



BASHKITË PËR NË EVROPË
Një projekt i financuar nga BE



REPUBLIKA E SHQIPËRISË
MINISTRIA E PUNËVE
TË BRENDSHME

MUNICIPALITIES IN THE EU INTEGRATION PROCESS OF ALBANIA

2021
Assessment
Report

JULY 2022





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The 5th Report highlights the progress of local government institutions in the EU integration process of Albania in terms of fulfilling the obligations arising within the membership criteria and commitments of the European integration process during 2021.

European Integration Units in each municipality have coordinated the internal data collection organization, while the Agency has carried out the guidance and monitoring of the reporting process for the Support of Local government (ASLSG). The analysis of the data and the preparation of the report were also assisted by the experts of the "Municipalities for Europe" project, Mrs. Mirsa Titka and Mrs. Valbona Kuko.

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➔ ACRONYMS AND ABBREVIATIONS

ADISA	Agency for the Provision of Integrated Services in Albania
AP	Action Plan
AR	Annual Report
ASPA	Albanian School of Public Administration
ASLG	Agency for the Support of Local government
NAES	National Agency for Employment and Skills
AU	Administrative Unit
EU	European Union
SNKK	Inter-Sectoral Strategy against Corruption
DoPA	Department of Public Administration
GDT	General Directorate of Taxation
LGCC	Local government Consultative Council
CoM	Council of Ministers
EC	European Commission
CPARS	Cross-cutting Public Administration Reform Strategy
SIPD	Social Inclusion Policy Document
HIDAACI	High Inspectorate for Declaration and Audit of Assets and Conflict of Interests
CSOs	Civil Society Organizations
PWDs	Persons with Disabilities
PFM	Public Finance Management
GLP	General Local Plan
LGU	Local Government Unit
NAPIRE	National Action Plan for Integration of Roma and Egyptian Communities
LPIREM	Local Plan for the Integration of Roma and Egyptian Minorities
CG	Central Government
LG	Local Government
Mol	Ministry of Interior
MIE	Ministry of Infrastructure and Energy
MTE	Ministry of Tourism and Environment
MTBP	Mid -Term Budget Program
NPPWD	National Action Plan for Persons with Disabilities
NAPEE	National Action Plan for Energy Efficiency
LPIWM	Local Plan for Integrated Waste Management
PAR	Public Administration Reform
NCSDLG	National Crosscutting Strategy for Decentralization and Local Governance
NEES	National Energy Efficiency Strategy
NESS	National Employment and Skills Strategy
IOSSH	Integrated One-stop-shop
QAS	Quality Assurance System
SAA	Stabilization and Association Agreement
PFM	Public Financial Management
IWM	Integrated Waste Management
ATR	Administrative and Territorial Reform
SPUE	Strategy of Pre-University Education
WG	Working Group
AAM	Albanian Association of Municipalities
ALA	Association for Local Autonomy
OSSH	One Stop Shop
IT	Information technology
HRMIS	Human Resources Management Information System

I. EXECUTIVE SUMMARY

POLITICAL CRITERIA.....

DEMOCRACY

The Consultative Council has operated as the main forum for institutional dialogue and coordination between central and local governments. The Consultative Council has organized 6 meetings in which projects in various fields were discussed, out of a total of 52 projects submitted, 43 were consulted and approved (more acts consulted compared to 2020). Although the representation of the Government in the meetings of the Consultative Council is not fully aligned with the legal provisions, in 2021 there was an increase in the level of representation compared to 2020. The challenge is still in raising awareness and understanding the role of the LGCC by all Mayors of 61 LGUs and ensuring their full participation in the LGCC meetings. A systematic monitoring and evaluation of the implementation of the National Crosscutting Strategy for Decentralization and Local Governance 2015-2022³ is needed.

In relation to the study of the 'competency matrix', in the clear identification of legal spaces and conflicts of the organic law 139/2015 (On Local Self-Government" with other sectoral laws for the functions of local government) and Prime Minister's Order 101/2019 in the year 2021, the Ministry of Internal Affairs updated the legal recommendations, addressing the recommendations with the area of responsibility of the responsible institutions, as well as updated the legal recommendations with the latest changes to the legal basis and priorities of the Government. In this perspective, based on the list of recommendations of the 'competency matrix' for 2021, the implementation rate, namely the level of legal harmonization for 2021 is 58%.

In the field of **digital services and transformation**, the country has maintained its leading position in the region. About 95% of administrative services are available online⁴. The map of One-stop-shops (OSSH) at the municipal level has been expanded in all country's municipalities, as well as the rate of their extension to the Administrative Units at 35% (or +5 p.p. compared to 2020). Challenges remain the expansion of ICT throughout the territory of Municipalities, the increase of funding from the local budget for the improvement of physical infrastructure, information technology and the Internet in the administrative unit offices, as well as training of relevant staff.

It is necessary to draft and approve minimal service standards, as well as strengthen the supervisory role of ASLG to ensure that LGU provide services in accordance with the requirements and standards of their quality.⁵

Public administration

There has been progress regarding the reform of the public administration. Progress has been made with the adoption of guidelines for public consultation, the establishment of IT systems for integrated planning, the increase in the implementation of the National Plan for European Integration, the increase in the number of electronic services, and the completion of the testing phase for automated payroll system⁶.

In 2021, progress has been made in implementation of civil service legislation, focusing on Local Government Units, digitalization of the civil service recruitment process (opportunity to develop the process online), strengthening the professional capacities of public servants and evaluation commissions, use of unified modules of integrated platform "administra.al". Network of EU local coordinators has strengthened the involvement of LGUs in the membership process in EU, raising awareness of EU policies and EU funds and programs.

³ EC Progress Report on Albania (2021)

⁴ SIGMA Monitoring Report on Albania (November 2021); <https://www.idp.al/2021/12/22/raporti-i-monitorimit-per-shqiperine-nqa-sigma-parimet-e-administrates-publike/>

⁵ EC Progress Report on Albania (2020)

⁶ EC Progress Report on Albania (November 2021)

The number of local administration employees has decreased by 3.6 p.p. compared to 2020; While the average rate of civil servants having obtained such status is about 35.4% of local government employees, the number of local civil servants having obtained such status is lower compared to 2020. Employment of women in leadership positions has increased in 2021 compared to 2020. Number of training programs by ASPA to strengthen the professional capacity of local administration has increased in 2021 -a total of about 2300 employees have been trained, of which 853 have been trained on the implementation of the Civil Servants Law and 300 employees trained on management instructions and manuals of human resources. The HRMIS system has been operational in a slightly higher number of LGUs in 2021.

Coherent enforcement of the law on Civil Servants at the local level, reduction of employment under temporary contracts for civil service positions, and ensuring the sustainability of civil servants in the local administration, especially experienced employees.

A new strategic framework for Public Administration Reform is recommended to be drafted with more effective monitoring and coordination mechanisms, improving coordination within the administration, especially in relation to the EU integration process, and the extension of the integrated policy-making system to the local level⁷.

Municipalities have made slight progress regarding public participation in local decision-making and improving the transparency of local finances. Although fewer public hearings with citizens were organized by LGUs, in 2021, on the draft budget (the influential factor may have been the pandemic situation), the number of citizens participating in public hearings has been higher compared to 2020. LGUs have kept the transparency program going on the official website of the municipality and published all key documents such as the annual budget and other local finance reports. Challenges remain in terms of raising awareness and citizen participation, drafting the budget in a simple and legible format for citizens and appointing a municipal official for the consultation process and public hearings.

Local government accountability has improved regarding the rate of responses of the local administration to the requests of the citizens. The indicator increased in 2021, compared to 2020. About 43% of municipalities have a response rate of over 95%, while the indicator on the publication of acts of decision-making bodies has decreased compared to 2020. Also, LGUs have shown slight improvement in reviewing the reports and recommendations of the Commissioner for Protection from Discrimination.

Challenges remain in strengthening the cooperation between state agencies at the regional level and local institutions to address issues recommended by the Commissioner for Protection from Discrimination as well to review each report and recommendation by the relevant LGU departments and structures, within the legal deadlines.

Local Government Units have received fewer reports and recommendations from the Ombudsman, in 2021, a total of 412 reports, or an average of 12 reports, while the handling and acceptance rate of the Ombudsman's reports (84%), has been higher compared to 2020. The Municipality of Tirana has received the highest number of reports.

Challenges remain in eliminating delays by LGUs in reviewing the reports and recommendations of the Ombudsman Institution and strengthening the cooperation to clarify the powers and to timely refer the cases. It is recommended to strengthen the role of coordinators and the right to information within public authorities by appointing officials in this position⁸, and enhancing transparency to the public regarding the implementation of recommendations through the publication of recommendations given by the Ombudsman on the municipality official website.

Consolidating civil society at the local level remains a challenge. Although the legal framework has improved with the adoption of the law on the registration of non-profit organizations (June 2021), the implementation of the Roadmap for a Civil Society-Friendly Environment requires more effort and resources. In the framework of funding from the state budget, the Agency for Civil Society Support organized call no. 14 in 2021, and enabled the support of 153 organizations in areas such as European integration, fight against corruption and legal education of the public, sustainable environment and development, SME development, etc. In the reporting year,

⁷EC Progress Report on Albania (November 2021)

⁸EC Progress Report on Albania (November 2021)

Local Government Units received fewer recommendations from civil society organizations, but their review and acceptance rate by decision-making bodies has increased compared to 2019-2020.

Challenges remain in strengthening the engagement of the role of civil society in local decision-making processes, increasing the number of non-governmental organizations in the country's municipalities, increasing funding from government and LGUs for projects in joint partnership and increase transparency by municipalities regarding the publication of CSO recommendations and their reflection in local decision-making.

Fight against corruption

The fight against corruption continues to be an important challenge for Local Government Units. The main challenges are related to: Lack of human capacity, insufficient financial resources and limited cross-institutional cooperation.

The strengthening of the capacities of municipal employees for anti-corruption issues has continued during 2021. The percentage of Municipalities that have not attended trainings in the field of anti-corruption remains high at 50% and at the same levels as in 2020. Despite the efforts made to institutionalize the anti-corruption network of focal points at the local level it has not yet been completed by 14 Municipality.

The number of Municipalities that have established the electronic register of requests and complaints in 2021 has increased to 48 i. Progress in setting up and updating is negatively impacted by the lack of budgeting of funds to set up and maintain the electronic register. **The process of drafting and approving Local Integrity Plans in the framework of anti-corruption measures has continued** while budget planning for the implementation of the Integrity Plan remains limited in 2021.

Cooperation between central and local government on the implementation of anti-corruption measures should be strengthened and extended to important sectors with an impact on the economy such as public procurement, tax administration, transparency in decision-making and conflict of interest.

Human rights

Limited progress has been made towards increasing the capacity of local officials on human rights issues. Only 40% of municipalities have received training in 2021 to build the capacity of local public servants to implement human rights standards. The number of trainings remains almost at the same levels with 2020 and 2019 while cases of human rights violations have increased.

Cooperation with CSOs has continued to address cases referred to human rights violations at the local level in 2021 where there are twice more cases handled for the Municipality. Cases of human rights violations in 2020 have been reported in total 2.5 times more than in 2020. However, the lack of specialized and licensed CSOs in small municipalities remains a problem.

ECONOMIC CRITERIA.....

Existence of a Functioning market economy

Promoting economic development and increasing the competitiveness of the local economy has continued to be in the attention of Municipalities through the drafting and approval of local development plans. In 2021 there were 54 Municipalities that approved a Local Development Plan to orient decision-making towards local priorities and ensure sustainable development. The implementation of local plans and the insufficiency of municipal budgets to respond to the great needs for strategic development projects remain a challenge.

Progress has been made in improving the Strategic and Legal framework for promoting the creation and development of small and medium enterprises by increasing technological capacities. Despite the effects of the COVID 19 Pandemic on the local economy in 2021, several initiatives have been taken to reduce the

negative impact on businesses through fiscal incentives provided in a large number of municipalities. The human and financial capacity of the Municipalities to support with activities and direct financing for the creation of new businesses remain very low and concentrated in the large municipalities.

Efforts have been made by some municipalities to orient and advise SMEs on development opportunities and potentials by orienting them towards the market. In 2021, 186 services were reported in support of small and medium enterprises performed by only 38% of municipalities. **The opening of new business outlets continued during 2021.** The number of small and medium enterprises that have started operating in the territory of municipalities has increased by 40% compared to 2020. Better interaction of municipal structures with businesses through facilitating access to information is one of the findings in 2021 monitoring report of the Investment Council Secretariat. Hence it is recommended to set up a section dedicated to businesses in administrative appeals procedures in local government units.

ABILITY TO ASSUME OBLIGATIONS OF MEMBERSHIP

Agriculture and rural development

Slight progress has been made regarding the establishment of a farm register, and the establishment of a land parcel identification system (LPIS). Farm Accounting Data Network (FADN) is missing. For quality policy, progress has been made with the adoption of legislation implementing the traditional specialty guarantee scheme and ensuring the continuity of support for organic farming⁹. The possibility of lending by the Government increased, and it allocated ALL 1 billion to commercial banks such as the Sovereign Guarantee Fund from the state, to finance 50% of the collateral for agricultural loans.

LGUs have provided less funding for agricultural sector than in 2020 and 2019. Improvement has been made with the expansion of Agricultural Information and Advisory Offices, which have been operational in 41 municipalities of the country, but the number of beneficiaries supported by services from AIAOs has been at the same level as in 2020.

In terms of rural infrastructure, there is a slight decrease in the maintenance of the irrigation network system compared to the previous reporting year, but there has been an improvement regarding the maintenance of drainage channels. For municipalities, the challenges remain in increasing funding for the agricultural sector, eliminating the stock of agricultural products, lack of structures and staff in some municipalities, and qualified agronomists in rural administrative units.

It is recommended to expand the activities of counseling and training of ZIKB in all LGU, the establishment of GVV / LAG in all municipalities of the country and their effective operationalization, the drafting of the annual budget of the irrigation system based on the needs and demands of farmers as well as in service performance.

Food safety, veterinary and phytosanitary policies

The veterinary sector reforms is ongoing and progress has been made in strengthening the organizational and professional capacity of veterinarians in consumer protection, food safety and veterinary medicine. National Authority of Veterinary and Plant Protection has not yet gained full operational capacity. A coherent sectoral policy and alignment with the EU *acquis* on formal controls, animal health and plant health are needed. Legislation has been expanded on packaging rules and some Ministerial instructions on food safety as well as the development of an epidemiological situation monitoring system at the national level.¹¹

⁹EC Progress Report on Albania (November 2021)

¹¹EC Progress Report on Albania (November 2021)

At the local level, slight progress has been made with the establishment of 7 consumer protection offices in LGUs to address citizens' complaints on food safety. More complaints from citizens on food safety were registered by LGUs during 2021 compared to a year ago, in response to which municipalities have taken appropriate measures at an average level of 79%.

Some challenges municipalities face are the establishment of consumer protection offices in all municipalities, the allocation of investments from the local budget to improve the infrastructure of retail markets and livestock markets in line with service standards, strengthening the monitoring role of relevant services of the municipality against the functioning of the markets and the increased interaction with the structures of the National Agency of Veterinary and Plant Protection and NFA regarding food safety and consumer protection.

Transport policies

Improvement has been made in enhancing the compliance rate with the road code standards of urban and rural road networks and signaling administered by the LGU in the reporting year compared to the previous period. The degree of village connectivity has also improved through the road maintenance and construction of for 2019-2021. Although there has been an improvement in some performance indicators for the reporting year, funding from the LGU's own funds for road maintenance and construction has decreased compared to the previous year.

Improvement has been made for the publication of the public transport lines map and the public transport itinerary at bus stops, extending the length of the dedicated urban biking network, about 50% of municipalities have invested in the construction and expansion of the bike lane network.

The remaining challenges are: capacity management and maintenance of secondary and tertiary road networks, sources of financing for investments and road maintenance and improvement of signaling.

Energy

Municipalities have not made progress in implementing national energy efficiency policy, specifically regarding the appointment of the manager for energy efficiency and their training, as well as drafting a local action plan for energy efficiency, in line with the National Energy and Climate Plan. In 2021, there was a significant increase in projects implemented according to energy efficiency requirements in the country's municipalities compared to 2020, but fewer controls were performed by the relevant municipal services regarding compliance with energy efficiency requirements in private residential buildings and in public and private service buildings according to the standards set out by the law.

The municipalities' challenges are drafting a local action plan for energy efficiency, capacity building in terms of green procurement and management of service contracts based on energy performance.

Taxes

Thanks to the improvement of the performance in the local tax administration, the municipal financial resources increased during 2021. The local government revenues have increased by 21.5 p.p. in 2021 more than the actual income in 2020, reaching 29, 498, 427 (thousand ALL).

For some indicators of sector performance, there has been a downward trend, compared to 2020, and specifically fewer LGUs have adopted tax policy programs aimed at promoting the formalization of the economy in the municipality, fewer inspections conducted in field and less public hearings organized with relevant stakeholders in public consultation on fiscal policies during the reporting year. Slight improvement has been achieved regarding the increase of the number of municipalities that have a functional database for debtors, in 2021 compared to 2020, but it remains at a lower level compared to 2018 and 2019.

The challenge for municipal tax services is to improve the local tax administration system (digitalization and unification of the system for all municipalities), information and awareness raising on business formalization and collection of local fee and tax revenues versus planning and increased e transparency on performance in local government revenue administration.

Social policies and employment

Albania has a good Strategic and Legal framework for Social issues, Employment and Vocational Training harmonized with EU standards. *Changes in the Labor Code* introduced more measures to support gender equality in the labor market, mainly related to raising awareness and supporting the economic empowerment of women in the labor market. *For protection and social inclusion, the national strategy for social protection 2015-2020 was revised and extended until 2023.*

Problems in the implementation of policies and legislation at the local level are mainly related to the lack of financial and human capacities in municipalities. Public expenditure on social care service programs is still limited and there is no mechanism for monitoring the situation of categories that are most vulnerable and without access to such services. **In 2021 the budget of municipalities planned for social care expenditures constitutes on average 7% of their total budget.** Progress has been made towards increasing the number of people leaving the economic scheme and reintegration into the labor market through vocational training or cooperation with employment offices, bringing their reduction by 50% in 2021 against 2020.

The drafting and approval of the local social inclusion plan in 2021 has been achieved by 93% of the Municipalities. During 2021, more trainings were conducted from the Ministry of Health and Social Welfare for local officials on methodologies for measuring social protection and inclusion indicators. Despite the positive trend in the number of trainings, the capacities of municipalities to compile social needs Assessment Reports are at low levels. Also, the needs assessment sector has not been set up by 50% of the municipalities.

The statistical base for social inclusion has been established and made operational in 57% of Municipalities. The indicator shows a slight improvement compared to 2020. The government should step up efforts to implement the Information Management system for social care services in all 61 municipalities and licensed non-public social service providers, in order to ensure accurate reporting to social care service beneficiaries.¹²

Regional policies and coordination of structural instruments

The efforts of the Municipalities to increase the regional and European cooperation have continued, but the level of joint initiatives remains limited. About 40% of Municipalities do not report collaborations or participation in joint regional projects. The capacities of municipalities to design projects and absorb funding from EU funds and other donors with beneficiaries some municipalities still remain limited and dependent on partners from countries in the region or Europe.

A positive step was the approval of the Decision of the Council of Ministers no. 459 dated 30.07.2021 “On the definition of development regions and their borders” in enforcement of the law no. 102/20120 “On Regional Development and Cohesion” that aims to define the institutional framework to ensure balanced regional development of the country. In order to manage, implement and evaluate the regional development policy and cohesion, the territory of the Republic of Albania is divided into four development zones/regions. According to the law, development regions are the territories for which the national policy for regional development and cohesion is drafted, implemented and evaluated.

For a successful regional policy, Albania must now proceed with the drafting of the National Strategy and Plan for Regional Development and Cohesion (2021-2027) and the Regional Development Plans (2021-2024). In order to promote the development potential of all regions in Albania and provide them

¹²European Commission Report on Albania (2021)

with opportunities to develop themselves and continue with decentralized interventions based on integrated local and/or regional plans and strategies¹³.

Judiciary and fundamental rights

Progress has been made in drafting a strategic and legal framework guaranteeing fundamental rights harmonized with EU standards and international conventions. Issues related to children, ethnic minorities, gender equality and persons with disabilities have been the focus of policies at the central and local levels.

Even in 2021, the efforts of the municipalities to set up the Child Protection Unit have continued as well as to establish a monitoring system for cases of violations of child's rights. Insufficient human capacity to manage cases and very limited financial resources remain a challenge. In 2021, municipalities allocated an average of 5.2% of the budget for cases of protection of child's rights. Although the indicator has increased from previous years it still remains at low levels compared to the needs of municipalities to handle all cases.

Regarding the implementation of legislation on protection from discrimination, progress has been made with the drafting of the "National Action Plan for LGBTI+ persons, 2021 - 2027". **However, the role of municipalities in protecting and promoting the rights of the LGBTI+ community at the local level as well as cooperation with Civil Society Organizations remains limited.**

Progress has been made in **increasing reports of violence** to the Ministry of Health and Social Protection through the REV-ALB system. The **establishment and functioning of the Gender Equality Unit as well as the appointment of a local official in the capacity of local coordinator for gender issues has also continued at a satisfactory pace.** Gender-based budgeting of domestic policies remains far from the international requirements and standards for a gender-sensitive policy.

There is no progress in increasing the access of persons with disabilities to municipal infrastructure and public institutions. Again the number of pre-university schools with infrastructure accessible to persons with disabilities remains low. The same problematic situation is presented in the provision of accessible infrastructure for persons with disabilities in historical and cultural centers in some municipalities.

Justice, freedom and security

The Strategy Against Organized Crime and Serious Crimes, 2021-2025 and the Action Plan 2021-2022 have increased the challenges of local government in the fight against crime and increase for safety in the community. The new approach to safety is reflected in the Inter-sectoral Community Safety Strategy 2021 - 2026, which aims to improve community safety parameters by increasing the interaction of police structures with the community, through proactive methods for the prevention and detection of criminal offenses. The strategy is based on increasing cooperation with central and local institutional stakeholders, citizens and the community, other non-governmental institutions, businesses, religious institutions, media outlets, etc., to create a new culture of inclusive public safety.¹⁴

Establishment and functioning of the structures foreseen in the Strategy as well as in the legal framework at local level has progressed at moderate pace. The working group for the implementation of the Action Plan for the fight against organized crime at the local level has been established in 48% of the municipalities. The Local Safety Council, a mechanism in the fight against organized crime, has been set up in 75% of Municipalities. The drafting and approval of the Public Safety Strategy at the local level remains at the same level by only 62% of the municipalities.

Creating credibility and increasing community safety through community policing remains a priority. In 2021 the establishment of the Community Policing Office in each administrative unit was reported at an average of 40.6%. Some of the priorities identified by the State Police in the 2021 monitoring report of the Ministry of Interior are: (i) Identification of high risk and priority areas, and engagement with pilot projects for

¹³European Commission Report on Albania (2021)

¹⁴6-month monitoring report 2021, Ministry of Interior

community policing. (ii) Capacity building of community policing officers and border crossings on radicalization tendencies, recruitment methods, online radicalization, and referral mechanisms; (iii) Conducting police awareness-raising campaigns in high-risk areas to promote community policing and its roles for the community (seen from a gender perspective).

Education and Culture

The adoption of the National Strategy for Education 2021–2026 and the action plan in its implementation marks an important moment for the advancement of the education reform, including basic and pre-school education. Within the process of decentralization of central to local government competencies, pre-school education is among the last decentralized functions towards local government units. Based on law no. 139/2015, “On local government”, as amended, the administration and regulation of the preschool education system in kindergartens and nurseries are within the municipality functions.

The challenge is the limited budgets of municipalities to invest in kindergarten and school infrastructure. In 2021 the fund allocated from the local budget for the reconstruction of existing kindergartens or the construction of new kindergartens is on average 2.7% and on average 3.1% of the local investment fund is allocated for the construction of new schools and the reconstruction of existing schools.

Efforts by municipalities to provide the necessary infrastructure for Persons with Disabilities have continued in projects for the reconstruction and construction of schools. In 2021, the PWD infrastructure forecast was made by 78% of municipalities.

The role of Municipalities in preserving and promoting culture and cultural heritage has grown. Despite the difficult financial situation and limitations of the COVID-2019 pandemic, municipalities have organized a considerable number of cultural activities covered by their own funds. On average, 7.64% of the municipal budget was allocated for cultural activities and the promotion of cultural heritage in 2021.

The preservation and maintenance of cultural heritage sites remains a challenge. Raising the awareness of residents and working closely with police structures and other central institutions to prevent and punish cases of violations is of particular importance. During 2021 the cases of violations and illegal constructions in the cultural heritage sites and buildings have decreased to only 12 in four Municipalities of the country. Drafting plans for the protection and development of cultural heritage sites as well as the allocation of budgets for investment and maintenance is an issue that requires proper and sustainable address.

Environment and climate change

Municipalities have continued their efforts to ensure the implementation of legislation in the field of environment and climate as well as increase the knowledge of local staff on EU standards in this sector. Problems carried over the years and abuses with the environment continue to be present in a large part of the country. This situation has increased the need for more funds and long-term projects for the preservation and protection of the environment through sustainable development.

Regarding Integrated waste management, the capacities of municipalities for collection and separation at the source remain limited. The role of municipalities in monitoring the effective implementation of the service provided by external cleaning contractors should be strengthened and the level of citizen awareness in environmental protection should be increased. The closure of many inappropriate landfills remains problematic in 2021 as well.

There has been slow progress in drafting an action plan to improve air quality and take measures to mitigate the risks of climate change. 80% of municipalities still do not have a local action plan to improve air quality. The level of participation of municipalities in trainings on the implementation of national policy measures on climate change has been positive. Municipalities have organized 40% more awareness-raising campaigns in 2021 in environmental protection and minimization of pollution in cooperation with other local stakeholders and CSOs.

Low progress has been made in drafting local forest management plans. Local Government Units have important tasks related to the administration of the local forest fund such as drafting strategies, management

plan for the forest fund, sector development program and local forest management plan. **The EU Progress Report 2021 emphasizes the need for Albania to ensure the enforcement of the laws on forests and deforestation and prosecute offenders and arsonists.**

Investments in the water supply and sewerage network encounter problems such as illegal connections, insufficient maintenance, underdeveloped sewerage network and household and business connections. Investment in the sewerage network and wastewater treatment plants remains an urgent need. According to the EU Progress Report 2021, Albania needs to further strengthen and accelerate water reform measures to increase the performance and sustainability of companies and the level of service provided to all citizens.

Significant progress has been made in setting up the Civil Emergency Headquarters and the structure of civil emergencies. In 2021, it is reported that 97% of municipalities have set up civil emergencies headquarters and structure. Nevertheless, according to the progress report of the European Commission for Albania for 2021, the administrative capacities, infrastructure and early warning, prevention, preparedness and response systems are still insufficient.

Financial Control

Although there is a strategic framework for Public Internal Financial Control (PIFC), managerial responsibility is not yet fully sanctioned in legislation and administrative practice. LGUs remain the weakest institutions in terms of the functioning of internal control systems¹⁵.

Local government revenues have increased in 2021, accounting for 1.67% of GDP. Local government expenditures have also increased. About 29% of municipalities have increased their stock of arrears. Bad practices with consequent economic damage related to revenue administration and careless management of public funds, as well as inefficiency in executing public procurement procedures and implementation of works under signed contracts have been identified in some municipalities of the country.¹⁶

The challenges are: increasing sources of financing through the review of local fiscal policies, realizing revenues and expenditures as planned, debt liquidation and avoiding the incur of new debts. It is also necessary to strengthen the implementation of rules and procedures for public financial management at the local level, increasing the quality of reporting and transparency on budget execution, including not only financial performance but also performance on achieving objectives and results, as well as capacity building in terms of the functioning of internal control systems.

It should be noted that maintaining statistics in a unified and systematic manner remain challenging for municipalities. The Performance Offices that are expected to be set up in the municipality should also ensure the systematic collection and maintenance of evaluation data for all the performance indicators.

¹⁵European Commission Progress Report on Albania (November 2021), chapter 32 (Financial Control)

¹⁶HSA Report (2021)

II. INTRODUCTION

This is the fifth national report evaluating the achievements of the Local Government Units (LSUs) within the European integration process at the local level and in the main areas which are related to the political criteria, economic criteria and ability to fulfill the membership obligations of Albania.

Performance monitoring based on the analysis of indicators for different sectors and areas, including local democracy, governance, rule of law, public administration, law enforcement, fight against corruption, human rights, the existence of a Functioning market economy and the ability to take on the obligations of membership in specific areas, such as agriculture and rural development, food security, transport policies, energy, taxes, judiciary and fundamental rights, education and culture, environment and climate change, local finances and financial control. This report analyzes the information on indicators for the reporting year 2021, making a comparison of some performance indicators with the years 2017-2021. The assessment report data starting from 2018 are being published online on the website of the Agency for the Support of Local Self-Government, as well as online at the address <https://mapping-bpe.al/goDataAnalyze/online.aspx>.

Pursuant to the National Crosscutting Strategy for Decentralization and Local Governance 2015-2020, the action plan 2020-2022 was approved in 2020¹⁷, which plans unrealized measures and activities in order to achieve strategic objectives/and specific objectives, related to i) Consolidation of strategic and operational capacities of local government units, (ii) Strengthening local finances, (iii) Promoting sustainable local development, and (iv) Strengthening good governance at the local level¹⁸.

Methodology and Data System

The primary source of data in the analysis of the report is the data supplemented by LGU for the year 2021. Assessment Report of the LGU in the European integration process, for 2021, covers all 61 municipalities based on the data reported by the European Integration Units in the municipality, through the Online Reporting System for more than 240 indicators, according to the main areas of the three criteria of membership. It should be noted that the degree of fulfillment of indicators varies among municipalities. The accuracy of the reported data is the sole responsibility of the municipalities.

In addition to data analyzed from the information provided in the Online Performance Monitoring System, the report is enriched with secondary source of data based on the review of laws and bylaws adopted during 2021, on the basis of which LGUs have a role and specific tasks, as well as the review of strategic documents and monitoring reports of line ministries for 2021, European Commission Report on Albania (2021), provided by INSTAT (although statistics are provided at the regional level and not at the municipal level).

The report makes a comparative analysis between municipalities by different areas, and identifies good practices, Issues and challenges in implementing local policies in response to the challenges of national development, sectoral policies and the European integration agenda.

The report provides data calculated on the amount, average, or count for various indicators for which valuable data have been provided. The indicators are measurable (numerical or expressed in percentage), affirmative for some objectives and priorities related to implementing central government policies at the local level and within the membership process. Indicators present the situation in each municipality according to the evaluation criteria and standards (where possible).

¹⁷ Decision no. 783, dated 07.10.2020, of the Council of Ministers "On the approval of the action plan 2020–2022, in implementation of the Cross-cutting Strategy for Decentralization and Local Government, 2015–2020

¹⁸ Cross-sectoral Strategy for Decentralization and Local Government (ICTD), 2015–2020

Municipalities, which did not provide any data for any particular indicator, are presented on the map (in gray) or with explanations at the footnotes. The data on the local finance chapter/and financial control are provided by the Ministry of Finance and Economy.

It should be noted that maintaining statistics in a unified and systematic manner remains problematic at the municipal level. The Performance Offices that are expected to be set up in the municipality should also ensure the systematic collection and maintenance of evaluation data.

Municipalities should also be equipped with online data retention systems to ensure the quality, accuracy of historical data for indicators that the Municipality collects and reports. Maintaining online data systems would eliminate errors in reporting comparative data by years.

1

POLITICAL CRITERIA

*Sustainability of institutions
guaranteeing democracy,
the rule of law, human rights
and respect for and protection
of minorities*

1.1. DEMOCRACY

1.1.1. Governance

“The Albanian government has maintained its focus on reforms on the country's path to the EU, despite the challenge to reduce the negative social and economic impact of the COVID-19 crisis and the aftermath of the November 2019 earthquake. Coordination within the administration needs to be improved, especially in terms of their involvement in EU integration processes. Territorial administrative reform needs to be further consolidated as part of the broader decentralization agenda. This is especially necessary to guarantee local fiscal autonomy and to empower municipalities to provide good standard public services.”¹⁹.

Measures that have been the focus of the expanded action plan 2020-2022 of the cross-sectoral strategy for decentralization and local government (NCSDLG) include: i) expansion of the network of One-stop-shops in Administrative Units (AU), ii) increase of municipal institutional capacities in order to improve public services, iii) strengthening the dialogue between central and local government, iv) establishing a standardized local data system for informed decision-making, v) financial recovery of the water supply sector and wastewater disposal; strengthening the regulatory and administrative competencies of municipalities in the field of environmental protection, social services, preschool education, agriculture and rural development, forests and pastures;

Regarding a series of legal and institutional obstacles in the effective execution of functions, after the delegation of new functions in 2015, the Ministry of the Interior, with the support of the European Delegation in Albania, undertook a study "Matrix of Competencies", in the identification of legal spaces and conflicts of the organic law 139/2015 (On Local Self-Government" with other sectoral laws for local government functions. Subsequently, with the approval of a series of recommendations that came from the above-mentioned study in Prime Minister's Order 101/2019, more than 90% of the recommendations were managed to be implemented by the Line Ministries.

Next, in 2021, the Ministry of the Interior Affairs updated the legal recommendations, addressing the recommendations with the area of responsibility of the responsible institutions, as well as updated the legal recommendations with the latest changes to the legal basis and priorities of the Government.

In this perspective, based on the list of recommendations of the Competencies Matrix for 2021 and the calculation presented in the table below, the implementation rate, namely the level of legal harmonization for 2021, is 58%. The overall rate of implementation is calculated as the ratio of the total number of approved legal acts to the total number of recommended legal acts without including the acts defined in Prime Minister's Order no. 101, dated 03.07.2019.

While municipalities are provided with more policymaking powers, they still lack sufficient financial resources and administrative capacity to exercise them effectively²¹.

Specific objective: To improve central and local government coordination through the establishment and effective functioning of the Consultative Council.

“The Consultative Council has functioned as the main forum for institutional dialogue and coordination between central and local governments. Its work efficiency and effectiveness should be further strengthened. The process of executing the order of prime minister for the 'competency matrix' that examines responsibilities between two levels of government” is ongoing²².

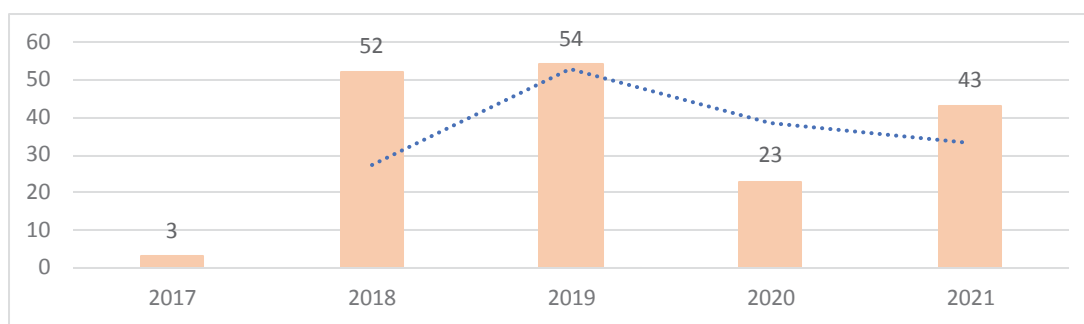
In 2021, the Consultative Council held 6 meetings, in which projects in various fields were discussed. Efforts have been made to increase the transparency of the activity related to the review and consultation of legal drafts that impact local government. A total of 52 draft laws were submitted, but 43 acts were reviewed and consulted, of which 3 draft laws, 39 draft decisions and 1 instruction (3 draft laws were approved).

¹⁹European Commission Progress Report on Albania (November 2021)

²¹European Commission Progress Report on Albania (November 2021)

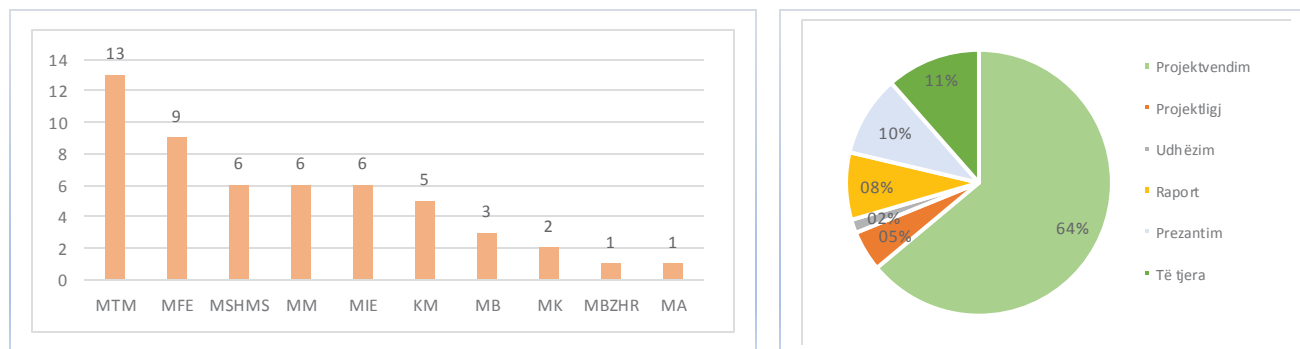
²²European Commission Progress Report on Albania (November 2021)

Chart 1: Number of approved legal acts that have passed the consultation procedure in LGCC, 2017-2021



Some of the draft laws consulted in the LGCC have been: Draft Law on micro, small and medium enterprises, for the Municipal Police and for some addenda and amendments to the law 10112/2008 “On the administration of the co-ownership of residential buildings”, while some important policy documents in the social field were discussed in the LGCC, as “National Agenda for Child’s rights 2021-2026”, “National Action Plan for Equality, Inclusion and Participation of Roma and Egyptians in the Republic of Albania 2021-2025, the National Action Plan for LGBTI persons 2021-2027, as well as draft decisions on statistical indicators for the assessment of economic assistance payment for persons with disabilities and social services; the draft decision on the approval of the Methodology for Determining the Taxable Value of immovable property 'buildings', and the relevant instruction, on the Creation, Composition, Organisation, Activities and Operational Rules of the National Committee for Regional Development and Cohesion, and some draft decisions in the area of waste management, forests, and protection of cultural heritage in event of disasters.

The central institutions that have submitted the most drafts, which have been discussed in the Consultative Council are the Ministry of Tourism and Environment and the Ministry of Finance and Economy, while the number of initiatives for legal changes proposed by Local Government Units remains limited.

Chart 2: Draft legal acts initiated by the Central Government and discussed in the LGCC, 2021²³

Level of representation of the Central Government in consultations in the Consultative Council: in the meetings of the LGCC were present, on average, about 66% of line ministries. Out of 11 ministries represented in the Consultative Council, 3 ministries (or 27%) were present at all meetings; 2 ministries were present in 5 meetings, while 6 ministries were present in 1 to 2 LGCC meetings.

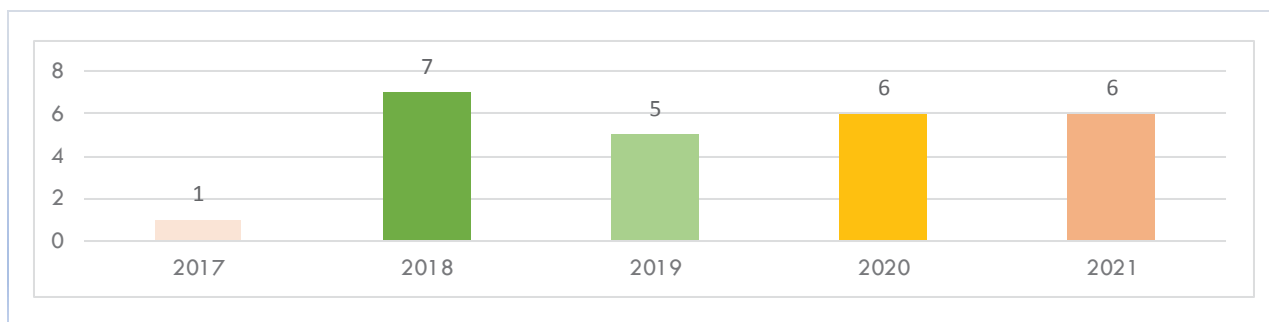
The level of representation of the ministries in the Consultative Council was: 1 ministry was represented by the Minister, 3 ministries were represented by the Deputy Minister and 7 ministries by representatives of the lowest hierarchical levels. Although the level of representation of ministries is not appropriate (it is lower than the legal

²³Source: ASLG

requirements), it is noted that the level of representation has increased to 66% in 2021, compared to 40% in 2020.

The representation of local government has not been at high levels: 7 municipalities were present in all LGCC meetings. The level of participation of municipalities has changed from 3 to 30 municipalities in various LGCC meetings in 2021. Only 10% of municipalities are represented by the Mayor, while others with lower levels of representation.

Chart 3: Number of LGCC meetings 2017-2021



Agency for Support of Local Government in addition to its regular activity and role as Secretary of the Consultative Council, has provided support during 2021 to coordinate many activities as part of donor-funded project plans and activities in support of local government strengthening, such as STAR²⁴, Municipalities for Europe²⁵ and Strong Municipalities²⁶.

ASLG coordinates the European integration processes at the local level through cooperation with the network of European Integration Units in the municipality.

With the support of the Strong Municipalities project, the Ministry of Interior and ASLG announced for the first time the process of replicating the Good Practices Competition, November 2021-June 2022 for 10 good practices of the Municipalities of Elbasan, Shkodra, Dimal, Mirdita, Has, Tropoja, Kavaja, Lezha and Maliq.

Map 1: Good Practice Competition (replication)



Source: BtF/Helvetas (SDC); <http://praktikatemira.qeverisjavevendore.gov.al/>

For the three selected practices - establishment of information system for local tax management (practice of Dimal Municipality), establishment of volunteer groups for forest protection from fires (practice of Has Municipality) and waste management (practice of Municipality of Lezha), A total of 17 Memoranda of Cooperation were signed with the winning municipalities to replicate the practices, which will be financed by municipal funds.

²⁴Project funded by several donors - UNDP, EU, SDC, Italian Government and SIDA

²⁵BpE - an IPA (EU) funded project

²⁶BtF - a project funded by SDC and implemented by Helvetas

Issues and challenges

- Increasing the level of representation of the central government as foreseen by the law.
- Raising awareness and understanding of the role of the Consultative Council in all 61 Mayors, to ensure their full participation.
- Capacities of LGUs to undertake initiatives for legal changes by the municipalities themselves to address the problems identified in the implementation of the existing legal framework.

Recommendations

Some of the recommendations remain valid for this report as well:

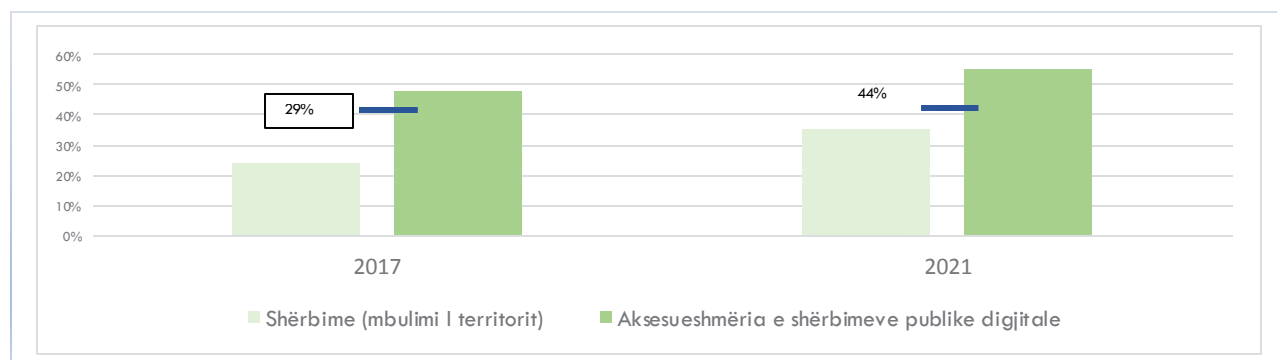
- The efficiency and effectiveness of the work of the Consultative Council needs to be strengthened²⁷.
- Consultations with LGUs on any legal changes affecting local government should be initiated at the outset of the process to help conduct a more comprehensive socio-economic impact analysis. The ASLG should facilitate the analysis and consultation with the LGUs.
- ASLG should have a more proactive approach to monitor how recommendations given by LGU representatives are reflected in the acts approved, during the consultation in the Consultative Council. In order to carry out this role as effectively as possible, the ASLG in the role of the Secretariat of the Consultative Council, should be empowered with staff. It is recommended to have dedicated officials with in-depth knowledge of legal aspects, to enable the analysis of legal acts after their adoption.
- The quality of discussions and representation of government institutions and LGUs in the meetings of the Consultative Council, according to legal provisions should be increased.

Establishment of One-stop-shops for Public Services

Specific objective: To establish open government, accountability and e-government at the local level

Based on the sustainable policy framework, Albania has maintained its leading position in the region in the field of service delivery and digital transformation, exceeding the average of the countries in the region. Despite few shortcomings in some services, the satisfaction rate of citizens and business operators has increased confirming the reforms of recent years. About 95% of administrative services are available online.²⁸

Chart 4: Accessibility and coverage of the territory with digital public services



²⁷European Commission Progress Report on Albania (November 2021)

²⁸SIGMA Monitoring Report on Albania (November 2021); <https://www.idp.al/2021/12/22/raporti-i-monitorimit-per-shqiperine-nga-sigma-parimet-e-administrates-publike/>

Map 2: One-stop-shops 2021

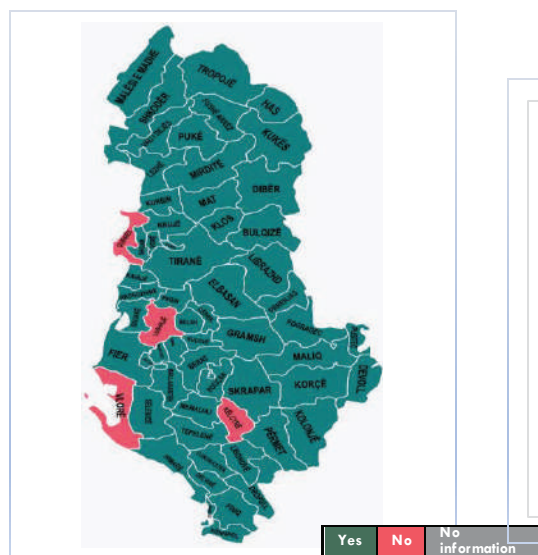
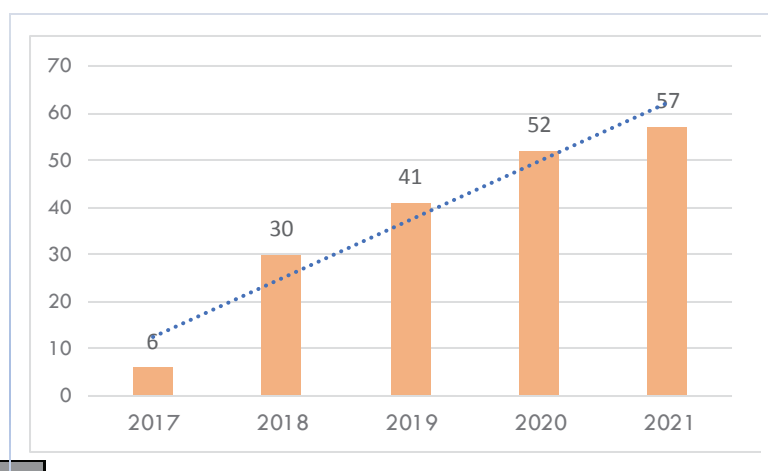


Chart 5: Expansion of the OSSH system, 2017-2021

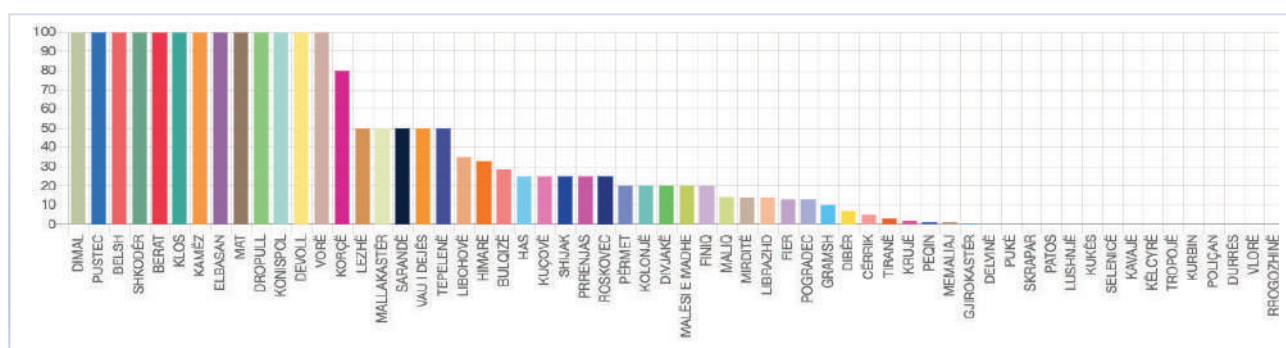


In 2021, the map of One Stop Shop (OSSH) at the municipality level has been expanded to all municipalities of the country. The municipalities, which report on the establishment of OSSH during 2021, are the municipalities of Has, Dibra, Peqin and Selenica. Four municipalities have reported 'No'; The reason may be the lack of functionality of ZNjN during 2021.

The integration of OSSH in partnership with ADISA has continued enabling the establishment of integrated offices in Himar and Tepelena Municipalities. However, in the Has and Pustec Municipalities, the operation of Integrated Offices iOSSH began.

Thanks to the implementation of the reform for the modernization of Public Services and the simplification of procedures, it has **been possible to expand the network of One-stop-shops at the level of administrative units - the average rate of their extension has increased to 35% during 2021 from 26% at the end of 2020.** The municipalities of Dimal, Pustec, Belsh, Shkodra, Berat, Klos, Kamzë, Elbasan, Mat, Dropull, Konispol, Devoll, Vora (a total of 13 municipalities) have reported a rate of coverage of 100%, i.e. in all their administrative units, while 15 municipalities reported that they did not have functional OSSH in their administrative units.

Chart 6: OSSH extension rate in Administrative Units, 2021



In the second half of 2021, STAR III provided support for the expansion of the system to 240 LG (to be completed during 2022). An assessment of the needs of IT tools was carried out in the LG of 50 municipalities, which will be financially supported 50% by the municipalities and 50% through STAR III (149 PCs and 155 printers/scanners were procured in December 2021).

By the end of December 2021, out of 50 municipalities with iOSSH, 38 have a satisfactory service rate. Among the reasons that affect the proper functioning of the iOSSH are the lack of will from the administrative and political staff of the LGU, the lack of premises and ICT infrastructure, as well as the lack of human resources.

For most municipalities, the number of services provided by OSSH is between 80-90 different types provided through OSSH (average number - 89 services). The municipalities that report the largest number of services provided are the Municipality of Dimal (360), the Municipality of Tirana (278), and the Municipality of Elbasan (176).

Total number of citizens having applied for OSSH services during 2021 was 82,746 compared to 2020, where about 4620 fewer applications were reported. The municipalities with the highest number of applications are the Municipality of Tirana with 27,097 applications, the Municipality of Shkodra with 12,497 applications, the Municipality of Lezha (7362) and the Municipality of Elbasan (4616).

Box 1: Challenge for the expansion of HRM throughout the territory of the Municipality

Municipality of Berat and Himara: Functioning of the electronic system in four administrative units and in two AUs of the Municipality of Himara.

Municipality of Devoll and Diber Municipality: Expansion of reception facilities for citizens, improvement of IT infrastructure.

Municipality of Kamza: Unification in a single electronic system of all local and central ICT programs.

Municipality of Kolonjë: Establishment of HRM in a rural ONE and strengthening of human and financial capacities.

Municipality of Lezha and Vau i Dejës: Opening of ICT in all Administrative Units.

Municipality of Rrogozhina: Lack of budget for investments, lack of infrastructure and distrust of citizens for this form the service delivery.

Shkodra Municipality: Establishment of organizational structures, physical infrastructure and IT, as well as internet to extend HRM to all Administrative Units.

Issues and challenges

Some of the Issues and challenges remain relevant for the reporting period as well:

- Continuation of the extension of OSSH to enable the provision of services in all Administrative Units of Municipalities.
- Increasing the number of types (categories) of administrative and public services provided by OSSH.
- Training of staff in those municipalities where integrated One Stop Shops have been set up.
- Maintaining accurate data systematically for the service indicators provided by the OSSH.

Recommendations

- Provision of funds from LGUs to cover the cost of extending OSSH in the Administrative Units and setting up the relevant organizational structure (cost of covering information technology tools, internet, office infrastructure).
 - Establishment of an integrated electronic system of service delivery in all LGUs.
 - Development and approval of minimum standards of public services.

1.1.2. Enhancement of local financial transparency

Even in the conditions of the pandemic, LGUs have encouraged public participation in their decision-making through the organization of online Council meetings open to the public and other innovative tools. Although the institutional framework for effective and inclusive participation does exist, it is necessary to further strengthen its implementation.³¹

Increasing the transparency of local finances is assessed by three sets of indicators: (i) the preparation of the local budget by the municipality for the citizens, (ii) the local budget published on the website of the municipality and on financatvendore.al and (iii) increasing transparency.

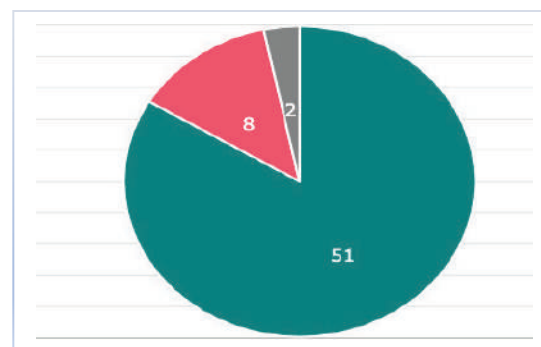
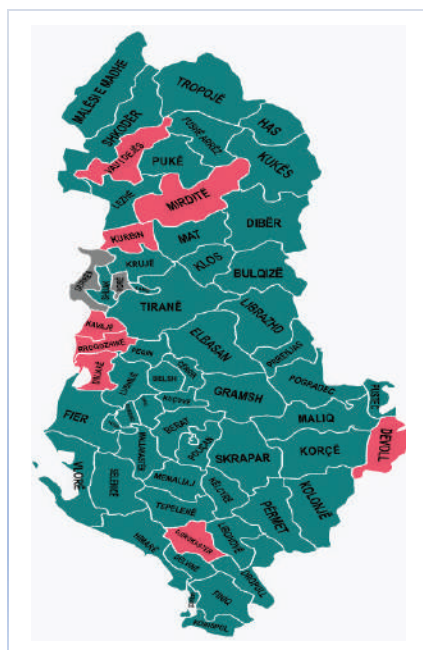
In 2021, the Municipalities kept the official website of the municipality active and the transparency program has been functional. The regulatory framework has been improved through the adoption of guidelines for the preparation of annual public consultation plans. LGUs should publish all documents such as the annual budget, the citizens' budget and a list of public investments foreseen in the budget program of the current year, as well as the report on budget execution and arrears in particular.

In 2021, 43 municipalities (or 70.5% of municipalities) reported preparing the local budget in a format understandable to citizens (at the same level in 2020). The indicator may be higher but 13 municipalities did not provide any data for the indicator, such as the municipalities of Durrës, Divjaka, Rrogozhina, Peqin, Vlora, Belsh, Poliçan, Memaliaj, Tepelena, Delvinë and Finiq.

The municipal budget on the official website of the municipality was published by 51 municipalities, while the publication on the financatvendore.al was realized by 45 municipalities (or 5 municipalities less than in 2020).

Map 3: Publication of the local budget for the citizens

Chart 7: Local budget published for the citizens

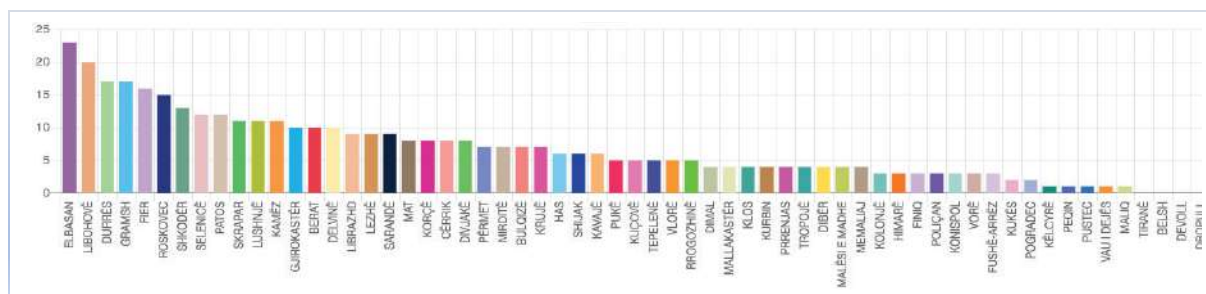


At the national level, a total of 404 public hearings were organized with citizens during 2021, or an average of about 7 hearings per municipality ($N = 61$); the indicator is about 50% lower than the value reported for 2020).

Yes No No information

³¹European Commission Report on Albania (November 2021)

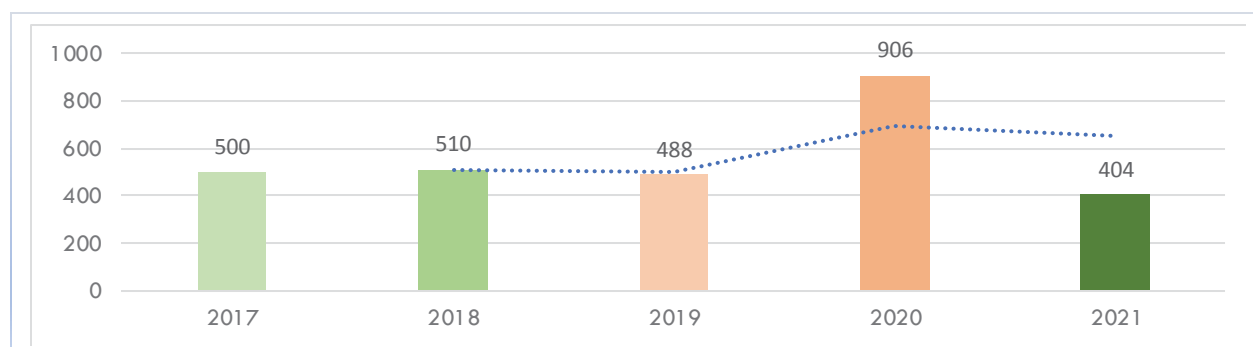
Chart 8: Public hearings with citizens on the budget by LGU, 2021



The municipalities with the highest number of hearings are Elbasan, Libohovë, Durrës and Gramsh; The municipalities of Tirana, Belsh, Devoll and Dropull did not provide any data on public hearings conducted at the budget drafting stage.

8688 citizens (N = 42) took part in the public hearings on the budget for the following year. The indicator should be higher but some municipalities have not reported on the indicator. Although the number of hearings on the budget has been lower compared to 2020, the number of citizens participating in the consultation was higher in 2021 than in 2020 (about 1800 more citizens).

Chart 9: Number of public hearings on the draft budget by LGUs, 2017-2021



In addition to organizing public hearings with citizens, LGUs provide special hearings for the young and persons with disabilities, as well as vulnerable communities. In 2021, a total of 128 public hearings were organized with these groups, or an average of 2 hearings per municipality (N = 56). The Municipality of Peqin and the Municipality of Lushnja have organized more hearings with these special groups, respectively 20 and 11 hearings, while other municipalities have organized from 1 to 8 hearings; About 24 municipalities have not reported on this indicator, among which the Municipality of Tirana, Shkodra, Skrapar, Libohova, Këlcyra, Kukës, Dibër, Kavaja, Tepelena, Rrogozhina, Vora.

In 2021, LGUs organized about 253 public hearings on the budget execution report, or an average of 4 hearings (N = 59), in which about 6296 citizens participated. While some municipalities have reported 100% fulfillment of the recommendations of civil society organizations and stakeholders, such as the Municipality of Shkodra, Lushnja, Mallakastra, Kamza, Gramsh and Shijak, regarding their needs and priorities, the average rate of addressing the recommendations of civil society organizations and stakeholders was 36% (or 11 p.p. higher compared to 2020).

Box 2: The challenge of providing transparency to local finances

Municipality of Tirana: The pandemic has affected the conduct of public consultations.

Municipality of Përmet: The standard format according to the law should be respected, which for most citizens is difficult to understand, and the preparation of a simpler and more understandable budget for citizens becomes difficult and requires financial commitment and human resources. Awareness of the community to receive information online using the official website of the municipality.

Municipality of Patos: To be able to draft the "local budget" with the support of municipal funds, in cases where there are no projects that can support it (such as illustrative videos or leaflets, and can be promoted with the engagement of village mayors and volunteers to be distributed to units administrative).

Shkodra Municipality: Citizens use the tool 'Budget Transparency' in the official portal bashkiashkodër.gov.al 'Upgrade mobile app'.

Municipality of Tropoja: Implementation and continuity in publication remains a challenge to ensure higher transparency.

Municipality of Vlora: Drafting the draft budget and submitting it to the Council within the legal deadlines.

Municipality of Mallakastër: Update data for any changes in the annual budget of the municipality.

Municipality of Pogradec: Preparation of the local budget structured in a simpler form for the citizens.

Municipality of Dibër: Citizens or interest groups did not send comments and suggestions online when drafting the local budget.

Municipality of Kolonjë: Community awareness to use the official website of the municipality and to be informed is low. Difficulty understanding financial terms.

Dropull Municipality: Increasing citizen participation in public hearings.

Librazhd Municipality: Appointing a person for the public hearings, who will maintain the list-presence and follow the organization of the hearings and the processing of the data.

Berat Municipality: Increase the participation of young people and minorities, as well as people with disabilities in public hearings.

Issues and challenges

- Preparing a structured budget in a more citizen-friendly form.
- Raising the citizens' interest to participate in local decision-making regarding budget planning and reporting on its implementation (performance in budget implementation).
- The pandemic affected the holding of onsite hearings and public consultation.
- Execution of the draft budget and submission to the Council within the legal deadlines, implementation and continuity in publication of any changes (budget update), to ensure transparency for citizens.

Recommendations

- Qualitative improvement of the process and obtaining the citizens' opinions.
- Rigorously implement the Law on Public Consultation at the local level³² and the law requirements.
- Organizing hearings in the first quarter of the year through online platforms and with specific focus groups³³.

³²EC Progress Report on Albania (November 2021)

³³Recommendation of the Municipality of Tirana as part of the reporting on indicators for 2021

- Strengthening the LGUs institutional capacity in terms of monitoring budget implementation and reporting to citizens and the Municipal Council regarding the provision of public services, financed by the local budget based on results (performance indicators).
- Increasing human resources in municipalities to organize and follow up on issues related to public hearings and the development of relevant statistics (e.g citizens' recommendations and their consideration in local government decision-making).
- A better assessment of citizens' requests and recommendations to be considered in the revised draft budget.
- The use of information technology tools would facilitate the access to 'Budget Transparency' for the citizen's mobile phone.

1.1.3. Public administration

“Albania is moderately prepared for the public administration reform. Progress has been made with the adoption of guidelines for public consultation, the establishment of IT systems for integrated planning, the increase in the implementation of the National Plan for European Integration, the increase in the number of e-services, and the completion of the testing phase for automated payroll system. Implementation of the public administration reform 2015-2022 (PAR) and the public financial management strategy 2014-2022 (PFM) has continued despite the impact of the pandemic.³⁴

Compared to 2017, Albania has made continuous progress, leading the Western Balkans region, in key areas of implementation of public administration reform; strengthening the civil service system, capacity building and professional growth of public servants in meeting the challenges of EU integration despite the challenges posed by the pandemic³⁵.

Some of the developments and achievements in human resource management, during 2021, include:

- (i) implementation of civil service legislation, focusing on Local Government Units,
- (ii) digitalization of the recruitment process in the civil service (opportunity to develop the process online),
- (iii) strengthening the professional capacities of public servants and evaluation commissions,
- (iv) operation and use of unified modules of the integrated platform “administra.al”,

Network of European integration units has strengthened the involvement of LGUs in the EU accessing process, raising awareness of EU policies, and EU funds and programs. In 2021 sixty (60) municipalities implemented the Decision of the Council of Ministers (DCM 450/2018) on the institutionalization and improvement of the “EU Corners in the LGU³⁶.

Employment in local administration and public services in the municipality

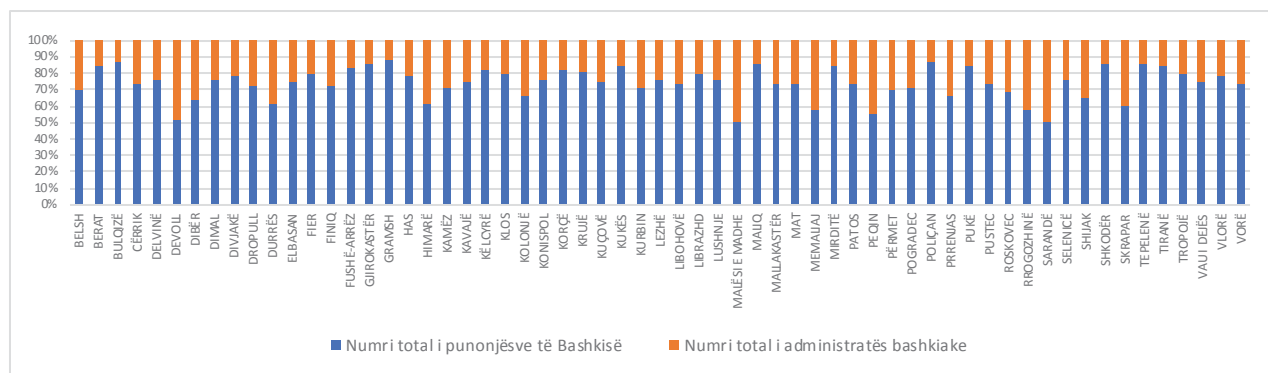
In 2021, the total number of employees of 61 municipalities was 34,386, of which about 33.4% are local administration employees; It is noted that the number of administration employees has decreased by 3.7 p.p. compared to 2020.

³⁴EC Progress Report on Albania (November 2021)

³⁵SIGMA Monitoring Report “Principles of Public Administration” (November 2021) <https://www.sigmaweb.org/publications/Monitoring-Report-Executive-Summary-2021-Albania.pdf>

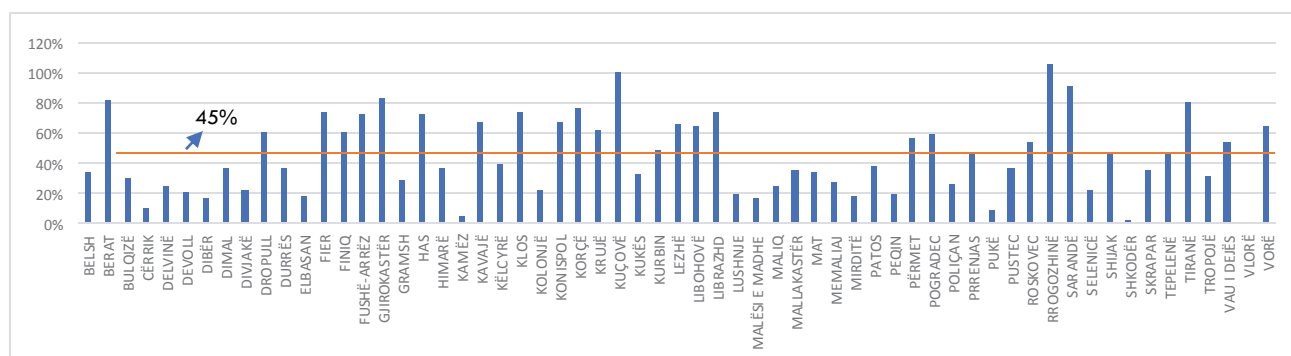
³⁶EC Progress Report for Albania, November 2021

Chart 10: Total number of municipal employees, 2020



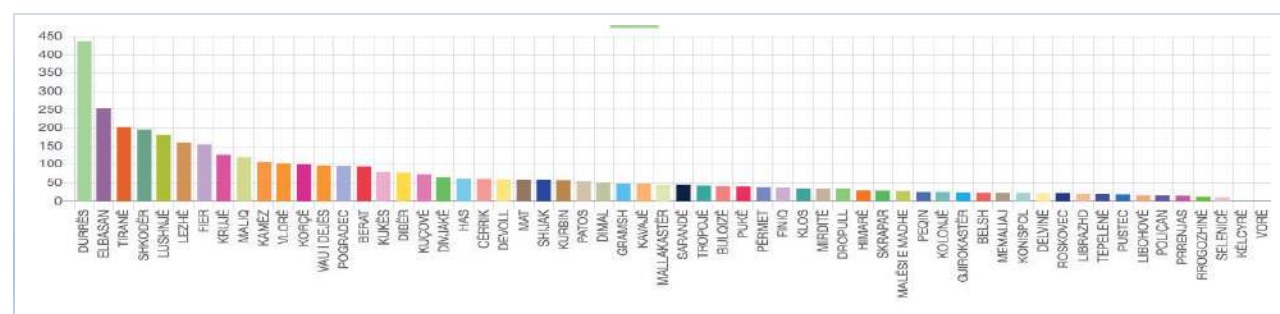
The average rate of public service employees is 45%, but the indicator varies widely - the municipalities that have reported the largest number of public service employees are the municipalities of Rrogozhina (94%) and Saranda (91%).

Chart 11: Employment rate in public services by municipalities, 2021



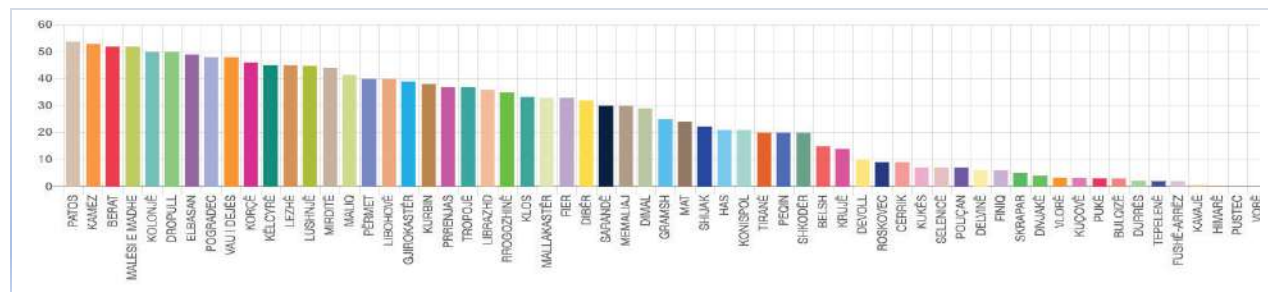
The average rate of local staff with the civil servant's status in LGUs versus the total number of employees in the local administration was about 35.4% in 2021 (or 4076 civil servants versus 4,625 reported in 2020). The indicator has a decreasing trend compared to 2019. About 37.4% of employees with the civil servant's status are women (N = 59).

Chart 12: Total number of local employees with the civil servant's status in the municipality, 2021



Out of 2115 leading positions in the local administration, in all LGUs, about 25.6% of them were women (the indicator is slightly higher compared to 2020). The trend of the indicator is increasing for the period 2019-2021.

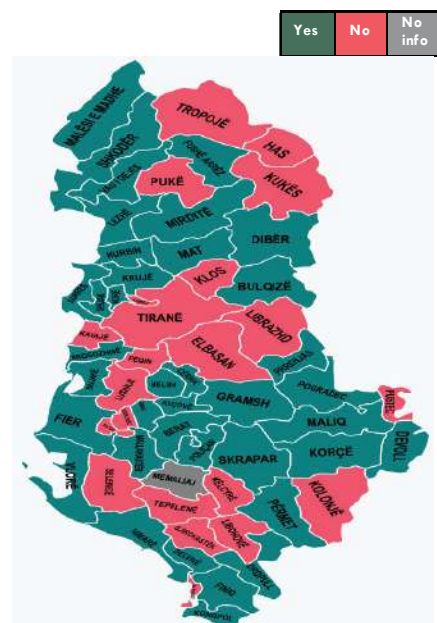
Chart 13: Employment rate of women in leading positions in LGUs, 2021 (in%)



The municipalities of Patos, Kamza, Berat, Malësia e Madhe, Konispol, Dropull and Elbasan have the same gender ratio in leading positions in the local administration. The Municipality of Vora did not report on the participation of women in leadership positions, the Municipality of Himara has the lowest number reported, only 0.17% of women in leadership positions, while the Municipality of Pustec has no women in leadership positions in the municipality.

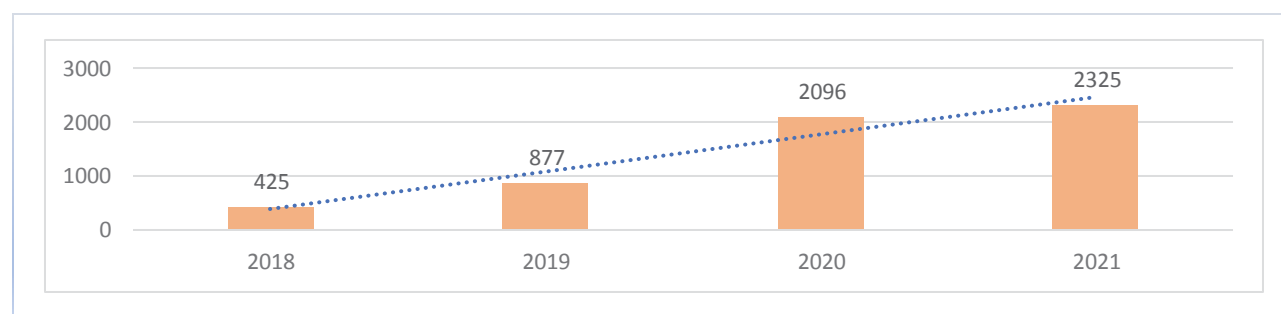
Strengthening the professional capacities of the local administration through trainings

The total number of training programs provided by ASPA for employees of 57 municipalities, was 1229, or 21 programs on average, in 2021 (slightly higher than in 2020), which were attended by about 2325 local employees (N = 59). Also about 2000 employees have received training from other providers in 2021, or an average of 36 employees per municipality (N = 55). The Municipality of Tirana had the largest number of employees trained by ASPA in 2021 (614 persons), followed by the Municipality of Gjirokastra (198) and the Municipality of Kamza (177).



Map 4

Chart 14: Number of local employees trained by ASPA, 2018-2021



Enforcement of the law on Civil Servants in local administration has been the focus of the Department of Public Administration and ASPA. In 2021, trainings for the coherent enforcement of the law on Civil Servants continued - about 853 trained local civil servants, of whom 300 were trained on guidelines and manuals dedicated to human resource management.

Many LGUs do not provide training funds from their local budget; the average local budget rate for training was about 0.1% of the local budget in 2021 (lower than in 2020).

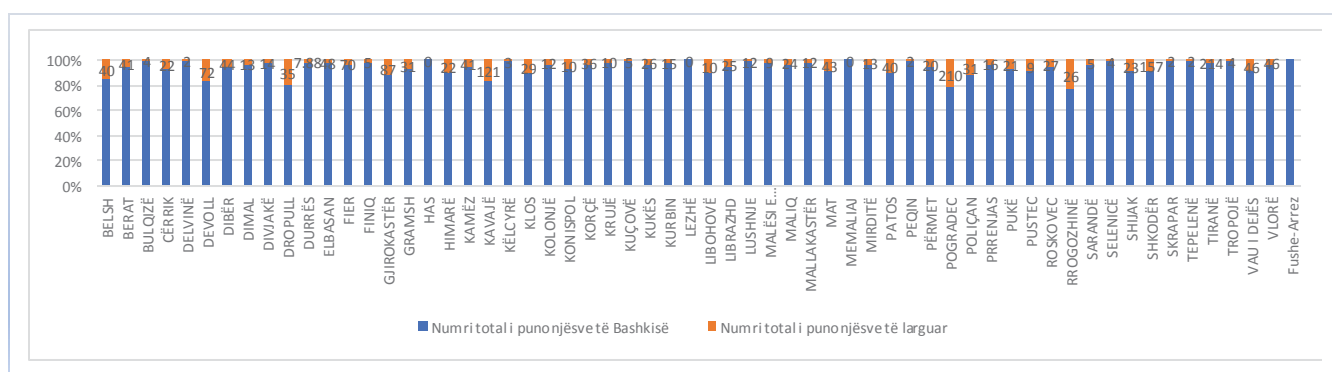
Human Resource Management Information System (HRMIS) continues to be fulfilled, but does not yet cover the whole public sector and should be extended at the local level. The government is setting measures for a coordination mechanism for the monitoring and evaluation of human resource management between the central and local levels. The Civil Service Oversight Commissioner monitors the implementation of the civil service law at central and local levels³⁷.

HRMIS has been operational in 62% of LGUs (or 6 p.p. higher than in 2020). The municipalities of Tirana, Elbasan and Peqin did not have a functional human resource management system (HRMIS) in 2021 compared to 2020³⁸.

Departures from local administration

In 2021, a total of 1922 employees departed the LGU (23% of them due to retirement). The average rate of people departing, excluding those leaving due to retirement, was 25. The municipalities with the highest departure rate were the Municipality of Pogradec (28%), the Municipality of Dropull (24%) and the Municipalities of Kavaja and Devoll (20%).

Chart 15: Departure from the LGU, 2021



Issues and challenges

- Temporary contracts for civil service positions, although in decline, continue to be quite common in LGUs³⁹. This phenomenon is significant at the local level.
- Ensuring the civil servant retention in the local administration and in particular of experienced civil servants.
- Lack of staff retention at the European Integration Units that have an important role in coordinating the European integration process and the absorption of European Union funds.
- Implementation of wage reform in the public sector has been slow, which has led to wage levels at the local level being too low making it a problem for municipalities in hiring professional specialists in many service sectors or important managerial positions⁴⁰.
- Establishment of performance management structures in the municipality, as part of the goals of NCSDLG and AP 2020-2022.
- The Human Resources Management Information System (HRMIS) is not fully operational in all LGUs.
- Small fund from the local budget for training local employees in line with their needs.

³⁷EC Progress Report on Albania (November 2021)

³⁸Based on the reporting of municipalities on performance indicators for 2021

³⁹EC Progress Report on Albania (November 2021)

⁴⁰OECD Monitoring Report "Principles of Public Administration" (November 2021)

Recommendations

Some of the recommendations of the previous report remain valid:

- Enforcement of the Law on Civil Servant should be improved at the local level at all levels, especially at the local level where the depoliticization of the civil service and also better training is needed.⁴¹
- Implementation of the Public Administration Department recommendations on the improvement of the recruitment procedure and especially for the LGU processes.
- A new strategic framework for Public Administration Reform should be drafted comprehensively for the next period and with more effective monitoring and coordination mechanisms, to ensure a more orderly political level and better implementation results.⁴²
- Faster implementation of the civil service wage reform would attract more candidates and enhance motivation to be employed in public administration and ensure better public policy outcomes.⁴³
- Extension of the integrated policy-making system at the local level, too.
- Monitoring of public administration reform indicators should be extended to LGUs, and data should be published on the “administra.al” platform.
- The establishment of the monitoring and performance unit in the LGU should be based on a model recommended and consulted in the LGCC and LGUs and local government associations.
- Systematically maintaining information on staff training in municipalities, in order to better coordinate and increase the efficiency of training received by municipal staff. The role and capacities of human resource management units need to be strengthened in terms of using the tools provided by the HRMIS System.
- Improvement of administration coordination, especially in terms of the EU integration process⁴⁴.

Specific objective: To improve the local administration accountability⁴⁵

In 2021, the number of legal acts reviewed in public consultation and use of the electronic register increased. The quality control function in public consultation needs to be strengthened to focus mainly on content than on the process. There is an improvement in transparency after 61 municipalities are now publishing their Municipal Council decisions online⁴⁶.

In 2020, the average rate of local administration responses to the citizens' requests increased to 82.3% for 58 reporting LGUs (or +1.4 p.p. compared to 2020), which indicates an increase in the municipalities's responsibility to respond to citizens' requests. About 43% of municipalities have a response rate above 95%. Only two municipalities - Has and Vora did not provide any data for the indicator. It is noticed that the value of the indicator has an increasing trend in the last 3 years.

⁴¹EC Progress Report on Albania (November 2021)

⁴²EC Progress Report on Albania (November 2021)

⁴³OECD Monitoring Report on Public Administration (November 2021)

⁴⁴OECD Monitoring Report “Principles of Public Administration” (November 2021)

⁴⁵ The performance of LGUs regarding the specific objective is evaluated on the basis of three performance indicators: (i) the number of responses given to citizens' requests to the total number submitted to the municipality, (ii) the number of acts of local decision makers published in the register electronic number of the municipality, on the total number of acts approved by the municipality during the reporting year, (iii) the number of reports on the findings/recommendations by the Commissioner for Protection against Discrimination which the municipality has rejected against the total number of reports submitted to the municipality by KMDDHP.

⁴⁶EC Progress Report on Albania (November 2021)

Chart 16: Rate of local administration's responses to citizens' requests/complaints, 2021

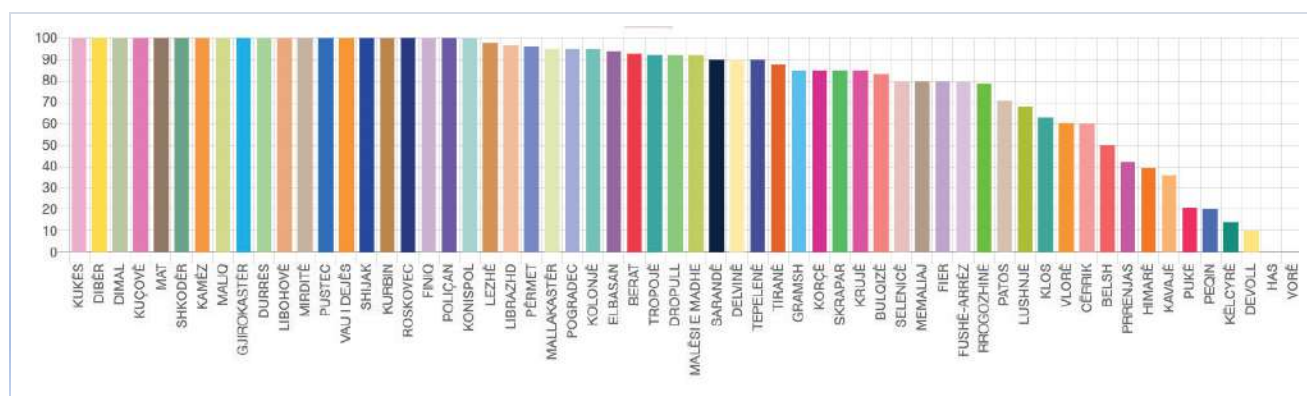
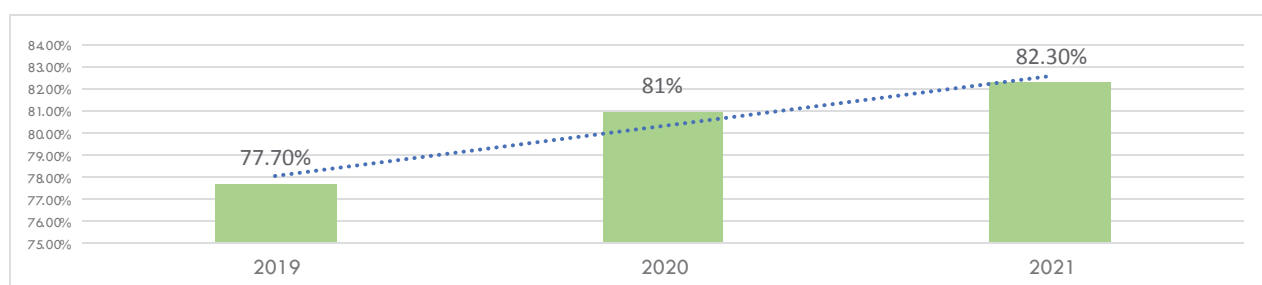
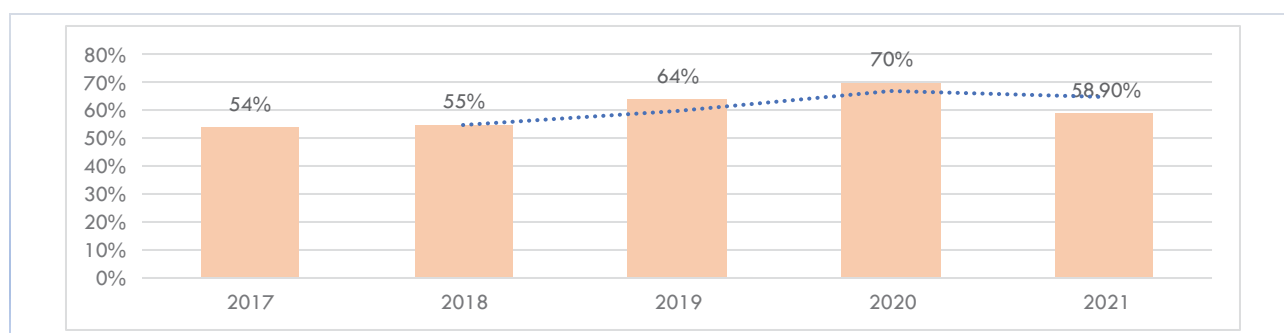


Chart 17: Trend of the average rate of local administration's responses to citizens' requests/complaints, 2019-2021



In 2021, the transparency of decision-making bodies to publish the adopted acts decreased, based on the data reported by the municipalities, respectively to 58.9% (N = 51), compared to 70% reported for 2020. The indicator could have resulted in higher value, because 18% of municipalities did not provide any data for the indicator.

Chart 18: Trend of publication of acts of decision-making bodies, 2017-2021



The response rate by LGUs of recommendations (reports) issued by the Commissioner for Protection from Discrimination was low, about 6.5% of the total number of reports submitted (N = 55), or 0.5 p.p. higher compared with 2020, while in 2019 at the level of 4%.

Issues and challenges

- Strengthen cooperation between state agencies at the regional level and local institutions to address the issues recommended by the CPD.
- Review any recommendation from the relevant LGU directorates and structures of the within the legal deadlines.

Recommendations

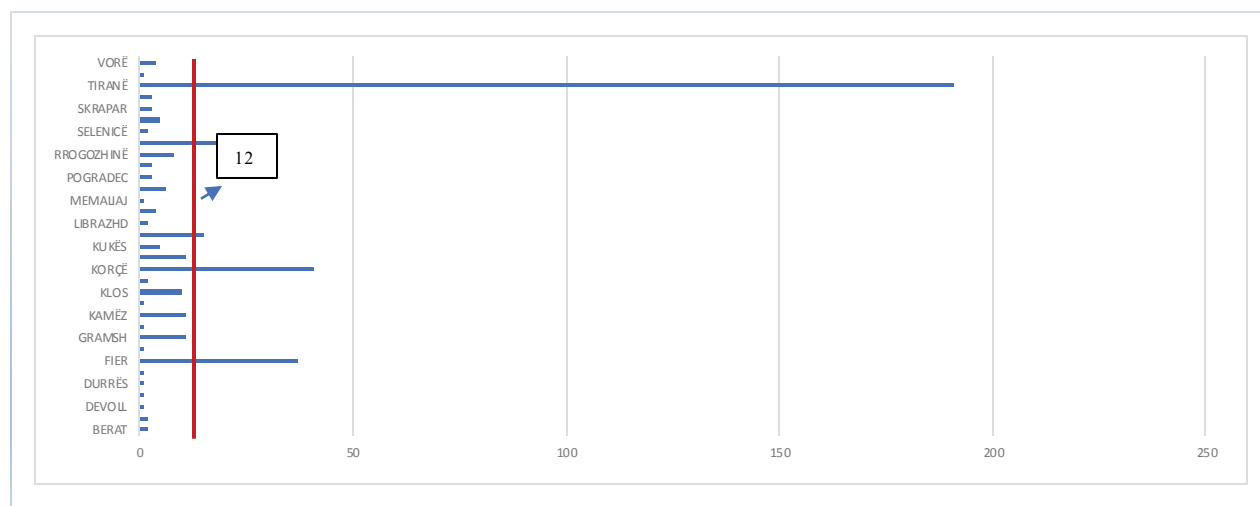
- Respecting deadlines and higher responsibility in relation to the review of citizens' requests.
- Strengthening cross-institutional cooperation and provide structured information for efficient addressing of identified and reported cases.
- Expanding Central Registry coverage for information requests⁴⁷.

1.1.4. The Ombudsman

The Ombudsman⁴⁸ covers functions such as (i) the National Institution for Human Rights (NIHR) in line with the Paris Principles of the UN, (ii) the “classic” Ombudsman with the task of overseeing public authorities in terms of the implementation of the rule of law; and principles of good governance and to avoid mismanagement in the provision of public goods and services; (iii) The National Preventive Mechanism against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, in connection with the Optional Protocol to the UN Convention against Torture (NPM). (iv) The ombudsman for Children: The establishment of such institutions has been promoted by the United Nations Committee on the Child’s rights and from 1990 onwards by the Council of Europe.

In 2021, **LGUs received fewer reports with findings and recommendations** from the Ombudsman compared to 2020, a total of **412 reports** (n = 59), or an average of 7 reports. Taking account of only the municipalities, which received reports from the Ombudsman during 2021, the average rate was 12 reports per municipality (N = 33).

Chart 19: Number of reports and recommendations from the Ombudsman for LGUs, 2021



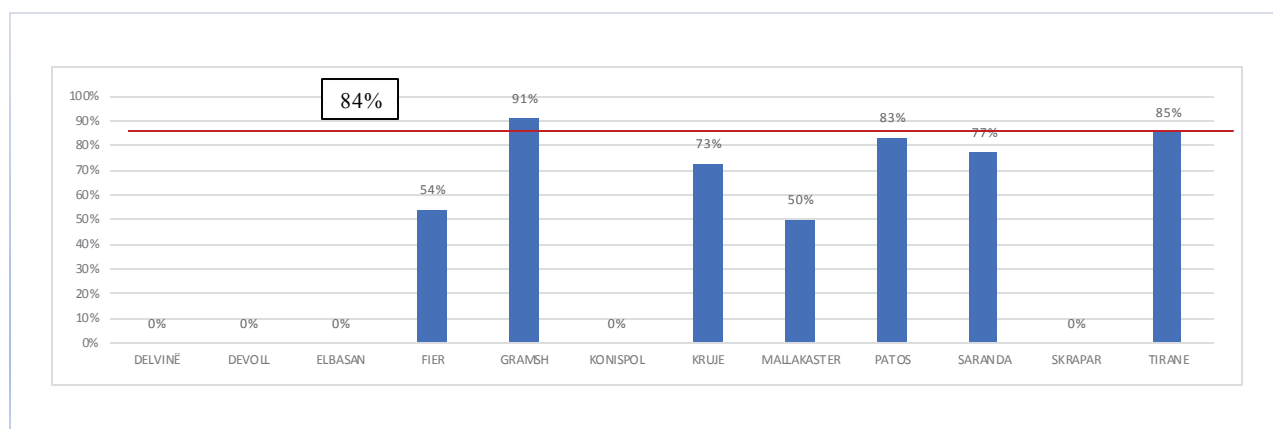
⁴⁷EC Progress Report on Albania 2021

⁴⁸Constitution of the Republic of Albania, Chapter VI, Law on the People's Advocate no. 8454, dated 04.02.1999, as amended

The Municipality of Tirana has received a higher number of reports from the Ombudsman (192 reports), followed by the Municipality of Korça (41), the Municipality of Fier (37 reports) and the Municipality of Saranda (22 reports).

The rate of review and acceptance of ombudsman's reports by the country's municipalities was about 84% in 2021 (higher than the level of 71% of reports received by LGUs in 2020). Compared to the average rate of responses from public institutions for 2021, which is 55%, municipalities are paying more attention to the Ombudsman's reports. Out of 33 municipalities that have received reports from the Ombudsman, 21 municipalities handled and accepted all reports (100%), while 12 municipalities had an acceptance rate from zero percent to 91%, by the end of 2021.

Chart 20: LGU acceptance rate of reports addressed by the Ombudsman, 2021



A total of 75 Ombudsman's reports were being reviewed by the municipalities, at the end of 2021 (their review had not been completed at the end of December 2021).).

Issues and challenges

- Strengthening cooperation and transparency with the Ombudsman to follow up on referred cases timely.
- Completion of recommendations by expanding services and clarification of competencies.
- Observance of legal deadlines, as well as identification of vulnerable groups to treat and protect.
- Delayed responses.

Recommendations

Some of the recommendations remain relevant for the reporting period:

- Citizens should be entitled to good administration. The role of coordinators for the right to information within public authorities should be strengthened by appointing senior officials in this position⁴⁹.
- Topics and issues addressed by the Ombudsman should be evaluated and provided with solutions by the LGU.
- Correspondence with the Ombudsman should be handled very carefully.

⁴⁹EC Progress Report on Albania (November 2021)

- Increased public transparency regarding the implementation of recommendations by publishing the Ombudsman's recommendations on the official website of the municipality⁵⁰.

1.1.5. Civil society

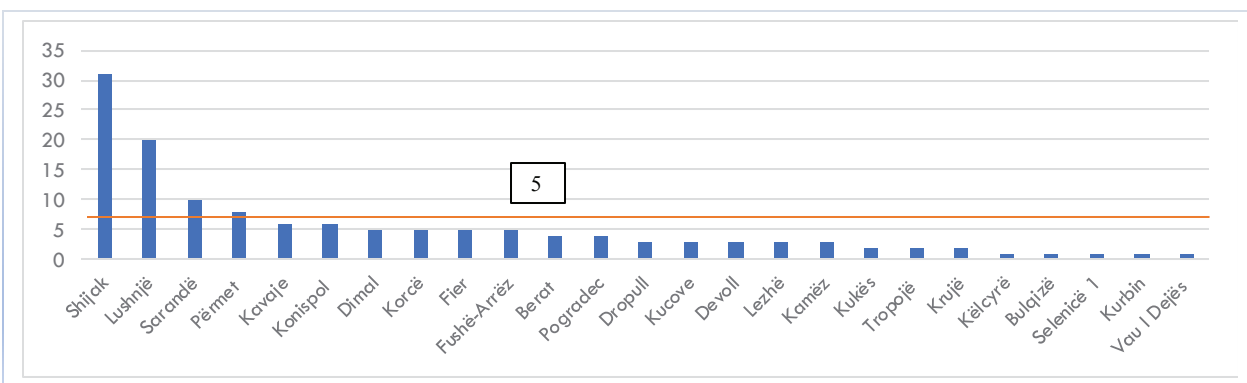
"Limited progress has been made in implementing the roadmap for an enabling environment for civil society. The adoption of the law on registration of non-profit organizations brings about some improvements. The National Council for Civil Society needs to be reformed to ensure proper representation of Albanian civil society."⁵¹

The pandemic situation has weakened the financial stability of the civil society, also due to the unfavorable legal and fiscal framework. The Law on Registration of Non-Profit Organizations (adopted in June 2021) aims at introducing an electronic register, which will facilitate the registration process and enhance the transparency and accuracy of Non-Governmental Organizations. The roadmap for a civil society-friendly environment remains heavily dependent on donor support. Additional efforts and resources are required to accelerate its implementation, in order to create a more conducive environment for the operation of the civil society and to contribute to the adoption of sound policies and laws. While the 2014 law on public consultation is generally in line with European standards, consultations often remain artificial. The scope of the law should be extended to government decisions. Tax incentives for corporate donations do not promote donations to CSOs and there are no tax incentives for individual donations⁵².

Progress in achieving the goal of "Strengthening the role of civil society and increasing cooperation at the local level" was assessed through 4 main indicators:

Total number of recommendations provided by CSOs during the local decision-making process, in 2021, was 135 (or on average about 5 recommendations for 25 municipalities which have received recommendations. A part of other municipalities (25) did not have recommendations from CSOs (reported zero). The indicator is lower compared to 2020 (315 fewer recommendations).

Chart 21: CSOs recommendations provided to LGUs, 2021 (N = 24)



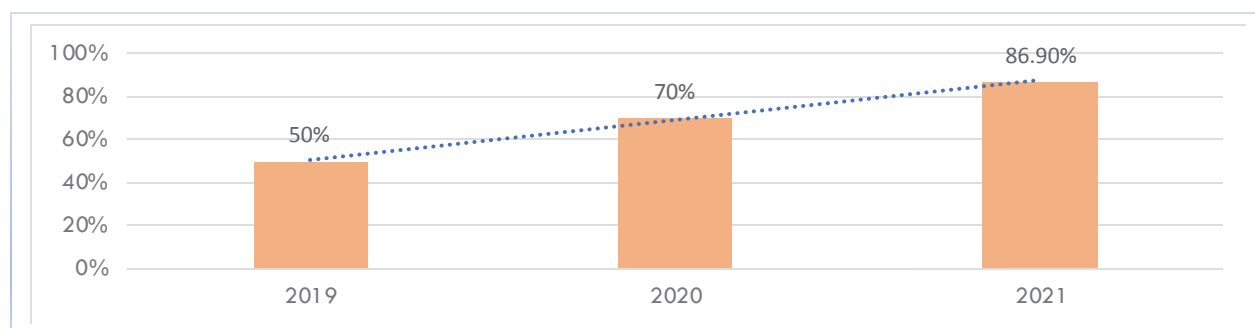
Based on the data reported by the municipalities, there is an increased attention of the municipalities to take into account the CSOs recommendations. Out of 135 CSOs recommendations addressed to decision-making bodies during 2021, about 89% of them (120) have been considered, of which 117 (or 87%) have been accepted by LGU bodies. Compared to 2020, the rate of acceptance of recommendations has been higher 2020 (70% of the number of recommendations).

⁵⁰Annual report of the People's Advocate for 2020

⁵¹EC Progress Report on Albania (November 2021)

⁵²EC Progress Report on Albania (November 2021)

Chart 22: Acceptance rate of CSOs recommendations in LGU decision making, 2019-2021



LGUs have been awarded a total of 63 grants for joint projects in partnership with civil society organizations. Grants are categorized by size up to 100, 000 ALL, from 100, 000 - 500, 000, and over 500, 000 ALL.

The municipalities being awarded the highest number of grants were the Municipality of Shkodra with 18 grants and the Municipality of Tirana with 15 grants, the Municipality of Përmet (6 grants) and the Municipality of Gjirokastra (4 grants). Other municipalities were awarded 1-3 grants, while 35 municipalities (57%) were not awarded any grants in 2020.

Box 4: Challenges for cooperation with civil society organizations

Municipality of Tirana: Keeping a report on the CSOs recommendations.

Municipality of Berat: There is a need for more involvement of CSOs in the local government decision-making process.

Municipality of Devoll: The challenge is the cooperation with various national organizations that help in the good governance process.

Municipality of Dimal: Higher participation of CSOs and youth stakeholders in social, political and economic aspects; more recommendations and cooperation are required. Establishment of youth information/communication structures with the local government.

Municipality of Shkodra: Raising the civil society awareness to participate in decision-making.

Municipality of Kamza: Revision of all requests and recommendations.

Municipality of Mirdita: Acceptance, discussion and where possible the reflection of their requests in the draft decisions of the Municipal Council.

Municipality of Përmet: Increasing the number of active CSOs.

Municipality of Prenjas: Establishment of CSOs and their engagement in local decision-making and other issues on good local governance.

Issues and challenges

Some of the challenges and recommendations remain valid for this reporting period as well:

- While the review and acceptance rate of CSOs recommendations for local decision making was higher in 2021 than in 2020, it was noticed a decrease in the number of CSOs recommendations (in absolute value); about 39% of LGUs report zero recommendations from CSOs in 2021, while about 20% did not report on this indicator. In the transparency program, there are no recommendations provided by civil society organizations.
- Lack of active CSOs in many municipalities.

- The quality of public discussions and consultations is not appropriate. While the Law on Public Consultation 2014 is generally aligned with European standards, consultation often remains artificial⁵³.
- Small financial resources from municipalities to fund projects in partnership with civil society organizations.

Recommendations

- Substantial efforts are needed to ensure meaningful and systematic consultation with the civil society as part of a comprehensive policy dialogue on reforms⁵⁴.
- More initiatives and engagement of civil society organizations in local decision-making processes.
- Strengthening the partnership with civil society organizations in the LGUs decision-making processes.
- Enhancing the commitment of municipalities to register and publish the recommendations provided by civil society organizations in the transparency program and reflect them in local decision-making.
 - Keeping a report by the LGU on the recommendations provided by the civil society organization.
- Establishing youth information/communication structures with local government would facilitate interaction with civil society.

CONCLUSIONS ON DEMOCRACY

Consultative Council has operated as the main forum for institutional dialogue and coordination between central and local governments. Although the representation of the Government in the Consultative Council has not been fully in line with the legal provisions, in 2021 there was an increase in the level of representation compared to 2020. The challenge remains in raising awareness and understanding the LGCC role by all 61 LGU Mayors and ensuring their full participation, as well as increasing the quality of the contribution provided from the local government units for the legal acts discussed in the LGCC.

In the field of **digital services and transformation**, the local One-stop-shops (OSSH) map was expanded on all the country's municipalities. The challenges are: expanding OSSH in all municipalities and administrative units, increasing local budget to improve the physical infrastructure, information technology, and internet lines to cover the territory with the OSSH service, drafting and approving minimum service standards, as well as strengthening ADISA's oversight role to ensure that municipalities provide services in line with quality requirements and standards⁵⁷.

Public administration

Albania is **moderately prepared for the public administration reform**. Progress has been made in enforcing the civil service legislation at the local level, the digitalization of the recruitment process in the civil service (opportunity to develop the process online), the use of the integrated "administra.al" platform, and strengthening the professional capacities of public servants. Network of EU local coordinators has strengthened the involvement of LGUs in the EU accession process, and enhanced information on EU policies and funds.

While a decrease in the number of local administration employees and of the number of employees with the civil servant's status compared to the previous reporting year, the employment rate of women in management

⁵³EC Progress Report on Albania (November 2021)

⁵⁴EC Progress Report on Albania (November 2021)

⁵⁷EC Progress Report on Albania (2020)

positions has increased in 2021. The HRMIS system has been operational in a slightly higher number of municipalities in 2021 compared with 2020.

The challenges are: the coherent enforcement of the Law on Civil Servants at the local level, the reduction of employment under temporary contracts for civil service positions, ensuring the civil servants retention in the local administration and in particular of more experienced employees, and the extension of the integrated policy-making system to the local level.

Municipalities have made progress regarding ensuring **citizen participation in local decision-making and improving the local finances transparency**. Although fewer public hearings with citizens were organized by LGUs, in 2021, on the draft budget (the influential factor may have been the pandemic situation), the number of citizens participating in public hearings was higher than in 2020. LGUs have kept the transparency program operational on the municipality official website and published all key documents such as the annual budget and other local financial reports. The challenges are: citizens' awareness raising and participation, drafting the budget in a simple and legible format for citizens, and appointing a municipal official for the consultation and public hearings process.

Municipalities have demonstrated an increased accountability to respond to citizens' requests which is reflected in the increased response rate of the local administration to the citizens' requests, and review of the reports and recommendations of the Commissioner for Protection from Discrimination (CPD).

The challenges are: further strengthening of cooperation between state agencies at the regional level and local institutions to address all issues recommended by the CPD, and review of reports and recommendations by municipalities, within the legal deadlines.

Regarding the implementation of human rights, proper enforcement of the laws and principles of good governance in the public service provision, fewer reports and recommendations were submitted by the Ombudsman for LGUs during 2021, and the municipalities paid greater attention to the Ombudsman by reviewing and addressing the submitted reports and recommendations.

It is recommended to strengthen the role of coordinators within the right to information in public authorities by appointing senior officials in this position⁵⁸, and to enhance transparency for the public regarding the implementation of recommendations by publishing the Ombudsman recommendations on municipality's official website.

Consolidating civil society at the local level remains a challenge. Although the legal framework has improved with the adoption of the law on the registration of non-profit organizations (June 2021), the implementation of the Roadmap for a Civil Society-friendly Environment strongly depends on donor support. In the reporting year, Local Government Units received fewer recommendations from civil society organizations, but the rate of their review and acceptance by decision-making bodies increased compared to 2019-2020. The Municipal Transparency Program does not show the CSOs recommendations on various issues and whether they are reflected or not.

The challenges are: strengthening the civil society role in local decision-making processes, increasing government and LGU funding for projects in joint partnership, increase transparency by municipalities regarding the publication of CSO recommendations, and increase the public discussions and consultations quality.

⁵⁸EC Progress Report on Albania (November 2021)

1.2. RULE OF LAW

1.2.1. Fight against corruption

“The implementation of the Cross-cutting Anti-Corruption Strategy 2015-2023 is generally on the right track, although there are some shortcomings. These shortcomings include the need to increase ownership, to strengthen institutional capacities, to improve the proper budgeting of strategy activities. The impact of anti-corruption measures in particularly vulnerable domains (customs, tax administration, education, health, public procurement, PPP contracts, etc.) remains limited. Internal controls and inspection mechanisms within the public administration remain weak and ineffective. The institutional and operational capacity of the anti-corruption network in line ministries, at the local level and in the Office of the National Anti-Corruption Coordinator (NCCC) has slightly increased.⁵⁹“

Specific Objective: To improve the effectiveness and effectiveness of anti-corruption criminal investigations measured by evaluating four performance indicators:

- **Number of cases filed by business operators and citizens on violations of administrative procedures and corruption** (including public procurement). In 2021, a total of 106 complaints were filed or an average of 1.89 complaints per municipality (N = 56). The indicator shows a significant decrease compared to 2020 where 627 complaints were reported. Municipality of Malësi e Madhe is top ranked with a total of 53 cases or 50% of the total number of complaints reported by municipalities for 2021⁶⁰.

⁵⁹EC Progress Report on Albania (2021)

⁶⁰The municipalities of Devoll, Durrës, Peqin, Vlora and Vora have not reported data on this indicator

Map 5: Appointment of Anti-Corruption Coordinator, 2021

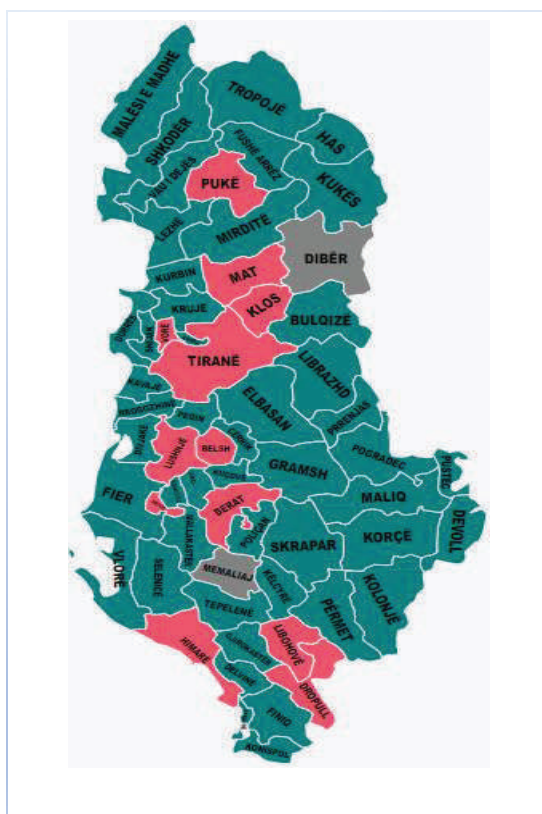
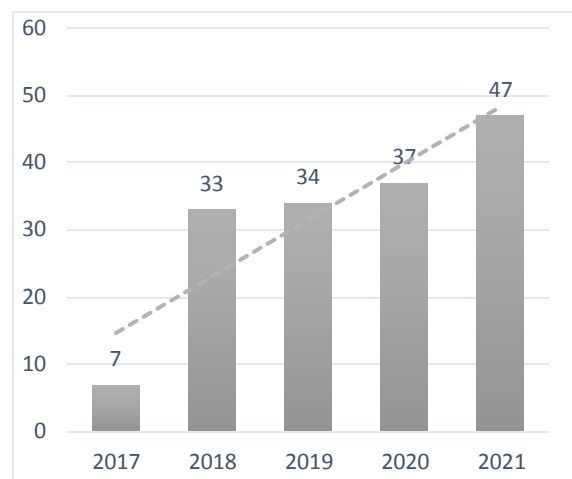


Chart 23: Anti-corruption coordinator appointed in the municipality, 2017-2021



Yes	No	No info
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- **Number of local administration employees who have declared their assets**, as required by law (reported by Human Resources). In 2021, the declaration of assets continued by an average of 1 person per Municipality (N = 59), due to the legal obligation of the Mayor to declare their assets⁶¹.
- **Establishment of a network of local anti-corruption coordinators in the municipality**. The appointment of a public servant in the capacity of local anti-corruption coordinator in the implementation of the Action Plan in the fight against corruption was carried out by 77% of municipalities (47 municipalities) marking an increase of 10 municipalities compared to 2020. ⁶².

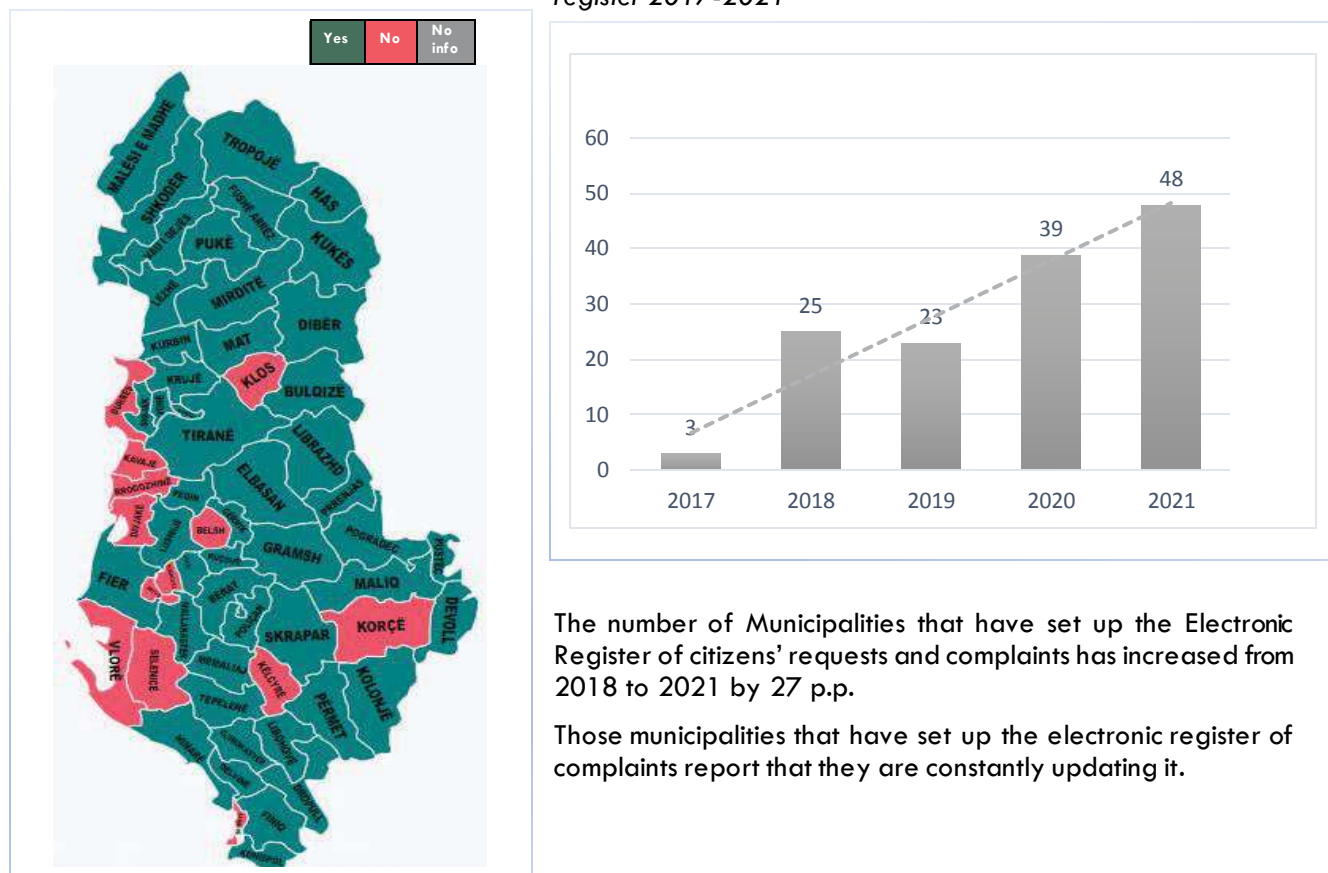
5.2 Specific Objective: *To strengthen the capacity of the local government administration in fighting corruption*

- In 2021, 45% of municipalities attended anti-corruption trainings with a total of 69 trainings or an average of 1.3 trainings per municipality (N = 55). **The percentage of municipalities that have not attended trainings in the field of anti-corruption remains at 50% at the same levels as in 2020.** The Municipality of Lushnja has the largest number of trainings attended (10) while 25 municipalities have not attended any program training.

61 The municipalities of Has and Vora have not reported data on this indicator

62 The municipalities of Dibër and Memaliaj have not reported data on this indicator

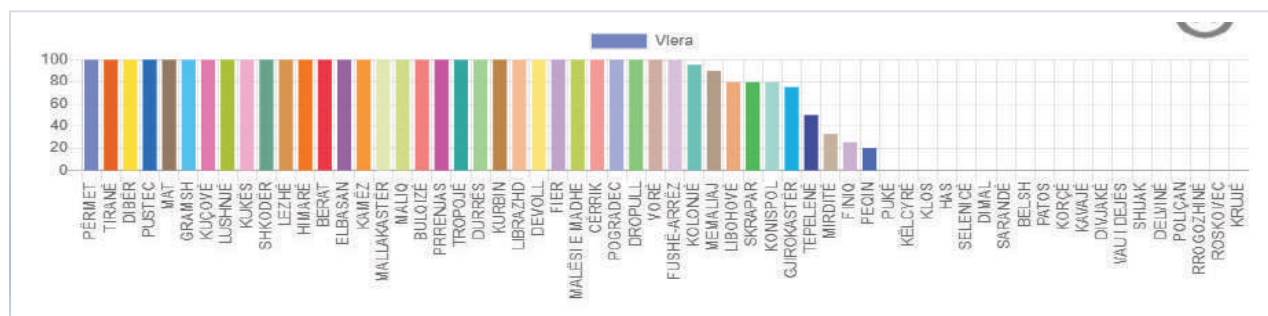
Map 6: Establishment of the municipality's electronic register 2021 Chart 24: Establishment of the electronic register 2017-2021



- **The number of Municipalities that have established the requests and complaints electronic register in 2021 has increased to 48 Municipalities** from 39 in 2020 and 23 in 2019. This positive development has also affected the increased access to information and transparency of the community and other law enforcement bodies. The municipalities that have established the electronic register in 2021 are: Devoll, Finiq, Fushë-Arrëz, Lezhë, Malësi e Madhe, Mallakstër, Përmet, Puka, Pustec, Skrapar and Vora.
- **In 2021 the electronic register was updated by 70% of the municipalities with an improvement of 20 p.p. from 2020** where it was updated by only 50% of municipalities. Cases of municipalities that in the absence of electronic register keep the complaints in a manual database are not excluded⁶³.

63The municipalities of Delvinë, Divjakë, Has, Polican Selenicë, Shijak and Vlora have not reported data for this indicator.

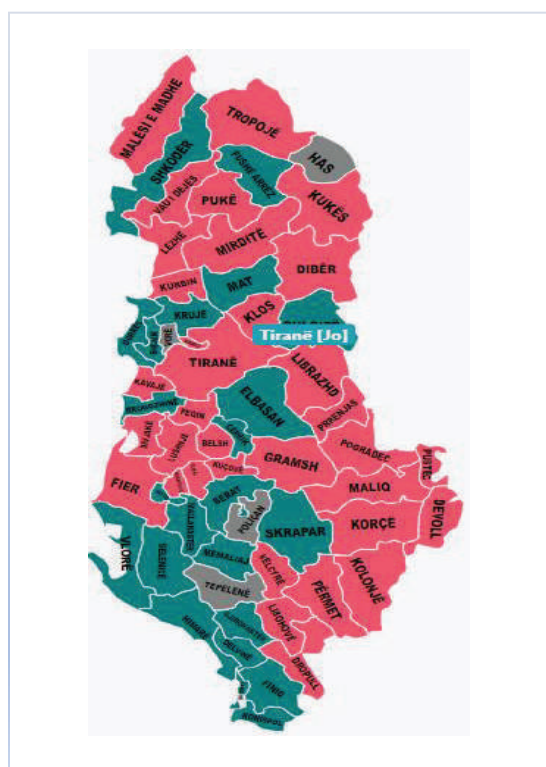
Chart 25: The degree of updating the electronic register of LGUs 2021



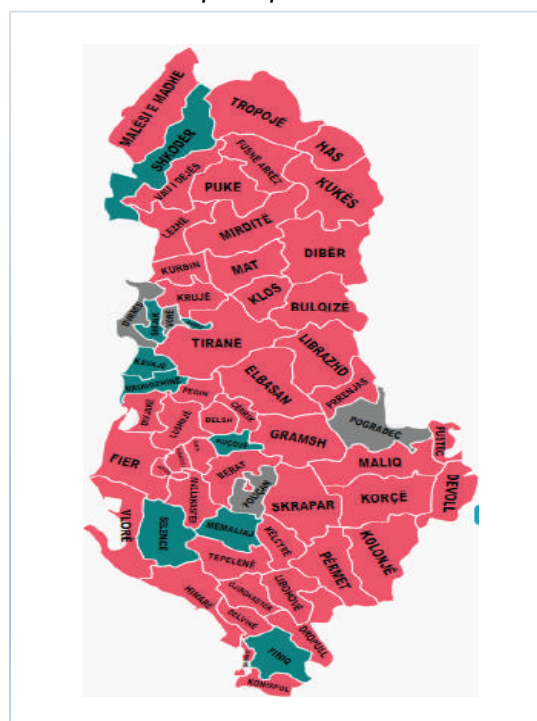
5.3 Specific objective: To adopt anti-corruption policies at the local level

Even in 2021, the process of drafting and approving Local Integrity Plans in the framework of anti-corruption measures continued, reaching a total of 21 municipalities. In 6 municipalities of Tirana, Progradeci, Berat, Permet, Belsh, and Lezha, the Local Integrity Plan has been approved by the municipal council and in 15 other municipalities, they have been supported by the STAR III project for the drafting of plans.

Map 7: Integrity Plan at the local level 2021



Map 8: Budget planning of the fund for anti-corruption policies 2021



Yes No No info

- **Lack of planning fund in the municipalities' budgets for the implementation of the Integrity Plan remained problematic in 2021.** Only 9 Municipalities reported the allocation of financial means for the implementation of local plan measures in their budgets, thus increasing the uncertainty in the implementation of the plan and achieving progress in the fight against corruption at the local level.

64 The municipalities of Has, Polican, Tepelena, and Vora did not report any data

Issues and challenges

- The lack of an electronic register of citizens' complaints and requests continues to be problematic, accompanied by the slow pace of data updating.
- Training of the local administration on anti-corruption issues remains low and some municipalities still do not have an anti-corruption focal point/coordinator.
- Insufficient funds for municipalities and Municipal budgets for the implementation of local anti-corruption plans.
- Human capacities to implement the national anti-corruption strategy measures and the local anti-corruption plans are limited.

Recommendations

- Implementation of Integrity Plans should be closely monitored and the adoption of integrity plans in other Municipalities should be encouraged.⁶⁵;
- The ASLG should take the necessary and concrete measures to encourage local government units to set a specific budget for the implementation of local anti-corruption policies, in line with the Anti-Corruption Strategy.⁶⁶
- Appointment of the coordinator/anti-corruption focal point by the Municipalities that have not yet fulfilled this legal obligation.
- Establishment of an electronic register for municipalities where it is not operational yet and its periodic updating.
- Coordination between central and local institutions to enhance the local staff training in cooperation with civil society organizations and international institutions.

CONCLUSIONS ON THE FIGHT AGAINST CORRUPTION

The fight against corruption continues to be an important challenge for Local Government Units. Challenges are related to three basic factors: Lack of human capacity, insufficient financial resources, and limited cross-institutional cooperation.

A slight progress has been made in strengthening the capacity of municipal employees on anti-corruption issues. The number of employees who have attended anti-corruption training in 2021 is 587 employees. The percentage of Municipalities that have not attended trainings in the field of anti-corruption remains high at 50% and at the same levels as in 2020. Despite the efforts made to institutionalize the anti-corruption network of focal points at the local level, it has not yet been completed by 14 Municipalities.

The number of Municipalities that have established the electronic register of requests and complaints in 2021 has increased, but progress in setting up and updating is negatively affected by the lack of budgeting the establishment and maintenance of the electronic register. **The drafting and approval process of Local Integrity Plans has continued and were adopted within the anti-corruption measures at a slow pace** while budget planning for the implementation of the Integrity Plan remains problematic in 2021.

Cooperation between central and local government on the implementation of anti-corruption measures should be strengthened and extended to important sectors with an economic impact such as public procurement, tax administration, transparency in decision-making and conflict of interest. Cooperation with international institutions and Civil Society Organizations should be considered significant in undertaking initiatives to measure civic perceptions of corruption at the local level.

⁶⁵ EC Progress Report on Albania (2021)

⁶⁶ Cross-cutting Anti-Corruption Strategy Monitoring Report September 2021, Ministry of Justice

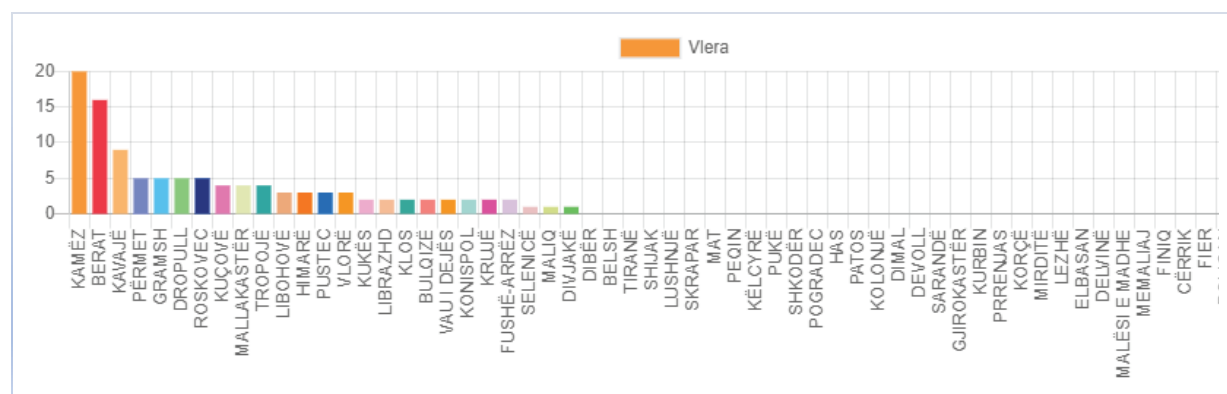
1.2.2. Human rights and protection of minorities

The Albanian government has continued its efforts to improve the strategic and legal framework for the protection and respect of human and minority rights. A positive step has been made with the approval of Instruction no. 10, dated 17.5.2021, of the Minister of Education and Sports “On the registration and support in public pre-university education institutions of children of persons in migration/asylum situation, refugees, unaccompanied foreign children, children returning from migration, from conflict zones or child victims of trafficking, in the Republic of Albania”⁶⁷

Specific objective: Capacity building of local government to implement national and international human rights standards

- In 2021, a total of 108 training programs were conducted, or an average of 2 trainings per municipality (N = 50), remaining at the same levels as in 2020 and 2019. There are only 24 municipalities that have received training programs, of which the largest number was reported by the Municipality of Kamza (20) followed by the Municipality of Berat (16), and Këlcyrë (9).
- In 2021, 148 local officials were trained on the implementation of human rights standards or an average of 3 municipal employees (N = 52). The number of trained staff increased by about 9% compared to 2020 and most trainees were from the Municipality of Tirana (25), Municipality of Kamza (20) and Municipality of Berat (15).

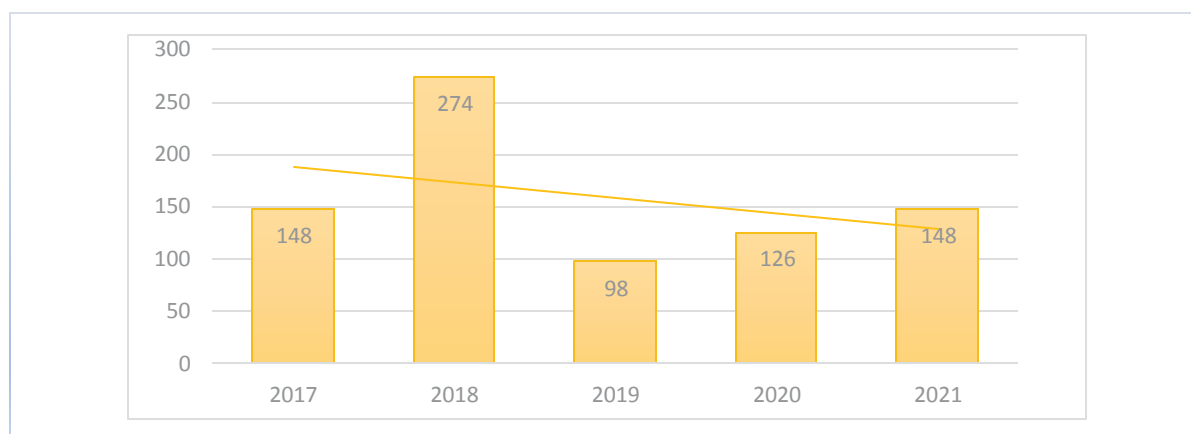
Chart 26: Number of trainings by authorities/CSOs on human rights standards 2021



- In 2021, a total of 929 cases of human rights violations were handled in cooperation with Civil Society Organizations, or an average of 17 cases per municipality (N = 56); There is a significant increase in cases handling at the local level compared to 2020 (9 cases on average). The largest number of handled cases is the Municipality of Kamza (317 cases), the Municipality of Fier (200 cases), the Municipality of Durrës (169 cases) and the Municipality of Pogradec (117 cases).
- A total of 1485 cases of human rights violations or about 2.5 times more than the number reported in 2020 (557) were reported in 2021. The largest number of cases of human rights violations was in the Municipality of Durrës (632 cases) followed by the Municipality of Kamza (317 cases) and the Municipality of Fier (200 cases).
- In 2021, the number of cases of human rights violations handled by cross-institutional groups of the Municipality was 836 or an average of 14 cases per Municipality (N = 59) out of 515 cases handled in 2020. The Municipality of Durrës has the largest number (169 cases) followed by the Municipality of Kamza (174 cases) and Fier (150 cases).

⁶⁷Source: Ministry of Health and Social Protection, Ministry of Education and Sports

Chart 27: Local administration officials trained on human rights standards 2017-2021



Box 5- Cooperation with civil society organizations for the protection of human rights in 2021

Municipality of Gramsh: It handled 10 cases of domestic violence and 8 cases of violation of child's rights, in cooperation with psychologists of the Women's Forum of Elbasan that supports victims of violence. Each case received the necessary service based on the problems.

Municipality of Kamza: In cooperation with licensed CSOs it handled 317 cases of human rights violations. Characteristics of the case relate to: physical, psychological, sexual violence, trafficking, children in street situations, neglect, school dropout.

Municipality of Patos: It handled 8 cases of domestic violence survivors in cooperation with the Center for Civic Legal Initiatives, providing legal and psychological assistance, support with food packages, clothing and school kits for children.

Municipality of Prrenjas: It handled 8 cases in cooperation with the Women's Forum of Elbasan and 1 case with the Organization "Unë Gruaja" in Pogradec.

Municipality of Tirana: The "Together" Foundation has raised the concern of an individual with disabilities who did not have access to attend a concert at the "Air Albania" stadium. The issue was reported by the Commissioner for Protection from Discrimination. The municipality has maintained that accessibility to stadiums is within the powers of the Albanian Football Federation.

Issues and challenges

- Insufficient municipality capacities to deal with cases of human rights violations continue to be a problem. Lack of dedicated and trained staff on these aspects.
- The challenge is: cross-institutional coordination to refer cases of human rights violations and their handling timely and effectively and to raise community awareness to report cases to local authorities.
- Municipal financial resources to deal effectively with cases of human rights violations in general and the handling of minorities in particular.
- Cooperation with specialized national and international CSOs is still limited while there is a lack of licensed Organizations in Small Municipalities.

Recommendations

- Increasing cooperation between institutions and CSOs to handle cases referred with their expertise as well as to benefit from training provided to local officials.
- Improving knowledge and raising awareness of human rights standards for local officials through training and participation in national and regional conferences.
- Increasing financial resources to address children's issues and improve instruments to implement child-centered budgeting at central and local levels.
- Strengthening the capacities of employees covering the field of child protection and services and providing specialized training and recognized by coordinating institutions in this field⁶⁸.

CONCLUSIONS ON HUMAN RIGHTS

Cooperation with CSOs has continued to address cases referred to human rights violations at the local level in 2021. This cooperation has led to a doubling of cases handled for the Municipality. However, the lack of specialized and licensed CSOs in small municipalities remains a problem.

Limited progress has been made towards increasing the capacity of local officials ~~Wha~~ **human rights issues.** Only 40% of municipalities have received training in 2021 to build the capacity of local public servants to implement human rights standards.

⁶⁸“National Agenda for the Protection of Children 2021”

2

ECONOMIC CRITERIA

2. EXISTENCE OF A FUNCTIONING MARKET ECONOMY

Functioning market economy and the ability to handle EU competition and market forces

“Albania has made some progress and has some level of preparation in its capacity to withstand competitive pressure and market forces within the EU. It has made improvements in energy and transport infrastructure, use of digital communications and education outcomes, but significant gaps remain compared to its regional and European counterparts. Albania’s competitiveness is hampered by a lack of entrepreneurial and technological knowledge, significant levels of informality, unmet needs for investment in human and physical capital, and low Research and Development spending. Previous and significant gaps in skills and education have been widened perhaps due to COVID-19-related isolation and distance learning, which is not possible for everyone.”⁶⁹

During 2021, several projects were discussed in the Local Government Consultative Council, such as:

- Draft decision “On the approval of the Business Development and Investment Strategy and Action Plan 2021-2027”. The new strategy pays special attention to business and investment development, considering them as basic conditions towards sustainable development. The Business Development and Investment Strategy 2021-2027 was approved by Decision of the Council of Ministers no. 466, dated 30.7.2021.
- The draft law “On micro, small and medium enterprises”, which aims to increase support for business operators and strengthen their competitiveness and promote economic development of the country.
- The draft law “On the support and development of innovative start-ups”, which aims to create a regulatory and institutional framework that encourages the creation and development of new business operators with high potential in the field of technology and innovation, which realize ideas, new business models, products and processes that lead to improvements in some areas of the economy.
- Draft Decision “On designating the methodology and criteria for calculating the BID quota” and the instruction “On the approval of the TIP operational agreement”, which aims to approve the TIP Operational Agreement entered between the BID Organization - For the improvement of business areas (BID) and the respective Municipality.

Specific objective: To improve the business environment

Progress on the specific objective is assessed by five (5) performance indicators:

In 2021, a total of 54 Municipalities (or 88% of municipalities) drafted and approved the local development plan in the Municipal Council. The indicator shows a slight increase of 6 p.p. compared to 2020. There are 6 Municipalities⁷⁰ which have not approved the Local Development Plan while the Municipality of Durrës has not provided any information on this indicator. The Local Development Plan is a very important planning tool to orient local priorities towards the community needs and linking them to the annual and medium-term budget program.

⁶⁹European Commission Report on Albania (2021)

⁷⁰Devoll, Has, Këlcyrë, Peqin, Polican, Tepelena

Map 9: Approval of Local Development Plans, 2021

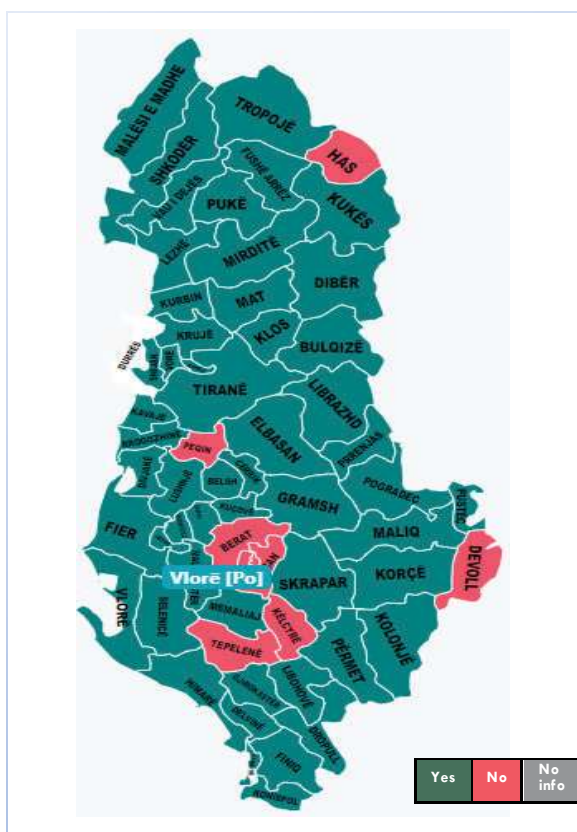
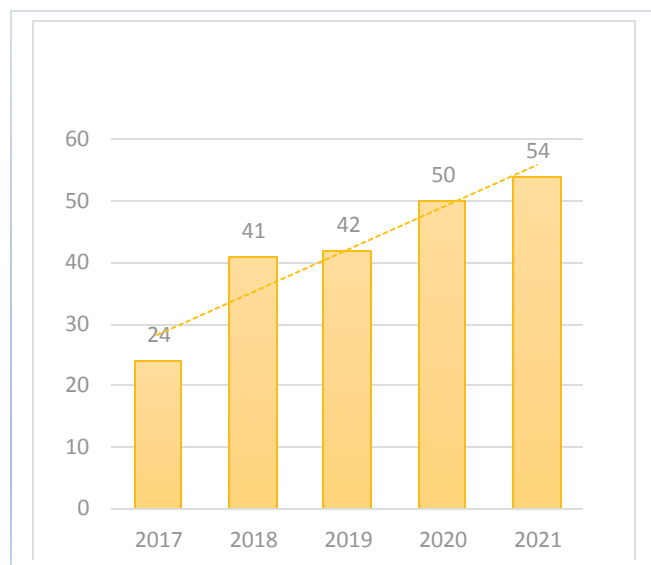
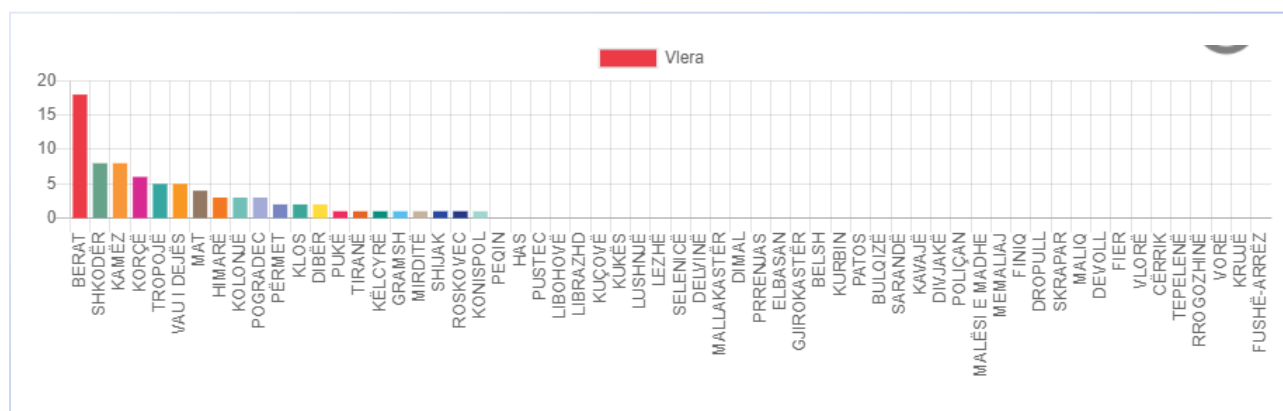


Chart 28: Approval of the Local Development Plan in the Municipal Council 2017-2021



In 2021, 77 incentivizing activities were undertaken to promote the development of medium and small enterprises in the implementation of local development plans. Only 21 Municipalities reported that they undertook incentivizing activities (average 1.57 per municipality). The indicator has decreased since 2020 where 89 activities were reported. The largest number of incentivizing activities was provided by the Municipality of Berat (18), followed by the Municipality of Kamza (8) and the Municipality of Shkodra (8).

- Chart 29: Incentivizing activities in support of small and medium business



- In 2021, a total of 186 services in support of small and medium enterprises were reported, or an average of 3.72 per municipality (N = 50). The indicator has increased slightly compared to 2020 where 150 services were reported. Only 38% of municipalities have provided services where the largest number is reported by the Municipality of Tirana with 112 services, the Municipality of Shkodra with 9 services, the municipalities of Shijak and Kamza with 6 services each.

During 2021, fiscal policies and support services were provided for some incentivizing initiatives such as payment facilities (paying taxes in installments), setting seasonal fees for tourism (Municipality of Tropoja); designing and updating information packages for businesses with recommendations and information on instruments or initiatives by national, regional, EU and wider public authorities that provide public funds, and capital to support businesses (Municipality of Tirana); Fiscal facilities for new SMEs, lifting of the registration fee for new entities, as well as the creation of depressed economic zones, with fiscal facilities for existing and emerging entities in these areas (Municipality of Berat).

Box 6: Incentive activities in support of small and medium enterprises

- **Municipality of Shkodra:** It established the 'My Taxes' Electronic Platform and online services in all administrative units are provided. The "Shkodra Labor Market" platform has been set up and operates for the first time in our country. Financial support has been provided to businesses in commercial areas that bring a new concept for the area.
 - **Municipality of Tirana:** There are 25 businesses benefiting from the Green Grant and 12 information packages with recommendations and information; 25 premises were rented out and 50 businesses were trained; "Financial Support/Grant for Green Businesses (emerging and existing ones).
 - **Municipality of Gramsh:** It organized several fairs to promote businesses operating in the field of tourism and local culinary.
 - **Municipality of Këlcyrë:** It organized the fair of characteristic local livestock-agricultural products.
 - **Municipality of Berat:** It established the center for Agribusiness development in support of the tourism business and the local quality brand.
- **In 2021, the set up of 14017 small and medium enterprises was reported**, or on average 241.67 (N = 58). The Municipality of Tirana reports the largest number of small and medium enterprises created (7170), followed by the Municipality of Shkodra (905) and the Municipality of Elbasan (624). The number of small and medium enterprises that have started operating in the territory of municipalities has increased by 40% since 2020.
 - **A total of 6786 small and medium enterprises**, or an average of 117 SMEs per municipality **closed their activity in the territory of the Municipality in 2021**. The largest number of closed enterprises is in the municipalities mentioned above, which have also reported the largest number of newly-set up businesses. The Municipality of Tirana reports the largest number of small and medium enterprises closed in 2021 (2560), Municipality of Shkodra (881), Municipality of Himara (855).

Issues and challenges

- Low capacities of municipalities to provide advice and guidance to new businesses and opportunities that exist for setting up start-ups.
- Extremely limited human and financial resources for drafting local development plans.
- Lack of information on the labor market from applicants but also providers for the qualification of jobseekers.
- Insufficient instruments and lack of funding for the promotion of characteristic local agri-processing products.
- Offering a limited number of integrated services for small and medium enterprises.
- The fight against informality remains a challenge.

Recommendations

- Building instruments and programs to support SMEs as well as creating incentives to approach the prioritized sectors and development potentials in the territory of the Municipality.
- Closer cooperation with international institutions and donors that support the development of existing SMEs as well as the creation of start-ups with dedicated programs.
- Establishing effective consultation mechanisms with businesses and social partners and increasing business support services to improve access to finance and entrepreneurial knowledge.
- Facilitating access to information through setting up a business-dedicated section in administrative appeal procedures in the electronic register of complaints in local government units⁷¹.
- Orienting public spending towards human capital development and innovation, and stimulating the link between innovative businesses and the academia.

CONCLUSIONS ON THE EXISTENCE OF A FUNCTIONING MARKET ECONOMY

Promoting economic development and increasing the competitiveness of the local economy has continued to be paid attention to by Municipalities through the drafting and approval of local development plans. In 2021 there are 54 Municipalities that had approved a Local Development Plan to orient decision-making towards local priorities and ensure sustainable development. The implementation of local plans and the insufficiency of municipal budgets to respond to the great needs for strategic development projects remain a challenge.

Progress has been made in improving the Strategic and Legal framework for promoting the creation and development of small and medium enterprises by increasing technological capacities. Despite the COVID 19 Pandemic effects on the local economy in 2021, several initiatives have been taken to reduce the negative impact on businesses through fiscal incentives provided in a large number of municipalities. The human and financial capacity of the Municipalities to support with activities and direct financing for the creation of new businesses remains very low and concentrated in the large municipalities.

Efforts have been made by some municipalities to orient and advise SMEs on development opportunities and potentials by orienting them towards the market, however less than half of the municipalities provide services in support of small and medium enterprises. **The opening of new businesses has continued during 2021.** The number of small and medium enterprises that have started operating in the territory of municipalities has increased by 40% compared to 2020. Better interaction of municipal structures with businesses through facilitating access to information is one of the findings in 2021 monitoring report of the Secretariat of the Investment Council. It is recommended to set up a section dedicated to business operators in **administrative appeal procedures in local government units.**

⁷¹Monitoring Report 2021 of the Albanian Investment Council

3

**ABILITY TO
ASSUME
MEMBERSHIP
OBLIGATIONS**

3.1 CHAPTER 11: AGRICULTURE AND DEVELOPMENT AND RURAL

The Common Agricultural Policy (CAP) supports farmers and rural development. This requires strong management and control systems. There are also common EU rules on quality policies and organic farming.

“Albania has **some level of preparation** in agriculture and rural development. There was some progress in providing administrative capacity to implement the instrument for pre-accession assistance for the rural development program (IPARD II). Progress has been made in furthering the alignment of the legal framework for organic production with the EU *acquis*.⁷²”

There has been limited progress towards establishing a farm register. Establishing and making it fully functional remains a key priority as an element of the integrated administration and control system. The country has made no progress in establishing a land parcel identification system (LPIS) and does not have a farm accounting data network (FADN).

Direct payments associated with production and not subject to cross-compliance rules decreased for the 2020-2021 period, both in absolute terms and compared to indirect support (distribution of oil to farmers). There has been no progress in the **Common Market Organization (CMO)**. For **quality policy**, progress has been made with the adoption of legislation implementing the traditional specialty guarantee scheme. Quality Policy legislation is partially aligned with the EU *acquis*. In 2021, there was continuity in support for organic farming⁷³.

In support of agriculture, the Government allocated ALL 1 billion to commercial banks as the Sovereign Guarantee Fund from the state to finance 50% of the collateral for agricultural loans. The fund is available to operators who are planning an investment in the agricultural products, and those related to the blue economy, for the construction of greenhouses, capacity building and packaging quality of local products, drip irrigation systems in their parcels, processing of products, and supermarket shelving so that Albanian products are not generic products, but selected and packaged products for the final consumer.

Call IV of the IPARD II program, with funding from the EU and the Albanian Government for Rural Tourism and Crafts opened with a budget of 5.2 million Euros. One of the goals of the Open Balkan agreement with Serbia and Northern Macedonia is to increase Albanian exports. In 2021, agricultural exports increased in value by 15.6% compared to 2020.

At the local level, the national policy goals for agriculture and rural development and within the European integration assess the progress in achieving results related to three Specific objective: (i) strengthening the local government administration capacity for the system of agriculture, rural development and extension services, (ii) improving productivity and competitiveness in the agricultural sector, (iii) implementing the LEADER approach.

Increasing the capacity of local administration in the system of agriculture, rural development and extension services:

The important activity of the advisory/extension service is to promote the organization of farmers and advise on increasing productivity and quality and meeting production and weather challenges. In 2021, there was slight progress in setting up the Agricultural Information and Advisory Offices (AIAO), which has been operational in 41 municipalities compared to 38 municipalities at the end of 2020. Municipalities that established AIAO 2021 are the Municipalities of Lezha, Vora and Belsh.

⁷²EC Progress Report on Albania (November 2021)

Map 10: Functional AIAO

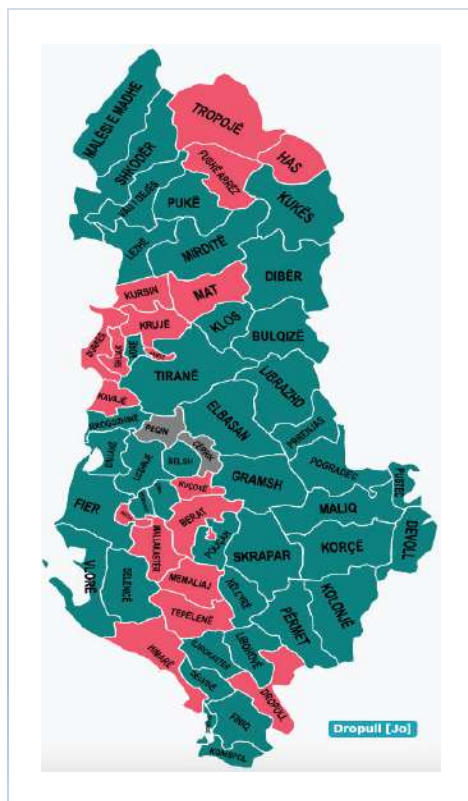
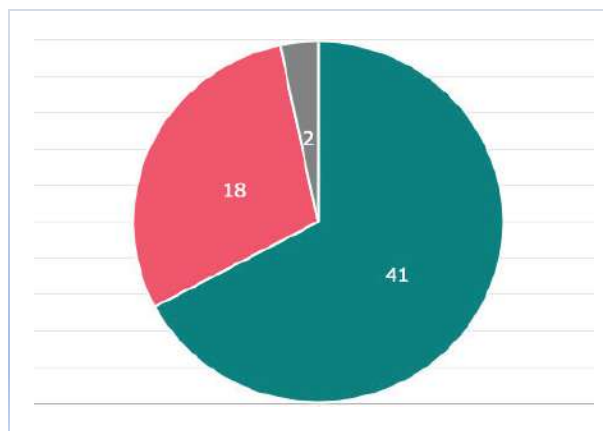


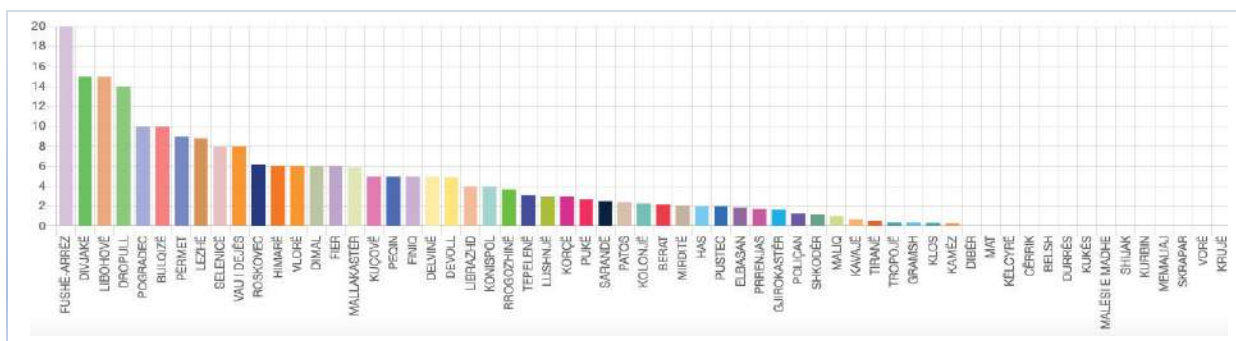
Chart 30: AIAO in LGU, 2021



The Agricultural Fund for Rural Development has decreased, on average, to 4.16% of the local budget compared to 5.3% reported in 2020, and 7.7% in 2019. The Municipality of Fushë-Arrëz has had the highest allocation of the local budget for agriculture (20%), followed by the Municipalities of Divjaka and Libohova (15%) and the Municipality of Dropull (14%). About 50% of LGUs have had a fund for agriculture and rural development higher than 4% of the local budget.

Yes No No info

Chart 31: Local Fund for Agricultural and Rural Development, 2021



Number of persons who benefited from training and counseling, during 2021, was about 29,882, keeping almost the same level as in 2020. The Municipalities of Elbasan and Divjaka report the highest number of beneficiaries (6000), the Municipality of Prrenjas 3100 farmers, Fier 2500, Roskovec 1630. About 22 municipalities do not have provided valuable data for the indicator (Municipality of Mat, Këlcyre, Puka, Mirditë, Berat, Has, Cërrik, Peqin, Dimal, Kavaia, Tropojë, Mallakastër, Skrapar, Kamëz, Delvinë, Poliçan, Malësi e Madhe, Tepelena, Durrës, Vora, Kruja).

Box 7: Challenges for agricultural counseling

Municipality of Devoll: The service and dissemination of information about new ways of agricultural development has been delivered by agricultural specialists, but the challenge is the agricultural products stock, making farmers less active in the developed activities. The 4.9% fund for agriculture is insufficient to solve the problems.

Municipality of Dibër: Cooperation with central government institutions, especially with the plant protection authority, to provide timely technical assistance to farmers. Logistics support is needed for field inspections.

Municipality of Durrës: Administrative units in rural areas should hire agronomists.

Municipality of Gjirokastra: Increasing the quality of service delivery.

Municipality of Kamza and Rogozhina: Establishment of AIAO and increased funding from the municipal budget.

Municipality of Klos: Establishment of a structure (directorate) for agriculture and forests.

Municipality of Korça: Staffing the office structure. Planning a certain fund for programs in the field of agriculture.

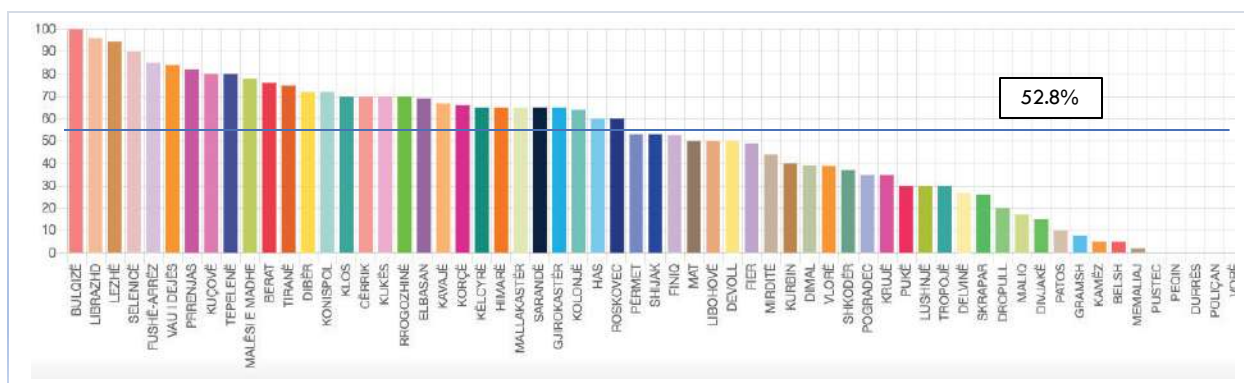
Municipality of Selenica: Best service for the citizen.

Specific objective: To improve productivity and competitiveness in the agricultural sector, improve rural infrastructure, balanced territorial and economic development of rural areas.

Performance indicators related to this specific objective include: (i) improvement of the management and maintenance of the irrigation system; (ii) improvement of the management and maintenance of the drainage system; (iii) grants provided to farmers.

Based on the LGU reporting for 2021, there is a slight decrease in the rate of municipal services for the maintenance of the irrigation network system to 52.8% against 54% for 2020 (N = 57). The municipalities with a low level of maintenance of the irrigation network system are the Municipalities of Patos (10%), Gramsh (7.6%), Kamza and Belsh (about 5%), and Mallakastër (2%).

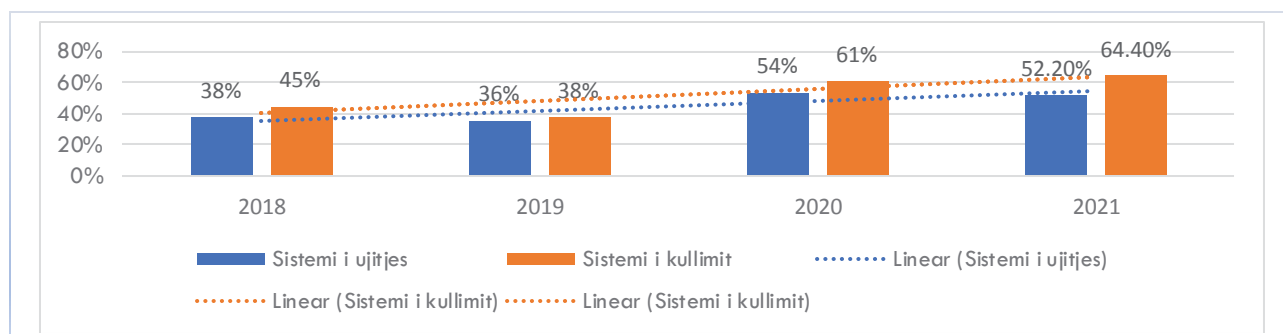
Chart 32: Level of irrigation network maintenance, 2021



There has been an improvement in the provision of services for the maintenance of the drainage network to 63.9%, or +2.9 p.p. compared to 2020 (N = 58). More municipalities have increased the maintenance rate for the drainage network. 46 LGUs (or 75% of them) have a drainage network maintenance rate above 60%.

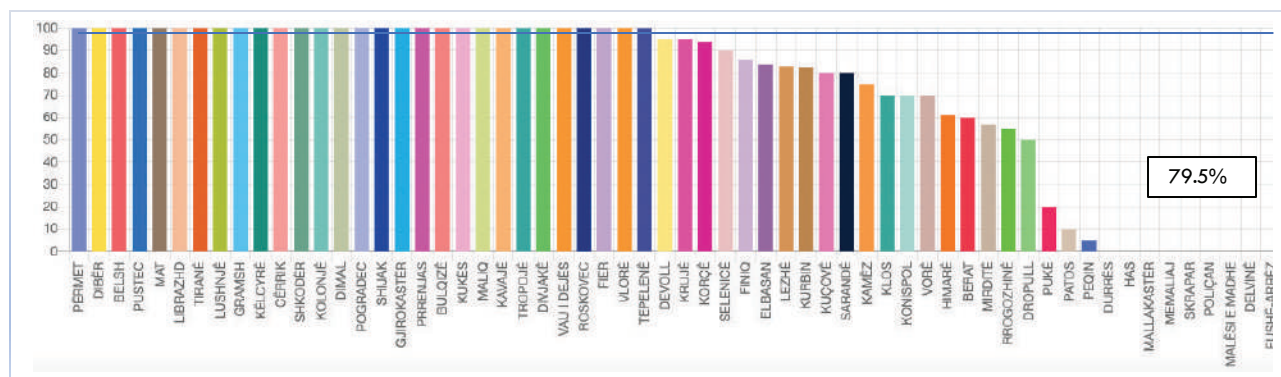
As shown in the chart below, the maintenance rate of irrigation and drainage systems, administered by LGUs, has had slight fluctuations in the years 2018-2021.

Chart 33: Average rate of maintenance of irrigation and drainage network by LGUs, 2018-2021



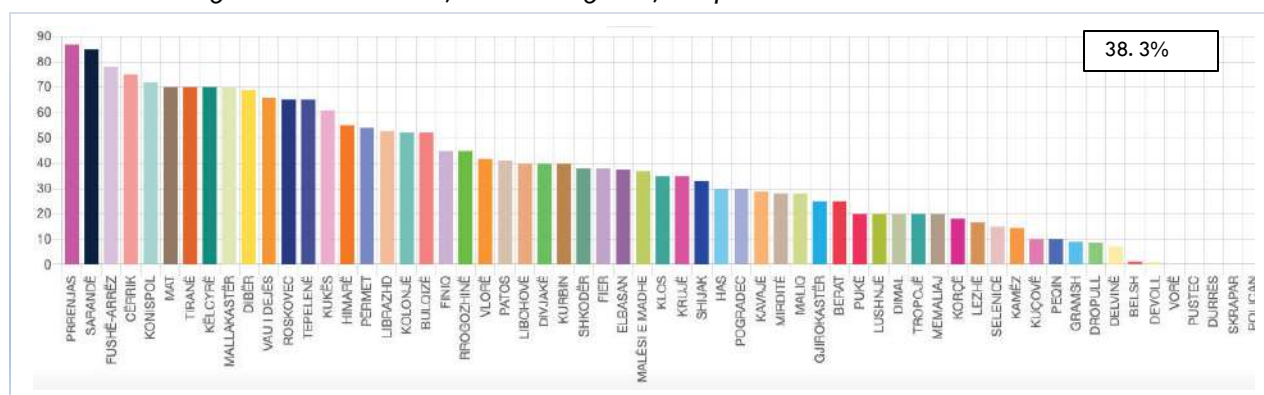
Municipalities report that on average 79.5% of the irrigation and drainage network is taken over by LGUs (n = 55). The indicator should be higher, because some municipalities report a low inventory rate (below 50%), while some municipalities did not provide any data for the indicator, such as the municipalities of Durrës, Has, Mallakastër, Memaliaj, Skrapar, Poliçan, Malësi e Madhe, Delvinë and Fushë-Arrëz.

Chart 34: Degree of takeover by the municipalities of irrigation and drainage network, 2021



In 2021, it was reported a decrease in the average rate of the irrigated areasurface compared to the total areasurface of the agricultural land administered by the LGU, at NJVV is reported, to 38. 3%, or -4.18 p.p. compared to the year 2020. (42.48%). Nine (9) municipalities have had an irrigation rate of 0, .02% - 10%, while 3 municipalities didhave not provide anyprovided data for the indicator (Municipality of Durrës, Skrapar and Poliçan). .)

Chart 35: The agricultural land area, which is irrigated, compared to the total area



Box 8: Challenges regarding irrigation and drainage system maintenance

Municipality of Belsh: Lack of funds has slowed down the process of rehabilitating the drainage system.

Municipality of Berat: Investments through water infrastructure projects will contribute to improving the existing situation of irrigation canals. 3675 ha is the total irrigated area according to the inventory of the Municipality of Berat.

Municipality of Devoll: It is unaffordable for the Municipality of Devoll to put into full operation the irrigation systems with pumping stations.

Municipalities of Dibër and Dropull: Investments are needed to improve irrigation network segments.

Municipality of Dropull: Lack of funds and rural infrastructure make work even more difficult.

Municipality of Kamza: Determining the specific budget for the maintenance and operation of the system.

Municipality of Korça: Level increase up to 70%.

Municipality of Kurbin: The challenge is the complete rehabilitation of other primary and secondary channels.

Municipality of Lezha: To release the occupied drainage canals, to start the work for the reconstruction of KU at the beginning of the year.

Municipality of Maliq: The cleaning of the 3rd channels, in this way is called complete drainage of the whole field. Increase the percentage of cleaned channels by performing the second cleaning cycle.

Municipality of Kolonjë: Increasing financial capacity for improvement in rural areas.

Municipality of Përmet: Low financial capacity for investments

Municipality of Saranda: 80% improvement

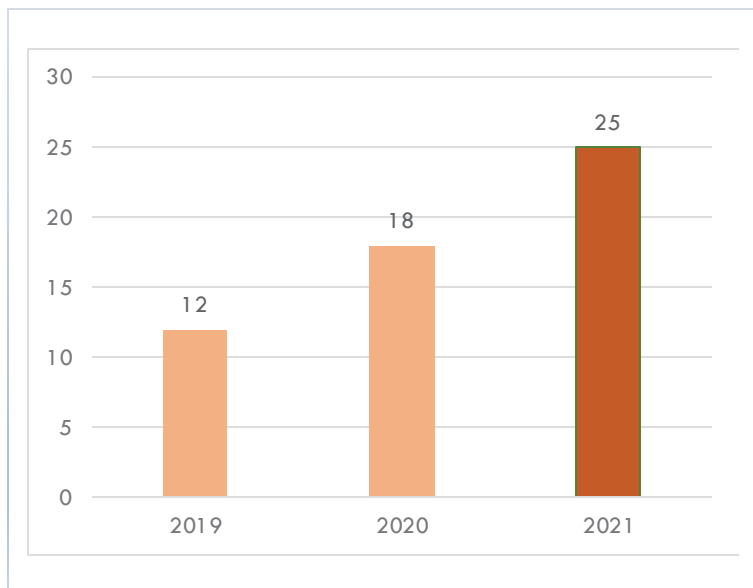
Municipality of Mirdita: Inclusion in the irrigation scheme of another 400 ha of land thanks to the investment from the Project financed by RDPA for the rehabilitation of 9.8 km of irrigation canal (ends in February 2022).

Municipality of Patos: The challenge remains the implementation of new irrigation schemes with alternative water source such as. Seman River or Roskovec-Hoxhare Collector.

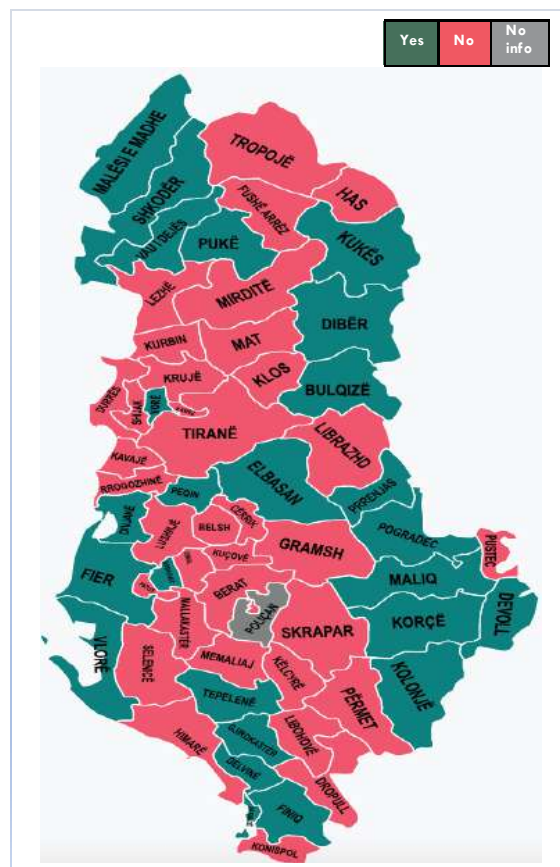
Specific objective: implementation of the LEADER method

Progress has been made on implementing the LEADER approach⁷⁴ by Municipalities in 2021. Seven municipalities report the establishment of Local Action Groups (LAGs) amounting to 25 in total (or 41% of municipalities), compared to 18 municipalities in 2020. Municipalities that have set up GVV for rural development in 2021 were the Municipality of Kukës, Vora, Peqin, Divjaka, Kolonjë, Finiq and Saranda.

Chart 36: Establishment of Local Action Group, 2019-21



Map 11: Establishment of GVV, 2021



Some of the challenges and recommendations are valid for the reporting period:

Issues and challenges

- Lack of agronomists in the Administrative (rural) Units, lack of structure (directorate) and qualified employees for agriculture and forests in some municipalities.
- The challenge remains the stock of agricultural products, making farmers not very active in the activities carried out with the advisory office.
- Lack of sufficient funding from LGUs to put into full operation the irrigation schemes with pumping stations and to increase the level of cleaning and maintenance of the entire irrigation and drainage network.

⁷⁴ The LEADER method is related to local empowerment through the development of local strategy in agriculture and increasing the opportunity for absorption of funds. The instrument for implementing the method is the creation of the Local Action Group (LSG), which is represented by various actors: the public sector, the private sector (farmers, etc.) and civil society. The aim is to support farmers and other key actors through the design and implementation of an integrated rural development strategy

- Low and non-updated inventory of the irrigation and drainage network of some municipalities by removing the canals that no longer exist.
- Low level of payment for irrigation service fee, poor or non-transparent financial management, inactivity of Water Users Organization (WUOs).

Recommendations

- Increase government funding for agriculture and rural development in addition to funding from the IPARD program⁷⁵, as well as funding from the local budget of municipalities for this important sector.
- Water and Sewerage Regional Directorates and municipalities should draft in cooperation with Water User Organization should draft the annual budget of the irrigation system based on the needs and requirements of the farmers described in the Irrigation Service Plan.
- Design irrigation schemes based on specific budgets and service performance.
- Planning specific funds in the local budget for the maintenance of the irrigation and drainage system and reporting on expenditures for this function accompanied by performance indicators to calculate the cost-effectiveness of the service.
- Increase efforts to establish a land parcel identification system (LPIS)⁷⁶.
- Expansion of ICRC counseling and training activities in all LGUs.
- Establishment of LAGs in all municipalities of the country and their effective functioning.
- Maintenance and reconstruction of reservoirs and works, and creation of a specific fund in the municipal budget for this purpose.

CONCLUSIONS ON AGRICULTURE AND RURAL DEVELOPMENT

Slight progress was made on the establishment of a farm register, and the establishment of a land parcel identification system (LPIS). Farm Accounting Data Network (FADN) is missing. In terms of quality policy, progress has been made with the adoption of legislation implementing the traditional specialty guarantee scheme and ensuring the continuity of support for organic farming⁷⁷. The possibility of Government loans increased with the allocation of ALL 1 billion to commercial banks such as the Sovereign Guarantee Fund from the state, to finance 50% of the collateral for agricultural loans.

LGUs have financed less the agricultural sector compared to 2020 and 2019 - the average rate was 4.16% in 2021. Improvement has been made with the expansion of Agricultural Information and Advisory Offices, but the number of beneficiaries supported by services from AIAO remained the same as in 2020.

There is a slight decrease in the maintenance of the irrigation network system compared to the previous year, but there has been an improvement regarding the maintenance of drainage channels. The municipalities face the challenge of increasing of financing for the agricultural sector, the elimination of the agricultural product stock, the lack of municipal structures and staff.

It is recommended to expand the counseling and training activities of ZIKB in all LGU, the establishment of **GVV / LAG** in all municipalities of the country and their effective operationalization, the drafting of the annual budget of the irrigation system based on the needs and demands of farmers and based on performance service, as well as the completion of structures with qualified employees and agronomists for rural administrative units.

⁷⁵ Progress Report on Albania (November 2021)

⁷⁶ Progress Report on Albania (November 2021)

⁷⁷ EC Progress Report on Albania (November 2021)

3.2 CHAPTER 12: FOOD SAFETY, VETERINARY AND PHYTOSANITARY POLICIES

EU hygiene rules for foodstuff production ensure a high level of food safety. Animal health and welfare and the safety of food of animal origin are safeguarded together with the quality of seeds, plant protection material, protection against harmful organisms, and animal nutrition⁷⁹.

Albania has **some level of preparation** in this area and has made some progress during the reporting period. The National Authority for Veterinary and Plant Protection has been established, which has not yet gained full operational capacity. A coherent sectoral policy is needed to launch the approximation of the EU *acquis* on official controls, animal health and plant health⁸⁰.

In 2021, the decision of the Government was approved (DCM no. 443, July 2021) “On the approval of the Regulation on prepackaging”, and three instructions for infants and young children, food for special medical purposes (Instruction no. 20, dated 22.11.2021), Ministerial Instruction on specific hygiene requirements for meat and meat products (Instruction no. 17, September 2021), and Ministerial Instruction on microbiological criteria for food products (No.15, September 2021).

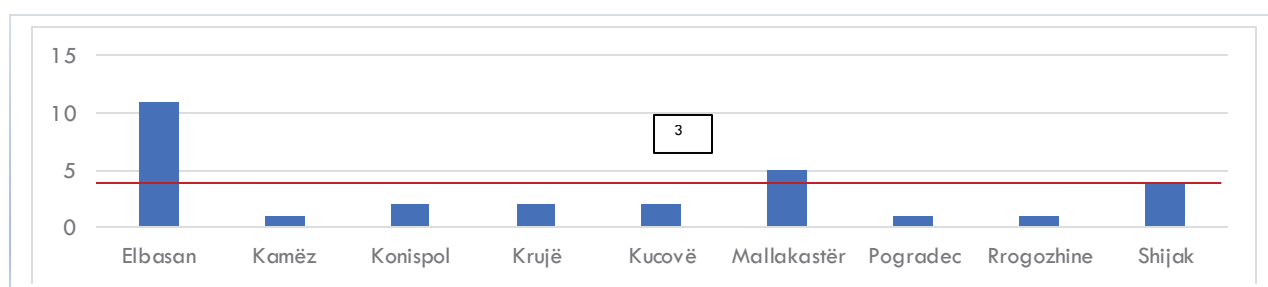
National Food Authority (NFA) has a new institutional approach to ensuring food security. NFA Board was re-established with representatives from science, consumer associations, agribusiness, municipalities, etc. to enable full transparency for the public. NFA has increased regional controls and directorates, and is being supported with assistance by a project⁸¹ with EU funding aimed at strengthening the organizational and human capacity of Albanian institutions related to food safety, raising food safety awareness and supporting the drafting of legislation and regulations in line with EU standards. Assistance is also being provided for the development of a long-term policy and action plan for the agri-food safety system, as well as the organization of trainings for 450 official veterinarians, in cooperation with the National Authority for Veterinary and Plant Protection in the use of a system for the registration and identification of animals (RUDA), as well as a system for monitoring the epidemiological situation at the national level⁸².

The progress of municipalities in the field of food safety and veterinary medicine is evaluated by two specific objectives (9 performance indicators).

Specific objective: To improve sanitary and veterinary conditions in order to protect consumers' health

In 2021, about 29 cases of food safety violations were reported by 53 LGUs related to food and veterinary safety by the municipality (average 3 cases for the 9 municipalities that have reported cases of violations.)

Chart 37: Number of cases of violations related to food safety reported by LGUs, 2021

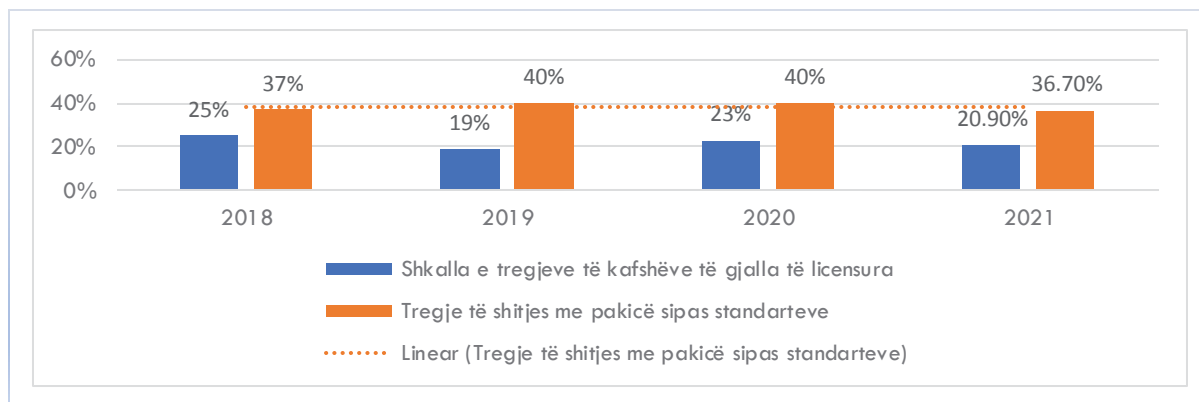


Referring to the indicators on the number of **licensed live livestock markets** versus the total number of live livestock markets, an average rate of 20.9% (n = 54) is reported, indicating a slight deterioration compared to 2020 (with an average rate of 23%).

⁷⁹EC Progress Report on Albania (November 2021)

⁸⁰Progress Report on Albania (November 2021)

Chart 38: Licensing rate of livestock markets in LGUs, 2017-2021

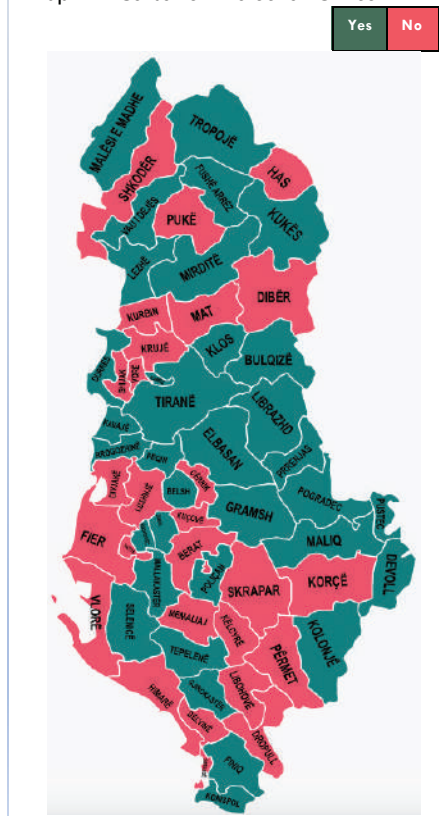


Eight (8) Municipalities - Klos, Berat, Shkodër, Dimal, Prrenjas, Korçë, Vau i Dejës, Durrës, Vlora report a 100% market licensing rate, while four Municipalities - Pogradec, Elbasan, Peqin and Bulqiza report a rate of 33.3%. Other municipalities report zero or have not provided data.

Also, there is a decrease in the average rate of the indicator "Conformity rate of public retail markets to 36.7% (n = 54) compared to 2020 (40%)

The setting up of animal protection centers, as a measure of the sectoral policy of the Ministry of Agriculture and Rural Development, which should be implemented by the LGU has seen slight progress -six (6) centers have been operational compared to five centers in 2020.

Map 12: Consumer Protection Office



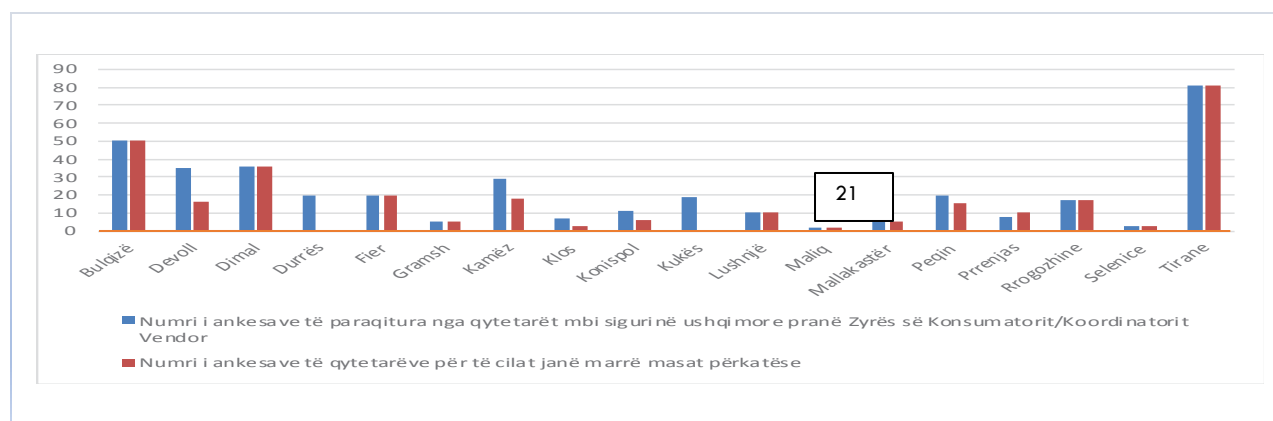
Specific Objective: Efficient functioning of the consumer protection system

Progress was made in setting up customer offices at LGUs - in 2021. It is reported that 34 offices were operational (56% of municipalities), or 7 more offices compared to 2020 (27 functional offices). The municipalities that have set up consumer protection offices during 2021 are the Municipality of Malësia e Madhe, Kukës, Elbasan, Durrës, Rrogozhinë, Mallakastër, Kolonjë and Fushë-Arrëz. The Municipality of Lushnjë reports that it does not have a functioning office in 2021, unlike in 2020.

Increasing the number of consumer offices enables increased access to and complaints from citizens on food safety issues. The total number of complaints submitted by citizens on food safety was higher in 2021 (378 complaints) compared to (292 complaints) in 2020. 18 LGUs have had complaints from citizens, with an average rate of 21 complaints. Th other LGUs have had no complaints. The largest number of complaints is reported by the Municipality of Tirana (81 complaints), Municipality of Bulqiza (50 complaints), Municipality of Dimal (36) and Municipality of Devoll (35).

Complaints address rate by the LGU it was 79% (297 complaints out of 378 complaints in total). There have been municipalities, which have a 100% address rate, such as the Municipality of Tirana, Bulqiza, Dimal, Fier; few municipalities have reported zero measures to address complaints, such as Municipality of Durrës, Kukës Municipality, while Klos Municipality (50%).

Chart 39: Number of citizens' complaints about food safety and the rate of their address by LGUs



Issues and challenges

- Reconstruction of markets to ensure compliance with hygienic and sanitary standards.
- Creating a plan and budget planning to create an livestock market in accordance with the standards for municipalities that do not have one (e.g for the Municipality of Patos, Mallakastër, Klos)
- Lack of investment in raising and improving market conditions and standards.
- Establishment of a customer office at each municipality.
- Municipal monitoring and control capacities related to food safety and veterinary are inadequate, therefore the interaction and coordination with the regional directorates of NFA and the National Agency of Veterinary and Plant Protection is very necessary.

Some of the recommendations for the previous period are also relevant for this report:

Recommendations

- Adoption of a new risk-based methodology for planning official food safety inspections; official inspections to be carried out according to updated annual inspection plans based on an improved risk-based methodology for planning official food safety inspections⁸³.
- Completion of the establishment of consumer protection offices accompanied by training to strengthen the capacity of employees of these structures (strengthening the monitoring/inspection role of municipal services).
- Increase funding by LGUs to improve market standards and their full licensing, in accordance with the required protocols and standards.
- Full addressing of citizens' complaints related to food safety and making transparent the measures taken in response to citizens' complaints.
- Establishment of centers for stray animals in some municipalities whose presence is necessary, in line with sectoral policy measures.

⁸³EC Progress Report on Albania (November 2021)

CONCLUSIONS ON FOOD SAFETY, VETERINARY AND PHYTOSANITARY POLICIES

The reform of the veterinary sector is being implemented and progress has been made in strengthening the organizational and professional capacity of veterinarians in consumer protection, food safety and veterinary medicine. National Authority of Veterinary and Plant Protection has not yet gained full operational capacity. A coherent sectoral policy and alignment of the EU *acquis* on formal controls, animal health and plant health are needed. Legislation has been expanded on packaging rules and some Ministerial instructions for food safety as well as the development of an epidemiological situation monitoring system at the national level.⁸⁴

At the local level, slight progress has been made with the establishment of 7 consumer protection offices in LGUs to address complaints by citizens related to food safety. More complaints from citizens on food safety were registered by LGUs during 2021 than a year ago, for which municipalities have taken adequate measures at an average level of 79%.

Some of the remaining municipality challenges are: setting up consumer protection offices in all municipalities, projecting investments from the local budget to improve the infrastructure of retail markets and livestock markets in line with service standards, strengthening the monitoring role of relevant services of the municipality on market functioning, and increasing interaction with the structures of the National Agency of Veterinary and Plant Protection and NFA related to food safety and consumer protection.

3.3 CHAPTER 14: TRANSPORT POLICY

The EU has common rules for technical and safety standards, security, social standards, State Aid, and market liberalization in road transport, railways, inland waterways, combined transport, aviation, and maritime transport.

Albania has **some level of preparation** in the field of transport policy, with some progress achieved last year. Last year's recommendations were partially addressed such as the implementation of the revised national transport plan (ANTP3), the approval of the strategy for intelligent transport systems and the beginning of drafting the National Transport Strategy for 2021-2026. Legislation on the establishment of a national railway agency has been adopted.⁸⁵

In the framework of the national plan for Regional Development and Cohesion, 4 regional development plans (2021) have been drafted, which aim to define the main directions of regional development, thematic and potential regional areas, financial mechanism and its monitoring and evaluation system. In the Local Government Consultative Council was discussed and consulted, during 2021, on the Draft Decision "On the Establishment, Composition, Organization, Activity and Rules of Functioning of the National Committee for Regional Development and Cohesion".

Regional development monitoring boards composed of LGUs are part of the institutional framework (based on Law 102/2020 "On regional development and cohesion"). They promote the interests of development regions and act as a joint body of regional LGUs. Improving road transport and access, as well as increasing the capacity of LGUs for road network management are the goals of the reconstruction program (USD 8.7 million), for 2020-2022, for the areas affected by the earthquake. The maintenance of secondary roads is foreseen under the Connectivity Program (financed by the Government and a loan from the World Bank and EBRD worth 100 million USD). Under this program, 9 existing roads and 1 new road segment in 8 municipalities will be rehabilitated, development and maintenance will be provided for a geographic information system (GIS) and database for regional and local roads.⁸⁶

Capacity building for Local Government Units (Total cost \$ 1 million, funded by the EBRD), will provide support to LGUs in two areas of their responsibilities, which are the management and maintenance of their road networks and support in the implementation of rural development programs that can be funded by LGUs themselves, by the Government or other development partners⁸⁷.

⁸⁴EC Progress Report on Albania (November 2021)

⁸⁵EC Progress Report on Albania (2021)

⁸⁶Albanian Development Fund; https://www.albaniandf.org/ep-content/uploads/2021/04/Raporti-vjetor-2020_compressed.pdf

⁸⁷Source: Albanian Development Fund

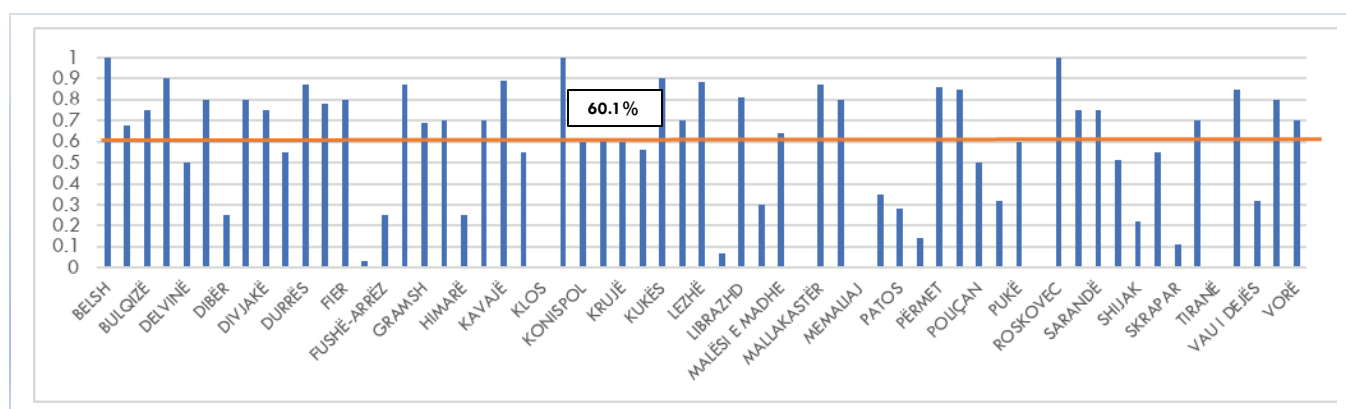
Municipalities are responsible for the following: i) deliver the services of construction, rehabilitation, and maintenance of local roads; ii) perform the classification of the road network and create the road maps and the cadaster of the road network under the management of the LGU; iii) issue authorizations/permits for the construction and protection of roads and public spaces, water channels; iv) power lines, telecommunications, declassification of local roads; v) installation and maintenance of lighting/road signage and fulfillment of obligations for road signs and administration of road transport⁸⁸.

The implementation of transport policies at the local government level and in the framework of the European integration process is assessed against three specific objectives and 14 performance indicators: (i) increased road safety at the local level (9 indicators); (ii) improvement public transport (2 indicators), (iii) promotion of walking and biking (3 indicators).

Specific objective: To increase road safety at the local level

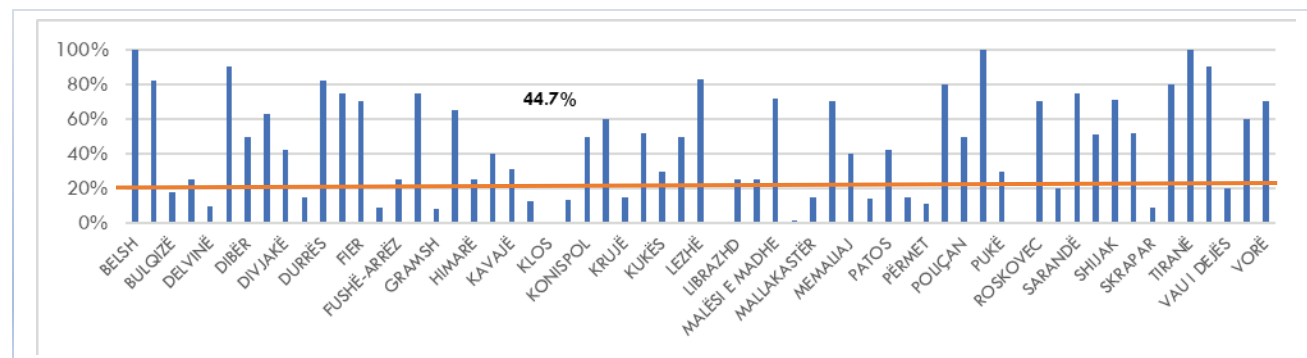
- **Slight progress has been made towards improving urban road infrastructure** in 2021 -The average rate of compliance against the standards of **urban roads network** managed by the municipality was 60.1% (n = 58) compared to 2020 (59%) and 2019 (53%). The Municipality of Belsh and Kolonjë have had a significant improvement of the road network at the level of 100%; Low indicator rate is reported by the Municipality of Skrapar (11%), Libohova (7%), Finiq (3%), Klos (0.16%).

Chart 40: Compliance rate of the urban network with the standards in the LGU, 2021



- In 2021, the average compliance rate of the **rural road network** with construction standards shows a higher improvement compared to the urban road network, respectively at 38.7% (n = 57), compared to 2020 (35%), while the average compliance rate of road network signage managed by LGUs was 44.7% or 2.4 p.p. more compared to 42.31% in 2020.

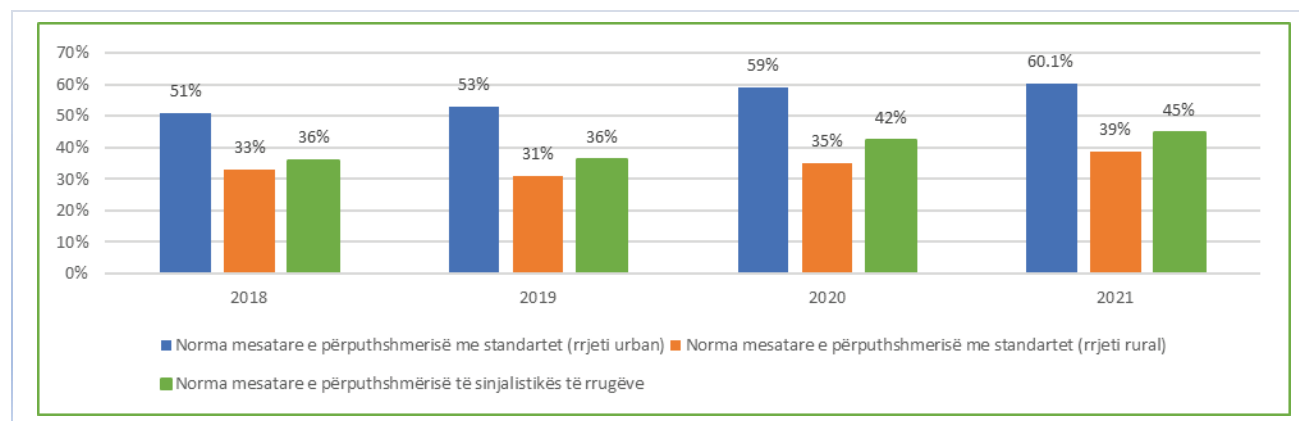
Chart 41: Compliance rate of signage to standards, 2021



⁸⁸LAW no. 139/2015, article 23, Order of the Prime Minister (no.127/2015), DCM no. 915/2015 for the transfer of the function, Road Code iRepublic of Albania, law for road transport no. 83/1998.

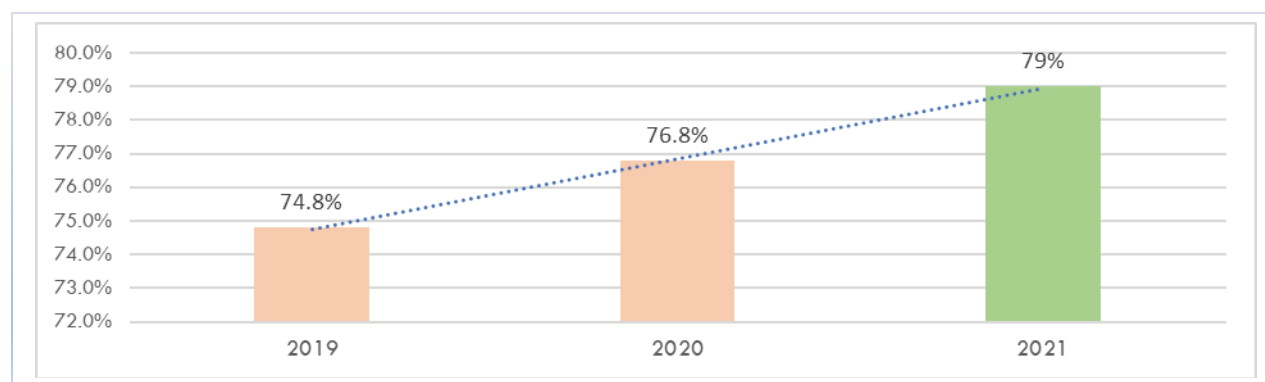
For the period 2018 - 2021, there is an increasing trend of three indicators related to the improvement of road infrastructure against the standards with the exception of the indicator for rural roads in 2019, which has deteriorated.

Chart 42: Trend of compliance of road networks and signage with the approved standards, 2018-2021



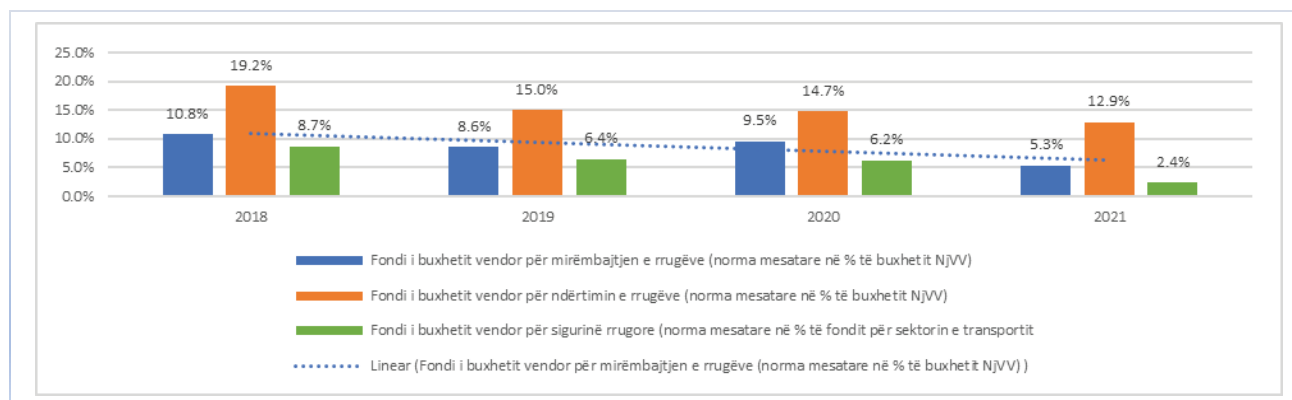
The number of villages connected between them is estimated at an average rate of 79% (n = 58) in 2021; The indicator has improved compared to 2020 (76.8%).

Chart 43: The degree of connection of villages between them, 2019-2021



Six LGUs report having functional connectivity of villages with the center of the municipality through water transport (lake), namely Vau i Dejës (12%), Tropojë (3%) and Fushë-Arrëz (1.4%).

Chart 44: Local budget for maintenance, road construction and increased safety (signage), 2018 -2021



Local budget fund of LGUs for road maintenance has been at an average rate of 5.3% in 2021, lower than in 2020 (9.49%). Also, road construction funding with an average rate of 12.91%, in 2021, is lower than in 2020 (14.7% of the local budget). Valuable data from the Municipalities of Peqin, Vau i Dejës, Shijak, Memaliaj, Dibër, Skrapar, Divjakë and Vora, Poliçan are missing.

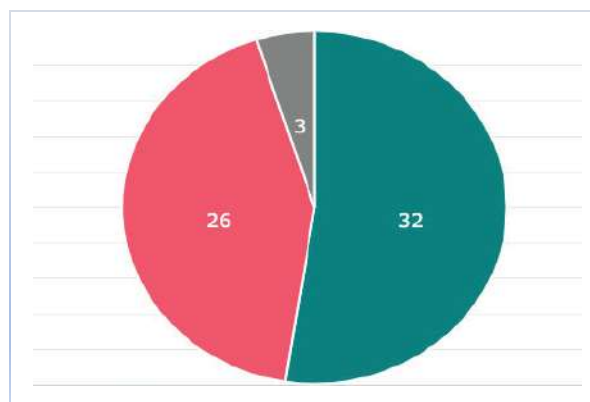
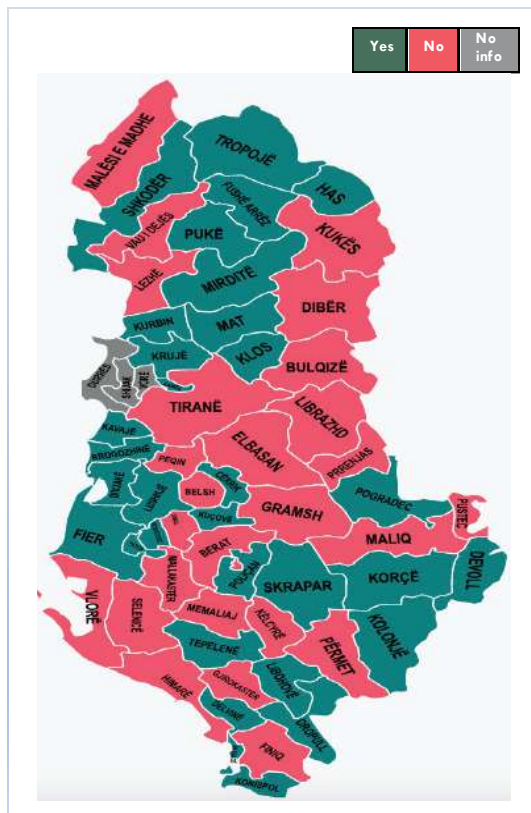
Specific objective: To improve public transport

Increasing the efficiency of transport by LGUs is foreseen in the Action Plan 2020-2022 of the ICTD, specifically referring to the review of the role of municipal bodies in determining the organization of urban and intercity transport, amending the legal basis for road transport and defining regulatory competencies and monitoring of LGU, and reviewing the regulatory framework regarding public transport fees for specific categories⁸⁹. Improved public transport is assessed through three performance indicators in this report:

Slight progress has been made related to public transport lines map. There were a total of 21 municipalities which have made this service available against 19 municipalities in 2020 (n = 57). Although the difference is with two LGUs for the indicator, five municipalities reported that they have managed to meet the request for posting the map during 2021 (Municipalities of Cërrik, Divjakë, Konispol, Memaliaj and Pogradec), while four (4) municipalities, which have given positive reports in 2020, gave negative reports in 2021 (municipalities of Elbasan, Fier, Bulqiza and Klos). 32 municipalities have published the timetables of public transport.

⁸⁹Cross-cutting Strategy on Monitoring Report on Decentralization and Local Government (Ministry of Interior, 2021)

Map 13: Posting of timetable for public transport vehicles

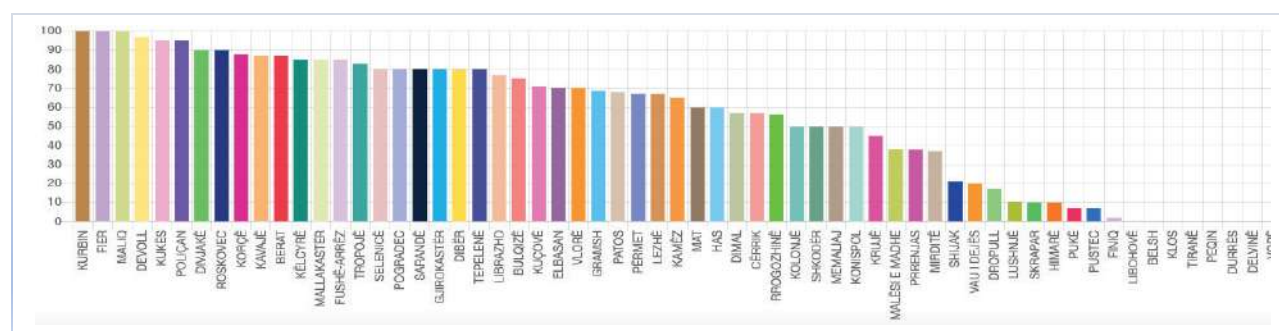


Specific objective: To promote walking and biking

Progress on this specific objective has been assessed through all three performance indicators. In 2021, there has been slight progress by the LGU in expanding the network of bike lanes. At the national level, the average rate was 5.12% of the network length **urban network** compare with 2020 (4.59%), $n = 56$. The Municipality of Tirana reports the largest increase in 73% of the urban network (compared to 29.4% in 2020), the Municipality of Fier (55%), Korça (22%). About 56% of municipalities reported zero or did not report on the indicator.

The rate of internal road network of urban areas of the municipality, completed with sidewalks, is reported on average 56.9%. Forty (40) municipalities have a rate equal to 50% of the urban network or higher than 50%. The indicator would result in a higher level for 2021, but some municipalities have reported very low or zero values, such as the Municipality of Puka and Pustec (7%), Finiq (2%), Libohova (0.4%), Blesh (0.2%), Klos (0.014%), while the Municipalities that did not report are Tirana, Durrës, Peqin, Devoll and Vora.

Chart 45: Route of urban road network filled with sidewalks, 2021



Municipalities have organized more awareness-raising campaigns to promote the movement of citizens **on foot and by bicycle**, a total of 84 campaigns were organized (or 21 more campaigns compared to 2020). The municipalities with the highest number of awareness-raising campaigns were the Municipality of Shkodra (7 campaigns), the Municipality of Përmet, Librazhd, Tirana, Kamza, Elbasan, Pogradec and Devoll (5 campaigns). About 50% of municipalities report zero awareness-raising campaigns for 2021 or have not reported at all on the indicator.

Box 9: Challenges of municipalities for road maintenance and signage during 2021

Municipality of Berat and Kamza: It is foreseen that with the new investments, the quality of the infrastructure in the urban road network will increase according to the standards.

Municipality of Dibër, Dropull: Lack of accurate statistics from relevant departments and lack of maintenance and new projects (investments). Damage to existing signage as well as limited funding for the placement of new signs.

Klos Municipality: Obtaining funds to increase investment and maintenance of the urban road network.

Municipality of Korça: Lack of funds for investment.

Municipality of Mirdita: Further improvement of the road network according to the required standards in order to improve road traffic. Completion with orientation signage at least for the main tourist and cultural destinations.

Municipality of Saranda, Selenica: Increasing the scale of the existing urban road network in accordance with the standards and road code.

Shkodra Municipality: Insufficient funds for investment and maintenance throughout the municipality.

Municipality of Vlora: Revitalization of all urban roads according to legal standards.

Municipality of Devoll: Placement of horizontal signs on the existing rural road network (markings). Realization of the necessary road infrastructure for the villages of Kurile, Arze, Vidohovë, Grapsh, Gjyrez and Vernik.

Lezha and Mallakastër municipalities: The challenge remains that the entire existing road network in the territory of the municipality is in accordance with the standards of the road code for signage.

Municipality of Kolonjë: Increasing funding for road investments.

Some of the challenges and recommendations of previous reporting remain valid:

Issues and challenges

- Limited funding sources for rehabilitation/construction and maintenance projects of urban and rural network.
- The road network that connects the villages with the center of the municipality has problems both in the quality of road infrastructure and in the signage, hindering the movement of citizens and vehicles throughout the year.
- Insufficient government transfers to improve road infrastructure.
- Limited number of interurban transport lines (does not cover the whole territory).
- About 65% of municipalities do not post the public transport lines map and 50% of municipalities do not post the timetable for public transport (urban and interurban).
- Lack of adequate public transport terminals in all municipalities.

Recommendations

- Strengthening management capacities for the road administration function by LGUs.
- Effective implementation of the Road Safety Strategy and the Strategy for the Application of Intelligent Systems in Road Transport according to the action plans and the approval of the Strategy for the transport sector 2021-2026⁹⁰.
- Provide support in the implementation of rural development programs that can be funded by the LGUs themselves, by the Government or other development partners.
- Financial support for the construction of new public transport terminals/multimodal stations (or improvement of existing terminals), in accordance with the Territorial Development Plan of the municipality.
- Addition of new interurban public transport lines to improve the coverage of the territory and population with this service.
- Expanding the bike lane network in all LGUs and raising public awareness about walking and biking through by holding more awareness-raising campaigns.

CONCLUSIONS ON TRANSPORT POLICY

There has been progress in the area of transport with the implementation of the recommendations of the European Commission and with the implementation of the revised national transport plan. The draft National Transport Strategy 2021-2026 has been drafted. Capacity building is planned for Local Government Units regarding the management and maintenance of their road networks as well as support in the implementation of rural development programs that can be financed by the LGUs, the Government or other development partners during the years 2022-2023 (with EBRD funding (USD 1 million)).

Improvement has been made towards increasing the compliance rate with the road code standards for urban and rural road networks and signage compared to 2020. The degree of connectivity of villages between them has also been improved through the maintenance and construction of roads for the period 2019-2021. Although there has been an improvement in some performance indicators for the reporting year, funding from its own funds for LGUs for road maintenance and construction has decreased compared to the previous year.

Improvement has been also been made for the posting of public transport lines map and the itinerary of public transport at bus stations, the length of the dedicated urban bike lane network has increased, and awareness-raising campaigns on walking (more campaigns conducted compared to the previous year) have been held.

The challenges that remain are: capacity building and management and maintenance of secondary and tertiary road networks, increment of financing for investments and road maintenance and improvement of road signage, increasing the cycling network and improving road signage.

⁹⁰EC Progress Report on Albania (November 2021)

3.4 CHAPTER 15: ENERGY

EU energy policy includes energy supply, infrastructure, internal energy market, consumers, renewable energy, energy efficiency, energy and nuclear safety and radiation protection.

“Albania is moderately prepared in this area. Some progress has been made on the legal framework for Energy Efficiency (EE) while implementation of the EE plan went slowly. Alternative EE funding mechanisms to the abandoned EE fund have not advanced. One of the recommendations that also applies to municipalities is: *implementation of secondary legislation related to the Buildings Energy Performance Directive, acceleration of the training and certification of energy auditors and managers*”⁹¹“

Law no. 28/2021 “On some changes and additions to Law no. 124/2015 “On energy efficiency”, amended, sets out energy efficiency measures related to procurement by public authorities (Article 9) and responsibilities of LGUs for drafting local action plans for EE, their implementation and reporting (Article 9/1).

Energy policies set three objectives⁹²:

- i) Support for overall economic development.
- ii) Increasing the security of energy supply,
- iii) Environmental protection (decarbonization dimension).

New balancing rules have entered into force (since April 1, 2021), in implementation of the bylaws of the Council of Ministers for the establishment of the market operator and the establishment of the Albanian Energy Exchange (ALPEX). They introduce market-based procurement of balancing services and the formation of imbalance prices. The ERE's legal framework is generally in line with the *acquis*, with the exception of some missing competencies: the right to impose competition measures, and to require transmission and distribution system operators to change terms and conditions and increase the level of fines that the ERE may impose. Progress has been made in establishing the regulatory framework for renewable energy. Two major contracts for two PV solar farms have been signed and in 2021 an auction for wind farms has been launched. Numerous concession contracts for hydropower plants are not a viable option. Small HPPs generate significant impacts on biodiversity and local communities; there is no strategic environmental assessment (SEA). Implementation of the energy efficiency plan – National Action Plan on Environment (NAPE) 2017-2020 did not meet expectations in terms of cumulative savings of energy used by 2020 (about 2% instead of 6.8%). Some progress has been made by amending the Law on EE in March 2021 to align with the EE Directive and the drafting of secondary legislation in the field of energy performance in buildings.⁹³

Specific objectives of development in the framework of the European integration agenda, at local level, in the field of energy are (i) to increase the efficiency of energy use, (ii) improve the implementation of minimum requirements for buildings, public and private services and (iii) increase the use of renewable resources and promotional policies for the use of renewable resources.

Specific Objective: To increase energy efficiency.

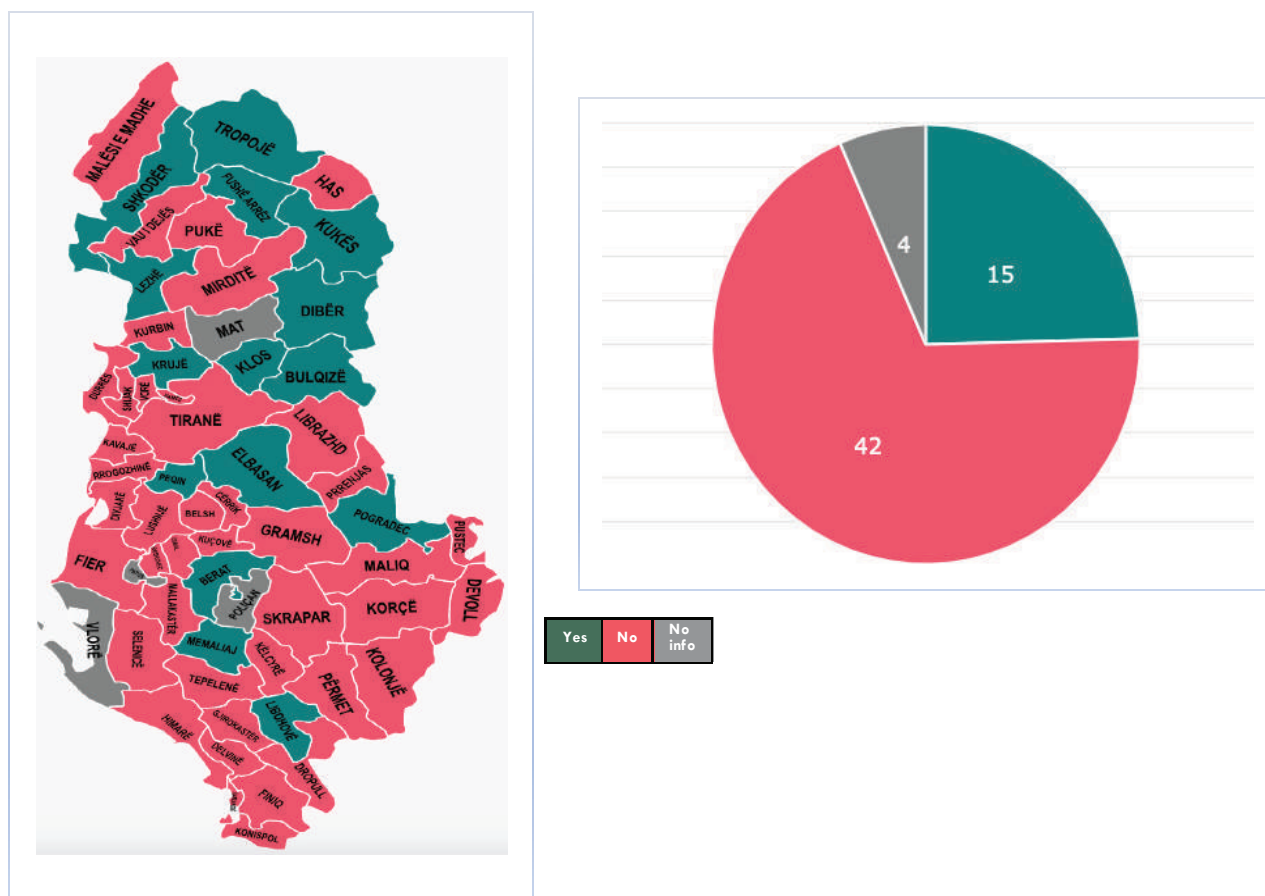
There has been no progress regarding the appointment of an energy efficiency manager in the municipalities of the country, in the framework of the Action Plan of the National Strategy for Energy Efficiency, 2019-2030. While the indicator has remained at the level of the previous reporting year, five (5) new municipalities have reported on the appointment of an EE manager in 2021, respectively the municipalities of Pogradec, Kukës, Fushë-Arrëz, Memaliaj and Lezha, but 5 municipalities of others report that they do not have an EE manager (reported valid for 2020, namely the Municipality of Gjirokastra, Përmet, Skrapar, Korçë and the Municipality of Kamëz.

⁹¹European Commission Progress Report on Albania (November 2021)

⁹²Draft National Plan for Energy and Climate, 2020-2030 (MEI, approved in December 2021)

⁹³European Commission Progress Report on Albania (November 2021)

Map 14: Energy Efficiency Manager (EE) Chart 46: Assignment of EE Manager in LGUs



EE Manager training and certification is a mandatory requirement - it is reported to have been completed by 15 LGUs (or 93% of the municipalities that have appointed an EE manager). Some progress has been made against the obligation on the drafting and approval of **Local Action Plan on energy efficiency**. 21 municipalities report that they have approved the local action plan for EE. Prior to approval by the municipal council, local draft EE action plans should be consulted by the Energy Efficiency Agency, as well as representatives of stakeholders and civil society, to assess compliance with EE national policies. Municipalities through energy managers:

- regularly monitor the implementation of the plan and the achievement of energy saving objectives,
- set up and maintain a database on energy consumption in facilities under their control,
- monitor savings realized from the implementation of measures in public buildings, water supply systems, lighting and all activities with high energy consumption⁹⁴.

⁹⁴ Law no. 28/2021 “On some amendments and additions to Law no. 124/2015 “On energy efficiency”, as amended (Article 9/1)

Map 15: Municipalities that have drafted an action plan for EE (2021)

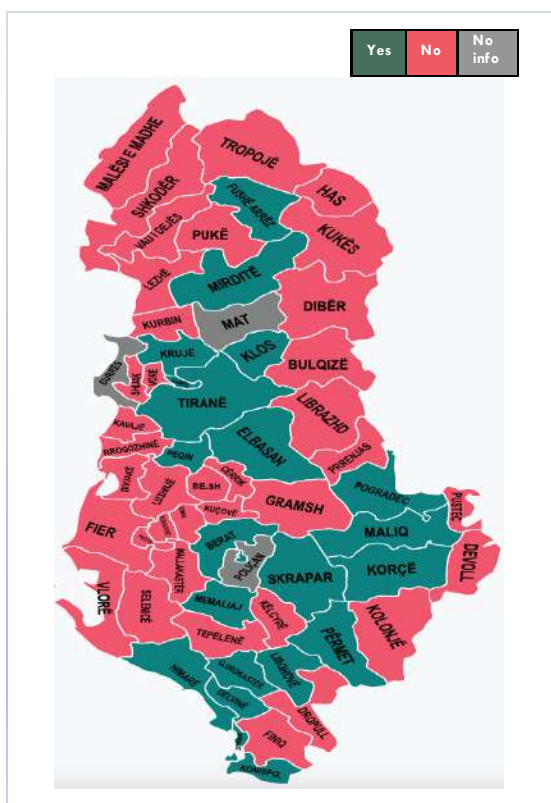
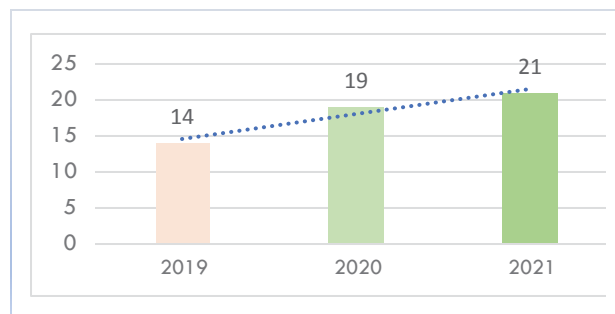


Chart 47: Municipalities that have drafted a local action plan for EE, 2019-2021



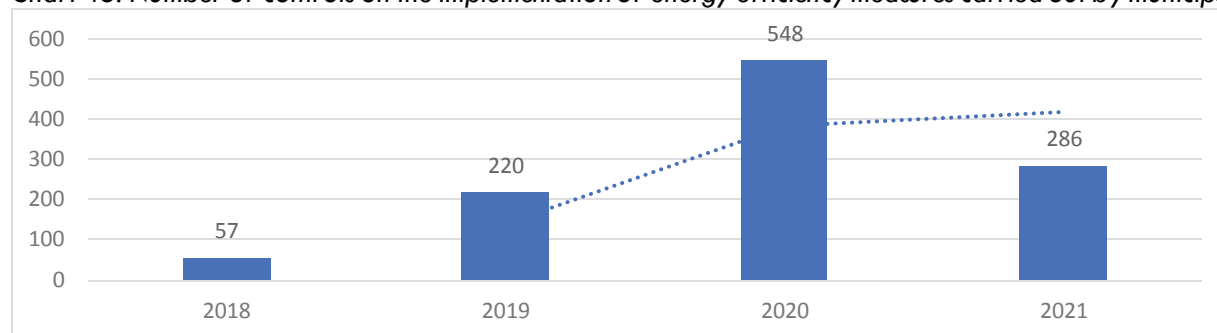
Number of implemented projects according to the energy efficiency requirements was 704 (against 70 projects in 2020), which were implemented by 49 municipalities. The largest number of projects was reported by the Municipality of Kruja (450 projects), the Municipality of Kamza (82), the Municipality of Kurbin (63), while other municipalities report less than 19 projects. Pursuant to the decarbonization measure of the National Action Plan for Energy and Climate, the Municipality of Tirana is implementing a project on the improvement of public transport (use of ecological means). About 74% of municipalities report zero projects implemented according to energy efficiency requirements.

Specific Objective: To increase energy efficiency: improve the implementation of minimum requirements for public buildings and services.

Municipalities are being supported by a project⁹⁵ “Smart energy municipalities” in order to manage energy in a sustainable way and able to implement national energy policy. Municipalities, in addition to promoting at the local level national policies for EE and informing citizens about the benefits of measures to increase efficiency and how to implement them (Law no. 28/2021, Article 9/1), have also the obligation to carry out controls on the implementation of measures and requirements, defined in the amended law on EE⁹². In 2021, it is reported that 286 inspections were performed (or 52% of the number of inspections carried out in 2020), n = 49. In these controls there were found 40 violations for non-implementation of EE rules, which were reported by the Municipality of Tropoja (36 cases) and the Municipality of Cërrik (4 cases).

⁹⁵SDC funded project

Chart 48: Number of controls on the implementation of energy efficiency measures carried out by municipalities



Specific Objective: To enhance the use of renewable resources and promotional policies for the use of renewable resources

In 2021, twelve municipalities implemented 42 projects, based on the use of renewable energy sources (more projects compared to 2020, a total of 12). The Municipality of Dimali implemented 17 projects based on the use of renewable energy sources, followed by the Municipality of Elbasan (12 projects), and other municipalities with a smaller number, such as the Municipality of Kruja (4), Roskovec (2 projects), and municipalities with 1 project such as, Korça, Himara, Pustec, Gjirokastër, Berat, Vau i Dejës, Malësi e Madhe and Finiq.

Only 16 municipalities have generated revenues from the use of renewable energy sources, located in the territory of their municipality, such as the Municipality of Tirana (100%), the Municipality of Përmet (100%), followed by the Municipality of Kolonjë (90%), Pogradec (87%) and Fushë-Arrëz (81%). Municipalities that have generated less revenues from the use of renewable energy sources are the Municipality of Prrenjas, Kurbin, Mirdita, Librazhd, Kukes, Elbasan, Finiq, Gramsh, Tropoja, Maliq, Devoll and Roskovec

As in previous reporting, municipalities did not apply specific and business-friendly fiscal policies that promote the use of renewable energy sources during 2021.

Box 10: Challenges for municipalities to implement energy efficiency policies in 2021

Roskovec Municipality: Small municipalities do not have the capacity to financially cover the position of energy manager.

Municipality of Tropoja, Selenica, Prrenjas: Appointment of energy manager.

Shkodra Municipality: Increasing the number of trained specialists.

Dibër and Kolonjë Municipality: Lack of capacity to draft a local EE plan.

Municipality of Kurbin and Librazhd: Priority is the drafting of the local plan for EE in 2022.

Municipality of Saranda: Implement projects in accordance with the local EE action plan.

Municipality of Tirana: Effective implementation of the EE action plan

Fier Municipality: EE measures are partially included in the reconstruction projects of educational buildings.

Some of the challenges and recommendations of previous reporting are also valid for this reporting period.

Issues and challenges

- Small capacities in many municipalities for drafting the local EE plan in compliance with the national action plan and according to the requirements of the Energy Efficiency Agency.
- Limited financial resources to cover the position of manager for energy efficiency and approval of the relevant structure).
- Allocation of funds in the MTBP for the enforcement of the action plan measures of energy efficiency .
- Small inspection resources in many municipalities for the implementation of control measures in buildings for public and private services and construction of dwellings as required by law (Law no. 124/2015 “On Energy Efficiency”, as amended).
- Design and implementation of projects based on the use of renewable energy sources.

Recommendations

- Appointment of the energy efficiency manager in all municipalities, his training and certification.
- Drafting and approval of the local action plan for EE, in accordance with the National Plan for Energy and Climate (2021-2030) and its forecast in the MTBP to support its implementation.
- Capacity building for green procurement.
- Organizing by the municipalities information and awareness-raising campaigns for the citizens regarding the efficient use of energy ,and securing co-financing from the municipalities for projects that bring the efficient use of energy in the jointly owned dwellings.
- Increasing the control capacity and inspection of municipal services in the implementation of control measures and requirements in public and private service buildings and residential buildings.

CONCLUSIONS ON ENERGY

Municipalities have not made progress in implementing national energy efficiency policy, specifically regarding the appointment of the energy efficiency manager and their training, as well as drafting a local action plan on energy efficiency, in compliance with the National Energy and Climate Plan. More projects have been implemented by LGUs, which are based in the use of renewable energy sources. Also, there has been a significant increase in projects implemented according to energy efficiency requirements. Realization of revenues from the use of renewable energy sources is found in a small number of municipalities. Fewer inspections have been carried out by the respective municipal services regarding the observance of energy efficiency requirements in private residential buildings and in buildings for public and private services according to the standards set by law.

Challenges of municipalities remain the appointment of an energy efficiency manager, their training and certification, drafting a local action plan for energy efficiency, capacity building in green procurement and management of service contracts based on energy performance, as well as increasing local capacity for design and implementation projects based on the use of renewable energy sources.

3.5 CHAPTER 16: TAXES

EU rules on taxation cover value added tax and excise duties, as well as aspects of corporate taxation. They also deal with cooperation between tax administrations, including the exchange of information to prevent tax evasion.

“Albania is moderately prepared in the area of taxation. Some progress has been made, achieving partial harmonization with the Mergers Directive, reducing the stock of arrears on VAT refunds and the first non-reciprocal exchange of financial account information. In the coming year, the country should: (i) simplify the tax system to encourage greater tax compliance; (ii) adopt a new tobacco excise calendar with a view to progressively aligning excise rates with the EU minimal rate; (iii) comply with contracted repayment plans for VAT refunds.”⁹⁶

For indirect taxes, the standard VAT rate is 20% and the reduced rates are 6% and 10%, but there is an increase in the number of exemptions for both yachts and watercraft not older than 20 years. With regard to direct taxes, financial institutions are legally obliged to calculate, withhold and declare income tax and savings income. From January 2021, taxpayers with total annual income up to 14 million ALL are subject to a rate of 0% of profit tax, while those who exceed this threshold are subject to a rate of 15%. The implementation of the legal basis for the fiscal cadastre (adopted in 2018), has been delayed, due to incomplete data. LGUs have continued to compile the necessary information, while it is planned to change the legal basis.⁹⁵

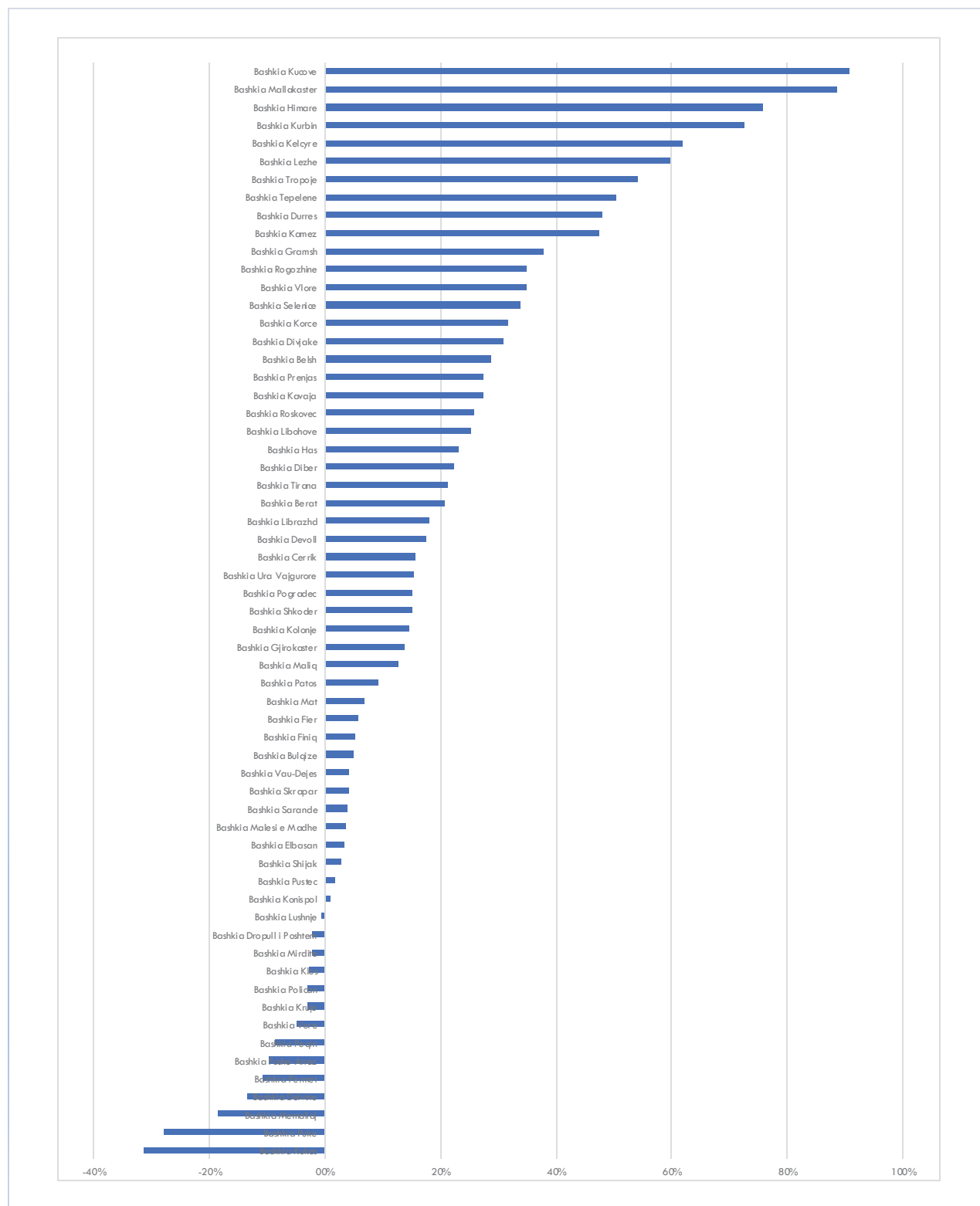
Municipal financial resources have increased during 2021 as a contribution to the improvement in performance from their own local resources, and mainly from the increase of revenues from local taxes and fees. Local government revenues have been at the level of 29,498,427 (thousand ALL) or 21.8 p.p. more compared to 2020 (24,204,982 thousand ALL⁹⁷).

The Municipality of Kuçova (91%), the Municipality of Mallakastër (89%) and the Municipality of Himara (76%) had the highest increased revenues (2021 against 2020), while the lowest negative rate was marked in the Municipality Kukës (-31%), Municipality of Puka (-28%), and Municipality of Memaliaj (-18.5%). About 23% of municipalities have had their revenue reductions in 2021 against 2020.

⁹⁶EC Progress Report on Albania (November 2021)

⁹⁷Source MFE: Local Finance Directorate

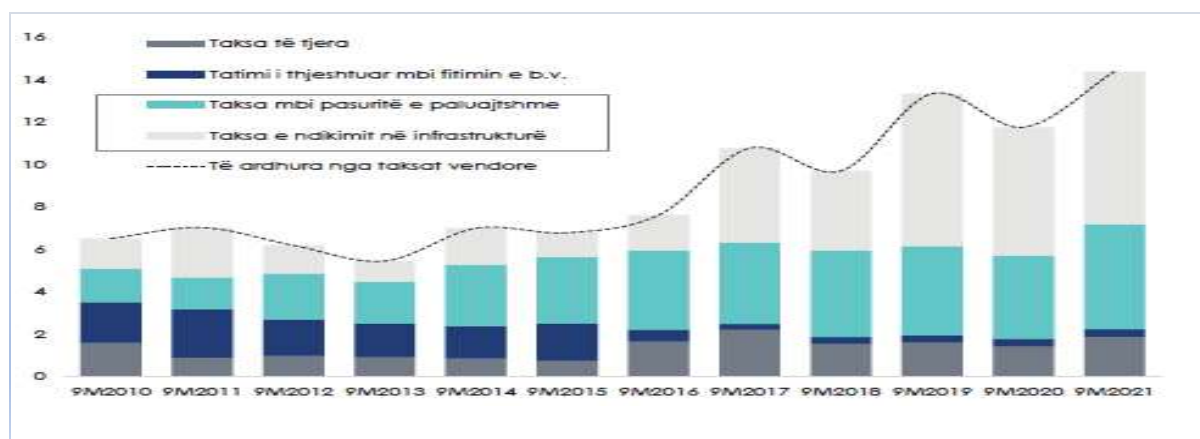
Chart 49: Rate of change of municipalities' own revenues (2021 / 2020)



Source: MFE/Local Finance Directorate

In total, local tax revenues have had an upward trend compared to the previous year for the period 2010-2021.

Chart 50: Local tax revenues⁹⁸(9M2021)



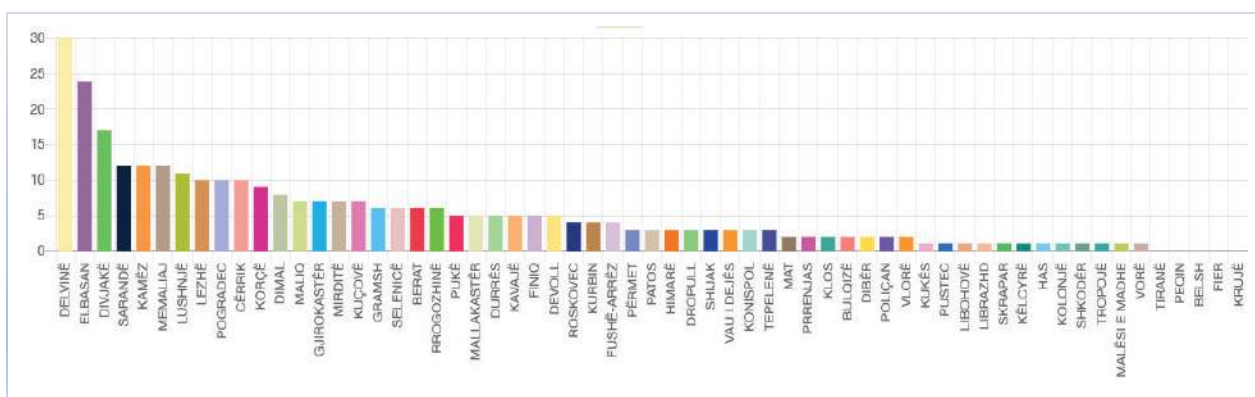
Positive performance in local taxes is driven by increased revenues from the infrastructure impact tax, taxation on new constructions, and the real estate tax, which account for about 80% of total local tax revenues⁹⁹. In 2021, the local government has increased its contribution to the economy and Gross Domestic Product - its revenues accounted for 1.67% of GDP against 1.51% in 2020.

Specific Objective: To improve the administration of the local tax and fee system towards increasing the tax base.

In 2021, 42 municipalities (or 7 municipalities less than 2020) have approved tax policy programs aimed at promoting the formalization of the economy in the territory of the municipality. Tax service inspectors have conducted a total of 15, 447 on-site inspections (average 257 inspections) in order to prevent the informal economy (or about 29% less number of inspections in entities conducted during 2020).

Fewer public hearings with stakeholders (business groups) are organized by municipal services aiming at informing and consulting on fiscal policies and changes in the fiscal package, a total of 309 hearings in 2021 (compared to 342 hearings in 2020).

Chart 51: Number of public hearings organized by the municipality with business operators, 2021



Based on the reported data, it was found that the indicator related to the (functional) database that municipalities have in use on entities with arrears, has fluctuated in the years 2018-2021.

⁹⁸Local public finances - 9M2021 (Co-PLAN)

⁹⁹Local public finances - 9M2021 (Co-PLAN)

Map 16: Municipalities with a functional debtors base (2021)

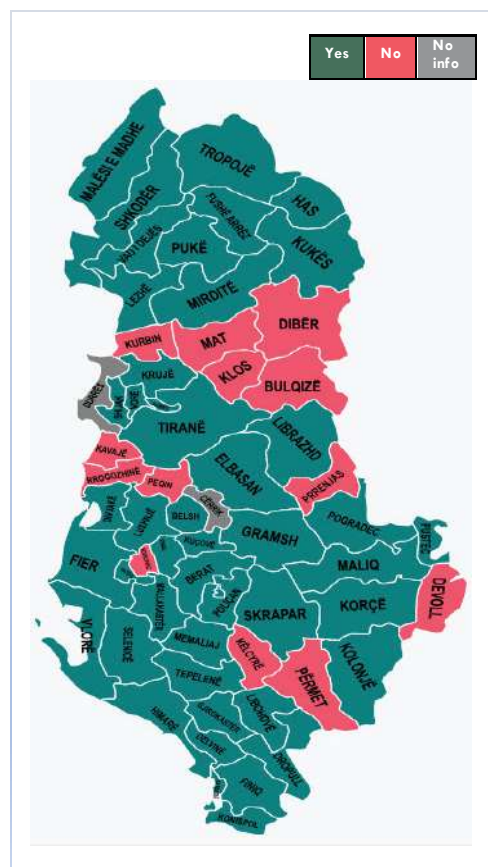
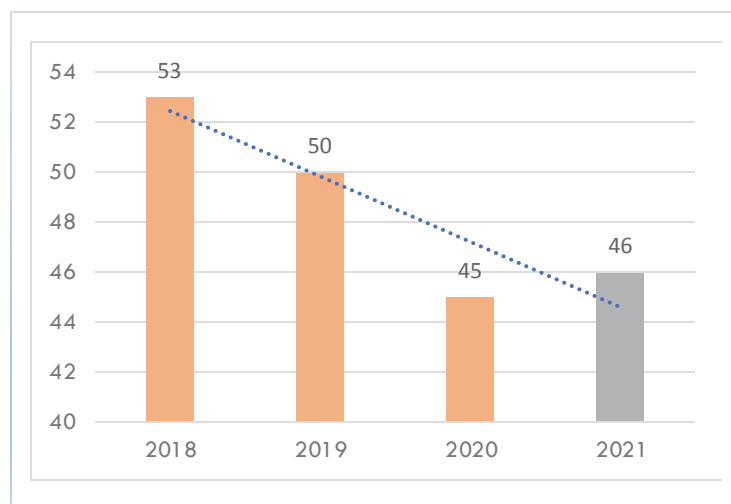


Chart 52: Functional debtors base



Some of the challenges and recommendations of the previous period are also valid for this report:

Issues and challenges

- Increase own revenues and reduce arrears.
- Lack of a unique and modern system for the administration of local taxes by all municipalities.
- Delay in making the fiscal cadastre functional and full application of the building tax in line with legal changes.
- Reducing informality and raising business awareness. Coverage of the territory through financial inspection and control, considering the expanded territory of the municipalities after the administrative and territorial reform.

Recommendations

- Simplify the tax system by encouraging increased tax compliance.
- Complete implementation of fiscalization and awareness of citizens for the formalization of businesses.
- Increase revenue in a friendly environment and strengthen fiscal administration.
- Improve transparency on performance in budget execution and local government revenues, versus increasing compliance with the tax system and potentially increasing local fees, as well as increasing investment and improving public service delivery.

CONCLUSIONS ON TAXES

Thanks to the improvement of the performance in the administration of local taxes, the financial resources of the municipalities have increased during 2021. Local government revenues are realized 21.5% more than actual revenues in 2021 compared to 2020, reaching 29,498,427 (ALL).

For some indicators of sector performance, there has been a downward trend, compared to 2020, and specifically fewer LGUs have adopted tax policy programs aimed at promoting the formalization of the economy in the municipality, fewer inspections conducted in field and fewer public hearings organized with related stakeholders as public consultations on fiscal policies during the reporting year. Slight improvement has been achieved on the increase of the number of municipalities that have a functional debtors database in 2021 compared to 2020, but it is lower than in 2018 and 2019.

The challenge for municipal tax services is to improve the local tax administration system (digitalization and unification of the system for all municipalities), information and awareness on business formalization and collection of local fee and tax revenues versus planning and to increase transparency on performance in local government revenue administration.

3.6 CHAPTER 19: SOCIAL POLICIES AND EMPLOYMENT

“For employment policy, Albania is implementing the National Employment and Skills Strategy (NESS) 2020-2022. During 2021, additional efforts were made to promote employment services at the local level, along with the territory and social cohesion. However, underemployment and informality remain important and strong efforts are needed to align education and training (including adult education and lifelong learning) with the labor market needs. Moreover, solid interventions are needed to provide support for persons with disabilities and people vulnerable to exclusion, especially after a prolonged epidemiological crisis. Social services reform is progressing¹⁰⁰ “. Albania must ensure a sustainable and comprehensive recovery from the pandemic with an increased coverage and financial distribution of the Social Fund in financing social care services in all municipalities and ensure the implementation in practice of secondary legislation for public procurement for social services.

During 2021 there have been some positive developments in the employment and social sector, such as the adoption in July 2021 of the Western Balkans Declaration on ensuring sustainable integration of young people in the labor market. Albania is committed to taking concrete steps to establish and gradually implement the Youth Guarantee scheme. **According to the report of the gender gap index of the World Economic Forum 2021, Albania is ranked 25th out of 153 countries (against 20th for 2020),** reflecting the consequences created by the COVID-19 earthquake and pandemic. The biggest difference in labor market indicators between women and men is in the labor force participation rate, with a gap of 17.2 percent. The unemployment rate in Albania is about twice that of the EU-28.

During 2021, several projects were discussed in the Consultative Council (CC) for local government, such as:

- Draft decision “On the organization, functioning and manner of representation of local government bodies in the Regional Tripartite Consultative Council”. Pursuant to Article 200/1 of the Labor Code, a draft decision has been drafted for the establishment of a tripartite Consultative Council in 12 regions with the assistance of the International Labor Office. This draft decision aims at social dialogue and sets out the rules of the Tripartite Consultative Council at the regional level.
- Draft decision “Statistical indicators for the assessment of economic assistance payment for persons with disabilities and social services as well as the periodicity of their collection.

Progress in implementing policies in the field of social and employment at the local level is related to three specific objectives and the evaluation of 23 performance indicators.

¹⁰⁰ European Commission Report on Albania (2021)

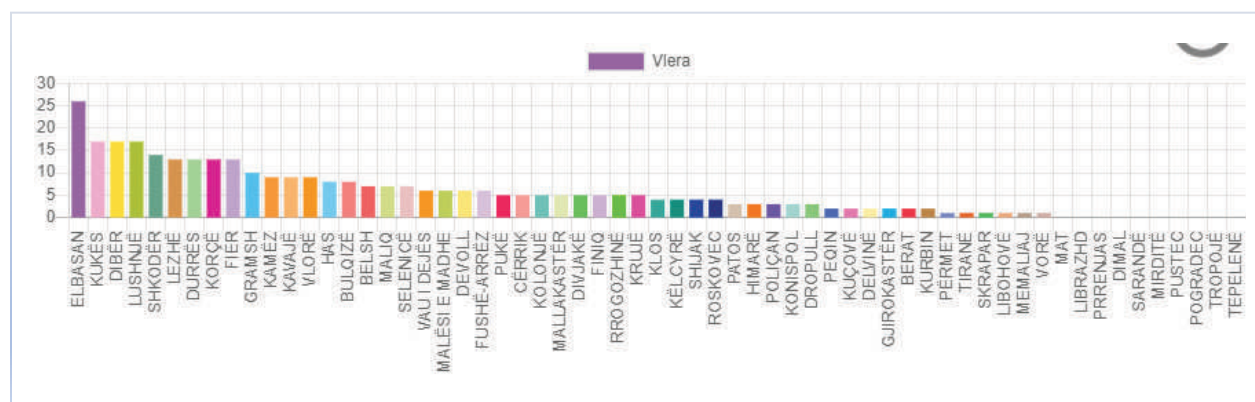
Specific objective: Social protection at the local level

Progress of the specific objective *social protection at the local level* is assessed by means of the following indicators:

- The number of local administration employees responsible for social inclusion in the municipality for 2021 in the category “Child Protection Unit” is 109 full time employees, or on average 1.79 for the Municipality (N = 61). The indicator has decreased compared to 2020 where a total of 128 employees were reported for this category.
- The number of local administration employees responsible for social inclusion in municipalities, for 2021 in the category “Gender Equality Officer” is 69 employees or an average of 1.13 per municipality (N = 61) out of 80 employees or an average of 1.38 reported in 2020.
- The number of local administration employees responsible for social inclusion in the municipality, in the category “Domestic Violence Officer” is 65 or on average 1 full time employee per Municipality (N = 60) out of 72 employees or averaged 1.24 employees per municipality reported in 2020. Cërrik municipality has not provided data for this indicator.
- **Human resources of the municipality have increased with additional staff for the administration, monitoring and evaluation of economic assistance (NE)** where a total of 330 employees were reported or an average of 5.4 employees per municipality (N = 61). In 2020, 248 employees were reported, or an average of 4.28 employees in the municipality. The largest number of additional employees were reported for the Municipality of Elbasan (26), the Municipalities of Dibër, Kukës and Lushnjë with (17) and the Municipality of Shkodër (14).

It is noticed that about 50% of the Municipalities have one officer for each category and in some of them there is only one officer covering all three categories (Municipality of Kurbin, Dropull Municipality and Skrapar Municipality have only one officer the three functions: child protection, gender equality and domestic violence).

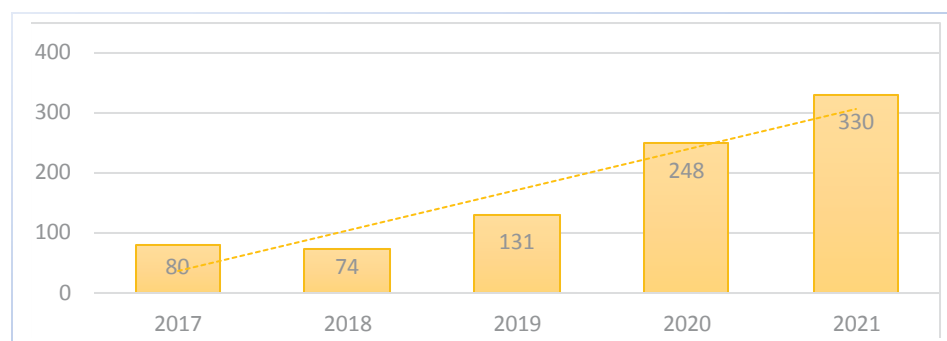
Chart 53: Number of additional local administration officers responsible for the administration, monitoring and evaluation of the Economic Assistance scheme 2021



The capacity of municipalities with additional staff for the administration, monitoring and evaluation of economic assistance (EA) in the Municipality has increased in 2021 where they are reported 24% more than in 2017.

¹⁰¹The Municipality of Cërrik did not provide data for this indicator

Chart 54: Number of additional employees for economic assistance over the years 2017-2021

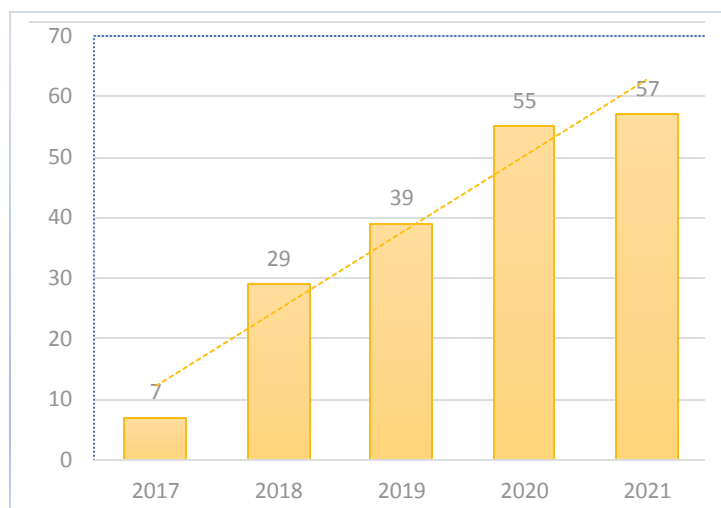


- In 2021 the budget of municipalities planned for social care expenditures accounts for on average 7% of the total municipal budget. The budget has decreased against 10.26% as reported for planning for social care in 2020. The municipalities of Vora, Memaliaj, Konispol, Këlcyrë, Cërrik, have not reported on this indicator.
- On average, 7.75% of social housing was provided for victims of trafficking to the total number of beneficiaries of social housing in the municipality during 2021. The indicator has increased since 2020, where an average of 1.54% of social housing cases for victims of trafficking were reported. While 27% of the total needs for housing in the municipality are provided for social housing, experiencing an increase of 4 p.p. from 2020.
- The number of persons from vulnerable groups receiving social services in established social care centers in 2021 is 12,351 or an average of 213 persons per Municipality (N = 58). The indicator has slightly increased from 2020 where there was a total of 11,092 or an average of 191 persons per municipality. The largest number is still reported by the Municipality of Shkodra with the same number as in 2020 of 6600 people, followed by the Municipality of Tirana (1254), the Municipality of Elbasan (870) and the Municipality of Durrës (657).
- In 2021, the drafting of the Assessment Report for social protection in the territory of the Municipality in the reporting year was completed by only 28 Municipalities, while the Needs Assessment and Referral Sector was established in only 22 municipalities. Both indicators have regressed compared to 2020 where 35 Municipalities had drafted an Assessment Report and 30 Municipalities had established a needs assessment sector.

Specific objective: Social inclusion at the local level

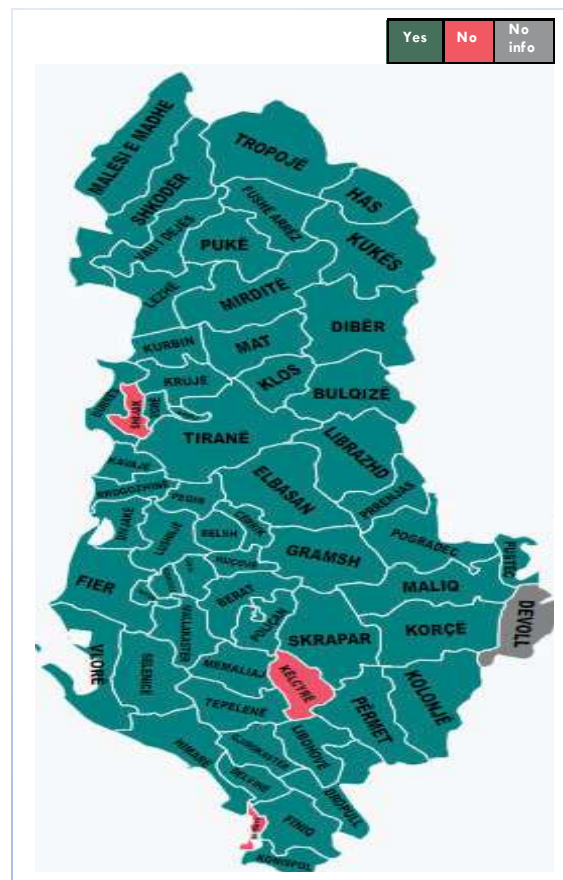
- The drafting and approval by the Municipalities of the local plan for social inclusion has continued. In 2021 are 93% of Municipalities that have drafted and approved it by decision of the Municipal Council; The indicator shows an increase of +3 p.p., compared to 2020. The municipalities that have not yet approved it are those of Shijak, Saranda and Këlcyrë. The Municipality of Devoll has not reported any data.

Chart 55: Action Plan for Social Inclusion 2017-2021

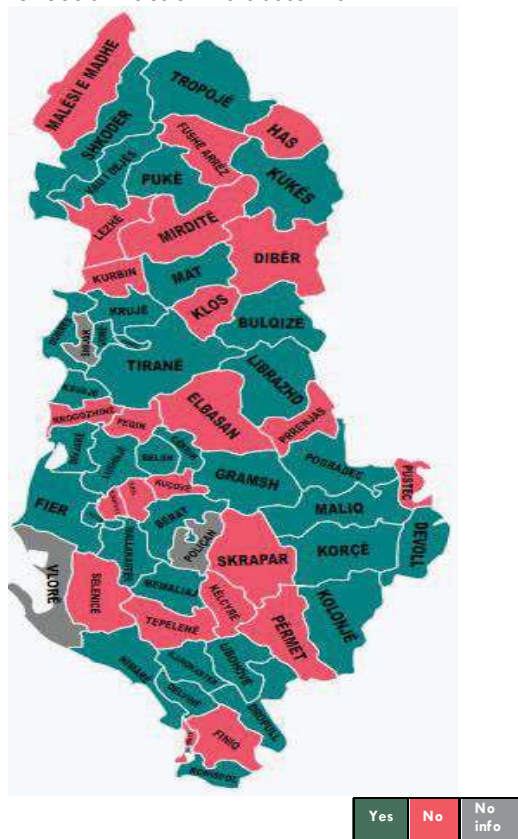


During 2021, 203 trainings were conducted for local officers on methodologies on measuring indicators of protection and social inclusion or an average of 3.44 trainings per municipality (N = 59). Trainings have increased from 2021 with a total of 183 or 150% compared to 2017 (79 trainings).

Map 17: Action Plan for Social Inclusion 2021



Map 18: Social Inclusion Database 2021



The statistical base for social inclusion has been established and made operational in 57% of Municipalities. The indicator shows a slight improvement with an additional Municipality compared to 2020. The municipalities of Vlora, Shijak and Polican have not provided data for this indicator.

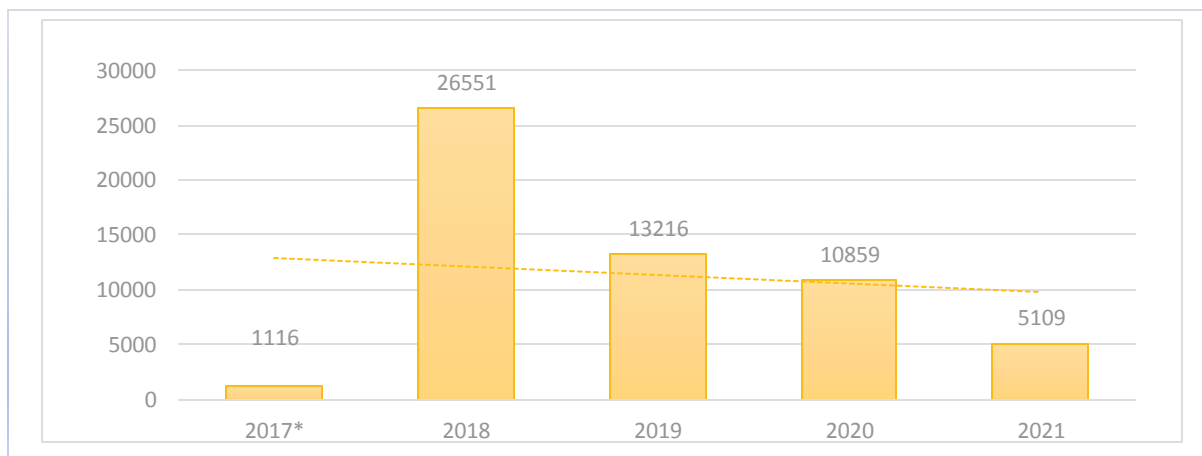
In 2021 it was reported that 3, 982 students had attended vocational education who received scholarships for the school year or an average of 71.11 students per municipality (N = 56). There has been an increase since 2020 where a total of 3, 733 students have received scholarships.

The number of unemployed persons receiving economic assistance who are financially supported by the Municipality for vocational education and training in accordance with the needs of the market at the national level is 5, 109 or an average of 94.61 persons (N = 54). The indicator has a significant decrease of 50% compared to 2020 where 10, 859 people were reported, or an average of 217 people per municipality.

The largest number is the Municipality of Mallakastër with 1389 persons and the Municipality of Kurbin with 971.

As shown in the chart below, the number of unemployed jobseekers covered by the Economic Assistance scheme has decreased 5 times in 2021 compared to 2018.

Chart 56: Unemployed covered by the Economic Assistance scheme in the municipality 2017-2021



* In 2017, only 8 municipalities reported, thus the figure is not complete

Issues and challenges

- There is shortage of human capacities in social protection structures according to the three categories to handle cases related to child protection, domestic violence and gender equality. In most municipalities the three functions are covered by a single person.
- Limited technical and financial resources for setting up a statistical database according to EU indicators for social inclusion by all municipalities in the country.
- Addition employees in the Social Services Sector to enable work coordination and good organization;
- The lack of social housing and social housing programs is a challenge for municipalities, as opposed to the housing needs presented.
- The benefit of social services in established social care centers should be broader and more comprehensive.
- Including the most vulnerable families in the economic assistance scheme and prioritizing women heads of households and those with social problems.

Recommendations

- Increasing the number of local administration officers responsible for social inclusion in the municipality for all three categories as well as for economic assistance. Division of thematic functions with dedicated persons.
- Continuous organization of trainings dedicated to gender equality and other aspects of child protection and cases of domestic violence.
- Approval of local social plans by all municipalities and their harmonization with the medium-term budget program.
- Drafting a needs assessment report and setting up a referral sector by all municipalities.
- Establishment of community centers for all vulnerable groups in each municipality with the aim of receiving services.
- Increasing cooperation with local NGOs specialized in the provision of social services and the design of financial instruments to support them with dedicated funds and projects.
- Functionalization of the management information system for social care services in order to ensure the systematic follow-up of management, reporting and monitoring of cases of beneficiaries of social care services.
- Allocation of the municipal budget for social care services and for the creation of the local social fund.
- Functionalization of the electronic register of social care services at the local level.

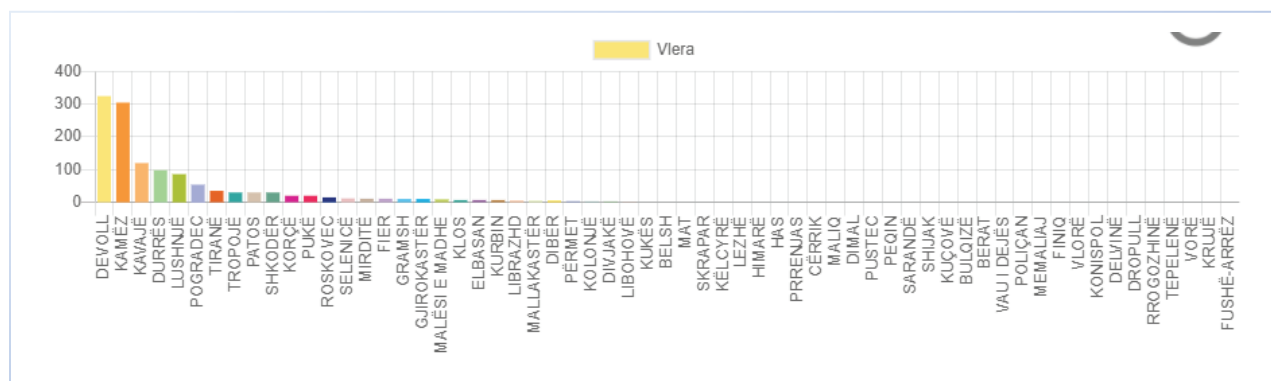
Specific Objective: Support for active employment programs

- In 2021 the number of PWDs supported by the Municipality on vocational education and training was 6660 or on average 122 persons per Municipality (N = 55). The two municipalities with the largest number are the Municipality of Tirana with 6000 persons or 90% of the total number and the Municipality of Elbasan with 535 PWDs. 60% of the Municipalities reported 0 persons with disabilities supported and 6 Municipalities did not provide any information¹⁰². The indicator has experienced a significant increase compared to 2020 where a total of 230 were supported and in 2019, during which 262 individuals were supported.
- A total of 199 young people who have completed university education and vocational training program in 2021 have been supported by municipal services and other stakeholders to open a business in their respective fields or an average of 3.83 individuals per municipality (N-52). This indicator remains at the same levels as in 2020 with 176 beneficiaries and in 2019 with 179 young people supported.

¹⁰²Municipalities of Cërrik, Devoll, Këlcyrë, Selenica, Vlora, Vora

- In 2021, 1275 young people were reported to have benefited from the initiatives implemented in cooperation with the Labor Office on improving or expanding opportunities for vocational education and training, on average 23.61 young people (N = 54). The indicator has decreased compared to 2020 where 1477 have been reported while there has been an increase from 2019 only 59 young people who have benefited have been reported.
- In 2021 the number of municipalities that signed a Memorandum of Cooperation with the Labor Office for youth employment as well as for the socio-economic reintegration of persons covered with Economic Assistance has reached 43 from 41 reported in 2020.

Chart 57: Number of young people who have benefited from cooperation initiatives with the Labor Office, 2021



Issues and challenges

- Increasing of financial and human resources for field analysis and employment promotion in addition to better coordination of actions between municipalities, line ministries, regional agencies and state offices at the local level remains a challenge.
- Lack of funds and professional capacities in the municipality for the persons who receive cash social assistance in order to integrate them in the labor market.
- Lack of inter-institutional coordination to promote employment and especially for the people in need.
- Lack of information and education of young people about the possibilities of their integration in the labor market and poor cooperation with CSOs operating in this field.
- Local government capacity to assess needs, apply for government funding and manage social services remains weak¹⁰³.

Recommendations

- Encouraging young people to pursue vocational education through undertaking information and awareness-raising campaigns is a necessity to improve the labor market in the future.
- Increase cooperation with the Labor Office on improving and expanding opportunities for vocational education and training.
- Increasing the financial capacity of Municipalities to financially support young people for starting a private business in their professional field.
- Ensure the implementation of the Social Employment Fund and continue to strengthen employment structures at the local level.
- Implementation of bylaws on the criteria for representation for membership in the National Labor Council and approval of bylaws for the establishment of the tripartite regional council.¹⁰⁴

¹⁰³European Commission Report on Albania (2021)

¹⁰⁴European Commission Report on Albania (2021)

CONCLUSIONS ON SOCIAL POLICIES AND EMPLOYMENT

Albania has a good Strategic and Legal framework on Social issues, Employment and Vocational Training harmonized with EU standards. Changes in the Labor Code introduced more measures to support gender equality in the labor market, mainly related to raising awareness and supporting the economic empowerment of women in the labor market. For protection and social inclusion, the national strategy for social protection 2015-2020 was revised and extended until 2023.

Problems in the implementation of policies and legislation at the local level are mainly related to the lack of financial and human capacity in municipalities. Public spending on social care services programs is still limited and there is no mechanism for monitoring the situation of categories that are most vulnerable and without access to such services. **Progress has been made towards increasing the number of people leaving the economic scheme and reintegrating into the labor market through vocational training or cooperation with employment offices.** Support for active work programs for persons with disabilities has also increased by enhancing initiatives for vocational education and training in this category.

The drafting and approval of the local plan for social inclusion by the municipalities has continued. More trainings from the Ministry of Health and Social Welfare for local officers on methodologies on measuring protection and social inclusion indicators have been conducted. Despite the positive trend in the number of trainings, municipalities' capacities to compile Assessment Reports for social needs are at low levels. Also, the establishment of the needs assessment sector was not carried out by half of the municipalities.

Setting up a statistical database on social inclusion has progressed slowly and is not functional in most municipalities. *The government should step up efforts to implement the Information Management system for social care services in all 61 municipalities and for the licensed non-public social service providers, in order to ensure accurate reporting to social care service beneficiaries.*¹⁰⁵

3.7 CHAPTER 22: REGIONAL POLICIES AND COORDINATION OF STRUCTURAL INSTRUMENTS

“Albania is **moderately prepared** in the area of regional policy and coordination of structural instruments. Limited progress has been made, especially with the adoption of the Law on Regional Development and Cohesion in 2020. The Albanian Government should continue drafting the National Strategy and Plan on Regional Development and Cohesion (2021-2027) and complement the Regional Development Plans (2021 - 2024) which should promote the development potential of all regions in Albania with the aim of providing them with opportunities to develop themselves and continue with decentralized interventions based on integrated local and/or regional plans and strategies¹⁰⁶”.

In July 2021, the draft decision “On the definition of development regions and their boundaries” was submitted to the Local Government Consultative Council (LGCC) for discussion. The draft decision implements the law no. 102/20120 on Regional Development and Cohesion which aims to draft the institutional framework to ensure balanced regional development of the country. In order to manage, implement and evaluate the regional development policy and cohesion, the territory of the Republic of Albania is divided into four development zones/regions. According to the law, development regions are the territories for which the national policy for regional development and cohesion is drafted, implemented and evaluated.

Specific objective: To strengthen cooperation in regional and local development in order to contribute to economic development and reduce inequalities (ensure economic and social cohesion between regions).

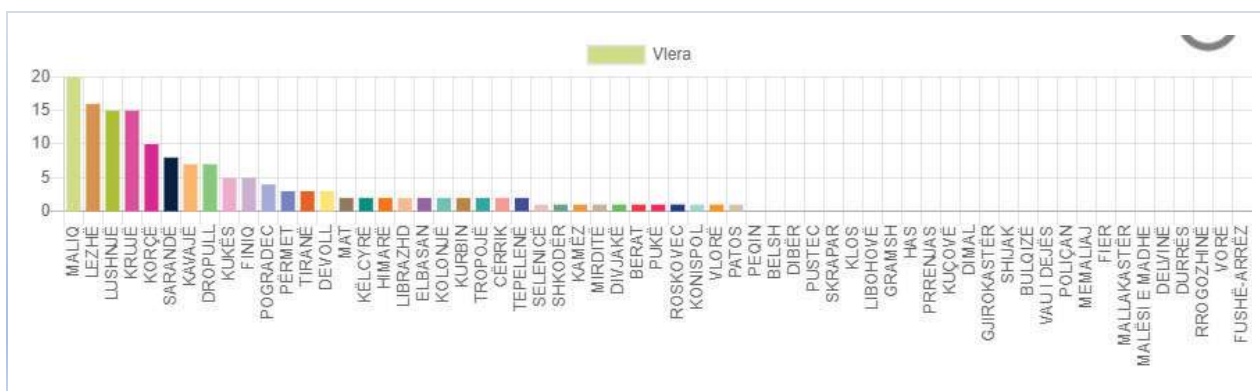
- In 2021, a total of 152 initiatives of common interest were undertaken with other municipalities or an average of 2.71 initiatives per municipality (N = 56), marking an increase against 2020 (134 initiatives). 43% of municipalities have not reported any initiative for cooperation with neighboring municipalities or at the regional level while five municipalities: Vora, Shijak, Memaliaj, Has and Durres have not provided any

¹⁰⁵European Commission Report on Albania (2021)

¹⁰⁶European Commission Report on Albania (2021)

information on this indicator. The largest number of collaborations was reported by the Municipality of Maliq with 20 initiatives and the Municipality of Lezha with 16.

Chart 58: Number of collaborations between LGUs, 2021



- A total of 113 cases of participations in joint regional and European initiatives were reported aimed at reducing regional inequalities (regional and transnational cooperation programs, or an average of 2.31 municipal initiatives (N = 49). Only 48% of municipalities report on regional and European cooperation. The biggest number was reported by the Municipality of Lezha with 20 and the Municipality of Gjirokastra with 18. The indicator has slightly improved with only 11 participations in Regional Initiatives more than in 2020.

Box 1.1: Practices of cooperation in regional and local development

Municipality of Lezha: Within the competition of good practices are 16 municipalities which have expressed interest in replicating the practice of the Municipality of Lezha “Waste Management”.

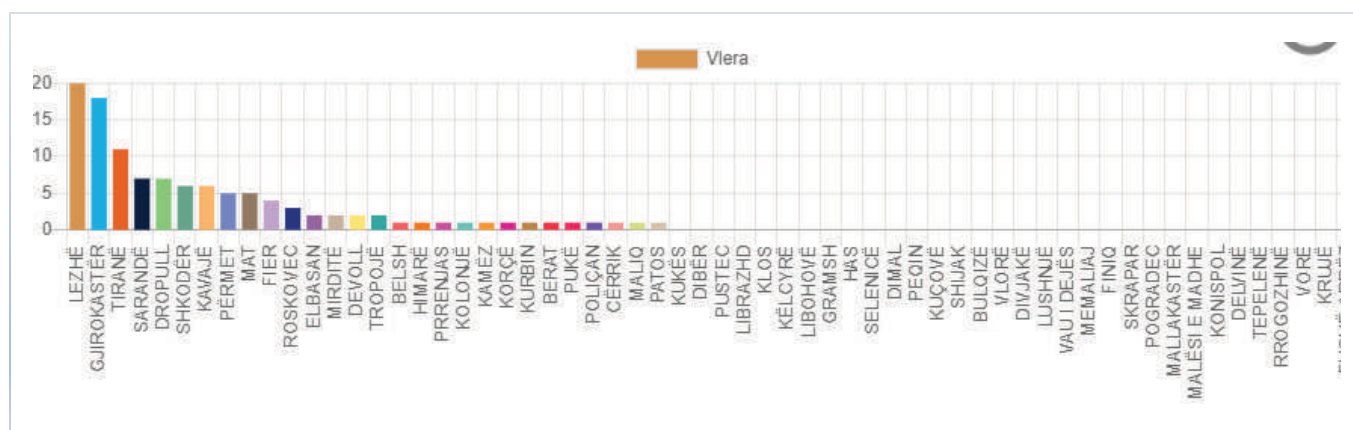
Municipality of Maliq: There have been 20 collaborations in different fields (economy, tourism, social service) in succession with the five municipalities of the region.

Municipality of Mirdita: Cooperation with the Municipality of Mat to enable the supply of drinking water to the village of Trangë of the Administrative Unit Headquarters of the Municipality of Mirditë from the water supply of Mat.

Municipality of Patos: Collaborates with the Municipality of Fier to use the Multifunctional Center for Children with Disabilities of the territory of the Municipality of Patos. Children with disabilities receive free daily services in that institution.

Dropull Municipality: Cooperates with 7 counterparts of the Greek Government for economic development and strengthening of relations between the two countries.

Chart 59: Participation in joint Regional and European initiatives of LGUs, 2021



Recommendations

- Increasing cooperation between central and local government institutions for better regional development and social cohesion through the design and implementation of regional development plans.
- Strengthening inter-municipal and regional cooperation to promote joint inter-regional development initiatives and projects.
- Enhancing the activation and awareness of municipal staff on the importance of regional and European cooperation by awareness-raising campaigns and joint activities.
- Increasing the number of EU and other donors' projects and funding received by municipalities in inter-regional initiatives and development projects at the county and regional levels.
- Strengthening the municipal staff capacity to design projects and participate with successful applications in EU regional and cross-border programs.

CONCLUSIONS ON REGIONAL POLICIES

The efforts of the Municipalities to increase the regional and European cooperation have continued, but the level of joint initiatives undertaken remains limited. About 40% of Municipalities do not report collaborations or participation in joint regional projects. The capacities of municipalities to design projects and absorb funding from EU funds and other donors still remain limited and dependent on partners from countries in the region or Europe.

A positive step was taken the approval of the Council of Ministers' Decision no. 459 dated 30.07.2021 "On the definition of development regions and their boundaries" in enforcement of the law no. 102/20120 "On Regional Development and Cohesion" which aims to define the institutional framework to ensure balanced regional development of the country. In order to manage, implement and evaluate the policy of regional development and cohesion, the territory of the Republic of Albania is divided into four development zones/regions. According to the definition of the law, the development regions are the territories for which the national policy for development and regional cohesion is designed, implemented and evaluated.

For a successful regional policy, Albania must now proceed with the drafting of the National Strategy and Plan for Regional Development and Cohesion (2021-2027) and complement the Regional Development Plans (2021-2024) in order to promote the development potential of all regions in Albania with the aim of providing them with opportunities to develop themselves and continue with decentralized interventions based on integrated local and/or regional plans and strategies¹⁰⁷.

¹⁰⁷European Commission Report on Albania (2021)

3.8 CHAPTER 23: JUDICIARY AND FUNDAMENTAL RIGHTS

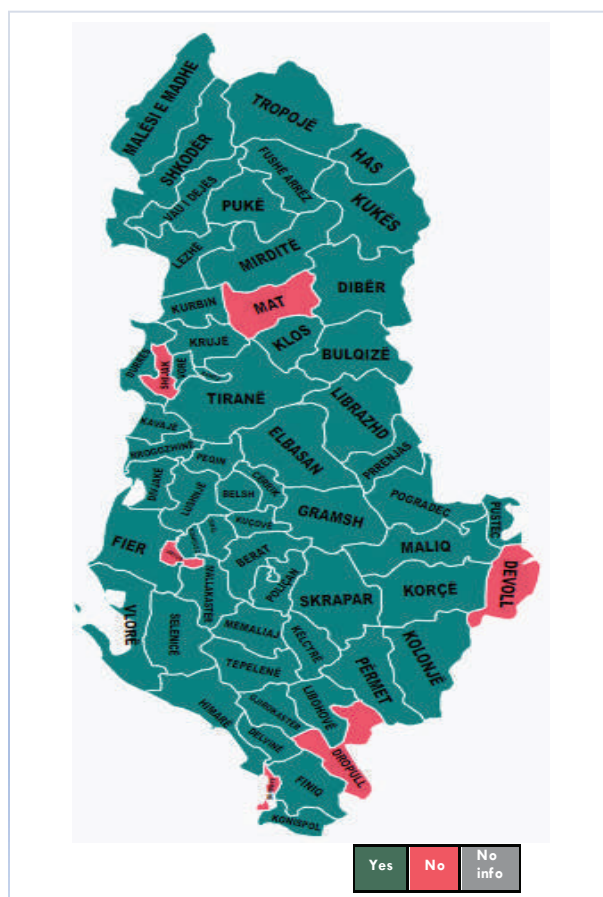
“Albania has ratified most of the international conventions related to the protection of fundamental rights. Progress has been made on property rights related to the registration, digitization and implementation of the compensation scheme. The legal framework for anti-discrimination has been further improved, but case law has not yet been substantially developed. Progress has been made on other aspects of fundamental rights, for example in the implementation of the rights of persons with disabilities and on gender equality. Assessing the level of implementation of human rights legislation, policies and strategies remains a challenge due to the lack of comprehensive monitoring and data. Albania has advanced in establishing a legal framework that regulates the child’s rights. Institutional capacities have been strengthened to address difficulties in enforcing child’s rights. However, the lack of adequate compensation for human rights violations remains a concern.”¹⁰⁸

Progress in exercising the functions and role of LGUs in this area is assessed on the basis of 47 performance indicators for six specific objectives.

Specific objective: To strengthen the child rights protection system

A positive step has been marked with the drafting of the National Agenda for the Child’s rights 2021-2026. Agenda approved by the Council of Ministers with Decision no. 659, dated 03.11.2021 was also discussed in the Consultative Council of Central Government with the Local Government. The agenda represents an important step in realizing national and international commitments in the field of child’s rights. This paper refers to the most significant child-related challenges, including those posed by the Covid-19 pandemic.

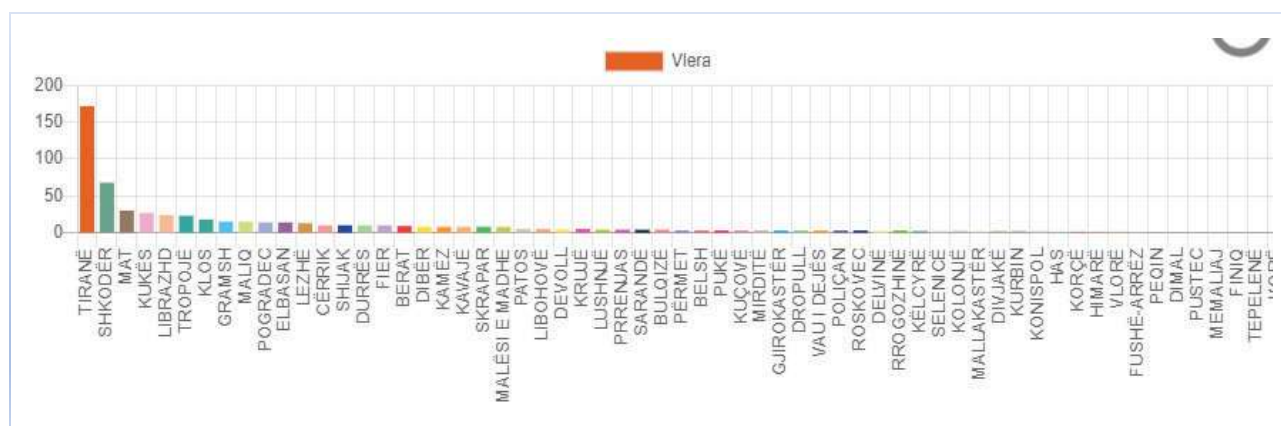
Map 19: CPU set-up at the Municipalities Map20: Set-up of a CP monitoring system at the Municipalities



➔ Progress in this objective according to the indicators is as follows:

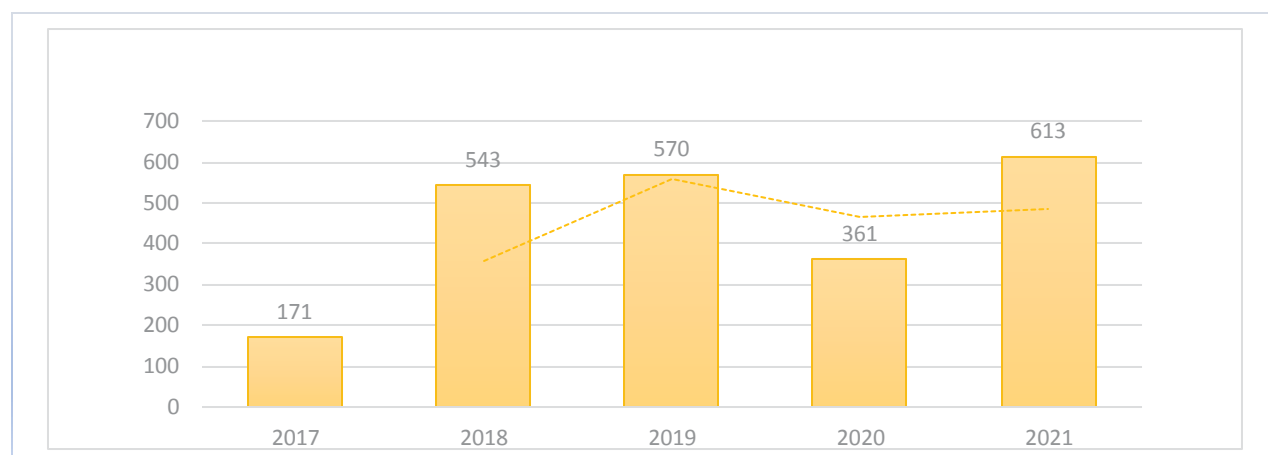
- In 2021, 55 Municipalities, with only two more municipalities than in 2020, set up the Child Protection Unit in the local administration. *The unit is still not set up in six municipalities: Devoll, Dropull, Mat, Patos, Saranda and Shijak.*
- 70% of municipalities report the establishment of a system for monitoring cases of violations of the child's rights in 2021. The indicator has not made progress compared to 2020.
- In 2021, a total of 856 joint meetings of interdisciplinary groups were held at the municipal level or an average of 14.3 meetings per municipality (N = 60). The largest number of meetings was held by the Municipality of Tirana with 366, while the Municipality of Vora did not provide any data. The indicator has increased since 2020 with an average of 13.5 meetings from 10.85 meetings that have been in 2019 and 2018.
- Total number of cases identified and handled on violations of child's rights was 1,248 or an average of 21.52 cases per municipality (N = 58) with a slight increase from 2020 where an average of 19.55 cases per municipality were reported. *Most cases were reported by the Municipality of Tirana with 371 cases, the Municipality of Durrës with 139 cases, the Municipality of Fier with 97 and Shkodra with 70 cases.*
- **The average rate of protection orders issued toward the number of cases identified is about 45% (N = 59).** On average, regarding special services for 50% of identified child cases, municipalities enabled the provision of special services. The indicator has increased since 2020 where services were provided in 39.61% of cases, but again the rate of service delivery remains low compared to the identified cases.
- On average, 5.2% of the budget for social protection was used by LGUs for cases of protection of child's rights (N = 55). **The indicator has increased from 2020 by twice as much compared to 2.63% of the allocated budget.** Six municipalities did not provide any data for the indicator¹⁰⁹.
- In 2021 municipalities have reported a total of 132 social workers for Child Protection (CPOs), or an average of 2.16 social workers per municipality (N = 61). **The indicator has decreased from 2020 where 177 employees were reported.** *The highest number of social workers was reported by the Municipality of Tirana with 27 and the Municipality of Gramsh with 10.* The municipalities of Konispol, Has, Dibër, Delvinë, have reported 0 social workers for Child Protection in 2021.
- In 2021, a total of 613 activities were organized to raise awareness and promote the child's rights or an average of 10.57 activities per Municipality (N = 58). The indicator has increased by 59% compared to 2020 where a total of 361 activities were reported. **Most activities were held by the Municipality of Tirana with 172 followed by the Municipality of Shkodra with 68 organized activities.**

Chart 60: Activities for the promotion of the child's rights organized by LGUs, 2021



¹⁰⁹Vora, Shijak, Memaliaj, Elbasan, Cërrik, Belsh

Chart 61: Activities for the promotion of the child's rights organized by LGUs 2017-2021



Issues and challenges

- The child protection unit is not yet operational in some municipalities. Also human and financial capacities still remain low at the local level.
- There is a shortage of child protection social workers at municipalities and in some municipalities there are no social workers.
- Lack of budget planning coherent with the needs for handling cases of violence or child protection throughout the territory of the Municipality.
- The municipal budget fund on social protection for cases of protection of child's rights remains at very low levels.
- The system for monitoring cases of violations of child's rights is not yet operational in all municipalities.
- There is a critical lack of services (psychologist, mediation), including coordination and training of professionals engaged in juvenile justice services)¹¹⁰.

Recommendations

- Setting up and making the system functional with all social service institutions for case referral.
- Capacity building of child protection structures at the local level in relation to the implementation of legislation, child protection procedures, proactive identification and cross-sectoral cooperation.
- Allocation of adequate and dedicated budgets to cover costs incurred from case management.
- Improving the knowledge and capacities of Inter-Ministerial Technical Groups for managing the cases of Children in Need of Protection.
- Providing access to services for children from remote rural areas as well as children in street situations, through coordination of actions and exchange of information between structures responsible for handling cases.
- Expanding the basket of services and providing them in a longer time frame. Better cooperation with licensed NGOs to provide specialized services in child protection.

¹¹⁰European Commission Report on Albania (2021)

Specific objective: effective enforcement of the law 10221/2010 “On protection from discrimination”

In 2021, the “National Action Plan for LGBTI+ persons, 2021 - 2027” was submitted for discussion to the Consultative Council (LGCC). This is the third national action plan with a focus on protection of rights, provision of quality services, raising awareness and reducing the level of society’s intolerance towards LGBTI+ persons in Albania.

➡ *Progress by LGUs in this objective according to the indicators is as follows:*

- **In 2021, 221 local administration officials were trained on the law on protection from discrimination** or an average of 3.81 municipal employees (N = 58). The indicator has decreased since 2020 where 256 people were trained. Most employees were trained in the municipality of Durrës with 84 and Lushnjë with 15.¹¹¹ **Meanwhile, 31% of reporting municipalities did not attend any anti-discrimination law training.**
- In 2021 the monitoring system of identified cases of discrimination was increased to 21 Municipalities from 24 Municipalities in 2020. The case monitoring system is an instrument for the effective handling of cases by local officials in coordination with the Commissioner for Protection from Discrimination¹¹².
- **In 2021, a total of 55 awareness-raising campaigns organized by 16 Municipalities have been undertaken** in schools and communities for the protection of the rights of the LGBTI+ community. Most campaigns were held in the Municipality of Pogradec with 18 activities and the Municipality of Elbasan with 8. The number of activities is increasing compared to 2020 where a total of 21 and 14 campaigns were undertaken in 2019.

Specific objective: effective enforcement of the law 96/2017 “On the rights and protection of ethnic minorities”

In 2021, the “National Action Plan for Equality, Inclusion and Participation of Roma and Egyptians 2021-2025” was submitted for discussion to the Local Government Consultative Council (LGCC). The vision of “NAPEIPRE 2021-2025” is “Creating appropriate conditions to achieve equality, participation and inclusion of the Roma and Egyptian Minority in the Republic of Albania, in all aspects of social life, especially access to education, employment, housing, health and social services, to improve the quality of life and well-being, as well as to reduce the socio-economic and cultural gap between Roma and Egyptians and the rest of the society.

➡ *Progress by LGUs in this objective according to the indicators is as follows:*

- In 2021 the monitoring system for violations of minority rights was set up and is operational in only 19 Municipalities out of 20 municipalities in 2020¹¹⁴.
In 2021, 235 cultural activities and awareness-raising campaigns for the Rights and Protection of Ethnic Minorities were organized, or an average of 4 activities per municipality (N = 58). The number of activities has increased by 60% compared to 2020¹¹⁵. The largest number of activities were held by the Municipality of Shkodra with 51 and the Municipality of Mat with 20.
The total number of local officials trained to implement The National Plan for Roma and Egyptians in 2021 was 65 or an average of 1.14 municipal employees (N = 57). 52% of municipalities have attended training, marking an increase compared to 2020 where only 23% of municipalities have attended training. The largest number of trained employees in 2021 was reported by the Municipality of Rrogozhina with 7, followed by Durrës and Përmeti with 6 employees.

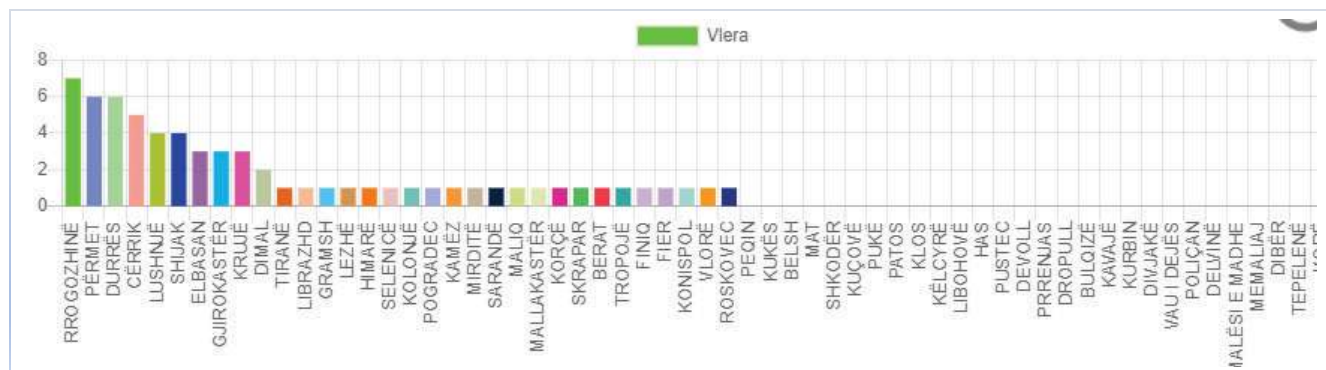
¹¹¹ The municipalities of Cërrik, Memaliaj, Vora did not provide information on this indicator

¹¹² The municipalities of Vlora, Shijak, Fushë-Arrëz, Durrës, and Cërrik did not provide information

¹¹⁴ Municipalities: Vlora and Cërrik did not provide information

¹¹⁵ The municipalities of Vora, Vlora and Cërrik did not provide information

Chart 62: Number of local officials trained to implement the National Plan for Roma and Egyptians 2021

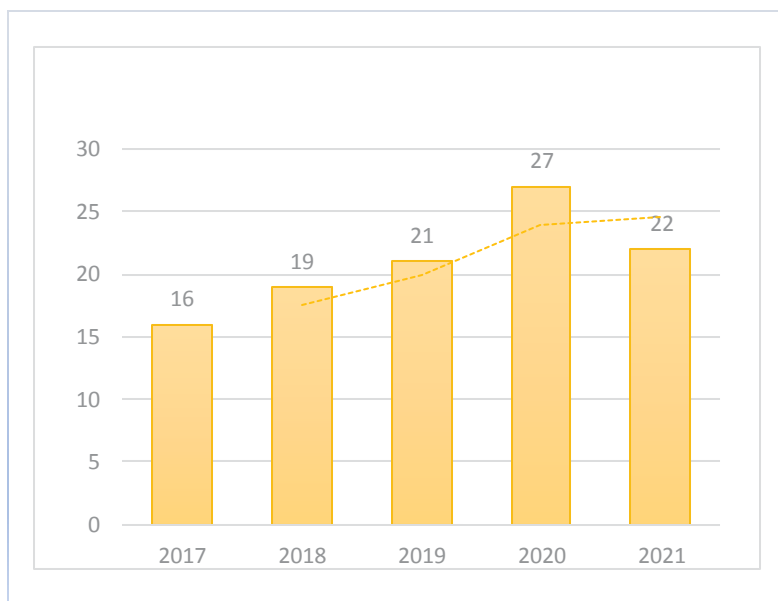
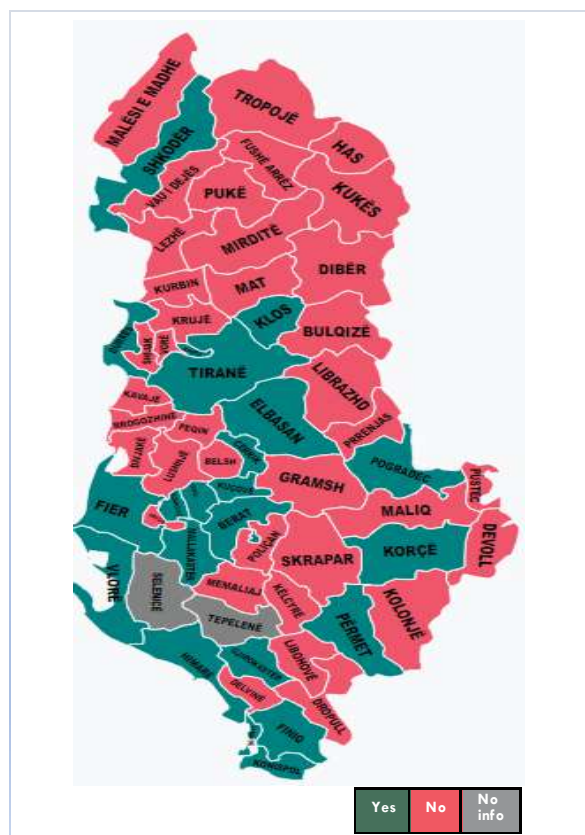


Specific objective: To improve the coordination of work between central and local authorities for the implementation of the National Action Plan for the Integration of Roma and Egyptian minorities 2016-2020

- In 2021, a total of 32 civil servants of the local administration were trained on the commitments of the Municipality in the National Plan for Roma and Egyptians. On average 1.8 people were trained per municipality (N = 58). The indicator is at the same levels as in 2020.

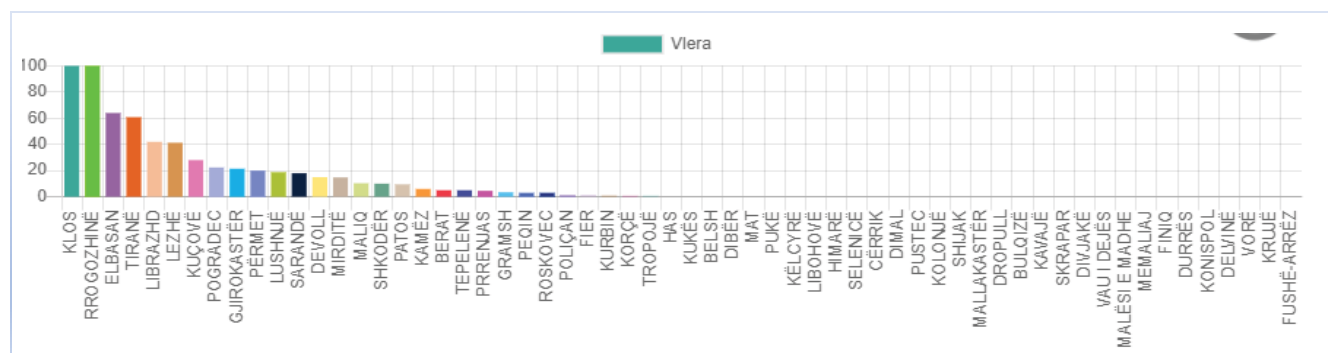
Map 21: LP on integration of minorities, 2021

Chart 63: Local action plan of R&E inclusion 2017-2021



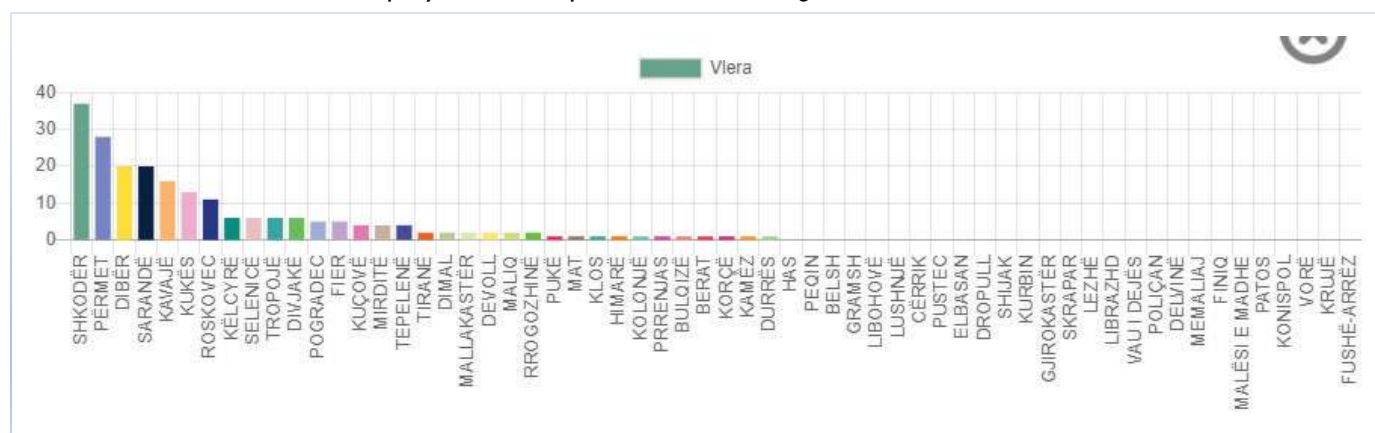
- **36% of municipalities** reported that the action plan for the integration of Roma and Egyptian minorities at the local level was drafted and approved by the Municipal Council in 2021. The indicator shows a decrease compared to 2020. The municipalities of Selenica and Tepelena do not provide any information on this indicator.
- In 2021, trainings on data collection and reporting within the ROMALB system were attended by 40 employees (N = 57) which is on average less than one training per municipality; the indicator is decreasing compared to 2020 where 72 employees were trained. The largest number of trained employees was reported by the Municipality of Shijak with 4 and Skrapar, Finiq and Fier with 3 each.
- Regular use of the ROMALB system for statistics and analysis, as well as reporting on the decision-making of the Municipality and the Ministry of Health and Social Protection, was reported by 32 municipalities. The indicator is at the same level as 2020.
- In relation to the social housing programs in the municipality, about 11.7% of the total number of applications for the reporting year are R/E beneficiaries. The indicator has decreased from 2020 where 22% beneficiaries were reported. The largest number is reported by the municipalities of Klos and Rrogozhina.

Chart 64: Number of R&E beneficiaries from housing programs, 2021



- **In 2021, 72 projects were implemented**, or an average of 1.24 projects per municipality (N = 58) in support of Roma and Egyptian minorities, out of 75 projects in 2020. The largest number is in the Municipality of Tirana with 15 projects.
- **The number of employees of Roma and Egyptian minorities in 2021 is in total 661 or an average of 12.47 per municipality (N = 53).** The number of employees is decreasing from 837 employees in 2020. The largest number of employees of the R&E community is in the Municipality of Shkodra with 263 and the Municipality of Berat with 103.
- **In 2021, the employment of Roma and Egyptian minorities in municipal institutions and public services is in total 214 or an average of 3.96 per municipality (N = 54).** The number is decreasing from 280 or 5.28 on average per municipality in 2020. The largest number of R&E employees is reported from the municipality of Shkodra with 37, followed by the Municipality of Përmet with 28, the municipalities of Saranda and Diber with 20.

Chart 65: Number of R&E employed in municipal institutions during 2021



Issues and challenges

- Action plans for the integration of minorities in the community have not been drafted by all municipalities in the country.
- The monitoring system for violations of minority rights has not yet been set up in a significant number of municipalities.
- Insufficient financial resources to support with special programs, projects and housing or to hold direct activities for R&E minorities.
- Low number of specialized civil society organizations providing services to citizens in the fight against discrimination and recognition of minority rights.
- Lack of training by international institutions and specialized organizations for the protection of minority rights.

Recommendations

- Increasing human resources at the municipal social services for Roma and Egyptian minority issues to assess the situation, monitor the area and follow up on issues.
- Approval of local plans for the integration of Roma and Egyptian minorities by the municipalities that have not approved them yet, and the inclusion of funds for their implementation in the MTBP.
- Establishment of a monitoring system for the violation of minority rights and the use of the ROMALB system by all municipalities.
- Support training for municipal staff dealing with R&E ethnic minority issues.

Specific objective: To strengthen the system for ensuring gender equality

In 2021 the following documents were submitted for discussion to the Local Government Consultative Council (LGCC):

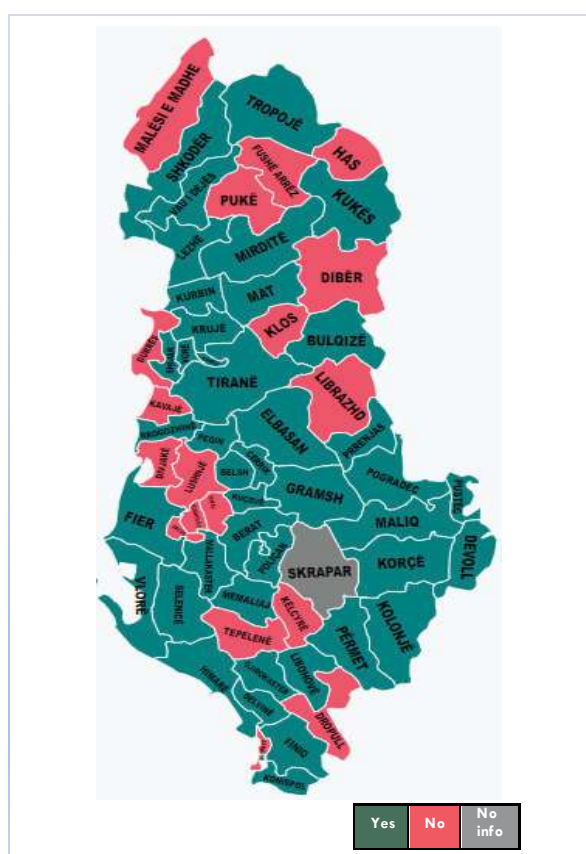
Draft decision “On the approval of the National Strategy for Gender Equality 2021-2030”. NSGE-2021-2030 drafted by the Ministry of Health and Social Protection is approved by Decision of the Council of Ministers no. 400, dated 30.06.2021. The new strategy pays special attention to achieving gender equality as well as reducing gender-based violence and domestic violence, considering their proper addressing as prerequisites towards a sustainable development.

Draft decision “On the mechanism of coordination of work between the authorities responsible for referring cases of violence in family relations as well as its proceedings for the support and rehabilitation of victims of violence”. This decision aims to prevent domestic violence and violence against women, mainly through the referral and management of cases of violence, support and rehabilitation of victims of all forms of this violence.

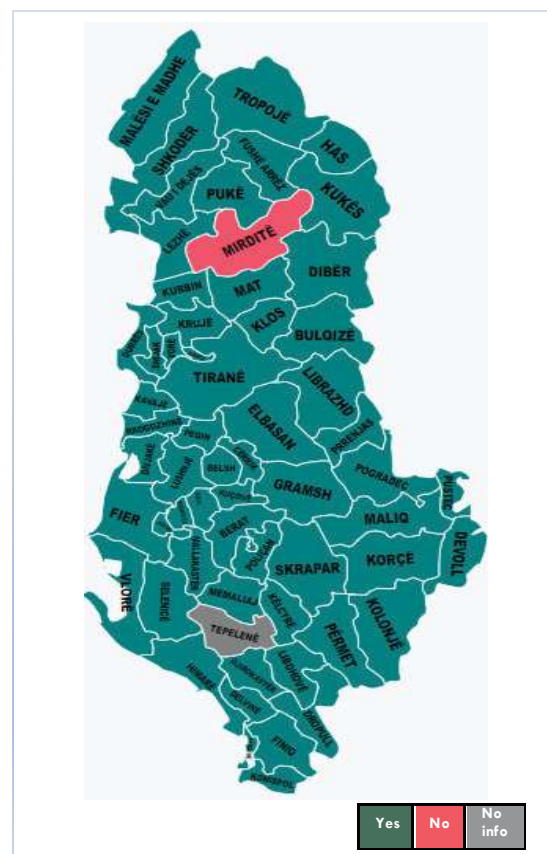
➡ *Progress by LGUs in this objective according to the indicators is as follows:*

- In 2021 the number of municipalities that have the function of gender equality in place reached 42 or 68%. The number has increased by only one more municipality than in 2020. **The Municipality of Skrapar has not reported any data.**
- 85% of municipalities have appointed a local employee in the capacity of local coordinator for gender issues in 2021, marking an increase of 5 p.p. compared to 2020. **The municipality of Fushë-Arrëz has not provided information on the appointment of the coordinator.**
- In 2021 the application of mechanisms in the framework of harmonization of measures to fight domestic violence is in place in 97% of municipalities with an increase of 2 p.p. compared to 2020. **The Municipality of Mirdita has not set up the mechanism while the Municipality of Tepelena has not provided any information.**

Map 22: Gender Equality Sector established in the LGU

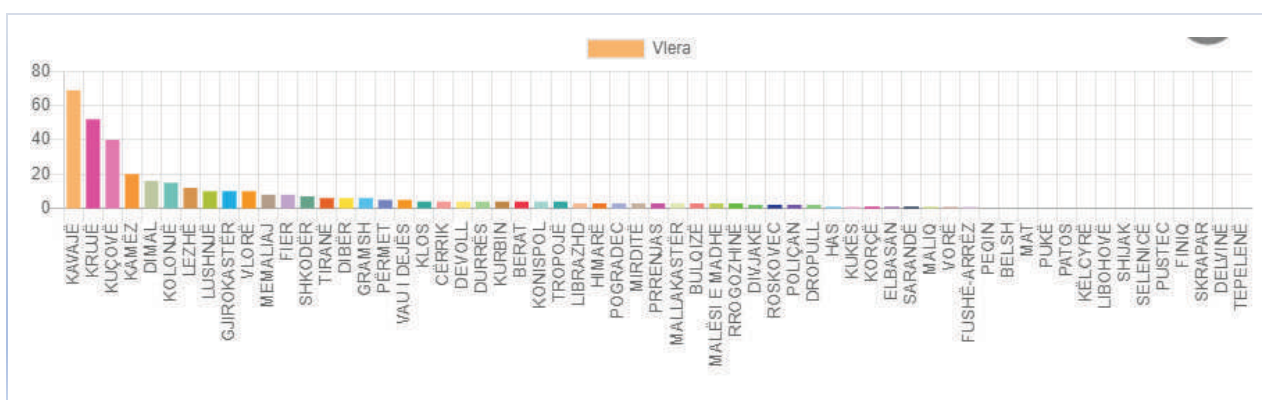


Map 23: Reference system mechanism against domestic violence 2021



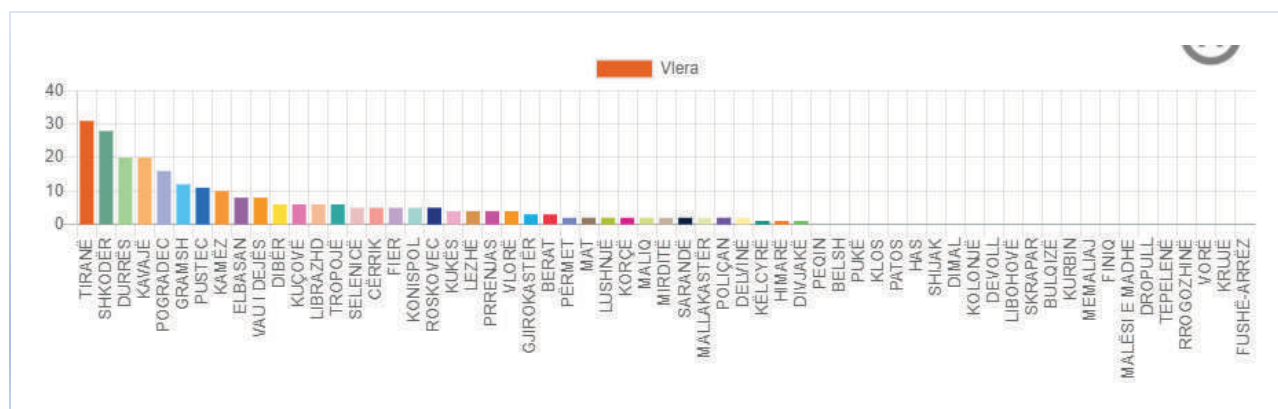
- In 2021, the number of training programs on gender equality issues (programs delivered by ASPA and other providers) was in a total of 272 or 4.69 trainings per municipality (N = 58) at the same levels as in 2020.
- For reported and identified cases of victims of domestic violence, municipalities provide specialized services in community social care centers, psychologist services and other treatments; **in 2021 a total of 380 services were provided against 441 in 2020. The largest number of services was provided by the Municipality of Kavaja with 69, the Municipality of Kruja with 52 and Kuçovë with 40.**

Chart 66: Specialized services provided by LGUs for victims of domestic violence, 2021



- In 2021, a total of 2092 reports of cases of violence were filed with the Ministry of Health and Social Protection through the REV-ALB system, or an average of 38 cases per municipality (N = 55). The indicator marks a significant increase with 4. 3 times more reports than in 2020. The largest number of reports was made by the Municipality of Durrës with 632, the Municipality of Tirana with 341 and the Municipality of Vloera with 228. The municipalities of Belsh, Dibër, Këlcyrë, Kurbin, Libohovë, Tropoja have not made any reporting to MHSP in 2021 while 6 Municipalities¹¹⁶ did not provide any information.

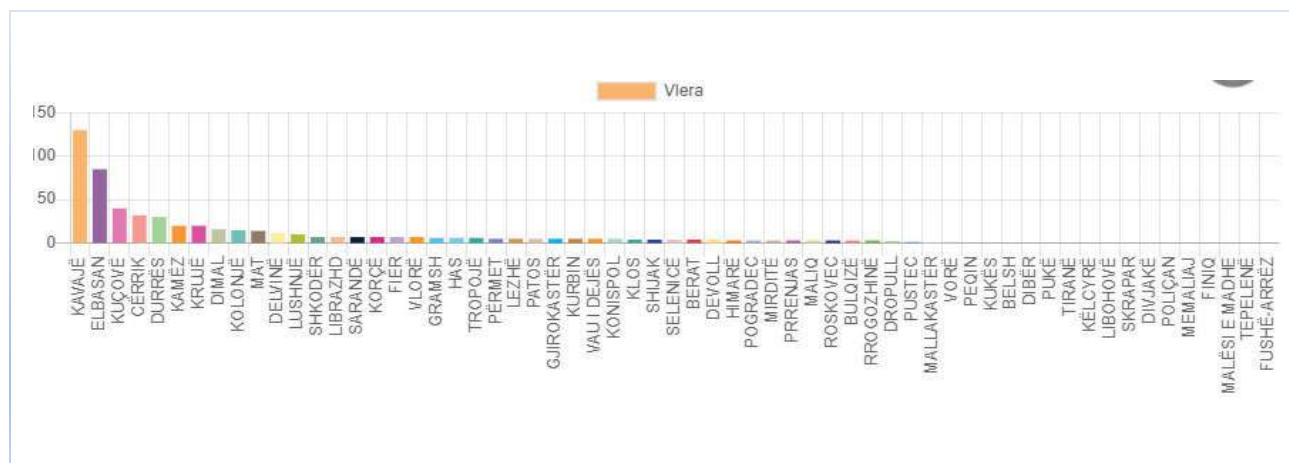
Chart 67: Activities of Municipalities and CSOs on gender discrimination, 2021



¹¹⁶Municipalities of Vora, Skrapar, Peqin, Memaliaj, Delvina, Cërrik

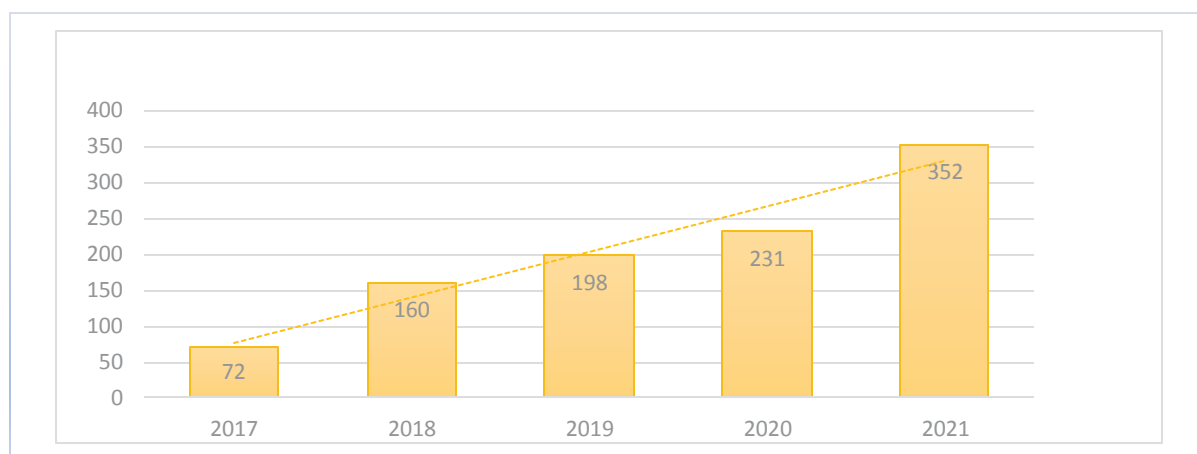
- **Reports on gender equality issues to MHSP** were filed by 54 municipalities with a total of 1053 or an average of 19.5 reports per municipality. The number of reports has increased 7 times compared to 2020. **The highest number was reported by the Municipality of Durrës with 632 cases which coincides with the reporting made through the REV-ALB system and which explains that the cases reported by the Municipality of Durrës were related to gender equality issues.**
- **In the framework of cooperation with civil society** and donor projects, 258 activities against gender discrimination were carried out or an average of 4.37 activities per municipality (N = 59). The indicator remains at the same levels as in 2020. **The largest number of activities were organized by the Municipality of Tirana (31), the Municipality of Shkodra (28) and the Municipality of Durrës (20).**
- In 2021, a total of 568 case management services were reported or an average of 9.79 per municipality (N = 58). The indicator has slightly increased since 2020 where 501 services were delivered. **The Municipality of Kavaja reported the largest number of 130 services, followed by the Municipality of Elbasan with 85.**

Chart 68: Number of services by case management, 2021



- In 2021, 537 kindergartens and nurseries received maintenance and reconstruction services by municipalities (N = 54) or an average of 9.94 per municipality. **The indicator has decreased from 2020 with a total of 732 and from 2019 with 1,032 kindergartens and nurseries.**
- Only 6.95% of the municipal budget (N = 55) was allocated in 2021 for issues of protection of victims of domestic violence. **31% of reporting municipalities allocated 0% budget for issues of protection against domestic violence while 6 municipalities did not provide any data.** The fund has suffered a slight decline since 2020 where 7.24% of the budget had been allocated.
- **A total of 352 activities were conducted to promote gender equality** and pursuant to the European Charter for Gender Equality or an average of 5.87 activities per Municipality (N = 60). **The indicator marks an increase against 2020 with 231 activities and against 2019 with 198 activities. The largest number of activities was reported by the Municipality of Kukës with 42, while the Municipality of Memaliaj did not provide any data.**

Chart 69: Activities for gender equality promotion, 2017-2021



Issues and challenges

- Low capacity of local staff and community center staff to handle services and manage all cases.
- Lack of cross-institutional coordination and ineffective functioning of mechanisms at the local level in the framework of harmonization of measures to fight domestic violence.
- Municipal budget allocated for the protection of victims of domestic violence is at extremely low levels.
- Incomplete use of the REV-ALB system by all municipalities and lack of regular reporting to MHSP.
- Gender equality promotion activities with the support and coordination of CSOs have not been undertaken by all municipalities.

Recommendations

- Technical and financial assistance to municipalities should be increased in terms of setting a budget dedicated to child protection, as well as to municipalities that have drafted gender-sensitive MTBPs.
- The interaction between the municipalities and the Commissioner for Protection from Discrimination needs to be improved.
- Organizing awareness-raising campaigns (in urban and rural areas) for protection from any form of discrimination, for issues of gender equality, for the protection of Roma and Egyptian communities, as well as for the recognition of minority rights and human rights.
- Specialized and reintegration services should be provided to victims and case management work should be further strengthened.

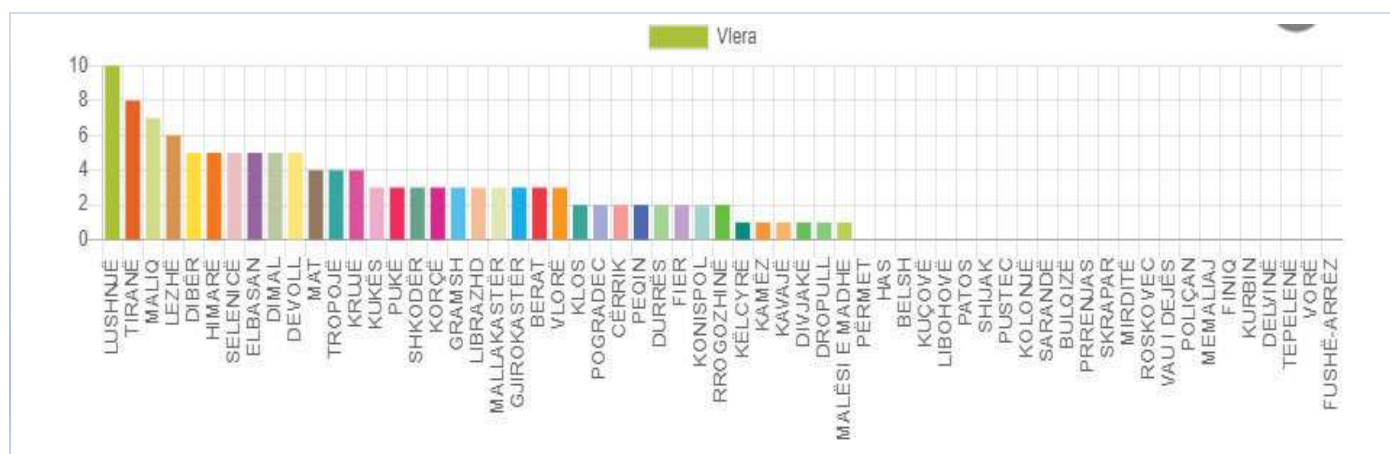
Specific objective: Effective enforcement of the law 93/2014 “On Inclusion and Access of Persons with Disabilities”

- In 2021, a total of 125 awareness activities and trainings on accessibility standards for persons with disabilities (PVDs) were conducted, or an average of 2.16 per municipality (N = 58). The number is almost at the same level as in 2020. Of the reporting municipalities, 33% (19 Municipalities) have not undertaken any awareness-raising activities. The largest number of activities and trainings were held by the Municipality of Lushnja with 10, the Municipality of Tirana with 8 and Maliq with 7¹¹⁷.

¹¹⁷ The municipalities of Vora, Skrapar and Memaliaj did not provide any information

- In 2021, the establishment of the Needs Assessment and Referral Unit in 20 Municipalities has been reported against 27 Municipalities in 2020. **The Local Action Plan for Social Inclusion of PWDs was prepared by 50% of the municipalities** (31 Municipalities) with an increase against 26 municipalities in 2020.
- In 2021, an **8.24% increase in the local budget fund for the removal of environmental and infrastructural barriers for PWDs** was reported. The fund growth is at the same levels as in 2020.

Chart 70: Awareness-raising activities and training on accessibility standards for persons with disabilities (PWDs), 2021



- On average, 33.09% of pre-university schools have accessible infrastructure for persons with disabilities (N = 55), remaining at the same levels as in 2020. **The municipalities of Mat, Tirana, Roskovec, Kamza reported 100% accessible infrastructure for PWDs, while 18% of municipalities reported zero percent (10 municipalities).**

Chart 71: Number of accessible schools for children with disabilities, 2021

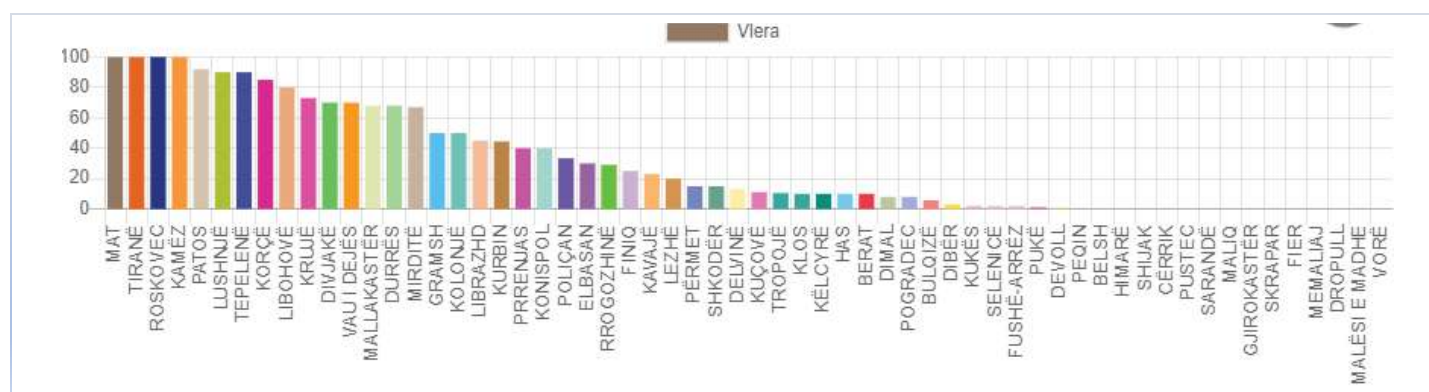
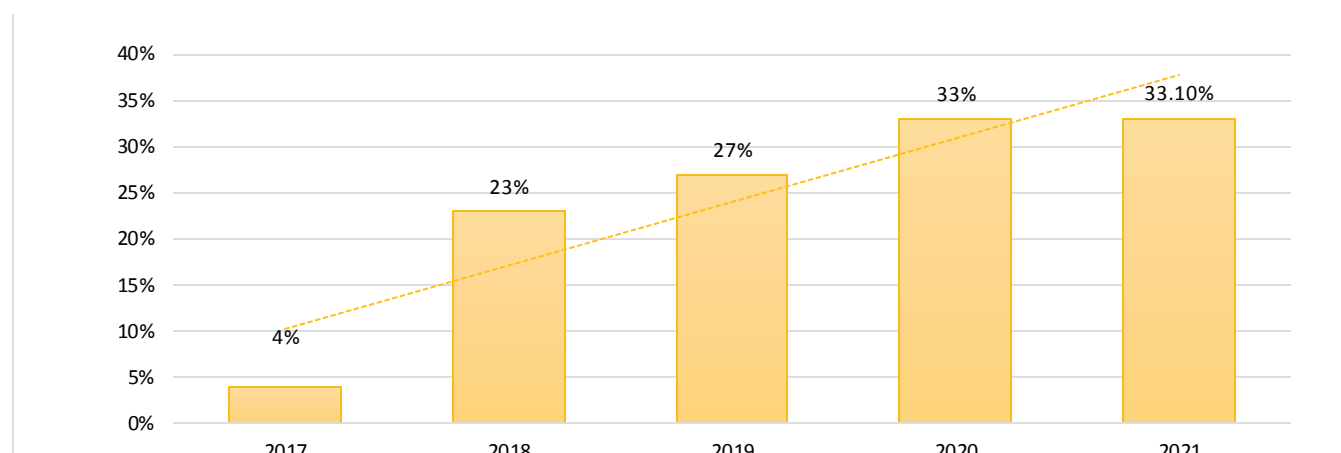
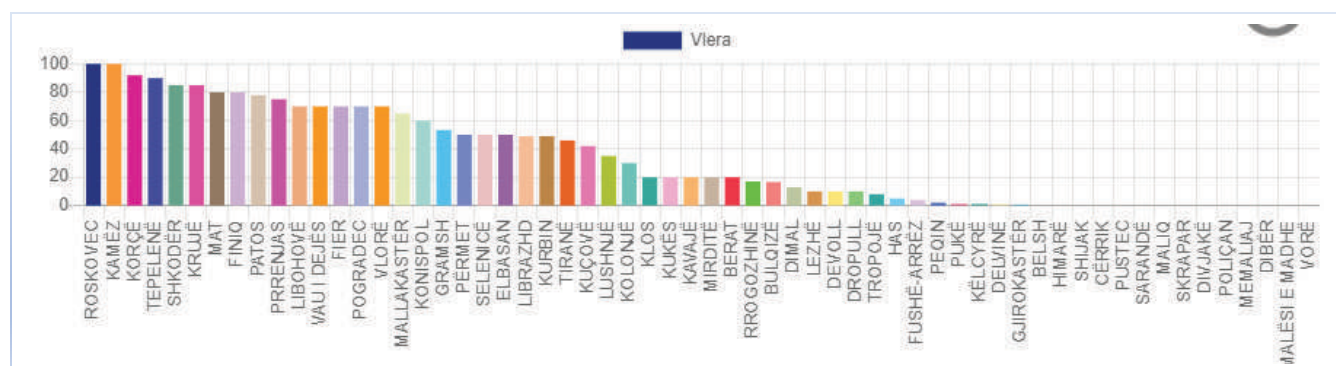


Chart 72: Accessibility rate of school infrastructure by children with different abilities 2017-2021



- In 2021, the average ratio of public institutions accessible to persons with different abilities versus the total number of institutions at the local level was 36.9% (N = 54); the indicator remains at the same levels as in 2020. **About 15% of municipalities have reported zero percent accessible public infrastructure¹¹⁸.** The municipalities of Kamza and Roskovec have reported 100% infrastructure of public institutions accessible for persons with disabilities.

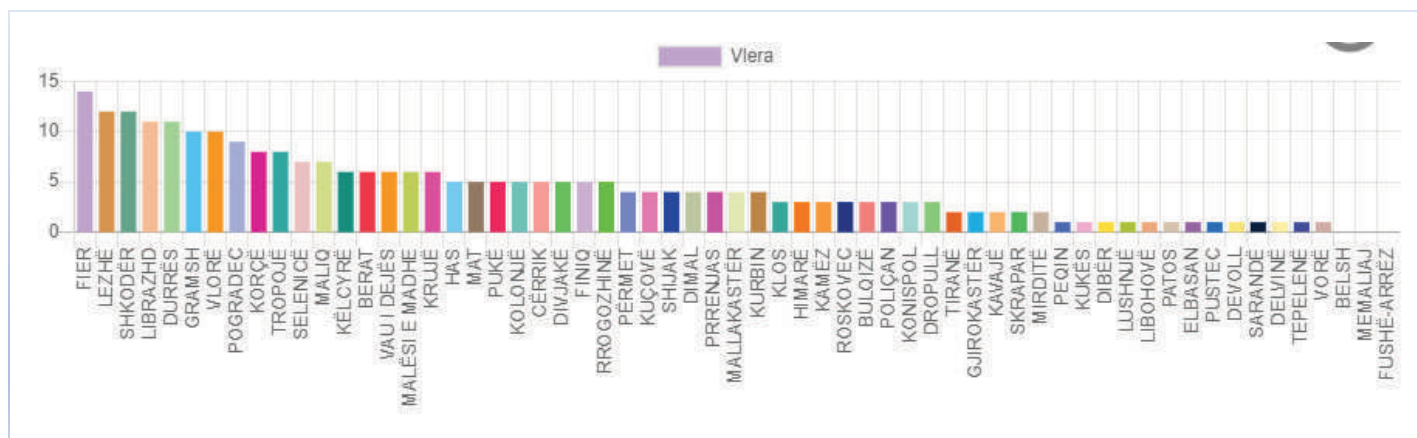
Chart 73: Rate of public institutions accessible by persons with different abilities, 2021



- In 2021, 264 local employees of social support and protection structures for PWDs were reported, or an average of 4.4 employees per municipality (N = 60), with a slight increase against 240 employees in 2020. **The municipalities of Belsh and Fushë-Arrëz did not have any employees for PWDs while the Municipality of Memaliaj did not provide any data on the indicator.**

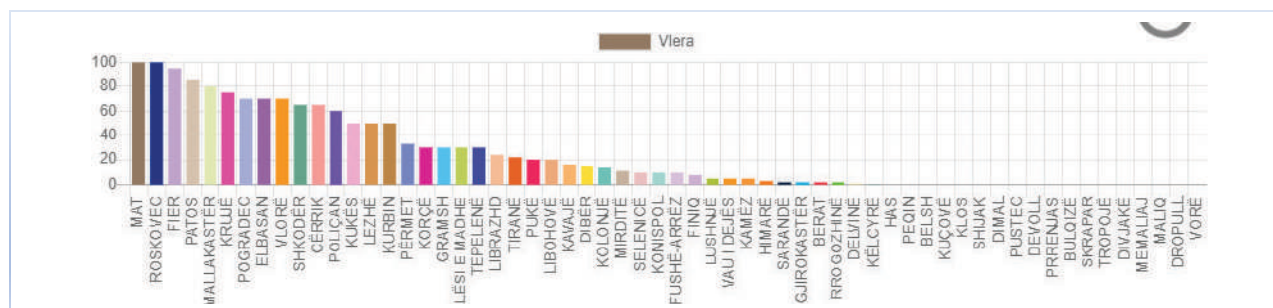
¹¹⁸ The municipalities of Dibër, Cërrik, Durrës, Memaliaj, Polican, Shijak and Vora did not provide information

Chart 74: Local staff for issues of persons with different abilities, 2021



- About 26.27% is the average of road infrastructure accessible by persons with different abilities in relation to the length of the urban network in the territory of the municipality (N = 55). The indicator decreases by -2.5 p.p. compared to 2020 where it was 28.8%. Mat and Roskovec municipalities reported that 100% of urban roads are accessible to persons with different abilities, and 22% of municipalities reported 0% accessible road infrastructure.

Chart 75: Rate of urban network accessible by persons with different abilities, 2021



- In 2021, a total number of 86 historical and cultural centers was reported in the territory of the Municipality equipped with the necessary infrastructure for persons with different abilities. About 38% of municipalities (23 municipalities) reported that they did not have the necessary infrastructure and 6 municipalities have not provided any information.

Issues and challenges

- Lack of sufficient human resources to cover the needs of this target group at the local level.
- Developing a national-level database for collecting data on persons with different abilities.
- Increasing the level of accessibility to schools, public institutions and various services, improving road infrastructure and cultural facilities.
- Lack of instruments and opportunities for employment to respond to the needs and job skills of PWDs in order to increase their employment.

- Basic institutions lack accessibility for persons with disabilities failing to provide them, so that they too can receive the right service in a timely and quality manner.

Recommendations

- It is recommended to increase and strengthen the reference, evaluation and monitoring capacities and the cross-institutional coordination of the reform of the disability evaluation system.
- Strengthening cooperation with the education, vocational training, employment structures and health, psycho-social, integration, rehabilitation services, etc. to create a support network for persons with disabilities.
- Cooperation with organizations that provide psycho-social services to individuals within these organizations, exchange of information related to evaluation, as well as obtaining information from these service providers for beneficiaries.
- Capacity building for the local responsible staff for the use of the integrated information system and the assistance of the LGUs by the State Social Service.
- Improving coordination between different stakeholders at the local and central level as well as periodic monitoring of social care services provided for vulnerable categories.
- Improving road infrastructure in order to facilitate access for Persons with Disabilities, as well as school infrastructure that meets the standards for children with disabilities.

CONCLUSIONS ON JUDICIARY AND FUNDAMENTAL RIGHTS

Progress has been made in drafting a strategic and legal framework guaranteeing fundamental rights harmonized with EU standards and international conventions. Issues of children, ethnic minorities, gender equality and persons with disabilities have been the focus of policy at the central and local levels.

Even in 2021, the efforts of the municipalities to set up the Child Protection Units have continued and a system for monitoring cases of violations of the child's rights has been set up. Insufficient human capacity to manage cases and very limited financial resources remain a challenge. In 2021, municipalities have allocated an average of 5.2% of the budget for cases of protection of child's rights. Although the indicator has increased from previous years, it still remains at low levels compared to the needs of municipalities to handle all cases.

Regarding the implementation of legislation on protection from discrimination, progress has been made with the drafting of the "National Action Plan for LGBTI+ persons, 2021 - 2027". **However, the role of municipalities in protecting and promoting the rights of the LGBTI+ community at the local level as well as cooperation with Civil Society Organizations remains limited.**

Progress has been made **in increasing reporting of cases of violence to the Ministry of Health and Social Protection through the REV-ALB system. The establishment and functioning of the Gender Equality Unit and the appointment of a local officer in the capacity of local coordinator for gender issues has progressed well. Gender-based budgeting of domestic policies still falls far short of international standards for gender-sensitive policies.**

There is no progress in increasing the access of persons with disabilities to municipal infrastructure and public facilities. The number of pre-university schools with accessible infrastructure for persons with disabilities remains low. The same problematic situation arises in the provision of accessible infrastructure by persons with different abilities in **historical and cultural centers in some Municipalities.**

3.9 CHAPTER 24: JUSTICE, FREEDOM AND SECURITY

“Albania has adopted a new strategy against organized and serious crime for 2021-2025 and its action plan for 2021-2022¹²⁰. An Action Plan for the Prevention and Suppression of Criminal Activity for the Cultivation of Narcotic Plants for 2021 has also been approved.¹²¹ “On migration, the legal framework for migration is largely in line with the EU *acquis*, but needs to be updated in line with recent developments.”¹²²

In 2021, The draft law “On municipal police” was submitted for discussion to the Local Government Consultative Council (LGCC). This draft law aims to regulate the mission, organization, functioning, and competencies of the Municipal Police and the employment relations of the municipal police officers in the Republic of Albania. “The key measures will be related to the revision of the law on Municipal Police, which will enable higher requirements and standards for these structures in the function of public safety, as well as improving the regulatory framework and strengthening the cooperation of Municipal Police structures with structures of the State Police “.

Specific Objective: Advancing the fight against organized crime

- In 2021 the working group for the implementation of the Action Plan on the fight against organized crime at the local level was in place in 48% of municipalities; the indicator has not increased compared to 2020. Also no progress has been made regarding the drafting of the Public Safety Strategy at the local level remaining at the same level of 2020 in only 38 Municipalities or about 62%.

Chart 76: Working group in the Municipality for the implementation of Action Plan for the Fight against Organized Crime

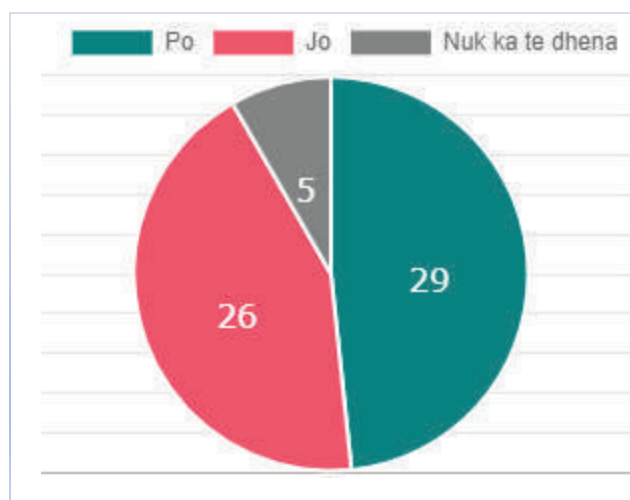
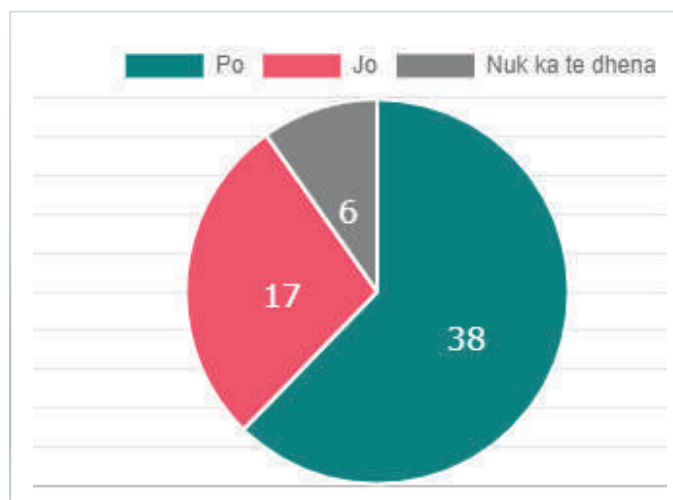


Chart 77: Public Security Strategy at the local level



Yes No No info

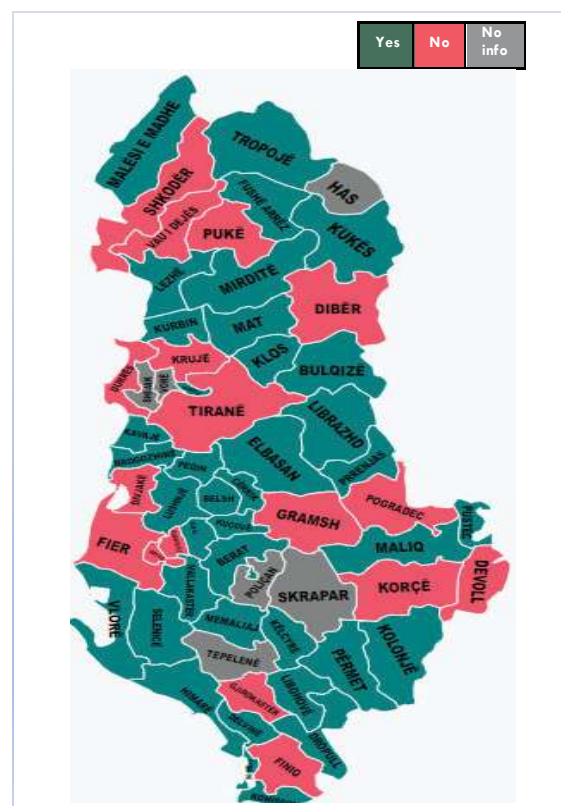
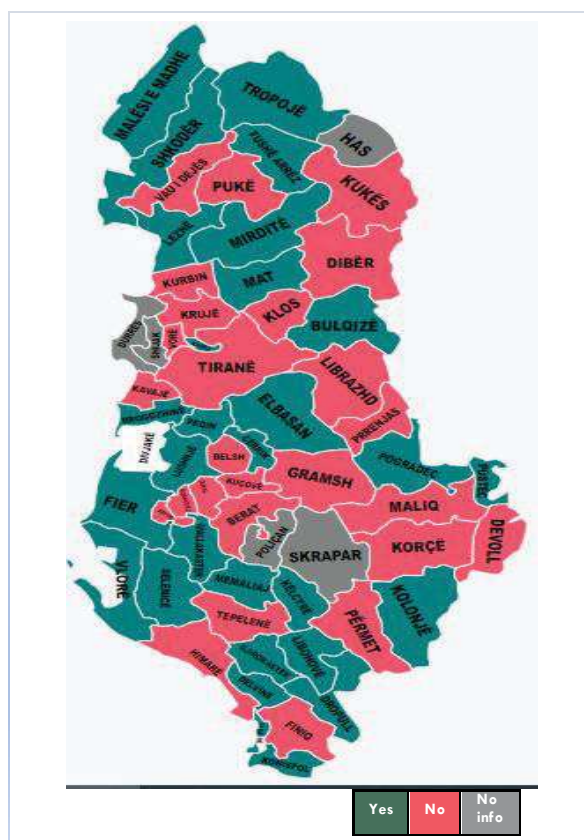
¹²⁰ Strategy Against Organized Crime and Serious Crimes, 2021-2025 and Action Plan 2021-2022, approved by DCM no. 1140, dated 24.12.2020

¹²¹ DPPSH Action Plan no. 142, dated 05.02.2021, “On the prevention and crackdown on criminal activity of cultivation of narcotic plants, for the year 2021”.

¹²² European Commission Report on Albania (2021)

Map 24: Working group in the Municipality for the implementation of Action Plan for the Fight against Organized Crime

Map 25: Public Security Strategy at the local level



- **Progress was made by the municipalities in setting up the Local Safety Councils during 2021**, as a mechanism in the fight against organized crime already set up in about 75% of Municipalities. The indicator has increased by +2 p.p. compared to 2020.
- **In 2021 the establishment of the Community Policing Office** in each administrative unit is reported with an average of 40.6% (N = 51). The indicator marks an increase of +5.2 p.p. Meanwhile, 10 municipalities did not provide any information on this indicator.
- **In 2021, the total number of cases referred to the Community Policing Office by citizens** was 2, 933 cases or an average of 68.21 cases per municipality (N = 43). The largest number of referred cases was reported by the Municipality of Elbasan with 921 and Saranda with 600 cases. This indicator has decreased from 2020 where a total of 3,345 or an average of 81.59 cases per municipality had been reported.

Box 12: Good practices in cooperating with the state police

Shkodra Municipality: In the framework of respecting legal obligations, there is continuous cooperation with the Local Police Directorate of Shkodra to monitor the implementation of measures given in protection orders issued by the Shkodra Judicial District Court. Specifically with the Police Stations according to the respective Areas and neighborhoods, family visits are carried out and the management of cases with an Immediate Protection Order and a Protection Order is provided. In addition, it cooperates for the management of cases of children in street situations, identified by the field teams of the Municipality of Shkodra.

Map 26: Local Safety Council against
Organized Crime 2021

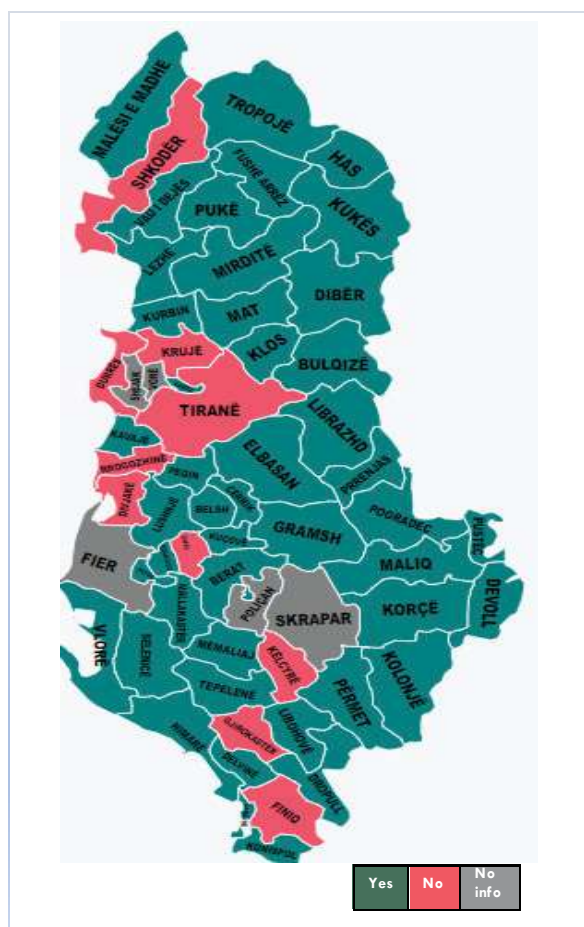
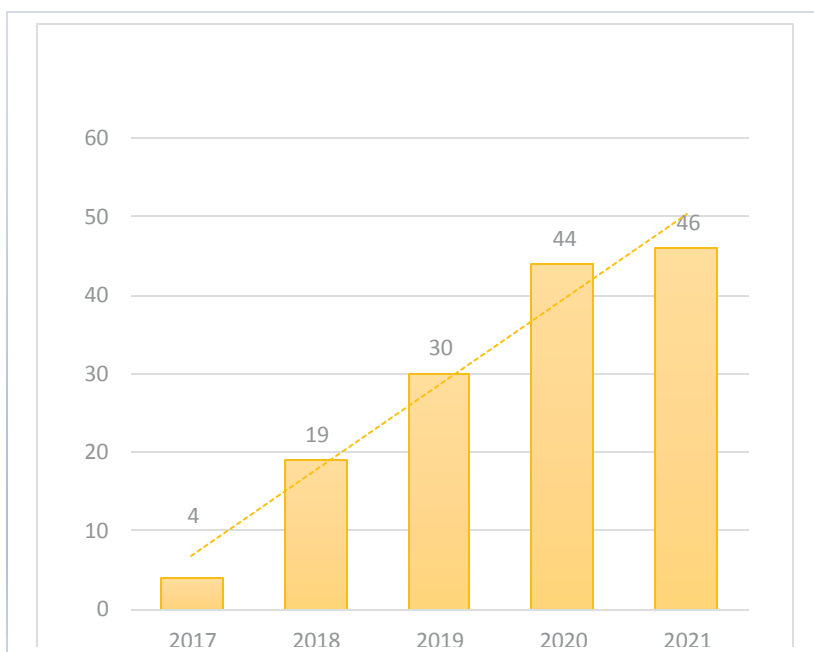


Chart 78: Establishment of Local Safety Councils 2017-2021



Issues and challenges

- The lack of Public Safety Strategies for some municipalities has led to challenges in managing the situation.
- Lack of establishment and full functioning of Local Safety Councils in all municipalities of the country.
- The establishment of a working group in the fight against organized crime and cooperation with the structures of the State Police.
- Low cooperation with other public authorities and lack of awareness-raising campaigns in the community.
- The challenge is the establishment and operation of the community policing office in the Administrative Units and in rural areas.
- There is low citizen awareness of referring each case.
- Creating a database to keep accurate records of the number of cases.

Recommendations

- Establishment of a Community Policing Office in all municipalities and in each administrative unit.
- Drafting and approval of local Public Safety Strategies and Establishment of Public Safety Councils by all municipalities.
- Full functioning of the community policing service. Strengthening cooperation for case management with all partners involved in the process.
- Strengthening cross-institutional cooperation at the central level with line ministries and at the local level through PSCs for risk and damage assessment and take preventive measures related to security issues.

CONCLUSIONS ON JUSTICE FREEDOM AND SECURITY

The Strategy against Serious and Organized Crime, 2021-2025 and the Action Plan 2021-2022 have increased the challenges of local government in the fight against crime and enhanced security in the community. The new approach to security is reflected in the Inter-sectoral Community Safety Strategy 2021-2026, which aims to improve community safety parameters by increasing the interaction of police structures with the community, through proactive methods for the prevention and detection of criminal offenses. The strategy is based on increasing cooperation with central and local institutional stakeholders, citizens and the community, other non-governmental institutions, businesses, religious institutions, the media, etc., to create a new culture of inclusive public safety.¹²³

Establishment and functioning of the structures provided for in the Strategy as well as in the local legal framework has continued at moderate rates. The working group for the implementation of the Action Plan on the fight against organized crime and the Local Safety Council, a mechanism in the fight against organized crime, are in place in most of the Municipalities. The drafting and approval of the Public Safety Strategy at the local level remains at the same levels as in 2020.

Creating credibility and increasing community safety through community policing remains a priority. In 2021 the establishment of the Community Policing Office in each administrative unit has continued slowly. Some of the priorities identified by the State Police in the 2021 monitoring report of the Ministry of Interior are: (i) Identification of high risk and priority areas, and engagement with pilot projects for community policing. (ii) Capacity building of community policing and border officers on radicalization tendencies, recruitment methods, online radicalization, and referral mechanisms; (iii) Conducting police awareness-raising campaigns in high-risk areas to promote community policing and the officers' roles in the community (from a gender perspective).

¹²³ 6-month monitoring report 2021, Ministry of Interior

3.10 CHAPTER 26: EDUCATION AND CULTURE

“Albania is **moderately prepared in the area of education and culture**. Some progress was made with the strengthening of the new National Agency for Employment and Skills, the ongoing restructuring of the National Agency for Education. Special measures have been taken for rapid adaptation to a distance- education model imposed by the COVID-19 pandemic. Due to limited financial resources and capacities, the quality of education remains a problem throughout the country, especially in rural and isolated areas where school facilities, often in poor conditions, are used for both child care and early and primary education, and it is difficult to attract qualified teachers. Some progress has been made in implementing the Strategy on Culture 2019-2025, but efforts should be made to complete the adoption of implementing legislation on the Law on Cultural Heritage and Museums¹²⁴”.

By decision of the Council of Ministers no. 621, dated 22.10.2021, the National Strategy for Education 2021–2026 and the action plan in its implementation have been approved. The vision of the strategy is: “A comprehensive education system based on the principles of equality and lifelong learning, which enables the quality training of all individuals, contributing to their personal well-being, as well as to the strengthening of democracy and the country’s integration in the European Union”.

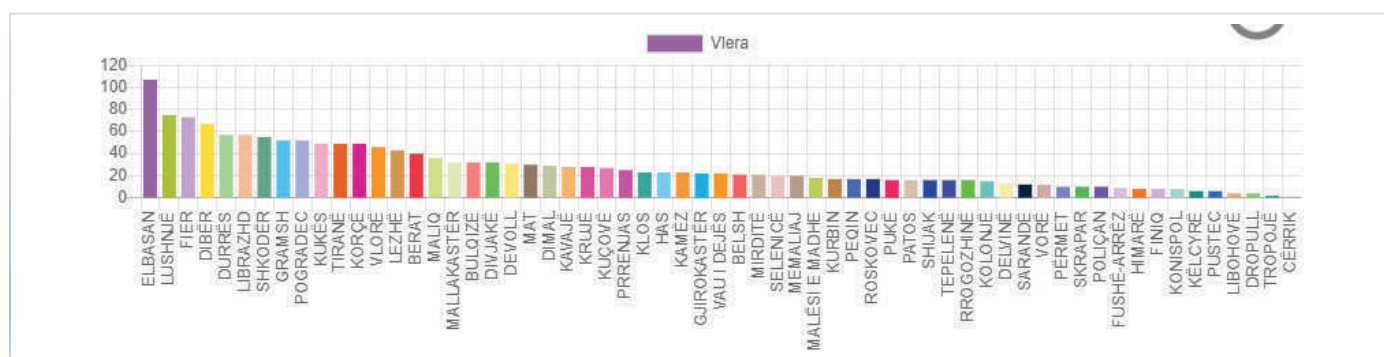
Within the process of decentralization of competencies from the central to the local government, preschool education is among the last decentralized functions. Based on law no. 139/2015, “On local government”, as amended, the administration and regulation of the preschool education system in kindergartens and nurseries are covered by the municipality.

Functions of municipalities in the field of culture, with reference to points 1 and 2 of article 25 of the law no. 139/2015 on the Local Government are mainly related to: (i) Development, protection and promotion of values and cultural heritage of local interest, and the management of facilities related to the exercise of such functions; (ii) Organizing cultural activities and promoting national and local identity, and management of facilities related to the exercise of these functions.

Specific objective: To increase participation in preparatory classes for preschool education

- In 2021, a total of 1683 kindergartens were operational, or an average of 27.59 kindergartens (N = 61). The indicator is almost at the same level as 2020 where 1658 kindergartens were reported. The municipality of Elbasan continues to have the largest number with 107 kindergartens, followed by the municipality of Lushnjë with 75, and Fier with 73 kindergartens.

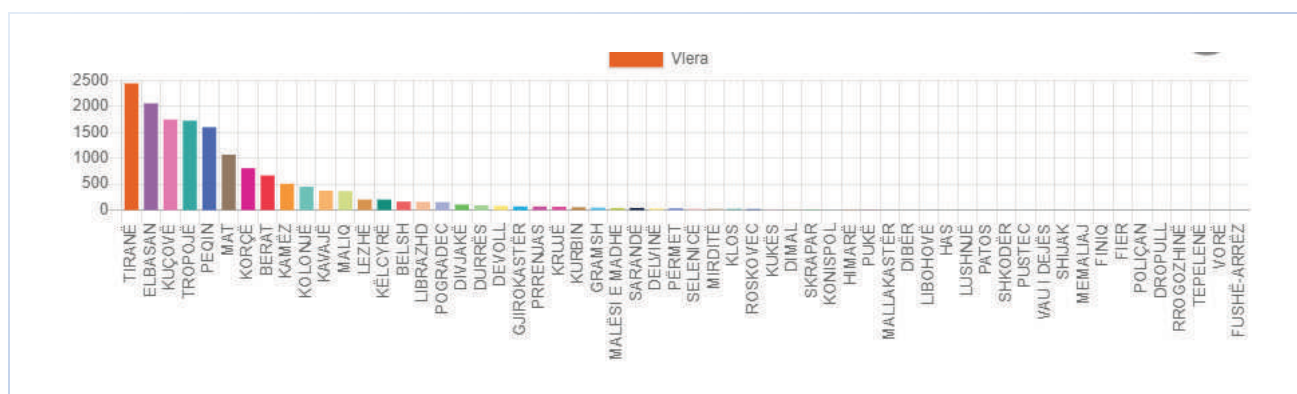
Chart 79: Number of kindergartens by LGU, 2021



¹²⁴ European Commission Report on Albania (2021)

- In 2021 it is reported that only 8. 3% of kindergartens are above the allowed capacities (overcrowding), at the same levels as in 2020 (N = 57).
- Meanwhile, 27. 37% of kindergartens have a number of children under the allowed capacities according to the Municipalities' reports in 2021 (N = 59). In 2020 the indicator was 23.61%. **The Municipality of Dibër has the largest number of kindergartens under capacity with 87.43%.**
- In 2021 municipalities **conducted 151 awareness-raising campaigns** for parents to enrol their children in the preschool education system or an average of 2.7 per municipality (N = 56). **The largest number is the Municipality of Gjirokastra with 20 campaigns, the Municipality of Berat 12 and Cërrik with 10 campaigns.** The indicator has decreased since 2020 where 223 campaigns had conducted campaigns.
- **In 2021, the fund allocated from the local budget for the reconstruction of existing kindergartens or the construction of new kindergartens was 2.7% (N = 54)** with a slight increase from 2020. About 54% of municipalities (33 municipalities) have reported zero percent of funds allocated in their budget while 7 municipalities did not provide any information¹²⁵. The indicator has decreased compared to the local fund planned in 2019, with an average value of 6.73% but also compared to 2018 (2.9%).
- **In 2021, the reported number of compulsory education age group children belonging to marginalized groups was 15,610** or an average of 346.89 children per Municipality (N = 45). The number has increased by 30% compared to 2020 where 12,161 children of marginalized groups were reported in the municipality. **The largest number is in the Municipality of Tirana with 2445 and the Municipality of Elbasan with 2059 children.**

Chart 80: Number of compulsory education age group children belonging to marginalized groups in Municipalities, 2021



Specific objective: To increase participation in compulsory education institutions for children of marginalized groups

- **The provision of PWD infrastructure in projects for the reconstruction/construction of schools in municipalities has been made by 78% of the municipalities.** There are 10 municipalities that have not provided for any PWDs infrastructure and 3 municipalities that did not report any data¹²⁶. The indicator is at the same level as 2020.
- On average, 3.11% of the **local investment fund was allocated for the construction of new schools and the reconstruction of existing schools** in relation to the local budget approved in 2021. *The indicator marks a decrease from 2020 by 5.64% and from 2019 where the fund provided for reconstruction of existing schools or construction of new schools was on average 7.55%.*

¹²⁵ Municipalities of Dibër, Elbasan, Mallakastër, Polican, Shijak, Vlora, Vora did not report any data

¹²⁶ Municipality of Shijak, Konispol, Elbasan did not report any data

Specific objective: To improve the decision-making process in pre-university education schools

- The indicator on the representation of the municipal employee in the school board has increased, reaching the levels of 90%, suffering reduction by 95% since 2020. There is no valid data for the indicator “municipal initiatives to support the establishment of school-parent-government communication” as in 2020.

Issues and challenges

- Very little funding of some municipalities for the construction and reconstruction of kindergarten buildings and pre-university education schools.
- Kindergarten overcrowding remains problematic for some municipalities and the inability to meet the needs of the entire community for child enrollment.
- Difficulty in enrolling in preschool education especially children of Roma and Egyptian communities as a priority for the integration of these communities in education.
- Lack of infrastructure to ensure access of Persons with Disabilities to some educational institutions.
- The challenge remains budget forecasting and application in calls for EU and other donor-funded projects or finding alternative funding sources to co-finance school projects.
- Raising parents’ and children’s awareness about decision making.

Recommendations

- Improving school infrastructure by planning and allocating more budget to this end.
- Municipalities should take initiatives to raise awareness of the society and identify local mechanisms to build communication channels between parents, teachers, and the municipality in order to increase knowledge and awareness about education, as well as speak up for various concerns.
- Increasing the capacities of the local administration for annual monitoring and reporting on the responsibilities and tasks of the LGU in the well-administration of kindergartens and schools; publication of monitoring reports on the official website of the municipality.
- Establishment of facilities and mechanisms for providing proper infrastructure in schools for children with disabilities and other marginalized groups.

Specific objective: Preservation and protection of tangible and intangible cultural heritage, the national treasure of the Albanian people generation

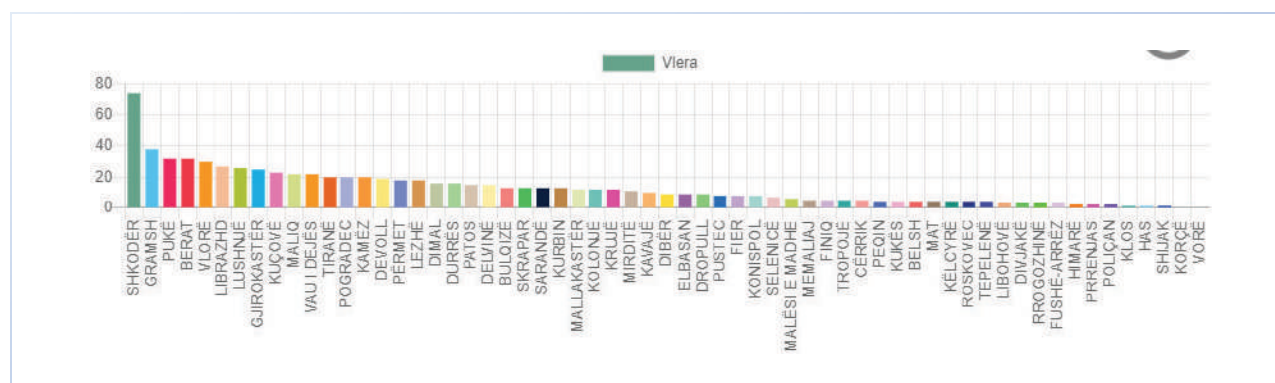
- In 2021, 12 cases of violations and illegal constructions in cultural heritage sites and objects were reported by 4 Municipalities: Himara and Kruja had 4 cases, Gjirokastra 3 and Finiq 1 case. Meanwhile, 51 municipalities or 83% report 0 cases of violations while 6 municipalities did not report any data¹²⁷. The indicator marks a decrease from 2020 with a total of 35 cases.
- **In 2021, a total of 855 measures were taken against violations** and other measures for the preservation of cultural heritage sites (from 106 measures in 2020). The largest number of measures were taken by the Municipality of Tirana with 840 measures, although it reported 0 cases of violations. The above municipalities of Himara, Kruja, Gjirokastra and Finiq report that the number of measures was equal to the number of violations.

¹²⁷ The municipalities of Vlora, Vora, Shijak, Cërrik, Durrës, Lezha did not report any data

Specific objective: To support the creativity and creative activity of Albanian artists through strengthening the cultural activity and involvement of artists

- In 2021, the total number of cultural activities approved by the Municipality for the promotion of local culture and tradition was 979 or an average of 16.32 (N = 60). The number has increased slightly since 2020 with only 36 more approved activities. **Tirana has the largest number of approved cultural projects - 123, while the municipality of Vora did not report on this indicator.**
- **770 activities have been held, or on average 12.83 activities per municipality (N = 60).** The number is increasing compared to 2020 where 729 cultural activities were organized, while in 2019, 807 were reported in total. The largest number of activities was organized by the Municipality of Shkodra with 74 out of the 62 planned. While the Municipality of Tirana has organized only 20 out of 123 planned activities¹²⁸. Activities have been made possible thanks to the easing of measures after improvements of the COVID-19 pandemic situation. The Municipality of Vora did not report on this indicator.
- **The share of approved local fund for cultural activities for the budget earmarked on cultural heritage in 2021 was 7.64% (N = 55).** The budget for cultural activities has been increasing since 2020 when it was reported at 5.56%.

Chart 81: Cultural activities organized by LGUs, 2021



Issues and challenges

- The main challenge is the allocation of funds to develop more cultural promotional activities as the budget of municipalities is very limited.
- Lack of cooperation with the Ministry of Culture and other central institutions to preserve and inherit cultural traditions such as folk songs, costumes and handicrafts of the provinces.
- Low cooperation with the community. Residents find themselves torn between the living necessities and the need to preserve the authenticity of their cultural heritage.
- Low financial opportunities to promote cultural heritage at the national and international levels, organization of annual festivals, preservation of folk music; increasing support and promotional activities for books and readers remains a challenge.
- Increasing cooperation with other public and private institutions, entrepreneurs, and young artists to influence new ideas about the development of cultural activities to promote the area.

¹²⁸The Municipality of Tirana reports that due to the pandemic many projects were postponed and need to repeat the procedure

Recommendations

- Strengthening interaction and coordination between local administration and state police structures to prevent illegal violations and damage to cultural heritage.
- Drafting cultural asset management plans through detailed evidence of the type and importance of the object of cultural heritage value.
- Preparation of cost analysis for the maintenance of cultural objects and their forecast in the medium-term Budget Program of the municipality according to the priorities and importance of the intervention.
- Undertaking actions and policies by LGUs to consider culture as a driver for tourism development.
- Application of financial support schemes to enable the preservation of cultural heritage objects owned by citizens.
- Increase human and financial capacity for the development of cultural activities approved by the municipality to promote local and national culture.

CONCLUSIONS ON EDUCATION AND CULTURE

The adoption of the National Strategy for Education 2021–2026 and the action plan in its implementation marks an important moment for the advancement of the education reform, including basic and pre-school education. Within the process of decentralization of central to local government competencies, pre-school education is among the last decentralized functions towards local government units. Based on the law no. 139/2015, “On local government”, as amended, the administration and regulation of the preschool education system in kindergartens and nurseries covered by the municipality.

The limited budget of municipalities to invest in kindergarten and school infrastructure remains a challenge. In 2021 the fund allocated from the local budget for the reconstruction of existing kindergartens or the construction of new kindergartens gardens is still low and insufficient to cover investment needs.

Efforts by municipalities to provide the necessary infrastructure for Persons with Disabilities have continued through projects for the reconstruction and construction of schools marking progress from 2020.

The role of Municipalities in preserving and promoting culture and cultural heritage has grown. Despite the difficult financial situation and limitations of the COVID 2019 pandemic, municipalities have organized a considerable number of cultural activities with their own funding. Also the budget share allocated for cultural activities and the promotion of cultural heritage in 2021 was higher than in 2020.

The preservation and maintenance of cultural heritage objects remains a challenge. Raising the awareness of residents and working closely with police structures and other central institutions to prevent and punish cases of violations is of particular importance. During 2021 the cases of violations and illegal constructions in cultural heritage sites and objects decreased. Drafting plans for the protection and development of cultural heritage objects as well as the allocation of budgets for investment and maintenance is an issue that requires proper and sustainable address.

3.11 CHAPTER 27: ENVIRONMENT AND CLIMATE CHANGE

“Albania shows a **certain level of preparation** in the area of environment and climate change. Limited progress has been made in further aligning policies and legislation with the *acquis*, in areas such as water management, chemicals, environmental crime and civil protection. However, considerable efforts are still needed for implementation and reinforcement, especially in waste management, water and air quality and climate change. Albania needs to make more efforts to align with the **air quality** *acquis*, including expanding and improving the air monitoring system.”¹²⁹

In 2021, the central and local government Consultative Councils discussed the following acts:

In the field of Environment:

- Draft decision “On an addition to DCM no. 687, dated 29.07.2015, “On the approval of rules on keeping, updating and publishing waste statistics together with the relevant report”.
- Draft decision “On the approval of the Albanian catalog of waste classification”.
- Draft decision “On the criteria for drafting management plans and designating ecosystems, habitats and wildlife species under the protection status”.
- Draft decision “On the approval of the list of protected species of plants/flora and animals/fauna of the country”.
- Presentation of the monitoring report of the strategic policy document and the national plan on integrated waste management 2020-2035.

➡ *Presentation of bylaws of law no. 57/2020 “On Forests”:*

- Draft Decision “On the criteria and procedures for the establishment of strategic reserves of standing (uncut) timber, conservation and treatment of pristine or almost pristine forests and their transition to full conservation.”
- Draft decision “On the criteria for exercising, approving and monitoring scientific research activities in the National Forest Fund”.
- Draft decision “On the structure of the national registration of the forest fund, technical criteria for recording and reflecting the situation and changes, record keeping, information to be recorded and reporting by forest administrators/owners”.
- Draft decision “On the approval of the estimated costs for compensatory afforestation in cases of change of destination of the forest fund”.

Specific Objective: To raise local governments’ capacity building and awareness of for their role in the protection of the environment, nature and forest management

The responsibilities of LGUs in the field of environmental protection are related to the provision, at the local level, of measures for the protection of air, soil and water quality from pollution, the provision of measures for protection from acoustic pollution, and the development of educational and promotional activities on environmental protection.

- In 2021, **a total of 142 local officials were trained** on legislation and implementation of central environmental policy measures, or an average of 2.5 trained municipal employees (N = 57); *the indicator has been increasing since 2020 where 90 trained employees were reported.* The largest number is in the

¹²⁹ European Commission Report on Albania (2021)

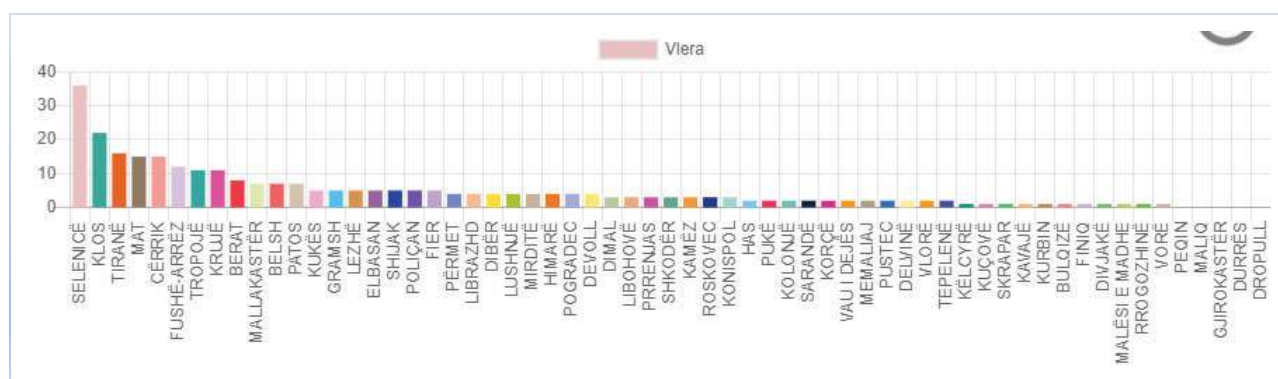
Municipality of Vlora with 50 trained employees, while 23% of the Municipalities do not have any trained employees. **The municipalities of Cërrik, Devoll, Divjakë and Vora did not provide any information.**

- Municipalities have organized **364 awareness-raising campaigns in 2021 in environmental protection** and minimization of pollution in cooperation with other local stakeholders and CSOs. The indicator has increased by 40% compared to the campaigns in 2020. **The largest number were reported by the Municipality of Kruja with 55 campaigns and the Municipality of Belsh with 36. The Municipality of Durrës did not provide any data.**

Specific objective: To educate new generations to protect the environment and minimize pollution

- In 2021, **288 awareness-raising campaigns were organized** in secondary and 9-year schools on the protection of the environment and minimization of pollution or an average of 4.8 per municipality (N = 60). **The municipality of Selenica has the largest number with 36 organized campaigns. The Municipality of Durrës did not provide any data.** The indicator has increased from 2020 onwards with **167 organized awareness-raising campaigns.**

Chart 82: Awareness-raising campaign on environment protection in schools, 2021



Specific objective: Drafting an action plan on improving ambient air quality at the local level

- Municipalities have an obligation to draft local action plans in implementation of central policies to improve air quality. **In 2021 there are 12 Municipalities that reported having drafted Action Plans which mark an increase of 3 municipalities more than in 2020. 80% of municipalities do not have a local action plan to improve air quality.**

Map 27: LP on improving air quality 2021

Only 7 Municipalities¹³⁰ reported the planning of measures in the MTBP (N = 17). The indicator shows an increase from 2020 with only 3 Municipalities. The indicator has inaccuracies in reporting to Municipalities that have not approved the Action Plan but report on the earmarking of funds in the MTBP¹³¹. **26 air quality improvement measures were included in MTBP.**

Issues and challenges

- Municipalities have low local administration capacities to ensure the implementation of environmental legislation in line with the EU *acquis*. The number of employees and their qualification does not meet the sector challenges.
- Financial resources remain insufficient and environmental policy planning in the MTBP is lacking. Action plans and concrete measures on implementation or actions to improve air quality are missing by some municipalities.
- Awareness-raising activities and community participation including school students and teachers remain limited.
- There are few projects focused on air quality improvement implemented in some municipalities, mainly small ones.
- Lack of sustainable activity of NGOs operating in the field of environment and of international organizations specializing in environmental issues.



Recommendations

- More efforts should be made to align legislation with the air quality *acquis*, including expanding and improving the air monitoring system and increasing the human and financial resources needed to meet the relevant tasks.¹³²
- Municipalities should conduct a detailed analysis of investment needs and ensure a progressive planning of funds in the local budget on environmental issues.

Approving Local Action Plans on the improvement of air quality as soon as possible by the Municipalities which have not approved it yet, and integrating measures in their Budget programs.

- Increasing the number of local employees whose function is to protect the environment and implement the relevant legislation in some municipalities.
- Better cooperation with EU and other donor-funded projects in the field of environment and providing training for civil servants in the field of environment and European standards.
- Continuation of civic education programs, education of young people in schools and increased interaction with other stakeholders at the local level and civil society organizations.

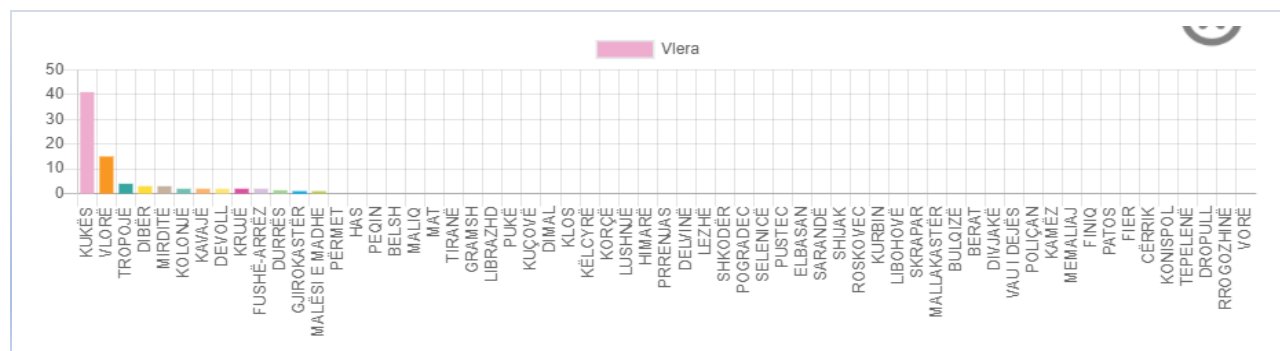
¹³⁰ Three of them have not drafted an action plan

¹³¹ The municipalities of Roskovec, Kucova, Fier do not have a local action plan

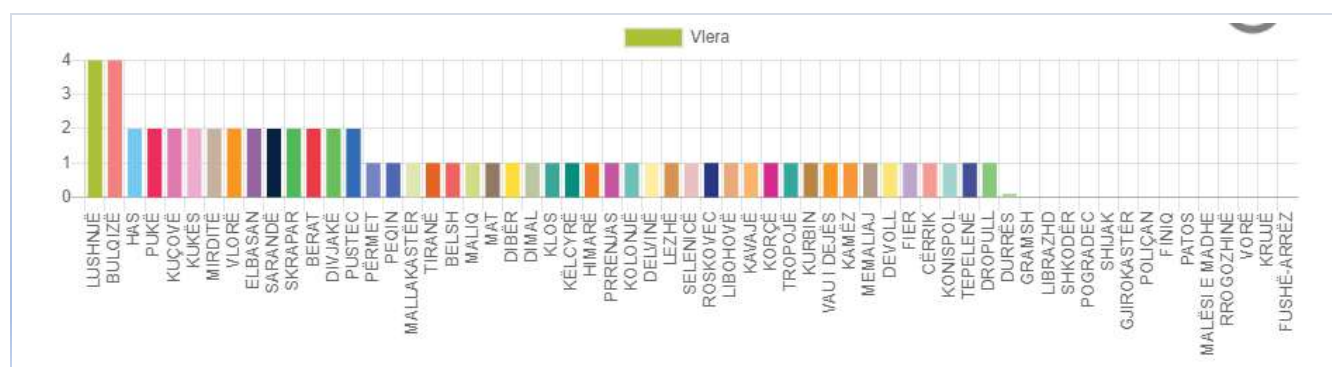
¹³² European Commission Report on Albania (2021)

Specific Objective: To improve Integrated Waste Management

- In 2021, 78.6% of the Municipalities or 48 Municipalities (N = 61) reported that **waste collection and disposal in landfills and approved landfills** was carried out according to the local waste management plan. The indicator marks an increase of only 7 Municipalities from 2020.
- Recyclable waste is disposed of according to the objectives of the local waste management plan (LWMP) from only 19.7% of municipalities in 2021 with a decrease of -1.6 p.p. compared to 2020.
- In 2021, 79 landfills were reported, against 83 in 2020. Other municipalities (72%) reported zero landfills. Similar to 2020, the largest number of landfills, with almost 50% of the total number, was reported in the Municipality of Kukës with 41 landfills out of standard.

Chart 82: Unauthorized landfills by LGU, 2021

- 64 authorized landfills have been used by municipalities for waste disposal in 2021 (N = 60) or an average of 1 landfill per municipality. The Municipality of Lushnjë and Bulqiza have the largest number of 4. **The Municipality of Vora did not report on this indicator.**

Chart 83: Authorized landfills, 2021

- In 2021, the waste segregation at source in 2 bins according to the legislation was performed only by 8 Municipalities, remaining at the same levels in 2020. **The municipalities of Cërrik, Durrës and Vora did not provide any information.**
- **The average distance of the center of the Municipality from the approved landfill is 31.32 km** marking progress from 2020 with 21.41 and 17.97 km in 2019 and 2018.

Gjirokastra reported 600 km. In 2020 it reported 4km.

Mat 100 Km. Fushë Arrez 90 km years. Last year it reported 4 km

Issues and challenges

- The challenge remains in strengthening the municipalities' capacities in line with new methodologies and increasing participation in training on the priorities in waste management and EU legislation.
- Selected waste stream collection and economic instruments to promote recycling and reuse and to prevent waste generation remain limited¹³³.
- Improving the monitoring system by municipalities and increasing the quality of service delivery by private waste management operators.
- Closing down a large number of unsuitable and unauthorized landfills remains a challenge.
- Inability of municipalities to realize waste segregation at source due to high cost and lack of proper equipment. Low level of awareness and civic education, including youth, on the importance of segregation at source.

Recommendations

- Taking adequate measures and working closely with other central and local institutions to prevent the expansion of landfills that do not meet the standards and are situated in unauthorized areas. Developing an action plan to close down unauthorized landfills. The Municipality of Kukës must take urgent measures as the number remains the same and it is the highest in the country with 41 landfills out of standards.
- Drafting a local plan for integrated waste management by all municipalities and integrating its measures in the Medium Term Budget Program. Allocating funding and monitor its implementation with high financial effectiveness and efficiency.
- Continuous monitoring by the Municipalities of the services of private and concessionaire operators contracted for the provision of waste collection, disposal, and recycling service.

Map 28: Waste segregation at source, 2021

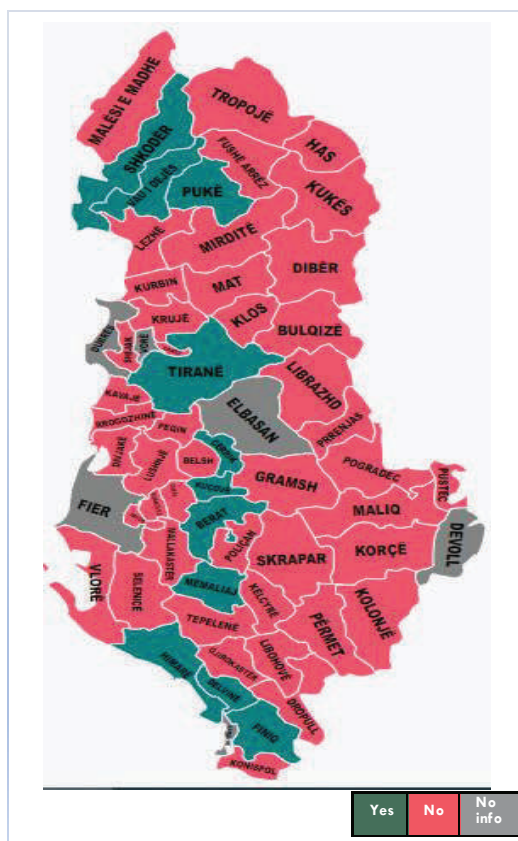


¹³³European Commission Report on Albania (2021)

- Increasing the number of investment projects for waste recycling in municipalities or regions and cooperation with the central government for their timely implementation.
- Awareness – raising and civic education through awareness campaigns in cooperation with civil society organizations.

Specific Objective: To integrate climate change risks into local plans according to national priorities and objectives.

Map 29: Local plan of measures on risk mitigation, 2021



In line with national priorities and measures for mitigating the risks of climate change, municipalities at greater risk are required to draft and update the local plan of mitigation measures; **about 18% of municipalities or 11 municipalities have a local risk mitigation plan with one municipality less compared to 2020.**

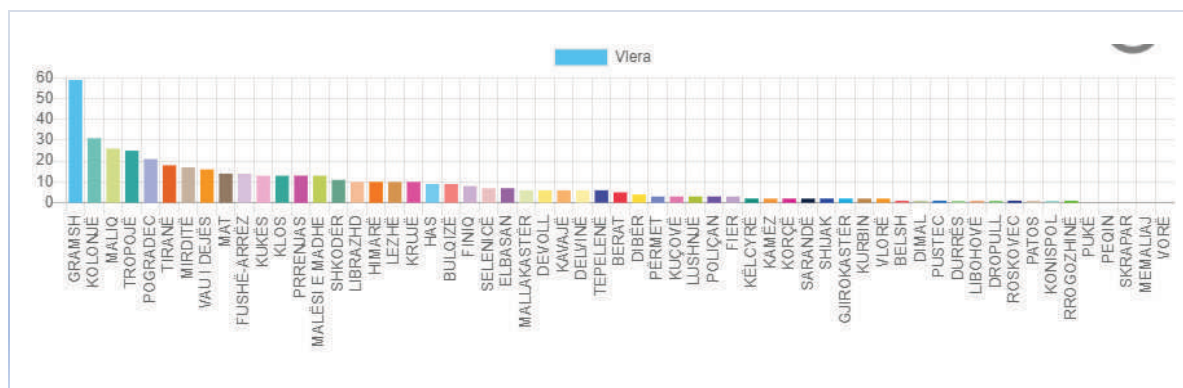
Specific Objective: To increase the ability to adapt to the challenging effects of climate change at the local level

In 2021, the number of specialists hired and trained at the local level on climate change was 48 employees or less than 1 employee per Municipality (N = 53). The indicator remains at the same levels as in 2020. The number of specialists varies from a maximum of 12 employees in Klos Municipality to only 1 employee.

Specific objective: Afforestation of degraded areas through recycling of forest resources destination and elimination of debts of entities operating in the forest fund

- About 53% of municipalities (N = 56) have drafted a sustainable management plan of the forest and pasture fund**, which integrates the forest, pastures, and medicinal plant breeding measures.
- Total number of local forest and pasture management specialists** in 2021 was 464 or on average 8.4 employees (N = 55). The indicator has increased from 2020 with 70 more specialists. The municipalities of Gramsh (59) and Kolonjë (32) have the largest number of specialists employed.

Chart 84: Employment rate of forest fund specialists as per the legislation, 2021

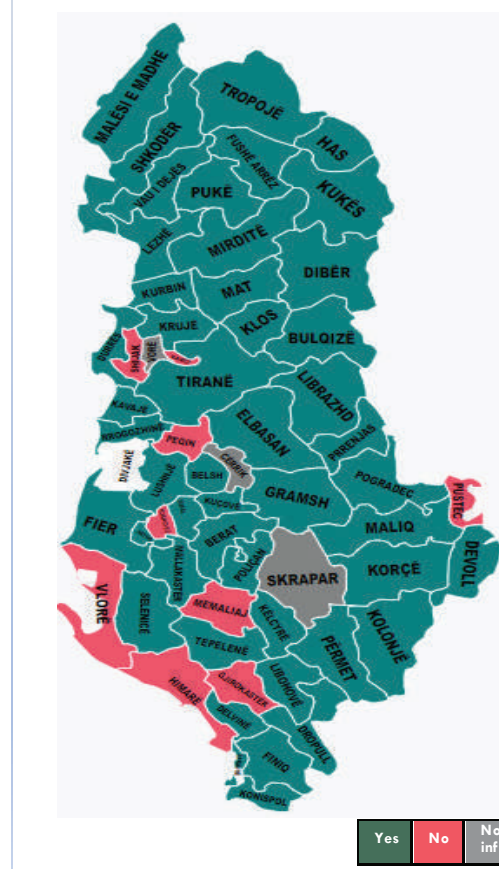


- Among the duties and responsibilities of LGUs related to the exercise of the function of forest and pasture management is the creation of a database on the entities that exercise activities and the creation of the cadastre of the forest and pasture fund. In 2021 48 municipalities (or 78%) had set up the database¹³⁴. The indicator shows an increase of only 1 p. p. compared to 2020.

Issues and challenges

- Lack of local plan for forest and pasture fund management as well as forest breeding in some municipalities.
- Budget planning of local plan measures in the medium-term budget planning document (MTBP) has not been earmarked by a large number of municipalities.
- The number of local employees for the proper administration and inspection of the Forest and Pasture Fund is still far from the standard set by law.
- Recruitment of specialists for the administration of the forest and pasture fund does not meet the legal requirements and the level of quotas required.
- Insufficient training for local employees to increase the level of professionalism and effective implementation of local competencies.

Map 30: The established database of entities exercising activities on forest and pasture fund, 2021



¹³⁴ The municipalities of Vora, Skrapar, Divjakë and Cërrik did not provide data for the indicator

Recommendations

- Developing local plans on Climate Change Adaptation by all municipalities and allocating funds for the implementation of pilot measures and longer-term projects.
- Taking immediate measures to review and improve the environmental and strategic impact of existing and planned projects, plans, and programs, particularly in the hydropower, construction, tourism, transport, and mining sectors¹³⁵;
- Adoption of local plans and inclusion of measures in the budget program for their financing in accordance with the objectives set out therein.
- Strengthening cooperation between the municipality and the citizens and their involvement in actions for environmental protection, as well as actions aimed at monitoring and impact of environmental pollution by economic operators, and putting pressure on them to take measures to avoid pollution.
- Municipalities should organize awareness and outreach campaigns to inform their citizens about the risks of climate change, mitigation and adaptation measures.

Specific Objective: To improve the quality of water supply and sewerage services

Water supply and sewerage companies face challenges such as lack of licensing and tariffs for wastewater treatment, insufficient operation and maintenance, low revenue, and limited impact due to underdeveloped sewerage network as well as household connections. There is an urgent need for full harmonization with the Urban Wastewater Treatment Directive, expansion of the sewerage network, licensing, and application of adequate tariffs for all new wastewater treatment and construction plants, especially in urban and coastal areas with high tourist development¹³⁶.

In 2021 it is reported that:

- On average 82.65% of households were connected to the water supply network in urban areas in 2021 (N = 60). **33% of Municipalities report 100% connection of households to the water supply network**¹³⁷. Meanwhile 3 municipalities: Dropull, Finiq, and Pustec report 0% of the connected water supply network in urban areas. **Only the municipality of Shijak did not report on this indicator.** The indicator has decreased since 2020 where it was 86.2%.
- On average 62.17% of households were connected to the water supply network in rural areas in 2021 (N = 60). **Only the municipality of Shijak did not report on this indicator.** The indicator has decreased since 2020 where it was 71.2%.
- **As in 2020 no data were reported on the percentage of households connected to the sewage network in urban areas.**
- On average 22.36% of households were connected to the sewage network in rural areas in 2021 (N = 59). **Shijak and Has municipalities have not reported on this indicator.** The indicator has decreased from 2020 where it was 23.42%

¹³⁵European Commission Report on Albania (2021)

¹³⁶European Commission Report on Albania (2021)

¹³⁷Tirana, Tropoja, Skrapar, Selenica, Prrenjas, Polican, Pogradec, Memaliaj, Mat, Belsh, devoll, Divjaka, Gramsh, Has, Klos, Kolonja, Korca, Lezha, Libohova, Librazhd

Chart 84: % of households connected to the water supply network in urban areas, 2021

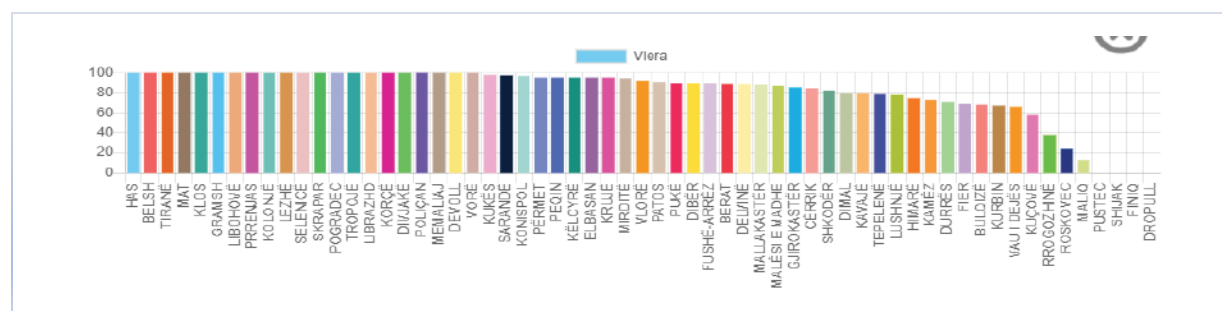


Chart 85: % of households connected to the water supply network in rural areas, 2021

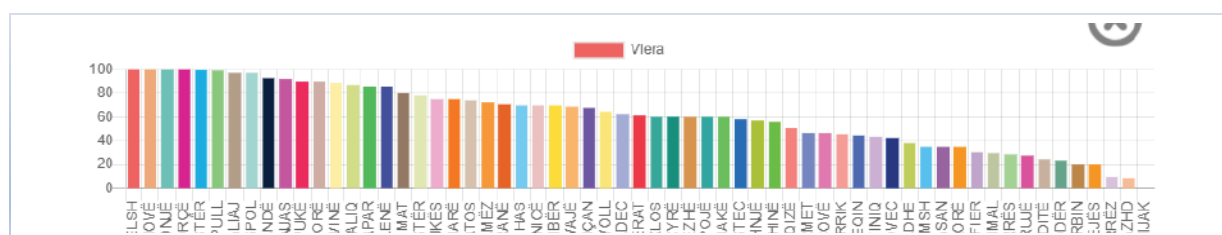
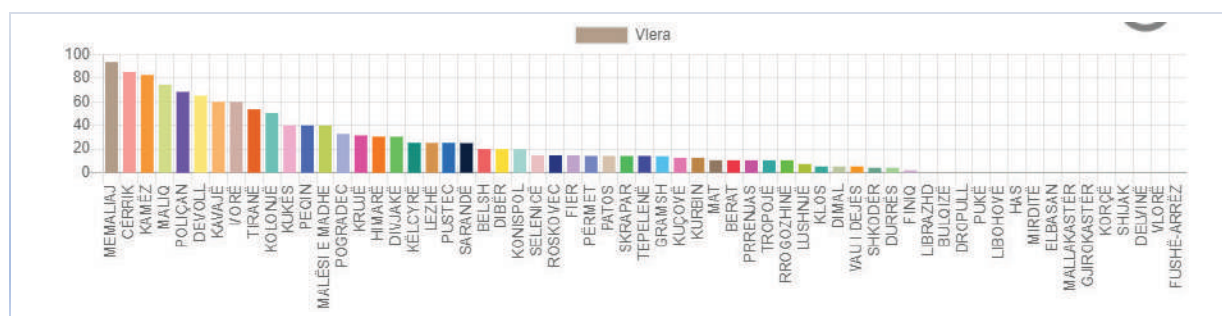


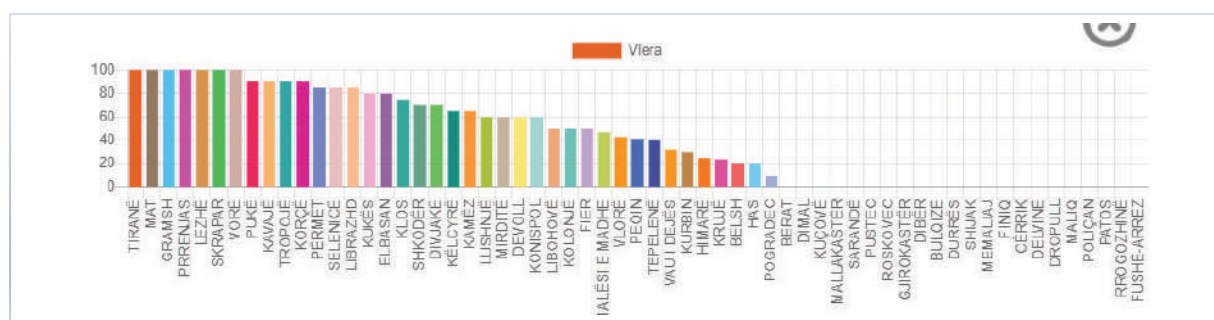
Chart 86: % of households connected to the sewage network in rural areas



- About 23% of the municipalities (or 14 Municipalities) report that the Wastewater Treatment Plant is in place and running in 2021 (N = 58). **The indicator has increased by +3.3 p.p. from 2020.**
- On average 51.86% of the rainwater drainage network is rehabilitated and operational in 2021.¹³⁸. The indicator has improved from 2020 with 47.7% of the rehabilitated rainwater sewerage network.

¹³⁸ 12 municipalities have not reported on this indicator

Chart 87: % of the rainwater drainage network rehabilitated and operational, 2021



Specific Objective: To increase capacities for coping with natural emergencies

“Administrative capacity, infrastructure, and systems for early warning, prevention, preparedness, and response are still insufficient. Frequent floods in the last decade, 2019 earthquakes, and recent forest fires have highlighted the urgency of building effective civil protection systems and reducing disaster risk, and increasing the country’s resilience to natural disasters and crises”¹³⁹.

➤ *During 2021, the following draft acts were discussed in the Consultative Council of the central and local governments:*

- Draft decision “On the approval of the procedures for the allocation and use of the conditional fund of the state budget for civil protection”.
- Draft decision “On determining the amount of compensation for damages, procedures, deadlines, state structures responsible for damage evaluation, as well as the assets of entities that are compensated for damages caused by a disaster”.
- Draft decision “On the approval of the types of alarm signals, number and manner of their use, in case of disasters”.
- Draft decision “On taking measures to preserve cultural heritage in cases of natural disasters and armed conflict”.
- Draft decision “On the approval of the procedures for the allocation and use of the conditional fund of the state budget for civil protection”.
- Draft decision “On the approval of criteria and procedures for declaring the state of natural disasters”.

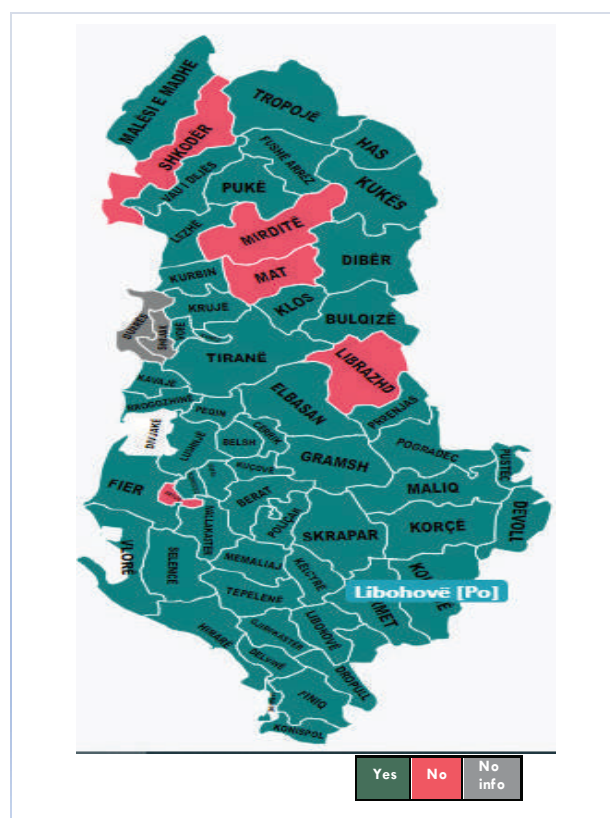
➤ *The progress in achieving this specific objective is measured by the following indicators:*

- In 2021, 53 municipalities (or 86%) reported to have drafted the Local Civil Emergency Response Plan in accordance with the National Civil Emergency Plan. The municipalities of Shijak and Divjaka did not report on this indicator. The indicator has a significant increase of +15 p.p. from 2020.
- In 2021, 59 Municipalities or about 97% of municipalities have set up civil emergency staff. Only two municipalities, Shijak and Divjaka did not report on this indicator. The indicator has increased by +9 p.p. from 2020.

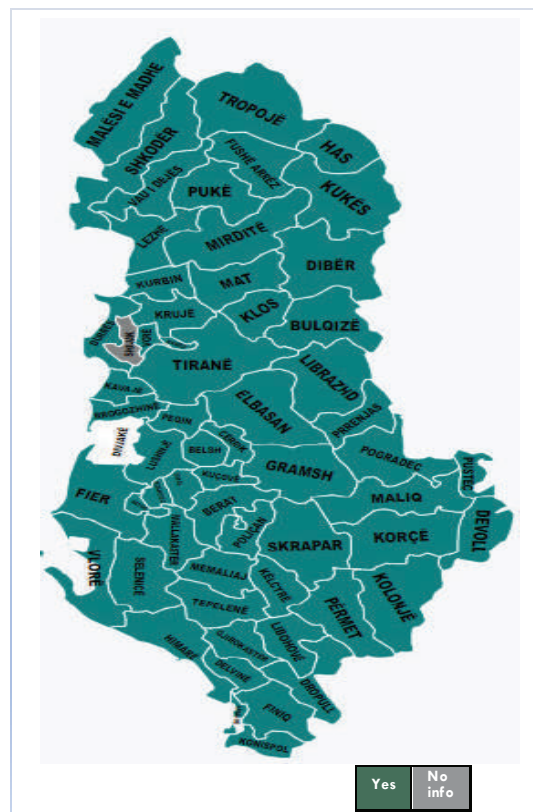
¹³⁹European Commission Report on Albania (2021)

- 97% of municipalities (59 municipalities) have set up the structure of civil emergencies in 2021. Only two municipalities, Shijak and Divjaka did not report on this indicator. The indicator has increased by +9 p.p. from 2020.
- The budget allocated for civil emergencies by the central government for 2021 is on average 9.71% of the budget of civil emergencies at the local level (N = 56). There is a qualitative increase in the budget for civil emergencies compared to 2020 where only 2.24% was reported.
- 5.41% is the average of additional funds for civil emergencies allocated for 2021 by Municipalities (N = 56). The indicator has decreased from 2020 where an average of 6.79% of additional funds were allocated.

Map 31: Drafting the Local Plan for coping with civil emergencies, 2021



Map 32: Municipality has set up the structure of civil emergencies, 2021



Issues and challenges

- Lack of water supply and sewerage network is still present in some Municipalities which report 0% household connection.
- The inability of municipalities to intervene with their funds by investing in water supply and sewerage networks due to the high funding required by these projects.
- Water and sewerage companies face major challenges such as lack of licensing and tariffs for wastewater treatment, insufficient operation and maintenance, and limited revenues due to underdeveloped sewerage networks and household connections.¹⁴⁰

¹⁴⁰ European Commission Report on Albania (2021)

- Illegal interventions to the water supply network by residents/households and private businesses.
- Administrative capacity, infrastructure, and systems for early warning, prevention, preparedness, and response are still insufficient¹⁴¹.

Recommendations

- There is an urgent need to expand the sewerage network licensing and application of adequate fees for all wastewater treatment plants and construction of new plants, especially in urban and coastal areas with high tourist development¹⁴².
- More investment projects need to be channeled by the central government mainly to the municipalities that have the biggest network problems and limited budgets.
- Strengthening Municipality-Community-Police cooperation to avoid and stop illegal interventions in the water supply network.
- Increasing the performance of municipalities in monitoring the situation and early identification of illegal interventions on the ground.
- Drafting and approval of the Local Plan for coping with civil emergencies in accordance with the National Civil Emergency Plan by all Municipalities.
- Increasing funds by the Central Government according to the obligation to support municipalities with budgetary funds on the prevention and management of civil emergencies.

CONCLUSIONS ON ENVIRONMENT AND CLIMATE CHANGE

Municipalities have continued their efforts to ensure the implementation of legislation in the field of environment and climate and to raise the knowledge of local staff on EU standards in this sector. Problems carried over the years and abuses with the environment continue to be present in a large part of the country. This situation has increased the need for more funds and long-term projects for the environmental conservation and protection through sustainable development.

Regarding Integrated Waste Management, the capacities of municipalities for collection and segregation at source remain limited. The role of municipalities in monitoring the effective implementation of the service provided by external cleaning contractors should be strengthened and the level of citizen awareness in environmental protection should be increased. Shutting down many unsuitable landfills remained problematic also in 2021.

There has been slow progress in drafting an action plan to improve air quality and take measures to mitigate the risks of climate change. Most municipalities do not have a local action plan to improve air quality. The level of participation of municipalities in trainings on the implementation of national policy measures on climate change has been positive.

Low progress has been made in 2021 regarding the drafting of local forest management plans. Local Government Units have important tasks related to the administration of the local forest fund such as the drafting of strategies, the management plan for the forest fund, the sector development program and the forest breeding plan. **The EU Progress Report 2021 emphasizes the need for Albania to ensure the enforcement of the laws on forests and deforestation** and prosecute offenders and arsonists.

Investments in the water supply and sewerage network face problems such as illegal interventions, insufficient maintenance, underdeveloped sewerage network and household and business connections.

¹⁴¹ European Commission Report on Albania (2021)

¹⁴² European Commission Report on Albania (2021)

Investment in the sewerage network and wastewater treatment plants remains an urgent need. According to the EU Progress Report 2021, Albania needs to further strengthen and accelerate water reform measures to increase the performance and sustainability of companies and the level of service provided to all citizens.

Significant progress has been made in the establishment of the Civil Emergency Headquarters and the structure of civil emergencies, which are already operational in almost the entire territory of the country. However, according to the European Commission progress report on Albania for 2021, the administrative capacities, infrastructure and systems for early warning, prevention, preparedness and response are still insufficient.

3.12 CHAPTER 32: FINANCIAL CONTROL

"The EU promotes the reform of national governance systems to improve managerial accountability, sound financial management of revenues and expenditures, and external control of public funds. Also, the financial control rules further protect the EU financial interests against fraud in the management of EU funds and the euro against counterfeiting."

Albania is moderately prepared in this area. Some progress has been made during the reporting period, in particular with the adoption of a policy paper on strengthening public internal financial control (PIFC), guidelines on the delegation of financial responsibilities, guidelines on monitoring and reporting on the follow-up of internal audit recommendations, and review of external audit quality control and quality assurance procedures. However, Albania has not yet adopted a comprehensive public internal financial control policy document to focus on managerial accountability, and has not made the necessary changes to the legislation. Proper and effective functioning of internal control is not yet ensured in all budget units. The country is required to (i) implement the guidelines on the financial delegation of responsibilities and issue guidelines on the delegation of managerial responsibilities, (ii) to monitor and follow-up the implementation of the recommendations made in the PIFC annual report to budgetary institutions, (iii) to enhance the parliamentary scrutiny of the audited bodies in the implementation of the external audit recommendations and the establishment of a parliamentary monitoring framework to regularly evaluate the next government actions."¹⁴³

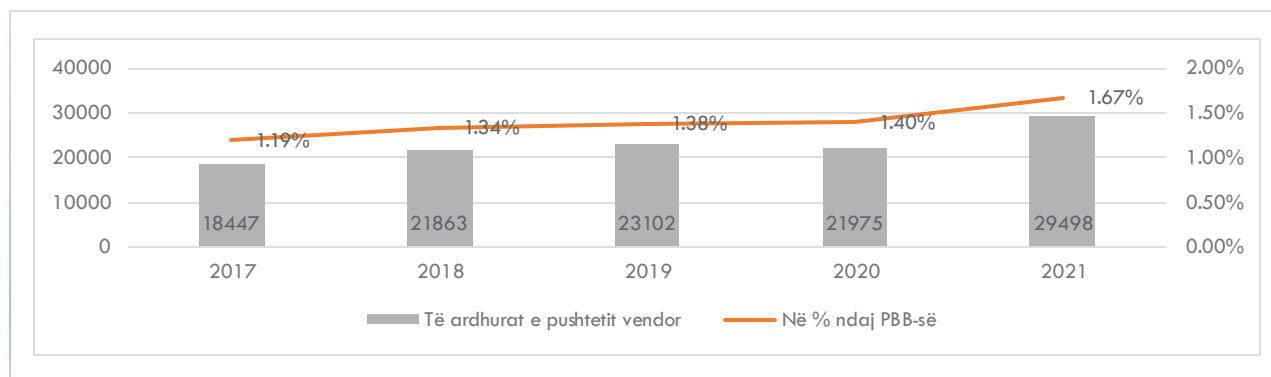
There is a strategic framework for PIFC. PIFC measures are included in the Public Financial Management Strategy and Public Administration Reform 2019-2022 and in the PIFC policy document 2021-2022. Managerial responsibility is not yet fully sanctioned in legislation and administrative practice.

The guidelines adopted on the delegation of financial responsibilities need to be implemented and accompanied by a broader reform on the delegation of operational and administrative responsibilities, in order to have a comprehensive approach to managerial accountability. A very small number of administrative decisions are being delegated. Reporting focuses mainly on financial performance, but since the number of institutions is increasing, it is also focusing on performance of objectives. The re-emergence and increase in arrears is an indicator of the ineffective attribution of responsibilities and engagement controls⁹³.

In 2021, local government revenues accounted for 1.67% of GDP (29.498 million lek), which marks an increase of 0.27 p.p. of GDP, compared to 2020.

¹⁴³ European Commission Progress Report on Albania (2021)

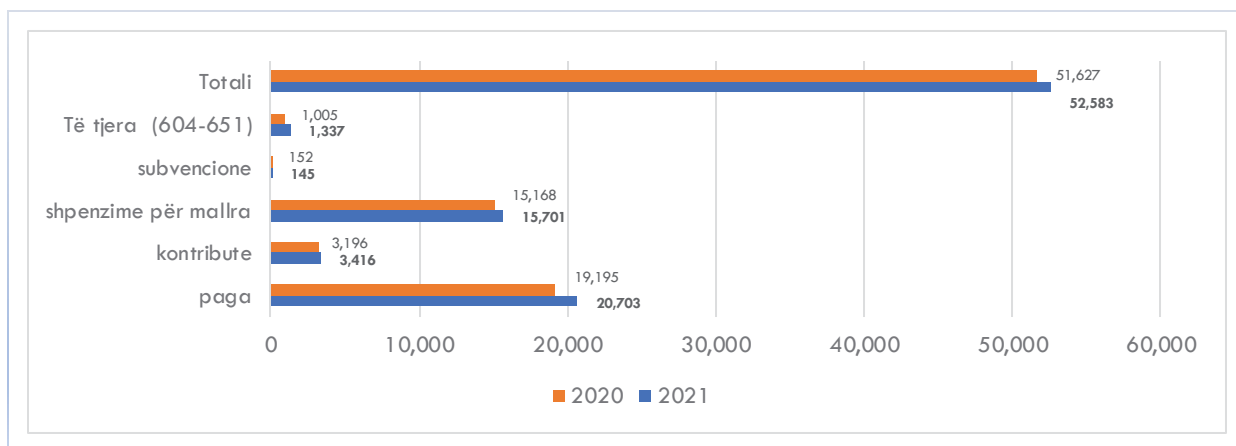
Chart 88: Local government revenues, 2017 - 2021 (in million ALL)



Local government expenditures in 2021 accounted for ALL 52, 583 million (or 8.82% of public expenditures), marking an increase of 1.85 p.p. compared to 2020 expenditures (excluding the total for reconstruction in 2020)¹⁴⁴.

In relation to GDP, local government expenditures account for share of 2.97% of GDP (GDP ALL 1769.3 billion in 2021). Expenditures on salaries (600), social and health insurance contributions (601) and expenditures on goods and services (602) increased in 2021 compared to 2020, while subsidies (603) decreased slightly.

Chart 89: LGU Expenditures, 2021/2020 (in million lek)



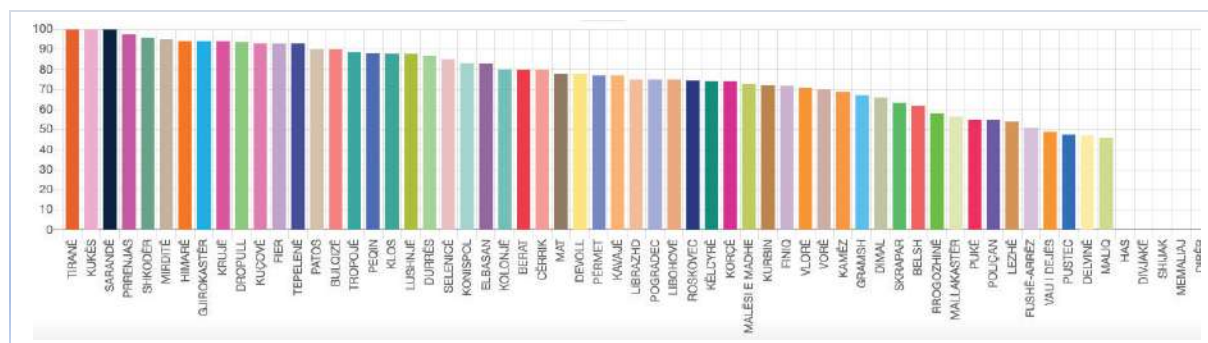
Source: Ministry of Finance and Economy/Directorate of Local Finance

In 2021, the average realization of planned annual revenues was 77.04% (n = 56). The municipalities of Tirana, Kukes and Saranda have had a 100% realization rate. About 24% of municipalities had the rate lower than 70%¹⁴⁵.

¹⁴⁴ Source: Ministry of Finance and Economy

¹⁴⁵ LGU reporting on performance indicators for 2021

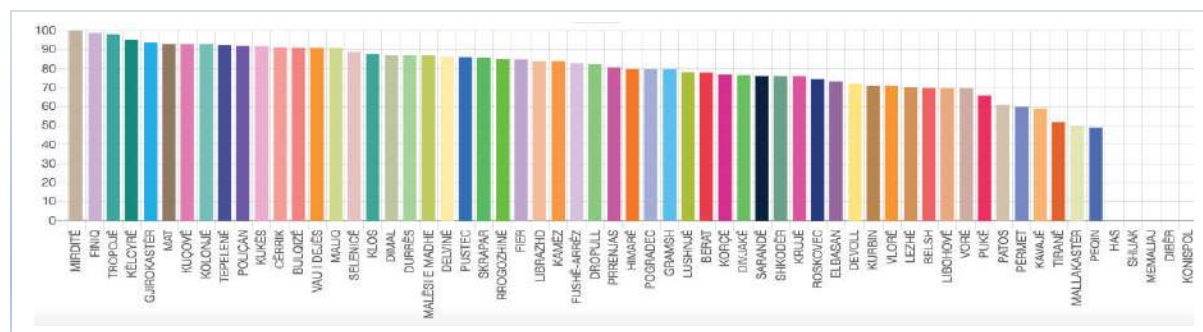
Chart 90: Realization rate of annual revenues, 2021



The execution rate of annual planned expenditure was 79.84% (n = 56)

The Municipality of Mirdita has had a 100% execution rate, followed by the Municipality of Finiq (99%), the Municipality of Tropoja (98.18%), Këlcyrë (95%), Gjirokastrë (94%). About 38% of municipalities had an execution rate of annual planned expenditure lower than 80%.

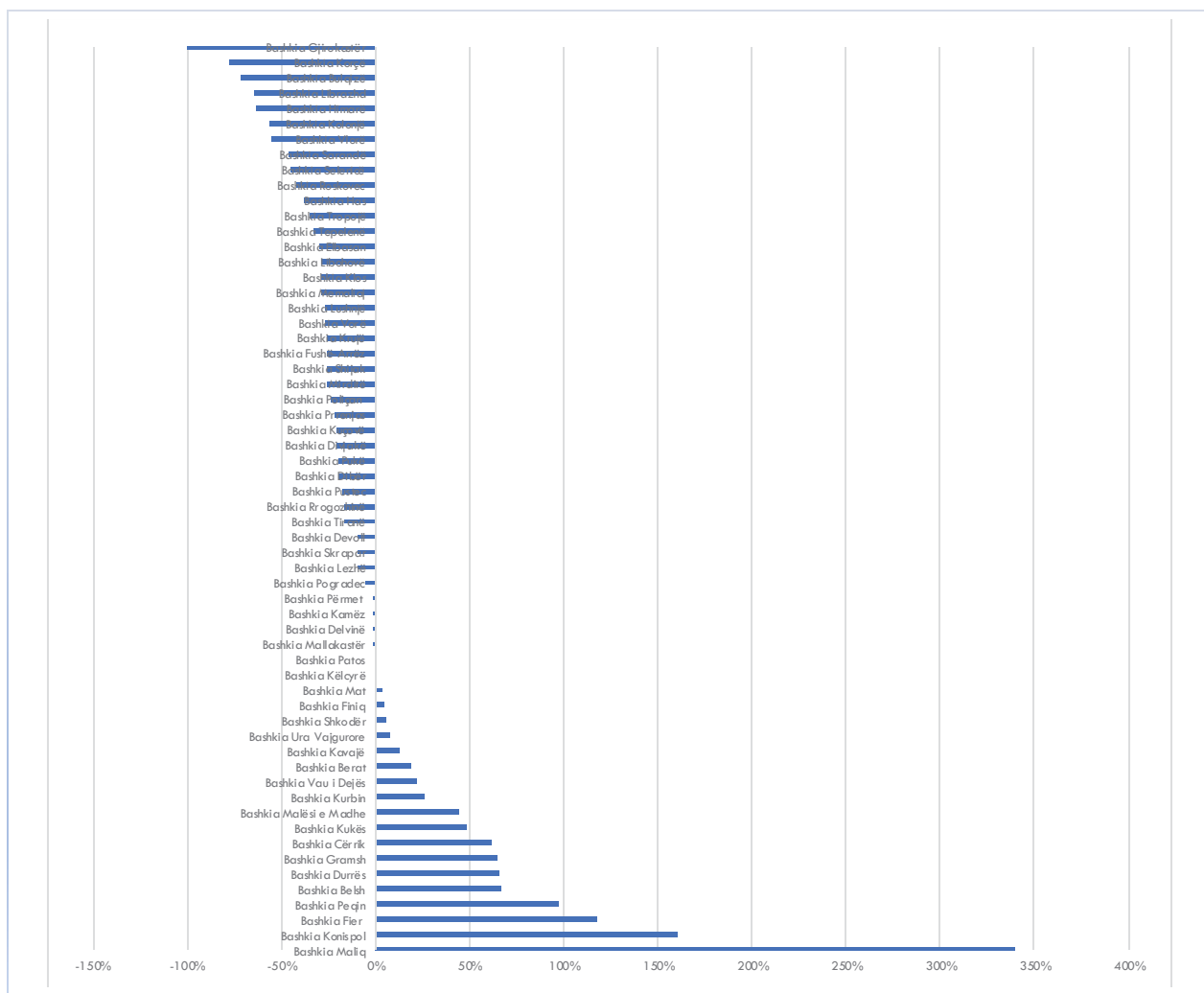
Chart 91: Execution rate of annual planned expenditure of LGUs, 2021



At the end of 2021, arrears of municipalities accounted for 6, 460, 929, 683 ALL, decreasing by 6.78 p.p. compared to 2020. Considering the regional institution, the stock of arrears for local government was 6, 580 million ALL, at the end of 2021.

About 29% of municipalities have increased the stock of arrears in 2021 compared to 2020, but the change rate of the stock of municipalities was 22. 3% (n = 57), which indicates a lower value compared to 2020 (26.8%).

Chart 92: Rate of change of arrears of LGUs (2021 / 2020)¹⁴⁶



Even in 2021, the arrears of municipalities were reduced but remained above the target level. In the framework of the implementation of the National Systematic Data Plan (NSPD) 2020-2027, the review and improvement of LGU fiscal packages was carried out and activities were organized within the internal control and audit at the local level, monitoring and performance evaluation on the basis of objectives and indicators¹⁴⁸.

The highest stock of arrears was found in the Municipality of Kavaja (12.46% of the total stock), or about 820 million ALL, the Municipality of Tirana (9.61% of the total stock) or about 632 million ALL and the Municipality of Vora (7.83% of the total stock) or about 515 million lek.

About 188 public hearings (on average 3 hearings) were organized by the municipalities on the actual execution of the budget.

As a result of the audit activity of the Supreme State Audit (SAI), violations affecting the state budget related to revenue administration and uncautious management of public funds were identified, as well as inefficiencies in the implementation of public procurement procedures and violations within the implementation of fiscal legislation. Irregularities and financial violations, in revenues and expenditures incurred, are estimated at an

¹⁴⁶ Source: MFE/Directorate of Local Finance

¹⁴⁸ Supreme State Audit Report (for 2021)

economic loss of 29.5 million euros. Out of 134 entities, in which audit missions were performed, 28 of them were local government institutions and other units at the local level. At the end of the audit missions, SAI has given 2171 organizational measures, 622, 132 administrative measures and 64 recommendations for changes or legal improvements¹⁴⁷.

In the area of state property sales, purchases, and leases and hydrocarbon industry agreements, violations were identified in the Municipality of Dibër (8, 494 thousand ALL), as a result of failing to calculate the rent value of assets, which are owned by the local unit; Municipality of Peqin (4, 941 thousand lek), as a result of not concluding lease contracts with persons who have occupied agricultural lands and legal generation of such income from these properties has not been occurred; Municipality of Kurbin (1, 381 thousand lek), as a result of incorrect calculation of the rent value for the entity that uses the state land for business purposes; Municipality of Saranda (42 thousand lek), as a result of the incorrect calculation of the value to be paid by the entities for the beach areas in use. In the area of urban planning, economic damage has been estimated in the Municipality of Shkodra¹⁴⁸.

Damage in public procurement in all missions of the audit activity was estimated at 337 million ALL by SAI in 2021. Violations have led to non-compliance with the qualification criteria, disqualification of bidders, unusual low bids and procurement procedures with one participant and winner at the same time. Among the entities where economic damage was identified in the implementation of procurement procedures are the Municipality of Kukës, the Municipality of Tropoja, the Municipality of Kruja, Durrës, Konispol, Këlcyrë, and the Municipality of Shkodra. Economic damages for non-implementation of works by the contract terms were identified in the Municipalities of Korça, Saranda, Kurbin, Këlzyrë, Pogradec, Dibër, Shkodër Peqin, Tropojë, Kuçovë, Lushnjë, Vlora, Kukës, Tepelena and Konispol.

Some of the challenges and recommendations of previous reporting remain relevant:

Issues and challenges

- Realization of the revenue plan.
- Full execution of expenditures and liquidation of liabilities to third parties.
- LGUs remain the weakest institutions in terms of the internal control systems operation¹⁴⁹.
- Bad practices leading to economic damage associated with revenue administration and uncautious management of public funds, as well as inefficiency in the implementation of public procurement procedures and in the implementation of works according to signed contracts¹⁵⁰.
- Lack of capacity to effectively manage public procurement processes¹⁵¹.
- Arrears are a challenging area, avoiding the creation of new debts, and increasing funding sources through the review of local fiscal policies.
- Lack of capacity to systematically and effectively apply the principles and instruments for sound financial management of revenues and expenditures and control over the use of public and EU funds¹⁵².

¹⁴⁷ Supreme State Audit Report (for 2021)

¹⁴⁸ Supreme State Audit Report (for 2021)

¹⁴⁹ European Commission Progress Report on Albania (November 2021), chapter 32 (Financial Control)

¹⁵⁰ HSA Report (2021)

¹⁵¹ European Commission Progress Report on Albania (November 2021)

¹⁵² Report on the Functioning of the Public Internal Financial Control System in the General Government Units (2020), MFE

Recommendations

- Maintaining legal standards for program and function-based budgeting at all local self-government units.
- Maintaining unconditional transfer stability¹⁵³.
- Strengthening the implementation of rules and procedures for public financial management at the local level.
- Improving the implementation of legislation and practice of operational and managerial responsibilities¹⁵⁴.
- Business process books should be compiled throughout the public administration in order to strengthen PIFC, including clarifying roles and responsibilities in the various procedures, setting objectives and outcomes¹⁰¹.
- Capacity building of LGUs in public procurement of goods, services and civil works and in monitoring and rigorous implementation of signed contracts through training.
- Increasing budget allocation in public services in LGUs, which have had a fund of less than 2% of the local budget, for important services.¹⁵⁵
- Increasing the quality of reporting and transparency on budget execution, including not only financial performance but also performance on objectives and intended results.

CONCLUSIONS ON FINANCIAL CONTROL

Although there is a strategic framework for Public Internal Financial Control (PIFC), managerial responsibility is not yet fully sanctioned in the legislation and administrative practice. LGUs remain the weakest institutions in terms of the functioning of internal control systems¹⁵⁶.

Local government revenues have increased in 2021, accounting for 1.67% of GDP. Local government expenditures have also increased. About 29% of municipalities have increased their stock of arrears. Bad practices with consequent economic damage related to revenue administration and uncautious management of public funds, as well as inefficiency in the implementation of public procurement procedures and implementation of works under signed contracts have been identified in some municipalities of the country.¹⁵⁷

The challenges rest with increasing sources of funding by reviewing local fiscal policies, realizing revenues and executing expenditures as planned, debt liquidation and avoiding the creation of new debts. It is also necessary to strengthen the implementation of rules and procedures for public financial management at the local level, increasing the quality of reporting and transparency on budget execution, including not only financial performance but also performance on achieving objectives and results, as well as capacity building in terms of the functioning of internal control systems.

¹⁵³ Annual report on local public finances (2020) _MFE

¹⁵⁴ EC Progress Report on Albania (November 2021)

¹⁵⁵ Report on the performance of public services provided by LGUs (2021), BTA with the support of BtF (Helvetas, SDC)

¹⁵⁶ European Commission Progress Report on Albania (November 2021), chapter 32 (Financial Control)

¹⁵⁷ HSA Report (2021)



MUNICIPALITIES IN THE EU INTEGRATION PROCESS OF ALBANIA



2021
ASSESSMENT
REPORT