

EN

ANNEX III

**to the Commission Implementing Decision approving the Reform Agendas and the
multiannual work programme under the Reform and Growth Facility for the Western
Balkans**

**REFORM AND GROWTH FACILITY
FOR THE WESTERN BALKANS**

REFORM AGENDA OF ALBANIA

TABLE OF CONTENTS

Contents

PART 1: OBJECTIVES AND COHERENCE OF THE REFORM AGENDA	6
1 MAIN CHALLENGES (PROBLEM ANALYSIS)	6
2 OBJECTIVES OF THE REFORM AGENDA.....	10
3 CONSISTENCY WITH THE OVERALL POLICY FRAMEWORK (INCLUDING THE ECONOMIC REFORM PROGRAMME, THE JOINT POLICY GUIDANCE AND THE ENLARGEMENT POLICY FRAMEWORK).....	12
4 KEY POLICY PRIORITIES	18
4.1 FUNDAMENTAL SECTORS	18
4.2 DIGITAL TRANSFORMATION AND DIGITAL SECURITY ISSUES	21
4.3 EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL OBJECTIVES.....	21
4.4 'DO NO SIGNIFICANT HARM' PRINCIPLE	22
5 MAINSTREAMING	23
5.1. GENDER MAINSTREAMING AND EQUAL OPPORTUNITIES IN HUMAN CAPITAL PILLAR	24
5.2. GENDER MAINSTREAMING AND EQUAL OPPORTUNITIES IN BUSINESS CLIMATE PILLAR	25
5.3. GENDER MAINSTREAMING AND EQUAL OPPORTUNITIES IN DIGITAL AND GREEN TRANSITION PILLAR.....	25
5.4. GENDER MAINSTREAMING AND EQUAL OPPORTUNITIES IN FUNDAMENTALS AND RULE OF LAW PILLAR.....	25
5.5. GENDER MAINSTREAMING AND EQUAL OPPORTUNITIES DURING IMPLEMENTATION OF THE REFORM AGENDA	26
5.6. ACCELERATING AND CONTRIBUTING TO THE GREEN AGENDA	26
PART 2: DESCRIPTION OF POLICY AREAS AND RELATED REFORMS.....	29
6 POLICY AREA 1: IMPROVING THE BUSINESS ENVIRONMENT	29
1.1. BUSINESS ENVIRONMENT	29
R - 1.1.1. INCREASE DOMESTIC REVENUE MOBILISATION AND THE COMPREHENSIVENESS OF THE TAX SYSTEM, NOTABLY VIA ADOPTING AND IMPLEMENTING THE MEDIUM-TERM REVENUE STRATEGY (MTRS).	29
R - 1.1.2. ENSURE TRANSPARENCY AND EFFICIENCY OF STATE CADASTRE SERVICES, FOR INVESTORS AND CITIZENS AND PROVIDE CLEAR POLICY FOR LAND USAGE.	33
R - 1.1.3. INCREASE THE ATTRACTIVENESS AND TRANSPARENCY OF INVESTMENTS, IN LINE WITH EU PRACTICES, IMPROVE STATE-OWNED ENTERPRISES AND STATE AID GOVERNANCE	38
R - 1.1.4. IMPROVE THE INVESTMENT ATTRACTIVENESS FRAMEWORK AND IN PARTICULAR THE FDI FRAMEWORK AND BUSINESS ENVIRONMENT BY DEREGULATION AND MODERNISATION OF BUSINESS SERVICES.....	43
R - 1.1.5. DEPLOYMENT OF E-FREIGHT AND INTELLIGENT TRANSPORT SYSTEMS.....	46
R - 1.1.6. PROMOTION OF EXPORT AND INTERNATIONALISATION OF ENTERPRISES, INCLUDING THE FACILITATION OF EXPORTS AND TRADE, AND VALUE CHAIN SUPPORT TO SELECTED INDUSTRIES WITH GROWTH POTENTIAL.	50
7 POLICY AREA 2: HUMAN CAPITAL	57
2.1. EDUCATION.....	57
R - 2.1.1. REVISE THE VET SYSTEM TO BETTER MATCH THE LABOUR SKILLS DEMAND	57
R - 2.1.2. UPDATE OF THE CURRICULA IN PRIMARY AND SECONDARY EDUCATION	61

R – 2.1.3. UPDATE THE NATIONAL QUALIFICATIONS FRAMEWORK BY ESTABLISHING A CLEAR AND TRANSPARENT RELATIONSHIP BETWEEN NATIONAL QUALIFICATION LEVELS AND THE RELEVANT EUROPEAN QF LEVELS	65
R – 2.1.4. ADVANCE DIGITAL SKILLS AND LITERACY FOR YOUTH AND ENSURE THE PROVISION OF SUFFICIENT ICT EQUIPMENT TO PUBLIC SCHOOLS AND UNIVERSITIES	68
2.2. LABOUR MARKET	72
R – 2.2.1. STRENGTHEN THE EFFICIENCY OF THE UNEMPLOYMENT POLICY SCHEME	73
2.3. RESEARCH AND DEVELOPMENT	76
R – 2.3.1. . STRENGTHEN THE R+I NATIONAL ENVIRONMENT BY ADOPTING ENABLING STRATEGIC FRAMEWORK	76
<u>8 POLICY AREA 3: DIGITAL.....</u>	<u>80</u>
3.1 DIGITAL.....	80
R – 3.1.1. COMPLY WITH THE DIGITAL IDENTITY REGULATION AND IMPLEMENT DIGITAL eWALLET FOR PUBLIC SERVICES	82
R - 3.1.2 UPDATE THE FRAMEWORK FOR CYBER RESILIENCE, BY INTRODUCING REQUIREMENTS OF NIS2 DIRECTIVE AND STRENGTHENING RELEVANT INSTITUTIONS	87
R – 3.1.3 UPDATE THE FRAMEWORK FOR A SECURE AND SUSTAINABLE DIGITAL INFRASTRUCTURE	92
3.2. BUSINESS TAKE-UP OF THE POTENTIAL OF THE GREEN AND DIGITAL AGENDA	94
R - 3.2.1. IMPROVE ENABLING ENVIRONMENT FOR INNOVATIVE BUSINESSES AND THEIR TAKE UP OF THE POTENTIAL OF THE GREEN AND DIGITAL AGENDA, INCLUDING ENABLING RELEVANT FINANCIAL SUPPORT; ..	94
<u>9 POLICY AREA 4: ENERGY AND GREEN TRANSITION.....</u>	<u>98</u>
4.1. MARKET REFORMS.....	98
R - 4.1.1 ALIGN WITH ELECTRICITY INTEGRATION PACKAGE TO ENABLE ELECTRICITY MARKET COUPLING OF THE EU AND ALBANIA, ESTABLISH THE INTRADAY ELECTRICITY MARKET, OPERATIONALISE THE PACKAGE IN LINE WITH THE MARKET COUPLING OPERATOR INTEGRATION PLAN BY 2025	98
R – 4. 1. 2. GRADUAL TARIFF ADJUSTMENTS TO MARKET PRICES ACCOMPANIED WITH MEASURES TO ADDRESS ENERGY POVERTY	104
4. 2. RENEWABLES	107
R - 4. 2. 1. DEVELOP TRANSPARENT AND COMPETITIVE QUANTITY-BASED ACTION PLAN FOR RENEWABLE ENERGY: PLANNING FOR 3 YEARS IN PLACE.	107
R – 4. 2. 2. IMPLEMENTATION OF THE RENEWABLE ENERGY DIRECTIVE: ADOPT RES LEGISLATION, STREAMLINE PERMITTING, ESTABLISH THE RENEWABLE ENERGY COMMUNITIES, OPERATIONALISE GUARANTEES OF ORIGIN.	109
4.3. ETS ADOPTION	113
R - 4.3.1. WORK ON CARBON PRICING WITH THE AIM OF HAVING AN ETS IN PLACE BY 2030: FOCUS ON MRVA PACKAGE.....	113
4.4. ENERGY EFFICIENCY AND AIR POLLUTION	117
R – 4.4.1. ADOPTION AND IMPLEMENTATION OF LONG-TERM BUILDING RENOVATION STRATEGY, AND ENERGY EFFICIENCY SCHEME	117
<u>10 POLICY AREA 5: RULE OF LAW / FUNDAMENTALS.....</u>	<u>121</u>
5.1. FIGHT AGAINST CORRUPTION AND ORGANISED CRIME	121
R - 5.1.1. ESTABLISH AN ASSET RECOVERY OFFICE, AS A NATIONAL COORDINATION UNIT AND REGIONAL/INTERNATIONAL CONTACT POINT, CONTRIBUTING TO IMPROVEMENT OF SEIZURES AND CONFISCATION	122
R - 5.1.2. STRENGTHEN REPRESSION OF CORRUPTION AND ORGANISED CRIME, INCLUDING IN HIGH-LEVEL CASES	125
5.2. COOPERATION IN THE FIELD OF DRUGS.....	130
R – 5.2.1. STRENGTHEN THE INSTITUTIONAL CAPACITY AND STRATEGIC FRAMEWORK WITH THE AIM OF REDUCTION OF ILLICIT DRUGS SUPPLY AND DEMAND	130

5.3. MONEY LAUNDERING	132
5.3.1. ENSURE A RELIABLE AND STABLE FRAMEWORK TO PREVENT AND COUNTER MONEY LAUNDERING..	133
5.4. JUDICIARY	135
5.4.1. CONSOLIDATE JUDICIAL INDEPENDENCE AND ACCOUNTABILITY BY TRANSPARENCY	136
R – 5.4.2. ENHANCE JUDICIAL EFFICIENCY AT ALL LEVELS.....	140
5.5. FIGHT AGAINST CORRUPTION	147
R - 5.5.1. EFFECTIVELY PREVENT CORRUPTION, DECREASE INCIDENCE OF CORRUPTION.....	147
5.6. DEMOCRACY, FUNDAMENTAL RIGHTS AND CIVIL SOCIETY	151
R – 5.6.1. ENHANCE FREEDOM OF EXPRESSION, IN LINE WITH EUROPEAN STANDARDS	151
<u>11 GENERAL CONDITIONS FOR PAYMENTS (FOR ALL POLICY AREAS).....</u>	<u>159</u>
<u>PART 3: COMPLEMENTARITY AND IMPLEMENTATION OF THE REFORM AGENDA</u>	<u>175</u>
<u>12 COMPLEMENTARITY WITH IPA III.....</u>	<u>175</u>
REFORM 3.1.2. UPDATE THE FRAMEWORK FOR CYBER RESILIENCE, BY INTRODUCING REQUIREMENTS OF NIS2 DIRECTIVE AND STRENGTHENING RELEVANT INSTITUTIONS	175
REFORM 4.2.1. DEVELOP TRANSPARENT AND COMPETITIVE QUANTITY-BASED ACTION PLAN FOR RENEWABLE ENERGY	176
THE IPA FUNDED OPERATIONAL PROGRAMME EU FOR ENERGY (2024-2027) WILL INDIRECTLY CONTRIBUTE TO THE REFORM 4.2.1 THROUGH THE ACTIONS PLANNED UNDER THE AREA OF SUPPORT 1: SUPPORT TO RENEWABLE ENERGY AND ENERGY EFFICIENCY OF BUILDINGS, WHICH CAN SUPPORT THE INSTALLATION OF ADDITIONAL RENEWABLE ENERGY CAPACITY IN THE BUILDINGS SUBJECT TO ENERGY EFFICIENCY MEASURES.....	176
<u>13 INVESTMENTS UNDER WESTERN BALKANS INVESTMENT FRAMEWORK (WBIF)...</u>	<u>177</u>
<u>14 CONSULTATION</u>	<u>179</u>
<u>15 MONITORING, REPORTING, EVALUATION</u>	<u>182</u>
<u>1. NATIONAL COORDINATOR.....</u>	<u>182</u>
<u>16 CONTROL AND AUDIT</u>	<u>185</u>
<u>17 COMMUNICATION</u>	<u>195</u>
<u>18 ANNEX 1: STEPS AND PAYMENT CONDITIONS BY POLICY AREA</u>	<u>197</u>

LIST OF FIGURES

NO TABLE OF FIGURES ENTRIES FOUND.

LIST OF TABLES

NO TABLE OF FIGURES ENTRIES FOUND.

LIST OF BOXES

NO TABLE OF FIGURES ENTRIES FOUND.

LIST OF ACRONYMS

PART 1: OBJECTIVES AND COHERENCE OF THE REFORM AGENDA

1 MAIN CHALLENGES (PROBLEM ANALYSIS)

On 8 November 2023, The European Commission proposed the Reform and Growth Facility 2024-2027(RGF) that should provide key support to the implementation of the new Growth Plan for Western Balkans Countries. The Facility serves as an instrument in the form of loans and grants that aims to address the insufficient socio-economic convergence between the Western Balkan (WB) and the EU, exacerbated by the economic impact of COVID-19 pandemic, the energy crisis, as a result of the Russia war of aggression against Ukraine.

The Reform Agenda for Albania is the response to the New Reform and Growth Facility of EU, which is considered a key platform that will boost further the economic market-oriented actions for Albania economy accessing the Single EU Market and towards achieving convergence with EU member states. The priorities of the New Reform and Growth Plan are oriented towards accelerating the Single Market Integration of Albanian economy and to further fundamental reforms for EU integration, as well as to deepen regional economic integration.

Albania is working to accelerate the convergence pace with EU-27 considering the long time required to catch up, as a country within the WB6 region. The pace of convergence is slower than needed and has practically stalled for the WB6, while the countries are trying to cope with and ensure resilience from crisis to crisis, beginning with the 2008-2009 financial crises, earthquake aftermath of 2019, COVID-19, the war in Ukraine, the energy crisis.

Slower productivity growth evidenced in the aftermath of the global financial crisis was pronounced in Albania. Most of the slowdown in labour productivity came from reduced total factor productivity growth, along with subdued investments. There is a considerable unfunded gap in the transport sector, energy, environment and digital connectivity, indicating the need for investments to ensure a “high convergence scenario”, which would stimulate GDP growth of 6% and convergence time in 20 years.

High value-added activities that account for about 1/3 of employment (excluding agriculture and administration) have had the highest employment growth over the past decade. Besides the increase in productivity at the national level, the significant difference that exists in the level of productivity according to different sectors of economic activity is important. During the last decade 2011 - 2020, the non-agricultural sectors with the highest increase in productivity in Albania are those of health, various services, publications and software, etc., sectors for which the level of productivity has increased more than twice compared to ten years before. Further strengthening of such sectors and potential others, through supportive policies for the expansion of employment that accompany further diversification and orientation of the economy towards productive activities, creates further opportunities to improve the competitiveness of the economy and contribute inherently to growth of citizens' well-being.

Challenges include access to finance, lack of or expensive technology and need for more skills. While access to finance has always been reported as a significant challenge in Albania, the other growth constraints have become particularly acute in the recovery phase, with shortages of key inputs such as technology and skills, and still high regulatory barriers to entry and conduct.

The structure of economic activity in the country is dominated by SMEs that make up more than 90% of registered businesses and operate mainly in labor-based activities with low added value. Increasing the competitiveness of Albanian companies is very important for the expansion of their activity within the country but also beyond the border, in the integrated regional market and that of the EU. On the other hand, the full opening of the country's economy, the integration into the EU and the support that the EU gives to the countries of the Western Balkans, are important factors that will exert positive and increasing pressure on local companies to significantly improve their competitiveness in the market and be able to compete within the country and be active in seeking opportunities to expand the activity abroad. In order to improve the competitiveness of the Albanian economy, there is room for gains thanks to increased efficiency through productivity improvements in key sectors such as agriculture and industries, as well as through labour force shifts, investments and support from the construction sector, towards more productive activities and with high added value such as sustainable tourism, services, IT, SMEs based on innovation and technology, financing and green activities, etc.

With respect to human capital, Albania is currently facing challenges especially related to employment and skills, that impede its fast growing and productivity increase. First, there is the low level of skills of the working age population. According to the 2021 Labour Force Survey, 41.6 percent of the labour force and 48.3 percent of the working-age population in Albania have basic (8-/9-year) education or less.

The second challenge is related to the labour force's possession of the skills required in the labour market, the lack of which can prevent the creation of more jobs or jobs of better quality. Some of the main indicators of the potential skills mismatch can be considered the high unemployment rate among young people and the high unemployment rate of graduates from higher education. The high rate of young people neither in employment nor in education or training (NEET) is another indicator that highlights the skills mismatch. Challenges of skills shortages or mismatches are the result of insufficient quantity, quality or relevance of education and training provision. There is an emergent need to address these problems with respect to labour force market and skills.

Regarding digital transformation, the use of information technology in the provision of public government services has had and will continue to have a transformative effect on the way governance works, the types and manner of service delivery, as well as its impact on business activity and development. of sectors of the economy. Along with other forms of technological change and innovation, the Albanian government and private sector institutions will need to not only better react to these drivers of change, but also actively seek better opportunities for change, greater competitiveness and economic growth. The digital transformation that precedes these processes will require the acquisition and empowerment of the latest digital skills of the time, especially from the young generation that is preparing to enter the labour market and the creation of new businesses, as well as the inclusion his way of organizing and operating Albanian businesses.

Energy is a pivotal factor for Albania's growth, influencing economic development, investment, employment, and quality of life. Effective energy policies that promote renewable energy, improve energy efficiency, invest in infrastructure, and establish a stable regulatory framework can significantly impact Albania's economic growth and development trajectory. By leveraging its renewable energy potential and ensuring a reliable and sustainable energy supply, Albania can foster long-term economic prosperity and resilience.

The energy sector is facing several challenges with respect to influencing growth and entering the EU Single Market. Also, it remains exposed to significant risks related to climate change. Due to the predominant share that hydroelectric plants hold in the production of electricity, Albania is highly dependent on the annual amount of precipitation or their distribution throughout the year and across the country. On the other hand, the change in energy consumption during specific periods, inevitably makes the energy system dependent on energy imports. According to INSTAT data¹, the net domestic electricity production, in 2023, reached the value of 8,796 GWh from 7,003 GWh energy produced in 2022, taking an increase produced by 25.6%. This production was generated by public hydropower plants to the extent of 58.2%, by private hydropower plants and concessionaires to the extent of 40.8% and from other producers (Photovoltaics) to the extent of 1.0% of production domestic electricity net. The gross import of electrical production (energy in receipt) reached the value of 1.922 GWh in 2023, from 3.044 GWh which was for 2022, making a decrease of 36.9%. Gross export of electricity for the year 2023 (energy in giving) results in the value of 2.842 GWh from 2.12 GWh in 2022, marking an increase of 33.%. For these reasons, diversifying energy production, alongside the development of investments in the sector, presents a significant challenge and opportunity to be addressed in the future towards strengthening energy independence.

Ensuring the market integration of the energy sector into EU Single market remain a challenge that would need to be addressed. There is confidence in the gains in the energy sector, that include economic benefits through increased investment and trade, improved energy security and infrastructure, technological advancements, environmental sustainability, and enhanced market competition. The challenges consist firstly on fully aligning the national legislation on energy and renewable energy with the EU *acquis*, enable electricity market coupling of the EU and Albania, establish the intraday electricity market, ensure gradual tariff adjustments to market prices accompanied with measures to address energy poverty, renewable energy measures, strengthen energy efficiency policy and implement energy efficiency supporting schemes.

¹ <https://www.instat.gov.al/media/13065/bilanci-i-energjis%C3%AB-elektrike-2023.pdf>

The fundamentals provide the basis of a consolidated democracy that lays its path towards increase economic convergence and single market integration. For Albania to successfully integrate into the EU Single Market, it is imperative to solidify the rule of law and foundational reforms. This involves intensifying efforts against organized crime, enhancing the legal and operational frameworks for preventing and combating corruption, and ensuring that the justice system operates efficiently and transparently. Additionally, safeguarding freedom of expression and aligning with European standards across these domains will be crucial for meeting the EU's accession criteria and fostering sustainable development within the country.

The Justice Reform is considered one of the most profound legal and institutional reforms that has impacted the country's justice system in the last two decades. Its goal was to create a reliable, effective, independent, and professional justice system based on the principles of the rule of law and in compliance with European standards. The 2016 judicial reform led to profound reform of the legal and institutional framework of the judiciary and prosecution services and put in place legal guarantees to strengthen the independence of the judiciary and prosecution, including: unblocking mechanisms for the appointment of judges and prosecutors; tools to avoid political influence in justice institutions, accountability mechanisms, and the vetting of all sitting judges and prosecutors. The judicial reform led to a full institutional restructuring of the judiciary and prosecution services in line with European standards, including the reform of the Constitutional Court and the establishment of new bodies for the self-governance of the judiciary.

The new institutional architecture of that has produced its results in several directions, including the addressing of the fundamental challenges of the justice reform on increase of public confidence in the justice system, its independence and proper functioning. The reform needs to further consolidate the institutional framework, especially in terms of efficiency of the judiciary, as well as the transparency and accountability of judiciary institutions at all levels. The challenge of enhancing efficiency at all judicial levels requires the design of streamlined processes, in order to reduce delays, and an increase the overall responsiveness of the justice system, as well as increased digitalisation. Efficiency of the judicial system needs to be significantly strengthened, by tackling in particular the length of proceedings, the low clearance rate, and the large backlog of cases through a strategic approach so as to reduce the accumulated backlog. Justice system appointments must be advanced at all levels. Also, further measures are needed to consolidating judicial independence and accountability through enhanced transparency and improving integrity.

Albania has already a robust policy and legal framework regarding anticorruption, as one cross-cutting area and key within the fundamentals. There is a cross-cutting strategy against corruption and the related action plan for 2020-2023 and a new strategy and action plan for 2023-2030 is being finalized.

Albania has a vast set of legislation in the field of corruption prevention, covering public administration, declaration of assets, conflict of interests and whistle-blowers protection. The legislation is partially aligned with Directive (EU) 2017/1371 of the European Parliament and the Council on the fight against fraud to the Union's financial interests by means of criminal law. The Criminal Code foresees the criminalisation of corruption as a serious crime, including its cross-border dimension. The legislation is partially aligned with the Council Framework Decision 2003/568/JHA on combating corruption in the private sector.

On the protection and legal processing of personal data, Albania is in the process of ensuring the alignment its draft law on Personal Data Protection with the EU acquis, i.e. Regulation (EU) 2016/679 and Directive (EU) 2016/680. Albanian legislation is compliant with the Council Regulation (EU) 2017/1939 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office. The legal basis for asset investigation is constituted by Article 36 of the Criminal Procedure Code, Law no. 10 192, dated 3.12.2009 (Anti-Mafia Law) and the Normative Act No. 1, dated 31.01.2020 'On Preventive Measures in the Framework of Strengthening the Fight Against Terrorism, Organised Crime, Serious Crimes and Consolidation of Public Security Order'.

The Law no. 9367, dated 07.04.2005, "On the prevention of conflict of interests in the exercise of public functions also regulates the issue of movement of public officials to the private sector (so-called 'revolving door'), in order to avoid conflict of interest. This law defines the conflict of interest and together with the law on the declaration and audit of assets, financial liabilities of the elected persons and certain public officials (9049/2003), as amended, also regulate asset declaration of elected persons and certain public officials and defines the related prerogatives of the High Inspectorate for the Declaration and Audit of Asset. Failure to submit a declaration incurs in administrative sanctions, while concealment or declaration of false information is a criminal offence (article 257/a of the Criminal Code). The Law on Political Parties has also relevant

provisions, which were harmonised in November 2020 with the Electoral Code. The procedure for exercising the right of access to information is described in the law on the right to information, which envisages administrative accountability for failing to comply with obligations limited only to the information coordinator and the possibility for the Commissioner for Information and Data Protection to issue fines. Regarding repression, the Criminal Code foresees the criminal offences of active corruption and passive corruption.

Albania needs to increase the coherence of the legal and institutional framework on the prevention of corruption and integrity of public officials, which is comprehensive but overly complex, in particular as regards to high level officials. Legislative framework on conflict of interest need to be aligned with the European standards and EU *acquis*.

Overall, anti-corruption measures need to have a better impact to particularly vulnerable sectors (public infrastructure, cadastre and property rights, customs, tax administration, education, health, public procurement, PPP contracts, etc.). These sectors require targeted risk assessments, anti-corruption roadmaps and dedicated actions.

The vetting of members of the judiciary continues to bring results in the fight against corruption within the judiciary. It is crucial to restore public trust in the judiciary and the law enforcement bodies of the state. Additional efforts are needed, in particular to systematically initiate criminal procedures against judges and prosecutors suspected of criminal conduct during vetting.

There is a need to ensure more transparent political party finances in line with international and European standards. As electoral campaigns are moving increasingly online, special attention should be paid to online and third-party campaigning. The application of the legal framework on donations and sponsorships needs to be fully assessed in light of the European standards.

There is a need to further progress towards establishing a better-quality and results of track-record of investigations, prosecution, and final convictions in corruption cases, particularly at high level. Seizure and final confiscation/recovery of assets resulting from corruption-related offences would need as well to improve.

Regarding freedom of expression, as one of the key fundamentals, Article 22 of the Constitution guarantees freedom of expression, while Article 17 specifies the limitations to this right. Article 23 provides for the right to information. Albania's legal framework notably includes the Law on Audiovisual Media Services, amended in May 2017, and more recently in April 2023 in order to align with the Audiovisual Media Services Directive 2010/13/EU. There need to be introduced legal requirements to address high media market concentration, by strengthening transparency and instating limitations to media ownership and to audience reach. There is a need to strengthen rules on transparency of media financing and ownership, including owners' interests in media and non-media sector. There is a need to take measures to protect the safety of journalists and media workers against intimidation, threats and attacks and demonstrate full and effective investigation of past instances of violence. The legal framework for the fight against organised crime is primarily based on the Criminal Code and the Criminal Procedure Code, as well as other criminal legislation, including the Anti-Mafia Law. Albania implements its Strategy against organised and serious crimes for 2021-2022 and the Action Plan for 2023-2025.

Law enforcement authorities' response to organised crime, notably the investigation of large criminal networks, needs to be more proactive and systematic. There is a need to step up the use of special investigation techniques. Also, it remains a challenge to expand the databases with exchange of information, as well as to develop staff capacity to increase cooperation, joint operations with EU countries and beyond.

The legal framework in place is largely aligned with Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing. There has been established an inter-institutional group to implement the international cooperation review group (ICRG) of the financial action task force (FATF). There is a need to ensure a reliable and stable framework in place to prevent and counter money laundering.

There is a robust legal framework for confiscating criminal proceeds, which provides for three types of confiscation: criminal confiscation, confiscation regardless of the existence of a conviction decision, and administrative confiscation. There has been established Agency of Administration of Seized and Confiscated Assets (AASCA-AMO), however there remains a challenge the establishment of an asset recovery office.

The Reforms Agenda would need to address the challenge of increasing the productivity of the economy in general, low integration into the EU Single Market, low skills of businesses and labour force, etc. Therefore, the main focus of the National Reform Agenda would be in creating the ground for business climate, through reforms in rule of law, and in transforming and structuring the economy.

The actual stage of Albania integration into European Union makes it obvious the need to close the convergence gap in terms of socio-economic development between Albania with the European Union.

The National Reform Agenda for Albania is considered an instrument to ensure access to EU Single Market, to further fundamental reforms for EU integration, as well as to deepen regional economic integration. The drivers for the National Reform Agenda are laid down in being:

- a. Business centric oriented policy compendium, hence, it concentrates on addressing national market challenges, strengthening business and economic players, with main aim to generate better pace in economic and social convergence, and competitiveness in accelerating integration in the EU Single Market.
- b. Market to market driven approach, serving to Albanian market integration into EU Single Market, which makes the essence of growth, to facilitate national businesses access in the EU Single Market.
- c. Economic transformation as backbone generating and wrapping all measures and actions for the Agenda.
- d. Feasibility and realistic measures that generate further meticulous actions.

The National Reform Agenda is a compendium of measures and actions to create the necessary environment for the economic transformation of the country, which is necessary to increase the pace of socio-economic convergence with EU member states. Therefore, the main focus would consist in unleashing the economic potential for the country, through stimulating economic transformation and better business environment to enter the EU Single Market, through strengthening fundamentals with continuous progress on reform consolidation and efficiency, and steadily moving forward in meeting membership criterias. The main goal is to achieve a doubling of growth, through structural changes of the economy and its modernization in terms of technology advancement and digitization.

2 OBJECTIVES OF THE REFORM AGENDA

The Reform Agenda for Albania serves as a crucial platform to enhance Albania's market-oriented economic actions and facilitate its access to the Single EU Market, ultimately aiming for convergence with EU member states, while fulfilling in the same time the precondition for benefiting from the EU's New Reform and Growth Facility.

Given Albania's current stage of integration into the European Union, closing the socio-economic development gap between Albania and the EU is essential. The National Reform Agenda for Albania is designed to ensure access to the EU Single Market, advance fundamental reforms necessary for EU integration, and deepen regional economic integration.

The National Reform Agenda encompasses a series of measures and actions aimed at creating an environment conducive to Albania's economic transformation, which is critical for accelerating socio-economic convergence with EU member states. The priorities of the New Reform and Growth Plan are focused on speeding up the integration of Albania's economy into the Single Market, advancing fundamental EU integration reforms, and enhancing regional economic integration.

Thus, the main focus is on unlocking the country's economic potential by stimulating economic transformation and improving the business environment to facilitate entry into the EU Single Market.

Overarching objective of the National Reform Agenda is related to the acceleration of the Albania's socio-economic convergence with the Union and its integration in the Union single market, by strengthening Rule of Law and moving steadily forward in meeting EU standards and membership criteria.

The main goal is to achieve a doubling of growth, through structural changes of the economy and its modernization in terms of technology advancement and digitization.

The Reform Agenda serves as a comprehensive framework aimed at advancing key policy areas within the Western Balkans beneficiary countries, in alignment with the objectives outlined in the Reform and Growth Facility for the Western Balkans. The overarching objectives of the Reform Agenda are multifaceted, encompassing various aspects of governance, economic development, and societal progress. Through targeted reforms and strategic initiatives, the Reform Agenda aims to foster sustainable growth, enhance competitiveness, and promote inclusive and resilient societies across the Western Balkans region.

Objective 1: Enhancing National Economic Competitiveness and Governance

The first objective of the reform agenda focuses on transforming Albania into a thriving and competitive economy, driven by transparent governance, efficient infrastructure, and a robust legal framework that aligns with European Union best practices. This objective encompasses several key initiatives aimed at enhancing the conditions for businesses to operate efficiently and transparently within the country, as well as with their request for EU Single Market and Regional Market opportunities.

Objective 2: Transforming education for a qualified and digitally prepared workforce – developing human capital

The second objective of the Reform Agenda focuses on human capital development by establishing a dynamic educational system that equips human capital with the relevant skills and digital competence needed to thrive in the global economy, fostering innovation and increasing national competitiveness and develops productivity and skilled labour force. Under this objective, various initiatives are outlined to enhance the education system's effectiveness and align it with the evolving demands of the labour market and increase active participation in the labour market, as well as develop economy.

Objective 3: Building a secure, sustainable, and accessible digital country

The third objective of the Reform Agenda focuses on digital transformation, by establishing a leading digital society where secure, sustainable, and efficient digital infrastructures support seamless public services and ensure cyber resilience, aligning with international standards and regulations. To achieve this objective, several key initiatives are outlined.

Objective 4: Advancing energy sustainability and market integration into the EU

The fourth objective of the Reform Agenda focuses on energy and green transition, with the aim to transform Albania into a sustainable energy leader through the adoption of European Union standards and practices, fostering a competitive and transparent energy market while addressing energy poverty and environmental concerns and stimulating further green transition endeavours.

Objective 5: Enhancing fundamentals and rule of law, as key layer to ensure accountability and transparency in the governance

The fifth objective of the reform agenda aims to fortify the fundamentals and rule of law through robust reforms that combat organized crime, enhance judicial efficiency, and promote transparency and freedom of expression, aligning with European standards. It contributes to ensure consolidation of the justice reform and its irreversibility, continuous progress with efficiency in justice and consistent moving forward in meeting EU standards and membership criteria.

While taking into account the clear overall goal and objectives of the Reform Agenda, this instrument is considered to be incremental to the Albania's alignment with the European Union's Common Foreign and Security Policy.

Albania has been 100% aligned with the **European Union's Common Foreign and Security Policy** for 20 years. Albania has committed to progressively align with the Common Foreign and Security in its SAA with the EU and in its general Negotiating Framework for the opening of accession negotiations with the EU.

Albania's continuous and full CFSP alignment has been and is recognized by the European Commission and EU Council as a strategic choice of Albania at times of great geopolitical uncertainty, especially after the illegal Russian aggression to Ukraine. For Albania, alignment with CFSP does not constitute a conditionality, but it is a factor sine qua non to engage with the EU and its Member States on equal footing in international relations as well as to pave the way for the credibility of Albania in the international fora as a engaged and principled partner, in line with the principles of multilateralism and respect for rule of law, human rights and international law.

From this credibility at the international relations must also stem the credibility to further engage with the EU on the European Integration process of Albania, as well as to further engage in economic relationship with the EU and the EU Member States.

On the other side, the more the domestic credibility of Albania is being raised by continuous and sustainable reforms in the rule of law, and the latter especially in the economic relations, and macro-economic stability and economic outlook, within the wide spectrum of the European Integration process of Albania and our national development strategy, the stronger the credibility of Albania in the regional, European and international fora.

The Reform Agenda presented by Albania includes measures that relate to the rule of law in Albania as well as in fields that will contribute to a green, just and digital transition, which in turn contribute to the deepening and strengthening of the security, in its holistic concept, in the EU.

The attainment of the standards in different fields as foreseen in the Albania's Reform Agenda, will ultimately and resolutely anchor Albania to good international and European standards and practices, by clearly attaching to the EU standards and practices and principles of engaging with different partners.

Otherwise, the attainment of the standards of the EU in different aspects of economic relations will contribute to the practice of delivering the international relations with geographic countries or on different thematic issues, including sanctions, thereby closing possible loopholes of contraventions or non implementation of the EU sanctions policy, thus contributing to full implementation of the EU CFSP in the territory of Albania.

Clearly, the economic integration cannot be considered “detached” from the question of commitment to political values such as democracy, fundamental rights, the rule of law or the alignment with the EU’s common foreign and security policy (CFSP). Albania fully commits to the political understanding of the EU institutions that any substantial step towards further integration into the Single Market, including via the Growth Plan for the Western Balkans and the Facility for Growth and Reforms, will be subject to the same political premises as membership itself. On the other side, furthering and fully participating in the present and near future in this economic integration, through the Growth Plan and the Reform Agendas, will clearly create better conditions for maintaining full in the foreign and security policy of the EU.

3 CONSISTENCY WITH THE OVERALL POLICY FRAMEWORK (INCLUDING THE ECONOMIC REFORM PROGRAMME, THE JOINT POLICY GUIDANCE AND THE ENLARGEMENT POLICY FRAMEWORK)

The National Reform Agenda 2024-2027 is harmonized with the National Strategy for Development and European Integration 2030 (NSDEI 2030), which is the main overarching national strategic planning document for the country, which extends over the ten-year time frame 2021-2030 in all strategic areas of Albania's development, focussing on the main aspiration: the European membership of Albania. The NSDEI 2030 is the main strategic document that gives the directions and defines the priorities of the sustainable economic and social development of the country on the path of its integration into the European Union, including the connection with the Objectives of Sustainable Development in order to achieve goals of the 2030 Agenda. It defines the vision for the development of democracy, social and economic development of the country during the period 2021-2030. Therefore, the linkage with the pillars of the Reform Agenda according to NSDI 2030 lays in the primarily overarching goal for the EU membership and full integration of the country into the European Union. Also, the NRA is aligned with the main NSDEI 2030 pillars, as follows:

1. Democracy and strengthening of institutions and good governance.
2. Agenda for sustainable economic development, connectivity and green growth.

3. Social cohesion.

These pillars, interconnected in function of the long-term vision and integration of the country in the EU, and supported in achieving the objectives of the 2030 Agenda, consist of a number of interconnected and intertwined sectors that respond to the priorities of a specific sectoral policy or beyond, with which the NRA 2027 is aligned.

Albania's Reform Agenda for the 2024-2027 period is consistent with the Albania's Economic Reform Programme (ERP) for 2024-2026. The proposed Reform Agenda presents a detailed and ambitious roadmap for advancing the country's economic and social development priorities. The agenda encompasses a wide range of structural reforms across six key policy areas: (1) Improving the business environment and tackling the informal economy; (2) Human capital development; (3) Sustainability and resilience; (4) Digital transformation and infrastructure; (5) Research and innovation, economic integration, and services; and (6) Fundamentals and the rule of law. These proposed reforms demonstrate a high degree of consistency and complementarity with the challenges, objectives, and policy framework articulated in Albania's Economic Reform Programme (ERP) for 2024-2026.

The ERP provides a comprehensive assessment of Albania's current economic situation and outlines the government's medium-term macroeconomic and fiscal strategy. It acknowledges Albania's steady economic recovery from recent shocks but emphasizes the need for sustained structural reforms to boost competitiveness, foster inclusive growth, and secure the country's macro-fiscal stability as it progresses on its EU accession path. The ERP's overarching priorities include strengthening fiscal governance, improving the business climate, developing human capital, accelerating the green and digital transition, and aligning Albania's regulatory framework with EU standards.

The Reform Agenda directly addresses these priorities through a concrete set of policy actions and measurable targets. Under the first policy area, "Improving the business environment and tackling the informal economy," the agenda outlines several measures to strengthen public financial management and revenue administration, in line with Policy Guidance 1 of the ERP. These include adopting and implementing the Medium-Term Revenue Strategy by December 2024, integrating third-party data for enhanced taxpayer assessment by December 2026, etc. The agenda also targets improvements in the legal certainty and transparency of property rights, and state aid - key to attracting FDI and supporting SME growth as emphasized in the ERP.

Reforming the tax administration and public financial management framework is critical for Albania to create fiscal space for growth-enhancing investments while ensuring debt sustainability. This aligns well with the fiscal consolidation path outlined in the ERP.

A major pillar of the Reform Agenda is strengthening human capital to power Albania's economic transformation (ERP Section 5.I). Proposed measures aim to modernize the education system, improve the labor-market relevance of skills, and boost inclusion. In the VET space, establishing four Sectoral Committees by 2027, accrediting 90% of VET providers by June 2026; achieving an employment rate of 50% of graduate from VET schools (who have a job in the relevant sector of their studies), demonstrate strong alignment with Policy Guidance 5.3 on leveraging labour market data to inform training.

The green transition features prominently in Albania's Reform Agenda, mirroring the ERP's focus on sustainability and resilience (Section 5.II). Under the energy and climate policy area, the agenda commits to aligning with key EU directives on renewables, energy efficiency, and the electricity market by 2024-2025. Measurable targets include RES share of gross energy mix according to the NECP and increasing the annual building renovation rate in line with National Energy and Climate Plan milestones. These measures directly advance Albania's decarbonization goals and its commitments under the Sofia Declaration on the Green Agenda for the Western Balkans.

The transport sector is another key focus of Albania's green transition strategy. The Reform Agenda prioritizes developing Intelligent Transport Systems (ITS), aligning with the EU's eFTI regulation, and implementing first phase of the traffic data collection systems and road user information systems. These initiatives will not only lower transport costs and boost trade, but also contribute to emissions reduction goals.

On the digital front (ERP Section 5.III), the Reform Agenda recognizes the critical role of ICT in driving Albania's competitiveness and convergence with EU standards. Measures to provide high-speed broadband to

95% of schools by December 2025, train teachers in digital competencies, and equip 75% of schools with ICT equipment by June 2027 will help develop a future-proof workforce. Establishing a certification framework for digital skills programs to support the IT sector's growth, and promoting digital solutions for SMEs, further demonstrate alignment with the ERP's emphasis on accelerating the digital transformation.

Fostering innovation and facilitating technology transfer is another cross-cutting priority. The Reform Agenda targets operationalizing a National Early Warning System and Drugs Observatory by December 2026 (Policy Guidance 5.1). Establishing and implementing grant schemes to support incubators/accelerators and start-up incubation (targeting green and/or digital solutions), will help bridge the gap between academia and the private sector, as well as incentivize green and digital innovation.

Measures to deepen Albania's economic integration and develop SME support, Research and Development Policy frame, and progress in value chain soft measures, is well-aligned with the ERP's competitiveness objectives (Section 5. III). Implementing green line interventions, and developing quality infrastructure frameworks will facilitate trade and help Albanian firms integrate into regional and global value chains. Combined with the envisaged Export Promotion Program for 2024-2027, it demonstrates a focused approach to diversifying the economy and realizing Albania's comparative advantages.

Finally, the Reform Agenda places strong emphasis on strengthening the fundamentals of good governance and the rule of law. In the realm of anti-corruption and judicial reform, targets such as reducing the back log, adopting and implementing a comprehensive road map to increase efficiency and reduce backlog by HJC, ensure a reliable and stable framework to prevent and counter money laundering, strengthening the asset declaration system, reducing overall backlog and disposition time in civil and commercial cases from the First Instance Court of General Jurisdiction in Tirana, the Appeal Court and from the Administrative Court of Appeal, and aligning legislation on political party financing with EU standards, aim to fortify the foundations of Albania's democracy and market economy.

In conclusion, Albania's Reform Agenda for 2024-2027 presents a comprehensive and ambitious program that is well-grounded in the challenges, priorities and overall policy framework established in the Economic Reform Programme 2024-2026. The breadth and granularity of the Agenda, with clearly defined qualitative steps and timebound targets across key sectors, demonstrates strong country ownership and commitment to sustaining the reform momentum. Effective coordination and regular monitoring of implementation progress will be crucial, as many of the envisaged reforms require complex cross-sectoral efforts and sustained political will.

Given the consistency of the Reform Agenda with Albania's medium-term economic strategy and its responsiveness to the EU's policy guidance, its successful realization can be a potential game-changer in accelerating Albania's socio-economic development and catalyzing the country's EU integration process. By strengthening Rule of Law steady forward progress, economic governance, developing human capital, and leveraging the green and digital transition, the agenda promises to boost Albania's competitiveness, regional integration, and convergence with EU standards. Continued close partnership with the EU and international partners, both in terms of financial support and technical expertise, will be key to helping Albania translate this ambitious vision into reality. As the country emerges from the shocks of the recent years, as earthquake, Covid 19 and energy crises, and sets its sights on a more prosperous and sustainable future, the Reform Agenda provides a compelling roadmap for realizing Albania's immense untapped potential on its European path.

The economic and financial dialogue contributes to the wider goals of good governance, including the rule of law, and economic prosperity. In order to strengthen economic resilience in the longer term, Albania as a Negotiating Country endorses and accepts the EU's commitment to accelerating the green and digital transition in line with commitments related to targets for greenhouse gas emissions reduction, energy efficiency and renewable energy for 2030. Furthermore, enhancing human capital development and social inclusion, particularly of young people is of paramount importance. These are part of the Joint Conclusions from the Economic and Financial Dialogue of May 2023.

The indicative reforms proposed in the Reform Agenda will aim to address the implementation of the Policy Guidance for the policy areas of improving business environment and tackling informal economy, human capital, energy & green transition, digital transformation, and their respective sub-components. These policy areas, and components are strongly aligned with the thematic areas and sub areas of the ERP 2024-2026 thereby allowing for a greater synergy of the reforms proposed in both documents.

The Reform Agenda is in line with the Road Maps on Rule of Law and Fundamentals, which have been prepared and approved after the Screening Process and as Open Benchmarks for opening the membership negotiation talks with EU, within the frame of the EU membership that Albania aims to achieve within 2030. Especially, the policies and reforms under Fundamentals/Rule of Law of the Reform Agenda are completely aligned with commitments of the Albanian Government under Rule of Law Roadmap and Fundamentals Roadmap. **The Reform Agenda for Albania is strategically designed to be consistent with the latest macroeconomic and policy framework submitted to the Commission.** This alignment ensures that our Growth Plan leverages the foundational principles outlined in the Economic and Financial Dialogue, emphasizing stability, sustainability and growth. By adhering to this framework, we aim to achieve several key objectives:

1. Macroeconomic Stability: Our Reform Agenda prioritizes fiscal discipline and monetary policies that foster stability and resilience in the Albania economy.
2. Structural Reforms: We are committed to implementing comprehensive structural reforms that promote competitiveness, labour market and private sector development. This includes measures to improve the business environment, enhance infrastructure, improve labour market and facilitate trade.
3. Rule of Law/Fundamentals: efforts to consolidate and ensure a robust rule of law, transparent governance, and effective anti-corruption mechanisms, are essential and are based on Albania's commitment to progress further for the country's development and EU integration aspirations.
4. Human Capital Development: Investing in education, healthcare, and social inclusion is pivotal to nurturing a skilled workforce and ensuring sustainable growth.
5. EU Integration: Our agenda is closely aligned with EU accession criteria and frameworks, paving the way for closer economic integration and alignment with EU policies and standards, notably by progressing with approximation with the EU *acquis*.

The overarching goal of our Growth Plan Reform Agenda is to create an enabling environment that attracts investments, fosters job creation, and promotes inclusive and sustainable economic growth across the Western Balkans.

The Albania's Reform Agenda 2024-2027 is aligned with the Economic and Investment Plan (EIP) for the Western Balkans, which reflects a strategic commitment to bolster its economic integration within the European landscape. While the Reform Agenda aims to accelerate integration into the EU Single Market with crucial reforms related to business environment, green and energy transition, digital, human capital and rule of law, in the other hand, the country aims "through the EIP" to stimulate significant investments in key sectors such as connectivity, energy, green and digital transition, and human capital. This alignment is crucial for enhancing Albania's economic competitiveness, attracting foreign investment, and fostering sustainable development. It also demonstrates Albania's dedication to adhering to European standards and practices, paving the way for more robust economic ties and its eventual accession to the European Union. Below are some similarities and convergence between the Reform Agenda and Growth Plan, and the Economic and Investment Plan for the Western Balkans:

1. Enhancing Economic Governance and Fiscal Sustainability

Both the Reform Agenda and Growth Plan, as well as the Economic and Investment Plan, prioritize measures to strengthen economic governance, improve fiscal sustainability, and enhance public financial management systems. These initiatives aim to promote transparency, accountability, and efficiency in public spending, thereby fostering macroeconomic stability and sustainable economic growth across the Western Balkans region.

2. Promoting Rule of Law and Judicial Reform

The Reform Agenda and Growth Plan, along with the Economic and Investment Plan, emphasize the importance of promoting the rule of law, enhancing judicial independence, and strengthening the legal framework to combat corruption, organized crime, and ensure effective law enforcement.

3. Advancing Public Administration Reform

The Reform Agenda and Growth Plan, as well as the Economic and Investment Plan, recognize the critical role of public administration reform in improving governance, enhancing service delivery, and promoting efficiency and effectiveness in the public sector. By modernizing administrative structures, strengthening

institutional capacity, and promoting meritocracy and professionalism, these initiatives aim to enhance public sector performance, streamline regulatory processes, and attract investment and business development in the Western Balkans.

4. Fostering Economic Competitiveness and Innovation

The Reform Agenda and Growth Plan, as well as the Economic and Investment Plan, prioritize initiatives to foster economic competitiveness, promote innovation, and stimulate private sector development. By supporting entrepreneurship, innovation ecosystems, and access to finance for SMEs, these initiatives aim to unlock the region's economic potential, create jobs, and drive sustainable growth and prosperity.

5. Promoting Social Inclusion and Human Capital Development

Both plans recognize the importance of promoting social inclusion, reducing inequalities, and investing in human capital development to ensure equitable and sustainable development in the Western Balkans. By investing in education, skills development, and social protection systems, these initiatives seek to empower individuals, enhance social cohesion, and create opportunities for all citizens to contribute to and benefit from economic growth and development.

6. Addressing Environmental Sustainability and Climate Action

The Reform Agenda and Growth Plan, along with the Economic and Investment Plan, acknowledge the urgent need to address environmental challenges and climate change impacts in the Western Balkans. By promoting environmental sustainability and investing in green technologies and infrastructure, these initiatives aim to promote sustainable development practices across the region.

Overall, the Reform Agenda and Growth Plan, as well as the Economic and Investment Plan for the Western Balkans, share a common vision of advancing economic development, fostering good governance, promoting social inclusion, and addressing environmental challenges to achieve a prosperous and resilient future for the Western Balkans region. Through coordinated efforts and strategic investments, these initiatives seek to unlock the region's full potential and accelerate its integration into the European Union.

The Reform Agenda is in line both with the Albanian National Energy and Climate Plan (NECP) and the revised Nationally Determined Contribution (NDC) adopted respectively in Dec 2021 and Oct 2021.

In relation to the NECP, the main reforms that are in line with the Policies and Measures (PaMs) are the following as per sector:

- In relation to the business environment sector: the deployment of e-freight and Intelligent Transport Systems is in line with the decarbonisation of the Transport Sector especially with the Policy and Measure G-T2 “Integrated freight management”;
- In relation to the market reforms sector: (i) the alignment with electricity integration package to enable electricity market coupling of the EU and Albania is in line with the measures required in the NECP related to the Energy market especially with EM-I1 and EM-I2 for the Electricity Interconnectors and Electric Energy Sector Reform; (ii) the gradual tariff adjustments to market prices accompanied with measures to address energy poverty are consistent with the PaMs related to the Energy Poverty (EM-P1) while the tariff adjustments is also related to the Electric Energy Sector Reform (EM-I2).
- In relation to the renewables sector: (i) the development of transparent and competitive quantity-based action plan for renewable energy is consistent with the requirements of PaM (R-E2) of NECP related to Auctions for new renewable capacity (wind and solar) and contract-for-difference; (ii) the implementation of the Renewable Energy Directive is related to several measures that are present in the NECP like R-T2 Sustainable / Advanced Biofuels, R-E1 etc.
- In relation to the ETS adoption sector: the work on introducing MRVA (Monitoring, Reporting, Verification, and Accreditation) will enhance the quality of GHG data collected from installations, and this will serve to the long term aim to having an ETS (Emissions Trading System) in place by 2030, in line with the decarbonisation

of the Industrial sector with the PaM G-II² “Implementation of the ETS in Albania”. - In relation to the Energy Efficiency and air pollution sector: the work on adoption and implementation of long-term building renovation strategy, and energy efficiency scheme is in line with the several policies PaMs related to the energy efficiency dimensions of the NECP like EE-L1 “Implementation of the Minimum Energy Performance Requirements in buildings”, EE-L2 “Long-term renovation strategy (for public and private buildings)”, EE-L3 “Retrofitting of the existing central governmental building (excluding other public buildings owned by municipalities, etc.)”, EE-L4 “Retrofitting of the public building stock (all public buildings except central government buildings)”.

Also, as an overall impact, the Education component will contribute to the Dimension of Research, Innovation and Competitiveness of the NECP.

In relation to the revised National Determined Contribution mentioned above are in line with the main mitigation actions for the energy sector as shown below:

- In relation to the business environment sector: the deployment of e-freight and Intelligent Transport is in line with the Efficient transport system action.

- In relation to the Energy Efficiency and air pollution sector: the work on adoption and implementation of long-term building renovation strategy, and energy efficiency scheme is in line with Improving the energy performance in buildings action.

- In relation to the ETS adoption sector: the work on carbon pricing with the aim of having an ETS in place by 2030 is in line with the Reduction of emissions from industries action.

- In relation to the renewables sector: (i) the development of transparent and competitive quantity-based action plan for renewable energy is in line with transition process towards diversification away from hydropower and promote alternative sources of renewable energy action.

It should be mentioned that both Albanian NECP and revised NDC aim at the ambition to reach climate neutrality by 2050.

² PAM G-II- means “policies and measures” with coding G-II, under the dimension of “Decarbonisation / GHG emissions & removals” of the National Plan on Energy and Climate (NECP) 2021-2030

4 KEY POLICY PRIORITIES

4.1 Fundamental sectors

The rule of law and fundamental reforms are essential for Albania's integration into the EU Single Market because they provide the legal, economic, and social foundations necessary for a stable, transparent, and competitive market environment. These reforms ensure legal certainty, fair competition, investor confidence, and alignment with EU standards, all of which are critical for seamless economic integration. By addressing organized crime, corruption, money laundering, judicial efficiency and strengthen its independence, and consolidating freedom of expression, Albania can build a trustworthy and robust framework that supports its aspirations for EU membership and participation in the Single Market.

Priority of the Reform Agenda remains upholding the fundamentals and rule of law, by strengthening fight organized crime and corruption, strengthening the judiciary, and promoting democratic principles. Albania has outlined various initiatives in the Reform Agenda, to achieve these objectives.

Firstly, efforts are directed towards fighting organized crime through the establishment of an Asset Recovery Office and enhancing repression of organized crime, including high-level cases. Additionally, measures are taken to strengthen institutional capacity and strategic frameworks to reduce illicit drug supply, by establishing of an Early Warning System for drugs and a National Drugs Observatory. These are considered with a transformative impact on reducing both the supply and demand of illicit drugs. These measures enhance the ability to detect and respond to new drug trends, support law enforcement and public health efforts, inform policy-making, and promote international cooperation.

Ensuring reliable frameworks to prevent and counter money laundering remain an important focus of reforms, to promote greater transparency in financial transactions, which is essential for integrating into the EU Single Market and participating in the broader European financial system.

There will be undertaken measures to ensure regular updates to a platform for collecting data on organized and serious crimes, expanded access and interoperability of databases, use of IT tools and investigative methods in fighting organized crime, and continuous progress in investigations, convictions, and asset seizures/confiscations for corruption and organized crime. These measures are considered to have a broad and transformative impact on the criminal justice system and overall governance. The implementation of these measures has a profound impact on Albania's ability to combat organized and serious crimes, as well as corruption. Regularly updated data collection platforms expanded access to and interoperability of databases, and the use of IT tools and investigative methods lead to more effective monitoring, detection, and disruption of criminal activities. Continuous progress in investigations, prosecutions, convictions, and asset seizures ensures that justice is served, deters criminal behavior, and recovers assets for public benefit. These measures collectively strengthen the rule of law, enhance public confidence in the justice system, and improve Albania's alignment with international standards, thereby supporting its broader goals of economic integration and development.

Regarding judiciary, Albania aims to consolidate judicial independence and accountability by increasing transparency and enhancing judicial efficiency at all levels. This includes the adoption of a comprehensive roadmap to increase efficiency and reduce backlog, improving judicial statistics, and filling vacancies for magistrates and non-magistrate staff.

Prevention of corruption and reducing incidence of corruption are considered important aspects of the fundamentals within the Reform Agenda. Albania will focus on preventing corruption and reducing incidence of corruption, through adoption of instruments that tackles corruption and enhances transparency through the establishment of an open data platform on national and local budget and public spending.

Important legislation will be adopted and approximated with EU *acquis*. There will be adopted amendments to the law on Supreme Audit Institution (SAI), on donations and sponsorships, on conflict of interest, and on political party financing and on audiovisual media.

Enhancing the Supreme Audit Institution addresses challenges in auditing efficiency and corruption prevention. Amending frameworks for donations, sponsorships, and political financing tackles need for increase transparency, for reducing conflicts of interest as preventive anticorruption measure, and respective

regulatory gaps. These measures aim to strengthen governance, enhance public trust, align with international norms, and ensure more effective oversight and legal protections in Albania.

Additionally, in the Reform Agenda, measures will be taken to enhance freedom of expression, by increasing capacities of law enforcement bodies to handle cases of violence involving journalists, which impacts on enhancing the safety of journalists, promoting freedom of expression, strengthening the rule of law, supporting media freedom and independence, improving international reputation, encouraging effective law enforcement practices, and enhancing democratic governance. aligning criminal and civil aspects of defamation with European standards Criminal and civil aspects of defamation will be aligned with EU standards. The civil law provisions on fraudulent or inaccurate publications will be aligned with European Standards and recommendations. The revision of the legal frame on audiovisual media, will address the challenges of transparency in media ownership and financing, promote media plurality, protect editorial independence, and strengthen the media regulator's autonomy.

Future efforts will focus on enhancing the capacities of law enforcement agencies to effectively manage cases of violence, especially those occurring on the fringes of protests, as well as other criminal cases involving journalists. This will be achieved by implementing binding instructions, improving data collection processes, and enacting capacity-building measures to ensure high compliance with human rights standards when dealing with incidents involving journalists.

Legal initiatives on the approximation of recent EU laws, such as the Digital Services Act Regulation and the Anti-SLAPP initiative, made of a Directive and a Recommendation, will be undertaken. *[DSA sentence]*. The approximation of the Anti-SLAPP Directive into national law will address the issue of protecting persons who engage in public participation from manifestly unfounded claims or abusive court proceedings and promote the right to freedom of expression. The Anti-SLAPP Recommendation complements the Directive by encouraging measures on awareness-raising, training, support mechanisms and data collection; it also has a broader scope, covering also criminal and administrative proceedings.

It needs to be highlighted that Albania has already a consolidated ground with respect to other areas of the Fundamentals, such as public administration reform implementation (in particular PFM/PIFC, control and audit) and chapter 32 related issues (details included in the chapter 16 of this document). In a nutshell, Albania has ensured progress with respect to public administration reform areas as per SIGMA Annual Report 2021. According to SIGMA Monitoring Report 2021, Albania has performed the best and the strongest compared to its neighbours in the Western Balkans region, recording higher than the regional average values for the six key areas of EU Public Administration. The evaluation of 2021, was based on 48 principles in the 6 areas of Public Administration, consisting in 52 indicators / 340 sub-indicators. Albania scored higher than the regional average of Western Balkan in the areas of service delivery, Human Resource Management and Public Services, Policy Development and Coordination, Strategic Framework for PAR, and PFM, as well as a solid regional performer in the area of Accountability.

Based on achievement as reported by actual monitoring reports of the strategies on PFM and PAR, by last SIGMA Monitoring Report of 2021 and EU Progress Reports for 2022 and 2023, as well as challenges identified for the public administration with respect to the negotiation process for EU membership, there have been spotted priority areas for further improvement as pillars of the new policy frame on PAR and PFM.

The new PFM strategy was approved with DCM no. 390, dated 12.06.2024 and it is published in the Official Gazette on 26.06.2024³. The approved strategy is also published on the MoF website⁴.

This document will set forth the directions and priorities to guarantee a public finance system that promotes transparency, accountability, fiscal discipline and efficiency and equity in the use of public resources for the provision of improved public services and economic development and which ensures a smooth integration of Albania in the European Union.

Main pillars of the PFM Strategy 2023-2030, and its Action Plan 2023-2026, are as follows:

3 <https://qbz.gov.al/eli/fz/2024/105/d896de92-1aea-4d73-991e-7a99cfef934f>

4 <https://financa.gov.al/en/menaxhimi-i-financave-publike/>

- Macroeconomic programming and Risk Monitoring: The systems for developing and monitoring a sound fiscal policy based on fiscal rules, advanced macroeconomic forecasts and solid fiscal risk management practices are maintained and further improved. A Fiscal Council is established.
- b) Integrated strategic and budget planning, monitoring, and transparent reporting: An advanced system for integrated strategic planning and medium term budget planning at all levels of government are in place. The practices for public investment planning are professionalised. Transparent monitoring and reporting and public participation in budget processes in compliance with the relevant standards is ensured.
- c) Revenue mobilisation and management: Domestic revenue mobilisation is increased through developing and implementing advanced tax policies and the systems for tax and customs management are further improved and where applicable aligned to the EU legal requirements. The Medium Term Revenue Strategy is implemented, regularly updated and tax reforms are adequately managed.
- d) Accounting and budget execution management: Budget execution management practices are strengthened, including improvement and increased utilisation of the AGFIS, implementation of the International Public Accounting Standards reforms facilitating a transition to accrual accounting. The procurement systems are improved and in particular compliance with procurement legislation is secured. Debt and cash management practices are further enhanced, and asset management systems improved.
- e) Public Internal Financial Control: The systems for Public Internal Financial Control are further enhanced in compliance with EU accepted practices for sound financial management. The concept of managerial accountability and delegation of authorities is strengthened and all Financial Management and Control gaps in public institutions are addressed. Added-value internal audits are implemented in all public institutions in accordance with applicable standards. Fraud and irregularity cases are effectively addressed by the public financial inspection and the AFCOS network implements the anti-fraud strategy. Adequate financial management systems are in place to absorb IPA-III and future EU financial support.
- h) External Oversight: The independent Supreme Audit function is further professionalised in line with INTOSAI principles and international audit standards and the support function to the parliament is strengthened to enable the Parliamentary Committee for Economy and Finance to adequately implement its oversight role.

Furthermore, the draft PAR Strategy 2023-2030 is being prepared and is based on the vision: Empowerment of a professional, transparent, innovative public administration, accountability, sustainability and ethical leadership to promote efficiently in relation to society and the acceleration of the European integration process. The draft document includes some 15 objectives under 5 pillars, that are organized according to SIGMA monitoring areas: (i) Policy Development and Coordination; (ii) Civil service and human resources management; (iii) Service Delivery and Digitization; (iv) Accountability and Organization of Administration; (v) Green Administration. The draft PAR strategy and Action Plan 2023-2030 it does not include the pillar on PFM, as the previous strategy and action plan for 2019-2023.

Important reforms of Fundamentals/ Rule of Law are also included within two crucial documents, the Rule of Law Road Map and the PAR Road Map, approved by DCM⁵, as follow up of the Screening Phase of the negotiations (concluded in November 2023) and of the Screening Report of the EU Commission.

The "Rule of Law" Roadmap is a political document that encompasses Chapter 23, "Judiciary and Fundamental Rights," and Chapter 24, "Justice, Freedom and Security." This guide outlines the legal, administrative, and institutional measures, as well as the commitments Albania is making within its European Union integration and membership process. It aims to address the gaps identified during the analytical review of the EU *acquis* and prioritize measures to ensure compliance with EU standards, thus advancing the negotiation and integration process. The priority measures in this roadmap cover areas such as the judiciary, anti-corruption, fundamental rights, protection of EU citizens' rights, combating organized crime, cooperation in drug enforcement, counter-terrorism efforts, judicial cooperation in criminal and civil matters, migration (both regular and irregular), asylum, visa policy, Schengen borders, and combating Euro counterfeiting.

⁵ DCM No. 736, dated 13.12.2023 "For the approval of the Roadmap for Rule of Law"
DCM No. 737, dated 13.12.2023 "For the approval of the Roadmap for PAR"

The "Public Administration Reform" Roadmap is a political document designed to support public administration reform with a plan of priority measures for the period 2023-2030. Its drafting aims to address challenges identified during the analytical review of the EU acquis, meeting the criteria for RAP membership, and prioritizing measures to ensure compliance with standards and progress in the European integration and negotiation process. The priority measures are organized into five pillars, based on EU principles for public administration: (i) Policy development and coordination; (ii) Civil service and human resources management (iii) Organization of public administration, accountability, and transparency; (iv) Public service delivery; (v) Public finance management.

Albania commits to introduce additional security measures to better screen visa-free arrivals (June 2027), and to gradually terminate visa-free regimes with countries that are not on the EU visa-free regime list (in particular towards those presenting irregular migration or security risks to the EU). Albania will terminate at least two visa free regime in December 2025, at least one visa free regime in December 2026 and at least one visa free regime in December 2027, with third countries, measured at the end of each year (December) during the lifetime of the Facility 2024-2027.

4.2 Digital transformation and Digital security issues

Digital transformation is one of the priorities of the Reform Agenda, focused on establishing a leading digital society where secure, sustainable, and efficient digital infrastructures support seamless public services and ensure cyber resilience, aligning with international standards and regulations. To achieve this priority, several key initiatives are outlined. Firstly, Albania aims to comply with the EU Digital Identity regulation by adopting relevant legislation and implementing a Digital eWallet for public services, facilitating secure electronic identification and access to digital government services.

Additionally, efforts will be made to update the framework for cyber resilience, aligning with the requirements of the NIS2 Directive and strengthening relevant institutions such as national and governmental CERTs.

Furthermore, Albania plans to update its framework for a secure and sustainable digital infrastructure, adopting legislation on broadband and implementing measures to secure 5G infrastructure rollout in compliance with EU standards. Moreover, the agenda emphasizes fostering business uptake of the potential of the green and digital agenda, including improving the enabling environment for innovative businesses and providing relevant financial support. Through these initiatives, Albania aims to accelerate its digital transformation, enhance cybersecurity, and stimulate innovation and growth in the digital economy.

Albanian law on broadband is based on BCRD directive and the law no 120/2016 is in place since 2016; Being aware that BCRD will be replaced by Gigabit Infrastructure Act soon as that on the other hand EECC is an important part of reform measures for broadband and very high capacity networks.

Development of resilient, sustainable and secured digital infrastructure will be achieved through implementing the following measures in harmony/taking into consideration with 5G cybersecurity toolbox. Ensuring network security and resilience digital connectivity by adoption and implementing of the new law based on NIS2 directive, and implementing 5G toolbox measures.

4.3 Education, training, employment and social objectives

Human capital development is one of the priorities in the Reform Agenda. The reforms that will be undertaken will enhance education quality, digital literacy, vocational training relevance, research and innovation capacity, and labour market efficiency. They will contribute to economic growth, social equity, and Albania's integration into European frameworks

Reforms will address the challenge of better alignment of the vocational education and training (VET) with labour market needs to enhance the employability of graduates by providing them with skills that are in demand. Also, it will ensure need for tailored skilled workforce that will respond to the needs of the economy for higher productivity and economic growth. Furthermore, it will address reduction in skills mismatch, ensuring that

graduates have the qualifications that employers are looking for, reducing the gap between education and employment.

These reforms will include establishing a dynamic educational system that equips students with the relevant skills and digital competence needed to thrive in the global economy, fostering innovation and increasing national competitiveness. Under this priority, various initiatives are outlined to enhance the education system's effectiveness and align it with the evolving demands of the labour market. Firstly, the Vocational Education and Training (VET) system is targeted for revision to better match labour skills demand, with the establishment of additional Sectoral Skills Committees contributing to the adaptation of VET content and training programs.

Another important reform will consist in update of the curricula in primary and secondary ducation to improve challenges related to learning outcomes, to better align with market needs, to promote critical thinking and innovation, as well as to ensure better adaptability, by equipping students with skills that are adaptable to to future changes in the labour market and society. The update of the curricula in primary and secondary education, will include also introducing new performance appraisal systems for teachers and expanding programs such as "Arts and Crafts" in schools.

Another important reform will consist in updating the national Qualifications Framework to establish a clear and transparent relationship between national qualification levels and relevant European QF levels, facilitating recognition of previous non-formal and informal learning experiences. This reform will address a transparent and coherent system for employers and educational institutions to understand the qualifications of individuals, ensuring consistent standards. In the same time, it will harmonize national education and training systems with European standards, supporting Albania's integration into the EU. Furthermore, it will address greater mobility within the European labour market by ensuring that qualifications are understood and valued across borders,

Advancing digital skills and literacy for youth is prioritized, with initiatives aimed at providing ICT equipment to schools, introducing ICT subjects across all grades, and enhancing ICT capacities in higher education institutions. Through these measures, Albania seeks to enhance its human capital base, foster lifelong learning opportunities, and equip individuals with the skills necessary for success in the modern economy.

A key reform is related to strengthening the efficiency of the Unemployment Policy Scheme, which will address unemployment, by enhancing support services to improve the effectiveness of job matching, training, and support services, helping jobseekers acquire the skills needed for available jobs. In the same time, it will ensure that unemployment policies are more efficient, which will help individuals find employment faster, reducing overall unemployment rates. Also, it will reduce the economic impact of unemployment by ensuring quicker reintegration of unemployed individuals into the labour market and will provide better-targeted support for vulnerable groups, such as long-term unemployed and low-skilled individuals.

The Reform Agenda will include reforms for strengthening the Research and Innovation (RI) national environment by adopting an enabling strategic framework, which will enhance the capacity for innovation, leading to new products, services, and technologies. It will address the challenge of competitiveness, by making the country more competitive on a global scale, attracting investment and talent. In the same time, it will address lack of support related to the development of new sectors and industries, reducing reliance on traditional economic activities and fostering economic diversification. In the same time, it will tacke the need for stronger research infrastructure, encouraging scientific advancements and the development of new knowledge.

4.4 'Do no significant harm' principle

The EU Taxonomy Regulation is a framework that classifies economic activities of the member states, that are environmentally sustainable. Although Albania is not a member state, and therefore not adopted the EU Taxonomy Regulation, the Albanian government is actively working on harmonizing its policies with EU standards, particularly in the context of its broader European integration. Especially, Albania is making strides towards aligning with EU climate and energy policies, including those under the Energy Community Treaty.

In the context of the Reform Agenda, Albania will strive to protect the environment especially through the decarbonisation of the industry sector by improving the MRVA scheme and by promoting low pollution industries. This will indirectly protect the biodiversity nearbvby the industrial areas or where their pollution can affect biodiversity. There is an entire policy area (No. 4) Energy/ Green transition that includes measures that will accelerate the shift toward a low carbon economy especially the one related to renewable energy, energy

efficiency and the setting of the ETS scheme in place. Overall, the Reform Agenda for Albania aligns with the broader green agenda's objectives and can significantly contribute to accelerating the country transition to a more sustainable, resilient, and low-carbon economy.

5 MAINSTREAMING

The Albanian National Reform Agenda will be implemented based on robust policy and legal framework, as well as mechanisms and instruments that ensure gender mainstreaming and equal opportunities.

There is in place a consolidated legal and policy frame in place on gender equality and equal opportunities. The Law "On Gender Equality in Society" provides for the necessary legal bases to ensure gender equality in place. Actually, it is being initiated the process of its revision, to respond to the current challenges of gender equality in Albania. Gender equality is one of the objectives of the National Strategy for Development and European Integration 2022-2030 (NSDEI) and specific interventions contribute to the achievement of the Sustainable Development Goals (SDGs) as well as the 2030 UN Agenda. In the NSDEI, the vision of gender equality aims to "a society that values gender equality and justice as necessary conditions for sustainable social, economic and political development of the country, empowers all individuals to enjoy equal rights and opportunities in all areas of life, does not allow anyone to be left behind, as well as relying on the principle of zero tolerance against harmful practices, gender-based violence and domestic violence, punishing perpetrators and protecting, rehabilitating and reintegrating abused persons". In order to advance further, the Government of Albania has approved the "National Strategy for Gender Equality 2021 - 2030 (NSGE2021-2030) and its Action Plan". All line ministries and local self-government units have taken measures and are constantly planning actions to fulfill the goals of these two important strategies, in cooperation and with partners, civil society organizations and international organizations.

The Law "On Protection from Discrimination"⁶⁶ is aligned with the EU acts from the legal aspect and based on the principle of equality and non-discrimination.

The approval of law no. 111/2017, "On legal aid guaranteed by the state", which enabled the creation for the network of institutions responsible and engaged in providing and guaranteeing legal services. The law enables persons whose rights have been infringed through an action or inaction that constitutes discrimination, including gender-based discrimination to benefit state free legal aid regardless of their financial status. The elimination of violence against women and girls has been the focus of legislative initiatives adopted by the Albanian state prioritizing the implementation of the recommendations of GREVIO or the CEDAW Committee, which have enabled the adoption of a series of comprehensive and coordinated measures to combat domestic violence and other forms of gender-based violence against women. The recommendations related to the improvement of the legislation have been fulfilled, through the adoption of amendments in the existing law against domestic violence, completion of the sub-legal framework and amendments in the Criminal Code.

The Albanian government has made significant progress in women's participation in decision-making. The Gender Equality Index in the country, published for the first time in 2020, according to the European methodology, ranks Albania better than the average of EU members in the field of power, where the implementation of gender quotas has resulted in a significant increase in representation of women and girls in political life and decision-making.

The number of women Members of Parliament in the Albanian Assembly has been increased, from 36 (29.5%) in 2019, to 50 (35.7%) in 2024. In the Parliamentary/Assembly elections, on April 25, 2021, 1,841 candidates were registered (732 women and 1,109 men) and 140 Members of Parliament (50 women and 90 men) were elected. The Speaker of the Assembly is a woman; deputies of the Speaker are one woman and one man; out of eight Permanent Commissions in total, four or 50% are headed by women; the government is headed by a men Prime Minister, a woman Deputy Prime Minister and consists of 17 ministers, 10 of which are women. Local government: The 2019 local elections resulted in 8 women mayors from a total of 61 municipalities (or 13%). Compared to 2016, where there were 6 women mayors or 9.8%, it is noticed an increase of 3.2%. In the

⁶⁶ Law No. 124/2020 "On some amendments and addenda to Law No. 10 221, dated 04.02.2010 "On Protection from Discrimination"

partial local elections of March 2022, a total of 19 women/men candidates for mayors were registered (3 women and 16 men) and in the 6 municipalities where these elections were held, 6 mayors resulted winners (2 women and 4 men). Women in Municipal Councils make up about 44% of the total number of councilors.

Regarding gender based budget, based on 2016 amendments of the Organic Budget Law, Gender Equality is one of the core Budgetary System Principles and standard budget instructions issued on a yearly basis contain gender responsive budgeting as part of the State's budget criteria. Since 2019, the Albanian Financial Management Information System (AFMIS) represents a tracking tool for gender responsive budget allocations and since 2022 a Gender Budget Statement is officially attached to the project budget.

The state budget funds during these five years have been in increase, where the percentage of total budget expenditures in Medium-Term Budget Programs (MBP) for gender issues has increased from 2.3% for MBP 2017-2019 to 9% for MBP 2022- 2024 as well as 10% for Gender Responsive Budgeting in the last three years. Budgetary funds for GRB in MBP 2017- 2019 result in USD 90 million⁸ and USD 410 million for the 2022-2024 MBP.

For the first time in 2020, the new Albanian Financial Management Information System enabled the monitoring of budget execution and made it possible to calculate the exact amount of GRB funds spent by central institutions. The Law on Local Self-Government Finances has also created opportunities for the effective involvement of GRB in all phases of the local financial management cycle (annual and mid-term budget programming, monitoring and reporting, assessment and audit). Local Self-Government Units (LGUs) are tasked to address gender inequality issues or full respect for gender equality in at least one of the policy objectives of the programs, clearly identifying gender products and indicators.

Albania has reflected the aspect of gender mainstreaming during the process of identification and planning of reforms within its Growth Facility Reform Agenda and will attempt to do so during its implementation by striving to make sure that benefits of these reforms are shared equally between women and men, girls and boys.

5.1. Gender mainstreaming and equal opportunities in Human Capital pillar

Several reforms foreseen are expected to contribute to improving gender equality. In the policy area of human capital, we will work toward increasing the participation of women in the labour market through active labour market measures and programs. Focus will be put to promoting the employment of young women, especially those are not in education, employment, vocational training (NEEVT), through implementation of relevant programs for labour market participation and unemployment addressing schemes.

Within the domain of human capital, reforms will be geared towards ensuring equal access and opportunities to early childhood and compulsory education, including the provision of digital tools, ICT and vocational education, with a special focus on addressing the needs of vulnerable groups through active labour market measures. The reform of the curriculum of preschool education is based also on equality gender, diversity and social inclusion of children of this age group. The revision of competency-based curriculum in primary and secondary education would consider and provide for the frame to acquire the knowledge and skills necessary to promote education for sustainable development, human rights, gender equality, supporting a culture of peace and non-violence, global citizenship and appreciation for the diversity of cultures and the contribution that culture makes to sustainable development. The Reform Agenda includes digital competencies and education, that will consider and include the digital skills for women and girls, which will help increase education and professional development. Narrowing the digital division between girls and boys will be considered also in the measures related to ICT literacy in education.

By adopting and implementing the Medium-Term Revenue Strategy (MTRS), the government will generate more revenue, which could be allocated towards programs and services that benefit women and girls, such as education, healthcare, and social welfare.

Clear policies for land usage will empower women by ensuring their property rights are recognized and protected. Women who own land or property can have greater economic independence and decision-making power within their households.

Improving the investment climate can create more opportunities for women entrepreneurs and business owners to access funding and grow their businesses. Creating a supportive environment for innovative businesses, particularly those aligned with the green and digital agenda, will open up opportunities for women entrepreneurs. Providing relevant financial support and resources will help women-owned businesses thrive in emerging sectors, enhancing their economic independence and contribution to the economy

Furthermore, the Reform Agenda will actively promote the rights of persons with disabilities. For instance, reforms in the human capital policy area will target improvements in the lives of disabled individuals through tailored active labour market measures.

5.2. Gender mainstreaming and equal opportunities in Business Climate pillar

Women's participation in business has increased over the past decade, and 31.2 percent of businesses in the country are run or owned by women. However, the majority of women's enterprises are small businesses with insufficient capital and low profit rates (for example in manufacturing and agriculture). The active participation of women in the development of the private sector would need to be increased, especially for women in rural areas, and the influence of gender-discriminatory behaviors and norms is present at all levels.

In the policy area of private sector development and business environment, we will work towards enhancing women's access to finance through the grant schemes and by directly supporting SMEs and start-ups owned by women. ‘

5.3. Gender mainstreaming and equal opportunities in Digital and Green transition pillar

The transition towards green energy will prioritize support for vulnerable groups through a methodology to define energy poor groups and monitoring tools. In the other hand, energy efficiency measures targeting energy vulnerable households will be undertaken by approving the action plan for addressing energy poverty, including definition of measures aimed at assisting energy-poor households and vulnerable consumers.

In alignment with EU practices and consistent with the principles of all-inclusiveness and non-discrimination, the legal and regulatory framework governing digital connectivity, electronic communication law, and the national broadband plan ensures access to equal services on an equal basis. Albania aims to further develop its digital infrastructure, networks, and future services based on open, global, interoperable, reliable, and secured communication networks. These networks uphold human rights, democratic values, and fairness. Specifically, gender inclusiveness within this sector is fortified by the provisions of Law No. 54/2024, "On electronic communications in the Republic of Albania," which mandates equitable opportunities and access for all genders, ensuring that no one is left behind in the digital transformation.

5. 4. Gender mainstreaming and equal opportunities in Fundamentals and Rule of Law pillar

The Reform Agenda include measures and actions that further consolidate, protects, and promote fundamental human rights for all individuals, including women and girls. Measures for implementation of the reforms in the area of Rule of Law and Democracy, Fundamental Rights and Civil Society, include actions related to enhancing freedom of expression in line with the European standards, promote transparency and increase of access to information of citizens, enhancing accountability of public institutions, etc.

The Reform Agenda aligns with a human rights-based approach, focusing on several policy areas for improvement of citizen-based rights. Specifically, in fundamental rights and the rule of law, efforts will be made to enhance citizens' access to a fair trial within a reasonable timeframe. This includes initiatives to reducing backlog, expedite the resolution of cases, particularly those related to corruption and organized crime, and ensuring greater accountability and efficiency in the judicial system. In the realm of public administration reform and digitalization, strides will be taken to uphold citizens' right to good administration.

By aligning vocational education and training (VET) programs with the skills demanded by the labour market, women and girls will access training in high-demand fields, leading to improved job prospects and economic

empowerment. Improving the efficiency of unemployment policies will provide better support for women who are unemployed or seeking employment. Access to training programs, job placement services, and financial assistance will empower women to re-enter the workforce or transition into new career.

By equipping public schools and universities with adequate ICT infrastructure and promoting digital literacy among youth, including girls, women and girls will gain essential skills for the digital economy. This empowers them to pursue careers in technology-related fields and participate more fully in the digital workforce, closing gender gaps in STEM (Science, Technology, Engineering, and Mathematics) fields.

Women and girls are disproportionately affected by corruption and organized crime, which can exacerbate inequalities and limit access to opportunities. Strengthening efforts to combat corruption and organized crime, as well as ensuring the institutional framework related to combating illicit drug activity, will create a safer and more equitable environment for women and girls to thrive, by reducing barriers to education, employment, and participation in public life. Also, it will contribute to creating safer and healthier environments where women and girls can pursue their goals and aspirations without fear or intimidation.

By establishing an Asset Recovery Office, women and girls can benefit from improved enforcement of laws against financial crimes. Recovered assets can be reinvested into social programs and services that directly benefit women and girls, such as education, healthcare, and support for victims of gender-based violence. Also, money laundering often facilitates criminal activities that harm women and girls, such as human trafficking and exploitation. Preventing and countering money laundering will enhance disruption of these criminal networks, protect vulnerable populations, and ensure that resources are allocated towards legitimate and beneficial purposes, including programs that support women's empowerment.

A fair and transparent judicial system is essential for protecting the rights of women and girls and holding perpetrators of gender-based violence and discrimination accountable. By consolidating judicial independence and accountability, these measures will ensure that women and girls have access to justice and are treated fairly under the law. Freedom of expression is fundamental for promoting gender equality and women's empowerment. By enhancing freedom of expression in line with European standards, women and girls will better exercise their rights to voice their opinions, advocate for their interests, and better participate in public discourse without fear of censorship or reprisal. This will certainly contribute to creating a more inclusive and democratic society where women and girls are valued and respected members.

5.5. Gender mainstreaming and equal opportunities during implementation of the Reform Agenda

During the implementation of the Reform Agenda, cooperation will be ensured with relevant stakeholders that are involved in the implementation process and that benefits of such reforms in terms of growth are shared equally among target groups belonging to both genders and/or proportionally with their needs. This good practice was already started during consultation with civil society organisations (CSOs) dealing with gender equality and women empowerment end of March and May 2024. Their analytical insights and expertise brought by several of the most active CSOs dealing with gender equality and women empowerment will be useful in the implementation arrangements of these reform. This forward-looking process will also involve continuous monitoring by CSOs dealing with gender equality and women empowerment, aiming at ensuring effective gender mainstreaming throughout this ambitious reform process.

The Reform Agenda includes specific initiatives that address gender disparities and promote the empowerment of women and girls. This involves promoting equal access to employment, education and skills, economic opportunities, etc. The measures outlined in the Albanian National Reform Agenda have the potential to positively impact the empowerment of women and girls in several ways.

5. 6. Accelerating and contributing to the Green Agenda

The Reform Agenda have the potential to significantly contribute to the acceleration of the green transition in line with the 2020 Green Agenda for the Western Balkans. There are several reforms that can reinforce environmental protection, biodiversity conservation, climate change mitigation, climate resilience, disaster risk reduction, and the shift towards a low-carbon economy. Reforms related to the policy area Energy/Green

transition includes measures that will accelerate the shift toward a low carbon economy, especially the one related to renewable energy, energy efficiency and the setting of the ETS scheme in place by 2030, by:

- Enabling the electricity market coupling between the EU and Albania and establishing an intraday electricity market, the reforms will promote the integration of renewable energy sources into the grid. This facilitates the transition to a low-carbon economy by increasing the share of renewable energy in the energy mix and reducing reliance on fossil fuels.
- The gradual tariff adjustments to market prices, which can incentivise energy efficiency and conservation while ensuring affordability for vulnerable households. By addressing energy poverty, the reforms promote social equity and sustainability while encouraging the adoption of renewable energy solutions.
- A transparent and competitive action plan for renewable energy provides clarity and certainty for investors, encouraging investment in renewable energy projects. This accelerates the deployment of renewable energy infrastructure, contributing to greenhouse gas emissions reduction and the diversification of the energy mix.
- Carbon pricing, which incentivises emissions reduction and encourages investment in low-carbon technologies and practices. By focusing on the Monitoring, Reporting, Verification and Accreditation (MRVA) package, Albania can align its carbon pricing mechanisms with EU standards, facilitating emissions reduction and promoting investment in climate-friendly initiatives, will strive to protect the environment in Albania, especially through the decarbonisation of the industry sector, by improving the MRVA scheme and by promoting low pollution industries. This will indirectly protect the biodiversity nearby the industrial areas or where their pollution can affect biodiversity.
- Long-term building renovation strategies and energy efficiency schemes promote energy savings, reduce greenhouse gas emissions from buildings, and enhance climate resilience. These reforms contribute to mitigating climate change, improving indoor comfort, and reducing energy costs for households and businesses.
- The implementation of MRVA (Monitoring, Reporting, Verification, and Accreditation) by adopting legal amendments and bylaws to align with the EU MRVA *acquis* can significantly contribute to the acceleration of the green transition in line with the 2020 Green Agenda for the Western Balkans.

MRVA implementation involves monitoring and reporting on greenhouse gas emissions and other environmental indicators. By aligning with EU standards and *acquis*, Albania will strengthen its environmental protection measures and ensure better conservation of biodiversity through more accurate data collection and reporting. This can lead to more informed policymaking and targeted conservation efforts. MRVA facilitates the tracking of greenhouse gas emissions, which is essential for effective climate change mitigation strategies. By adopting MRVA and aligning with EU standards, Albania will also enhance its ability to monitor and manage emissions, identify areas for improvement, and implement measures to reduce carbon emissions. This contributes directly to mitigating climate change by helping Albania set and achieve ambitious emission reduction targets. Accurate monitoring and reporting of environmental data, including climate-related indicators, will improve Albania's ability to assess and respond to climate change impacts.

By building institutional and market readiness for MRVA implementation, Albania will strengthen its resilience to climate change by better understanding vulnerabilities and implementing adaptation measures. Additionally, MRVA will contribute to disaster risk reduction by providing early warning systems and data-driven decision-making tools to mitigate the impacts of climate-related disasters. Implementing MRVA requires the adoption of measures to monitor and reduce greenhouse gas emissions, which is essential for transitioning to a low-carbon economy. By aligning with EU MRVA standards and building institutional and market readiness, Albania will create a more conducive environment for investment in renewable energy, energy efficiency, and other low-carbon technologies. This will stimulate economic growth, create green jobs, and drive innovation while reducing reliance on fossil fuels and contributing to overall decarbonization efforts. In summary, the implementation of MRVA by adopting legal amendments and bylaws to align with the EU MRVA *acquis* can significantly advance Albania's green transition agenda by reinforcing environmental protection, biodiversity conservation, climate change mitigation and adaptation, disaster risk reduction, and the shift towards a low-carbon economy.

Overall, the Reform Agenda includes critical steps towards achieving the objectives outlined in the 2020 Green Agenda for the Western Balkans, advancing environmental sustainability, and transitioning towards a greener and more resilient future.

PART 2: DESCRIPTION OF POLICY AREAS AND RELATED REFORMS

This section of the Reform Agendas includes a comprehensive presentation of the measures (qualitative and quantitative steps) that Albania shall implement over the duration of the implementation of the Reform and Growth Facility in line with the detailed specifications and timetable in Annex I to the Reform Agenda.

The timetable of the planned implementation of measures is established over six-month periods starting on 31 December 2024 and ending on 31 December 2027. According to Regulation (EU) 2024/1449, the final implementation date of 31 December 2027 for the fulfilment of the payment conditions related to the final set of measures includes the time necessary for the Commission to evaluate the successful fulfilment of the payment conditions concerned and the subsequent adoption of the release decision by the Commission. Accordingly, and as prescribed by Article 13(1), point (i) Regulation (EU) 2024/1449, Albania must implement the agreed qualitative and quantitative steps by 31 August 2027 at the latest, and submit a duly justified request for the release of funds in respect of fulfilled payment conditions related to these quantitative and qualitative steps without delay.

Pursuant to Article 21(5) Regulation (EU) 2024/1449, in case the Commission has negatively assessed the fulfilment of the payment conditions, Albania may take the necessary measures to ensure satisfactory fulfilment of the corresponding conditions within a period of 12 months from the initial negative assessment referred to in Article 21(4) Regulation (EU) 2024/1449. During the first year of implementation, a deadline of 24 months applies, calculated from the initial negative assessment. In any event, and as established in Article 21(6) Regulation (EU) 2024/1449, any amount corresponding to payment conditions that have not been fulfilled by 31 December 2028 shall not be due to Albania.

6 POLICY AREA 1: IMPROVING THE BUSINESS ENVIRONMENT

1.1. BUSINESS ENVIRONMENT

R - 1.1.1. Increase domestic revenue mobilisation and the comprehensiveness of the tax system, notably via adopting and implementing the Medium-Term Revenue Strategy (MTRS).

The Medium-Term Revenue Strategy (MTRS) plays a pivotal role in enhancing domestic revenue mobilization and improving the comprehensiveness of a tax system. Its primary goal is to address the gaps and inefficiencies in revenue collection through a coordinated, strategic approach. The MTRS provides a comprehensive framework for implementing tax reforms, by aligning tax policy, administration, and legal reforms with the country's development goals, creating a coherent and long-term plan for revenue enhancement.

The draft Medium Term Revenue Strategy (MTRS) has been drafted by the Ministry of Finance and Economy since 2019 with the assistance of IMF. The implementation of the draft strategy was extended from 2020 to 2022 due to consequences of the November 2019 earthquake, Covid 19 pandemic situation, and the economic consequences of the Russia-Ukraine conflict.

Since January 2022, Albania has effectively implemented several key fiscal reforms following the implementation of the draft MTRS 2022-2026, achieving significant milestones. The draft strategy was consulted over a long period of time with all relevant stakeholders. These reforms include the introduction of changes in the fiscal package for 2022 and 2023 and 2024, including increased excise duties as per IMF recommendation. The income tax law that was approved in 2023, established progressive tax rates for small businesses and maintained progressive income taxation. The enhancements to the fiscal system, through e-invoicing, significantly boosted VAT revenues.

The Ministry of Finance has planned to review the draft Strategy and to implement new fiscal measures during 2025-2027, mainly in tax administration field, through reducing of informality, increasing of self-declaration and a better risk management for industries that are in growth like tourism, accommodation, constructions, etc. The revised MTRS's strategy, which will be discussed and supported by IMF's technical assistance, is planned to be approved within 2024.

One of the primary objectives of the MTRS is to increase domestic revenue mobilization (DRM), which is critical for fiscal sustainability and funding public services and development programs. After the approval of the strategy, the evaluation of all tax exemptions with a view to deciding whether any can be phased out, and with a view to deciding whether the use of the data sets from third parties enable unjustified wealth investigations can be possible, within June 2025.

The Government is committed to implement MTRS and all its measures. One of the pillars of the MTRS will consist in improving and consolidation of the tax administration, with its respective measures. One of the measures of the pillar on improving and consolidation and tax administration consists on using data from third parties, such as use of data related to utilities (Energy, water) and vehicle registration, with the aim to enable tax administration programme of unjustified wealth investigations on taxpayers' assets within December 2026. In that respect, it will be also conducted data analysis from DIVA declarations within December 2024.

Another important measure related of the MTRS Pillar on improving and consolidation of the tax administration, that will be part of MTRS and as such implemented, consists in completing the register of taxpayers' assets for 10% of taxpayers within December 2026. There are 128.000 active taxpayers, and it is expected to have a register for 10%, or approximately for 12.800 taxpayers.

Another important measure related to improving tax administration of the MTRS that will be implemented under the Reform Agenda, consists in conducting the audit procedures on 200 selected taxpayers, based on the risk assessment within December 2026. In that respect, regarding selected taxpayers for the audit procedures, these are individuals that will be checked and there will be selected 100 individuals from the richest taxpayers, while 100 will be selected based on the information about the individuals and from third parties such as vehicle registration, energy, water.

Furthermore, an important measure related to improving tax administration of the MTRS that will be implemented under the Reform Agenda consists in increasing the level of prefilling of VAT and personal income tax returns (using information from Fiscalization) to 100%. Regarding the prefilling, this is expected to be implemented on 38.000 VAT declarations and about 73.000 individual declarations of personal income, or 100% implementation. There will be designed and implemented new declarations on personal income tax returns within December 2026.

The tax administration will strengthen the performance of anti-tax fraud investigations, as one of the measures related to improving tax administration, as pillar in the MTRS, which will be implemented under the Reform Agenda. There will be carried out at least 500 cumulative investigative analyses, within June 2027. These analyses are investigative audits conducted by the structures of the Tax Investigation Directorate that deal with phenomena such as: money laundering, creation of VAT fraud schemes, concealment of income, tax evasion, illegal employment & document forgery, etc. With the aim to decrease the incidence of corruption of the tax administration, there will be drafted and adopted the Integrity Plan, within June 2025.

Table 1: Outcomes and results (induced outputs) – Increase domestic revenue mobilisation and the comprehensiveness of the tax system, notably via adopting and implementing the Medium-Term Revenue Strategy (MTRS).

Outcome	Induced output (=results)	Reform which contributes to achievements
Improvement of the efficiency and effective tax system, bolstering government revenue and promoting fiscal sustainability.	MTRS updated and adopted (December 2024), including a measure on (inter alia) an evaluation of all tax exemptions with a view to deciding whether any can be phased out, and with a view to deciding whether the use of the data sets from third parties enable	1.1.1. Increase domestic revenue mobilisation and the comprehensiveness of the tax system, notably via adopting and implementing the Medium-Term Revenue Strategy (MTRS).

	<p>unjustified wealth investigations can be possible (June 2025).</p> <p>Include in MTRS and implement measures related to improving tax administration, such as use of data from third parties (electricity, water, vehicle registration), to enable tax administration programme of unjustified wealth investigations on taxpayers' assets (December 2026); completing register of taxpayers' assets for 10% of taxpayers (December 2026); increasing prefilling of VAT and personal income tax returns (using information from Fiscalization) (December 2026); strengthen performance of anti-tax fraud investigations (June 2027).</p>	
--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

Implementation plan and responsibilities

Reform and steps	Deadline	Baseline	Responsible Institutions
R.1.1.1. - Increase domestic revenue mobilisation and the comprehensiveness of the tax system, notably via adopting and implementing the Medium-Term Revenue Strategy (MTRS).			Ministry of Finance (MoF)
<p>Step 1 - MTRS updated and adopted (December 2024),</p> <p>including a measure on (inter alia) an evaluation of all tax exemptions with a view to deciding whether any can be phased out, and with a view to deciding whether the use of the data sets from third parties enable unjustified wealth investigations can be possible (June 2025):</p> <ul style="list-style-type: none"> - Outline of MTRS and MTRS gap analyses prepared (June 2024) - Drafting and consultation of the MTRS document (September 2024) - Approval of MTRS by the Council of Ministers by (December 2024) - Prepare an analysis report on the evaluation of all tax exemptions with a view to deciding whether any can be phased out, and with a view to deciding whether the use of the data sets from third parties enable unjustified wealth investigations can be possible (June 2025) 	<p>(December 2024)</p> <p>(June 2025)</p>	<p>Status of MTRS: no DCM in place</p> <p>Existing DCM</p>	<p>MoF</p> <p>General Tax Directory</p>
Step 2 - Include in MTRS and implement measures related to improving tax administration, such as use of data from third	(December 2026)	List of audited individuals	MoF

<p>parties (electricity, water, vehicle registration), to enable tax administration programme of unjustified wealth investigations on taxpayers' assets (December 2026);</p> <p>completing register of taxpayers' assets for 10% of taxpayers (December 2026);</p> <p>increasing prefilling of VAT and personal income tax returns (using information from Fiscalization) (December 2026);</p> <p>strengthen performance of anti-tax fraud investigations (June 2027).</p> <ul style="list-style-type: none"> • Conduct data analysis from DIVA declarations (December 2024) • Use of data from the register of the utilities (electricity, water) vehicle registration, municipalities to enable tax administration programme of unjustified wealth investigations on taxpayers' assets (December 2026) • Tax administration completes register of taxpayers' assets for 10% of taxpayers (December 2026) • Conduct the audit procedures on the selected 200 taxpayers, based on the risk assessment. (December 2026) • Pre-filing of VAT declarations and personal income tax returns (using information from fiscalisation) to 100% (December 2026) • Design and implement the new declarations on personal income tax returns (December 2026) • Draft and adopt the Integrity Plan (June 2025) • Carry out at least 500 investigative analyses, based on the yearly plans (June 2027) 	<p>(December 2026)</p> <p>(December 2026)</p> <p>(June 2027)</p>	<p>Status of register on taxpayers' assetss: 0%</p> <p>Existing status of prefilled VAT and personal income tax returns: In March 2023, the automatic fulfillment and delivery of sales books was implemented, a process which has been successful. We are in the initial stages of pre-filling the VAT declaration. Regarding the DIVA personal income statement, we are awaiting the drafting and implementation of the new tax statements defined in the new Income Tax Law No. 29/2023</p> <p>Existing number of investigations: 193 cases in 2023</p>	<p>General Tax Directory</p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------

R - 1.1.2. Ensure transparency and efficiency of state cadastre services, for investors and citizens and provide clear policy for land usage.

In Albania, the current context surrounding land policy and cadaster services reflects a complex landscape characterized by historical challenges and ongoing reform efforts. Historically, Albania has grappled with issues related to informal land ownership, outdated systems, and bureaucratic inefficiencies, creating barriers to investment and hindering economic development.

Recognizing the need for comprehensive reform, the Albanian has embarked on a journey to modernize land policy and cadaster services. Over the past years, there has been a concerted effort to address these challenges and create a more transparent, efficient, and investment-friendly environment. This endeavor is driven by the realization that a robust land governance framework is essential for attracting investment, promoting economic growth, and ensuring equitable access to land resources.

Despite progress made in recent years, significant challenges persist. The transition from paper-based to digital cadaster systems has been gradual, and the process of digitization is still going on in many areas. Moreover, issues such as land disputes, overlapping claims, and inadequate infrastructure pose ongoing challenges to effective land management.

Overall, while Albania has made strides in modernizing its land policy and cadaster services, the journey toward effective land governance is ongoing. By addressing the existing challenges head-on and implementing targeted reforms, Albania can unlock the full potential of its land resources and pave the way for sustainable economic development and prosperity. Furthermore, the focus on land policy reforms is another critical element of enhancing the investment environment in Albania. By ensuring transparency and efficiency in state cadastre services and providing clear policies for land usage, the government seeks to address one of the key concerns for investors: land ownership and access. The adoption of comprehensive Roadmap for digitization processes, including the digitalization of cadastral ownership titles and maps, reflects a commitment to improving land administration and facilitating property rights. Additionally, the establishment of an Integrity Plan with robust anti-corruption measures underscores the commitment to ensuring a level playing field for investors and promoting ethical business practices. The adoption of the Integrity Plan will demonstrate good track of implementation resulting in significantly improved quality, transparency, efficiency and accountability in service delivery, for services as registration of property titles, registration of real rights on property or registration of liabilities, issuance of various certifications, provided by the State Cadastre Agency. These measures will be included in the Integrity Plan, which will be monitored yearly.

In light of these challenges, Albania has reaffirmed its commitment to advancing land reform effort and the establishment of clear policies for land usage, demonstrate a proactive approach to addressing longstanding issues.

Adopting a comprehensive Road Map to ensure planning of the digitization policy and respective processes for the cadastre marks a pivotal shift towards enhancing both transparency and efficiency in state cadastre services. Digitization empowers citizens and businesses with easy access to property information and services through digital platforms, eliminating the need for physical visits to cadastre offices and thereby reducing information asymmetry. This increased openness not only fosters trust by minimizing the scope for hidden or inaccurate information but also enables easier auditing and verification of digital records.

On the efficiency front, the Road Map's adoption streamlines operations, cutting down bureaucratic delays and enabling digital systems to manage a larger volume of transactions simultaneously. Automation of routine tasks further enhances efficiency by freeing up human resources, allowing cadastre employees to dedicate their time to addressing more complex issues and improving customer service. Moreover, digital data management significantly reduces the likelihood of errors or discrepancies, ensuring a smoother and more efficient workflow overall.

The establishment of an inter-institutional working group for adopting a comprehensive Road Map to finalize the digitization processes will determine the strategy, secure necessary funding, and establish timelines for the successful completion of the digitization initiative.

Achieving the milestone of completing the first registration process further enhances both transparency and efficiency. This ensures that all properties undergo a standardized and thorough registration process, reducing discrepancies and fostering public trust. Streamlining the first registration process improves efficiency by

reducing administrative delays and minimizing errors, allowing the cadastre to provide quicker responses to inquiries and expedite property transactions.

The territory of Albania is divided in 3058 cadastral zones. For 2763 cadastral zones (or 90% of total cadastral zones), the first registration process has been completed, and for 295 cadastral zones the first registration process isn't finished yet, and the situation for the latter is presented as follows:

- for 45 cadastral zones the first registration process is ongoing, and it is expected to be finished with the deadlines explained in the Step 1 of the RA.
- from the 250 cadastral zones where the first registration process hasn't started, for 108 cadastral zones it is expected to be finished with the deadline explained in step 1).

Therefore, 95% of the total number (total no is 3058 cadastral zones), are expected to be finished by June 2026, and the percentage of the cadastral zones remained unfinished by then will be less than 5% of the 142 remaining unfinished - cadastral zones.

It should be noted that at the State Agency of Cadastre, property titles, once administered, are registered in the cadastral register. The cadastral register consists of property cards containing key property information such as the cadastral zone number, cadastral zone name, property number, map index, property owner, acquisition act number, property value, reference number linked to the property title deposited at the State Agency of Cadastre, and any rights, liabilities and restrictions on the property. This cadastral register, made up of immovable property cards/cartella, is being digitized, and all manually deposited property titles are being scanned.

First registration of immovable properties has been completed for 2,763 cadastral zones, which constitute 90% of all cadastral zones in the Republic of Albania. By June 2026, 95% of the cadastral zones covering the territory of the Republic of Albania will be completed. For those cadastral zones where first registration has been completed, the digitization of property cartellas and the scanning of property titles are underway. This is necessary because a significant portion of the documentation for these cadastral zones has been manually prepared, and the property titles are physically deposited at the State Agency of Cadastre. It should be noted that initial registration in the Republic of Albania began in 1994.

There is a total of 4,076,000 cartellas, and in the SCA database until 31 May 2024 there have been included 2,703,935 digital cartellas⁷, but from this number, only 1,000,000 digital cartellas (24%) are fully digitized, and the remaining number of 1,703,935 cartellas (42%) are to be re-digitized because through the years new manual transactions have been made but not reflected in these existing digitized cartellas.

There is a need for an additional 1,372,065 cartellas (34%) to be digitised, that has not yet undergone the digitization process. Therefore, there is a total of 3,076,000 cartellas (76%), which are expected to be finished in the deadlines explained in step 2 of the RA

- 34% (1,3 mln) cartellas completed (December 2024);
- 14% (0.56 mln) cartellas completed (June 2025);
- 14% (0.56 mln) cartellas completed (December 2025);
- 14% (0.56 mln) cartellas completed (June 2026).

By completing First registrations in 95% of all the cadastral zones, Digitalization of all paper based immovable property cartellas and maps, and digitalization of all processes of SCA, the main scope is to achieve the reducing of time delays of the cadastral services, increase efficiency, performance of the public service of the Cadaster Agency, by taking measures against corruption and bribery.

Another focus of the Reform Agenda will be the adoption of the Cadaster Integrity Plan, with robust anticorruption measures. The Integrity Plan will be prepared through a participatory approach, involving representatives of the civil society, bar association, notarial chamber, banks, and business associations, etc. and it will fully reflect stakeholder's feedback. The Integrity Plan will be monitored, in order to ensure transparency and accountability in service delivery of cadastra services and demonstrate good track of

⁷ According to the Law No. 33/2012 "On Real Estate registration" (amended by Law No. 9/2016, dated 11.2.2016) there is provided the following definition in the Article 2, point 6: "Cartella" is the volume sheet of the register that is kept for each immovable property." In other words, a 'kartelë' is a page from the register's volume that is kept for each piece of immovable property.

implementation, resulting in significantly improved quality, transparency, efficiency and accountability in service delivery.

Additionally, stakeholders like real estate agents and lawyers benefit from simplified processes, allowing them to serve clients more effectively. Overall, these improvements contribute to a vibrant economy, smoother property circulation, and enhanced professional practices, positioning the cadastre services as enabler of economic development and social welfare.

Table 2: Outcomes and results (induced outputs) – Ensure transparency and efficiency of state cadastre services, for investors and citizens and provide clear policy for land usage

Outcome	Induced output (=results)	Reform which contributes to achievements
Contribute to a more transparent, efficient, and accountable property rights system, promoting economic development, investment, and social stability.	<p>First registrations have been completed in 95% of all the cadastral zones (June 2026)</p> <p>Digitalisation of all paper based immovable property cartellas is completed and digitalisation progresses consistent with the comprehensive Road Map to achieve tangible results to finalise the digitisation processes adopted in June 2025 (June 2026)</p> <p>Adopt a comprehensive Road Map to achieve tangible results to finalise the digitisation processes, therefore, for previously paper-based cadastral ownership titles and cadastral maps in all cadastral zones to be digitalized by prioritizing those with economic relevance and first registrations to be fully completed (June 2025).</p> <p>Adopt a land policy and put in place all necessary administrative, budgetary and coordination steps for the start of its implementation in 2028 (June 2027).</p> <p>Adopt an integrity plan (December 2025), including robust anticorruption measures reflecting stakeholder's feedback (representatives of the civil society, bar association, notarial chamber, banks, and business associations, etc), with the view to improve transparency and accountability in service delivery and demonstrate good track of implementation, resulting in significantly improved quality, transparency, efficiency and accountability in service delivery for services as registration of property titles, registration of real rights on property or registration of liabilities, issuance of various certifications, provided by the State Cadastre Agency (December 2027)</p>	<p>1.1.2. Ensure transparency and efficiency of state cadastre services, for investors and citizens and provide clear policy for land usage.</p>

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsible Institutions
R.1.1.2 - Ensure transparency and efficiency of state cadastre services, for investors and citizens and provide clear policy for land usage.			Ministry of Justice (MoJ)
<p>Step 1 – First registrations have been completed in 95% of all the cadastral zones (June 2027).</p> <ul style="list-style-type: none"> - 30 cadastral zones completed (December 2024) - 15 cadastral zones completed (June 2025) - 108 cadastral zones completed (June 2026) 	(June 2026)	90%	State Cadastra Agency (SCA)
<p>Step 2 - Digitalisation of all paper based immovable property cartellas is completed and digitalisation progresses consistent with the comprehensive Road Map to achieve tangible results to finalise the digitisation processes adopted in June 2025 (June 2026).</p> <ul style="list-style-type: none"> • 34% cartellas completed (December 2024) • 14% cartellas completed (June 2025); • 14% cartellas completed (December 2025); • 14% 0.56 mln cartellas completed (June 2026). 	(June 2026)	24%	SCA
<p>Step 3 – Adopt a comprehensive Road Map to achieve tangible results to finalise the digitisation processes, therefore, for previously paper-based cadastral ownership titles and cadastral maps in all cadastral zones to be digitalized, by prioritizing those with economic relevance and first registrations, to be fully completed (June 2025).</p> <ul style="list-style-type: none"> • Assess infrastructure and technology needs, as well as the allocation of necessary human and financial resources • Draft a comprehensive roadmap for the digitization of all paper-based cadastral services and maps (June 2025) • Design a financing plan for the road map (June 2025) 	(June 2025)	No Road Map in place on digitisation processes	The Interministerial Committee
<p>Step 4 - Adopt a land policy and put in place all necessary administrative, budgetary and coordination steps for the start of its implementation in 2028 (June 2027):</p> <ul style="list-style-type: none"> - Revise legal basis for the PM Order on the Interministerial Committee on Land Policy. - Prepare outline on the Land Policy - Draft Land Policy document and consult with interest groups and third parties. - Adopt the Land Policy document. - Prepare methodology for the monitoring of the land policy. 	(June 2027)	No Land Policy in place	The Interministerial Committee

- Design implementation arrangements' package (June 2027)			
<p>Step 5 - Adopt an integrity plan (December 2025),</p> <p>including robust anticorruption measures reflecting stakeholder's feedback (representatives of the civil society, bar association, notarial chamber, banks, and business associations, etc), with the view to improve transparency and accountability in service delivery and demonstrate good track of implementation resulting in significantly improved quality, transparency, efficiency and accountability in service delivery, for services as registration of property titles, registration of real rights on property or registration of liabilities, issuance of various certifications, provided by the State Cadastre Agency (December 2027).</p> <ul style="list-style-type: none"> - Establish the Cross-Institutional Working Group. - Draft the Risk Assessment Document. - Draft the Action Plan for the State Cadastre Agency, based on the Risk Assessment Document. - Adopt the Integrity Plan (December 2025) - Establish an ad hoc monitoring body to assess the implementation of the Plan. 	<p>(December 2025)</p> <p>(December 2027)</p>	<p>No Integrity Plan in place</p> <p>No implementation of Integrity Plan in place</p>	<p>Minister of State on Public Administration and Anticorruption (MoSPAAC)</p>

R - 1.1.3. Increase the attractiveness and transparency of investments, in line with EU practices, improve State-owned Enterprises and State Aid governance

- Increase the attractiveness and transparency of investments:

Albania has made significant strides in recent years to enhance the transparency of investments. Increasing the attractiveness and transparency of investments, aligning with EU practices, involve a combination of regulatory alignment, incentives, governance reforms, transparency measures, and strategic use of public resources. These measures aim to create a favorable environment for investments, ensure responsible management of public assets, and promote economic growth.

Albania has taken steps to increase the attractiveness and transparency of investments in line with EU practices, considering the importance of transparency in attracting domestic and foreign investments. The adoption of a Public-Private Partnership (PPP) law aligned with EU standards by June 2025 and the establishment of a framework on a dedicated state aid structure underscore Albania's commitment to fostering a conducive environment for investment. These measures aim to streamline investment processes, ensure fair competition, and provide clarity on state aid regulations, thereby facilitating investment decision-making processes.

While progress has been made, challenges remain in fully in conjunction with the objectives outlined in the Growth Plan. By prioritizing transparency and integrity in investment policies and practices, Albania is poised to unlock its full economic potential and attract sustainable investments that drive inclusive growth and development.

Albania has in place a comprehensive electronic procurement system (EPS), which has enhanced transparency, facilitated access, simplified procedures, reduced transaction costs, and improved data collection and monitoring. In overall, the procurement system has a high level of alignment with the EU *acquis*, however, challenge remain to increase efficiency in public procurement and to intensify efforts to boost participation in public procurement, as the average number of bidders remains low for procedures exceeding EU thresholds, and in 2021, one-fifth of all contracts were awarded after a process involving only one bid. Additionally, the participation of foreign bidders would is low. In the area of concessions/PPPs, value-for-money analysis need to be systematically carried out before approval of all PPPs, as a law requirement.

As stated also in the EU Screening Report for Cluster One for Albania, additional alignment with EU laws is necessary in the realm of concessions and Public-Private Partnerships (PPPs). Currently, the Law on Concessions and the Public-Private Partnerships Law (CPPPL), along with their respective regulations, are only partially in sync with the EU *acquis*. To achieve full alignment, a new law is anticipated, which will address several key areas, including legislative scope of concessions and PPPs. During the last years, improvements have been made in the direction of strengthening the monitoring of state enterprises (SOEs)⁸, through the expansion of the monitoring of SOEs including the enterprises of the Water and Sewerage Companies, and other state enterprises that may have budget impact. Furthermore, with the Co-signing of the joint order⁹ of MIE and MoF, there is a monthly basis information collection regarding the reporting and clearance of the mutual arrears that the state enterprises of the energy sector have with each other and with other state entities (Water Utility, GDT, etc.), the modalities of which are included in the supplementary budget instruction of the Minister of Finance.

A further challenge is to include PPPs into the National Single Project Pipeline, which is an instrument that is part of the public investment management. The 'National Single Project Pipeline' is prepared by SASPAC¹⁰ and approved by a DCM and provides a precondition for the projects to be included in the public investment cycle. Integration of PPPs into the National Project Pipeline ensures that projects are prioritized and aligned with broader economic and social development objectives. Also, effective integration leads to better resource allocation, reducing redundancies and ensuring that projects contribute to national priorities.

⁸⁸ Draft PFM Strategy 2023-2027

⁹ Joint Order Nr. 304, dated 17.12.2020 "For the approval of the action plan for the reduction of arrears in the electricity sector" and joint order of MIE and MoF no. 379, dated 30.09.2021 "On the implementation of the plan of measures for the reduction of arrears in the electricity sector".

¹⁰ Approved by DCM Nr. 447, dated 26/07/2023 on "Priority Policy Document 2024-2026"

- Improve State Aid governance:

State aid governance in Albania is structured to align with European Union standards, given the country's aspirations for EU integration. The regulatory framework for state aid in Albania is primarily governed by the Law on State Aid, which is aligned with the EU *acquis*. The Law on State Aid, enacted in 2014 and amended subsequently, provides the basis for state aid control in Albania. It sets out the principles and procedures for granting state aid and aims to ensure that such aid does not distort competition and trade within the country and with the EU.

The main body responsible for overseeing state aid in Albania is the State Aid Commission (SAC)¹¹. The SAC is the decision-making authority that implements State aid rules in the country and that monitors and ensures compliance with state aid regulations. The Ministry of Economy, Culture and Innovation plays a significant role in the administration and coordination of state aid policies. The SAC is responsible for reviewing and approving state aid measures proposed by public authorities. It ensures that these measures comply with the Law on State Aid and EU guidelines. Regular reporting and transparency are crucial components. The SAC publishes annual reports on state aid granted, providing details on the types and amounts of aid and their alignment with national and EU regulations.

Albania's state aid policy is progressively aligning with EU state aid rules as part of the EU accession process. This involves adopting EU guidelines and practices to ensure that state aid does not adversely affect competition within the EU single market. The alignment also includes the gradual introduction of EU-compatible schemes and the phasing out of incompatible aid.

One of the key challenges in state aid governance in Albania is ensuring consistent and effective enforcement of the legal framework. Reforms are continually being implemented to improve the transparency, efficiency, and effectiveness of state aid control, in line with EU recommendations.

Ensuring an operationally independent State Aid Authority is a crucial element for creating a favourable climate for businesses, to enhancing economic competitiveness and ensure responsible management of public resources. Efforts are underway to evaluate the technical structure responsible for overseeing State Aid. Our objective is to establish the independence of the commission and the secretariat structure that will support the commission in matters related to State Aid, as well as to define the framework that will ensure this independence. The State Aid Authority will be considered fully operational upon receiving its mandate, achieving full staff complement, and securing an independent budget. The establishment of the optimal state aid modality will improve the state policy making, ensuring a healthy and transparent market competition benefitting the businesses and the economic development of Albania.

An initial assessment has been prepared on June 2024, we are continuing our evaluation and suggestions for the optimal options, further evaluation of political level will be made, also by the EU and we suppose to present to the government in September, and finalise an adopted option within December 2024. Depending on the chosen option, it will be clear the regulatory changes and other measures to be implemented in order to insure the fully independence of State Aid and improve its governance. Also depending on the chosen option we will work on the budgetary arrangements related to the adopted version.

- Improve State-owned Enterprises and Governance:

State-owned enterprises (SOEs) are important economic actors and can enhance economic activity and competitiveness if a level playing field with private companies is ensured. SOEs in Albania operate in a largely decentralised manner under several ownership ministries. Concerning the level playing field with private companies, the SOEs in Albania are incorporated under company law, in line with good practice.

A directive by the Ministry of Finance and Economy concerning the composition and qualifications of the supervisory boards of state-owned joint-stock companies, adopted in April 2022, notably establishes that all state-owned joint-stock companies must have boards of directors and that responsibilities for nominating their

¹¹ The Commission is composed of five members, chaired by the minister in charge of economy. The other members are appointed by the Council of Ministers, on the proposal of the Minister of Economy, Minister responsible for European Integration, Minister of Justice and a representative of civil society.

members are shared between the Ministry of Finance and Economy. and the relevant sectoral ministries, in line with the process outlined above. The directive establishes certain minimum qualifications criteria, for example requiring that board candidates have at least five years of professional experience and barring individuals who have a conflict of interest as defined in a dedicated law on preventing conflicts of interest in the performance of public functions. For most SOEs, board vacancies are not competitive or open to the public. Despite the presence of these minimum requirements, there is the challenge that in practice the SOE board nomination process need to be transparent. In that respect, it remains scope to strengthen the board nomination process so as to ensure that SOE boards are staffed with a sufficient number of qualified professionals, through open and merit based procedures, that would strengthen the corporate efficiency.

In that respect, several steps will be undertaken under the Reform Agenda. Firstly, there will be established clear, transparent, and merit-based appointment guidelines for the appointment of board members. These guidelines will be aligned with EU best practices and standards for board appointments. Based on newly developed guidelines, there will be reviewed and amended existing legal acts and regulation governing SOEs to embed the new appointment procedures. The aim is to ensure open, transparent and merit-based procedures on selection of the SOE independent board members, which will contribute a contribute to more professional, transparent, and effective governance of SOEs, enhancing their role in the economy and aligning with broader regulatory and competitive standards.

Also, there will be carried out an assessment of the state aid independence and models evaluation and proposals for policymaking & decision making for the optimal option and starting the work for the legal framework adoption. The conducted analysis of all State Owned Enterprises, will review SOE performance, in order to assess and classify SOEs based on performance metrics to identify “well performers” and “bad performers”. The “bad performers” may be excluded from the group of SOEs undergoing a reform on the board of members, since the “bad performers” may be evaluated to undergo decisions on running liquidation procedures. The companies which are under liquidation process have already been declared as such, and the goal of their administration is simply to manage the asset sell-off, not to manage commercial interests. Also, the analysis will provide identify enterprises that have strategic functions, in areas related to state sovereignty and national security, etc. In this regard, the SOEs with strategic functions may be evaluated that it not feasible to undergo the new procedures. The procedures followed by the General Assembly of Shareholders (MEKI) for the transition of a company into liquidation:

- The object of the activity becomes unfeasible (when for various reasons it becomes impossible to continue the activity).
- When, as a result of incurred losses, the company's own capital is lower than the minimum value of the registered capital.
- In cases where the duration for which it was established ends.
- And in other cases provided by law nr. 9901, date 14.4.2008, “On commerce and commercial companies”, amended, or the statute of each company.

The updated and approved regulations will be applied to eligible SOEs, for having independent board members through an open, transparent and merit based appointment procedure.

Table 3: Outcomes and results (induced outputs) –Increase the attractiveness and transparency of investments, in line with EU practices, improve State-owned Enterprises and State Aid governance

Outcome	Induced output (=results)	Reform which contributes to achievements
Contribute to a more favorable investment climate, efficient allocation of resources, and improved governance, ultimately fostering economic development and prosperity.	<p>Adopt PPP/concession law in line with EU acquis and EU best practices (June 2025) and PPP/concessions start to be fully integrated into the National Project Pipeline (December 2025).</p> <p>Adopt legal base to ensure an operationally independent State Aid Authority and</p>	1.1.3. Increase the attractiveness and transparency of investments, in line with EU practices, improve State-owned Enterprises and State Aid governance

	<p>operational arrangements (budget) (December 2025).</p> <p>Ensure that all the new board members of SOEs are appointed through transparent and merit-based procedures (December 2024) and amend relevant regulations to introduce rules on the appointment of board members of SOEs, subject to open and merit-based recruitment processes (June 2025). The extension of independent board members in the SOEs criteria, through open and merit-based procedures, will be made “wherever feasible” (i.e. to all those SoEs which are not classified as “bad performers, etc.”, after a feasibility analysis) (December 2026).</p>	
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

Implementation and responsibilities

Reform and steps	Deadline	Baselines	Responsible Institutions
R.1.1.3 - Increase the attractiveness and transparency of investments, in line with EU practices, improve State-owned Enterprises and State Aid governance			Ministry of Economy Culture and Innovation (MoECI)
<p>Step 1 - Adopt PPP/concession law in line with EU acquis and EU best practices (June 2025)</p> <p>and PPP/concessions start to be fully integrated into the National Project Pipeline (December 2025).</p>	<p>(June 2025)</p> <p>(December 2025)</p>	<p>Existing legislation</p> <p>PPP/Concessions not fully integrated into NSPP</p>	Ministry of Economy Culture and Innovation (MoECI)
<p>Step 2 - Adopt legal base to ensure an operationally independent State Aid Authority and operational arrangements (budget) (December 2025).</p>	(December 2025)	No legal base in place on an operationally independent State Aid Authority	(MoECI)
<p>Step 3 – Ensure that all the new board members of SOEs are appointed through transparent and merit-based procedures (December 2024)</p> <p>and amend relevant regulations to introduce rules on the appointment of board members of SOEs, subject to open and merit-based recruitment processes (June 2025).</p> <p>The extension of independent board members in the SOEs criteria, through open and merit-based</p>	<p>December 2024</p> <p>June 2025</p> <p>December 2026</p>	<p>Status of existing procedures for appointing boards members</p> <p>Existing regulations</p>	(MoECI)

procedures, will be made “wherever feasible” (i.e. to all those SoEs which are not classified as “bad performers, etc.”, after a feasibility analysis) (December 2026).			
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--

R - 1.1.4. Improve the investment attractiveness framework and in particular the FDI framework and business environment by deregulation and modernisation of business services.

Albania has long recognized the significance of promoting export and internationalization of enterprises as key drivers of economic growth and development. Over the past several years, various measures have been implemented to facilitate exports, enhance trade, and support the internationalization of Albanian businesses across sectors with growth potential, especially EU Single Market. This commitment is underscored by the country's strategic focus on improving the business environment, including the adoption of comprehensive land policies aimed at ensuring transparency and efficiency in land usage.

The existing context of Albania's investment attractiveness framework, particularly in terms of the Foreign Direct Investment (FDI) framework and business environment, reflects a concerted effort to streamline regulations, modernize business services, and enhance transparency to attract more foreign investments. Over the past few years, Albania has embarked on a series of reforms aimed at creating a more favorable environment for investors, aligning with EU standards, and fostering economic growth.

Adopted in 2021, BIDS and its action plan provide a comprehensive framework for Albania's medium-term economic growth, focusing primarily on the advancement of micro, small, and medium-sized enterprises (MSMEs) and investments. The strategy outlines a vision for a competitive Albanian economy, fueled by innovation and knowledge, creating new and improved jobs by leveraging digital transformation and the changes in the global value chain, with an emphasis on sustainable development and European and regional integration.

Regarding investments, BIDS emphasizes the enhancement of measures to promote and facilitate specific investments targeted at various groups, aligning with international best practices and sustainable development goals. One key aspect of the strategy is a supplier development program aimed at increasing the sophistication of local SMEs, helping them to compete more effectively and integrate into the global and regional supply chains of foreign investors.

Acknowledging the vital role of start-ups in fostering an innovation- and knowledge-driven economy, BIDS also aims to create a supportive business environment, linked to the 2022 Law "On support and development of startups" and the EU for Innovation program. Special focus is placed on women entrepreneurs and start-ups offering digital solutions or products/services that contribute to the green and circular economy.

Efforts are underway to finalize a draft Smart Specialisation Strategy (S3), a process ongoing since 2016. S3 is envisioned as a new tool to enhance innovation and stimulate regional development, supported by the EU and adopted by each of the WB6 economies and Türkiye. The S3 approach aims to contribute to the international sustainable development agenda by identifying priority areas where public investments in research, development, and innovation can have the greatest impact. The draft strategy is currently under consultation and is expected to be approved by the Council of Ministers by 2024.

One significant aspect of Albania's investment attractiveness framework is the modernization of its business services through deregulation and digitalization initiatives. The country has recognized the importance of reducing bureaucratic hurdles and improving the ease of doing business to attract foreign investors. Initiatives such as the adoption of investment laws, simplification of administrative procedures for businesses, and the implementation of e-government platforms have been key components of this modernization effort. These measures aim to streamline processes, enhance transparency, and reduce red tape, thereby creating a more conducive environment for investment and economic activity.

In light of these efforts, Albania has made significant strides in improving its investment attractiveness and business environment. However, challenges such as bureaucratic inertia, capacity constraints, etc., remain hurdles that need to be addressed. Moving forward, sustained efforts to implement reforms, strengthen institutions, and enhance economic governance will be crucial in consolidating Albania's position as an attractive destination for foreign investments.

The Reform Agenda has prioritized the development of export promotion programs and initiatives to facilitate the internationalization of Albanian enterprises. These efforts include the adoption of export promotion and facilitation programs aimed at increasing the competitiveness of Albanian products and services in European

markets. Albania needs to conduct an analysis on the export programme regarding the list of economic sectors with high potential for growth and export in the EU Single Market. This analysis will foresee an assessment to address this measure. Additionally, focus is given on enhancing trade facilitation measures and improving access to foreign markets through trade agreements and partnerships.

In line with these objectives, Albania has also taken steps to strengthen its value chains and support industries with significant growth potential. By fostering partnerships between local businesses and international counterparts, Albania aims to capitalize on its comparative advantages and enhance the competitiveness of key sectors such as manufacturing, tourism and agriculture.

Table 4: Outcomes and results (induced outputs) – Improve the investment attractiveness framework and in particular the FDI framework and business environment by deregulation and modernisation of business services.

Outcome	Induced output (=results)	Reform which contributes to achievements
Contribute to reforming the business landscape, improving regulatory practices, and ensuring a more dynamic and competitive economy.	<p>Adoption of the unified investment law(s) and main bylaws implementing legislation, in line with EU best practices (December 2026).</p> <p>Adopt legal amendments to facilitate administrative procedures for businesses (December 2024).</p> <p>Adopt legal amendments to improve and facilitate inspection praxis for businesses (December 2025).</p> <p>Prepare the Road Map to improve and facilitate reporting praxis of business to government (December 2025).</p> <p>Adopt an action plan for improving the ranking of Albania in the OECD Policy SME Index (December 2025).</p>	1.1.4. Improve the investment attractiveness framework and in particular the FDI framework and business environment by deregulation and modernisation of business services.

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsible Institutions
R 1.1.4. Improve the investment attractiveness framework and in particular the FDI framework and business environment by6 deregulation and modernisation of business services.			Ministry of Economy Culture and Innovation (MoECI)
<p>Step 1 - Adoption of the unified investment law(s) and main bylaws implementing legislation, in line with EU best practices (December 2026).</p> <p>- Scoping, assessment and evaluation phase of the current legal framework and institutional background and facilitation of administration procedures, related to investments (December 2024)</p>	(December 2026)	Existing laws and bylaws	Ministry of Economy Culture and Innovation (MoECI)

<ul style="list-style-type: none"> - EU Acquis Legal Gap Analysis (June 2025) - Draft laws and bylaws related to the investment legislation (December 2025) - RIA and Public Consultation (June 2026) - Adoption of the Legal framework for the unified investment laws (December 2026) 			
<p>Step 2 - Adopt legal amendments to facilitate administrative procedures for businesses (December 2024).</p> <ul style="list-style-type: none"> - Business Services Deregulation Analysis Report (June 2024) - Adopt legal amendments to facilitate administrative procedures for businesses (December 2024). 	(December 2024)	Existing regulations	Minister of State on Entrepreneurship and Business Climate (MoSEBC)
<p>Step 3 - Adopt legal amendments to improve and facilitate inspection praxis for businesses (December 2025).</p> <ul style="list-style-type: none"> - Analysis of Inspectorates Report (December 2024). - Adopt Package of legal amendments (December 2025) - Check List published at the websites of QKB, Central Inspectorate (December 2025) 	(December 2025)	Existing inspection procedures	Minister of State on Entrepreneurship and Business Climate (MoSEBC)
<p>Step 4 - Prepare the Road Map to improve and facilitate reporting praxis of business to government (December 2025).</p> <ul style="list-style-type: none"> - Analysis of business praxis Report (December.2024) - Design a simplified reporting framework (December 2025) 	(December 2025)	No road map in place on improving reporting praxis of business	Minister of State on Entrepreneurship and Business Climate (MoSEBC)
<p>Step 5 - Adopt an action plan for improving the ranking of Albania in the OECD Policy SME Index (December 2025).</p> <ul style="list-style-type: none"> - Evaluation of OECD Policy SME index – analysis of Albania's weakness and strengths and areas for policy intervention (December 2024) - Action plan for ranking improvement (December 2025) 	(December 2025)	No Action Plan for improving ranking in OECD Policy SME Index	Ministry of Economy Culture and Innovation (MoECI)

R - 1.1.5. Deployment of e-freight and Intelligent Transport Systems

In recent years, Albania has been making strides towards modernizing its transportation infrastructure, with a particular focus on Intelligent Transport Systems (ITS) to enhance efficiency, safety, and sustainability in the transportation sector. The existing context of transportation in Albania reflects both challenges and opportunities, shaped by factors such as geographical features, urbanization trends, and economic development priorities.

Albania's strategic location in the Western Balkans, with access to major trade routes and ports, underscores the importance of efficient transportation networks for facilitating regional and international trade. However, the country faces challenges such as inadequate road infrastructure, traffic congestion, and road safety concerns, which have implications for economic development, tourism, and overall quality of life.

To address these challenges, Albania has been implementing various initiatives aimed at improving transportation systems and promoting sustainable mobility. One significant aspect of this effort is the adoption of Intelligent Transport Systems (ITS), which leverage technology to optimize traffic flow, enhance road safety, and reduce environmental impact.

The introduction of ITS solutions, including smart traffic management systems, electronic toll collection, and real-time traffic monitoring, is poised to revolutionize transportation in Albania. These systems enable better coordination of traffic flow, improve road safety through the detection of hazards and incidents, and provide valuable data for informed decision-making by transportation authorities.

Furthermore, the integration of ITS with other policy measures, such as the adoption of a comprehensive land policy, is essential for maximizing the benefits of transportation investments. By ensuring transparency and efficiency in land usage, the land policy can support the development of transportation infrastructure, such as road networks and public transit systems, in a sustainable manner.

Despite progress in implementing ITS and transportation infrastructure projects, challenges remain, including funding constraints, institutional capacity limitations, and coordination issues among stakeholders. Addressing these challenges requires a multi-faceted approach, capacity building initiatives, and regulatory reforms to create an enabling environment for transportation innovation and investment.

The expected outcomes for the steps under e-freight and ITS deployment are the following:

- Enhanced Freight Network Efficiency: Implementing e-Freight will lead to streamlined information exchange, reduced paperwork, and optimized logistics planning, contributing to improving overall freight transport efficiency and reduction of border delays.
- Improved Cargo Security and Monitoring: Deployment of e-Freight systems will enhance monitoring of cargo movements, enabling better tracking, security measures, and regulatory compliance, thus improving overall cargo security and transport efficiency.
- Enhanced Road network Efficiency: Implementing ITS will lead to improved traffic flow, reduced congestion, and optimised route planning, contributing to improving road transport efficiency.
- Improved Road Safety and Security: Deployment of ITS will enhance real-time monitoring of traffic conditions, enabling quicker responses to incidents and emergencies, thus improving overall safety and security on roads.
- Improved Rail Safety: ITS technologies contribute to enhancing safety within the rail network by implementing advanced signalling and train control systems such as ETCS (European Train Control System). These systems help prevent collisions, over-speeding, and other safety hazards by providing real-time monitoring and intervention capabilities.
- Enhanced Rail Network Efficiency: By implementing ITS solutions like ERTMS (European Rail Traffic Management System), rail operators can optimise train movements, reduce delays, and improve overall network capacity. Real-time monitoring and control systems enable more efficient use of infrastructure and resources, leading to smoother operations and reduced journey times.
- Railway Interoperability: ITS frameworks promote interoperability between different rail systems and operators, enabling seamless cross-border operations and interoperable services. Standardised

communication protocols and data exchange formats ensure compatibility between various components of the rail infrastructure, facilitating international freight and passenger transportation.

Table 5: Outcomes and results (induced outputs) – Deployment of e-freight and Intelligent Transport Systems

Outcome	Induced output (=results)	Reform which contributes to achievements
Modernize Albania's transport infrastructure, improving efficiency, safety, and compliance with EU standards, while enhancing Albania's integration into the European transport network, facilitating smoother and more efficient cross-border transportation and logistics operations.	<p>Adopt relevant legislation to align with the Regulation of EU 2020/1056 on electronic freight transport information (eFTI) (June 2025).</p> <p>Ratify the added Protocol to the United Nations Convention for the carriage of goods, on the “electronic consignment-note” (eCMR) for International Carriage of Goods by Road needed to deploy eFTI (December 2025).</p> <p>Adopt relevant legislation for ITS frameworks and standards for road, in line with EU Acquis (December 2026) and implement first phase of the traffic data collection systems and road user information systems (June 2027).</p> <p>Adopt relevant legislation for ITS frameworks and standards for rail, in line with EU Acquis (June 2027)</p>	1.1.5. Deployment of e-freight and Intelligent Transport Systems

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsible Institutions
R 1.1.5. Deployment of e-freight and Intelligent Transport Systems.			Ministry of Economy Culture and Innovation (MoECI) Ministry of Finance / Albanian Customs Ministry of Infrastructure and Energy (MoIE)
Step 1 - Adopt relevant legislation to align with the Regulation of EU 2020/1056 on electronic freight transport information (eFTI) (June 2025): <ul style="list-style-type: none"> Establish joint working group which includes relevant ministries for deployment of 	(June 2025)	Status of existing legislation	Ministry of Economy Culture and Innovation (MoECI)

<p>Regulation and assign coordinating ministry for the deployment of eFTI Regulation (i.e leading ministry). (December 2024)</p> <ul style="list-style-type: none"> - Transpose the eFTI Regulation into national legislation. – (June 2025) 			<p>Ministry of Finance / Albanian Custom</p> <p>Ministry of Infrastructure and Energy (MoIE)</p>
<p>Step 2 - Ratify the added Protocol to the United Nations Convention for the carriage of goods, on the “electronic consignment-note” (eCMR) for International Carriage of Goods by Road needed to deploy eFTI (December 2025):</p> <ul style="list-style-type: none"> • Formal adoption of the Protocol for ratification by the Government. (June 2025) - Ratification by the Parliament – (December 2025) 	<p>(December 2025)</p>	<p>Existing legislation</p>	<p>Ministry of Economy Culture and Innovation (MoECI)</p> <p>Ministry of Finance / Albanian Custom</p> <p>Ministry of Infrastructure and Energy (MoIE)</p>
<p>Step 3 - Adopt relevant legislation for ITS frameworks and standards for road, in line with EU Acquis (December 2026) and implement first phase of the traffic data collection systems and road user information systems (June 2027):</p> <ul style="list-style-type: none"> • The amendment of the existing Guideline of the Minister in order to fully transpose the relevant legislation for ITS frameworks and standards for road (ITS Directive 2023/2661 amending ITS Directive 2010/40) – (December 2026) • New Guideline of the Minister, in order to fully transpose Delegated Regulation (EU) 2015/962 – EU-wide real-time traffic information services (RTTI) and Delegated Regulation (EU) 2022/670 – EU-wide real-time traffic information services (RTTI) – (December 2024) • The construction and the supply of the Building of the Control Traffic and Monitoring Centre, including the ITS infrastructure, hardware, software, display screens and communication equipment - (December 2024) • The deployment of ITS equipment (sensors, cameras, electronic road signs, etc.) along several road segments (for 200 km) - (June 2027) - Delegated Regulation (EU) 2024/490 - provision of EU-wide multimodal travel information services – (June 2027) 	<p>(June 2026)</p> <p>(June 2027)</p>	<p>Existing legislation</p>	<p>Ministry of Infrastructure and Energy (MoIE)</p>
<p>Step 4 - Adopt relevant legislation for ITS frameworks and standards for rail, in line with EU Acquis (June 2027):</p> <ul style="list-style-type: none"> • Approval with a special legal act of the policy document for the development of ITS in rail and maritime sector in Albania (ERTMS) – December 2024 • Transposition of Interoperability Directive 2016/797 amending Directive 2008/57/EC into the Albanian legislation. To complete this 	<p>(June 2027)</p>	<p>Existing regulations</p>	<p>Ministry of Infrastructure and Energy (MoIE)</p>

<p>measure, we have foreseen 11 legal acts (Order of the Minister for the approval of regulations) on:</p> <ul style="list-style-type: none"> • TSI - Telematics Applications for Passenger service – June 2024, • TSI - Safety in Railway Tunnels – December 2025; • Commission Regulation (EU) No 1300/2014 of 18 November 2014 on the technical specifications for interoperability relating to accessibility of the Union's rail system for persons with disabilities and persons with reduced mobility – (December 2025); • TSI – Infrastructure approved within December 2026; • TSI Energy approved within December 2026; • TSI Rolling Stock - Locomotives and Passengers – December 2026, • TSI Noise – December 2026. • TSI - Control Command and Signalling – June 2027. • TSI - Rolling Stock - Freight Wagons - June 2027. • TSI - Operation and Traffic Management – June 2027. <p>- TSI - Telematics Applications for Freight service – June 2027.</p> <ul style="list-style-type: none"> • Fully alignment of the Commission Implementing Decision (EU) 2018/1614 of 25 October 2018 laying down specifications for the vehicle registers referred to in Article 47 of Directive (EU) 2016/797 of the European Parliament and of the Council and amending and repealing Commission Decision 2007/756/EC –including ‘Vehicle registration data to ERA’s European Vehicle Register (EVR) transferred’ (December 2025). 			
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--

R - 1.1.6. Promotion of export and internationalisation of enterprises, including the facilitation of exports and trade, and value chain support to selected industries with growth potential.

Albania has long recognized the significance of promoting export and internationalization of enterprises as key drivers of economic growth and development. Over the past several years, several measures have been implemented to facilitate exports, enhance trade, and support the internationalization of Albanian businesses across sectors with growth potential.

The Business Investment and Development Strategy 2021-27 (BIDS) and its Action Plan provide overarching direction for medium-term economic development, focusing mainly on the development of micro, small and medium-sized enterprises, as well as on attracting investments. AIDA has a broad mandate, covering export promotion and SME development, as well as investment promotion, facilitation, and retention.

The share of net value exports (services and goods) to GDP for 2024 (year measured 2023) is 39%, according to INSTAT. The aim is to ensure increase in the share of exports (services and goods) to GDP, where share of exports to GDP in net value is 40 % (June 2027).

These efforts include the adoption of export promotion and facilitation programs aimed at increasing the competitiveness of Albanian products and services in European and international markets.

Given the critical role that small and medium-sized enterprises (SMEs) play in driving Albania's economic growth, it is essential to enhance export promotion efforts. Tailoring these initiatives to address the specific challenges faced by SMEs in exporting their goods and services will not only foster inclusivity but also contribute to creating a more resilient and dynamic economic environment.

Considering the small percentage of exporting SMEs in Albania, introducing targeted assistance for these enterprises is crucial. Such assistance would help close the gap between large companies and SMEs and could potentially lead to improved linkages between SMEs and multinational companies operating in the economy. Expanding export promotion programs to include non-exporting companies and SMEs can create a more diversified and robust export ecosystem. This approach would help individual businesses expand their market reach while contributing to overall economic growth by increasing the number of companies participating in international trade.

Broadening the scope of initiatives beyond traditional beneficiaries already engaged in exporting activities will enhance the contribution of exports to GDP. Many Albanian non-exporting companies, often referred to as potential exporters, may lack awareness, resources, or the necessary knowledge to enter international markets. Extending the reach of export promotion programs to these potential exporters aims to provide them with the support, training, and resources needed to explore and enter global markets.

In this regard, the new export promotion and facilitation program would include, measures related to: (i) SME-Specific Support; (ii) access to finance of SMEs (financial assistance, grants, or subsidies to help SMEs cover the costs associated with entering and expanding in foreign markets); (iii) quality infrastructure support for exports; (iv) promoting Networking and Linkages (Facilitating connections between SMEs and multinational companies to create partnerships, joint ventures, and integration into global supply chains) etc. By incorporating these elements, the new export promotion program will help Albanian SMEs overcome barriers to exporting, tap into new markets, and contribute significantly to the nation's economic growth and development.

The country is also fully committed to ensure the necessary preconditions for the export of agricultural goods, by fully aligning relevant legislation for the sector with EU Acquis, such as the law on Official Controls, the laws on Animal Health and on Plant Health, as well as ensure preparation of respective bylaws.

Additionally, the focus is also on enhancing trade facilitation measures and improving access to foreign markets through trade agreements and partnerships. In that respect, the Trade and Transport Facility Program will be prepared, and it will include several components, including Green Lane Roadmap needs for implementation and regional trade facilitation.

In order to ensure enabling environment for increasing the export, there should be addressed the facilitation of trade and transport with the EU Member States, as well as with the Western Balkan region countries. In that respect, the intention is to ensure facilitation of trade and transport also through the experience of the Green

Corridors/ Green Lanes, that were established at the dawn of the COVID-19 outbreak to prevent shortages of essential goods and medical equipment. Launch of the initiative has proven to be one of the most successful examples of regional cooperation, managing to preserve trade flows, not only for the economic benefits, but also for effective fight against the pandemic.

At the Sofia Summit held in November 2020, the Leaders of the Western Balkans expressed their support to extend Green Corridor and Green Lanes to all BCP/CCPs in Western Balkans and with the neighbouring EU Member States. A year after launching the initiative, the Green Corridors/Lanes has been extended to all road intra CEFTA BCPs/CCPs and three rail BCPs/CCPs. 5 MoUs were signed, between North Macedonia and Greece, between Italy and Montenegro and Italy and Albania (Blue lanes), and between Croatia and Montenegro and Croatia and Bosnia and Herzegovina, enabling sending data from CEFTA to the involved EU MS and facilitating CEFTA export. The traders carrying essential goods should have priority passage throughout the Western Balkans. The extended concept contributes to reducing waiting times at the BCPs/CCPs, and ultimately reducing the transport and trade costs for all businesses.

However, there is much more progress needed in that respect, and therefore the intention is to adopt a trade and transport facilitation program that includes as a component the Green Lanes / Green Corridors, with respective soft and hard measures, costed actions and interventions for implementation, coming out from the ETC Roadmap. The aim is to enhance and improve the corridors and border crossing points to facilitate trade reforms at the border and improve transport efficiency at key nodes. These measures could be integrated into a wider package of measures for facilitating trade and transport.

Value chain measures can significantly enhance the competitiveness and efficiency of various sectors in Albania's economy. Albania is committed to ensure progress in regulatory initiatives and/or support measures related to industrial value chain partnerships with European Union. Especially with respect to the Critical Raw Materials and Critical Medicine that the EU has a particular interest to partner with Western Balkan countries.

There have been some recent development in Albania, with regards to new entities in place on value chain and accelerated integration processes on partnerships, that are worthy to mention.

Under the new co-funded and co-programmed European Partnership as part of the Horizon Europe Strategic Plan for 2025-2027, associated countries are invited to participate. In June 2024, Albania received a request from the European Commission to formally express the commitment to this Programme. The Programme focuses on five key partnership areas with the EU: Brain Health, Forest and Forestry for a Sustainable Future, Raw Materials for the Green and Digital Transition, Pandemic Preparedness and Resilience, and Cultural Heritage. Next steps within the frame of this commitments remain:

- Evaluate the Commitment areas, and its associated costs and benefits. (within August 2024)
- Decision making including the budgetary provision, Responsible Institutions and coordinators. (within August 2024)
- Express letter of Commitment to the agreed areas (within 15 of September 2024)
- Regulatory procedures for application to the program (within December 2024)

Albania is working to align its regulatory framework with European Union standards to ensure the quality, safety, and efficacy of medicinal products. This alignment is crucial for participating in the Critical Medicinal Partnership and integrating into the broader European value chain.

Albania holds the member status of the Critical Medicines Alliance (CMA), which is a consultative mechanism bringing together relevant stakeholders from EU Member States, key industries, the civil society, and the scientific community. The Alliance aims to identify key areas and priorities for action, proposing solutions to strengthen the supply of critical medicines in the EU, ultimately enhancing efforts to prevent and address shortages effectively.

Within the frame of CMA, the EU Commission will conduct a mapping to get a full picture of the pharmaceutical industry in the Western Balkan region. The resulting study should be available by end November 2024. Subsequently, the EU may consider developing strategic partnerships with Western Balkans partners for the production of critical medicines, reflecting both local demands and needs at the EU and global level. Once a member of the CMA Forum, partners will be able to exchange and discuss with other stakeholders to identify the most suitable actions and tools to effectively address vulnerabilities in critical medicines supply chains.

Albania is positioning itself within the Critical Medicinal Partnership and Value Chain by aligning regulatory frameworks with EU standards, boosting local production, enhancing supply chain resilience, fostering research and innovation, improving public health preparedness, and building international collaborations. Efforts are being made to enhance the local production of essential medicines. This includes investing in infrastructure, technology, and human resources to boost the pharmaceutical sector's capacity and reduce dependency on imports.

Albania works towards integrating with European systems and frameworks, including the European Medicines Agency (EMA), to enhance its healthcare and medicinal sectors. This collaboration includes adopting EU guidelines, participating in international partnerships, and engaging in initiatives aimed at improving the country's medicinal supply chain, regulatory environment, and public health infrastructure. Albania is actively seeking to strengthen collaborations with EU Members States and Commission, as well as international organizations. These partnerships are essential for knowledge exchange, technical assistance, and capacity building in the critical medicine and value chain. Collaboration with international partners and participation in EU-funded research projects are vital for developing new medicines and improving existing ones. Enhancing public health infrastructure and preparedness for health crises is a priority. This includes developing strategies for pandemic preparedness and ensuring the availability of critical medicinal products in times of need.

The opening of the Regional Innovation Center of the European Institute of Innovation and Technology for raw materials in April 2024 marks a decisive moment in Albania's path towards the modernization and advancement of the raw materials sector and its preparation for the challenges of the future. The Center conducts its activity in accordance with national legislation¹² and based on the standards set by EIT Raw Materials for RIS HUB, through the inter-institutional working group, which functions as a quadruple helix platform for the raw materials sector, with representatives from the relevant state institutions, companies that exercise activity in industry, the academic world and civil society.

The Mission of the Center is to coordinate activity related to innovation and development in the raw materials sector, in cooperation with the European Institute of Technology and Innovation for Raw Materials, by the purpose of: i) empowering the region with the right infrastructure to unlock its mineral potential and build strong ties between the Western Balkans and Europe; ii) connecting business to markets, projects to funding, talent to industry and innovation to application; iii) contributing to the agenda of the “Critical Raw Material Act” and support the creation of secure supply chains for Europe.

The Albanian EIT Raw Materials Regional Innovation Center, as a center for innovation, cooperation and sustainable practices, will be an important step in the transformation of the raw materials sector in Albania, reinforcing the Albanian Government commitment to achieve the objectives of the EU Act on critical raw materials (EU CRM Act) and to turn Albania into a strategic partner of the EU for this sector. Considering that the raw materials sector is part of the priorities of the growth plan for the Western Balkans, this initiative will contribute substantially to the regional development and strategic positioning of Albania also within the EU value chain.

The special support of the Albanian Government for the sector of raw materials, as reflected in the Smart Specialisation Strategy (S3), which aims to turn Albania into a key player in the industrial landscape and as a strategic partner of the EU in the integration in the global supply chains, but also the inclusion of this sector in the Albanian Government's priorities to be supported by the Growth Plan, evidences Albania's ambitious goal in the EU integration pathway.

The prioritization of this sector, including the establishment and strengthening of this Center, came as a result of extensive consultations with quadruple helix actors in Albania (government, academia, business, civil

¹² The EIT Raw Materials Center is established, and acts based on:

- Decision of Council of Ministers no.697, dated 6.12.2023 “On the establishment, organization and functioning of Regional Innovation Center of European Institute of Technology and Innovation for Raw Materials (EIT Raw Materials Regional Innovation Center)
- Order of Prime Minister no.22, dated 2.02.2024 “On the approval of the organization structure of the Regional Innovation Center of European Institute of Technology and Innovation for Raw Materials (EIT Raw Materials Regional Innovation Center)
- Order of Prime Minister “On the establishment of inter institutional working group near the Regional Innovation Center of European Institute of Technology and Innovation for Raw Materials (EIT Raw Materials Regional Innovation Center)

society), within the framework of S3 as well as the round tables organized by the Ministry of Infrastructure and Energy, which highlighted the need and the interest of the actors of this sector to invest in technology and innovation and grow with the objective to be integrated into the EU value chain, but also to invest in human capital, a very important aspect for the development of priority sectors, and already a priority for the Albanian Government.

The Regional Innovation Center will serve as a HUB for Albania's raw materials sector, support Albania realizing the rich potential of its raw materials sector and build strong ties between the Western Balkans and Europe. The Regional Innovation Center will play a strong role in implementing the Government's Smart Specialization Strategy, as part of one of the three main priority sectors in Albania.

The Regional Innovation Centre will facilitate information exchange and collaboration across the EIT Raw Materials network and beyond, building synergies with Albanian national programmes, including those in the wider Western Balkans region. The Centre will also focus on building skills and entrepreneurship, particularly among women students and researchers, while promoting STEM education tailored to the industry's future needs.

The center will become the main hub for stakeholders of the raw materials sector in Albania and beyond, supporting the mutual exchange of information, creating synergy with Albanian and European national programs, helping to advance entrepreneurship and skills and promote STEM education tailored to future industry needs, with special focus on:

- raising human capacities by investing in the training and development of the skills of specialised staff in the field of raw materials;
- creation of research capacities through open research infrastructure thus optimizing investments in laboratories and equipment and the application of new technologies and innovative approaches in the sector;
- the modernization of the mining sector, extractive and processing industries to adapt it to the requirements of the time and international standards, as well as to meet the requirements of a technologically advanced industry and create spaces for the creation of strategic partnerships.

These commitments will enable the mining sector to be equipped to adapt and operate in a wider international, European environment, creating new approaches and partnerships that help Albania to be a strategic partner of the EU and positioning Albania at the head of the Western Balkans in its trajectory towards EU integration.

Applying value chain measures in Albania involves a strategic approach to analyzing, developing, and optimizing the various stages of production and distribution in key sectors. This approach would require collaboration among stakeholders, as line ministries, agencies and EIT Center, investment in infrastructure and technology, policy support, and a focus on market linkages and diversification. Through these measures, Albania can enhance its economic performance, competitiveness, and sustainability across multiple sectors.

In that respect, firstly an analysis and mapping of values chain in sectors with highest potential for growth and export in the EU Single Market, would be carried out. The analyzis will include each step from production to market, including raw material acquisition, manufacturing, logistics, distribution, and sales. Also, it will identify bottlenecks and opportunities, to spot inefficiencies and areas for improvement, such as supply chain gaps, technology needs, and market access issues. This action will engage stakeholders, including collaborating with industry players, government agencies, and academic institutions, for a holistic understanding.

Based on this analysis, there will be undertaken soft measures, in terms of regulatory measures to address sector weaknesses in terms of value chain and to promote partnership with EU. Regarding critical materials, the focus would be to align to align to the Raw Materials Act (Regulation), when it has been adopted by the EU, and ensure its implementation.

Also, there will be developed and roadmapped strategic interventions, to address bottlenects, such as introduce modern technologies in production and processing to enhance productivity and quality, facilitate access to finance, by developing financial products and services that support value chain activities, especially for SMEs, etc. In initiatives related to critical medicine, the membership at the Medicine Alliance of EU, as well as HERA

guidance will contribute to orient efforts actions towards alignment with EU and accessing EU Single Market. Full alignment with the EU acquis on medicines for human use is necessary for Albania if it intends to have its domestically produced medicines accepted in the EU market. This involves adopting EU regulatory standards and practices related to the production, authorization, and quality control of medicines, as well as necessary regulatory changes to achieve this alignment, which will enable market access and ensure the quality and safety of its medicines according to EU standards.

Table 6: Outcomes and results (induced outputs) –Promotion of export and internationalisation of enterprises, including the facilitation of exports and trade, and value chain support to selected industries with growth potential.

Outcome	Induced output (=results)	Reform which contributes to achievements
Contribution to fostering economic growth, enhancing compliance with international standards, and supporting sustainable development through strategic trade and regulatory policies.	<p>Export promotion and facilitation programme is adopted (December 2025).</p> <p>The laws on Official Controls (June 2026), on Animal Health and on Plant Health are adopted and are fully aligned with the EU acquis (June 2025) and bylaws are prepared (December 2026).</p> <p>Progress in regulatory initiatives (December 2025; June 2026) and/or support measures related to industrial value chain partnerships with European Union is made (December 2027).¹³</p> <p>Continuous progress with Green Lanes initiatives for trade facilitation by adopting the Trade and Transport Facilitation Programme (December 2025).¹⁴</p> <p>Increase the share of exports (services and goods) to GDP, where share of exports to GDP in net value is 40 % (June 2027).</p>	Promotion of export and internationalisation of enterprises, including the facilitation of exports and trade, and value chain support to selected industries with growth potential.

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsible Institutions
R 1.1.6. Promotion of export and internationalisation of enterprises, including the facilitation of exports and trade, and value chain support to selected industries with growth potential.			Ministry of Economy Culture and Innovation (MoECI)

¹³ Albania is currently awaiting the EU's Roadmap on Value Chains to begin outlining the necessary regulatory steps.

¹⁴ This reform step is without prejudice to the rules on eligible activities whereby support received from another financing programme cannot cover the same cost.

<p>Step 1 - Export promotion and facilitation programme is adopted (December 2025):</p> <ul style="list-style-type: none"> - Assessment and prioritization of the growth potential industries/sectors/products to design export facilitation and internationalization of the enterprises' measures and promotion. (March 2025) - Programme design and business consultation (June 2025) - Adoption of the Export Promotion and Facilitation Programme (December 2025) 	(December 2025)	No existing programme on exports' promotion & Facilitation	MoECI
<p>Step 2 - The laws on Official Controls (June 2026),</p> <p>on Animal Health and on Plant Health are adopted and are fully aligned with the EU acquis (June 2025)</p> <p>and bylaws are prepared (December 2026):</p> <ul style="list-style-type: none"> - New law on animal health approved (June 2025) - New law on plant health approved (June 2025) - New law on official control approved (June 2026) - Twenty-two implementing sub legal acts approved within December 2026: <ul style="list-style-type: none"> - Ten implementing sublegal acts of animal health law approved. - Ten implementing sublegal acts of plant health law approved. - Five implementing sublegal acts of official control law approved. 	<p>(June 2026)</p> <p>(June 2025)</p> <p>(December 2026)</p>	<p>Existing legislation</p> <p>No existing laws</p> <p>No existing bylaws</p>	Ministry of Agriculture and Rural Development (MoARD)
<p>Step 3 - Progress in regulatory initiatives (December 2025; June 2026) and/or support measures related to industrial value chain partnerships with European Union is made (December 2027).</p>	<p>(December 2025)</p> <p>(June 2026)</p> <p>(December 2027)</p>	<p>No existing legal initiatives</p> <p>No existing legal initiatives</p> <p>Status of legislation in place on value chain</p>	Ministry of Economy Culture and Innovation (MoECI)
<p>Step 4 – Continuous progress with Green Lanes initiatives for trade facilitation by adopting the</p>	(December 2025)	Existing TTFP programme	Ministry of Economy Culture and Innovation (MoECI)

Trade and Transport Facilitation Programme (December 2025). ¹⁵			
<p>Step 3 – Increase the share of exports (services and goods) to GDP, where share of exports to GDP in net value is 40 % (June 2027)</p> <ul style="list-style-type: none"> - Baseline Report prepared (December 2024) - Approve export promotion strategy (June 2025) - Assess export support measures' impact (June 2026) - Achieve target (year 2026/June 2027) 	(June 2027)	39.2% (2023)	MoECI

¹⁵ This reform step is without prejudice to the rules on eligible activities whereby support received from another financing programme cannot cover the same cost.

7 POLICY AREA 2: HUMAN CAPITAL

2.1. EDUCATION

Albania has enacted legislation on "Vocational Education and Training" and implemented a new "National Strategy on Employment and Skills for 2023-2030". The aim of the Vocational Education and Training law is to establish a cohesive VET system capable of adapting to socioeconomic and technological shifts. This system aligns with broader educational frameworks and caters to local and global labour market demands while ensuring sustainable quality assurance mechanisms in vocational education institutions. Concurrently, the "National Strategy for Skills and Employment 2023-2030" prioritizes qualitative employment and lifelong learning for all. It tackles 16 challenges and devises corresponding solutions, structured around five main goals: a) addressing skills mismatches across all professions, b) enhancing the skill levels of both genders in the workforce, c) improving labour market functionality, d) facilitating mediation and delivery of inclusive employment support programs, and e) guaranteeing decent work opportunities universally.

R - 2.1.1. Revise the VET system to better match the labour skills demand

Albania has continued the significant progress towards ensuring that both men and women have access to increased employment opportunities. After the pandemic, which negatively affected the labour market, a positive trend is observed during 2022-2023 in all labour market indicators. The participation rate in the labour market for the population aged 15-64 in the second quarter of 2023, is 75.8%. Compared to the second quarter of 2022, the labour force participation rate is 3.0% higher, while compared to the previous quarter it has increased by 0.1%. The employment rate for the population aged 15-64 in the labour market in 2022 is 65%. While during the second quarter of 2023, the employment rate for the population aged 15-64 is 67.4% with an increase of 2.7 p.p. compared to the second quarter of 2022. The employment rate has improved significantly especially among women from 53.8 in 2021 to 58.9% in 2022 and gender gap in employment has been decreasing from 14.4% in 2021 to 14.2% in 2022. Nonetheless, gender inequality in employment remains problematic, with men's employment rate exceeding women's by 12.4%. The unemployment rate for the population aged 15 and over in the labour market in 2022 is 10.9. In the second quarter of 2023, the official unemployment rate in Albania is 10.7% with a decrease of 0.4 p.p. compared to the second quarter of 2022, and by 0.1 percentage points compared to the first quarter of 2023.

The level of employment and the participation rate of young people has been steadily increasing over the last few years. The employment rate for the young people 15-24 for 2022 was 29.0 with an increase of 2.6 p.p. compared to the previous year and participation rate of 38.6 with an increase of 2.3 p.p. compared to 2021. Nonetheless both figures remain low compared to the employment and participation rate of the total population. The unemployment rate is continuously decreasing but still lags the rest of the adult population. In terms of the percentage of young people neither in employment nor in education or training (NEET) in 2022 it was 25.2 with a decrease of 0.9 p.p. compared to 2021. The NEET rate was 5.2 p.p. higher for women (27.8%) than for men (22.6%) in 2022. A high share of young people neither in employment nor in education and training NEET is in Albania and it is almost the double the EU-27 average.

Several reforms have been undertaken in the vocational education and training system, both in the legal framework and policy development, in order to ensure an adequate system that provides opportunities for the development of the proper skills. Some of the initiatives undertaken to approve, develop and implement the Albanian Qualifications Framework, to develop the quality assurance framework and connecting the Albanian Qualifications Framework with the European Qualifications Framework, aim to increase relevancy, transparency, the quality of skills supply to the labour market in Albania. The VET system needs a higher inclusion of the private sector, both in the content and governance of the vocational education and training supply, as well as directly through work-based learning. The National Strategy for Employment and Skills 2023-2030 has put as a priority measure to developing a VET offer that is more relevant, flexible, governed based on evidence and that ensures continuity.

Developing a reliable and quality VET system in the country is a two-way process, requiring time not only for the growth and improvement of VET providers, but also for the growth and consolidation of the private sector.

Cooperation with the private sector in the VET provision is perhaps the most developed in the employment and skills sector, mainly thanks to the cooperation at implementation level between the VET providers and companies to conduct internships at the business premises. The engagement of the private sector in the development of the VET offer through Sector Skills Committees, where the contribution of business enterprises will be used in adapting the VET content and training programs, including the development and validation of professional standards in priority sectors is crucial.

The result of efforts to increase the quality and relevance of VET in the labour market for youngsters and adults, is the development and implementation of the quality assurance framework, which is based on the interaction and comparison of VET providers' self-assessment results with external evaluation processes such as, accreditation, monitoring and inspection (to be activated soon). Approving and starting the implementation of the accreditation process of VET providers is a very important step for creating a quality culture in the system.

A very important dimension of quality assurance in VET is the initial qualification and continued professional development of vocational teachers. In this respect, both processes have been institutionalized in 2022 and are ongoing.

The information extracted from the skills intelligence system will be used to adapt and update the VET offer and to expand the post-secondary VET offer. Such process will be carried out via a methodology that combines labour market information and skills needs analysis with the development and implementation of the Albanian Qualifications Framework. In this sense, AQF/National Catalogue of Professional Qualifications will continue to be further developed and implemented by means of drafting new professional qualifications or updating the existing ones.

Table 7: Outcomes and results (induced outputs) – Revise the VET system to better match the labour skills demand

Outcome	Induced output (=results)	Reform which contributes achievements to
<p>Contribute to a more responsive and effective VET system, better preparing students for the workforce and supporting economic development, by:</p> <ul style="list-style-type: none"> - ensuring alignment with industry needs, enhancing the employability of graduates. - focusing on sector-specific skills and job placement, a higher percentage of VET graduates are likely to secure employment in their relevant sectors shortly after graduation, contributing to reduced unemployment rates and improved economic outcomes.. 	<p>Two additional Sectoral Skills Committees (Agriculture; (Energy) Green Skills) are established and operational by contributing to the adaptation of the VET content and training programs, including the development of VET curricula (June 2026)</p> <p>5 VET Curricula (including standards of respective professions) in areas as defined in S3 revised by National Agency of VET and Qualifications and approved by the ministry responsible for VET (June 2026)</p> <p>85% of respective VET teachers trained on revised VET curricula (December 2026)</p> <p>50% of graduates from VET schools who have a job in the relevant sector of their studies (3 months/6 months) after graduation (disaggregated by gender and type (employed/self-employed/continuing higher studies & working at the same time); annually tracked (June 2027)</p>	<p>2.1.1. Revise the VET system to better match the labour skills demand</p>

Implementation and responsibilities

Reform and steps	Timelines	Baseline	Responsible institutions
R - 2.1.1. Revise the VET system to better match the labour skills demand			Ministry of Economy Culture and Innovation (MoECI)
<p>Two additional Sectoral Skills Committees (Agriculture; (Energy) Green Skills) are established and operational by contributing to the adaptation of the VET content and training programs, including the development of VET curricula (June 2026):</p> <ul style="list-style-type: none"> - Prioritise and delimitate the first sector for establishing the SC (2024); - Joint order of ministers, respectively MoES and MECI adopted (2025); - Selection of Members of SC, (2025) - Joint order of ministers, respectively MoES and MECI adopted (December 2025) - Delimitate the second sector for establishing the SC (2025); - Selection of Members of SC, (2026) - Capacity building of members of two SC meetings conducted, with two sectorial committees (June 2026) 	(June 2026),	2 sectoral committees	MECI, MoES, NAVETQ
<p>5 VET Curricula (including standards of respective professions) in areas as defined in S3 revised by National Agency of VET and Qualifications and approved by the ministry responsible for VET (June 2026)</p> <ul style="list-style-type: none"> - Prioritise the needs from LM for new/revised curricula (June 2025); - 5 occupational standards and qualifications standards designed and validated (December 2025) - 5 VET curricula developed based on the standards behind the qualifications (June 2026) 	(June 2026),	Status of revised VET curricula according to S3 (0)	MECI, MoES, NAVETQ
<p>85% of respective VET teachers trained on revised VET curricula (December 2026)</p> <ul style="list-style-type: none"> - Design teacher training programme based on the teachers needs for implementing 5 new/revised curricula (July 2026); - Conduct training programme (December 2026); - Conduct mid- assessment of current employment rates (December 2025) - Develop and implement new policies to enhance employability (December 2026) 	(December 2026)	Status of trained teachers on revised VET Curricula	MECI, MoES, NAVETQ
<p>50% of graduates from VET schools who have a job in the relevant sector of their studies (3 months/6 months) after graduation (disaggregated by gender and type (employed/self-</p>	(June 2027)	38%/ 2023 Baseline	MECI, MoES, NAVETQ

<p>employed/continuing higher studies & working at the same time); annually tracked (June 2027)</p> <ul style="list-style-type: none"> 50% of graduates from VET schools who have a job in the relevant sector of their studies (June 2027) 		<p>2023 results of those who graduated in 2021-2022 academic year</p>	
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-----------------------------------------------------------------------	--

R – 2.1.2. Update of the curricula in primary and secondary education

The Reform Agenda will adopt and implement a new performance appraisal system, which consists in a methodology and instruments for evaluating the level of digital competencies, for teachers at primary and secondary levels, with a particular emphasis on ICT competencies, within June 2027. This first step will be implemented firstly through the preparation of the methodology and instruments, secondly, the capacities of school principals and specialists of local educational units/offices will be strengthened, by training at least 50% of them. Then, there will be conducted an evaluation of teachers, in order to verify the level of fulfilment of the framework of digital competences of teachers.

The updated curriculum innovations will consist of updating the key competences for lifelong learning in fulfillment of the Recommendation of the Council of the European Union and the National Education Strategy, 2021 – 2026. Integrating STEM subjects to promote a holistic understanding in the curriculum of science, mathematics, engineering and technology in practical applications through cross-curricular projects, experiments, simulations and problem solving in real situations.

The first important step includes the adoption and implementation of a new performance appraisal system, which consists in adopting a methodology and instruments, for evaluating the level of digital competencies for teachers at primary and secondary levels. The adoption and implementation of a new performance appraisal system focused on evaluating digital competencies, especially ICT competencies, would lead to improved teacher performance in using technology effectively in the classroom. Teachers who excel in digital competencies can integrate technology into their teaching methods, enhancing student engagement and learning outcomes. The second step will include the update of core curricula, in basic pre-university education linking education with labour market needs, namely the subjects “Natural sciences, Arts, Technology and ICT and Languages and Communications”. Updating core curricula to align with labour market needs ensures that students are equipped with relevant skills and knowledge that are in demand in the workforce. By including subjects such as Natural Sciences, Arts, Technology, ICT, Languages, and Communications, students can develop a well-rounded skill set that prepares them for future employment opportunities. As a third step, 95% of teachers will be trained in the new curricula and there will be started in the implementation of the new curricula.

These steps aim to enhance the quality of education provided at the primary and secondary levels. By evaluating and improving teacher performance, updating curricula to meet current needs, and ensuring teachers are adequately trained, the education system can better prepare students for success in both further education and the workforce. Emphasizing digital competencies and aligning education with labour market needs promotes a culture of lifelong learning among both teachers and students.

Using interactive platforms for personalized learning experiences, using simulations and virtual labs to improve understanding of complex concepts through blended learning, computational thinking from the early years of education, integrating coding into different subjects for developing students' critical thinking and problem-solving skills, integrating artificial intelligence (AI) into the curriculum, including discussions on the ethical implications of AI technologies, and educating students about safe internet use will help students explore the world digital safely and responsibly. The curriculum will also focus on preparing students for future careers and further education. This includes providing professional orientations, internships and skills discovery guidance.

The National Program “Art, Crafts, Sports,” also known as the Extracurricular Programs (JOM), was implemented during in 2023 in the pre-university education system in 200 selected Community Center Schools, engaging 644 educational staff and 10,423 students in 613 groups, supporting these schools with material resources to aid creative activities. This program encourages the development of children and youth in primary and higher education, creativity, innovation, and engagement in initiatives, activities, and projects carried out in schools in collaboration and partnership with parents, the community, and local businesses.

This program aims to encourage the learning of art and artisanal works through practical activities, promote entrepreneurial skills of students in the perspective of preserving and promoting the values of the community they live in, as well as our cultural heritage in the various fields, such as painting, agricultural activities etc.

The Arts and Crafts program as an extracurricular activity in schools can contribute to the holistic development of children and youth, equipping them with valuable skills, fostering creativity and innovation, promoting

cultural awareness and appreciation, and nurturing a sense of community and personal well-being. In that respect, the Government intends to expand the program from 200 schools or 17% of schools, in 26% of basic and secondary schools within December 2025, in 43% of basic and secondary schools within December 2026 and in 65% of basic and secondary schools within June 2027. The beneficiaries of the reform are: students of pre-university education grade 1-12 and teachers and leaders in pre-university education grades 1 – 12.

The stakeholders involved: Ministry of Education and Sport, Quality Assurance Agency of Preuniversity Education, Higher Educations Institutions, National Agency of Preuniversity, regional directorate of preuniversity Education, Local Office of Preuniversity of Education, schools, donors, trade unions, etc.

Table 7: Outcomes and results (induced outputs) – Update of the curricula in primary and secondary education

Outcome	Induced output (=results)	Reform which contributes to achievements
Contribute to a modern, relevant, and effective education system, better preparing students for the demands of the workforce and promoting holistic development.	<p>Adopt and implement a new performance appraisal system (a methodology and instruments for evaluating the level of digital competencies) for teachers at primary and secondary levels with a particular emphasis on ICT competencies (June 2027).</p> <p>Update of the core curricula in basic pre-university education linking education with labour market needs, namely the subjects “Natural sciences, Arts, Technology and ICT and Languages and Communications”). (December 2026).</p> <p>95% of teachers trained in the new curricula (Professional Development Programs for 50% of SPs/ December 2025; June 2027).</p> <p>Start implementation of the new curricula (June 2027).</p> <p>Expand the “Arts and Crafts” programme in 65% of basic and secondary education schools. (June 2027)</p>	2.1.2. Update of the curricula in primary and secondary education

Implementation plan and responsibilities.

Reform and steps	Deadline	Baseline	Responsible institutions
R-2.1.2 Update of the curricula in primary and secondary education			Ministry of Education and Sports (MoES)
Step 1 - Adopt and implement a new performance appraisal system (a methodology and instruments for evaluating the level of digital competencies) for teachers at primary and secondary levels with a particular emphasis on ICT competencies (June 2027).	(June 2027)	Status of current performance appraisal for teachers at primary and secondary levels: Currently, the appraisal of the teacher's performance is carried out by the school principal according to the formats drawn up by the	MoES, QAAPUE, NAPUE

<ul style="list-style-type: none"> - Preparation of methodology and instruments for evaluating the level of digital competences of teachers (June 2025) - Strengthening the capacities of school principals and specialists of local educational units with at least 50% of them trained (December 2025) - Conducting the evaluation of teachers for the level of fulfilment of the framework of digital competences of teachers (June 2027) 		principals themselves, based on the teacher's professional standards.	
<p>Step 2 - Update of the core curricula in basic pre-university education linking education with labour market needs, namely the subjects “Natural sciences, Arts, Technology and ICT and Languages and Communications”). (December 2026).</p> <ul style="list-style-type: none"> - Updating the Curricular Framework according to the STEM approach (December 2024) - Update 50% of Subject Programs that will be implemented (December 2025) - Review of subject programs according to the STEM approach to the respective classes (December 2026) 	(December 2026).	Status of current core curricula in basic preuniversity education: Currently, in the pre-university education system, the curriculum with competencies drawn up in 2014 is being implemented in all schools.	MoES, QAAPUE
<p>Step 3 - 95% of teachers trained in the new curricula (Professional Development Programs for 50% of SPs/ December 2025; June 2027).</p> <ul style="list-style-type: none"> - Drafting of the professional development program and supporting materials for teachers for effective methodologies and the implementation of the updated curriculum according to the STEM approach (Dec 2024) - Professional Development Programs for 50% of updated Subject Programs (SPs) that will be implemetend according to the STEM approach (Dec 2025) - 30% of Teachers trained for 50% of updated Subject Programs (SPs) (June 2026) - Training of at least 95% of teachers who are implementing new curricula according to the respective classes for the implementation of the curriculum according to the STEM approach (June 2027) 	<p>(June 2027)</p> <p>(Dec 2025)</p>	<p>Status of current teachers trained in new curricula (0 teachers)</p> <p>Currently, all teachers have been trained to implement the existing curriculum, while teachers will be trained when we have the updated curriculum.</p> <p>Current status of Profesional Development Programs for Subject Programs (SPs)</p>	MoES, QAAPUE, HEI
<p>Step 4 - Start implementation of the new curricula (June 2027).</p> <ul style="list-style-type: none"> - Implementation of the new curriculum according to the relevant classes for the updated subjects (June 2027) 	(June 2027).	Current status of new curricula implementation: The implementation of the updated curriculum has not started	MoES, QAAPUE, NAPUE, RDPUE, LOE, schools
<p>Step 5- Expand the “Arts and Crafts” programme in 65% of basic and secondary education schools. (June 2027).</p>	(June 2027).	200 schools (17% of current total)	MoES, MoSCHY, QAAPUE, NAPUE,

<ul style="list-style-type: none"> - Expand the “Arts and Crafts” programme in 26% of basic and secondary schools (December 2025) - Expand the “Arts and Crafts” programme in 43% of basic and secondary schools (December 2026) - Expand the “Arts and Crafts” programme in 65% of basic and secondary schools (June 2027) 			RDPUE, LOE, schools
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	---------------------

R – 2.1.3. Update the national Qualifications Framework by establishing a clear and transparent relationship between national qualification levels and the relevant European QF levels.

The Standards and guidelines for quality assurance in the European Higher Education Area (ESG) provide the framework for internal and external quality assurance. Implementing quality assurance in line with the ESG is one of the key commitments of the Bologna Process. As such, the ESG provide the basis for enhancing trust, mobility and recognition between higher education systems. The ESG are divided into three parts: Internal quality assurance, External quality assurance, Quality assurance agencies.

The ESG are designed to be applied to all higher education, regardless of place or mode of delivery. The Standards set out the agreed and accepted practice, while the Guidelines describe how the standards might be implemented, however this will vary depending on the context.

QAAHE - Quality Assurance Agency in Higher Education (ASCAL), has been an affiliate of ENQA since 2010 and its status was renewed in 2022, for a period of 5 years. QAAHE (ASCAL) has started the work to complete the ESG related to its role, starting with the updating of the internal acts of its operation, the engagement of a student in the external evaluation groups, the inclusion of a student in the monitoring role in BA, etc. All these made possible the application of QAAHE (ASCAL) in ENQA. Also, QAAHE (ASCAL) has started work on the revision of the quality code and its support/approach to ESG. The quality code is subject to continuous changes, depending on the change in ESG.

Out of 24 ESG standards, Albania has implemented fully twenty of them. Within the framework of the Reform Agenda, the focus will be put to ensure partially implementation of the the ESG 3.3. and ESG 2.7, by December 2025. The ESG 2.7 relates to “Complaints and appeals processes should be clearly defined as part of the design of external quality assurance processes and communicated to the institutions”, while ESG 3.3. there is the following “Agencies should be independent and act autonomously. They should have full responsibility for their operations and the outcomes of those operations without third party influence.”. ESG offers a list of what is considered important:

- *Organisational independence, demonstrated by official documentation (e.g. instruments of government, legislative acts or statutes of the organisation) that stipulates the independence of the agency’s work from third parties, such as higher education institutions, governments and other stakeholder organisations.*
- *Operational independence: the definition and operation of the agency’s procedures and 23 methods as well as the nomination and appointment of external experts are undertaken independently from third parties such as higher education institutions, governments and other stakeholders.*
- *Independence of formal outcomes: while experts from relevant stakeholder backgrounds, particularly students, take part in quality assurance processes, the final outcomes of the quality assurance processes remain the responsibility of the agency.*

The current situation is Albania, with respect to ESG 2.7 is that there is no appeal system in place. This will be addressed within the frame of the National Reform Agenda. Regarding the ESG 3.3., the MoES will partly fulfil it, completing the third component (Independence of formal outcomes particularly students, take part in quality assurance processes), aiming to involve students. These components related to ESG 2.7 and ESG 3.3 will be part of the Policy Document that the Ministry of Education and Sports is actually drafting. Also, the Higher Education Quality Code will be updated, addressing also ESG 2.7. and ESG 3.3., which is the main document for all quality assurance processes and procedures in higher education (HEIs), that sets quality standards, mandatory for implementation by higher education institutions.

Table 9: Outcomes and results (induced outputs) – Update the national Qualifications Framework by establishing a clear and transparent relationship between national qualification levels and the relevant European QF levels.

Outcome	Induced output (=results)	Reform contributes achievements which to

<p>Contribute to a more inclusive, efficient, and quality-oriented education system, better preparing individuals for the workforce and fostering lifelong learning opportunities, by:</p> <ul style="list-style-type: none"> - enhancing workforce skills and employment opportunities, through recognition of prior learning. - ensuring quality standards, leading to improved education outcomes and increased trust in vocational education and training, through accreditation of VET providers - Alignment with European Standards: Implementing European Standards and Guidelines (ESGs), which will enhance the quality assurance of education, promoting transparency, accountability, and international recognition 	<p>Regulate framework for the recognition/validation of previous non-formal and informal learning experience and include lifelong qualifications, including micro-credentials, in the AQF and adopt it (June 2026).</p> <p>90% of public and private VET providers go through¹⁶ the accreditation process (June 2027).</p> <p>Partly implementing, the ESGs (respectively ESG 3.3 and ESG 2.7) and introduce clear references in the respective bylaws and regulations of QA as criteria for accreditation (December 2025).</p>	<p>2.1.3. Update the national Qualifications Framework by establishing a clear and transparent relationship between national qualification levels and the relevant European QF levels.</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Implementation plan and responsibilities

Reform and steps	Deadline	Baseline	Responsible institutions
R-2.1.3 Update the national Qualifications Framework by establishing a clear and transparent relationship between national qualification levels and the relevant European QF levels			Ministry of Economy Culture and Innovation (MoECI)
<p>Step 1 - Regulate framework for the recognition/validation of previous non-formal and informal learning experience and include lifelong qualifications, including micro-credentials, in the AQF and adopt it (June 2026)</p> <ul style="list-style-type: none"> - Draft the model of the VPNIL based on the analysis of existing models in other countries with compatible VET systems (2024); - Develop phases and processes of VPNIL and design the Minister's instruction (December 2024); - Pilot the inclusion of LLL in AQF in order to inform improvements in legal framework (2025); - Conduct feasibility study for introducing micro credentials (2025); 	(June 2026)	Status of legal framework in place: no legal framework in place related to lifelong qualifications, including micro-credentials	MoECI, QAAPUE, NAPUE

¹⁶ By "go through" it means that the VET providers, as foreseen in the step, are involved in and have started the accreditation process.

<ul style="list-style-type: none"> - Complete legal framework to address inclusion of lifelong qualifications, including micro-credentials (June 2026). 			
<p>Step 2 - 90% of public and private VET providers go through the accreditation process.</p> <ul style="list-style-type: none"> - Publish and disseminate information, for the VET providers, employers and learners, of the accreditation system (December 2024); - Conduct continuing training for external evaluator in the accreditation process (February 2025); - Implement the accreditation process for all the applicants (June 2027). 	(June 2027)	Currently, 28% of VET providers went through accreditation process	MoECI, QAAPUE
<p>Step 3 - Partly implementing, the ESGs (respectively ESG 3.3 and ESG 2.7) and introduce clear references in the respective bylaws and regulations of QA as criteria for accreditation (December 2025).</p> <ul style="list-style-type: none"> - Revision of the HE quality code and its support/approach to ESG (Qershor 2025) - Partly completing the ESG related to ASCAL, starting with updating the internal acts of its operation, the engagement of a student in the external evaluation groups, etc (December 2025) 	(December 2025)	Status of ESG 2.7 and ESG 3.3.: not implemented	MoES, QAAPUE, HEI, ASCAL

R – 2.1.4. Advance digital skills and literacy for youth and ensure the provision of sufficient ICT equipment to public schools and universities.

The Ministry of Education and Sports (MES), relying on the global trends of education today, has set the integration of ICT and digitalization of education as a priority in the strategy for the development of pre-university education. Digital competence means the critical and effective use of ICT at work, at leisure time and in communication. It relies on basic computer skills to find, produce, create, present and share information, as well as to collaborate in online information networks. In the curricular framework of pre-university education in Albania, digital competence is a cross-cutting competence, which is intended to be developed by all relevant subjects and not only by the subject of Information and Communication Technology.

Albania's Digital Agenda 2022–2026 has among its objectives the Goal 4: “Digital Education and Skills: Transforming learning and teaching; Adapting and integrating digital technology is essential not only for communication, administration, and management, but is also an asset in supporting learning and teaching”. The biggest challenge in developing competencies for teachers is the need for specific digital competences that enable them to use technology to support, improve and transform the teaching process, as well as for other responsibilities at school.

Undoubtedly, the establishment of ICT infrastructures is a challenge that leads to the establishment of capacities at all levels. Strengthening the systems and encouraging the provision of online services requires a concrete commitment to the development of ICT skills from early childhood. It is not without purpose that this commitment has already been undertaken and the first investments in this direction have begun. Currently, the revision of ICT curricula, including that in the first grade, encourages creative thinking in students and their orientation towards solving problems.

The improvement of the digital infrastructure, the continuous professional development of teachers and school principals, the maintenance of equipment, etc., continue to remain key challenges. This will require changes to existing instructional standards, tools, and profiles.

We target ICT investments that lead to the use of information management systems at all levels, including pre-university education and higher education. The ICT infrastructure will guarantee the provision of online services at all levels of education and will promote the development of capacities with the ability to use ICT.

All the above will contribute to a more advanced digitalisation of the national education system, improving students' learning outcomes at the pre-university level, and opening more employment opportunities for them and better human capital for more advanced digitalisation of the Albanian economy. The Programme will also enable institutional capacity building for users of the improved system with the aim of more effective digital collaboration between teachers, students, and their families.

In terms of investments, the Reform Agenda will focus to support ensuring high speed broadband in 95% of public school in comparison to 33,2% of schools in 2023. High-speed broadband is essential for enabling modern educational resources, facilitating digital learning, and ensuring students and teachers have access to online information and tools.

Furthermore, the focus will be put in implementing 200 schools¹⁷ with established Smart Labs and distinct digital infrastructure. Actually, the baseline is 100 schools in the Smart labs programs in 2023. In addition, there has been provided an application to WBIF to support the financing = of 615 schools, to be supported by CEB (loan agreement paid from the state budget) and WBIF, for which there is neither a confirmation or an agreement in place. This figure includes the 200 schools to be supported by the Reform Agenda and the 615 that are expected to be financed by WBIF. Smart Labs include modern educational technology, high-speed internet, interactive tools, and other digital resources that enhance the teaching and learning experience.

The beneficiaries of the reform are the students of pre-university education grades 1-12 and teachers and leaders in pre-university education grades 1 – 12. Universities and their students will also be beneficiaries of this reform.

¹⁷ This reform step is without prejudice to the rules on eligible activities whereby support received from another financing programme cannot cover the same cost.

The stakeholders involved: Ministry of Education and Sport, Quality Assurance Agency of Preuniversity Education, Higher Educations Institutions, National Agency of Preuniversity, NAIS, regional directorate of preuniversity Education, Local Office of Preuniversity of Education, schools, donors, trade unions, etc.,

Table 10: Outcomes and results (induced outputs) – Advance digital skills and literacy for youth and ensure the provision of sufficient ICT equipment to public schools and universities.

Outcome	Induced output (=results)	Reform which contributes to achievements
Promote digital inclusion, enhance educational quality, and support the development of a skilled workforce ready for the digital economy.	<p>Connect 95% of public schools with high-speed (at least 30Mbits) broadband connection (December 2025)</p> <p>The establishment of Smart Labs, each accompanied by its distinct digital infrastructure, in 75% of public schools. (June 2027).¹⁸</p> <p>Introduce ICT subject to all grades of basic education and train 500 pre-university teachers to deliver this subject (December 2026).</p> <p>Improving ICT capacities in HEIs, by developing and strengthening information management platform in higher education (December 2026)</p> <p>Systematic certification for digital skills programmes that would lead to 6000 individuals certified (December 2026).¹⁹</p>	2.1.4. Advance digital skills and literacy for youth and ensure the provision of sufficient ICT equipment to public schools and universities.

Implementation plan and responsibilities.

Reform and steps	Deadline	Baseline	Responsible Institutions
Advance digital skills and literacy for youth and ensure the provision of sufficient ICT equipment to public schools and universities.			Ministry of Education and Sport (MoES)
<p>Step 1 - Connect 95% of public schools with high-speed (at least 30Mbits) broadband connection (December 2025)</p> <ul style="list-style-type: none"> - Preparation of Terms of Reference (June 2025) - Publication of the procurement notice (December 2025) - Announcement of the Winner Bidder and sign of contract (December 2025) 	(December 2025)	33.2% in 2023	MoES, NAIS, MEI

¹⁸ This reform step is without prejudice to the rules on eligible activities whereby support received from another financing programme cannot cover the same cost.

¹⁹ Development of a structured course on digital skills at public vocational training centers will become a sustainable tool for treating job seekers. The course will be conducted annually, and by 2026, 6000 individuals will have been trained (progressive 2024-2025-2026)

- Technical configurations to ensure high-speed internet connection for 95% of Public Schools (December 2025)			
<p>Step 2 - The establishment of Smart Labs, each accompanied by its distinct digital infrastructure, in 75% of public schools. (June 2027):</p> <ul style="list-style-type: none"> • Completion of Smart-labs in 200 schools including technical trainings (December 2024). • Capacity building for more efficient use of Smart-labs in function of teaching (December 2025). • The extent of ICT infrastructure investments in the rest of primary and secondary education schools (June 2026 - 40% of all schools), (June 2027 - 75% of all schools) 	(June 2027)	<p>Status of actual Smart Labs established – 100 Smart - labs</p> <p>The National Agency for Information Society, in collaboration with the Ministry of Education and Sports, is implementing the Smart Labs project throughout the country (Establishing Smart Labs - the ICT lab network for the pre-university education system.”</p> <p>This project is being carried out in three main phases:</p> <p>The first phase, included the implementation of the first 100 Smart Labs, which was also the pilot project (funded with state budget and AADF donation). This phase has been completed.</p> <p>The second phase, included the implementation of 216 additional labs with financial support from the World Bank (loan). For the infrastructure part of the smartlabs, this phase will be completed in July 2024. Meanwhile, the process of furniture procurement, training teachers, training school directors, where this project is being implemented, creating the third-grade curriculum, etc., continues.</p> <p>The third phase includes the implementation of 654 additional smart labs in 615 schools across the country in pre-university education system. This phase will be implemented in the period 2024-2028. The financial source for the</p>	MoES, NAIS

		<p>implementation of this phase is as follows:</p> <ul style="list-style-type: none"> • WBIF grant: 10,347,577 EUR (25% of the total cost) • State budget: 3,318,423 EUR (8% of the total cost) <p>CEB loan: 27,000,000 EUR (67% of the total cost)</p>	
<p>Step 3 - Introduce ICT subject to all grades of basic education and train 500 pre-university teachers to deliver this subject:</p> <ul style="list-style-type: none"> • Draft new ICT curricula for level I-II-III of primary education and review of existing curricula for levels IV-V in line with the new approach of coding from the first grade (June 2025) • Preparation of teacher training manuals referring to this approach, at least for levels III-V (December 2025) • Drafting of the ICT teacher training program in accordance with the new ICT curriculum, for grades (I-V) (June 2026) • Training of at least 500 of teachers in preuniversity system for the implementation of the ICT curriculum in grades (I-V) (December 2026) 	(December 2026)	<p>Status of actual ICT curricula in primary education;</p> <p>Review of ICT curricula for level I-II-III is completed;</p> <p>Manuals for level I - II have also been prepared;</p> <p>Students' and teachers' manuals for level III is in process.</p> <p>ICT teacher's training level I-II is completed only in schools that currently have SMART laboratories (the 100 schools supported by AADF and the 200 schools of the World Bank)</p>	MoES, QAAPUE,
<p>Step 4 - Improving ICT capacities in HEIs, by developing and strengthening information management platform in higher education (December 2026)</p> <ul style="list-style-type: none"> - Drafting of ToRs for the information management system in HEI – SMIAL System (December 2024) - Functionalization of the system and training of HEI staff (December 2026) 	(December 2026)	<p>Status of actual ICT capacities in HEIs: no information management platform in higher education in place</p>	MoES
<p>Step 6 - Systematic certification for digital skills programmes that would lead to 6000 individuals certified (December 2026).</p> <ul style="list-style-type: none"> - Certification of up to 3000 individuals on digital skills (June 2025) - Certification of 6000 individuals on digital skills (December 2026) 	(December 2026).	2820 individuals in 2022	MECI

2.2. LABOUR MARKET

Developments in the labour market have been positive and continuously recovering after the downturn in economic activity caused by the pandemic. The strategic framework in place for the labour market is related to the “National Strategy for Employment and Skills 2023 – 2030”.

Throughout 2023, the labour market continued its trend of declining unemployment rates and higher employment levels. These trends reflect the positive dynamics of the overall economic situation in Albania up to the third quarter of 2023. For the first nine months of 2023, the annual growth in the number of employed individuals averaged 2.7 percent. From the perspective of job supply, this employment growth was mainly fueled by the continued increase in labour force participation rate and, further, the employment rate, which in the third quarter of 2023 reached 76 percent (up from 73.4 percent a year earlier, Q3-2022) and 67.7 percent (up from 65.4 percent a year earlier, Q3-2022), respectively. The average unemployment rate for the nine-month period of 2023 (for the age group 15-64 years) was 11.2 percent, dropping from the level of 11.3 percent in the same period of 2022. Specifically, for the third quarter of 2023, the unemployment rate for the age group 15-64 years was recorded at 11.0 percent. For the age group of 15 years and older, the unemployment rate during the third quarter of 2023 recorded an even lower level of about 10.5 percent.

Ensuring and promoting employment in the country and engaging young people in sustainable employment requires even stronger policies from the government to effectively address the phenomenon of youth emigration.

However, the recent employment increase is not matched by an equivalent increase in social insurance contributors, which might indicate a growth in informal employment. The unemployment rate for 15-29 yearolds remained persistently above 20%, masking on one hand an increase in their participation rate by 3pps, but on the other hand an increase in the number of unemployed people aged 25-29. Although employment growth continued in the first half of 2023 with an average 3.5% it did not lower the overall unemployment rate, mainly because of an increasing number of unemployed young people (15-29).

R – 2.2.1. Strengthen the efficiency of the Unemployment Policy Scheme

The National Strategy on Employment and Skills 2023-2030 was approved by the Decision of the Council of Ministers CoM (DCM 173/2023 “On the approval of the National Employment and Skills Strategy 2023-2030”, the Action Plan for its implementation, as well as the Youth Guarantee Implementation Plan”. The vision of the National Employment and Skills Strategy (NES) 2023-2030 is “Quality employment and lifelong learning for all”. The policy goals of this Strategy are:

- skills development and better matching of demand with supply in the labour market for more employment opportunities;
- enabling decent employment for women and men through the implementation of comprehensive labour market policies.

The main objective is to identify and design the appropriate incentives policies in the country for employment and vocational training of the workforce, in order to create quality employment and continuous training for all.

The steps foreseen in the Reform Agenda aim at addressing unemployment and promoting employment opportunities, including the following:

- Diversified ALMP Targeting: The ALMP targets specific groups of jobseekers, including those receiving economic aid, long-term unemployed individuals, and long-term unemployed individuals with basic or no prior education. By offering diversified support tailored to the needs of these groups, the policy aims to increase their employability and chances of finding sustainable employment. During 2023, there was a total number of 76,580 jobseekers of which 41,533 were women, 26,909 were receiving economic aid, 6,870 were Roma and Egyptians and 1,607 were people with disabilities.
- Increase in Active Labour Market Programmes (ALMPs): the goal is to increase the number of registered unemployed individuals participating in active labour market programs to 8%. These programs could include training, job placement services, subsidized employment, or other initiatives designed to help individuals re-enter the workforce. The number of unemployed job seekers who benefited from ALMP during the year 2023 amounts to 10,017 individuals, of which 2,635 have benefited from employment incentive programs and 7,382 from professional training courses. For the first six months, the number of ALMP beneficiaries is 5,008 unemployed job seekers, or 6.5% of the database.
- Enhanced Engagement with Employment Offices: the aim is to increase the number of registered jobseekers at employment offices to 60% of the total unemployed population. The number of individuals registered in the NAES database during the year 2023 is 76,580 unemployed job seekers.
- Expansion of Vocational Training: the focus is to increase the number of unemployed individuals enrolled in vocational training programs to 20% of the total unemployed population. Vocational training equips individuals with specific skills and qualifications that match labour market demands, enhancing their prospects for finding employment. The number of unique individuals who underwent professional training courses during the year 2023 amounts to 7,382 people (unique individuals after duplicates were eliminated due to attending more than one course within the year).
- Employment Promotion Programs (EPPs): the goal is to facilitate the employment of unemployed individuals through NAES' EPP, with a target of 5,000 placements. This measure emphasises the importance of promoting job opportunities and facilitating matches between jobseekers and employers, with a focus on gender equality and support for vulnerable groups. The number of unemployed individuals who were employed through NAES' EPP programme is 2,635 during 2023.

Overall, these measures aim to address unemployment by providing targeted support, increasing access to employment services, expanding training opportunities, and promoting job creation through employment promotion programs. The focus on disaggregated data by gender and vulnerable groups underscores a commitment to ensuring inclusivity and equality in employment outcomes.

Table 11: Outcomes and results (induced outputs) – Strengthen the efficiency of the Unemployment Policy Scheme

Outcome	Induced output (=results)	Reform which contributes to achievements
----------------	----------------------------------	-------------------------------------------------

Reduce unemployment rates by providing targeted support, increasing participation in job-seeking activities, and improving the skills of jobseekers, ultimately fostering economic growth and social well-being.	<p>Offer diversified new ALMP targeting jobseekers' beneficiaries of economic aid, long-term unemployed jobseekers and long-term unemployed jobseekers with basic/no prior education (June 2025)</p> <p>Increase the number of registered unemployed jobseekers in active labour market programmes to 8% (June 2026).</p> <p>Increase the number of registered jobseekers at the employment offices to 60% of the total unemployed persons (June 2026).</p> <p>Increase the number of total unemployed job seekers in Vocational Training to 20% of the total unemployed jobseekers (December 2026).</p> <p>Increase the number of unemployed jobseekers who get employed through NAES' EPP (Employment promotion programs) to 5000 (disaggregated data by gender and vulnerable groups) (December 2027)</p>	2.2.1. Strengthen the efficiency of the Unemployment Policy Scheme
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsible Institutions
R 2.2.1.Strengthen the efficiency of the Unemployment Policy Scheme			Ministry of Economy Culture and Innovation (MoECI)
<p>Step 1 - Offer diversified new ALMP targeting jobseekers' beneficiaries of economic aid, long-term unemployed jobseekers and long-term unemployed jobseekers with basic/no prior education (June 2025)</p> <ul style="list-style-type: none"> - DCM on new ALMP for social integration of vulnerable groups submitted for approval (June 2024). - ALMP for social integration of vulnerable groups approved (2024) - Conduct training programme on new ALMP (2024) - ALMP for social integration of vulnerable groups operational (June 2025). 	(June 2025)	Existing ALMPs (2023)	MECI
<p>Step 2 - Increase the number of registered unemployed jobseekers in active labour market programmes to 8% (June 2026):</p> <ul style="list-style-type: none"> - Digitalisation of procedures and simplification of ALMP participation (December 2024) - Increased budget for ALMPs approved (December 2025) 	(June 2026)	6.5% baseline January-June 2023 (unemployed registered jobseekers treated with vocational training or EPP)	MECI

- 8% of registered unemployed jobseekers in active labour market programmes (June 2026)			
<p>Step 3 - Increase the number of registered jobseekers at the employment offices to 60% of the total unemployed persons (June 2026):</p> <ul style="list-style-type: none"> - Digitalisation of information exchange with Social Service System (December 2024). - Increase of Registration of NEETs by Youth Guarantee programme (December 2025). - 60% of the total unemployed persons registered jobseekers at the employment offices (June 2026). 	(June 2026)	2023 is 48.2%	MECI
<p>Step 4 - Increase the number of total unemployed job seekers in Vocational Training to 20% of the total unemployed jobseekers (December 2026):</p> <ul style="list-style-type: none"> - Implementation of the digital system for Vocational Training (June 2024). - Regulation on Operationalisation of Multifunctional Centres approved (December 2025). - 20% of the total unemployed jobseekers in Vocational Training (cumulative) (December 2026). 	(December 2026)	2023 is 9.7 %	MECI
<p>Step 5 - Increase the number of unemployed jobseekers who get employed through NAES' EPP (Employment promotion programs) to 5000 (disaggregated data by gender and vulnerable groups) (December 2027)</p> <ul style="list-style-type: none"> - The number of unemployed jobseekers who get a job through NAES'EPP is 3500 (December 2025). - The number of unemployed jobseekers who get a job through NAES'EPP is 4300 (December 2026). - The number of unemployed jobseekers who get a job through NAES'EPP is to 5000, disaggregated data by gender and vulnerable groups (December 2027). 	(December 2027)	2,635 beneficiaries in 2023	MECI

2.3. RESEARCH AND DEVELOPMENT

Science, technology, and innovation are considered fundamental for a knowledge-based society at all stages of economic development in Albania. Investments are made in the creation, dissemination, and application of knowledge with the aim of fulfilling long-term development objectives. The scientific research system includes higher education institutions, scientific research institutions, the development of knowledge and technology (innovation), as well as private enterprises operating in the field of research, development, and innovation. A significant impact on scientific outputs has been the alignment of research activities with EU directives and European initiatives, particularly the Horizon 2020 framework programs and currently Horizon Europe.

The National Strategy for Science, Technology, and Innovation 2023 – 2030 in Albania particularly focuses on:

- Improving the basic research infrastructure to adequately support university training at three levels (BSc, MSc, PhD);
- Creating scientific excellence in priority areas of scientific research;
- Attracting qualified people to the Albanian research system;
- Strengthening the links between scientific research organizations and the private sector to promote innovation as a basis for economic growth and job creation;
- Enhancing public perception and understanding of science with the aim of generating awareness of the role of innovation and new technologies for society and the economy; and,
- Developing a Stimulus Plan, ensuring that necessary resources are secured to attract European funds aimed at increasing participation, interest, experience, and the potential contribution of the Albanian scientific and technological community in these programs.

On the EU framework programmes, Albania is fully associated to Horizon Europe. Its participation in the programme in 2022 has improved since Albania has been participating in the EU's Framework Programmes for Research and Innovation (9 projects with a total funding of EUR 1.7 million). The authorities need to make efforts to further increase participation of the private sector in Horizon Europe. National innovation efforts should be aligned with the new European innovation agenda.

R – 2.3.1. . Strengthen the R+I national environment by adopting enabling strategic framework

The Albanian national research system is regulated by the “Albanian Law 80/2015 on Higher Education and Scientific Research in the Higher Education Institutions”. A new law is under development and is expected to be approved by December 2024. The “National Strategy for Science, Technology and Innovation 2023-2030” identifies key policies, a vision, goals and strategic objectives for the development of scientific research, technology and innovation by harmonising it with the principles of the ERA.

In 2022, Albania participated for the first time in the European analysis of the European Innovation Scoreboard (EIS)²⁰, with data being collected with the support of the Albanian Statistical Office. Data on R&D funding and expenditure in Albania to-date or researchers carrying out research activity is not available. These indicators were missing in the EIS. With 23 indicators available, Albania is considered an Emerging Innovator with performance at 41.7% of the EU average.

Albania has not yet a census for research infrastructure at both public and private HEIs.

Albania is also still in the first steps regarding the Open Research Data approach, and initiatives fall within the ambit of EU funded projects such as the South-Eastern European Data Services (SEEDS), aiming at establishing new data services in the Western Balkans.

Science represents a pivotal shift towards fostering an innovation-led economy in Albania. The adoption of these measures signals a commitment to aligning national research and development with international standards, which is crucial for enhancing Albania's competitive edge in the global arena. By facilitating access

²⁰ The European Innovation Scoreboard provides a comparative assessment of the Research and Innovation performance of EU Member States, other European countries, and regional neighbours. It helps countries assess the relative strengths and weaknesses of their national innovation systems and identify challenges that they need to address. Based on their scores, countries fall into four performance groups: Innovation leaders, Strong innovators, Moderate innovators and Emerging innovators.

for Albanian researchers to a platform that offers free access to research publications, not only academic and scientific advancement is supported, but also promotes transparency and collaboration through Open Science principles.

Furthermore, the creation of an Action Plan to propel Albania towards being classified as a moderate innovator on the European Innovation Scoreboard is particularly significant.

As a first phase, we will prepare an analysis, to better understanding the EIS methodology, according to which we will identify strengths and weaknesses and design measures to address policy issues, in order to ensure increase in the scoreboard ranking. Also, we are aware that two action are very important, after this thorough analysis is done:

- a substantive progress in reporting, which will help us understand the value of the methodology and scoreboard as a tool;
- an action plan, which will lead us in improvement of EIS ranking, and achieving progress (the level of progress will be clearer after we elaborate the plan with policy measures and concrete objectives to be achieved).

Especially, the action plan, with specific measures to enhance the reporting and performance on 32 indicators of the European Innovation Scoreboard (EIS), underscores a comprehensive approach to bolstering the nation's innovation capacity. These actions will reflect a strategic vision that prioritizes research and innovation as key drivers of economic growth and societal progress.

European Innovation Scoreboard consists of 32 indicators grouped under 12 dimensions such as: attractive research systems, firm investment in research and development, and use of information technologies. For Albania, 18 indicators are collected and reporting till 2014. The aim is that within the Action Plan measures that will orient our efforts towards increasing scoring in ESI ranking, to ensure a better reporting, by increasing the number of reporting indicators from 18 in 2024 to 24 indicators to be reported in 2025. Having said that, INSTAT will continue the work to produce relevant and recent data, to increase Albania's score and to be classified above the average of emerging innovators. These efforts guided by the methodology of EIS will be focus on the following key areas: Digitalisation, Research and development, Use of Information technologies, Environmental sustainability etc.

These enhancements are part of our continuous commitment to providing accurate, relevant, and timely statistics.

The beneficiaries of the reform are: Universities, Research Institutions.

The stakeholders involved: Ministry of Education and Sport, NASRI, NAIS, researchers, etc.

Table 12: Outcomes and results (induced outputs) – Strengthen the R+I national environment by adopting enabling strategic framework.

Outcome	Induced output (=results)	Reform which contributes to achievements
Advancing Albania's research and innovation ecosystem, fostering economic growth, and enhancing its global competitiveness.	<p>Adopt the S3 Strategy (December 2024)</p> <p>Adopt law and implementing legislation on science and research aligned with European Research Area policy (December 2025)</p> <p>NASRI to create a platform for promoting Open Science granting Albanian researchers' free access to the research publications guaranteed by their institutions (June 2027).</p> <p>Adopt an Action Plan with measures to ensure progress, for Albania to be classified as a moderate innovator in the European Innovation Scoreboard,</p>	2.3.1. Strengthen the R+I national environment by adopting enabling strategic framework

	resulting to the improvement of Albania's reporting of the EIS indicators.	
--	----------------------------------------------------------------------------	--

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsible institutions
R-2.3.1 Strengthen the R+I national environment by adopting enabling strategic framework			Ministry of Education and Sport (MoES)
<p>Step 1 - Adopt the S3 Strategy:</p> <ul style="list-style-type: none"> ✓ Finalization of the draft strategy ✓ Approval of the draft Smart Specialisation Strategy, and of the Governance Model for the implementation and the monitoring of the Action Plan, by the Interministerial Committee on S3 ✓ Send the draft strategy for validation by JRC/EC. ✓ Update the final draft of the S3 in line with JRC/EC comments ✓ Public consultation of the final document ✓ Approval of the Strategy and Action Plan by the Council of Ministers (December 2024) 	(December 2024)	No S3 strategy in place	Deputy Prime Minister
<p>Step 2 - Adopt law and implementing legislation on science and research aligned with European Research Area policy (December 2025):</p> <ul style="list-style-type: none"> ✓ Approve the new “Law on Science and Research in Albania” (December 2024) ✓ Approve sub-legal acts align with ERIC legal framework, that facilitates the establishment and operation of research infrastructures (December 2025) 	(December 2025)	Status of current legislation on science and research in place (no law in place)	MoES, NASRI
<p>Step 3 - NASRI to create a platform for promoting Open Science granting Albanian researchers' free access to the research publications guaranteed by their institutions (June 2027).</p> <ul style="list-style-type: none"> ✓ NASRI to establish tools and methods that will promote open science (June 2026) ✓ MAS, NASRI and NAIS to establish ACRIS (a digital sustainable information infrastructure) as data storage on researchers, publications and research projects. (June 2027) 	(June 2027)	No platform in place on Open Science	MoES, NASRI, NAIS

<p>Step 4 - Adopt an Action Plan with measures to ensure progress, for Albania to be classified as a moderate innovator in the European Innovation Scoreboard, resulting to the improvement of Albania's reporting of the EIS indicators (December 2025)</p> <ul style="list-style-type: none"> • Mapping of stakeholders (central policy making and implementing institutions) (December 2024); • Evaluation of European Innovation Scoreboard Albania– analysis of Albania's weakness and strengths and areas for policy intervention (December 2024) • Define governance, review process and cadence (June 2025) • The initiatives and projects that are in place so far; take a portfolio management approach among the institutions (June 2025) • Action plan for ranking improvement (December 2025) 	(December 2025)	Status of Action Plan on EIS: No Action Plan on EIS in place currently	Ministry of Economy, Culture and Innovation (MoECI)
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------	------------------------------------------------------------------------	-----------------------------------------------------

8 POLICY AREA 3: DIGITAL

3.1 Digital

The Digital Agenda of Albania 2022-2026 outlines four main pillars:

- Digital Government: Enabling digital policies, intelligent processes and advanced solutions on secure platforms
- Digital Business: Accessible, proactive services and ready-made business operations
- Digital Citizens: Citizens and Privacy, Transparency of Data and Services to Citizens
- Digital Education and Digital Skills: Transforming Learning and Teaching

It aims to enhance government services, business operations, citizen engagement, and education by investing in advanced technologies like computing, AI, blockchain, and cybersecurity. The agenda aligns with the EU Digital Agenda 2030 by emphasizing the improvement of digital infrastructure, promoting digital innovation and entrepreneurship, strengthening digital skills and education, enhancing digital public services, and prioritizing cybersecurity and trust.

Overall, both the Digital Agenda of Albania 2022-2026 and the EU Digital Agenda 2030 share common goals of leveraging digital technologies to drive economic growth, improve public services, enhance digital skills, and strengthen cybersecurity. They both aim to harness the potential of digitalization to promote inclusive and sustainable development in their respective regions.

The Policy Area 3 aligns with the priorities outlined in the Digital Agenda Albania 2022–2026. The policy area aims to boost productivity and efficiency through competition and regulatory reforms, which are essential for fostering innovation and technological advancement. The policy area supports the goals of the Digital Agenda Albania to develop advanced digital skills and promote investments in cutting-edge technologies. Additionally, the Reform Agenda's emphasis on improving service delivery and education aligns with the objectives of the Digital Agenda to modernize government services and enhance cyber skills. Overall, the Reform Agenda complements the Digital Agenda Albania by creating a conducive environment for digital transformation, fostering competitiveness, and ensuring strategic autonomy in the digital realm, ultimately aiming to make Albania globally competitive, strategically autonomous, and digitally transformed.

The proposed objectives under policy area 3 respond to the challenges identified in the structural reforms part of Albania's latest Economic Reform Programme for 2024-2026, the National Agency of Information Society (NAIS) has introduced Reform Measure 4.2, which focuses on enhancing access to e-services, improving the digital competencies of users, and bolstering GovTech initiatives. Key activities outlined for the forthcoming years include the activation of 200 SmartLabs by AKSHI (NAIS) and the provision of laptops to 5,500 secondary school teachers, ensuring the effective utilization of the SMIP System (Pre-University Information Management System). These initiatives are strategically aligned with the objectives outlined in Policy Area 2.

The policy area 3 emphasizes institutional innovation, highlighting the need to enhance governance structures. Additionally, the policy area focuses on promoting transparency and accountability in governance, modernizing government operations, and implementing comprehensive government reforms to enhance governance, support economic growth, and strengthen institutions.

In recent years, there has been a growing recognition of the significance of e-government in enhancing efficiency, transparency, and accessibility of public services. To ensure the successful adoption and sustainability of e-government practices, it is imperative to establish a robust legal framework that aligns with technological advancements and administrative processes. The legal and regulatory framework in digital connectivity, electronic communication law no 54/2024 dated 30.5.2024, and the national broadband plan approved by DCoM no 434 dated 3.6.2020, are aligned with EU practices, and in conformity with the principles of all inclusiveness and non discrimination. In particularity the article 1 and article 5 of the law no. 54/2024, promote the development of digital connectivity and aim to ensure the access to services on equal basis.

Albania has taken specific steps to advance its digitalization efforts in preparation for EU accession, including the Adoption of a Digital Agenda and Action Plan for 2022-2026, focusing on enhancing digital skills,

developing digital services, and aligning with EU standards. The development of ICT infrastructure is one of the priorities of the government and part of the national strategic objectives for development and integration.

Albania is embracing these developments and has identified in the strategic documents (NSDI 2030, ERP 2024-2026, National Broadband Plan) the digital connectivity and broadband infrastructure as key priorities to develop further its digital infrastructure, networks and services of the future based on an open, global and interoperable, reliable and secured networks of communications where human rights, democratic values and fairness are respected.

R – 3.1.1. Comply with the Digital Identity regulation and implement Digital eWallet for public services

Albania has made significant strides in advancing its digital infrastructure and services in recent years, driven by a commitment to modernize governance, enhance efficiency, and promote economic growth. The government has recognized the importance of digitalization as a key driver of development and has taken concrete steps to leverage technology to improve service delivery, promote transparency, and enhance citizen engagement.

One notable aspect of Albania's digital transformation efforts is the adoption of secure digital services to facilitate seamless interactions between citizens, businesses, and government entities. The introduction of digital identity solutions, such as electronic identification cards and digital signatures, has streamlined administrative processes and enhanced the security and integrity of online transactions. The implementation of the Digital eWallet for public services, as outlined in the Growth Plan, further underscores Albania's commitment to providing secure and user-friendly digital services to its citizens.

Despite these advancements, challenges remain in ensuring the widespread adoption and effective implementation of digital and secure services across all sectors of society. Issues such as limited internet connectivity in rural areas, cybersecurity threats, and the digital divide among different demographic groups pose still barriers to realizing the full potential of Albania's digital transformation Agenda. Addressing these challenges will require sustained investment in digital infrastructure, capacity building, and cybersecurity measures, as well as fostering partnerships with the private sector and civil society to promote inclusive and sustainable digital development.

By embracing electronic signatures and seals, the initiative not only aims to streamline administrative procedures but also to promote environmental sustainability by reducing reliance on paper documentation and minimizing emissions associated with citizens' physical visits to government offices. The digitization of municipal operations is expected to expand too and yield not just efficiency gains but also tangible environmental benefits, as the reduction in paper usage and transportation emissions contributes to mitigating air pollution.

Furthermore, the inclusion of digital technologies across sectors aligns with broader sustainability objectives, enhancing accessibility to public services while reducing the carbon footprint associated with traditional bureaucratic processes. Investments in the e-Albania platform signifies a commitment to improving user experience and service quality, thereby fostering citizen trust and stimulating innovation and economic growth.

To accomplish this, Albania will accomplish the following steps until 2027:

- Albania will ensure drafting and adoption of relevant legislation to align with new EU Digital Identity regulation within June 2026.
- Albania will make efforts to join the EU Third Countries trusted list for the validation of electronic signatures as advanced electronic signature to achieve legal effect of handwritten signature in the EU, within December 2025. In the meantime, Albania will make the first step towards pursuing mutual recognition of qualified trust services.
- Albania intends to achieve a full roll-out of electronic IDs allowing for connection to the public administration digital services (including at least 22 actual e-services in e-Albania in tax, social and education), within December 2026.

Indicator's description: By March 2026, the SQ sign application will incorporate biometric methods and NFC technology for secure user identification and verification. By September 2026, the application will be integrated into the e-Albania government portal, facilitating seamless user verification. By December 2026, NAIS will ensure compliance with EU regulations for secure electronic identification within the portal. Furthermore, by December 2027, NAIS will participate in the EU ID Wallet initiative, aligning with EU digital identity frameworks for cross-border interoperability.

Baseline

- Currently, the SQsign application supports biometric identification via fingerprint scanning in application level, but it does not crosscheck the fingerprint input with fingerprint data collected from NFC to the passport.
- The implementation includes the integration of biometric technologies with real time crosschecking of the fingerprint input and facial recognition, with data contained in the passport through NFC.

Unit of measure

- -Number and Percentage of Public Services integrated in the Digital e-Wallet
- -Number of Citizens Using Digital eWallet
- -Time to Implement Digital eWallet

Source of verification: Verification will be based on project implementation reports, technical documentation, user testing results, and official confirmations of participation in the EU ID Wallet initiative.

Currently, the SQsign application supports biometric identification via fingerprint scanning at the application level, but it does not crosscheck the fingerprint input with passport data via NFC. Key developments include:

- Implement real-time crosschecking of fingerprint input and facial recognition with passport data via NFC by March 2026.
- Integrate the enhanced SQsign application into the e-Albania portal by September 2026.
- Ensure compliance with EU regulations for secure electronic identification by December 2026.
- Participate in the EU ID Wallet initiative for cross-border interoperability by December 2027

Entity(ies) in charge of monitoring & reporting on the steps achievement: National Agency of Information Society.

- Also, in December 2026, Albania will implement a Digital Wallet for public e-services, in compliance with EU standards by piloting as part of the public e-services Digital Identity Wallet, at least 10 public e-services.

Indicator's description: By December 2026, NAIS will implement a Digital Portfolio for centralized electronic document storage, including documents created with an electronic seal, and integrate a Digital Wallet as a separate module in the electronic signature platform and within the SQsign application for user convenience of Albanian citizens.

Baseline

- Currently, documents are stored in the e-Albania government portal in the section "My documents" for each user.
- Afterwards, it will be followed that these electronic documents to be transferred to the digital wallet format for every Albanian citizen.

Unit of measure

- Number and Percentage of Public Services integrated in the Digital e-Wallet
- Number of Citizens Using Digital eWallet
- Time to Implement Digital Wallet

Source of verification: Verification will be based on implementation reports, technical integration progress, system acceptance testing results of integration in the e-Albania Government Portal.

Entity(ies) in charge of monitoring & reporting on the steps achievement: National Agency of Information Society.

- Albania intends to sign the Mutual recognition agreement requirements in place and ready for signature with other Western Balkans partners, by June 2027, and in December 2027, Albania aims to have full participation into the EU ID Wallet.

In order to ensure that gender perspectives and considerations are integrated into the implementation of this reform, the responsible institution will measure the implementation of gender-sensitive monitoring. For instance, when launching a Digital Wallet for public e-services, NAIS will track its usage across different demographics. By monitoring the number of citizens using the digital eWallet, disaggregated by sex, age, and location (rural/urban), policymakers can assess and address any gender disparities, ensuring equitable access and benefits for all segments of the population. This data-driven approach not only promotes inclusivity but also enhances the effectiveness and reach of digital public services.

Table 13: Outcomes and results (induced outputs) – Comply with the Digital Identity regulation and implement Digital eWallet for public services

Outcome	Induced output (=results)	Reform which contributes to achievements
Enhancing the digital capabilities of the nation, ensuring secure, reliable, and user-friendly digital services that align with European standards and foster regional collaboration.	<p>Adopt relevant legislation to align with new EU Digital Identity regulation (eIDAS 2, (Regulation (EU) 2024/1183) (June 2026)</p> <p>Join the EU Third Countries trusted list for the validation of electronic signatures as advanced electronic signature to achieve legal effect of handwritten signature in the EU. First step towards pursuing mutual recognition of qualified trust services (December 2025).</p> <p>Full roll-out of electronic IDs (NFC User Identity Verification/June 2026) allowing for connection to the public administration digital services (including at least 22 actual e-services in e-Albania in tax, social and education) (December 2026) and full participation into the EU ID Wallet (December 2027).</p> <p>Implement a Digital Wallet for public e-services, in compliance with EU standards by piloting as part of the public e-services Digital Identity Wallet, at least 10 public e-services. (December 2026);</p> <p>Mutual recognition agreement requirements in place and ready for signature with other Western Balkans partners (June 2027)</p>	3.1.1. Comply with the Digital Identity regulation and implement Digital eWallet for public services

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsible institutions
R-3.1.1 Comply with the Digital Identity regulation and implement Digital eWallet for public services			National Agency on Information Society (NAIS)

<p>Step 1 - Adopt relevant legislation to align with new EU Digital Identity regulation (eIDAS 2, (Regulation (EU) 2024/1183) :</p> <ul style="list-style-type: none"> ✓ Set up a working group to draft legislation aligning the eIDAS2 requirements. (June 2024) ✓ First draft law prepared (December 2024) ✓ Conduct consultation process (public and in e- acts consultation), and simultaneously meetings with interest groups will be conducted too (June 2025) ✓ Draft law approved by the government (December 2025) ✓ Entry in force and approval of the new law “On Electronic Identification and Trusted Services” by Parliament (June 2026) 	(June 2026)	Existing law not aligned with new EU Digital Identity Regulation (eIDAS 2)	NAIS
<p>Step 2 - Join the EU Third Countries trusted list for the validation of electronic signatures as advanced electronic signature to achieve legal effect of handwritten signature in the EU, first step towards pursuing mutual recognition of qualified trust services:</p> <ul style="list-style-type: none"> ✓ Formal request by the Authority to DG-CNECT (December 2024); ✓ Start of the technical evaluation of the legal and technical aspects of electronic signatures by DG-CNECT (Estimated period May 2025) ✓ Recommendations of the European Commission (September 2025) ✓ Completion of technical criteria (technical woks addressed to include the pointers TC LOTL in EU TC AdES LOTL) (depends by the recommendation of European Commission); ✓ Mutual recognition of qualified trust services (December 2025). 	(December 2025)	Albania is not part of the EU Third Countries trusted list for the validation of electronic signatures	AKCESK
<p>Step 3 - Full roll-out of electronic IDs (NFC User Identity Verification/June 2026)</p> <p>allowing for connection to the public administration digital services (including at least 22 actual e-services in e-Albania in tax, social and education) (December 2026)</p> <p>and full participation into the EU ID Wallet (December 2027).</p> <ul style="list-style-type: none"> ✓ Implementation of identification functionalities in the SQsign application through biometric methods. (March 2026) ✓ User identity verification through NFC technology. (March 2026) ✓ Integration of the application in the e-Albania government portal for user verification. (September 2026) 	<p>(June 2026)</p> <p>(December 2026)</p> <p>(December 2027)</p>	<p>Status of Identity Verification</p> <p>Currently, the SQsign application supports biometric identification via fingerprint scanning in application level, but it does not crosscheck the fingerprint input with the fingerprint data colleted from NFC to the passport.</p>	NAIS

<ul style="list-style-type: none"> ✓ NAIS will enable secure electronic identification in the e-Albania government portal in accordance with the EU Regulation. (December 2026) ✓ Participate into EU ID Wallet (December 2027)) 		<p>Status of Identity Verification: In development</p> <p>Currently, the SQsign application supports biometric identification via fingerprint scanning at the application level, but it does not crosscheck the fingerprint input with passport data via NFC. Key developments include:</p> <ul style="list-style-type: none"> • Implement real-time crosschecking of fingerprint input and facial recognition with passport data via NFC by March 2026. • Integrate the enhanced SQsign application into the e-Albania portal by September 2026. • Ensure compliance with EU regulations for secure electronic identification by December 2026. • Participate in the EU ID Wallet initiative for cross-border interoperability by December 2027 	
<p>Step 4 - Implement a Digital Wallet for public e-services, in compliance with EU standards by piloting as part of the public e-services Digital Identity Wallet, at least 10 public e-services. (December 2026):</p> <ul style="list-style-type: none"> ✓ Implementation of the Digital Portfolio for the centralized storage of electronic documents of users of the e-Albania government portal. (November 2026) 	(December 2026)	<p>Status of Digital Wallet for public e-services: In development.</p> <p>(Currently, electronic documents are stored in the "My documents" section of the e-Albania portal for each user. Plans are underway to</p>	NAIS

<ul style="list-style-type: none"> ✓ Inclusion of documents created with an electronic seal from the e-Albania portal. (December 2026) ✓ Integration of the Digital Wallet as a separate module in the electronic signature platform, as well as within the SQsign application for user convenience. (December 2026) 		implement a Digital Portfolio for centralized electronic document storage by December 2026, which will include a Digital Wallet module integrated into the electronic signature platform and SQsign application.)	
<p>Step 5 - Mutual recognition agreement requirements in place and ready for signature with other Western Balkans partners (June 2027):</p> <ul style="list-style-type: none"> ✓ Adopt relevant legislation to align with new EU Digital Identity regulation (June 2026); ✓ Implementation of new requirements by QTSP (December 2026); ✓ Mutual recognition agreement requirements in place for potential agreements with WB Partners (June 2027). 	(June 2027)	No mutual recognition agreements requirements in place	AKCESK / NAIS

R - 3.1.2 Update the framework for cyber resilience, by introducing requirements of NIS2 Directive and strengthening relevant institutions

In recent years, Albania has witnessed a rapid digital transformation across various sectors, propelled by advancements in technology and the increasing reliance on digital infrastructure. However, this transition has also brought forth new challenges, particularly in the realm of cybersecurity. As Albania endeavors to foster a conducive business environment and embrace the opportunities presented by digitalization, enhancing cyber resilience emerges as a critical imperative.

Albania has recognized the significance of cyber resilience in safeguarding its digital assets, protecting critical infrastructure, and ensuring the trust and confidence of citizens, businesses, and investors. The country has taken proactive measures to bolster cybersecurity capabilities, aligning with international best practices and standards.

One of the key initiatives in this endeavor is the establishment of a robust legal and regulatory framework. Albania has made strides in enacting legislation and regulations to address cybersecurity concerns, including the Law on Cybersecurity and Data Protection. This legal framework provides a solid foundation for enhancing cyber resilience by defining roles and responsibilities, establishing mechanisms for risk management and incident response, and promoting cooperation among relevant stakeholders.

Furthermore, Albania has prioritized capacity building and awareness-raising efforts to empower individuals and organizations to mitigate cyber threats effectively. Through initiatives such as cybersecurity training programs, awareness campaigns, and public-private partnerships, the government seeks to cultivate a cyber-aware culture and equip stakeholders with the knowledge and skills to navigate cyberspace securely.

In parallel, Albania is strengthening its cybersecurity infrastructure to withstand evolving cyber threats. Investments in technology, such as intrusion detection systems, firewalls, and encryption mechanisms, are being made to fortify the resilience of critical networks and systems. Additionally, efforts are underway to enhance information sharing and collaboration mechanisms to facilitate timely response to cyber incidents and threats.

As Albania advances its digital agenda and pursues economic growth and development, cyber resilience remains a cornerstone of its strategy. By fostering a secure and resilient digital ecosystem, Albania aims to

harness the transformative potential of technology while safeguarding its citizens, businesses, and national interests.

Referring to the current situation that Republic of Albania is facing, where cyber-attacks have increased, posing a serious threat to national security, it is deemed necessary to take appropriate measures to enhance cyber security in the country.

The core mission of AKCESK includes safeguarding national cyber security by ensuring the protection of computer networks, systems, and trusted services through the establishment of security standards and protocols, and regular monitoring of their implementation.

To achieve this goal, it is seen as necessary to strengthen the legal framework in the field of cyber security in alignment with EU acquis in the field of cyber security. AKCESK has furthered its commitment by developing a revised legislative framework, aiming for high-level alignment with the NIS2 directive, where the new law” On cyber security” was adopted on March 21, 2024.

In the framework of implementing the new cyber security law, it is necessary to strengthen the structures responsible for cyber security, cyber security measures, investment in technology, and the increase of human capacities responsible for cyber security.

In the implementation of the "Cybersecurity Law," which is partially aligned with the NIS 2 Directive, it is stipulated that the list of information infrastructures must be updated at least once every two years. Additionally, this law also includes two annexes that reflect the sectors in accordance with the annexes of the NIS 2 Directive.

CERT- is an ad hoc structure responsible for drafting the emergency response plan, managing, and resolving emergencies and cyber crises.

With the establishment of a crisis management plan and the creation of a dedicated structure for handling cyber crisis emergencies, specific procedures to be followed in emergency situations will be clarified. This approach aims to successfully manage and mitigate these situations by clearly outlining the steps and responsibilities involved.

Referring to the steps outlined regarding reform measures, the objective is to enhance national cybersecurity. This initiative is focused on developing robust defenses against cyber threats, bolstering the resilience of national infrastructures, and ensuring a safer digital environment for all citizens and organizations. By implementing this reform, the government aims to create a comprehensive and effective framework to protect against and respond to cyber incidents, thus securing critical data and services across the country.

Given that the digitization of every service is experiencing rapid and significant growth in all sectors, both public and private, there is a pressing need to enhance the security in providing these services. To maintain the security of these services, it is crucial to set up a legal framework that anticipates and incorporates every innovation in line with the EU acquis, such as remote electronic identification, digital wallets, and enhanced service provision security.

The beneficiaries of this reform are public and private institutions, information infrastructures, businesses, and society at large, in the context of enhancing national cyber security. Citizens (society as a whole) in relation to the use of online services; Public administration; Qualified Providers of Trusted Services.

Stakeholders: Providers of Electronic Identity Wallet; Qualified Providers of Trusted Services; Public Administration; Banks; E-money companies

Table 14: Outcomes and results (induced outputs) – Update the framework for cyber resilience, by introducing requirements of NIS2 Directive and strengthening relevant institutions.

Outcome	Induced output (=results)	Reform which contributes to achievements
---------	---------------------------	------------------------------------------

Strengthen the nation's cybersecurity infrastructure and readiness, aligning with European standards and enhancing the security and resilience of critical national assets against cyber threats.	<p>Update the list of critical infrastructure in scope of the national law in line with the NIS2 Directive (June 2025)</p> <p>National and governmental CERTs are fully operational in line with NIS2 requirements (December 2025) and reach at least 'accredited' status on TF CSIRT Trusted Introducer. (December 2026).</p> <p>Frameworks introduced by NIS2 alignment (CVD framework, crisis management framework), are in place and fully operational (December 2025)</p> <p>Digital Agency (AKCESK) (acting as a competent authority as defined in the NIS2 Directive) operational: sufficiently staffed, equipped with supervisory powers, performing supervisory checks. (December 2026)</p>	3.1.2. Update the framework for cyber resilience, by introducing requirements of NIS2 Directive and strengthening relevant institutions
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------

Implementation and Responsibilities

Reform and steps	Deadline	Baseline	Responsible Institutions
3.1.2. Update the framework for cyber resilience, by introducing requirements of NIS2 Directive and strengthening relevant institutions			AKCESK
<p>Step 1 - Update the list of critical infrastructure in scope of the national law in line with the NIS2 Directive:</p> <ul style="list-style-type: none"> ✓ Development of a draft Methodology for identifying and classifying information infrastructures (May 2024). ✓ Public consultation and meetings with interest groups regarding the draft of this methodology. (June 2024) ✓ Preparation of the final draft and the approval of the latter (Council of Ministers Decree).(September 2024) ✓ Identification of the information infrastructures based on the criteria of this methodology. (October 2024) ✓ Drafting of this list, exhaustion of the consultation process with interest groups, and the approval of the list with DCM. (June 2025) 	(June 2025)	Existing list not updated in line with the NIS2 Directive	AKCESK
Step 2 - National and governmental CERTs are fully operational in line with NIS2 requirements (December 2025)	(December 2025)	Existing legislation on CERT	AKCESK

<p>and reach at least ‘accredited’ status on TF CSIRT Trusted Introducer. (December 2026).</p> <ul style="list-style-type: none"> - Completion of the legal framework, as the "Cybersecurity Law" has recently been approved and will take effect shortly, initiating the process of drafting subordinate acts in its implementation. The law has about 19 subordinate acts. (June 2025) - Implementation of National SOC - establishing platforms (platforms for cyber incident management, infrastructure monitoring, risk assessment, etc.) (December 2025) - Adaptation of policies and procedures based on SIM 3 and accreditation from TF-CSIRT. (December 2026) - Development of a national plan for responding to large-scale cybersecurity incidents and crises (December 2024). - Drafting of subordinate legislation under the "Cybersecurity Law" concerning cyber crises, specifically: - Procedures for identifying, classifying, escalating, and managing cyber crises (June 2025). - Establishment, organization, and operation of the CERT (Cyber Emergency Response Team) (December 2025). 	(December 2026)	Accreditation status: No accreditation by EU	
<p>Step 3 - Frameworks introduced by NIS2 alignment (CVD framework, crisis management framework), are in place and fully operational:</p> <ul style="list-style-type: none"> - Drafting, approval and entry into force of all 19 by-laws defined in the law "On cyber security (June 2025); - Initiation of steps and coordination with the responsible ministry to amend and approve the law "On accreditation in the Republic of Albania", in order to include in this law the accreditation of Conformity Assessment Bodies as well as the law “On permits and licenses in the Republic of Albania”, to enable the implementation of the penalty of suspension/revocation of the permits/authorization/ license (June 2025); - Accreditation of cybersecurity conformity assessment bodies by the General Directorate of Accreditation and their registration from the Authority. (June 2026); - Completing the structure of the authority with qualified staff as well as continuous staff training (June 2026); - Acting as a competent authority equipped with supervisory powers according to the 	(December 2025)	No ad hoc CERT structure/Forum of Experts in place	AKCESK

requirements of the NIS 2 directive. (December 2026).			
<p>Step 4 - Digital Agency (AKCESK) (acting as a competent authority as defined in the NIS2 Directive) operational: sufficiently staffed, equipped with supervisory powers, performing supervisory checks. (December 2026)</p> <ul style="list-style-type: none"> - defined in the law "On cyber security (June 2025); - Initiation of steps and coordination with the responsible ministry to amend and approve the law "On accreditation in the Republic of Albania", in order to include in this law the accreditation of Conformity Assessment Bodies as well as the law "On permits and licenses in the Republic of Albania", to enable the implementation of the penalty of suspension/revocation of the permits/authorization/ license (June 2025); - Accreditation of cybersecurity conformity assessment bodies by the General Directorate of Accreditation and their registration from the Authority. (June 2026); - Completing the structure of the authority with qualified staff as well as continuous staff training (June 2026); - Acting as a competent authority equipped with supervisory powers according to the requirements of the NIS 2 directive. (December 2026). 	(December 2026)	No Authority in place, in line with NIS2 Directive	AKCESK

R – 3.1.3 Update the framework for a secure and sustainable digital infrastructure

In recent years, Albania has been advancing with its digital infrastructure to support economic growth, innovation, and improved public services. With a focus on ensuring security and sustainability, the government has implemented various initiatives to enhance digital connectivity, cybersecurity, and regulatory frameworks.

Moreover, the government has taken steps to align its legal framework with EU practices in digital infrastructure development. By adopting relevant legislation to ensure compliance with EU regulations on broadband deployment and cybersecurity, Albania aims to enhance its digital resilience and promote trust in its digital ecosystem.

In parallel, Albania has prioritized the enhancement of cybersecurity measures to protect its digital infrastructure from evolving threats. Through the establishment of a framework for cyber resilience and the strengthening of relevant institutions, Albania seeks to mitigate risks associated with cyberattacks and ensure the reliability and stability of its digital infrastructure.

Digital connectivity infrastructure will be another dimension of infrastructure investments, with completion of investments for connecting regional with European broadband networks, in combination with policy reforms measures undertaken in line with digital integration commitments.

Regarding the digital infrastructure, the policy reform measures are composed by the following actions as part of reform:

1) Adoption of the relevant legislation on broadband to align it with the EU acquis and the gigabit Infrastructure Act upon entry in force in EU;

Albanian law on broadband is based on BCRD directive and the law no 120/2016 is in place since 2016; Being aware that BCRD will be replaced by Gigabit Infrastructure Act soon, as that on the other hand EECC is an important part of reform measures for broadband and very high capacity networks, the following steps/actions will be integrated under this reform measure:

- a) New law on electronic communications based on EU Electronic Communication Code (EECC) approved within June 2024;
- b) Ten implementing sub legal acts approved within 2025;
- c) BCO established and operational in MIE within 2024;
- d) Need assessment for deployment broadband connections in white/rural areas completed within first quarter 2025;
- e) New Law on broadband, transposition of Gigabit Infrastructure Act into national legislation adopted within June 2026;

Table 15: Outcomes and results (induced outputs) – Update the framework for a secure and sustainable digital infrastructure

Outcome	Induced output (=results)	Reform which contributes to achievements
Significantly boost the national digital infrastructure and ensure that the technological advancements are secure and aligned with the highest European standards, positioning the country at the forefront of digital innovation and security.	<p>Adopt relevant legislation on Broadband to align it with the EU Acquis and the Gigabit Infrastructure Act, upon entry in force in EU (June 2026)</p> <p>Implement regulatory and institutional capacity measures to secure 5G infrastructures roll-out, in compliance with the EU 5G cybersecurity toolbox (June 2025)</p>	Update the framework for a secure and sustainable digital infrastructure

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsible institutions
3.1.3. Update the framework for a secure and sustainable digital infrastructure			Ministry of Infrastructure and Energy (MoIE)
<p>Step 1 - Adopt relevant legislation on Broadband to align it with the EU Acquis and the Gigabit Infrastructure Act, upon entry in force in EU:</p> <ul style="list-style-type: none"> - New law on electronic communications based on EU Electronic Communication Code (EECC) approved (June 2024) - Ten implementing sub legal acts approved (December 2025) - BCO established (December 2024) - Need assessment for deployment broadband connections in white/rural areas completed (March 2025) - New Law on broadband, transposition of Gigabit Infrastructure Act into national legislation adopted (June 2026) 	(June 2026)	The existing law on broadband based on BCRD	MoIE
<p>Step 2 - Implement regulatory and institutional capacity measures to secure 5G infrastructures roll-out, in compliance with the EU 5G cybersecurity toolbox:</p> <ul style="list-style-type: none"> - Legal provisions for Regulatory power for 5G security approved (June 2024) - Adoption of rulebook for minimum conditions for 5G spectrum auction in compliance with 5G security toolbox (December 2024) - Completing the 5G auction, including awarding of frequencies to the successful bidders associated with 5G coverage requirements (March 2025) - 5G network coverage conditions included in the licences/authorisations (March 2025) - Increase capacities of NRA (AKEP)/expertise developed by the independent regulatory body tasked with running 5G auction/licensing (June 2025) 	(June 2025)	Existig institucional and regulatory capacities in place	MoIE AKEP

3.2. BUSINESS TAKE-UP OF THE POTENTIAL OF THE GREEN AND DIGITAL AGENDA

R - 3.2.1. Improve enabling environment for innovative businesses and their take up of the potential of the green and digital agenda, including enabling relevant financial support;

Albania has been working in fostering an enabling environment for innovative businesses, particularly in the realms of green and digital agendas.

The existing context reflects a multifaceted approach to promote innovation and entrepreneurship, with a specific focus on the green and digital sectors. Albania's efforts extend beyond administrative reforms to encompass regulatory frameworks conducive to innovation. The adoption of laws aligned with EU practices, such as the Unified Investment Law and regulations governing state aid and public-private partnerships, underscores Albania's commitment to creating a level playing field for businesses. These measures aim to increase the attractiveness and transparency of investments while fostering a competitive business environment that encourages innovation and entrepreneurship.

In the digital sphere, Albania has embarked on a journey to modernize its infrastructure and promote digital literacy. Overall, Albania's pursuit of an enabling environment for innovative businesses on the green and digital agenda reflects a concerted effort to harness the transformative power of technology and sustainability. By fostering collaboration between the public and private sectors, investing in infrastructure and human capital, and implementing forward-thinking policies, Albania is working towards positioning itself as a regional leader in innovation and sustainable development.

Main Reform Agenda focus lays on improve of enabling environment for innovative businesses and their take up of the potential of the green and digital agenda, including enabling relevant financial support. In that respect, there will be adopted the Smart Specialisation Strategy 2024-2030, which provides the main policies framework with respect to smart specialisation of the economy and as a key reforms' frame in terms of strengthening Albania's national environment for Research and Innovation. This strategic framework is designed to identify priority domain where investments in Research, Innovation and Technology can bring an added value to the smart growth of Albania. This strategy will allow the enhancement of Albania's research and innovation capacities through a comprehensive and inclusive approach, aligning with the European Union's guidelines for smart specialization. The process of drafting the S3 has been meticulously planned and executed based on a roadmap jointly agreed with Joint Research Center of the European Commission. It began with a detailed mapping of Albania's economic potential through extensive quantitative analysis. This initial phase set the groundwork for a subsequent qualitative analysis, aimed at pinpointing priority domains for smart specialization. Following these analytical phases, the Entrepreneurial Discovery Process (EDP) was initiated, which included 33 stakeholder consultations events (round table, workshops, bilateral meetings with neighbour countries, national events, etc) involving more than 1600 representatives from government, civil society, academia, and business community throughout 2022 and 2023. S3 will include different reforms by vertical and horizontal priority domains expected to generate significant outcomes for the smart growth of Albania and increasing competitiveness, and, at the same time, bolstering the national research and innovation landscape. The specific outputs induced by these reforms include a well-defined strategic framework that supports the systematic identification and development of sectors.

Currently, the S3 is in the final stages of drafting under the guidance of the Deputy Prime Minister. Upon endorsement by the European Commission, the strategy will be presented for approval by the Council of Ministers in Albania and is slated to start to be implemented by the end of 2024 or early 2025. This timeline underscores the strategy's alignment with broader national and EU policy frameworks.

The targeted final beneficiaries of this reform are Albania's entire quadruple helix actors, allowing enhancement of the capacities and competitiveness of Albanian businesses and research institutions. The successful implementation of the S3 will be a testament to Albania's commitment to embracing a knowledge-driven economy, significantly boosting the country's profile as an innovative and forward-thinking nation.

Furthermore, the Innovative Entrepreneurship Strategy will be soon adopted. It presents the vision to increase the potential of entrepreneurship and innovation in our country. This strategy stimulates the growth of the startup ecosystem and the development of all layers of the ecosystem, including the micro, medium and macro level, and generates virtuous circles within the ecosystem and economic priority sectors in the country. This strategy lays the foundations for changing the creation of Albania's national values, addressing three pillars:

Innovative Entrepreneurial Ecosystem, Strategic Sectors (S3), as well as Inclusive Development. At the center of this strategy will be the growth and strengthening of the role of the entrepreneur, through the promotion of innovation, the development of local talents, the creation of suitable environments for growth and development, as well as the support of financing and suitable policies for entrepreneurship. The strategy will include green and digital agenda aspects on innovative entrepreneurship and R&D.

Further steps will consist in ensuring implementation of the strategic frame, through adopting legal act(s) on Innovation support instruments by improving current practice in line with EU practices, as well as preparing and implementing a grants scheme with focus on incubators/accelerators, SMEs and/or start-ups, targeting green and/or digital solutions ring adequate funding for

Table 16: Outcomes and results (induced outputs) – Improve enabling environment for innovative businesses and their take up of the potential of the green and digital agenda, including enabling relevant financial support;

Outcome	Induced output (=results)	Reform which contributes to achievements
Enhance the national innovation landscape, support emerging businesses, and ensure that entrepreneurs have the resources and environment necessary to develop and scale innovative solutions. It positions the nation as a competitive player in the global market, particularly in the green and digital technology sectors.	<p>Adopt the Innovative Entrepreneurship Strategy (December 2024)</p> <p>Adopt legal act(s) on Innovation support instruments by improving current practice in line with EU practices (December 2025)</p> <p>Prepare (December 2025) and execute a grants scheme with focus on incubators/accelerators, targeting green and/or digital solutions (December 2026).</p> <p>Prepare (December 2024) and execute a grants scheme with focus on SMEs and/or start-ups, where 30% of total SMEs and/or start-ups funds target green and/or digital solutions (December 2025).²¹</p>	3.2.1. Improve enabling environment for innovative businesses and their take up of the potential of the green and digital agenda, including enabling relevant financial support;

Implementation and responsibilities

²¹ The Agency supports SMEs and startups with financing mechanism, incubators will support them with technical assistance and access to knowledge activities. The Startup Agency will support the SMEs which may be the same, or others, with financing opportunities, which could come in the form of grants, loans and other instruments. SMEs and startups will be exempt from duplications in financial support mechanisms.

Reform and steps	Deadline	Baseline	Responsible Institutions
3.2.1 Improve enabling environment for innovative businesses and their take up of the potential of the green and digital agenda, including enabling relevant financial support;			Minister of State on Entrepreneurship and Business Climate (MoSEBC)
<p>Step 1 - Adopt the Innovative Entrepreneurship Strategy:</p> <ul style="list-style-type: none"> - Research of the entrepreneurship environment in Albania and improve of draft strategy document through open consultation (June 2024) - Adopt green and digital agenda on innovative entrepreneurship and R&D, as part of the strategy, and adopt strategy. (December 2024) 	(December 2024)	No Entrepreneurship Strategy in place	MoSEBC
<p>Step 2 - Adopt legal act(s) on Innovation support instruments by improving current practice in line with EU practices</p> <ul style="list-style-type: none"> - Review and suggest improvement of legal framework for equity investment into startup companies (December 2024) - Improve of legal framework for equity investment into startup companies and develop a concept related to start-up financial products. (December 2025) - Draft Build Innovation Fund Business Model (December 2025) 	(December 2025)	Existing legislation not in line with EU practices on innovation and innovative companies.	MoSEBC
<p>Step 3 - Prepare (December 2025) and execute a grants scheme with focus on incubators/accelerators, targeting green and/or digital solutions (December 2026).</p> <ul style="list-style-type: none"> ✓ Develop scoping of green and digital interventions/support instruments: <ul style="list-style-type: none"> i. Map universities, incubators/accelerators, development partner's programs and or business initiatives that are targeting support to green and digital solutions by SME/start ups ii. Increase awareness in the green and digital domain, by engaging entrepreneurs and corporates in common activities (30.08.24) iii. Analyze and recommend interventions based on EU Green Agenda, in relation to Albanian legislation and existing Smart Specialization strategy (June 2025). 	<p>(December 2025)</p> <p>(December 2026)</p>	<p>Existing grant scheme does not focus on incubators and accelerators.</p> <p>Existing scheme targets 0 incubators and accelerators that focus on green and digital solutions</p> <p>Regarding the green and digital agenda, this component has been included in the strategy, and at this stage, we are building the financing structure which addresses these</p>	MoSEBC

<p>✓ Develop green and digital solutions support instruments:</p> <ul style="list-style-type: none"> i. Review existing legislation impacting funding actions for green and digital, focused on startups, and recommend improvements. (December 2025) ii. Design and implement green and digital financing track in public grant scheme(s) (June 2025): <ul style="list-style-type: none"> ○ Start ups and SMEs: design a co-financing instrument with corporates aimed at SMEs and startups working in the green and digital domain (December 2024) ○ Accelerator: establish green and digital Accelerator Program -support 10 entrepreneurs to apply in EU funded programs and other development partners ones (June 2026) ○ Incubators/Universities: design a grant scheme for selected universities and incubators focusing on green and digital agenda (December 2025) - Support at least 10 potential spinoffs in Albanian universities, through dedicated funding. (December 2026) 		<p>technological developments with a dedicated fund.</p>	
<p>Step 4 - Prepare (December 2024)</p> <p>and execute a grants scheme with focus on SMEs and/or start-ups, where 30% of total SMEs and/or start-ups funds target green and/or digital solutions (December 2025).</p>	<p>(December 2024</p> <p>(December 2025)</p>	<p>Current call does not cover green and digital agenda solutions for SMEs.</p> <p>Existing scheme targets 0% of SMEs and startup funds, with focus on green and digital solutions</p> <p>Actual call not including green and digital agenda solutions (Regarding the green and digital agenda, this component has been included in the strategy, and at this stage, MoSE is building the financing structure which addresses these technological developments with a dedicated fund.</p> <p>Status of grants scheme focuses/priorities</p>	<p>MoSEBC</p>

9 POLICY AREA 4: ENERGY AND GREEN TRANSITION

4.1. MARKET REFORMS

Albania has in place a comprehensive policy and legal frame with respect to energy sector. The National Energy Strategy 2018-2030, approved in 2018 is the main strategic document for the energy sector, with main focus in increasing the security of energy supply and minimizing environmental impacts with affordable costs for Albanian citizens. The National Energy and Climate Plan (NECP) adopted in 2021 and the National Energy Efficiency Action Plan (NEEAP) is part of the National Energy and Climate Plan (NECP). There is a need to update and implement the National Energy and Climate Plan (NECP) adopted in 2021 to meet the 2030 energy and climate targets. Also, there is a need to ensure that actionable energy efficiency and renewable energy plans are adopted within the framework of the NECP 2030, including the agreed 2030 energy and climate targets. In 2022, it was approved the national action plan to address the energy crisis, with focus on supporting vulnerable households and small and medium-sized enterprises (SMEs) during the winter of 2022-2023 while continuing efforts toward energy sustainability and resilience through diversified energy sources.

Albania has made noticeable progress in reforming its electricity market in recent years, aiming to enhance efficiency, sustainability, and competitiveness. The transmission system operator has been unbundled and certified. The legal separation of the distribution system operator from the supply branch was achieved by restructuring the former integrated utility OSHEE into a holding company with three subsidiaries: a universal service provider (FSHU), an electricity supplier (FTL), and a distribution system operator (OSSH).

Moreover, Albania is actively aligning its electricity market with European Union (EU) standards and regulations to enhance integration and competitiveness. Measures such as adopting legal amendments to align with the EU's electricity integration package and establishing an intraday electricity market are crucial steps in this direction. By aligning with EU directives and best practices, Albania aims to promote cross-border electricity trade, improve market efficiency, and attract investment in the energy sector.

Additionally, efforts to improve the regulatory framework for renewable energy and energy efficiency are integral to Albania's energy transition. The development of transparent and competitive action plans for renewable energy deployment, along with streamlining permitting procedures and establishing renewable energy communities, demonstrates Albania's commitment to promoting sustainable energy sources and reducing greenhouse gas emissions.

Despite these efforts, challenge remains as regards to the market integration into the EU electricity market, including the need for further investment in infrastructure, strengthening regulatory enforcement, and addressing energy poverty. With continued commitment to reforms and strategic initiatives outlined in the Growth Plan, Albania is poised to unlock its energy potential, enhance market competitiveness, and contribute to sustainable economic growth.

R - 4.1.1 Align with electricity integration package to enable electricity market coupling of the EU and Albania, establish the intraday electricity market, operationalise the package in line with the market coupling operator integration plan by 2025

Albanian Power Exchange sh.a-ALPEX was established by the Transmission System Operators (TSOs) of Albania and Kosovo. It is responsible for the operational and management aspects of wholesale organized electricity markets, as per the provisions of Law no. 43/2015, dated April 30, 2015, "On the Electricity Sector" (as amended). The model of the electricity market is stipulated in CoM Decision no. 519, dated July 13, 2016, "On the approval of the Electricity Market Model" (as amended). ALPEX has selected one of the members of the Price Coupling Regional (PCR) as its service provider to access the service of the European algorithm for price, volumes, and flow of energy calculations. On September 29, 2022, ALPEX is licensed as a market operator by the Board of ERE with decision No. 247. On April 12, 2023, ALPEX implemented the Day-Ahead

Market (DAM) in Albania, and on February 1, 2024, it implemented the DAM along with DAM market coupling between Albania and Kosovo.

Currently, ALPEX is working closely with the TSOs of Albania and Kosovo to implement intraday auctions for Albania and the IDA market coupling between Albania and Kosovo. Albania's electricity market is undergoing significant reforms to align with European Union (EU) standards and integrate into the Single Day-Ahead Market Coupling (SDAC) initiative. This integration aims to enhance market efficiency, promote cross-border electricity trading, and foster regional cooperation. ALPEX has drafted market rules in alignment with the European model, including mostly provisions in Regulation (EU) 2019/943. These market rules were approved by the Board of ERE on December 27, 2022.

The foundation of market integration lies in aligning Albania's market rules with EU regulations, particularly the Electricity Directive and Regulation (EU) 2019/943. Albania's regulatory framework must be revised to ensure compliance with EU standards regarding market design, competition, transparency, and consumer protection. This involves revising legislation and regulations to create a level playing field for market participants and facilitate cross-border electricity trading.

Albania needs to adopt market coupling mechanisms to facilitate efficient price discovery and optimize cross-border electricity flows. Market coupling integrates Albanian electricity markets into a single, pan-European market by harmonizing pricing and dispatch mechanisms.

Albania is collaborating with neighbouring countries and Nominated Electricity Market Operators (NEMOs) to implement market coupling solutions such as implicit auctions, where DAM Albanian-Kosovo market coupling is a case in point of such integration. ALPEX has established transparent market monitoring mechanisms, publishing market data on a dedicated platform, and ensuring compliance with reporting requirements.

Additionally, ALPEX has strengthened market oversight and enforcement through effective regulatory supervision, market surveillance, and dispute resolution mechanisms. Integration into the Single Day-Ahead Market Coupling represents a significant opportunity for Albania to enhance its electricity market efficiency, promote regional cooperation, and support the country's energy transition objectives.

By undertaking the aforementioned reform steps, Albania can create a conducive regulatory environment, strengthen market institutions, and enhance infrastructure readiness to fully realize the benefits of market coupling and contribute to the development of a more integrated and sustainable European electricity market.

Albania is involved entities have initiated activities to transpose the new electricity integration package. The Ministry of Infrastructure and Energy has initiated the process of the revisions required in primary legislation to transpose the Electricity Directive, Electricity Regulation 2019/943, the ACER Regulation 2019/942 and the Regulation 2019/941 on Risk Preparedness. Meanwhile, there has been progress on the discussions for the transposition of the remaining Regulations/Network Codes and Guidelines (CACM; FCA; EBLG; SOGL; ER) into the secondary legislation, which are to a large degree under the purview of the transmission system operator OST, as well as the Energy Regulatory Authority (ERE).

The process has been initiated from a consultancy team to OST for the analyse of the regulatory and sublegal acts in force and the implementation of the above-mentioned Regulations/Network Codes and Guidelines (CACM; FCA; EBLG; SOGL; ER). OST is part of the EnC Task Force in ENTSO-E, where debates on the transposition and implementation of the new energy community package are taking place.

TSO's of EnC Contracting Parties, has been pushed by the EnC to the implementation of regional collaboration and preparation of the regional TCM, through ENTSO-E.

Albanian Transmission System Operator is collaborating proactively with the other TSO's in SEE Countries, on the establishment of the Shadow Capacity Calculation Region under the auspice of ENTSO-E, which is the first step for the preparation of Coordinated Capacity Calculation Methodology for Shadow South-East Europe (SEE) Capacity Calculation Region and the participation in Regional Coordination Centers. At the current stage there are different opinions from the TSOs of the region on the configuration of Shadow South-East Europe (SEE) Capacity Calculation Region. A mediation framework is needed to unblock the situation.

Albanian Transmission System Operator (together with TSO of Montenegro, North Macedonia and Kosovo), as a first step to the establishment of a regional allocation platform in conformity with the Adopted FCA, has already prepared for discussion the Proposal for the establishment of a Regional Allocation Platform as per

Art. 48 of Commission Regulation (EU) 2016/1719, as adopted by the Ministerial Council Decision 2022/03/MC on 15 December 2022. This proposal has been distributed for discussion to the other TSOs of Energy Community Contracting Parties (Serbia, Moldova, Ukraine) and forwarded to the EnCS. To be underlined that the process regarding the regional collaboration depends mainly on the interactivities of all parties involved, despite the good efforts of Albanian Transmission System Operator. According to Electricity Balancing Guideline, TSOs have developed initiatives for cross border reserves cooperation. These initiatives include, IGCC, PICASSO, TERRE, MARI.

OST is not yet part of the initiatives for cooperation, but considering the implementation of new regulations, soon OST will need to start preparatory work to be included in Cross border reserve sharing and exchanges. This is a challenging activity, not only regarding the preparation of regulatory acts needed, but also a detailed analysis on the technical conditions to be fulfilled from OST, in order to be part of these platforms. OST is the mayor stakeholder (57.25%) of the Albanian Power Exchange Company named ALPEX, together with KOSTT (42.75%), that has been registered on October 2020 with its main seat in Tirana, Albania and a branch in Prishtina, Kosovo.

On 12 April 2023 ALPEX has begun the operation of the Albanian Day Ahead Market and on 1 February 2024, has begun the operation of Kosovo Day Ahead Market and the Albania-Kosovo Day Ahead Market Coupling. TSOs, PXs and NRAs of Albania, North Macedonia, Kosovo and Greece has entered into the MoU for the Day Ahead Market Coupling (November 2023).

OST is a member of ENTSO-E since March 2017. OST has signed the Global NDA and is an Observer to the SDAC since 29 January 2018, but the process for the admission of ALPEX as an Observer to the SDAC is still pending due to the negative vote of EMS and SEPEX (relatively the Serbian TSO and PX). The observership is the preliminary step to the membership of OST and ALPEX to SDAC as a precondition to enable electricity market coupling of the EU and Albania.

The main challenges remain the right evaluation, comprehension, and implementation of each of the Regulations/Network Codes and Guidelines (CACM; FCA; EBLG; SOGL; ER). The preparation of each of those acts and further on the elaboration, drafting and preparation of each of the Terms ad Conditions foreseen in these Regulations/Network Codes and Guidelines, need a large human resource involvement and it means also the evaluation of the technical conditions and requirements to be fulfilled from Transmission System Operator for their implementation in practice, with the aim of the establishment of the intraday electricity market, enabling of electricity market coupling of the EU and Albania and operationalization of the package in line with the market coupling operator integration plan. A reform is to be intended as:

As per the amendments of the electricity Albanian law, the following sublegal acts will be prepared and proposed for approval to NRA:

- OST to participate in the proposal for Shadow South-East Europe (SEE) Capacity Calculation Region set-up aligned with adopted CACM, including the Coordinated Capacity Calculation Methodology for . (TSO December 2025).
- OST to participate in the process for the establishment of a Regional Allocation Platform as per Art. 48 of Commission Regulation (EU) 2016/1719 as adopted, (TSO December 2025).

Table 16: Outcomes and results (induced outputs) – Align with electricity integration package to enable electricity market coupling of the EU and Albania, establish the intraday electricity market, operationalise the package in line with the market coupling operator integration plan by 2025.

Outcome	Induced output (=results)	Reform which contributes to achievements
---------	---------------------------	------------------------------------------

<p>Modernization and European integration of the national electricity market, ensuring it operates more efficiently and in harmony with neighboring systems, thereby promoting energy security and market stability.</p>	<p>Adopt legal amendments to align with the electricity integration package²² in line with the Energy Community requirements and start implementation (June 2025)</p> <p>Continue implementation of the electricity integration package by making operational the intra-day electricity market, in line with Energy Community requirements (December 2024)</p> <p>Continue implementation of the electricity integration package by the Transmission System Operator (TSO) and the Nominated Electricity Market Operator (NEMO) by taking the necessary national actions to join day ahead market coupling with the EU in line with Energy Community requirements (December 2025).</p>	<p>4.1.1. Align with electricity integration package to enable electricity market coupling of the EU and Albania, establish the intraday electricity market, operationalise the package in line with the market coupling operator integration plan by 2025.</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Implementation and responsibilities

²² Deadlines are without prejudice to the legal deadline as defined by the Electricity Integration Package

Reform and steps	Deadline	Baseline	Responsible Institutions
4.1.1. Align with electricity integration package to enable electricity market coupling of the EU and Albania, establish the intraday electricity market, operationalise the package in line with the market coupling operator integration plan by 2025			Ministry of Infrastructure and Energy (MoIE)
<p>Step 1 - Adopt legal amendments to align with the electricity integration package²³ in line with the Energy Community requirements and start implementation:</p> <ul style="list-style-type: none"> ✓ Draft amendments of Power Sector law (September 2024). ✓ Approval of the law "On some amendments of Power Sector law 43/2015" aligned with the Electricity Integration package (June 2025). 	(June 2025)	Law with no Legal amendments for alignment with the electricity integration package	MoIE
<p>Step 2 – Continue implementation of the electricity integration package by making operational the intra-day electricity market, in line with Energy Community requirements (December 2024)</p> <ul style="list-style-type: none"> - Go live of IDM (December 2024) 	(December 2024)	No intraday Market in Operation. ALPEX is conducting the activities for the operationalization of Intra Day Market (IDM).	MoIE
<p>Step 3 - Continue implementation of the electricity integration package by the Transmission System Operator (TSO) and the Nominated Electricity Market Operator (NEMO) by taking the necessary national actions to join day ahead market coupling with the EU in line with Energy Community requirements (December 2025).:</p> <ul style="list-style-type: none"> - Reviewing market rules in line with REGULATION (EU) 2019/943 of 5 June 2019 on the internal market for electricity (October 2025). - Implementing electricity product trading with 15-minute resolution for the Day-Ahead Market. (December 2025). - Ensuring ALPEX's adherence to the Global CACM NDA. (June 2025) - Participating with ALPEX, alongside Nominated Electricity Market Operators (NEMOs) of European Union (EU) Member States and Contracting Parties, to develop a Market Coupling Operation (MCO) integration plan. (JET-EnC Parties June 2025) 	(June 2026) December 2025	Day ahead market coupling with the EU	MoIE, ERE, TSO, OST

²³ Deadlines are without prejudice to the legal deadline as defined by the Electricity Integration Package

<ul style="list-style-type: none"> - OST to identify and fulfil legal and technical gap necessary for joining EU balancing platforms and to apply to it. (TSO June 2025); - Prepare and approve MCO Plan. (TSO December 2025); - Prepare and approve necessities TCMs to join day ahead market coupling with the EU. (TSO December 2025). - Submitting requests from ALPEX and OST to be observers at the Italian Border Working Table. (ALPEX-OST_ March 2024) - ALPEX to join a new Local Implementation Project (LIP) for Greece-Albania-Kosovo borders. (ALPEX-OST_ December 2025) - Drafting and approving procedures for SIDC Albania -Kosove in respect to current Albanian legislation. (ALPEX-OST_September 2024) - Executing integration and connectivity tests (joint TSOs/PXs & CCP). (ALPEX-OST_March 2025) - Executing the FIT test. (ALPEX-OST_ March 2025) - Executing Simulation/procedure tests. (ALPEX-OST_ June 2025) - Regulation (EU) 2015/1222 Establishing a guideline on capacity allocation and congestion management. (TSO/ERE December 2024); - Regulation (EU) 2016/1719 Establishing a guideline on forward capacity allocation. (TSO/ERE March 2025); - Regulation (EU) 2017/2195 Establishing a guideline on electricity balancing. (TSO/ERE March 2025); - Regulation (EU) 2017/2196 Establishing a network code on electricity emergency and restoration. TSO/ERE March 2025); - Regulation (EU) 2017/1485 Establishing a guideline on electricity transmission system Operation. TSO/ERE March 2025). - OST to set up as per proposal for the Shadow CCR aligned with CACM, prepare the Coordinated Capacity Calculation Methodology for Shadow South-East Europe (SEE) Capacity Calculation Region and issue authorisation to enter into agreement with a European based RCC for the border with the EU country. (TSO December 2025) - OST to approve the Proposal for the establishment of a Regional Allocation Platform as per Art. 48 of Commission Regulation (EU) 2016/1719 as adopted by the Ministerial Council Decision 2022/03/MC on 15 December 2022, (TSO December 2025). 			
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--

R – 4. 1. 2. Gradual tariff adjustments to market prices accompanied with measures to address energy poverty

Albania's electricity sector has undergone significant reforms in recent years aimed at modernizing infrastructure, enhancing efficiency, and promoting market-oriented policies. Central to these reforms is the transition from a heavily regulated tariff system to a market-based pricing mechanism in the electricity market. This transition is part of broader efforts to align Albania's energy sector with European Union (EU) standards and promote sustainable development.

One of the key measures within this transition is the gradual adjustment of electricity tariffs to market prices. This process aims to create a more competitive and transparent market environment, where prices are determined by supply and demand dynamics rather than public intervention. By aligning tariffs with market prices, Albania seeks to incentivize investment in the energy sector, improve cost-recovery mechanisms for electricity producers, and enhance the overall efficiency of the electricity market.

Albania has been following the implementation of tariff deregulation, as part of its engagement in the adoption of Energy Package directive. The classification of the clients has been arranged by the connection point of the costumers, in low, mid or high voltage. The actual Power Sector Law, aligned with the third energy package, has been implemented through the mechanism of Universal supplier under a PSO, as well as Supplier of Last Resource that operates as suppliers in low and mid voltage. Actually, the implementation of deregulation has started in 2016 with the retail market opening for the large costumers supplied in the high voltage transmission grid. From 2022, clients supplied in mid voltage grid (under DSO), have been notified that a period of supply for a maximum of two year have been provided for those costumers to be ready to access the retail market.

From January 2024, the costumers supplied in 20KV grid are accessing the retail market part of which is also the SoE, FTL jsc, a company part of OSHEE Group, which facilitates the process as well as prepare itself for market approach activity. Nevertheless, implementation in full of the deregulation for the mid and high voltage has been impacted by different factors, such as Covid-19 pandemic, Energy crisis, grid readiness, digitalization needs, readiness of the market participants, market regulatory knowledge of the participants, etc. On the other hand, the deregulation policy has brought to the market participant and customers as well, to market insecurities and risks that in commonly are followed by opportunities and the most important by financial exposure.

The costumers during the period of crisis have asked to be supported by denouncing the deregulation and the imminent risk of market exposure, but nowadays with the deregulation in force and more favourable market price they have used such obligation for deregulation more like a right of them.

The licenced suppliers have been demonstrated the same, mostly factored by the behaviour of the customers as well as from the market. Nevertheless, the response to the new interest has been shown satisfactory and has fulfilled the needs. It remains of crucial importance to follow the stability of such activity in the upcoming period, as well as conduct the finalisation of such deregulation with prudence to the impacts that may follow to the implementation of such activities. To achieve that, Albania aims to reserve the necessary instruments to balance such impacts and tackle the possible energy poverty and vulnerable clients.

For this reason, as well as to guaranty macroeconomic stability we will aim to conduct the necessary activities and measures for the implementation of such policy for the vulnerable clients and energy poverty, in line with EU best practices, as well as local context.

The deregulation will be implemented for customers connected in mid and high voltage, aligned with Energy package with the support of the SLR with regulated price. Actually, deregulation has been conducted for clients supplied in 20, 35 and 110 KV. An Action plan to continue deregulation of 6 and 10 KV Segment will be delivered within September 2024 and adopted within December 2024, aiming deregulation of 6 - 110 KV retail market.

Deregulation has been started from 2016 and its implementation is ongoing with the aim to be achieved within the given timeline. Stakeholders are recognised and aware of the process implementation. Impact of deregulation and addressing energy poverty will be part of the process for gradual phase out of public intervention. A methodology to define energy poor groups and an action plan to address the impact on vulnerable costumers will be prepared.

Table 17: Outcomes and results (induced outputs) – Gradual tariff adjustments to market prices accompanied with measures to address energy poverty.

Outcome	Induced output (=results)	Reform which contributes to achievements
Enhance the regulatory framework of the electricity market, promoting a more competitive and fair pricing environment, while also ensuring that vulnerable populations receive necessary support to manage their energy needs effectively..	<p>Gradual phase out of public intervention in the price-setting for the supply of electricity, through deregulation for mid and high voltage (Action Plan/December 2024), in line with the law on Power Sector (December 2025).</p> <p>Develop methodology to define energy poor groups and monitoring tools, as well as energy efficiency measures targeting energy vulnerable households, by approving the action plan for addressing energy poverty (June 2026)</p>	4.1.2. Gradual tariff adjustments to market prices accompanied with measures to address energy poverty

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsible institutions
R 4.1.2. Gradual tariff adjustments to market prices accompanied with measures to address energy poverty			Ministry of Infrastructure and Energy (MoIE)
<p>Step 1 - Gradual phase out of public intervention in the price-setting for the supply of electricity, through deregulation for mid and high voltage (Action Plan/December 2024), in line with the law on Power Sector (December 2025).</p> <ul style="list-style-type: none"> Development of the action plan for deregulation of the mid and high voltage, in line with the law on Power Sector (MoIE, September 2024) Consultation and Approval of the action plan for deregulation of the mid and high voltage, in line with the law on Power Sector (MoIE, December 2024) Deregulation of retail market in mid and high voltage (December 2025) 	<p>(December 2024)</p> <p>(December 2025)</p>	<p>No Acton Plan for deregulation of mid and high voltage</p> <p>No measures in place for deregulation of retail market in mid & high voltage</p>	MoIE
<p>Step 2 - Develop methodology to define energy poor groups and monitoring tools, as well as energy efficiency measures targeting energy vulnerable households, by approving the action plan for addressing energy poverty (June 2026):</p> <ul style="list-style-type: none"> Development of the methodology to define energy poor groups and drafting a plan of measures to 	(June 2026)	No methodology in place to define energy poor groups	MoIE

<p>address energy poverty and protection of vulnerable consumer. (December 2024)</p> <p>- Approval of action plan of measures to address energy poverty and protection of vulnerable consumer. (June 2026)</p>			
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--

4. 2. RENEWABLES

R - 4. 2. 1. Develop transparent and competitive quantity-based action plan for renewable energy: Planning for 3 years in place.

Albania will expedite the implementation of the Green Agenda for Albania, in national and regional levels. This Action Plan reaffirms our commitment to adopt the 2030 energy and climate targets, our commitment to adopt legislative packages that facilitate the integration of electricity markets and enhance monitoring, reporting, and verification of greenhouse gas emissions, as proposed by the European Commission.

The agreed energy and climate targets will serve as the foundation for transforming the economy of Albania, aligning with the National Energy and Climate Plans (NECPs) and the commitments to achieve climate neutrality by 2050.

In the framework of diversification of electricity, Albania has taken significant steps to promote competition, cost-effectiveness, and the integration of renewables into electricity markets through their auctions for market-based support schemes. We aim the extension of renewable energy, the acceleration of the deployment and integration of renewable energy in Western Balkan countries, in line with European 2030 and 2050 energy and climate policy objectives.

The development of Electricity and Renewable Energy priority infrastructure, market integration projects and policy priorities for renewable energy and speed up the implementation of priority infrastructure projects, as a matter of priority with a view to improving the functioning and decarbonisation of Albania Energy markets.

This reform will contribute to increase investments in the field of renewable energy, and the incomes generated from this sector, the security of supply with electricity. The implementation of this reform will reduce greenhouse gas emissions, affecting environmental protection.

The main beneficiaries are the citizens, investors.

The reform will be implemented by the institutions of the Government of Albania: Ministry of Infrastructure and Energy, Albanian Regulatory Entity, TSO, DSO, Public Generator (KESH), in close collaboration with the Energy Community Secretariat, International partners, stakeholders, business representatives etc.

Table 18: Outcomes and results (induced outputs) – 4.2.1. *Develop transparent and competitive quantity-*

Outcome	Induced output (=results)	Reform which contributes to achievements
Demonstrates a significant commitment to enhancing sustainable energy development, meets the environmental targets and supports economic growth by encouraging the development of green technologies and infrastructure.	Adopt a quantity-based auction plan for at least 600 MW of new renewable energy capacities installation for the following three years (ongoing for 300MW to be considered as part of the triennial Auction plan) (December 2024).	Develop transparent and competitive quantity-based action plan for renewable energy: Planning for 3 years in place.

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsible institutions
R. 4.2.1. Develop transparent and competitive quantity-based action plan for renewable energy: Planning for 3 years in place.			
<p>Adopt a quantity-based auction plan for at least 600 MW of new renewable energy capacities installation for the following three years (ongoing for 300MW to be considered as part of the triennial Auction plan):</p> <ul style="list-style-type: none"> - Drafting the quantity-based auction plan for at least 600 MW of new renewable energy capacities installation for the following three years; (October 2024) - Adoption of the quantity based auction plan for at least 600 MW of new renewable energy capacities installation for the following three years; (December 2024) 	December 2024	No quantity-based auction plan for 600 MW renewables	Ministry of Infrastructure and Energy

R – 4. 2. 2. Implementation of the Renewable Energy Directive: adopt RES legislation, streamline permitting, establish the renewable energy communities, operationalise guarantees of origin.

Albania's energy sector is entering into an era of significant transformation due to intensified developments in the use of renewable energy. Diversification of energy sources (renewables) will have direct positive impact on increasing competitiveness, security of supply, as a result of using new energy sources (solar and wind) that will increase the domestic production of the energy in the country's market. Current legal and regulatory regime in the field of the use of renewable energy sources is aligned with Directive (EU) 2018/2001. During 2023, the Law no. 24/2023, dated 23.03.2023, "On Promoting the Use of Renewable Resources" in compliance with Directive (EU) 2018/2001 was adopted by Albania Parliament.

Within the framework of the regional project implemented by the Energy Community Secretariat, an electronic registry for guarantees of origin (GOs) was established for Albania. The next critical milestone for achieving a fully operational GO system includes the adoption of disclosure rules and the calculation of the residual energy mix. The new Law no. 24/2023, dated 23.03.2023, "On Promoting the Use of Renewable Resources" incorporated the necessary legal provisions for issuing GO's for all types of energy carriers, including renewable gas, and heating and cooling.

Renewable energy community, as a new concept in Albanian legislation, shall enable and stimulate low-income or vulnerable households to become members. The primary purpose of these entities is to provide environmental, economic or social community benefits for its shareholders or members or for the local areas where they operate. Renewable energy community shall have the right to: produce, consume, store, share, sell renewable energy and provide aggregation, including through renewables power purchase agreements, access all suitable energy markets, directly or through aggregation, in a non-discriminatory manner, and support as a priority producer in accordance with Law no. 24/2023.

Albania's current legal framework does not conform to the sustainability and greenhouse gas emissions reduction criteria stipulated in RED II for biofuels, bioliquids, and biomass fuels. The criteria are expected to be incorporated into a separate law. Adoption of such a law is vital in guaranteeing that Albania's substantial utilization of biofuels, effectively contributes to achieving the 2030 RES target.

This reform will contribute to increase the role of citizens in the electricity market, investments in the field of renewable energy, and the incomes generated from this sector. The implementation of this reform will reduce greenhouse gas emissions, affecting environmental protection. The main beneficiaries are the citizens, investors.

The reform will be implemented by the institutions of the Government of Albania: Ministry of Infrastructure and Energy, Albanian Regulatory Entity, TSO, DSO, Public Generator (KESH), in close collaboration with the Energy Community Secretariat, International partners, stakeholders, business representatives etc.

Table 19: Outcomes and results (induced outputs) – 4.2.2. Implementation of the Renewable Energy Directive: adopt RES legislation, streamline permitting, establish the renewable energy communities, operationalise guarantees of origin.

Outcome	Induced output (=results)	Reform which contributes to achievements
---------	---------------------------	------------------------------------------

<p>Significant progress in the national strategy to transition to a more sustainable and environmentally friendly energy system, contributing to both national energy security and global environmental goals.</p>	<p>Adopt law to align with 2018 Renewable Energy Directive on biomass/biofuels, including sustainability and greenhouse gas emissions saving criteria for biofuels; (June 2025).</p> <p>System to issue serviceable guarantees of origin for renewable energy operational (December 2024).</p> <p>Adopt amendments to the in-force regulations for the permit issuance to simplify permit issuance procedures for renewables (households and large installation), (June 2025).</p> <p>Adopt the legal framework for energy communities' establishment (June 2026).</p> <p>At least 600 MW of new renewable energy capacities installed (June 2027).</p> <p>RES share of gross energy mix, according to the NECP in force achieved (June 2027).</p>	<p>4.2.2. Implementation of the Renewable Energy Directive: adopt RES legislation, streamline permitting, establish the renewable energy communities, operationalise guarantees of origin.</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsible Institutions
4.2.2. Implementation of the Renewable Energy Directive: adopt RES legislation, streamline permitting, establish the renewable energy communities, operationalise guarantees of origin.			Ministry of Infrastructure and Energy (MoIE)
<p>Step 1 - Adopt law to align with 2018 Renewable Energy Directive on biomass/biofuels, including sustainability and greenhouse gas emissions saving criteria for biofuels;</p> <ul style="list-style-type: none"> - Drafting of the draft law on biofuels, to align with 2018 Renewable Energy Directive (December 2024); - Approval process of the draft law on biofuels, to align with 2018 Renewable Energy (June 2025) 	(June 2025)	No biofuels law in place aligned with 2018 Renewable Energy Directive on biomass/biofuels, including sustainability and greenhouse gas emissions saving criteria for biofuels;	MoIE
<p>Step 2 - System to issue serviceable guarantees of origin for renewable energy operational:</p> <ul style="list-style-type: none"> • System for issuing the certificates of origins aligned with European Energy Certificate System (June 2024). • GO-s operation to be conducted in inter-registry communications Hub (December 2024). 	(December 2024)	Guarantees of origin for renewable energy	MoIE
<p>Step 3 - Adopt amendments to the in-force regulations for the permit issuance to simplify permit issuance procedures for renewables (households and large installation):</p> <ul style="list-style-type: none"> - Draft secondary legislation for the permit issuance procedures for renewables (December 2024). - Approval of the secondary legislation for the permit issuance procedures for renewables. (June 2025). 	(June 2025)	No Legal amendments in place - to simplify permit issuance procedures for renewables	MoIE
<p>Step 4 - Adopt the legal framework for energy communities' establishment:</p> <ul style="list-style-type: none"> - Draft of legal framework for establishment of Energy Communities (December 2025). - Approval legal framework for establishment of Energy Communities (June 2026) 	(June 2026)	No Legal framework in place for energy communities	MoIE
<p>Step 5 - At least 600 MW of new renewable energy capacities installed:</p> <ul style="list-style-type: none"> - 600 MW Renewable generation capacities in operation at least compared to 01 of June 2024 installed capacities 	(June 2027)	Increase share of renewables	MoIE

<ul style="list-style-type: none"> - Adoption quantity-based auction plan (December 2024) - At least 600 MW of added Renewable generation capacities in operation compared to 01 of January 2024 (June 2027) 			
<p>Step 6 - RES share of gross energy mix, according to the NECP in force achieved:</p> <ul style="list-style-type: none"> - Review NECP (June 2025) - Measure implementation of NECP (June 2026) - Review of NECP (December 2026) - Achieve RES share of gross energy mix as per NECP in force on June 2027 	(June 2027)	RES generation as per EUROSTAT standart	MoIE

4.3. ETS ADOPTION

R - 4.3.1. Work on carbon pricing with the aim of having an ETS in place by 2030: focus on MRVA package

The Energy Strategy for Albania 2018-2030, as the core strategic document for the country's energy sector, is coherent with other national policies and strategies and the European Green Deal's objectives. One of the five dimensions which the energy strategy supports is Decarbonization of the economy. On December 2021, Albania adopted its National Energy and Climate Plan, in line with the second National Strategy for Development and Integration (NSDI II), which is aligned to the United Nations' Sustainable Development Goals; the obligations arising from the signature of the United Nations Framework Convention on Climate Change (UNFCCC); the Energy and Climate Acquis of the Energy Community for the period 2021-2030. Referring to the planned policies and measures' PaMs, the Setting up of the ETS in Albania is included, aiming to contribute to reach the NDC target for reduction of GHG emission from the industry sector, as well as the NECP target for decarbonisation of the economy.

Albania is engaged, as well through the endorsement the Green Agenda and the Action Plan for The Implementation of The Sofia Declaration on the Green Agenda for the Western Balkans 2021-2030, as well as the Energy Community Roadmap for Decarbonization (2022), among others also for the adoption of the "Emissions Trading Scheme (ETS)".

The recently adopted Regulation (EU) 2023/956 on the Carbon Border Adjustment Mechanism (CBAM²⁴) in EU serves as a catalyst for this process, as it imposes administrative and financial costs on importers of CBAM goods into the EU from third countries and Contracting Parties of EnC, including Albania. The new mechanism will impose a carbon price on the import of certain goods, produced outside the EU based on the associated carbon emissions, ultimately reducing global emissions, and helping reach the targets of the Paris Climate Agreement, as well as balancing out the competitive disadvantages of domestic companies who produce emission-intensive goods inside the EU. CBAM will also account for cases where the importer has already paid a carbon price in a third country. The importer may then claim a reduction in the number of CBAM certificates to be surrendered in order to take into account the carbon price paid in the country of origin for the declared embedded emissions. This is intended to avoid a double burden and motivate countries outside EU to introduce their own taxes and levies on emissions that they can collect themselves.

Regarding the import of electricity, there is a possibility of exempting it from the application of CBAM if Albania's electricity market is integrated with the EU market and meets certain conditions related to climate and energy legislation. These conditions include implementing an emissions trading system (ETS) by 2030. The close connection between electricity market integration and decarbonization through CBAM calls for a more aligned approach to policy planning, implementation, and monitoring.

On 15 December 2022, Ministerial Council adopted a legal package obliging the Contracting Parties of EnC, included Albania to transpose MRVA regulations into their national legal systems. The establishment of appropriate greenhouse gas emissions-related monitoring, reporting, verification, and accreditation rules in Contracting Parties, in line with the European Union *acquis Communautaire*, as a pre-condition for the consequent design of the main elements of an ETS system. The package already includes adapted parts of the ETS Directive. It covers selected provisions necessary to start building an institutional and regulatory oversight framework at the national level. Moreover, the adapted text also includes a list of categories of activities to which the Directive applies in connection with MRVA obligations.

²⁴ The EU Carbon Border Adjustment Mechanism (CBAM) is the policy instrument designed to reduce the likelihood of carbon leakage by instituting a carbon price on imported goods. This tool reflects the EU's commitments to reducing its greenhouse gas emissions under the "Fit for 55" package while still ensuring a level playing field between EU and non-EU businesses. The CBAM's transitional period, which starts on 1 October 2023 and continues until the end of 2025, exclusively involves reporting obligations; however, from 1 January 2025, carbon pricing will also be implemented.

Albanian Law On Climate Change 155/2020 in Chapter III (Articles 8 - 21) has provided for the MRV system that must be established and the obligations that arise for operators (industrial activities), aircraft and ship operators, in relation to the collection of data for this system. Also, by DCM 889/2022, the regulation for monitoring, reporting of GHG emissions and other information related to climate change at the national level was approved (Governance Regulation (EU) 2018/1999).

As a first step, since Directive 2003/87 had a substantial amendment in May 2023 (through directives 2023/959 and 2023/958), it is necessary to review what amendments the national law on climate change needs to be in line with the relevant parts of the updated ETS Directive (Directive 2003/87/EC), with the purpose of setting up the necessary legal base for the MRVA.

Furthermore, secondary legal acts will align with MRR regulation (Commission Implementing Regulation (EU) 2018/2066 on the monitoring and reporting of greenhouse gas emissions amended by Commission Implementing Regulation (EU) 2020/2085); 2.), AVR regulation (Regulation (EU) 2018/2067 on the verification of data and on the accreditation of verifiers, in order to establish the necessary regulatory framework for introducing carbon pricing.

Albanian legislation has transposed through Law No. 116/2014 "On Accreditation of conformity assessment bodies". The revised the Regulation (EC) No 765/2008 on setting out the requirements for accreditation and market surveillance relating to the marketing of products, which continues to apply to those aspects of accreditation of verifiers which are not dealt with by AVR. Recognition of external verifiers will be possible.

However, to guarantee the proper and smooth adaptation of the market to the requirements that will be imposed on operators who will have the obligation to report on GHG emissions according to MRVA, capacity building is necessary to increase the technical knowledge of the staff to adapt their economic activity. Necessary building capacities support should include: training of industrial operators on establishing of Monitoring Plans (Categorisation, Tier system, Calculation based approach, Uncertainty, etc); Verification and Reporting (Annual emission report with verified data on emissions); Verification report; Improvement report);

Albanian Law "On Climate Change" 155/2020 Chapter III (Articles 8 - 21) has provided for the MRV system that must be established and the obligations that arise for operators in relation to the collection of data for this system, transposing parts of EU ETS Directive 2003/87.

To guarantee the proper and smooth adaptation of the market to the requirements that will be imposed on operators according to MRVA package, capacity building is necessary to increase the technical knowledge of the staff as well building institutional capacities of the responsible institutions for implementing the MRVA package, too.

Table 20: Outcomes and results (induced outputs) – 4.3.1. Work on carbon pricing with the aim of having an ETS in place by 2030: focus on MRVA package

Outcome	Induced output (=results)	Reform which contributes to achievements
Enhance the national framework for environmental monitoring and introduce mechanisms like carbon pricing that drive sustainable practices, to meet international environmental commitments and to position the economy to benefit from cleaner, more sustainable growth pathways.	Implementation of MRVA by adopting legal amendments and bylaws to fully	4.3.1. Work on carbon pricing with the aim of having an ETS in place by 2030: focus on MRVA package

	<p>align with the EU MRVA Acquis²⁵ and by building institutional and market readiness to implement Monitoring, Reporting, Verification and Accreditation (MRVA) (December 2025).</p> <p><i>Footnote: “Reform steps are without prejudice to the legally binding deadlines established under the Energy Community Treaty, and do not affect the applicability and enforceability of the latter and vice versa.”</i></p>	
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

Implementation and responsibilities

²⁵ “Reform steps are without prejudice to the legally binding deadlines established under the Energy Community Treaty, and do not affect the applicability and enforceability of the latter and vice versa.”

Reform and steps	Deadline	Baseline	Responsible Institutions
4.3.1. Work on carbon pricing with the aim of having an ETS in place by 2030: focus on MRVA package			Ministry of Tourism and Environment (MoTE)
<p>Step 1 – Implementation of MRVA by adopting legal amendments and bylaws to fully align with the EU MRVA Acquis and by building institutional and market readiness to implement Monitoring, Reporting, Verification and Accreditation (MRVA) (December 2025).²⁶</p> <ul style="list-style-type: none"> ✓ Conducting an Analysis for the amendment to the climate change law and related bylaws for the alignment with the updated EU ETS Directive (June 2024) ✓ Evaluation of operators in Albania that will potentially be part of the MRVA acquis implementation (June 2024) ✓ Adopt the amendments to the climate change law (December 2024) ✓ Drafting and adoption of the sublegal acts to align with MR regulation (Commission Implementing Regulation (EU) 2018/2066 on the monitoring and reporting of greenhouse gas emissions; 2.) AV regulation (Regulation (EU) 2018/2067 on the verification of data and on the accreditation of verifiers); (December 2025) ✓ Adopt legal amendments to fully align with the EU MRVA Acquis; (December 2024) ✓ Adopt bylaws to fully align with the EU MRVA Acquis (June 2025) ✓ Trainings of the public relevant institutions' staff on the MRVA package implementation (MoTE, MIE, National Environmental Agency, General Directorate for Accreditation) (September 2025) ✓ Trainings of operators on establishing Monitoring Plan (September 2025) ✓ Appointment and beginning of operation of responsible public structures for the implementation of MRVA. (December 2025) 	(December 2025)	No Legal Amendments in place on MRVA; no capacities in place on MRVA	MoTE

²⁶ Footnote: "Reform steps are without prejudice to the legally binding deadlines established under the Energy Community Treaty, and do not affect the applicability and enforceability of the latter and vice versa."

4.4. ENERGY EFFICIENCY AND AIR POLLUTION

R – 4.4.1. Adoption and implementation of long-term building renovation strategy, and energy efficiency scheme

The energy sector is a strategic one for Albania's integration into EU and the regional energy markets, as well as for the achievement of objectives of the Green Agenda.

The Agency for Energy Efficiency is collaborating with EBRD, under the REEP PLUS program, for the preparation of the Building Renovation Strategy. The first draft was prepared and submitted in March 2023.

In terms of new legislation transposed, Ministry of Infrastructure and Energy has prepared during 2023 and approved by Council of Ministers during April 2024 the draft Law "On the labelling of energy related products". This draft-Law is under approval process in the Parliament.

Pursuant to the Law No 124/2015 of 12.11.2015 "On energy efficiency", as amended, and Law 116/2016 "On energy performance in buildings", during 2023-2024, several secondary legal acts were approved. Some more are prepared and they are in process for adoption.

Investments in energy efficiency are ongoing through the state budget and foreign financial aid projects, through incentives from local government for individual investments in EE measures in residential sector and through the finalisation of some feasibility studies that are in process from Energy Efficiency Agency.

The Energy Efficiency Agency is proceeding with the generation of energy performance certificates in buildings, as well as with the follow-up of a series of projects in energy efficiency and energy performance of buildings, through many projects on auditing public buildings in several municipalities, conducting studies and implementing through construction.

Table 21: Outcomes and results (induced outputs) – 4.4.1. Adoption and implementation of long-term building renovation strategy, and energy efficiency scheme

Outcome	Induced output (=results)	Reform which contributes to achievements
Enhance the nation's energy efficiency and building standards, reduce environmental impact, and move towards sustainability goals, therefore aligning with international standards and setting a benchmark for future energy policy and infrastructure development.	<p>Long-term building renovation strategy adopted, with earmarked necessary financing for 2025 and 2026 to fulfil the 3% annual renovation goal in existing government public buildings (December 2024).</p> <p>Adopt the national legislation to align with Labelling (December 2024) and Eco-design regulations for solid fuel local space heaters and establish effective infrastructure and capacity for market surveillance accordingly (December 2025)</p> <p>Energy efficiency obligation scheme to be adopted in the Law for Energy efficiency (December 2025; bylaws/December 2026), measures in line with the Energy Efficiency Directive (EED) to be adopted, and measurement, control and verification systems in accordance with the requirements of the EED to be put in place (June 2027).</p>	4.4.1. Adoption and implementation of long-term building renovation strategy, and energy efficiency scheme

	Implement annual rate of building renovation in accordance with indicative targets (number of public buildings renovated) included into the long-term building renovation strategy (Legal Amendments of relevant law/ June 2025; 2% of public buildings renovated target / June 2027).	
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsible Institutions
4.4.1. Adoption and implementation of long-term building renovation strategy, and energy efficiency scheme			Ministry of Infrastructure and Energy (MoIE)
<p>Step 1 - Long-term building renovation strategy adopted, with earmarked necessary financing for 2025 and 2026 to fulfil the 3% annual renovation goal in existing government public buildings:</p> <ul style="list-style-type: none"> - Preparation of the draft strategy and the relevant action plan (September 2024) - Adoption of the Long-term building renovation strategy within the amended NECP (December 2024) 	(December 2024)	No Strategy in place on long-term building renovation	MoIE
<p>Step 2 - Adopt the national legislation to align with Labelling (December 2024)</p> <p>and Eco-design regulations for solid fuel local space heaters and establish effective infrastructure and capacity for market surveillance accordingly:</p> <ul style="list-style-type: none"> - Adoption of Law "On the labelling of energy related products" (December 2024). - Draft Law "On the setting of Eco-Design requirements for energy-related products" (June 2025) - Adoption of Law " On the setting of Eco-Design requirements for energy-related products" (December 2025). 	<p>(December 2024)</p> <p>(December 2025)</p>	<p>No legal act in place on labelling to align with EU <i>acquis</i></p> <p>No regulation in place on eco-design</p>	MoIE
<p>Step 3 - Energy efficiency obligation scheme to be adopted in the Law for Energy efficiency (December 2025; bylaws/December 2026),</p> <p>or in alternative alternative measures in line with the Energy Efficiency Directive (EED) to be adopted, and measurement, control and verification systems in accordance with the requirements of the EED to be put in place (June 2027).:</p> <ul style="list-style-type: none"> • Draft Law "On the amendment of Energy Efficiency Law " (December 2024) • Adoption of Law " On the amendments of Energy efficiency " (December 2025). • Draft of secondary legislation for the Energy efficiency obligation scheme. (June 2026) • Adoption of Energy Efficiency obligation scheme (June 2027) 	<p>December 2025</p> <p>December 2026</p> <p>(June 2027)</p>	<p>No legal act in place with establishment of Energy Efficiency scheme/ No bylaws in place</p> <p>No measurement, control and verification systems in place</p>	MoIE

<p>Step 4 – Implement annual rate of building renovation in accordance with indicative targets (number of public buildings renovated) included into the long-term building renovation strategy (Legal Amendments of relevant law/ June 2025;</p> <p>2% of public buildings renovated target / June 2027).</p> <ul style="list-style-type: none"> - Legal amendments of relevant law (June 2025) - Legal amendments of relevant law (June 2027) 	<p>June 2025</p> <p>December 2025</p> <p>(June 2027)</p>	<p>No legal amendments in place on relevant law</p> <p>No strategy in place on building renovation</p> <p>No inventory in place. The target of 2% adopted in the EE law but not enforced thorough CoM Decisions</p>	<p>MoIE</p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------

10 POLICY AREA 5: RULE OF LAW / FUNDAMENTALS

5.1. FIGHT AGAINST CORRUPTION AND ORGANISED CRIME

The fight against organized crime and serious crimes is one of the main priorities of the Albanian institutions, as well as one of the main criteria for the country's EU integration. The consolidation of the rule of law and the increase of security in the country are closely related to the increase of human and logistical capacities in law enforcement institutions, the improvement of the legal framework, the improvement of investigative quality and the strengthening of inter-institutional and international cooperation. On judicial cooperation in criminal matters, Albania is party to some relevant Council of Europe conventions. It is also party to relevant United Nations conventions. Albania has bilateral agreements for judicial cooperation in criminal matters with 8 third countries, some of which cover extradition and the transfer of sentenced persons. 20 Joint Investigation Teams at the Special Prosecutor's Office against Corruption and Organised Crime and 18 Joint Investigation Teams are active in the framework of international cooperation, supported and assisted by EUROJUST. Albania has a cooperation agreement with Eurojust and has a liaison prosecutor deployed to the Hague.

Albania actively participates in the work of Eurojust and was involved in 83 new cases between April 2022 and February 2023, most of them related to money laundering activities, drug trafficking and organised crime. The country has appointed two contact points for Eurojust, one of which, from the General Prosecutors Office of Albania, has been designated National Correspondent for Terrorism Matters. With regard to Albania's accelerated integration request, in December 2022, the Joint Investigation Teams Network granted observer status to Albania. The Commission underlines that all cooperation elements are already in place (cooperation agreements, secondment of liaison prosecutors, appointment of contact points, participation in various expert/focus groups).

Albania has maintained an increasing cooperation with Europol, as shown by the number of messages and cases shared, which in turn have led to a significant number of successful operations against transnational organised crime networks. This ongoing collaboration has not only bolstered Albania's efforts to combat organised crime and enhance domestic and regional security but also strengthened the country's ties with European law enforcement agencies. The increased flow of intelligence and coordinated efforts have resulted in the dismantling of several criminal networks, the apprehension of key suspects, and the disruption of illegal activities ranging from serious and organised crime.

Since 2013, Albania has pursued an operational and strategic agreement with Europol, and has appointed two liaison officers at its headquarters in the Hague. Based on the revised agreement with Europol, the Albanian State Police has extended access to SIENA channel for the Special Prosecution Office and the National Bureau of Investigation (NBI).

Similar access to SIENA has been provided to the Customs and the Financial Intelligence Agency (FIU). Albania participates as an observer in the European Network of Fugitive Active Search Teams (ENFAST) and is actively involved in the European Multidisciplinary Platform Against Criminal Threats (EMPACT), having appointed a National EMPACT Coordinator.

Albania ensures that the exchange of fingerprint data complies with the Framework Decision 2008/977/JHA, which governs the protection of personal data processed in the context of police and judicial cooperation in criminal matters.

According to the statistics, 55 police operations were coordinated and conducted in 2023, representing a 32.2% increase compared to 2022. The same increasing trend was shown by the information exchange with Europol. The Albanian State Police is committed to strengthen engagement with EUROPOL's analytical project representatives and the EMPACT support team. This aims to deepen the overall cooperation with Europol and involvement in analytical projects and EMPACT activities, as well as participation in joint international operations.

R - 5.1.1. Establish an Asset Recovery Office, as a National Coordination Unit and regional/international contact point, contributing to improvement of seizures and confiscation

Albania's legal framework provides for three types of confiscations: criminal confiscation, confiscation regardless of the existence of a conviction decision, and administrative confiscation. Albania has already an Agency of Administration of Seized and Confiscated Assets (AASCA-AMO) in place and operational.

The establishment of the Asset Recovery Office, a structure responsible for the identification and tracking of criminal assets, is recommended as one of the most important reforms in the fight against organized crime in the European Commission's report on Albania, published in November 2023. The establishment of the Asset Recovery Office is one of the main priorities of the Ministry of Interior to enable a complete institutional framework in the fight against organized crime and serious crimes.

Minister of the Interior set up a Working Group for drafting of the law "On the establishment of the Asset Recovery Office" in 2023.

The working group has drafted the draft law on the basis of which the Asset Recovery Office is established in the State Police, responsible for the process of the tracing and identification of proceeds of crime and other crime related property which may become the object of a freezing, seizure or confiscation order made by a competent judicial authority.

Also, ARO will serve as a National Contact Point for the exchange of information, spontaneously or upon request, which facilitates the tracking and identification of income arising from/flowing from or related to criminal activities and will be able to collect, and process comprehensive statistics including the ones to help ARO-s in fulfilling its responsibilities and duties, provided by national judicial bodies and national bodies participating in financial investigation. During the drafting process, experts of the Council of Europe assisted the Monitoring Group, providing assessments and suggestions that were taken into consideration by the Working Group.

In the first quarter of 2024, the draft law was submitted to the relevant ministries for feedback and published on the Public Consultation Platform. It is expected to be approved within 2024. As soon as ARO law is approved and within 2025, Albania will submit an application to join the European Network of Asset Recovery Offices (Carin Network).

Apart from the legal drafting process, the Asset Recovery Office's institutional infrastructure establishment has become feasible. Based on the Order of the Minister of Interior "On the approval of the structure and organization at the central, local level and special structures of the State Police", ARO will serve as a central structure within the Criminal Police Department of the General Directorate of the State Police, and it has been identified as the "Financial Analysis and ARO Unit". The indicators that measure the "operationalization" of ARO are:

- The ARO law adopted and standard operating procedures are in place.
- ARO director and staff are recruited;
- Number of police databases accessed by ARO
- Number of upcoming and ongoing requests for information, domestically and internationally.

The fight against organized crime stands as a primary focus for Albania, and a crucial aspect of achieving its goals involves empowering civil society to prevent corruption and criminality. Targeting and seizing assets obtained through criminal activities aims not only to hit criminals where it hurts the most—their illicit earnings—but also serves as a deterrent against future criminal involvement. Effective management and use of confiscated assets are one of the main ways to ensure that what has been stolen from societies is returned. Social reuse of assets sends a strong signal to citizens about the strength and effectiveness of the rule of law and public institutions.

Regarding its legal basis, Albania has adopted Law 10192/2009, known as the "Law on Prevention and Fighting of Organized Crime, Trafficking, Corruption, and Other Crimes through Measures for the Prevention of Assets," commonly referred to as the "anti-mafia law". This legislation includes provisions for the social reuse of confiscated assets.

The proceeds from the sale of confiscated assets, confiscated monetary values, and other income contribute to the creation of the "confiscation fund," a part of which is designated as the "special fund." The "special fund" serves various purposes, including providing assistance to victims of organized crime and trafficking, as well as promoting social programs for these categories and compensating these victims as determined by court decisions.

Apart from central institutions, beneficiaries eligible for project financing from the special fund may include:

- Local government units where confiscated immovable assets are located.
- Non-profit organizations dedicated to social, cultural, and health rehabilitation, focusing on vulnerable groups affected or endangered by crime. This includes organizations and therapeutic centers, rehabilitation facilities for drug users, and centers aiding and rehabilitation for victims of human trafficking.

Applications for project financing from the special fund, along with verification and documentation preparation, are submitted to the Inter-institutional Committee for Measures Against Organized Crime. This committee decides on project financing and the allocation of funds to applicants. Following approval, the implementation of these projects is monitored by the Agency for the Administration of Seized and Confiscated Assets.

Table 22: Outcomes and results (induced outputs) – 5.1.1. Establish an Asset Recovery Office, as a National Coordination Unit and regional/international contact point, contributing to improvement of seizures and confiscation

Outcome	Induced output (=results)	Reform which contributes to achievements
Strengthen the country's legal and institutional framework against financial crimes, ensuring that assets derived from such activities are efficiently recovered and appropriately utilized.	<p>An Asset Recovery Office is established and operational (June 2025).</p> <p>Submit an application to join the European Network of Asset Recovery Offices or in regional/international recovery platforms (December 2025).</p> <p>At least 50% of the number and value of confiscated assets are re-used (include social re-use) within 6 months from the confiscation (December 2026).</p>	5.1.1. Establish an Asset Recovery Office, as a National Coordination Unit and regional/international contact point, contributing to improvement of seizures and confiscation

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsibility institutions
5.1.1. Establish an Asset Recovery Office, as a National Coordination Unit and regional/international contact point, contributing to improvement of seizures and confiscation			Ministry of Interior (MoI)
<p>Step 1 - An Asset Recovery Office is established and operational</p> <ul style="list-style-type: none"> - Asset Recovery Office draft law is adopted by Council of Ministers following consultations with line ministries and relevant institutions, general public, EUD etc ((December 2024) - ARO draft law adopted by Parliament (June 2025) - By laws on enacted ARO law drafted with the guidance of CoE experts (June 2025) - ARO structure established within the Albanian State Police (June 2025) 	(June 2025)	There is no current legal act in place	MoI
<p>Step 2 - Submit an application to join the European Network of Asset Recovery Offices or in regional/international recovery platforms</p> <ul style="list-style-type: none"> - Contacts with regional and international platforms on asset recovery established (December 2025) - Application to join the European Asset Recovery Offices Network submitted (December 2025) 	(December 2025)	No current application to join the European Network of Asset Recovery Offices or in regional/international recovery platforms	MoI
<p>Step 3 - At least 50% of the number and value of confiscated assets are re-used (include social re-use) within 6 months from the confiscation (December 2026).</p> <ul style="list-style-type: none"> - Design a baseline and indicator on number and/or value of confiscated assets (December 2024) - Improve the administration and reuse of confiscated assets procedure with the aim to preserve the value of the asset and /or enable its re-use, within six months (June 2025) - Carry out efficient and timely procedures in administering and/or re-use (including social re-use), the latter within six months from the confiscation (December 2026) 	(December 2026)	85 confiscated real estates until December 31, 2023 without legal and financial burden.	MoI

R - 5.1.2. Strengthen repression of corruption and organised crime, including in high-level cases

The Albanian Government has approved the “Strategy against Organized Crime and Serious Crime 2021-2025, and the Action Plan 2023-2025”, as amended. The strategy and its action plan vision is protecting citizens and the country's development from the threats and influence of organized crime through increasing deterrent power and reducing risks. The strategy serves as a guide for the practical implementation of the comprehensive approach against illegal activities and organized crime structures, which includes the interaction between the public sector, the private sector, the community and citizens.

In order to monitor the level of implementation and the progress of the planned measures in the field of the fight against organized crime, the Minister of the Interior draws up six-monthly and annual Monitoring Reports on the Strategy against Organized Crime and Serious Crimes 2021-2025. Alongside with the monitoring reports of the Ministry of the Interior, the Albanian State Police draws up its own Risk Analyses, in order to update information on criminal groups, including high-level cases. Specifically, the Risk Threat Assessment on Criminal Groups is prepared once in two years, while the National Risk Threat Assessment is prepared every year.

One of the envisaged measures in the “Rule of Law Roadmap” for the Chapter 24, is the monitoring of the implementation of the Strategy on Organized and Serious Crime and its Action Plan 2023-2025, its renewal and pursuit for the period 2026-2030. In this context, in accordance with the Roadmap, section 5.1.2, foresees the preparation of six-monthly and annual reports of this strategy. The monitoring reports provides an overview of the implementation status of measures in the fight against organized crime, while also setting out priorities and requirements for the upcoming period. As described in the second step of 5.1.2, alongside the monitoring reports, the Albanian State Police prepares its technical analyses. Specifically, ASP draws up the Risk Assessment on Organised and Serious Crime and Assessment of Criminal Groups

Another step outlined in the Roadmap is the increased access to databases for LEA, Special Prosecution and the National Bureau of Investigation which is prescribed in the third step of this section.

Benchmarks for access to and interoperability of databases²⁷:

1) ASP ensures direct access to at least 5 databases (e.g data related to ownership, financial transactions, insurance, domains, transport, judicial etc) (June 2026)

2) Enhanced interoperability of secured information platforms by LEAs:

-Extend SIENA channel to the Albanian border police personnel in the joint BCPs in the border with Greece, North Macedonia and Montenegro (June 2025), to ASP's Contact persons to EMPACT (December 2025), and to the Taxation Directorate (June 2026).

With respect to the step: “Expand access and interoperability of databases and use of IT tools /investigative methods in fight against organised crime investigation”, the benchmark is:

- The increased number of public databases accessed by law enforcement agencies (i.e ASP);
- Expanded access to secured information exchange platforms (i.e SIENA) to law enforcement structures/agencies to ensure further interoperability

Ensuring direct and increased access to databases to LEA, in particular police structures leads to improved information exchange, in-depth and thorough investigations, reduction of unauthorised exposure (i.e to administrative staff) of police investigations through written correspondence, enhanced interoperability of databases among LEA (i.e ASP with Customs, Taxation, NBI, etc) and eventually fostered cooperation in the framework of the fight against organized crime. Existing and new public registers are continually identified by the ASP, whose direct access may prove crucial for police investigations taking into consideration their data related to properties, domains, financial transactions, judicial record and alike. or through the ASP. Such information ensures quick verifications by the police, and broader scope of investigation by prosecution.

²⁷ Source of verification: ASP (Albanian State Police)

Online databases lead to enhanced confidentiality through authorized access, regular monitoring and reactive audits, while ensuring investigators speedy and easy access to useful information. Whereas, expanded access to secure information exchange platforms (i.e SIENA) to relevant police structures and other eligible agencies in full compliance with the legal provisions in place (the amended Agreement between the Republic of Albania and Europol), ensures increased information exchange with Europol and the Member States.

Organized crime is deterred through the use of increasingly proactive and effective investigations, notably focused on financial aspects, including corruption-related and money laundering suspicions, leading progressively to a solid track record of prosecutions, convictions, seizure and confiscation of criminal assets. Benchmarks are as follows (with 2023 as baseline):

- Progressive increase of the use of special investigation techniques each year. (ASP as source of information)
- Systematic use of financial investigations parallel to criminal investigations by June 2026 (ASP and SPAK as sources of information, with progressive increase in 2024 and 2025).
- Increased international cooperation of LEAs and prosecution (ASP, Europol, Eurojust data)

In the framework of institutional development and progress in the fight against organized crime, support is needed for the modernization of systems in use by public security structures, the increase of human capacities through continuous training, the improvement of infrastructure and logistics, in order to responding to the needs of technological development, advanced forms of criminality and its transnational nature, the need for cooperation and the exchange of information. Specifically:

- Technical assistance for the improvement of institutional capacities to carry out complex financial investigations in parallel with criminal investigations and especially the improvement of financial investigation techniques;
- Assistance in securing access to information exchange networks and guaranteeing cyber security of these networks;
- Funding for the updating of various systems in use by the State Police (Interpol Web Service for Data Management, ISDM and WISDM, in the TIMS system of the State Police; INTERPOL's FIND system, incorporated in the TIMS system since 2009, in the FIND version 0.4; the redesign of the TIMS system, etc.).
- Training of crime investigation structures in the State Police on the most advanced forms and methods of investigation and criminal activities (ex. cryptocurrencies), cybercrime (with a focus on the investigation and prosecution of crimes against children committed via the Internet, pornography, protection and prevention) as well as joint training between judicial police officers and prosecutors (financial crimes, money laundering and illegal trafficking offenses, etc.);
- Trainings for the use of relevant information exchange systems and platforms in the field against organized crime and serious crimes. (e-platform)

In the ongoing efforts, combatting corruption stands out as a paramount concern for the government, simultaneously acting as a crucial driver for advancing with consolidation of justice reform. Progress in implementing this reform has yielded promising outcomes. Albania's commitment to international anti-corruption frameworks, such as the United Nations Convention against Corruption and the Council of Europe's conventions, underscores its obligation to prevent and penalize corrupt practices.

The Specialized Structure for Anti-Corruption and Organized Crime (SPAK) has pursued criminal investigations and financial inquiries in several high-profile cases. Increasing quality of justice and convictions in these cases remains a key priority to challenge the prevailing culture of impunity. The vetting process for judges and prosecutors continues to yield positive results in combating corruption within the judiciary.

In 2022, assets totaling EUR 38 million were seized in connection with corruption-related offenses, a notable increase from EUR 21 million in the previous year. Additionally, there was a rise in the number of criminal and administrative reports filed, along with disciplinary measures taken. To further strengthen anti-corruption efforts, it's imperative for relevant agencies to adopt a systematic preventive approach based on the analysis of disciplinary records and other misconduct instances.

Albania is committed to continue its progress in terms of the quality of proceedings on investigations, convictions, seizure and confiscation of assets for corruption related crimes, in full compliance with due process rights. This commitment is included as a step in the Reform Agenda, whereas the baseline for measuring its impact would be the average performance in the three previous years (2022-2023 & 2024 for June 2026 deadline) (2023, 2024, & 2025 for June 2027 deadline) according to the data on Albania in the EU Organised Crime and Corruption Track Record platform (OCCTR), while the indicator would be the quality performance of the justice system in tackling corruption, in full compliance with due process rights, taking into account the annual reports of the State Police and public annual reports of related prosecution/judicial bodies.

Table 23: Outcomes and results (induced outputs) – 5.1.2. Strengthen repression of corruption and organised crime, including in high-level cases

Outcome	Induced output (=results)	Reform which contributes to achievements
Enhance the national infrastructure and capabilities for addressing organized and serious crimes, ensuring that law enforcement agencies are equipped with the necessary tools and information to effectively combat these threats.	<p>Produce the threat assessment of organized and serious crimes and review the National Strategy and its Action Plan, on Organized and Serious Crimes, accordingly (June 2026)</p> <p>Expand access and interoperability of databases and use of IT tools /investigative methods in fight against organised crime investigation (December 2026).</p> <p>- Continuous progress with the quality of proceedings in full compliance with due process rights, and improving the track record of effective and efficient investigations, prosecutions, final judgements, seizure, and final confiscations in corruption, including high-level corruption cases (by June 2026) repeated in (by June 2027).</p> <p>Continuous progress with results in the field of investigations, prosecutions, convictions, seizure and confiscations of assets in organised crime related cases (June 2027).</p>	5.1.2. Strengthen repression of corruption and organised crime, including in high-level cases

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsibility institutions
5.1.2. Strengthen repression of corruption and organised crime, including in high-level cases			Ministry of Interior (MoI)
<p>Step 1 - Produce the threat assessment of organized and serious crimes and review the National Strategy and its Action Plan, on Organized and Serious Crimes, accordingly (June 2026) :</p> <ul style="list-style-type: none"> - Drawing up six-monthly and annual Monitoring Reports on the Strategy against Organized Crime and Serious Crimes 2021-2025; - Drawing up an Evaluation Report of the current Strategy against Organized Crime and Serious Crimes 2021-2025 (December 2025) - Drawing up the Risk Assessment on Organised and Serious Crime and Assessment of Criminal Groups (September 2026) - The new strategy on organized and serious crimes 2026-2030 is in place (June 2026) 	(June 2026)	No current threat assessment in place, and no review is made up to now for the National Strategy and Action Plan on organized and serious crimes	MoI
<p>Step 2 - Expand access and interoperability of databases and use of IT tools /investigative methods in fight against organised crime investigation (December 2026):</p> <ul style="list-style-type: none"> - Identification of new databases accessible by law enforcement authorities (June 2025) - Provide new IT tools/investigative methods to LEA/ and SPO with EU and other partners support, etc. (December 2026) 	(December 2026)	No current mapping in place of databases accessed by ASP/ other LEA-s	MoI
<p>Step 3 - Continuous progress with the quality of proceedings in full compliance with due process rights, and improving the track record of effective and efficient investigations, prosecutions, final judgements, seizure, and final confiscations in corruption, including high-level corruption cases (by June 2026) repeated in (by June 2027).</p>	(June 2026, June 2027).	The average performance in the three previous years (2022- 2023 & 2024 for June 2026 deadline) (2023, 2024, & 2025 for June 2027 deadline) according to the data on Albania in the EU Organised	Ministry of Justice

		Crime and Corruption Track Record platform (OCCTR)	
Step 4 - Continuous progress with results in the field of investigations, prosecutions, convictions, seizure and confiscations of assets in organised crime related cases (June 2027).	(June 2027).	The average performance in the three previous years (2023, 2024, & 2025 data) according to the data on Albania in the EU Organised Crime and Corruption Track Record platform (OCCTR)	Ministry of Justice

5.2. COOPERATION IN THE FIELD OF DRUGS

The global supply of illicit drugs is growing notably, with cultivation and production of cocaine having reached unprecedented highs. Demand for illicit drugs, especially among young people, has also soared. Regional challenges on this subject include the alarming pace of synthetic drugs development, the increased use of the Internet in drug transactions, and the negative impact which the illicit drugs market has on the environment.

The Ministry of the Interior and the Ministry of Health and Social Protection/Institute of Public Health are the lead bodies in, respectively, the fight against drug trafficking and drug-demand reduction. Albania has not yet established a National Centre of Information on Drugs (national drug observatory), and this is one of the objectives under the Growth Agenda. The Institute of Public Health is mandated to collect and report data on drugs in the country as well as other data, according to the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)'s standard tables. The main structures in the fight against drug trafficking are the Special Structure Against Corruption and Organised Crime (SPAK), and Prosecution Offices of general jurisdiction.

Albania should set up an operational observatory with the necessary human and financial resources, which is crucial for implementing a comprehensive data collection system on drugs, coordinating a drug information system, and for associating Albania to the EU's Reitox network.

A National Early Warning System (NEWS) coordinator is in place, who has been appointed by the Ministry of the Interior, while Albanian experts have undergone training courses, still there is an intention to strengthen the Early Warning System too.

R – 5.2.1. Strengthen the institutional capacity and strategic framework with the aim of reduction of illicit drugs supply and demand

The fight against drugs and illegal traffic has continued to be the main focus of the activity of the State Police in particular and specialized structures in general, engaging in the implementation of tasks planned for the prevention, detection and suppression of criminal activity.

The fight against narcotics and trafficking relies on strengthening inter-institutional coordination as well as cooperation with counterpart structures at the regional and international level, increasing the efficiency of investigations, especially through the use of special investigation methods (simulation actions, infiltration, controlled delivery), carrying out police operations, as well as joint international investigations, increasing and strengthening the capacities of the structures of the fight against drugs and trafficking by equipping them with the necessary tools and equipment, as well as in the continuous training of personnel and in monitoring and evaluation of results in the field of drug supply reduction.

As for the strategic framework, the fight against narcotics and its use is addressed in the "Strategy against Organized Crime and Serious Crimes 2021-2025" and in the "National Health Strategy 2021-2030".

In the framework of the fight against narcotics, Albania is committed to the establishment of the Early Warning System and the National Drug Observatory. The Early Warning System is expected to be operational by the end of 2025, while the National Drug Observatory in 2026.

Table 24: Outcomes and results (induced outputs) – 5.2.2. Strengthen the institutional capacity and strategic framework with the aim of reduction of illicit drugs supply and demand.

Outcome	Induced output (=results)	Reform which contributes to achievements
Enhance the nation's ability to address and manage drug-related issues effectively so that the country is better equipped to reduce drug-related harms and improve public health outcomes.	<p>Evaluate the implementation of the revised Action Plan on prevention, treatment and reduction of drug-related-harms 2023-2026 (June 2027)</p> <p>A National Early Warning System is operational (December 2025).</p> <p>A National Drugs Observatory is operational (December 2026).</p>	5.2.2. Strengthen the institutional capacity and strategic framework with the aim of reduction of illicit drugs supply and demand

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsibility institutions
5.2.2. Strengthen the institutional capacity and strategic framework with the aim of reduction of illicit drugs supply and demand			Ministry of Interior (MoI)
<p>Step 1 - Evaluate the implementation of the revised Action Plan on prevention, treatment and reduction of drug-related-harms 2023-2026</p> <ul style="list-style-type: none"> Order of MoHSP for the establishment of the working group for the assessment of implementation of Action Plan approved (December 2026) The assessment report delivered (June 2027) 	(June 2027)	No current evaluation of the new Action Plan	MoI/ MHSW
<p>Step 2 - A National Early Warning System is operational:</p> <ul style="list-style-type: none"> Order(s) of the PM on setting up an interinstitutional Working Group for the analysis of legislation and best practices on EWS and NDO and final report of WGs delivered (December 2024) Drafting of regulatory basis and operating procedures for EWS (June 2025) Designation of focal point/coordinator of EWS and contact points from relevant institutions/agencies; EWS is established and operational (December 2025) 	(December 2025)	The EWS is not operational	MoI/ MHSW
<p>Step 3 - A National Drugs Observatory is operational:</p> <ul style="list-style-type: none"> Order(s) of the PM on setting up an interinstitutional Working Group for the analysis of legislation and best practices on EWS and NDO and final report of WGs delivered (December 2024) Drafting of regulatory basis for setting up the NDO (December 2025) Operating procedures drafted (June 2026) NDO staffed and operating as inter-institutional coordination body or structural unit (December 2026) 	(December 2026)	The NDO is not operational	MoI/ MHSW

5.3. Money Laundering

Albania actively participates in the work of Eurojust and was involved in 83 new cases between April 2022 and February 2023. Most of these cases were related to money laundering activities, drug trafficking and organised crime.

On money laundering, both the centralised bank account register and the beneficial ownership (BO) register are in place. The beneficial ownership register is now almost fully populated, comprising 99% of businesses and 94% of NGOs by April 2023. Since July 2022, sanctions are in place for subjects who fail to comply with BO registration obligations. A dedicated electronic register (PRESTO), which the General Prosecution Office introduced in July 2021 to ensure that all money laundering cases are tracked, is in full use.

On October 27, 2023, the Financial Action Task Force (FATF) has decided to remove Albania from the grey list, also known as enhanced monitoring. This is a result of the progress that Albania has made in implementing the recommendations. This decision carries a range of positive impacts, both in terms of reputation and in reducing the costs of financial transactions within the banking system, both domestically and internationally. This achievement serves as a motivation to continue strengthening the fight against money laundering and the financing of terrorism.

5.3.1. Ensure a reliable and stable framework to prevent and counter money laundering

In December 2023 Albanian Authorities have finalized and approved the National Risk Assessment (NRA) for ML/FT with 3-year Action Plan. The NRA is a document which has as main scope to assess a country's level of exposure to money laundering and terrorism financing. The Action Plan has 10 objectives to address and mitigate the ML/TF risks identified by the NRA. Albania is now committed to implement the Action Plan timely and effectively. This will be measured by the annual reports on the implementation of the Action Plan, which will indicate the level of implementation (see the last substep on the first step of table for implementation and responsibilities).

With regard to the National Strategy on prevention of Money Laundering and Countering Terrorism Financing and its Action Plan 2024-2030 (adopted in December 2024), the drafting of this strategy comes as a result of the need to address international recommendations/standards, the findings of the national risk assessment, the country's vision for achieving the Albania objectives in this field, addressing the challenges of national security and Albania's role in the region and internationally.

The fulfillment of the measures of both these documents will ensure “reliable and stable framework to prevent and counter money laundering”, aiming at prevention, outreach, supervision, national and international cooperation, public-private partnership, investigation and overall enforcement measures.

Table 26: Outcomes and results (induced outputs) - 5.3.1. Ensure a reliable and stable framework to prevent and counter money laundering

Outcome	Induced output	Reform which contributes to achievements
Enhanced regulatory compliance, strengthened enforcement mechanisms, thereby bolstering the country's defences against money laundering and financial crimes.	Effectively and timely implement the Action Plan of the National Risk Assessment (NRA) on Anti-Money Laundering 2024-2027 (June 2027)	5.3.1. Ensure a reliable and stable framework to prevent and counter money laundering
Robust preventive measures, reinforced legal frameworks, and improved international cooperation, significantly enhancing the country's capacity to combat financial crimes and terrorism financing.	Adopt a new National Strategy on prevention of Money Laundering and Countering Terrorism Financing and its Action Plan 2024- 2030 (December 2024)	

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsible institutions
5.3.2. Ensure a reliable and stable framework to prevent and counter money laundering			Ministry of Finance / FIA
<p>Step 1 - Effectively and timely implement the Action Plan of the National Risk Assessment (NRA) on Anti-Money Laundering 2024-2027 (June 2027):</p> <ul style="list-style-type: none"> - Trainings for the private and public sector in the field of ML/FT annual (2024-2026); - Improve outreach by sharing new and emerging ML/TF typologies by annual trends note (2024-2026), between private and public institution. - Regular annual inter-institutional periodic meetings with the private and public sector, with the aim to increase the cooperation, discuss current typologies and other issues of mutual interest of the parties involved (2024-2026). - Reassessment from the General Directorate of Customs, of the methodology/procedures/manuals for the border control cash declarations (December 2024). - Issue implementation report of the Action Plan indicating the level of implementation (June 2027) 	(June 2027)	<p>Status of implementation of the Action Plan of the National Risk Assessment (NRA) on Anti-Money Laundering 2024-2027</p> <p>(The Action Plan is currently under implementation. Semi-annual Monitoring Report for 2024, produced by FIA, discussed and approved by the Coordination Committee for the Fight against Money Laundering in July 2024.)</p>	MoF / FIA
<p>Step 2 - Adopt a new National Strategy on prevention of Money Laundering and Countering Terrorism Financing and its Action Plan 2024- 2030 (December 2024)</p> <ul style="list-style-type: none"> - Consolidated and consulted draft prepared (June 2024). - Consult the consolidated draft with related institutions and interested parties (September 2024) - Approval of strategy from the Coordination Committee for the Fight against Money Laundering (CCFAML) (December 2024). 	(December 2024)	<p>Status of the National Strategy on prevention of Money Laundering and Countering Terrorism Financing and respective Action Plan</p> <p>The strategy is currently under development, in consultation process.</p>	MoF / FIA

5.4. JUDICIARY

The Justice Reform is considered one of the most profound legal and institutional reforms that has impacted the country's justice system in the last decades. Its goal is to create a reliable, effective, independent, and professional justice system, based on the principles of the rule of law and in compliance with European standards.

The Justice Reform achieved fundamental positive change, the changes touch on several important legal improvements, re-conceptualizing and ensuring the application of constitutional principles, such as the independence and impartiality of the judiciary.

One of the fundamental objectives of the Justice Reform is to increase public trust in the justice system, its independence, and effective functioning. Based on this, as an integral part of the package of constitutional changes, the Albanian Parliament adopted the law on the Transitional Re-evaluation of Judges and Prosecutors in the Republic of Albania. The purpose of this law was to establish specific rules for the re-evaluation of all judges and prosecutors, as a process that would serve to ensure their professionalism, moral integrity, asset verification, and to uncover any potential connections or influences from corruption. This transitional re-evaluation of judges and prosecutors, also known as "vetting", is considered by the Venice Commission as one of the most important reform measures for the justice system, viewed as an extraordinary, transitional, and necessary measure.

This new institutional architecture of the justice system has produced its initial visible results in several directions, including, among others: very positive outcomes in the implementation of the transitional re-evaluation process; in the appointments of judges to the Constitutional Court and judges to the High Court from the ranks of distinguished jurists; in the full operation of all governance bodies of the justice system, and in the establishment and functioning of all specialized structures in the fight against corruption and organized crime. Concurrently, the School of Magistrates has continued to train newly qualified judges and prosecutors, and to provide training for those in office, thanks to revised training curricula.

Albania's legislative and institutional framework on judiciary has a high level of alignment with the EU acquis and European standards. The 2016 Judicial Reform led to profound reform of the legal and institutional framework of the judiciary and prosecution services and put in place legal guarantees to strengthen the independence of the judiciary and prosecution, including: unblocking mechanisms for the appointment of judges and prosecutors; tools to avoid political influence in justice institutions, accountability mechanisms, and the vetting of all sitting judges and prosecutors. The 2016 Judicial Reform led to a full institutional restructuring of the judiciary and prosecution services in line with European standards, including the reform of the Constitutional Court and the establishment of new bodies for the self-governance of the judiciary.

The political commitment of Albania to reforming the judiciary is evident through measures aimed at consolidating judicial independence and accountability, through enhanced transparency and improving judicial efficiency at all levels. These measures reflect a strategic intention to strengthen the integrity and effectiveness of the judiciary. Additionally, enhancing efficiency at all judicial levels is designed to streamline processes, reduce delays, and increase the overall responsiveness of the justice system. This holistic approach to reform demonstrates a robust national will to align with European standards and best practices in judicial governance.

Furthermore, Albania has achieved significant progress in gender mainstreaming within the judiciary system. According to 2023 data, women represent 53% of judges and 35% of prosecutors in the system.

Regarding prosecution offices: As of December 2023, out of a total of 208 prosecutors, there are 135 males and 73 females. Specifically, 67 female prosecutors are part of the first instance level, 3 are part of the Prosecutor's Office at the Tirana Court of Appeal, and 3 are at the PO at the Supreme Court level.

The data for women judges is as follows: As of December 2023, there are 243 judges in duty, comprising 130 women and 113 men across all court levels. This includes 86 female judges at the courts of the first instance, 15 at the Administrative Court of the First Instance and the Appeal Administrative Court and 5 at the Supreme Court. Of special note is the Tirana Court of Appeal, which is comprised of 18 female judges that constitute 70% of the total number of judges and the Special Court of Appeal for Corruption and Organized Crime that is comprised of 6 female judges constituting 67% of the total number of judges.

Albania will continue the progressive finalization of the reform within 2026, including through legal changes ensuring the irreversibility of the positive results of the vetting process measures ensuring efficiency; implementation and strengthening of provisions regulating the pre-election of the non-magistrate members of the HJC and HPC and other self-governance institutions that will be aligned. These efforts focus on ensuring efficient justice delivery and upholding vetting standards for the appointment of non-magistrate members of the Councils and career development of magistrates and other justice stakeholders. This commitment includes conducting analysis and maintaining the best standards.

The vetting process, a cornerstone of this reform, with a focus on high-quality evaluations and consistent referral of suspicious cases to prosecution. Prosecution services will proactively initiate criminal proceedings against judges and prosecutors whose vetting process revealed criminal elements.

Progress is being made on the case management system, particularly with the elaboration of the interoperability framework, setting the basis for the roll-out of the system and broadbased agreement on coordinating financing of the system.

Albania is engaged to ensure effective cooperation between justice institutions, allocating adequate resources and ensuring efficient systemic functioning of the justice sector as essential elements for the successful implementation of judicial reform. In our unwavering commitment to prioritizing the objectives of the Albanian Government's Justice Reform and in the context of Albania's EU accession negotiations and to address the above challenges, the Ministry of Justice, in close collaboration and consultation with all stakeholders, is finalizing the Crosscutting Justice Strategy 2024-2030. This strategic document is designed to implement measures outlined in the Roadmap for the Rule of Law, adopted in December 2023 by Decision of the Council of Ministers no. 736, dated 13.12.2023, detailing strategic measures and the institutional framework aligned with the European Commission's findings in the Screening Report.

Our aim is to advance Justice Reform and align with the relevant *acquis*. The Republic of Albania is dedicated to achieving tangible results, such as consolidating reform achievements, ensuring independence and impartiality, enhancing accountability, improving the quality of justice, and increasing efficiency.

5.4.1. Consolidate judicial independence and accountability by transparency

The Albanian judicial system operates under the governance of independent, self-governing bodies, including the High Judicial Council (HJC) and the High Prosecutorial Council (HPC). These councils are pivotal in the appointment, transfer, promotion, and performance evaluation of judges and prosecutors, adhering strictly to merit-based and transparent criteria, as mandated by law. The Councils are also responsible for disciplinary actions against judges and prosecutors, based on cases presented by the High Justice Inspector (HJI).

In terms of accountability, a thorough vetting process is in place for all magistrates, ensuring integrity and high ethical standards. The vetting process, a cornerstone of this reform, is expected to be completed by 2026 at the appeal level, with a focus on high-quality evaluations and consistent referral of suspicious cases to prosecution.

The Independent Qualification Commission and the Public Commissioner will ensure the finalization of all pending vetting cases by 2024. Albanian institutions, including the SPO by January 2025 in accordance with legal obligations, will ensure systematic referral of cases to the prosecution office where suspicions of criminal elements exist. Prosecution services will proactively initiate criminal proceedings against judges and prosecutors whose vetting process revealed criminal elements.

The Parliament is the responsible institution for the appointment of non-magistrate members of the High Judicial and Prosecutorial Council, in full accordance with the legal framework in force. The legislation in Albania stipulates fully and clearly the procedures and rules the relevant authority should follow for the appointment of non-magistrate members.

The composition of the Councils reflects a balance between judiciary members and non-magistrate representatives from advocates, academics and civil society, selected by the Parliament. This structure, notably

excluding the President of the Republic and the Minister of Justice from the previous High Council of Justice, marks a significant step towards demarcating judiciary independence from executive influence.

The Constitution provides for the general principles applicable in the pre-selection phase for the lay members of the HJC and HPC. Further adjustments to legislation are foreseen in line with the Constitution, as there is a need to align pre-selection procedures with high standards in relation to the background checks and asset declarations. The procedure will be conducted in a more unified/regularised manner and there is a need to facilitate swift background checks by gathering information from all the relevant institutions. Furthermore, asset checks need to be regularised for the categories of those who may hold an official position by being members of these Councils, such as lawyers or civil society. Detailing further pre-selection standards at all levels before final selection of members and eventual election by the Parliament, will facilitate the ongoing work of the Parliament, enhance transparency, and most importantly ensure an equal standard of integrity checks for all categories of Council members. Further discussion with experts and the Commission will be required for the purpose of implementing the foreseen step.

Another important step to ensure the judicial consolidation is transparency, and the High Judicial and Prosecutorial Councils aim to fulfil all the transparency requirement conditions by sharing publicly all the information related to appointments, promotions, evaluations and transfers, as well as the level of implementation of recommendations of thematic inspections by High Judicial Council.

Table 27: Outcomes and results (induced outputs) – Consolidate judicial independence and accountability by transparency

Outcome	Induced output (=results)	Reform which contributes to achievements
<p>Ensuring a more accountable, transparent, and effective justice system, enhancing the rule of law and public confidence in the judiciary.</p> <p>Increase accountability and combat corruption within the justice sector.</p> <p>Enhance trust in the justice system and promote fair and impartial decision-making.</p> <p>Improve transparency and accountability, fostering public trust in the justice sector.</p>	<p>Vetting cases with suspicion of criminal elements finalised at first instance (IQC) [with termination decision] referred to the prosecution office (December 2024) and effective judicial follow up for vetting cases resulting with suspicion of criminal elements continue to be referred to prosecution (June 2025).</p> <p>Amend provisions regulating pre-election of the non-magistrate members of the HJC and HPC, in line with the Constitution of the Republic of Albania, to align with the high standards of integrity, background check and asset declaration applicable to magistrates and to ensure fullest application of the merit-based principle based on independent ranking. (December 2027)</p> <p>The High Judicial and Prosecutorial Councils ensure high transparency, share publicly all the information related to appointments, [career periodic [evaluations], promotions and transfers, as well as the level of implementation of recommendations of thematic inspections by HJI (June 2025)</p>	<p>5.4.1. Consolidate judicial independence and accountability by transparency</p>

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsibility institutions
5.4.1. Consolidate judicial independence and accountability by transparency			Lead: Ministry of Justice + the above institutions
<p>Step 1 - Vetting cases with suspicion of criminal elements finalised at first instance (IQC) [with termination decision] referred to the prosecution office (December 2024)</p> <p>and effective judicial follow up for vetting cases resulting with suspicion of criminal elements continue to be referred to prosecution (June 2025):</p> <ul style="list-style-type: none"> • IQC prepares a plan to complete referrals of cases with suspicious criminal elements finalized at first instance IQC (with termination decisions) to prosecution office (June 2024) • Complete referrals of cases with suspicious criminal elements finalized at first instance IQC (with termination decisions) to prosecution office (December 2024) • Data on effective judicial follow up of referrals of cases with suspicious criminal elements finalized at first instance IQC (with termination decisions) is updated regularly on the e-platform for the collection of data related to corruption and other serious crimes (June 2025 – every 3 months) • SPO reports regularly on the proceedings of the referred cases with suspicious criminal elements finalized at first instance IQC (January 2025 – every 3 months) 	<p>December 2024</p> <p>(June 2025)</p>	<p>Total number of cases with termination decision evidenced by IQC in January 2024.</p> <p>34 cases of referral by IQC to the prosecution offices in 2023</p> <p>Status of actual judicial follow up for vetting cases</p>	<p>Ministry of Justice</p> <p>Independent Qualification Commission (IQC), the Appeal Chamber (AC)</p>
<p>Step 2 - Amend provisions regulating pre-election of the non-magistrate members of the HJC and HPC, in line with the Constitution of the Republic of Albania, to align with the high standards of integrity, background check and asset declaration applicable to magistrates and to ensure fullest application of the merit-based principle based on independent ranking. (December 2027)</p>	<p>(December 2027)</p>	<p>No current threat assessment in place, and no review is made up to now</p>	<p>Ministry of Justice</p> <p>The Parliament, the People's Advocate institution</p>

•			
<p>Step 3 - The High Judicial and Prosecutorial Councils ensure high transparency, share publicly all the information related to appointments, career periodic evaluations, promotions and transfers, as well as the level of implementation of recommendations of thematic inspections by HJI (June 2025).</p> <ul style="list-style-type: none"> • The High Judicial and Prosecutorial Councils make assessment and endorse a methodology for transparency and publication of information on appointments, promotions and transfers in line with applicable data protection legislation²⁸ (December 2024) • The High Judicial and Prosecutorial Councils first publish generalised data on appointments, promotions and transfers in the judiciary (June 2025 – every 3 months) • The High Judicial and Prosecutorial Councils first publish generalised data on level of implementation of recommendations of thematic inspections by HJI (June 2025 – annually within 3/6 months of the following year) 	(June 2025)	The current methodology of HJC, and HPC for transparency and publication of information on appointments, promotions and transfers	The High Judicial Council, High Prosecutorial Council, High Justice Inspector

²⁸ Albanian institutions are subject to the provisions of the law no. 9887, dated 10.3.2008 “on the protection of personal data” and the mandatory recommendations of the Personal Data Commissioner

R – 5.4.2. Enhance judicial efficiency at all levels

Significant progress towards a more efficient, transparent, and responsive judicial system, enhancing the rule of law and public confidence in the judiciary, will be achieved through implementation of a comprehensive roadmap to increase efficiency and reduce backlog, based on CEPEJ backlog reduction tool-book, leading to reduced overall backlog and disposition time in civil and commercial cases and improved national judicial statistics.

Thorough analysis will be conducted by the HJC and GPO/SPO to streamlining the procedural laws on further efficiency gains. The HJC/court councils and GPO will develop and adopt a backlog reduction strategy, regulating equitable workload allocation, for courts and prosecution offices at all levels within 2025 and implementing measures from 2025 and onwards.

The HJC and HPC will advance the appointments of judges and prosecutors at all levels. They will further enhance the procedures of the appraisals and promotions of magistrates, based on qualitative and quantitative criteria and increase the transparency of the process.

The Government Gateway – e-Albania – is the state database which ensures interoperability among all state databases and is a precondition for accessing necessary data (such as Civil Registry, Register of Immovable Properties, Register of Movable Properties, Criminal Records, Notarial Register, Testimonial and Wills Register, among others), as well as other essential data for the well-functioning of the judicial system, and increase of efficiency by reducing paper-based work, lowering/extinguishing administration handling fees, and increasing digital process modernization.

Albania is taking the necessary steps to ensure the budget is available for the justice system to establish the modern Integrated Case Management System, ensuring its roll-out and allowing, for instance, digital cooperation between courts and electronic submission of documents in light of a smooth adaptation to the existing and future digital judicial cooperation procedures in the EU’.

It should be noted that the Integrated Case Management System will be a system completely administered by the HJC as the Coordinating Regulatory Authority in the sense of Law No. 10 325 dt 23.09.2010 "On the state databases". The by-laws in force have provided concrete measures to guarantee the independence of this system in the management, administration as well as in guaranteeing the cyber security. It is the QTI, within the HJC, the collegial body which according to point 6 of DCM no. 972 dt 2.12.2020 "On the organization, operation and determination of the competences of the QTI for the justice system" provides that the Center, in fulfilling its activities, is based on the principles of:

- a) guaranteeing the independence of the judiciary and the separation of powers;
- b) guaranteeing the security and integrity of data in the information technology systems of the institutions of the justice system;
- c) protecting the personal data and guarantee of confidentiality;
- d) ç) maintaining secrecy and prohibiting the publication of investigative acts;
- e) guaranteeing the interoperability and exchange of data between the information technology systems of the institutions of the justice system;
- f) dh) guaranteeing the production and distribution of statistics between the institutions of the justice system, including the Ministry of Justice;
- g) guaranteeing the implementation of European Union standards for information and communication technology.

There are a series of acts that regulate the interoperability between ICMS and e-albania gateway, as follows:

- Law 115/2016 "On the governing bodies of the justice system" Articles 92, 216.
- Decision no. 971, dated 2.12.2020, “On the approval of rules for general state policies, for the information technology system, for the justice system”²⁹

²⁹ <https://qti.al/wp-content/uploads/2022/01/vendim-2020-12-02-971.pdf>

- Decision no. 972 dt 2.12.2020 "On the organization, operation and determination of the competences of the QTI for the justice system"³⁰

On the other hand, the Gateway E-Albania - is the state database which ensures interoperability among all state databases and to ensure for accessing necessary data (such as Civil Registry, Register of Immovable Properties, Register of Movable Properties, Criminal Records, Notarial Register, Testimonial and Wills Register, among others), as well as other essential data for the well-functioning of the judicial system, and increase of efficiency by reducing paper-based work, lowering/extinguishing administration handling fees, and increasing digital process modernization.

From the above it follows that the interoperability between the new ICMS case management system and the e-albania government gateway will be carried out only for the purpose of data exchange in full respect of legal safeguards related to state databases, in regard to judicial independence and prosecutorial autonomy, where the users of the courts and prosecution offices who have access to ICMS will have access to documents that facilitate investigation and trial and shorten investigation/judgment deadlines as well as bypass the administrative costs of state institutions availability. They will give these users access to the notarial registers for the purpose of extracting inheritance acts or other notarial acts necessary for the investigation/judgment without the right to change the content; as well as access to the tax system, the registry of judicial status, the registry of civil status, etc. While on the other hand, citizens through access to E-albania will be able to see the status of their judicial case, without it affecting anything in the content of the data.

Table 28: Outcomes and results (induced outputs) – 5.4.2. Enhance judicial efficiency at all levels

Outcome	Induced output (=results)	Reform which contributes to achievements
Significant progress towards a more efficient, transparent, and responsive judicial system, enhancing the rule of law and public confidence in the judiciary.	<p>HJC effectively adopts and implements a comprehensive road map to increase efficiency and reduce backlog based on the latest methodology as adopted by the CEPEJ backlog reduction tool-book, with measurable targets, statistics, and a robust monitoring structure (June 2025).</p> <p>Reduce overall backlog and disposition time by at least 30% in civil and commercial cases from the First Instance Court of General Jurisdiction in Tirana, by at least 25% from the Appeal Court and by at least 35% from the Administrative Court of Appeal (December 2026).</p> <p>Ensure a solution for the facilities of the Appeal Court to be accommodated as per the judicial map 2022 (December 2025)</p> <p>Improve the national judicial statistics by adopting and implementing a new instruction of Minister of Justice on national justice statistics, based on CEPEJ methodology and in consultation with the</p>	5.4.2. Enhance judicial efficiency at all levels

³⁰ <https://qti.al/wp-content/uploads/2022/01/vendim-2020-12-02-972.pdf>

	<p>self-government justice institutions (June 2025).</p> <p>ICMS (Integrated Case Management System), which ensures inter-operability between courts and prosecution offices and Government Gateway, in full respect of legal safeguards related to state databases, in regard to judicial independence and prosecutorial autonomy, as well as automatic generation of statistics based on CEPEJ methodology and national regulations, is ready to be used (December 2027).</p> <p>At least 70% of vacancies for magistrates in first instance courts of general jurisdiction, and at least 80% at appeal court of general jurisdiction and administrative appeal court and 90% of non-magistrate staff at all court levels are filled (December 2027).</p> <p>Increase the capacity of the High Justice Inspectorate by ensuring the ranks of inspectors at HJI gradually filled, by targeted measures, to ensure the attractiveness of the position. HJI adopts and conducts the yearly thematic inspections plan on issues of most concern following consultations with the Councils and School of Magistrates (December 2026).</p>	
--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsibility institutions
5.4.2. Enhance judicial efficiency at all levels			Ministry of Justice (MoJ)
<p>Step 1 – HJC effectively adopts and implements a comprehensive road map to increase efficiency and reduce backlog based on the latest methodology as adopted by the CEPEJ backlog reduction tool-book, with measurable targets, statistics, and a robust monitoring structure (June 2025)</p> <ul style="list-style-type: none"> ✓ HJC and GPO/SPO conduct an analysis and deliver a set of recommendations to streamlining the procedural laws and other efficiency and trial management options, on further efficiency gains through amendments in the procedural law (September 2024). ✓ The HJC/court councils and GPO adopt an efficiency/ backlog reduction strategy and complementary acts / equitable workload allocation for courts and prosecution offices at all levels (December 2024) ✓ The backlog reduction strategy begins to be implemented through establishment of backlog reduction teams (composed of judges supported by legal assistants, judicial secretaries and other backlog reduction officers) coupled with additional numbers of legal assistants and support staff recruited (June 2025). 	(June 2025)	No roadmap in place to increase efficiency and reduce backlog of HJC	High Judicial Council, GPO, SPO
<p>Step 2 - Reduce overall backlog and disposition time by at least 30% in civil and commercial cases from the First Instance Court of General Jurisdiction in Tirana, by at least 25% from the Appeal Court and by at least 35% from the Administrative Court of Appeal (December 2026)</p> <ul style="list-style-type: none"> ✓ Adoption of workplan for prioritisation of cases by First Instance Court of General Jurisdiction in Tirana and Administrative Court of Appeal, respectively (September 2024 repeating every Jan and Sep) ✓ MoJ establishes a Working Group for improvement of Administrative Courts Law on further efficiency gains through amendments to administrative court procedures (December 2024) ✓ Working Group for improvement of Administrative Courts Law prepares and consults with stakeholders' analysis on 	(December 2026)	<p>Backlog for year 2023:</p> <p>19,275 cases in 2023 at First Instance Court of General Jurisdiction in Tirana,</p> <p>37,662 cases in 2023 Appeal Court, and</p> <p>23,056 cases in 2023 at Administrative Court of Appeal</p>	High Judicial Council and the courts (the First Instance Court of General Jurisdiction in Tirana, the Appeal Court and the Administrative Court of Appeal)

<p>further efficiency gains through amendments to administrative court procedures (June 2025)</p> <ul style="list-style-type: none"> ✓ Amendments to Administrative Courts Law for further efficiency gains law are approved by the Government (September 2025) ✓ HJC and HPC ensure design and application of implementation arrangements on the backlog strategy and complementary acts (December 2025) ✓ Design the baseline on disposition related to backlog reduction time and HJC and HPC/GPO (December 2024) ✓ Achieved target (December 2026) 			
<p>Step 3 - Ensure a solution for the facilities for the Appeal Court to be accommodated as per the judicial map 2022. (December 2025).</p> <ul style="list-style-type: none"> ✓ Funding is allocated by state budget for study on the solution for the facilities adequate for accommodating Appeal Court as per judicial map 2022 (June 2024) ✓ HJC begins process of tendering for renting adequate facilities for accommodating Appeal Court as per judicial map 2022 in interim period (December 2024) ✓ HJC commissions study which designates a location and the type of intervention for the facilities adequately accommodating Appeal Court as per judicial map 2022 (June 2025) ✓ HJC begins implementation of findings of study on the solution for the facilities adequate for accommodating Appeal Court as per judicial map 2022 (December 2025) 	(December 2025)	Status of facilities for the Appeal Court in June 2024	High Judicial Council
<p>Step 4 - Improve the national judicial statistics by adopting and implementing a new instruction of Minister of Justice on national justice statistics, based on CEPEJ methodology, and in consultation with the self-government justice institutions, (June 2025).</p> <ul style="list-style-type: none"> • Conduct an analysis leading to design the scope of regulation of the new instruction of MoJ (December 2024) • Consultation of MoJ with High Judicial Council related the new instruction on national judicial statistics (February 2025) • Roundtable with all self-government justice institutions and relevant actors (HJC, GPO, State Advocate, General Directorate of State Enforcement Service, INSTAT) on further improving draft instruction (May 2025) 	(June 2025)	The current instruction No. 4 dated 15/04/2019 "On the Completion of Statistical Data."	Ministry of Justice, High Judicial Council

<ul style="list-style-type: none"> New instruction of MoJ in coordination with High Judicial Council, is adopted by MoJ (June 2025) 			
<p>Step 5 - ICMS (Integrated Case Management System), which ensures inter-operability between courts and prosecution offices and Government Gateway, <i>in full respect of legal safeguards related to state databases, and of judicial independence and prosecutorial autonomy</i>, as well as automatic generation of statistics based on CEPEJ methodology and national regulations, is ready to be used (December 2027)</p> <ul style="list-style-type: none"> Government ensures sufficient budget is allocated to the HJC and HPC The working group endorses the terms /specifications, ensuring r inter-operability between court/prosecution offices and the Government Gateway, in full respect of legal safeguards related to state databases, and of judicial independence and prosecutorial autonomy (June 2024) / to be confirmed Piloting of generation of statistical data through the use of the ICMS system (June 2027) ³¹ Expanding population of the system with data to ensure inter-operability roll-out (December 2027) 	(December 2027)	No ICMS in place ready to be used	Center for Information Technology in HJC and NAIS
<p>Step 6 - At least 70% of vacancies for magistrates in first instance courts of general jurisdiction, and at least 80% at appeal court of general jurisdiction and administrative appeal court and 90% of non-magistrate staff at all court levels are filled (December 2027).</p> <ul style="list-style-type: none"> Increased pace of quality evaluations by HJC and start of evaluations by HPC (December 2024) Enrolment quotes needs and assessment by the High Judicial and Prosecutorial Councils of number of judges, 	(December 2027)	<p>Based on June 2024, the Administrative Appeal Court has 6 full time judges (+ 5 delegated judges) from 13 that is the total number.</p> <p>The number of judges in function in 2023 are 243 from the total of 408 judges as per</p>	High Judicial Council, High Prosecutorial Council, School of Magistrates

³¹ According to HJC: only 3 years from the allocation of the funds could be possible the implementation of this step in. This fact the development of the software. Consequently, if the funds are allocated within 2024, piloting of statistical data generation would only be possible in 2027.

As for is related with the inter-operability, between the institutions of the justice system, the ITC board has approved by Decision no. 9, dated 26.10.2023 the "Interaction Framework for the Justice System in the Republic of Albania" which also provides for the interaction with government institutions.

<p>prosecutors and legal advisors to be accepted to the SoM for that academic year (January 2025 - and annually every January)</p> <ul style="list-style-type: none"> • Design solutions to increase number of graduated students from the School of Magistrates (June 2025) • The Councils revise their methodology for performance evaluation in order to achieve a greater balance between qualitative and quantitative criteria and increased transparency of the process and apply methodology (December 2025) • Timely appointment of graduated students from SoM by the HJC & HPC (November 2024 and annually every November) (December 2027) 		<p>President (59.55%)</p> <p>decree</p>	
<p>Step 7 - Increase the capacity of the High Justice Inspectorate by ensuring the ranks of inspectors at HJI gradually filled, by targeted measures, to ensure the attractiveness of the position. HJI adopts and conducts the yearly thematic inspections plan on issues of most concern following consultations with the Councils and School of Magistrates (December 2026).</p> <ul style="list-style-type: none"> • Design solutions to improve capacities by appointment of inspectors of the HJI through legal amendments (June 2026) • Ensure a better promotion to stakeholder and public on the opportunity to apply for appointment in the HJI by HJC and HPC (September 2026) • Achieved target by way of the above public calls, appointments, legal changes and implementation (December 2026) 	<p>(December 2026)</p>	<p>The number of inspectors as 2023 was 4 magistrate inspectors and 5 non-magistrate inspectors, in total 9 from 20 that the organigram foresees</p>	<p>High Judicial Council, High Prosecutorial Council, High Justice Inspectorate</p>

5.5. FIGHT AGAINST CORRUPTION

Albania is currently in the process of drafting the new Crosscutting Anticorruption Strategy for 2024-2030, with its first dedicated Action Plan for the period 2024-2026. The strategic package will be adopted in the following months.

Albania has a vast set of legislation in the field of corruption prevention, covering public administration, declaration of assets, conflict of interests and whistle-blowers protection. It is party to international anti-corruption instruments. The Law on the Ratification of the UN Convention against Corruption (UNCAC) came into force in May 2006. Albania also ratified the United Nations Convention against Transnational Organised Crime and the Civil and Criminal Law Conventions on Corruption of the Council of Europe, which are now part of its domestic legislation. The legislation is partially aligned with Directive (EU) 2017/1371 of the European Parliament and the Council on the fight against fraud to the Union's financial interests by means of criminal law. The Criminal Code foresees the criminalisation of corruption as a serious crime, including its cross-border dimension.

Albanian legislation is broadly aligned with the Council Framework Decision 2003/568/JHA on combating corruption in the private sector. The Law “On Criminal Liability of Legal Persons” transposes almost all requirements relating to legal persons and the penalties foreseen in Article 164/b of the Criminal Code are compliant with the provisions of the Framework Decision.

Albania took measures to ensure greater digitalisation of its services to strengthen the fight against corruption. It established a public procurement platform, a procurement complaints platform, an electronic system of tax declaration and digitalised 99% of all tax services. The digital commissariat is the main platform of State Police, allowing anonymous reporting of illegal actions and corruption. A case management system is in place at the GDA to handle corruptive practices.

The legal basis for asset investigation is constituted by Article 36 of the Criminal Procedure Code, Law no. 10 192, dated 3.12.2009 (Anti-Mafia Law) and the Normative Act No. 1, dated 31.01.2020 ‘On Preventive Measures in the Framework of Strengthening the Fight Against Terrorism, Organised Crime, Serious Crimes and Consolidation of Public Security Order’. The Law on Law no. 9367, dated 07.04.2005, “On the prevention of conflict of interests in the exercise of public functions also regulates the issue of movement of public officials to the private sector (so called ‘revolving door’), in order to avoid conflict of interest.

Albania still needs to address some challenges related to corruption. The challenges that would need to be addressed are as follows:

- need for more transparency in government finances and public access to public officials’ assets declaration data, in order to promote accountability and reduce corruption.
- need to prevent incidences of corruption through strengthened oversight and accountability mechanisms, which would contribute to a more transparent and accountable governance system.
- need to strengthen actual legal framework, in order to enhance transparency, accountability, and integrity in political and public life, reducing opportunities for corruption and unethical behavior.

R - 5.5.1. Effectively prevent corruption, decrease incidence of corruption

The fight against corruption remains a priority. A minister of State on Public Administration and Anticorruption has been nominated since end of 2023, to strengthen reforms on prevention of corruption.

- The reform actions foreseen for effectively preventing corruption and decrease incidence in corruption within the frame of the Reform Agenda 2024-2027, have been oriented towards addressing main challenges, as follows: Enhanced Transparency: The establishment of an open data platform on national and local budget and public spending, in partnership with civil society, would lead to increased transparency in government finances. Additionally, the publication of all asset declarations on the website of the High Inspectorate of Declaration and Audit of Assets and Conflicts of Interest (HIDAACI) would

provide the public with access to information about the financial assets of public officials, thus promoting accountability and reducing opportunities for corruption.

- Improved Efficiency and Corruption Prevention: The amendments to the SAI legal framework will aim the increase of institutional capacity and efficiency of external audit, in compliance with international auditing standards. Furthermore, it will reduce opportunities for corruption through improved oversight and enforcement of audit findings. For this, a thorough analysis of the existing legal and institutional framework will be conducted, to identify the necessary interventions. Alignment with European and International Standards: The adoption of amendments to the legal framework on donations and sponsorships, conflict of interest, and political party financing in line with European standards and recommendations from organizations such as VC/GRECO and OSCE/ODHIR would signify Albania's commitment to meeting international norms and best practices in governance and anti-corruption efforts.³² Furthermore, it will enhance the transparency of political funding, reducing the influence of illicit donations and promoting cleaner political campaigns. This alignment would enhance transparency, accountability, and integrity in political and public life, reducing opportunities for corruption and unethical behavior. Overall, these reforming initiatives would contribute to building a more transparent, accountable, and corruption-resistant governance system in Albania, fostering trust among citizens and governance and promoting sustainable development and democratic governance.

Table 29: Outcomes and results (induced outputs) – 5.5.2. Effectively prevent corruption, decrease incidence of corruption

Outcome	Induced output (=results)	Reform which contributes to achievements
---------	---------------------------	------------------------------------------

³² In order to avoid any potential overlaps between the various technical assistance instruments offered, continuous dialogue will be conducted with SASPAC and the EUD to ensure complementarity and coherence of assistance on this and other measures as well.

<p>Increased transparency in government finance and ensuring public access to information about the financial assets of public officials, thus promoting accountability and reducing opportunities for corruption.</p> <p>Preventing incidences of corruption through strengthened oversight and accountability mechanisms, which would contribute to a more transparent and accountable governance system.</p> <p>Enhance transparency, accountability, and integrity in political and public life, reducing opportunities for corruption and unethical behavior.</p>	<p>Enhance the transparency, by establishment of an open data platform on national and local budget and public spending in partnership with civil society, and publication of all asset declarations on the website of the High Inspectorate of Declaration and Audit of Assets and Conflicts of Interest (HIDAACI), in compliance with the law on right to information and protection of personal data (December 2024).³³</p> <p>Adopt amendments in legal framework on Supreme Audit Institution (SAI) to increase efficiency and prevent incidence of corruption (December 2026).</p> <p>The legal framework on donations and sponsorships, and on conflict of interest, and on political party financing, have been amended in line with European standards and VC/GRECO and OSCE/ODHIR (June 2027).</p>	<p>5.5.2. Effectively prevent corruption, decrease incidence of corruption</p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------

Implementation and responsibilities

³³ According to Law No. 9049 date 10.4.2003 “On the declaration and control of assets, financial obligations of elected officials and certain public employees”, the persons subject to asset declarations obligations based on HIDAACI law are the public officials.

Reform and steps	Deadline	Baseline	Responsible institutions
5.5.2. Effectively prevent corruption, decrease incidence of corruption			Minister of State on Public Administration and Anticorruption (MoSPAAC)
<p>Step 1 - Enhance the transparency, by establishment of an open data platform on national and local budget and public spending in partnership with civil society, and publication of all asset declarations on the website of the High Inspectorate of Declaration and Audit of Assets and Conflicts of Interest (HIDAACI), in compliance with the law on right to information and protection of personal data (December 2024).</p> <ul style="list-style-type: none"> - First component – open data platform - Second component – Asset declarations 	(December 2024)	<p>(i) Existing data on the opendata.gov.al platform, administer by NAIS;</p> <p>(ii) Existing online electronic system of asset declarations, administered by HIDAACI.</p>	MoSPAAC
<p>Step 2 - Adopt amendments in legal framework on Supreme Audit Institution (SAI) to increase efficiency and prevent incidence of corruption.</p> <ul style="list-style-type: none"> - Analysis of the legal framework and its implementation- December 2025 - Drafting and adoption of amendments- December 2026 	(December 2026)	The current legal framework on the functioning of SAI, namely Law No. 154/2014 "On the Organization and Functioning of the State Supreme Audit Institution"	MoSPAAC
<p>Step 3 - The legal framework on donations and sponsorships, and on conflict of interest, and on political party financing, have been amended in line with European standards and VC/GRECO and OSCE/ODHIR (June 2027).</p> <ul style="list-style-type: none"> - Conduct an analysis of best practices of EU Member States and of their potential implementation to the Albanian legal and institutional framework, interpreted along with VC/GRECO Recommendations. - Draft the necessary amendments based on the analysis. - Conduct an inclusive public consultation process with relevant stakeholders, CSOs and other groups of interest. - Approve a Decision of the Council of Ministers forwarding the proposed amendments to the Parliament of Albania. - Adopt the amendments to the legal framework in Parliament. 	(June 2027)	<p>Current legal framework in force in need of amending as per the Screening Report findings, namely:</p> <ul style="list-style-type: none"> - Law 8580/2000 "On political parties", as last amended in 2020; - Law 7892/1994 "On sponsorship", as last amended in 2007; - Law 9367/2005, as last amended in 2014, and the respective regulatory framework. 	MoSPAAC

5.6. DEMOCRACY, FUNDAMENTAL RIGHTS AND CIVIL SOCIETY

The fundamentals cannot be seen in isolation but interact with each other and can be mutually reinforcing. A country grounded in democracy and the rule of law will be attractive for foreign investments and international trade, and allow businesses to flourish, thus strengthening economic performance and prosperity of citizens. In turn, thriving economic and social conditions will bolster the social consensus around democracy and the rule of law, and bring resources for the good functioning of public institutions.

Important legislation will be adopted and approximated with EU Acquis.

R – 5.6.1. Enhance freedom of expression, in line with European standards

Article 22 of the Constitution of Albania guarantees freedom of expression, while Article 17 specifies the limitations to this right. Article 23 provides for the right to information. Albania's legal framework notably includes the Law on Audiovisual Media Services, amended in May 2017, and more recently in April 2023 in order to align with the Audiovisual Media Services Directive 2010/13/EU. Albania has signed up to the Declaration for the Future of Internet. The Audiovisual Media Authority (AMA) is the main regulatory body in this sector. Media activity is governed by Law No. 97/2013, ensuring the right to information and prohibiting broadcasts promoting intolerance or violence. The law on audio-visual media, particularly with its 2023 amendments, aligns with the EU's Directive 2018/1808/EU. These amendments enhance information transparency, child protection, accessibility for disabled persons, and strengthen the regulatory authority's role in media education and international cooperation. The introduction of the new Broadcasting Code in July 2023 marks a pivotal development in this field.

As regards media self-regulation, the Journalist Code of Ethics by Albanian Media Institute provides the framework and standards to the Albanian Media Council (AMC), which has started to function as the voluntary self-regulation mechanism.

Freedom of expression related measures and initiatives are also foreseen in the Roadmap of Rule of Law, under Chapter III. "Fundamentals, Freedom of expression including media pluralism".

The constitutional guarantee of freedom of expression, press freedom, and the autonomy of radio and television underlines Albania's commitment to media freedom and pluralism. Censorship is categorically prohibited. Specific legislation, alongside the regulatory role of the Audio-Visual Media Authority, fosters a conducive environment for the audio-visual media sector.

Media freedom and pluralism will be progressively enhanced by 2026 through now legislative amendments and actions by state authorities, addressing media market ownership and concentration, allocation of state advertising resources, and strengthening public broadcaster capacities.

Criminal and civil aspects of defamation will be aligned with EU standards. The Audio-Visual Media Authority (AMA) will adopt a transparent media audience measurement system by 2025 and assist broadcasters in audience measurement.

A structured dialogue with the media is established in an inclusive manner, to enable the discussion on key reform in the sector and encouraging among others self-regulation as well as quality education and training. Annual publications on media market dynamics and a structured dialogue with media for sector reforms, including self-regulation and quality education, are planned. Journalist safety will be a priority, with AMA adopting an Action Plan by 2025.

Public service broadcaster support through adequate resources will be enabled in practice.

Journalist safety will be ensured through increased capacities of the relevant law enforcement agencies. Moreover, AMA will adopt an Action Plan for the safety and protection of journalist rights by 2025.

Track record of investigation and conviction of cases of violence against journalists will be progressively consolidated. The General Prosecution Office will publish investigation results involving journalists from 2024, and the High Judicial Council (HJC) will collect data on journalist cases from 2023. The State Police and prosecution services will designate focal points within its structure responsible for addressing attacks

against journalists by 2024 and ensure public information and awareness raising on such cases from 2024 onwards.

Albania will progress in the direction of the newest DSA Regulation approximation too, by first conducting a policy impact assessment and a legal gap analysis, leading then to legal amendments to align broadly with DSA Regulation. The approximation of the DSA into the national legislation will ensure a safer, more transparent, and accountable digital environment, benefiting users through improved protections and rights, enhancing platform accountability, and fostering a fairer digital marketplace. This alignment supports a uniform legal framework across the EU, reducing barriers for digital services and encouraging innovation while ensuring robust regulatory oversight and enforcement.

Strategic lawsuits against public participation (SLAPPs) will be consistently addressed through specific remedial measures, including amendments on legal framework, in line with EU acquis. The School of Magistrates will enable training of judges with the adequate handling of SLAPP.

Table 30: Outcomes and results (induced outputs) – Enhance freedom of expression, in line with European standards

Outcome	Induced output (=results)	Reform which contributes to achievements
Enhance the legal and operational frameworks for protecting journalists, align defamation laws with international norms, and improve media regulation transparency, significantly contributing to the promotion of a free and independent media environment.	<p>Increased capacities of law enforcement bodies to handle cases of violence, including on the margins of protests, and other criminal cases involving journalists, notably by ensuring high human rights compliance in handling incidents involving journalists, through binding instructions, data collection and capacity building measures (June 2025)</p> <p>Criminal and civil aspects of defamation are aligned with European Standards (December 2026)</p> <p>Conduct a policy impact assessment and a legal gap analysis on the Digital Service Act Regulation with the aim to align it into the national legislation, to increase protection of users' rights and safe content (June 2025) and adopt legal amendments to broadly align the Digital Service Act Regulation (June 2026)</p> <p>Adopt amendments of legal framework on transparency of media ownership (December 2024), audience reach, strengthen transparency of media financing, media plurality and editorial independence and autonomy of the media regulator and based on a structured and inclusive dialogue with media actors (December 2026).</p> <p>Adopt amendments of legal framework on anti-SLAPP, in line with CoE/VC standards and in line with EU acquis and based on a</p>	5.6.1. Enhance freedom of expression, in line with European standards

	structured and inclusive dialogue with media actors and civil society (June 2027).	
--	------------------------------------------------------------------------------------	--

Implementation and responsibilities

Reform and steps	Deadline	Baseline	Responsibility institutions
5.6.1 Enhance freedom of expression, in line with European standards			Ministry of Justice (MoJ)
<p>Step 1 - Increased capacities of law enforcement bodies to handle cases of violence, including on the margins of protests, and other criminal cases involving journalists, notably by ensuring high human rights compliance in handling incidents involving journalists, through binding instructions, data collection and capacity building measures (June 2025)</p> <ul style="list-style-type: none"> ✓ State police revises the binding instructions on handling incidents involving journalists during protests. ✓ MoJ prepares the Priority Recommendations to the General Prosecutor in the fight against Criminality, with a focus on ensuring high human rights compliance in handling incidents involving journalists and in properly handling cases of violence, including on the margins of protests, based on data on investigations/ cases involving journalists (June 2024) ✓ Focal points for handling with journalists in prosecutor offices and courts assigned and enabled to ensure relevant data of investigations/ cases involving journalists (December 2024) ✓ MoJ assesses and reports on implementation of prior year Priority Recommendations to the General Prosecutor in the fight against Criminality, with a focus on ensuring high human rights compliance in handling incidents involving journalists and in properly handling cases of violence, including on the margins of protests (January 2025) ✓ Trainings of 50 magistrates and 100 police officers, annually ✓ MoJ prepares the Priority Recommendations to the General Prosecutor in the fight against Criminality, taking into account the implementation report of the prior year Priority Recommendations as well as data on investigations/ cases involving journalists (June 2025) 	(June 2025)	75 police officers trained on protection of journalists, including on the margins of protests	MoJ, GPO

<p>Step 2 - Criminal and civil aspects of defamation are aligned with European Standards (December 2026)</p> <ul style="list-style-type: none"> ✓ Number of meetings, consultation tables, Partnership for European Integration (PPIE) meetings, publication link in the Register of Notices and Public Consultation (RNJPK) for the consultation on the Penal Code - starting from December 2024 ✓ Training of 50 judges on media freedom ✓ Reconsideration of the comments of the civil society – January – June 2025 ✓ Approval of the draft criminal code with decision of government ✓ Parliamentary adoption – during 2026 ✓ The civil law provisions on fraudulent or inaccurate publications aligned with European Standards and recommendations (December 2026). 	(December 2026)	Defamation is currently foreseen in Criminal Code article 120	MoJ
<p>Step 3 - Conduct a policy impact assessment and a legal gap analysis on the Digital Service Act Regulation with the aim to align it into the national legislation, to increase protection of users’ rights and safe content (June 2025)</p> <p>and adopt legal amendments to broadly align the Digital Service Act Regulation (June 2026):</p> <ul style="list-style-type: none"> ✓ Participate in the regional introductory workshop organized by the European Commission (June 2024) and the follow-up workshop for Albania (tbc by DG Connect) ✓ Design the scope of the policy impact assessment process by mapping stakeholders, including relevant institutions, business, media, academia and think tanks, online media users, and other representatives through the Partnership Platform for the EU Integration and online mediums (December 2024) ✓ Set up a working group to conduct a policy impact assessment and a legal gap analysis on the Digital Service Act Regulation with the aim to align it into the national legislation, to increase protection of users’ rights and safe content (December 2024). ✓ Reports on PIA and LGA issued (June 2025) ✓ Adopt legal amendments to broadly align the Digital Service Act Regulation (June 2026) 	<p>(June 2025)</p> <p>(June 2026)</p>	<p>No PIA and LGA</p> <p>No legislation aligned with DSA Regulation</p>	Ministry of Interior

<p>Step 4 - Adopt amendments of legal framework on transparency of media ownership (December 2024),</p> <p>audience reach, strengthen transparency of media financing, media plurality and editorial independence and autonomy of the media regulator, and based on a structured and inclusive dialogue with media actors (December 2026):</p> <ul style="list-style-type: none"> ✓ AMA adopts the regulation regarding media ownership transparency, in compliance with the current legislation (December 2024) ✓ AMA prepares draft proposals for the relevant amendments to Law no. 97/2013, as amended, including the concept of audience measurement, strengthen transparency of media financing, media plurality and editorial independence, and autonomy of the media regulator (December 2025) ✓ AMA adopts the methodology and plan to set-up and implement a transparent media audience measurement system (December 2025) ✓ Legal framework amendments in Law no. 97/2013 consulted with public and stakeholders (June 2026) ✓ Legal framework amendments in Law no. 97/2013 adopted (December 2026) 	<p>(December 2024)</p> <p>(December 2026)</p>	<p>No draft regulation of AMA in place, regarding media ownership transparency, in compliance with the current legislation</p> <p>Existing Law</p>	<p>AMA</p>
<p>Step 5 - Adopt amendments of legal framework on anti-SLAPP, in line with CoE/VC standards and in line with EU acquis and based on a structured and inclusive dialogue with media actors and civil society (June 2027):</p> <ul style="list-style-type: none"> ✓ MoJ in collaboration with SoM plans and implements awareness raising for judges and court staff on the novelties of the Anti-SLAPP directive (Directive (EU) 2024/1069) (December 2024) ✓ MoJ with the assistance of European projects carries out the process of RIA for anti-SLAPP directive in the framework of the directives analysed for the Criminal Code (June 2025) ✓ MoJ carries out the process of LGA for anti-SLAPP directive in the framework of the directives analysed for the Criminal Code (December 2025) ✓ RIA and LGA are consulted with the public and stakeholders and first draft of domestic legislation/legal amendments 	<p>June 2027</p>	<p>Existing procedural laws</p>	<p>MoJ</p>

<p>transposing anti-SLAPP directive are prepared (June 2026)</p> <ul style="list-style-type: none">✓ MoJ, with assistance from EU Commission, reviews the state of play of implementation of the anti-SLAPP directive by Member states (June 2026)✓ Draft of domestic legislation/legal amendments transposing anti-SLAPP directive are reviewed, with support from EU technical assistance, in view of experience from transposition from EU member states and are submitted (December 2026)✓ Domestic legislation/legal amendments transposing anti-SLAPP directive are adopted by Parliament (June 2027)			
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--

5.7. Visa Alignment

Reform and steps	Deadline	Baseline	Responsibility institutions
5.7.1 Aligning visa requirements with European standards			
<ul style="list-style-type: none"> Terminating visa-free agreements with at least two countries in 2025, and at least one each in both 2026 and 2027, which are visa required for the EU (measured at the end of each year, i.e. December 2025, December 2026, and December 2027) 	December 2025 December 2026 December 2027	13 cases that are non-compliant with EU rules (7 in the permanent list and 6 in the “seasonal list”).	Ministry of Europe and Foreign Affairs Ministry of Interior (MoI)

Albania is fully committed to completely aligning with EU Visa Policy in terms of both security measures and the visa-free regimes with countries that are not on the EU visa-free regime list.

R – 5.7.1. Aligning visa requirements with European standards

Albania commits to introduce additional security measures to better screen visa-free arrivals (June 2027), and to gradually terminate visa-free regimes with countries that are not on the EU visa-free regime list (in particular towards those presenting irregular migration or security risks to the EU). Albania will terminate at least two visa free regime in December 2025, at least one visa free regime in December 2026 and at least one visa free regime in December 2027, with third countries, measured at the end of each year (December) during the lifetime of the Facility 2024-2027.

Outcome	Induced output (=results)	Reform which contributes to achievements
Reduction by at least four countries out of those where Albania has visa-free regimes with countries that are not on the EU visa-free regime list	Increased alignment with EU visa policy requirements, by aligning with at least two countries in 2025, and at least one each in both 2026 and 2027, which are visa required for the EU (measured at the end of each year, i.e. December 2025, December 2026, and December 2027) throughout the Reform Agenda, thus significantly contributing to its commitment to be fully aligned (on all countries, including abolishing all summer exceptions) by 2030	Aligning visa requirements with European standards

11 GENERAL CONDITIONS FOR PAYMENTS (FOR ALL POLICY AREAS)

Regarding the general conditions for disbursement of budget support please find a brief information as below:

- A) *Implementation of a credible stability-oriented macroeconomic policy*: As source of verification for this condition, Ministry of Finance and Economy has produced Maintenance of Macroeconomic Stability Report regarding the implementation of a credible stability-oriented macroeconomic policy for 2023.
- B) *Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information*: As source of verification for this condition, Ministry of Finance and Economy has produced 2023 Budget Transparency Report.
- C) *Satisfactory progress in the implementation of the Public Financial Management Reform Strategy*: as source of verification for this condition serves the 2023 Annual Monitoring Report for the implementation of PFM Strategy 2023-2030.

Below are highlights from the three mentioned reports.

A) Implementation of a credible stability-oriented macroeconomic policy.

I. Overall policy framework and objectives

Over the past three years, Albania's economic performance has showcased remarkable resilience in the face of significant challenges. The country grappled with a series of rapid and severe external shocks, including an earthquake, a global pandemic, and supply disruptions in essential goods, arising from the conflict in Ukraine. Despite these challenges, the country's key economic and financial fundamentals, as well as overall macroeconomic stability, have demonstrated notable resilience. Notably, the economy has adapted adeptly, surpassing initial expectations with robust economic growth in each of these years. Even in 2023, despite encountering tighter financing conditions and a slowdown in foreign demand, Albania's economy has continued to perform admirably. Projections indicate a sustained positive trend in the medium term, underscoring the nation's capacity to navigate and overcome adverse economic conditions.

The ongoing focus of fiscal policy remains steadfastly centered on fiscal consolidation, positioning it as the primary objective. This strategic approach is crucial for upholding the macroeconomic stability of the country, especially in the face of economic shocks and hardships, laying the foundation for achieving a relatively high, sustainable, and inclusive economic growth trajectory. Within this framework, fiscal policy endeavors to chart a course towards a gradual reduction in public debt. Simultaneously, there is a concerted effort to restore the primary balance to a positive level, starting from the year 2024. This commitment aligns with the stipulated fiscal rules in the Organic Budget Law (OBL), emphasizing the adherence to sound fiscal principles for long-term economic resilience and stability.

The primary balance is target at an average of around 0.7 percent per year over the upcoming medium-term period (2024-2026). Notably, commencing from the fiscal year 2024 and onward, this target assumes a legally binding status. As stipulated in the OBL, it is mandated that starting from 2024 and for each subsequent year, the primary balance will be no less than zero, ensuring a balanced or positive stance. We are targeting a surplus of 0.4 percent of GDP for 2024, projected to expand further to 0.8 percent in 2025 and reaching 1.1 percent in 2026.

Consequently, this commitment to fiscal prudence is expected to steer the gross public debt on a downward trajectory, aligning with the respective “debt-brake” fiscal rule. In 2023 was recorded a decline in public debt to around 59.2 percent of GDP, from approximately 64.5 percent in 2022. The trend is set to persist, with an expected further reduction to approximately 58.1 percent in 2024. According to the baseline scenario, public debt is expected to decrease to around 56.2 percent by 2026, with a subsequent decline to approximately 49.7 percent by 2031.

Simultaneously with our commitment to fiscal consolidation, we aim to uphold a prudent balance between current and capital budget expenditures. Our focus is on directing central government's capital expenditures,

representing the bulk of public investments, to consistently exceed 5.2 percent of GDP annually, throughout the 2024-2026 budgetary period.

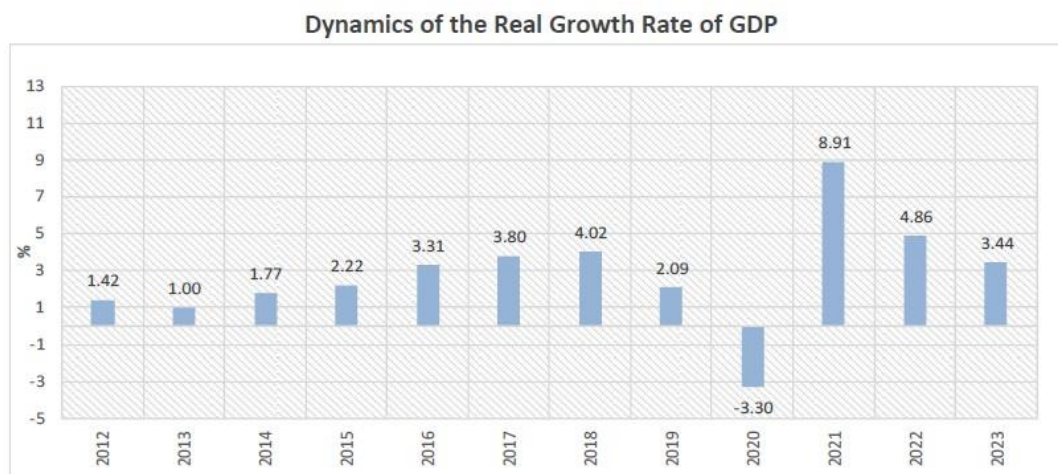
In tandem, the budget deficit is targeted to average 2.1 percent per year during this timeframe. Therefore, underpinning our fiscal strategy is the dedication to maintaining a positive current fiscal balance, aligning with the stipulations of the "golden rule" of the budget. This translates to an average targeted current fiscal balance of +3.1 percent of GDP per year, over the medium-term span from 2024 to 2026.

II. Recent economic developments

Over the past three years, the Albanian economy has demonstrated resilience in the face of multiple challenges, including the November 2019 earthquake, the global pandemic in 2020, and the European energy crisis triggered by the war in Ukraine, starting in 2022. Following a milder-than-anticipated recession in 2020, contracting by -3.3 percent, the economy rebounded vigorously in 2021, registering a robust growth of 8.9 percent. This positive momentum persisted throughout 2022, resulting in an annual growth rate of 4.9 percent. The recovery was primarily propelled by strong domestic demand, notably fueled by sustained consumer spending and increased investment. In 2023, despite facing tighter financing conditions and a slowdown in foreign demand, the Albanian economy has sustained its positive trajectory and is anticipated to continue this trend in the medium term. According to the latest estimate from INSTAT, the Gross Domestic Product (GDP) for the whole year 2023 recorded a 3.44 percent increase compared to the same period in 2022. This recovery is multifaceted, permeating nearly all sectors of the economy. The heightened demand for goods and services has led to expanded activity in the services and construction sector, while the volume of activity in the agriculture sector has remained relatively stable.

From the perspective of aggregate demand, during year 2023, there was an increase in nearly all components. The growth observed during this period is primarily attributed to robust domestic demand, fueled by both private consumption and investment, along with commendable performance in service exports, particularly in tourism. In specific terms, the data for the whole year 2023, shows a 3.6 percent increase in total final consumption, with private consumption marking a 1.55 percent increase, while consumption of public administration marked a significant increase of 16.1 percent. Additionally, Gross Fixed Capital Formation (total investments) witnessed a substantial increase of 5.2 percent during the same period.

From the perspective of aggregate supply, improved performance in the construction (with an increase of 10.8 percent), real estate (with an increase of 10.3 percent), and professional and administrative activities (with an increase of 10.8 percent), has significantly contributed to the better-than-initially-anticipated economic growth for the current year.



Source: Ministry of Finance and Economy, March 2024

The labour market has shown positive developments that have been consistently observed, marking a continuous recovery from the economic downturn triggered by the pandemic. Throughout the year 2023, the labour market has sustained a downward trend in the unemployment rate, accompanied by an increase in overall employment levels. During year 2023, the annual growth rate of the employed population averaged 1.6 percent. The surge in employment can be attributed primarily to the sustained growth in workforce

participation rates and employment rate, reached respectively 75.1 percent in the fourth quarter and 66.7 percent.

The latest data from INSTAT according to the Quarterly Labour Force Survey (LFS) in the fourth quarter of 2023, shows that the official unemployment rate for the 15-64 age group is 11.2%, as for the working age group of 15 years and older, the official unemployment rate in the fourth quarter of 2023 was 10.7%.

The main macroeconomic issue during this period for our economy, like almost everywhere else, has been the high inflation primarily stemming from disruptions in the global supply of essential goods. The outbreak of the war in Ukraine exacerbated inflationary pressures, prompting both the Government and the Central Bank to take decisive measures. The conflict in Ukraine, coupled with sanctions on Russia and disrupted supply chains, led to surging prices for food, energy, and crucial minerals used in various industries. Consequently, Albania witnessed a gradual uptick in inflation, with the annual rate peaking at 8.3% in October 2022, the highest since March 2002, mainly driven by food and transport costs.

However, Albania's average inflation for 2022 remained considerably lower than that of its regional peers and the EU, standing at a modest 6.7%. Encouragingly, despite strong domestic demand driven by robust tourism activity particularly during this year, a disinflationary trend has emerged, with headline inflation steadily declining since November last year, averaging 4.8% for the entire year of 2023 and stood at 4% in December 2023.

This downward trajectory in inflation was influenced by several factors, including decreasing inflation rates in our trading partners, the strengthening of the local currency, the high comparative base effect from the previous year, and diminishing inflation expectations. These factors aligned with the normalization of monetary policy pursued by the Bank of Albania, effectively mitigating the secondary-round effects on domestic inflation. The exchange rate against the euro has appreciated steadily throughout last year and particularly the current one. This trend has effectively restrained the transmission of imported inflation into the domestic economy. This distinction is indicative of the relative strength of Albania's overall economic situation, particularly dynamics in the external position, and core macroeconomic fundamentals. So, in light of the global challenges posed by inflation, Albania's exchange rate dynamics have been instrumental in maintaining price stability and bolstering economic resilience. This positive outcome has helped shield the country from the more significant inflationary pressures faced by its peers, ultimately benefiting the country's economic, social, and political landscape.

III. Budget implementation in 2023

The implementation of the state budget on time and in respect of the legal authority contributes and stimulates the economy through public expenses execution. In this context, the effective and timely execution of the budget remains a priority. The Ministry of Finance facilitates this process by harmonizing the requirements of budgetary institutions with the Government's fiscal policy

Consolidated fiscal indicators (in million ALL)

ITEM	Actual	Plan	Actual	Difference		Difference	
	2022	2023	2023	Actual 2023 Plan 2023	% Plan 2023	Actual 2023 Plan 2023	% Actual 2022
TOTAL REVENUES	572,790	650,109	643,406	-6,703	99.0%	70,616	12.3%
Grants	9,510	30,558	22,166	-8,392	72.5%	12,657	133.1%
Tax revenues	541,342	595,942	598,662	2,720	100.5%	57,320	10.6%
Non-tax revenues	21,938	23,608	22,578	-1,030	99.8%	640	2.9%
TOTAL EXPENDITURES	651,015	705,607	674,682	-30,925	95.6%	23,667	3.6%
Current expenditures	499,991	548,482	547,038	-1,444	99.7%	47,047	9.4%
Capital Expenditures	112,117	135,145	118,878	-16,267	88.0%	6,761	6%
DEFICIT	-78,225	-55,498	-31,276	24,222	56.4%	46,949	-60.0%

Source: Ministry of Finance and Economy, March 2024

Total revenues for the year 2023 reached the level of about ALL 643.4 billion, with a realization of 99 percent according to the budget plan (Normative Act nr.6, date 14.12.2023). Compared to the same period in 2022, total revenues increased by 12.3 percent, corresponding to the amount ALL 70.6 billion more than last year.

General Public Expenditures for the year 2023 reached the level of ALL 674.7 billion, with a realization of 95.6 percent according to the budget plan (Normative Act nr.6, date 14.12.2023). Compared to the same period of 2022, total expenditures increased by 3.6 percent corresponding to the amount of ALL 23.7 billion more than last year.

The level of deficit in the year 2023 was about ALL 31.3 billion or 56.4 percent of the planned deficit. Compared to the same period of 2022 the deficit level decreased by 60 percent.

IV. Policy and medium-term objectives

After a substantial stimulus to implement a necessary expansionary fiscal policy during the years 2020 and 2021, aiming to offset the negative shocks (i.e. from the earthquake and especially the pandemic), fiscal policy clearly shifted towards consolidation during the years 2022 and 2023. Fiscal consolidation will continue to be the fundamental objective of fiscal policy for the medium-term period of 2024-2026, directly contributing to ensuring the macroeconomic stability of the country as an essential premise for a relatively high, sustainable and inclusive economic growth. The overarching goal of fiscal policy will be a continuous gradual decline public debt to GDP each year, with the key operational objective of maintaining at least a neutral (or positive) level of the primary balance from the year 2024 onwards. This operational objective serves as a pivotal anchor for fiscal policy in the medium and long term, aligning with the stipulations of the Organic Budget Law and emphasizing a commitment to sound fiscal rules.

Explanatory Box: Primary balance, the main anchor of fiscal policy

The primary balance stands as a crucial parameter for the long-term sustainability of public finances. In July 2020, a significant legal initiative was undertaken, introducing a new fiscal rule within the Organic Budget Law (OBL) in adherence to the recommendations of the European Commission and the fundamental principles of the EU acquis. This rule establishes a legal obligation that, starting from the budget year 2024 onward, the actual primary balance cannot be negative; it must be, at a minimum, balanced or positive (primary surplus). This specified target for the budgetary primary balance parameter will constitute the main operational objective of fiscal policy, both in the present and the future, embodying the pursuit of a consistently declining trajectory of public debt. The overarching goal is to facilitate continuous fiscal consolidation, ensuring the sustainability of public finances as a cornerstone for macroeconomic stability and the overall well-functioning of the country's economy.

The primary balance is projected at an average of around 0.7 percent per year over the upcoming medium-term period (2024-2026). We are targeting a surplus of 0.4 percent of GDP for 2024, projected to expand further to 0.8 percent in 2025 and reaching 1.1 percent in 2026.

At the same time, alongside the commitment to fiscal consolidation, we will strive to maintain a prudent balance between current and capital budget expenditures. Specifically, the central government's capital expenditures, encompassing the bulk of public investments, will be targeted at an annual average of 5.2 percent of GDP throughout the period 2024-2026. This allocation is deemed essential to underpin economic growth in both the medium and long term. In tandem, the overall budget deficit is targeted to average 2.1 percent per year during this timeframe. Therefore, underpinning our fiscal strategy is the dedication to maintaining a positive current fiscal balance, aligning with the stipulations of the "golden rule" of the budget. The current fiscal balance, calculated as the difference between public investment and the fiscal deficit, is expected to be positive in each year and averaging at +3.1 percent of GDP per year over the medium-term span from 2024 to 2026. More precisely, the overall fiscal balance is targeted at -2.4 percent for the year 2024, followed by targets of -2.0 percent for 2025 and -1.9 percent for 2026. Concurrently, the capital expenditures are earmarked at 5.6 percent, 5.1 percent, and 4.9 percent respectively for the years 2024, 2025, and 2026. Consequently, the targeted current fiscal surplus stands at 3.2 percent for 2024, with projections of 3.0 percent for both 2025 and 2026, respectively.

V. The effects of fiscal policy

The budget revenue programming for 2024 supports the objectives of the Ministry of Finance for revenue growth, with the aim of supporting public spending on education, health, social protection, increasing salaries and pensions, investments in infrastructure, agriculture, and energy, which generate development and income. At the same time, fair programming of revenues aims to support the planning of appropriate levels of the budget deficit, the primary one, as well as the control and gradual reduction of the public debt.

This program is based on improving tax policies and fiscal administration, expanding the tax base and minimizing informality in the country's economy. The revenue program also takes into consideration factors that may impact economic developments in 2024, including possible risks that may appear (inflation, currency exchange rates and their impact on imports and exports, prices, investments, electricity etc.).

In the programming of revenues from taxes, customs and insurance contributions for 2024, the main factors influencing the budget have been taken into consideration, including the expected effect of economic growth and the price index on these revenues, new fiscal policies as well as the effects of improving the tax and customs administration, including the fight against informality, accompanied by legal improvements, with the aim of increasing the level of voluntary compliance of taxpayers with the law.

Effects of the 2024 Fiscal Package: Revenue from "VAT" is expected to be around 211.2 billion ALL, 11.2 billion ALL more than expected for 2023.

Macroeconomic framework: The nominal growth of the Gross Domestic Product, deducted from the Coefficient of Elasticity, is applied by analyzing this effect in an integrated way with other factors for each tax in particular, related to historical data and price forecasts in international markets to taxes, advertising is appreciated. as added value-added tax, mineral rent and customs duty. The projection includes factors related to nominal GDP growth, the average EURO-ALL and USD-ALL exchange rates, as well as the prices of Brent crude oil and other minerals.

Effects of fiscal policy: The new fiscal package contains a limited number of new fiscal measures, while in 2024 due to the legal changes approved in the previous two years, additional income will be generated due to the measures foreseen to enter into force from January 1, 2024.

VI. Debt levels and developments

During 2023, Central Government Debt has been managed in line with macro-fiscal objectives, government financing needs and medium-term strategic debt management objectives for maintaining the stability of the ratios between cost and risks. By the end of December 2023, the Central Government Debt amounted to ALL 1,369.0 billion or 59.2% of the GDP, decreasing by 5.24 pp compared to the end of 2022. In nominal terms the stock of debt expressed in local currency, decreased by ALL 9.4 billion. The year 2023 was a very good year on fulfilling the financing needs from both resources, domestic market and international one. During 2023, borrowing in gross terms amounted to ALL 466.0 billion, out of which 80.3% (or ALL 374.1 billion) was financed through domestic sources and 19.7% (or ALL 91.9 billion) through foreign sources. In the domestic market, the Government has issued securities at the amount of ALL 374.1 billion, out of which ALL 225.6 billion corresponds to short term instruments and ALL 148.5 billion corresponds to long terms instruments. Net financing, at the end of 2023, resulted at the level of ALL 20.8 billion and it was totally achieved through long term instruments. Regarding external borrowing, at the end of 2023 gross external financing amounted at ALL 91.9 billion. In June 2023, Albania issued its sixth Eurobond, with a considerable demand from investors (final book over ALL 1.3 billion), at the amount of EUR 600 million, 5 year maturity, with a coupon of 5.9% and Yield of 6.125%. Budget support with favorable terms and conditions has been obtained from IFIs and bilateral partners such as World Bank, KfW and AFD (185 mln EUR in total).

The Medium-Term Debt Management Strategy aims to further improve the debt structure (mainly the structure of the domestic debt portfolio), in terms of reducing exposure to risks, as well as keeping the costs as lowest as possible in the current conditions. In this regard, the year 2023 marked improvement in all debt risk indicators, especially in the refinancing risk of the domestic debt, and also in the decreasing of the portion of

foreign currency denominated debt. Furthermore, the relation with investors has been improved, communication is intensified, and a broader participation of individual investors has been marked during last years. During 2023, debt management continued the measures undertaken to further improve the primary market and to develop the secondary market. Undertaken measures aimed the creation of benchmark sizes and consolidation of the yield curve toward medium- and long-term securities. In this regard, it has continued the implementation of the Market Maker Project on the 5 Year and 3 Year Reference Bonds. In the medium term, debt management will focus on further improving of the debt structure (mainly the structure of the domestic debt portfolio) in terms of risk mitigation. The domestic financing structure will be flexible as regard the size of issuances, depending on the market conditions (such as demand level, interest rate, etc.), thus aiming the optimization of cost in accordance with the development of the risk management objectives. Meanwhile, external financing will be an important source of funding as well, in order to keep domestic borrowing pressure in line with the domestic demand capacities, optimize debt costs, and supply the foreign currency needed to manage external debt liabilities, by avoiding the distortion of the domestic exchange currency market. During 2024 the financing is planned to be widely relied in the domestic market, where ALL 50 billion (about EUR 480 million equivalent) in net terms is expected. Financing from external creditors consists of the disbursement of loans for projects and budget support. In net terms the external borrowing is expected at negative level of about (minus) ALL 14 billion.

VII. Medium-term outlook

Following the rebound in 2021–2022, we expect economic growth to decelerate to 2.6 percent in 2023 under the baseline scenario. Economic growth is anticipated to expand by 3.5 percent in 2023 and further to 3.7 percent in 2024, buoyed by favorable economic conditions, particularly the exceptional performance of the tourism sector and construction activity. Throughout the medium-term horizon, growth is projected to remain close to 3.9 percent. This sustained growth is chiefly attributed to robust domestic demand, stemming from both private consumption and investments, with a slightly positive net effect expected from net foreign demand.

Notably, exports of goods and services, particularly in the tourism sector, are forecasted to exhibit robust performance. However, the anticipated increase in imports suggests a slight positive net contribution from foreign demand in the medium term.

In the current global macroeconomic context, characterized by recent global supply disruptions and emerging uncertainties, particularly in the realm of the newly much tighter global financial conditions, we perceive the continuation of fiscal consolidation as of paramount importance.

While our commitment to fiscal consolidation remains steadfast, we are equally dedicated to mitigating the impact of the recent crisis on the most vulnerable segments of society, all within the boundaries of fiscal prudence. This balanced approach ensures the preservation of our countries' macroeconomic stability while addressing the prevailing social and economic challenges.

Projections for the 2024-2026 period indicate an average annual real growth of 5.2 percent for exports of goods and services, contributing positively with an average of 1.9 percentage points per year to GDP growth. Conversely, imports of goods and services in this medium-term span are expected to expand by 3.7 percent, resulting in an average negative contribution of about -1.7 percentage points per year to the overall growth. As a result, net foreign demand is foreseen to have a slightly positive impact on overall growth, averaging 0.2 percentage points per year.

Taking the perspective of aggregate supply, it is anticipated that all major sectors will perform in alignment with their historical average growth rates as the lingering effects of previous shocks diminish. Specifically, the forecast indicates that services will experience an average annual real growth of 4.5 percent over the period 2024-2026, with their larger share contributing notably at an average of 2.2 percentage points per year. Industry is expected to grow at an annual average of 4.5 percent, making an average contribution of 0.5 percentage points per year. Agriculture is projected to achieve a 2.4 percent average annual growth over the same period, with an average contribution of 0.5 percentage points per year. Additionally, Construction is estimated to grow by 2.8 percent annually, contributing an average of 0.3 percentage points per year.

Whereas the growth of investments is expected to reflect already more intensive use of existing production capacities, as well as the acceleration of economic activity over the forecast period, and overall improvement of investors perception on macroeconomic stability of the country over the medium and long term. At the same time, the continuation of the improvement of financial conditions and easing of lending standards is expected to be an important incentive factor for private investments, in the medium term.

Economic sentiment index had a positive path during 2023, continuing the strong increase that had in 2022, so there seems to be a clear, upward trend in the confidence and perception of economic agents about the performance of economic activity recently as well as their expectations in the near future.

Specifically, for the medium term (2024-2026), final consumption is projected to grow in real terms by an average of around 3.0 percent per year, contributing an average of 2.6 percentage points per year to overall growth.

Concurrently, investments are anticipated to experience real growth at an average rate of 4.7 percent per year, contributing an average of 1.1 percentage points per year to GDP growth.

Positive developments in the labour market have been consistently observed, marking a continuous recovery from the economic downturn triggered by the pandemic. Throughout the year 2023, the labour market has sustained a downward trend in the unemployment rate, accompanied by an increase in overall employment levels. In line with the medium-term growth projections, employment is expected to grow by an average of 0.3% per year over the period 2024-2026. Higher labour force participation rate is expected to be the main driver of labour supply growth. Whereas the growth of labour demand is expected to reflect more or less the same structure as the aggregate supply of economic activity. Therefore, services are expected to contribute more in the labour demand increase than the rest of economic supply sectors. Despite the expected expansion of employment over the medium term, again, overall labour productivity is expected to have a slight improvement over this period. Unemployment is expected to continue a gradual reduction reaching at 9.5% in 2026.

VIII. Fiscal governance and the sustainability of public finances

The implementation of PFM reform serves as roadmap for Albania, to maintain the sustainability of public finances. The overall objective of the PFM reform Strategy is to achieve a better-balanced and sustainable budget with a reduced debt ratio through stronger financial management and control and audit processes and where budget execution is properly linked to Government policies.

. This strategic document in the domain of public finance management serves as a roadmap in:

- Reducing public debt;
- Settling and preventing arrears;
- Continuous mobilization of tax and customs revenue collection;
- Improving public investment projects, including Public Private Partnership and concessions;
- Ensuring a better linkage between strategic policies and Mid-term Budget Program;
- A more structured and timely engagements with citizens, Civil Society Organizations and
- Academia in budget planning, monitoring and reporting;
- Increasing efforts to improve the degree of implementation of SAI's recommendations and findings.

MoF has provided a specific focus to the PFM reform: starting with the formulation of the PFM Strategy, the implementation of the reform over years, the monitoring and reporting and evaluation. Since the adoption of the PFM strategy in 2019, Albania has undertaken a series of reforms to enable a better balanced and sustainable budget with a reduced debt ratio through stronger financial control and management as well as through audit processes, where the implementation of the budget is properly linked to government policies. During this period, a large number of these reforms have been implemented and achieved. MoF has established an annual government-led PFM policy dialogue with all relevant stakeholders, including the EU, main IFIs and partner countries, as well as civil society organizations.

The Annual Progress report of PFM report provides an assessment of the PFM eligibility criteria for the European Union (EU) to provide Budget Support to Albania. The PFM eligibility criterion requires the existence of a credible and relevant programme to improve public financial management as well as satisfactory progress in the implementation of the programme. The new PFM strategy was approved with DCM no. 390,

dated 12.06.2024 and it is published in the Official Gazette on 26.06.2024³⁴. The approved strategy is also published on the MoF website³⁵. This document will set forth the directions and priorities to guarantee a public finance system that promotes transparency, accountability, fiscal discipline and efficiency and equity in the use of public resources for the provision of improved public services and economic development and which ensures a smooth integration of Albania in the European Union. The PFM Action Plan 2023-2026 covers also the year 2023, for which MoF is drafting the monitoring report for 2023. The approved monitoring report will be published on MoF's website.

The continuation of the PFM reforms is essential in order to increase the effectiveness of budget spending and create a more productive environment for expenditure in the medium and long term. The strategy will cover the period 2023-2030, in coordination and timely approximation with the National Strategy on Development and Europe Integration (NSDEI), with the latter being aligned with the 2030 Sustainable Development Agenda. The PFM strategy will have its own Action Plan, covering a 3-year period including short-term activities and timely products. The new PFM Strategy 2023-2030 will take into consideration the developments and progress resulting from the implementation of the PFM strategy 2019-2022 and the relevant reforms carried out, but will also address the gaps identified during the implementation and monitoring of the strategy, as well as the challenges encountered which have hindered implementation of the measures of the PFM action plan. Also, the new strategy will take into consideration the findings and recommendations of the evaluation reports in the field of public finances, both national and international reports, assessed to be addressed in the PFM action plan. Three phases that guided the preparation of the new PFM strategy such as were: Phase I - Drafting, consultation, and approval of the 'menu of challenges' document; Phase II – Drafting and costing of the New Public Finance Management Strategy; Phase III – Launch and approval of the New Public Finance Management Strategy.

B) BUDGET TRANSPARENCY

Albania produces and publishes all 8 key budget documents classified as indispensable in the context of transparency.

1. Pre-Budget Document³⁶: It is approved and published the Medium Term Budget Program 2024-2026, which is organized in a more user-friendly manner. MTBP document introduced a short summary for each Line Ministry of their medium-term policy objective, in terms of predicted cost and outcomes. Part of the MTBP document is also an annex where views and opinions of civil society about the medium-term budget have been presented, during the public consultation of it.
2. Executive's Budget Proposal: The package of 2024 budget draft-law³⁷ is prepared by the Ministry of Finance and contains information structured on the economic situation of the country and the comparison with the regional countries; key macroeconomic and fiscal indicators for the next three budget years; planned revenues by type and how will affect the achievement of the objectives of government policy; tax expenditures explanation; budget expenditures by functional classification, economic classification, program and source of funding classification; local budget; analysis of the level of debt, its composition by source of funding, and the level of guarantees; contingent liabilities and possible measures; minimize the extra budgetary risk / Public Private Partnership (PPP) information on current and planned to be taken, respective annual payment from the state budget, etc

³⁴ <https://qbz.gov.al/eli/fz/2024/105/d896de92-1aea-4d73-991e-7a99cfeb934f>

³⁵ <https://financa.gov.al/en/menaxhimi-i-financave-publike/>

³⁶ This document and all annexes can be download on the following link: <https://financa.gov.al/programi-buxhetor-afatmesem-2024-2026-faza-iii/>

³⁷ Draft Annual Package is published on the Ministry of Finance webpage on the link: <https://financa.gov.al/projektbuxheti-2024/>

3. Citizens' Budget: the Citizens' Budget for 2024³⁸ was prepared by the Ministry of Finance and published at the same time when the package of 2024 budget draft-law sent for approval to the Council of Ministers. For the preparation of this document, we were assisted and supported by UN Women Albania.

4. Enacted Budget: Ministry of Finance, publishes the draft annual budget proposal³⁹ as well as the approved version of it entered into force subsequently. During the budget year, usually on midterm but not only, as closely related to the specific fiscal year dynamics, MoF evaluates the need for an eventual budget revision. These assessments consist in analyzing the progress of several fiscal indicators to guarantee the sustainability of macroeconomic parameters.

Reports that are prepared and published, within the frame of Budget Transparency, consists in the following: In-year Reports⁴⁰; Monthly Reports on payments of the concessions/PPP contracts with budget support⁴¹; Quarterly Reports of the financial and non-financial performance of main SOE-s⁴²; Quarterly Reports on Arrears Monitoring⁴³; Four month-based Budget Performance Monitoring Reports⁴⁴; Mid-year Report⁴⁵, Annual Budget Execution Report⁴⁶, Audit Report⁴⁷

C) MAIN PROGRESS ON PFM REFORMS

Regarding "Prudent and realistic macroeconomic programming", for the requested period of September 2023-March 2024, all expectations have been met, as they have been materialized in the two most important documents, as the "Macroeconomic and Fiscal Framework 2025-2027", approved in January 2024, and "Economic Reform Program 2024-2026", submitted in January 2024 as well.

In full compliance with the obligations arising from the Organic Budget Law (OBL) No. 9936/2008, as amended, the fiscal framework for the period 2024-2026 materializes the following fiscal principles and rules:

Prudent macroeconomic projections: The nominal GDP value in Albanian Lek, which will be used for calculating the public debt-to-GDP ratio for the budgetary years being planned and for the preceding year, cannot be higher than the respective value forecasted or evaluated in the "World Economic Outlook" report of the IMF, the latest published at the time the annual budget law is submitted for approval in the Parliament. This is clearly documented in the accompanying report of the annual budget law.

In accordance with this provision (fiscal rule) of the OBL, the 2024-2026 framework relies on the following nominal GDP projections, which are not higher than the projections of the World Economic Outlook report of IMF, most recently published in October 2023.

Progress has been made on certain areas which include:

In the preparation of the Fiscal Risk Statement (FRS) as a stand-alone document, FY2023 has been a pilot year in this context, serving as a working period in the framework of coordinating and consolidating the information provided by all reporting units. IMF's technical assistance Fiscal Affairs Department (FAD) provided further support in a more practical matter, in preparing the first draft of the FRS' pilot document. The first FRS, as an

³⁸ Document can be accessed on the link: <https://www.financa.gov.al/buxheti-i-qtyetarit-2/>

³⁹ When a budget revision law has passed, MoF discloses the complete package of it on the official webpage, which can be accessed at the following link: <https://arkiva.financa.gov.al/buxheti-ne-vite/>. Specifically, for the FY2023, the respective packages of the original budget law and its revisions can be accessed at the following link: <https://arkiva.financa.gov.al/per-buxhetin-e-vitit-2023/>. The complete package of the approved budget for 2024 can be accessed at the following link: <https://financa.gov.al/buxheti-2024/>

⁴⁰ <https://financa.gov.al/treguesit-fiskale-sipas-buxhetit-te-konsoliduar/>.

⁴¹ Reports are disclosed/included in all MOF's periodic budgetary documents, such as Annual Budget Execution Report, Mid-Year Report and Annual Budget Proposal.

⁴² Reports are disclosed/included in all MOF's periodic budgetary documents, such as Annual Budget Execution Report, Mid-Year Report and Annual Budget Proposal.

⁴³ link: <https://arkiva.financa.gov.al/shlyerja-e-detyrimeve-te-prapambetura/>.

⁴⁴ <https://financa.gov.al/raporte-monitorimi/>

⁴⁵ The Mid-Year Report can be accessed at the following link: <https://arkiva.financa.gov.al/buxheti-ne-vite/>. For FY2023, the Mid-Year Report can be accessed at the following link: <https://financa.gov.al/raporti-i-mesvitit-2023/>.

⁴⁶ <https://arkiva.financa.gov.al/buxheti-faktik-nder-vite/>.

⁴⁷ https://www.klsh.org.al/content_pdf/18

official document, will be finalized by the end of May 2024. According to Guideline No. 35 dated 29.12.2022, the document shall be presented for information to the Council of Ministers and will be published on the official website of the Ministry of Finance.

Regarding public investment management, the new changes introduced in public investment management process by the approval of DCM No. 887, dated 27.12.2022, "On Public Investment Management Procedures" aim to increase the compatibility between the country's strategic objectives and the government's priorities with the process of MTBP. The new process has been applicable starting by March 2023, and it is followed by the first official approval of the National Single Project Pipeline (NSPP) by the DCM No. 447, dated 26.07.2023 on "Priority Policies Document 2024-2026".

The Tax Administration has followed a new approach to compliance risk, focusing on the monthly identification of risk phenomena and addressing them based on the decision-making of the Risk Committee. The approach of the Tax Administration is to make taxpayers aware of voluntary compliance by strengthening the bridges of cooperation with taxpayers and minimizing controls only in cases of high-risk assessment. During the year 2023, 14 meetings of the Risk Committee were held with an average of 8-9 phenomena addressed. The pillars on which the work is focused are also the main pillars of the MTRS draft, as follows:

Reducing the compliance gap related to VAT. The Risk Committee was created for the implementing this measure with maximum efficiency by examining on a monthly basis certain risk phenomena and identifying the riskiest taxpayers through the combination of various information and analyses. Our future focus will remain on VAT revenues, prioritizing key sectors such as tourism, as well as increasing VAT registration.

Reduction of undeclared work, under-declaration and reduction of cash payments in the economy; The tax administration has focused on informality in the labour market through four forms: non-registration of employees, incorrect declaration of wages, incorrect declaration of working hours, incorrect declaration of employment category and profession.

Reduction of tax evasion; Field structures are committed to the verification and identification of taxpayers in accordance with the Operational Plans that are approved by the Operational Committee and the Risk Committee in GDT. The main objective of their work is to prevent, raise awareness, identify and fight illegality in the tax field and take appropriate administrative measures against tax violations.

Reducing compliance costs and increasing tax certainty and confidence in the tax administration; From March 2023, has been made possible the automatic declaration of sales and purchase books from the Fiscalization System to the C@TS system, reducing the time to zero and maximizing the quality and accuracy of the declaration for taxpayers. We are working to achieve automatic pre-completion of the VAT return, automating 100% VAT invoicing and declaration process, and the pre-completion of the personal income tax return, moving forward with system-based compliance. In terms of the reimbursement process, the average reimbursement time has been reduced from 45 days in 2022 to 42 days currently, with the aim to reduce it more.

Improving the quality of services provided by the Tax Administration (TA) through the development of institutional capacities of the tax administration. This initiative aims to further increase the readiness, quality, transparency of public service, reducing the time and costs of administrative processes, protecting private data based on current legislation. The General Directorate of Taxes offers numerous services through the e-Albania portal, enabling individuals and taxpayers to efficiently access the necessary services, saving time, resources, and administrative expenses. This online platform offers 31 services, including 14 for online tax payments. The shift to online services has significantly increased service applications to about 3.2 million.

In the framework of the reform for the modernization and strengthening of the system of the taxation on the immovable property, the Ministry of Finance in cooperation with the General Directorate of Property Tax, and with the support of the "ProTax Albania" project, have drafted the draft law "On the tax on immovable property". This draft law will establish taxation on immovable property based on market value according to a methodology that includes international valuation standards and concepts/elements of market value.

The Medium -Term Debt Management Strategy (MTDS) 2022-2026 is prepared, approved by the Council of Ministers on July 2022 and published on the MoF Website. The new strategy, which is widened to a five-year horizon, defines new targets to be achieved in the end of Strategy' time span.

A Strategy Monitoring Report for the year 2022 has been prepared within the first quarter of the year 2023 and published in the Ministry's website. Also, the report for the year 2023 has been formally concluded, and published in the Ministry Website. The year 2023 has been a very positive year in terms of securing financing, both in the domestic and foreign markets. The risk indicators have shown improvement in all categories compared to the end of 2022, as well as improved compared to the base year of the strategy, 2021.

One of the main objectives of MTDS is to reduce the refinancing risk mainly in the domestic debt portfolio, since the external debt presents less risk since it is composed of instruments with long maturity and amortization profiles extended over time. During 2023, in accordance with the Medium-Term Debt Management Strategy, Ministry of Finance has increased the share of medium- and long-term instrument issuances in the domestic market and as a result, the refinancing risk indicators have shown a significant improvement compared to the end of 2022, as well as have shown improvement compared to the base year of the Strategy (year 2021). Specifically, the average time to maturity of domestic debt has increased by 55 days, from 780 days at the end of 2022 to 835 days at the end of 2023, while compared to the end of 2021 this indicator has increased by 42 days (ATM at the end of 2021: 793 days).

Also, the share of debt that matures within one year has decreased from 47.9% in December 2022 to 44.7% in December 2023. At the same time, this indicator has improved compared to the base year of MTDS, where at the end of 2021 it was 46.6%.

The interest rate risk has also improved during 2023, this in the circumstances of the increased use of medium and long-term securities as well as the result of the issuances only with fixed interest rates in the domestic market. Specifically, the share of the total debt which refixes the interest rate within one year has decreased significantly from 49.0% at the end of 2022 to 45.4% at the end of 2023. This indicator has also improved compared to the base year of MTDS, where it was evaluated at the level of 48.0 %.

Ministry of Finance, for the second consecutive year, drafted and published in December 2023 the Annual Borrowing Plan for the upcoming year, concretely the year 2024. The Annual Borrowing Plan for 2024 aims to support the annual borrowing activity of the Ministry of Finance, as well as to increase transparency and predictability towards investors and interested third parties.

Regarding the Establishment of IPA III legal framework for the 2021 to 2027 period, IPA funds are supporting the EU integration process in Albania in accordance with the IPA III Programming Framework. The IPA III Programming Framework consists of five windows and 17 thematic priorities that govern the allocation of EU funds to specific policy areas. IPA III, was ratified by Law No 65/2022. Based on this law, the Council of Ministers Decision No 540 dated 20.9.2023 "On designation of functions, responsibilities and relations between authorities and structures for indirect management of EU financial assistance under the Instrument for Pre-accession Assistance 2021 – 2027 (IPA III)", has established the functions and responsibilities for indirect management of IPA III assistance.

The decision lays down the structures and authorities and establishes the mutual relations for the indirect management of the financial assistance under the annual and multiannual programmes, upon being entrusted by the European Union to the Republic of Albania under the Instrument for Pre-Accession Assistance (IPA III) (2021-2027), was published in Official Gazette No. 138, date 22.9.2023 therefore entering into force. The decision has a dedicated article Article 14 "Protection of the financial interests of EU" which lays down all the provision.

- Financial Agreement IPA 2022, between the Republic of Albania, represented by the Council of Ministers of the Republic of Albania and the Commission of the European Union, regarding the annual national program for Albania for the year 2022, within the Instrument of Pre-Accession Assistance (IPA III), has been approved internally with DCM No. 165, dated 24.03.2023.
- Financial Agreement for the National IPA Programme 2023, between the Republic of Albania, represented by the Council of Ministers of the Republic of Albania and the Commission of the European Union, regarding the annual national program for Albania for the year 2023, within the Instrument of Pre-Accession Assistance (IPA III) was approved with DCM No. 166, dated 24.03.2023, enabling the start of the implementation of this financial package.
- On November 8, 2023, 5 Action Documents that will be financed by the national program IPA 2024 were confirmed by the EC, in the total value (67.35 million euros).

- November 2023, requested for the Entrusted for the budget implementation tasks for IPA 2022, according to Article 13 of FFPA for IPA III Programme, was submitted on 15 November 2023 by NAO.
- Operational Programmes 2024-2027.

Albania has applied for the first time with IPA III for the multi-year programmes, so-called Operational Programmes, one of the main goals of which is the preparation of our country for the programming, implementation and management of structural funds, after joining the European Union.

During 2023, significant progress was done with the development of programming capacities for the preparation of multi-annual Operational Programmes. In June 2023, three multi-annual operational programmes were submitted to the European Commission to be financed by the European Union in the period 2024-2027 under the Instrument for Pre-Accession Assistance (IPA III). The three Operational Programmes are as follows: a) Operational Programme EU for Youth Employment 2024-2027; b) Operational Programme for Energy 2024-2027; c) Operational Programme Digital Economy and Society 2024-2027, are co-financed by the Albanian government.

The implementation of these Operational Programmes will combine a system of ex-ante and ex-post controls by the EU Delegation. This approach aims to accelerate the convergence of the current IPA structures with the administrative systems of the EU Member States that receive funding from the European Structural and Cohesion Funds. In this respect, they can represent a further step on the road to EU accession.

Regarding the Development and implementation of regulations, procedures for IPA III management, Enhance the capacities of IPA III structures. The IPA Structures and Authorities will supported by two projects: 1) Support to EU Financial Assistance Management in Albania and 2) Regional Policy and Coordination of Structural Instruments in Albania for efficient and smooth preparation and negotiations with EU in Albania. A list of mandatory training is identified by organising a focus group with IPA structures and authorities.

In regard to improving the quality of the audit reports customized to the demands of its readers and expand the use of all communication tools to continuously promote the role of the ALSAI, ALSAI drafted and approved the Guidance on Audit Quality Management writing aiming the increase of quality and has seemingly improved the visualization of its Statistical Bulletins and other ALSAI's reports.

D) Transparency of Public Finances

In the PFM strategy 2014-2020 and the PFM strategy 2019-2022 a specific pillar was dedicated to the transparency. The Specific Objective "Transparency of Public Finances" was aimed to improve the coverage, quality and accessibility of information on public finances. A general overview of transparency of the public finances main achievements and challenges are given as below:

With regard to the National Government Accounts - Strengthening systems and capacities to prepare government financial statistics in line with international standards was on the main focus since the Strategy started. During 2017, for the first time INSTAT compiled and transmitted Government Finance Statistics (GFS) for non-financial accounts for General Government sector following the European System of Accounts (ESA 2010). INSTAT published every year the List of Public Institutions, which are classified inside General Government Sector S.13. This list is updated and approved every year by the three institutions involved: INSTAT, Ministry of Finance and Economy and Bank of Albania. The list includes all public sector institutions that are part of the General Government sector, budgetary and extra-budgetary units, also Public Financial Corporations and Public Non-Financial Corporations that are owned by public entities. During November 2019 it was published the "Harmonized Revision Policies for Macroeconomic Statistics" by INSTAT, which are based on the Harmonized European Revision Policy (HERP) and other manuals published by EUROSTAT that set out the policies to be followed by statistical institutes of different countries to make comparable statistics with other countries. Since 2021, INSTAT has used the IT system developed for compiling GFS and EDP statistics. Using the new Albanian Integrated GFS Compilation System (AIGCS), 5 GFS tables were transmitted to EUROSTAT. Using the same system where compiled and transmitted to Eurostat twice per year (end of April/end of October) the EDP tables.

With regard to Financial and Performance Monitoring and Reporting, according to the Open Budget Survey of 2017, since 2015 Albania has increased (a) the availability of budget information provided in the Audit Report and the Pre-Budget Statement, and (b) the number of published budget execution reports. Also,

procedures for in-year budget implementation have improved and the Mid -Year Report of Macroeconomic, Fiscal and Budgetary Performance of the government was published on the MoFE website for the first time in 2017. Albania improved slightly further in the Open Budget Survey of 2019 as it has published also the Mid-Year Review online. The government annual and in-year budget execution reports templates and content were revised during 2019. On-the-job sessions with the programme manager and Finance Departments of two LMs aiming to improve the annual and in-year budget execution templates took place in 2020. Moreover, AFMIS was rolled out among all LMs and budgetary institutions and the respective data have been uploaded into the system. A New template for Annual Budget Execution Report, including KPI that are aligned with the AFMIS and financial information was designed and implemented during 2021. During 2022, DMB has pursued several testing sessions on the spot, namely in several LMs, to monitor the performance of BPPM Module. As a result, several issues have come up, thus the responsible units and designer company have been informed for inconsistency of the reports generated from the BPPM Module of the AFMIS system.

With regard to the Citizen's Engagement-, the 2019 assessment from Open Budget Index (OBI) in providing formal opportunities for the public to engage in the budget process, and public participation for Albania was evaluated as 7/100 point. In 2021 public participation for Albania was evaluated as 6/100. A budget hearing calendar with key budget processes was prepared and implemented. Also, a Citizen's Budget guide was developed and published in 2019, 2020, 2021, 2022 and 2023. Trainings were also provided during 2019-2021 to CSOs to enhance their capacities to understand the budget cycle. But during 2022 due to lack of capacities and human resources trainings weren't provided.

With regard to the accounting, the comparative analysis (Gap Analysis) between the current legal framework in the field of Public Accounting and International Public Sector Accounting Standards (IPSAS) was finalized and findings presented in a workshop in May 2017. Based on the gap analysis, the Government approved a country Strategic Action Plan for transition to IPSAS in October 2019. Also, a specific function within the GDHPFIC dedicated to accounting was created to be responsible for updating the public sector accounting methodology as well as legal and sub-legal acts in the private sector. During 2021-2022 has been done some progress regarding the Moving on a phased basis to presenting accruals based. The final strategic objective is the preparation of the financial statements of public sector institutions based on selected IPSAS. The targets aiming to improve accounting regulatory framework and enhance AGFIS to record accrual accounting data were not achieved in 2021. Even though, there are carried out some activities such as the gap analysis of national accounting standards comparing with IPSAS and a report estimating the quantitative impact for implementation of each IPSAS individually was provided by the consultant. Also, there were provided some draft accounting instructions regarding different elements of financial statements that will be used in the preparation of financial statements based on IPSAS.

During 2022, the consultant selected by MoFE in collaboration with MoFE staff, has provided the drafting of the legal acts and accounting standards, based on the gap analysis conducted by this consultant. During this period were finalized: 1) Detailed accounting instructions regarding: (i) reporting and presentation, (ii) consolidation, (iii) revenue, (iv) property plant and equipment, (v) intangible assets, (vi) inventory, (vii) financial instruments, (viii) accrual and expense, (ix) provisions, (x) employing benefits. 2) Business process review, which includes the proposed revisions to business processes through a process design in line with good international practices that enables preparation of financial statements in line with requirements in the new accounting instructions. 3) Chart of accounts gap analysis and chart of accounts outlined to meet IPSAS requirements; 4) An analysis how the budget process in Albania can benefit from the information derived from the IPSAS statements. 5) Recommendations to enhance AGFIS functionalities to fulfill the additional data needs identified for each of the ten accounting areas; 6) Major fieldwork for the pilot of the accounting instructions in 7 selected institutions was completed; 7) Recommendations for State and Government financial reporting; 8) An overview of CHU and Treasury role in accounting and financial reporting, structure, job descriptions, and recommendations for enhancement; 9) The piloting of these regulatory framework in 7 public sector institutions in preparation of financial statements. During 2023, the concept of the project for the implementation of the new accounting methodology in the public sector, discussed with the World Bank and SECO, has been drawn up. One main objective of this second phase of the project is the approval of a public sector accounting law and other sublegal acts, based on IPSAS.

With regard to the Asset Management, the development of the methodology for asset recognition was not finalised as planned for 2020-2022. Three BIs, namely Ministry of Culture, Ministry of Tourism and Environment and Albanian Road Authority have entered the assets inventory in the asset module during 2020,

and 6 staff of these BI's were trained, for 2021 no progress was made, whereas during 2022 two Bis, namely Tirana Municipality and Ministry of Justice entered the assets inventory in the asset module and 6 staff of these BI's were trained. The final strategic objective of the reform is the preparation of the financial statements of public sector institutions based on selected IPSAS. After the finalization of the first phase of public sector accounting project in December 2022, the concept of the project for the implementation of the new accounting methodology in the public sector, discussed with the World Bank and SECO, has been drawn up during 2023. One main objective of this second phase of the project is the approval of a public sector accounting law and other sublegal acts, based on IPSAS as per plan. Part of this updated regulatory framework is the methodology regarding the inventory and evaluation of public sector assets. This second phase will start during 2024.

With regard to Transparency of Public Finances the main challenges are related to: Asset management component as the Budgetary Institutions online with AGFIS did not prepare the assets inventory to be migrated into AGFIS; The development of the methodology for asset recognition not progressed as planned; preparing the new templates of Guideline for budget monitoring annexes, that include KPIs; improving accounting regulatory framework and enhance AGFIS to record accrual accounting data; During 2022 due to lack of capacities and human resources trainings on Budget Cycle weren't provided.

Focus to the future (PFM strategy 2023-2030). In the new PFM strategy, there is not a dedicated pillar on transparency, but the components relating to the public finances are still part of the different pillars of the strategy. In this regard the main priorities for the future are:

- i. Enhance budget documentation and in particular the element of performance information;
- ii. Improve budget execution monitoring and reporting and introduce Citizens Budget Execution report;
- iii. Further improve the GFS and EDP statistics with EU standard;
- iv. Increase access to and utilization of AGFIS; Develop the legal and regulatory framework for accounting reforms;
- v. Improve functionalities of AGFIS to absorb accounting reforms;
- vi. Prepare, deliver and institutionalize capacity development of accountants to absorb accounting reforms.

E) Fiscal Risk Statement, SOEs, PPP, Anti-Fraud Strategy

The fiscal risk management process in Albania has been continuously improved since 2016, with the establishment of the Fiscal Risk Unit (FRU). FRU is focused on monitoring arrears, monitoring and reporting actual and planned payments for concessions/PPP contracts with budget support, monitoring contingent liabilities for court decisions (Arbitration and European Court of Human Rights Decisions), evaluation of risks coming from state enterprises. During the last years, some improvements have been made in the direction of strengthening the monitoring of state enterprises (SOEs), through the expansion of the monitoring of SOEs including the enterprises of the Water and Sewerage Companies, and other state enterprises that may have budget impact. Furthermore, with the Co-signing of the joint order of Ministry of Infrastructure and Energy (MIE) and MoF Nr. 304 date 17.12.2020 "For the approval of the action plan for the reduction of arrears in the electricity sector" and joint order of MIE and MoF no. 379 dated 30.09.2021 "On the implementation of the plan of measures for the reduction of arrears in the electricity sector", FRU on a monthly basis collects information regarding the reporting and clearance of the mutual arrears that the state enterprises of the energy sector have with each other and with other state entities (Water Utility, GDT, etc.), the modalities of which are included in the supplementary budget instruction of the Minister of Finance. The scope of fiscal risks that are being monitored and reported on has been gradually increased and include currently risks related to Debt, Macro-economic developments, SOEs, PPPs and concession contracts, Arrears, Revenue, Local Government, Legal procedures and Court Cases. Improving the quality and expanding the scope of fiscal risk management is foreseen, for instance by gradually including in the monitoring framework the risks related to natural disasters and climate change.

In regards with the developing, piloting and publishing the Annual Fiscal Risk Statement each year, in 2023 first Fiscal Risk Statement (for 2022) was drafted the. The fiscal year 2023 was a pilot year in this context, serving as a working period in the framework of coordinating and consolidating the information provided by all reporting units.

The energy sector has been and remains under scrutiny through the monitoring done by the Ministry of Finance, considering the significant fiscal impact and substantial effect the sector has on the overall economy. This monitoring, is in implementation of the Organic Budget Law "On the management of the budget system in the Republic of Albania", as amended, which is carried out periodically on a quarterly basis. In addition to the energy sector, on a quarterly basis the Ministry of Finance periodically monitors other state-owned enterprises, based on their potential budgetary impact. Since 2022, the monitoring of SOEs has been broadened through the water supply sector's entities. Furthermore, with the Co-signing of joint order of MIE and MF Nr. 304 dated 17.12.2020 "For the approval of the action plan for the reduction of arrears in the electricity sector" and joint order of MIE and MF no. 379 dated 30.09.2021 "On the implementation of the plan of measures for the reduction of arrears in the electricity sector". The Budget Risk Sector (BRS) part of the Budget Management Directorate / General Directorate for Budget within the Ministry of Finance on a monthly basis collects information regarding the reporting and clearance of the mutual arrears that the state enterprises of the energy sector have with each other and with other state entities (WU, GDT, etc.), the modalities of which are included in the supplementary budget instruction of the Minister of Finance. The Ministry of Finance submits and presents on a quarterly basis (every 3 months) a monitoring report and status of the action plan on mutual arrears to the Program Steering Committee (PSC) established in the framework of the energy sector.

In the framework of improving SOE-s monitoring, technical assistance was provided by the International Monetary Fund (IMF)'s Fiscal Affairs Department (FAD) (throughout 2023 and still ongoing) to further support the SOE monitoring, through the implementation and use of the SOE Health Check Tool (HCT), so to expand the SOE annual reporting analysis.

The SOE HTC from now on is an integral part of the analysis used in monitoring SOE's. Data and results obtained from the SOE HTC will also be part of the SOE section in the Fiscal Risk Statement official document for fiscal year 2023.

In regards to the alignment of the Law on Concessions and PPP with EU *acquis*, in recent years, significant progress has been made to align the Public Procurement legislation with the EU directives. One of the priorities for the period 2023-2026 is to improve the legal and institutional framework for concessions and public-private partnership. In this framework, in the recently adopted PFM Strategy, one of the activities is to update PPP legislation and relevant sublegal acts to ensure adequate monitoring and reporting at contract and portfolio/program level. Regarding the strengthening/development of the capacities of government institutions for the monitoring of concessions contracts /PPP, the amendment of Instruction no. 35 dated 12.12.2019 of the Minister of Finance and Economy, is being drafted, which will include various indicators for the development and strengthening of monitoring capacities. Also, the amendment of the Instruction will serve to create efficient mechanisms regarding the monitoring of concession contracts/PPP, so that the risks of the contracting parties, with an increased focus on the contracting authorities, are as low as possible to ensure the benefit and the greatest benefit of these contracts. In relation to completing the data base of monitored contracts and following the process of monitoring the concession/public private partnership contracts, in relation to monitoring, the work has continued where the Ministry of Finance has requested periodic reports from the Contracting Authorities, based on the Instruction of the Minister of Finance and Economy no. 35, dated 12.12.2019. Work is continuing on the creation of a unique database for the creation of a register that will serve the functions of ATRAKO and the Ministry of Finance for the evaluation and monitoring of current and new contracts.

For the medium to long term, further reforms are considered as to address shortcomings in the Public Investment Management system, which include, among others, the further elaboration of the National Single Project Pipeline. In this framework, in the recently adopted PFM Strategy, one of the activities is to review procedures and systems for developing a comprehensive National Single Project Pipeline including PPP/Concessions, including detailed guidelines for the preparation and evaluation of feasibility studies to cover also compliance with the rules of state aid.

The EU4GG TA project is assisting the Ministry of Finance with enhancing budget monitoring and reporting in full compliance with the recently approved PFM sectoral strategy and action plan, with the overall aim to improve budget transparency. The project will particularly support the Ministry with enhancing the monitoring and reporting on Public Investment Projects (in collaboration with the World Bank), on PPP and concession contracts (in partnership with the IMF) and on arrears. The planned implementation period for this support is from 2024 till 2026.

The EU4GG TA project is currently assisting the AFCOS network with the formulation of Albania's first National Anti-Fraud Strategy for the protection of the EU financial interests (NAFS). The NAFS is being developed on the basis of relevant EU regulations and OLAF guidelines. At this moment, a NAFS working group has been established, a concept note has been drafted and several working group meetings / workshops have been held. An integral part of NAFS is the Fraud Risk Assessment and the Action Plan covering all stages of the anti-fraud cycle. The (draft) NAFS is expected to be completed by October 2024.

Reporting mechanism on budget support

The Ministry of Finance of Albania shoulders significant responsibilities in managing the financing aspects related to the Instrument of Budget Support under Pre-Accession Assistance (IPA). This includes overseeing the allocation and disbursement of funds to support Albania's development goals and European Union integration objectives. Sector budget support was introduced through IPA II as a new instrument for linking financial assistance and policy dialogue in support of national sector reforms and putting an emphasis on crosscutting issues such as public administration reform (PAR) and public finance management (PFM). The first budget support contract in the Western Balkan region was approved in 2014 for Albania. In order to ensure proper reporting and monitoring of this instrument, Ministry of Finance established in the 2016 the Directorate of Public Finance Management, which serves as the technical secretariat for the Public Finance Management Technical and Steering committees. Among other things, the PFM Committees are responsible for the planning, monitoring and implementation of the Public Finance Management strategy, which serves as one of the four general conditions for obtaining funds under the budget support instrument. In this context, the PFM Directorate coordinates the work with all the actors involved and presents the annual PFM monitoring report to the respective Committees for discussion and approval.

Regarding the budget support instrument, the Directorate of PFM coordinates and integrates the contributions for the preparation of the (1) Annual Report on Maintenance of Macroeconomic Stability and (2) Annual Budget Transparency Report, which are two of the four general conditions.

The Directorate of PFM has monitored the implementation of the Sectoral Reform Contract of Public Finance Management, which was the first contract under this instrument for Albania. In relation to this contract, the PFM Directorate, in cooperation with the Technical Assistance provided by this contract, prepared a reporting and monitoring template for the disbursement request, which was then distributed to the leading institutions of the respective budget support contracts.

Regarding other budget support contracts, the PFM Directorate reviews and controls the evidence submitted by the leading institutions of the contracts, to ensure that all the necessary evidence are provided according to the specifications in the budget support contracts. After securing the evidence, the PFM Directorate prepares and submits the complete disbursement request package to the EU Delegation.

The PFM Directorate communicates and cooperates with the EU Delegation in terms of providing additional necessary evidence, as well as for confirmations of amounts disbursed by the EU Delegation. At the same time, PFM Directorate cooperates with the Treasury Department within MoF to confirm the disbursement of funds in the Treasury Single Account.

In addition, the PFM Directorate has established and constantly updates the database of budget support, as well as informing the leading institutions and the EU Delegation for each disbursement made in the Treasury Single Account under this instrument.

PART 3: COMPLEMENTARITY AND IMPLEMENTATION OF THE REFORM AGENDA

12 COMPLEMENTARITY WITH IPA III

In order to ensure synergies between the Reform Agenda assistance and the ongoing or planned IPA III activities and to avoid duplication, the relevant IPA Action Documents and Programmes have been thoroughly reviewed by analysing how each of the IPA III activities ensures synergies with and indirectly contributes to the Reform Agenda's objectives.

Reform 1.1.2. Ensure transparency and efficiency of state cadastre services, for investors and citizens and provide clear policy for land usage

The IPA III Action EU for Property Rights – Phase II (IPA 2021) will contribute to advancing the legal framework for the creation of property rights in Albania and ensure fully digitised (scanned and geo-referenced) geospatial data and cadastral maps. The above-mentioned IPA Action indirectly contributes to the **Reform 1.1.2** which aims to adopt a comprehensive Roadmap for full registration of properties in the cadastre by June 2025, supported by an integrity plan by December 2025. This latter will include robust anti-corruption measures.

Reform 2.1.1. Revise the VET system to better match the labour skills demand

The **Reform 2.1.1** will cover inter alia the design and approval of new VET curricula aligned to the Smart Specialisation Strategy of Albania (to be approved in 2024) and training of the teachers on those curricula. Three IPA Actions currently in implementation and planned under the IPA annual programmes 2019 and 2024 and the multi-annual programmes 2024-2027 in the course of approval decision by the Commission, are complementary to the Reform Agenda objective. The IPA 2024 action “EU for Employment and Social Inclusion in Albania” under budget support (EUR 28 million) aims to Promote skills development and employment by enhancing education training and labour market integration, in particular for disadvantaged categories (social assistance beneficiaries, people with disabilities, Roma and Egyptian communities and women), and improving the adequacy of the social protection measures, accessibility and quality of integrated social care services at the local level. IPA is also supporting the EU 4 Inclusive Teaching Project under IPA 2019. The Operational Programme “Digital Economy and Society (2024-2027)” – Area of Support 1.2 Digital Education, aims to improve learning outcomes of pre-university students using digital tools and systems. The support is horizontal being directed to strengthen ICT-oriented curriculum of high schools and the capacities of teachers to deliver the new curricula. This last Programme will also indirectly contribute to **Reform 2.1.4. Advance digital skills and literacy for youth and ensure the provision of sufficient ICT equipment to public schools and universities.**

Reform 3.1.2. Update the framework for cyber resilience, by introducing requirements of NIS2 Directive and strengthening relevant institutions

The Operational Programme Digital Economy and Society (IPA 2024-2027) includes a Cybersecurity Sub-Area of Support which will support training on cyber awareness, train the trainers model, and investment in some central infrastructure (servers, storage), networking/security, and cyber intelligence platform. The specific objective of the EU support under the Operational Programme is to improve the ability of Albanian authorities to defend against cyber threats by strengthening cyber awareness, preventive analysis capability, and the cyber resilience and responsiveness of public sector organisations participating in the cybersecurity governance network. Implementation of the Action will run in parallel with implementation of the **Reform 3.1.2** in a fully complementary manner.

Reform 3.1.3. Update the framework for a secure and sustainable digital infrastructure

Two Actions are financed by IPA III that are fully complementary with the Reform 3.1.3: under IPA 2022 – EU Integration Facility, the preparation of sub-legal acts and regulations is supported to align the new electronic communication law with the Directive 2018/1972/EU establishing the European Electronic Communications Code; the Operational Programme Digital Economy and Society under IPA 2024-2027 will support under Area of Support 2 the improvement of the legal and regulatory environment for gigabit infrastructure, increasing resilience and trust for better digital connectivity, and promoting innovation and the

green agenda in building digital infrastructure and 5G including implementing measures based on the 5G toolbox.

Reform 3.2.1. Improve enabling environment for innovative businesses and their take up of the potential of the green and digital agenda, including enabling relevant financial support

Two subsequent Actions supporting the development of the business environment and the innovation ecosystem were financed under IPA 2017 (EU for Innovation Phase I) and IPA 2021 (EU for Innovation Phase II). These Actions are fully complementary to the **Reform 3.2.1.**

Reform 4.2.1. Develop transparent and competitive quantity-based action plan for renewable energy

The IPA funded Operational Programme EU for Energy (2024-2027) will indirectly contribute to the **Reform 4.2.1** through the actions planned under the Area of Support 1: Support to renewable energy and energy efficiency of buildings, which can support the installation of additional renewable energy capacity in the buildings subject to energy efficiency measures.

Reform 4.4.1. Adoption and implementation of long-term building renovation strategy, and energy efficiency scheme

The adoption of a national long term renovation strategy to support the renovation of the national stock of residential and non-residential buildings in line with the requirements of Directive (EU) 2010/31/EU of the European Parliament and of the Council (as amended) is also a thematic enabling condition under the EU Regulation 2021/1060 (Common Provisions Regulation) to be met for accessing Cohesion funds for building renovation. The EU Regulation 2021/1060 – Article 15 and Annex III, requires that the national long term renovation strategy to support the renovation of the national stock of residential and non-residential buildings: (a) entails indicative milestones for 2030, 2040 and 2050; (b) provides an indicative outline of financial resources to support the implementation of the strategy; (c) defines effective mechanisms for promoting investments in building renovation. In addition, the above mentioned thematic enabling condition requires that Energy efficiency improvement measures are implemented to achieve required energy savings. Under Area of Support 1, the IPA Operational Programme EU for Energy 2024-2027 will indirectly support the implementation of the **Reform 4.1.1** by supporting energy efficiency measures including the audit of energy efficiency in public buildings and investments in energy efficiency. Additional indirect support to the Reform Albania also benefits of the WBIF Regional Energy Efficiency Programme (REEP).

Reform 5.4.1. Consolidate judicial independence and accountability by transparency

IPA has funded the International Monitoring Operation (IMO) for the vetting of Judges and Prosecutors in Albania under three annual programmes: 2016 (Phase I), 2020 (Phase 2) and 2022 (Phase 3). EU support has been instrumental in ensuring the development and transparency of the vetting process in line with the Albanian Constitution and the Vetting Law. The IPA support to date forms the basis for completing the **Reform 5.4.1** and therefore the ongoing IMO contributes indirectly to the specific objective of this Reform.

Reform 5.5.1. Effectively prevent corruption, decrease incidence of corruption

The IPA 2024 EU for Anti-Corruption Action (EUR 3.85 million) is fully complementary to the **Reform 5.5.1.** The IPA 2024 relevant Action will support further strengthening of operational capacities to fight against corruption through prevention, repression, awareness-raising capacities and a pro-active approach of the fight of high level of corruption.

Reform 5.6.1. Enhance freedom of expression, in line with European standards

The IPA 2022 Action EU for Democracy (IPA 2022) indirectly contributes to the objectives of the **Reform 5.6.1** by supporting reinforced integration of civil society and media participation in democratic governance mechanisms and policy making in the Assembly and the Central Election Committee, and more effective civil society and media contribution to policy dialogue, monitoring and reporting processes

13 INVESTMENTS UNDER WESTERN BALKANS INVESTMENT FRAMEWORK (WBIF)

Main investment priorities within the National Reform Agenda are related to the pillars of the RA, in order to provide the investment device and aiming of enhancing regional economic cooperation and laying the foundations for sustainable growth for the region.

Investment priorities in Transport would be related mainly to the following:

- connectivity measures to facilitate trade, improve transport corridor efficiency, with the aim to reduce waiting times at border crossings, safety, and green transport.
- Support investments in digital solutions to enhance the efficiency of physical infrastructure; support investments in IT systems to improve safety and efficiency, as well as in digital solutions for railway connectivity between WB6 and EU.

Investment priorities in Energy would be related mainly to the transmission lines and smart solutions in Energy Efficiency, in order to ensure market integration of the energy sector with the EU Single Market and the WB6 regional market. Regarding energy transition, the main priority remains at strengthening the energy connectivity, while being committed to facilitate energy trade and ensure improved energy infrastructure connectivity. Focus remains in completing the interconnectivity investments in transmission lines among WB6 with the entire European network, to access WB6 and EU Energy Markets.

Digital interconnectivity infrastructure will be another dimension of infrastructure investments, with completion of investments for connecting regional with European broadband networks, in combination with policy reforms measures undertaken in line with digital integration commitments for establishing a Broadband Competence Office and strengthening institutional capabilities for the development of gigabit society and to improve business environment to promote investments in digital infrastructure based on very high capacity networks.

Regarding investments in human capital, the Smart Labs are considered a priority hence it will create a solid bases for the young generation to improve ICT skills, in order to to better match the labour skills demand.

Albania presents the economic infrastructure project as critical for Albania's integration into the EU Single Market. By improving economic efficiency, competitiveness, regulatory compliance, investments, this project create a more conducive environment for economic growth and integration. Especially projects related to Quality Infrastructure, skills and R&D, create premisses for boosting exports and ensure growth. They align Albania's infrastructure and regulatory framework with EU standards, facilitating smoother interactions and partnerships within the Single Market and contributing to the overall stability and prosperity of the Albanian economy.

An indicative list of projects, that will be validated in a high-level meeting, are as follows:

Area		Priority Projects	Indicative Project cost (mln Euro)	Information on the project
	1	Albania, New 400 kV OHTL Rrashbull (Albania) – Arachtos (Greece)	64	Under Feasibility and preparation of ESIA with TA through WBIF GF. Investment to TBC based on nga TA
	2	OST Digitalization	46	Informal approval in WBIF for Investment grant. To be approved within december as part of the Growth Plan list of Project
	3	New 400/220 KV substation Vau I Dejes and upgrade of existing 220 KV	70	Feasibility and ESIA to be updated with Connecta 2 TA. As well under discussion with IFI for TA

Energy	4	Smart Metering deployment in Distribution system.	330	It is acceptable by WBIF only for the part of smart meter deployment in substations, not to the end customer. An implementation project for the installation of a Smart meter in Tirana is under preparation. Planned not to apply to WBIF due to restrictions
	5	Building Stock on Energy Efficiency	TBA	No clear projects are envisaged. Funds for energy efficiency go under the WBIF/REEP program. The projects will be assigned through the strategy for the renovation of the building stock that will be prepared with assistance from EBRD.
	6	Koman-Fierze Hydro pump storage	210	Under Feasibility, ESIA and Preliminary design through TA from WBIF
	7	Rehabilitation of Vau i Dejes HPP	110	Feasibility and ESIA to be updated with Connecta 2 TA. As well discussion for TA with KFW
	8	Extention of 400/220 KV Fierza substation and 400 kV OHTL Fierza (Albania) - Prizren2 (Kosovo)	65	Applied for FS and ESIA under TA from Connecta 2
	9	400 kV internal ring Fier - Rrashbull – Tirana2	31	Under preparation Grant application for TA with IFI (KFW)
	10	Digital modeling of Drini cascade and Drini river downstream	80	Under discussion with IFI
	12	Raiway Kristalopigi/ Grece with Pogradec	250	
Transport	13	Railway Vlora station - Vlora Airport (12km)	50	
	14	ITS Development Project and Traffic Control Center	100	
		TTFP 2.0	40.1	
Digital		Digital Connectivity Infrastructure/ Regional broadband development		WBIF/ WB24-ALB-DII-01 project for update FS, CBA and TD is ongoing and expected to be complete within 2024. Investment cost tbc based on revised/updated FS.
		NAIS BCC and DRC Center	45	
Human Capital		Smart Labs	41	
Economic Infrastructure		Economic Infrastructure Project (Skills; Research for Development; Quality Infrastructure)	30	

14 CONSULTATION⁴⁸

The development of the Reform Agenda has been codesigned in an extensive dialogue process with government institutions, independent institutions, as well as relevant stakeholders, that have participated in an intensive process.

The process has included firstly line ministries at all levels, that are responsible for policy areas pertaining to Reform Agenda, through the Negotiating Structure. The whole process has been coordinated by the European Integration Negotiation Structure, composed by the Minister of State and Chief Negotiator and negotiators that cover respective areas in the line ministries having the leadership for the coordination at the political level and bridging technical discussions with political decision making, and consent and clarity building, as well as the EU Technical Secretariat/Department of Policy and EU Integration, as well as offices in line ministries and other agencies, governmental bodies and independent institutions, as the Parliament, justice system institutions, AMA, etc.

In this perspective, there have been held four rounds of meetings (approximately 72 meeting during the period from March - June 2024, led by the Minister of State and Chief Negotiator and the negotiators (deputy ministers in line ministries), organized and supported by the EU Technical Secretariat through the Negotiating Structure. The meetings have served as talk platforms to co-design and discuss about priority policies, have consolidated the steps/measures related to policy priorities, have contributed to steer work to respective sub steps for the steps confirmed, as well as targets and indicators related to the steps, as presented by technical departments and related technical teams. Following meeting rounds of the EU Negotiation Structures have been organized to thoroughly discuss the Reform Agenda:

- First pillar of policy area on "Improving the business environment and tackling the informal economy", was discussed in around 12 meetings in 4 rounds in March - June 2024, were held among Minister of State and Chief Negotiator and the negotiators of the Ministry of Finance, Ministry of Economy, Culture and Innovation, Minister of State on Entrepreneurship, Minister of State on Entrepreneurship, Minister of State on Entrepreneurship, Ministry of Justice and Director General of the State Cadastre Agency,

- The second pillar, on "Human Capital" was discussed in 12 meetings in 4 rounds March- June 2024 among the Minister of State and Chief Negotiator and the negotiators of the Ministry of Education and Sports, of the Ministry of Ministry of Economy, Culture and Innovation, director generals of sector policies, and director general of several agencies under these ministries.

- The third pillar, on "Digital", there has been held 12 meetings in 4 rounds March- June 2024, among of the Minister of State and Chief Negotiator and the negotiators of the ministry of Infrastructure and Energy, director general of NAIS and director general of AKCESK, as well as director generals of sector policies in line ministries, etc.

- The fourth pillar, on "Energy / Green Transition", 16 meetings in 4 rounds were held in March- June 2024, among the Minister of State and Chief Negotiator and the negotiators of the the Ministry of Infrastructure and Energy and Ministry of Environment and Tourism, as well as director generals of sector policies in line ministries, etc.

- In the fifth pillar of the policy area on "Fundamentals/Rule of Law", 20 meetings in 4 rounds were held in March- June 2024, among the deputy minister of Ministry of Justice, Ministry of Interior and the Advisor of Minister of State for Public Administration and Anticorruption, as well as director generals of sector policies in line ministries, etc.

Apart from the meeting among the Chief Negotiator and Negotiators with the respective technical teams and EU Secretariat, these meetings has been accompanied by other technical meetings and communications of the technical secretariat of the European Integration Structure, which is the Department of Policy and European Integration, with the technical teams of line ministries and development agencies, in order to ensure preparation of the steps and sub steps of the Reform Agenda, to provide guidance and prepare the narrative

⁴⁸ Public consultation ends in 12.07.2024. If there will be new comments that need to be addressed, they will be added to this section accordingly.

document of the Reform Agenda, identify costing and investment, and work on definition on performance indicators.

The Negotiators Group has been gathered in three meetings organized in March, April and May 2024, to discuss about the priorities, and the June meeting is planned to happen on the 3rd week of June. The discussion in these meetings was focused in the steps and sub steps of the Reform Agenda, as well as complex policy issues on the respective reforms, issues in the discussions with the EC. Discussions with negotiators were dedicated to resolving intricate details and securing consensus on the proposed reformative changes and other measures, enhancing the doability, feasibility, impact, and effectiveness of the reforms.

Also, the Minister of State and Chief Negotiator has held four rounds of meetings with the respective ministers totalling more than 30 meetings, to discuss especially complex aspects of reforms, needed to build a position and perspective for its implementation, as well as to ensure political support and leadership in implementing and achieving results.

The Reform Agenda and its perspective has been discussed in 3 meetings of the Government Consultative Committee (Economic Interministerial Committee), chaired by the Deputy Prime Minister with participation of the respective policy area Ministers, deputy Ministers, and Minister of State and Chief Negotiator. Furthermore there has been organized a meeting of the Social Welfare Interministerial Committee chaired by the Minister of Education, and a meeting of the Rule of Law and Security Interministerial Committee chaired by the Minister of Defence. The sessions with the ministers and the Consultative Committees involved in-depth analysis presentations and adjustments to ensure the proposed reforms, budget, and legislative planning, as well as impact and collective leadership.

Furthermore, the Reform Agenda has been discussed in meetings chaired by the Prime Minister. The first meeting of the Strategic Planning Committee was organized in November 2023 to discuss about the process and main priorities of the Government with respect to RA. The second and the third working meeting have taken place in January 2024 and March 2024, focusing on shaping main reforms, as well as political discussion and decision making about the RA. This process has developed in-depth discussion on the national Reform Agenda, focusing on aligning it with long-term strategic goals. The co-design approach have been instrumental in evaluating the proposed reforms, ensuring they are grounded in data-driven insights and are feasible within the current and projected economic and social policy frameworks, and more impact to growth-

Consultation and co-design with independent institutions

Extensive discussions and interinstitutional coordination has been ensured with the independent institutions, such as the Parliament, the High Justice Inspectorate (HJI), High Judiciary Council (HJC), High Prosecutorial Council (HPC), GPO, SPAK, ILDKP, etc. These institutions have been part of the working group on the Rule of Law / Fundamentals coordinated by the negotiator of chapter 23 (Deputy Minister of Justice) and Ministry of Justice, as well as the Interinstitutional Working Group on Money Laundering organized by the General Directorate on Money Laundering, and Working Group on Organized Crime chaired by negotiator of Chapter 24 (deputy Minister of Interior). This collaborative approach and interactions have been incremental in involving the independent institutions in discussing and providing their opinion on each and single step, sub step and timeline of the respective reforms etc. The inclusion of independent institutions in the co-design process has been very beneficial to the process on achieving consensus and quality of planning on the Reform Agenda policies, steps, etc. The meetings organized by the Ministry of Justice, GDML, as well as Cabinet of Minister of State on Anticorruption have reviewed each aspect of the reforms in the Rule of Law Pillar, offering critical insights and recommendations to enhance the effectiveness and sustainability of the reforms. This collaborative effort marked a significant step forward in refining the strategic direction of the reforms, setting a clear pathway for implementation and anticipated outcomes.

Consultation with the Parliament

The Parliament has been informed about the process and the content of the Reform Agenda in two quarterly reports presented to the EU Integration Commission. Furthermore, the EU Integration Commission of the Parliament has discussed the Reform Agenda in one meeting organized in May. The meeting served to inform the members of the Parliament, as well as to have their opinions on the priorities included in the Reform Agenda.

Consultation with CSO and external actors

The Reform Agenda and its Business Climate reforms (Pillar 1) have been discussed in two meetings organized by the NEK (National Economic Council), in April and May, chaired by the Prime Minister/Minister of State on Enterprise and with participation of business representatives, which provided valuable contributions to the discussion on the Reform Agenda.

Consultation with Civil Society representatives interest groups have been organized also in March-April 2024 to discuss about the Reform Agenda. There have been organized five meetings of the European Integration Partnership Platforms in March-April 2024, focussed on the consultation of the reforms in the respective priority Pillars of the Reform Agenda. The meetings were chaired by the negotiators/deputy ministers of the ministries leading the reforms in the respective areas, with participation of the representatives of the social partners, civil society organizations, Think Tanks, NGOs, academia, etc. These sessions were integral to discussing and refining the comprehensiveness of the Reform Agenda, as well as ensuring a solid ground for supporting the implementation of these reforms and setting forth the EU Integration membership for the country.

The public consultation through the E-consultation platform of the draft Reform Agenda has been launched in 12 of June 2024 and will be closed in 12 of July 2024, according to the legal procedures and law on public consultation. These platform is accessible by CSOs, Think Tanks, interest groups, experts, citizens, media, academics etc.

15 MONITORING, REPORTING, EVALUATION

The day-to-day technical and financial monitoring of the implementation of the Reform Agenda will be a continuous process and part of the implementing responsibilities of Albania.

To this aim, Albania shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the list of result indicators. The report shall be laid out in such a way as to allow monitoring of each measure in the Reform Agenda. To this end, Albania will put in place regular and systemic monitoring and reporting arrangements to inform on progress towards planned results' achievement, including, where relevant, arrangements for quality assurance on data collection– including data disaggregation (i.e. by sex, age, rural/urban, etc.) - and the extent to which relevant reforms and investments are taking into account the leaving no one behind and contribute to gender equality and women's empowerment.

The final report, narrative and financial, will cover the entire period of the action implementation and will be published in the official web of the Ministry of Finance.

Monitoring, evaluation and reporting on overall reform/measure implementation, outcome and output indicators shall be carried out through the following bodies:

1. National Coordinator

The National Coordinator will act as the interlocutor with the European Commission for the overall implementation of the Facility.

The National Coordinator will include the following responsibilities, such as:

- ensure the overall coordination, timely implementation, reporting, monitoring of the assistance to the beneficiary, including the coordination within the administration and with other donors as relevant in line with the objectives set out in the Reform and Growth Facility Regulation;
- shall coordinate a regular high-level policy dialogue with the Commission;
- ensure a close link between the use of the Facility funds and the general accession process;
- ensure that the assistance received under the Facility is complementary to the assistance received under the Instrument for pre-accession assistance and to any other external assistance received by Albania;
- prepare and submit the requests for the release of funds under the Facility and ensure their veracity and the signature of the declaration of assurance;
- ensure (i) administrative capacity in terms of human resources (staff numbers and profiles), institutional experience and expertise, and (ii) the mandate and authority to exercise all relevant tasks, including reporting and monitoring responsibilities;
- get assurance about the satisfactory fulfilment of the the relevant qualitative and quantitative steps identified in relation to the implementation of the Reform Agenda, that the funds were managed in accordance with all applicable rules, in particular rules on avoidance of conflicts of interests, fraud prevention, corruption and double funding;
- ensure that the funds of the Facility are used in accordance with the principle of sound financial management, transparency, equal treatment, non-discrimination and proportionality for their intended purpose and managed appropriately in particular in accordance with Albanian rules complemented by EU and OECD audit standards and rules on prevention, detection and correction of fraud, corruption and any other illegal activities affecting the EU financial interests, as well as on conflicts of interests and irregularities;
- ensure the collection of, access to, and transfer into an electronic format, of data on natural persons and legal entities receiving funding for the implementation of measures under the Facility, in accordance with Article 22 of the Reform and Growth Facility Regulation.
- monitor the establishment and operationalisation of the internal system.
- maintain appropriate procedures for drawing up the declaration of assurance and summary of the audits and controls carried out at national level. This includes: (i) an effective procedure for drawing up the declaration of assurance documenting the summary of audits and controls and keeping the underlying

information for audit trail; (ii) Effective procedures to ensure that all cases of fraud, corruption and conflicts of interests are properly reported and corrected through recoveries.

- ensure appropriate measures, including procedures for checking the fulfilment of the relevant qualitative and quantitative steps identified in relation to the implementation of the Plan and compliance with principles of sound financial management. This includes: (i) appropriate measures through which authorities entrusted with the implementation of the Plan measures will check the fulfilment of the relevant qualitative and quantitative steps identified in relation to the implementation of the Plan (e.g. desk reviews, on-the-spot checks); (ii) appropriate measures through which the authorities entrusted with the implementation of the Plan measures will check the absence of irregularities, fraud, corruption, other illegal activities, including conflicts of interests, and double funding (e.g. desk reviews, on-the-spot checks).
- maintain an effective system to ensure that all information and documents necessary for audit trail purposes of the implementation of the qualitative and quantitative steps are held.
- The Coordinator shall steer and guide the work of the Monitoring Committee and act as the interlocutor between the European Commission, OLAF, the European Public Prosecutor's Office (EPPO), each acting within their respective competences, and the beneficiary authorities for the overall implementation of the Facility; the Coordinator shall ensure that the Commission, the European Anti-Fraud Office (OLAF), the Court of Auditors, the EPPO may freely exert their rights and have full access to exert their competences. In the case of OLAF, such rights shall include among others the right to carry out investigations, including on-the-spot checks and inspections, within the limits of its mandate, and, in the case of the EPPO, rights in accordance with applicable agreements on Mutual Legal Assistance in criminal matters.
- The Coordinator will be assisted and advised by the internal auditor in reviewing of envisaged regular implementation report's content and the submitted information, including performance of on the spot checks. Within the preparation of semi-annual report, the Internal auditors would assist the Coordinator in preparation of Declaration of Assurance confirming that the data in the report are accurate, verified, reliable, and accurately reflect the level of achievement of the listed steps, and that the established internal control system and measures taken to improve it confirm its content

2) Reform and Growth Facility Monitoring Committee. The Reform and Growth Facility monitoring committee shall assess the degree and quality of implementation of all reforms and investments towards meeting the objectives set out in the Reform Agenda and in the Reform and Growth Facility Regulation.

- Reform and Growth Facility monitoring committee - will oversee the monitoring and reporting of all line ministries concerned, thus ensuring a sound, overarching and comprehensive reporting to the Commission.
- The Reform and Growth Facility monitoring committee will have as members: representatives of the Commission, representatives of National Coordinator office, representatives of Chief Negotiator Office, the representatives of line ministries/institutions in charge for the implementation of the Reform Agenda and, where relevant, bilateral donors, international organisations, international financial institutions and other stakeholders, such as civil society and private sector organisations.
- The monitoring committee shall meet at least once a year. *Ad hoc* meetings may also be convened at the initiative of the Commission or Albania, in particular on a thematic basis.
- For the purpose of ensuring effective coordination during the implementation of the Facility, representatives from the Commission, the Coordinator office and from other Albanian institutions, shall hold regular meeting at technical level to discuss investments and reforms in the Reform Agendas that may raise specific implementation challenges, and-or any significant risks to the timeline for the completion of any step, notably where that may have implications for the timeline of the associated request for the release of funds.

3) Line ministries/institutions- The execution bodies for the Reform and Growth Facility in Albania will consist of five key ministries, each responsible for coordinating the delivery of reforms within their respective policy areas. These ministries will be selected based on having the largest number of measures to oversee for

each policy area. They will ensure the effective implementation, monitoring, and adjustment of reforms to meet the established goals and targets.

Line Ministries will:

- prepare all the sets of documents for fulfilments of the measures included in Reform Agenda
- provide all the evidence to demonstrate the fulfilment of the measures included in the reform agenda
- prepare semi-annual and annual reports on relevant measures of Reform and Growth Facility.
- Deliver all the information on monitoring reports, official statistics, official journal, etc and the internal schedule of the availability of this information (e.g. regular schedule, specific dates of publication, etc) to National Coordinator
- Periodic technical meetings will be organized by the lead institutions for each area, focusing on the status of reforms, identifying potential bottlenecks, discussing the need for additional technical assistance, and enhancing coordination among different ministries.
- Frequent interactions within National Coordinator will help maintain momentum, address emerging issues promptly, and ensure cohesive efforts towards the successful implementation of the Reform and Growth Facility.

16 CONTROL AND AUDIT

Internal Control and Managerial Accountability

Internal Control:

The Albanian legal framework for PIFC, embodied in Law No. 10296/2010 “On Financial Management and Control,” and the law no.114/2015 “On internal audit in public sector” align closely with international standards and provides a robust basis for an effective internal control system and independent internal audit function. Recent amendments (February 2023) to the Law No. 10296/2010 “On Financial Management and Control,” and the Law no.114/2015 “On internal audit in public sector” further refine and enhance their provisions. The legislative framework for PIFC in Albania draws upon COSO Standards, the International Organization of Supreme Audit Institutions Internal Control Standards for the Public Sector (INTOSAI Standards), and the Institute of Internal Auditors International Professional Practices Framework (IPPF), encompassing a range of strategic documents, laws, and bylaws.

The law on FMC⁴⁹ outlines rules, procedures, administrative structures, and methods concerning financial management and control within public units in Albania. It emphasizes managerial responsibility for planning, implementation, budget control, accounting, and reporting, aiming to ensure efficient, effective, and economic use of public financial resources, underpinned by principles of transparency, lawfulness, and prevention of waste and embezzlement. The recent amendments aim at increasing the effectiveness of the operations of the internal control system, strengthening the sanctioning measures for the proper functioning of the internal control system and extending the monitoring of internal control requirements to state owned enterprises.

The FMC law (chapter II, articles 8-12) clearly define the managerial accountability (lines of accountability) of the main actors in carrying out the activity of a public unit. The rigorous implementation of these functions helps to improve the system of administrative and managerial accountability. All the public unites have to fulfill the legal requirements of the FMC law.

The clarification of the lines of accountability of the subordinate unites are included in the Law 90/2012 “For the organization and functioning of public administration”. Amendments to this law are currently under consideration to further improve accountability lines.

The Financial Management and Control (FMC) manual defines core principles and components of financial management and control, serving as a guide for managers to develop and maintain adequate FMC systems in accordance with the FMC Law. Drafted in line with COSO principles, this manual is a key reference document for achieving organizational goals.

A methodology for monitoring the performance of internal control systems has been approved, focusing on annual institutional performance and the monitoring of public units by the Ministry of Finance (MoF) based on this methodology (the methodology includes the financial management and control self-assessment questionnaire, with questions related to performance indicators based on Public Expenditure and Financial Accountability Program indicators). This approach utilizes a set of combined indicators to provide an overview of internal control systems' performance in public sector units, measuring and analysing impacts, results, and outcomes of performance appraisal processes.

The government's objective is to strengthen managerial accountability, which is a process where managers at all levels are accountable and can justify /explain decisions and actions taken to meet the specific objectives of the unit they manage. There is necessary to have in place the proper mechanism to ensure accountability of state administration bodies, including liability and transparency.

The manager is responsible for creating all the necessary preconditions, especially for the efficient and effective operation of the financial management and control system, to ensure the legal, purposeful and appropriate use of funds. Managerial accountability means responsibility for sound financial management at all levels, that is, organization, procedures and appropriate reporting of the unit's results.

⁴⁹ Law No. 10296/2010 “On Financial Management and Control,”

The ongoing strengthening of the PIFC system, and improvements in the application of managerial accountability, are reform measure in the recently adopted Public Finance Management 2023-2030 Strategy, and the PFM strategy action plan 2023-2026 (Pillar 5 “Public Internal Financial Control”).

Considering the evolution of the functioning and management of public units as well as the continuous assessments carried out by the Ministry of Finance or international organizations, it is evident that there are still difficulties for public institutions to understand or implement the concept of managerial accountability for various reasons such as:

- Lack of information regarding the concept of managerial accountability by managers;
- Managers are overloaded due to the need to approve all decisions and documents sent out of the unit;
- Lack of mechanisms developed for the delegation of competencies and responsibilities;
- Inadequate organizational structure or lack of capacity in human resources;
- Lack of trust and time to dedicate to capacity building of employees;
- Risk assessment, which should be an essential feature of management decision-making, is considered only a bureaucratic requirement;
- Shortcomings in strategic financial planning and clear definition of objectives.

In regard to strengthening managerial accountability, Albania has undertaken during 2023 (part of every year plans also for 2024):

- Continuation of the internal control quality assessment in order to perform an in-depth analysis of the functioning of the internal control elements, identifying the main deficiencies and provision of concrete recommendations for addressing them.
- Provision of the technical assistance for the implementation in practice of the basic mechanisms of managerial accountability especially the use of delegation of duties, as well as for updating the internal regulations especially regarding the whistleblowing procedures/
- Increasing capacities to inform on the main concepts and instruments of managerial accountability and awareness of the benefits of its implementation.

Delegation remains a key focus in developing an effective managerial accountability system. Instruction No. 4, dated 29.01.2020, outlines the rules and procedures for delegating rights and duties in general government units, in accordance with Law No. 10296

Measures planned:

- Amendments to the regulatory framework.
- Continuous evaluation of the quality of the internal control system to conduct an in-depth analysis of the functioning of the internal control elements, identify the main problems and provide concrete recommendations for addressing them.
- Providing technical assistance for the implementation in practice of the basic mechanisms of managerial accountability.
- Capacity building to inform on the main concepts and instruments of managerial accountability and raise awareness on the benefits of its implementation.

The foreseen measures aim at the proper functioning of the internal control system in units that use public funds, thus enabling a better and transparent distribution of funds according to the needs of citizens and ensuring quality and timely services in all areas.

Furthermore, CHU/PIFC plays a crucial role in enforcing the implementation of internal control system in public units in order to prevent irregularities and corruption, thus enhancing trust and credibility in government operations. As presented in Bilateral Meeting for chapter 32, Albania is committed to set up policies, procedures and internal control instruments for the prevention of fraud and irregularities.

Based on this statement, even though the fact that there is in place the Anticorruption Strategy, CHU/PIFC is continuing to provide several measures for the improvement of internal control implementation. These

concrete measures are defined also in the approved PFM Strategy 2023-2030 and in the PFM Action Plan 2023-2026. Specifically, these measures consist on:

- Regulatory framework improved in accordance with the latest FMC Law changes and best practices, local laws and international standards. Actually, the Risk Coordination Instruction and The Methodology for the Quality Assessment of internal control system will be reviewed and improved;
- Training and capacity building: CHU/PIFC is continuously engaged in developing training programs and capacity building initiatives in public units about the importance of internal controls, how to implement them effectively and their role in preventing corruption;
- Technical assistance and support: CHU/PIFC will continue to help the public units to implement and strengthen the internal control system by providing relevant and updated information, templates, tools and resources;
- Risk assessment and Plan for Risk mitigation; Assisting public units in conducting risk assessments and develop plans to mitigate this risks (including corruption risks);
- Improved monitoring and reporting mechanisms in order to carry out an effective quality assessment of internal control in public units. The establishment of reporting mechanisms where public units have to report on their status of implementation of internal control system, practices and also including any suspicions of corruption (regulated by whistleblowers law);
- Raising transparency and accountability by raising awareness of high level management and staff on the importance of the implementation of internal control system, including transparency in financial reporting and transactions through improved accounting practices based on International Public Sector Accounting Standards (IPSAS);
- Provision of internal audit service; CHU/PIFC is engaged in improving the internal audit service in public units in order to effectively conduct regular internal audit missions and reviews of financial statements, operational processes and ensuring the compliance with policies and procedures.

As per above, for the upcoming period, these measures that are defined in PFM Strategy will also be included in PAR Strategy. The monitoring of the implementation of these measures is periodically carried out by the PFM structure in MoF and the results are presented in Steering Committee and European Delegation.

The foreseen measures aim at the proper functioning of the internal control system in units that use public funds, thus enabling a better and transparent distribution of funds according to the needs of citizens and ensuring quality and timely services in all areas.

Regarding the institutional set-up, the CHU oversees coordinating the set-up and development of public internal financial control in public sector institutions. Other functions include the preparation of laws and guidelines for internal control and internal audit, the development and updating of strategies and methodological guidelines, the monitoring of financial management and control in public sector units, as well as external quality assessments of internal audit units. The CHU also supports capacity building by organising awareness seminars and continuous professional trainings for financial management and control, accountability and internal audit in public sector institutions. It is further responsible for the professional development strategy at national level, including the certification of internal auditors.

The internal control regulatory framework is consolidated, and institutions have established the basic conditions for an effective control environment and a structured process for the integration of strategic and operational objectives. To improve the internal control system, there has been implemented several actions, most notably to reinforce the implementation of procedures and to strengthen the capacities of civil servants. Training sessions on implementation of the managerial accountability system have been delivered in cooperation with the Albanian School of Public Administration (ASPA). The CHU plans to expand its support to public institutions in reviewing current policies and procedures in accordance with organisational, process or system changes. It will provide technical assistance on implementation of delegation instruction and procedures.

In conclusion, there is a framework in place that aims to effectively prevent, detect, and correct irregularities, fraud, corruption and conflicts of interests, as well as enforce State aid control rules and avoid double funding with regular risk assessments and mitigation of measures taken. The internal control system is regulated primarily by two laws: the Financial Management and Control Law (2010, with regular amendments) and the Internal Audit law (2015, with regular amendments). In addition, Internal control is covered by a broad range of complementary laws and regulations, including on procurement, declaration of assets, state aid, etc.

The screening report carried together with the Commission, in regard to chapter 32 mentions: “Albania’s regulatory framework for PIFC, the Law on Financial Management and Control (FMC Law) is largely in line with international standards and forms a sound legal basis for the development of a functioning internal control system”. The general analysis shows that the effectiveness of the internal control system remains to be strengthened further. On the basis of the different assessment undertaken, the government itself assesses the internal control system as “partially effective”.

General objectives and reform priorities on internal control are included in the PFM Strategy 2023-2030 (DCM no.390, date 26.06.2024) and in the Anti-Corruption Strategy (adoption of latest version expected in December 2024). Managerial accountability issues are also addressed in the PAR Strategy (also currently in the process of being updated).

Regarding the institutional set-up, the Central Harmonisation Unit (CHU) of the MoFE is actively monitoring developments in the PIFC domain and provides active guidance and support across the government units that currently fall within its scope.

Furthermore, it has been assessed through the screening report that “managerial accountability provisions are in place, but not yet fully and consistently implemented; and delegation of managerial responsibilities remains relatively limited”. There are few institutions that implement documented delegation procedures and efforts continue to clearly define terms, rules and procedures to be followed in the process of delegating tasks. It is aimed for the adopted instructions on the delegation of financial responsibilities to be implemented and accompanied with a wider reform on delegation of operational and administrative responsibilities to have a comprehensive approach on managerial accountability.

As regards risk management, all entities are required to maintain a risk register. The implementation of procedures related to risk identification will be improved and the number of institutions that have drafted and implemented risk management instruments has increased throughout the years. Efforts are being made to systemically incorporate risk management in the management of financial and operational processes.

The annual report on PIFC for 2023 was produced by the MoF – CHU unit and presented to the government, being included in the Budget Execution Report. The PIFC report gives an overview of the status of internal control and internal audit using a number of assessment methods (self-assessments, external assessments from the coordination unit, performance index monitoring budget/treasury compliance as well as compliance with IA and IC requirements, IA opinions on Internal Control). These indicate improvement in compliance of the set-up of Internal Control and Audit and thus, overall, the internal control system is assessed as partially effective, with more establishment in central government institutions. IA opinions on Internal Control systems found 10% fully effective, 88% partially effective and 2% non-effective. The External Audit assessment of the 2022 Budget confirmed the findings, and listed specific issues on internal control found in its audits.

Under the overall system, coordinators get assurance that the funds are managed in accordance with applicable rules regarding irregularities, fraud, corruption, conflicts of interests and double funding, via the following arrangements:

- There are annual self-assessments by the entity of its internal control arrangement in the context of the regular review of internal control organized by MoF-CHU. It is in principle obligatory for the government unit to fill this out
- There are regular external assessments by MoF-CHU of the compliance of internal control arrangements by government units and on the level of compliance of internal audit activities with requirements of professional standards and national legal framework.

- The internal audit unit of the government entity should prepare annual opinion on the adequacy of internal control arrangements
- The MoF-CHU prepares an annual report (PIFC Report) on the status of internal control and internal audit arrangement in government with an assessment and overview of above assessments. This is presented to the MoF and included in the Budget Execution Documentation
- The Supreme Audit Institution conducts regular audits, including financial audits, compliance audits and performance audits. The SAI reports annually in its Audit of the Budget Execution on its findings regarding the functioning of the internal control and internal audit systems in government.
- The Audit Authority performs audits on IPA Funds following the requirement of the Framework Agreements for system audit, audit of operations and audit of accounts. Through the audits, the Agency makes sure that the management, internal control, internal audit, oversight and accounting systems are in line with international auditing standards, the Framework Agreement, the EU applicable regulations and the Agency's Audit Strategy.

Internal audit function in public sector is regulated by the Law no.114, date 2015 “ On the internal audit in Public Sector”, amended recently with the Law no.12, date 02.02.20023 , and other bylaws including : an IA Manual, Code of Ethics for internal auditors, and other guidelines describing technics and tools for audit activity. The current framework for internal audit is largely in line with international standards accepted and is applicable to all general government units and other institutions that carry out public functions and rely on public funds.

The CHU/IA has issued extensive guidance on the methodology to be applied by IA units, as well as professional guidance like the Code of Ethics. IA manuals and guidance require all units to prepare a three-year strategic plan and an annual plan, both based on an assessment of risk, to prioritise audit activity.

These plans are used by the CHU/IA to compile the Consolidated Strategic Plan explaining the coverage of all the IA units in the public sector. This shows the overall balance of audit work with the number of audits by type and, for some of the largest units, the priority systems and activities, allowing the units to make comparisons with their own activity. The document is shared with the AL SAI in an effort to eliminate overlapping of audit activity in particular institutions.

The progress and development of internal audit function in public sector is reported every year as part of the Annual Report “On the Public Internal Financial Control” , identifying key success factors and major progress of the impact of internal audit in the large landscape of Public Finance Management in Albania. Gaps and weaknesses are analysed under the aspect of taking measures for further improvement and to attract the attention of Top Managers and Ministers to better address such issues. Doubtful cases of irregularities and risk of fraud and corruption reported by internal auditors and sent for further investigation to financial inspection bodies are disclaimed in the Annual PIFC Report and followed up regularly.

With regard to internal audit, the 2022 Screening Report carried together with the Commission as part of the accession process, assesses the set-up some issues which currently are described as follows:

“The legislation governing the internal audit function should be strengthened. The internal audit (IA) Law is broadly compliant with international standards. However, the regulatory framework should address remaining legislative gaps. The revision of the Law foresees the setting up of clear procedures of the role and function of the internal audit when identifying and reporting irregularities or fraud and corruption cases including updated provisions on actions to undertake when possible corrupt activity is detected. The revision is also expected to increase the commitment of managers to coordination, communication and periodic reporting regarding the achievement of objectives and performance indicators between institutions and their subordinate units.

Albania needs to strengthen the impact of the internal audit activities. Challenges remain in the implementation of internal audit and reporting requirements across the administration. The monitoring of audit recommendations does not enable the promotion of the effective implementation of the

recommendations and thus limit the final impact of the audit. Despite improvements in the implementation, such as guidelines for monitoring and reporting of the implementation of internal audit recommendations, weaknesses remain. For the reporting period 2023, all internal audit units were required to issue audit opinions on the effectiveness of the internal control systems across budget entities. The quality control of internal audit should be improved, in particular the internal quality control and program for improvements.

Albania should address human resources gaps for internal audit. The internal audit function suffers from a lack of staff due to retirements and staff turnover of auditors, as well as low commitment and awareness of top management of the value and role of the internal auditing. The development of professional skills and knowledge in the field of auditing also remains challenging, although Albania has made significant efforts to increase the skills and capacities of auditors to detect cases of irregularities and/or financial fraud. Albania should ensure that all auditors are certified and further develop professional skills in order to create a professional internal auditing function in the public sector, aligned with integrity values.”

The 2023 PIFC Report informs that 136 internal audit units are in place, with 441 staff members (and 64 vacancies), of which 355 staff are certified internal auditors. Certification programmes are ongoing. A number of Internal Audit Units (IAUs) do not meet minimum staff requirements. External assessment of IAUs found 37% were mostly compliant with requirements, but also gave a mostly negative opinion on 36% of IAUs. The IAUs produced 971 audits (primarily compliance and financial audits). The main issues found related to procurement, salary calculation and tax and custom procedure infringements. Asset registration also continues to be an area with frailties. Dedicated audits on arrears have continued in 2023, providing audit opinion on the system and recommendations for improvements. Financial effect of findings was assessed at ALL 473m. 8 audits were suspended and sent for further investigation to the financial inspection (on suspicion of criminal acts). Acceptance of IA recommendations is high at 99.8%, but implementation remains lower with 53,1% fully implemented compared to 56% in 2022. This is in part due to the nature of recommendations.

The Intersectorial Anticorruption Strategy 2024 – 2026, under the objective 1.6, involves the role of the internal audit function as one of the elements in the “chain “of the anticorruption measures and structures.

The amended article 12/1 in the law no.114/2015 “On the internal audit in public sector” set up roles, responsibilities and procedures of the Head of the public entity and internal auditors in prevention and detection of risk of fraud and corruption. The IA Law underlines the role of the managers as the first line of defense to set up controls and procedures capable to prevent and detect the risk of irregularities, fraud and corruption. The internal audit function has responsibilities to consider where fraud risk is present within the business and respond appropriately by auditing the controls of that area, evaluating the potential for the occurrence of fraud and how the organization manages fraud risk (Standard 2120.A2) through risk assessment, and audit planning. Furthermore, this law provides a clear definition of the concepts of misconduct, maladministration and violation of civil servants and public officials, in line with the law on financial inspection.⁵⁰

Capacity building for internal auditors continue to be under the focus of the CHU for the Internal Audit. Currently 81% of internal auditors are certified under the national certification scheme as “ Internal Auditor in Public Sector” and under the Annual Continuing Professional Training Program for the year 2023, approved by the Minister of Finance , 317 certified internal auditors were trained for more than 40 hours on different audit topics including: the risk-based audit approach, risk of corruption and financial fraud cases, the budget system, public procurement and audit of asset management, audit of arrears , planning, reporting and following up audit recommendations. In addition, in line with objectives of Intersectorial Anticorruption Strategy 2024 – 2026, a set of trainings targeting 75 internal auditors were trained on: the role and responsibilities of internal audit function in fighting fraud and corruption, risk of fraud in public sector, “whistleblowing” procedures and Law, and audit of EU funded Programs.

⁵⁰ Law no.12/2023 “On some changes and amendments in the law no.114 , date 22.10.2015 “ On the Internal Audit Law in public Sector”

Regarding public procurement, the regulatory system for public procurement and concessions/PPPs is based primarily on the new Public Procurement Law (PPL), Law No. 162/2020⁵¹. The legal framework reflects the fundamental EU treaty principles of transparency, equal treatment and non-discrimination, as well as value for money, free competition, mutual recognition and proportionality. It also contains provisions supporting integrity in public procurement. The law contains provisions that are to a great extent harmonised with the EU Public Procurement Directive and Utilities Procurement Directive. Both the personal and material scope of the PPL are compliant with the EU requirements. The list of exemptions does not go beyond what is allowed by the EU directives. Also, the Public Procurement Agency is a well-established and functioning institution in the public procurement system.

The Public Procurement Commission (PPC), as the highest administrative body in the field of procurement, reviews complaints related to public procurement procedures, as well as concessions and PPPs. It also deals with appeals that are not related to public procurement submitted in the context of public auctions and competition procedures for mining permits. The PPC, established in 2010, is a collegial body composed of five members, one acting as the Chair and another as Deputy Chair. Since the amendment of the PPL in 2017, all PPC members have been appointed by the Parliament, upon proposal of the CoM, for a five-year mandate, with the right of reappointment for a maximum of one more mandate.

The e-procurement system (EPS) allows for electronic processing of public procurement and concession procedures, including publication of contract notices, downloading and uploading of tender documentation and tender submissions, and e-archiving. The platform has benefited the public procurement system in many ways, most visibly through increased transparency, easier access, simplification, lower transaction costs and improved data collection and monitoring. Contracting authorities are required to draft Annual Forecasts of public procurement procedures, in the form and manner set out in the PPA guidelines. Forecasts, and their updates, are published on the PPA website.

Regarding external audit, the State Supreme Audit Institution (SSAI) is established under the Constitution, which mandates its independence and defines its role in broad terms. The Law on the Organisation and Function of the State Supreme Audit Institution 154/2015⁵² sets out in more detail the SSAI's functional, operational and financial independence and provides the legal structure for its mandate and organisation. Taken together, the Constitution and the SSAI Law provide a framework consistent with the International Standards for Supreme Audit Institutions. The SSAI submits its draft budget annually directly to the Economic and Financial Committee of the Parliament, which reviews it prior to approval by Parliament. The SSAI has a sufficiently broad mandate covering the authority to audit budget implementation and revenue collection by the government, as well as the use, management and protection of public funds and public or state property. It is also entitled to audit the users of public funds provided by the EU or other international organisations (except as otherwise provided by law), activities under concession contracts, state budget grants to political parties, public entities and associations, and loans and obligations guaranteed by the State. The audit of economic and financial interests of the State in other legal entities is limited to entities in which the State has more than half of the quotas or shares. By law, the SSAI is required to present its Annual Performance Report and its Report on the Implementation of the State Budget. In addition, the Chair of the SSAI can propose to Parliamentary committees that they consider special audit reports.

With regard to external audit, the screening report has followed commission assessment:

“The regulatory framework is aligned with EU standards, the Constitution and the Law on the Organisation and Function of the State Supreme Audit Institution (SAI) provide for independence of the SAI.

Albania should increase the level of implementation of external audit recommendations and develop the parliamentary scrutiny of audited bodies. The quality of audit work needs to be strengthened to be fully compliant with INTOSAI standards. Regarding impact of audit work, the level of implementation of external audit recommendations is still insufficient, despite a high rate of recommendations being accepted by institutions. The parliamentary scrutiny of audited bodies in the implementation of the recommendations is

⁵¹ Replaced the previous PPL that had been in force since 2007, and CPPPL No. 125/2013

⁵² Law No.154/2014

still limited and should be increased, through more frequent parliamentary hearings and the establishment of a parliamentary monitoring framework to regularly assess government's follow-up action”.

As of 2024 the following updates and improvements are recorded:

The ALSAI has continued with its regular production and publication of audits.

In July 2024 a specific parliamentary subcommittee was set up to assess in more detail the reports by the ALSAI. ALSAI has also witnessed in special parliamentary inquiries on health sector concessions, which addressed many of the findings of dedicated ALSAI audits.

The Supreme Audit Institution (ALSAI) issued a qualified opinion on the 2022 budget accounts. Implying that ALSAI has obtained sufficient and appropriate audit evidence, and concludes that anomalies or cases of non-compliance are material but not widespread. From its conducted audits ALSAI assessed there was a total of ALL 63b in missing income (primarily from violations in the implementation of tax and customs legislation); economic damages of ALL 4.6b to state budget expenses and up to ALL54b of negative effects on revenues and expenses due to ineffective and inefficient management, related in large part to the management of state properties and state concessions.

The 2023 activity report informed that in 2023 ALSAI conducted 160 audit mission in 195 public entities, and issued 185 audit opinions on financial statements. The number of performance audits increased, and the ALSAI dedicated particular attention to aspects of high risk, with a particular focus on concession contracts. It reports regularly on the number of “audit materials” transmitted to the special prosecutor for anti-corruption and the general prosecutor. It issues 5759 recommendations in 2023. Acceptance levels remain high, and implementation level remains broadly stable. The ALSAI has dedicated reporting on the follow-up of recommendations.

The functions and responsibilities of the Audit Authority are defined in article 12 of the Commission Implementing Regulation (EU) No. 447/2014 of 2 May 2014 “On the specific rules for implementing Regulation (EU) No. 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-Accession Assistance (IPA II)”.

The general responsibilities of the Audit Authority as indicated in Annex A Clause 5 to the Framework Agreement IPA II are laid down in the Law no.90/2016, “On the organization and functioning of the Audit Agency for the EU-accredited assistance programmes in the Republic of Albania”.

The Audit Agency for the EU-accredited assistance programmes (AAPAA) is established with Law no.90/2016 “On the organisation and functioning of the Audit Agency for the EU-accredited Assistance Programmes in the Republic of Albania”, and is an independent body responsible for auditing the management and control systems related to actions, transactions and annual accounts of the EU financial aid granted as pre-accession and post-accessing financing.

Based on the IPA II Framework Agreement, IPA III Financial Framework Partnership Agreement and Law 90/2016, AA auditing activities aim to check and report on:

- i. the completeness, accuracy and veracity of the annual financial reports and statements and the underlying annual accounts;
- ii. the effective operation of management, control and oversight systems;
- iii. the legality and regularity of the underlying transactions;

As provided in article 33 of the law 90/2016, where, in the course of its audit activities, the Agency has reasonable doubt about the existence of fraud, suspected fraud or an irregularity that has not been previously reported, the Agency shall:

- a) in the case of a fraud or suspected fraud, inform the NAO and AFCOS that a fraud or suspected fraud has taken place, following the procedures set out in the manual of the Agency;
- b) in the case of a previously unreported irregularity, inform the NAO thereof and include implementation of recommendations in the audit planning;
- c) in circumstances where the Agency thinks that the irregularity involves also the NAO, the Agency may refer the case directly to AFCOS and to the Ministry of Finance.

The Audit Authority performs audits on IPA Funds following the requirement of the Framework Agreements for system audit, audit of operations and audit of accounts. Through the audits, the Agency makes sure that the management, internal control, internal audit, oversight and accounting systems are in line with international auditing standards, the Framework Agreement, the EU applicable regulations and the Agency's Audit Strategy.

During the assessment of the IPA structure, DG NEAR has issued a recommendation for AA regarding the amendment of the Law 90/2016. The Law on the organisation and functioning of the AA No 90/2016, should be adopted, amended in such way to ensure that:

- i The Head/General Director of the AA will always be the sole responsible for the work of the AA, without any possible interference from any other body and
- ii The AA Law should also be aligned with provisions of the Framework Agreement, by which the European Commission does not provide opinion on the strategic and annual work programmes before they are adopted by the General Director.

For the implementation of this recommendation, AA has proposed legislative changes and has sent to Prime Minister Office the proposal for the amendment of the AA Law no.90, dated 15.09.2016 "on the Organisation and Functioning of the Audit Agency for the EU-Accredited Assistance Programmes in The Republic of Albania". These proposals are currently under review.

With respect to managerial accountability, the use of delegation of authority/responsibilities, mainly in relation to procurement and salary payments, has significantly increased. However, it remains a challenge in establishing a clear definition of responsibilities and functions within public units on internal control. As for risk management, the number of institutions that have drafted and implemented risk management instruments has increased.

Regarding fraud, the institutions have legal procedures and relevant whistle blowing structures in place. Improving the procedures and their implementation, remain at the focus of further efforts which includes also updating internal regulations and intensifying the trainings with public officials on reporting requirements. Albania considers its criminal legislation to be partially aligned with the Directive 2017/1371 of the European Parliament and the Council on the fight against fraud to the Union's financial interests by means of criminal law. As regards with the alignment with the revision of the European Anti-Fraud Office (OLAF) Regulation.

No.883/2013, the existing legislation defines the obligation to provide OLAF with the necessary information and operational cooperation, most notably in case of investigations. The Ministry of Finance (MoF) has established a working group to develop a national anti-fraud strategy that should be approved by the end of 2024. As institutional set-up, there has been established an Anti-Fraud Co-ordination Service (AFCOS) to facilitate the cooperation with the European Anti-Fraud Office (OLAF). AFCOS is set up in the Ministry of Finance, within the Public Financial Inspection Directorate (PFID). The PFID structure is supported on a case-by-case basis by 91 external inspectors. An AFCOS network, involving other relevant authorities, has been set up and meets regularly, so that the existing institutional framework ensures a satisfying cooperation with OLAF. Meanwhile, it is planned to integrate new measures to strengthen this cooperation in its future strategy.

A framework has been developed for the detection of misuse of funds (i.e fraud, corruption, conflict of interest), which aims that all identified cases are reported and corrected through recoveries.

Albania considers its criminal legislation to be partially aligned with the Directive 2017/1371 of the European Parliament and the Council on the fight against fraud to the Union's financial interests by means of criminal law. The country plans to revise the Criminal Code to address the identified legal deficiencies and to reach alignment with the Directive.

As regards with the alignment with the revision of the European Anti-Fraud Office (OLAF) Regulation No.883/2013, the existing legislation defines the obligation to provide OLAF with the necessary information and operational cooperation, most notably in case of investigations.

Regarding the institutional set-up, Albania has established an Anti-Fraud Co-ordination Service (AFCOS) to facilitate the cooperation with the European Anti-Fraud Office (OLAF). AFCOS is set up in the Ministry of Finance and Economy, within the Public Financial Inspection Directorate (PFID). The PFID structure is supported on a case-by-case basis by 91 external inspectors. An AFCOS network, involving other relevant authorities, has been set up and meets regularly. The country indicates that the existing institutional framework ensures a satisfying cooperation with OLAF. Meanwhile, it plans to integrate new measures to strengthen this cooperation in its future strategy.

The screening report carried by the Commission within the accession process, has assessed that “Albania should adopt a national anti-fraud strategy on the protection of the European Union's financial interests and should continue ensuring the efficient and effective functioning of the anti-fraud coordination service (AFCOS) and the corresponding network. Although cooperation on investigations has improved, Albania needs to step up its efforts in developing a solid track record on cooperation on investigations by providing, among others, effective operational assistance to investigators from the European Anti-Fraud Office (OLAF) so they can fully discharge their duty in carrying out an on-the-spot check in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (EC, Euratom) No 2185/1996. Albania should also continue its efforts in developing a track record on reporting of irregularities.

There is currently no anti-fraud strategy on the protection of the European Union's financial interests. To address this, the Ministry of Finance (MoFE) has established a working group to develop a national anti-fraud strategy that should be approved by the end of 2024. The EU Delegation is providing technical assistance.

Efforts have been stepped up in reporting irregularities, including the approval of a manual of procedures for managing irregularities, and these actions have resulted in an increased number of reported irregularities. The recovered financial amount related to reported irregularities during the 2017-2022 period amounts to EUR 1,327,318.60. Further improvement and trainings in this area are needed and plans to request additional trainings and further support, through cooperation with OLAF and through TAIEX programmes.

The protection of the euro against counterfeiting is ensured by the Law on the Bank of Albania, by the Criminal Code and by a set of by-laws and regulations. This regulatory framework stipulates the obligation and procedure for banks, financial and other credit institutions to check the authenticity and fitness of banknotes, to withdraw from circulation and to transmit to the Bank of Albania all suspected counterfeit banknotes and coins detected during the authentication procedure. In 2019, Albania ratified the 1929 International Convention for the Suppression of Counterfeiting Currency.

As for the institutional set-up, currency protection is covered by three main institutions: the Prosecution Office, the General Directorate of State Police and the Bank of Albania (BoA). The Bank of Albania is the responsible authority to seize and confiscate counterfeit coins and banknotes. BoA also operates effective functions (technical analysis) and cooperates with domestic and European counterpart structures (European Central Bank, DG-ECFIN). Within the General Directorate of State Police, the National Centre Office coordinates and centralises all information that facilitates the investigation, prevention and punishment of counterfeiting of currency.

The current cooperation among the three responsible internal institutions is built around good practices on exchange of information. A Cooperation Agreement on the protection of currency against counterfeiting was signed between Bank of Albania, the General Prosecution Office and the Ministry of Interior of Albania in January 2023. This agreement facilitates the cooperation between these institutions on the protection of currency from counterfeiting at national level. Regarding technical cooperation, the Bank of Albania owns and uses a database application (SMMDf) for registering technical and statistical data related to counterfeit notes and coins. There are plans to improve this system and to allow access to authorized staff from the State Police and General Prosecution Office. The mentioned authorities also regularly participate in the activities of the Pericles Programme. Albania plans to maintain participation of the Albanian officials in all available exchange, assistance and training programmes - including the Pericles programme - for the protection of the euro against counterfeiting.

17 COMMUNICATION

Albania plans to have a national communication plan, which is integrated within its EU communication approach and other instruments. The plan will ensure the public awareness of the Union Funding for the Reform and Growth Facility for the Western Balkans (RGF) in Albania. The communication and visibility activities envisaged in the national communication plan will be coordinated with the relevant institutional stakeholders in Albania to ensure common and harmonised messages and communication on the policy reforms envisaged under the Facility and the expected/achieved results, as applicable, relevant and feasible, as well as with European Commission and European Union Delegation in Albania.

The RGF-related communication will be under the responsibility of the NIPAC⁵³ and its support office, that is also responsible also for the communication strategy of EU support, allowing for appropriate integration of the Reform Agenda and RFG instrument, within the overall communication strategy for EU Integration. This will maximise the potential for strategic communication on the content of EU-related reforms and align a consolidated communication on the Growth Plan in general. Consequently, synergies will be exploited in order to strengthen the key messages on EU path of growth and EU support.

Inter-institutional coordination of the communication activities will be assured through a communication network of RGF communication officers from relevant line ministries and involved institutions, and representatives of the Prime Minister's Office and the Ministry of Finance, chaired by the NIPAC. The implementation of the communication plan activities will be supported by the state Media and Information Agency (MIA) to ensure synergies in information provision and streamline institutional communication and to support media relations and a representative of MIA shall participate in the RGF communication network.

NIPAC and its support office/SASPAC will be responsible for drawing up the national communication plan in close coordination with the EU Negotiating structure and RA mechanisms, and in consultation with the Delegation of the European Union.

The national communication plan will have the following overarching objectives:

1. to explain how the EU-related reforms will enable Albania to progress with EU integration in terms of socio-economic growth and progress in fundamentals.
2. to underline the positive effects that the reforms and investments will bring to Albanian citizens and businesses in particular, supported by the EU Integration and membership prospects.
3. to explain the rationale and functioning of the Reform and Growth Facility.
4. to ensure visibility of the EU financing.
5. to contribute to strategic communication on EU support for Albania, EU values and EU integration, as well as induce a EU membership prospect to stimulate growth and investments attractions, and collective economic transformation actions.

Specific communication objectives will be defined for each of the policy areas with targeted communication actions sets for each area implemented by the respective responsible institutions, in line with the national communication plan.

The main communication narratives will provide the backbone for the specific campaigns, social media, community management and media relations. These policy-area communication plans shall be coordinated within the RGF communication network and in discussion with the Delegation of the European Union to maximise synergies; these plans will follow closely the steps and planned achievements as set out in the Reform Agenda. Each institution shall be responsible for implementing, monitoring and reporting on the targeted communication plans to SASPAC.

The plan shall indicate the commitment of the Albanian authorities to adhere to the obligations on communication as per the regulation, by ensuring recipients display the emblem of the Union and an

⁵³ NIPAC is the head of the State Agency for Strategic Programming and Assistance Coordination (SASPAC) and NIPAC support office is the SASPAC.

appropriate funding statement that reads ‘funded by the European Union’, when promoting the actions and their results.

The target audiences for the national communication plan will principally be: identified stakeholders (including end recipients, economic and social partners and Civil Society Organisations and interest groups), the Parliament; the general public (Albania citizens) and the media; more specific target audiences, including identified multipliers (opinion-leaders, specialists, media experts) will be identified for each of the policy areas in the strategy under the specific communication plans.

Comprehensible information to all the above-mentioned target groups will be provided through a dedicated Growth Facility sub-page as well as through institutional websites and the MIA website. Information, communication and publicity shall be provided in accessible formats, in accordance with the UN CRPD Article 9, and EU Directive 2019/882 on accessibility requirements for products and services.

Communication channels may include audio-visual, social and web media, as well as print media, promotional materials and participation in local events. Dedicated annual communication plans per policy area will identify more precisely the communication activities, including media briefings, articles on major topics, press briefings and audience-based activities to ensure that messages reach all target groups. The communication language and messages will be appropriately addressed to these targeted audiences, with media kits and press materials, addressed to general and specialised media.

The Communication plan will be shared with the Commission, and joint communication activities organised as appropriate with the Delegation of the European Union in Albania during implementation, with an aim to maximising the impact and effectiveness of communication efforts on the RGF and Growth Plan at broad.

The communication plan is a live document, which will be updated and refined annually by detailed plans, following the state of play of the achievement of milestones and targets across all activities.

SASPAC shall be responsible for monitoring the implementation of the national communication plan, consolidating the monitoring reports on the annual communication plans and for the on-going evaluation of the achievement of benchmarks and key communication performance indicator targets. SASPAC will report to the National Mechanism of the Reform Agenda on the communication activities carried out. A specialised unit will be set up in SASPAC for the coordination of communication activities on the Reform Agenda and EU Support with a dedicated communication officer for the Reform Agenda and Growth Plan; the unit may be supported by external resources and the MIA. The institutions responsible for each policy area shall nominate a Communication officer for the Reform Agenda.

An indicative budget of 350,00 EUR is envisaged for the implementation of the national communication plan.

JULY, 2024

18 ANNEX 1: STEPS AND PAYMENT CONDITIONS BY POLICY AREA

The WB beneficiary is expected to complete the following table (and attach it to the Reform Agenda document to be submitted to the Commission).