

Albania Country Strategy

2025-2030

Approved by the Board of Directors on 26 February 2025



European Bank
for Reconstruction and Development

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Glossary of key terms

ABI	Annual Business Investment	M&S	Manufacturing & Services
ASB	Advice for Small Businesses	MoU	Memorandum of Understanding
CoOs	Countries of Operations	NBFI	Non-Bank Financial Institution
CP	Commercial Paper	NDCs	Nationally Determined Contributions
CPI	Consumer Price Index	NECP	National energy and climate plans
CSO	Civil Society Organization	NEET	Not in Employment, Education, or Training
E&S	Environmental & Social	NPL	Non-Performing Loans
EE	Energy Efficiency	ODA	Official Development Assistance
EIB	European Investment Bank	OECD	Organisation for Economic Co-operation and Development
ESIA	Environmental and Social Impact Assessment	OSHEE	Electricity Power Distribution System Operator
ETS	Emission Trading System	PPP	Public Private Partnership
EU	European Union	PRS	Portfolio Risk Sharing
FDI	Foreign Direct Investment	PFI	Partner Financial Institution
FI	Financial Institution	PTI	Portfolio Transition Impact
GCAP	Green City Action Plan	R&D	Research and Development
GDP	Gross Domestic Product	RE	Renewable Energy
GEFF	Green Economy Financing Facility	RO	Resident Office
GET	Green Economy Transition	RSF	Risk Sharing Facility
GHG	Greenhouse Gas	SCF	Strategic and Capital Framework
GVA	Gross Value Added	SEE	South-Eastern Europe
GVC	Global Value Chains	SME	Small and Medium sized Enterprise
ICA	Industry, Commerce & Agribusiness	SOE	State-owned Enterprise
ICDF	International Cooperation and Development Fund	TC	Technical Cooperation
ICT	Information and Communications Technology	TFP	Trade Finance Programme
IEA	International Energy Agency	TMT	Technology, Media, Telecom
IFI	International Financial Institution	VC	Venture Capital
ILO	International Labour Organisation	VET	Vocational Education and Training
IT	Information Technology	VISP	Vital Infrastructure Support Programme
MSME	Micro, Small & Medium sized Enterprise	WB	Western Balkans

Albania's commitment to and application of the political principles stated in Article 1 of the Agreement Establishing the Bank continued since the adoption of the previous Country Strategy, in line with its efforts towards implementation of the comprehensive EU reform agenda.

Albania is strategically located at the crossroads of key transportation corridors connecting the Adriatic and Black Seas, offering direct access to the sea, rich natural resources, and a youthful population. Despite the impact of the global economic downturn, the country remained resilient and grew close to 6 per cent on average in the post pandemic years, on the back of record tourism seasons. However, Albania's convergence with EU standards remains slow, with living standards below EU averages, highlighting persistent gaps.

Albania shares some structural challenges with its Western Balkan peers, such as high youth unemployment and slow labour productivity growth. Notwithstanding efforts to boost economic complexity through foreign investment, Albania remains a net importer of goods, with low-complexity exports in sectors like clothing, mining, and agriculture. Despite stable and well capitalised banking sector, lending to private sector in Albania is lagging Western Balkan peers.

Albania, with a lower carbon intensity than its peers, relies predominantly on hydropower as its primary electricity source. This dependence, however, makes production vulnerable to weather fluctuations, resulting in needs for energy imports. In recent years Albania has taken important steps towards diversifying the energy mix and achieving greater energy security, including by successfully launching a series of solar PV and wind auctions with the Bank's technical assistance. Ensuring flexibility and capacity of the grid to absorb new intermittent renewable energy capacities, especially with the plan to further scale-up renewable energy and with the integration with EU network and electricity markets, will be critical to increase resilience of the energy sector and achieve Albania's goal of becoming a net exporter of energy.

Since the last country strategy period, Albania has made progress in judiciary and public administration reforms, but further efforts are needed to address informality in the economy, improve the business climate, regional connectivity and align institutional frameworks with the EU acquis. On 15 October 2024, the EU opened Cluster 1 ("Fundamentals") of the accession negotiations with Albania, which comprises five negotiating chapters and three areas, including the critical rule of law chapters. This was a landmark development. EU accession remains a key external anchor for reforms: recent progress on EU accession negotiations and the new Growth Plan for the Western Balkans provide tailwinds for structural reforms in business, human capital, the green transition, and governance, boosting investors' confidence. EBRD will build on its strong presence and established partnerships with both public and private sectors to help Albania become more competitive, sustainable, and better integrated into regional and global markets. With that in mind, the Bank will pursue the following strategic priorities in Albania in 2025-2030:

- Accelerate Albania's Green Economy Transition
- Support Private Sector Preparedness for EU Accession, through Better Access to Finance and Human Capital Development
- Strengthen Economic Governance, Improve Investment Climate, and Upgrade Infrastructure

Albania – EBRD Snapshot



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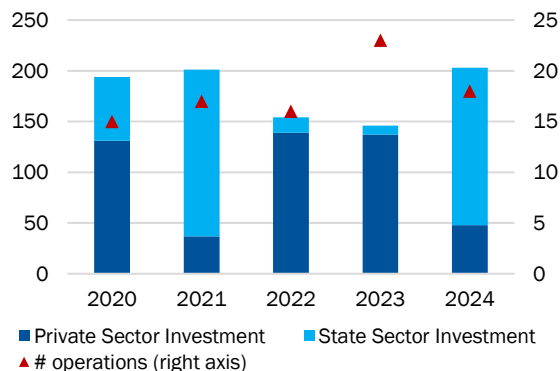
EBRD investment activities in Albania (as of end-2024)

Portfolio	€1,117m	Active projects	66
Equity share	1%	Operating assets	€532m
Private Sector Share ¹	54.8%	Net cum. investment	€2,217m

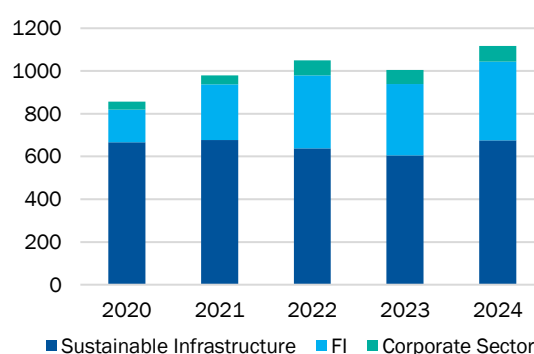
Albania context figures

	Albania	Comparators
Population (million) ³ (2023)	2.4	KOS 1.8 MNE 0.6 MKD 1.8
GDP per capita (const. PPP, intern. \$) ³ (2023)	18,037	KOS 14,294 MNE 27,037 MKD 23,172
New Business Density ⁴ (New registrations per 1,000 population, 2022)	1.8	KOS 6.0 MNE 8.0 MKD 4.6
Unemployment (%) ⁵ (2023)	10.7	KOS 12.6 MNE 13.4 MKD 13.2
Youth unemployment (%) ⁵ (2023)	25.6	KOS 21.3 MNE 29.5 MKD 29.7
Female labour force participation (%) ⁵ (2023)	58.1	KOS 19.4 MNE 52.2 MKD 42.5
CO ₂ Emissions per capita (in t) ⁶ (2022)	1.7	KOS 4.8 MNE 3.7 MKD 3.6

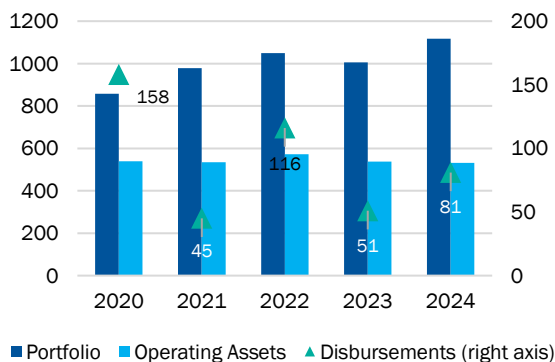
ABI and operations



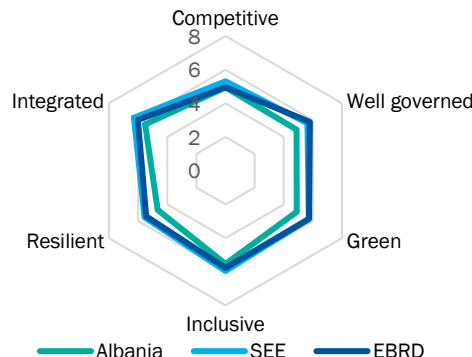
Portfolio composition (€m)



Portfolio dynamics (€m)



Transition Gaps²



1 Private share of 5-year rolling cumulative investments; 2 Cf. EBRD Transition Report 2024-2025; 3 IMF WEO Oct. '24; 4 WB Entrepreneurship Survey and database; 5 ILO and INSTAT; 6 Global Carbon Budget (2023)

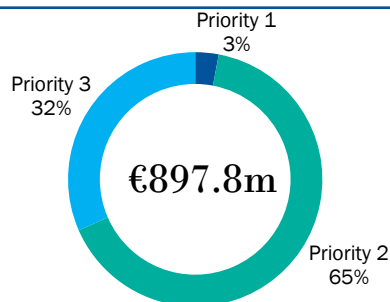


1. Implementation of Previous Strategy (2020-2024)

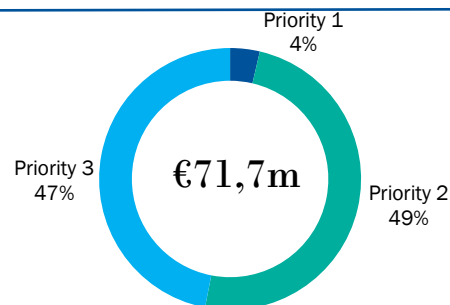
1.1. Key Transition Results Achieved during Previous Strategy (1/2)

Strategic Alignment 2020-2024

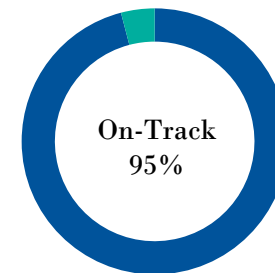
Annual Business Investment (ABI)



Technical cooperation and co-investment funds¹



Transition impact performance²



Priority 1 | Support governance improvements across the economy

Key transition results

- Continued promoting better business climate, by supporting the Albanian Investment Council and fostering constructive public-private dialogue to address business concerns. Circa 340 recommendations have been endorsed by the Council of which around 48% implemented by public institutions, translating into improved legislation, processes, and practices.
- Strengthened institutional capacity of the Albanian Rural Development Agency and the Albanian Competition Authority, primarily by enhancing its ability to efficiently initiate and process cases, thus increasing business compliance with competition rules, in line with the EU acquis.
- Supported further commercialisation of the state-owned Albanian Power Corporation (KESH), as part of a €9m first commercial loan to build a floating PV plant; assisted in the implementation of its CGAP, enabling reforms such as unbundling of distribution operator and retail supplier.
- Supported capacity building of the Albanian Railways through 3 TCs targeting implementation of IFRS Accounting, development of an Asset Management Plan, and development of environmental management systems. Assisted in the development of a gender-responsive HR strategy and an Equal Opportunities Action Plan to ensure increased engagement of women in technical and managerial positions in the Company.
- As part of a €70m VISIP loan, helped improve governance of OSHEE, the largest SOE in Albania and sole energy supplier to regulated costumers, by assisting in the implementation of an anti-corruption action plan as well as improving its code of conduct to include gender issues and skills development programmes.
- Provided technical assistance to the Public Procurement Agency in drafting secondary legislation on standard bidding documents with a view to harmonise with relevant EU standards.

1. Chart refers to amounts earmarked in the period 2020-2023, and do not include WBIF / EU IPA co-financing

2. Transition impact performance reflects how likely projects are to achieve the transition impact expected of them at signing. Calculated based on active mature (> 2 years) portfolio

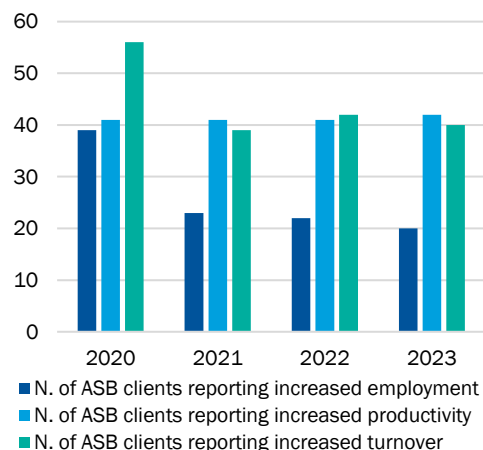


1. Implementation of Previous Strategy (2020-2024)

1.1. Key Transition Results Achieved during Previous Strategy (2/2)

Priority 2 | Enhance private sector competitiveness and inclusion through wider access to finance and skills

Key quantitative results

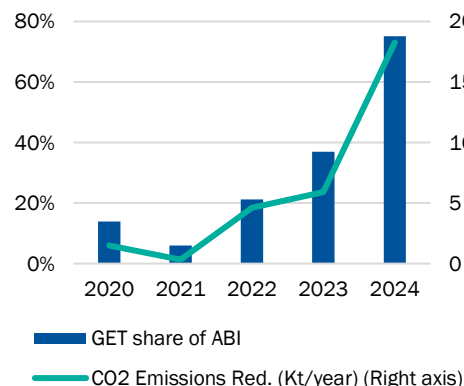


Key transition results

- In 2020-2024, launched 287 ASB projects for local SMEs, of which 78 in the tourism and hospitality sector, and the Mentorship Acceleration programme, under Star Venture, for 12 high potential Albanian start-ups.
- Provided innovative capital relief and risk sharing instruments to PFIs, freeing up resources for on lending to SMEs, including a €50m MREL-eligible loan, the first in the WB, and more than €200m of unfunded guarantees under the Guarantee for Growth Framework.
- Supported the Tourism Sector Skills Council through preparation of skill needs assessment and introduced new training and learning opportunities in tourism products and services, targeting 2,000 individuals.
- Advanced the Albania Infrastructure and Tourism-enabling Programme, coupled with EU grants, aimed at improving competitiveness of inland tourism through better municipal and transport infrastructure.
- Expanded access to finance for more than 6.000 agribusinesses, farmers and tourism companies through the Albanian Agribusiness and Tourism Support Framework in partnership with 7 PFIs.
- Signed 36 RSF sub-loans with 4 partner banks for a volume of €96m ABI, well diversified across SMEs and corporates in the ICA and Energy sectors.
- Supported FDIs in the mining, renewables and retail sectors including a a US\$28m loan to help Turkish Ylidirim group acquire Albchrome, €29m to Voltalia for the construction of a solar photovoltaic plant, and €9m for the regional expansion of Lidl supermarkets.

Priority 3 | Strengthen energy diversification and low-carbon transition

Key quantitative results



Key transition results

- Helped Albania expand RE production by coupling financing and Technical assistance for the launch of RE auctions. To date, supported 3 successful solar auctions and the first onshore wind auction, resulting in over 750 MW of RE capacity awarded. Following the first solar auction, co-financed Karavasta solar plant (€29m), the first large utility-scale solar photovoltaic plant in Albania.
- Continued support RE sector reform agenda, including the establishment the RES Operator and amendments to the Power Sector Law to align with relevant EU Directives.
- Supported the gradual rehabilitation of the railway network, including: advancements in the implementation of the Albanian Railways Programme, with more than 50% of works completed as of Q1 2024 on the Tirana-Durres line, and launch of the rehabilitation of the Vore Hani I Hoti railway line, with over €150m in investment grants secured under WBIF.
- Supported improvements in the road connectivity of the country, including advancing the Regional and Local Road Connectivity Project with US \$50m provided to upgrade three road segments of key importance to local economic development.



1. Implementation of Previous Strategy (2020-2024)

1.2. Challenges to Implementation and Key Lessons

Context for implementation

During the last strategy period, Albania faced several challenges, starting with the 2019 earthquake, followed by the COVID-19 pandemic, and more recently, the energy crisis and global supply chain disruptions. Despite the impact of the global economic downturn, the country remained resilient and grew close to 6 per cent on average in the post pandemic years, on the back of record tourism seasons. An influx of foreign investment has spurred growth in Albania’s tourism sector, outperforming many neighbouring countries. However, productivity and living standards remain below EU averages, reflecting gaps across all transition qualities, particularly in governance. Although there have been improvements in government effectiveness and regulatory quality, further efforts are needed to tackle informality, improve the business climate, regional connectivity, and align institutional frameworks with the EU acquis. Albania, with a lower carbon intensity than its peers, relies predominantly on hydropower as its primary electricity source. This dependence, however, makes energy production vulnerable to weather fluctuations, resulting in reliance on energy imports-and underscoring the need for a more diversified energy mix and enhanced grid capacity to enhance energy security. EU accession remains a key goal: recent progress on EU accession negotiations and the new Growth Plan for the Western Balkans provide tailwinds for structural reforms in business, human capital, the green transition, and governance, boosting investors’ confidence.

Implementation challenges

- Constrained implementation capacity in the public sector and SOEs, delaying projects preparation and implementation.
- Limited fiscal space for essential infrastructure investments.
- Despite progress, structural challenges remain such as presence of informality, along with shortfalls in law enforcement and unclear property rights, hindering business environment and access to finance.
- Skill shortages in key new sectors, such as energy and tourism are becoming critical.

Key lessons & way forward

- Couple technical assistance and investments to build capacity of SOEs for strategic infrastructure project implementation.
- Leverage funds under the Western Balkan Investment Framework for priority infrastructure and energy projects.
- Continue technical assistance and policy dialogue to improve the investment climate, supporting implementation of the Reform Agenda under EU Growth Plan.
- Scale up support for skill development by enhancing vocational education and training opportunities, in collaboration with private and public sector stakeholders.



2. Economic Context

2.1. Macroeconomic Context and Outlook for Strategy Period

Albania – Main Macroeconomic Indicators

	2020	2021	2022	2023
GDP growth (% y-o-y)	-3.3	9.0	4.8	3.9
CPI inflation (% avg.)	1.6	2.0	6.7	4.8
Government balance (% of GDP)	-6.7	-4.6	-3.6	-1.3
Current account balance (% of GDP)	-8.6	-7.7	-5.9	-1.2
Net FDI (% of GDP) <i>[minus indicates inflow]</i>	-6.7	-6.5	-6.6	-5.8
External debt (% of GDP)	63.9	64.0	54.1	46.3
Gross reserves (% of GDP)	29.5	32.6	27.4	26.8
General government gross debt (% of GDP)	73.9	74.1	64.1	57.5
Unemployment rate (%)	11.7	11.5	10.9	10.7
Nominal GDP (\$bn)	15,242	18,032	19,017	23,547

Source: National authorities, IMF.

Economic growth moderated since the Global Financial Crisis from around 5.5 per cent in the 6 years before the crisis to 2.7 per cent in the decade following the crisis, up to Covid pandemic. After the pandemic, growth has picked up to almost 6.0 per cent on average annually, but further acceleration in long-term growth is needed to boost convergence to EU levels.

Inflation was stable in the past decade and the lowest in the region in 2022-23 during the global inflationary shock, due to tight monetary policy and currency appreciation of around 12.5 per cent in the past two years.

Current account deficit narrowed in the past decade, with the increase in exports of services and rise of FDI inflow, which boosted manufacturing exports. However, low complexity of economy is still an issue, and the sizable exchange rate appreciation has been taking a toll on goods export performance recently.

Fiscal deficit is on a decreasing path since the pandemic, but further fiscal reforms are needed in the following years to enhance revenue collection and improve expenditure allocation to infrastructure project, sustainable energy and education policies in order to boost growth. Public debt is also decreasing, and at 57.8 per cent it is estimated to be moderate.

Short-term growth is to remain slightly below 4 per cent in 2024 and 2025 due to strong hospitality sector and the improvement in global growth outlook. The main downside risks arise from a possible drought, negatively affecting agricultural output and electricity supply. However, in the medium term, the growth momentum is to decline without improvement in the business environment and human capital.



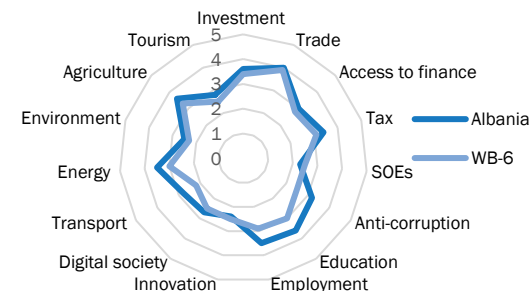
2. Economic Context

2.2 Key Transition Challenges (I/II)

Competitive

- Labour productivity, while increasing, is still below the Western Balkan peers, leading to slow convergence to EU average income.
- Trade openness is low compared to peer countries, (around 75 per cent of GDP) despite early membership in the WTO (2000).
- Structure of the economy has changed in the past decades from low value-added and low productivity agriculture and inward processing clothing industry to tourism but needs further sophistication.
- Improvement is notable in several key areas (education policies, agriculture and anticorruption), but lags peers in technological advancement and innovation.

Competitiveness index 2024 (0-5 best)

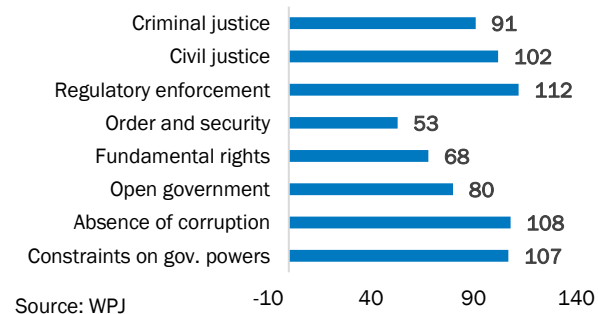


Source: OECD

Well-governed

- Governance indicators lagging peer countries, mainly due to gaps in corporate governance including internal control, shareholder rights, board structure and transparency.
- Progress made in the past two decades to improve government effectiveness, and regulatory quality.
- In the past few year efforts have been made with reforms to improve judicial effectiveness and fight against corruption, and some results are visible, but full implementation is still pending.
- Regulatory enforcement remains an issue and complicated administrative procedures need to be more efficient.
- SOE governance should be improved with better transparency of their performance and accountability.

WPJ Rule of law index (1-140 worst)

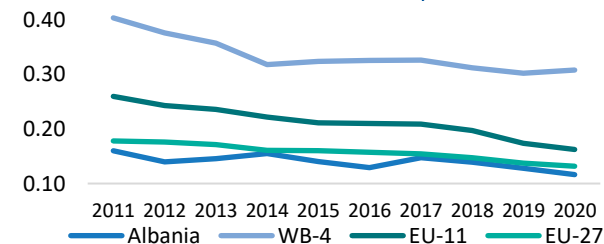


Source: WPJ

Green

- Carbon intensity low compared to EU standards, due to reliance on hydropower as main source of electricity production, however, diversification towards other renewables is needed to ensure resilience of supply and mitigate fiscal risks.
- Regulatory framework is mostly in line with EU Third Energy Package, but NECP is undergoing a revision and is not yet adopted. However, Albania has enacted a new RES Law in April 2023, aligning its renewable energy laws with the EU's Clean Energy Package.
- Despite still dominant reliance on hydropower, renewables are being deployed at accelerating rate in the past two years, quadrupling the production in the first 9 months of 2024 relative to 2023.

Carbon intensity (CO2 emission in kg per 2017 PPP \$ of GDP)



Source: World Bank WDI

Note: WB-4 includes BiH, MNE, MKD, SRB

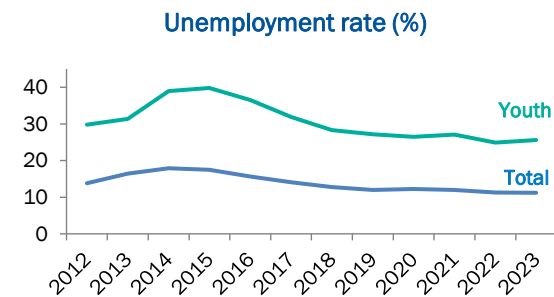


2. Economic Context

2.2 Key Transition Challenges (II/II)

Inclusive

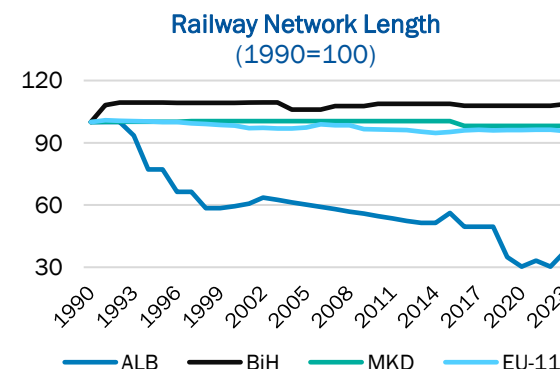
- Improved labour force participation, along with a gradual decline in unemployment, is impacted by persistent demographic challenges and high emigration pressures.
- Long-term unemployment accounts for around three-quarters of total unemployment, more than double the EU average, indicating inherent mismatches between labour market demand and supply.
- Youth participation in Albania's labour market remains low, with youth unemployment significantly higher than adult unemployment rate.
- Although smaller than in Western Balkans peers, the gender gap in labour market participation persists, with female labour force participation at 58 per cent.



Source: INSTAT

Integrated

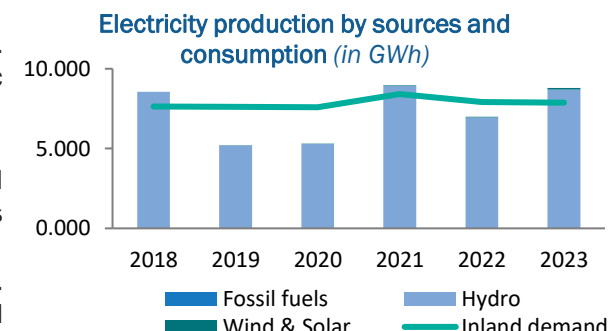
- Starting from a low level of public capital stock, the Government is prioritising public investment to meet escalating demand for upgrade of transport as well as municipal infrastructure.
- Decades of underinvestment resulted in a deteriorated rail infrastructure, which is being almost entirely rebuilt, requiring significant investments in the upcoming years.
- Road connectivity is improving but more efforts are needed to bring road safety to EU standard.
- Despite improvements in select logistics indicators, such as customs quality and efficiency, Albania's overall logistics performance continues to lag the EU and its regional counterparts.
- Digital connectivity is characterised by large regional disparities.
- In the last decade, the country increased its FDI stock threefold in nominal terms but FDI stock on a per capita basis still lags behind both Western Balkan peers and EU-11 countries.



Source: Eurostat

Resilient

- Banking sector is small but well capitalised, dominated by foreign owned banks. Macprudential indicators are improving since the Global Financial Crisis, but domestic credit to private sector remains low.
- High level of euroization (around 50 per cent) is a risk, given past exchange rate volatility.
- Capital markets are underdeveloped and illiquid. Despite improved regulatory framework, and supportive macro environment, market infrastructure and diversification of financial assets remain underdeveloped.
- Energy sector is highly vulnerable to climate change, given high reliance on hydropower. Focus in the past few years has been diversification of energy sources, rehabilitation of old hydropower plants and resolving transmission bottlenecks.



Source: Eurostat

3. Government Priorities and Stakeholder Engagement



3.1 Government Reform Priorities

To expedite EU accession process, The European Commission approved in October 2024, Albania's Reform Agenda under Growth Plan for the Western Balkans. The Reform Agenda builds on existing recommendations including from the annual Enlargement Package and the Economic Reform Programmes. Priority reform areas include:

- **Business Environment:** Increase domestic revenue mobilisation and improve state cadastre services and policy for land usage; strengthen State-owned Enterprises and State Aid governance; improve the investment attractiveness framework, in particular FDI, Deploy e-freight and Intelligent Transport Systems; Promote export and internationalisation of enterprises, and value chain integration of selected industries with growth potential.
- **Human capital:** Update curricula in primary and secondary education and revise VET system; Update national Qualifications Framework to align with relevant European Qualification Framework levels;
- **Digital:** Advance digital skills and literacy for youth and ensure provision of ICT equipment to public schools and universities; Comply with the Digital Identity regulation; Update cyber resilience framework and strengthen relevant institutions; ensure a secure and sustainable digital infrastructure; Improve enabling environment for innovative businesses;
- **Energy/ Green transition:** Implement the electricity integration package and ensure alignment with Energy Community requirements; Gradual phase out public intervention in the price-setting for electricity supply and address energy poverty; Develop transparent and competitive auction plan for renewable energy; Implement Renewable Energy Directive; develop carbon pricing mechanism with the aim of having an ETS in place by 2030; Adopt and implement long-term building renovation strategy, and energy efficiency scheme.
- **Rule of law:** Establish an Asset Recovery Office, contributing to improvement of seizures and confiscation; Strengthen the institutional capacity to fight corruption and organised crime; Promote framework to prevent and counter money laundering; Consolidate judicial independence and accountability through better transparency; Enhance freedom of expression, in line with European standards.

3.2 EBRD Reform Areas Broadly Agreed with Authorities

- Role in supporting Albania's economic progress within the EU integration agenda, enhancing private sector readiness to join the single market with a focus on competitiveness, sustainability, and skills development.
- Utilise the WBIF to continue supporting the development of Albania's infrastructure, including channelling investments and technical assistance in the railway sector.
- Facilitate the green transition, including by enhancing diversification of energy sources, and promoting energy efficiency across the economy, mobilising private capital.

3.3 Key Messages from Civil Society to EBRD

- CSOs underlined that Albania's business environment and civic participation in the EU accession process needs further improvement and the private sector's innovative initiatives should be scaled up.
- CSOs encouraged the EBRD to continue driving progress in addressing (i) gender disparities in the labour market, (ii) access to finance for women entrepreneurs and (iii) gender-responsiveness of its projects through continuing to support the development of clear targets, indicators, assessments and action plans.
- CSOs noted the need to enhance support for Albania's green transition by (i) fostering green and circular economy, (ii) promoting the use of renewable energy within the country, (iii) help improve the implementation of environmental impact assessments, and (iv) enhancing the protection of natural resources and the environment.



4. Defining Albania Country Strategy Priorities

What needs to change? (Country Diagnostic)	Can it be changed? (Political Economy)	What can the Bank do? (Institutional Capabilities)	Strategic Priorities (2025-2030)	What We Want to see in 2030
<ul style="list-style-type: none"> • Low carbon intensity compared to the EU level, due to the high reliance on hydropower as the main source of electricity production, making electricity generation reliant on climate conditions and rainfall patterns. • Significant bottlenecks in electricity transmission networks. • Highly vulnerable to extreme heat and droughts, and the most vulnerable country in the WB to landslides and earthquakes. 	<ul style="list-style-type: none"> • First WB economy to adopt NECP in 2021, now under revision for further aligning with recommendations of the Energy Community Secretariat. • Enacted a new Renewable Energy Sources Law, in alignment with the Clean Energy Package • Launched first electricity market coupling in the WB with Kosovo, enhancing energy supply security and price competitiveness. • Long-term Renovation Strategy, targeting EE in public/private buildings, is under development 	<ul style="list-style-type: none"> • Expertise in supporting RES projects and meeting needs for EE/RE through investments and advisory to clients on green technologies/ practices. • Ability to mobilise private capital for and scale up green finance through local PFIs • Experience in supporting development of corporate climate governance 	<p>Accelerate Albania's Green Economy Transition</p>	<ul style="list-style-type: none"> • Diversification and scale up of renewable energy sources • Enhanced sustainability and resilience across the economy • Improved Climate resilience and green governance
<ul style="list-style-type: none"> • Labour productivity, measured by GDP per worker, is around half of EU-11 levels. • Albania lags its regional peers in terms of both innovation inputs and outputs. • Shift to tourism contributes to higher diversification of the economy but is also characterised by low level of sophistication. • Financial intermediation remains low, hindering access to finance. • Youth unemployment is still significantly higher than the working-age unemployment rate. • The gender gap in labour force participation remains persistent. 	<ul style="list-style-type: none"> • Adopted amendments to the law on the support and development of start-ups, which include establishment of the Start-up Albania agency. • Received green light from EC to join SEPA, fostering financial interconnectedness and facilitating international commerce. • Approved a new National Employment and Skills Strategy (2023-2030) • introduction of a National Youth Strategy for 2022-2029 and launch of Youth Guarantee, aimed at improving employability of youth 	<ul style="list-style-type: none"> • Expertise in supporting competitiveness, digitalisation and innovation with diversified financing structures and technical advice. • Track record in fostering financial market development, through innovative instruments and policy advisory. • Experience in supporting TVET reform and better access to skills and jobs. 	<p>Support private sector preparedness for EU Accession, through better access to finance and human capital development</p>	<ul style="list-style-type: none"> • Improved access to finance and enhanced innovation across the economy • Strengthened human capital development and economic inclusion
<ul style="list-style-type: none"> • SOE governance needs improvements, including better transparency and accountability. • Gaps in infrastructure coupled with limited fiscal space are barriers to narrowing the productivity gap with the EU. • Underdeveloped digital infrastructure, particularly in rural areas. • Logistics performance has declined and lags EU and regional counterparts. 	<ul style="list-style-type: none"> • Approved Public Finance Management Sectoral Strategy (2023-2030), focusing on transparency, accountability, and efficiency in managing public resources. • The 2021-2025 national transport strategy, which includes priority measures for intermodal and combined transport, is yet to be adopted. • From 2021, Albania has approved or updated several laws to align with the EU's Rail Action Plan while the capacity and physical infrastructure in the sector are still developing. 	<ul style="list-style-type: none"> • Targeted policy support to improve the business environment by leveraging platforms such as the Investment Council. • Demonstrated experience helping corporates and SOEs achieving higher corporate and climate governance standards, via investments and advisory services. • Strong track record in the country in financing transport projects to enhance trade and connectivity. 	<p>Strengthen economic governance, Improve investment climate, and upgrade infrastructure</p>	<ul style="list-style-type: none"> • Improved Investment climate and business environment • Strengthened corporate governance practices • Improved connectivity and infrastructure integration

5. Activities and Results Framework (1/3)



Priority 1. Accelerate Albania's Green Economy Transition

Key Objectives	Activities	Tracking Indicators
Diversification and scale up of renewable energy sources	<p>Provide policy support through the Renewable Energy Programme and financing to continue develop the renewable energy sector, and assist Albania in meeting relevant Reform Agenda conditionalities, including:</p> <ul style="list-style-type: none"> • Improve legal and regulatory framework; assist with design and implementation of competitive tenders (auctions) and / or other mechanisms to scale-up RES. • Policy engagement to facilitate integration of renewables into the grid, including storage solutions and grid modernisation and expansion (incl. cross-border). • Financing and policy support for the upgrade, digitalisation and expansion of energy transmission (including cross-border interconnections) and distribution networks, and support Albania's integration into regional energy systems. • Provide technical assistance for the development of offshore wind. 	<ul style="list-style-type: none"> • Renewable energy capacity installed (MW) • Legal, institutional, or regulatory framework for renewables improved
Enhanced sustainability and resilience across the economy	<ul style="list-style-type: none"> • Support Albania in achieving its green targets as set out in strategic documents (NECP, NDC) and Reform Agenda. • Promote energy efficiency and sustainability across all segments of the economy, with an emphasis on retail, corporate sector and SMEs, decarbonisation of building sector (including commercial real estate, hospitality, public and residential buildings), through direct and indirect financing, as well as policy engagement. • Finance sustainable public and municipal services (water provision and wastewater treatment, municipal waste, urban transport and charging infrastructure) including under the Green Cities Framework. • Selectively support the exploration and production (primary and secondary) of metals and minerals critical for the green energy transition, digital economy and wider economic development in line with the EBRD Mining Strategy. 	<ul style="list-style-type: none"> • Primary energy saved (GJ/year) • Total CO2 emissions reduced (ktonnes/year)
Improved Climate resilience and green governance	<ul style="list-style-type: none"> • Support PFIs, the regulator as well as enterprises to enhance their corporate climate and sustainability governance, building their capacity to manage climate-related risks and opportunities and unlocking green investment. 	<ul style="list-style-type: none"> • Number of relevant stakeholders improving climate governance practices



5. Activities and Results Framework (2/3)



Priority 2: Support Private Sector Preparedness for EU Accession, through Better Access to Finance and Human Capital Development

Key Objectives	Activities	Tracking Indicators
<p>Improved access to finance and enhanced innovation across the economy</p>	<ul style="list-style-type: none"> Enhance private sector readiness to access the EU single market by increasing both direct and indirect financing to boost local businesses' competitiveness, sustainability, and integration into global value chains. Facilitate access to finance to SMEs and corporates in priority sectors (including agribusiness) through funded credit lines, risk sharing instruments (AASTF, PRS, RSF), capital relief products (MREL), guarantees, corporate bonds, and equity, quasi-equity and debt funding including via investment fund ENEF II. Support development of money and capital markets/financial sector, including via securities and derivative markets and factoring. Support preparedness of SMEs for EU accession and enhance their productivity, standards, innovation, uptake of technology /digitalisation, and regional expansion through targeted financing and advisory services, including via ASB and Blue Ribbon programme. 	<ul style="list-style-type: none"> Number of corporate and SME clients financed number/volume of loans extended to MSMEs by PFIs
<p>Strengthened human capital development and economic inclusion</p>	<ul style="list-style-type: none"> Support corporate clients and public stakeholders in developing a better qualified and inclusive workforce, e.g. through sector skills councils, by enhancing vocational education and training opportunities, including in target sectors such as tourism, ICT, and energy sector. Facilitate and enhance access to finance and advisory for young people and women through Women in Business and Youth in Business programmes, and targeted policy dialogue. 	<ul style="list-style-type: none"> N. / Vol. of loans disbursed by PFIs for youth-led businesses / women-led businesses N. of individuals in target group enhancing skills as a result of training

5. Activities and Results Framework (3/3)



Priority 3: Strengthen Economic Governance, Improve Investment Climate and Upgrade Infrastructure

Key Objectives	Activities	Tracking Indicators
Improved investment climate and business environment	<ul style="list-style-type: none"> Assist authorities in expediting compliance with the EU acquis and implementing the Reform Agenda, financed through the EU Growth Plan Facility for Western Balkans. Support FDI investments, including through improved market infrastructure, legal and regulatory reforms, and using all available financing instruments. Assist in the implementation of best practices in sector regulation and governance (e.g., natural resources), to attract and mobilise private sector investment. Foster a gender-responsive investment climate, including through sex-disaggregated data collection, awareness raising and capacity building for PFIs. 	<ul style="list-style-type: none"> Number of conditionalities under the Reform Agenda benefitting from EBRD technical cooperation Number of laws and regulations approved by state authorities benefitting from EBRD technical cooperation Institution-level capacity strengthened in target area
Strengthened corporate governance practices	<ul style="list-style-type: none"> Continue promoting commercialisation and restructuring of selected SOEs, leveraging the SMART framework, resulting in increased effectiveness and operational efficiency. Enhance corporate governance, cybersecurity, and ESG practices, both in the private and public sectors, through technical cooperation and investments. 	<ul style="list-style-type: none"> Number of clients adopting corporate governance action plan Number of clients implementing commercialisation / restructuring
Improved connectivity and infrastructure integration	<ul style="list-style-type: none"> Further develop key transport infrastructure through investments and technical assistance, including upgrade of road networks, rehabilitation and modernisation of railways and regional links, including where applicable logistics and other transport infrastructure (e.g. interurban transport, ports and aviation). Ensure inclusive and socially responsible procurement (ISRP) by developing the capacity of public agencies to integrate inclusion objectives into their procurement practices. Explore opportunities to support development of digital infrastructure and further digitalisation of the economy. 	<ul style="list-style-type: none"> Number of households with improved access to transportation services





6. Mapping of International Partners' Complementarity in EBRD Business Areas

EBRD Business Areas

		Sectors								Cross-cutting Themes				
		Industry, Commerce & Agribusiness				Sustainable Infrastructure		FI		Strategic Initiatives				
Indicative annual average investments/grants (€m, 2020-2023)		Agribusiness	Manufacturing & Services	Property & Tourism	TMT	Natural resources	Energy	Infrastructure	Banking	Non-Bank FIs	Green Economy	Inclusion & Gender	Local Currency & Capital Markets	Small Business
World Bank	142	€					€P	€P	P		€P	€P		
KFW	140						€P	€	€		€P	€P		€
EU	136				€P		€P	€P			€P	€P		€P
EIB	47							€	€		€	€		€
AFD	34						€P	€			€P	€P		
EBRD	173	€	€	€		€	€P	€P	€		€P	€P	P	€

- € Area of significant investments
- Focus mostly on private sector
- P Area of significant policy engagement
- Focus mostly on public sector

Potential Areas of Cooperation

Green

Leverage donor support to continue technical assistance and policy dialogue to further reforms in the renewable energy sector. Enhance coordination with the EU to support implementation of relevant conditions in the Reform Agenda under the EU Growth Plan Facility.

Integrated

Continue collaboration with the EU and EIB, including under the WBIF, to support development of strategic infrastructure projects.

Inclusive

Step up support with public and private sector partners for new training initiatives in key sectors such as tourism and energy.









Well-Governed

Coordinate with international partners to improve the investment climate and promote efforts to implement SOE reforms.

Note: IFI activity mapping based on publicly available information. Significant IFI investment defined as projects exceeding 5% of annual investment and signed from 2020



7. Implementation Risks and Environmental and Social Implications

Risks to the strategy implementation	Probability	Effect	Environmental and Social Implications
<ul style="list-style-type: none"> Constrained institutional capacity may cause delays in the preparation and implementation of public sector project 			<ul style="list-style-type: none"> Assessment and Management of E&S Impacts: Ensure that direct, indirect and cumulative project impacts and alternatives are assessed in line with the EU EIA Directive, EBRD ESP and associated PRs; and associated facilities meet PRs' objectives. Support clients in strengthening E&S management capacity, understanding gaps between national requirements and EBRD PRs, and ensure disclosure of E&S documents as required by ESP and AIP/DAI. Labour and Working Conditions: Ensure clients' and third-party employers' HR policies and practices comply with EBRD and EU requirements promoting equal opportunities, economic inclusion, respecting labour rights, managing large-scale retrenchment impacts and preventing potential discrimination towards minorities and vulnerable groups. Early planning and adequate resource allocation for contractor management and oversight.
<ul style="list-style-type: none"> Demographic challenges and emigration could weigh on labour force dynamics, hindering structural growth drivers. 			<ul style="list-style-type: none"> Resource Efficiency and Pollution Prevention and Control: Challenges remain in waste & wastewater collection and treatment and air pollution. Support clients to comply with EU Directives and improve efficiency of industry-specific processes in line with BAT, GIP and reduce GHG emissions.
<ul style="list-style-type: none"> Vulnerability to climate change, resulting in more frequent extreme weather events, such as the 2022 droughts affecting electricity supply. 			<ul style="list-style-type: none"> Health, Safety and Security: Aim to improve OH&S standards across sectors, especially construction and operation safety, including assessment of H&S risks to communities. Road and traffic safety, including risks associated with tourism projects, are priority issues and engagement with clients and other stakeholders may be required. Land Acquisition, Restrictions on Land Use and Involuntary Resettlement: Ensure meaningful engagement, fair compensation and livelihood restoration for those affected by projects requiring land acquisition through expropriation causing physical and/or economic displacement. Preparation of Resettlement Framework and/or Plan will be required to ensure that land acquisition for projects is carried out in compliance with PR5, including aligning national legislation and PR5 on consultation, entitlements and considerations of those with no legal titles.
<ul style="list-style-type: none"> Increased external vulnerabilities might limit foreign investor appetite for longer term investments. 			<ul style="list-style-type: none"> Biodiversity Conservation and Sustainable Management of Living Natural Resources: Assess risks and impacts of project activities on sensitive flora, fauna, ecosystem services and legally protected and internationally recognised areas of biodiversity value. Explore opportunities to support clients in evaluating these risks, disclosing biodiversity data, and promote Good International Practices. Seek opportunities for biodiversity net gains and enhanced nature recovery. Cultural Heritage: Ensure proper assessment, resource allocation, and stakeholder consultation in project planning, design, and implementation to protect cultural heritage. Financial Intermediaries: Ensure PFIs strengthen E&S risk management capacity and system. Information Disclosure and Stakeholder Engagement: Support clients in proactive stakeholder engagement throughout the project lifecycle, with a focus on protection and non-discrimination of project-affected people and vulnerable groups, effective grievance management, consultations and reporting, including those carried out as part of local permitting and ESIA.

 High  Medium  Low

8. Donor Partnerships Assessment



Needs Assessment for the New Country Strategy Period

To achieve the objectives of the new country strategy, donor funds may be required to support several key activities:

- Risk-sharing instruments to improve access to finance for women, youth, and other underserved groups.
- TC and capex grants to fund advisory services for SMEs, enhance their competitiveness, improve corporate governance, and strengthen ESG practices in both the public and private sectors.
- Incentive grants to encourage compliance with EU regulation, promote investment in green technologies, and other critical areas.
- Capex grants and TC will be needed to facilitate the financing of transport infrastructure and provide technical advisory support to transport agencies.
- TC and incentive grants to support the implementation of solar and wind auctions, assist authorities in developing and implementing green policies and sectoral strategies, and promote the commercialization and restructuring of selected SOEs.

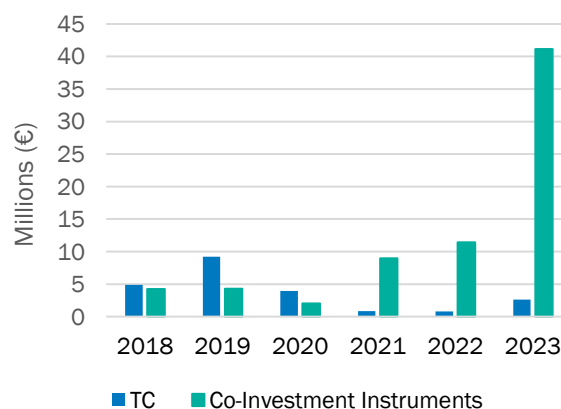
Potential Sources of Donor Funds

- TC grants for project preparation and policy business advice are anticipated to be accessible from a range of bilateral donor, including Switzerland, Italy and Austria.
- The HIPCA is key for climate-related projects which leverage TC grants and co-investment instruments offered to bolster project development and implementation.
- Under the WBIF, the EU will continue to scale up its funding (grants and guarantees) for priority public and private sector projects in the areas of transport, energy, environment & climate, digital, human capital development and competitiveness of the private sector. Co-investment instruments and TC grants will remain prominent as well through EFSD and EFSD+ unfunded guarantees.
- The Green Climate Fund (GCF) and the Global Environment Facility (GEF) will offer TC grants for project preparation, implementation, research, and dissemination, as well as concessional loans to drive forward climate-focused projects.
- The Small Business Impact Fund, the SME Local Currency Special Fund, and the Shareholders Special Fund will continue providing both co-investment instruments and TC grants under their regional allocations.

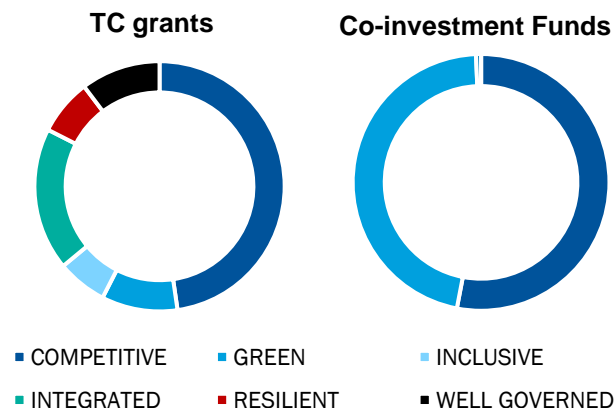
Selected Affordability Indicators

	EBRD regional percentile rank ¹	
GDP per capita (const. PPP, intern. \$) ²	18,037	39%
ODA Country	Yes	N/A
ODA as share of Gross National Income (%) ³	3.52	65%
ODA per capita (\$ - current prices) ³	221.94	83%

Use of Concessional Resources⁴



Use of Concessional Resources by TQ⁵



1. Simple percentile rank reported as the share of EBRD economies represented below Albania. 2. IMF WEO Oct. '24 3. OECD (2021) 4. Amounts are based on earmarks at commitment level, and do not include WBIF / EU IPA co-financing. 5. Based on the primary Transition Quality of concessional resources.

Annex



European Bank
for Reconstruction and Development



Annex – Political Assessment in the Context of Article 1 (1/9)

Albania's commitment to and application of the political principles stated in Article 1 of the Agreement Establishing the Bank continued since the adoption of the previous Country Strategy, in line with its efforts towards implementation of the comprehensive EU reform agenda.

EU approximation process remains the key external anchor for reforms. Albania was granted the status of EU candidate country in 2014. On 15 October 2024, the EU opened Cluster 1 (“Fundamentals”) of the accession negotiations with Albania, which comprises five negotiating chapters and three areas, including the critical rule of law chapters. On 23 October 2024, the European Commission approved Albania's Reform Agenda under the Reform and Growth Facility which is part of the EU Growth Plan for the Western Balkans.

The constitutional and legislative framework for a pluralistic parliamentary democracy is in place. The separation of powers and checks and balances in the political system, guarantees for fundamental rights and the protection of minorities and for a meaningful role of the civil society are largely in line with international and European standards, as assessed by the Council of Europe.

In the period since the adoption of the previous Strategy, Albania has made further progress in democratic reform. Improvements were made in the areas considered to be among the key weakness in the Western Balkans countries – rule of law. The authorities have, in particular, continued a thorough reform of the judicial system, launched in 2016 and designed to increase its independence, integrity and accountability. A new major reform initiative on “Good governance, rule of law and anti-corruption for Albania 2030” has been launched by the authorities.

In spite of the above-mentioned progress, significant challenges remain, including in the fight against corruption and organised crime. The authorities need to strengthen investigations, prosecutions and convictions in corruption cases, which overall remains a concern. Further sustained efforts are needed to improve the business environment and tackle the informal economy.

Free Elections and Representative Government

Free, fair and competitive elections

Elections in Albania are generally conducted in a manner deemed by the OSCE and the Council of Europe to be free, fair, and competitive. The legal framework provides a sound basis for democratic elections, provided there is political will for the proper implementation. It has benefited from several waves of electoral reforms, including extensive amendments based on recommendations from the OSCE Office for Democratic Institutions and Human Rights (ODIHR) and the Council of Europe's



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Commission for Democracy through Law (Venice Commission). The latest amendments in the Electoral Code, adopted in in 2024, enabled out-of-country voting by Albanian diaspora and introduced partially open candidate lists. The last four general elections in Albania (2009, 2013, 2017 and 2021) were peaceful, which represented a significant achievement compared to past elections that had often been accompanied by violence. However, according to OSCE, some procedural shortcomings and allegations of vote-buying, as well as misuse of administrative resources in favour of the governing party, continue to undermine public trust in the electoral process.

The last general elections, held on 25 April 2021, went, according to the OSCE/ODIHE Election Observation Mission, mostly in an orderly manner, with contestants able to campaign freely¹. Electronic voting and other new voting and counting technologies were introduced for the first time, as a pilot project, in some voting centres. This had been part of the breakthrough political agreement between the governing and opposition parties that brought the latter back into the political process after previous boycotts, and the related 2020 electoral reform. The 2021 elections also saw strengthened guarantees for gender balance, which led to the increase of the share of female MPs in the new parliament.

The final report on the 2021 general elections issued by OSCE/ ODIHR re-iterated the need to address several pending recommendations by OSCE and the Venice Commission including those related to de-politicisation of lower-level election commissions and use of party campaign material in the news, as well as removing restriction on the suffrage rights (mental health related) and guarantees for the same rights for all observers.

The last local elections, held on 14 May 2023 were generally well-administered and competitive². However, the process was characterised by continuing extreme polarisation between the main political parties, and on top of that bitter divisions within the opposition. Same as in the case of the 2021 general elections, the allegations of vote-buying continued. Two days before the election, a mayoral candidate in Himare from the Together We Win coalition, an ethnic Greek politician Fredi Beleri, was detained on the accusation of vote buying and subsequently sentenced to jail, with subsequent appeals rejected by the Courts. He won the election nonetheless, from prison. In 2024, the electoral results in Himare were formally cancelled and a by-vote organised. The case of Beleri attracted particular publicity due to strong reaction by the Greek authorities and the fact that in 2024 he was elected as MEP on the list of Greek governing ND party. In 2024, Beleri was released on parole having served two-thirds of his sentence.

Separation of powers and effective checks and balances

The constitutional and legislative framework for a parliamentary democracy – underpinned by the separation of powers and checks and balances in the political system, an independent legislature and well-established procedures of legislative oversight in

1. OSCE/ODIHR, Parliamentary elections in Albania 25 April 2021, Final Report, 26.07.20215.

2. OSCE/ODIHR, Municipal elections in Albania 14 May 2024, Final Report



Annex – Political Assessment in the Context of Article 1 (3/9)

prescribed domains of decision-making – is in place in Albania and largely in line with international and European standards, as assessed by the Council of Europe.

The scope of powers of the legislature to hold the government to account and to exercise parliamentary oversight is also largely in line with international standards. The 140-member unicameral parliament is elected for a four-year term through a recently modified regional proportional representation system with preferential voting. Overall, some progress has been made in the functioning of the parliament, including transparency and inclusiveness of the legislative process, although recent amendments to the law on inquiry committees have been criticised for limiting the parliament’s oversight role and are currently under review by the Constitutional Court. According to the assessment by the EC, the parliamentary oversight of the executive remains limited³. The President, who plays a largely ceremonial role, is elected by the parliament through a complicated system usually involving several rounds of voting. The Constitutional Court, which used to be paralysed at the beginning of the “vetting” process (see section on the rule of law below), is now fully functioning with all nine Judges in office and is effective in upholding constitutional checks and balances.

Effective power to govern of elected officials

Albania has established institutional, legal, and financial arrangements for elected officials to exercise effective power to govern, and they are not constrained by any non-democratic veto powers or any other undue influences. As in many other transition countries, there has long been a close relationship between business and political elites. However, this does not compromise the powers of elected officials to govern the country.

Civil Society, Media and Participation

Scale and independence of civil society

A satisfactory legal framework for civil society organisations (CSOs), which has improved in recent years, including the laws related to the functioning of non-profit organisations, is in place. The process for the registration and operation of CSOs is relatively straightforward and generally in line with international standards. However, there are unresolved issues related to the definition of non-profit activities, financial reporting and taxation. Cooperation between the state and CSOs has improved. CSOs are in general consulted more regularly on policy and legal initiatives than in the past. Follow-up processes, however, leave much to be desired. Limited transparency undermines CSOs’ advocacy initiatives, while the civil society sector’s public image is negatively affected by media attacks on CSOs and activists. No progress has been made in the implementation of the Government Roadmap on an Enabling Environment for Civil Society 2019-2023⁴.

3. Albania 2024 Report, 2024 Communication on EU enlargement policy, European Commission, 30.10.2024

4. Ibid



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According to the Tirana First Court of Instance, approximately 12,240 CSOs are currently registered. According to the tax authorities, 2,217 CSOs are financially active. However, there are only a handful of well-established and well-funded CSOs, mostly in the largest cities. The Monitoring Matrix on Enabling Environment for Civil Society Development found that the fiscal treatment of the sector, including the lack of VAT refunds for grants, continues to negatively affect CSOs' operations and activities. CSOs remain the main private providers of social services in the country. However, CSO service provision depends heavily on donor support and few CSOs generate revenue through these activities, which poses a challenge to their sustainability. Furthermore, the civil society sector remains fragmented and overly dependent on external donor funding, while the last years witnessed the withdrawal of many foreign donors due to their reorientation towards other regions. Foreign donors, including European Union institutions, foreign embassies, development agencies, and foreign political party institutes, continue to be the most important source of funding for CSOs in Albania.

The right to form trade unions is enshrined in law, and labour and trade union's rights are generally respected in practice.

Independence and pluralism of media operating without censorship

Pluralism in the media, which operate freely and without censorship, has increased overall in recent years. The legal framework is largely in place and in line with international standards.

While the media environment is crowded with the number of media outlets among the highest per capita in the region, it is constrained by a limited advertising market concentrated among a few outlets. Lack of transparency in their funding and limited regulation (online media in particular are not regulated) are long standing problems. Electronic media dominate the market. The main source of political information remains TV, especially in rural areas. Besides the public broadcaster (RTSh), where concerns exist regarding its independence, there are several private national channels, and a large number of regional and local private broadcasters. Online portals and social networks are rapidly replacing print media. Recent years have witnessed explosive growth in Internet access.

A number of amendments have recently been made to the civil and criminal codes, which led to the removal of prison penalties for defamation, although full decriminalisation of defamation and libel have not yet been achieved. The framework for the protection of journalist is overall in place, although verbal and physical attacks, as well as high number of SLAPPs are still reported.



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Multiple channels of civic and political participation

Multiple channels of civic and political participation are in place, but the implementation of the existing safeguards and rules, in particular regarding public consultations, are seen by some observers as lacking in efficiency. While CSOs are often sought to provide their expertise by parliamentary committees, this is usually done on an ad hoc basis. The documents submitted for public consultations are often presented to the public at a very short notice and measures to encourage high participation and awareness of the public are not always ensured, particularly with respect to consultations on legislative initiatives of the parliament.

Freedom to form political parties and existence of organised opposition

The freedom to form political parties is both guaranteed by the Constitution and implemented in practical terms, highlighted by the existence of a significant opposition able to campaign freely and oppose government initiatives. Ten political parties and two coalitions participated in the last general elections in Albania and four of them won parliamentary seats. The main opposition political party holds about 40 per cent of seats in the parliament, and its representatives headed a number of parliamentary committees.

Rule of Law and Access to Justice

Supremacy of the law

Necessary legislative and institutional safeguards for the supremacy of the law are in place. The right to a fair trial and freedom from arbitrary arrest and detention are enshrined in the Constitution and the criminal code. Supremacy of the law has increased as a result of the ongoing comprehensive reform of the justice system, including institutional restructuring and re-evaluation of all judges and prosecutors (vetting).

Independence of the judiciary

The independence and impartiality of the judiciary is guaranteed by the Constitution.

Comprehensive reform of the judiciary, which commenced in 2016 and led to the restructuring of the entire justice system, has made significant progress, consolidating its independence, impartiality, professionalism and accountability. The institutional restructuring and continued implementation of the radical “vetting” system (re-evaluation of all sitting judges, prosecutors etc,



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overseen by international stakeholders, with more than 50% of vetting dossiers resulting in dismissals, resignations or termination of mandate) have increased integrity of the judiciary, reduced political influence and strengthened accountability. The vetting process for cases at first instance is complete.⁵

Government and citizens equally subject to the law

The comprehensive reform of the system of justice is bringing positive results strengthening the principle of government and citizens equally subject to the law.

Effective policies and institutions to prevent corruption

The perception among the public, experts and businesses is that there is a high level of corruption in the public sector. According to the 2023 Transparency International Corruption Perception Index (CPI), Albania occupies the 98th place out of 180 countries assessed, making it one of the lowest ranking countries in South Eastern Europe⁶.

Since the adoption of the previous Strategy, Albanian authorities have intensified efforts in the fight against corruption and organised crime. The legal framework to fight corruption is broadly in place and is in line with European standards. Albania has ratified the UN Convention against Corruption (UNCAC). There are encouraging results of the Special Anti-Corruption Structure (SPAK), which, according to the latest progress report on Albania by the European Commission, “has continued to deliver good results in the investigation, prosecution and convictions in high-level corruption cases”⁷. SPAK includes the Special Prosecution Office, the National Bureau of Investigation (NBI) and SPAK courts. A co-governance platform within the PM’s Office has been established allowing citizens and businesses to report suspected acts of corruption, which are forwarded to the General Directorate on Anticorruption, which coordinates a network of coordinators at both central and local levels. The number of persons investigated, prosecuted and convicted for corruption has been increasing during the period since the previous Country Strategy. Among convicted persons were MPs and former members of the government. In 2024, a dedicated Minister of State for Public Administration Reform and Anti-Corruption was appointed to coordinate anti-corruption measures across the government services. However, coordination between institutions in charge of corruption prevention and relevant law enforcement structures remains weak while the competences in this area are shared between several authorities⁸.

5. Albania 2024 Report, 2024 Communication on EU enlargement policy, European Commission, 30.10.2024

6. Corruption Perception Index (CPI) 2023, Transparency International, 2024

7. Albania 2024 Report, 2024 Communication on EU enlargement policy, European Commission, 30.10.2024

8. EU Rule of Law Report, Albania, July 2024



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The progress report of the European Commission on Albania noted good cooperation with EU member states and EU agencies on the fight against corruption⁹.

Civil and Political Rights

Freedom of speech, information, religion and conscience, movement, association, assembly and private property.

The Albanian Constitution and relevant laws prohibit discrimination on grounds of sex, race, language, religion, national or social origin, property or social status. The Constitution guarantees the basic freedoms and rights of citizens recognized by international law, while international treaties are directly enforceable by domestic courts and their status is superior to domestic law.

Albania is a signatory to all major international human rights instruments. The high level of ratifications of conventions of the United Nations, the Council of Europe, and regional human rights instruments represents a significant achievement. Albania has also put in place the institutional framework for the protection of human rights, which includes an Ombudsman institution, a range of state and inter-ministerial bodies and national councils, as well as technical secretariats within ministries. The main challenges Albania faces are related to the provision of necessary human and financial resources for implementation and monitoring of these instruments.

The constitutional guarantees of freedom of thought, conscience and religion are generally respected, and Albania continues to provide an example of religious harmony in the region. According to the Constitution of Albania, there is no official State religion and the rights of all religious communities (the main are Muslim, mainly Sunni and Bektashi), and Christian (Orthodox, Catholic and Protestants) are equally guaranteed.

A major problem remains restitution of property confiscated during the communist regime, and the resolution of land titling and ownership. The reform of property rights is crucial for the consolidation of the rule of law, as much as it is for economic development. In 2019, the parliament adopted the Law on Cadastre, which should be conducive to concluding first registration of property titles throughout the territory of the country. Since the previous Country Strategy some progress has been made with the adoption of implementing legislation for the Law on Cadastre and the Law on the finalisation of transitional ownership process.

The latest assessment of Albania's track record in the area of human rights in the framework of the United Nations Universal Periodic Review (UPR) was adopted in 2019. The top two recommendations related to rights of the child (40 per cent of recommendations) and women's rights (26 per cent). Albania supported 94 per cent of a total of 197 recommendations made through the review process¹⁰.

9. Communication from the EC to the European Parliament, the Council and the EESC on EU Enlargement Policy. 8.11.2023

10. UPR Statistics, available at <https://upr-info-database.uwazi.io/en/>



Annex – Political Assessment in the Context of Article 1 (8/9)

Political inclusiveness for women, ethnic and other minorities

The legislative framework for the protection of ethnic minorities is broadly in place, including the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expression and the framework law on the Protection of National Minorities. Ethnic minorities actively participate in political life, including through their own political parties. They are stronger, than in some other regional neighbours, integrated in the mainstream (non-ethnic based) political parties.

Albania has a less diverse ethnic composition than most of its regional neighbours, with ethnic Albanians making more than 90% of the population. There are nine officially recognised national minorities in Albania (Aromanian, Bosnian, Bulgarian, Egyptian, Greek, Macedonian, Montenegrin, Roma and Serb). Ethnic Greeks, who are the largest ethnic minority, constitute, according to estimates, only a few per cent of the population. The 2011 census included for the first time optional questions regarding ethnic origin and religious affiliation and about 14% of respondents chose not to answer the question. The latest census, conducted in 2023, produced the results on ethnic breakdown that were challenged by some neighbouring countries who argued that respective national minorities were not counted properly. Inter-ethnic relations in the country remain good. The Roma and Egyptian minorities, as in many other neighbouring countries, are the most vulnerable group and continues to face difficulties in access to education, housing and employment.

Key legislative elements for gender equality are in place in Albania. Crucial laws adopted in the last years include Laws on Gender Equality in Society, On Measures Against Violence, On Health and Safety at Work, and On Protection from Discrimination. The 2021-2030 national strategy on gender equality and its action plan are more affirmative in addressing the rights of women. It focuses on people who face intersecting forms of discrimination and vulnerability, young people and social reforms, and includes a section on humanitarian emergencies. However, the implementation needs to strengthen¹¹. Domestic violence against women remains a problem, particularly in rural areas. In some communities, women are exposed to societal discrimination based on traditional social norms.

Women have a significant number of high-profile representatives at the national level. Since 2017, successive Albanian governments have had more than 50 per cent female members and are in this respect among the top in the world and by far the government with the highest share of women in the region.

11. Commission staff working report, Albanian 2023 report. 8.11.2023



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The gender quotas in the elections (in the last general election the number of female candidates exceeded the quota in most party lists) has led to a steady increase of women's representation in the parliament from 7 per cent in the past to 35 per cent in the current parliament elected in 2021. Eight women, all representing the governing party, were elected as mayors in the 2024 local elections. The majority of the members of the Constitutional Court and the Electoral College are also women.

Discrimination against LGBTIQ persons is still prevalent in Albanian society, including as regards access to healthcare, education, justice, employment and housing. As an observer to the work of the European Union Agency for Fundamental Rights, Albania was covered by the III LGBTIQ Trust Survey, which found that overall, in Albania in 2023, 51% felt discriminated against in at least one area of life in the year before the survey (for the EU-27 it was 37%)¹². Albania does not have legislation recognising civil cohabitation or same-sex marriage.

Freedom from harassment, intimidation and torture

Constitutional guarantees against harassment, intimidation, and torture are in place and are largely upheld in practice. A delegation of the Council of Europe's European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT) last visited Albania in May 2023 to review the treatment and conditions of detention of persons held in police custody and in prisons. A further focus of the visit was the situation of forensic psychiatric patients and prisoners with a mental disorder. A memorandum of understanding with a joint action plan was signed by the Minister for Justice and the Minister for Health and Social Protection to implement the 2021 recommendations of the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment and the judgments of the ECHR on forensic psychiatric patients and prisoners with a mental disorder.

The CPT delegation also examined, for the first time in Albania since 2000, the treatment of residents with intellectual disabilities in social care institutions. The report on the visit, published in January 2024, notes that although the positive trend was observed during the most recent CPT visits to Albania as regards the treatment of persons detained by the police, additional vigorous action is still required to eradicate police ill-treatment.¹³

12. Albania 2024 Report, 2024 Communication on EU enlargement policy, European Commission, 30.10.2024

13. Council of Europe, European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT), Report on the on the periodic visit to Albania from 4 to 15 May 2023, published on 12 January 2024.