41% of inspected entities);
- Number of subjects using individual protective equipment, (87% of inspected entities);
- Number of subjects using collective protective equipment, (80% of inspected entities);
- Number of employees using collective and individual protective equipment, (70% of employees identified);
- First Aid Service, (76% of inspected entities);
- Fire protection service, (75% of inspected entities);

- There is a risk assessment document, (in 58% of inspected entities);
- Councils of Safety and Health at Work and representatives to Occupational Safety and Health Councils, (in 41% of inspected entities).

The priorities of the SLISS in terms of creating safe working conditions have also guided the planning of inspections of entities that pose a risk to employees' safety and health at work, as well as the development awareness raising meetings with business and strengthen interagency cooperation.

There is a significant increase of Councils of Safety and Health at Work, and the existence of a risk assessment document, due to the continued demand by the Labor Inspectorate in this regard, not only for the establishment of these Councils but also for the effectiveness of the Council, and the risk assessment document shall be in accordance with the legislation in force.

Regarding the **social dialogue**, in the central level, The National Labor Council has held a meeting in February 16, 2021.

The NLC has consulted important issues related to:

- Implementation of Law no. 29/2019 "On the financial, supplementary treatment of employees who have worked in underground mines, employees of the oil and gas industry and employees who have worked in metallurgy".
- Information on the procedure followed for the ratification of ILO Convention 190 "On the Elimination of Violence and Harassment in the Working World".
- Information regarding the study on the challenges in small and medium business to cope with the Pandemic situation as well as the implementation of the project "Empowerment of women against Covid-19 in the Fashion sector".
- Information on the activity of the Working Group for the improvement of mediation / conciliation procedures for resolving collective labor disputes

Previously, the National Labor Council has held 2 meetings online in 2020 (June 12 and October 16). These meetings discussed important issues related to the situation created by the pandemic and the measures taken by the Government in the sector of health, education, tourism, minimum wage, ratification of ILO Convention 190 "On Violence and Harassment" and reporting by the Inspectorate on the implementation of labor legislation in the private and public sector.

Concerning the measurable criteria for the representation of social partners in the National Labor Council, the Working Group based on the proposals of the social partners and the expertise of the ILO has drafted a DCM. The draft DCM was approved by the National Labor Council.

Representation criteria were approved by DCM no. 54, dated 29.1.2020 by the Council of Ministers, which will guarantee the legitimacy of the NLC, political influence and increase the credibility of the opinions and recommendations of this Council.

In cooperation with International Labour Office (ILO), several trainings were organized with the State Mediation Network and members of the State Reconciliation Offices in order to improve of capabilities for the peaceful resolution of collective labor disputes through mediation and conciliation procedures. The Turin Training Center, ILO has organized an advanced course for the certification of the State Mediation Network.

During 2021, a collective labor contract in the field of health was submitted to the Ministry of Finance and Economy

Regarding the **employment policies**, the National Strategy for Employment and Skills (NESS) 2014-2020, and its action plan, have been revised and it has been extended until 2022 (as approved by the DCM in October 2019). The Review of the Strategy was conducted following the Medium Term Evaluation Report covering the period 2014-2018. The report assessed that all four strategic priorities are still relevant. The main goal of the National Employment and Skills Strategy 2019-2022 and its action plan is to identify and design appropriate policies for employment and vocational training of the workforce, in order to create quality jobs and employment opportunities and skills throughout whole life cycle. The action plan focuses on increasing opportunities for decent work through efficient labor market policies, providing quality education and training for young people and adults, promoting social inclusion and cohesion, and strengthening the labor market governance system. and qualifications. The strategy revised the indicators until 2022, according to a database, in close cooperation with INSTAT. Each measure will be implemented from the support provided in the MTBP, as well as from the donor projects that are being implemented.

One of the Objectives of the National Employment and Skills Strategy 2019-2022 is to expand the coverage, inclusion and effectiveness of employment services.

The Council of Ministers approved the establishment of the National Employment and Skills Agency in July 2019 (DCM 554/2019). The proposed structure of the new Agency has been approved and the General Directorate envisages an increase in staff from 36 to 90 persons. Due to the situation created by the pandemic of COVID 19, the staffing process of the NAES General Directorate started in June 2020. Although staffing is expected to extend until 2022. At the end of 2020 it is expected to be completed only 54 % of vacancies in the General Directorate. At the end of September 2020 it turns out that for:

- The process of filling 15 vacancies has been completed
- 4 vacancies competitions are taking place
- 5 vacancies have been announced and are in the application phase by the candidates
- 6 vacancies are waiting to be announced by DPA

After the approval of the law on employment promotion no. 15/2019, revised and new EPP have been approved, with the aim of improving the quality of these programs in the labor market. The programs include various supports for unemployed jobseekers such as:

- Subsidized employment (including unemployed jobseekers from special groups such as young people, women with dependent children, people with disabilities, Roma migrants returning with economic problems, beneficiaries of economic assistance and unemployment benefits, the long-term unemployed, victims of violence etc.
- on-the-job training
- professional practice
- public work in the community
- self-employment
- COVID-19 programs

40 employment offices are organized and operate with the new model of employment services. The performance of employment policies in the labor market is closely linked to the work of the staff, the system of the National Employment and Skills Agency, as well as the good management of its annual budget. 329 office workers and management staff are trained in new Employment Promotion programs.

The reform of the Legal Framework has made a significant contribution to the consolidation and reform of employment policies and skills in Albania, which are detailed in the revised Action Plan 2019-2022, built on the basis of the National Employment and Skills Strategy 2019-2022.

The performance card as tool for monitoring the quality of services, determines the annual achievements of the most important indicators that measure the level of service of the employment office to its clients: jobseekers and employers. Key performance indicators such as employment, inclusion in active labor market programs, the number of new jobs advertised and the increase in the number of client employers of the employment office are also detailed in other indicators referring to the prioritization of vulnerable groups in implementation. of relevant strategy indicators and other strategic indicators.

The definition of objectives is based on the characteristics of the register of jobseekers and employers, the performance of monitored indicators of previous periods, the objectives related to each vulnerable group defined in their strategies and other national and international strategic indicators.

For the first time in 2019, NES, with the support of GIZ, starts implementing in all Vocational Training Centers the Start Smart package for the development of soft skills of unemployed jobseekers, which are expected to affect the development of employability skills.

The above was the planning and distribution of the target for each EO and VTC focusing on unemployed jobseekers of the first and second level of employability, mainly those who were oriented to attend a vocational training course.

Also, for the realization of the objective, the staff was trained and the facilities and information equipment were provided.

During 2019 and 2020, 13,834 unemployed jobseekers nationwide participated in Start Smart courses.

The manual for the reference system of reference and administration of the Smart Smart course was drafted and approved in May 2019, which consists of two parts, respectively:

- EO (referral system)
- VTC (documentation system)

This manual standardized the process and regulated the VTC-EO relationship. With the support of GIZ, a training was conducted in order to administer the process by VTCs.

The agreement signed between the NAES and the State Social Service on the reintegration into the labor market of current and former beneficiaries of cash benefits resulted in:

Year 2018:

- Employment of 1,705 former beneficiaries and 2,253 beneficiaries;
- Participation of 435 former beneficiaries and 356 beneficiaries in active labor market programs;
- Participation of 327 previous beneficiaries and 394 beneficiaries in vocational training courses.

Year 2019:

- Employment of 1,168 former beneficiaries and 1,875 beneficiaries;
- Participation of 403 former beneficiaries and 311 beneficiaries in active labor market programs;
- Participation of 92 previous beneficiaries and 361 beneficiaries in vocational training courses.

Year 2020:

- Employment of 205 previous beneficiaries and 904 beneficiaries;
- Participation of 15 previous beneficiaries and 39 beneficiaries in active labor market programs;
- Participation of 14 previous beneficiaries and 54 beneficiaries in vocational training courses.

During 2019, NES has taken the initiative to sign agreements with Local Government Units in the framework of strengthening and coordinating employment policies at the regional and local level.

These agreements consist of building a bilateral relationship in order to institutionalize service and help jobseekers for a better and dignified life, as well as coordinating institutional efforts at local and regional level under the main objective of reducing the unemployment rate in the unit

relevant to local government and addressing as effectively as possible the social problems faced by individuals. Regarding the above, during 2019 4 cooperation agreements were realized; respectively, a) with the Municipality of Maliq, b) with the Municipality of Korça, c) with the Municipality of Fier and ç) with the Municipality of Delvinë.

There were no developments on use of the **European Social Fund**.

Referring the subchapter **Social Inclusion and People with disabilities**,

Measuring indicators of social inclusion in the context of development and poverty reduction is a priority, given the importance of data and indicators for policy-making. In this area there is an interactive process between MHSP and line ministries in order to collect statistical data on social inclusion. The monitoring report of the Social Inclusion Document 2016-2020, the preliminary document on social inclusion, has been drafted, with recommendations for MHSP, INSTAT and other taskholders relevant for social inclusion.

Government of Albania policies and strategies for social inclusion of Persons with Disabilities are in line with objectives of United Nations Convention on the Rights of Persons with Disabilities and the European Disability Strategy 2021-2030. Ministry of Health and Social Protection has endorsed the National Action Plan on Disability 2021-2025, which has been approved by the Government with DCM Nr. 276, Date 12/05/2021.

The Action Plan has been drafted in cooperation with line ministries, followed by wide consultation with the partners and civil society. In this process, NAP was also consulted with the National Council for Disability and also the IPMG-Inter-Institutional-Policy Monitoring Group in February 2021.

In the National Action Plan for Persons with Disabilities 2021-2025, accessibility is a primary policy goal accompanied with cross-cutting measures. From the evaluation of the NAP 2016-2020, resulted that legislation for accessibility must be strengthened and mechanisms should be in place for standard monitoring and implementation. MoHSP has conducted an Analysis of the Legislation with the gaps and implementation issues, and has delivered the study to the line ministries for consideration, emphasising the need for each area legislative situation analysis.

MohSP has improved the situation of health centers and to a high extent the building accessibility standards in 28 health centers, during 2021 in Fier, Vlora and Gjirokaster. There have also been improved standards in physical accessibility in the schools restored post-earthquake from the programme “EU4Schools”, implemented by UNDP in cooperation with the Albanian Government. This has expanded in eleven affected municipalities, namely: Kruja, Durres, Kurbin, Kamza, Kavaja, Tirana, Mirdita, Lezha, Rrogozhina, Shijak, Vora.

MoHSP is cooperating with ADISA “Agency for the Delivery of Integrated Services Albania) in order to offer services for Person with Disabilities in ADISA Centers for Integrated Services.

In the time-frame 2021-2025 all institutions have committed to measures on accessibility in construction, infrastructure, transport, communication, and accessibility information in all

spheres, education, employment, services, tourism. However, there should be specifically allocated funds for measures on accessibility, particularly access to information. Local government does not yet plan or budget for accessibility in socio-economic development plans.

The disability assessment reform improves the quality of life of people with disabilities. The reform expands the network of integrating social services, through employment and vocational training, in co-operation with local government. Along these objectives, Universal Health Coverage remains a commitment of the Albanian Government, through promoting healthy living, coordinating efforts and increasing investment in all health-related sectors. This reform is in line with the UN Convention on the Rights of Persons with Disabilities, WHO International Standards and the International Classification of Functions (ICF). The policy document and the Action Plan of the Reform of Disability Assessment (DCM no. 380, dated 5.6.2019) are under implementation for progressive extension of the reform. Currently, the reform is being implemented in the region of Tirana with 6 multidisciplinary commissions. The bio-psycho-social assessment has been implemented in Durrës and is extended in Elbasan.

Social Care Services provided for persons with disabilities, for year 2021, supported by the Social Fund were established in Tirana, Librazhd, Lushnje, Lezha, Kavaja. The overall support in 2021 is 26,131,622 All.

There are legislative measures addressing the situation of persons with hearing difficulties. With the endorsement of Ministry of Justice the Parliament approved Law Nr. 82/2021 “On official translation and the profession of official translator” which provides a legal definition of the role of sign language interpreter for deaf people. Implementation of Law no. 111 dated 14.12.2017 "Special categories of beneficiaries of legal aid" provides for free legal aid to vulnerable groups, targeting especially persons with disabilities. The legal aid should be adapted to all categories of PwD.

There are also developments related to legislation on mental health. In this regard, in 2020, MoHSP established a working group for the amendment of Law No.44/2012 “On Mental Health”. Law No. 20/2021 “For some additions and amendments to Law no. 44/2012 “On mental health” as amended, improved the legal framework on legal protection in the area of mental health disorders.

In relation to the stigma and discrimination, the legal framework for protection against discrimination in Albania provide among others addition of new forms of discrimination (such as multiple discrimination, cross-sectorial discrimination, hate speech, segregation, sexual harassment, structured discrimination, incitement and assistance to discrimination and the declared purpose of discrimination), referring to international practice as well as current social circumstances. Existing forms of discrimination, such as the case of "victimization", have also been reformulated (Article 3). Law No. 93/2014 also includes dispositions on discrimination in consideration also of reasonable accommodation.

Ministry of Health and Social Protection has focused on Sustainable Development Goals and impact on vulnerable groups, considering that in the Agenda 2030, equality of opportunities and non-discrimination are part of the SDG's. UNDP "Leave no one behind" has supported drafting the social plans in the municipalities. In these plans some relevant issues for disability are addressed but not accessibility. LNB will continue to focus on vulnerable persons and groups to have improved access to public services that support their social inclusion, and well-being. Support has been provided through LNB for organization of people with disabilities in advocacy forums for access to quality public services, and information for deaf people on the rights of deaf people.

Law No.15 / 2019 "On Promotion of Employment", in its provisions has foreseen the creation of a Social Employment Fund, which will be used for programs aimed at employment, self-employment, job rehabilitation, vocational training, orientation and counseling for employment, support services, reconstruction and job placement of people with disabilities. The National Employment and Skills Strategy 2019 - 2022 and its action plan foresee measures for employment and vocational training of the vulnerable groups through better profiling of workforce and individual employability plans. The new and revised Employment Promotion Programs including the ones for COVID – 19 situation in order to achieve a better response to the needs of unemployed jobseekers, particularly the most vulnerable in cooperation with NAES, State Social Service and local authorities. Despite the COVID pandemic, there were 697 unemployed jobseekers with disability registered in employment offices until April 2021. However the rates of employment are very low. There are also 18 persons employed until July, through mediation or individually found a job. Vocational training for 58 persons with disability was provided from January- July.

Inclusive education is one of the areas of the NAP for Persons with Disabilities. In the academic year 2020-2021, the number of children with disabilities in non-special schools in public education increased by about 64%, compared to the academic year 2014-2015, reaching 3575. At the beginning of the 2020 – 2021 academic year, the number of children with disabilities in mainstream schools in public education was 4,672. Currently, only 11.5% of disabled children enrolled in pre-university education attend special education institutions.

About 1275 assistant teachers for the children with disabilities were employed in the system of public and private pre-university education in this year, including pre-school education (1176 in public). The ratio of children with disabilities / assistant teachers this year is 3.7. The profile of the special education teacher has been defined as a regulated profession and efforts are being made to give priority to teachers licensed in this profile as assistant teachers for children with disabilities.

In consideration of participation in society, political and public life, accessibility is a precondition to fight stigma and discrimination. Central Election Commission provided accessible formats in the last elections, spots in sign language and assistance for Pwd. In areas of culture and sports the elements of accessibility are a precondition for inclusion. In this aspect, pilot projects need further support to impact the indicators of participation.

COVID-19 and Persons with Disabilities.

Ministry of Health and Social Protection, in the framework of the measures taken to prevent and limit the spread of the COVID-19 epidemic limited visits to public and non-public residential social care institutions of family members, friends and relatives of beneficiaries, in order to prevent their infection by COVID-19; Increase of hygienic-sanitary measures; Contacts with local health care units to monitor the health situation of beneficiaries; For each suspected case it Protocols Approved by the Ministry of Health and Social Protection and the Institute of Public Health.

MoHSP has also released Order no. 226, dated 02.04.2020 "On the suspension of the functioning of the evaluation commissions of persons with disabilities and work disability". However, this did not affect the payments of the existing beneficiaries whose decisions expired during this period.

Ministry of Health and Social Protection was assisted by UNDP to develop the Protocol for the Operation of Public and Non-Public, Non-Resident Centers, Provision of Services for Persons with Disabilities, during and after the Period of Natural Disaster, until at the end of the physical / social distance measures due to the COVID-19 pandemic, approved by the Order of the Minister of Health and Social Protection, no. 381, dated 23.6.2020.

MohSP has collaborated with UNDP to identify emergency support areas, aiming to reduce the impact on the poorest and most vulnerable groups. This led to the activation of the network of professionals of development centers for children with disability to support them with specialized social services online. Support was provided for the Albanian National Association of the Deaf to provide reliable and up-to-date information about COVID-19 in sign language for the hearing-impaired community, as well as to establish and maintain a 24 hour hotline information / referral services for this community. Daily press releases by the Ministry of Health and Social Protection were accompanied by sign language interpretation.

In the framework of **Social Protection**, the implementation of the National Strategy of Social Protection 2015–2020 (NSSP), extended till 2023, has brought about the transformation of the social assistance (NE) scheme into an active scheme enabling social re-integration; the revision of the system of disability evaluation; intervention and ensuring re-integration of children in families and community, while placing particular care for social and biological orphans, and ensuring delivery of integrated social and community welfare services. NSSP also elaborates the need to establish linkages and better integration between active employment policies and social inclusion and protection policies. The action will contribute to all three objectives and will have a particular focus on third objective related to local decentralisation and development of integrated social and community care services.

Regarding **Antidiscrimination and Equal Opportunities**, on October 2020, Ministry of Health and Social Protection prepared the Evaluation Report of the Implementation of the National

Strategy for Gender Equality and its Action Plan 2016-2020. The report showed that the strategy in its entirety has been implemented to the extent of 80%, highlighting achievements towards empowering women, advancing gender equality and reducing gender-based violence and domestic violence.

Despite the challenges and obstacles encountered due to the situation caused by the earthquake of November 26, 2019 and the Covid 19 pandemic, the engagement of the central and local institutions, the partnership with other important partners such as civil society organizations and the support provided by our international partners, had resulted in the achievement of the objectives of the NSGE 2016-2020.

Economic empowerment of women and men has been one of the strategic goals of the NSGE 2016-2020 and in the focus of the responsible institutions. Through the implementation of concrete measures it has become possible to increase the participation of women and girls in the labor market, effective implementation of the objectives of the National Action Plan for Women Entrepreneurs 2014-2020, as well as significant improvement of services and the quality of their provision by the Local Government Law. Also there have been significant improvements in legislation regarding employment and safe working environment for women, defining and reversing the burden of proof in cases of sexual harassment.

There is a significant increase in women's participation in political and public decision-making as well as structures dealing with peace and security issues. Legal improvements to the Electoral Code during 2020 brought a greater guarantee of respect for the gender quota, the application of which in the forthcoming elections will ensure greater representation of women in Parliament. At the end of January 2020, the Gender Equality Index for Albania which measures the progress of gender equality in the 28 member states of the European Union and the two countries of the Western Balkans was launched. This index ranks Albania in 17th place with 60.4 points in 6 important areas, where in the field of decision-making and political representation of women we are ranked with 60.9 points, for 9 points above the average of European Union countries.

The data of the report of the Global Gender Index Index of the World Economic Forum of 2020, show that for 2019 Albania is ranked 20th out of 153 countries, compared to 34th place in 2018. Referring to INSTAT, Publication "Men and women in Albania, 2020 ", the gender pay gap is 10.1%. So men have an average gross monthly salary 10.1% higher than women. Compared to 2018, in 2019 there is a decrease in the gender pay gap by 0.6 percentage points.

The Ministry of Health and Social Protection has continued its coordination and cooperation with specialized NGOs to implement the actions provided in the National Action Plan for LGBTI 2016-2020. In this context, special attention is dedicated to increasing the capacity of professionals, especially health care workers to provide effective and friendly services to LGBTI persons. Awareness of LGBTI issues as part of the Action Plan, has continued to be done in close cooperation between institutions and NGOs in the field. Activities in the framework of the

Week against Homophobia took place during May 2020, despite the difficulties due to the restrictions of Covid 19.

The Ministry of Health and Social Protection with the support of the Council of Europe has started the process of evaluating the Action Plan for LGBTI People in Albania, for the years 2016-2020.

With Law no. 124/2020 *“For some additions and amendments to law no. 10221, dated 4.2.2010 “On protection from discrimination”*, were approved on October 15, 2020 the legal amendments to the Law “On Protection from Discrimination”, entered into force on November 18, 2020.

These legal changes improve the legal framework for protection against discrimination in Albania, as they provide:

- Adding to Article 1 of the law, the protected grounds for which discrimination is prohibited, where discrimination was increased due to citizenship, sex characteristics, living with HIV / AIDS and appearance.
- Addition of new forms of discrimination (such as multiple discrimination, cross-sectorial discrimination, hate speech, segregation, sexual harassment, structured discrimination, incitement and assistance to discrimination and the declared purpose of discrimination), referring to international practice as well as current social circumstances. Existing forms of discrimination, such as the case of “victimization”, have also been reformulated. (Article 3)
- Provided as a separate provision, serious forms of discrimination, which will be considered as such in those cases where the discriminatory behavior is motivated by more than one cause, has been committed more than once, when it has lasted for a long period of time, or when it has brought particularly harmful consequences for the victim. In such cases the law has provided for a doubling of sanctions. (Article 3/1 and Article 33)
- The obligation of public authorities to promote equality and prevent discrimination in the exercise of their functions is emphasized. (Article 7, point 3)
- The criteria for being elected as a Commissioner for Protection from Discrimination have been added and reformulated, where, among other things, it is foreseen that the candidate must have high moral integrity and outstanding activities in the community; have a university degree of the second cycle or a diploma united with it, in accordance with the rules for the unification of diplomas according to the legislation in force; or have work experience of not less than 5 years in the field of human and legal freedoms and rights. (Article 24, letters “a”, “b”, and “c”)
- One of the cases of dismissal of the Commissioner has been reformulated, when the fact of inability to exercise the duty for more than three months is confirmed. (Article 28, letter “b”);
- Some of the powers that the law recognizes to the Commissioner for Protection from Discrimination have been added and changed, where among others we mention the competence to review complaints from persons or groups of persons claiming to have been discriminated, as provided not only in the Law *“On Protection from Discrimination”*, but now also in the Law “On Gender Equality in Society”. The right of

the Commissioner to monitor the implementation of the Law "*On Gender Equality in Society*" has also been added as a competence. It is stipulated that the Commissioner has the power to review complaints from organizations that have a legitimate interest in acting on behalf and with the written consent of individuals or groups of individuals alleging discrimination or on their behalf in matters relating to collective interest. It is worth noting as an achievement, the increase in the law of the Commissioner the right to file lawsuits, in defense of the principle of equality and non-discrimination, on issues related to collective interests, as well as the right to initiate the Constitutional Court, when during its activity it finds that the law or normative act violates the fundamental rights and freedoms of individuals. (Article 32)

- The obligation of all public institutions and private entities to support the Commissioner, providing the information he needs and guaranteeing access to information in the performance of his duties, in accordance with the legislation governing the right to information and protection, has been re-emphasized. of personal data. (Article 32)
- In order to motivate the increase of the number of complaints related to individuals of the LGBTI community but also of the complaints related to the denunciation of cases of sexual harassment in the workplace, the provision was repealed by the previous law which sanctioned that the Commissioner does not consider anonymous complaints, which means that now the cases cited above can file anonymous complaints. (Article 33)
- The possibility of the complaining subjects to address the Commissioner for Protection from Discrimination has been expanded, as with the new changes the time limit has been increased from one to two years, within which the complaining party can file the complaint. (Article 33).
- The new legal changes enable the obligation of the national media to publish the decisions of the Commissioner who have found discrimination through hate speech. The imposition of such an obligation would enable greater effectiveness.
- The procedure for execution of fines and decisions of the Commissioner has been added as a separate provision, according to which the decisions of fines of the Commissioner, not appealed within the deadline provided by law, become an executive title and are compulsorily executed by the bailiff's office, at the request of the Commissioner. (Article 33/1)

Summary of the Main Achievements

In the field of labour law, in terms of implementation, positive steps have been taken to promote amendments to the Labor Code. Tripartite activities (employers, employees and employees of the labor administration) have been developed in order to familiarize with the innovations and changes of its provisions. The Labor Code Commentary has been drafted to serve the Labor Administration, which has in its area of responsibility the implementation of labor legislation. Promotion of the Labor Code commentary is made in several cities like Tirana, Korca, Vlora and Shkodra.

Referring the Occupational Health and Safety, aiming to aligning the Albanian legislation on safety and health at work with the EU acquis, two legal measures foreseen in the NPEI 2019-2021 have been adopted and the third is in process.

In the field of Social Dialogue, in order to improve the system of prevention and friendly resolution of labor conflicts, the State Mediation Network has been established and the State Reconciliation Offices have been established (National Reconciliation Office and Reconciliation Office in 12 districts), with a view to their functioning for the settlement of collective disputes between the parties, in accordance with the legal provisions for their timely treatment.

The agreement of the criteria of representation by the social partners and the level of representation in the National Labor Council was harmonized in order to maximize the impact of its activity, was realized with the approval of DCM no. 54, dated 29.1.2020 by the Council of Ministers.

In implementation of the Minister's of Economy and Finance Order, was established a working group, with representatives of the ministry and of social partners, to improve the mediation /conciliation procedures in resolving collective labor disputes. In cooperation with the ILO expert and the national one, was prepared and later approved by Ministers Order, the Instruction no 13, dated 12.5.2021 "On the organization and functioning of structures for mediation and conciliation of collective labor conflicts, as well as relevant procedures"

In the field of Employment Policy, the adoption of law no. 15/2019 "On employment promotion" in March 2019, completed the legal framework related to employment policies / programs and skills development. This has created ample space for the following developments:

- Diversification of employment promotion programs and employment services approved during 2020 4 DCMs with 7 programs, including programs to promote the employment of unemployed persons as a result of COVID -19;
- employment and vocational education and training providers are already under the management of the National Employment and Skills Agency (NAES);

Regarding the **Social Inclusion and People with disabilities**, the MHSP has monitored through reports social indicators on vulnerable groups with access to employment, vocational education; social protection; education; health services; social housing; legal aid. MHSP has coordinated the approval of Action Plan for Persons with Disabilities with new measures and budget forecast, (DCM Nr.276, Date 12.05/2021.

Referring to the **Social Protection**, the National Social Protection Strategy was renewed and expanded until 2023, maintaining the same policy goals and targets. With the adoption of Law No. 57/2019 "On Social Assistance in the Republic of Albania", bureaucratic procedures were avoided during the decision-making process by removing the role of the Municipality Council. The Municipality Council will no longer be authorized to approve the lists of beneficiaries of

the Economic Aid scheme, as they have been declared eligible on the basis of the formula and the decision is made by the State Social Service.

- New control procedures were adopted, setting up a transparent and efficient monitoring system through the provision of the new modules to the MIS consisting in the Risk Profile, case management, well managing direct household payments and monitoring them through the linkage with the Treasury, Banks and Post Office.
- The “exit strategy” and its action plan is being implemented with the aim of promoting integration into the social life of families through employment promotion programs, so that this scheme will not be used as a benefit mechanism that may lead to prolonged unemployment of the beneficiary families of economic aid and turn it into an active scheme.
- The control methodology of the reformed disability assessment scheme has been approved and the staff of the control structures at central and regional directories of the State Social Service have been trained on the use of the new control methodology, with the aim of avoiding abuse in the disability scheme. Disability payments and benefits, personal assistant payments and the in-kind benefits have been restructured and have been combined with social, health, education, vocational training, employment services, etc.
- The capacities of the staff of the Ministry of Health and Social Protection, of the State Social Service at central and regional level, and of the health structures which refer cases and staff of the institutions that provide services in the district of Tirana, have been raised and strengthened through continuous training. The new legal framework for the implementation of a country-wide bio-psycho-social disability assessment has been designed reflecting the combination of cash payment benefits with integrated services. The implementation of the reform of the disability assessment system on the basis of a ‘biopsycho-social’ model is now implemented in Tirana region, covering about one third of the Albanian population

The Ministry of Health and Social Protection has started to operationalise the social fund by awarding 14 municipalities were funded by the Social Fund in 2020 to establish 14 new services, with a fund amounting to ALL 61,412,587, and the aim is to fund 35 municipalities by the end of 2022 .

The municipalities where no social service is provided will be a priority. On the other hand, in those municipalities where the opportunities to use services are too limited because of insufficient capacities, the possibility of harmonizing and meeting needs in the closest municipalities should be considered.

About 40 municipalities have been supported by UNICEF, UNDP and WV to develop and cost social care plans which are the foundations for building and financing social care services, so far. The social welfare staff of 19 Municipalities have been trained with using MIS for social care services and the training will continue in 2020 with support from UNICEF.

The De-Institutionalisation process, has initiated the implementation of the De-Institutionalisation Action Plan 2020-2022, approved with DCM 706/2020.

The action plan integrates specific policies and programs to reduce the institutionalization of child care system, aiming at transforming the services provided in residential institutions into community-based multidisciplinary services, which could set up specialized care alternatives, thus providing opportunities for a better and independent living for the targeted group of children

The legal developments for the current period in the field of social insurance are as follows:

The following laws were approved **during 2021:**

- Law no. 65/2020, dated 21.05.2020 "For an addition to law no. 7703, dated 11.5.1993, "On social insurance in the Republic of Albania", as amended ";
- Law no. 156/2020, dated 17.12.2020 "On the remission of military obligations toward the social insurance fund, generated as a difference from the re-examination of early retirement pensions regarding the service working periods, determined under the final court decisions, based on the criteria of the unifying decision of the United Colleges of the High Court no. 3, dated 24.11.2016 ";
- Law no. 165/2020, dated 23.12.2020 "On some changes and additions to law no. 9179, dated 29.1.2004, "On a special treatment of employees who have worked in several enterprises of the military industry", as amended ";
- Law no. 167/2020, dated 23.12.2020 "On the remission of social insurance obligations that former underground employees owe to the Social Insurance Institute, calculated for the period they have benefited, according to law no. 8685, dated 9.11.2000, "On a special treatment of employees who have worked in underground mines", as amended, who have simultaneously developed an economic activity as employees or self-employed ";
- Law no. 169/2020, dated 23.12.2020 "On the recognition as an insurance period aiming the benefit from social insurance regarding the working period in former agricultural cooperatives";
- Normative act of CM no. 33, dated 11.12.2020 "For an addition to law no. 7703, dated 11.5.1993, "On social insurance in the Republic of Albania", as amended ".

The following DCM-s were adopted **during 2020:**

- Decision of the Council of Ministers no. 262, dated 30.03.2020 "On the approval of the indexation coefficient of the estimated base in 2018, for the calculation of pensions";
- Decision of the Council of Ministers no. 263, dated 30.3.2020 "On the Indexation of Pensions".
- Decision of the Council of Ministers no. 447, dated 3.6.2020 "On the assignments of professions and jobs, as a result of changes in Technology, Organization and Ownership

of Capitals, which do not comply or are provided in Decision no. 526, dated 20.12.1958, of the Council of Ministers, "On Division of Jobs into Categories, for Pension Effect", as amended, as well as the Assignments of Professions and Jobs of Engineering-Technical Staff in the Oil and Gas Industry, which has worked directly in production, in Sectors or Brigades, such as Drilling - Exploration, Drilling - Exploitation, Production, Seismic, Site Geophysics, Processing and Transportation by Oil and Pipeline.

- Decision of the Council of Ministers no. 448, dated 3.6.2020 "On the Approval of the List of Professions and Jobs of Engineering-Technical Personnel, who has worked in the Petroleum System Enterprises.
- Decision of the Council of Ministers no. 720, Date 16.9.2020 For some changes and additions to the Decision No.77, Date 28.1.2015, of the Council of Ministers, "On Compulsory Contributions and Benefits from the Social Insurance System and Health Care Insurance", as amended.
- Decision of the Council of Ministers no. 1042, dated 18.12.2020 "On the reward of pensioners for the end of 2020".

The following law was approved **during 2021**:

- Law no. 166/2020, dated 23.12.2020 "On some changes and additions to law no. 8097, dated 21.3.1996, "On supplementary state pensions of persons performing constitutional functions and state employees", as amended ".

The following DCM-s were approved **during 2021**:

- DCM no. 196, dated 31.3.2021, "On the indexation of pensions and the estimated base";
- DCM no. 432, dated 15.07.2021 "On the approval of the list of former agricultural cooperatives for which the documentation of working periods is not available".

Also, the Directive of Social Insurance Institute no. 6, dated 6.4.2021 "On the implementation of the indexation coefficients of the estimated base in application of the DCM no. 196, dated 31.3.2021, "On the indexation of pensions and the estimated base", is published in the Official Bulletin.

In the field of **Antidiscrimination and Equal Opportunities**, regarding the gender equality we may say that:

From the evaluation of the "National Strategy for Gender Equality and its Action Plan 2016-2020", prepared by Ministry of Health and Social Protection in December 2020, it results that in its entirety this Strategy has been implemented to the extent of 80%, highlighting achievements in terms of women's empowerment, advancing gender equality and reducing gender-based violence and domestic violence. Specifically, under Strategic Goal 1 "Economic empowerment of women and men" there are identified the following achievements:

- The participation of women and girls in the labor market is increased
- There is an increased access of women and men to the employment programs.
- The gender pay gap according to INSTAT data for 2020 is 6.6%. Compared to 2019 there is a decrease of 3.5%.
- There is an increase in the involvement of girls and young women in fields of study related to science and innovation.
- There is a reduction of about 8% in women's unpaid work.
- There are legal improvements for property rights on agricultural land.

Approval of the National Strategy for Gender Equality, 2021-2030 (NSGE 2021-2030) with DCM No. 400 / 30.06.2021⁵⁹. The measures and actions envisaged in this strategy are combined or related to the measures and actions envisaged in the European Union's Gender Equality Strategy 2020-2025, further laid down in the EU Gender Action Plan (GAP III) 2021-2025. In its entirety "NSGE 2021 - 2030" consists of four main strategic goals, which include specific objectives that reflect the need to change or add new dimensions to which attention should be focused on properly addressing gender equality issues, based on the latest developments, as well as considering issues related to civil emergencies, natural disasters or new areas so far unaddressed or very little addressed in relation to gender equality (such as gender environment and climate change, digitalization, etc.).

In the field of protection against discrimination for LGBTI persons - the Evaluation Report on the National Action Plan for LGBTI in Albania, 2016-2020 was launched at the end of May 2021, as was prepared on behalf of the Government of Albania by the Ministry of Health and Social Protection, with the support and technical expertise provided by Council of Europe. Full report can be found on the website: <https://rm.coe.int/raport-vleresimi-al-en-1-/1680a3977f>

The Ministry of Health and Social Protection has prepared the National Action Plan for LGBTI+ persons 2021 - 2027, in coordination and consultation with other responsible ministries, local self-government units, independent institutions, civil society organizations, especially those of LGBTI+ persons themselves or with the main focus on this target group, as well as with international organizations, which work for the protection of human rights, equality and non-discrimination in Albania. "NAP for LGBTI+ 2021 - 2027" is the third action plan at the national level with a focus on protection of rights, provision of quality services, awareness raising and reducing the level of intolerance of society against LGBTI+ persons in Albania. As such, this NAP reflects the priority and special attention that the Government of Albania pays to the creation of a society based on the individual's rights, merits, and professional values, as well as to the responsible, efficient and transparent governance, in the interest of the country's development, fighting corruption, inequality before the law, impunity or discrimination of any kind.

⁵⁹ As Published in the Official Gazette No.112, dated 15.07.2021. See: <https://qbz.gov.al/eli/fz/2021/112>

Children

The National Agenda for the Rights of the Children 2021-2026, which is approved in Council Ministres Meeting in date 03.11.2021, has a cross-sectoral nature that includes goals, objectives and measures, which aim at:

- To affect the lives of children, by improving the quality of services at all levels;
- To promote a culture of children's rights and to lay the foundations for meaningful participation of children in Albania;
- To enable protection from all forms of violence;
- To provide quality data in order to improve the policies and programs designed for them
- To realize education in order to protect children online, thus guaranteeing well-being and a better future for children.

4.19.1.5 List of Responsible Ministries and Institutions

The institution responsible for Chapter 19 is the Ministry of Health and Social Protection (MoHSP).

Other contributing institutions for Chapter 19 are: Ministry of Finance and Economy, (MFE); State Labour and Social Services Inspectorate (SLISS); National Employment and Skills Agency (NAES) National Employment Service (NES); Social Insurance Institute (SII); National Agency for Education, Vocational Training and Qualifications (NAEVTQ), National Agency for the Protection of Children Rights, (NAPCR); State Social Service (SSS); Compulsory Health Care Insurance Fund (CHCIF); Ministry of Interior (MI); State Policy, (SP); Anti-Discrimination Commissioner (ADC); Statistics Institute, (INSTAT); Ombudsman; Ministry for Europe and Foreign Affairs, (MEFA). National Agency of Information Society (NAIS).

In support of the coordination of the work of the institutions responsible for Chapter 19 in the financial aspect and for statistical data, there is a special commitment from the responsible ministry for finance (MFE) and the Institute of Statistics (INSTAT).

In support of the coordination of work between international institutions and the institutions responsible for Chapter 19, the Secretariat for European Integration has been set up by the Ministry for Europe and Foreign Affairs (MEFA).

4.19.1.6 Identified Gaps and Priorities

The main objectives of Albania regarding employment and social policy include:

- Implementation of new and revised employment promotion programs including COVID 19 programs;
- Adoption of a new youth guarantee program to address mainly NEET
- Intensifying efforts to implement the social protection strategy, with a special focus on vulnerable groups, strengthening the skills and resources of local government to assess the needs of social care in their territory;
- intensify efforts to implement the 2015-2020 social protection strategy, with a special focus on vulnerable groups, strengthening the capacity and resource of local government to assess social care needs in their territory;

The Government of Albania is committed to developing an employment and social policy which is in line with the EU requirements and best practices by investing in human capital and social cohesion, as one of the main pillars of its primary strategic vision of becoming a member of the European Union.

Priorities in the **field of Social Protection** are:

- Implementation of the National Social Protection Strategy for 2020-2023 and its Action Plan
- Implementation of the “exit-strategy” aiming social re-integration of NE beneficiaries;
- Gradually extension of the system of disability evaluation
- Implementation of De-Institutionalisation National Plan 2020-2022 aiming the replacement of residential care into alternative community-based social care services.
- Establish linkages and better integration between active employment policies and social inclusion and protection policies.

Priorities in the field of **Gender Equality**:

- Implementation of the National Strategy for Gender Equality 2021-2030.
- Strengthening national gender specific machinery and ensuring appropriate funding, including strengthening the capacities of Gender Equality Employees at national and local levels;

Regarding the **LGBTI community** the priorities are, as follows:

- Approval and implementation of the LGBTI Plan of Action for 2021-2027
- Raising public awareness and field professionals.

Regarding the **Children**

- Implementation of the "National Agenda for the Rights of the Children 2021-2026" approved at the meeting of the Council of Ministers on 03.11.2021.
- Operation of a useful and comprehensive child protection system through the improvement of the normative, budgetary and reporting framework for ensuring the rights and child protection. The strengthening of the capacities of mechanisms and services for addressing violence against children. Improvement of specific and

integrated mechanisms and services to address the most serious forms of violence including sexual abuse and online abuse and exploitation.

Priorities in the field of **Social Insurance** are

- Ensure full coverage of the country's population with compulsory social insurance elements, maintained at acceptable levels.
- Strengthening the financial sustainability of the scheme and capacity building of Social Insurance Institute, gradual implementation of projects initiated for the establishment of a complex and automated information system for the fulfillment of social insurance functions for third parties.
- Supporting Albanians living and working abroad by coordinating social security schemes with EU countries further giving priority to countries where there is more Albanian presence.

Regarding the **Social Inclusion and Persons with disabilities** the priorities are, as follows:

- Harmonization of data on social inclusion for groups in need.
- Implementation of the National Action Plan 2021-2025 for Persons with Disabilities.
- Improving the legal basis according to the principles of Law No. 93/2014 "On the inclusion and accessibility of persons with disabilities".

In the framework of the **revised action plan of the National Employment and Skills Strategy 2019 – 2022**, are foreseen as priorities, as follows:

- Promoting opportunities for decent work, through effective labor market policies;
- Providing quality vocational education and training for young people and adults;
- Promoting social inclusion and territorial cohesion;
- Strengthen labor market governance and qualification systems.

With regard to **health and safety** requirements at work, the primary objective remains the implementation of better and more useful OSH policies and laws, that can be implemented in a useful way by developing a more useful OSH inspection and management systems.

In the field of labour legislation the priorities will be to improve its implementation in the public and private sectors.

Concerning the development of social dialogue between employers and employees, the main objective remains to promote the advantages of pre-trial settlement of labor conflicts; training employees and employers in negotiating and preventing labor disputes; improving the effectiveness of mediation service and reconciling collective labor disputes.

Also, the following Priorities, listed below:

- Establish a monitoring system so that the National Labor Council can assess the extent to which its recommendations have been considered / implemented by the Council of Ministers.

- Improving mediation / conciliation procedures for resolving collective labor disputes, independently, impartially and fast.
- Reconstitution of the National Labor Council as the highest institution of social dialogue at the central level where the representation of employers 'and employees' organizations in this Council will be determined according to the criteria set out in DCM no. 54, dated 29.1.2020.
- Capacity building of the mediators of the Employment Offices through trainings for the database in the case management system, for the collective agreements and the Trade Unions.
- Promoting and developing social dialogue in the National Labor Council for consulting on issues of interest to Employers 'and Employees' Organizations.
- Peaceful settlement of collective labor disputes through mediation and conciliation procedures.

CHAPTER 20: ENTERPRISES AND INDUSTRIAL POLICIES

4.20.1.1 Chapter content

EU industrial policy seeks to promote industrial strategies that increase competitiveness by accelerating adaptation to structural change, encouraging a conducive environment for business creation and growth across the EU, as well as domestic and foreign investment. It also aims to improve the overall business environment in which small and medium Enterprises (SMEs) operate.

It includes privatization and restructuring (see also Chapter 8 - Competition policy). EU industrial policy mainly consists of policy principles and industrial policy communications, EU consultation forums and Community programs, as well as communications, recommendations and exchanges of best practices related to SMEs aim to improve the formulation and coordination of enterprise policy across the internal market on the basis of a common definition of SMEs. Implementing enterprise and industrial policy requires adequate administrative capacity at national, regional and local levels.

4.20.1.2 Chapter structure

- Industrial policy - Sectoral operations
- Privatization and restructuring
- Business environment
- SME policy

4.20.1.3 Summary of SAA and EU acquis requirements

Cooperation between the EU and Albania on enterprise and industrial policies is regulated in several articles of the Stabilization and Association Agreement. First, **Article 86** stipulates that

cooperation shall aim to contribute to Albania's potential for development and growth. Measures will be designed to promote sustainable economic and social development in Albania. These measures will take into account regional cooperation.

Article 91 stipulates that the parties (both the EU and Albania) will aim to bring about a favourable climate for private investment which is crucial for Albania's development.

Article 92 focuses on industrial cooperation covering the modernization and restructuring of Albanian industry, strengthening the private sector, cooperation between economic operators, etc. Industrial cooperation will also take into account regional aspects of industrial policy. EU *acquis* will be aligned as well.

Article 93 is dedicated to small and medium enterprises and aims to focus EU-Albania cooperation on the development and strengthening of SMEs taking into account the Small Business Act, etc.

Article 94 treats tourism as a separate sector of industry. Article 94 provides for the strengthening of the flow of information on tourism and knowledge transfer. The *acquis* on tourism also needs to be aligned.

Finally, **Article 70** of the Stabilization and Association Agreement sets out Albania's general obligation to align its legislation with the EU *acquis*.

In relation to EU requirements, the policies in this Chapter fall under group III⁶⁰ of EU competences, i.e. under areas where the EU can support, coordinate or complement the activities of member states and where the EU has no right to pass legally binding Acts. Member states still have exclusive competence in these policies, and the EU can support their improvement. The most important document for the EU industrial policy is "Europe 2020: Strategy for smart, sustainable and inclusive growth"⁶¹, which represents the EU industrial development framework document.

Enterprise and industrial policy instruments have been developed in the EU Enterprise and Small and Medium Enterprise Competitiveness (COSME) program. The program provides financial support to enterprises and policy makers and is focused on actions that promote access to finance, market entry, entrepreneurship, business support services such as the European Enterprise Network, development of best policies in support of SMEs. An important policy instrument is Directive 2011/7 / EU on combating late payment in commercial transactions. EU

⁶⁰ The first set of policies includes the exclusive competences of the EU (where legally binding acts are adopted at EU level), while the common competencies (both the EU and the Member States can adopt legally binding acts member states can exercise this right only when the EU cannot act or has chosen not to act) falls under the second group. More information on: <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=URISERV:ai0020&from=EN>

⁶¹ Europe 2020: A strategy for smart, sustainable and inclusive growth, / * COM / 2010/2020

spatial policy programmes are also part of this chapter, as they contribute to improving the EU's competitiveness.

In terms of research and innovation, the main reference is Chapter XIX of the Treaty (TFEU) with research provisions, Horizon 2020 legislation including specific association provisions, European Research Area requirements, national reforms and the European Semester, "Open Science" and "Open Access" policies, the upcoming "Horizon Europe" Program, Research Integrity, etc.

4.20.1.4 Current situation and main achievement in Albania

In the field of enterprises and industrial policies, Albania is moderately prepared.

Business Development and Investment Strategy 2021 - 2027, approved by Decision of the Council of Ministers no. 4466, dated 30.7.2021, constitutes the strategic framework for the development and support of enterprises and investments in the Republic of Albania.

Its three main objectives of the strategy are (i) Attracting and Internationalizing Investments; (ii) SME development, entrepreneurship and innovation yesterday (iii) Human capital development.

This BIDS Strategy 2021-2027 is in line with comprehensive strategies and programs at the national level such as the National Strategy for Development and Integration II 2015 - 2020, the Economic Reform Program (ERP), as well as internationally with the Common Market Action Plan 2021-2024 (CRM) for the Western Balkans and the new EU Strategy for SMEs.

During 2021, the Ministry of Finance and Economy drafted the law "On the development of micro, small and medium enterprises." The draft law partially approximates the EU Commission Recommendation of 6 May 2003 regarding data collection and methods in calculations for the categorization of micro, small and medium enterprises and the implementation of the methodology of its usage by businesses and adds the definition for medium-sized enterprises. The draft law also regulates the provision of state support for micro, small and medium enterprises, in accordance with the rules of state aid, and defines the forms of state support for micro, small and medium enterprises, such as: financial support from the state budget, by domestic or foreign development partners, state loan guarantees under applicable debt law and state guarantees.

In terms of industrial policy instruments, Albania participates in the EU COSME program for SMEs and the European Enterprise Network (EEN) through a consortium led by the Albanian Investment Development Agency. Subsequently, Albania has implemented the OECD recommendations in the "Small Business Act".

The SME Instrument under the European Horizon 2020 program aims to support small and medium-sized enterprises (SMEs) that have innovative ideas to bring new products, services and

business models to market. Albania participates in Horizon 2020 as an associated country. Its participation in Horizon 2020 has significantly improved and there are growing indicators.

Within this Program, AKKSHI (NASRI), has organized 160 information and training days. Some of these activities are organized in cooperation with DG Research and Innovation of the European Commission, Research Executive Agency, Agency for the Promotion of European Research (APRE), etc. Albania's performance in the Horizon 2020 Program from 2014 to 2020, has met the objectives of the National Strategy for Scientific Research 2017 - 2022, increase of applications and projects won by more than 10% per year.

The "Info Days" that has taken place, have their impact on the improvement. Workshops, Seminars as well as Information Letters News that the Agency (NASRI) periodically sends to applicants according to their database. This database includes approximately 3,900 researchers compiled by the agency with quantitative and qualitative data;

In this context NASRI will continue to coordinate and promote Horizon Europe, which is the next research and innovation framework program;

In line with the National Strategy for Research, Technology and Innovation 2017 - 2022, which reflects and includes the six ERA Priorities, NASRI has continued to coordinate and promote Horizon Europe, MSCA, COST, EURAXESS, Charter and Code, HRS4R and CEEPUS program.

The merger of the NRC and the NLC enabled the establishment of the NBC, as a single one-stop shop for the provision of business registration and licensing services. This has led to a further reduction of administrative barriers for businesses operating in the Republic of Albania. In order to further improve the business environment, a working group on regulatory reform in the field of licensing has been established. As part of this reform, the working group has proposed the elimination of 22 licenses and the further improvement of the licensing process, by reclassifying the licenses or reducing the decision-making deadline for the other 49 licenses. Currently 12 licenses have been eliminated

The digitalisation of government services has reduced the administrative burden on SMEs. The e-Albania system, managed by the National Agency for Information Society (NAIS), allows businesses to perform more than 300 relevant services online. In particular, taxes can be filed and paid online, reducing the regulatory burden on SMEs.

In the framework of the reform undertaken by the Albanian Government for the digitalization of government services, part of the functional services of the National Business Centre for registration and licensing / licensing of business are offered only online through the government portal e-Albania and within 2020, all functional services of the National Business Centre for registration and licensing / licensing of business are provided only online through the government portal e-Albania, and for online applications the application fee is 0 ALL

Bankruptcy in the Republic of Albania is regulated by Law no. 110/2016 "On bankruptcy" and bylaws in its implementation. The general framework of inspections is regulated by Law no. 10433, dated on 16.6.2011 "On inspection in the Republic of Albania" and by other acts issued under its implementation. The activity of sectoral inspection authorities is regulated by special legal acts. As of January 2019, all draft laws that meet the respective criteria are subject to regulatory impact assessment.

In relation to learning entrepreneurial skills, the Ministry of Education and Sports (MES) has undertaken the Curriculum Reform and since 2014 has developed social subject programs including key competencies that students should acquire in the framework of "Lifelong learning", which also includes entrepreneurial skills. Also, guidelines have been adopted for attending or finishing basic and upper secondary education part-time for those who have not been able to complete it.

In the field of public procurement, it was approved the Decision of the Council of Ministers no. 850, dated 4.11.2020 "On the approval of the National Strategy for Public Procurement 2020 - 2023 and the action plan for its implementation". This Strategy aims to further improve the public procurement system in Albania, further efficiency and transparency increase, free and fair competition and equal treatment and corruption and discrimination avoidance. Law no. 162/2020 "On public procurement" has been approximated to a considerable extent with the legislation of the European Union and in particular Directives 2014/24, 2014/25, as well as Directives 89/665 and 92/13 as amended by Directive 2007/66.

In recent years, Albanian public institutions have focused on the fight against informality. Tax authorities have conducted and improved risk assessment analyzes in various sectors of the economy. Maximum efforts are being made to change the non-compliant behavior of taxpayers. In particular, during the tourist seasons, sectoral plans have been drafted and implemented to reduce informality and reduce tax evasion in the tourism sector. Other sector plans are drafted based on the results of risk assessments, such as in the construction sector, etc.

During the period 2020-2021, the tax administration was involved in a very important process related to Fiscalization, which will directly help in obtaining accurate real-time data on all business transactions with the tax administration, but also all information circulating in the "business to business" and "business to government" relationships.

State Inspectorate of Labor and Social Services has also increased its activity in the fight against informality at work and the general implementation of labor and safety and health legislation at work.,

The Albanian Investment Development Agency provides financing instruments to stimulate entrepreneurship in innovation, competitiveness, startups and crafts, to support the production of tariffs under the inward processing regime and competition.

In the framework of measures to cope with the COVID-19 pandemic and its consequences, the Albanian Government approved and implemented: two Financial Packages as social support for its citizens and businesses, allocated additional budget for the health sector, the defense sector for their humanitarian work and an addition fund to the Reserve Fund for other necessary and unforeseen expenses.

For the first and second financial package, the state budget disbursed about 13 billion ALL for businesses and citizens in total

Tourism is a very important branch of the Albanian economy. National Strategy for Sustainable Tourism Development 2019 - 2023, approved by Decision of the Council of Ministers no. 413, dated 19.06 2019, defines the strategic framework for the development of the sector. The implementation of this Strategy is regularly monitored by Thematic Group for the Development of Tourism and Culture, chaired by the Deputy Minister of Tourism and Environment, according to the joint order of the Minister of Tourism and Environment and the Minister of Culture no. 395, dated 19.12.2019

For a full usage of Albanian tourism potential and for the purpose of the increase of employment and income, the Albanian Government has approved a series of stimulus measures, such as Law no. 43/2020 "On maritime tourism activities" and acts in its implementation, which define the rules and criteria for the development of maritime tourism activities, types of pleasure craft, other tools and equipment, necessary infrastructure, standards security and institutional responsibilities for these activities.

Amendments to Law no. 92/2014, "On the value added taxes in the Republic of Albania" enabled the exemption from VAT 20% on the import of tourist vessels which are not more than 20 years produced from the moment of import, aimed to create and expand the Albanian fleet of environmentally friendly tourist vessels and stimulate the development of naval infrastructure.

The tourist season is regularly managed by a task force led by the Minister of Tourism and Environment and with representatives from institutions and agencies responsible for tourism promotion and marketing, coastline management, infrastructure development and maintenance (road, electricity, water), protection of health, food safety, physical safety and public order, consumer protection, civil emergencies, taxation and cultural development, etc. In the framework of the COVID-19 pandemic, for the management of the tourist season, in 2020 and 2021, the Ad Hoc Committee for the Management of the Tourist Season was set up, headed by the Minister of Tourism and Environment, which coordinated the measures at the national level to address the emergency, created by the pandemic and to ensure the necessary efficiency of all activities.

The drafting of a new document of the Industrial Development Strategy will be based on the document drafted by UNIDO and approved by the Albanian Government "Country Program for a Comprehensive and Sustainable Industrial Albania 2020 - 2024", based on the new BIDS 2021 strategy - 2027.

Regarding industry, the drafting of a new document of the Industrial Development Strategy will be based on the document drafted by UNIDO and approved by the Albanian Government- "Country Program for Albania for a Comprehensive and Sustainable Industrial 2020 - 2024", based on the strategy new BIDS 2021 - 2027.

The legal framework for technological and economic development consists of Law no. 9789/2007 "On the establishment and functioning of technological and economic development zones", as amended, and its bylaws. The legal framework for technological and economic development areas is complete. Recent changes done to the sub-legal basis have created the possibility that as a developer of the area can be central or local government units. The local government, based on development projects through the absorption of investments and the increase of employment, in the territory under its administration, can apply to the Ministry of Finance and Economy and request the declaration of an area within its territory, where the local government will receive the role of the developer.

The privatization process remains a priority in economic development. According to the objectives related to the privatization of state-owned assets, the minister responsible for the economy annually reviews the plan for the privatization of public assets.

During 2021, the Inter-Institutional Working Group on European Integration (GNPIE) for Chapter 20 updated the legal gap analysis and Institutional and administrative gap analyses analysis for the chapter as part of preparations for bilateral meetings within the screening process.

The Consultation and Advisory Roundtable for Chapter 20 was set up in May 2021 and already has working rules for proper functioning as a consultation platform between state and non-state actors in the membership process in the respective chapter.

During 2021, the main focus is on drafting policies for SME development such as the approval of the Business Development and Investment Strategy 2021 - 2027 and drafting the law on SME development and assessing the needs of SMEs. The Ministry of Finance and Economy has prepared the draft order of the Prime Minister "On the establishment of the inter-institutional working group to monitor the Business Development and Investment Strategy 2021 - 2027 and its Action Plan", with representatives of responsible implementing institutions. Currently, the draft order has been officially submitted for opinion to the line ministries, before approval by the Prime Minister.

During 2021, a working group of the Ministry of Finance and Economy, AIDA, and TAIEX experts, have worked together to design the new scheme in supporting of Albanian SMEs, and the changes that come from the reactions of the business community, EU directives and expert recommendations were approved. Thanks to this assistance, MFE and AIDA designed the grant scheme.

In June 2021, the Investment Council finalized the survey on "Impact Assessment of Covid19 on business activity in Albania", to identify the problems created by the pandemic and ways and means to help Albanian business.

Since October 2020, through the advisory instrument "CoSolve 19", 197 beneficiary businesses were trained through the advisory process (45 - agriculture sector; 74 - tourism sector; 78 - other sectors). With the assistance of the EBRD, the Ministry of Finance and Economy and AIDA set up and made operational in April 2021 the platform "Access to Finance" which provides information on financial instruments for Albanian small and medium enterprises, which want to expand and invest in their activity by taking advantage of the financial opportunities offered by the market, with grants, loans or other financing initiatives. By the end of November 2021, 56 new calls for grants or tenders / loans have been published. The platform has been accessed 12,506 times in total for the period May - November 2021. In September - October 2021, MFE contacted all major donors operating in Albania to obtain summary information on their ongoing programs / projects related to access to finance for SMEs and business support measures. The main goal is to provide a map of existing assistance provided and to help AIDA to collaborate with donors to design its SME intervention area programs.

Also, in March 2021, MFE published a report on "Support for the digitalization of SMEs in Albania to mitigate the negative economic impact of COVID-19".

The legal framework has been improved by the adoption of Law no. 64/2021 "On an amendment to law no. 48/2014 "On late payments in contractual and commercial obligations", which has further approximated Directive 2011/7 / EU of the European Parliament and of the Council of 16 February 2011 on combating late payment in commercial transactions.

It was prepared, a draft law for a new start-up law "On the support and development of innovative start-ups" that was approved by the Council of Ministers and was submitted for its approval to Albanian Parliament

In the framework of the improvement of the regulatory framework (for the sub-indicator of exit market) DCM no. 65, dated 03.02.2021 "On the regulation of extrajudicial agreements of accelerated reorganization" was approved. The purpose of the regulation is to determine the procedures for concluding expedited reorganization agreements out of court between the debtor, which are the subject of the bankruptcy law, and two or more creditors, if the debtor is insolvent.

Albania is continuing to implement measures to expand its taxpayer base in order to increase transparency and create a conducive business environment.

In December 2019, was ratified the law "On the Establishment of the Albanian Investment Corporation". As a newly established government agency for the preparation and implementation of investment projects and the revitalization of selected unused public sector assets, the focus of the AIC during 2020 has been on the preparation of AIC by-laws (AIC Charter). The regulations

were finalized in May 2020. The structure of the AIC already envisages a small organization, with four departments: operations, business development, legal department and finance / treasury. In parallel with the internal organization of the AIC, steps are being taken to identify projects that the AIC may undertake and to consider possible project ideas. AIC projects are divided into four broad categories: manufacturing, logistics, agriculture and tourism.

Regarding the establishment of the Technology and Economic Development Zone in Elbasan, the Council of Ministers approved DCM no. 238, dated 20.03.2020 "On the approval of the signing of the contract between the Ministry of Finance and Economy and the developer " Italdurri Elbasan shpk " for the construction, maintenance and operation of technology and economy - development zone in Elbasan. MFE has approved the starting of activity as a user of the Technology and Economic Development Zone, in Elbasan by company: "Today Sofas" which will invest in a time frame of 5 years a value of 1,000,000 euros.

The Albania parliament approved the extension of the deadline for applications for strategic investments until December 31, 2023, in the framework of Law No. 55/2015 "On strategic investments in the Republic of Albania", as amended.

With the Decision of the Strategic Investment Committee no. 1/8, dated on 15.07.2021, the status "Investment / Strategic investor special procedure" was approved for the investment project "Technological of Economic Development Zone (TEDA) Tirana", with the proposing subject of Municipality of Tirana, in an area of 35 ha. The project is proposed to be implemented by the Municipality of Tirana, as the development institution of the area, in cooperation with other public institutions.

The Ministry of Finance and Economy for the implementation of ICS decisions, has started the procedure for amending DCM no. 646/2015, in order to approximate the legal basis for technology and economic development areas with that of strategic investments.

Privatization of strategic joint stock packages (companies operating in sectors of special importance for the economy) is implemented in accordance with Law no. 8306, dated 14.03.1998 "On the privatization strategy of sectors of special importance", as amended. During 2020, a total of 12 state assets were privatized, realizing 401,539,296 ALL and 303,767,835 Privatization Bonds. During the period January-October 2021, a total of 7 state assets were privatized, realizing 24,696,978 ALL and 57,852,504 Privatization Bonds.

Regarding the Enterprise and Industrial Policy Instruments, the working group for the national program "Education for arts and crafts in pre-university education institutions", on 1.11.2021, with representatives from the Ministry of Education and Sports (MES), Agency for Quality Assurance of Pre-University Education (ASCAP) and the General Directorate of Pre-University Education (DPAP), invited by the Minister of State for Youth and Children, held a meeting. The meeting discussed the inter-institutional organization of work between the ministries involved in the national program "Education for arts and crafts in pre-university education institutions" as

Minister of State for Youth and Children, Ministry of Education and Sports, Ministry of Culture, Ministry of Agriculture and Rural Development, the Ministry of Tourism and Environment and the National Agency for Information Society.

The Ministry of Youth and Children will work to establish an inter-institutional working group with members of the decision-making level and experts. The Ministry of Youth and Children will maintain contacts with UNICEF for foreign experts who will be recruited and engaged in drafting the national program "Education for arts and crafts in pre-university education institutions".

Also, on 09.12.2021 with DCM no. 759, the draft international agreement between the Council of Ministers of the Republic of Albania and the European Union, for the participation of the Republic of Albania in the program of the Union Horizon Europe-Framework Program for research and innovation was approved in principle. We are currently in talks with the European Commission for the signing of the agreement, which is expected to be finalized within first quarter 2022. After the signing, the agreement will be approved again by the DCM in its entirety and then will be passed for ratification in parliament.

4.20.1.5 List of responsible ministries and institutions

Institutions responsible for Chapter 20, according to Order of Prime Minister No 94 "On the establishment, composition and functioning of GNIP for European Integration" and are as follows:

- Ministry of Finance and Economy (MFE) (coordinating institution);
- Ministry of Infrastructure and Energy (MIE);
- Ministry of Education, Sports and Youth (MESY);
- Ministry of Tourism and Environment (MTE);
- Ministry of Agriculture and Rural Development;
- Ministry of Justice;
- Ministry of Defence;
- Ministry of Culture;
- Albanian Investment Development Agency (AIDA);
- National Information Society Agency;
- National Agency for Scientific Research and Innovation (NASRI);
- Public Procurement Agency (PPA);
- Competition Authority (CA);
- National Business Centre (NBC);
- Extractive Industries Transparency Initiative Secretariat;
- General Directorate of Standardisation;
- General Directorate of Taxes;
- General Directorate of Customs;
- Bank of Albania (BoA);

- State Labour Inspectorate and Social Services;
- Postal and Electronic Communications Authority;
- Institute of Statistics (INSTAT).

4.20.1.6 Identified Gaps and Priorities

Gaps

- Low level or lack of cooperation and coordination among competent government bodies and nongovernmental organizations
- Postponement of the approval of the new law on innovative Start Up

Priorities

According to EU progress report 2021, it is needed:

- to address the main challenges to the business environment, notably reducing regulatory burden and enhancing participation in the available funding programmes for businesses, progress with the adoption of the Law on innovation and the establishment of the Albanian start-up agency, and ensure the full functioning of the Albanian Investment Development Agency;
- accelerate the full alignment of national legislation with the EU *acquis* on late payments;
- accelerate the adoption of the unified investment Law and the next Business Investment Development Strategy to address challenges to competitiveness and growth as stressed in the joint recommendations of the Economic Reform Programmes of 2019 and 2020.

CHAPTER 21: TRANS-EUROPEAN NETWORKS

4.21.1.1 Chapter content

This chapter covers Trans-European Networks policy in the fields of transport, telecommunications and energy infrastructure, including Community guidelines for the development of Trans-European Networks and supporting measures for the development of projects of common interest. The design and development of Trans-European Networks, as well as the promotion of the proper interconnection and interoperability of national networks, are intended to take full advantage of the internal market and contribute to economic growth and employment creation in the country and beyond.

4.21.1.2 Chapter structure

- Trans-European Transport Networks;
- Trans-European Energy Networks;

- Trans-European Telecommunication Networks.

4.21.1.3 Summary of SAA and EU acquis requirements

Cooperation between the EU and Albania on Trans-European Networks is governed by several articles of the Stabilization and Association Agreement. In this regard, the Stabilization and Association Agreement in Article 106 “Transport” provides that the parties, i.e. Albania and the European Union will focus on priority areas related to the EU acquis, aiming at restructuring and modernizing Albania's modes of transport, supporting the development of multimodal infrastructures and linking to key trans-European networks and achieving operational standards, comparable to those of the European Union.

In the energy sector, Article 107 stipulates that energy cooperation shall be based on the Regional Energy Community Treaty signed with a view to the gradual integration of Albania into the European energy markets, which has been ratified by the Albanian Parliament with Law no. 9501, dated 3.4.2006, "On the ratification of the Treaty establishing the Energy Community".

In the telecommunication sector the cooperation between EU and Albania is defined in the Article 104 of the Stabilization and Association Agreement “*Electronic communications networks and services*”, providing that the cooperation will focus on priority areas related to the Community acquis in telecommunication.

Article 70 stipulates that Albania will gradually align its legislation with the EU acquis in order to improve its transport and energy system and services.

With regard to the requirements of European Union legislation, the policies in Chapter 21 belong to the second set of European Union competences, i.e. the set of competences shared between the European Union and its member states. Under Article 4 of the Treaty on the Functioning of the European Union, both the European Union and its member states may adopt legal acts in the field of trans-European networks. Member States shall exercise their competence in the event that the European Union does not exercise this competence or has decided not to do so.

The European Union’s policies regarding trans-European transport (TEN-T) and energy (TEN-E) networks are based on three main pillars: the legal basis for TENs, Articles 170 - 172 of the Treaty on the Functioning of the European Union, Regulation (EU) No. 1315/2013 on Union guidelines for the development of the trans-European network in transport and energy, and Regulation (EU) 1316/20132 establishing the Connecting Europe Instrument, amending Regulation (EU) 913/2010 and repealing Regulations (EC) 680 / 2007 and (EC) 67/2010. This legal framework sets out the objectives of the European Union policy, which include transport and energy networks and aim at adapting and developing networks and ensuring their interconnection and interoperability. The TEN-T and TEN-E policies have undergone substantial revision. The new funding instrument for Trans-European Networks, the Connecting Europe

Instrument (CEF) and the revised TEN-T and TEN-E guidelines came into force on 1 January 2014. The purpose of establishing and developing trans-European networks and promoting interconnection and the proper interoperability of national networks is done to fully exploit the advantage of the internal market and to contribute to economic growth and job creation in the European Union.

4.21.1.4 Current situation in Albania and achievements

Some level of preparation has already been achieved in the field of inter-European networks. Albania has made progress in both the transport and energy networks including the complete functioning of the Trans-Adriatic Pipeline (TAP), which was completed in 2020, and its energy connection with Kosovo.

In the Trans-European Telecommunication Networks field, Albania is part of the connection with optic fibre of the Trans Balkan Line and Adria 1 and Adria 2 network.

Concerning the trans-European transport networks, has been completed the Transport Sector Strategy and its Action Plan 2016 - 2020 approved by the Council of Ministers Decision no. 811, dated 16.11.2016 "On the approval of the Transport Sector Strategy and Action Plan 2016 - 2020" and based on it was prepared the fourth Monitoring Report on the implementation of the National Transport Strategy 2016 – 2020 and the Action Plan, which was approved on 30 June 2021 and was published in the official website of the Ministry of Infrastructure and Energy, https://www.infrastruktura.gov.al/wp-content/uploads/2021/10/4th-Monitoring-Report_May-2021-Transport-Sector-Strategy-final-21.06.2021.pdf.

Based on the Transport Sector Strategy and its Action Plan 2016 - 2020, the Ministry of Infrastructure and Energy has started the work to draft the National Transport strategy and its action plan for the period 2021-2025. Even the new Strategy provides the basic and comprehensive transport network development and is in compliance with the EU requirements and as per the trans-European approach.

With the Law no. 8/2018, dated 26.02.2018 "On the ratification of the Treaty establishing the Transport Community" was approved by the Albanian Parliament this Treaty, which is one of the most important documents for all transport sectors, and which will be the guide for the following years. The implementation of the Transport Community Treaty will improve the transport sector, not only in Albania, but in all Western Balkan countries and will improve the connection of the Albanian transport network with the EU transport network. The Treaty provides for the further approximation of national legislation with the EU acquis, in all areas of transport.

The main policy document in the energy sector is the National Energy Strategy 2018 - 2030, approved by Decision of the Council of Ministers no. 480, dated 31.07.2018. This Strategy stipulates that Albania's vision is the development of national energy resources leading to an

integrated and diversified regional energy system based on market principles, capable of meeting the demand for energy and the sustainable development of the economy, by guarantee the security and quality of supply, security, environmental protection and climate action, and increase welfare at minimal social cost.

For the development of gas infrastructure in Albania, the Council of Ministers has approved Decision no. 87, dated 14.02.2018 "On the approval of the development plan of the natural gas sector in Albania and the identification of priority projects". The Gas Master Plan defines the main lines for the development of the gas market and services in Albania based on natural gas supplied by the Trans Adriatic Pipeline (TAP), but also potential gas sources discovered and concretized in the country, or other pipelines as the Adriatic-Ionian gas pipeline and the Albania-Kosovo gas pipeline.

Trans-Adriatic Pipeline AG has completed the construction of the TAP pipeline in the territory of Albania and has recently started the process of natural gas transmission.

In the telecommunication field, construction of electronic communication networks, the telecommunication sector in the Republic of Albania is regulated by the Law no. 9918, date 19.5.2008 "On electronic communications in the Republic of Albania", as amended, which is based in the package of EU directives on electronic communications of the year 2002 and 2009. On digital infrastructure development, broadband, the Council of Ministers has approved via the DCM No. 434 date 3.6.2020, the new National Plan for Sustainable Development of Digital Infrastructure, Broadband 2020-2025, which has defined as vision: "*Albania with Digital Infrastructure Broadband of high speed and very high speed across the country to build the fundament for a gigabit society*". In this document have been also defined the strategic objectives of the broadband development and broadband infrastructure sustainable development, reduction of digital allocation, comprehensive broadband services provision and increase of the requirement for the digital economy development in a gigabit society.

During 2021, the Ministry of Infrastructure and Energy has started the work to draft the National Transport Strategy and its action plan for the period 2021-2025. In this draft are included all the regional and EU priorities as stated in the Green Agenda in the Economic Investment Plan, Smart and Sustainable Strategy for the Western Balkan), and all the action plans provided in the framework of the regional cooperation.

During 2021, has been implemented also the revised National Transport Plan (NTP3), as an instrument for the development of the priorities and policies of the transport sector.

In the framework of the regional cooperation, Albania via the Ministry of Infrastructure and Energy has actively participated in the Regional Steering Committee of Transport Community Treaty and in the Technical Committees established by TCT.

In the main road network, some progress has been made in improving and maintaining road transport infrastructure. There is progress in the preparation of road, rail and port infrastructure projects, especially along Corridor VIII and the Adriatic-Ionian Corridor. Fieri and Tepelena bypasses have already finished and are open for circulation from the middle of 2020. The works for Vlora bypass have progressed intensively and from 15 July it was opened for circulation for the summer season. The study for the Adriatic – Ionian corridor was completed in December 2020.

The Albanian railway network is almost included in the regional transport network. The total length of the main line is about 420 km, there are 200 kilometres of line and secondary railway branches. Regarding the interconnection projects, the contract for the rehabilitation of Durrës-Tiranë railway line and the construction of a new line to the international airport has been signed in 3 February 2021. The detailed design for the railway connection Vore-Hani Hotit was completed on June 2021 and whereas this project is already considered as matured it was applied in the 6th call for Investments of WBIF. Priority has been given even to the railway connection along the Corridor VIII, it was completed the detailed project of the Durrës – Rrogozhinë railway segment and it is in progress the work to draft the preliminary project for the other part (Rrogozhinë – Pogradec). In September 2021 was signed by the three responsible ministers for the transport (Albania, Northern Macedonia and Bulgaria) an Understanding Memorandum for the development of Corridor VIII, which states the politic engagement of the three parties for the development and realization of a sustainable Corridor according to the European standards TEN-T.

In the field of maritime transport, Port of Durrës that is the only port of the main network in Albania and it will displace its loading activity in the Porto Romano zone, some km in the north of Durrës. In November 2020, the government entered a ten year agreement for economic cooperation with the United Arab Emirates government (UAE), including redevelopment of Durrës and its transformation in a big marine. In June 2021, Durrës Port Authority started the tender for a service contract for the transfer of loading activity from Port of Durrës in Porto Romano.

Regarding the aero-port infrastructure, in April 2021 it was officially inaugurated the Kukës airport in north of Albania and the flights have started normally, mainly the low cost airlines. The government signed in April 2021 the contract for the construction of a third international airport in Vlora, in south of Albania, the works are expected to start within 2021. Moreover, during 2021 has been announced the procedure for the concession /PPP for the design, construction, operation, maintenance and transfer of the Airport of Saranda.

Regarding the achievements in the natural gas sector, IAP project. Project WB15-REG-ENE-02 "Preliminary design of Adriatic Ion gas pipelines - parts of Montenegro and Albania", is in the final phase by the consultant SUEZ (IPF6 AT). The project started in September 2018. During 2019, the redirection process for the Albanian sector was completed and approved by the Albanian institutions. On November 6, 2019, the consultant submitted the draft Preliminary

Design for the Albanian Section. In February 2020, the consultant SUEZ IPF 6 presented the final draft VNSM for the Albanian section of the IAP. The "Preliminary Design of the Adriatic Ionian Pipeline - Sections of Montenegro and Albania". On 24.08.2020 the IPF6 consultant presented the draft Project Implementation Plan for the Albanian section of the IAP project. The consultant has recently submitted the final draft regarding the Environmental and Social Impact Assessment.

Fier-Vlora gas pipeline. The WBIF Steering Committee on December 6, 2018 approved a grant of 1.1 million euros for the preparation of the gas pipeline "Fieri - Vlora: Detailed Design and Tender Documents". Terms of Reference were approved in September 2019. Hill International Consultant - IPF 7 Consortium Project (WB20-ALB-ENE-04), submitted in January 2020 for comments the document "Methodology for the gas pipeline Fieri - Vlora: Detailed Design and Documents of Tender". Detailed Design and Tender Documents" was officially approved by the Steering Committee of the above project. The project is in its final stage.

ALKOGAP. The Ministry of Infrastructure and Energy is applying for a technical assistance grant for the preparation of the feasibility study, ESIA / EIA for the Alkogap Pipeline Albania. The project aims to create a new supply route for natural gas from the Middle East and the Caspian region transported by the Trans Adriatic Pipeline, northeast of the Western Balkans to Kosovo, Serbia and Macedonia. The ALKOGAP project will however be planned as a two-way pipeline, the possible supply direction may also be north-south, from the Energy Community Gas Ring (ECGR), or other sources.

For the development of telecommunication networks, the Ministry of Infrastructure and Energy has initiated the project for the Regional Broadband Development, which is part of the National Projects of (National Single Project Pipeline) approved by the National Investment Committee. With the support of WBIF was completed the feasibility study for the regional broadband development in July 2020. Actually, have started two projects of WBIF for the broadband development in the rural and white zones in the north and south of the country. Albania is part of the regional project of WBIF for Balkans Digital Highway, initiated by the World Bank in 2017 and aims the increase of inter-border capacities for broadband by exploiting the free capacities of optic fibre of the energy transmission operators.

In the framework of the regional cooperation and development of future networks on 2 November 2020, in Tirana during the third Digital Summit of the Western Balkans was signed the Cooperation Memorandum "On 5G Roadmap", for the digital transformation in the Western Balkans".

Between the Ministry of Infrastructure and Energy of the Republic of Albania and the Ministry of Economy and Environment of the Republic of Kosovo was signed in Tirana, on 2.10.2020, the Cooperation Memorandum for the establishment of a 5G digital corridor and for the facilitation of the movement in the future.

Regarding the digital interconnection and based on the regional engagements in the digital field, on 1 July 2021, started the implementation of *roaming as in home* (RLAH) in the countries of Western Balkans, by facilitating the free movement of the citizens and improving the business climate.

More information for the development of electronic communications networks is given in Chapter 10 “Information Society and Media”.

During 2018 – 2020 has been completed:

1. Reconstruction of Substations:

- Central rehabilitation 110 kV in the Station Memaliaj;
- Central rehabilitation 110 kV in the Station Laçi 1;
- Reconstruction of the part 110 kV in the Substation Kajan;
- Reconstruction of the Substation 110 kV Jagodina;
- Reconstruction of the Station 110/35/20/6 Lushnjë (Plasma);
- Reconstruction of the plant 110 kV of the Substation Librazhd (are to be installed the telecommunication equipment);
- Rehabilitation of the part 110 kV of the Substation Fushë-Arrëz;
- Central rehabilitation 110 kV in the Station Laçi 2;
- Central rehabilitation 110 kV of the Substation Rubiku;
- Rehabilitation of the part 110 kV of the Substation Iba;
- Civil works for the reconstruction of tract 110 kV of the line Fieri – Kuçovë;
- Civil works for repairs and reconstructions in the Substation Rrashbulli and Zemblaku;
- Rehabilitation of the part 110 kV of the Substation of Prrerjas.

2. Completed investments: reconstructions and construction of new lines:

- Construction of the new line 110 kV with two circuits Ulëz – Skuraj;
- Reconstruction of the line 110 kV Laçi 1 – Laçi 2;
- Dismantling and Construction of the new line 110 kV with one Skuraj – Laçi 1;
- Line Construction 110 kV, Substation Sallmone – Gjiri i Lalëzit and the additional tract 110 kV in the Substation Sallmone;
- Completion of the cable line 110 kV Tiranë 2 – Selitë and the connection with the Substation of Kombinat 110/20 kV.

The following projects are in the implementation stage:

- It has just started the construction of the Substation of Shumati 220/110/35 kV, financed by OST S.A. in the amount of 144 million lekë. The construction of this station will affect the whole ring 110 kV of the northeast zone of Albania, with which are connected or are in construction a great number of hydro generators. This substation will increase the testing safety by reducing the disconnection and interruption number of existing

HEC-s connected with the network and clients in the zone and will reduce the technical losses.

- The line 220 kV Komsit is under construction, amounts financed by OST S.A in the quantity of 199.9 million lekë. The project provides the construction of a new line 220 kV with two circuits, circuit installed with conductor ACSR 490/65 mm², length 48.5 km and consist of 147 new metallic pillars. The line will connect the part 220 kV of the Substation of Komsit and Burreli and the part of 220 kV of the new Substation 220/110/35 kV. The construction of this line will impact positively in the load reduction of the line 110 kV of the northeast ring;
- Reconstruction of the lines 110 kV Laçi 2 – Ura e Matit and Skuraj – Ura e Matit financed by OST S.A in the amount of 233 million lekë. The project foresees the demounting of the existing line 110 kV Laçi 2 – Ura e Matit and Skuraj – Ura e Matit, Construction of the new line 110 kV Laçi 2 – Ura e Matit with two conductors circuits ACSR 240/40 mm², length 5.6 km, construction of the new line 110 kV Skuraj – Ura e Matit with conductor circuit ACSR 240/40 mm², length about 4.5 km. The construction of this line would positively affect the increase of energy flux transmission capacity from the hydro powers of Ulza, Shkopet and other HEC-s of the area toward the centre of the load, mainly in Tirana;
- Construction of the line 110 kV Fibër – Librazhd with two circuits and tracts of the relevant lines in the substation Fibër and Librazhd, financed by OST S.A in the amount of 464 million lekë. The project foresees the construction of the new line 110 kV Fibër – Librazhd with two circuits, length about 23 km, with conductor ACSR 240/40 mm² and the construction of two tracts of the line in the stations of Librazhd and Fibër. The construction of the line would affect positively in the increase of the energy flux transmission capacity from the HEC-s actually connected and BRE expected for the near future, by increasing the safety and quality of the electric energy supply, by improving the tension profile within the allowed limits.

The additional investments for which have been signed the contracts during 2020 & 2021 and are under the implementation process are given as follows:

1. Construction of the new line 110 kV, in a circuit Cërriku – Kajani – Kuçovë – Jagodinë and rehabilitation of outgoing tracts of lines 110 kV of Cërrik and Kuçovë stations;
2. The displacement of the headline with two circuits 220 kV Tiranë 2 – Elbasan;
3. Reconstruction of the line 110 kV Librazhdi – Prrenjasi;
4. Construction of the double line 110 kV Substation Elbasan – Substation Fibër;
5. Construction of the new double circuit 110 kV Elbasani – Cërriku;
6. Primary works, supply and installation of the transformer TR 63 MVA, 220/20 kV, in the substation Tirana 1, secondary works for its adaption with the existing systems;
7. Construction of the new line 110 kV with one circuit Lushnjë – Fier;
8. Construction of the new line with two circuits 110 kV Burreli – Bulqizë and rehabilitation of the substations 110 kV Burreli and Bulqizë.

The interconnection regional projects, measurements of the reform.

- Interconnection line 400 kV between Albania and Kosovo. The interconnection line 400 kV between Albania and Kosovo has been completed on 28.06.2016. On 20.04.2020 it was entered successfully the new agreement for connection between the transmission system operator of Kosovo (OST) KOSTT and ENTSO-E from the Regional Group of Continental Europe (RGCE). After the voting and upon signing, KOSTT and the Republic of Albania got the energetic independency from Serbia and the Independent Operation as a Regulatory Zone, in the framework of the Regulatory Block Kosovo – Albania. On 14.12.2020, the Connection Agreement between KOSTT and the transmission system operator (OST) from Continental Europe has entered into force by marking the first day of KOSTT operation as control zone within the mutual control block with the Albanian OST, OST. Moreover, the new line 400 kV between Kosovo and Albania is now in operation by contributing in further inter-border exchanges.
- Interconnection line 400 kV Albania – North Macedonia. The interconnection line 400 kV Albania – North Macedonia is one of the most important projects of the Albanian electric power sector and is in complete compliance with the policies of the Albanian Government for the support of the electric power sector, which aims the increase of electric power transmission capacities. The supply provision with efficient costs, reduction of losses in the electric power transmission and electric power supply in Albania creates the conditions for an integrated energy market in the region and establishment of the electric power import and export capacities.

4.21.1.5 List of responsible ministries and institutions

The institutions responsible for Chapter 21, according to Prime Minister Order No. 94 "On the Establishment, Composition and Functioning of the Inter-Institutional Working Groups on European Integration" are as follows:

- Ministry of Infrastructure and Energy;
- Albanian Road authority;
- Institute of Transport;
- General Directorate of Road Transport Services;
- General Maritime Directorate;
- Seaports, JSC;
- Port Authority of Durres;
- Albanian Railway JSC;
- Directorate of Railway Inspection;
- The National Agency of Natural Resources;
- The Energy Regulator Entity;
- Energy Efficiency Agency;
- KESH, JSC;
- OST JSC;

- OSHEE JSC;
- Albpetrol JSC;
- ALBGAZ JSC;
- State Technical and Industrial Inspectorate;
- Ministry of Finance and Economy;
- INSTAT.

4.21.1.6 Identified Gaps and Priorities

Incomplete implementation of the Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009, despite the DCM No. 685, date 14.11.2018 “On the approval of the practices for promoting the common regional investments in the energy sector infrastructure”.

The publication of a manual on the procedures and process of issuing the applicable permits for the Energy Community projects would facilitate the realization of the future infrastructure strategic projects, specifically of the interconnection line 400 kV Albania-Northern Macedonia (under construction), and the continuous preparation for the gas pipeline projects and gas infrastructure, especially the ALKOGAP project and Adriatic Ionian gas pipeline.

Priorities for 2022 are:

- The development of the main transport and energy networks will continue in accordance with: (i) the national transport and energy strategies; (ii) prioritizing infrastructure investments within the Priority List of Projects; (iii) Western Balkan Investment Economy Plan of by contributing in the Green Agenda;
- The harmonization of the legal framework with the EU acquis and relevant regulations for Trans-European Transport Networks and Trans-European Energy Networks, including the complete transposition of the guidelines for Trans-European energy infrastructure;
- The implementation of the Action Plans of TCT for the road transport, road safety, railway and transport facility will continue and the institutional framework and administrative capacity for the development and monitoring of trans-European networks will be strengthened.
- For the electronic communications is recommended the transposition of the new directive 2018/1972/EU (EU Electronic Communication Code). (This is mentioned also in the Chapter10)

CHAPTER 22: REGIONAL POLICIES AND COORDINATION OF STRUCTURAL INSTRUMENTS

4.22.1.1 Contents of the chapter

The *acquis* in this chapter consists mainly on the framework and implementing regulations, that do not require approximation to national legislation.. These regulations set out the rules for the design, approval and implementation of the Structural and Cohesion Fund programs, reflecting the territorial organization of each country. These programs have been negotiated and agreed with the Commission, but the implementation is responsibility of the Member States. Member States should generally go along with European Union legislation, for example, in the areas of public procurement, competition and environment, when selecting and implementing projects. Member States must have adequate institutional framework and implementation capacity to ensure that programming, implementation, monitoring and evaluation are appropriate and cost-effective from financial management and control perspective.

4.22.1.2 The Structure of the Chapter

Chapter 22 is not divided into subchapters.

4.22.1.3 Summary of SAA requirements and the European Union acquis

The Republic of Albania in Chapter 22 will focus on:

- Implementation of Article 110 of the Stabilization and Association Agreement which stipulates that the Parties shall strengthen cooperation in regional and local development in order to contribute to economic development and reduce regional disparities. Financial assistance provided by the EU is regulated by Articles 112 - 115 of the Stabilization and Association Agreement (SAA);
- Taking measures to reduce economic inequalities, creating competitive regions, with sustainable environment for economic and social development, and consequently development of the country's economy and social, in accordance with EU standards;
- Preparations of the Albanian institutional structures to implement after joining the European Union and the European Union programs mentioned above.

Regarding the requirements of the European Union legislation, economic, social and territorial cohesion policies (regional policies) are part of the second set of competencies of the European Union. Article 4 of the Treaty on the Functioning of the European Union, stipulates that in this case the European Union and the Member States have the right to adopt legal acts. Member States may exercise their powers if the European Union does not exercise its powers or has decided not to exercise those powers.

The *acquis* in this chapter consists mainly in the framework and implementing regulations, that do not require approximation of national legislation. These regulations set out rules for the design, approval and implementation of European Structural and Investment Funds (ESIF)

program which will be reflected in the territorial organization of each country. These programs have been negotiated and agreed with the Commission, but implementation is responsibility of the Member States.

The legal framework should be adopted to allow multi-year programming at national and local level, budget flexibility, enabling co-financing capacity at national and local level and ensuring adequate and efficient interventions of financial control and audit. Member States should respect European Union legislation when selecting and implementing projects in areas related to regional policies and structural instruments such as public procurement, competition and environment, non-discrimination and equality between men and women.

In the institutional framework is included the definition and establishment of all structures at national and local level, required by the regulations as well as the establishment of an implementation system with clear definitions of tasks and responsibilities for the bodies involved.

The institutional framework also requires the establishment of an efficient mechanism for inter-institutional coordination as well as the involvement and consultation in a broad partnership between organizations for preparation and implementation of programs.

Adequate administrative capacity must be provided in all relevant structures. This includes qualified recruitment and training of experienced staff and also taking measures to keep this staff on the job. In this context, Member States need to adopt the necessary organizational arrangements, to adopt procedures and organization charts and to prepare accompanying documents.

The programming process covers the preparation of Partnership Agreements (PAs) and a series of operational programs (OPs) including ex-ante evaluations. Member States should organize extensive partnerships in order to prepare programming documents. They should ensure that a list of sufficient projects is established, this will allow a the full financial implementation of the programs. Member States should also implement specific information and publicity measures related to structural instruments

The establishment of a monitoring and evaluation system includes the establishment of monitoring and evaluation structures in the various relevant bodies as well as the installation of a comprehensive and computerized information management system (IMS) accessible and usable by all interested bodies.

A separate framework for financial management and control including auditing needs to be established. This includes defining and setting up all the structures required by the regulations as well as setting up an implementation system with a clear definition of tasks and responsibilities for the bodies involved.

4.22.1.4 Current Situation in Albania

Albania is moderately prepared with regard to regional policy and coordination of structural instruments. For this reason, the situation with drafting of the strategic documents is evolving and many processes have been implemented by the main responsible institutions during the year 2021.

The National Strategy for Development and Integration (NSDI 2015-2020) has finished its implementation and the process of drafting of the new National Strategy for Development and European Integration NSDEI 2030, has started⁶². For the preparation of the NSDEI 2030, has been prepared the draft methodology, based on the principle of full functioning of all current mechanisms and processes related to the Integrated Planning System Information System (IPSIS), approved with the DCM nr.290, dt.11.4.2021. Also, it has been prepared the Draft Order for the approval of the methodological standard for NSDEI 2030 and for the start of the process for NSDEI 2030, which contains also the relevant methodology for NSDEI 2030.

The process of identifying medium-term policy priorities for 2022-2024 has been completed so far, through the preparation of the Policy Priority Document 2022-2024, which has been approved by the Strategic Planning Committee in March 2021. This document oriented the discussion on the preparation and approval of the budget ceilings for the period 2022-2024, with Order of the Minister of Finance and Economy.

In the framework of the preparation of the NSDI 2030, there has been engaged an UN financed technical assistance, dedicated to the preparation of the draft, as well as for the analysis of economic growth and costing of the NSDEI 2030.

NSDEI 2030 will provide support especially regarding a better orientation of the Medium Term Budgeting Program within the time frame till 2030, as well as the harmonization with the EU enlargement strategy and the NPEI. Also the NSDEI 2030 will include the policy goals in long term related to the regional development of the country, in compliance with the law no.102/2020 “On the regional development and cohesion” (article 11/6).

With regard to the general framework of sectorial policies and priorities, NSDEI 2030 ensures:

Linkage with medium term priorities of the Government, the priorities foreseen in the Government program, as well as other priority sectors of the Government, are an integral part of the development vision of the country, and the strategic policies laid in NSDEI, feed into this vision.

⁶² With the creation of the State Agency for Strategic Planning and Donor Coordination, DCM 642, the competences for the NSDI III will be under this institution. For further confirmation on the material provided, a consultation with the agency will be needed.

Full linkage of the MTBP with the NSDI, through:

- Drafting of a macroeconomic framework for the period till 2030, which includes priority policies till 2030, the foreign financing fund programmed or anticipated, as well as other aspects of financing and incomes.
- Setting well-defined policy goals for the period till 2030, which include the European integration objectives as well. For this purpose, the Guidelines for budget preparation define the technical details of policy inclusion and delivering future MTBP objectives in relation to 2030 NSDEI objectives.

Full compliance with the EU integration agenda of the country/SAA, measures, activities, commitment in the frame of SAA are an integral part of the NSDI and medium term budget planning.

NSDEI 2030 provides the main pillar for all the programming of funds of different donors, including EU IPA funds or other development agendas with bilateral (SIDA, SDC, Germany, Italy etc) and multilateral donors (WB, UN, EBRD, etc). In order to provide coherence with the EU planning periods, NSDEI is spread through a ten years period, out of which 7 years is the external budget cycle of EU and 2030 is the end year for Sustainable Development Goals and respective indicators & targets.

Coordination of the programming and monitoring of IPA assistance is carried out by the General Director of the State Agency for Strategic Planning and Coordination of Assistance in the capacity of National IPA Coordinator (NIPAC), as provided in the DCM no. 642, dated 29.10.2021 on the creation, organization and functioning of the State Agency for Strategic Planning and Coordination of Assistance. NIPAC and the Support office have the same tasks and responsibilities as required by the Framework Agreement between EU and Albania.

As per the abovementioned decision, the Directorate of Coordination of National and Regional IPA programs and the Directorate for Territorial Cooperation will be an integral part of the State Agency for Strategic Planning and Coordination of Assistance. During the month of November 2021 and following, the restructuring and transfer of functions and staff from the current responsible institutions to the new Agency should take place, aiming to staff all the approved positions according to the structure of the Agency.

The National Authorizing Officer/NAO (Deputy Minister of Finance and Economy) has the overall responsibility of the financial management of EU assistance to Albania, providing the legality and regularity of expenditure according to IPA I and IPA II. NAO is supported by several structures, such as National Fund and NAO Support Office. Both units are placed within MoFE and report to NAO for the functioning of control and management system with regard to indirect management of IPA-IPARD funds.

The Audit Agency of EU accredited programmes, have been established by Law no.90 dated 15.09.2016 “on the organization and functioning of the Audit Agency for the EU programmes

accredited by EU in the Republic of Albania”. The agency has as a scope of activity auditing the management and control systems regarding activities, transactions and annual accounts of EU funds.

In the beginning of 2021 the Directorate for Coordination of National and Regional IPA Program has finalized the internal procedures for the approval in principle of the Financing Agreement between the Council of Ministers of the Republic of Albania and the Commission of the European Union, regarding the Annual National Program for Albania for 2020, under the Instrument for Pre-Accession Assistance (IPA II). The financial package was approved by decision of the Council of Ministers no. 157, dated 17 March 2021, and was signed by KKIPA on 12 April 2021, opening the way to the implementation of the programme. The total cost for this Program is 105 421 991 Euros. Due to the elections and the dissolution of the previous Parliament, the right time for the ratification of this Agreement by the Parliament was not met. The ratification process by the parliament for this bill is expected to be completed by December 2021.

Regarding the programming of the new financial instrument IPA III, during the period May - June 2021, was held the process of public consultation on the Strategic Response document. This process was based on the Law 146/2014 "On Public Consultation", the Order of the Council of Ministers no. 3 dated 29.01.2021 for Public Consultation and the European Code of Conduct on Partnership.

At the end of the consultation process, was drafted a summary and explanatory report on the public consultation. This report provides information on the consultation activities, stakeholders involved, and comments on the National Strategic Response. The report was published in the electronic register in July 2021. The National Strategic Response Document for IPA III is in the finalization phase of the update, after the reflection of the comments of the interest groups, donors, EUD and the comments of the European Commission, which were forwarded at the end of July to NIPAC.

At the end of July 2021, the European Commission also delivered the proposed package of programmes to the NIPAC that will benefit from IPA III assistance:

- EU for Justice - 8 million EUR - Beneficiary Ministry of Justice
- EU Property Rights - EUR 10 million - Beneficiary Prime Ministry and State Cadastre Agency
- EU for Nature / SPIN - EUR 6 million - Beneficiary Ministry of Tourism and Environment
- EU for Circular Economy - EUR 30.9 million - Beneficiary Ministry of Tourism and Environment
- EU for Innovation (second phase) - EUR 10 million - Beneficiary Ministry of Finance and Economy

The European Commission announced to the NIPAC that IPA 2021 Decision for the approval of the IPA 2021 package, is expected to be taken in the IPA Committee by the end of 2021, beginning of year 2022.

Starting from March 2021, the beneficiary institutions, under the coordination of NIPAC / NIPAC SO have been working on the preparation of 9 draft action documents, potential to benefit from the IPA 2022 Program. The package as been finalized and sent to the EC by the deadline set by European Commission, which was dated 16 November 2021.

The national single project pipeline (NSPP) 2020 has been approved on 30 July by the National Investment Council (NIC)/Strategic Planning Committee (SPC), being the decision-making body, chaired by PM. The drafting of a methodology for NSPP for the standardization, format and procedures aiming to improve the preparation of sector list and the national list (NSPP) as well as their quality, is in process. The qualitative improvement of the project pipeline and prioritization and project design corresponds to the increasing importance of the Western Balkans Investment Fund (WBIF). As specified in the EU Strategy for Enlargement in WB, dated 6 February 2018, WBIF will continue to be more and more important in providing investment to the region. Thus WBIF is developing and changing (WBIF 3.0) in order to be adapted with the new financial perspective of IPA III, 2021-27.

A close link between NSPP and the medium term budget has been established through the drafting and approval by National Investment Council / Strategic Planning Committee of the Declaration of Priority Policies 2021-23, on 15 July 2020.

Monitoring of IPA assistance is carried through by Directorate of Coordination of National and Regional IPA programs (NIPAC SO) that in cooperation with EUD monitors the implementation of projects/programmes under direct and indirect management, their progress in achieving objectives and results, ensuring sustainability of IPA investments in Albania, etc.

During the Monitoring process, the relevant structures take into account the Framework agreement between EU and Albania, the national legislation for implementation of EU funds IPA I (2007-2013), IPA II (2014-2020) and IPA III (2021 – 2027), inter-institutional agreements and manuals of procedure. The NIPAC manuals of procedure are revised/updated each year.

During 2021, in the Monitoring and Evaluation meetings, consultations and workshops were organised in on-line sessions, due to the Covid-19 situation. The first round of Sector Monitoring Committee has been cancelled, due to the general elections taken in April 2021, while the second round is scheduled to take place during November 2021 in on-line sessions. The IPA Monitoring Committee for the year 2021 is scheduled to be organized during December 2021.

However, Albania aims to strengthen more its administrative capacities to manage IPA funds as part of the preparations for accession to the EU. This is in line with the recommendation of EU progress report for Albania 2020 that required enhancing administrative capacities, especially of

the CFCU and NAO SO in Ministry of Finance and Economy, the Audit Agency and of MEFA, as National IPA Coordinator.

In the framework of **Territorial Cooperation**, Albania participates in eight Cross-Border and Transnational Programs under the perspective of IPA II 2014-2020. The coordination and implementation of which is carried out by the Ministry of Europe and Foreign Affairs and specially the Operating Structure in the Directorate of Territorial Cooperation. In this regard, all structures involved in the implementation of Territorial Cooperation Programs have been set up and are functioning, such as: First Level Control Offices (FLC), Joint Secretariats, Antennas, Information Points, etc. The Head of the Operating Structure has been appointed by the order of the Minister for Europe and Foreign Affairs no. 366, dated 29.07.2021.

In addition, MEFA has followed the process of signing the relevant funding agreements (respective annual allocations) for Cross-Border Cooperation programs, namely: IPA CBC Program Montenegro-Albania, IPA CBC Program North Macedonia-Albania and IPA CBC Program Albania-Kosovo.

During 2021, were published several calls for project proposals, which shows a high number of applicants from Albania, and shows an increase of interest to benefit from EU funds. The main challenges in the implementation of cross-border cooperation projects by Albanian institutions and organizations remain the reimbursement of VAT costs and the provision of a co-financing quota by 15% of the project value.

During this period, the process of preparing and drafting new territorial cooperation programs for Perspective III of the Instrument for Pre-Accession IPA has continued. The Operating Structures, in close cooperation with the counterpart structures of the neighbouring countries, are coordinating the procedures for drafting new IPA III programs.

Albania has also intensified its participation in the EU Strategy for the Adriatic and Ionian Region (EUSAIR), contributing to its implementation, especially in the framework of identifying measures and project ideas of regional character.

Summary of key achievements

In the framework of the prioritization of the medium-term policies, as a preparatory phase for the NSDEI 2030, the Priority Policy Document 2022-2024 has been prepared and approved, which ensures the budgeting of priorities and the definition of MTBP ceilings in the medium term. The Priority Policy Document 2022-2024 is prepared based on the Decision of the Council of Ministers regarding the approval of the public expenditure management calendar and DCM No. 185, of 29.3.2019 "On public investment management procedures". The Priority Policy Document 2022-2024 is prepared by the Department for Development and Good Governance, in the Prime Minister Office, in cooperation with the Ministry of Finance and Economy, in order to

regulate the process of resource allocation between sectors. For 2021, the DPP was discussed by the Strategic Planning Committee (SPC), chaired by the Prime Minister, in the phase of discussing strategic budget priorities in February and July and was approved at the SPC meeting in March 2020.

The analysis of the Declaration of Priority Policy is based on the analysis performed on:

- priorities set in the documents of the strategic framework of the country for the sectors / policies, approved with DCM;
- priorities set by the line ministries and the Prime Minister, based on the approved Government Program;
- priority strategic projects of line ministries, part of the National Single Project Pipeline (NSPP), approved by the Strategic Planning Committee.

The Priority Policy Document 2022-2024 is discussed and approved by the Strategic Planning Committee and constitutes an intermediate stage before setting budget ceilings for the Medium Term Budget Planning, as well as for preparing the draft National Strategy for Development and European Integration 2030. The process for the preparation of NSDI 2021-2030 is based on the principle of full functioning of all current mechanisms and processes related to the Integrated Planning System.

The Law on Regional Development and Cohesion was adopted in July 2020 (Law No. 102/2020). This law defines the basic principles, objectives, responsibilities, rules of regional development and cohesion, as well as the institutional and strategic framework of this development in the Republic of Albania. According to this law, regional development is implemented in accordance with the principle of partnership, subsidiarity, sustainability, planning, programming, transparency, focus and coordination. The Law on Regional Development and Cohesion aims to:

- Determine the special instruments and the institutional and financial framework for Regional Development and Cohesion in the Republic of Albania
- Define the strategic and institutional framework of drafting long-term regional development policies in accordance with national policies, ensuring the promotion of balanced regional economic, social and cultural development
- Ensure that policy-making authorities coordinate their planning activities to promote harmonized and integrated regional planning
- Ensure the harmonization of sectoral strategies in a common regional development policy, supporting it with the relevant budget.

Albanian Development Fund, based on the responsibility delegated by the Deputy Prime Minister Office is working for the completion of the sublegal acts that will make possible the implementation of the Law on RDC.

There are identified 10 (ten) sublegal acts that derive from the law regarding the establishment of the development regions, setting up of the partnership boards and National Committee for RDC, planning and programming procedures, structure and content, establishment of the managing authority and intermediate bodies, financing mechanism, database, etc.

In this context, from December 2020 to April 2021, the Government of Albania, represented by the Deputy Prime Minister of Albania and the Albanian Development Fund (ADF) held a cycle of 26 awareness and consultation meetings in the 12 Regions located in the 4 development regions of country.

During these meetings 5 sublegal acts were consulted and discussed leading to the preparation of the draft DCMs from ADF team with the support of the technical assistance of the Swiss and Austrian government project on Regional Development in Albania (RDPA).

The first sublegal Act “For defining development regions in Albania and their boundaries”, was approved by Decision of the Council of Ministers no. 459, 30.7.2021.

Meanwhile 4 other draft DCM-s are prepared regarding:

1. Draft Policy for Regional Development and Cohesion
2. Draft DCM for the National Committee for Regional Development and Cohesion
3. Draft DCM on Regional Development Monitoring Boards
4. Draft DCM on the Structure and Procedures for drafting the National Plan for Regional Development and Cohesion and Regional Plans for Regional Development and Cohesion

These drafts are finalized and an official consultation process is initiated. Due to delays related to COVID-19, the second round of consultation process for these bylaws is expected to be concluded by end of December 2021. It is foreseen that the process for the approval of 4 sublegal acts will be closed during the first quarter of 2022.

From December 2020 to April 2021, a cycle of 26 awareness meetings were organized in the 12 Regions located in the 4 development regions of country. This process was essentially guided by the “Inform - Communicate - Listen - Reflect” approach to address local and regional needs for sustainable and balanced development through a system that enables the implementation of the Regional Development Policy and Cohesion. During this cycle of 26 meetings, 183 institutional and non-institutional actors were part of the roundtable discussions, discussing about regional development reform, policy objectives, needs and challenges of local and regional communities towards regional development and cohesion.

Participants focused their discussions in 2 main directions:

- Investment needs and mechanisms, forms and ways how the Regional Development Operational Program will address these needs. Infrastructure interventions (mainly road infrastructure, water supply and electricity) were identified as the primary needs for

investment in all regions along with capacity building needs for project design / interventions, including development and preparation of feasibility studies.

- Concrete discussions and proposals for the improvement of sub legal acts, such as the composition of the National Committee for Regional Development and Cohesion and Regional Monitoring Boards, the way and form of their organization and functioning, the need to be better represented. These proposals are considered and reflected in the relevant draft documents.
- In the discussion of the Regional Monitoring Boards, the mayors expressed interest in having an active role while emphasizing their need to cooperate with other (non-institutional) development actors. The non-institutional development actors expressed their readiness to give their contribution in the process and participate in future meetings of this nature, and highlighted the need to be represented in the Regional Monitoring Boards, where their voting weight and decision-making power are equally valid and equal to the other actors part of the Board.

The Law on Regional Development and Cohesion and its sub legal acts, clearly address the responsibilities of all institutions involved in this process. The support of the Albanian authorities for Regional Development is not only technical and legal but also financial. The Albanian Government has clearly defined the means and sources of funding for the Operational Program with a 7-year duration. The involvement of international institutions and partner countries is a guarantee for the sustainability of this initiative.

The whole process how is foreseen the preparation and approval of the Regional Development Operational Program will ensure the fair, equitable and politically non-biased manner approach. The same will be applied in the implementation process. The Law itself sets the principles where the system established for the Regional development will be based

The principle for the programming process the ADF (Albanian Development Fund) applies is coordinating and integrating different programmes and interventions in a way that $1+1=3$, which means maximising the impact in the territory by integrating different interventions and sources of financing for achieving the maximum result.

ADF is managing several programmes financed through state budget, loans and grants. The state budget funds for the regional and local infrastructure are used for co-financing several development programmes in the territory. In addition, some programmes managed by ADF such as water supplies are financed through loans and co-financed by the local government in 10%. Currently through a programme financed through Swiss and Austrian Government, there are launched by ADF two call for proposals where the actions have been financed 85% by the grants and 15% through co-financing of the local municipalities. These actions are considered as pilot schemes to be capitalised and replicated during the preparation and implementation of the Regional Development Operational Program.

Based on DCM No. 185 of 29.3.2018 "On public investment management procedures" and DCM No. 52 of 6.2.2019 "On the approval of the public expenditure management calendar for 2019", the Strategic Planning Committee / National Investment Committee approved on 15 July 2020, the Statement of Priority Policies 2021–2023, which includes strategic projects, part of the National Single Project Pipeline (NSPP), which will be part of the 2020 Budget and the Medium Term Budget Plan 2021 - 2023 (MTBP). The Statement of Priority Policies 2021–2023 will be reviewed annually in line with the MTBP drafting procedure.

Seven Sectoral Monitoring Committees, established for the first time in 2019, are now fully operational and organise regular meetings twice a year per each sector.

For the first time in 2019, preparatory work was done for the conduction of the Project Implementation Assessment during their implementation phase (Interim Evaluation). The Evaluation Exercise started during 2020 and issued the final evaluation report "Sustainability of EU-funded projects in Albania" Programme Evaluation, in February 2021, which has been distributed to the concerned institutions for their further follow-up.

In April 2021, the interim evaluation 'Evaluation of actions under Indirect Management with the Beneficiary Country under IPA II – Programme Evaluation' has been initiated. The draft Interim report has been issued in September 2021, which has been distributed to the concerned institutions for comments before the final report will be issued.

In the framework of the technical assistance project "Support for IPAs Management", until October 2020, 73 civil servants attended trainings on Monitoring and Reporting of IPA assistance.

Regarding **territorial cooperation**, the Ministry of Europe and Foreign Affairs is ongoing of the process of signing the relevant funding agreements (respective annual allocations) for all IPA Cross-Border Cooperation programs for such as: IPA CBC Albania-Kosovo, IPA CBC North Macedonia-Albania, and IPA CBC Montenegro-Albania.

Several calls for project proposals were launched during 2021. A growing number of Albanian applicants were observed during these calls, indicating an increase in interest in acquiring EU funds.

The main challenge on the implementation of CBC projects by Albanian institutions and organizations still remains the reimbursement of VAT costs and the co-financing quota (15% of the project value). By the end of 2019, the legislation related to reimbursement of VAT has been amended in order to facilitate the reimbursement process (mainly for NGOs) but it is still early to assess if this intervention could be considered as successful. With regard to the ensuring of co-financing, despite the efforts made during 2020 for the establishment of a dedicated fund (National Fund), the problematic still needs to be addressed. At Ministry level, Ministry for

Europe and Foreign (MEFA) has continuously tried to address this problematic but the solution of this situation is beyond MEFA competencies and authority. The coo financing issue is not related only to the lack of a dedicated National Fund but also to the irresponsibility of some beneficiaries who do not forecast the coo-financing part of the projects in their medium term budget plan as requested by the Ministry of Finance and Economy. .

In the framework of the preparation for the new Territorial Cooperation programs within the Third Perspective of the IPA, the Directorate of Territorial Cooperation in in MEFA, which is the operational and coordinating structure of this process, has finalized the establishment of the Task Force (TF). This Task Force was established at national and international level respectively for bilateral and transnational IPA programs, as one of the main programming steps for the period 2021-2027.

In the case of bilateral IPA CBC programs these task forces are composed of high-level representatives of line Ministries, ASCS and Districts Councils. The Task Force of transnational and trilateral programs has also been set up, composed of a member per each partner country. Regarding Albania side, this task force is composed from officials of the specific program as well as the head of the programming sector, of the Directorate of Territorial Cooperation of MEFA, who coordinate these programs at the national level. A series of meetings with TF groups were held with the main objective of, among other objects, identifying priorities based on the most important needs in our country, on the European Commission's recommendations, and on the geographical spread. New bilateral programmes for the years 2021-2027 were drafted in 2021 and submitted to the European Commission for final approval in late 2021 or early 2022. In the following, due to the complexity and architecture of transnational and interregional programmes, the process of drafting the document for each programme continues with high intensity, with a series of meetings of joint task forces, as well as at technical levels for different specifics, such as: planning allocations, implementation mechanisms, responsibilities of structures, formats, and planning of various calls for projects of a governing, strategic character, big scale planning, and small-scale planning.

The programming process for the programming of IPA CBC Albania – Kosovo is of special importance since Albania is the leading country (the only program where our country has the role of leader). The first draft of the program is being prepared in cooperation with the EU Delegation in Tirana, with the two operating structures of this IPA CBC program as well as with the assistance of experts contracted by the European Commission.

4.22.1.5 List of responsible ministries and institutions

- Albanian Development Fund
- Ministry for Europe and Foreign Affairs;
- Ministry of Finance and Economy;
- Office of the Prime Minister;

- Ministry of Agriculture and Rural Development;
- INSTAT;
- Ministry of Infrastructure and Energy;
- Audit Agency for EU Accredited Assistance Programs;

4.22.1.6 Identified Gaps and Priorities

The priorities in Chapter 22 are in line with the recommendations of the European Commission services as set out in the 2021 European Commission Report on Albania. According to this report, Albania should:

- Prepare for effective implementation of the acquis under Chapter 22 and factor the requirements of the future structural/cohesion funds in the institutional set-up, the financial management and control systems and the administrative capacity, ensuring that all its instruments and funds are gradually made compliant with EU requirements in terms of programming and partnership principles. In view of this, inter-agency coordination for pre-accession assistance needs improvement, and issues need to be addressed as regards strategic planning, implementation and monitoring capacity of infrastructure projects under the Economic and Investment Plan;
- Proceed with drafting the National Strategy and Plan for Regional Development and Cohesion (2021-2027) and complete the Regional Development Plans (2021-2024) which should foster the development potential of all regions in Albania with a view to provide them with opportunities to develop by themselves and to proceed with decentralised interventions based on local and/or regional integrated plans and strategies;
- Further strengthen the administrative capacity of central, regional and local bodies, especially at central level as regards the Central Finance and Contracting Unit (CFCU), the National Authorising Officer's Support Office, the Audit Authority, and the National IPA Coordinator's Support Office, in particular by ensuring adequate staffing;

CHAPTER 23: JUDICIARY AND FUNDAMENTAL RIGHTS

4.23.1.1 Chapter content

Chapter 23 is an important chapter in the stabilization and association process and carries a special significance during the accession negotiations. This chapter covers three important areas, the judicial system, anti-corruption policies and fundamental rights.

More specifically, EU policies in the field of the judiciary and fundamental rights, which aim to preserve and further develop the Union as an area of freedom, security and justice. Establishing an independent and efficient judiciary is of great importance. Impartiality, integrity, and a high standard of trial by the courts are essential for the respect for the rule of law. In order to achieve this objective, strong commitment is required to avoid any external influence, as well as

allocation of sufficient financial resources and capacity building. Of relevance is the creation of legal safeguards for fair court proceedings. Likewise, the Member States must fight corruption effectively, as this poses a threat to the stability of democratic institutions and the rule of law. A strong legal framework and credible institutions are needed to support a coherent anti-corruption policy. Member States must ensure respect for the fundamental rights and freedoms of EU citizens, as guaranteed by the *acquis* and the Charter of Fundamental Rights.⁶³

These principles have been translated into a legal framework of the European Union that defines the rights and obligations of its Member States and of those candidate countries that aspire to be EU member states. It is therefore essential for any candidate country that aims to become an EU Member State to know and approximate with the EU *acquis* covering Chapter 23.

In addition, Member States must fight corruption effectively as it poses a threat to the stability of democratic institutions and the rule of law. Article 83 (1) TFEU sets out the competence of EU to draft minimum rules concerning the definition of criminal offences and sanctions in the field of corruption. Respect for and protection of fundamental rights is indispensable. According to Article 6 of the TEU and the case-law of the Court of Justice of the European Union (CJEU), the EU recognises the rights, freedoms and principles set out in the Charter of Fundamental Rights of the European Union as they result from the constitutional traditions common to the Member States as general principles of the Union's law. Thus, they are binding on the institutions of the Union exercising their powers and on the Member States implementing the EU law (Article 51 of the Charter of Fundamental Rights of the European Union).

4.23.1.2 Chapter structure

Three main reform pillars in this chapter are:

1. Judicial system;
2. Fight against corruption;
3. Improvement and protection of fundamental rights and freedom.

These three pillars are closely and mutually linked to each-other.

4.23.1.3 Summary of SAA and EU *acquis* requirements

The approximation of the principles and the EU *acquis* for chapter 23 constitutes an obligation deriving from the EU-Albania Stabilization and Association Agreement. Articles 1, 2, 13, 70 and 78 of the SAA are of special importance for this chapter. According to Article 78 of the SAA, special importance should be paid to strengthening of the rule of law and institutions at all levels in terms of management in general, as well as law enforcement and the administration of justice.

⁶³ https://ec.europa.eu/neighbourhood-enlargement/policy/conditions-membership/chapters-of-the-acquis_en

In addition, article 78 of the SAA sets out that cooperation between Albania and European Union must aim at strengthening independence of the judiciary and improving its effectiveness, improving the functioning of the police and other law enforcement bodies by providing adequate training and fighting corruption and organised crime.

Moreover, approximation with the *acquis* and EU standards for Chapter 23 is one of the requirements that the EU candidate country must meet during the EU accession negotiation process.

Regarding approximation of EU legislation with the domestic legislation, it should be noted that the transposable *acquis* is divided into "hard *acquis*" (*acquis* deriving from binding acts such as treaties, directives, regulations, etc. of the EU) and "soft *acquis*" (*acquis* deriving from standards, principles and recommendations of EU institutions or other relevant international organizations). The preliminary analysis has assessed that the total "hard *acquis*" consists of 61 acts, while the "soft *acquis*" consists of 65 acts⁶⁴.

4.23.1.4 Current situation in Albania and main achievements

According to the European Commission report 2021, Albania has some level of preparation/is moderately prepared in implementing the EU *acquis* and European standards in this area. Good progress was made, in particular through continued implementation of the comprehensive justice reform. The Constitutional Court has regained full functionality with the appointment of three new judges. The High Court has increased its efficiency with the appointment of six additional judges. The vetting process continued to deliver tangible results. The legislative framework has been further strengthened to ensure a more efficient delivery of justice. Operational efforts against corruption are bringing some results. Additional efforts are needed to further increase seizure and confiscation of assets stemming from corruption, and to develop the track record in high-level cases. Regarding fundamental rights, there was progress in most areas, albeit efforts should continue on implementation. On property rights, progress should be made on further first registration of properties and transitional ownership processes, in a transparent and inclusive manner.

Justice reform

According to the European Commission report 2021, Albania is moderately prepared on the functioning of the judiciary. Good progress was made, with the continued implementation of justice reform and the vetting process, which advanced steadily, despite the impact of the COVID-19 pandemic. An important milestone was reached at the end of 2020, with the

⁶⁴ Following an overall analysis of the level of harmonisation for Chapter 23, where 39 draft ToC of 2374 pages have been developed, including comparison with some 69 domestic legal and sub-legal acts, it turns out that 66% of the acts are partially harmonised, 25% are not harmonised and 9% are assessed to be irrelevant for harmonisation at this moment.

appointment of three new judges to the Constitutional Court. With seven judges in office, the Constitutional Court has regained its necessary quorum of minimum six members to hold plenary sessions, thus being fully functional and meeting the related condition for the first IGC. Progress also continued on High Court appointments, with the promotion by the High Judicial Council of six new judges in March and July 2021. The Parliament adopted amendments to 10 laws aiming to further strengthen the efficiency of the judicial system and its capacity to tackle corruption and organised crime. The vetting process has continued to deliver concrete results, under the thorough supervision of the International Monitoring Operation (IMO). To date, 62% of the vetting dossiers processed have resulted in dismissals, resignations or termination of mandate. Magistrates dismissed by the vetting bodies are being prosecuted by the Special Prosecutor Office. The SPAK Court has seized assets of a former Prosecutor General as well as of two former Constitutional Court and one former High Court judges. The selfgovernance bodies of the judiciary have continued to fulfil their mandates.

The comprehensive transitional re-evaluation of all judges and prosecutors (vetting) advanced steadily and delivered tangible results.

The Independent Qualification Commission (IQC), during the period 1 January - 5 November 2021 has issued 144 decisions, of which 50 confirmations in office, 61 dismissals, 24 decisions to terminate the process, 8 decisions to close the process and 1 decision to suspend the assesseees, with an obligation to attend training for a period of one year at the School of Magistrates.

The Special Appeal Chamber (SAC) continues to exercise its function in the re-evaluation process of judges and prosecutors, following the submission of an appeal by the re-evaluation subjects or the Public Commissioner, against the decisions of the Independent Qualification Commission. A total of 120 re-evaluation jurisdiction decisions have been made from the beginning of the vetting process.

The Institution of Public Commissioners, during the period January - October 31, 2021, has examined a total of 131 decisions and 13 of them are pending examination in compliance with the legal deadline. The Public Commissioners have decided to appeal 13, out of 113 examined decisions, before the Special Appeal Chamber and they have decided not to appeal 118 IQC decisions.

The International Monitoring Operation, during January - 31 October 2021, has submitted to the Public Commissioners 8 written recommendations for the filing of appeals. A total of 172 denunciations have been recorded in the registry of public denunciations, for the period January - October 31, 2021.

Justice system governance institutions

The governance institutions of the justice system have continued to be fully functional, and they have operated with full efficiency. During 1 January 2021 - 30 November 2021 the High Judicial

Council (HJC) has made 522 decisions in 86 plenary sessions. Decision-making has been focused on the adoption of bylaws, collective administrative acts, and acts of individual nature. This voluminous work has aimed at addressing the most urgent priorities and issues of the judicial system as well as the strategic objectives set out in the HJC Strategic Plan. Currently, the HJC is in the final stage of approval of new strategic plan for the judicial system, for the period 2022 - 2024, a plan which, based on the results of the previous plan 2019-2020, will shape the future of the judiciary in the function of a comprehensive reform. In turn, the High Prosecutorial Council has issued a total of 388 decisions.

HJC and HPC members

In December 2021, the mandate of 5 members of the HJC (3 from the judiciary and 2 lay judges) will end. Consequently, the Council in cooperation with the High Court have initiated the procedure to open the applications for candidate members to the High Judicial Council. At the end of the voting procedure, the General Assembly of Judges elected three new members of the High Judicial Council, representatives of all three levels of the judiciary. The other two members, lay judges, are expected to be elected soon by the Assembly.

During 2021, 5 new members of the High Prosecutorial Council are elected from the ranks of prosecutors of all levels. Two new members of the HPC were elected at the General Assembly of Prosecutors on 28.01.2021, and three new members of the Council were elected at the General Assembly of Prosecutors on 15.10.2021, because the mandate of the three existing members, who have been elected from the ranks of prosecutors of all levels, will end in December 2021. Moreover, during 2021, the Albanian Parliament has announced the vacancies for two lay prosecutors, members of the High Prosecutorial Council.

For more information regarding the announcement of vacancies by the Albanian Parliament for the High Judicial Council and the High Prosecutorial Council, please refer to the Political Criterion.

Legal framework

Strategic documents: Cross-Cutting Justice Strategy (CJS) and Action Plan.

As part of the commitment to implement justice reform, the Ministry of Justice continues to monitor the Action Plan of the Cross-Cutting Justice Strategy covering the period 2019-2021. The progress during January-December 2020 is shared on the official website of the Ministry of Justice,⁶⁵ together with all biannual monitoring reports.

⁶⁵ <https://drejtesia.gov.al/wp-content/uploads/2021/05/Raporti-Vjetor-i-Monitorimit-Janar-Dhjetor-2020-n%C3%AB-zbatim-t%C3%AB-Strategjis%C3%AB-Nd%C3%ABrsektorale-t%C3%AB-Drejt%C3%ABsis%C3%AB-dhe-Planit-t%C3%AB-Veprimit.pdf>

To further the objectives of Justice Reform for the next 5 years, the Ministry of Justice has completed the 1-year drafting process of the strategic package for the second phase of implementation of the justice reform, which consists specifically in:

- Cross-Cutting Justice Strategy 2021-2025,
- Action Plan 2021-2025
- Passport of indicators.

CJS 2021-2025 aims at consolidating the legal and institutional framework of the justice system, incorporating modern European practices in criminal justice, improving the justice system infrastructure and providing IT solutions, including innovative electronic solutions that support essential efficiency and transparency increase in the justice sector. CJS 2021-2025 has set 4 major policy goals and 16 specific objectives. The vision of this Strategy is an "Independent, accountable, accessible, transparent and efficient justice system that protects human rights and serves society according to European standards". This vision is intended to be realized through the four policy goals listed below:

- Full and professional functioning of the governance institutions of the justice system in accordance with the constitutional and legal requirements and the European standards, guaranteeing independence, efficiency and accountability;
- Strengthening transparency, efficiency of the judiciary and access to justice in accordance with constitutional, legal requirements and European standards;
- A criminal justice system based on modern principles of justice, which guarantees re-socialization, reintegration and rehabilitation, as well as respect for human rights and freedoms and gender equality within an integrated approach and with solid crime prevention practices;
- Coordination, efficient and effective management of the justice system in all institutions of the sector".

In the framework of implementation of the Policy Goals, 3 major investments are foreseen including the e-justice program, the implementation of the New Judicial Map in Albania, the follow-up of the Juvenile Justice program.

This draft prepared in close cooperation with the experts of the EURALIUS V Mission has been extensively consulted with all stakeholders involved in the process and currently the procedures for the approval of the draft Cross-Cutting Justice Strategy 2021-2025 and its Action Plan are being followed.

Professionalism and Competence

Functioning of the Constitutional Court and the High Court

As of December 2020, the Constitutional Court consists of 7 members. To perform its functional constitutional duty, in July 2021, the Justice Appointments Council (JAC) has started the procedure of verification of the legal conditions of the candidates who have initially run for the three vacant positions for judges in the Constitutional Court, launched in the beginning of June

by the High Court. During the process of verification of the candidates' background, due to the resignation of the candidates or JAC decisions on "Prohibition to run as candidates", the number of candidates for one of the three vacancies reached less than two. Concerning this vacancy, JAC decided to suspend the candidates' verification procedure and notify the High Court as the authority that set it in motion, to assess the re-announcement of the call for application for this vacancy. JAC is also following the process of evaluation of the legal conditions for the 2 other vacancies. Currently, the process of collecting and comparing documentation, and preparing some of the explanatory reports, has been completed, and within December 2021, it can forward to the High Court the list of candidates for the two vacant positions for judges in the Constitutional Court.

The full functioning of the High Court remains a priority not only for the High Judicial Council, but also for the entire judicial system. Filling 9 vacancies of the High Court marks the first step towards its full functioning. Presently, the High Court has made possible the unification of practices by reviewing cases by a 5-member panel.

Currently, process is ongoing for the other 5 vacancies already announced, which are pending due to candidates' complaints and the transitional re-evaluation process. Meanwhile, in the plenary meeting of 17.11.2021, the Council decided to open the procedure of promotion from the ranks of judges for the last 3 vacant positions, which were still unannounced.

The High Judicial Council, in addition to completing the High Court, has taken measures to increase the efficiency of the court as an organizational structure, enabling the completion of the organizational chart of this court and specifically, the Legal Service Unit. The latter has a considerable valuable and an important mission in the High Court, because it exercises advisory and auxiliary functions in the decision-making process, significantly affecting the number of court cases handled. Currently, this unit operates with 5 magistrate assistants and 14 legal advisers. Meanwhile, 2 legal advisers are in the process of verification and qualification to be admitted to the civil judicial service. Regarding the academic year 2021-2022, 4 legal advisers have started the training program at the School of Magistrates.

Functioning of the Special Court against Corruption and Organised Crime

Following the establishment of the Special Courts Against Corruption and Organized Crime (by HJC Decision No. 288, dated 18.12.2019), the High Judicial Council has worked intensively to fill vacancies in these courts. In October 2021, because of dismissals from the vetting bodies and appointments to the High Court, the Special Court of Appeal consists of 6 judges out of 11 foreseen by the law, while the Special Court of First Instance consists of 7 judges, 3 of which are assigned by the delegation scheme, out of 16 that are foreseen.

Due to the legal requirements for these positions and the lack of human resources that is a result of the vetting process, despite the constant opening of calls for vacancies at both instances of the Special Courts, the number of applications has remained very low.⁶⁶

The current state of vacancies in the prosecutorial system and the appointment of new magistrates

The High Judicial Council has made considerable efforts to fill the priority vacancies for judges and continue progress in recruiting new magistrates. During 2020, a total of 44 magistrates were appointed to judicial functions (graduates of the School of Magistrates in 2018-2019 and 2019-2020).

The organigramme of the prosecution system consists of 341 prosecutors. In the prosecutorial system, there are currently 242 prosecutors, of which 219 are incumbent prosecutors, 20 prosecutors are seconded to the justice system bodies and for 3 prosecutors have been approved unpaid leave by the High Prosecutorial Council.

From the moment of constitution of the High Prosecutorial Council, 18 new prosecutors have been appointed.

Meanwhile, regarding the recruitment of the new magistrate candidates, the HJC and the HPC, in cooperation with the School of Magistrates, have gradually increased the number of candidates admitted to the initial training. As part of the recruitment process of new magistrates, on 19.04.2021 and 22.04.2021 the School of Magistrates organised the exam for candidate magistrates and legal advisers/assistants. Based on the results, 65 candidate magistrates were declared winners, with 35 of them in the profile of the “judge”, 25 in the profile of the “prosecutor”, and 6 others in the profile of the “legal advisor and assistant”.

Promotion

Regarding promotion of the heads of the prosecutor's offices, 10 heads have been appointed during 2021. By 2020, vacancies for these positions have been filled through the temporary appointment of the heads of the prosecutor's offices. Finalization of this procedure will bring stability to the prosecutorial system and, consequently, even more efficiency. Moreover, during 2021, 24 prosecutors were appointed through lateral transfer. Both procedures started in the end of 2020 and will be concluded within 2021.

⁶⁶ During 2021, HJC has published 25 calls (12 of which are repeated because of the lack of applications). 10 applicants have submitted their documentation, and some of them have applied to more than one of the announced vacancies. The HJC and EURALIUS V have conducted several awareness raising campaigns inviting the judges to apply to these positions, which confirms the commitment of the Council to complete the organisational structure of the courts against corruption and organised crime.

Increasing accountability of judges and prosecutors

The High Justice Inspector is the authority responsible for verifying complaints, investigating disciplinary violations and initiating disciplinary proceedings against judges and prosecutors of all levels. The HJI work priority is the review and evaluation of all claims submitted by both the citizens and the institutions regarding the acts, omissions or conduct of magistrates in the course of or outside their functions. Regarding the handling of complaints filed with the Office of the High Justice Inspector, a total of 4085 complaints has been confirmed, of which 1323 complaints have been handled, 2762 complaints are being processed and 146 complaints are being verified after the initial review. HJI has approved 38 decisions to initiate disciplinary investigation, of which 15 requests for disciplinary proceedings have been sent to the HJC and 4 requests for disciplinary proceedings to the HPC.

Based on law no. 115/2016, the Office of the High Justice Inspector conducts institutional and thematic inspections on every aspect of the work of courts, judicial administration, prosecutor's office and administration, based on the reasoned written request of the HJC, HPC, Minister of Justice or the Prosecutor General, as well as the Annual Inspection Plan. Based on this Plan, during January-October 2021 the High Justice Inspector has made 2 decisions (during June) to conduct the thematic inspection of the prosecutor's offices of general jurisdiction.

Also, during May 2021, the HJI, with European Union funding, has published the Manual for the Disciplinary Investigation of Judges and Prosecutors. This manual is a summary of legal comments and analysis based on the legislation related to disciplinary investigations against magistrates in the Republic of Albania.

Ethical and professional performance assessment of judges

During 2021, the HJC has completed the package of by-laws for the ethical and professional performance assessment of judges.⁶⁷ The procedure of ethical and professional performance assessment has started for all judges for whom the decision of the transitional re-evaluation bodies has become final, and the relevant files have been submitted to the Council.⁶⁸

It is worth noting that in this process priority has been given to the mandatory ranking and accelerated promotion and evaluation of candidates applying for promotion to the High Court,

⁶⁷ i) *supplementary rules on evaluation of judges seconded to the position of assistant magistrate in the High Court*; (ii) *scoring methodology*; (iii) *standard form of statistical data tables* (iv) *standard forms of evaluation of assistant magistrates, opinion of the chief judge and the College*; and also (iv) *rules of selection by lot of cases to be assessed*.

⁶⁸ Until 30 November 2021, the Council completed the ethical and professional performance evaluation of judges for the evaluation period 2013-2016 and 2019, by approving 72 evaluation reports in the Plenary Meeting. Until the end of 2021, it is expected the approval of 16 other draft reports of ethical and professional performance evaluation, thus counting for a total number of 40 judges for whom the procedure of ethical and professional performance evaluation for the period 2013-2026 and 2019 has been completed.

the Administrative Court of Appeal, the Special Courts for Corruption and Organized Crime, and the Courts of Appeal of general jurisdiction.

Code of Ethics

The High Judicial Council, as the body responsible for the approval of the Rules and the Code of Ethics and for their monitoring, approved the Code of Judicial Ethics, by Decision no. 171, dated 22.04.2021, while on 11.10.2019, the HJC appointed a judge as an Ethics Advisor.

The Code of Judicial Ethics aims to guarantee the increase and strengthening of public confidence in the justice system and the administration of justice in accordance with the Constitution, internationally recognized human rights standards and the law. The training of judges on the Code of Ethics is expected to start in the first quarter of 2022, while work is ongoing for the drafting of an Instruction to Observe the Code of Ethics.

Justice quality and efficiency

The School of Magistrates is responsible for guaranteeing the quality of the initial training of candidates for magistrates and the continuous training of the incumbent magistrates. Currently, the Initial Training Program is being implemented with improved curricula, which have a more practical approach and aim for the candidate magistrates to acquire competencies and skills related to the future profession and especially sustainable and in-depth knowledge of law, its implementation from a practical point of view, training on the preparation of the court session and the development of the judicial debate, among others. With the same methodology, the School of Magistrates has reviewed the teaching plan and the curricula of the second academic year, which, in Article 263 of Law 115/2016 "*On the justice system governance bodies*", is foreseen as a pre-professional practical program, which aim is to enhance the practical skills of candidate judges and prosecutors under the auspices of the School and under the direction of a highly qualified judge or prosecutor. Regarding the continuous training of judges and prosecutors, the School has analysed the Methodology on the Evaluation of training activities and after a long process of analysis and processing, it has included therein many qualitative elements measuring the expertise and the training effectiveness. In-service training is based entirely on the requests of the magistrates themselves and it is conducted according to an interactive methodology.

Efficiency

To guarantee full efficiency of the judicial system, a complete legal package has been adopted, which consists of several addenda and amendments to the 10 laws⁶⁹ of justice system reform.

⁶⁹ Law no. 41/2021 "On some addenda and amendments to the law no. 7905, dated 21.3.1995, "Code of Criminal Procedure of the Republic of Albania", amended;

Law no. 42/2021 "On some addenda and amendments to the law no. 97/2016 "On organisation and functioning of the prosecution service in the Republic of Albania";

These legal amendments aim to increase the efficiency of the High Court in reducing the number of backlog cases, to ensure the functioning of the Courts of Appeal, to speed up the adjudication of some cases in the Courts of First Instance, the proper functioning of the justice governance bodies, the National Bureau of Investigation and the General Prosecutor's Office, to build the capacity of the Special Courts against Corruption and Organized Crime in trying criminal offences involving corruption and organized crime, and improve the guarantees and advantages obtained from the status of a magistrate.

In terms of the efficiency of the judicial system, the High Judicial Council has taken administrative, legal and strategic measures which aim to minimize the effect of the transitional re-evaluation process on the creation of vacancies in the judicial system, in addition to the priority support of justice reform.

New judicial map

An Inter-Institutional Working Group, of which the Ministry of Justice is a part, was set up by the High Judicial Council in 2019 with the aim of working on a draft proposal of the new Judicial Map, to fulfil the legal obligation for the regular reorganization of the judiciary in accordance with the needs of the system, to guarantee efficiency and access to the justice system. In this context, several meetings have been held both at the decision-making and technical level between the two institutions and other stakeholders. These exchanges were further intensified in the last quarter of 2021, with the aim to enable a well-informed discussion on this issue, including the latest updates and statistics on the dynamics of the development of the justice system.

The Working Group assessed the current state of the judicial system, considering the volume of court cases, the number of backlog cases, the workload of judges, access to justice, etc. In the analysis of the Working Group, the international studies on this issue, the best European

Law no. 44/2021 "On some addenda and amendments to the law no. 8116, dated 29.3.1996, "Code of Civil Procedure of the Republic of Albania", amended;

Law no. 43/2021 "On some amendments to law no. 7895 dated 27.1.1995 "Criminal Code of the Republic of Albania" amended;

Law no. 49/2021 "On some addenda and amendments to the law no. 49/2012 "On administrative courts and adjudication of administrative disputes" amended

Law no. 48/2021 "On an amendment to law no. 25/ 2019 "On the organisation and functioning of Judicial Police".

Law no. 47/2021 "On some addenda and amendments to the law no. 95/2016 "On the organisation and functioning of institutions to fight corruption and organised crime";

Law no. 50/2021 "On some addenda and amendments to the law no. 96/2016 "On the status of judges and prosecutors in the Republic of Albania" amended;

Law no. 46/2021 "On some addenda and amendments to the law no. 98/2016 "On the organisation of the judicial power in the Republic of Albania";

Law no. 45/2021 "On some addenda and amendments to the law no. 8577, dated 10.2.2000, "On the organisation and functioning of the Constitutional Court" amended";

standards and the Recommendations of CEPEJ have been considered. The analysis concluded that the judicial system is operating beyond its capacity and in difficult conditions.

The draft proposal foresees the concentration of courts of both levels and all jurisdictions (general and administrative). The Ministry of Justice has agreed in principle with the proposal of the Inter-Institutional Working Group. The groups have recently worked to reach an agreement on two specific issues raised by the Minister of Justice, namely:

- Continuation of provision of administrative services in all courts that are proposed to be merged, to ensure citizens' access to judicial services, especially to the registry office, as well as guaranteeing adequate number of staff at this stage;
- The Second Administrative Court of First Instance (apart from Tirana) will be located in Lushnja, where court facilities are already available.

Subsequent meetings focused on discussing the financial obligations arising from the implementation of the Judicial Map in relation to the availability of court premises, to ensure its rapid and effective implementation. Moreover, it was discussed a time limit for the Implementation Plan to guarantee the transfer of logistics, as well as proper legal education of citizens regarding judicial services affected by the implementation of the Map.

Judicial civil servants

The Council has considered adding human resources as a mechanism to minimize, as much as possible, the impact of the vetting process on the lack of human resources. During 2020, for the first time, the Council, through a package of bylaws, launched the process of judicial administration reform, aiming to ensure a stable, professional and highly integrated judicial administration. As part of this reform, for the first time, during 2020, legal service units were set up in the courts of appeal of general jurisdiction, as a mechanism for speeding up the resolution of court cases. Currently, 28 legal assistants have been appointed to these units (9 in 2020 and 19 in 2021).

Also, a total of 65 judicial civil servants have been recruited in the system, respectively 21 in 2020 and 44 until November 2021.

Regarding the Case Management Systems used by the judicial system in Albania (Ark-IT and ICMIS), they have experienced several shortcomings. Based on the identified problems, the High Judicial Council has drafted strategic interventions in the current Case Management System, which for the first time in 15 years, have been defined by its own users. Due to this process, 84 strategic improvements were applied in 2020, to enhance transparency, efficiency and access of citizens to court decisions. At the same time, the Information Technology Centre was established during 2021. To guarantee the operation of the Centre, the first meeting of the Governing Board of the Centre, which marked the establishment of the Centre as a public institution with legal personality was held on 19.10.2021.

The adoption of the Memorandum of Understanding between the High Judicial Council and the United States Agency for International Development (USAID) is another measure taken to increase the efficiency of the High Court. This Memorandum supports the administration of the High Court with human resources and one of its most important contributions is the reduction of the stock of backlog cases. Currently, 12 officers have been hired to reduce backlog bases. From August 2020, the officers have inventoried most court files. Further, based on the priority list determined by the High Court, reports for 3222 files have been drafted and submitted to the Administrative, Criminal and Civil Chambers.

Based on the "Roadmap on the Functioning of the High Court", prepared by the HJC and the High Court in July 2020, the High Court has drafted an Action Plan on Reduction of the Number of Cases". The aim of this Action Plan is to document the achievements and the challenges still present in relation to reduction of the number of cases. Access to justice, more efficient and effective administration, as well as public trust increase are the main priorities of this Plan drafted in accordance with the new Strategic Plan of the HJC. Special attention and diligence in the drafting of this Plan has been paid to the involvement of recommendations and best international practices.

An indicator of the increased functioning of the High Court is the fact that during the period 1 January - 12 November 2021, this court has handled 2,513 cases (1478 cases in 2020).

Moreover, the *ad hoc* measures taken by the Council to guarantee the functionality and efficiency of the judicial system are related to dealing with the vacuum created by the vetting process, given the significant number of judges dismissed. Thus, during 2020, 629 court requests for delegation of judges were addressed and 874 judges were appointed to adjudicate special court cases in different courts, while in 2021, in response to 698 requests of courts during the period January-November 2021, the Council has made 866 delegations for the adjudication of special court cases in various courts.

Fight against corruption

According to the European Commission report for 2021, Albania has reached a certain level of preparation in the fight against corruption. Progress has been made in strengthening the fight against corruption. The implementation of the Cross-cutting Anti-Corruption Strategy is ongoing. Also, the vetting in the judiciary is yielding results in the fight against corruption. SPAK has contributed to improving the seizure and confiscation of criminal assets in corruption cases.

SPAK functioning

The Parliament of Albania, by decision no. 6, dated 28.01.2021, approved the total number (20) of prosecutors in the Special Prosecution Office against Corruption and Organized Crime. Currently, the Special Prosecution Office consists of 17 definitive appointed prosecutors, after

the appointment in December 2021 of 2 other prosecutors, Mr. Elvin Gokaj and Mr. Alfred Shehu.

Regarding the functioning of the National Bureau of Investigation, the first 28 investigators of this structure have started exercising their duties and the selection phase of another group of 32 investigators to reach the number of 60 investigators is ongoing.

The establishment of special institutions against corruption has started to render the initial results, where the SPAK has registered several cases of investigation and adjudication of senior officials as follows:

- Investigation against officials of the Ministry of the Interior, who are suspected of having committed the criminal offence of "Violation of equality in procurement", foreseen by Article 258 of the Criminal Code. Abuse was found in a tender related to the purchase of State Police uniforms;
- Investigation against the citizen F. T, Mayor of the city of Lushnja and some other officials of this Municipality, who are suspected of having committed the criminal offence "Violation of equality in procurement", foreseen by Article 258 of the Criminal Code.
- Finalisation of the adjudication in the Court of First Instance for Corruption and Organized Crime concerning the citizen A.LL., former Prosecutor General, declaring him guilty for the criminal offence of concealment of assets and sentencing him to imprisonment. The decision of the Court of First Instance was upheld by the Special Court of Appeal for Corruption and Organized Crime.
- The Special Prosecution addressed the court with a request to revoke the decision to dismiss the criminal case against the former Minister of Defence F.M. and resume the trial against the citizen F.M., accused of the criminal offence "Abuse of duty" committed in complicity, foreseen by Articles 248 and 25 of the Criminal Code, and the criminal offence "Abuse of duty" committed in complicity with a military entity-commanding officer, foreseen in articles 70/2 of the Military Criminal Code and article 25 of the Criminal Code.
- The Special Court against Crime and Corruption decided to dismiss the Special Prosecution request to reopen the investigation, but this decision was reversed by the Special Court of Appeal against Corruption and Organized Crime, which decided to grant the request of the Special Prosecution Office.

National Anticorruption Coordinator

The Ministry of Justice, in the role of the National Anticorruption Coordinator, periodically monitors the implementation of the Cross-cutting Anti-Corruption Strategy 2015-2023 and the Action Plan 2020-2023, approved by DCM no. 516, dated 1.7.2020, through a monitoring, planning and coordination structure, namely the Strategy Monitoring Coordination Committee, chaired by the Minister of Justice and composed of 10 Deputy Ministers.

There have been some substantial structural changes in the broader institutional framework against corruption. The new Anti-Corruption Coordinators' Network and the General Directorate operating in the field of anti-corruption in the Ministry of Justice have recently been established by DCM no. 618, dated 20.10.2021. These changes are of great importance because they create a unique central structure under the authority of the Ministry of Justice and the direction of the Minister of Justice, as National Anti-Corruption Coordinator, by abolishing the previous decentralized structures under the authority of the Prime Minister. The merged institutions, whose functions are already included in those of the new structure, are: the Unit of the Council of Ministers for Transparency and Anti-Corruption - DATAK, the Special Unit Against Corruption and Evasion in the Prime Minister's Office, and the Inter-Institutional Anti-Corruption Task Force. These changes also address the ongoing recommendations of international organizations, including the EU, to establish a central anti-corruption authority, following the good practices of neighbouring and European countries.

Based on DCM no. 618, dated 20.10.2021, the Network of Coordinators consists of the Coordinators against Corruption (Coordinators) and the structure responsible for corruption in the Ministry of Justice. The mission of this Network is to collect, analyse, coordinate, verify and administratively investigate all information on corruption cases and abusive and arbitrary practices, by the Coordinator himself or the structure responsible for corruption in the Ministry of Justice, *ex officio* or at the request of any public or third authority, including corruption cases referred by the platform "*Shqipëria që Duam*" for institutions that are part of the Coordinators' Network, in order to prevent and minimize corruption in state administration institutions. Also, another task of the Network is to carry out corruption risk assessments and to propose measures, rules, and procedures for risk management. The Coordinators' Network consists of representatives of central and regional level institutions. By means of DCM no. 618 of October 2021 (above-mentioned), the Network has been expanded from 17 to 44 institutions at the central level. Following the approval of this DCM, the Minister of Justice has approved the Rules on the functioning of the Anti-Corruption Coordinators' Network.

By Order of the Minister of Justice no. 553, dated 30.09.2021, it was approved the Methodology of Monitoring of the Integrity Plan for central government institutions. Also, the Ministry of Justice has followed with priority the process of drafting integrity plans of the subordinate institutions of the Ministry of Justice as well as all line Ministries.

The Ministry of Justice, in the role of the National Coordinator Against Corruption, during the January-June 2021, has reviewed the Annual Visibility and Communication Plan in the field of Anti-Corruption⁷⁰, which contains a total of 13 activities that will take place during 2021, focusing on the fight against corruption. Its content is comprehensive and targeting different interest groups.

In June 2021, the Ministry of Justice published for the first time a monthly summary of activities

⁷⁰ <https://drejtesia.gov.al/wp-content/uploads/2021/07/Plani-i-Komunikimit-dhe-Vizibilitetit-2021.pdf>

in the field of anti-corruption, in the form of a monthly bulletin. Such bulletins are already published every month on the official website of the Ministry of Justice.⁷¹ The Ministry of Justice has finalized on June 15, 2021 a Cooperation Agreement between the Ministry of Education and Sports and the Italian Embassy in Albania. Its purpose will be the joint promotion of a pilot didactic-educational project (anti-corruption module) and will take place in several institutions of pre-university upper secondary education , to promote and spread the culture of legality and civic responsibility, as appropriate tools for the prevention of corruption and organized crime.

Moreover, the Ministry of Justice, in the role of the National AntiCorruption Coordinator, co-organizes and participates as a partner institution for the third time in a row to the Week of Integrity. The focus of activities of the Ministry of Justice are the youth and the representatives of the private sector.

Activity of the High Inspectorate of Declaration and Audit of Assets and Conflict of Interests (HIDAACI)

Declaration and audit of assets, financial obligations of elected officials and some public servants and the electronic system of declaration of private interests.

During 2020 and during the following period January - November 2021, HIDAACI has continued the process of coordination and support with the necessary institutional resources, to finalize the commitments taken under the assistance projects towards the establishment of the electronic system of declaration of private interests.

To fulfil the recommendation that the Parliament of the Republic of Albania gives to HIDAACI through the Resolution 2019, the electronic system is expected to be fully functional during 2022. Following the necessary processes to make the system fully functional, HIDAACI has requested and it has received the necessary financial support from the state budget to guarantee the system maintenance, as a necessary requirement foreseen by DCM no. 710/2013.

HIDAACI has handled all the requests of individuals or the media concerning the publication of declarations of private interests of the declaring subjects, within 10 days, irrespective of the incoming requests and the manual processing for editing personal data, thus increasing institutional transparency. In this context, it should be noted that no disputes or complaints have been submitted by interested parties.

The ever-increasing volume is clearly shown by the data contained in the declarations of private interests, where during 2014-2020 HIDAACI has published about 58,380 declarations upon request, of which only in 2020 there have been published about 6,182 declarations upon request, while during January - November 2021, there have been published 2,951 declarations.

⁷¹ <https://drejtesia.gov.al/e-buletin/>

Enforcement of the law no. 60 dated 2.6.2016 “On whistle-blowing and whistle-blowers’ protection”.

HIDAACI has followed the exercise of powers tasked by law no. 60, dated 2.6.2016 “On whistle blowing and whistle-blowers’ protection”.

HIDAACI, during the period 2017-2020, while exercising legal competence, as an external reporting mechanism for whistleblowing and the requests for protection against retaliation, has recorded and handled a total of 47 cases of whistleblowing and 6 cases of requests for protection against retaliation. In 2020, HIDAACI has recorded and handled a total of 9 cases of whistleblowing and 1 request for protection against retaliation, while for the period January–November 2021 it has recorded 7 cases of external whistleblowing and 1 request for protection.

Internal Affairs and Complaints Service at the Ministry of the Interior (IACS)

The Internal Affairs and Complaints Service Strategy 2020–2024 and the Action Plan 2020–2022, is the first IACS strategic document with medium and long-term objectives.

Based on the need for a radical reform of the Service in accordance with the standards of the European Partners Against Corruption (EPAC) and the long-term objectives of the Ministry of the Interior and the Albanian Government, the Draft Law “*on the Police Oversight Agency*” was drafted and submitted to the Albanian Parliament for approval. Currently, this draft law is being reviewed in the parliamentary security and law committees.

For the period 2020-2021 (January-September), in terms of the administrative investigation of complaints & inspections and criminal procedural investigation, the statistical indicators are as follows:

- Administrative investigation of complaints & inspections:
 - 2,653 public complaints have been received and addressed;
 - 14,974 calls via the Green Line 0800 90 90 have been received and processed;
 - 158 inspections in 118 structures have been conducted.
- At the end of the administrative investigation of complaints and inspections:
 - The materials for initiation of criminal proceedings in the prosecutor's offices of the respective judicial districts were referred against 40 employees of the structures;
 - Initiation of disciplinary proceedings is suggested against 635 employees of structures, responsible for the identified violations.
- Criminal procedural investigation

The investigative activity of the IACS structures, reflected in the number of referrals of the criminal offence to the Prosecution office, consist in 384 criminal referrals against

- 555 employees of the structures who are proceeded against;
- 115 employees of structures who are subjected to precautionary measure arrested / detained / other measures and
- 93 employees of structures who are subjected to precautionary measure arrested/detained/other measures

International reports

The focus of work of the Ministry of Justice as regards fight against corruption and organized crime has been on the recommendations of the monitoring mechanisms of the Council of Europe Conventions GRECO, Moneyval, as well as the FATF recommendations.

On December 3, 2020, the Group of States against Corruption (GRECO) published the Evaluation Report for the Fifth Evaluation Round Preventing corruption and promoting integrity in central governments (top executive functions) and law enforcement agencies” In this report, GRECO assesses the reforms undertaken by the Albanian authorities, also emphasizing the importance of implementing these reforms to improve results in the fight against corruption. In line with the Findings of the Report, GRECO listed 24 recommendations for Albania.

Subsequently, the Ministry of Justice together with all responsible stakeholders have drafted a detailed Action Plan to address these recommendations. Up to this stage of the process, 8 out of 24 Recommendations, have been considered fully addressed. These recommendations are addressed through the employees’ capacity and performance assessment and budget planning in accordance with the institutional need to increase financial resources, deliver training for HIDAACI employees in the field of asset declaration and audit, training on whistle-blowers, and training on office relation violation, financial investigation and money laundering. To fulfil the recommendations that fall under the area of responsibility of the State Police, by order of the General Director of the State Police, the standard operating procedure regarding the definition of the rules for receiving and administering donations has been approved. The Code of Ethics Handbook has been developed for the State Police by the International Criminal Investigation Training Assistance Program (ICITAP). The Regulation of the State Police has also been revised, setting up the Evaluation Commission for the evaluation of employees in the career development process.

The implementation of the 16 remaining recommendations is still underway, based on specific time limits referring to the last date for submission of the *status quo* report in April 2022.

From February 2020, Albania has undertaken a high-level political commitment to implement the Action Plan agreed with the ICRG/ FATF. The implementation of the plan is at a satisfactory level. To implement the ICRG / FATF Action Plan, the institutions that are part of the Inter-Institutional Working Group have attained the following objectives:

- 7 risk analysis have been prepared in the framework of the National Risk Assessment for ML/FT;

- Awareness raising campaigns targeting law subjects have been organised to enhance the preventive capacities and ensure effective implementation of international sanctions according to the resolutions of the United Nations Security Council.
- Cooperation with supervisory institutions has increased through joint inspections, including notaries, lawyers, auditors and financial institutions.
- The legal framework has been approved and two registers are fully operational, that of the beneficial owners and that of the bank accounts;
- The law on registration of non-profit organizations has been adopted, which will be one more mechanism for data transparency in this sector;
- The system of interconnection of the letters rogatory between the Ministry of Justice and the General Prosecutor's Office is about to be finalised;
- There is a satisfactory trend regarding the increasing number of seizures and confiscations for criminal offences in the field of organized crime.
- The “Law on the profession of real estate broker” has been drafted and approved by the Council of Ministers.
- The Law “On some addenda and amendments to Law 110/2018 ‘On public notary service’” has been drafted and approved by the Council of Ministers.

Human rights

According to the European Commission Report 2021, in general, Albania complies overall with international human rights instruments and has ratified most international conventions related to the protection of fundamental rights. There was progress on property rights as regards the registration, digitisation and implementation of the compensation scheme. On minority rights, an additional by-law was adopted on minority education but remaining by-laws are still pending adoption. The population census law was adopted. The legal framework on anti-discrimination further improved but the case-law has not yet substantially developed. Progress was made in other aspects of fundamental rights, for instance on the enforcement of the rights of persons with disabilities and on gender equality. In particular there was progress in ensuring adequate funding for the implementation of the dedicated strategy, and a new strategy on gender equality 2021-2030 was adopted in June. By-laws linked to the Law on Social Housing were adopted.

Property rights

Property rights represent one of the important elements as part of the fundamental rights framework. Progress has been made on property rights in terms of registration, digitisation and implementation of the compensation scheme.

Albania's main priority in terms of property rights is the reform of public services related to property rights, to create a modern, effective and transparent system, in line with the European best practices.

One of the most important developments, part of the Reform of the Integrated Land Management System, is the approval by the parliament of law 11/2018 "On the Cadastre" and law 20/2020 "On the completion of transitional ownership processes in the Republic of Albania".

Pursuant to Law 11/2018 "On the Cadastre", until September 2021, out of 16 by-laws, only 13 DCMs have been approved, while pursuant to Law 20/2020 "On the Completion of Transitional Property Processes in the Republic of Albania", until September 2021, out of 19 by-laws, only 13 DCMs have been approved.

The process of completion of the initial registration of real estate is ongoing. The initial registration of real estate is done in 2,738 cadastral zones out of a total of 3,058 cadastral zones, of which 2,625 rural cadastral zones and 124 urban cadastral zones. The initial registration in 320 cadastral zones with about 360 thousand real estates has not been completed. The number of registered real estates amounts to 3.542.107 out 4 million which is the estimated total number of real estates in the territory of the country. During 2021, it was completed the initial registration in 5 Cadastral Zones, with some 5 thousand additional real estates registrations.

Regarding the legalization process, during the period 2006-2013, 21,750 informal constructions were legalized, while during 2014 - September 2021, 207,518 informal constructions were legalized.

Compensation of property

The Property Treatment Agency has worked to achieve the objectives set out in Law 133/2015 "On the treatment of property and the completion of the property compensation process", and it has undertaken several reforms to implement the law. PTA objectives to implement the law are as follows:

- Financial estimation of judgements recognising the right to compensation. From the entry into force of Law 133/2015 until the last publication in the Bulletin of Official Notices no. 7 dated 23.02.2021, the Property Treatment Agency has assessed a total of 26,091 final judgements for compensation pertaining to the years 1993 -2013, with a financial invoice of 101,125,075,949 ALL;
- Financial and in-kind compensation of final decisions. From the entry into force of the new law PTA has enforced 794 decisions amounting to 7,842,824,598.92 ALL (financial compensation value plus the value calculated for financial compensation of special applications) and 72 decisions dismissing the proceedings. 713.22 ha land is distributed as physical fund and requests for compensation for properties occupied by informal buildings (ALUIZNI) have been processed. Moreover, a total of 7,626 requests have been executed as of 2016 and the financial value of 9,290,080,287 ALL has been allocated;
- Handling of new applications filed for recognition of ownership. From the entry into force of law 133/2015, PTA has had a 3-year deadline for handling ownership recognition applications and it has registered a total of 16,462 ownership recognition applications. During the period from the adoption of the law until the end of the legal

deadline (2016–2019), PTA has managed to handle 9,512 applications for ownership recognition and in relation to 6,950 non-handled applications, PTA has completed the notification procedure by informing the subjects that to have their claimed property recognized and to be compensated they must approach the court. Work has been done to prepare and archive the files and in this regard 3,618 files have been withdrawn from the subjects.

- Necessary progress in digitization and mapping of properties. The Property Treatment Agency has made progress in the process of digitization and mapping of properties with the creation of the digitized electronic system WEb-Gis. The creation of a unique “map” of “decisions” regarding the process of restitution and compensation of properties made possible the inventory and scanning of the situation created over the years for all the files over which there have been issued decisions by the former PRCC, PRCRO or PRCA, and the transparency of the institution towards the subjects of law and improvement of the work efficiency in the PTA. During the period 2013- October 2021, from the scanning process of the current state of files and decisions made over the years, it results that:
 - 123,079 decisions are scanned in the electronic registry of decisions of PRCA from 1993 until now.
 - 65,872 mappings is the number of decisions for restitution and compensation of mapped properties.
 - 59479 files are digitalised.

Prison system

Pursuant to its mission, the General Directorate of Prisons has paid special attention to creating the necessary conditions for the rigorous implementation of all obligations arising from the existing legal framework, ensuring that all law enforcement agencies guarantee the humane treatment of persons deprived of their liberty.

For this purpose and to fulfil the recommendations given by the international structures, work is mainly focused on following the recommendations of the People's Advocate through the National Torture Prevention Mechanism regarding the prison system. All the ombudsman recommendations have already become part of a special Action Plan to address, handle and implement them in the short and medium-term. The total number of specific recommendations given for the monitoring period January 2020- September 2021 is 64, of which 27 have been implemented, 32 are in process and 5 have not been implemented.

Regarding the reduction of overpopulation in prisons, according to the latest data, the prison system is at the level of underpopulation -6%. This has come because of the establishment of new institutions, the application of alternative sentences, as well as the strict application of the Code of Criminal Justice for Children.

With the support of Council of Europe experts, all modules have been revised and more specifically the "Mechanism for the Prevention of Torture and Maltreatment". Training of trainers has been conducted on this topic, as well as training of front and middle level staff

regarding prevention of torture and maltreatment. Moreover, a positive development in terms of performance evaluation is the drafting of a checklist on the observance of human rights in prison, and the publication of the Prisoners' Rights Manual and the distribution of information posters on the convicts' rights.

Based on law no. 81/2020 "On the rights and treatment of prisoners and detainees", persons with compulsory medical care must be treated from a medical point of view in health care institutions administered by the Ministry of Health and Social Protection. Taking into account the urgency of the need to address measures for this category, referring to the Recommendations of the Ombudsman and the Committee for the Prevention of Torture (CPT) of the Council of Europe, as well as the decision of the European Court of Human Rights in the case "Strazimiri v. Albania", in November 2021, 302 persons subjected to medical measures who were serving their sentences in the penitentiary institution Zahari-Kruja were transferred to the Lezha Penitentiary Institution, to be provided with appropriate therapeutic treatment and treatment in accordance with the required standards.

Personal data protection

The Albanian legal framework on personal data protection consists of the law no. 9887, dated 10.03.2008, "On personal data protection", amended, and its by-laws, fully aligned with EU Directive 95/46/EC.

In the framework of the process of approximation of this law with the General Regulation of Personal Data Protection of the European Union 2016/679 (GDPR) and Directive 2016/680, as one of the priorities of the Albanian Government, the Office of the Commissioner, in cooperation with experts of the twinning project "*Support to the institution for approximation of legislation on personal data protection with the acquis of the European Union*", has prepared the draft law "On personal data protection", aligned with the GDPR and the Police Directive. Moreover, accompanying documents of the draft law, such as Impact Assessment (RIA), Accompanying Report and Compliance Table (ToC), have also been drafted. Also, in cooperation with the experts of the Twinning Project, 7 by-laws have been reviewed and prepared in accordance with the new law on personal data protection.

To provide knowledge and organizational tools to address potential challenges related to the implementation of the new legal framework on personal data protection, during this period the following were developed:

- 5 training modules for the staff of the Office of the Commissioner on the framework of the GDPR and the Police Directive by experts of the Twinning Project;
- 3 training modules looking into the practical cases of implementation of the GDPR and the Police Directive, in order to build the administrative capacity of the Office of the Commissioner to manage the new legal framework on personal data protection;

- Conducting an improvised online study visit to provide the necessary knowledge and best practices of Italy and Austria to the staff of the Office of the Commissioner, in relation to the GDPR and the Police Directive.

For the controllers and processors to comply with the new law on personal data protection, the Office of the Commissioner, in cooperation with the Twinning Project experts, has conducted awareness-raising activities with controllers and processors in various sectors. Among others, in this context:

- 9 awareness raising activities have been conducted with the participation of more than 510 representatives from different sectors;
- 1 commentary has been drafted regarding the new law on personal data protection;
- 4 instructions have been drafted regarding the obligations of controllers and processors, which implement the new law on personal data protection.

Rights of the child

Albania has adopted a solid normative framework regarding the protection of children's rights. Law 18/2017 "On the rights and protection of the child" is aligned with the United Nations Convention on the Rights of the Child and may be compared with the most advanced European standards in this field. Pursuant to this law, 18 by-laws have been adopted, of which 13 DCMs and 5 Instructions.

On November 3, 2021, the Albanian Government approved the National Agenda for Children's Rights 2021–2026. This strategic document consolidates and creates continuity of work done within the previous National Agenda for Children's Rights (2017–2020), addressing ongoing gaps and new challenges and reflecting innovative perspectives, and especially those related to European Union Strategy on Children's Rights. NARC consolidates and creates continuity with the Action Plan for Children 2017–2020.

NARC contains 4 strategic goals:

- Good governance in order to respect, protect and fulfil childrens' rights;
- Elimination of all forms of violence and protection of children;
- Child and youth-friendly systems and services;
- Promoting children's rights in the digital world.

The identified goals enable the continuation of the previous National Agenda and the approximation with the European Strategy, including the priorities of the Council of Europe. The National Agenda on Children's Rights 2021–2026 aims to create a conducive environment for children's well-being through access to quality services, positive participation practices, good parenting, elimination of all forms of violence, and development in the digital world.

Juvenile Justice Strategic framework

The Ministry of Justice monitors periodically the implementation of the strategic document "Juvenile Justice Strategy", accompanied by the Action Plan for the long-term period 2018–2021, approved by DCM no. 541, dated 19.09.2018.

The new institutions, such as the Crime Prevention Centre for Juveniles and Young Adults (CPCJYA), and the Multidisciplinary Institute for Juveniles are the novelty of the juvenile justice reform. Pursuant to the Code of Criminal Justice for Children, the Council of Ministers has approved DCM no. 314, dated 15.05.2019 "On the organization, functioning, and definition of specific rules concerning the structure and the organigramme of the Crime Prevention Centre for Juveniles and Young Adults". The Centre became operational on 23.03.2021. The main mission of the Centre is to carry out rehabilitation and reintegration activities through the supervision and protection of juveniles / young adults after serving their sentences.

During April-December 2021, CPCJYA has developed the draft Rules on the Modus Operandi and Conduct of Personnel of the Crime Prevention Centre for Juvenile and Young Adults. Moreover, research has been conducted to learn from the experience of other countries in relation to the development of rehabilitation, reintegration and prevention programs for juveniles / young adults after serving the sentence, thus creating a clear view of the patterns of rehabilitation, reintegration and prevention programs for juveniles/young adults, which are effective even after serving the sentence, in relation to the risk factors that may influence a deviant behaviour in society, as well as the importance of multidisciplinary approach and inter-institutional cooperation in the treatment of juveniles after serving the sentence.

Also, for the first time, the Integrated Data System of Criminal Justice for Children has become operational, and it is accessible by authorized users at the address

<https://www.drejtesipertemitur.org>.

The Multidisciplinary Institute for Rehabilitation of Juveniles, established by DCM no. 233, dated 17.04.2019, is designed as a mechanism that will implement rehabilitation and reintegration programs for juveniles who have been sentenced to deprivation of liberty by a court decision. The Institute is foreseen to function as a semi-open institution, where juveniles will be restricted their freedom of action / movement to the extent that they will be prevented from committing criminal offences, especially with the aim to reintegrate and re-socialize them in their communities. Regarding the functioning of this institution, during 2021 a Working Group has been set up in the Ministry of Justice, which is following all the steps for the implementation of the project for the establishment of the Institute.

Child Protection Units at local level have been established and are operational to improve the performance of the integrated system of protection of children from violence, abuse and exploitation, and their responsibility is to identify, assess, protect and provide services to children at risk of violence, abuse, exploitation or neglect. Across the country by 2021, it is noted

an increase of the number of child protection workers to 241, who are assigned to child protection units in 61 municipalities and administrative units.

Gender equality

Albania has adopted a solid normative framework that promotes, implements and monitors gender equality and non-discrimination based on sex, in addition to the legislation and policies adopted with a particular focus on violence against women and domestic violence. The principles of equality and non-discrimination, and the principles for economic empowerment of women and their protection against any form of violence are further translated into laws, policies and strategies, including the National Gender Equality Strategy 2021-2030, approved by DCM no. 400, dated 30.06.2021.⁷² The measures and actions foreseen in this Strategy are coupled with the measures and actions foreseen in the European Union Gender Equality Strategy 2020-2025. Overall, the Strategy consists of four main Strategic Goals:

- Implementation of economic and social rights for women, young women, girls and men, young adults, boys in society and empowerment of women, young women and girls from all groups (from rural areas, ethnic minorities, people with disabilities, LGBTI +, the elderly, single mothers, survivors of violence / trafficking, young mothers, female migrants and asylum seekers, etc.), aiming at enhancement and sustainability of the (green) environmental economy, as well as their equal participation in digitalization.
- Implementation of the rights of women and men, young girls and boys, girls and boys from all groups (rural areas, ethnic minorities, people with disabilities, LGBTI +, the elderly, single mothers, women and girls who have survived violence / trafficking, young mothers, female migrants and asylum seekers, etc.) for equal participation, representation and leadership in political and public decision-making at the local level;
- Reduction of all forms of harmful practices, gender-based violence and domestic violence;
- Application of gender mainstreaming as the main tool for achieving gender equality and justice in society.

A number of specific Objectives reflect the need to change or add new dimensions to which attention should be focused on properly addressing gender equality issues, based on the latest developments, as well as considering issues related to civil emergencies, natural disasters or new areas that until now are not or are very little addressed in relation to gender equality (environment and climate change, digitalization, etc.).

Domestic violence

⁷²Published on the Official Gazette no. 112, dated 15.07.2021. See the link <https://qbz.gov.al/eli/fz/2021/112/09a2849b-98f1-4800-8b90-fd824b449346>

In 2021, it was adopted DCM no. 327, dated 2.6.2021 "On the mechanism of coordination of work between the responsible authorities, for the referral of cases of domestic violence, as well as processing, support and rehabilitation of victims of violence." The aim of this mechanism is to prevent domestic violence and violence against women, through the identification and reporting, referral and management of cases of violence, support and rehabilitation of victims of all forms of this violence, as well as punishment of offenders and provision of opportunities for their rehabilitation in relevant programs. Regarding criminal law, the amendments to the Criminal Code in 2020 recognize psychological violence, as well as violence from an intimate partner as forms of domestic violence, while increasing the extent of punishment for offenders of domestic violence.

Protection of persons with disabilities

The Ministry of Health and Social Protection coordinates and monitors social inclusion policies for Persons with Disabilities, in accordance with the principles of the UN Convention on the Rights of Persons with Disabilities. During the years 2020-2021, the Albanian government is implementing the Disability Assessment Reform. This reform improves the quality of life of people with disabilities who benefit from this multidisciplinary assessment system, based on the needs of the individual to facilitate social integration. The reform enables the expansion of a network of integrating social services, through employment and vocational training that will be implemented in cooperation with local government.

For more information on the inclusion and protection of people with disabilities, please refer to Chapter 19 "Social Policy and Employment".

Protection of national minorities

The obligation to implement law 96/2017 "On national minorities" and issue by-laws follow the requirement to fulfil the obligations deriving from the Council of Europe Framework Convention for the Protection of National Minorities", ratified by Albania with law no. 849, dated 03.06.1999. Regarding the adoption of implementing legislation related to the 2017 framework law on the protection of national minorities, in December 2020 an additional by-law on education of national minorities was adopted, which added to the number of adopted by-laws, 8 out of 12 foreseen by-laws.

Regarding the 4 remaining by-laws, two of them are still under review, namely:

- Draft decision "On definition of the composition, functions and procedure of the Commission for reviewing the request for recognition of a national minority (new minorities, in addition to the minorities recognized by law no. 96/2017)".
- Draft decision "On definition of the documentation and procedures for collection / verification of data on the affiliation of persons to a national minority".

The consultation procedure with the line Ministries on the Draft Decision "On the use of language of national minorities in relations between persons who belong to national minorities

and local self-governance bodies" has already been completed and it is in accordance with the internal legal procedures, this being a Draft Decision that will be forwarded to the Council of Ministers for approval.

Following the development of the draft Decision by the National Minorities Committee and the completion of the consultation process with all the groups of interest, the draft decision "On the criteria of supporting the initiatives, projects aimed at protecting the rights of national minorities, preserving and promoting their distinctive cultural, ethnic, linguistic, traditional and religious identity and the selection criteria for the funding and administering of the 'National Minorities Fund' ", is being subjected to inter-institutional consultation with the line Ministries, to be forwarded further to the Council of Ministers for approval.

Procedural rights

State-guaranteed legal aid is one of the most essential forms of access to justice that any state must guarantee in an efficient and effective manner. Law no. 111/2017 "*On free legal aid guaranteed by the state*" is one of the laws adopted in the framework of the justice reform through which the entire legal aid system was reformed by introducing a new spirit, in line with the requirements and the legislation of the European Union and all the sub-legal acts aiming at regulating the detailed legal framework for each specific area of legal aid have been adopted.

The state-guaranteed legal aid service, with the new amendments, is divided into 3 forms aiming at extending the type of free legal services, namely:

- Primary legal aid (clearly defining the providers of this service with the aim of creating the network and extending this service all over the territory);
- Secondary legal aid (provided by lawyers approved by the NBA);
- Exemption from court fees and expenses.

Currently, citizens receive primary legal aid services in 10 cities (Tirana, Durrës, Fier, Lezha, Gjirokastra, Pogradec, Vlora, Shkodra, Lushnja and Dibra). Meanwhile, it is expected the opening of new primary legal aid service centres, specifically in Berat, Elbasan, Korça and Kukës, and there will be 14 administered centres. Also, the Free Legal Aid Directorate has concluded agreements with 11 legal clinics attached to Higher Education Institutions to provide primary legal aid, and it is about to conclude a Cooperation Agreement with the Epoka University. At the same time, the Non-Profit Organizations are foreseen as providers of primary legal aid guaranteed by the state. For the first time, the Minister of Justice has authorized 12 non-profit organizations to provide legal aid. In terms of statistical data on primary legal aid, 6,772 cases have been handled during January-October 2021.

Regarding the provision of secondary legal aid service, this service is possible to be provided by lawyers throughout the territory of the Republic of Albania. 124 lawyers have signed a contract with the Free Legal Aid Directorate on the provision of secondary legal aid in 2021, while only

73 lawyers were included in the list of secondary legal aid service providers in 2020. Regarding the statistical data on secondary legal aid, 665 decisions are registered as accepted in 2021. Particular attention has also been paid to the capacity building of primary and secondary legal aid service providers, through the conduction of mandatory training for staff of the centres that provide such services in cooperation with ASPA and UNDP.

In order to enhance access to justice and legal education of citizens, special importance has been paid to inter-institutional cooperation and the promotion of the state-guaranteed legal aid system. Specifically, it has been possible the signing of cooperation agreements and holding of meetings between stakeholders of the legal aid system with a focus on promoting the state guaranteed legal aid system.

4.23.1.5 List of ministries and responsible institutions

1. Parliament;
2. Ministry of Health and Social Protection;
3. Ministry of Interior;
4. Ministry of Culture;
5. Ministry for Europe and Foreign Affairs;
6. Ministry of Defence;
7. Ministry of Infrastructure and Energy;
8. Ministry of Tourism and Environment;
9. Ministry of Finance and Economy;
10. High Court;
11. Constitutional Court;
12. State Audit Institution;
13. Commissioner for the right to information and personal data protection;
14. Commissioner for protection against discrimination;
15. Independent Qualification Commission;
16. Special Appeal Chamber;
17. Institution of Public Commissioners;
18. Central Election Commission;
19. High Judicial Council;
20. High Prosecutorial Council;
21. High Justice Inspector;
22. SPAK;
23. School of Magistrates;
24. General Prosecutor's Office;
25. High Inspectorate of Declaration and Audit of Assets and Conflict of Interests;
26. Public Administration Department;
27. Albanian School of Public Administration (ASPA);
28. State Cadastre Agency;

29. Property Treatment Agency;
30. Ombudsman;
31. State Advocacy Office;
32. Institute of Statistics;
33. Electronic and Postal Communications Authority
34. General Directorate for the Prevention of Money Laundering;
35. Audiovisual Media Authority;
36. General Directorate of Judicial Enforcement;
37. General Directorate of Probation Service;
38. General Directorate of Prisons;
39. General Directorate of State Police;
40. National Institute of Registration of Cultural Heritage
41. National Commission for Minorities;
42. Agency for the Administration of Seized and Confiscated Assets.

4.23.1.6 Identified gaps and priorities

Judiciary

The objective of harmonization in the justice sector is determined based on the standards foreseen in the EU *acquis* in the form of Recommendations/Guidelines and Opinions concerning Independence and Impartiality, Accountability, Professionalism and Competence, as well as Justice Quality and Efficiency. According to the legal analysis conducted so far, the national legal framework is generally in line with the EU *acquis* concerning the Subchapter of the Judiciary.

Within the objectives set by the national policy framework in this sector, the vision of the strategic framework of the Cross-Cutting Justice Strategy 2021-2025 is an independent, accountable, accessible, transparent and efficient justice system that protects human rights and serves the society according to European standards. This vision is intended to be achieved through four Policy Goals which are:

- Full and professional functioning of the governance institutions of the justice system in accordance with the constitutional and legal requirements and the European standards, guaranteeing independence, efficiency and accountability;
- Strengthening transparency, efficiency of the judiciary and access to justice in accordance with constitutional, legal requirements and European standards;
- A criminal justice system based on modern principles of justice, which guarantees re-socialization, reintegration and rehabilitation, as well as respect for human rights and freedoms and gender equality within an integrated approach and with solid crime prevention practices;
- Coordination, efficient and effective management of the justice system in all sector institutions.

With regard to the implementation of the national policy framework in this sector, continued consolidation of the capacity of the judicial system and governance institutions, including further strengthening of the system on the legal education and finalizing and implementing the new judicial map, is fundamental.

At normative local:

- The new judicial map on reallocation of judges and resources within the judicial system must be approved and implemented.

As already explained in the section on justice system efficiency, qualitative steps have been taken to finalize the draft of the new judicial map during the last semester. Following a series of meetings at the management and technical level, the joint proposal will be agreed upon within December. During the first quarter of 2022, it will start the consultation process with all interested stakeholders, to be followed with the approval of the map through a Decision of the Council of Ministers.

At executive local:

- Critical policies, planning and budgetary efforts are urgently needed to set up a new Integrated Case Management System and to guarantee its interoperability throughout the justice system, in line with the CEPEJ methodology.

Regarding the Case Management Systems used by the judicial system in Albania (Ark-IT and ICMIS), there have been observed several shortcomings that necessarily require major investments in the system. With the establishment of the Information Technology Centre, and the commissioning of its Board of Directors, there are premises to approve the Roadmap for the establishment of a new integrated case management system.

At institutional and administrative level:

- The consolidation of the capacity of the judicial system and the governance institutions of justice is needed;
- Recruitment of additional inspectors in the Office of the High Justice Inspector is still needed;
- Filling vacancies in the Constitutional Court and the High Court.

Priorities

- Increasing and building the capacity of IQC to speed up the process;
- Priority-based re-evaluation of candidate subjects for courts of appeal of general jurisdiction;
- Drafting and approval by the HPC of some bylaws, including:
 - Regulation "On the secondment of the magistrates to another institution within the justice system";

- Regulation “On the criteria and procedures for the promotion of a prosecutor to the General Prosecutor’s Office and the Prosecution Offices at the Courts of Appeal of general jurisdiction”;
- Regulation on the Prosecutors’ Performance Assessment;
- Regulation "On the manner of determining the financial compensation awarded to the prosecutors under the delegation scheme who are delegated, transferred or assigned temporarily";
- Code of Ethics for Prosecutors.
- Cooperation of HPC with the School of Magistrates, and with other justice institutions, such as the Prosecutor General, SPAK, Ministry of Justice, etc .;
- Increasing the number of candidate prosecutors, while maintaining the standards and quality of entries to the School of Magistrates, in order to fill these vacancies and ensure the proper functioning of the prosecutorial system as a whole;
- Finalising the processing of all complaints (*backlog*) sent by the HJC in two batches, namely (i) the first batch of 757 practices and (ii) the second batch of 1,347 practices;
- Handling complaints filed with the Office of the High Justice Inspector within the legal deadline;
- Recruitment of Non-Magistrate Inspectors;
- Restructuring the building to create the most suitable conditions for the employees of the Office of the High Justice Inspector;
- Treatment and capacity building of the staff and the Inspectors’ and Assistant Inspectors’ Unit of the Office of the High Justice Inspector;
- Introducing a new Integrated Case Management System.
- Finalising the appointment procedure to the High Court for all vacancies and identifying and implementing the mechanisms for reduction of the *backlog* cases;
- Approving and implementing the new Judicial Map;
- Finalising the promotion procedure for vacant positions in the Special Courts against Corruption and Organized Crime;
- Continued implementation and finalisation of the process of ethical-professional evaluation of judges according to the Evaluation Program, in accordance with the new evaluation scheme of judges;
- Verification and confirmation in office of the chancellors, in accordance with the Regulation on "Procedure for verification of fulfilment of the legal conditions and criteria for the recruitment of a candidate Chancellor, Legal Adviser in the High Court and Legal Assistant in the courts of appeal", approved in 2020;
- Adding human resources in courts for the judicial administration nationwide.

Fight against corruption

The objective of harmonization in the field of the fight against corruption and organized crime is currently set on the basis of the Recommendations of the monitoring mechanisms of the Council of Europe Conventions, the GRECO, Moneyval, and FATF recommendations.

According to the legal analysis conducted so far, the national legal framework is partially in line with the EU *acquis*, concerning the Subchapter Anti-Corruption Policy.

Under the objectives set by the national policy framework for this field, the strategic framework of the Cross-cutting Anti-Corruption Strategy aims to have Albanian transparent institutions with high integrity, which enjoy the citizens' trust and guarantee quality and non-corrupt service.

With regard to the implementation of the national policy framework in this field, it is essential to show further progress towards establishing a solid track record of investigation, prosecution and conviction of corruption cases, and also seizure and confiscation / restitution of the proceeds of crime, deriving from corruption-related offences.

At normative local:

- The inter-institutional working group chaired by the Deputy Minister of Justice, with representatives from the Ministry of the Interior, the Ministry of Finance and Economy, the Agency for Administration of Seized and Confiscated Assets, representatives from the General Prosecutor's Office and the Special Prosecutor's Office, experts in the field of seizure, confiscation and recovery of criminal assets, as well as representatives of civil society organizations in Albania are expected to conclude within January 2022, the analysis of the most appropriate legal and institutional model for the establishment of the Assets Recovery Office. Then, the Ministry of Justice will initiate the process of drafting the relevant legal framework;
- In order to address the FATF and MONEYVAL Recommendations to counter money laundering, it must be finalised the approval of the draft law "On Real Estate Brokers" and amendments to Law 110/2018 "On Notary public service"

At executive local:

- Efforts must be made to ensure that the Special Prosecution and the National Bureau of Investigation, as well as the Special Courts, effectively address high-level corruption and guarantee adequate resources, capacity and cooperation among these structures and other entities. the prosecution and the judiciary;
- The functioning of the Anti-Corruption General Directorate and the Network of Coordinators in the institutions that are part of the Anti-Corruption Network, in full capacity, will continue to be on the focus. Ensuring a solid track record of corruption cases and proposing and taking concrete measures, including criminal reports to the prosecutor's offices, stands at the core of the work of these structures. Meanwhile, risk assessments should be followed within the central administration, in the framework of drafting integrity plans, as a preventive mechanism.

At institutional and administrative level:

- Full capacity functioning of the Anti-Corruption General Directorate in the Ministry of Justice. The Ministry of Justice will continue recruiting staff in the Directorate, which should continue its work and deliver tangible results for the investigation and prosecution of corruption cases in the public administration;
- Full capacity functioning of the Special Prosecutor's Office, the National Bureau of Investigation, and the Courts against Corruption and Organized Crime, and the efficient handling by them of high-level corruption, guaranteeing adequate resources, as well as training and greater cooperation among these structures and other subjects of the prosecution and the judiciary;
- Establishment and operation of the Electronic Corruption Case Criminal Reports Management System (ECCCRMS) in the Ministry of Justice, in order to track cases and increase the effectiveness in following up denunciations filed by the citizens and businesses;
- Enabling the full operation of the Electronic System of Declaration of Private Interests in HIDAACI in the beginning of 2022.

Priorities

- Continued procedures for the selection of other prosecutors of the Special Prosecutor's Office to reach the number 20 prosecutors approved by decision of the Parliament;
- Implementation of the Fifth Round of Evaluation by GRECO;
- Enhancing implementation of the objectives and measures foreseen in the Action Plan of the Cross-cutting Anti-Corruption Strategy, as well as addressing the problems identified by the recent reports;
- Drafting the legal framework on the Assets Recovery Office;
- Full capacity functioning of the Anti-Corruption General Directorate in the Ministry of Justice and the Anti-Corruption Coordinators' Network in the institutions that are part of the Network through trainings on the practices and tactics of the administrative investigation of corruption;
- Finalising the process of drafting integrity plans in all line ministries as preventive mechanisms based on integrity risk in these institutions;
- Regarding FATF: exit of Albania from the grey list in February 2022;
- Implementation of the Internal Affairs and Complaints Service Strategy 2020–2024 and Action Plan 2020 - 2022 ", approved by DCM no. 554, dated 15.07.2020;
- Approval of the law "On the Police Oversight Agency", drafted by the working group of the Service, with the assistance of the Legal Directorate of the Ministry of the Interior and the ICITAP program. The law is already in the phase of approval by the Albanian Parliament. Priority is the drafting and approval of the package of by-laws implementing this law, thus enabling its implementation;
- Strengthening and enhancing implementation of Bilateral and Multilateral Agreements, as well as Action Protocols, concluded by the IACS, mainly with the Special Prosecution, First Instance Prosecution, State Police, SIS, AISM, etc .;

- Effective use of funds seized in the context of the fight against organized crime, supporting the institutions involved in this process, as well as NGOs dealing with the treatment of victims of organized crime;
- Timely and efficient taking over of seized and confiscated assets.
- Income increase through the leasing of criminal assets;
- Implementation based on an approved audit calendar plan, for the good administration of all assets under administration;
- Improvement of relations with other institutions such as SPAK, GPO, JPO, SCA, GDPML in terms of implementation of signed Memoranda of Cooperation;
- Modernization and adaptation of the computerized system.

Human rights

The objective of harmonization in the field of human rights is based on acts of the EU *acquis* of this chapter. According to the legal analysis conducted so far, the national legal framework is partially aligned with the EU *acquis* concerning the Subchapter Human Rights.

At normative local:

- Approximation of legislation on personal data protection specifically with the EU General Regulation on Personal Data Protection 679/2016 and Directive 680/2016;
- Adoption of the remaining by-laws on minority rights.

At executive local:

- Effective implementation of the legal framework on juvenile justice system is needed;
- The process of initial registration of real estate and the implementation of the law on the completion of the transitional ownership processes should continue, in a transitional and inclusive manner;
- Security upgrading and limited access to the use of personal data in state-controlled databases is needed;
- The map of legal aid services provided to citizens must be extended;
- Making fully operational the Criminal Prevention Centre for Juveniles and Young Adults;
- The legal framework against discrimination has further improved, but legal practice has not yet been developed;
- The implementation of the Labour Code should be guaranteed and the protection of the work and social rights of Albanian journalists should be strengthened.

At institutional and administrative level:

- Conduction of training and awareness activities by the Office of the Commissioner for the Right to Information and Personal Data Protection for the special focus groups from the public, private sector and civil society;

- Capacity building of the inspection staff of the Office of the Commissioner to equip them with the necessary knowledge and competencies to address the inspection needs both in terms of quantity and quality;
- Making fully operational the Criminal Prevention Centre for Juveniles and Young Adults and capacity building of the staff.

Priorities

- Drafting and adoption of legislation approximating the EU General Regulation on Personal Data Protection 679/2016 and Directive 680/2016;
- Monitoring and supervising the implementation of legislation on personal data protection, with a focus, inter alia, on verification of compliance with the principles and criteria of processing and technical-organizational measures related to ensuring data security and confidentiality;
- Creating an inclusive culture for the protection of privacy and personal data in the digital environment;
- According to the assessment of the State Cadastre Agency, 60 rural cadastral zones are foreseen to be subjected to initial registration in 2022, 70 rural cadastral zones are foreseen to be subjected to initial registration in 2023, and 70 rural cadastral zones are foreseen to be subjected to initial registration in 2024.⁷³
- Further consolidation and strengthening of property rights by advancing with the implementation of the compensation scheme of final decisions that have recognized the right to compensation; compensation for religious communities; compensation for real estate owners affected by informal constructions and making necessary progress in digitalisation and mapping of properties;
- Digitalization of the provision of legal aid, creation of the telephone application of the platform juristionline.al;
- Creation of an integrated data system for legal aid service provided, a system which will be accessible by all service providers (Case Management System);
- Opening new centres for provision of primary legal aid service in order to cover 100% the territory of the Republic of Albania by regions;
- Funding Non-Profit Organizations authorized by the Minister of Justice (which will implement their projects to guarantee equal access to justice according to focus groups);
- Implementation of the "National Agenda on Children's Rights 2021-2026" approved in the meeting of the Council of Ministers on 03.11.2021;
- Implementation of the National Gender Equality Strategy, 2021-2030;
- Reduction of gender-based violence and domestic violence and advancement towards the elimination of these forms of violence through a series of measures and actions that in the coming years will focus on information, awareness (also through annual awareness

⁷³ The progress of this process depends on the allocated funds, because the SCA is a self-funding institution.

campaigns within the 16 days of activism on violence against women, or activities within the marked days), as well as the creation of the equality generation;

- Coordinated Referral Mechanisms throughout the country (61 municipalities) specialized in the effective treatment of all cases of harmful practices, gender-based violence and domestic violence, through capacity building of members of these mechanisms;
- Building the organizational and functional capacities of the penitentiary system;
- Improvement of the professional penitentiary service through focused and continuous training;
- Strengthening the internal control mechanism by offering a broader mandate and improved operational capacity;
- Enhancing the provision of health care to prisoners, including mental health care;
- Improvement of the processes of integrity, transparency and accountability at all penitentiary levels;
- Improvement of the infrastructure of penitentiary institutions, through investments and logistical equipment.

Approximation of the Albanian legislation with that of the EU in Chapter 23 of the *acquis* "Judiciary and fundamental rights"

Approximation of Albanian legislation with the *acquis* of the European Union is an obligation deriving from the Stabilization and Association Agreement. In this context, Albania continues its efforts to gradually align its domestic legislation with that of the EU, in order to meet its obligations and pave the way to the EU. The Ministry of Justice as the leading institution for chapter 23, has foreseen as priorities for 2022, the following legal measures to be aligned with the EU legislation:

- Approximation of law no. 9887, dated 10.03.2008 "On the personal data protection" with the General Regulation of Personal Data Protection of the European Union 2016/679 (GDPR) and Directive 2016/680 of the European Parliament and of the Council, dated 27.04.2016 *"on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data, and repealing Council Framework Decision 2008/977/JHA.*

The Albanian legal framework on personal data protection consists of the law no. 9887, dated 10.03.2008 "On personal data protection", amended, and its by-laws, fully aligned with EU Directive 95/46/EC.

With the entry into force of the General Regulation of Personal Data Protection of the European Union 2016/679 (GDPR) in May 2018, it emerged the need to approximate the legislation in force on personal data protection with this act and the Directive (EU) 2016/680 of the European Parliament and of the Council of 27.04.2016 "on the protection of natural persons with regard to

the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties and on the free movement of such data”, and repealing Council Framework Decision 2008/977/JHA.

Although the GDPR is a Regulation, its complexity requires that the necessary steps be taken for legislative amendments in order to ensure its compatibility with the applicable legal framework. The purpose of the GDPR is to protect privacy and breaches of the right to personal data protection at a time when data processing in the context of technological developments has multiplied from the time of the 1995 Directive. Although the key principles on data protection are still in line with previous directives, many changes have been proposed to regulatory policies. Some of the novelties presented by this Regulation on personal data protection are:

- *Expanding the territorial scope of its legal effect:*

Perhaps the biggest change in the regulatory overview of data protection lies with the extended jurisdiction of GDPR effects. Prior to this, the territorial scope of the directive was unclear. GDPR makes its applicability very clear. The GDPR will be applicable to the processing of personal data by controllers and processors located in EU countries, irrespective of the location where such processing takes place.

- *Strengthening the criteria for granting consent:*

There is a new approach to the concept of "consent" under the GDPR. The new regulation deals specifically with the practical aspects of consent and other aspects related to the consent of children or consent by electronic means.

- *New rights - The right to erasure - "Right to be forgotten":*

This means that the data subject has the right to request the controller to delete the personal data related to him/her, without delay, and the controller has the obligation to erase personal data, based on the reasons provided in the EU Regulation.

- *Right to data portability - Data Portability:*

The data subject has the right to obtain personal data that he or she has provided to the controller, in a structured format, widely used and automatically readable and to transfer such data to another controller without any hindrance.

- *Enhancing accountability:*

GDPR enhances accountability in relation to data processors. Controllers are obliged to pay more attention to the compliance with the data protection principles and rights at every stage of data

processing, by creating a culture of monitoring, reviewing and assessment of data processing or and by increasing sanctions on those who fail to enforce the law on data protection.

- *Increasing transparency:*

The principle of transparency requires that any information addressed to the public or to the data subject be concise, easily accessible and easy to understand, and that simple and clear language be used, and in addition, where appropriate, even visualization.

- *Protection of data concerning children:*

Children deserve specific protection in relation to their personal data, as they may be less aware of the risks, consequences and related guarantees and their rights regarding the personal data processing.

- *Strengthening independence of the Personal Data Protection Authority:*

The GDPR guarantees the full independence of the Personal Data Protection Authorities, by suggesting the capacity building of human and financial resources.

- *Establishment of a network of Data Protection Officers (DPO):*

The GDPR introduces the obligation to assign Data Protection Officers with the aim to assess whether an organization performs an extensive processing of personal data.

- *Certification of data protection controllers - processors:*

Pursuant to Article 43 of Regulation 2016/679, certification of data protection controllers is done upon their request. In this regard, the supervisory authority must have created the necessary legal conditions for:

- Drafting and approving the legal or sub-legal act "On the certification of management systems of information security, personal data and their protection";
- Accreditation of the certification body;
- Certification of controllers.

Given the above-said, the purpose of the provision of this act in the NPEI is to harmonize the entire existing legal framework on personal data protection with the best EU practices in order to guarantee European standards in the field of personal data protection. As it is obvious, the GDPR regulation introduces several novelties. Although Albania is not part of the EU, as a country aspiring EU integration, it should follow the trend of harmonization of national legislation with the *acquis*.

Moreover, the approximation of legislation on personal data protection with the General Regulation of Personal Data Protection of the European Union 2016/679 (GDPR) and Directive

2016/680 of the European Parliament and of the Council, dated 27.04.2016 "on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data, and repealing Council Framework Decision 2008/977/JHA" is one of the priorities of the Government of Albania as one of the obligations foreseen even in the European Union Report for Albania in 2021.

In this context, considering the importance of the EU Personal Data Protection Reform, the Office of the Commissioner for the Right to Information and Personal Data Protection has initiated work on approximation of personal data protection legislation with the GDPR and the Police Directive, where through the successful implementation of the Twinning Project, funded by the EU IPA 2017 program, under the activity "*Support to the institution for the approximation of personal data protection legislation with the acquis of the European Union*", a draft law on personal data protection, aligned with the GDPR and the Police Directive, which is proposed to be adopted within the fourth quarter of 2022 has been developed.

Approximation of criminal legislation with EU directives, as part of Chapter 23 and other *acquis* chapters

The Criminal Code entered into force 26 years ago. Due to the dynamics characterising social relations, a number of initiatives have been taken during this period of time to amend the legislation, and they have affected both the general and the specific part of the Code. Such frequency of amendments is the reason behind the lack of balance and the logical flow that must characterise the provisions of this Code.

The need to draft a new Criminal Code emerged because of the speedy amendments and addenda to the content of the Criminal Code, lack of effectiveness of amendments that are made throughout the years because of the changes to the sanctions for criminal offences, reformulation of provisions and the need to harmonise provisions in order to guarantee compatibility of the Criminal Code with the international acts in force and its approximation with the European Union law. Currently, due to the global developments, the criminal law focus is on the fight against money laundering, fight against terrorism, protection of financial rights, environmental protection, prohibition of trafficking of narcotics, ban on trade and circulation of prohibited cold weapons or powerful weapons. In this context, the acts of the European Union will be taken into account to be foreseen in the Criminal Code in order to ensure approximation, in implementing the Stabilization and Association Agreement.

Through this National Plan of European Integration it is aimed the approximation of the new Criminal Code with the EU Directives that are part of the chapters 23, 24, 19 and 17 of the *acquis*, as follows:

- Directive 2017/1371⁷⁴ “on the fight against fraud to the Union's financial interests by means of criminal law”;
- Directive 2017/541⁷⁵ of the European Parliament and the Council “On counter terrorism”;
- Directive 2015/849, amended by Directive 2018/843 of the European Parliament and of the Council of “on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing”;⁷⁶
- Council Directive 89/654/EEC “concerning the minimum safety and health requirements for the workplace”;⁷⁷
- Council Directive 89/391/EEC “on the introduction of measures to encourage improvements in the safety and health of workers at work”;⁷⁸
- Directive 2011/93/EU “on combating the sexual abuse and sexual exploitation of children and child pornography”;⁷⁹
- Directive 2014/62/EU of the European Parliament and of the Council “on the protection of the euro and other currencies against counterfeiting by criminal law”;⁸⁰
- Directive 2014/42/BE “on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union”;⁸¹
- Directive 2011/36 “on preventing and combating trafficking in human beings and protecting its victims”.⁸²
- Council Framework Decision 2004/757/JHA⁸³ of 25 October 2004 laying down minimum provisions on the constituent elements of criminal acts and penalties in the field of illicit drug trafficking”.

The Criminal Code needs to be aligned with Directive 2017/1371 “on the fight against fraud to the Union's financial interests by means of criminal law”, by providing for the incrimination of violation of the Union’s financial interests through fraud, and increasing the type of sanctions against legal entities.

Moreover, there must be guaranteed the standards established by Directive (EU) 2017/541 of the European Parliament and of the Council “on combating terrorism” by unifying the terminology and extending the objective aspect of terrorist offences, even in relation to:

- attacks upon the physical integrity of a person;
- causing extensive destruction to a fixed platform located on the continental shelf, a public place or private property likely to endanger human life or result in major economic loss;
- illegal system and data interference,

⁷⁴ Directive included in Chapter 23.

⁷⁵ Directive included in Chapter 24.

⁷⁶ Directive included in Chapter 23.

⁷⁷ Directive included in Chapter 19.

⁷⁸ Directive included in Chapter 19.

⁷⁹ Directive included in Chapter 24.

⁸⁰ Directive included in Chapter 24.

⁸¹ Directive included in Chapter 23.

⁸² Directive included in Chapter 24.

⁸³ Directive included in Chapter 24.

- aggravated theft with a view to committing one of the terrorist offences;
- extortion with a view to committing one of the terrorist offences;
- drawing up or using false administrative documents with a view to committing one of the terrorist offences.

Moreover, criminal offences of travel for the purpose of terrorism and facilitation or organization of travel with a view to committing terrorist offences must be added.

It is necessary to approximate the Criminal Code with Directive 2015/849 amended by Directive 2018/843 of the European Parliament and of the Council “on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing”, by providing for a unified definition of “*money laundering*” activity so as to be in compliance with the provisions of the Directive and the European standards.

The Criminal Code has a new approach to safety at work. Consequently, it has emerged the need to see such approach in the light of Council Directive 89/654 “concerning the minimum safety and health requirements for the workplace”, and Council Directive 89/391 “on the introduction of measures to encourage improvements in the safety and health of workers at work”.

Special attention has been paid to sexual offences in recent years, therefore full approximation of the new Criminal Code with Directive 2011/93/EU "On combating sexual abuse and sexual exploitation of children and child pornography" is required. The Directive provides for the criminalization of solicitation and exposure of children to sexual acts without the need of assistance in sexual activity, involvement in sexual activity, etc. The extent of punishment is to be set in accordance with the provisions of the Directive. The Directive requires criminalisation of cases of coercion, forcing or threatening a child into sexual activities with a third party. The Directive requires the criminalisation of the buying of child pornography materials etc.

In anticipation of EU integration of Albania, it has emerged the need to foresee in the domestic criminal law the legal norms on the protection of Euro and other currencies, according to the provisions or standards set by Directive 2014/62/EU of the European Parliament and of the Council “on the protection of the euro and other currencies against counterfeiting by criminal law”. The Directive urges the states to take the necessary measures to ensure that the following conduct be punishable as a criminal offence, when committed intentionally:

- the import, export, transport, receiving or obtaining of counterfeit currency with a view to uttering the same and with knowledge that it is counterfeit;
- instruments, articles, computer programs and data, and any other means peculiarly adapted for the counterfeiting or altering of currency; or
- security features, such as holograms, watermarks or other components of currency which serve to protect against counterfeiting

Approximation with the Directive 2014/42/EU “on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union”, is necessary to create a full

legal framework applicable in case of commission of criminal offences generating income in EU. The definition of terms and penalties require unification, therefore it is important to consider this Directive in the new Criminal Code.

Even though Albania has made fight against trafficking in human beings a priority, it is important to incorporate in the domestic law the provisions of Directive 2011/36 “on preventing and combating trafficking in human beings and protecting its victims”, because this Directive establishes minimum rules concerning the definition of criminal offences and sanctions in the area of trafficking in human beings. It also introduces common provisions, taking into account the gender perspective, to strengthen the prevention of this crime and the protection of the victims thereof. If such offence is committed by the public officials, it will be considered an aggravating circumstances. The penalty in this case must be effective, deterring and proportional. In relation to such offences, measures must be taken that legal persons do not escape responsibility. Similarly, the Directive sets the obligations of the state to assist the victims of trafficking, to protect the children who are victims of trafficking in human beings and their compensation.

Also, in the framework of Albania's European integration, there is a need to foresee in the domestic criminal law legal rules on sanctions for offences including large amounts of drugs, as well as offences involving drugs harmful to health or causing significant health harm to a number of persons, according to the provisions or standards set by Directive 2004/757/EU, dated 25.10.2004 laying down minimum provisions on the constituent elements of criminal acts and penalties in the field of illicit drug trafficking, as regards the definition of drug”. The Directive requires States to take the necessary measures to ensure that the sanctions foreseen by the Member States be effective, proportionate and coercive and include even deprivation of liberty. To determine the level of sentences, factual constituents must be taken into account, e.g. the quantities and types of drugs trafficked, as well as whether the offence was committed within a criminal organization.

The legal initiative for the approximation of the new Criminal Code with 10 EU Directives, which are part of Chapters 23, 24, 19 and 17 of the *acquis*, in the framework of the draft law "On adoption of the Criminal Code of the Republic of Albania" is proposed to be realized within the fourth quarter of 2023.

Draft law “On ratification of the Protocol amending the ETS 108 Convention “for the Protection of Individuals with regard to Automatic Processing of Personal Data”

As of 35 years, the Convention for the Protection of Individuals with Regard to Automatic Processing of Personal Data (ETS 108 Convention) has served as the basis of the international legislation in the field of data protection of over 40 countries and as the only legally binding instrument at international level. The Republic of Albania has ratified the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (ETS Convention No. 108), and its Additional Protocol no. 181, respectively by law no. 9288, dated 07.10.2004, "On the ratification of the Convention for the Protection of Individuals with regard

to Automatic Processing of Personal Data", amended and law no. 9287, dated 07.10.2004 "On the ratification of the Additional Protocol to the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data, regarding supervisory authorities and transborder data flows".

The convention in question was adopted in 1981, long before the age of internet and electronic communications. The development of technology, the globalization of information and the increasing flow of personal data in the digital environment, brings new challenges in the field of personal data protection. Specifically, the purpose of the Amending Protocol (ETS No. 223) is to modernize the Convention (ETS 108) and its Additional Protocol (ETS No. 181), in order to find solutions to these challenges and at the same time strengthen the evaluation and oversight mechanism of the Convention.

In this context, the Amending Protocol increases the level of personal data protection. As a rule, the Protocol in question enters into force once all States have deposited their instruments of ratification or approval with the Secretary General of the Council of Europe. From the entry into force, the Protocol will be considered an integral part of the amended Convention.

The text of the Amending Protocol has been drafted in line with the General Regulation on Personal Data Protection (GDPR) EU 2016/679 as well as the Police Directive EU 2016/680, so that the contracting states do not have conflicts with the obligations deriving from the European legislation, because many countries are in the process of harmonizing their domestic legislation with the two acts mentioned above, as well as the Republic of Albania.

Given that the modernized Convention will contain the same level of security of personal data protection as the European legislation, the entry into force of the amending protocol to the Convention will contribute to the promotion of European standards of personal data protection all over the world. Moreover, increase of data protection standards by the Contracting Parties of the Convention will facilitate the circulation of personal data between the countries of the European Union and those that are not part of the EU.

The amending Protocol has been approved in principle by the Council of Ministers in accordance with article 10 of law no. 43/2016 "On international agreements in the Republic of Albania", through decision no. 1001, dated 9.12.2020 and its ratification by the Parliament is intended to be integrated into the domestic legal system, by stating consent to be bound by this agreement of the Council of Europe. For this purpose, in cooperation with the Commissioner for the Right to Information and Personal Data Protection, the Ministry of Justice has continued with the procedures for signing the agreement, by requesting the President of the Republic to issue the relevant authorization in accordance with law no. 43/2016 "On international agreements in the Republic of Albania". This phase will be followed by the process of ratification of the Amending Protocol by the Parliament of the Republic. In this regard, the Ministry of Justice proposes the approval of the draft law on ratification of the Protocol amending ETS 108 Convention for the protection of individuals with regard to automatic processing of personal data", in the fourth

quarter of 2022. The adoption of this draft law is required to express consent to be bound by the amending Protocol to the ETS 108 Convention, previously signed, in accordance with the provisions of Law no. 43/2016 "On international agreements in the Republic of Albania" and this agreement itself.

Draft decision “on approval of the new judicial map”

Based on the statistical data collected by the High Judicial Council in order to analyse the new judicial map, as well as the annual reports 2019 and 2020, it is noticed that the allocation of the number of cases, resulting as the ratio between the number of new incoming cases to the court and the number of judges in each court is unbalanced.

Moreover, there is no balance in courts in terms of allocation of administrative staff and judges. The figures show that the allocation of resources is not balanced in the territory of Albania and that the judicial system in Albania is dominated by small-size courts (14) and medium-size courts (7), and only one big-size court (Tirana district court).

The adoption of the package of justice reform laws in July 2016, focusing on increasing the independence of the judiciary, improving the quality and efficiency of court services, introduced even an innovative approach to the territorial distribution of courts, by defining the principles and the new criteria of configuration of the new judicial map.

To fulfil the legal obligation and solve the challenges of the judicial system in Albania regarding the limited human resources, workload, delegations, access, cost and efficiency, the Order no. 78, dated 18.02.2019 of the Chair of the High Judicial Council sets up an inter-institutional working group to evaluate and reorganize the judicial districts and the judicial power of the courts, with the participation of representatives from the Ministry of Justice, the courts and the international partners.

This working group, based on the above criteria, conducted a careful assessment of the current situation of the courts, based on a certain methodology, which consists in the study of three main indicators: population, case load per judge and distance between citizens and courts. During the analysis, the working group gave priority to the access to justice for citizens, cost reduction, quality increase and performance in service delivery. The Working Group analysis considered the international studies on this issue, the best European standards and the CEPEJ Recommendations. The final report reflects a summary of the documents and the analysis of the statistics based on which it was drafted and the final conclusions.

Draft - the draft new judicial map was prepared in four phases:

- Evaluation of the existing map and indicators of the current courts;
- Definition of objectives and criteria;
- Definition and collection of the necessary data (statistics) from courts and institutions;
- Finalization of the proposal for the new judicial map.

The Working Group considered the following objectives when assessing the judicial map:

- guarantee access to justice, in terms of citizens' access to the courts;
- reduce costs to use public resources efficiently;
- improve the quality and performance of provided services.

Expected results consist in:

- Reduction of the time limit for case settlement;
- Standardization of the average time of finalisation of the trial in the review jurisdiction, because the planning the workload of appeal judges would be based on the same standards, and thus fairness in the work of judges would be achieved;
- Elimination of the consumption of trial panels, which currently exists and creates a chain of difficulties including delays and procrastination in adjudicating cases, and also unnecessary waste of time. The impossibility of the normal conduct of the trial in these courts is also stimulated by the parties' requests, whether or not grounded, for the recusal of the trial panel, which are repeated throughout the trial, at an impossible pace to exhaust their trial for absence of a trial panel, and that often causes the delegation of judges.

Meanwhile, the HJC has prepared a feasibility study on the impact that the implementation of the new judicial map will have. This study is currently in the consultation phase and it will be an integral part of the draft proposal of the judicial map.

The draft decision "On the approval of the new judicial map" is proposed to be approved within the fourth quarter of 2022.

Draft Decision "On the establishment and functioning of the Electronic System of Management of Criminal Reports about Corruption Records (SEMDRK)"

The establishment and functioning of the Electronic System of Management of Criminal Reports about Corruption Records aims to create an information system which will enable the collection, processing of data and harmonization of statistics of reported cases, through data tracking or processing of information which is done to reported cases. Moreover, the aim of establishment of this system is to improve the accuracy of the statistics generated and to unify and computerise these data on reported cases, by creating a statistical basis that helps improve policies related to preventing and combating corruption cases.

This system will ensure unification of the process of management of incoming information to the system, the maximum control over the registration of actions in the system, reduction of paper correspondence and generation of useful and relevant reports in real time.

The Electronic System of Management of Criminal Reports about Corruption Records contains primary and secondary data on corruption case reports, information on their management,

treatment and status, as well as reporting of corruptive data by the coordinators of the Anti-Corruption Network to the anti-corruption responsible structure in the Ministry of Justice.

SEMDRK is responsible for creating, maintaining, administering, interacting with other databases and making available information in the content of the database "Electronic System of Management of Criminal Reports about Corruption Records".

The administrative institution of SEMDRK is the Ministry of Justice, as the institution responsible for coordinating anti-corruption policies at the national level. The structure responsible for data generation by SEMDRK is the structure responsible for anti-corruption in the Ministry of Justice.

The draft decision "On the establishment and operation of the Electronic Corruption Records Denunciation Management System (SEMDRK)" is proposed to be approved within the fourth quarter of 2022.

CHAPTER 24: JUSTICE, FREEDOM, SECURITY

4.24.1.1 Content of the chapter

EU policies aim to maintain and further develop the Union as an area of freedom, security and justice. On issues such as border control, visas, external migration, asylum, police cooperation, the fight against organised crime, money laundering, terrorist financing, cooperation in the field of drugs, customs cooperation and judicial cooperation in criminal and civil matters, Member States need to be properly equipped to adequately implement the growing framework of common rules. Above all, this requires a strong and well-integrated administrative capacity within the law enforcement agencies and other relevant bodies, which must attain the necessary standards. A professional, reliable and efficient police organisation is of paramount importance. The most detailed part of the EU's policies on justice, freedom and security is the Schengen *acquis*, which entails the lifting of internal border controls in the EU. However, for the new Member States substantial parts of the Schengen *acquis* are implemented following a separate Council decision to be taken after accession.

4.24.1.2 Structure of the Chapter

1. Fight against organised crime
2. Cooperation in the field of fight against drugs
3. Fight against terrorism
4. Regular and Irregular Migration
5. Asylum
6. Visa Policy

7. Schengen Borders and External Borders
8. Judicial cooperation in civil and criminal matters
9. Customs Cooperation (*refer to Chapter 29*)
10. Protection of EURO from counterfeiting (criminal aspects)

4.24.1.3 Summary of SAA and EU acquis

According to Article 70 of Stabilisation and Association Agreement, Albania has the obligation to approximate its national law with the EU acquis. Cooperation in the field of border management between the Republic of Albania and the EU is envisaged in Article 80 SAA. Furthermore, cooperation in the field of migration between Albania and the EU is envisaged in Articles 4, 80 and 81 SAA, while cooperation in the area of visa policy and asylum between the Republic of Albania and the European Union is provided for in Article 80 SAA.

Article 80 stipulates that the focus should be on the implementation of domestic legislation to meet the standards of the Geneva Convention of 1951 and the New York Protocol of 1967, to thereby ensure respect for the principle of non-return of the individual to the place that constitutes a threat to his life, as well as other rights of asylum seekers and refugees.

Cooperation in the field of police cooperation and the fight against organised crime between the Republic of Albania and the EU is envisaged in Articles 4, 82, 84 and 85 SAA. Articles 4 and 85 of SAA provide for cooperation between Albania and the EU in the fight against illicit trafficking. Furthermore, Articles 4 and 82 SAA provide for cooperation in the fight against money laundering and terrorist financing. Also, in Articles 5, 82 and 84 SAA, cooperation between Albania and the EU in the fight against terrorism is envisaged. Articles 83 and 85 SAA provide for cooperation in the fight against drugs. Obligations in the area of customs are provided for in Articles 14, 15, 34, 43 and 97. Cooperation in the field of Protection of intellectual and industrial property rights, cooperation in the field of Environmental Protection and prevention of environmental crimes. Finally, cooperation in criminal matters is stipulated in Article 85 SAA.

Following the entry into force of the Lisbon Treaty, the area of Freedom, Security and Justice is regulated in Title V of the Treaty on the Functioning of the European Union (Articles 67-89). Furthermore, the Charter of Fundamental Rights has become mandatory. Protocol 36 to the Basic Treaties regulates the status of legislation prior to the entry into force of the Lisbon Treaty, which was adopted under the former Third Pillar of the European Union. The area of Freedom, Security and Justice includes secondary legislation in the main areas: Migration, Visas and Asylum; Police and Judicial Cooperation in Criminal Matters; and Judicial Cooperation in Civil Matters. The first two areas are dominated by directives and framework decisions, while the latter contain directly applicable directives. Primary and secondary legislation is complemented by a large body of jurisprudence of the Court of Justice of the European Union.

4.24.1.4 Current situation in Albania and key achievements

Regarding the chapter as a whole, Albania has reached a level of preparation to implement the EU acquis in this area. Some progress was made when the Special Prosecution Office and the National Bureau of Investigation became operational and the Albanian State Police increased its staff. Financial investigations need to be further developed in dealing with organized crime. Albania has continued to increase its engagement with all EU justice and home affairs agencies. References to the asylum procedure and return procedures should follow the applicable legal framework. The issue of unfounded asylum applications filed by Albanian citizens in EU member states and Schengen-related countries requires ongoing and sustained efforts. Albania must continue to address the phenomenon of unaccompanied minors. Albanian visa policy should be in line with that of the EU. The acquis for this chapter consists of a voluminous acquis in terms of subfields of this chapter.

Fight against organized crime

The country has a level of preparation in implementing the EU acquis in this area. Good progress has been made in fulfilling last year's recommendations. Tangible results have been achieved in the fight against organized crime, including through increased cooperation with EU Member States, Europol and Eurojust. The exchange of quality information and joint police operations involving international partners have further intensified Joint Investigation Units (JIU) and Joint Action Days (JIT) with EU countries and beyond.

Albania has taken further steps to strengthen international police cooperation. It is worth noting that cooperation has been very good with all countries, mainly cooperation has consisted in the exchange of police information in the areas of investigation of criminal offenses for narcotics, illegal trafficking, money laundering, economic and financial crime, cybercrime and serious crime, criminal offenses in the field of intellectual and industrial property and environmental crimes, where information is exchanged mainly through Interpol, Europol (Via SIENA communication channel) and liaison police officers, CARIN Network, Interforce Office, liaison officers, etc. Europol liaison officer stationed in Tirana since June 2019, has helped strengthen cooperation between Albania and police forces of EU Member States in the fight against organized crime. Albania has a liaison officer stationed at Europol headquarters in The Hague, as well as a Prosecutor in Eurojust. Cooperation with Interpol has continued to yield positive results. Albania participates in six EMPACT priority activities within the EU policy cycle.

The law on weapons is partially aligned with EU provisions. Albania further amended this law in December 2020, transferring part of the EU regulatory framework to its national legislation. During 2021, pursuant to Law 74/2014 "On weapons", 13 bylaws have been drafted which regulate procedural aspects and further harmonize the legislation in the field of control of small arms and light weapons with that of the European Union. Of these 13 bylaws, 7 have been adopted and another 6 are in process.

The implementation of the “Roadmap for a Sustainable Solution to Illegal Possession, Misuse and Trafficking in Small Arms and Light Weapons (SALW) and their Ammunition in the Western Balkans” is being drafted and the Strategy Action Plan for the control of small arms and light weapons, their ammunition and explosives will be approved during 2022-2024.

A Memorandum of Cooperation was approved between the General Prosecutor's Office and the Minister of Interior No. 1079, dated 15.07.2020, Instruction of the General Prosecutor No. 10, dated 17.07.2020, and Order of the Minister of Interior No. 346, dated 22.10.2020, to increase the effectiveness of investigations related to money laundering, terrorist financing and financial crimes, as well as the seizure and confiscation of criminal assets.

The Law on the Administration of Sequestered and Confiscated Assets, adopted in 2019, provides for the establishment of an Asset Recovery Office (ARO), as required by the EU acquis. At the end of 2020, a new structure and all necessary implementing acts for the Agency were approved and an electronic system for sequestered and confiscated assets was established. In May 2021, a working group was established to evaluate and establish the ARO, by order of the Prime Minister No. 49, dated 28.05.2021 with inter-institutional experts from the Ministry of Interior, the Agency for Administration of Sequestered and Confiscated Assets, the State Police, the General Prosecutor's Office as well as various local and foreign experts such as the Institute for Democracy and Mediation (IDM), Council of Europe etc. Recommendations from experts have been sent to the Ministry of Justice which is leading the process.

Law No. 154/2020 “On the central register of bank accounts” was approved and implemented, along with DCM No. 415 Date 08.07.2021, “On the Rules of Access of Stakeholders to the Central Bank Accounts Database”. The Law No. 112/2020 "On the register of beneficial owners" was adopted, which partially approximate - Directive (EU) 2018/843 of the European Parliament and of the Council, dated 30 May 2018 amending Directive (EU) 2015/849 "On the prevention of the use of the system" for money laundering or terrorist financing purposes ”and amending Directives 2009/138 / EC and 2013/36 / EU, Directive (EU) 2019/1153 of the European Parliament and of the Council, dated 20 June 2019 laying down the rules facilitating the use of financial information and other information for the prevention, detection, investigation or prosecution of certain criminal offenses and repealing Council Decision 2000/642/JHA.

The Strategy against Organized and Serious Crimes 2021-2025 and its Action Plan for 2021-2022 have been approved through DCM No. 1140, dated 24.12.2020.

In the field of combating trafficking in human beings, Standard Procedures for the Protection of Potential Victims of Trafficking are being implemented, as well as inter-institutional cooperation for prevention, protection and assistance to victims and potential victims of trafficking. The National Action Plan for the Fight against Trafficking in Persons 2021-2023 has been approved”, with Decision No. 670, dated 10.11.2021 “For an addition to the Decision No. 1140, dated 24.12.2020, of the Council of Ministers, "On the approval of the Strategy against Organized

Crime and Serious Crimes 2021–2025 and the Action Plan, 2021–2022", and was published in the Official Gazette No. 177, dated 15.11.2021. Regarding the fight against trafficking in persons, the implementation of activities for the prevention and fight against trafficking in persons continues, through awareness campaigns, prosecution, protection of victims and potential victims of trafficking, their reintegration, punishment of traffickers, cooperation inter-institutional, regional and international. The national referral mechanism for (potential) victims of trafficking has continued to function.

In 2020, Albania adopted a new strategy on cyber security and an action plan for 2020-2025, which cover the relevant priorities in this area. Meanwhile, by Order of the Minister of Interior no. 494, dated 30.12.2020, the "Strategy for the Investigation of Computer Crimes and the Action Plan for the period 2021-2025" was approved. Work is ongoing on legislative changes based on the above strategy.

By Order of the Minister of Interior No. 157, dated 17.02.2021 "On some changes in the organic structures of the State Police", the Directorate of Investigation Unit for the investigation of Economic and Financial crime, the unit for the investigation of cybercrime was established.

Significant progress has also been made in implementing the action plan to address the FATF recommendations. The government has also drafted a special program at the national level for the implementation of these recommendations, which is monitored by the National Committee Against Money Laundering and a special technical secretariat, to which the implementing institutions report weekly progress.

Meanwhile, the Inter-Institutional Maritime Operations Center, in cooperation with National Agency for Information Society and maritime law enforcement structures, has implemented the "Maritime Traffic Database" system thanks to funding from the UK Border Force. This system aims at the control of the maritime borders, the better management of the data of all vessels of commercial nature or not, that are located or sail in the waters and ports of Albania. This system also enables the increase of security and protection of Albanian waters, the adaptation and growth of the Albanian maritime sector through the use of real data, statistics and forecasts. The system set up meets the obligations of Directive 2010/65/EU.

The Scientific Police Institute has adopted legislation regarding its organization and functioning as well as legislation regarding the administration and retrieval of DNA profiles and dactyloscopic data. Albania has also signed the Agreement on Police Cooperation between the countries of the Southwest Balkans, PCC SEE, "On the automatic exchange of dactyloscopic data, DNA profiles and vehicle data", and has ratified this agreement in Parliament.

Cooperation in the field of fight against drugs

Albania has continued to show commitment to combating drug production and trafficking. The State Police Directorate has started monitoring through drones. In 2020, Albania participated in 7 joint Eurojust-supported investigation teams related to drug trafficking.

Is implemented the Action Plan 2021-2022 for 2021, adopted with DCM No. 1140, dated 24.12.2020, the Strategy against Organized and Serious Crimes 2021-2025 and its Action Plan for 2021-2022 have been approved.

On 18.02.2021, the Operational Protocol was signed between the General Directorate of State Police in the Republic of Albania and the Public Safety Department of the Ministry of Interior in Italy, "In Support of the Anti-Cannabis Strategy - Air Surveillance 2021".

The GDSP Order No. 382 dated 28.04.2021, "On the continuous monitoring of the implementation of the Operational Protocol approved on 18.02.2021 by the Ministry of Interior of Italy and the General Directorate of State Police.

The Operational Plan No. 457, dated 20.04.2021 "On aerial monitoring by helicopter and drone, to identify areas cultivated with narcotic plants for 2021".

Albania works together with the European Monitoring Center for Drugs and Drug Addiction (EMCDDA) to increase its reporting capacity on drug issues and bring it in line with the EMCDDA guidelines / protocols.

A new National Drug Control Strategy (2019-2023) and action plan are expected to be adopted soon.

The fight against terrorism

Albania has a comprehensive legal framework for preventing and combating terrorist financing and is well advanced in aligning with the main body of the EU acquis. A new strategy and a national cross-sectoral action plan against terrorism was adopted in December 2020. Albania has made very good progress in implementing the "Bilateral Arrangement with the EU to operationalize the Joint Counter-Terrorism Action Plan for the Western Balkans". In February 2021, Albania submitted its second interim report on the implementation of the agreement. In September 2021, the third interim report on the implementation of this agreement was submitted.

In the framework of inter-institutional cooperation in the fight against money laundering and terrorist financing, the Memorandum of Cooperation no. 1079, dated 15.07.2020 "On increasing the effectiveness of investigations related to money laundering, terrorist financing, financial crimes and sequestration and confiscation of criminal assets was signed between Ministry of Finance, Ministry of Interior and GPO. The Financial Investigation Unit, which became fully operational in 2020, referred 2 cases for "Terrorist Financing", provided by Article 230 / a of the Criminal Code. Jurisdiction over all terrorist acts re-focused at the level of the SPAK

Special Prosecution Office and Special Courts.

Pursuant to the Additional Inter-Institutional Action Plan "On the Reception and Treatment of Albanian Citizens Returning from the Conflict Zone in Syria and Iraq", the authorities repatriated six women and 18 juveniles from camps in Syria in October 2020 and August 2021. Return, reintegration and their rehabilitation was prepared and accompanied by an inter-institutional working group, with leading roles for the CVE Coordination Center and the Anti-Terror Directorate at the GDSP. All relevant information is shared with Europol.

Regarding the Decision on Exchange of Information and Cooperation related to Terrorist Acts (2005/671 / JHA), a legal basis has been established for the establishment of joint investigation teams, including those for the fight against terrorism. Law No. 9539/2006 "On some amendments to law No. 8498, dated 10.6.1999" On the ratification of the European Convention on Mutual Legal Assistance in Criminal Matters and the Additional Protocol".

Albania continues to implement activities to strengthen the capacity of specialized services in the fight against terrorism through increasing the number of human and logistical resources as well as international cooperation.

Albania is a user of the communication platform, products, services and capabilities of the European Center against Terrorism and cooperates with the Europol Internet Reference Unit.

The CVE Center continues to implement the activity planned to meet the objectives of the Action Plan in implementation of the National Strategy against Violent Extremism, with a special focus on the reintegration process of repatriated citizens. The CVE Center is implementing the reintegration program for the first repatriated group of Albanian citizens from the conflict zones in Syria and Iraq to returnees, which is scheduled to be adopted in December 2021. This new strategy aims to provide a comprehensive approach to the fight against violent extremism and its constituent elements.

This center during 2021, has developed numerous trainings for professionals and front line actors involved in the detection, prevention and treatment of violent extremism at central and local level in close cooperation with central and local institutions and national / international partners. It has also paid great attention to information and awareness on issues of violent extremism for all social groups, but with a special focus on front-line employees. The CVE Center, in cooperation with the General Directorate of Prisons, is implementing the project within the program "Improving penitentiary capacities to address prison radicalism in the Western Balkans", where inter-institutional forums were held in various cities. In cooperation with the Ministry of Education and Sports in the framework of the fight against violent extremism and in cooperation with the CVE, information sessions and trainings are conducted for teachers, leaders, psychologists and security officers.

Regular and irregular migration

The legal framework for migration is largely in line with the EU acquis, but needs to be updated in line with recent developments on the EU side.

Based on the EU recommendations in the field of migration, in June 2021, the Albanian Parliament approved the new law No. 79 / 2021 "On foreigners" which entered into force on 2 November 2021. The law on foreigners is expected to facilitate the management of regular migration and the fight against irregular migration. The fight against irregular migration is also one of the requirements within the process of accession to the European Union. The Law on Foreigners aims to improve the scope of foreigners' rights, in terms of protecting migrants and their family members, refugees, asylum seekers, and guarantees access to integration programs and services for foreigners.

Also, in order to properly implement the provisions of this law, were drafted and are in the consultation phase, respectively the Draft DCM "On determining the criteria, procedures and documentation for foreign nationals entering and staying in the Republic of Albania" and Draft DCM "On the establishment and operation of the National Electronic Register for Foreigners".

The "Instruction for the organization of joint flights of two or more countries for the departure from the territory of foreigners who are subject to an individual departure order" is in the process of being drafted.

The implementation of the National Strategy for Migration and the Action Plan 2019-2022 continues, providing a clear framework for inter-institutional coordination and governance of migration in Albania. So far, two annual reports have been drafted to monitor the implementation of this document. Also in implementation of the provisions of the National Strategy for Migration, have been set up: Technical Committee on Migration, by order of the Prime Minister No. 99 dated 27.7.2020 and the Steering Group for Migration by order of the Prime Minister No. 35 dated 10.3.2021.

A revised national Diaspora strategy 2021-2025 was adopted in July 2020.

A contingency plan has been drafted and is expected to be approved for a significant number of potential arrivals of migrants and asylum seekers, with a clear budget and modalities.

Albania has readmission agreements with the EU and readmission protocols with 12 member states. The readmission agreement with the EU is working well. In the framework of the EU recommendations for the signing of Readmission Agreements with countries of origin in order to prevent and combat the phenomenon of illegal migration in and through our country the Readmission Agreement with the Arab Republic of Egypt was drafted and sent for the follow-up of internal institutional procedures. The drafting of the Agreement with Bangladesh and Tunisia is also nearing completion.

Cooperation between Albania and Frontex on return operations is very good.

The migrant reception capacity increased slightly in 2019 and 2020 with 18 additional beds added at the Kakavija border crossing point and by the International Organization for Migration with EU support.

Asylum

The new law No. 10/2021 "On Asylum in the Republic of Albania", has already been approved and entered into force on March 11, 2021. Law No. 10/2021 "On Asylum in the Republic of Albania" is partially aligned with the EU acquis and guarantees the principle of non-return. The procedures describe the handling of requests for international protection that may be addressed to the competent institutions. The new law on asylum provides for the granting of asylum rights even when applications for international protection are submitted in transit zones within the borders of the Republic of Albania, giving them information on the possibility of applying for international protection. Referring to the information of the Directorate of Asylum and Citizenship, there are no cases of return to the border for citizens applying for international protection in the territory of the Republic of Albania. During 2021, the work for the implementation of the law 10/2021 "On asylum in the Republic of Albania" has continued, based on which 10 bylaws have been approved and the work for their implementation has started. Within 2022, 5 more bylaws will be adopted, which have been discussed with stakeholders and line institutions. The infrastructure for receiving, accommodating and interviewing migrants and asylum seekers has been improved, in cooperation with the agencies involved in this process, in order to meet EU standards.

The electronic register for the data of asylum seekers and persons under international protection in the Republic of Albania, functions as an integral center between the Directorate of Asylum and Citizenship, the Directorate of Border and Migration and the National Reception Center for Asylum Seekers, exchanging information and issuing real-time statistics by shortening decision-making procedures as well as serving as a unique database in this field.

Visa policy

The legal framework for visas in the Republic of Albania is in accordance with law No. 79/2021 "On foreigners".

Based on the EU recommendations, the new law No.79/2021 "On foreigners", among other things, aims to improve the scope of foreigners' rights, facilitate the management of regular migration and the fight against irregular migration, improve the protection of migrants and their family members, and guarantee access in integration programs and services for foreigners.

Also, in order to implement the provisions of the aforementioned law "On foreigners", have

been drafted and are in the consultation phase, namely Draft DCM "On determining the criteria, procedures and documentation for foreign nationals entering and staying in the Republic of Albania", Draft DCM "Stamp visa format and electronic visa", as well as Draft DCM "On the establishment and operation of the National Electronic Register for Foreigners".

With the amendment of the law "On foreigners", in the treatment of visa applications of foreign citizens, proceeds through the e-visa system, which has enabled the improvement of the infrastructure for processing applications. In the system of applications for Albanian visa (e-visa and stamp visa), it is accessible by all structures involved in this process according to the provisions of the law "On foreigners", with the aim of improving and approximation with the standard scheme.

Currently, the bylaws on the treatment, stay and entry of foreigners in the Republic of Albania are partially aligned with the EU directives.

Negative list: Same visa regime for 95 countries and different regime for 7 countries.

Positive list: Same regime for 45 countries and different regime for 15 countries.

Schengen Borders and External Borders

Pursuant to the Annual Program of the State Police for 2021, it was approved by DCM No. 1117, dated 16.12.2020 Cross-cutting Strategy of Integrated Border Management for 2021 - 2027 and Action Plan 2021 - 2023. The Department for Border and Migration for 2021 has focused its work on achieving the main priority, that of perfecting the components of Management Integrated Border and border security system, through raising border control standards, preventing and combating cross-border crime, migration management, through increasing technical and professional capacities and skills, strengthening inter-institutional and international cooperation according to EU standards .

The Border Police and Migration Services have continued to work to create an appropriate legal framework and harmonized with EU standards, in full compliance with the legal framework for the EU's external borders and the acts that have to deal with the effective and efficient management of human, material and financial resources. Consolidation and implementation of laws and bylaws in the field of Integrated Border Management and Migration, implementation of border control and surveillance standards to facilitate procedures for the passage of people and goods across the border has been the main objective.

The Law No. 22/2020, dated 5.3.2020 "On some additions to Law No. 71/2016, "On border control" has been approved which is partially aligned with the EU acquis.

On 03.08.2021, the full operation of the Grabon-ZatrijevbackaCijevna Joint Border Crossing Point was opened and started.

The work of the Joint Commission of Experts with Montenegro continues for the establishment

and opening of the Joint Border Crossing Point Zogaj/Republic of Albania-Skje, Ckla/Montenegro, which will be built in the territory of Montenegro, as for the drafting of the Protocol on the implementation of the joint border control and the payment of expenses during the works performed at the joint border crossing point.

The establishment and functioning of the joint border crossing point with the Republic of Kosovo has been realized in implementation of Law No. 24, dated 18.04.2019 "On the ratification of the agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Kosovo" On the establishment of joint border crossing points between the Republic of Albania and the Republic of Kosovo and the implementation of joint actions border control".

Approved by the Council of Ministers of the Republic of Albania on 18 September 2021, of the DCM "On the approval in principle, of the Amending Agreement" Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Kosovo, for the opening of Joint Border Crossing Point Shishtavec (Kukës)-Dragash (Kosovo)".

Work continues with Kosovo counterparts on the drafting and approval of relevant Protocols on the implementation of joint border control and payment of expenditures during work performed at joint border crossing points.

On June 9, 2021, the Council of Ministers decided to approve the "Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Northern Macedonia on the establishment of joint border crossing points between the Republic of Albania and the Republic of Northern Macedonia" .

On 16.12.2020, the Decision of the Council of Ministers was approved for "Approval of the amending agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Serbia, for the mutual movement of citizens, ratified by Law No. 10474, dated 27.10.2011 ".

In the framework of the Berlin Process, after a break due to disagreements between Serbia and Kosovo, the meetings of the AdHoc Working Group on the "Regional Agreement on Freedom of Movement with Identity Cards in the Western Balkans", "Agreement on Freedom of Movement of Third-Party Citizens within the Western Balkans "and the" Third-Party Citizens who are not required to have a visa "Agreement, organized and run by the RCC.

Agreement between the Council of Ministers of the Republic of Albania and the Government of the Hellenic Republic on the establishment and operation of a Police and Customs Cooperation Center, which will be established in Kakavija, at the premises of the Greek Border Crossing Point, signed on 18.01.2021. The procedures for its ratification and for the establishment and functioning of the center continue.

Anti-corruption measures have been implemented at border crossing points, through the installation of cameras, through complaints and denunciations on the Digital Co-Government Platform, as well as at public e-mail addresses.

Judicial cooperation in civil and criminal matters

Pursuant to the "Cooperation Agreement with Eurojust", which the Republic of Albania signed on October 5, 2018, the liaison prosecutor for correspondence with EUROJUST was appointed in January 2021, which further facilitated the implementation of the cooperation agreement, which is an important step to facilitate judicial cooperation in the fight against transnational organized crime.

Law on Judicial Cooperation in Criminal Matters with Foreign Jurisdictions which was amended by Law No. 97 dated 07.07.2021 On some additions and amendments to Law No. 10193, dated 03.12.2009 "On jurisdictional relations with foreign authorities in criminal matters" to simplify the procedures for letter orders, allows direct relations between the judicial authorities, regulates the videoconferencing procedure, coercive measures and sequestration, the International Arrest Warrant, as well as the Joint Investigation Teams by setting deadlines for each procedure, and expedites mutual legal authority with foreign judicial authorities. In drafting these changes, the recommendations of MONEYVAL, the legal gaps referred to in the LGA Chapter 24, etc. have been taken into account.

Regarding international judicial cooperation in civil matters, it should be noted that the amendments to the Code of Civil Procedure, the law "On Mediation", the law "On legal aid", the law "On bankruptcy" have been adopted and transposed in accordance with the standards of the *acquis*.

Customs Cooperation (see Chapter 29)

EURO protection against counterfeiting (criminal aspects)

Albania, in the framework of approximation with the *acquis* in the field of protection of the euro currency, has approved the Law No.77, dated 11.11.2019 "On the Ratification of the International Convention for the Suppression of Coinage" based on Council Decision 2001/887/JHA of 6 December 2001 on protection of the euro against counterfeiting, for the ratification of the Geneva Convention of 1929. With the European Commission / DGECFIN in 2019 and with the European Central Bank in 2021, cooperation agreements in the field of currency protection (euro) were signed by the Bank of Albania. Appointed at the national level by the Bank of Albania, the State Police and the General Prosecutor's Office, for the protection of coins (euro) from counterfeiting are working on drafting a cooperation agreement in this regard.

4.24.1.5 List of responsible ministries and institutions

Ministry of Interior (General Directorate of State Police, Directorate of Integration, Coordination, Agreements and Assistance, Directorate of Public Order and Security Policies and Strategies, Directorate of Anti-Trafficking and Migration, Directorate of Programming, Standardization and Framework Harmonization Regulator, Directorate of Asylum and Citizenship).

- Ministry for Europe and Foreign Affairs
- Ministry of Justice
- Ministry of Finance and Economy
- General Directorate of Customs
- General Directorate of Prevention and Money Laundering
- General Directorate of Taxes
- Agency for the Administration of Sequestered and Confiscated Assets
- Ministry of Defense
- National Business Registration Center
- Ministry of Energy and Infrastructure
- Civil Aviation Authority
- Ministry of Health and Social Protection
- Ministry of Education, Sports and Youth
- Ministry of Culture
- National Bureau of Investigation
- Special Prosecution Office against Corruption and Organized Crime
- General Prosecutor's Office
- The Bank of Albania
- The State Information Service
- Coordination Center against Violent Extremism
- INSTAT
- Audiovisual Media Authority

4.24.1.6 Identified Gaps and Priorities

Alignment with the acquis is progressing in all areas covered by Chapter 24. As the leading institution for inter-institutional Working Group on European Integration of Chapter 24, the Ministry of Interior organized the work into four groups according to the sub-areas of this chapter.

The first drafts of the legal analysis of the acquis are currently being finalized.

Fight against organized crime

The legal framework regarding organized crime is **moderately aligned with** the EU acquis in this area. Some of the main shortcomings identified during the screening process in this area are: **in terms of Cybercrime**, Albania has not yet adopted legislative changes to criminalize all forms of child sexual abuse online. **With regard to arms trafficking**, the law on arms has been partially aligned with EU provisions and has not been harmonized with the latest developments of the acquis in this area. There is a lack of a complete legal framework regarding the deactivation of firearms and there is a lack of national standards in their deactivation. There is a lack of standard procedures and mechanisms in the fight against the illicit trade in small arms and light weapons (SALW) by air. The measures taken by Albania regarding ammunition stocks are not in line with EU directives. **Regarding trafficking in human beings**, there is a need for changes in the Criminal and Criminal Procedure Code regarding the compensation of victims of trafficking, the definition of "Vulnerability of Persons", the inclusion in a single article of adult and juvenile trafficking, the definition of clear internal trafficking in minors, exploitation of minors for prostitution in accordance with the CoE Convention against Trafficking of Human Organs, etc. **Regarding confiscation**, it is estimated that Albania already has a strong legal framework for confiscation of proceeds of crime, but the establishment of an office for recovery of assets (ARO), responsible for the identification and tracing of criminal assets. In this context, rules for extended confiscation and preliminary freezing of assets should be adopted and implemented, as well as the adoption and implementation of rules to ensure that confiscated assets will be reused effectively so as not to lose their economic value.

The Law on the State Police does not mention the State Police liaison officers abroad and their role but the Order of the Minister of Interior No. 535, dated 11.10.2019, "On determining the responsibilities and function of the Liaison Officer attached to diplomatic missions or international organizations abroad", regulates the normal functioning of our Liaison Officers.

Main priorities / recommendations for this sub-area

In terms of approximation with EU legislation and harmonization with EU standards in the field of fight against organized crime, the main priorities are:

- Legislation on unjustifiable wealth needs to be adopted.
- Judicial police law needs to be improved to ensure more effective cooperation between judicial police officers and prosecutors.
- Albania should adopt and implement rules for extended confiscation and pre-freeze of assets and should improve its capacity to manage frozen or confiscated assets so that they do not lose their economic value.
- Enforcement of cybercrime law will be strengthened through capacity building for detection, investigation and prosecution.
- Legislative changes to criminalize all forms of child sexual abuse on the Internet remain to be adopted.
- Albania should adopt standard procedures and mechanisms to combat the illicit trade in small arms and light weapons.

- The investigation of large criminal networks should be more proactive and more systematic.
- Striking criminal groups through special investigative and proactive investigative techniques.
- Increase the operational capacity of the GDSP.
- Adopt a law on the protection of victims of trafficking, which would establish in particular a state-funded compensation scheme.

Cooperation in the field of combating drugs

Regarding the fight against drugs, the adoption of the new national drug control strategy (2019-2023) and the action plan are expected. The list of prohibited psychoactive substances should also be updated in order to provide a legal framework to investigate and prosecute such substances. In this context, amendments to Law No. 7975, dated 26.07.1995, "On narcotic drugs and psychotropic substances" amended.

Main priorities / recommendations for this sub-area

- Establishment of the National Drug Observatory.
- Establishment of an Early Warning System for the exchange of information regarding new psychoactive substances

The fight against terrorism

Albania has a considerable legal framework in the fight against terrorism, prevention and combating terrorist financing, but legislation in this area is still considered **partially aligned**. During the screening process, several legal shortcomings were identified, including the lack of a provision in the Albanian legislation regarding assistance and support, especially for victims of terrorism, which is expected to be realized in the framework of the draft law "Criminal Code of the Republic of Albania". Regarding the rules for compensation of victims, the Albanian legislation does not have a definition of how the victims of terrorist acts will be compensated and there is still no definition for the prohibition of acts of terrorism through audio-visual media.

Albanian legislation in relation to Directive 2018/843 of 30 May 2018, amending Directive (EU) 2015/849 "On the prevention of the use of the financial system for money laundering or terrorist financing purposes, and amending Directives 2009/138/EC and 2013/36/EU "is partially approximated with the new changes made in Law No. 9917/2008.

Albanian legislation does not yet provide a security plan for each facility, as recommended in Directive 2008/114 EC of 8 December 2008 "On the identification and designation of critical European infrastructure and the assessment of the need to improve their protection".

Main priorities / recommendations for this sub-area

- Continue the systematic use of parallel financial investigations into terrorist offenses.
- Authorities should continue efforts to return the remaining women and children to camps in Syria.

Regular and irregular migration

The main finding is that the legal framework for migration needs to be further harmonized with the latest developments in the *acquis*.

Negotiations on Readmission Agreements (agreements on the return of irregular migrants to their country of origin) are ongoing mainly with the countries of the Middle East and North Africa. In the framework of the prevention and management of irregular migration, the Readmission Agreements with Afghanistan, Iraq, Pakistan, India, Algeria, Morocco and most recently the Readmission Agreement with Egypt (November 2021) have been drafted and are negotiating. Readmission Agreements with Bangladesh and Tunisia are being drafted and in 2022, the Department of Border and Migration will submit drafts for these two agreements.

Main priorities / recommendations for this sub-area

- Albania needs to implement return procedures in accordance with the Law on Foreigners and ensure that its return mechanism for irregular migrants is in line with the EU *acquis*, including full respect for fundamental rights. Në këtë kuadër, procedurat standarde të punës do të rishikohen për tu përshtatur me ndryshimet e reja ligjore për të huajt dhe azilin.

Asylum

The current *Asylum Law* is partially aligned with the EU *acquis*.

Main priorities / recommendations for this sub-area

- Implementation of Law No. 10/2021 “On Asylum in the Republic of Albania” as well as bylaws issued for its implementation.
- Increase the capacity of the Directorate of Asylum and Citizenship to assess individual requests, in particular information on the country of origin and cases involving vulnerable people.

Visa policy

As regards visa policy, it is not yet fully in line with the *acquis*, including lists of third countries traveling to the EU on visas.

Main priorities / recommendations for this sub-area

- Full alignment of legislation with EU visa policy should be ensured.

Schengen Borders and External Borders

Regarding Schengen and External Borders, the Law No 71/2016, on Border Control and implementing bylaws are in line with the acquis. However, the broader legislative framework for managing Albania's external borders is not yet in full compliance with EU standards. The Strategy for Integrated Border Management 2014-2020 and Action Plan is broadly in line with European standards.

Main priorities / recommendations for this sub-area

- Amendments to the Law on Border Control on Advanced Passenger Information and Passenger Name Registration (PNR) made in March 2020 were not in line with the EU acquis.
- The legislative framework for the management of Albania's external borders is not yet fully in line with EU standards.
- Cooperation between the Border Police and Migration and Customs should be formalized in an agreement that ensures structured exchanges of information and mutual access to databases.
- Albania should establish a risk analysis system based on the common model of integrated risk analysis (CIRAM) developed by Frontex.
- Border police investigative powers need to be strengthened, in particular to detect cases of human smuggling and trafficking in human beings. For this purpose it is necessary to change the organic structure of the central and local structures for the border and migration and to give investigative powers.

Judicial cooperation in civil and criminal matters

The approximation of Albanian legislation with the acquis and European standards has been largely achieved, but further efforts are needed to promote the exchange of best practices in judicial cooperation.

The Law on Jurisdictional Relations with Foreign Authorities in Criminal Matters has been amended by Law No. 97/2021, dated 7.7.2021, as provided in some important directives regarding joint investigative units, such as Council Decision 2002/465/JHA of 13 June 2002 on joint investigative teams and the Council Resolution of 26 February 2010 on a model agreement for the establishment of a joint investigative team.

Main priorities / recommendations for this sub-area

- Albania needs to finalize the internal procedures for accession to the 2005 Hague Convention on the Settlement of Court Settlements and the 2007 Protocol on the Applicable Law on Maintenance Obligations.

- The institutional capacity of the inter-judicial cooperation structure needs to be further improved.

EURO protection against counterfeiting (criminal aspects)

The approximation of the Albanian legislation with the *acquis* and the European standards in the field of protection of coins from counterfeiting has been almost realized with the ratification of the Geneva Convention of 1929, with the Law No. 77/2019, dated 11.11.2019, as well as with the agreements reached in the field of protection of euro currency by the Bank of Albania, respectively with the European Commission / DG ECFIN in 2019 and with the European Central Bank in 2021.

Main priorities / recommendations for this sub-area

- Improving the capacity of the central structure against currency counterfeiting in the GDSP, in accordance with Article 12 of the Geneva Convention, for the coordination and investigation of cases of currency counterfeiting.
- Approval of the draft law for some amendments to the Criminal Code, No. 7895, dated 27.1.1995, as amended, in Article 183 "Coinage" and Article 185 "Production of counterfeiting funds" in the framework of the approximation of the definition of the criminal offense of coinage, according to Directive 2014/62 / EU on the protection of currency euros against counterfeiting.
- Signing of the "Cooperation Agreement in the Field of Prevention and Protection of Coins against Counterfeiting" between the Ministry of Interior (GDPL), the General Prosecutor's Office and the Bank of Albania, to increase the necessary capacities and measures for protection of coins against counterfeiting, according to Directive 2014/62/EU and Regulation 1338/2001 / EU.

CHAPTER 25: SCIENCE AND SCIENTIFIC RESEARCH

4.25.1.1 Chapter Content

The *acquis* in the field of science and research does not require the transposition of EU rules into national legal order. Implementing capacity is linked to the existence of the necessary conditions for effective participation in EU framework programs. To ensure full and successful membership of the Framework Programs, Member States must provide the necessary implementation capacity in the field of research and technological development, including the appropriate staff.

4.25.1.2 Structure of the Chapter

The science and research chapter is not divided into subchapters. Pursuant to the defined methodology, the 25th chapter contains:

- Financing the budget program for scientific research in the framework of higher education;
- Albania's performance in national and international research programs (especially in the H2020 program);
- Smart Specialization Strategy, the progress during 2021;
- Open Science Policy.

4.25.1.3 Requirements of the SAA and the EU acquis

Albania's obligation to undertake political, legal, institutional and financial initiatives provided in the 25th Chapter, in support of the consolidation of the research system, derives from Article 109 of the Stabilization and Association Agreement (SAA), which sets out the pillars of cooperation between Albania and European Union in the field of scientific research and technological development (Title VIII - Cooperation Policies / Cooperation for Research and Technological Development).

4.25.1.4 Current situation and achievement

According to the "European Union Progress Report for Albania" of 2021, the main recommendations listed by the EU in the 25th Chapter "Science and Scientific Research" are:

- Increase the investments in research according to the ERA's commitments and priorities;
- Progress in developing the Smart Specialization Strategy;
- Ensure higher participation in Horizon Europe.

In this context, the challenges that remain in the current situation are the increase of investments for scientific research and innovation in Albania as well as the collection and proper processing of relevant statistics related to this field.

Efforts for the "Smart Specialization Strategy" to enable walking in line with the countries of the region should also be concretized.

Progress has been made during the years 2020-2021, especially in the drafting of the Smart Specialization Strategy which was launched in 2017 under the direction of the Ministry of Education and Sports, in cooperation with the European Commission. Also with the support of the project "EU for Innovation" in 2020-2021 has completed qualitative analysis, while EDP is expected to be completed soon⁸⁴.

During 2021 with Order no. 425, dated 02.11.2021 of the Minister of Education and Sports "On the Establishment of the Working Group for Monitoring the National Strategy for Science,

⁸⁴ Entrepreneurial Discovery Process

Technology and Innovation 2017-2022", the WG will monitor the implementation of the "National Strategy for Scientific Research, Technology and innovation 2017-2022 ”.

In terms of EU framework programs, Albania was part of Horizon 2020 as an associated country. Its participation in Horizon has significantly improved and shows a good development for 2021. During 2021 the negotiations for the new Horizon Europe Agreement were completed, and the relevant agreement was reached. The signing of this Agreement is pending.

Financing of the budget program "For higher education"

Funds planned for higher education and research for 2022 occupy:

- 25.7% of total MES funds;
- 0.06% of GDP;
- 1.84% on public spending.

Budget funds for financing higher education and scientific research programs, for 2022 (excluding extra-budgetary funds) is planned in the amount of 11 billion 752 million ALL, of which:

ALL 20.1 million are personnel expenses for the National Agency for Scientific Research and Innovation;

Also, the budget 2022 for the program "Scientific Research" has an increase of 9% or 66 million ALL more compared to 2021. For research infrastructure projects, a total of 250 million ALL or 50 million ALL more than the year are planned 2021 and 16 million ALL more for scientific research projects of HEIs and national development programs and bilateral projects.

From the Government's priority in Higher Education we can single out:

Investments in laboratories for scientific research and ensuring the academic and scientific integrity of universities, in order to improve the quality of the university product, while the diploma of each student will carry the value it should have. (Government Plan 2021-2025, Objectives for education).

Internationalization of Higher Education - we start the work for the opening of the branches of the best international Universities in Albania, as well as for joint and dual study programs with them. MES will support the opening of English language programs in all Albanian universities (Government Plan 2021-2025, Objectives for education).

The grant of scientific research work and creative activities for the period 2022-2024 is planned 746 million ALL in 2022 and reaches 732 million ALL in 2024. The grant of scientific research work and creative activities includes funds for scientific research. This grant is open to competition / application for all accredited higher education institutions conducting research.

Distribution of funds of this category approved in the form of "Grant of scientific research work", is carried out by the National Agency for Scientific Research and Innovation (NASRI), on the basis of projects submitted by institutions and taking into account the main indicators for research projects -scientific and creative activities of HEIs.

For 2022, from the grant of scientific research work is planned to support the following activities;

- Funding of Nationally / Internationally Supported Financial and Technological Cooperation Programs. Promoting research work in public HEIs through direct funding of 3,500 researchers, where women have priority.
- University cooperation projects with private business in National Research and Development Programs, National and International Programs. Expanding the cooperation of Universities with private business.
- Funding for participation in the EU Framework Program for Research and Innovation, participation that promises great achievements in scientific research and aims to ensure competitiveness.
- Grant funds for fair and full participation of the Republic of Albania in the Erasmus + program, the EU program for education, training, youth and sports, proposed by the European Commission, which aims to promote the modernization of education systems ALL 20 million per year.
- The grant of scientific research work and creative activities, for this period are foreseen 1 billion and 50 million ALL with an annual fund of 250 million ALL per year.
- Funds with foreign financing about 100 million ALL, are provided for the financing or co-financing of 50-70 projects with donors per year.

In total for the financing of the program of higher education and scientific research for the medium term 2022-2024, the grant funds planned with the source of financing the state budget together with the funds from the secondary income as well as other foreign grants, is foreseen in the year 2022 to reach ALL 14.4 billion, in 2023 to ALL 15 billion, and in 2024 ALL 16 billion.

Statistical data

Regarding the improvement of statistical data on research and development and innovation, are included in detail in Chapter 18 "Statistics".

NASRI and INSTAT in June 2020, signed a memorandum of cooperation, which provides for the inclusion in the official statistical program, a series of indicators in the field of research & development. Pursuant to this agreement, a survey has been drafted which aims to collect information on several indicators agreed between INSTAT and NASRI. The sources of information, as well as the periodicity of data collection, are mainly based on the "Frascati" and Oslo manuals.

Albania's performance in national and international research programs (especially in the framework program H2020)

Albania's participation in Horizon 2020 has improved and achieved satisfactory results, with participation in 53 Horizon 2020 actions, benefiting 5.82 million euros of direct EU contribution. The success rate of proposals with Albanian participation is 8.7% (from 7.8% since last year) compared to the 12.1% success rate of countries in Horizon 2020.

Through bilateral agreements for Scientific and Technological cooperation, NASRI has created spaces to facilitate the movement of foreign researchers. NASRI is currently monitoring the implementation of the Agreements with the Republics of Italy, Austria, and Kosovo. In June 2021, Albania became a member of EUREKA. Albania is also reviewing the existing agreement with Turkey and drafting a new agreement with the Republic of Malta.

There are currently international bilateral cooperation agreements, divided as follows:

- 32 (thirty two) agreements with EU countries;
- 5 (five) agreements with the countries of the Western Balkans;
- 6 (six) agreements with countries in America, Asia, Africa.

Horizon 2020

In the framework of the Horizon 2020 Program, the Directorate of International Programs; The Multilateral Relations Sector, part of NASRI (NASRI), has organized 250 information and training days in public and private HEIs. A special focus was on the upcoming Horizon Thematic Calls 2020, NCP Networks, CORDIS and finding partners.

During the period 2014-2021, applicants from Albania have submitted to the H2020 Program a total of 605 applications, of which 53 applications were evaluated as winners with a total value of 5.82 million EURO.

Developing the Smart Specialization Strategy

As part of the European Commission's Cohesion Policy, the Smart Specialization Strategy (S3) is an innovative approach that aims to boost economic growth and jobs, enabling each region of a country to identify and develop its own competitive advantages. Through partnership and bottom-up approach, the smart specialization strategy brings together local authorities, academia, business and civil society to collaborate on the implementation of long-term growth strategies.

Key achievements

Among the main achievements during the reporting period are:

- Progress with the preparation of the Smart Specialization Strategy.

- Increasing the budget for scientific research.
- Improving the research infrastructure as a result of measures within the "University Pact".
- Building a survey and obtaining information on some indicators and producing statistics in the field of scientific research and innovation;
- Improving the regulatory framework for evaluating the quality of scientific research, through DCM no. 165, dated 21.3.2018. MES has set up a working group to provide information to higher education institutions which will serve as a national database for this system.

4.25.1.5 List of responsible ministries and institutions

The main ministries and institutions responsible for scientific research in Albania are:

1. Ministry of Education and Sports;
2. Council for Higher Education for Scientific Research;
3. National Agency for Scientific Research and Innovation;
4. Higher Education Institutions
5. Institute of Statistics - INSTAT;
6. Ministry of Finance and Economy;
7. Ministry of Health and Social Protection;
8. Ministry of Agriculture and Rural Development;
9. Ministry of Infrastructure and Energy;
10. Ministry of Tourism and Environment.

4.25.1.6 Identified shortcomings and priorities

Shortcomings

The shortcomings identified by the European Commission Report for 2021 are related to:

- The lack of a clear methodology to create funding for research and science.
- The low investment in research and accompanying measures to strengthen research and innovation capacity at the national level, also taking into account the importance of innovation with the Economic and Investment Plan for the Western Balkans.
- The Intelligence Specialization Strategy which is not approved yet.

Priorities

Based on the recommendations of the progress report 2021, the main priorities of Albania in this area are:

- Monitoring process of the National Strategy for Scientific Research, Technology and Innovation 2017-2022 and drafting the Monitoring Report within 2021.

- Drafting the strategy "For scientific research 2022-2026", within 2023.
- Reforming and improving the legal and institutional system of scientific research. In this context, in the Plan for European Integration we have planned that within 2023, the "Law on Science" will be approved.
- Ensuring participation in Horizon Europe
- Building Capacity of NCPs, in order to increase the level of participation and success in EU Framework Programs, especially that of Horizon Europe.
- Drafting the national methodology for investing funds for research and science.
- Increasing funding at the national level for science and development, which is also foreseen in the medium-term budget of MES.
- Promoting the triple government-academy-business cooperation (Triple Helix), as well as facing and solving the socio-economic challenges of the country through a high quality scientific research.
- Deepening international cooperation in the field of science and research, both regionally and internationally.
- The inclusion and implementation of the principles of the European Research Area (ERA)
- Approving the Smart Specialization Strategy within 2023.

CHAPTER 26: EDUCATION AND CULTURE

4.26.1.1 Content of the Chapter

The fields of education, training, youth and culture are primarily the competence of the Member States. The framework for cooperation on education and training policies aims to converge national policies and achieve common objectives through the open method of coordination, which led to the program "Education and Training 2010", which integrates all actions in the field of education and training at European level. With regard to cultural diversity, Member States must respect the principles set out in Article 151 of the EC Treaty and ensure that their international commitments allow the preservation and promotion of cultural diversity. Member States must have the legal, administrative and financial framework and the necessary implementing capacity to ensure sound financial management of European education, training and youth programs (currently Leonardo da Vinci, Socrates, and Youth).

4.26.1.2 Chapter structure

- Education;
- Professional education;
- Youth;
- Culture.

4.26.1.3 Summary of requirements of the SAA and the Acquis of the European Union

The obligation to approximate the Albanian legislation in education with the EU Acquis derives from Article 70 of the SAA for the approximation of legislation and Article 100 regarding the approximation of the legislation in education and training. In the field of culture, Article 101 of the SAA states that "the parties undertake to undertake cultural cooperation". This cooperation will also serve to increase mutual understanding and mutual respect between individuals, community and people. The Parties also pledge to co-operate in promoting cultural diversity, in particular in the framework of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

The purpose of EU cultural policies is to encourage cooperation in support of and finalize actions related to the growth of knowledge and the dissemination of culture, the preservation and protection of cultural heritage, cultural exchanges and literary and artistic creations, including the audiovisual sector.

The EU also focuses on and encourages Albania's participation in EU community programs in the field of education and culture.

4.26.1.4 The current situation in Albania and the main achievements

Albania is moderately prepared in the field of education and culture. Some progress has been made in this area in terms of:

- Approval of the National Strategy for Education 2021-2026;
- Taking special measures in the rapid adaptation of distance education during the Covid-19 pandemic period;
- Digitalization of educational services;
- Strengthening the new National Employment and Skills Agency;
- Restructuring the National Agency for Vocational Education, Training and Qualifications;
- Ongoing restructuring of the Quality Assurance Agency in Higher Education and the Accreditation Board. Improving the DCM 109/2017 that harmonizes, organizes their activity.
- Development of improved quality standards in Higher Education, part of the Quality Code, in an effort to bring them closer and in line with European ESG standards
- Continuous implementation of the law of the Albanian Qualification Framework;
- Approval of the Optimization Plan for VET providers;
- Implementation of the strategy for culture 2019-2025;

Pre-University Education

The COVID-19 pandemic is considered a major global challenge, which has affected every aspect and sector of society, including education. The three main forms of distance learning used during this period are:

- Lessons filmed and broadcast on Albanian Radio Television (ART). These lessons were attended by 78.9% of students, 79.9% of parents and 96.4% of teachers. Students who could not watch the broadcasts, were able to watch the videos on the MES Youtube channel, or
- Communication between students and teachers through social networks or through various platforms that enabled the creation of virtual classrooms (google classroom, google hangout, edmodo, zoom, etc.). A very significant number of students, parents and teachers engaged in online lessons: 96.8% of students, 95.3% of parents and 98.7% of teachers,
- The online platform akademi.al. provides students and teachers with free use of the online teaching platform, which is based on the pre-university education curriculum.

Even during this school year 2021-2022, schools will be supported through the provision of lessons filmed and broadcasted on the TV channel "RTSH Shkolla" and the official YouTube channel of MES, providing the Akademi.al platform for online learning, training for the development of teachers' digital skills, etc.

During the situation created by the Covid 19 pandemic, in order to help teachers, students and parents, there were compiled and made available to the public, a series of guidelines and documents on home teaching; for the realization of the subject program and the evaluation of students during home teaching; on the Supplementary Teaching Program in Albanian language and mathematics for grades 1-5 with students who presented difficulties during the lesson conducted at home (online); for students who did not have online access during the closure of schools in the period March-May 2020; provided possible scenarios for the development of the teaching - learning process in the conditions created by the Covid pandemic 19.

In the framework of professional development of teachers, the training of teachers for their professional development has continued, including the needs of teachers in the situation created by the Covid pandemic 19. Also, during this period, the functioning of professional networks of teachers according to profiles has continued, relevant or according to the roles of teachers in the school. Priority for the school year 2020-2021 has been the training of teachers of natural sciences (Biology, Chemistry, Physics). The training consists of preparing students with questions of the PISA international exam format. Trainings continue during the school year 2021-2022.

At the end of the school year 2020 -2021, there were conducted tests to students in all grades of pre-university education. The results of these tests were valuable to guide teachers in identifying

the needs of students to improve their knowledge as a result of the situation created by COVID - 19. In this context, the Agency for Quality Assurance in Pre-University Education (ASCAP) has drafted orientation topics for all classes according to the respective subjects, which were addressed during the period 1-27 September 2021.

In the period 1-24 September 2021, supplementary education was held in all pre-university education institutions, in compliance with the AQAPE guideline "On improving student achievement as a result of the situation created by the COVID-19 pandemic", in order to strengthen and improve student outcomes related to deficiencies identified during the previous school year. The schools also implemented a comprehensive program of entertaining and sportive activities for students.

During the supplementary lesson, maximum support was given to students with disabilities (CA). In the school year 2020-2021, in the pre-university education system attended education in public and private educational institutions starting from preschool education, 4672 students with disabilities (CA). The ratio of students with disabilities attending inclusive education to special education has improved from 75% in 2014 to about 90% in 2020-2021. In the same school year, about 1300 assistant teachers were employed in the public and private pre-university education system. The ratio of children with disabilities / assistant teachers this year is about 3.7.

In addition to the above, the return of special schools to resource centers is defined as one of the priorities of the National Strategy for Education 2021-2026. A Working Group has been set up at the MES, which has started working on the evaluation and definition of the resource center model for students with disabilities. Also continues the work on the measures envisaged in the 2019-2023 action plan for deaf children by approving the new curriculum and starting the drafting of a new curriculum for basic education; intensified the preparation of modules for the training of teachers of the Institute of Deaf Students and assistant teachers in the Albanian sign language for students who do not listen in mainstream schools.

One of the main achievements of MES this year is the approval in October 2021 of the National Education Strategy for the period 2021 - 2026 with the Decision of the Council of Ministers no. 621, dated 22.10.2021. The adoption of the Strategy marks a fulfilled commitment to the EC recommendation in the 2021 Report on Albania: *'to adopt the new strategy for education, covering all levels and providing adequate financial protection as well as targeted public spending for people affected by the COVID-19 earthquake and pandemic.'*

Pursuant to the new education strategy and in the context of plurilingualism, the Ministry of Education and Sports (MES) introduced English as a compulsory subject in the first grade. In this context, MES revised the teaching plan and the Agency for Quality Assurance of Pre-University Education (AQAPE) drafted English language curricula for the first and second grade. Once they have identified and analyzed the needs of first grade English teachers for their professional development, MES and AQAPE will hold workshops focusing on teaching methodology, pedagogy for very young students, and assessment during the first half of the year.

2022. Also, MES and AQAPE will develop during the first half of 2022 a training manual in support of English teachers: "English teaching methodology for young students". Beyond this initiative, MES is currently working on the implementation of the 'Arts and Crafts' program in schools.

Following the provision of free textbooks in the school year 2021-2022, this reform was extended from grade I to grade IX, directly affecting the reduction of the financial burden of Albanian families. For the school year 2021-2022 there are about 280,000 students from grades 1-9, including 16 special categories from grades 1-12, who have received free textbooks.

Another innovation in the field of pre-university education is the establishment of the National Council of Parents (NCP), as an independent advisory body, which represents the interests of parents at the national level. The NCP is the main mechanism of communication and counseling between MES and parents.

Another achievement in the framework of cooperation with the diaspora is the adoption of a joint text with Kosovo that will be used to teach the Albanian language to children in the diaspora for level I from the Republic of Albania and the Republic of Kosovo: "Albanian language and culture" the level.

Higher Education

Regarding the automatic recognition of diplomas, Albania is committed to integrating and implementing the recognition of academic qualifications in the Western Balkans and improving the quality of recognition of academic qualifications in the region, in line with the acquis, as part of its regional integration agenda, namely the plan of the Common Regional Market (CRM) 2021-2024, adopted by the six Western Balkan countries in November 2020.

Specifically, in this context, the countries of the region (Western Balkans), with the support of the Secretariats of the Regional Cooperation Council (RCC), have held technical level meetings by representatives of each country to draft the Western Balkans Agreement for the recognition of qualifications in higher education ". During 2021, at the technical level, 8 meetings of the Lead Negotiators were organized at the level of the Working Group for the Agreement for the Recognition of Academic Qualifications.

The Working Group mandate to negotiate the Agreement on the Recognition of Higher Education Qualifications has finished. There are still some issues left, outside the mandate of the Working Group, to harmonize into a higher political one.

Regarding the Bologna Process, as part of the EHEA and the Bologna Process since 2003, Albania is very committed to fulfilling all the commitments of the Bologna Process. The focus of the request for Albania's support in the BFUG in the coming years should be the following indicators: implementation of learning outcomes in curricula; distribution of ECTS according to

learning outcomes; fostering and encouraging student assessment based on learning outcomes; adapting measures to support students to ensure representation of underrepresented groups; graduate survey; calculation and monitoring of those who do not complete higher studies.

In the framework of the application for membership of the Agency for Quality Assurance in Higher Education (AQAHE) for full membership in the European Network of Quality Assurance (ENQA) and in the European Register of Quality Assurance (EQAR), Decision no. 109, dated 15.02.2017, as amended, of the Council of Ministers "On the organization and functioning of the Quality Assurance Agency in Higher Education and the accreditation board and the determination of fees for quality assurance processes in higher education" and Decision no. . 531, dated 11.09.2018 of the Council of Ministers "On the approval of the quality code of higher education".

Draft act for the review of DCM no. 109, dated 15.02.2017 includes some of the missing elements related to the Standards and Guidelines for Quality Assurance in the European Higher Education Area (SUE) also known as ESG 2015 (European Standards and Guidelines - 2015), especially those standards relating to the inclusion of students in institutional accreditation groups and study programs; Involvement of continuous quality monitoring of higher education institutions and their study programs;. The application of these elements enables the start of the application process for full membership in ENQA. Membership in ENQA enables AQAHE to be part of the European Quality Assurance Register (EQAR), which enables participation in the register of trusted agencies in the European Higher Education Area. Whereas Draft act for the review of Decision no. 531, dated 11.09.2018 includes some of the missing elements related to ESG 2015 related especially to the updating of study programs, in terms of learning achievements, the improvement of student-centered teaching, further strengthening the activity of the Internal Quality Assurance Units in the universities, as well as other aspects of these standards.

Youth

National Work Internship Program

The National Work Internship Program (NWIP) in public administration aims to involve participants in an integrated work experience and interaction with career professionals in public administration, in order to gain a qualifying experience that affects the development of their professional skills and recognition of public administration.

Applicants are young people between the ages of 21 and 26, graduated in the first cycle study programs "Bachelor". The National Work Internship Program lasts 3 months. Admission to this program is free. The internship period is known as work experience during recruitment procedures in public administration institutions.

This program has been implemented until 2021 by the former Ministry of Education, Sports and Youth, which is supported by state administration institutions and other public and non-public institutions, which provide readiness for the acceptance of applicants. The program will be followed by the Minister of State for Youth and Children based on the area of responsibility defined by the Decision of the Council of Ministers. In 2021, the VI call of the NWIP was launched. There were 2852 applicants in this Call, of which 783 were announced winners to complete the quarterly internship in the central administration, local administration, independent public institutions, as well as companies.

The Ministry of Culture has drafted the "National Strategy for Culture 2019 -2025" and approved by Decision of the Council of Ministers no. 903, Date 24.12.2019 "On the Approval of National Strategy for Culture, 2019–2025 ", and its Action Plan. This is the first document of its kind, which aims to conceive a roadmap for the development of the culture and cultural heritage sector in order to create favorable conditions for individual, social and state development.

The Law on Vocational Education and Training in the Republic of Albania is being supplemented with bylaws, most of the acts have been approved and the approval and drafting of the remaining acts is being completed.

The government has recently streamlined VET institutions, creating the National Employment and Skills Agency and further restructuring the National VET and Qualifications Agency. In the VET system, a coherent policy cycle of internal processes for the development and maintenance of professional qualifications has already been developed, which supports the relevance of qualifications in the labor market.

Albanian Qualifications Framework (AQF)

Task Force established by the joint order of the Ministry of Education and Sports and the Ministry of Finance and Economy, with no. 22, dated 28.1.2020, amended has examined and isolated the necessary changes of the legal framework for education in order to meet the reference criteria so that our Qualifications Framework refers to the European Qualifications Framework (EQF) and that of the VC- EHEA.

Pursuant to its tasks for following the process of Reference of the Albanian Qualifications Framework (AQF) with the European Qualifications Framework (EQF) and QF-EHEA, the Task Force established Technical Groups for reviewing and detailing the descriptions of the AQF-level descriptors.

Further, in September 2021 by the National Office Erasmus + and the Task Force in cooperation with the group of Higher Education Reform Experts - HERE and all interested actors (including foreign and local experts), the National Seminar was held on the topic: "Reference of the Albanian Qualifications Framework in the European Qualifications Framework (EQF) and self-

reference in the Qualification Framework of the European Higher Education Area (QF-EHEA)". The Task Force was assisted in its work by CEDEFOP, ETF and the ENIC-NARIC Network.

In September 2021, the Task Force forwarded the draft Reference Report to the Advisory Board. Following the review by the Advisory Board, the Task Force in its meeting of 27-28 October 2021, reflected on the comments and suggestions for improving the draft Reference Report. The Task Force ends its mandate at the end of 2021 and further other working groups, in cooperation with relevant institutions related to the Albanian Qualifications Framework will continue to work to reflect other needs related to legal changes in this area.

Budget

- Budget funds approved for the Ministry of Education and Sports in the medium-term budget program for the period 2021 – 2023;
- Total funds / final expenditure ceilings of the medium-term budget program 2021-2023, approved for the Ministry of Education and Sports, approved by Decision no. 577, dated 22.7.2020 of the Council of Ministers "On the approval of the final expenditure ceilings of the medium-term budget program 2021-2023", for 2021 are 43 billion and 852 million ALL, compared to the revised funds of 2020 have an increase of 5.5%, in 2022 are 44 billion and 431 million ALL and in 2023 reach 45 billion and 512 million ALL. The funds projected for the period 2021-2023, have an average annual increase ranging from 5.5%, to 2.4% over the previous year. Funds approved for 2023, compared to 2020 according to DCM no. 527, dated 22.7.2020, have an increase of 9%;
- The funds approved in the final ceilings for MoES, excluding secondary revenues as well as the funds of line ministries for education and the funds of local self-government units for education, to the total budget expenditures for the period 2021-2023, are expected to reach 7.6% in 2021, at 7.8% in 2022, and at 7.6% in 2023;
- Public funds for education, excluding secondary revenues as well as funds of line ministries for education and funds of local self-government units for education, to the gross domestic product from 2.4% in 2019, in 2021 reach 2.5% , in 2022 at 2.4, and in 2023 reach 2.3%.

Funds for the "Education Sector", provided for the medium term 2021-2023, which include part of education funds, secondary revenues of public HEIs and other revenues from third parties, including funds provided by the Ministry of Defense, Ministry of Justice, Ministry of Interior, Ministry of Finance and Economy "Funds for education", funds provided by local self-government units" for services and functions in pre-university education", as well as funds from special donor projects (*excluding expenditures households and expenditures for education by private institutions), in 2023 is projected to reach ALL 63.3 billion, compared to public expenditures funds for education are projected to reach 10.61% and to gross domestic product to 3.21%.

Vocational education and training

In the area of VET policies, significant skills development policies and additions to the legal framework for VET law and ACC have been developed.

Currently, the National Agency for Employment and Skills as well as the National Agency for Education, Vocational Training and Qualifications (NAEVTQ), are being supplemented with human resources and work is being done to increase their capacities.

About 4,500 students are enrolled in the first years of vocational schools, for the academic year 2021-2022. In total, the number of students attending vocational schools reaches about 17,000 students. The number of girls attending vocational schools is about 3,000 students.

Also in the school year 2020-2021, 616 students from the Roma and Egyptian communities attended vocational schools. Also the number of students with disabilities was 153 students.

The trend of registrations continues to be constant in recent years. We clarify that referring to statistical data according to INSTAT, the number of students who finish 9th grade from year to year decreases, this according to demographic problems, free movement of people, etc.

Initial training and continuous professional development of teachers / instructors continued during 2020 even though this was difficult after the COVID-19 situation.

An additional step towards quality assurance is the self-assessment process which is already a process that takes place every year in all VET providers.

In accordance with the needs of the labor market for qualified employees, in 2020 were drafted 18 descriptions / standards of professional qualification 2 new skeleton curricula were drafted and 19 skeletal curricula were revised in accordance with levels 2-4 of the ACC.

In April 2021, the National Catalog of Professional Qualifications was approved with 122 qualifications for levels 2-5 of the ACC.

The process of setting up the first sectorial committee is one of the new developments in VET in Albania. Based on the point 1, of DCM no. 426, dated 26.06.2019, "On the manner of organization, functioning, criteria for selection of members of sectorial committees and the manner of their remuneration", as well as the joint order of the Ministry of Finance and Economy and the Ministry of Education, Sports and Youth, no. 64 dated 30.03.2021 is defined the IT sector for the establishment of the first sectorial Committee. We are working to institutionalize this Committee as well as to establish a second sectorial committee in the field of tourism.

Vocational training centers are offered through public vocational training centers according to the requirements of the labor market. For the period January-August 2021, 6,246 persons were

registered, of which 2,747 were female, while about 2,614 persons were certified, of which 1,157 were female.

Youth

The idea of drafting the National Strategy for Youth 2022-2029 comes as a necessity not only with the approval of Law No. 75/2019 "On Youth", but also for the fact that in December 2020 has been finalized the National Action Plan for Youth 2015- 2020 ". The National Strategy for Youth 2022-2029 will be the document on which to base policies for youth activation, inclusion and support. This document will aim at drafting national integration youth policies, to address the various problems faced by young people today and related to challenges such as their involvement in decision-making processes, employment, education, technology and innovation, increase activities in relation to arts and crafts, increase of sports activities, volunteerism, etc. The National Youth Strategy 2022-2029 will be in line with the European Youth Strategy 2019-2027. As part of the drafting of the Strategy process, will be held meetings with students representing high schools, student representatives from various universities, youth organizations and representatives from central and local institutions. The drafting of the strategy will be supported by UNICEF and UNDP, which will subcontract two experts, one local and one foreign.

Culture

In the vision of the Government and the institutional priorities of the Ministry of Culture, And cultural investments aiming to directly affect the increase of the quality of life and the education of different age groups.

The establishment of the National Center for Children is the first step for policies and programs in favor of the family and children. is expected to be ready by the end of 2021.

Establishment of art and craft laboratories for 100 schools per year. Will include connection to technology, e-learning platform, virtual museums, online video tutorials for children and on television

"Culture Bonus", aims to promote and increase the access of the younger generation to products and services related to art and cultural heritage, but also the involvement of youth in all areas of social and public activity.

The "Pact for the University" will focus on cooperation with universities at home and abroad for the contemporary development of academic programs bachelor, Master and PhD in conservation and restoration, contemporary arts, according to similar European and world models.

Creative Industry of the century. XXI, will focus on vocational training in the restoration and conservation of works of art and cultural heritage, with scientific, financial and organizational autonomy in support of the employment of young artists.

To be highlight is the very fruitful cooperation with the Delegation of the European Union in Albania, the Albanian-American Development Foundation, the World Bank, UNESCO, TIKA where restoration and conservation interventions have been implemented and are continuing to be implemented in several important objects of national cultural heritage:

- EU4culture program: "Revitalization of Albania's cultural heritage as a result of the 2019 earthquake in Albania, and the socio-economic impacts of the global pandemic COVID-19".
- There are implementing projects: "Milestone III", Creatures, Polyphonia, "MONA-Outdoor Monuments" "SMART-CUL-TOUR", "3C IKTK ",The project with the Region of Puglia for the requalification of the space of the Park of the Kinostudio "Park of Art";
- The UNESCO-funded project "Community-based Inventory of Intangible Cultural Heritage"
- Restoration projects of the King Mosque, Berat, the Mosque of the Singles, Berat, the Helvetic Teqe, Berat, the Ethem Bey Mosque of Tirana and the Bazaar Mosque of Gjirokastra
- The project for the rehabilitation of the medieval center Berat, with investor TIKA in completion;
- Project for digitization of the technical archive of the National Institute of Cultural Heritage
-

During 2022, a special importance is public investments, where to be emphasized are:

- Establishment of a new National Center for Children;
- Reconstruction of the National Gallery of Arts;
- Reconstruction of the Puppet Theater Building.

Priorities for 2021 have been and will be in the future "Call Projects", where the Ministry of Culture has supported a total of 160 project proposals in the field of art, culture and cultural heritage.

In the field of cultural heritage:

- European Heritage Days 27 September - 3 October 2021;
- Completion and submission to UNESCO of the application for registration in the UNESCO World Intangible Heritage List of phenomena: Xhubleta, Tropoja Dance;
- Preparation of application files for registration of intangible heritage phenomena Epic of Kreshniks and Transhumanca;
- The project "Inventory of Intangible Heritage based on community in order to preserve, protect and transmit to future generations";
- The project "National Folklore Festival of Gjirokastra" as a proposal for nomination in the Register of Best Practices of UNESCO;

- The reconstruction of the Digital Assets Digitization Unit has been completed within the Agreement between the Ministry of Culture and AADF;
- Preparation of the draft “Marubi” File for candidacy in the “Memory of the World” program of UNESCO;
- Preparation of the draft Integrated Management Plan of the archaeological area "A" and "B" of the city of Durrës in the framework of the Agreement between the Ministry of Culture and AADF;
- APPRODI project "From Ancient Maritime Routes to eco - touristic destinations" within Interreg Adrion with a focus on the assessment of cultural heritage and promotion of ancient ports and new eco-tourist destinations, for various visitors, with a national partner Durrës Museum Center;
- Educational program on "Icons of the churches of Vithkuq and Voskopoja in the collection of the National Museum of Mejsetar Art, Korca";
- Exhibitions organized inside and outside the country.

During 2021, public investments have had a special importance, among which we should mention:

- Completion of the drafting of 3 conservation plans, reinforcing and restoration interventions in: inside the Kruja castle, archeological area A, the wall of the Durrës castle with the Venetian tower; the castle of Preza and the mosque under the castle of Preza;
- Commencement of the implementation of the major project of the Ministry of Culture "Rehabilitation and reformulation of the museum line of the National Gallery of Arts";
- Completion and inauguration of the implementation of restoration interventions and museumization of the "First Albanian Teacher";
- Restoration of the church of St. Friday in Lukova;
- Realization of conservation works in the Port with towers and Nymphaeus, the ancient city of Butrint.

Also, during 2021, with state budget funds, restoration, consolidation and maintenance interventions were implemented in 111 cultural property objects.

Regional Directorates of Cultural Heritage, the National Museums and the Administrative Offices have carried out about 190 educational, promotional, exhibition and publishing activities, including activities within the framework of International Days of Monuments and Sites, Museums, Cultural Diversity, European Heritage Days and National Heritage Day.

During 2022 are foreseen, among others:

- Continuation of the implementation of restoration interventions in cultural monuments part of the major EU4culture program;
- Restoration, reconstruction and rehabilitation of spaces in the Museum of Fine Arts (National Gallery of Arts);

- Four projects for external lighting of castles in Berat, Kruja, Sjhkdra, Gjirokastra;
- Restoration of the church of Saint Kolli, Krutje e Sipërme, Lushnje;
- Continuation of the digitalization project "Empowering museums through technology, for a wider access for all", cooperation with AADF;
- Cultural programs: “Roads of Remembrance” (The project to turn Spaç prison into a museum center in the process of preparing the Management Plan, Establishment of the Museum of the Jews - in the process of drafting the project) and “Roads of Faith”.

Pursuant to Law 27/2018, during 2021, six (6) bylaws have been approved and work has started for their implementation:

Regarding international agreements in the field of culture, the Ministry of Culture during 2021 has signed 8 Agreements and currently 16 more agreements are in process.

The European Commission and the Ministry of Culture are following the legal procedures for the signing of the draft agreement on the participation of the Republic of Albania in 'Creative Europe' program, within December 2021.

4.26.1.5 List of Responsible Ministries and Institutions

1. Ministry of Education and Sports (MES);
2. Ministry of Culture (MC);
3. Ministry of Finance and Economy (MFE);
4. Ministry of State for Youth and Children (MSYCH);
5. Agency for Quality Assurance of Pre-University Education (AQAPE);
6. Educational Services Center (ESC);
7. Agency for Quality Assurance in Higher Education (AQAHE);
8. National Agency for Education, Vocational Training and Qualifications (NAEVTQ);
9. Institute of Statistics (INSTAT).

4.26.1.6 Identified shortcomings and priorities

According to the report for Albania of 2020 as well as that of 2021, Albania is considered as moderately prepared in the field of education and culture. Both reports recommend the adoption of a new education strategy, 'covering all levels and providing adequate financial protection as well as targeted public spending on people affected by the COVID-19 earthquake and pandemic.' This recommendation has been met. Regarding the adoption of the National Strategy for Education which covers all levels.

Some of the priorities of MES based on the Government Program 2021-2025 and NSE 2021-2026 are as follows:

- Complete the legislation implementing the law on VET and implement the Optimization Plan until 2022 to develop services and competencies in accordance with the needs of the private sector at the local level
- Provide adequate financial protection as well as targeted public spending for persons affected by the COVID-19 earthquake and pandemic;
- Digitalization in education and development and strengthening of digital competencies;
- Learning English from the first grade of basic education;
- Education for crafts and arts in pre-university education;
- Addition of profiled sports classes;
- Improving the service for students with different abilities, turning special schools into resource centers;
- Internationalization of Higher Education for the opening of branches of foreign universities as well as for joint and dual study programs with them, as well as supporting the opening of programs in English;
- Infrastructure investments both on campuses and investments in laboratories for scientific research and ensuring the academic and scientific integrity of universities in order to improve the quality of the university product;

Youth

- Approvement of the National Strategy for Youth 2022-2029

Based on the Decision of the Council of Ministers no. 524, dated 22.9.2021, "Youth" is already the area of responsibility of the Minister of State for Youth and Children, consequently the work for drafting the National Strategy for Youth has passed to this ministry. Considering the transfer of competencies from MES to the Minister of State for Youth and Children, there have been some changes and delays in the strategy drafting process.

Minister Mrs. Bora Muzhaqi is conducting a series of consultations throughout the country, to identify the priorities of the youth strategy. These meetings will take place with high school students in all cities of Albania during the period October-December 2021, to involve young people in drafting this strategy. Meetings will also be held at universities for student consultations, meetings with youth organizations, central and local institutions, informal youth groups, and youth experts.

It is foreseen that the "National Strategy for Youth 2022-2029" will be approved in the third quarter of 2022.

Culture

The main priority in the field of art and culture remains the intensification of efforts for the implementation and realization of the objectives provided in the "National Strategy of Culture

2019 - 2025", which was approved by DCM no. 903, Date 24.12.2019 "On the Approval of the National Strategy for Culture, 2019-2025" and its Action Plan.

In this Strategic Document, the best previous experiences in this field are taken into consideration in order to realize the:

- implementation of the platform of education through art and culture in the institutions of art and culture, cultural heritage and in the pre-university system;
- strengthen of the Public-Private Partnership (PPP) of cultural heritage institutions according to the model provided in the legal acts on cultural heritage;
- institutional and professional capacity building at central, local and independent level;
- improvement of legislation to support the development of the creative industry as an unused force so far and properly;
- increasement of the budget and financial support for arts and culture;
- strengthen of the cooperation of the Ministry of Culture with the artistic community.

The strategic advantages of the National Strategy for Culture 2019-2025, in accordance with the program of the Albanian government, as well as with the medium-term budget planning are:

- Improving and expanding the cultural market through legislation for the benefit of creators, artistic and cultural creativity and cultural heritage, as well as drafting a new package of the project support scheme of the Ministry of Culture;
- Preserving and protecting the tangible and intangible cultural heritage - the national wealth of the Albanian people for generations;
- Supporting the creativity and innovative activity of Albanian artists through the increase of cultural activities and the involvement of artists;
- Promoting and representing the values of Albanian art and cultural heritage, material and spiritual in important international events;
- Successfully implementating the National Platform "Education through art" by all institutions of Art and Heritage and in the pre-university system;
- Strengthening public-private partnerships for the implementation of revitalization projects in national cultural heritage centers.

CHAPTER 27: ENVIRONMENT AND CLIMATE CHANGE

4.27.1.1 Content of the chapter

EU environment and climate change policies aim to promote sustainable development, the shift to a resource efficient, low emission, and climate-resilient economy and the protection of the environment for present and future generations. The key principles of the *acquis* covered under this chapter are: preventive action, the polluter pays principle, fighting environmental damage at the source, shared responsibility and the integration of environmental, climate action and disaster resilience considerations into other EU policies. The *acquis* in this chapter comprises over 200

legal acts covering horizontal legislation, water and air quality, waste management, nature protection, industrial pollution control and risk management, chemicals, noise, civil protection and climate change. Compliance with the *acquis* covered by this chapter requires significant investments. Moreover, a strong and well-equipped administration at national and local level is imperative for its implementation and enforcement.

4.27.1.2 Structure of the chapter

- Horizontal legislation;
- Air quality;
- Waste management;
- Water management;
- Nature Protection;
- Industrial Pollution, Risk Management and Accidents
- Chemicals;
- Noise protection;
- Civil Protection
- Climate Change.

4.27.1.3 Summary of SAA requirements and the EU *acquis*

According to Article 70 of Stabilisation and Association Agreement, Albania has the obligation to approximate its national law with the EU *acquis*.

The obligation for the approximation of Albanian legislation in the field of environment with that of the EU derives from Article 108 SAA, in which it is cited as follows:

- The Parties will develop and enforce the collaboration in the very important task of the fight against the environment degradation, with the view of promoting the sustainability of the environment;
- The collaboration is mainly focused on the priority areas related with Community *acquis* in the environment field.

Concerning the requirements of European Union legislation, environmental and climate change policies are part of the second set of EU competences. Article 4 of the Treaty on the Functioning of the European Union provides that in this case, the European Union and the Member States shall have the right to adopt legal acts. Member States may exercise their powers if the European Union does not exercise its powers or has decided not to exercise those powers.

The European Union's policies on environment and climate change promote sustainable development, shifting to a resource-efficient economy, sustainable and low emissions as response to climate change and environmental protection for existing and future generations. The main

principles of the *acquis* provided in this chapter are: preventive actions, the polluter pays principle, the fight against environmental damage at source, joint responsibility and mainstreaming environmental, climate and natural disaster into other European Union policies. The EU *acquis* in this chapter contains over 200 legal acts regulating horizontal legislation, water and air quality, waste management, nature protection, industrial pollution control and risk management, chemicals, noise, civil protection and climate change.

Adherence to the *acquis* included in this chapter requires significant investment and structured co-operation among all stakeholders, including local authorities, industry and civil society. Moreover, a strong and well-equipped administration at central and local level is imperative for its implementation and enforcement.

4.27.1.4 Current situation in Albania and key achievements

Albania shows some level of preparation in the field of environment and climate change.

The Albanian Constitution considers sustainable development of environmental protection as one of the country's main objectives. The Law on Environment Protection, adopted in 2011, provides the basis for specific legal acts that regulate different components of environment protection. There are specific laws to regulate the process of environmental impact assessment and strategic environmental assessment, water and air quality, waste management, nature protection, industrial pollution control and risk management, chemicals, forest.

In the framework of further approximation of policies and legislation with the *acquis* - European legislation, progress has been made in areas such as; waste and water management, environmental crime and civil protection. Further efforts are still needed to strengthen and implement legislation, especially in the areas of waste management, water and air quality, and climate change.

Horizontal legislation

Regarding horizontal legislation, Albania should be stepped up to achieve full harmonization and implementation in most areas, particularly with regard to the implementation of the Environmental Impact Assessment and Strategic Environmental Assessment Directives in the energy and mining sectors.

Public participation and consultation in decision-making needs to be improved, especially at the local level.

In July 2019, Albania adopted the Law amending the Penal Code, fully transposing the Directive on environmental protection through penal law. However, implementation remains a challenge.

Progress has been made on further implementation of the (INSPIRE) Directive. Further progress is needed to achieve full harmonization with the environmental responsibility directive. Albania has partially approximated the Directive on the establishment of the Spatial Information Infrastructure (INSPIRE).

Air Quality

The implementation of the measures planned in the National Plan for Air Quality Management adopted in June 2019 is accompanied by financial support and strengthening of technical capacities.

Currently, due to lack of funds, air monitoring equipment has encountered challenges due to the need for calibration and maintenance.

Fulfilling obligations to CLRTAP requires long-term technical support. Approximation of Directive 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain air pollutants, amending Directive 2003/35 / EC and repealing Directive 2001/81 / EC, CELEX: 32016L2284, has advanced with the approval in February 2020, of DCM No 162 of 19.02.2020 "On the rules for the preparation, approval, re-evaluation and implementation of national programs for the reduction of air emissions".

The implementation of legislation should be accompanied by the strengthening of technical capacities on setting national emission ceilings, exchange of best practices and activities to raise public awareness, interest groups, and public institutions.

The Ministry of Tourism and Environment has started taking measures to address and strengthen technical capacity in the country to ensure the implementation of DCM No 162 of 19.02.2020 "On the rules for the preparation, approval, re-evaluation and implementation of national programs to reduce air emissions.

Is approved the Joint Instruction No 6529/2 of 06.10.2020 and No 6626 of 06.10.2020 of the Minister of Infrastructure and Energy and the Minister of Tourism and Environment for "The collection, storage, sampling and reporting of quality data on gasoline, diesel, liquefied petroleum gas (gln), medium-heavy liquid fuels, heavy liquid fuels, marine liquid fuels and suppliers of these liquid fuels", which has partially transposed the Commission Implementing Decision (EU) 2015/253 of 16 February 2015 laying down the rules concerning the sampling and reporting under Council Directive 1999/32/EC as regards the sulphur content of marine fuels and the 2002/159/EC: Commission Decision of 18 February 2002 on a common format for the submission of summaries of national fuel quality data (notified under document number C(2002) 508).

Waste management

The legal framework is approximated 53.5 %. The new national strategy 2020-2035 for integrated waste management was adopted on 27 May 2020. It aims to incorporate the principles of circulating economy in the national waste management system.

Also is approved, the National Sectoral Plan for Solid Waste Management ", with Decision No 1 of 13.01 2020 by the National Council of the Territory. Based on these documents, Albania is divided into 10 Waste Zones, for each waste area will be built a regional waste treatment plant. So far, the regional plants have been built and are functioning (Lendfilli Bushat, Lendfilli Bajkaj, Lendfilli Maliq, Lendfilli Sharres, Incinerator of Elbasan, Incinerator of Fier), and the Lendfilli of Sherishta, Vlora and the Incinerator of Tirana are under construction. It is foreseen that within 2030 Regional Plants (Landfills) will be built for all other waste areas, Berati, Kukësi and Dibra.

Pursuant to DCM No 428 of 8.06.2016 "On the creation of the state database, for the digital map of urban waste landfills", a GIS map is being drafted, which is expected to be approved, created with information that reflects the current situation of urban waste landfills , as well as other field developments.

Awareness campaigns have been conducted to reduce to the point of not using thin plastic bags and the use of cloth bags. Measures have been taken to reduce plastic, plastic bags, through the establishment of criteria approved by Decision No 232 of 26.04.2018 "On some changes and additions to Decision No 177 of 6.03.2012, of the Council of Ministers, "On packaging and their waste".

After a detailed analysis of shortcomings, challenges or progress in the field of waste management, at the end of September 2020, an action plan in the field of waste management was prepared with the support of the SANE 27 project. The plan has been prepared for all EU directives and regulations for the waste subchapter. Its content provides a detailed description of the current situation, transposition and implementation of tasks to be performed in the short term (2021-2023) and medium term (2024-2027) as well as an assessment of financial and human resources to perform tasks. This plan defines the roles and responsibilities of the institutions involved as well as the deadlines for the implementation of the prepared directives. Based on the identification of landfills throughout the country, their rehabilitation / closure has begun.

Rehabilitation of landfills has started for landfills in the municipalities of Berat, Ura Vajgurore and Kuçova, with the support of the Swiss project SECO. The closure of the landfill in Porto Romano and its return to an ecopark is funded by the state budget. A series of trainings has been conducted to fully implement DCM 319/2018 regarding the calculation of costs and fees required for waste management in a Local Government Unit. Initially the trainings were conducted with the presence of representatives of the municipalities and then due to the onset of the pandemic situation, the trainings were conducted online through various platforms: skype, webex, zoom.

Preparation of a draft to set up the Extended Producer Responsibilities system has started with the support of the Swedish SIDA program.

Given Albania's preparations for negotiations with the EU, it is essential not only to transpose EU directives / regulations, but also to develop best practices for implementing the Extended Producer Responsibilities system.

The draft was approved by the Council of Ministers with DCM No 227 of 12.03.2020 "On the proposal of the draft law" On some additions and amendments to law No 10463 of 22.09.2011 on integrated waste management, as amended ".

After approval by the Council of Ministers, discussions in parliamentary committees are required and then submitted to parliament for approval. After a detailed analysis of shortcomings, challenges or progress in the field of waste management.

The specific objectives of the Strategic Policy Document aim to provide practice for:

1. Addressing issues in the game and management so far;
2. Implementation of the legal framework in force and;
3. The necessary preparation to meet the obligations of the amendments to the EU Directives, even if it sets ambitious for the Circulation Economy Packages.

Proper achievement, suitable for the quality of the environment and the health of the citizens, adding another impetus would become economic and social for the country, as well as paving the way for European integration.

The trainings with the representatives of the local government have started in order to implement the DCM No 538 of 22.09.2021 "On some additions to the Decision No 687 of 29.07.2015 of the Council of Ministers "On the approval of the rules for maintaining, updating and publishing waste statistics".

Water Management

In the field of water management, the sectoral strategy for water supply and sewerage 2020-2030 is in the drafting process. This will integrate a clear and operational mechanism for the financial sustainability of the sector.

During 2021 a legal package has been prepared through the support of the EUSIWM project, funded by the EU and ADA, which aims at full transposition of the 9 Directives.

In this context, the Inter-Institutional Working Group was set up to finalize the legal package in the field of water resources management, pursuant to the Prime Minister's Order No 24 of 9.02.2021, "On the establishment of the inter-institutional working group for drafting the legal

package in the field of water resources management ”. This group started working in April 2021 and will continue during 2022, until the finalization of the entire legal package.

Also during 2021, with the assistance of the EUSIWM Project, the drafting of Management Plans for Ishëm, Erzen and Mat Water Basins has started. In this context, through the Prime Minister's Order No 32 of 1.03.2021 "On the establishment and functioning of inter-institutional working groups for the drafting of water basin management plans, Ishmi, Erzeni and Mati", several inter-institutional working groups have been set up, with the aim of finalizing the Management plans for Water Basins Ishmi, Erzeni and Mati.

In June 2021, the National Water Council approved by Decision No 1 of 15.06.2021, Preliminary Flood Risk Assessment Reports for Drin-Buna, Mat, Ishëm Erzen, Shkumbin, Seman, Vjosa Water Basins and the announcement of areas where there is a potential risk of floods or floods are likely to occur. Subsequently, by the order of the Prime Minister No 75 of 10.09.2021, the Inter-Institutional Working Group has been set up to draft a flood risk management plan for areas where there is a potential risk of floods or floods are likely to occur, Drini-Buna 4, 5 and 6.

The water quality monitoring and reporting network and the licensing system need to be further improved and harmonized with the requirements of the acquis.

The level of approximation of EU legislation with the national one in the field of water management remains unchanged and partial, in relation to some important directives. Approval of the Decision of the Council of Ministers No 1015 of 16.12.2020, has increased the level of approximation, as through it 4 Directives have been partially approximated, specifically Directive 2000/60 / EC, Directive 2009/90 / EC, Directive 2006/118 / EC and Directive 2007/60/ EC.

Some progress has been made through performance contracts signed with utilities, the regulation of illegal connections, revised subsidy schemes, and the adoption of a staff certification scheme. A detailed research of the human resources of all companies that provide water supply and sewerage services, as well as a rigorous recruitment process of managerial, technical and operational staff, will be undertaken with the support of donors, within 2022.

PMBU Seman was approved by DCM No 453 of 10.06.2020 "On the approval of the management plan of the Seman water basin". Also in the meeting of the council of ministers on 4.11.2020 was approved the decision of the council of ministers "On the approval of the management plan of the Drini-Buna water basin".

Nature Protection

Approximation with European Union legislation, mainly referring to the Habitats and Poultry Directives, is at an advanced level. Pursuant to the Nagoya Protocol on Access to Genetic Resources and the Equitable and Equitable Sharing of Benefits Arising from Their Use, Law no. 41/2020 “On some additions and amendments to Law No 9875 of 20.07.2006 "On the protection

of biodiversity", as amended, which partially approximates Regulation (EU) No 511/2014 of 16.04.2014 "On compliance measures for users of the Nagoya Protocol on access to genetic resources and fair and equal sharing of benefits derived from their use in the Union". The completion of this law is in progress, with bylaws, to realize its applicability in practice.

During 2022, the review and updating of the Strategy and Action Plan for Biodiversity, for the period until 2030, in line with the global context Post 2020 on biodiversity, of the Convention on Biodiversity will begin.

Two DCMs have been approved:

- DCM No 1156 of 24.12.2020 "On the revenues generated from tariffs, measures and criteria for their use, as well as,
- DCM No 19 of 20.01.2021 " On the amount of special fund for environmental protected areas, on the sources of creation and the rules of its use "

A grant agreement has been signed between the Swedish government and the Ministry of Finance and Economy, for the launch of the project "Establishment of the Natura 2000 network". The draft agreement is still under consultation process.

The implementation will ensure the full transposition of the Habitats and Birds Directive, and at the same time, the necessary legal framework for full compliance with these directives will be completed. Institutional capacities related to monitoring and implementation will also be strengthened, as well as an institutional development plan will be prepared, taking into account a gradual plan for increasing the competencies and number of staff as well as budget and expenditure planning.

Further strengthening of capacities at national and local level for the practical implementation of the updated legal framework and for the process of setting up the Natura 2000 network in the country is a priority in the field of nature protection, as the main obligation in the framework of the European integration process of the country.

By Order of the Council of Ministers No 26 of 03.02.2020 "On the approval of the structure and staff of the National Agency of Protected Areas and Regional Administrations of Protected Areas", there is an increase in staff, in charge with monitoring and managing protected areas throughout the territory of the Republic of Albania.

In October 2021, the registration of the national forest and pasture fund in the cadastral system of the Republic of Albania was completed, through the establishment of the National Forest Inventory. This inventory will enable better access of information by citizens and will enable legal transactions with forest properties for municipalities.

Also in July 2020, was established the National Forest Agency, which has the mission of good forest governance, conservation and development, sustainable use of multifunctional forest resources, as natural resources of national importance, to achieve:

- Ensuring performance in the forest sector;
- Assessment of forest finding;
- To organize the work for inventory and research in the field of forests;
- Organization of work and drafting of documents for forest management;
- Organization of work for forest monitoring

Industrial Pollution Control

Regarding industrial pollution and risk management, approximation with EU legislation remains a challenge. The transposition of the Industrial Emissions Directive has reached approximately 70%, through the adoption of several legal acts.

The Ministry of Tourism and Environment will partially transpose in some articles Directive 2010/75 / EU by the end of 2022, approving the existing Draft Law "On Environmental Permits" prepared with any possible changes.

Chemicals

Referring to the field of chemicals, some positive steps have been taken in the framework of harmonization with the EU Regulation on registration, evaluation, authorization and restriction of chemicals (REACH) and other instruments. In February 2020, Albania ratified the Minamata Convention on Wednesday. In April 2021, DCM No 222/2021, "On the approval of the list of candidate substances", which has brought into Albanian legislation 211 substances and groups of substances assessed in terms of chemical safety, pursuant to European Union legislation on chemicals (REACH and CLP).

In implementation of the Prime Minister's Order No 23 of 03.02.2020, "On the approval of the structure and organization of the National Environmental Agency", in July 2020 at the National Environmental Agency, has been established the Chemicals Office, as an obligation for the implementation of chemicals legislation and their management in Albania.

To help set up a national helpdesk on chemicals, the National Environmental Agency has created and operates the e-mail address info.kimikatet@akm.gov.al.

To ensure cooperation and coordination between the responsible institutions pursuant to Law 27/2016, the Ministry of Tourism and Environment from March 17, 2021, has set up the inter-institutional working group on chemicals, consisting of 21 different institutions that are engaged according to legislation their sectoral.

However, implementing legislation remains to be adopted and appropriate administrative structures need to strengthen technical capacity in this area.

Some positive steps have been taken regarding the transposition of the legislation in national legislation of the REACH Regulation No 1907/2006, which has further advanced with approval of the:

1. DCM No 319 of 15.05.2019 "On restrictions on production, placing on the market and use of certain chemicals and certain dangerous articles";
2. DCM No 9 of 09.01.2019 "On the detailed rules and methods for carrying out the chemical safety assessment and the specific requirements, contents and format of the document with the safety data".

Following the approval by the Albanian Parliament of the Law No. 7/2020 on the ratification of the Minamata Convention "On Mercury", from May 26, 2020, Albania is listed alongside the countries that have ratified the Minamata Convention on Mercury, thus contributing to the protection of human health and the environment from the negative effects of mercury. Is approved Decision of the Council of Ministers No 442 of 26.06.2019 "On approval of the rules prohibiting the export of metallic mercury, certain mercury compounds and mixtures, safe storage of metallic mercury and specific criteria for storage of metallic mercury considered as waste", which has partially transposed Regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on Wednesday, repealing Regulation (EC) No 1102/2008, CELEX: 32017R0852. DCM 442/2019, has entered into force on 1 January 2020, and aims to implement the Minamata Convention on Mercury.

Is approved Decision of the Council of Ministers No 161 of 19.02.2020, "On the adoption of the necessary rules for the prevention and reduction of environmental pollution by asbestos", which has partially transposed Council Directive 87/217 / EEC of 19 March 1987 on the prevention and reduction of pollution of the environment from modified asbestos.

Noise protection

Regarding the sub-field of noise protection, the creation of the noise map remains a priority, which requires serious and active commitment of all municipalities in the country. Relevant authorities are identifying areas in the country, to compile a digital noise map.

Civil Protection

The structure and staff of the National Civil Protection Agency has been approved by the Prime Minister with Order No 27 of 3.02.2020, also the Law No 45/2019 "On Civil Protection", which transforms the General Directorate of Civil Emergencies into the National Civil Protection Agency, creates as well the conditions for Albania's future membership in the Union's Civil Protection Mechanism.

Work is currently underway to draft and adopt new bylaws implementing the law.

The Agency is in various cooperative processes with partners and counterpart structures, as well as is in the implementation procedures of various projects funded by international organizations, which are assisting in the functioning of the agency, capacity building, infrastructure and systems, as well as membership. in the future in the European Civil Protection Mechanism (UCPM).

With the support of UNDP, work is expected to begin as soon as possible on drafting a National Strategy for Disaster Risk Reduction and a National Civil Emergency Plan.

Climate Change

Referring to the field of Climate Change, Albania has reached a certain level of preparation, but the approximation of Albanian legislation with the *acquis* remains limited. In July 2019, was approved the National Strategy for Climate Change for the period 2019-2030, with long terms objectives. The strategy focuses on energy, transport, agriculture, land use and forests and contains the plan as an integrated part of it 2 action plans, namely the Plan for Migration and Climate Change Adaptation.

In October 2021, the Council of Ministers approved with DCM No 581 of 06.10.2021 the Defined National Contribution 2021-2030 through which are foreseen the measures for the reduction of the Emissions of Greenhouse Gases by 20.9%. Albania has also shown continued commitment to increase GHG reservoirs through ambitious forest planting policies.

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In December 2020, Albania adopted Law 155/2020 "on climate change" which creates the legal basis for the field of climate change and partially approximates European legislation.

Regarding its reporting to the UN Framework Convention on Climate Change, Albania has submitted to the United Nations Framework Convention on Climate Change the Updated Biennial Report in October 2021 and is preparing the Fourth National Communication which is expected to be completed by in 2022.

As a non-Annex I Party to the UNFCCC (since 1995), Albania has so far prepared three National Communications (respectively in 2002, 2009 and 2016) and is currently preparing the Fourth National Communication which is expected to be completed within 2022 .

The Albanian Government has expressed a clear political will and commitment to comply with the requirements and obligations embedded in the United Nations Framework Convention on Climate Change and other related protocols and documents by taking the following steps.

Albania has taken very important steps towards policy documents and action plans on climate change, involving especially energy and transport sectors, but also agriculture, forestry, waste administration.

Decision of the Council of Ministers No 466 of 3.07.2019 "On the approval of the strategic document and national plans for the mitigation of greenhouse gases and for adaptation to climate change" has been approved. Representing a general cross-cutting strategy with policy objectives and concrete actions to:

- reduce GHG emissions;
- become resilient to climate change.

With the adoption of this legal act, the Government of Albania became the first country in the Western Balkans with an approved Climate Change Strategy and Action Plans on Climate Change Mitigation and Adaptation.

On the other hand, the country recently endorsed the National Strategy of Energy 2018-2030 (July 2018) as the main energy policy document mainstreaming the climate change. The new strategic framework is based on two main pillars: (i) the development of reforms to foster market liberalisation and regional integration, and (ii) huge investment on sustainable development driven by participation in the Energy Community initiative and in particular at international level by the Paris Agreement on Climate Change.

Furthermore, the Strategy foresees the preparation of the National Integrated Energy and Climate Plan, as an engagement of the Republic of Albania at the Ministerial Meeting of the Energy Community, which preparatory work has started to ensure beyond the 2020 national targets and in line with the EU 2030 agenda.

Albania has started the necessary preparatory work on the policy, analytical and technical aspects of the plans.

The Albanian Parliament approved the Law No 116/2020 on the accession of the Republic of Albania to the Doha Amendment of the Kyoto Protocol of the United Nations Convention On Climate Change. Albania is listed alongside the countries that have ratified the Doha Amendment which establishes the Kyoto Protocol's 2013-2020 second commitment period, has received the required number of ratifications to enter into force. The Amendment sets a goal of reducing greenhouse gas (GHG) emissions by 18% compared to 1990 levels for participating countries.

Albania has ratified the Kigali Amendment to the Montreal Protocol and aims to reduce use of hydrofluorocarbons (HFCs), powerful greenhouse gases used mainly in refrigeration, air conditioning and heat pump equipment, which are thousands of times more harmful to the climate than CO₂. The Kigali Amendment, which entered into force in January 2019, amends the Montreal Protocol on Substances that Deplete the Ozone Layer to include substances – including hydrofluorocarbons (HFC) – which do not damage the ozone layer but are known to have high global warming potential. Albania's ratification shows that the country is proactively committed to addressing future problems by preventing an increase in the use of HFCs and promoting the use of climate-friendly alternatives.

Pursuant to the obligations deriving from the Kigali Amendment, the Ministry of Tourism and Environment is drafting the draft law "on fluorinated greenhouse gases" which is expected to be approved in December 2021.

In Difference from the NDC 2015-2030, which envisaged measures related to only two sectors, that of energy and industry, the NDC 2020-2030 has increased the number of sectors to 5, specifically:

- Energy and transport sector;
- Forestry and land use sector
- Agriculture sector;
- Industry sector as well;
- Waste sector.

4.27.1.5 List of responsible ministries and institutions

In accordance to the Order of the Prime Minister No 94 of 20.05.2019 “On establishment, composition and functioning of IIWGs for European Integration”, Ministry of Tourism and Environment is the leading institution in charge of the Chapter 27 “Environment and Climate Change”.

Line Ministries and independent agencies members of the Chapter are as below listed:

- National Agency of Protected Areas (NAPA);
- National Environmental Agency (NEA);
- National Forestry Agency (NFA)
- National Tourism Agency (NTA);
- National Coasline Agency (NCA);
- Ministry of Health and Social Protection (MHSP);
- Ministry for Europe and Foreign Affairs (MEFA)
- Institute of Public Health (IPH);
- Water Resources Management Agency (WRMA);
- National Agency for Water Supply, Sewerage and Waste Infrastructure (NAWSSWI)
- National Agency for Civil Protection (NACP)
- Ministry of Agriculture and Rural Development (MARD);
- Agency for Agricultural and Rural Development (AARD);
- Ministry of Infrastructure and Energy (MIE);
- State Authority for Geospatial Information (SAGI);
- General Directorate of Customs (GDC);
- State Inspectoriate on Market Surveillance (SIMS)
- National Agency of Natural Resources (NANR);
- Institute of Statistics (INSTAT);

- Ministry of Defense (MoD);
- Albanian Geological Survey (AGS)
- National Inspectorate of Territorial Defense (NITD)
- Clinical Toxicology Service at UHCT(QSUT)
- State Technical and Industrial Inspectorate (STII).
- Institute of Geosciences, Energy, Water and Environment (IGEWE);
- National Food Authority (NFA);
- Institute of Food and Veterinary Safety (IFVS).

4.27.1.6 Identified Gaps and Priorities

Horizontal legislation

Regarding the environment, in the field of horizontal legislation, some of the main priorities are related to:

Implementation of national legislation transposing Directive 2001/42 / EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain public and private projects on the environment and the EIA Directive (2011/92 / EU) "On the assessment of the effects of some public and private projects on the environment", amended by Directive 2014/52 / EU, as well as the full transposition of Directive 2014/52 / EU; setting up an inter-institutional working group in the second half of 2023 to assess the remaining articles of Directive 2001/42 / EC to be transposed, as cited in the Progress Report, the biggest challenge related to this directive remains implementation, while approximation has been achieved; strengthening the enforcement of environmental legislation.

More effective public participation and consultation is needed in the decision-making process, especially at the local level. Further progress is needed to fully align and implement the directives on environmental responsibility, environmental crime and environmental inspection.

Albania should adopt the national strategy for water supply and sanitation 2019 - 2030 and its related acts, water basin management plans and provide the necessary administrative capacities and resources for the responsible agencies.

Further development of the institutional framework is needed with particular emphasis on the process of public participation, especially in the hydropower, construction and mining sectors.

Ensuring an adequate budget, strengthening of monitoring and reporting capacities of the environmental agency is needed.

Air quality

Priorities in the field of air quality for 2022 and on is enforcement of cooperation with responsible institutions in order to implement the national air quality plan:

- improvement of the monitoring network;
- ensuring of resources for continuous monitoring function;
- strengthening the technical of MTE and NEA regarding obligations in frame of LRTAP Convention;
- implementation of DCM 162/2020;
- providing of public access to the internet on air quality data and;
- preparing air quality plans for key agglomerates.

Waste management

Closing of numerous non-compliant landfills and dumpsites remains a challenge. Separate collection of waste streams and economic instruments to promote recycling and reuse and to prevent waste generation remain limited. Another priority is to reduce the disposal of disposable plastics. The procedure for stopping the production and use of plastic bags will be carried out with the amendment of law No 10463/2011 "On integrated waste management".

In the context of meeting the requirements for approximation and implementation of legislation, shortcomings have been identified by the national legal framework to regulate the waste management system related to Extended Producer Liabilities.

Lack of funds has also been identified to set up a complete waste management system (bins, technological machines, sanitary landfills) throughout the region.

Water management

Wastewater treatment plants meet only about 15% of the population, leading to major concerns such as lack of licensing and charging for wastewater treatment, insufficient operation and maintenance, and limited environmental impact due to developing networks and connections above.

There is an urgent need to ensure full harmonization with the Urban Wastewater Treatment Directive, extension of sewerage networks, licensing and application of tariffs for all wastewater treatment plants and construction of new ones, especially in urban and coastal areas and those visited by tourists.

The water quality monitoring and reporting network and the licensing system need to be further improved and harmonized with the requirements of the acquis. The water monitoring network extends to rivers, lakes, coastal areas and lagoons. The water supply and sewerage sub-sector needs improvement. However, greater efforts are needed to strengthen the capacity, performance and sustainability of utilities. The design of a new intervention aimed at improving the performance of public water enterprises through the development and consolidation of

companies with the aim of creating regional companies is the new approach of the Albanian government for the deep restructuring of the water supply and sewerage sector. To consolidate progress, the adoption of the draft law on water supply and sewerage, as well as the National Strategy 2020-2030 is needed.

Nature protection

In the area of nature protection, it is foreseen progress towards:

Full approximation of national legislation with that of the *acquis*, as regards the Birds and Habitats Directives, as well as the implementation of the approximated legal framework.

Updating and reviewing the strategic policy document for biodiversity protection until 2030. Conducting habitats and species inventories as an opportunity for more accurate formulation of policies in the field of nature protection

In the field of nature protection, and specifically of protected areas, the NAPA will work to ensure:

- Strengthening the implementation of the legislation on protected areas and specifically, one of the priorities of the National Agency of Protected Areas (NAPA), for 2022-2023, will be the revision of Law 81/2017 "On Protected Areas";
- Identification, study and completion of standard proposal forms for each potential Natura 2000 area, within the network of protected areas;
- Integrated management of protected areas;
- Strengthening the capacities of the management units of the protected areas, at central and local level.

In the framework of the obligation for the approximation of national legislation with the European one, the “*acquis*”, during the drafting processes of the NPEI, it was identified that the national legislation in the field of protection of wild fauna remains incomplete. This means that there is a lack of legal references to approximate Regulation 1007/2009 on seals products, and the 1999/22/Zoo directive which is approximated by 50%.

In forestry field, the priorities of MoTE are related to:

- Full approximation of national legislation with the EU *acquis*, the drafting of secondary legislation deriving from the Law 57/2020 of 30.04.2020, on Forests;
- Coordination and unification of best practices in the field of forests with local self-government units, as well as;
- forestation of degraded areas through recycling of forest fund revenues destination and payment of entities operating in forest fund.

Industrial pollution

In the area of industrial pollution, accidents and risk management, one of the main priorities is the full approximation of national legislation with Directive 2010/75 / EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (prevention and control of emissions). Integrated Regulation), as well as with Directive 2012/18 / EC of the European Parliament and of the Council of 4 July 2012 “On the control of major accident risks involving dangerous substances”, amending and subsequently repealing Council Directive 96/82/EC.

Chemicals

Regarding chemicals, MoTE priorities for 2021 and onwards are related to:

- Support for the implementation of the project "Support to the Ministry of Tourism and Environment for the Improvement of Chemicals Management" and the annual work plan of the project;
- Technical support of the Office of Chemicals, in order to ensure its proper functioning and implementation of chemicals legislation;
- Inter-institutional cooperation, in order to fulfill the obligations of the legislation in force in the field of chemicals and international agreements in this field.

Noise

In terms of environmental noise policies, the challenge remains to strengthen administrative and inspection capacities, as well as the preparation of noise maps and action plans by local self-government units.

Civil protection

In terms of civil protection, the priorities for 2021 and onwards are:

- Drafting and approval of bylaws for the implementation of the new law on civil protection;
- Consolidation of the National Civil Protection Agency with full completion and functioning of human, logistical and infrastructural capacities;
- Implementation of the obligations of Law 45/2019 "On Civil Protection" for the drafting of the National Strategy for Reduction of Disaster Risk, local strategies for disaster risk reduction; Disaster risk assessment at all three levels, central, county and local; National Civil Emergency Plan, civil emergency plan at regional and local level;

- Inter-institutional cooperation at national level for the implementation of disaster risk reduction and civil protection policies, referring to Law No 45/2019 "On Civil Protection", and other bylaws;
- Improving capacities, infrastructure and systems for early warning, prevention, preparedness and response to disasters;
- Membership in the European Civil Protection Mechanism.

The earthquakes highlighted the urgency of building effective civil protection and Disaster Risk Reduction (DRR) systems and integrating DRR into key sectors. The Covid-19 Pandemic stressed the need to strengthen the legal framework and institutional capacity as well as the human and financial resources of the civil protection authorities also in relation to health emergencies. Albania is encouraged to accelerate preparations to be part of the European Civil Protection Mechanism (ECPM)

Earthquakes and floods remain a major threat to the country. Albania has made little progress in aligning with the Floods Directive and still needs to regulate early warning and hydrometric-meteorological services.

Administrative capacity, infrastructure and systems for early warning, prevention, preparedness and response are inadequate.

In view of the promises resulting from the Donor Conference after the earthquake organized by the Commission in Brussels on 17 February 2020, Albania must also urgently establish a financing and action plan in implementation of the Civil Protection measures and the post-earthquake recovery strategy. (Disaster Risk Reduction) DRR, which also includes key national structuring actions

Climate change

The ratification of the Kigali Amendment of Montreal Protocol which paves the road for Albania to set its HFCs baseline, freeze its consumption amount, and establish a schedule for phase-down of HFCs. The Ministry of Tourism and Environment is drafting the draft-law "on F-Gases" that partially transposes Regulation (EU) No 517/2014 of the European Parliament and of the Council of 16 April 2014 on fluorinated greenhouse gases and repealing Regulation (EC) No 842/2006 Text with EEA relevance.

The elaboration of the National Climate and Energy Plans (NEEPs) will enable the country to plan, in an integrated manner, their climate and energy objectives, targets, policies and measures and to align the Albanian energy policies with the EU policies. NEEPs, once finalized, will reduce the administrative burden, ensure greater coherence, and provide long-term predictability for investment. The preparatory work on the analytical and technical aspects of the plans has already started and the NECP is expected to be adopted within 2022.

The lack of specific administrative structures remains a very serious and worrying issue.

Priority for the field of climate change for 2021-2023 remains the approximation of legislation and the drafting of bylaws provided in domestic legislation

CHAPTER 28: CONSUMER AND HEALTH PROTECTION

4.28.1.1 Chapter content

Chapter 28, in regards to the consumer protection section, covers the protection of the public interest in matters of product safety and consumer economic interests, and aspects related to its policy, legislation and enforcement, etc.

This chapter also covers the public health subchapter, which includes standards for the control of tobacco, blood, tissues, cells and organs as well as medicines for human and veterinary use. This subchapter covers also the safety and placing in the market of Medical devices, cosmetic products, issues of mental health, drug abuse prevention, health inequality, nutrition, alcohol-related harm reduction, cancer screening, healthy environments including injury prevention, safety promotion, active and healthy aging as well as European action in the field of rare diseases.

4.28.1.2 Chapter structure

Chapter 28 is divided into two subchapters:

- Consumer protection
- Health Protection

4.28.1.3 Summary of SAA and EU acquis requirements

Commitments in the area of consumer protection are taken in accordance with the obligations deriving from the Stabilisation and Association Agreement, Articles 70 and 76 and as well the relevant provisions of the EU acquis.

The obligation to approximate Albanian law to that of the European Union derives from Article 70 of the SAA and the Copenhagen Criteria.

The Stabilization and Association Agreement also contains a customized provision dealing with consumer protection. Article 76 of the SAA requires Albania to ensure an active consumer protection policy; harmonize legislation and ensure effective legal protection of consumers.

The acquis on consumer and health protection includes regulatory measures, recommendations to Member States, the coordination and support of Member States' activities including financial support. Member States should transpose the acquis into national legislation and establish appropriate administrative structures that allow effective market surveillance and implementation of the acquis. Adequate out-of-court litigation mechanisms for resolving disputes, as well as consumer information and education and a role for consumer organizations should also be provided.

The consumer protection acquis consists of product safety legislation and the European Union Alarm System (RAPEX), dangerous imitations, defective product liability, cross-border enforcement cooperation, consumer reparation, consumer goods sales and related guarantees, unfair contract terms, price indices, consumer rights, consumer credit, unfair trade practices, etc.

In regards to the public health, the acquis consists of measures related to tobacco control, serious threats to trans-boundary health, that include infectious diseases, blood, tissues, cells and organs, patients' rights in cross-border healthcare, medicinal products and cosmetics, medical devices, etc.

In regards to the blood, the acquis consists of measures related to capacity building for the implementation of EU legislation, defining and strengthening the capacity of the competent authorities independently for authorization, licensing, accreditation, inspection, vigilance and reporting.

4.28.1.4 Current situation in Albania and key achievement

There was no progress on last year's recommendations (2021) although there was some progress on strengthening the effectiveness of the Consumer Protection Commission (CPC) as well as on alternative dispute resolution of consumers. The Strategy "On Consumer Protection and Market Surveillance, 2020", finalized its implementation. In regard to this implementing process the Ministry of Finance and Economic, in cooperation and with contributions of the respective participating institutions: the Ministry of Agriculture and Rural Development; Ministry of Health and Social Protection; Ministry of Energy and Infrastructure; and other institutions such as: the State Market Surveillance Inspectorate; Quality Infrastructure Institution (General Directorates of Standardization, Accreditation and Metrology), National Food Authority; National Agency Medicine and Medical Devices, etc, prepared a monitoring report. The report focuses on the implementation of measures and activities for each objective envisaged in the strategy, mainly

related to legislative and institutional developments. This report is published on the web page of the Consumer Protection Commission.

In regard to the non-safety matters, the horizontal law 9902/2008 “On consumer protection”, as amended, is broadly aligned with the main directives in this area, such as the unfair conditions directive; the directive on the sale of goods and guarantees; the directive on misleading and comparative publications; the unfair commercial practices directive; the consumer credit directive, etc. The most recent amendment to this law adopted in October 2018 (Law 71/2018) has further increased the degree of approximation by partially harmonizing it with directive 2011/83 on consumer rights and directive 2013/11 on alternative dispute resolution (ADR). The basic principles of some other consumer-related issues are regulated by law 9902/2008, and further elaborated by secondary legislation, such as financial services distance contracts, travel packages, alternative dispute resolution etc.

Regarding financial services, the Bank of Albania during the fourth quarter of 2021, has continued the process of drafting some amendments to the Regulation no. 48, dated 01.07.2015 "On consumer credit and mortgage credit" in accordance with the provisions of the Law no. 9662 dated 18.12.2006 “On banks in the Republic of Albania” and Law no. 9902, dated 17.4.2008, "On consumer protection". These amendments aim at a higher harmonization with the requirements of the European Union Directive 2008/48 / EU "On credit agreements for consumers" regulating consumer credit and mortgage credit agreements for individuals in order to increase consumer protection requirements, as well as in compliance with the obligations for the Bank of Albania deriving from the the strategic documents of European Integration, EU Commission’s Annual Progress Reports for Albania and the national plan for European integration (NPİE) 2021-2023.

Regarding the Financial Supervisory Authority, the FSA Board has approved a strategy for increasing consumer / investor confidence 2017-2020, which aims at the fullest possible approximation with the legislation of the European Union. The strategy for “Increasing the consumer’s/investors’ confidence 2017-2020”, was finalized with clear goal achievements, but also acknowledging that, in cooperation with all other important market actors as well as financial and educational institutions, financial education should be upgraded in to another level, aiming the development and the start of a second education strategy for the Institution, taking in consideration the best examples worldwide as well as OECD recommendations.

The entry into force of Law 52/2014 “On Insurance and Reinsurance” has enabled the entire necessary legal framework to support the implementation of risk-focused supervision methodology in the insurance market as well as regulated the basic principles of several other issues related to customer.

During 2020, FSA has enabled the claim history data system for the owners and drivers of vehicles. Also the consumers / investors can check at any time, through a unique code generated by the system integrated with the insurance companies, the status of the treatment of the claim.

FSA has published on its web page “The Card of consumer and investor rights”. This Card defines the fundamental rights that the consumer and the investor have in receiving services in the non bank financial market, in accordance with the legislation governing the activity of the Financial Supervisory Authority, as well as the specific laws that govern each nonbanking financial market. This document presents concise and clear information, in order to protect the rights of consumers and investors in financial markets under the supervision of the AFSA.

Also, on December 2020 “The dictionary of financial terms” was published on the Financial Supervisory Authority web page, in order to inform the consumer about the terms of the non-bank financial market, products, services offered, etc.

Concerning the implementation of non-safety related matters; the Consumer Protection Commission (CPC) is the main body responsible for the implementation of consumer protection legislation. The capacity of the CPC is constantly strengthened through training on EU legislation and enforcement practices. In the EU-Albania 12th SAA Subcommittee “The Internal Market and Competition including Consumer and Health protection”, the EU Commission highly appreciated the work done by CPC, emphasizing that this institution is moving in the right direction. The activities of the CPC are primarily directed at protecting the general interests of consumers, but at the same time addressing individual consumer complaints and solutions. With the establishment of structure responsible for alternative disputes resolution between the consumer and the trader, individual consumer complaints will be addressed/resolved by this new structure.

The Commission is a decision-making body and has made decisions regarding standard contract terms in the service sector, such as electricity, water, internet, telecommunications, and universities. The measures given by the CPC have aimed at finding and eliminating unfair conditions in these contracts. The transparency and accountability of this body is ensured by publishing its decisions and annual reports on the CPC website. This website, which has been in operation since 2015, has also increased the access to information by consumers as it contains all the legislation, information and materials for their awareness, as well as information on CPC activities and its annual reports. Consumers can also submit their complaints through this website.

During 2021, in the framework of Albania's participation in CEFTA, also in terms of the field of electronic commerce and consumer protection, the negotiations regarding the drafting of a Draft Decision of the Joint Committee of the Central European Free Trade Agreement (CEFTA) "On the facilitation of electronic commerce" were held. This decision aims to harmonize regional inter-party electronic commerce and related aspects of consumer protection with the provisions of EU legislation. Currently, this draft decision in principle has been approved by the Council of Ministers and after approval by the CEFTA signatory parties will follow the internal ratification procedures by the Albanian Parliament.

With regard to safety-related issues, the Albanian legislation (Law No. 10480/2011 on “General safety of non-food products”) is broadly aligned with the General Product Safety Directive 2001/95 / EC. The Albanian Civil Code, though partially, regulates some aspects provided for by Directive 85/374/EEC on liability for defective products. In terms of implementation, the State Market Surveillance Inspectorate (SMSI), established in 2016, is the institution responsible for ensuring that product placed on the market is safe for consumers. In product safety-related issues, the State Inspectorate of Market Surveillance, created by DCM No. 36/2016, during the period 2019-2020 has continued the recruitment process and has currently 61 employees out of 80 employees that should have in total based on the organizational chart approved on 01.06.2020, which has increased from 69 positions to 80 positions in total, 50 of which are inspectors. The remaining vacancies are currently being filled through the procedures organized by the Public Administration Department and it is expected that the staff will be further increased very soon. National legislation is partially in line with the EU acquis.

In the field of Alternative Dispute Resolution” (ADR) between consumers and traders the following sublegal acts are adopted:

- Decision of the Council of Ministers no. 1089, 24.12.2020 "For the establishment of the General Directorate for Alternative Dispute Resolution, as well as for determining additional criteria that must be met by the structures for alternative dispute resolution", as well as;
- Order of the Prime Minister no. 64, dated 30.7.2021 "For the approval of the structure and staff of the General Directorate for Alternative Dispute Resolution".

The Consumer Protection Law and the above-mentioned legal basis have defined the establishment of the General Directorate for Alternative Dispute Resolution (DPZAM), as a subordinate institution under the Ministry of Finance and Economy, currently responsible for consumer protection issues. DPZAM mission will be to guarantee the protection of consumers' interests in the market through the resolution of disputes between the consumer and the trader, deriving from sales or service contracts between them, which are within its area of responsibility. This structure is expected to be established and operational by 2022, following the recruitment procedures for public administration employees.

In order to ensure further, align of consumer protection legislation with the EU acquis in the area of distance marketing of financial services, according to the planning in NPIC 2020-2022, DCM 736, dated 3.12.2021 “On some amendments on DCM Nr. 615, dated 7.9.2011 ‘On distance marketing of consumer financial services’”.

Consumer Protection Commission during 2021, continued to function in the implementation of consumer protection legislation through holding of four meetings, assessment of 40 issues, 8 of them related to the protection of the general public interest of consumers. Consumer complaints, submitted by individual consumers, consumer associations and local governments, have been handled by CPC. These complaints have found solution through CPC decisions or ADR

procedures of CPC. As well as other complaints were transferred for competencies to other institutions respecting their area of responsibility; AKEP, SMSI, Bank of Albania, etc.

SIMS during 2021 has continued the work in implementing the legal obligations of economic operators regarding consumer rights. For this, inspections have been carried out in two directions: proactive inspections and those initiated by customer complaints.

- Programmed inspections were carried out mainly relating to labelling and the necessary product information translated in Albanian language. In total 70 economic operators were inspected. 67 of them corrected the non-compliances within the time frame left by the inspectors, while for 3 of them were taken administrative measures in accordance with law No. 9902/2008 "On Consumer Protection";
- Regarding the follow-up of consumer protection complaints, all sectors of the Product Surveillance Directorate in the SIMS are included. Complaints were mainly regarding the legal warranty and product labelling. In total 35 complaints were handled related to various products such as: mobile phones, washing machines, detergents, sunglasses and textiles. All complaints have been resolved in favour of consumers by receiving compensation according to the rights guaranteed through the consumer protection law. Some of the complaints were addressed to SIMS through the online website (complaints section: <http://ishmt.gov.al/formular-ankese/>), e-mail address (info@ishmt.gov.al) and postal address (Rruga Shyqyri Bërxolli, No. 65, Tirana 1001). The rest of the complaints were forwarded to SIMS by the Consumer Protection Commission and the Consumer Protection Agency.

SIMS has taken measures to further increase staff through the restructuring of the organization structure. After the recruitment process, 15 new inspectors have been employed to SIMS, who also have tasks related to following up complaints on consumer protection.

In order to further strengthen the human capacities, the newly recruited employees were provided with all the necessary information on the procedures that must be followed for the implementation of consumer protection legislation. SIMS has also been involved in activities organized by NPOs with the aim to provide consumers with their rights as mentioned in legislation on the consumer protection. Representatives of the SIMS have discussed these topics in activities where the attendees were mainly consumers of civil society groups. SIMS has also been part of a campaign where experts in the field gave recommendations regarding the websites of central and local government institutions, with the main focus of making complaint section attainable and easy for all customers.

From 2018 SIMS has its own official website, where in addition to information materials that are published for both consumers and businesses, there is a special section where consumers can direct their complaints. During 2021, in addition to inspection as the main responsibility, SIMS has continued with the distribution of brochures to inform and raise awareness on consumer rights and also the opportunities to complain to SIMS.

Regarding the Financial Supervisory Authority, by September 2020, over 150 complaints were handled by the Consumer Protection Directorate, which compared to a year ago constitutes about 60% more complaints handled. The methodology of handling complaints is regulated by Regulation 35 “On handling customer complaints”.

Within the structural changes of 2020, the Consumer Protection Directorate was strengthened in capacity by becoming Department.

Audiovisual Media Authority (AMA), during 2021 has had only 1 (one) complaint related to consumer protection. The complaint was addressed to the Consumer Protection Agency and to AMA for information.

Following our procedures, AMA requested the company "DIGIT-ALB" sh.a., to which the complaint was addressed, the contract it had with its subscribers. According to the contract submitted to AMA, "program contents are subject to changes that can be undertaken by the entity/ company".

In terms of public health, there was no progress on last year's recommendations. On public health, the COVID-19 pandemic has shown an increased need for emergency preparedness and to enhance the capacity of the emergency health infrastructure. Significant progress still needs to be made to implement the One Health approach and all-hazard health preparedness, and more needs to be done in general to strengthen the policy framework and ensure that everyone in Albania has quality healthcare coverage.

Regarding blood transfusion should be mentioned that donation index is currently 10.2 donations/1000 inhabitants (data of 2020) and 19% of them are VNRBD. Testing for infectious agents is centralized in one testing centre in Tirana for all blood donations at national level, whereas still not centralized processing and immunoematology testing. Legislation is largely approximated with EU Directive 2002/98/EC” Setting Standards of quality and safety for the collection, testing, processing, storage and distribution of human blood and blood components” as well as implementing directives. Still remain provisions that require approximation for a full harmonization of legislation.

Concerning rare diseases, the national health strategy is being developed in cooperation with the World Bank. In the area of serious trans-boundary threats to health, including communicable diseases, the legal basis for the prevention and control of communicable diseases exists and is designed to comply with the acquis. There is a national system of alert and surveillance for communicable diseases. The national immunization coverage rate is 97%. The law on public health protection against tobacco products, designed to align with the acquis, is being applied to tobacco control. To prevent drug abuse and reduce harm, several preventive activities have been developed, mainly initiated by the Department of Health Promotion and the Institute of Public Health.

The Cross-sectoral Commission for the Protection of Health from Tobacco Products has approved the following decisions:

- Decision no. 7, dated 19.2.2020 "On the approval of photos of warnings for the destructive effects of tobacco, as well as the specifications of their placement in the package" approximated to the Delegated Directive 2014/109 / EU of 10.10.2014 amending Annex II. Directive 2014/40 / EU of the European Parliament and of the Council establishing a library with photographic warnings to be used in tobacco products;
- Decision no. 8, dated 29.1.2021 "On some changes in the decision of the Cross-sectoral Commission for the Protection of Health from Tobacco Products no. 7, dated 19.2.2020 "On the approval of some additions and changes in the photos of warnings for the destructive effects of tobacco, as well as the specifications of their placement in packaging".
- In line with the European legislation on patient's rights in cross border healthcare and the Albanian legislation, the Compulsory Healthcare Insurance Fund operates through the implementation of the following ratified international bilateral agreements (mainly with EU Member States):
- The Agreement with the Republic of Turkey has been ratified by Law no. 9066, dated 15.05.2003, "On the ratification of the Agreement between the Republic of Albania and the Republic of Turkey on social protection".
- With the Kingdom of Belgium, the Agreement has been ratified by Law no. 9066, no. 35/2014, dated 03.04.2014 "On the ratification of the Agreement between the Republic of Albania and the Kingdom of Belgium on Social Protection".
- With the Grand Duchy of Luxembourg, the agreement was ratified by Law no. 42/2015 dated 16.04.2015 "On the ratification of the Agreement between the Council of Ministers of the Republic of Albania and the Grand Duchy of Luxembourg on Social Protection".
- The Agreement with the Republic of Macedonia has been ratified by Law no. 123/2015, dated 12.11.2015 "On the Ratification of the Agreement between the Republic of Albania and the Republic of Macedonia on Social Protection".
- The Agreement with the Republic of Hungary has been ratified by Law no. 151/2015, dated 21.12.2015 "On the Ratification of the Agreement between the Republic of Albania and Hungary on Social Protection".
- The Agreement with the Czech Republic was ratified by Law no. 34/2016, dated 24.3.2016 "On the Ratification of the Agreement between the Republic of Albania and the Czech Republic on Social Protection".
- The Agreement with the Federal Republic of Germany has been ratified by Law no. 23/2016, dated 10.3.2016 "On the ratification of the Agreement between the Republic of Albania and the Federal Republic of Germany on Social Protection and its Final Protocol".
- With the Republic of Romania, the agreement has been ratified by Law no. 42/2016, dated 14.04.2016 "On the ratification of the Agreement between the Republic and Romania on social protection".

According to the aforementioned bilateral agreements, the Compulsory Healthcare Insurance Fund is the institution responsible for the pursuit of administrative procedures relating to applying and issuance of health insurance forms. According to these Agreements, the insured person who is entitled to benefits in kind in accordance to the legislation of a Contracting State receives benefits in kind when he stays or resides in the territory of the other Contracting State. The benefits in kind are provided on behalf of the competent institution, as determined by the legislation of the competent State. The competent institution is responsible for the reimbursement of the real amount of the benefits in kind to the institution that has provided that benefits, according to the Administrative Agreement.

The National Health Care Program provides residential health care, mainly for marginalized Roma and Egyptian groups. In the framework of initiatives undertaken by the Ministry of Health and Social Protection, dedicated free services for Roma and Egyptian women were provided for pap smears, free visits and all the services they needed. The purpose of this initiative is to increase access to services for marginalized women who aim to prevent disease through early screening. HIV / Awareness activities / trainings have been conducted in the Roma and Egyptian communities. The activities / trainings were intended to include information on HIV infection in this population group including members of the Roma and Egyptian community. The role of these activities is important to facilitate communication with family members during home visits.

Concerning medical devices, the Law 21/2020 “On some additions and amendments to Law 89/2014, Law 89/2014 “On medical devices” was approved in accordance with the European regulation on medical devices. The revision of the law follows the process of approximation of the Albanian legislation with the European one and aims to increase the safety when using medical devices after their placing on the market and increasing the access for patients. The law provides for the licensing of wholesalers of medical devices. The Ministry of Health and Social Protection has prepared a sub-legal act that defines the licensing conditions, accompanying documents, validity deadlines and the application procedures to guarantee the quality and maintenance of the best standards on medical equipment produced in the country. The legal changes also regulate the marketing of medical devices through the Internet, and also strengthen the measures taken for any entity that violates the law.

Regarding cosmetic products, according to Law no. 26/2017, dated 16.03.2017 “On cosmetic products”, no other bylaws have been adopted, except those previously reported, approved in 2020.

Regarding the preparations for the bilateral meeting within the screening phase, during 2021 IIWG has continued the work for the fulfilment of the Plan of Key Step. As a result, the Legal Gap Analysis (Screening List) and the Institutional and Administrative Gap Analysis (IAGA) which were finalised in 2020, have been further completed and updated. This provides a clearer overview of Albania's state of compliance with the *acquis* and an update of measures for future alignment. Although the section on public health subchapters still needs further completion, these documents are a good basis for preparing the presentation for the bilateral meeting.

Furthermore, in terms of substances that belong to humans (SoHO), with the support of the SANECA project (GIZ), 2 important trainings are organized providing knowledge on acquis requirements, relevant institutions at EU level, as well as on the negotiation process in the field of i) blood and ii) tissue, organs and organs. 8 online sessions have been organized for this purpose (April 12-13 and June 14-15). For both subareas, two documents are prepared providing recommendations on the future steps needed to further advance the legal and institutional alignment, as well as information on relevant institutions, important documents, projects, etc., to be considered from the responsible institutions. In the area of blood, two important guides have been translated: i) “Guide on Best Practices to ensure Compliance with Directive 2005/62 /EC”, and ii) Guide to the preparation, use, and quality assurance of blood components” 20th Edition. These two documents will be the basis of the manual for the implementation of a national blood quality management system in the field of blood transfusion, which is a major objective for the field strategy.

In the field of public health, Baby Check Pay is a new social policy undertaken by the Albanian Government during 2018. With DCM no. 740, dated 12.12.2018 “On the determination of immediate financial assistance for mothers with new-born babies and the procedure for giving it”, which entered into force on 1 January 2019, applies a bonus for mothers with new-born babies, which varies from 40,000 one thousand ALL for the first child, 80,000 ALL for the second child and 120,000 ALL for the third child and onwards. This bonus also benefits the mothers who give birth to their children abroad provided that the child is registered under the legal deadlines. The measure of immediate financial assistance is given in the form of a check on the mother's behalf, at the maternity hospital where she gave birth to the baby.

By decree 47 (30/01/2019), the Government has adopted a law establishing a nationwide control of cervical cancer. The Ministry of Health and Social Protection has dedicated a budget to the matter and the Public Health Institute has prepared the laboratory grounds for HPV-based screening. PHI has also prepared the technical framework of the National Program. The target group in the population is women of 40-50 years, who will be screened for high-risk HPV over 5 years. sINCE 2019, the program is fully operational and more than 20,000 women have been screened and provided follow-up services when needed. PHI has carried out a systematic evaluation of the first year of the program. Around 90% of women who were HPV positive had done a follow up visit for diagnoses or were planning to do it as soon as they could. Also around 90% of users considered the overall services of the program as ‘good’ or ‘very good’. Nonetheless, the pandemic has affected the utilisation of the program with a decline of around 50% during 2020-2021. At 3.02.2021, a hearing at parliamentary commission for health was dedicated to this new program.

In July 2020 a Government Decree approved the National screening program for breast cancer. The program includes services for systematic clinical breast examination of all women over 25 years of age and mammography screening for all women 50-60 years of age. The follow up

diagnoses and treatment services are also part of the package of the services included in the program. The program provides as follows:

- Every woman aged 50-60 years will be actively invited every two years by the family doctor to perform public health performance.
- All integrated services that includes:
 - Counselling services, informing and managing breast palpation are provided in primary care centers,
 - Takes care of mammography with standing in public hospital service centers, specialized polyclinics and mobile mammography units.
 - Diagnosis and eventual confirmation services are offered at the Mother Teresa University Hospital Center and 7 regional hospitals that perform chemotherapy treatment.

Again, even in this case, the pandemic has delayed activities for their start in all things.

In August 2021 Minister of health and social protection issued an order for the new national cancer control plan 2022-2030. There are organized 4 meetings and the document is already in an advanced phase.

Implementing the key strategic goals of the National Health Strategy 2016-2020 and the Mental Health Services Development Action Plan 2013-2022, the deinstitutionalization and decentralization of mental health services, and the provisions of the legal package implementing Law no. 44/2012 “On mental health”, as amended, recent interventions in the field of mental health aim to strengthen the network of specialized mental health services. In this context, by DCM No. 558, dated 15.7.2020 “On some changes and additions to Decision no. 325, dated 23.6.2000, of the Council of Ministers, ‘On the Establishment of the National Centre for the Upbringing, Development and Rehabilitation of Children, as a special budget unit’”, as amended, this year this centre was reorganized (now called the National Centre Therapeutic and Rehabilitation for Children) by expanding the age group of its services providers, from 0-6 years old to 0-18 years old, in order to maximize and strengthen the use of existing infrastructure and human resources, specialized in mental health for children and adolescents.

As regard to the legal framework in this field, despite the innovations presented by Law no. 44/2012 "on mental health" as amended and the extensive package of bylaws, international monitoring mechanisms such as the Council of Europe Committee for the Prevention of Torture / CPT, in its latest report has highlighted the need to improve the legal protection and respect and strengthening of the rights of persons with mental health disorders, sanctioned in international law. In this context, the new amendments and additions approved by Law no. 20/2021 “On some additions and amendments to Law no. 44/2012 “On mental health” as amended, addressed the above recommendations, mainly by differentiating hospitalization procedures from treatment, whether of a voluntary or involuntary nature. Meanwhile, the recent legal changes, provide increased legal protection for persons with mental health disorders who are unable to act related to involuntary treatment or/and admission procedures, through the possibility of a review of

these procedures by the competent court (under the same conditions as persons with full legal capacity to act), regardless of the consent of their legal guardian. MoHSP is currently working on drafting bylaws affected by these changes.

As regard to the strategic framework, the MoHSP is finalizing the National Health Strategy 2022-2030 document, which envisages specific interventions to improve access to and quality of mental health services with a focus on community-based services.

Development of legal and regulatory framework largely approximated with EU Directives, has been an important achievement in the field of blood transfusion. Other important achievements have been centralization of testing in one testing centre for all donations at national level as well as and introduction of NAT in testing for infectious agents. These interventions have significantly increased blood safety with regard to transfusion transmitted infections.

Based on WHO directives and standards and the aim of legal approximation with EU directives, the Ministry of Health in cooperation with INSTAT, which is a leader in this process, has drafted DCM no. 135, dated 20.03.2019 “On The Approval Of The International Classification Of Diseases Nomenclature, ICD-10 according to WHO directives where the leader is INSTAT in cooperation with Ministry of Health and Social Protection and other departments of statistics. This DCM consists in the implementation of ICD-10 international classification of diseases in all health institutions of the public and non-public system in primary and hospital service, Ministry of Justice-Prison Hospital and Forensic Medicine, Social Insurance Institute for CEMP, Ministry of Defence - Trauma Hospital that has dual institutional dependence. This nomenclature aims to replace the ICD-IX in the ICD-10 which has to do with the detailed codification of diagnoses in patient records according to international standards of WHO and EU.

In addition, with the support of SANECA, MFE could develop a methodology for the identification and mapping of stakeholders among others in Chapter 28 based on an influence-importance matrix, for the purpose of setting up the relevant roundtable for Chapter 28 in the framework of the Partnership Platform for European Integration (PPEI). The MFE launched the call for applications for the PPEI Chapter 28 Roundtable in March 2021 and held an information session to raise awareness among non-state actors and encourage participation in the Platform. The relevant Chapter 28 Roundtable was established in May 2021, organized its first meeting and now has rules of procedure for proper functioning as a consultation platform between state and non-state actors in the accession process in the relevant Chapter.

4.28.1.5 List of responsible ministries and institutions

1. The institutional framework dealing with consumer protection in Albania is composed of the following institutions:
2. Ministry of Finance and Economy (MFE)

3. Consumer Protection Commission (CPC)
4. State Inspectorate on Market Surveillance (SIMS)
5. Bank of Albania (BA)
6. Ministry of Health and Social Protection (MHSP)
7. Institute of Public Health
8. University Hospitals for diagnoses, treatment, specialists training, protocols
9. National Blood Transfusion Centre
10. State Health Inspectorate
11. National Agency Medicine and Medical Devices.
12. Ministry of Agriculture and Rural Development

4.28.1.6 Identified Gaps and Priorities

In regard to consumer protection issues the following gaps have been identified with:

According to the Institutional and Administrative Gap Analysis (IAGA), gaps in the institutional capacity were identified, mainly due to the limited number of staff of the structure in charge of consumer protection issues. Currently, the Internal Market Sector in the Economic Development Policy Department/MFE is composed by three employees. This sector other than consumer protection issues of Chapter 28 is also in charge of free movement of goods of Chapter 1.

The structure responsible for the alternative consumer dispute resolution, as provided to consumer protection legislation, is missing. This structure will resolve the consumer disputes that are increasing in continuity.

Continuous technological developments concerning online marketplace, digital services or digital tools used by consumers need adjustment of the consumer protection legislation. These adjustments, that are also part of the new EU directives, will ensure the transparency to consumers, enforcement of their rights, and the improvement of market functioning.

In regard to public health issues the following gaps have been identified with:

- Insufficiency (10,2 donations/1000 inhabitants)
- Most of donors are family replacement donors (80%)
- Still paid donations in place, outside Tirana (1% of total number of donations at national level)
- No haemovigilance system in place, no competent authority for haemovigilance.
- Quality management system at national/regional level still not in place.

The 2021 Annual Report of the European Commission for Albania on mental health recommends continuing to improve access to health care and services for disadvantaged

populations, including people with mental health disorders, who are often subject to multiple forms of discrimination.

The priorities for the time frame 2022 – 2024 in this chapter are:

- Strengthen the policy framework on public health with adoption of the new Health Strategy 2021-2030 and ensure its implementation and sustainability, including financial protection, and further align its legislation with the EU health acquis on substances of human origin and on medicines for human and veterinary use;
- Use the lessons learnt from the COVID-19 pandemic to strengthen all-hazard health emergency preparedness, including threats beyond communicable diseases and responses both at central and local level;
- Continue to improve access to health and services for disadvantaged populations, including Roma and Egyptian minorities, older people, people with pre-existing mental
- Strengthen the administrative capacity of the responsible consumer protection structure, Consumer Protection Commission, and other relevant institutions;
- Establishing the General Directorate for Alternative Dispute Resolution.
- Further aligned of consumer protection legislation with the acquis according to the Legal Gap Analysis for Chapter 28 and in particular with regard to the aspects of consumer sales contracts, as well as better implementation and modernization of EU consumer protection rules. This process will also apply the provisions of Decision of the Joint Committee of CEFTA “On facilitation of electronic commerce” in regard to consumer protection aspects.
- Functioning of the Market Surveillance Inspectorate, with full staff capacity;
- Implement the public health policy framework and ensure the sustainability of interventions;
- Improving access to health and services for people in need, including: Roma and Egyptian minorities; persons with disabilities; and population in rural or remote areas;
- Improvement of access for women and girls belonging to the above groups, who are often subjected to numerous forms of discrimination;
- Further efforts to fully comply with EU laws on the issues of tobacco control, on substances of human origin and on medicines for human and veterinary use;
- Assess and prioritise the health impact of policies on social protection, safety at work, environment, territorial planning and regulation, including transport and communications, and fiscal policies to raise the tax burden on tobacco, alcoholic drinks, high-polluting fuels, gambling and facilitating fiscal policies for products of special interest to public health;
- Create/consolidate cross-sector coordination mechanism for major problems of public health, such as drugs and alcohol abuse, smoking, road safety, food safety and nutrition, emerging infectious diseases, antibiotic resistance, pandemic preparedness and response, strategic management of chemicals, environmental factors, climate change, migration and health and social inclusion;

- Improve infectious disease surveillance and response programmes through improving legislation, capacity building, digitalization of information networks, and upgrading of public health microbiology laboratories;
- Establish a surveillance system for antibiotics resistance and a control and monitoring program for antibiotics consumption through capacity building, information networks and upgrading of public health microbiology laboratories;
- Improve pandemic preparedness and response and other diseases control policies (HIV/AIDS, Syphilis, Viral Hepatitis, Influenza, Immunization program, etc.) by increasing capacities and improving national strategies.
- Increasing voluntary non-remunerated donations through reorganization of promotion activity at national level, strengthening promotional capacities within NBTC and digitalization of donor/donation database at national level.
- The information system for the management of the national blood bank is in the implementation phase, and it aims to shorten the communication distance between the donor, the blood bank and the recipient by providing a common system for the three actors and thus meeting the blood requirements. The system will enable the automation of the process of storing, processing, receiving and analyzing information related to the administrative management and inventory of blood and its products in all blood banks and public / private hospitals in our country.
- The exchange of information between blood banks to meet blood requirements is one of the priorities of its operation. The system will guarantee increased accuracy of information on blood and by-products, donor, laboratory tests as well as good distribution management of blood bags considering expiration dates. Also it will make it possible to preserve the history of laboratory tests for blood donors.
- Further increase of quality and safety of blood through strengthening testing/processing/storage capacities, full harmonization of standards and legislation with EU Directive 2002/98/EC” Setting Standards of quality and safety for the collection, testing, processing, storage and distribution of human blood and blood components” and implementing directives as well as designation/adequate organization of competent authorities for haemovigilance and inspection. Implementation of an integrated system of haemovigilance through development of a network for reporting and evaluating adverse reactions and events.
- A new national action plan/programme on mental health development in Albania will be drafted within 2023, based on the relevant strategic objectives related to mental health of the New National Health Strategy 2030. The objectives will reflect the vision of relevant mental health documents of World Health Organization and all relevant EU ACQUIS (part of soft legislation). In regard to the strategic framework that implies mental health, in addition to the document dedicated in this field, the Action Plan for the Development of Mental Health Services in Albania 2013 - 2022, mental health has been given a special focus on mental health in Care Primary Health, providing in the first strategic document for the development of primary health care, approved in 2019, the provision of socio-health services near health centers. This approach is also foreseen in the Government Program 2021 - 2025, where it is planned that within 2024 10 model centers of family

medicine will be put into operation, with integrated socio-health services, with the main focus on mental health problems, but also services. for children and young people and palliative care. In parallel, work is being done through the HAP project, in order to improve the quality and access of mental health in PHC, for the development of guidelines for the management of mental health disorders in PHC (Primary Health Care), a process which will continue with training activities. of family medicine teams (family doctors / general practitioners and nurses) in the use of this instrument in their daily practice, in order to better integrate services in PHC.

- An extension of the Strategic document on “Prevention and Reduction of Alcohol Related Harms in Albania, 2017-2021” and its Action Plan/programme will be revised in 2022, reflecting relevant strategic objectives related to alcohol of the New National Health Strategy 2030. The objectives will reflect the vision of relevant international documents, as of World Health Organization and relevant EU ACQUIS.
- A National Plan for Drug Control 2030, and an its Action I is planned to be adopted within 2022 reflecting relevant strategic objectives related to drugs of the New National Health Strategy 2030. The objectives will reflect the vision of relevant international documents, as of World Health Organization, European Monitoring Centre for Drugs and Drug Addiction and relevant EU ACQUIS.

Other issues

- Increase the engagement and involvement of civil society in the process of accession negotiations, through functioning of the Roundtable for Chapter 28, now already established, within the framework of Partnership Platform for European Integration;
- Increase and strengthening of capacities of members of IIWG, regarding the completion of the screening phase and further on the process of accession negotiations for Chapter 28.

CHAPTER 29: CUSTOMS UNION

4.29.1.1 Chapter content

EU legislation in the field of the Customs Union is directly binding on the Member States, ensuring the functioning of the customs union as well as the effective protection and control of external borders. Member States must ensure that the necessary implementation capacities are in place, including links to relevant EU computerized systems. Customs services should also provide adequate capacity to enforce specific rules set out in relevant areas of the acquis such as foreign trade, health and safety provisions.

4.29.1.2 Chapter structure

N/A

4.29.1.3 Summary of SAA and EU acquis requirements

Commitments in the area of customs are taken in accordance with the obligations arising from the Stabilization and Association Agreement, articles 13, 14, 15, 34, 43, 86 and 97. Articles 13, 14, 15, 34, 43 and 86 provide obligations on strengthening of cooperation with region countries that have signed the SAA. Article 41 and Protocol 4 lay down the rules of origin for the implementation of the provisions of this Agreement.

The Stabilization Association Agreement, in particular Article 97 refers to customs. This article provides the obligation on approximation of the Albanian customs legislation to EU legislation, cooperation between Parties according to the EU acquis in customs field and cooperation for administrative mutual assistance in customs matters.

Acquis in the field of Customs Union includes the EU Customs Code and its implementing provisions, the Nomenclature, the common customs tariff and tariff classification provisions, the relief of customs duties, customs suspensions and certain tariff quotas, as well as other provisions such as those on customs control of intellectual property rights, as well as mutual administrative assistance in customs and transit matters.

Implementation of the Customs Union acquis requires the existence in each Member State of effective customs authorities which need to ensure the correct, uniform application of customs rules and, where appropriate, of other provisions applicable to goods subject to customs supervision.

4.29.1.4 Current situation in Albania and key achievements

Albania is moderately prepared in the area of the customs union. Limited progress was made in particular with the first registrations of authorized economic operators and first appointment of a coordinator of the anti-corruption network in the customs administration. Preparatory work for the development of the New Computerized Transit System continued. Last year's recommendations were partially addressed

Albania has broadly aligned the EU acquis in the customs area. The rules of valuation, risk analysis, tariffs, intellectual property, customs procedures including on-line are harmonized with EU rules. Also, the customs debt system and guarantees are harmonized with EU rules.

Following the evaluation of PR 2021, Albania has advanced with the implementation of its program of Authorized Economic Operators (OEA) by authorizing the first 8 (eight) economic operators in 2021.

Regarding the implementation of the decision of the CEFTA Joint Committee for mutual recognition programs of Authorized Economic Operators (AEO), the General Directorate of Customs has established a working group which will verify the applications and fulfil the legal requirement set by applicable legislation.

Also, the Ministry of Finance and Economy and the General Directorate of Customs have organized public awareness campaigns with representatives of business and trade unions on the promotion of benefits / advantages and criteria to be met for the AEO authorization. As a result of this campaign there are 15 applications for authorization from companies which are under the process of reviewing and completing the required documents. The first 8 (eight) economic operators have been authorized in 2021.

In the framework of the mutual recognition of AEO with the CEFTA countries, the General Directorate of Customs has submitted the request for initiating the procedure to the CEFTA Secretariat. Albanian Customs is cooperating with GIZ for the implementation of the regional pilot project of Authorized Economic Operators. Meanwhile, in cooperation with GIZ, has begun the completion of all legal documentation in English for this procedure.

Regarding the electronic certification of the documentation and the electronic signing of the declaration by the Economic Operators / Customs Agents, as well as by the customs employees, the electronic stamp is applied.

The Nomenclature of the Goods (NCM) is adopted updated annually to be in line with the EU Combined Nomenclature.

Albania applies the Regional Convention on Pan-Euro-Mediterranean (PEM) preferential rules of origin and from 1st of September 2021 Albania has started the application of the transitional rules of preferential origin of the PEM Convention in bilateral trade with the EU (Law No. 98/2021 dated 07.07.2021), while from January 2022 with EFTA countries too (laws No. 99/2021 and 122/2021).

Law No. 101/2021, dated 07.07.2021 amended Annex 4 of the CEFTA Agreement 2006 and enabled the application of the transitional rules of preferential origin of the PEM Convention as alternative rules. Its implementation is yet to come.

Laws no. 101/2021 and 99/2021 dated 07.07.2021 amended Annex 4 of the CEFTA Agreement 2006 as well as the FTA Protocol B with the EFTA countries. The amendment of bilateral agreements on agriculture between the Republic of Albania and the Swiss Confederation, and the Republic of Albania and the Republic of Iceland, enabled the application of the transitional rules of preferential origin of the PEM Convention as alternative rules.

From 3 May 2021, has started the implementation of the Law no. 82/2020 dated 02.07.2020, which replaced the FTA Protocol II with Turkey (Concept of "originating products" and

"methods of administrative cooperation) with the Regional Convention on pan-Euro-Mediterranean rules of preferential origin.

On 3 May 2021 Albania has started the implementation of the Partnership, Trade and Cooperation Agreement with the United Kingdom of Great Britain and Northern Ireland (Law no. 31, dated 08 March 2021).

In the framework of the IPA 2017 Program, the Twinning Project “Support to the Albanian Customs Administration regarding the implementation of the EU Customs Code and the preparation for interaction with the EU IT system for counterfeit goods” has been approved. This project aims to assist the ACA in aligning third acts and guidelines with the EU acquis and best practices as well as to assist in preparing for interaction with the EU IT system for counterfeit goods. On November 24, 2020, the contract was signed and on November 24, 2021 the project was completed. During 2021, a number of customs regulations and manuals were translated into Albanian, gaps and needs analysis was done and drafts were prepared in English. Currently in process of drafting are the Customs Code, its Implementing Provisions and relevant manuals and instructions, aiming alignment with the EU acquis.

With Law no. 62/2019 “On the Ratification of the Loan Agreement between the Republic of Albania and the International Bank for Reconstruction and Development for the Project” Western Balkans Trade and Transport Facilitation Project” with a multi-stage programmatic approach”, the implementation of the NCTS System is foreseen as well as further approximation of the EU acquis in relation to the provisions on NCTS. This project also includes the components of the Single Window and the Joint Border Crossing Point (with Northern Macedonia) in Qafë Thanë.

The MoFE has established on February 2020 a Project Implementation Unit (PIU) to ensure technical implementation of the project. The expected completion date of the Project is 15 December 2025.

The implementation of the NCTS-related Project has already officially started, which envisages the drafting of technical requirements / specifications for the development and implementation of the NCTS. This task includes the preparation of new laws and regulations related to the NCTS as well as the preparation of technical and functional requirements and work schedule specifications and any other requirements necessary for phase 5 of the NCTS.

The implementation of the NCTS aims at standardizing the processes for the NCTS. Legal and sub-legal provisions as well as third level acts related to NCTS have been prepared by the Project experts and are expected to be submitted to the responsible ministry for finance and then to continue with their official translation to proceed further with the legislative work from our part.

Continues the drafting of the Customs Code, its Implementing Provisions, acts which will include even the common transit provisions. It is also in process the preparation of third level

acts, in implementation of the Customs Code and its implementing provisions, which approximate EU manuals and guidelines.⁸⁵ The General Directorate of Customs is one of the beneficiaries of the IBRD Investment, the first phase with a focus on Trade Facilitation and Transport in the Western Balkans (WBTTFP). Customs components also include National Single Window Development Projects.

The loan agreement was signed on 19/06/2019 by the International Bank for Reconstruction and Development (IBRD) and the Government of Albania represented by the Ministry of Finance and Economy. Since February 2020, the PIU Project Implementation Unit at the Ministry of Economy and Finance is following the implementation and contracting procedures within this Project. In the framework of this WB Project, in November 2020, the company KGH Customs Services was contracted to design NSW in three countries: Albania, Serbia and Northern Macedonia. The purpose of the project is being implemented by KGH Customs Services “Blueprint / Guide for the Single National Counter (NSW) for Albania”. The Blueprint is submitted and summarizes key analyzes and decisions made on some important aspects of the One-Stop-Shop, including the NSW oversight structure, operational model and tariff structure to support operations, a change management program and an NSW implementation plan.

After the final phase of Blueprint prepared by the company KGH which developed and last toilet on 29 October 2021, PIU has prepared TORs for: WBTTF-ALB-112A: Technical adviser to support the implementation of legal changes required to support specific features of the new functional model”, which must be approved by the GDC for approval.

Based on the Guideline No. 3, dated 23.01.2018 “On the valuation of goods for customs purposes” is adopted the National Valuation Database as a recognized and recommended instrument by the World Customs Organization. This Database is used during the customs valuation process of goods where the declared value is not accepted and its determination is made by applying the declared and accepted optimal values for identical and similar goods.

During the period January - December 2021, customs clearance using available data (minimum reference prices, method 6) was about 6% of the total items for this period.

The risk management system is automated and compares import, export and transit data against active risk profiles. The automated Risk Management System (RMS) contributes on having a fair balance between trade facilitation and customs controls.

During the period January 2021 – December 2021, 6.6% of the total number of import / export customs declarations was physically inspected (red channel); 62.9 % documentation control

⁸⁵The drafting of the Customs Code, its implementing provisions and third level acts is being done within the IPA Project “Support to the Albanian Customs Administration in relation to the implementation of the EU Customs Code and increase of operational capacities in the area of counterfeit goods” as well as assistance provided by the World Bank “Trade and Transport Facilitation in the Western Balkans”.

(yellow channel), 10.5% post-clearance control (blue channel) and the rest (20.1 %) had no control (green channel).

The General Directorate of Customs, in the context of national defence and security mission and, in the context of improving the customs controls on import, export and transit of narcotics and psychotropic narcotics precursors, has implemented risk profiles in the ASYCUDA World IT system since 2012.

The customs control system for drug precursors, dangerous chemical products and 'controlled substances' is harmonized with the 1988 UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. Cross-border smuggling of tobacco products and other illicit activities in the border regions continue to be an important area where further improvements in cooperation and antifraud tools are needed.

On administrative and operational capacity, in January 2021, the Customs authority signed a memorandum of cooperation with the police for access to the Europol SIENA platform for exchange of information. In March 2021, the nCEN (national customs enforcement network) database has become operational.

The Directorate of Investigation, based on the investigation plans and relevant authorizations has exercised controls to identify entities and persons dealing with financial violations, tax evasion, smuggling of excise goods or other goods and market formalization mainly in the sale of tobacco minced, the introduction of smuggled cigarettes, the final blow of this activity.

The Value of Cash declaration at the border from 25th of July 2019 is 10,000 euro. Meanwhile, the value of the Cash declaration at the border is regulated by law no. 9917, dated 19.05.2008 "On the prevention of money laundering and terrorist financing", as amended and is in line with EU Regulation 2018/1672 of the European Parliament and of the Council of 23 October 2018 "On controls on cash entering or leaving the Union and repealing Regulation (EC) No 1889/2005) in the amount of 10,000 Euro".

The form of declaration is done in electronic format, at the Customs Authorities, at the Entry/Exit of Republic of Albania. The declaration form is in accordance with "Regulation (EU) 2018/1672 of the European Parliament and of the Council of 23 October 2018 on controls on cash entering or leaving the Union and repealing Regulation (EC) No 1889/2005". With the amendments of law no. 9917, dated 19.05.2008 "On the prevention of money laundering and terrorist financing", as amended (added by law no. 33/2019, dated 17.6.2019), the Customs Administration imposes fines, according to certain cases and amounts when non-declaration is ascertained.

During the period January – December 2021 by the Directorate of Anti-Smuggling, in total 2,705 out of which 323 controls that were exercised, were completed. The controls were exercised in cooperation with the structures in the GDC, as well as with other law enforcement bodies.

During the exercised controls, 54 cases of customs violations were ascertained / detected, where 51 are with penalties, in the total value of ALL 17,545,547. IT systems are fully interconnected with the Directorate General of Taxation and the Directorate General of Road Transport, while conditions for direct access are created to police and prosecution and the National Food Authority.

The Albanian Customs Administration based on the Decision No. 921 dated on 29.12.2014 “On Customs Administration Personnel”, as amended, has defined the organizational chart of the Customs Administration. The organization of the Albanian Customs Administration has 1102 employees distributed at central level (General Directorate of Customs) and local level (17 Customs Houses). Out of these, 808 employees have the status of Civil Servant and 294 employees are employed by the Labour Code. There are currently 1,054 employees (761 civil servants and 293 with the Labour Code) and there are 48 vacancies, with a current vacancy rate of 5 %.

During 2021, a total of 52 employees were employed at the General Directorate of Customs, out of which 41 are civil servants according to the procedures provided in the law on Civil Service and 11 according to the Labour Code. 22 employees were removed from the customs administration (with restructuring, pursuant to the decision of the Court, with the Disciplinary Commission, old age pension, upon request, transferred to another duty, suspension for a period of up to 2 years upon request, due to law).

During 2021, in the Disciplinary Commission of the General Directorate of Customs were reviewed 154 disciplinary commissions, of which 119 commissions were whitewashed with final decisions of which: 1 dismissal, 2 dismissals from the civil service, 96 breaks, 2 retention of 1/3 payment for 1 month, 3 retention of 1/3 payment per month 2 months, 2 retention of 1/3 payment for 3 months, 1 retention of 1/3 payment for 4 months, 2 retention of 1/3 salary for 6 months, 9 suspensions and 1 suspension from promotion, including increasing the salary rate for a period of up to two years and 35 are in the process of completion.

The job evaluation procedure for the first 6 months of 2021 has been completed, including the distribution and collection of forms, the posting of the appraisal in the database and the statistical preparation of results for 637 civil servants, from 696 employees in total where the difference is civil servants in probation. A total of 125 employees are provided with a security certificate and 29 employees are in the process of certification.

For the period January - December 2021, the Directorate of Anticorruption and Professional Standards has handled 168 cases, denunciations / complaints, requests for information on customs procedures received through the Green Number, address antikorrupsion.dpd@dogana.gov.al, cases forwarded for prosecution by the Coordinator of the Anti-Corruption Network attached to the GDC, as well as cases delegated by the General Director. The position of coordinator of the anti-corruption network was created in November 2020.

Following authorization by the Ministry of Justice the coordinator was appointed in March 2021 for a period of two years. Anticorruption Network Coordinator based on DCM no. 899, dated 18.11.2020 “On some additions and changes to the decision no. 921, dated 29.12.2014, of the Council of Ministers ‘On the staff of the customs administration’, as amended, may request assistance from the Directorate of Anti-Corruption and Professional Standards, as well as from other customs structures.

In this context, DASP has had a very close cooperation with this structure, where it has engaged and cooperated in handling 17 cases / complaints, delegated by the Anti-Corruption Network Coordinator attached to the GDC.

By order of the Director General of Customs, the Director and two specialists of the Directorate of Anti-Corruption and Professional Standards were appointed points of contact of the GDC with the Co-ordination Coordinator in the MFE. Since the establishment of this structure, referring to the law on Co-Government, this period has been addressed / coordinated within the legal deadlines set 19 cases received in the Co-Government Platform addressed to the General Directorate of Customs. This structure also performs daily reporting on the progress of the complaints process to the Ministry of Finance.

Two employees of the Directorate of Anti-Corruption and Professional Standards have also been assigned Responsible Units for Signalers, referring to the Order of the General Director.

The LIMS system (Laboratory Information Management System) system has been implemented and it is operational. On 28-30 June 2020, in the Customs Laboratory was conducted an evaluation visit for accreditation, by experts from the General Directorate of Accreditation. In September 2021 the Customs Laboratory has been awarded the Accreditation Certificate by the General Directorate of Accreditation of a total of 38 analytical indicators. Upon completion of the technical conditions (calibration, maintenance of equipment), the Customs Laboratory will follow the necessary procedures for expanding the scope of accreditation with other analytical indicators. Technical and professional capacities related to analytical methods and laboratory safety have been improved through trainings by the World Customs Organization. Also, the knowledge on sampling procedures SAMANCTA (Sampling Manual for Customs and Taxation Authorities) is improved through trainings by DG TAXUD and Sciwan Group.

The Albanian Customs Administration, during 2021, has suspended the release of the following goods suspected of infringing intellectual property rights:

- 380 pairs of sports shoes were suspended for release for free circulation as infringing the trademark 'Armani' and 1,420 pairs of sports shoes as infringing the trademark / s 'Adidas', which were confirmed by the legal representatives as infringing intellectual property rights;
- 68 pairs of nightgowns as infringers of the trademark ‘Sergio Tachini’ based on the ex-officio procedure.

- 600 l (1200 pieces × 500ml) H10 insecticide based on an approved application, which were confirmed as infringers of intellectual property rights and are awaiting destruction proceedings

In cooperation with legal representatives, 105 Armani bags / wallets, 50 bags and 50 pairs of Channel glasses, 78 Christian Louboutin pair of shoes and 95 pieces Montblanc wallets were destroyed. The Directorate for the Protection of Intellectual Property rights has continuously coordinated the organization of joint inter-institutional operations as well as with structures within the General Directorate of Customs. This Directorate has developed and participated in trainings in the field of intellectual property rights. During 2021, in order to update the information on the legislation of Industrial Property, the method “Training on the job” was followed. Also online trainings with the customs staff are carried out. In total the number of trained customs’ staff is 110 people at the local level.

During 2021 within the IPA project (AL 17 IPA FI 02 20) "Support to the Albanian Customs Administration in relation to the implementation of the EU Customs Code and increase of operational capacities in the area of counterfeit goods", the Ines + system was installed and users have been created for the Directorate of Investigation, the Directorate of Anti-Smuggling, the Directorate of Information, as well as of some customs branches. To increase the level of information, 2 (Ines +) user manuals have been drafted, which will be approved in the form of guides for system users. In accordance with the project calendar, trainings were conducted for a total of 86 people, which aims to approve the third level acts according to those of the EU and the creation of a customs data system on seizures procedures and destruction of infringing goods as well as the implementation of the online procedure for applications to be made by right holders.

During 2021, the analysis of gaps and needs has been done and they are in the process of drafting. The Customs Code, its Implementing Provisions and relevant manuals and guidelines, aiming the alignment with the EU acquis.

In January 2022, DCM no. 800, dated 20.12.2021 “On the approval and official publication of the Combined Nomenclature of Goods 2022” entered into force.

The “paperless” customs system for import-export procedures is applied from 16.05.2019.

In 2021, from January to December, trainings were conducted by the General Directorate of Customs and various organizations such as EXBS, WCO, GIZ, OBD, UK Border Force, Prime Ministry, MFE, QTATD, ASPA, etc., some of which are ongoing as a result, 69 trainings were conducted and 723 employees of the Customs Administration were trained.

During 2021, the IPA 2017 Project enabled the drafting of the Albanian Customs Administration Training Strategy and we are currently in the phase of reviewing the recommendations and the procedure for approving the Strategy within 2022.

Regarding to **cultural heritage and museums**, detailed information is given in Chapter 1 "Free Movement of Goods".

4.29.1.5 List of responsible ministries and institutions

The responsible institutions for this chapter are:

1. Ministry of Finance and Economy;
2. General Directorate of Customs.
3. Ministry of Defence;
4. Ministry of Culture;
5. National Institute of Cultural Heritage Registration;
6. Ministry of Tourism and Environment;
7. National Agency for Information Society (NAIS);
8. Institute of Statistics.

4.29.1.6 Gaps identified and Priorities

Gaps identified are:

- The draft decision on determining the rules for the imposition of administrative sanctions by customs authorities for non-declaration or false declaration of cash and valuables at the BCP has not been approved.
- Provisions for common transit are being revised by customs structures.
- Intensify efforts in pursue the fight against smuggling, corruption and imports of counterfeit products including through strengthening administrative capacities and improving cooperation among the bodies involved;
- Access to the FCTC Protocol to Eliminate Illicit Trade in Tobacco Products.
- The levying of “scanning fees” per customs declaration continue to contravene the Stabilization and Association Agreement which prohibits customs duties or charges having equivalent effect on trade between the EU and Albania.
- Cross-border smuggling of tobacco products and other illicit activities in the border regions continue to be an important area where further improvements in cooperation and antifraud tools are needed.

The priorities in this area are as follows:

- Improving customs procedures in order to increase the efficient collection of duties is one of the main priorities in this area.
- Advancing with the registration of authorized economic operators, pursuing the fight against smuggling, and illegal trafficking, imports of counterfeit products and corruption.

- Follow-up and correct implementation of Law no. 62/2019, for the development and implementation of the Single Windows Project, the NCTS Platform (New Computerized Transit System), as well as the implementation of the Joint Border Crossing Point (with Northern Macedonia) in Qafë Thanë.
- Implementation of green lanes with EU border countries.
- Improving and increasing the number of online applications for Authorizations which are approved by the Customs Administration through the portal e-albania.
- Improvement and development of the customs information system for declaration before the arrival of goods.
- Approval and official publication of the Combined Nomenclature of Goods.
- Approval of the implementing provisions of Law no. 33, dated 17.6.2019 regarding the procedures for imposing sanctions (fines) by the customs authority in cases of non-declaration or false declarations of cash at the border. The draft DCM is completed by the Customs Administration and sent to the MoFE- Ministry of Finance and Economy for further proceedings.
- Approval of the amendments of the Customs Code, its Implementing Provisions, and approval of the third level acts implementing them, including provisions on common transit.
- Fight against intellectual property infringements in customs, risk management system according to harmonized EU risk management models, as well as active cooperation with national and international partners in the field of security and defence. The Directorate for the Protection of Intellectual Property Rights based on the national Intellectual Property strategy that is expected to be approved and the action plan of the Strategy will:
- Strengthen administrative capacity through online and field training, updating current Albanian School of Public Administration (ASPA) curricula and field application of acquired knowledge.
- Increase cooperation at national and international level through instruments of joint operations, task forces.
- Improve the structure, availability and systematization of statistical data by increasing the use of the Ines + system as well as their transparency.
- Improve the risk management system for the protection of intellectual property rights.
- Undertaking activities to improve the public image and reputation of customs. Activities and actions in the field of fight against corruption will be strengthened and implemented.
- Liaison with EU IT systems and standards, improvement of IT systems and platforms.
- Development of a cycle of trainings in the customs branches as well as online in order to increase the administrative capacities in cooperation with QTATD regarding the issues of intellectual property.

CHAPTER 30: FOREIGN RELATIONS

4.30.1.1 Content of the chapter

The *acquis* in this field consists mainly of directly binding EU legislation which does not require transposition into national law. This EU legislation results from the EU's multilateral and bilateral commercial commitments, as well as from a number of autonomous preferential trade measures. In the area of humanitarian aid and development policy, Member States need to comply with EU legislation and international commitments and ensure the capacity to participate in the EU's development and humanitarian policies. Applicant countries are required to progressively align its policies towards third countries and its positions within international organizations with the policies and positions adopted by the Union and its Member States.

4.30.1.2 Structure of the chapter

- Common commercial policy
- Development policy and humanitarian aid

4.30.1.3 Summary of SAA requirements and the EU *acquis*

The obligation to approximate Albanian legislation with that of the EU stems from Article 70 SAA, a provision by which Albania has not only the obligation to bring its national legislation in accordance with EU legislation, but also to ensure that it is implemented. The Stabilisation and Association Agreement (SAA) includes a core trade part establishing a free trade area between Albania and the EU. It includes provisions in several areas requiring the parties to act in accordance with the rules of the WTO or relevant international obligations. Albania's obligations under SAA provisions for trade policy in summary are as follows: SAA Articles of relevance for the chapter are: 7, 16, 19, 20, 21, 25, 26, 27, 28, 29, 33, 34, 40, 59, 60, 70, 71, 72, 73, 74, and 97.

The *acquis* in the area of common commercial policy consists mainly of directly applicable EU legislation which does not require transposition into national law.

The *acquis* results principally from EU's multilateral and bilateral commercial commitments, as well as from a number of autonomous trade measures. In the area of export credits and dual-use goods, some elements of the *acquis* require earlier preparations in order to have fully capable administrations from the day of accession. Applicant countries are required to progressively align their commercial policies towards third countries and within international organizations with the policies and positions adopted by the European Union and its Member States, so as to be able to implement the EU common commercial policy upon the date of accession. In the area of humanitarian and development policy, Member States need to comply with EU legislation and with EU international commitments and ensure the capacity to participate in the EU's development and humanitarian policies.

4.30.1.4 Current situation in Albania and key achievements

Current situations in Albania

Regarding the acquis on foreign relations, Albania has a good level. Following the successful presidency of the Central European Free Trade Agreement (CEFTA) by Albania in 2019, good progress has been made in addressing the recommendations of the 2020 reports. This is higher than 2020.

However, some of the recommendations for 2021 remain the same as those of 2020: Continue to implement the National Action Plan for the coordination and facilitation of trade policies; adoption of relevant legislation in the field of export control of dual-use goods; the implementation of the multiannual action plan for the development of a Regional Economic Zone, in particular the implementation of CEFTA Protocol 5 on Trade Facilitation and the prompt negotiation and conclusion of CEFTA Protocol 7 on the settlement of disputes.

The new recommendations include: the conclusion of negotiations and the adoption of Additional Protocol 7, the continuation of the implementation of actions under the Regional Common Market Action Plan (TPR) 2021-2024 for the development of a Regional Economic Zone, the inclusion and mutual recognition of professional qualifications, facilitating trade in services provided by travel agencies and tour operators in connection with the abolition of work permit applications for professional activities referred to in Additional Protocol 6 and the promotion of electronic commerce, as well as the continued implementation of the National Action Plan in the field of Investments.

On the common commercial policy, Albania continued to coordinate its positions and align its policies closely with those of the EU, including within the World Trade Organization (WTO) as regards the dispute settlement understanding (DSU), proposed mechanisms of the DSU and the Joint statement on Services Domestic Regulation.

Albania ratified the WTO Trade Facilitation Agreement and notified its list of commitments. Due to COVID-19 crisis measures, in March 2020 Albania adopted the order No 131 of 08.03.2020 "On export ban of pharmaceutical products and medical equipments" of the Minister of Health and Social Protection, which is repealed by the Order of the Minister of Health and Social protection,

No. 324 dated 06.07.2021. Albania cooperates with the OTAWA Group countries on the preparation of the WTO initiative on trade and health in the framework of the global efforts to fight the pandemic situation.

The Inter-Institutional Group for Trade Policy Coordination and Trade Facilitation, which has been established, has been recomposed by Prime Minister's Order no.104 dated 07.08.2020, is working and in an important aspect of trade facilitation, to respond to the intensive development of CEFTA in the implementation of Additional Protocol 6 "On Trade in Services". The inter-institutional group has included business representatives from the tourism sector and representatives of the dairy processing business.

Albania is implementing the free trade agreement with the European Union (part of the SAA) between the European Union and Albania, Eastern European countries (CEFTA 2006), EFTA States, Turkey and recently the Partnership, Trade and Cooperation Agreement between Republic of Albania and the United Kingdom of Great Britain and Northern Ireland. The protocol of preferential rules of origin with Turkey is still under process.

In the field of export control for dual-use items, the State Export Control Authority (SECA), under the Ministry of Defense, is the structure responsible for drafting and implementing legislation on dual-use goods

The legal framework consists of Law No 46/2018 "On state control of international transfers of military goods and dual-use items and technologies", which partially approximates Council Regulation (EC) No 428/2009 dated 5 May 2009, "On the establishment of a Community regime for the control of export, transfer, mediation and transit of dual-use goods".

The EU approved the new Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (recast). State Export Control Authority (SECA), will start the consultations with the EU partners to identify the new features in this Regulation and the timeframe to transpose them.

Legislation relating to Regulation (EU) 2019/125 of the European Parliament and of the Council of 16.1.2019 "On the trade in certain goods that may be used for the death penalty, torture or other cruel, inhuman or degrading treatment or punishment or humiliating punishments" is in the process of drafting and is intended to be fully aligned with the draft law "On trade in products that can be used for capital punishment, torture or inhuman or degrading treatment or punishment" and the draft decision "On the approval of the list of goods which may be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment". The draft law during 2021 was consulted with the services of the European Commission and the necessary amendments based on the consultations were reflected. It is foreseen to be approved within 2022.

Regarding bilateral economic and technical cooperation agreements, The Republic of Albania has signed more than 120 economic and technical co-operation agreements with different countries. In the previous period, several agreements on economic and/or trade cooperation with United States of America, United Kingdom and Northern Ireland, United Arab Emirates and Turkey have been signed and entered into force.

So far, the Republic of Albania has signed 46 bilateral investment agreements which affect foreign investments and their mutual protection in the country, of which 23 have been signed with EU member states. The countries with which the Republic of Albania has signed agreements for mutual promotion and protection of investments are: Austria, Azerbaijan, Belgium-

Luxembourg Economic Union, Bosnia and Herzegovina, Bulgaria, China, Croatia, Cyprus, Czech Republic, Denmark, United Arab Emirates, Egypt, Finland, France, Germany, Greece, Hungary, Israel, Italy, Korea, Kuwait, Kosovo, Lithuania, Macedonia, Malaysia, Malta, Moldova, Netherlands, Poland, Portugal, Qatar, Romania, Russian Federation, San Marino, Serbia, Slovenia, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine, United Kingdom, United States of America.

Regarding the ongoing agreements, Albania is in the process of negotiating a draft agreement between the Council of Ministers of the Republic of Albania and the Kingdom of Saudi Arabia on the promotion and protection of investments. The Albanian side has sent its position through diplomatic channels and is awaiting comments from Saudi Arabia. This Agreement is on-going.

In the field of development policy and humanitarian aid, Albania does not have a political or legal framework, and no any specific institution or unit for managing the development assistance or humanitarian aid. It provides humanitarian assistance only on an ad-hoc basis responding to severe natural disasters or emergency humanitarian situations. This assistance is provided directly to the relevant state budget support. The 2001 Law on Non-Profit Organizations recognizes the potential activities of such organizations in the field of humanitarian aid and allows them to carry out development and humanitarian aid activities in Albania and elsewhere.

30.4.2 Summary of key achievements

Following the successful chairmanship of the Central European Free Trade Agreement (CEFTA) by Albania in 2019, good progress was made in addressing the recommendations of the 2020 report. Albania adopted and ratified the CEFTA Additional Protocol (AP) 6. Work also advanced on extending the Green Lanes/Corridors with EU Member States. Progress was also made on enhancing the trade policy related to administrative capacities and the activities of the national trade facilitation committee by establishing a dedicated trade unit. Albania adopted its national control list of dual use goods in line with EU acquis. Moreover, Albania also adopted the amendments to the SAA on the updates on preferential rules of origin of the pan-Euro-Mediterranean Convention related to the definition of the concept of "originating products" and methods of administrative cooperation.

Albania continued its awareness campaign with private sector representatives as regards the AEOs application procedures and benefits, and has registered 12 applications from local businesses. The first four authorized economic operators were certified by the General Directorate of Customs and preparations have started for mutual recognition by CEFTA parties. Albania continued to work in line with its commitments under the Western Balkans Multi-Annual Action Plan for developing a Regional Economic Area (REA). The government established a mechanism for implementing and monitoring of the REA and later, of the Common Regional Market (CRM). It has started working on facilitation of regional electronic commerce and on mutual recognition of professional qualifications, starting with civil engineers, and has established a working group on liberalization of trade in the tourism sector. Together with other parties of the CEFTA, Albania has worked on extending the Green Lanes/Corridors with EU

Member States, namely with Greece at the Kapshtica - Kakavija border crossing point; it has prepared and sent to the CEFTA Secretariat the priority list of pharmaceutical products, and vaccines and COVID test that will pass through the green corridors; efforts were made to reduce waiting times at the border points of the trucks and to harmonize the working hours of all inspection authorities with neighbor CEFTA parties. Currently, the Albanian authorities are considering a pilot project to extend the green corridors between Durres Port and the Italian Port of Ancona.

Pursuant to the Action Plan for the Establishment of the Regional Common Market, Albania was adopted the draft decision On the approval in principle of the Decision of the Joint Committee of the Central European Free Trade Agreement "On the facilitation of Electronic Commerce" – Decision of Council of Ministries Nr. 550 of 29.9. 2021.

Progress made especially on regulatory transparency, improving public consultations in trade policy making and trade policy development and co-ordination. The economy's inter institutional co-ordination mechanism has been strengthened through the adoption of new rules and procedures for the National Trade Facilitation Committee (NTFC).

Based on the Order of PM, no. 104/2020, it is established the Technical Secretariat with representatives of the Trade sector in the Directory of Economic Development Policies and of customs administration. Up to now, there are held two online meetings of the NCTF, respectively in December 2020 and March 2021 and one meeting in present on October 22 2021. The National Trade Facilitation Plan 2021–2023 was approved on June 30, 2021, containing not only obligations for trade facilitation under the CEFTA Agreement but also measures to address issues raised by business representatives.

The website of the NCCLTT is functional (<http://tregtia.gov.al/index.php/sq-al/>).

In the frame of the process for reviewing and amendment of the rules of the Regional Convention on pan-Euro-Mediterranean preferential rules of origin, by Contracting Parties, Albania has concluded the process of amending the protocols of concerning the definition of the concept of 'originating product' and methods of administrative cooperation, by replacing respective protocols on the free trade agreements that Albania has with EU and its member states, CEFTA, EFTA States, with alternative set of rules of origin based on those of the amended Convention. These Rules are optional. They are intended to apply on a provisional basis, pending the conclusion and entry into force of the amendment of the Regional Convention on pan-Euro-Mediterranean preferential rules of origin ('PEM Convention' or 'Convention').

Law No 98/2021 of 07.07.2021 "On the ratification of Decision No 1/2021, of the Stabilization and Association Council European Union - Albania, amending the Stabilization and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Albania, of the other part, replacing Protocol 4 thereof, regarding the definition of the concept 'originating products' and methods of administrative cooperation"

Law No 101/2021 of 7.07.2021 “On the ratification of the decision of the Joint Committee of the Central European Free Trade Agreement No 1/2021, adopted on 21.6.2021, amending Annex 4 to the Central European Free Trade Agreement (CEFTA 2006), which sets out the Protocol defining the concept of 'originating products' and the methods of administrative cooperation, referred to in Article 14, paragraphs 1 and 3, and which repeals and replaces decision No 3/2013 and decision No 3/2015 of the Joint Committee of the Central European Free Trade Agreement ”

Law No 99/2021 of 07.07.2021 “On the ratification of the decision of the EFTA-Albania Joint Committee no. 1 of 2021, approved on 24.6.2021, on the amendment of protocol B of the free trade agreement between the EFTA countries and the Republic of Albania, regarding the definition of the concept of "originating products" and methods of administrative cooperation, and amending the agreements on agriculture between the Republic of Albania and the Confederation of Switzerland, and the Republic of Albania and the Republic of Iceland, as an integral part of it”.

Albania is already implementing the free trade agreement with the European Union (part of the SAA) between the European Union and Albania, Eastern European countries (CEFTA 2006), EFTA countries and Turkey. Albania, under the Presidency of the CEFTA Agreement during 2019, has contributed constructively by adopting in principle two important documents:

- Decision on mutual recognition of AEO status;
- Additional Protocol 6 on trade in services. These documents shall enter into force after they have been approved by the Joint Ministerial Committee.

Negotiations on the liberalization of trade in services have been completed and at the meeting of the CEFTA Joint Ministerial Committee on 18 December 2019, the Additional Protocol 6 “Trade in Services” was approved.

Both documents:

- The decision for the joint recognition of the programs for obtaining AEO status; AND
- Additional Protocol 6 on trade in services

They are in the phase of their implementation.

With regard to Additional Protocol 7, negotiations have advanced and 7 such rounds have been held, with Albania defending its interests on issues such as budget, composition of panels and preparation of reports, entry into force and implementation of the Protocol. to continue during 2022 with the aim of concluding the text from a technical point of view .

During the Joint Ministerial Committee, which concluded and the Chairmanship of Albania in CEFTA were adopted as follow:

- Decision on mutual recognition of AEO status;
- Custom Risk Management Strategy.

Regarding the implementation of AEO commitments, awareness campaigns have been conducted with business representatives and chambers of commerce regarding AEO authorization requests. As a result of this campaign we have 9 requests for authorization for AEO, which are in the process of reviewing and completing the documentation. By order of the Director General of Customs, a working group has been set up to review the applications of Economic Operators for AEOs in order to verify the fulfillment of the conditions and criteria provided by the legal and sub-legal framework in force. An audit plan has been made for 4 companies from 28.09.2020 to 18.10.2020.

In the field of export control of dual-use items, the State Export Control Authority (SECA), under the Ministry of Defense, is the structure responsible for drafting and implementing the legislation on dual-use goods.

Currently approved:

- The Decision of Council of Ministries No 91 of 26.02.2019 “On the approval of the updated list of military goods and of the list of dual-use goods and technologies subject to state control of international transfers” was approved, which fully approximates Annex 1 to the Commission Delegated Regulation (EU) 2017/2268 of 26.9.2017 amending Council Regulation Actually (EC) No 428/2009 establishing a Community regime for export control, transfer, brokering and transit of dual-use goods”.
- The Decision of the Council of Ministers No. 31 dated 22.01.2020 “On the organization, functioning and status of the State Export Control Authority, determining the procedure for exchanging information and obtaining opinions from other institutions involved in international transfers of goods controlled, such as determining the procedures related to the issuance of guarantees and the performance of state control ”.

This decision has approved:

- the status, organization, composition and functioning of the State Export Control Authority;
- deadlines, manner and procedure for exchanging information and obtaining opinions from other institutions involved in the international transfers of controlled goods;
- procedures for issuing guarantees and performing state control.

Albania has recently ratified and signed several Agreements and Memoranda and Protocols, Economic and technical cooperation, specifically:

- The Partnership, Trade and Cooperation Agreement between the Republic of Albania and the United Kingdom of Great Britain and Northern Ireland, was signed in Tirana, on February 5, 2021. This Agreement was ratified by the Albanian Parliament with Law 31/2021, dated March 08. 2021;

- The Memorandum of Understanding between the "Ministry of Finance and Economy of the Republic of Albania and the Ministry of Commerce of the People's Republic of China for the Establishment of the Joint Investment Cooperation Working Group", was signed in Tirana and Beijing, on 08 February 2021;
- Protocol of the 8th Session of the Joint Commission for Economic Cooperation Albania-Austria, signed in Tirana, on October 6, 2021.

In the following, took place the 3rd session of the Albania-Hungary Joint Economic Commission, took place in Budapest, on 15-16 November 2021.

The following Sessions are scheduled for 2022:

- The 4th session of the Albania-Saudi Arabia Joint Economic Committee is foreseen to take place at the Ministerial level on December 13-14, 2021, in Riyadh;
- Session of the Albania-Egypt Joint Economic Committee at Ministerial level.
- In the framework of the implementation of the regional investment reform agenda (RIRA), in cooperation with IFC / WB, a BIT model for Albania has been drafted with WB experts, which is still in the phase of internal discussions, to continue with the final approval.
- The adoption in 2015 of the 2030 Agenda for Sustainable Development provides a unified policy framework needed to enable us to make the right choices; to overcome crises; and to create a sustainable world. With a clear principle that all citizens (leaving no one behind) should be involved in sustainable development through the achievement of the 17 Sustainable Development Objectives (SDGs) and their 169 basic goals, taking into account the fact that Albania is ahead of the opening of negotiations with the EU, SDGs / SDGs should also be considered from the perspective of EU Integration.

In order to synchronize vision 2030 with the implementation of the National Strategy for Development and Integration (NSDI) and to ensure synergy of the two processes, further efforts are required to integrate the SDG / SDG into the NSDI (III), as well as the strategies of the respective sectors, national policies and plans. A planning process for the drafting of the NSDI III, already started, aims to prepare the medium-term vision for Albania's strategic planning framework including the ongoing SDG / SDGs framework. It is planned that Vision 2030 will be designed and presented together with the NSDI III.

4.30.1.5 List of responsible ministries and institutions.

1. Ministry of Finance and Economy (as responsible for the implementation and monitoring of trade policies in Albania);
2. General Directorate of Customs; and any ministry or institution that influences trade;
3. Ministry of Agriculture and Rural Development;
4. Ministry for Europe and Foreign Affairs;

5. Ministry of Infrastructure and Energy;
6. Ministry of Defense;
7. Ministry of Internal Affairs;
8. Ministry of Tourism and Environment;
9. Department of Development and Good Governance at the Prime Minister;
10. Financial Supervision Authority;
11. The Bank of Albania;
12. Competition Authority;
13. Public Procurement Agency;
14. General Directorate of Patents and Trademarks;
15. Institute of Statistics.

4.30.1.6 Gaps identified and Priorities

In the field of common trade policy:

Gaps identified

Currently, Albania has a small dedicated unit dealing with trade affairs in the Directory of Economic Development Policies. Some efforts were made to strengthen the administrative capacities on trade policy by establishing a trade unit, which is composed of one head of unit and two experts, as part of the Directorate of economic development policies. The unit deals with trade policy, including with the EU, CEFTA and the WTO, under the supervision of the director of the economic development directorate. Two experts of the trade unit together with one expert from the customs directorate form the Technical Secretariat of the National Committee for Trade Policy and Facilitation. Taking into account the high workload that this unit is affording, the importance of issues that are dealing with covering trade in goods, services, trade related aspects of intellectual property, public procurement, trade and development, trade and environment, and extended relations that this unit has with EU, CEFTA, WTO, UNCTAD, ITC and other international organizations and bilateral trade relations with other countries it very important that the unit became a directory composed with several units.

Priorities in this area are:

In the recommendations of the European Commission for Albania for 2021, Albania in particular should:

- continue implementing the national action plan on trade policy coordination and facilitation, and strengthening the administrative capacity;
- continue aligning the relevant legislation with the acquis in the field of export control of dual-use goods;
- conclude the negotiations and subsequently adopt CEFTA AP 7;
- continue implementing actions under the Common Regional Market (CRM) action plan 2021-2024 for the development of a Regional Economic Area, in order to achieve

economic integration on the region in relation to 4 freedoms: Free movement of goods, free movement of services, free movement of people and free movement of capital;

- Intensification of cooperation through Open Balkan initiative;
- Continue implementing the national Investment Action Plan.

In the following, referring to priorities:

- Albania will work not only to increase and strengthen its capacities dealing with the formulation of trade policies but to further develop the existing ones;
- Albania make an analysis to expand the unit into directorate with precise designation of responsibilities, tasks and functions
- Albania will continue to coordinate its positions and fully align its policies with those of the EU, including those within the WTO.
- Albania will ensure the existing level of coordination and will strengthen cooperation with all institutions involved in trade policy formulation. Albania has continued to make the required notifications under Articles 1.4, 10.6.2 and 12.2.2 of the WTO Trade Facilitation Agreement.

In the field of dual-use goods:

Gaps identified:

With the approval of the draft law "On the marketing of products that can be used for capital punishment, torture or inhuman or degrading treatment or punishment", the work for the approval of the Draft Decision "On the approval of the list of goods which can be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment", within 2022.

Priorities in this area are:

- Further harmonization of legislation on the control of exports, transfer, brokering and transit of dual-use items and in the Common Military List of the European Union (EU Regulation 2017/2268) was followed by a Decision taken by the Government in February. Albania has already adopted the national dual-use list in accordance with EU normative acts.
- Updating the list of dual-use goods which is expected to be approved by the European Union within 2020 and its transposition by Albania within 2021.
- Transposition of legislation with EU normative acts concerning the trade in certain goods, which may be used for capital punishment, torture or retribution and other cruel, inhuman or degrading treatment.

Regarding bilateral agreements with third countries:

Gaps identified:

- Strengthening the institutional and administrative structures required for the implementation of Regulation (EU) no. 1219/2012 of the European Parliament and of the Council of 12 December 2012 on the establishment of transitional arrangements for bilateral investment agreements between Member States and third countries.

Priorities in this area are:

- Priority is the drafting of an Albanian BIT model: Status: The BIT model for Albania has been drafted with WB experts, but is still in the phase of internal discussions, to proceed with the final approval;
- Review existing BITs with third countries with which the EU has no mandate to negotiate and will remain in force after the date of accession.
- Negotiations on amending the free trade agreement with Turkey continue, focusing on incorporating of specifications of trade-related into services and investments
- Implementation of a multi-year action plan for the development of a Regional Economic Area in the Western Balkans; after reconciliation by all WB6 countries will follow the further legal procedures for the formal adaptation of the regional standards accepted by WB6, for the negotiation of IIAs, based on RIRA.

In the field of development of humanitarian assistance and cooperation:

Gaps identified:

- Albania does not have a development policy framework for cooperation / assistance or development cooperation agencies.
- The EU recommends that a legal framework be established to cover international cooperation and development policies, as well as humanitarian aid to non-EU countries, in line with EU policies and principles.
- The 2001 Law on Non-Profit Organizations recognizes the potential activities of these organizations in the field of humanitarian aid and allows them to carry out development activities and humanitarian aid in Albania and elsewhere.

Priorities in this area are:

- Priority is the adoption of a policy document to address the issues of establishment a strategic, legal and institutional structure, in order to comply with EU requirements.

CHAPTER 31: FOREIGN, SECURITY, AND DEFENCE POLICY

4.31.1.1 Chapter content

Member States must be able to conduct political dialogue under EU foreign, security and defence policy, to align with EU statements, to take part in EU actions and to apply agreed sanctions and restrictive measures. The Common Foreign and Security Policy (CFSP) and the European Security and Defence Policy (ESDP) are based on legal acts, including binding international agreements and political documents. The *acquis* consists of statements, actions and political agreements.

4.31.1.2 Chapter structure

- Political dialogue.
- Cooperation with international organisations.
- Arms control.
- Implementation of restrictive measures and economic sanctions.
- Fight against terrorism.
- The European Security and Defence Policy.

4.31.1.3 Summary of SAA and EU *acquis* requirements

The Stabilization and Association Agreement, in its preamble highlights the wish of the parties to further develop regular political dialogue on bilateral and international issues of mutual interest, including regional aspects, taking into account the Common Foreign and Security Policy (CFSP) of the European Union

Article 8 "Political Dialogue" stipulates that political dialogue between Albania and the European Union shall be further developed within the context of this Agreement and that it shall accompany and consolidate the rapprochement between the European Union and Albania and contribute to the establishment of close links of solidarity and new forms of cooperation between the parties.

Point 3 of Article 8 stipulates that Albania and the EU agree to cooperate and contribute to countering the proliferation of weapons of mass destruction and their means of delivery, through full compliance with and national implementation of their existing obligations under international disarmament and non-proliferation treaties and agreements and other relevant international obligations.

Article 12 "Regional Cooperation" stipulates that, in conformity with its commitment to international and regional peace and stability, and to the development of good neighbourly relations, Albania shall actively promote regional cooperation.

The obligation to approximate Albanian legislation on classified information with that of the European Union derives from Article 70 of the SAA Agreement.

Meanwhile, the Common Foreign and Security Policy (CFSP) of the European Union was established by the Treaty on European Union (TEU) in 1993 with the aim of preserving peace, strengthening international security, promoting international cooperation and developing and consolidating democracy, the rule of law and respect for human rights and fundamental freedoms.

The Treaty of Lisbon, which entered into force on 1 January 2009, provided the Union with legal personality and an institutional structure for its external service. In addition, it eliminated the pillar structure introduced by the TEU in 1993. The Treaty created a range of new CFSP actors, including the High Representative of the Union for Foreign Affairs and Security Policy who also serves as Vice-President of the Commission (VP/HR), and the new permanent President of the European Council. Moreover, it created the European External Action Service (EEAS) and upgraded the Common Security and Defence Policy (CSDP), which forms an integral part of the CFSP.

The legal basis for the CFSP was set out in the TEU and revised in the Lisbon Treaty. Articles 21-46, Title V, of the TEU establish the ‘General Provisions on the Union’s External Action and Specific Provisions on the Common Foreign and Security Policy (CFSP)’. Articles 205-222, Part 5, of the Treaty on the Functioning of the European Union (TFEU) cover the Union’s external action.

4.31.1.4 Current situation in Albania and Main Achievements

Concerning the EU’s foreign, security and defense policy, Albania has a good level of preparation. The country held the OSCE’s chairmanship-in-office in 2020 and was elected a non-permanent member of the UN Security Council in 2022/2023, demonstrating its commitment to multilateral cooperation. Albania continued to participate in EU crisis-management missions and operations. It continued to fully align with all applicable EU positions and implement EU restrictive measures despite increasing pressure from non-EU actors. Some progress was made by making the police’s firearms focal point operational and by completing security upgrades of storage facilities for armaments and ammunition

Cooperation with international organisations

Albania has continued to actively engage in international organizations. On June 11, 2021, Albania was elected for the first time as a non-permanent member of the Security Council for the term 2022 - 2023. Also, from January 1, 2021 until December 31, 2021, Albania is part of the OSCE Troika for 2021, and from January 1 of the same year chairs the OSCE Asian Partners for Cooperation, which serves as the main forum for regular dialogue between the OSCE participating States and the Asian Partners (Japan, Australia, Thailand, Afghanistan and South Korea) as security in the OSCE area is linked to security in Asia and the Pacific.

From June 1, 2021 to May 31, 2022, Albania holds the presidency of the EUSAIR Strategy and the Adriatic-Ionian Initiative. In this context, during September 2021, it was agreed with the services of the European Commission as well as with the representatives of the Adriatic-Ionian Initiative the draft program and draft calendar proposed by the Albanian Government for the Presidency 2021 - 2022. These two documents agreed between the parties were presented during the meeting of the EUSAIR Steering Board on 18 - 19 October 2021 and received the support of all participating countries in the EUSAIR Strategy.

The Albanian Presidency will focus on several areas such as: youth and all-inclusiveness, tourism and culture, promotion of the European Integration process for the Western Balkan countries, interconnection, digitalization, etc. One of the main initiatives under the Albanian presidency will be the beginning of work on the revision of this Strategy, taking into account the developments of recent years, mainly related to the pandemic. Also of special importance will be the correlation of the financial perspective 2021-2027 with the objectives of the Strategy, as well as the identification of possible financing instruments within the ESIF and IPA III funds, which would enable the financing of a number of projects in the four main pillars of EUSAIR.

The Ministry of Defence is engaged in the regional initiative of Southeast Europe Defence Ministerial, which includes the Multinational Peacekeeping Force of South East Europe and the Southeast European Brigade and several other projects. During the period 2019 - 2021, the Ministry of Defence led this initiative and officially completed their chairmanship in July 2021. The SEDM Chairmanship significantly influenced the increase of the role and visibility of our country in the region.

Within the NATO framework, the Albanian Armed Forces and the civilian personnel of the Ministry of Defence has participated in several missions and operations. Specifically in the International Security Assistance Force (ISAF) / Resolute Support Mission (RSM) in Afghanistan, completed in August 2021; in NATO enhanced Forward Presence (eFP) in Latvia, in the NATO activities in the Aegean Sea, completed in 2019; in the mission "Freedom of Iraq" and then in the NATO mission "NATO TRAINING MISSION" in Iraq, completed in 2011; IFOR and SFOR operations led by NATO in Bosnia and Herzegovina (continues), and in the NATO-led operation, KFOR in Kosovo and in the NATO Advisory and Liaison Team (NALT) in Kosovo (continues).

Within the UN framework, the Albanian Armed Forces has participated in the mission "UNMISS", in South Sudan, Africa, the Observer Mission in Georgia (UNOMIG) which was completed in July 2009, the Mission in Central African Republic and Chad (MINURCAT) which was completed in 2009 and the UNMISS mission in South Sudan, Africa which is on-going.

Human Rights Dialogue

Albania has ratified most of the international human rights instruments and stands committed to contribute to the international protection of human rights and fundamental freedoms.

Albania continues to mainly follow the EU line in promoting and protecting HR. Regular exchanges with the EU Delegation within the Human Rights Council have proved very effective for coordinated actions to promote and protect HR. Albania continues its commitment in support of multilateralism.

During the period 2020-2021, Albania submitted six National Reports for periodical cycles on the implementation of the provisions and recommendations of the International Conventions for Human Rights, namely:

- The Third National Periodic Report on the implementation of the International Covenant on Civil and Political Rights (ICCPR).
- The Fourth National Periodic Report on the implementation of the International Covenant on Economic, Social and Cultural Rights (CESCR).
- The Third National Periodic Report on the implementation of United Nations Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. (CAT)
- The Combined Thirteenth and Fourteenth Periodic Reports on the implementation of the UN Convention on the Elimination of All Forms of Racial Discrimination (CERD)
- The Fifth Periodic Report on the implementation of the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).
- The Fifth Report on the implementation of the Framework Convention of the Council of Europe for the Protection of National Minorities.

Albania in regional organisations

Regional Organisation	Date of Admission
SEECF	1996
RCC	27 February 2008
CEI	1996
BEDZ/ BSEC	25 June 1992
AII	20 May 2000
MARRI	2003
RACVIAC	20 September 2000
A-5	2 May 2003
WBF	13 November 2015
BMTE	November 2011
"ADRION"	20 May 2000
SEDM	1996

Albania in international organisations

International Organizations	Date of admission
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UN	14 December 1955
OSCE	20 June 1991
KiE	13 July 1995
IAEA	29 July 1957
CTBTO	1996
IOF	1999
UNAOC	2005
UNESCO	1958
IACA	21 September 2011
NATO	4 April 2009

Regional bilateral

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

Albania remains an active participant and beneficiary of the Berlin Process, aimed, inter alia, at deepening economic and trade cooperation within the Western Balkans.

Referring to the Berlin Summit 2021, it is assessed that the inclusive regional cooperation is a fundamental factor for the Western Balkan partners on their path to EU membership, and not a substitute for accession. It is commended the positive coordination among the projects launched within the framework of the Berlin Process and EU policies, with a specific focus on the Economic and Investment Plan, the Green Agenda for the Western Balkans and the Common Regional Market. In addition it has been evidenced that the Economic and Investment Plan is concentrated on sustainable transport, clean energy and digital connectivity projects implemented through the Western Balkans Investment Framework.

In the field of the digital connectivity, Albania recognizes the full implementation of the Regional Roaming Agreement and the start of the free roaming regime in the Western Balkans as of 1 July 2021. Albania has the will to continue the work on the Draft Roadmap for Lowering Roaming Charges between the EU and WB. Reduction of the roaming charges between EU and WB is in line with the [Measures in support of a Digital Agenda for the Western Balkans, Common Regional Market 2021-2024](#) agenda and commitment of the WB leaders to work closely with all stakeholders, including governments, regulators and mobile operators from both WB and EU, in order to support the implementation of a roadmap to facilitate lowering the roaming costs between the EU and WB. Albania acknowledges that the achievements of the regional Green Lanes are the flow of basic medical and food supplies during the COVID-19

pandemic. The Green Lanes were an excellent example of how inclusive regional cooperation can facilitate a quick and effective response to the devastating effects of the crisis.

"Open Balkan" currently a cooperation between the three countries of the region, Albania, Northern Macedonia and Serbia, aims to implement as soon as possible, the four EU freedoms, the movement of people, goods, services and capital, to be implemented to the whole region. This initiative will enable cooperating countries in the region to open borders in order to facilitate the lives of citizens and the business community. The initiative is supported by the US and the EU and is in line with the Berlin Process Common Regional Market Plan. This initiative should be seen as a first successful move for our regional ownership and helps in EU integration of our countries, strengthen the regional cooperation and generate economic growth. The Open Balkan also complements regional cooperation in the framework of various regional initiatives, such as the Common Regional Market, the Digital Agenda, Connectivity, and the Green Agenda of the Western Balkans, the Green Lanes, and the wider Berlin Process. This initiative serves and complements the efforts of the countries of the region towards EU integration.

The Open Balkans remains open to all countries in the region and is conceived as a comprehensive regional initiative.

At the meeting of July 29, 3 agreements were signed between PM Rama, PM Zaev and President Vučić:

1. Agreement on the mobilization of the three countries in terms of coping with natural disasters. If a natural disaster strikes a place, all three will be mobilized to help.
2. Memorandum of Understanding to facilitate the import and export of goods. This will eliminate barriers and help boost the countries' economies.
3. Agreement on free movement in the labor market, enabling easy access to the labor market and obtaining residence permits.

The Republic of Albania does not have border disputes, or any other critical unresolved bilateral issue with its neighbouring countries.

Arms Control

By Decision of the Council of Ministers no. 50, dated 06.02.2019, the Strategy for the Control of Small Arms, Light Weapons, Ammunition and Explosives 2019–2024 and the Action Plan 2019–2021 were approved. In order to monitor the implementation of the Roadmap and also of the Strategy, the National Commission on Small Arms and Light Weapons has been fully engaged in cross-sectoral coordination between relevant institutions and enforcement agencies in order to coordinate and monitor all activities in the country related to Small Arms and Light Weapons. Periodic meetings and exchange of information between members of the SALW National Commission continued uninterrupted despite the pandemic situation. The National SALW Commission participated in regional meetings coordinated by SEESAC which are held as

part of implementation of the European Union Council Decision 2018/1788/CFSP in support of the implementation of the Regional Roadmap on combating illicit arms trafficking in the Western Balkans.

In the framework of the effective implementation of the Strategy for the Control of Small Arms and Light Weapons, Ammunition and Explosives 2019-2024, due to the expiration of the 3-year Action Plan 2019-2021, Albania is drafting the Action Plan 2022-2024 with concrete measures and activities to achieve the goals of the National Strategy but also in accordance with the objectives of the “Regional Roadmap for a sustainable solution to the illegal possession, misuse and trafficking of small arms and light weapons and their ammunition in the Western Balkans until 2024” and the EU Firearms Trafficking Action Plan 2020-2025. This action plan envisages measures that focus on increasing the analytical capacities and in making the Firearms Focal Point fully operational, increasing the capacities of the Forensic Institute and Border Police, including also measures related to gender aspects, informing and raising the awareness of citizens and licensed entities on the misuse, risks and safety criteria for small arms and light weapons, explosives and ammunition, strengthening investigative and control capacities, including new methods of trade or trafficking in small arms; light, ammunition and explosives (online, via postage and express mail, 3D printing, etc.)

In addition, cleaning of hot spots contaminated with unexploded ordnance is underway. In this regard, work is continuing to clean the last "hot spot" identified, respectively in the region of Jubë-Sukth, Durrës.

In January 2020 was approved the Working Program of General Directorate of State Police "On the implementation of the Objectives of the Strategy for the Control of Small, Light Weapons, Ammunition and Explosives 2019-2024 and the Action Plan 2019-2021". Following the adoption of the Law on Weapons in December 2020, the regulatory framework regarding the implementation of this law has been further completed. Pursuant to the Law on Weapons, the State Police has undertaken the verification and registration in the national register of all weapons owned by citizens which were given before the entry into force of Law 74/2014 "On Weapons". The registration of hunting weapons is an on-going process.

Citizens possess 103,062 hunting weapons (under category "C"), which are registered in the system at each police station (manually). The registration rate has been lower compared to the previous year, due to the Covid-19 pandemic. Since September 30, 2021, 71,816 weapons, or about 70% of the total amount of 103,028 weapons owned by natural and legal persons in the Republic of Albania, were registered in the SIMA weapons registration system. For the reporting period (January 1 - September 30, 2021), 10,928 weapons or 10.61% of the total amount were registered in the weapons registration system.

Albania has made further steps in upgrading the security infrastructure for weapons storage facilities and evidence rooms. Strengthening security at the central armament depot of State

Police, in Mullet, was completed in September. Security reinforcement of the two probation rooms in the police departments in Tirana and Durres has also been completed.

During the reporting period, procedures have begun in cooperation with UNDP/SEESAC to upgrade the infrastructure in order to meet the standards for 12 storage facilities of SALW. All planned constructions at the storage facility of the Albanian State Police (ASP) in Mullet under the project supported by the U.S. Department of State were completed and technically handed over to the beneficiary, i.e. the ASP, on 13 April 2021.

In March 2021, it was approved a timeline extension of the project of UNDP SEESAC for an additional support to upgrade the security of the SALW storage facilities. The project is extended for other twelve months and, as such, the additional upgrades of the security measures to control SALW will be completed by 31 March 2022. These upgrades include: building a room inside the storage facility and weapons storage in Mullet, where the laser marking machine for SALW will be placed and operated; upgrading the security conditions of the evidence rooms at the Tirana and Korça Local Police Directorates; as well as procuring SALW storage racks/safes.

The Law no. 152/21 “On Weapons”, revised, stipulates that: “Firearms, main parts and ammunition, as well as those collected by law by the State Police found in the premises, weapons stock from the restructuring of the armament of the State Police, Ministry of Justice, State informative Service, or hotspots from the structures of the Armed Forces pass to the Ministry of Defence with a joint order for capital transfer. The Ministry of Defence for these weapons, their main parts and ammunition, carries out the procedures of demilitarization, their destruction and sale for scrap.

The Ministry of Defence, during 2021, for the quantities of weapons received from the Ministry of Interior and those found in hotspots, through the Gramsh Mechanical Plant, destroyed the quantity of 15401 pieces of light and small weapons. The main part of these firearms are weapons confiscated by the State Police, some have been collected through continuous awareness campaigns, while a small part were collected by the Armed Forces in various hotspots.

Double use materials

In accordance with the recommendations given by the European Commission, the Ministry of Defence, through the State Export Control Authority has made a preliminary assessment of Albania's participation in the Wassenaar Arrangements. The evaluation was carried out in cooperation with the Ministry for Europe and Foreign Affairs, as well as all other institutions that will be part of this process. The Minister of Defence and the Minister for Europe and Foreign Affairs agreed to continue the membership procedures.

The Ministry of Defence contacted the Wassenaar Secretariat for the application criteria and for in-depth information on the accession process. The Secretariat provided all required information

to the MoD. During the assessment conducted by the Ministry of Defense, the Export Control Authority and the Ministry for Europe and Foreign Affairs, based on the application criteria, it was stated that the Republic of Albania fully respects all the criteria of the Wassenaar agreement.

However, the process of documenting the fulfilment of the criteria and preparing the candidacy dossier takes time, as it has to be submitted an exhaustive list of elements for each criterion with information about the legislative framework, policies, technical issues and statistics. The Ministry of Defense and the Albanian State Export Control Authority are working on this process and are gathering all the information from all the institutions involved.

Non-proliferation of Mass Destruction Weapons (C-WMD)

By Decision of the Council of Ministers no. 33, dated 22.01.2020 "On the approval of the National Strategy for Non-Proliferation of Weapons of Mass Destruction (DMD) and its Action Plan" Albania has approved the National Strategy for Non-Proliferation of Weapons of Mass Destruction, fulfilling the obligations of the Republic of Albania and state institutions pursuant to the responsibilities arising from UNSC Resolution 1540 on the Non-Proliferation of Weapons of Mass Destruction (ADM) at regional and global level.

The authorities responsible for the implementation of the measures foreseen in the action plan have continued to pursue the implementation of the measures envisaged in it, according to the objectives of the strategy. A measure to be emphasized is the process of preparation and development of test training at the national level of this strategy (Table Top Exercise-TTX). The exercise is organized in cooperation with the Centre for Security Cooperation "RACVIAC" and is supported by the Defense Risk Reduction Agency (DRRA) and the American Command for Europe (USEUCOM), which assist our country in this process. Planning conferences are currently being held with the participation of representatives from line institutions. Due to the current situation of the COVID-19 pandemic, in agreement with the partners, the exercise planned to take place in April 2021, has been postponed to take place in the period 8-10 November 2021.

In the international cooperation field for capacity building for non-proliferation and response to situations with Weapons of Mass Destruction (C-IMD), at the NATO Ministerial of Defense, held on October 22, 2021, the Minister of Defense signed the "Letter of purpose ", through which NATO member countries pledge to cooperate in the development and management of detection of chemical, biological and radiological agents, as well as the identification of capacities, but also for the provision of chemical, biological, radiological and protective equipment nuclear. In this context, Albania through the Ministry of Defense will participate in NATO projects on multinational cooperation in the framework of capacity building in the field of "Chemical, Biological, Radiological and Nuclear (CBRN)".

As a NATO member and EU candidate country, Albania will continue to encourage, support and further strengthen its arms control, disarmament and non-proliferation policies, as key elements of Euro-Atlantic and global security, and will continue to support dialogue efforts within the NATO-Russia Council, to reduce Russia's risk and increase its transparency.

Implementation of restrictive measures and economic sanctions

Law No. 72, dated 17.10.2019 “On international restrictive measures in the Republic of Albania” provides for the legal obligation to implement the UN Resolution regarding the prevention, cessation and destruction of the use of weapons of mass destruction and their financing. It also provides for the implementation of restrictive measures imposed by the EU, or other international organizations to which the Republic of Albania is a party.

This law does not include restrictive measures related to the financing of terrorism, which have already been addressed by the Law on the Measures against Terrorism Financing.

The implementation of EU restrictive measures is carried out on the basis of the law on international restrictive measures and the Decision of the Council of Ministers on the implementation of the provisions of this law. On 30.12.2020 was adopted the Decision of the Council of Ministers No. 1128, by which the Republic of Albania started to implement the restrictive measures following the decisions of the Council of EU. So far have been adopted:

- Decision no. 228, dated 14.4.2021 for some additions to Decision of the Council of Ministers no. 1128, dated 30.12.2020, "On the implementation by the Republic of Albania of the decisions of the Council of the European Union, on the establishment, amendment and repeal of international restrictive measures, as amended".
- Decision no. 250, dated 5.5.2021 for some additions to Decision of the Council of Ministers no. 1128, dated 30.12.2020, "On the implementation by the Republic of Albania of the decisions of the Council of the European Union, on the establishment, amendment and repeal of international restrictive measures, as amended", amended.
- Decision no. 317, dated 2.6.2021 for some additions to Decision of the Council of Ministers no. 1128, dated 30.12.2020, "On the implementation by the Republic of Albania of the decisions of the Council of the European Union on the establishment, amendment and repeal of international restrictive measures, as amended", amended.
- Decision no. 528, dated 22.9.2021 for some additions to Decision of the Council of Ministers no. 1128, dated 30.12.2020, "On the implementation by the Republic of Albania of the decisions of the Council of the European Union, on the establishment, amendment and repeal of international restrictive measures, as amended", amended.
- Decision no. 628, dated 27.10.2021 for an addition to the Decision of the Council of Ministers no. 1128, dated 30.12.2020, "On the implementation by the Republic of Albania of the decisions of the Council of the European Union, on the establishment, amendment and repeal of international restrictive measures, as amended", amended.

- Decision no. 651, dated 3.11.2021 for an amendment to Decision of the Council of Ministers no. 1128, dated 30.12.2020, "On the implementation by the Republic of Albania of the decisions of the Council of the European Union, on the establishment, amendment and repeal of international restrictive measures, as amended", amended.
- Decision no. 692, dated 18.11.2021 for an amendment to Decision of the Council of Ministers no. 1128, dated 30.12.2020, "On the implementation by the Republic of Albania of the decisions of the Council of the European Union, on the establishment, amendment and repeal of international restrictive measures, as amended", amended.
- Decision no. 752, dated 9.12.2021 for an amendment to Decision of the Council of Ministers no. 1128, dated 30.12.2020, "On the implementation by the Republic of Albania of the decisions of the Council of the European Union, on the establishment, amendment and repeal of international restrictive measures, as amended", amended.
- Decision no. 799, dated 20.12.2021 for some amendments to Decision of the Council of Ministers no. 1128, dated 30.12.2020, "On the implementation by the Republic of Albania of the decisions of the Council of the European Union, on the establishment, amendment and repeal of international restrictive measures, as amended", amended.

Fight against terrorism

In terms of the fight against terrorism, our country is a member of the international coalition against terrorism and continues to support allies and partners in the area, considering international cooperation in the fight against terrorism as a priority for law enforcement agencies. The legal framework and appropriate structures to prevent and combat any threat to security from terrorist acts exist. Albania is a country that hasn't experience of terrorist acts and victims, but has faced the phenomenon of foreign terrorist fighters, citizens going to Syria /Iraq conflict areas, even with their families, women and children.

As regards the communication between the EU and third countries in the area of counterterrorism, Albania, when invited, aligned with all EU Council Decisions and Declarations. In this framework, Albania fully agrees with the EU foreign policy in the fight against terrorism, with particular regard to the promotion of intercultural dialogue, good governance, and to tackle the root causes of radicalisation.

The Cross-sectoral Strategy for the Fight against Terrorism 2021-2025 and its Action Plan (2021-2023), approved by DCM no. 1173, dated 16.12.2020 is the main document in the fight against terrorism. The Action Plan 2021-2023 envisages concrete measures that must be implemented to meet the policies and objectives goals.

The January-June 2021 monitoring report is the first progress report for the implementation of the Cross-cutting Strategy for the Fight against Terrorism 2021-2025. The report provides information on the progress achieved towards each policy goal, the specific objective based on the status of achievement of indicators as well as the implementation of key reforms in this sector. Some of the measures successfully achieved in the first six months of 2021 are: keeping the level of terrorist threat in the country "low"; increase referrals for terrorist financing through

the cooperation of institutions and law enforcement agencies such as the Bank of Albania, the Directorate of Counter-Terrorism, the General Directorate for the Prevention of Money Laundering, the General Directorate of Taxation; increasing the presence of intelligence structures in the virtual and darknet environment in order to monitor profiles with terrorist propaganda content; improving the utilization of national capacities, for the timely detection of suitable and out-of-control materials, for the production or use of Firearms, Explosives, Weapons of Mass Destruction; The Armed Forces have determined the list of Critical Infrastructure (CI) facilities in order to improve the storage and security system of CI and have improved the conditions for the maintenance of infrastructure in IOC; increase the capacity of counter-terrorism and intelligence structures through increased participation in meetings, conferences or study visits to inform and exchange best practices on the dynamics and new forms of terrorist threats such as the investigation of illicit finances and suspicious transactions, the use of virtual currencies (bitcoin) etc .; Drafting changes to the legal package for money laundering.

Meanwhile, the Coordination Center for Countering Violent Extremism (CVE) is in the early stages of preparing and reviewing the National Strategy for Combating Violent Extremism and its Action Plan. The new strategy will be in line with the strategic pillars of the Government of Albania but also with the commitments of Albania in the Euro-Atlantic sphere, including the EU integration process and the fulfillment of EU conditions in this regard. The strategy will have 3 main pillars, which are divided into: Prevention; Rehabilitation and Reintegration; Strategic Communication. Also, the CVE Center in cooperation with the Ministry of Education and Sports intends to intervene in the basic educational curriculum to enrich it in the context of general educational knowledge of Albanian students by referring to the basic concept. In terms of field engagement, since the end of July 2021, the CVE Center has coordinated work with line ministries as well as with national and international partners, to facilitate the process of rehabilitation and subsequent reintegration of 19 (nineteen) returned Albanian citizens from the Al-Hol and Roj camps in Syria on 1 August 2021.

European Security and Defence Policy

The Ministry for Europe and Foreign Affairs and the Ministry of Defence of Albania have appropriate structures to participate in the Common Foreign and Security Policy, as well as in the Common Security and Defence Policy. In the area of the Common Foreign and Security Policy, Albania supports the European Union's Global Foreign and Security Policy Strategy. Albania has aligned with all Council decisions and declarations of the High Representative on behalf of the EU when requested (100% compliance).

Albania's commitment to the Common Security and Defence Policy (CSDP) is in line with the guidelines for active international engagement in the security field and aims to continue contributing to the consolidation of security, stability and peace both in the region and in the global arena.

Albania participates in military crisis management missions under the Common Security and Defense Policy (CSDP). Albania is currently participating in the EUFOR ALTHEA military

mission in Bosnia and Herzegovina. Also, in accordance with the priorities of the European Union's Global Strategy, in the framework of the Common Security and Defense Policy, Albania will be represented by the Armed Forces of the Republic of Albania in the EU Battalion Group, respectively in the 6-month Battalion Group during the second half of 2024 (EUBG 2024-2).

In accordance with the recommendations given by the European Commission, the Ministry of Defence has made a preliminary assessment of Albania's participation in the European Defence Agency (EDA). At the end of this evaluation process, the Ministry of Defence in cooperation with the Ministry for Europe and Foreign Affairs are holding joint talks with EDA on opportunities and possibilities for future cooperation.

In view of security procedures for the exchange of classified information with the EU, it has been adopted the Decision of the Council of Ministers No. 836, dated 14.10.2015 "On the approval of the regulation "On the work with NATO and EU classified information", which defines the exchange of classified information between Republic of Albania and NATO, EU and the other State or International Organization. In addition, on 3 March 2016, the European Union and the Republic of Albania signed the Agreement on Security Procedures for Exchanging and Protection of Classified Information. The implementation of this agreement requires an inspection visit by the EEAS (Security and Infrastructure Directorate of the European External Action Service), which may be completed during 2022, according to the COVID-19 pandemic situation.

Meanwhile, in fulfilling the commitments under the Chapter 31, the Directorate for the Security of Classified Information has drafted the new law "On classified information", which aims to partially approximate EU Council Decision 2013/488 of 23 September 2013 on security rules for the protection of EU classified information. The final draft of the law was sent for review and approval to the Council of Ministers in December 2021 and is expected to be adopted during the first six months of 2022.

Also, the Directorate for the Security of Classified Information, in cooperation with the Directorate of Ciphers in the Ministry of Defense, has completed the drafting of "Regulation on the selection and installation of equipment that processes classified information", which aims to partially approximate some EU classified acts, namely the "Information Assurance security policy on TEMPEST", "Guidelines for Information assurance security guidelines on selection and installation of TEMPEST equipment" and "Guidelines for Information assurance security guidelines on TEMPEST zoning procedures". During December 2021, the final draft was completed and sent for review and approval to the Council of Ministers and it is expected to be adopted during the first three months of 2022.

4.31.1.5 List of responsible ministries and institutions

1. Ministry for Europe and Foreign Affairs.
2. Ministry of Interior.
3. Ministry of Defence.

4. Classified Information Security Directorate.
5. State Information Service.
6. Ministry of Finance and Economy.
7. General Directorate of Customs.
8. Ministry of Justice.
9. National Nuclear Agency.
10. Coordination Centre against Violent Extremism.

4.31.1.6 Identified gaps and priorities

Member states must be able to conduct political dialogue in the framework of foreign policy, security and defence, be in line with EU declarations, participate in EU activity and implement sanctions and austerity measures, agreed at the level of the European Union.

The priorities in Chapter 31 are as follows:

- maintain its full alignment with the EU foreign, security and defence policy;
 - continue to implement the national strategy on small arms and light weapons, and step up the investigation and prosecution of firearms trafficking;
- quickly complete the accession process to the Wassenaar Agreement;

Fight against terrorism

The Albanian authorities are implementing a unified action plan to mitigate the risks identified in the National Risk Assessment for PP / FT of 2019 and from some risk analyses conducted during 2020, which was adopted by Coordination Committee for the Fight against Money Laundering. This plan also includes some concrete measures in the framework of preventing the financing of terrorism, which are being implemented on an on-going basis. This assessment has identified the needs and reflects relevant recommendations as regards the effectiveness of the system and in terms of technical compliance with FATF recommendations. FATF Recommendation 6.5 provides for the implementation of sanctions against the financing of terrorism without delay.

Therefore, the General Directorate for the Prevention of Money Laundering has drafted the Draft Decision of Council of Ministers "On Defining the Rules and Procedures for the Temporary Freezing of Funds or Other Assets of Designated Persons or Entities" - pursuant to Article 10/1 of Law No. 157/2013 "On measures against terrorist financing".

The aim of this draft decision is to define the rules and procedures for the temporary freezing of funds or other assets of persons or entities designated by the relevant structures of the United Nations Security Council or international organizations to which the Republic of Albania is a party, an obligation arising from article 10/1 of Law No. 157/2013 "On measures against the financing of terrorism" (amended).

To guarantee implementation without delay of UNSC sanctions related to terrorism and / or its financing, an element that is still considered problematic by the Moneyval Committee, by Law no. 32, dated 17.6.2019, which amended Law no. 157/2013 "On Measures Against the Financing of Terrorism", it was added Article 10/1: entitled "Temporary Freezing". Based on the implementation of the above law and in order to meet FATF standards, the amendments contained in the above mentioned draft-decision have been proposed.

CHAPTER 32: FINANCIAL CONTROL

4.32.1.1 Chapter content

The chapter deals with the adoption of universally accepted framework and standards such as COSO: Internal Control Integrated Framework; INTOSAI: A Guide to Good Governance; Internal Audit (International Professional Practices Framework (IPPF)) and INTOSAI: Founding Principles; Prerequisites for the Functioning of Supreme Audit Institutions; Basic Auditing Principles; and Auditing Guidelines, as well as with the harmonisation of the EU acquis in the field of protection of EU's financial interests and that of protecting the euro from counterfeiting.

The goals of the chapter are: financial stability of the Member States, prevention of misuse of funds, contribution to a more efficient and accountable spending, which provides an important mechanism to fight corruption.

The main objectives of the chapter are the development of an efficient system of PIFC (Public Internal Financial Control) and external auditing systems in Albania, in accordance with internationally accepted standards and methodologies as well as with EU best practices, protection of EU financial interests, as well as prevention and fight against euro currency counterfeiting.

4.32.1.2 Chapter structure

- Public Internal Financial Control
- External Audit
- Protection of EU financial interests
- Protection of the euro against counterfeiting

4.32.1.3 Summary of SAA and EU acquis requirements

The obligation to approximate Albanian legislation on the area of financial control with that of the European Union stems from Articles 70, 85 and 90 of the SAA.

In the field of euro protection in the euro area and beyond, EU acquis aims to ensure proper coordination of measures taken against counterfeiting by national authorities and adequate penalties of counterfeiters under national criminal law.

EU legislation contains the basic provisions for the collection and analysis of technical and statistical data related to counterfeit banknotes and coins and for cooperation between national authorities in EU member states, European Commission, European Central Bank, third countries and international organizations.

Key provisions

- Analysis and identification – authorities in EU countries must send counterfeit notes and coins to their national analysis centres for analysis and identification (regulations 1338/2001 & 1339/2001);
- Withdrawal – banks and other credit institutions must withdraw from circulation all euro notes and coins which they suspect to be counterfeit and hand them over to the relevant national authorities (regulations 1338/2001 & 1339/2001);
- Authenticity checks – banks and other credit institutions must check the authenticity of all euro notes and coins that they intend to put back into circulation (Decision ECB/2010/14 and Regulation (EU) No 1210/2010).

Criminal-law penalties

A new Directive 2014/62/EU entered into force on 22 May 2014. This Directive is meant to boost the protection of the euro against counterfeiting by criminal law measures. The Directive replaces the Framework Decision 2000/383/JHA and supplements and helps implementation of the 1929 Geneva Convention on the suppression of counterfeiting. The new measures include tougher sanctions for criminals and improved tools for cross-border investigation.

4.32.1.4 Current situation in Albania and achievement

Albania is moderately prepared in this area. Some progress was made, especially with the ratification of the international convention for the suppression of counterfeiting currency and the adoption of a revised methodology for performance monitoring of internal control.

Public Internal Financial Control

The Strategic Framework for Public Internal Financial Control (PIFC) is in place. PIFC measures are included in the Public Financial Management Strategy (PFM) 2019-2022 and further detailed in the Policy Document for the Development of Public Internal Financial Control 2021-2022, which was approved in December 2020.

In terms of managerial accountability, reporting focuses primarily on financial performance, but with an increasing number of institutions also reporting on performance against objectives.

Internal control legislation is largely in line with international standards. Quality statements are systematically signed by senior management, but in the absence of a delegation framework, this remains more of a formal exercise. In December 2020, the methodology on evaluation of the quality of the internal control system in general government units, based on performance and on annual reporting was approved.

The legislation on internal audit practice is in line with international standards. The internal audit function in public sector is established and contributes to a more operational efficiency, budgetary and fiscal discipline and legal and regulatory compliance in the public sector entities by requiring each such public sector entity to subject its operations, data and management and control systems to regular, systematic and comprehensive internal audits. The Law on internal audit in public sector establishes an institutional system to ensure an adequate function of internal audits. Provisions of the IA Law aim to ensure that internal audits are conducted with the aim to increase the efficiency of the work of public sector subjects in a manner that increases the level of services provided to the users, beneficiaries and the Albanian taxpayers.

The training and professional development system, including the National Certification of Internal Auditors and The Continuous Professional Training (CPD) has been established to ensure that IA units have the necessary capacities and possessed skills enabling them to implement the internal auditing standards of the international Institute of Internal auditors (IIA), and with the ultimate goal of providing users of IA reports with assurance on the quality and accuracy of the reported work.

All internal auditors in position are trained attending the Annual COP Program, and the number of certified internal auditors is increased year by year, aiming that all active auditors should be certified.

The quality of internal audit activity of each IA Unit in Line Ministries and other public entities is monitored and supervised continuously (although the consolidation of Strategic Audit Plans and Annual Reports of IA Units) to maintain conformance with the Standards and Assessments of external audits performed by CHU IA periodically (at least every five years) increase the value, as they enable the internal audit activity to assess compliance with the Standards; internal audit and audit committee charters; the organization's risk and control assessment; the effective use of resources; and the use of successful practices.

The Central Harmonization Unit (CHU) provides methodological guidance and monitors the performance of internal control and internal audit in the public sector based on the assessment of the quality of the internal control system and the self-assessment reports performed by the institutions. In 2020, the CHU conducted 19 external evaluations of the quality of internal audit and completed 25 evaluations by December 2021. In 2021, the CHU began quality evaluations

for internal control in 20 institutions. The PIFC annual report is submitted to the Council of Ministers and discussed in the Assembly.

The main achievements are presented as following:

Implementation of several activities that were carried out in the framework of providing technical assistance to 5 general government units (Ministry of Justice, Ombudsman, Albanian School of Public Administration, Municipality of Kruja and Municipality of Himara for drafting financial management and control instruments.

Assessment of the quality of the internal control system in 20 units of general government; The state of the internal control system in the general government units for 2020 (PIFC Annual Report) has been assessed.

Awareness meetings with managers of 5 selected pilot units of general government, on the rigorous implementation of the requirements of the law on financial management and control have been organized.

- 2 sessions of 1-day training on capacity building of public administration employees in the field of financial management and control were held, with 26 participants.
- The self-assessment questionnaire of the activity of the internal audit units was reviewed and improved.
- Order of the Minister responsible for finance No. 4, dated 10.01.2020 "On some changes in the Internal Audit Manual" has been approved.
- Order of the Minister responsible for finance No. 42, dated 27.10.2020 "Instruction for monitoring the implementation of internal audit recommendations" has been approved.
- Order of the Minister responsible for finance for some changes in the regulations for the continuous training and certification of internal auditors in the public sector.
- The number of external quality assessments of internal audit units has significantly increased for 2020. The opinion was given on the quality of work of 19 IAUs (3 line ministries; 7 municipalities; 3 central institutions and two public companies). For 2021, the target of 25 IA Units to be assessed in one year has been met.
- 8 weeks of distance training sessions were organized in the framework of the Annual Continuous Mandatory Training Program, composed of 13 training topics in order to increase the internal audit capacity in the public sector (342 participants).
- 52 new audit staff followed the certification process 2020-2021 and in September 2021, 47 new auditors were certified as "Internal Auditors in the public sector".

External audit

In accordance with the standards of the International Organization of Supreme Audit Institutions (INTOSAI), the constitutional and legal framework of Albania provides the independence of the State Audit Institution (SAI).

In accordance with the strategic development plan 2018-22, SAI is implementing activities to improve institutional capacities. A working group has been established to improve the current legislation and, and to ensure continuity after the end of the mandate of the chairman of SAI. In recent years, SAI has taken measures to improve the professional development of audit staff. In 2020 detailed tasks were set in the field of ethics and integrity. SAI continued to work in raising awareness of academia and civil society on the importance of external audit.

Regarding the quality of audit work, in June 2020, the audit procedure regulations were revised to improve the quality control and assurance procedures. The objectives of the SAI audit have been shifted from compliance and regularity audits to audits that can help prevent economic damage and breach of rules. SAI follows a risk-based external audit approach. The number of performance audits has increased and accounts for about 11% of all audits performed in recent years. Due to the situation of COVID-19, about 50% of the annual audit plan for 2020 could not be achieved, however audits for emergency procurement related to COVID-19 have been performed and continue to be performed.

The impact of the audit work has shown progress. SAI compiles annual reports on the performance of the institution, and statistical bulletins on a quarterly basis. These reports have been published on the website of SAI and reported to the Parliament too. Memorandum of Understanding between SAI and the Ministry of Finance, signed in 2017 for monitoring the following-up of audit recommendations resulted in the establishment of a technical secretariat with representatives of both parties, which became fully operational in 2020. Effective and timely monitoring of the implementation of audit recommendations has been improved. In 2020, SAI reported that 75% of its recommendations are in the process of implementation and some of them have been fully implemented. The electronic platform for following the audit recommendations has been operational since the end of 2019 and in June 2020 the relevant manual was approved.

The professional development of auditors and staff is supported in the Annual Training Program for 2020, aiming to build capacity based on new and updated methodologies and the application of modern auditing approaches. Audit staff during 2020 reached a participation level of about 28.5 training days for each auditor (exceeding the objective that each auditor during the last 8 years be trained on average 25 days of training per year). For the period January-August 2021, 8.2 training days were performed for each auditor / specialist.

In order to approximate the audit methodology with the International Auditing Standards ISSAI, SAI during 2020 reviewed the methodological basis of the audit, through the approval of the following documents:

- Audit Procedures Regulation revised, approved by the Decision of the Chairman of SAI No. 63, dated 22.06.2020.
- Financial Audit Manual, revised, approved by the Decision of the Chairman of SAI No. 66, dated 22.06.2020.

- Compliance Audit Manual, revised, approved by the Decision of the Chairman of SAI No. 66, dated 30.06.2020.
- Performance Audit Manual revised, approved by the Decision of the Chairman of SAI No. 78, dated 23.06.2020.
- Manual for Following up the Implementation of Recommendations and the Institutional Register for the implementation of recommendations, approved by the Decision of the Chairman of SAI No. 67, dated 23.06.2020.
- Guide on the manner of referring criminal offenses to the prosecution approved by the Decision of the Chairman of SAI no. 60, dated 31.05.2020.

The audit manuals approved during 2020 were tested in several pilot audits and during 2021 the audit activity is focused on the practical implementation of these manuals.

During 2020, SAI submitted to the Parliament the Annual Performance Report for 2019, the Audit Report for the implementation of the State Budget for 2019, together with the consolidated Report for the Follow-up of the Implementation of Recommendations in order to increase the impact of audit work. In April 2021, the Annual Performance Report for 2020 was submitted to the Parliament and in October 2021 SAI sent to the Assembly, the Budget Implementation Report for 2020. A report on the follow-up of the implementation of the recommendations for the audits performed for the period January - June 2020 was submitted to the Albanian Parliament in April 2021 and the follow up report for the audits conducted on July- December 2020 has been submitted to the parliament on December 2021.

During 2020 SAI has submitted to the Parliament, the respective committees, 66 decisions and audit reports which belong to the audit activity of 2020. For the period January - June 2021 SAI has submitted to the Parliament (to the Committee for Economy and Finance) 17 audits reports finalised in the first half of 2021.

To ensure the auditing activity in full compliance with ISSAI standards, SAI has gradually increased the number of performance audits. For the period January - October 2021, performance audits account for 10.5% of evaded audits against a total of 114 audits.

Protection of the EU's financial interests

Albania has ensured a certain level of approximation of the acquis in the fight against fraud to protect the EU's financial interests, but it must be fully harmonized with the EU Directive, on the fight against fraud to protect the EU's financial interests by penal law.

The National Anti-Fraud Coordination Service (AFCOS) is a unit within the Financial Inspection Directorate in the Ministry of Finance and Economy. The AFCOS network, which includes other relevant authorities, has been set up and it organizes regular meetings.

By Order of the Minister of Finance and Economy No. 12, dated 25.01.2021 "For an addition to the Order No. 84, dated 9.12.2015 "On the assignment of the AFCOS service reporting network" The Special Prosecution against Corruption and Organized Crime (SPAK) has been added to the AFCOS Service Reporting Network.

Albania cooperates with the European Commission during investigations and reports to the Commission on irregularities and suspected cases of fraud. During 2019, Albania reported three irregularities through the Online Irregularity Management System, which after being followed and treated according to the relevant procedures were successfully closed. During 2020 and 2021 two irregularities were reported in the system, which continue to remain opened. A total of 5 irregularities have been reported through the system since 2019. The manual for managing irregularities with EU funds has been approved by the First Authorizing Officer (NAO) for EU funds.

The European Commission has developed an electronic system on Irregularity Management, which is now operational. This system (IMS) enables IPA II beneficiaries to report irregularities detected, including fraud, and track them nationally.

The Directorate of the National Fund, the General Directorate of Financing and Contracting (CFCU), the Agency for Agricultural and Rural Development (ARDA), the Supporting Authority of the National Authorizing Officer (NAOSD) and AFCOS / DIFP in the Ministry of Finance and Economy have access to IMS system.

Albania has already a solid record of data on reported irregularities, documented through the AFIS-IMS system, but not only.

The progress and assurance of the achievement of this important process, specifically related to the identification, reporting and elimination of irregularities is done / managed by the National Authorizing Officer, through the Support Directorate of the NAO.

A register / trace is documented for the investigations carried out, both for those carried out in cooperation with OLAF, and for those carried out at the request of the NAO, which aimed at protecting the EU's financial interests. The register regarding the cases of investigations carried out by OLAF, as well as for those carried out by the responsible unit at DIFP, is administered at the Directorate of Public Financial Inspection / AFCOS in reference to the requests of the Deputy Minister in the Ministry of Finance and Economy (as National Authorizing Officer for EU funds), with the support of the NAO Office.

DIFP / AFCOS has regularly cooperated with the National Authorities of the AFCOS Network, depending on the object of the irregularity / issue, or the information requested by OLAF; AFCOS has enabled OLAF to contact the Representatives of the National Authorities involved in this network, in the function of operational cooperation for investigative cases conducted by OLAF, and has assisted in providing the information requested by OLAF.

DIFP / AFCOS has assisted / accompanied OLAF investigators in investigative missions conducted in Albania, to investigate irregularities identified by OLAF.

Protection of the euro against counterfeiting

Albania ratified the International Convention for the Suppression of Counterfeiting Currency of 1929, in November 2019. Albania is aligned with the acquis on the protection against counterfeiting of banknotes and coins, as well as the procedures for their collection, storage and withdrawal from circulation.

The technical analysis is performed by the National Analysis Center of the Bank of Albania and the Scientific Police Institute. In 2020, Albania seized 307 euro coins and banknotes worth 6,000 euros, representing 18% of all counterfeit coins seized. Cooperation at national and international level is ongoing. In August 2018, the Bank of Albania joined the Europol expert platform. A cooperation agreement between the European Commission and the Bank of Albania on coins is in force, while an agreement on banknotes with the European Central Bank is pending. Albania participates in the activities within the Pericles 2020 program.

The Bank of Albania with its current regulatory framework guarantees mandatory procedures for authentication, immediate withdrawal of suspected counterfeit banknotes and coins detected in circulation. At the Analysis Center, the responsible structure in the Bank of Albania, the suspected counterfeit banknotes and coins are sent, in order to identify, technically analyze and classify counterfeit banknotes and coins. The rules for protection of the euro from counterfeiting have been strengthened through the approval by the Bank of Albania of the Regulation No. 42 dated on 04.08.2021 "On medals and tokens similar to euro coins" and the Regulation No.43, dated 04.08.2021 "On reproduction criteria of banknotes and coins in the Republic of Albania". These regulations, which were a priority in fulfilling Albania's obligations in the context of protecting the euro from counterfeiting, aim to prohibit the production and trade, import and distribution of medals and tokens with the appearance and technical characteristics similar to those of the coin euro as well as the permissible criteria for cases of reproduction of images of euro banknotes.

4.32.1.5 List of responsible ministries and institutions

1. Ministry of Finance and Economy (leading institution)
2. Supreme State Audit
3. Bank of Albania
4. Ministry of Interior
5. Ministry of Interior / General Directorate of State Police
6. Ministry of Health and Social Protection
7. Ministry for Europe and Foreign Affairs
8. Ministry of Justice

9. Audit Agency of EU Accredited Assistance Projects
10. Agency for Agricultural Development
11. Institute of Statistics (INSTAT)

4.32.1.6 Identified Gaps and Priorities

Public internal financial control

The central government should clearly share institutional responsibilities in guiding PIFC reforms, in a coordinated approach with the public administration. Strong efforts are needed to implement PIFC reforms beyond the Ministry of Finance and Economy.

Managerial accountability is not yet fully sanctioned in legislation and administrative practice. The adopted guidelines for the delegation of financial responsibilities need to be implemented and accompanied by a broader reform of the delegation of operational and administrative responsibilities, in order to have a comprehensive approach to managerial accountability. A very small number of administrative decisions are delegated in practice. The re-emergence and increase in arrears is an indicator of the still not fully effective attribution of responsibilities and commitment control. The law on public administration, the law on the civil servant and the relevant laws on integrated policy planning and the law on the budget system need to be evaluated and, if necessary, amended to provide a sound basis for the implementation of managerial accountability.

With regard to internal control, book of business processes should be compiled throughout the public administration in order to strengthen PIFC, including clarification of roles and responsibilities in the various procedures, setting objectives and outcomes, and specifying tasks that need to be delegated, reporting lines and identification of risks specific to the procedures. Subordinate units and local government units remain the weakest institutions in terms of the functioning of internal control systems. At all levels, risk management is still at an early stage and needs to be better involved in managing financial and operational processes. In particular, risk registers and risk strategies need to be developed by budget users at central and local level and integrated into the public entity management process. The number of requests submitted by internal audit units remains relatively low.

The law on financial management and control will be amended based on the gap analysis performed by the Directorate of Harmonization of Financial Management, Control and Accounting. The main purpose of reviewing this law is to clarify and improve the principles, rules, procedures, administrative structures and methods that will enhance the functioning of financial management and control towards increasing the effectiveness of the implementation of the internal control system in public entities.

The Law on Internal Audit in the Public Sector should be amended based on the GAP analysis carried out by Directorate of Harmonization and Internal Audit and SIGMA experts and the changes in the Law should be followed by necessary changes in other bylaws. The internal audit manual should be reviewed in order to provide additional guidance on certain topics and making it a fully applicable document in practice for internal auditors. Risk based auditing should lead the audit approach and the effectiveness of audits needs to be improved through the risk assessment. The criteria of establishment and effective functioning of internal audit service in some cases do not comply with the provisions of the IA Law. There are still a number of IA Units which do not fulfil the requirement of having at least three audit staff. The number of vacancies in internal audit structures remains stable, 11%, mainly in local government entities.

As for the internal audit practice, the internal audit function does not yet issues audit opinions on the effectiveness of internal control system across budget units. The quality of audit activities is still only partially in line IIA Standards and legal requirements. Internal audit quality control procedures of internal audit should be done in accordance with the standards and fully operational. Monitoring the effective and timely implementation of internal audit recommendations needs to be improved. The professional capacities and skills of internal auditors need to be further strengthened and enhanced.

The capacity of **Central Harmonization Units** needs to be further strengthened.

External audit

Gaps identified and priorities

In accordance with the standards of the International Organization of Supreme Audit Institutions (INTOSAI), the constitutional and legal framework of Albania provides for the independence of the State Audit Institution (SAI). The adoption of the proposed legal changes, which strengthen the scope of the audit mandate to cover all public entities, is still pending.

SAI in its fulfillment of the constitutional mandate as the highest institution of economic and financial control in the Republic of Albania, in order to fully align its activity with the international auditing standards of the International Organization of Supreme Audit Institutions and best practices, is working to amend the Law 154/2014 "On the organization and functioning of the Supreme State Audit". Through the amendment of the law, it is intended the implementing of the recommendation of the Annual Report of the European Commission to ensuring the continuity of the activity of the institution even after the end of the mandate of the chair of ALSAI and to fill the gaps related to the following:

- Certification as a "public external auditor" of SAI auditors and the establishment of an open training center and multidimensional certification.
- Non-restriction of SAI in the audit of public funds provided by the European Union.

- The jurisdictional competence of SAI auditors with regard to the auditing of all public or private entities, engaged, participating and parties to contracts such as concessions; public procurement; and public-private partnership, has to be defined in the law.
- The full jurisdiction of SAI in auditing the public legal entities, such as the Energy Regulatory Authority (ERE) and the Central Bank of Albania has to be defined in the law.
- The legitimacy of SAI to be part in the court proceedings initiated following the criminal reports made by SAI.
- Completion of the competencies and legal duties of the Chairman of SAI
- Clarifying the name of the annual report that the Council of Ministers submits annually to the Assembly on the implementation of the budget.

The quality of audit work needs to be further improved to fully meet INTOSAI standards.

Improving the quality of audit work is one of the objectives of the Development Strategy of SAI and to this aim SAI will be focused on the following:

- Drafting and development of a specific training plan to be focused on the implementation of the requirements of ISSAI 40 Standard “Quality Control and Assurance” and the implementation of the Guideline for Audit Quality Management in the context of the implementation of the revised Regulation of Audit Procedures and revised financial, compliance and performance audit manuals, as well as a new manual for monitoring the implementation of recommendations (documents adopted in June 2020).

As for the impact of audit work, despite the high degree of recommendations accepted by the institutions, the degree of fully implemented recommendations needs to be improved. In this context, SAI will continue:

- To resubmit to the Albanian Parliament, the proposal for the establishment of a parliamentary subcommittee, part of the Committee on Economy and Finance to review the reports of SAI and periodically hold parliamentary hearings evaluating the corrective actions taken by the institutions of audited for the implementation of SAI recommendations.
- To resubmit to the Albanian Parliament, the proposal for the signing of a Memorandum of Understanding between the two institutions and the drafting of a concrete work plan to increase parliamentary control over the implementation of the SAI recommendations.
- For the implementation of the recommendation on the "Amendment of the legal framework of SAI", which ensures, among other things, the continuity of institutional activity even after the end of the constitutional mandate of the Chairman of the Supreme State Audit, SAI will submit the proposal to the Assembly for amendments to the Law No. 154/2014 "On the organization and functioning of KLSH" on this issue.

Increasing the impact of audit work will be achieved through:

- Submitting to the Parliament of the periodic reports and of the consolidated report on the follow-up of the implementation of the recommendations.
- Submitting regularly to the Minister of State for Relations with the Parliament of the Report on the implementation of the recommendations with the aim to inform the government about the implementation of the SAI recommendations by the central government institutions.
- Submitting the audit reports, performance audits and reports of high public importance and sensitivity to the respective Parliamentary Committees.
- Conducting special thematic audits to verify the implementation level of the recommendations and drafting a consolidated report on the implementation of recommendations.

Protection of the EU's financial interests

Gaps identified and priorities

Albania has to fully approximate the EU Directive 2017/1371 of the European Parliament and of the Council of 5 July 2017 "On combating fraud against the financial interests of the Union through criminal law". The approximation of this directive is foreseen in the framework of the National Plan for European Integration, under chapter 23 "Judiciary and fundamental rights", which falls under the responsibility of the Ministry of Justice.

The Ministry of Finance and Economy / its respective structures, including DIFP / AFCOS, will have a supporting role at the approximation of this directive, in accordance with the area of responsibility of each structure.

The adoption of the National Anti-Fraud Strategy (2024), which aims to protect the EU financial interests is a shortcoming identified during the screening process for chapter 32 "Financial control", and a recommendation from the annual report of the European Commission for Albania. The drafting of the National Strategy on the protection of the financial interests of the European Union and its Action Plan is also part of the Public Financial Supervision Strategy 2019-2022 (component 6.1, measure 6.1.1 of the PFM);

The drafting of this strategy was foreseen to start in the second quarter of 2020, but due to the Covid 19 pandemic, it was postponed to 2022. The responsible structures at the Ministry of Finance and Economy (AFCOS / DIFP) prepared the Order of the Minister "On the establishment of the Working Group for the drafting of the National Strategy On the protection of the financial interests of the European Union and of the drafting of the Action Plan implementing the Strategy". The draft order has been submitted to the Minister of Finance and Economy for approval.

Considering that this process requires a continuous cooperation and institutional interaction, among the representatives of the AFCOS network, management and operating structures in MoFE, OLAF, and on the other hand the importance this process has, technical assistance is considered necessary in the smooth running of this process.

DIFP / AFCOS will continue to coordinate the provision of technical assistance by OLAF, regarding the drafting of this strategy, through continuous communication with this structure.

The strategy is expected to be approved with the Decision of the Council of Ministers within the fourth quarter of 2024.

As for the increase of capacities / human resources in the Directorate of Public Financial Inspection / the Unit of Signaling, Investigation, Monitoring and AFCOS, the respective steps will be taken to fill the two vacancies in the structure of AFCOS.

CHAPTER 33: FINANCIAL AND BUDGETARY PROVISIONS

4.33.1.1 Chapter content

This chapter covers the rules that discipline EU budget funds (“own resources”). These sources consist mainly of: i) contributions based on the gross national income of each Member State; ii) customs duties; and iii) a source based on value added tax. Member States must have the appropriate administrative capacity to adequately coordinate and ensure the accurate calculation, collection, payment and control of own resources.

4.33.1.2 Chapter structure

- Traditional own resources.

4.33.1.3 Summary of SAA and EU acquis requirements

Article 70 of the SAA requires the approximation of Albanian legislation with the EU acquis, which also includes EU legislation for this chapter.

With regard to the acquis, this chapter includes the regulations on the financial resources needed to finance the EU budget ('own resources'). These resources consist of so-called traditional own resources. The acquis in this field is directly binding and does not require transposition into national law.

4.33.1.4 Current situation in Albania and key achievements

Albania has some level of preparation in this area. Some progress was made in the underlying policy areas that affect the functioning of the EU funding system, through the progress in implementation of the 2016 Organic Budget Law, the fiscal rule and the continuation of the public finance management reform. Alignment with EU acquis in the underlying policy fields has continued. Albania made progress on alignment with ESA 2010 standards.

Albania made progress on the underlying policy areas indirectly affecting the own resources system (see chapters: 16 Taxation, 18 Statistics, 29 Customs Union and 32 Financial Control). Albania has structures in place for levying customs duties at the point of import and operates a national VAT system. Albania has started the drafting of a Mid-Term Revenue Strategy to outline the reform in the field of taxes.

As regards the Gross National Income (GNI) resource, further progress was made on alignment with ESA 2010 standards. Albania has made methodological improvements on statistics and on improving the speed of their publication, and on increasing the number of statistical tables that are reported to Eurostat. INSTAT has been working on the next benchmark revision of national accounts, and has prepared a harmonised revision policy in coordination with the Central Bank of Albania and the Ministry of Finance and Economy (MoFE).

Albania continued the preparations for improving the estimation of its non-observed economy. A pilot project to improve the exhaustiveness adjustments of GDP/GNI estimates, designed in particular to develop new experimental estimates on illegal activities and fiscal audit, is being implemented. Efforts to improve the exhaustiveness of national accounts estimates are also being undertaken.

On administrative infrastructure, MoFE has overall responsibility for financial and budgetary issues.

INSTAT has published in its official website the inventory of resources and methods used in National Accounts, by using the latest structure of the resource inventory recommended by EUROSTAT. The inventory has been regularly updated and upgraded with all the improvements achieved through IPA Multi Beneficiary projects in Albania.

During 2020, INSTAT in addition to the new tables sent, it has improved the quality and variables, which are part of the ESA 2010 Transmission Programme.

INSTAT regularly transmits, twice per year (in April and in October) the Excessive Deficit Procedure (EDP) tables, as required by Eurostat to EU candidate countries. This data are sent in experimental estimates and not for publication.

4.33.1.5 List of responsible ministries and institutions

- Ministry of Finance and Economy (leader of the chapter)
- General Directorate of Taxation
- General Directorate of Customs
- INSTAT

4.33.1.6 Identified Gaps and Priorities

With regard to own resources, Albania has not yet finalised the Medium-Term Revenue Strategy (MTRS) that was foreseen to be adopted in 2020.

As for the Gross National Income (GNI) resource, Albania needs to further improve compliance with ESA 2010 and to start drafting the GNI Inventory, on the basis of the existing description of sources and methods used to compile its national accounts. Due to the Covid-19 pandemic, the benchmark revision foreseen to be adopted in 2020 was postponed to 2024.

Continued efforts are needed to ensure that effective measures are taken to formalise the informal economy, improve the exhaustiveness of the national accounts and GDP/GNI calculations and combat fiscal evasion and customs duty fraud.

On the administrative infrastructure, Albania has to work on the establishment of relevant institutions to be part of its own resource system, a resource coordination body and implementing rules. These are needed to ensure that, upon accession, it will be able to, account for, forecast, collect, pay, control and report to the EU on its own resources, in line with the acquis.

In the framework of the Screening process, the Legal Gap Analysis (LGA) and the Institutional and Administrative Gap Analysis (IAGA) of Chapter 33 have not yet been prepared. The Inter-Institutional Working Group on European Integration for Chapter 33 has requested technical assistance to carry out these two analyses.

Albania has the following priorities:

To continue aligning data on National Accounts to ESA 2010 (European System of Accounts), and to improve the comprehensiveness of data transmission to Eurostat.

To align its legislation with the EU provisions on VAT and customs duties;

The focus will also be on the further development of domestic resources, based on the value added tax and of those resources related to the Gross Domestic Income.