

MUNICIPALITIES IN THE PROCESS OF INTEGRATION OF ALBANIA IN THE EUROPEAN UNION

2023 Mapping Report

September 2024

This report presents the progress of the fulfilment by the institutions of the local self-government of the obligations originating from the integration process of Albania into the European Union, in 2023. The European Integration Units in each municipality have coordinated the internal organization of data collection, while the orientation and monitoring of the reporting process has been carried out by the Agency for the Support of Local Self-Government (ASLG). The analysis of the data and the drafting of the report were also assisted by Mrs. Mirza Titka and Mrs. Aida (Gugu) Bushati in the capacity of the experts of the "Municipalities for Europe" Project.

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ABBREVIATIONS

AAM	Albanian Association of Municipalities
ADISA	Agency for the Delivery of Integrated Services in Albania
ALA	Association for Local Autonomy
ALPEX	Albanian Power Exchange
AP	Action Plan
AR	Annual Report
ASLG	Agency for the Support of Local Self-Government
ASPA	Albanian School of Public Administration
AU	Administrative Unit
CCLCG	Consultative Council for Local Self-Government
CG	Central Government
CoM	Council of Ministers
CPD	Commissioner for Protection from Discrimination
CSAC	Crosscutting Strategy Against Corruption 2024 - 2030
CSDLG	Cross-cutting Strategy of Decentralization and Local Government 2023–2030
CSO	Civil Society Organizations
DoPA	Department of Public Administration
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EDO	Electricity Distribution Operator
EU	European Union
GDT	General Directorate of Taxation
GLP	General Local Plan
HIDAACI	High Inspectorate of Declaration and Audit of Assets and Conflict of Interests
HRMIS	Information System for Human Resources Management
IOSS	Integrated One Stop Shop
IT	Information Technology
ITS	Intelligent Transportation Systems
IWM	Integrated Waste Management
LG	Local Government
LGU	Local Self-Government Unit
LPEE	Local Plan for Energy Efficiency
LPIREM	Local Plan for the Integration of Roma and Egyptian Minorities
LPIWM	Local Plan for Integrated Waste Management
MIE	Ministry of Infrastructure and Energy
Mol	Ministry of Interior
MSLG	Ministry of State for Local Government
MTE	Ministry of Tourism and Environment
NAES	National Agency for Employment and Skills
NAPEE	National Action Plan for Energy Efficiency
NAPEIPRE	National Action Plan for Equality, Inclusion and Participation of Roma and Egyptians 2021 – 2025
NAPPwD	National Action Plan for Persons with Disabilities 2021 – 2025
NSEE	National Strategy for Energy Efficiency
NVPPA	National Veterinary and Plant Protection Authority
OSS	One Stop Shop
PAR	Public Administration Reform
PARR	Public Administration Reform Roadmaps for 2023-2030
PBA	Medium Term Budget Program
PFM	Public Finance Management
PwD	Persons with Disabilities
QAS	Quality Assurance System
SAA	Stabilization and Association Agreement
SIPD	Social Inclusion Policy Document 2023 – 2027
SME	Small and Medium Enterprises
TAR	Territorial Administrative Reform

USP	Universal Service Provider
WB	World Bank
WG	Working Group

EXECUTIVE SUMMARY

This is the seventh national mapping report of the achievements of the Local Self-Government Units (LGUs) in the frame of the European integration process in view of the fulfilment of the Copenhagen criteria, namely: 1. Political Criterion, 2. Economic Criterion and 3. The capacity to meet the obligations of the membership of Albania into the European Union (EU). The report is structured according to the Clusters of the *acquis* valid for the negotiations for the membership of Albania in the European Union.

CLUSTER I - FUNDAMENTALS

1. Local self-government

The **National Strategic Framework for European Integration 2023-2030** (NSDEI) and the National Plan for European Integration (NPIE) 2023-2025 have been approved by the Government of Albania. In addition, the new **Crosscutting Strategy for Decentralization and Local Self-Government 2023-2030**, the aim of which is to consolidate the decentralization process, was approved in April 2023.

The **constitution of Municipal Councils** in all municipalities of the country was followed in 2023 by a training program for new council members. **The representation of women in Municipal Councils** has increased significantly to 42.2% after the local elections of May 2023, although there are only 8 female Mayors out of 61, which means that only 13% them are women, thus remaining at the same level as that of the local elections of 2019.¹

Performance Management Units were established at the end of 2023 in the 60 municipalities of the country, and it was also agreed to design the Performance Management System, to define the Service Standards at the national level, in addition to the list of **Key Performance Indicators**.

The Consultative Council now has a **new normative framework** and it continues to function as the main forum for institutional dialogue and coordination between the central government and local governments. During 2023, the number of draft laws, which were consulted in 2023 was higher compared to the prior year, including 11 draft laws and 44 draft decisions. The level of representation of line ministries and representation of local self-government in joint meetings of the Consultative Council has increased slightly compared to the prior year.

In 2023, **the fiscal indicators of local self-government have improved**, therefore marking an increase in local revenues and expenses compared to the previous reporting year. In addition, **local revenues and expenditures have increased vis-à-vis the public expenditures and as a percentage of GDP**, although more financial resources from the central government are needed in order to enable the effective exercise of its own and transferred functions and to provide public services of good quality. Regardless of the progress, LGUs lack sufficient financial resources to carry out all the transferred responsibilities, because most of their budgets depend on the transfers of the central government.

Progress has been made in terms of reducing the salary gap between central and local levels of government. However, this effort should continue for small LGUs in order to attract and retain qualified staff by guaranteeing equality, based on the principle of equal pay for equal work.

Regarding **gender equality**, **18 municipalities signed the European Charter for the Equality of Women and Men in Local Life**, and 5 municipalities have drafted and approved Local Gender Action Plans. Despite these positive developments, efforts are needed to systematically reflect the needs and rights of women in the legal and political framework at the local level.

¹ <https://www.instat.gov.al/media/12598/burra-dhe-gra-2023.pdf>

Representation of women in local government offices continues to face challenges, which hinder their full participation.

The Consultative Council has adopted an Integrity Index Methodology and 23 LGUs have developed and adopted Local Integrity Plans. Further efforts are needed to replicate the integrity plans to all LGUs and to ensure that the existing integrity plans are fully implemented and adequately monitored.

Services and digital transformation: In the field of *services and digital transformation*, there is a slight increase of the number of new services offered online compared to the prior year (10 new services added). More documents have been generated by the e- Albania portal with an electronic stamp and more citizens have applied for services compared to the prior year. A return of one-stop-shops (contact centres) is under consideration, along with other ongoing efforts to improve the user experience of the online portal. It remains essential to boost digital security, protect personal data and ensure access to services even for Persons with Disabilities.²

Transparency of local finances and public services: A large number of institutions (391) have published transparency programs and a growing number of state institutions have created an electronic register of information requests.³ Law No. 33/2022 "On open data and reuse for public sector information" has entered into force in April 2023. Referring to the indicators of the municipalities with high proactive transparency, a significant improvement has been made in 2023 compared to the prior reporting year (2022).⁴ The following **challenges remain for municipalities:** ensuring full access to the official website of the municipality and meeting all the criteria of the transparency program of the Commissioner for the Right to Information and Protection of Personal Data; drawing up of the monitoring and performance report concerning the budget execution according to the requirements of the methodology approved under the guidance of the Ministry of Finance and Economy by all municipalities. Moreover, it is required to present the aforementioned reports to the Municipal Council and publish them on the official website of the municipality.

The accountability of the local government marked improvement in terms the rate of responses of the local administration provided to the requests of citizens - *the average rate of responses of the municipalities to the requests submitted by the citizens to the municipalities during 2023 was 84%*, therefore resulting in slightly higher rate compared to the prior year. Strengthening of cooperation between state agencies at the regional level and local institutions to address the issues recommended by the Commissioner for Protection from Discrimination, in addition to the professional development of the personal data protection officer through continuous training, periodic updating of the transparency program and the requests registry remain a challenge.

2. Local public administration: "Rule of Law Roadmap" and "Guidelines for Public Administration Reform 2023-2030" have been approved. A salary reform began in 2023, in the frame of which within Law No. 35/2023 "On the powers to set the salaries, other financial allowances and bonuses of employees in public administration institutions and the minimum basic salary at the national level" and the package of implementing acts.⁵ The implementation of the automated payroll system has not marked any progress.

In 2023, 5,125 local government employees were trained, of which **3,566** have attended the trainings organized by ASPA. On average, about 80% of the employees of the European integration structures of the municipality were trained during 2023; the outcomes of the survey

² European Commission Progress Report on Albania (2023)

³ European Commission Progress Report on Albania (2023)

⁴ Although there is an increase of the number of municipalities, which have had a high proactive transparency in 2023 (34% of municipalities) compared to 2022 (21%), five (5) municipalities are still ranked with low proactive transparency according to the monitoring of the Information and Data Protection Commissioner for 2023

⁵ Decision of the Council of Ministers No. 321, dated 31 May 2023 "On the approval of the salary structure, salary levels and other salary allowances of the deputy minister, cabinet officials, prefect, deputy prefect, civil servants and employees in some institutions of the administration".

carried out during 2023 show that 41% of municipal staff need capacity building to handle the obligations arising from the European integration process for managing their own or delegated functions of the municipality.

The HRMIS system has continued to be populated with data, although at a slow pace. HRMIS does not yet cover the entire public sector and does not include fully up-to-date data on civil servants. Fewer municipalities have used the HRMIS system as an instrument in human resource management during 2023.

The LGUs had 1.958 more staff employed in 2023 compared to the prior reporting year. 30.3% of the total number of the local administration staff have the civil servant status, whereas hiring of women in management positions has increased compared to the prior year. The number of staff leaving the LGUs was higher compared to the prior year (7,3 p.p. higher).

3. Civil Society

In 2023, 90 grants were provided by the municipalities for joint projects in partnership with civil society organizations (CSOs) in the amounts ranging from 100,000 - 500,000 Albanian Leks, where 32 of them were grants. The role of civil society in the EU membership negotiation process should be strengthened to ensure a full participation and consultation of CSOs in the policy-making processes.

4. Fundamental rights

In 2023, the municipalities have continued their efforts to **fulfil legal obligations and build their capacities in terms of the protection and promotion of fundamental rights**. Progress has been noted in regard to increasing the number of social workers for Child Protection (CPW), as well as in regard to cooperation with civil society and donor projects to protect the minority rights. **Insufficient human capacities to manage cases of rights violations, in addition to the very limited financial resources, remain a challenge.** The monitoring system for the violation of rights is operational only in 33% of the Municipalities. Although the indicator has increased compared to the prior years, it still remains at low levels compared to the needs of municipalities to handle all cases. There is still a significant lack of gender-sensitive budget planning in a significant number of municipalities. **More robust efforts are needed to address discrimination against Persons with Disabilities, to improve overall accessibility, to promote employment and collect statistical data. The quality of education for Children with Disabilities, especially children with a hearing impairment, continues to be a concern.** The number of assistants for children with disabilities in the pre-university education system is insufficient. Additional efforts are needed to provide training on inclusive education approaches to all teachers and early detection of disabilities.

5. Freedom and security

In 2023, the efforts of the Municipalities continued in terms of implementing the measures foreseen in the Strategy against Organized Crime and Serious Crimes 2021-2025, in addition to the implementation of the Action Plan 2021-2022, approved in 2021. The Working Group for the implementation of the Action Plan of the fight against organized crime at the local level has not made any noticeable improvements. In view of the functions of local self-government related to issues of justice and security, **the municipalities have made progress by establishing the Local Security Councils**,⁶ as an instrument in the fight against organized crime, whereas drafting of the Public Security Strategy at the local level hasn't kept up the same pace. Additionally, **the establishment of the Community Policing Office** in each administrative unit has not made any significant progress. **Trust building and enhancement of community safety through community policing remains a priority.** Cooperation with the community, local structures and the organization of police awareness campaigns in high-risk areas remain a

⁶ <https://idmalbania.org/sq/udh%D1%91rr%D1%91fyes-per-ngritjen-dhe-funksionimin-e-keshillave-vendore-te-sigurise-publike-kvsp/>

priority in terms of promoting community policing and their roles for the community. **Concerning capacity building of the local self-government administration in the fight against corruption**, the number of municipal staff trainings has been at high levels, therefore showing an improvement in this approach.

6. Financial Control

The fiscal performance of the LGUs has improved. The local government's own revenues have increased by about 12.7% compared to the prior reporting year (they account for about 1.6% of the GDP), while the local government's expenses have slightly increased compared to GDP (0.2%), or 17% more compared to the prior year. The consolidation of the local budget in a stable growth trend is an important indicator of the financial sustainability of the Local Self-Government Units. The stock of arrears at the end of 2023 has decreased compared to the prior reporting year. 1,513 recommendations were provided by the Albanian Supreme Audit Institution during the audit process of the Local Self-Government Units in 2023, in relation to the organizational measures (or 46% of the total recommendations).

The priority of the local self-government is to ensure the stability of the management of its own revenues from diversified sources, the harmonization and unification of the procedures to draft, execute, report and monitor the budgets of the Local Self-Government Units, in compliance with international standards, the implementation of AFMIS in a relatively short term at the local level and the increase of the unconditional and sectoral transfer to enable the improvement of the management of related services and the functions of the local government by all LGUs.⁷

7. Economic criterion.

Economic integration with regional and European markets presents significant challenges for local economic operators and for small and medium enterprises. 56 LGUs have reported that they have general local plans, while other municipalities are in the process of approving them. In terms of Strategic Development Plans, 20 municipalities have approved them in the Municipal Council, while the rest of the municipalities have failed to approve them yet.⁸ **Lack of strategic development plans in some municipalities**, which creates premises for non-utilization of the economic potential of the municipality and a lack of vision for the benefit of the community, **remains a challenge**. Some small municipalities lack the necessary human resources to draft the local development plan in accordance with the general local plan.

8. Public procurement

Public procurement is an important instrument of public funds management with a wide impact on the economic development of the country. In quantitative terms, the impact that public procurement has on the economy may be measured by the weight it occupies in the Gross Domestic Product (GDP). More specifically, in 2023, public procurement in Albania accounted for 9.4% of GDP, while in the EU, it accounted for 14% of GDP. For this reason, respecting the principles of non-discrimination, equal treatment, transparency and competition in public procurement is an obligation set out in the local legislation on public procurement and in that of the EU. Tenders with "Red Flags", i.e., those with suspicious elements, remain problematic. This indicator should continue to be mentioned in order to manage to decrease it. This conclusion comes from the reports of the Albanian Supreme Audit Institution, which continues to report irregularities of public procurement at the central and local level.⁹ Although there were 14 procedures, which were refused by the Public Procurement Agency during 2023, the effectiveness of eliminating tenders with problems remains low. There were 116 complaints filed by the economic operators during the reporting year 2023 against the procedures carried out during 2023, which requires a high reaction of reference and response.

⁷Ministry of Finance and Economy / Directorate of Local Government

⁸ ASLG, Annual Monitoring Report 2023, Cross-cutting Strategy for Decentralization and Local Government, p. 23.

⁹ European Commission Progress Report on Albania (2023)

9. Local government and EU integration

Involvement of local government in the first stages of the membership process remains very important. **Regarding the effective and efficient functioning of the structures dedicated to the integration process**, the European Integration Units were established in 59 municipalities in 2023, while they had a total of 177 employees. 741 information and communication activities were organized with the communities in 2023 by the municipalities on various EU topics.

In 2023, staff changes occurred in 31 European Integration Units of the municipalities. Meanwhile, about 32% of the municipal staff received general training on the EU. Based on the specific objective - **functions in the frame of coordination and monitoring of the European integration process, an integral part of the managerial and administrative framework**, the European Integration Commission has been established by the municipal councils in 30 municipalities of the country in 2023, while 19 municipalities have included the functions of coordinating European integration processes in the municipal regulation as components of it.

In 2023, 54 European Integration Units have opened the dedicated social media (Facebook) EU Desk / European Integration Unit, thus ensuring the distribution of extensive information on activities related to the EU in addition to the information published by various EU institutions.

Regarding the information and raising awareness on the Instrument for Pre-Accession Assistance (IPA) and other EU funds from which municipalities may benefit, 143 employees of the Unit of European Integration and Coordination of Foreign Aid have participated in 2023 in training about the application procedures for EU funds, while 298 people have received training on IPA, EU programs and other funding opportunities. However, there is still a great need to enhance the knowledge of municipal staff about the IPA instrument, EU programs and other funding opportunities.

CLUSTER II - INTERNAL MARKET

1. Consumer Protection: Municipalities have a role and responsibility regarding the management of public markets in accordance with food safety standards, in addition to addressing citizen complaints related to food safety. The number of public retail markets has increased compared to the prior year, although only 40% of them report a compliance rate with the standards above the average rate of 42%. There is a lack of local budget planning for investments to improve the infrastructure and food safety of public retail markets in a part of the LGUs.

It's required to increase the on-site inspections regarding the quality and safety of public retail markets and more information activities to be undertaken by the municipalities regarding consumer rights and the enhancement of cooperation between the LGUs and state authorities to boost food control and safety efficiency in retail markets.

CLUSTER III – COMPETITIVENESS AND INCLUSIVE GROWTH

1. Local taxes and fees. Municipalities have had a positive performance in several aspects of fiscal indicators in 2023. While the local self-government budget was 3.12% of GDP, its own local revenues reached about 4.9% of public income or 1.6% of GDP, which is also related to economic growth in sectors such as construction and services. There has been an increase of revenues from taxes (a significant weight of the increase of local revenues is taken up by the revenues collected from the infrastructure impact tax), other taxes (hotel, property taxes), local fees and shared taxes.¹⁰ **The level of the planned tax policies of the municipalities** aimed at promoting the formalization of the economy in its territory, during the reporting year, **was at**

¹⁰Ministry of Finance and Economy, Directorate of Local Finances, 2023 Report, <https://core.fvv.al/storage/reports/analiza-e-financave-vendore-2023-finalpdf-1721811582.pdf>.

the same level compared to that of the prior year. The challenge of the municipalities remains to build local capacities in order to enhance fiscal performance, to improve local tax management system (digitalization and unification of the tax system across all municipalities), to set up a statistical database regarding tourists, to register *online* all business taxpayers, to receive invoices *online* and to increase the number of inspections of the local tax offices. The aim of the municipalities should be to increase local revenues in a sustainable manner over time by means of establishing a fair proportion between the cost of services and the fees paid by the beneficiaries, to ensure the extension and implementation of the fiscal cadastre in all LGUs and to build professional capacities of tax administration.

3. Education and Culture

Concerning the service standards of pre-school education, the first draft of the document was drawn up in collaboration with the Ministry of Education and Sports and the BtF Project, in addition to roadmap for early childhood development, initiated by the Ministry of Education and Sports, which foresees the setting of standards for the age group of 0 - 6 years old, including the necessary human resources at the local level, in order to ensure control mechanisms and performance evaluation in pre-school education. The average rate of registration/and attendance of children in the pre-school system was about 72%.¹¹ 11 municipalities (or 18% of them) have had kindergartens with the number of children beyond the approved capacities. Due to emigration and migration of the population and other causes, an increase of the number of kindergartens with the number of children below the approved capacities during the reporting year compared to the prior year is reported. About 68% of municipalities have provided funds for the construction of ramps in schools. Establishment of new kindergartens to ensure the coverage of the entire territory of the municipality, planning of the fund in the local budget for the maintenance and construction of kindergartens and schools in compliance with standards, increasing of the number of kindergartens with meals due to the growing demand, expansion and improvement of laboratories and the logistics of the schools of the country remain challenges for the municipalities.

In the field of culture, progress has been made with the publication of the national register of the Albanian intangible cultural heritage and with the adoption of rules for the monitoring and evaluation of entities, which have cultural assets under management. The approval of the bylaws to implement the Law "On cultural heritage and museums" is required in order to make the law fully operational.¹²

The issue of cases of violations and illegal constructions in cultural heritage areas was evident also in 2023, although fewer cases have been reported compared to the prior year. **The preservation and maintenance of cultural heritage objects, strengthening of the continuous inspection and control of protected areas, increasing the awareness of residents, cooperation with other state structures for the prevention and punishment of cases of violations**, the application of financial supporting schemes to enable the preservation/and maintenance of cultural heritage objects, which are owned by citizens, **remain a challenge**. In addition, an increase of funds from the municipality is required to promote the national cultural heritage and the culture of the area through various activities.

CLUSTER IV - GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

1. Transport policy

This sector has marked progress, but it is recommended to make more efforts to fully apply the Intelligent Transport Systems (ITS) Directive, to promote multimodality and to implement relevant

¹¹ The mapping reporting system of municipalities under the "Municipalities in the process of European integration" Project - funded by IPA.

¹²European Commission Progress Report on Albania (November 2023).

national laws in line with the Transport Community action plans, and further efforts are needed to align with the acquis on electronic road toll systems and road fee enforcement.¹³

Road safety remains a serious concern with casualties above the EU average. There has been a decrease of the number of road accidents and a decrease of the number of victims caused by road accidents despite the increased flow of vehicles on the country's roads (2.74 million foreign vehicles or 30,034 vehicles more per day in the traffic).¹⁴

The degree of connection of the villages of the Administrative Units to each other through the existing road network compared to the total number of villages was at a degree similar to the prior year, while the lack of connection between the villages and the centre of the municipality has been reduced (the connectivity of the villages has improved).

Improvement of the road infrastructure for all villages and Administrative Units, more funding for road maintenance, financial support for investments to construct new public transport terminals for all LGUs remains a challenge for the municipalities.

2. Energy

Although progress has been made during the reporting period in the field of energy and in terms of completing the legal framework, efforts should be accelerated in order to draft and approve all the missing bylaws for energy efficiency and put in place a new financing mechanisms of energy efficiency.¹⁵ Concerning energy efficiency, Tirana Municipality is supporting local residents with grants of up to 50% of the insulation costs for their homes to ensure energy efficiency. **The number of projects implemented in regard to the use of renewable resources/or with the aim of reducing energy consumption has increased by more than 2 times compared to the prior period, although a significant part of the municipalities has had zero projects/or don't report on the indicator.**

The level of knowledge and limited capacity of human resources for energy efficiency and for the design of new projects in cases of calls for grants, lack of attention to the reporting of all performance indicators stemming from the implementation of the National Plan for Energy Efficiency at the local level remains a challenge.

3. Environment and climate change

Moderate progress has been made in relation to the drafting of local action plans pursuant to the central policies. Progress has been made in the direction of drawing up plans for the sustainable management of the forest and pasture inventory. More needs to be done to promote the circular economy and encourage waste prevention, reduction and recycling. Training of local officials on legislation and the implementation of central policy measures in the field of the environment continued at a satisfactory rate. In relation to civil emergencies, great progress is made in terms of establishing the staff and the structure of civil emergencies throughout the territory of the country

The water supply and sewerage sector still face the challenges of expanding the service throughout the territory of the country, mainly in rural areas, as well as reducing losses from illegal interventions in the network.

CLUSTER 5 - RESOURCES, AGRICULTURE AND COHESION

1. Agriculture and Rural Development

Municipalities have used more funds for agriculture and rural development (1.8 p.p. more) compared to the previous year. Effective implementation of the action plan for the reform of

¹³ European Commission Progress Report on Albania (November 2023)

¹⁴ Statistics from the General Directorate of Road Transport Services; <https://www.dpshttrr.al/new/developments/news/statistics-positive-consequences-of-road-accidents-in-2023>

¹⁵ European Commission Progress Report on Albania (November 2023)

the advisory system, attention from the local authorities for the planning of funds in regard to the establishment and strengthening of the structure in the municipality remains a challenge. EU has recommended to give priority to the implementation in practice of a series of initiatives, which have to do with the following: sustainable economic and financial development of agriculture; direct payments to farmers, which are related to production and which are subject to cross-compliance rules;¹⁶ setting up and strengthening Agricultural Information and Advisory Office in municipalities where these structures are missing.

2. Food safety, veterinary and phytosanitary policies

The number of public retail markets, which meet the standards, has increased compared to the prior year, although only 40% of them report a conformity rate with the standards above the average rate of 42%. There is a lack of local budget planning for investments to improve the infrastructure and food safety of public retail markets in a part of the LGUs.

There is no Consumer Protection Office in about 47% of the LGUs, which makes it difficult to address problems of food safety encountered by the citizens. It's required to increase field inspections regarding the quality and safety of public retail markets, municipalities should undertake more informational activities regarding consumer rights and cooperation between the LGUs and state authorities regarding the increase of control efficiency and food safety in retail markets should be strengthened.

3. Regional policies and coordination of structural instruments

The recommendations of the European Commission Progress Report 2022 remain partially valid for 2023. In particular, Albania should implement the National Strategy for Regional Development and Cohesion (2021-2027) and complete Regional Development Plans (2021-2024). These two measures should promote development potential through decentralized intervention based on integrated local and/or regional plans and strategies, and clarify responsibilities between central and local authorities, and further build administrative capacities of central, regional and local bodies, by means of providing adequate personnel, revising the salary structure of local self-government and keeping fiscal decentralization high on the agenda.

Concerning the institutional framework, the relevant by-laws for the establishment of a comprehensive system of regional development should reflect the role and responsibilities of each of the bodies involved and ensure coordination between them. An Inter-institutional Working Group chaired by the Ministry of Interior was established for Chapter 22 of the negotiations. With the aim of strengthening and improving the dialogue between the central government and local self-government, ASLG has developed on its official website <https://qeverisjavendore.gov.al/>, the Dialogue Platform <https://platforma.qeverisjavendore.gov.al/dashboard/konfigurime>, which serves to improve coordination between the central and local governments.

Concerning administrative capacities, the staff of the bodies involved in indirect management should continue to undertake training, especially those who are new to the management of EU funds. Strengthening of human resources should remain at focus, along with an adequate staff retention policy. Administrative capacity to coordinate and monitor sectoral reform through integrated policy management groups and sectoral steering committees has slightly improved. The involvement of development partners, local governments and civil society organizations in the sectoral dialogue still needs improvement.

¹⁶European Commission Progress Report on Albania (November 2023)

INTRODUCTION

This is the seventh national mapping report of the achievements of the Local Self-Government Units (LGUs) in the frame of the European integration process regarding the fulfilment of the Copenhagen Criteria and, more specifically: 1. The political criterion, which requires Albania to provide institutions to guarantee democracy, the rule of law, human rights and the respect and protection of minorities 2. The economic criterion, which requires Albania to provide a functional market economy capable of cope with the competition in the EU market, and 3. The capacity to fulfill the obligations of membership, which requires Albania to have administrative and institutional capacities capable of implementing EU legislation (acquis) and to be able to undertake obligations arising from membership.¹⁷

The performance monitoring based on the analysis of the indicators in this report is organized according to the clusters of EU membership negotiations,¹⁸ focusing more specifically on those chapters, within the clusters that are related to the field of action of the local government and that include issues ranging from self-government and local democracy, local economic development to culture and education. The organization according to the clusters aims to provide a more structured information about the progress of the municipalities in terms of fulfilling the obligations within the European integration process in those groups of chapters of the European legislation where the municipalities play an important role in the implementation of the European legislation (EU acquis).

Methodology and data system

The primary source of data of the analysis of the report is the data provided by the LGUs for 2023. The data were reported by the European Integration Units of 61 municipalities. The data of the mapping reports starting from 2018 are published 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>.

This report analyses the indicators of the reporting year 2023 by making a comparison of a number of performance indicators of the years 2017 – 2023. In addition to the data analysed based on the information uploaded in the Online Performance Monitoring System, the report has been supplemented also with secondary data based on the analysis of laws and by-laws as approved during 2023, on the basis of which the LGUs have a specific role and tasks, as well as on the basis of the review of strategic documents and monitoring reports of line ministries for 2023, the European Commission Progress Report on Albania (2023), data provided by INSTAT (although the statistics are delivered at the region level and not at the municipality level).

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

¹⁷ <https://integrimi-ne-be.puneteshqiptme.gov.al/negociatat/>

¹⁸ For the organization of EU acquis chapters in clusters, see https://neighbourhood-enlargement.ec.europa.eu/system/files/2022-10/eu_accession_process_clusters

CLUSTER 1 – FUNDAMENTALS

1. Local self-government

After the first Intergovernmental Conference that opened EU membership negotiations with Albania,¹⁹ the Government of Albania has enhanced its overall political commitment to this process. Under the coordination of the Chief Negotiator, the Albanian institutions have mobilised significant resources to engage in the screening process and to prepare for the next steps of the accession negotiations.²⁰

At the beginning of 2023, the government approved the new National Plan for European Integration (NPIE) 2023-2025 and the National Strategy for Development and European Integration (NSDEI) 2022-2030,²¹ which defines the vision, priorities and sectoral strategic objectives for the next period. The new Cross-cutting Strategy for Decentralization and Local Government 2023–2030, as part of the NSDEI, which aims to consolidate the decentralization process, was approved in April 2023.²²

The constitution of Municipal Councils in all municipalities of the country after the local elections of May 2023, was followed by a training program for new council members, which took place in October-November 2023 with the support of the Agency for the Support of Local Self-Government (ASLGS), the Albanian School of Public Administration (ASPA) and Association for Local Autonomy. Performance Management Units (PMUs) were established at the end of 2023 and it was subsequently agreed to design the Performance Management System (PMS), to define the Service Standards at the national level, in addition to reaching the agreement on the list of Key Performance Indicators (KPI).²³

In 2023, the fiscal indicators of local self-government have improved, thus marking an increase of local revenues and expenditures compared to the prior year of reporting. In addition, local revenues and expenditures have increased compared to public revenues and expenditures as a percentage of GDP, although more financial resources from the central government are needed to enable the effective exercise of its own and transferred functions and to provide public services of good quality.

Even during 2023, the Consultative Council²⁴(CC) has continued to function as the main forum for institutional dialogue and coordination between the central government and the local government. The Consultative Council achieved good results in 2022-2023 by leading to a significant improvement in terms of the submission of acts by line ministries and the transparency of the consultation of acts.²⁵

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

¹⁹The first Intergovernmental Conference that opened EU membership negotiations with Albania was held in July 2022.

²⁰European Commission Progress Report on Albania (November 2023).

²¹ Decision of the Council of Ministers No. 88, dated 22 February 2023 "On the approval of the National Strategy for Development and European Integration 2022-2030" <http://qbz.gov.al/eli/vendim/2023/02/22/88>

²² Decision of the Council of Ministers No. 252, dated 20 April 2023 "On the approval of the Cross-cutting Strategy for decentralization and Local Government 2023-2030, its Action Plan 2023-2025 and the passport of indicators", <http://qbz.gov.al/eli/vendim/2023/04/20/252>.

²³Bashki te Forta Project / Annual Report 2023.

²⁴Collegial Body established upon the Decision of the Council of Ministers No. 910, dated 21 December 2016 "On matters subject to consultation and the structure, procedure, form, way of organization and operation of the Consultative Council of the central government with local self-government", as amended by the following: Decision of the Council of Ministers No. 751, dated 19 December 2018; Decision of the Council of Ministers No. 456, dated 10 June 2020; the Decision of the Council of Ministers No the Decision of the Council of Ministers No. 244, dated 17 April 2024 "On the way of organization and functioning of the Consultative Council between the central government and local self-government".

²⁵ ASLG/ Report on the activity of the Consultative Council 2022-2023.

The Consultative Council held 6 meetings in 2023 (compared to 7 meetings held in 2022), in which 59 draft legal acts were discussed/consulted (100% of draft acts were approved), or 12 more draft acts consulted in 2022, of which: 11 draft laws, 44 draft decisions, 2 guidelines, 1 draft order and 1 report.²⁶ The consulted draft laws were: “On water resources”, “On some additions and amendments to Law No. 152/2015”, “On fire protection and rescue services”, “On some additions and amendments to Law No. 9774, dated 12 June 2007”, “On the evaluation and administration of noise in the environment”, “On some additions to Law No. 9244, dated 17 June 2014”, “On the protection of agricultural land”, as amended, “On some additions and amendments to Law No. 119, dated 14 September 2014”, “On the right to information”, “On the protection of personal data”, “On some additions and amendments to Law No. 107, dated 27 October 2016”, “On the Prefect of the Region”, “On the budget of 2024”, “On some additions and amendment to Law No. 93/2015”, “On tourism”, as amended.

Chart 1: Number of Consultative Council meetings 2017-2023

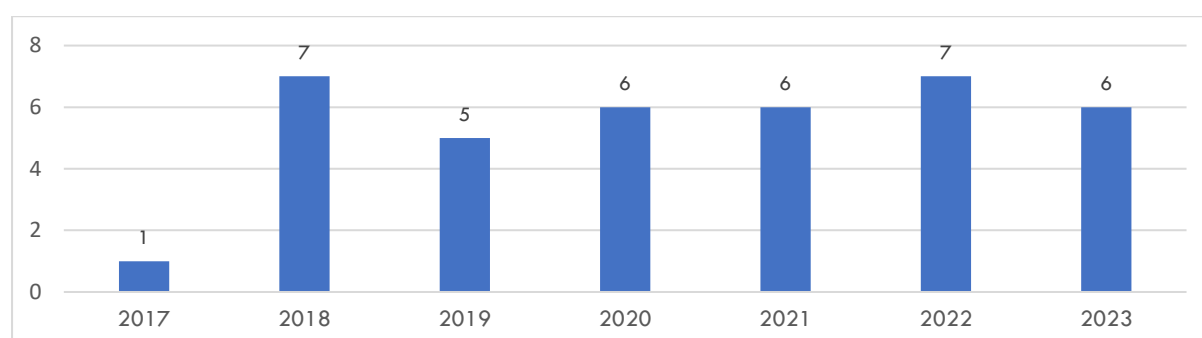
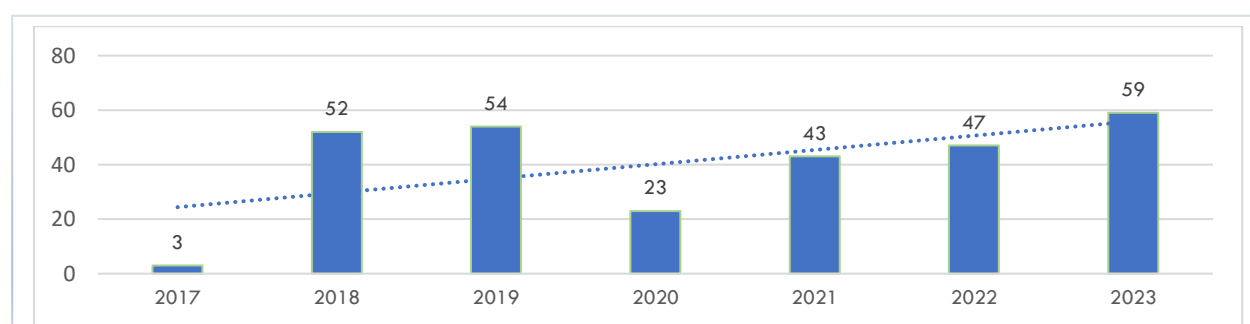
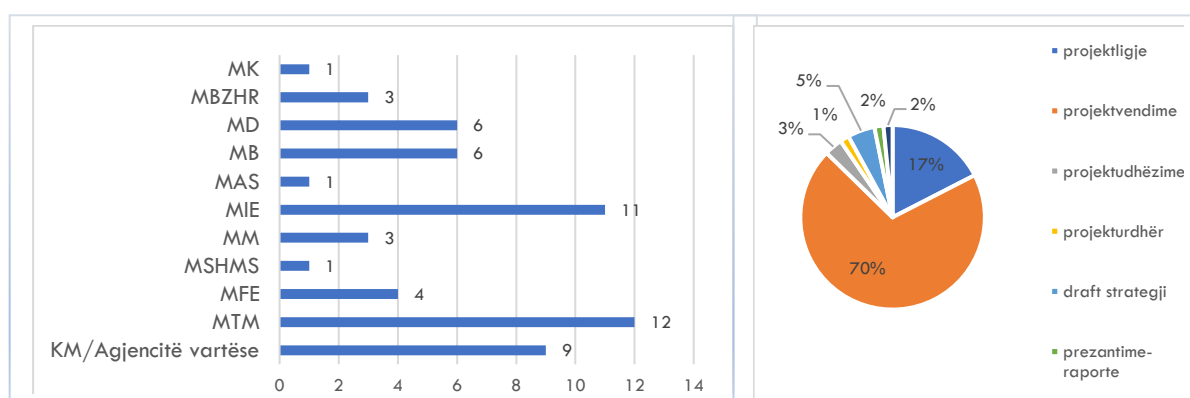


Chart 2: Approved legal acts that have passed through the consultation procedure in the Consultative Council, 2017-2023



The Ministry of Tourism and Environment, the Ministry of Infrastructure and Energy and the Prime Minister's Office/Subordinate Institutions have brought the largest number of draft legal acts for consultation and approval during 2023.

²⁶ The draft Decision "On the classification of functions, the grouping of local self-government units for salary purposes and the setting of salary thresholds for elected and appointed civil servants and the administration of the LGUs " was approved directly in the Council of Ministers.

Charts 3 and 4: Draft acts initiated by the line ministries and discussed in the CC, 2023²⁷

Central and local government level of representation: The increased activity in the consultation process between the institutions of central government and local self-government has been characterized by a slight increase of the participation of central government and local self-government members in meetings. On average, 6 members from central government institutions out of 11 assigned members (or 55%) participated in the six (6) meetings of the Consultative Council during 2023. The level of representation of the local government was around 50%.

Of the 11 representative members of the local self-government, the Association of Regional Councils of Albania and the Association for Local Autonomy have been present in almost all the meetings held by the Consultative Council.²⁸

Technical Secretariat of the Consultative Council, part of Agency for the Support of Local Self-Government (ASLGS), supported the coordination of Consultative Council meetings during 2023.

Problems and challenges

- Representation of the central government at higher levels under the legal provisions and increasing the participation of LGUs in the meetings of the Consultative Council.
- The capacities of LGUs to take initiatives for legal amendments to address the problems identified in the course of implementing the existing legal framework when exercising functions and delivering public services to citizens.

Recommendations

- Monitoring of the reflection of the recommendations and comments of the Consultative Council in the final process of reviewing and approving draft acts should be strengthened.
- The summary report on the activity of the Consultative Council should indicate the number of acts that take into consideration the recommendations of the Consultative Council during the consultation process.

Specific objective: open governance, accountability and electronic governance at the local level

Albania has drafted a legal framework to enhance citizens' access to public services at the central and local level. The number of *online* services is estimated to be around 95% of all public services. Work has been carried out in order to reorganize the portal to improve its ease of use. The number of registered users has increased to 2.8 million, although only about 1.5 million of them are active users.

A considerable number of municipalities have one-stop-shops to provide services. Concerning accessibility for Persons with Disabilities, legislation should be aligned with Directive 2016/2102 on the accessibility of websites and mobile applications of public sector bodies.

²⁷Agency for the Support of Local Self-Government (ASLGS), Report for the Consultative Council (2023)

²⁸Agency for the Support of Local Self-Government / Report on the activity of the Consultative Council 2022-2023

Regarding data protection, Albania should improve its regulatory framework to align with the EU standards.

Law No. 43/2023 "On Electronic Governance"²⁹ aims at defining the rights, obligations and responsibilities of public authorities and/or private entities in relation to the set up, development and management of information infrastructure systems, the obligation of public authorities/private entities concerning the implementation of Information Technology standards, defining the rules for the creation and provision of electronic services in the Republic of Albania, in addition to access, processing and recording of electronic documents. This law is applied by public authorities and private entities to exercise their powers when providing public services electronically through the use of information systems and networks.

Moreover, in March 2023, the National Agency for Information Society – NAIS published an updated version of the standards evaluation methodology. The purpose of this document is to standardize the design and implementation of public electronic services, in the frame of e-government initiatives and development.

In 2023, the number of online services increased to 1,237 (or 10 more services compared to 2022). The number of annual transactions performed in the Government Interaction Platform was 297 million for the entire year 2023. 13.2 million public services were received through the e-Albania portal, of which 8.7 million documents with an electronic stamp were generated.³⁰ 58 electronic systems are integrated in real time in the Government Interaction Platform.³¹

Draft law "On some additions and amendments to Law No. 10129, dated 11 May 2009, "On Civil Status", as amended", was consulted in the frame of the improvement of public services. Consular staff will also have civil registry functions, with genuine powers as civil registry office staff inside the country.

Pursuant to the Digital Agenda 2022-2026, Priority 3 "Digital citizens: citizens and privacy, transparency of data and services to citizens", several activities were organized in 2023, such as: (1) Expansion of the regional Hospital Information System in the part of remaining hospitals and the implementation of PACS; (2) Improvement of the referral system for advanced medical examinations (e-Reference); (3) Improvement of the Social Insurance Institute system; (4) Improvement of the Civil Emergency System; (5) Construction of the High Computer Performance Centre - using of Big Data and AI for scientific research and the delivering of proactive services. In addition, the Operational Centre of Governmental Security has been established and is functioning (February 2023).³²

9,390 (N=58) services were provided by the municipal administration to citizens in 2023, while 57,635 (N=53) or about 8,400 more citizens received services. The municipalities, which had a high number of citizens receiving services were Shkodra Municipality (19,219), Fieri Municipality (8,244), Mat Municipality (3,273). The municipalities of Belsh, Cërrik, Tirana, Dibra, Durrës, Himara, Lezha, Konispol, Divjaka, Korça, Malësi e Madhe, Mirdita, Saranda, Vau i Dejës, Vlora and Vora have not provided information on the indicator.

²⁹ <https://akshi.gov.al/ep-content/uploads/2023/07/Ligji-Nr.-43-Per-Qeverisjen-Elektronike.pdf>

³⁰ <https://akshi.gov.al/ep-content/uploads/2024/03/Plani-i-monitorimit-te-AD-per-vitin-2023-1.pdf>

³¹ <https://akshi.gov.al/negociatat-me-be-ne-akshi-raporton-ne-bruksel-per-ecurine-e-pikes-se-vetme-te-kontaktit/>

³² <https://akshi.gov.al/ep-content/uploads/2024/03/Plani-i-monitorimit-te-AD-per-vitin-2023-1.pdf>

Chart 5.1: Number of applications of citizens for services, 2019-2023 (municipalities with number 1000 – 4000)

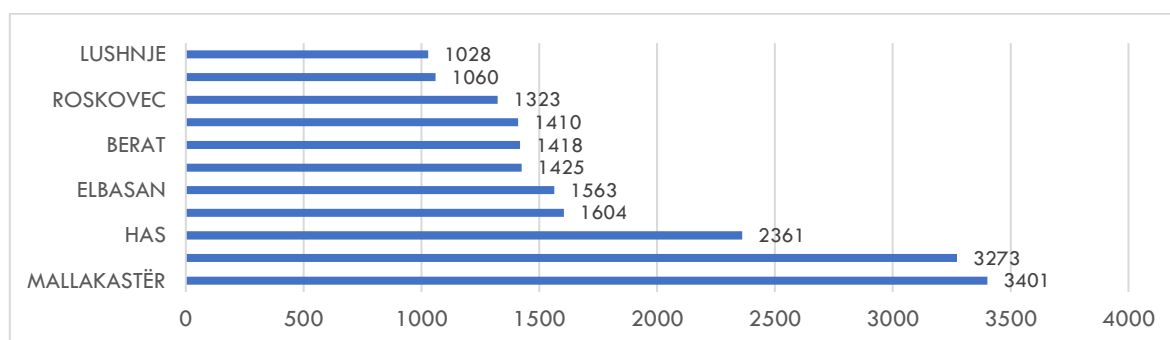


Chart 5.2: Number of applications of citizens for services, 2019-2023 (municipalities with number 10 – 999)

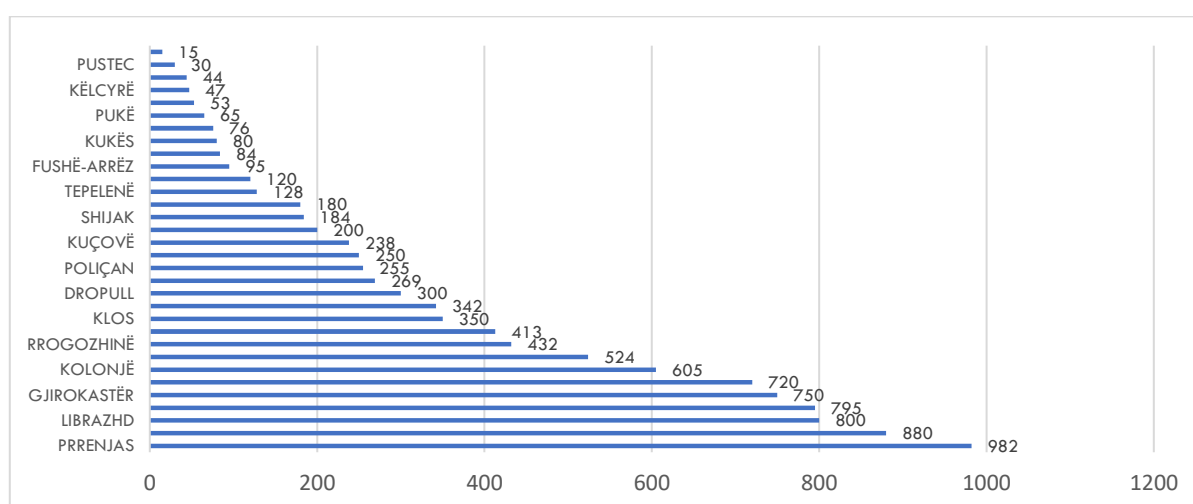
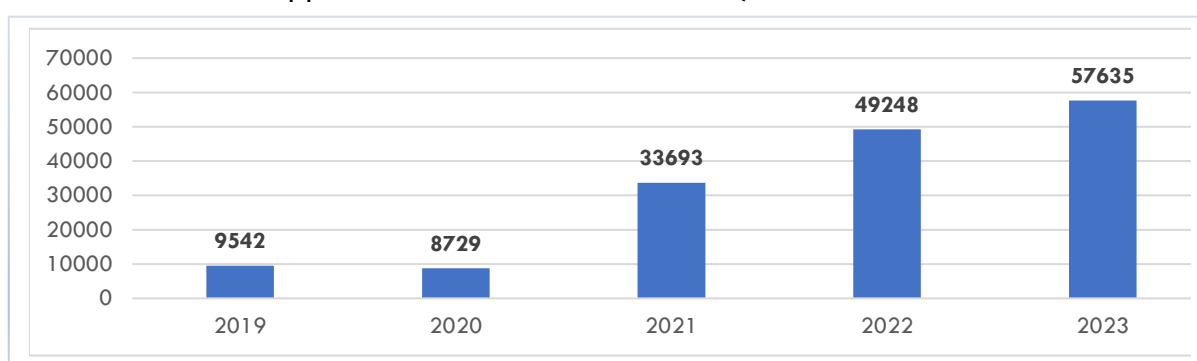


Chart 6: Number of applications from citizens for services, 2019-2023.



Considerable efforts have been made to digitize public services, but it remains essential to ensure equal access to services for Persons with Disabilities. A return of several one-stop-shops (contact centres) is under consideration, along with other ongoing efforts to improve the user experience of the online portal.³³

Problems and challenges

- Effective interaction between institutions for the timely issuance of documents requested by citizens through the e- Albania system in general and for properties in particular.

³³ ³³European Commission Progress Report on Albania (November 2023)

- Informing and raising awareness of citizens about the services offered by DSO. Integration of all services for citizens in a single office.
- Expansion of services in Administrative Units; building of human and professional capacities.
- Functioning of the electronic request-complaint system also in Administrative Units.³⁴
- More complete and effective information for citizens in case of legal changes, which are accompanied by changes of application procedures for relevant public services.

Recommendations

- Enhancement of digital security and personal data protection. Improvement of the regulatory framework to align it with EU standards.³⁵
- Further development of public service standards.
- Creation of a digital Integrated Information Management System between the sectors in the municipality and LGUs to quickly provide these services.
- Updating of administrative services in compliance with legal changes and functions of local self-government.
- Improvement of the performance of service delivery: The National Agency for the Information Society and other institutions involved in the digitization process should ensure the best solutions for citizens and businesses, in accordance with technological standards and different communication protocols, proper orientation of planning and distribution of budget funds, investments, and the transfer of IT system infrastructures.³⁶

Enhancement of the Transparency of Local Finances

Budget transparency remains satisfactory overall with the publication of all key budget documents. However, further improvement in the quality and format of the documents is still needed including publishing of audit reports online in a timely manner. The support system for budget planning has been more actively used, including for the preparation of the mid-term budget planning. Consistency between policy planning and budgeting needs to be further improved by making full use of the systems that have been developed.³⁷ As far as the transparency program is concerned, shortcomings have been identified in relation to the publication of mandatory information in its columns by the LGU.³⁸

During 2023, direct assistance has continued to be provided to the LGUs in all steps of financial management at the local level through consultation and comments when drafting the Medium Term Budget Program, as well as when reporting about the monitoring of the budget execution. The MFE has undertaken a series of steps to build the capacities of the LGUs through the organization of trainings and consultations as a preliminary step for the implementation of the AFMS system at the local level in the medium term.³⁹

A large number of institutions at central and local level (391) have published transparency programs and a growing number of government entities have established an electronic registry of information requests. The Law “On Open Data and Interoperability”, which aims to align national legislation with EU Directive 2019/1024 came into force in April 2023.⁴⁰

The Commissioner for the Right to Information and the Protection of Personal Data has found that a number of official websites of the LGUs have had temporary technical access problems during 2023. 21 LGUs have been classified with high proactive transparency (Municipalities of

³⁴The system [https:// mapping - bpe.al/](https://mapping-bpe.al/)

³⁵European Commission Progress Report on Albania (November 2023)

³⁶ ALSAI : Statistical Bulletin 2023; <https://panel.kish.org.al/storage/phpuZflq1.pdf>

³⁷European Commission Progress Report on Albania (November 2023)

³⁸European Commission Progress Report on Albania (November 2023)

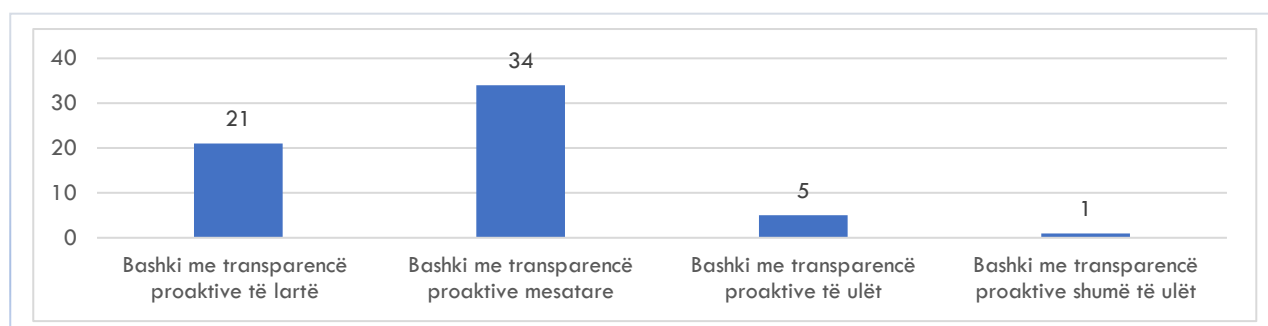
³⁹Ministry of Finance and Economy / Directorate of Local Finances

⁴⁰ Directive (EU) 2019/1024 of the European Parliament and of the Council of 20 June 2019 on open data and the re-use of public sector information (recast), <http://data.europa.eu/eli/dir/2019/1024/oj>.

Mirdita, Patos, Shkodra, Dropulli, Tirana, Korca, Belsh, Maliq, Malësi e Madhe, Skrapar, Lezha, Bulqiza, Prrenjas, Klos, Mat, Berat, Kukës, Selenica), 34 LGUs are classified with medium proactive transparency, 5 Local Self-Government Units are classified with low proactive transparency (Municipalities of Tepelena, Gramsh, Durrës, Pustec and Rogozhina) and only 1 Local Self-government Unit is classified with very low proactive transparency (Kavaja Municipality). Compared to last year's findings, there was an increase of transparency of the Local Self-Government Units from 21% to 34% in 2023 (high proactive transparency) compared to the prior reporting year. This marks the most obvious improvement made compared to all the past years, in the proactive transparency of public authorities of Local Self-Government Units.⁴¹

All municipalities (61) submitted a monitoring report on budget execution compared to 55 municipalities in the prior year; 6 municipalities have made improvements: Pustec, Kavaja, Rogozhina, Vora, Konispol and Selenica. 58 municipalities have drafted a performance report⁴² in 2022 compared to 55 municipalities for the prior year (2021). 39 municipalities have not used objectives and performance indicators related to gender budgeting in one of the budget execution programs, while Tirana Municipality, Kavaja Municipality and Këlcyra Municipality have failed to draft a performance report.⁴³

Chart 7: Evaluation of the transparency of the LGU, 2023⁴⁴



Source: Commissioner for the Right to Information and Protection of Personal Data/ Transparency Index of the LGUs, 2023

Problems and Challenges

- An important challenge to be elaborated deeper by the Ministry of Finance and Economy is the enhancement of transparency and accountability in the local self-government through citizen participation in the processes of preparing the Medium-Term Budget Program.⁴⁵
- Shortcomings in terms of providing the official website of the municipality online (accessible to citizens) in a number of municipalities; shortcomings in terms of meeting the requirements of the transparency program according to the model of the Commissioner for the Right to Information and Personal Data Protection.
- A number of municipalities fail to publish the budget execution monitoring report on the official website of the municipality.⁴⁶

⁴¹ "Index of Proactive Transparency of Local Self-Government Units" Report (December 2023); https://idp.al/ëp-content/uploads/2024/02/indeksi_i_transparences_i_NJVV_2023.pdf

⁴² The Performance Report for municipalities is drafted as a requirement of Article 51 of Law No. 68/2017 "On Local Self-Government Finances", as well as Article 33/2 of Law 139/2015.

⁴³ Ministry of Finance and Economy, Bashhki të Forta, Performance Monitoring Compliance Report at Municipality Level

⁴⁴ Commissioner for the Right to Information and Protection of Personal Data; https://idp.al/ëp-content/uploads/2024/02/indeksi_i_transparences_i_NJVV_2023.pdf

⁴⁵ Ministry of Finance and Economy / Directorate of Local Finances

⁴⁶ Municipal Performance Monitoring Compliance Report (December 2023)

- Lack of performance indicators related to gender budgeting in budget execution programs.⁴⁷

Recommendations

- Boost the efforts of the LGUs to ensure greater transparency for citizens in the process of planning and execution of the budget in compliance with the Law “On the right to information” and the requirements of the transparency program.
- Enhancement of the quality of public consultation at the local level in the process of drafting the budget and its execution.
- The annual budget monitoring report and the performance report should be drawn up by all municipalities and published on the official website of the municipalities in order to be accessible to all citizens and stakeholders.⁴⁸

CONCLUSIONS ON LOCAL SELF-GOVERNMENT

Consultative Council has functioned as the main forum of institutional dialogue and coordination between the central government and local government; more draft laws were consulted in the Consultative Council compared to the prior year. There is a slight increase of the level of representation of line ministries and representation of local self-government in joint meetings of the Consultative Council compared to the prior year.

In the field of **services and digital transformation**, Law No. 43 /2023 "On Electronic Governance", which improves the assignment of rights, obligations and responsibilities of public authorities and/or private entities vis-à-vis the creation, development and management of information infrastructure systems" was approved in 2023. There is a slight increase of the number of new services provided online compared to the prior year (10 more services), in addition to an increase of 8,400 citizens who have applied to get services from the LGUs. There were more online services provided during 2023 and more documents generated by the e- Albania portal with electronic seal. It remains essential to boost digital security, protect personal data and ensure access to services even by Persons with Disabilities. A return of a number of one-stop shops (contact centres) is under consideration, along with other ongoing efforts to improve the user experience of the online portal.

Concerning the enhancement of the transparency of local finances, a large number of institutions (391) have published transparency programs and a growing number of government entities have created an electronic register of the requests for information. The Law “On Open Data and Interoperability”, which aims to align national legislation with EU Directive 2019/1024 has entered into force (April 2023). Although there is an increase of the number of municipalities, which have had a high proactive transparency in 2023 (34% of municipalities) compared to 2022 (21%), five (5) municipalities are still ranked with low proactive transparency according to the monitoring of the Commissioner on the Right to Information and Protection of Personal Data for 2023. In conclusion, when referring to the indicators of municipalities with high proactive transparency, there is a more visible improvement made in 2023, compared to prior reporting year (2022).

Providing full access to the official website of the municipality, fulfilment of all the criteria of the transparency program of the Commissioner for the Right to Information and Protection of Personal Data, and drafting of the monitoring and performance report about the budget execution according to the requirements of the methodology approved under the guidance of the Ministry of Finance and Economy remains a challenge for all municipalities. What’s more, it is required to submit the aforementioned reports to the Municipal Council and publish them on the official website of the municipality.

⁴⁷Municipal Performance Monitoring Compliance Report (December 2023)

⁴⁸Municipal Performance Monitoring Compliance Report (December 2023)

2. Public administration

Albania remains moderately prepared in the field of public administration. Provisions on merit-based recruitment in the Civil Service Law are not consistently applied, especially at senior management level.

The new strategic framework has been drafted and approved including the new National Strategy for Development and European Integration 2023-2030⁴⁹ (approved in February 2023) and the new Strategy for Decentralization and Local Self-government 2023-2030 (approved in April 2023).⁵⁰ The "Rule of Law Roadmap" and the "Public Administration Reform Roadmap 2023-2030" were approved upon a Decision of the Council of Ministers in December 2023.

A salary reform began in 2023, in the frame of which Law No. 35/2023 and the Decision of the Council of Ministers No. 328/2023 "On the classification of LGUs wages" were approved. The implementation of the automated payroll system has not made progress.⁵¹

Regarding public consultation, a regulatory framework is in place. The electronic web portal is operational and has been updated. However, the percentage of legal acts subject to online public consultation remains low. The implementing legislation hasn't become subject to public consultation yet. Quality control of consultations should be enhanced and proper follow-up ensured, further efforts are needed to encourage the participation of stakeholders, in particular civil society. Communication with citizens about ongoing reform efforts must be improved. Regulatory and institutional monitoring, in addition to the reporting framework for government performance, are still fragmented. Harmonization of reporting practices would be facilitated using the Integrated Planning System Information System. There is an integrated planning system - including links to budgeting - but its application has been unequal. The use of developed support systems for the planning and management of external funds has been very limited.⁵²

Employment in the local administration and public services of the municipality

The Joint Recommendation of the Commissioner for Protection from Discrimination and the Ombudsman "On taking the steps and implementing the relevant legislation to ensure equal gender representation in the appointed bodies of local government in Albania" was consulted during 2023 in Consultative Council between the central government and the local government.

33% of Deputy Mayor position at the national level are held by women; the ratio varies between municipalities, ranging between 33% - 50% (N=61). Women holding the position of Member of the Municipal Council (MC) ranges from 21% (Bulqiza Municipality) to about 48% (Shkodra Municipality, Maliq Municipality, Pogradec Municipality, Roskovec Municipality), 50% (Tirana Municipality, Vlora Municipality and Vora Municipality).⁵³ In total, the representation of women has increased significantly in the Municipal Council to 42.19% after the local elections of May 2023, compared to 43.7% in 2029, although there are only 8 women elected as Mayors out of 61, which means that only 13% of directly elected officials in Albanian municipalities are women (at the same level as in 2029).⁵⁴

⁴⁹ Decision of the Council of Ministers No. 88, dated 22 February 2023 "On the approval of the National Strategy for Development and Integration 2022-2023"; <https://qbz.gov.al/eli/vendim/2023/02/22/88/59519cb2-2180-4e7e-9d91-68545a68e008>.

⁵⁰ Decision of the Council of Ministers No. 252, dated 20 April 2023 "On the approval of the Crosscutting Strategy for Decentralization and Local Government 2023-2030, its Action Plan 2023-2025 and the Passport of Indicators"; <https://qbz.gov.al/eli/vendim/2023/04/20/252/ea30c5f2-a4bc-4ee4-b826-22afbe1bbaf9>.

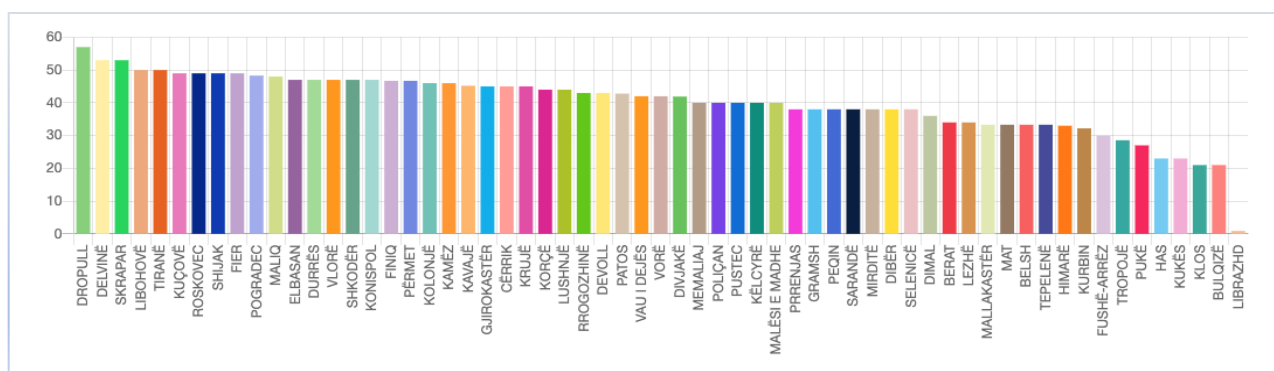
⁵¹ European Commission Progress Report on Albania (November 2023).

⁵² European Commission Progress Report on Albania (November 2023).

⁵³ For the cited indicator, Librazhd Municipality (incorrect data).

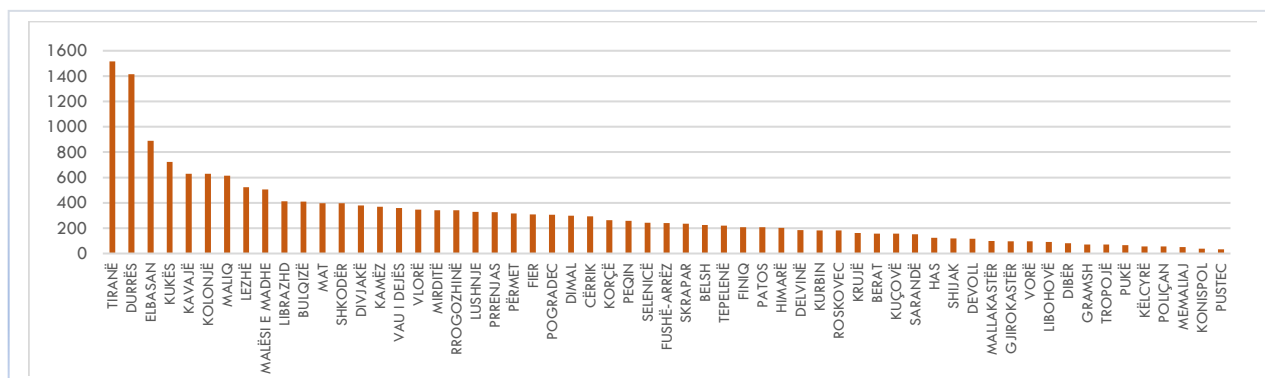
⁵⁴ Bashki të Forta Project (a project funded by SDC and Sweden)/Annual Report 2023.

Chart 8: The ratio of women in the Municipal Council (MC) vs. the total number of MCs, 2023



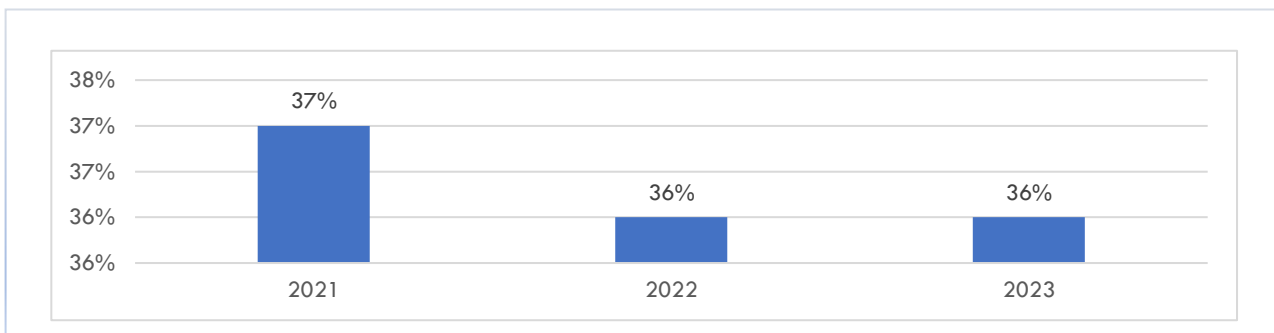
The total number of staff of 61 municipalities was 37,995 (N=61), or about 1,958 more local staff compared to the prior reporting year (2022), of which 18,115 were local administration staff (45.9% of the total number), 17,788 were staff of the spending units of the municipalities (45.1%) and 3,573 (or 9.0%) were staff of subcontracted services of the municipality⁵⁵ (N=61). The chart below shows the number of staff without the Municipality of Tirana (10,697 staff).

Chart 9: Total number of LGU's staff, 2023



In total, there were **5,497 staff with civil servant status in the local administration** or 36% of the total number of the local administration ((18,115 total number of the local administration staff N=61), or 6 p.p. lower compared to the previous reporting year.

Chart 10: Percentage of local staff with civil servant status, 2023



In 2023, there were 2,239 staff (N=61) in management positions, or 130 more staff compared to the prior reporting year, of which 1,461⁵⁶ were women (or 65.3% of the total number of managers in the municipalities of the country). Employment of women in management positions has increased by 5.5 p.p. compared to 2022. In addition, the indicator results in an increase in

⁵⁵ Source: Ministry of Finance.

⁵⁶ Number of women holding the positions of Mayor, Deputy Mayor, Cabinet Director, General Secretary, Department Director, Director of the General Directorate, Director of the Directorate, Head of the Administrative Unit, Head of Sector

2020-2023. The municipalities of Gjirokastra and Vora had the highest rate with 91.2%, followed by Shijak Municipality (83.3%). The municipalities of Dibra, Dropull, Durrës, Elbasan, Kukës and Kolonja have provided partial data (not shown in the chart below).

Chart 11: Number of women employed in management positions in LGUs, 2023 (in % of management positions)

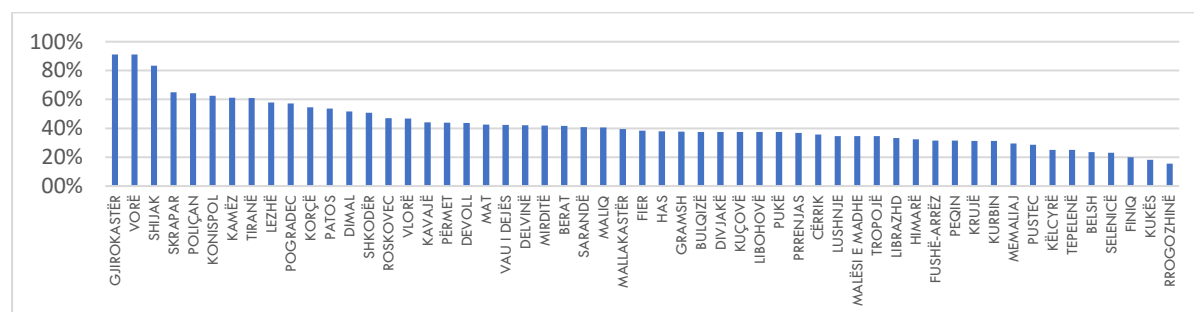
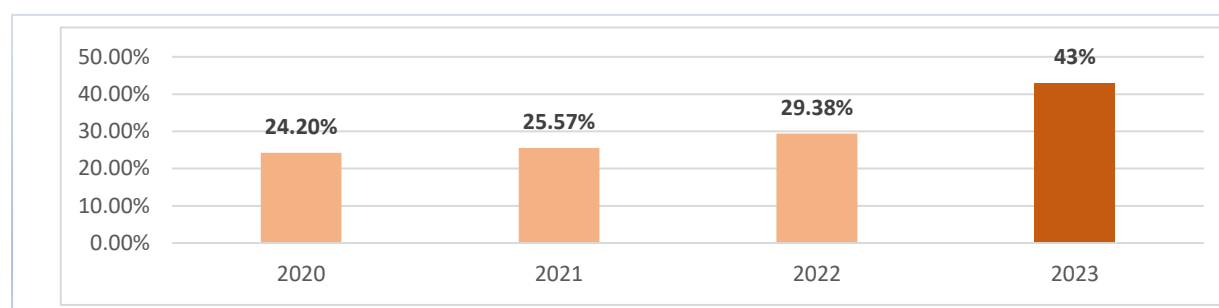


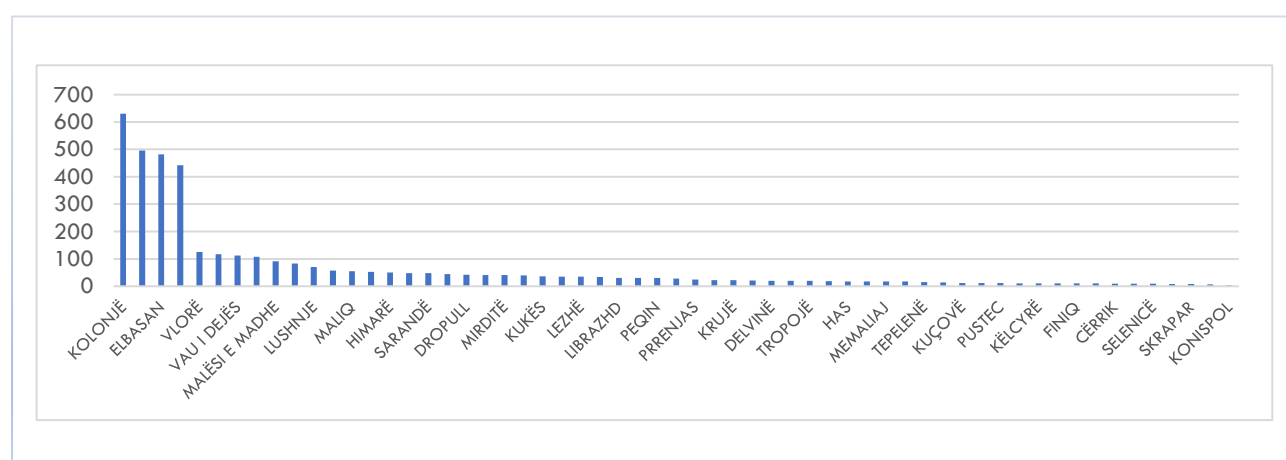
Chart 12: The average employment rate of women in management positions, 2020-2023



Building of the professional capacities of the local administration through training

The **Albanian School of Public Administration (ASPA)** continued to adapt its training programs for professional development, with a greater focus on EU integration. 11,052 persons were trained in 2023, of which 3,366 were local staff. 5,125 was the total number of local staff trained by ASPA and other training providers in 2023.⁵⁷ A total of 3,144 participants attended training on European integration during 2023. On average, about 80% of the staff of the European integration structures of the municipalities were trained during 2023.

Chart 13: Number of trained local staff, 2023 (without Tirana Municipality)



⁵⁷ Source: ASLG/Ministry of Finance

The municipalities with the largest number of trained staff are Tirana Municipality (1.182), Kolonja Municipality (630), Dibra Municipality (496), Elbasan Municipality (482) and Durres Municipality (442). In 2023, municipalities have spent an average of 2.9% of their budget in support of training, which results in a slight increase compared to the prior year. 22 municipalities (or 36% of them) had zero budget for training. On average, 80% of the staff in the EI structures in the LGUs have received training during 2023.

At the end of a survey, it was found that an average of 41% of municipal staff needs other ongoing training to build the capacities required by the European integration process for their own or delegated functions of the municipalities. Efforts are still needed to improve physical and digital infrastructure of ASPA.⁵⁸

Chart 14: The percentage (%) of the staff of the LGUs who need training to build, which are required by the European integration process for the own or delegated functions of the municipalities

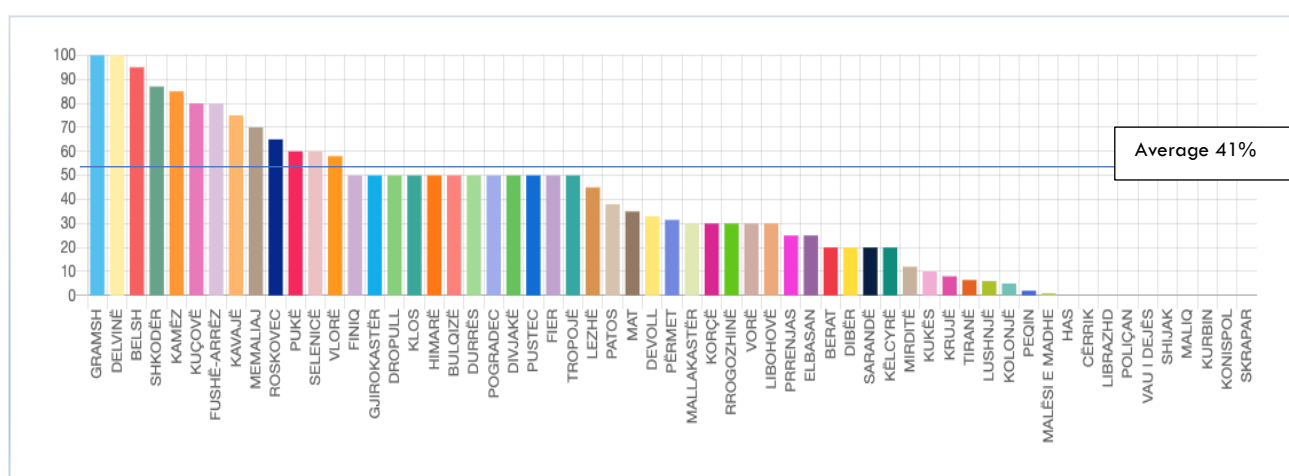
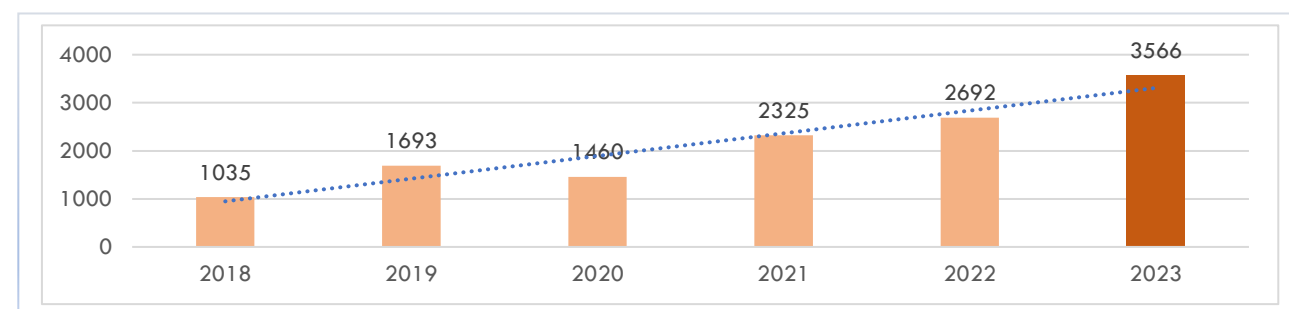


Chart 15: Number of local staff trained by ASPA, 2018-2023



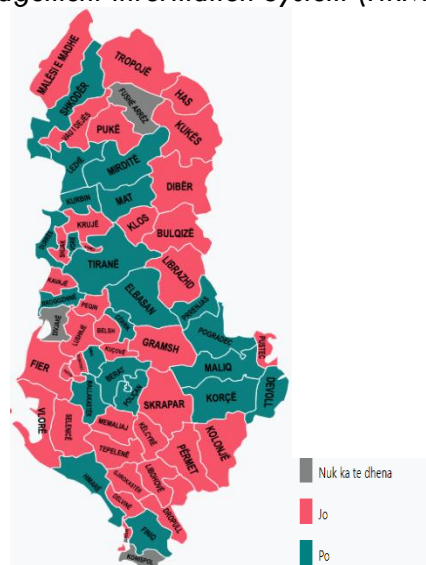
Human Resources Management Information System (HRMIS) does not yet cover the entire public sector and does not include updated data on civil servants. The system has continued to be populated with data, although at a slow pace.⁵⁹

HRMIS was operational in 22 municipalities (36% of municipalities) or in 11 municipalities less than the prior year (N=58); the municipalities, which failed to have the system operational during 2023 compared to the prior year, are Vau i Dejës Municipality, Dibra Municipality, Librazhd Municipality, Shijak Municipality, Kuçova Municipality, Vlora Municipality, Delvina Municipality, Libohova Municipality, Dropull Municipality, Skrapar Municipality, Fushë Arrëz Municipality (no data for 2023, but the system was operational in 2022), Divjaka Municipality (no data for 2023, but the system was operational in 2022).

⁵⁸ Albanian School of Public Administration (ASPA): <https://aspa.gov.al/>

⁵⁹European Commission Progress Report on Albania (November 2023).

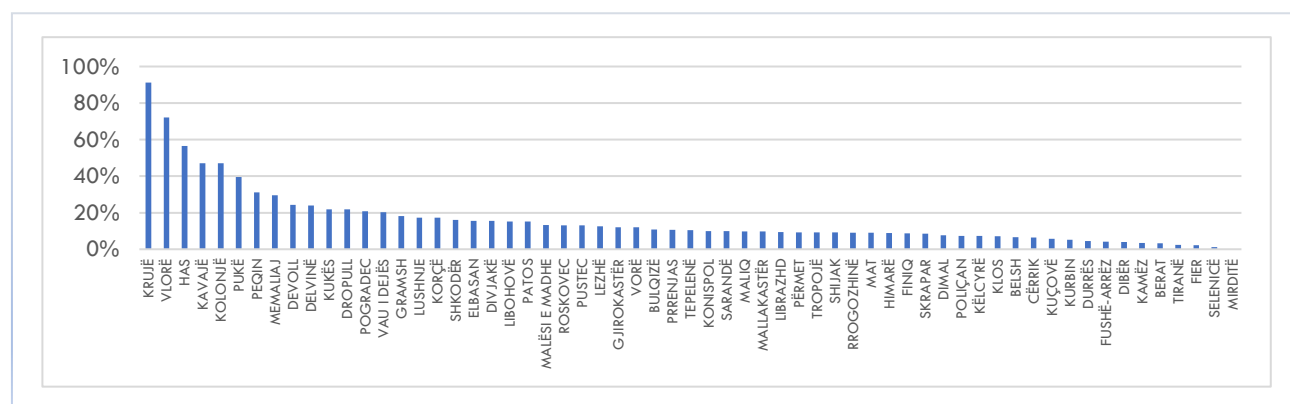
Map 1: Human Resources Management Information System (HRMIS)



Staff leaving the local administration

The rate of staff leaving the local administration was higher compared to the prior year - average rate was 14.3% (5,124 staff)⁶⁰ or 7.3 pp. higher compared to 2022. The highest rate of staff leaving the local administration is in Has Municipality (85.0% or 159 persons), Devoll Municipality (78.6% or 92 persons), Vlora Municipality (72.1% or 650 persons).

Chart 16: The rate of staff leaving the LGUS,⁶¹ 2023 (in %)

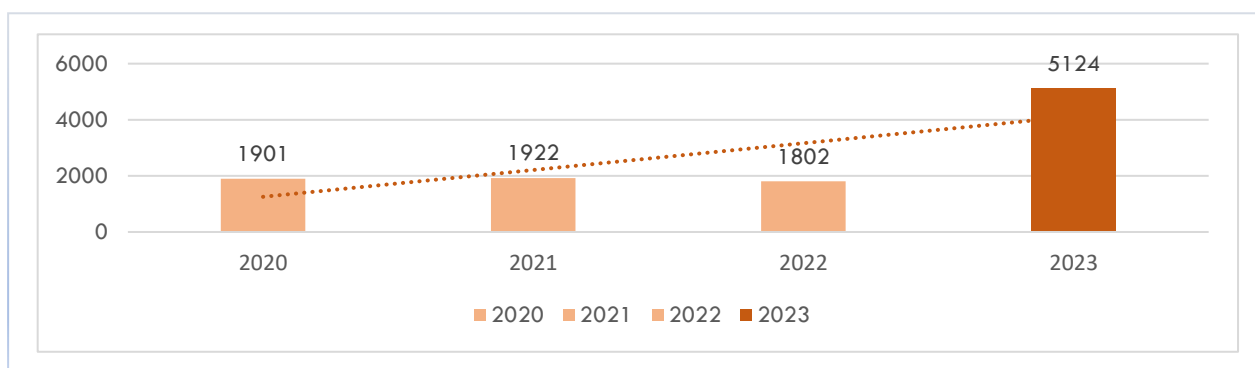


Mirdita Municipality has had zero staff leaving it. 10 municipalities had a leaving rate lower than 6% (the municipalities of Durrës (6% or 85 persons), Kucova (5.8% or 23 persons), Kurbin (5.2% or 27 persons), Mat (5.1% or 47 persons), Kamza (4.6% or 29 persons), Fushë-Arrëz (4.2% or 10 persons), Berat (3.2% or 24 persons), Tirana (2.4% or 196 persons), Fier (2.2% or 34 persons), Selenica (1.2% or 3 persons).

⁶⁰ ASLG; In 2022, 1,802 staff leaving the local administration (N=58) were reported, while in 2021, it was a total of 1,922 staff.

⁶¹ Clarification: The total number of municipal staff who have left their jobs regardless of the reason that includes voluntary or involuntary resignation, retirement, downsizing, etc. This number includes the administration of the municipality and all structures depending on it (spending units) whose budget is consolidated within the budget of the municipality.

Graph 17: The number of staff leaving the LGUs, 2020 - 2023



Box 1: The challenge of human resource management

Tirana Municipality: Continuous communication and raising of staff awareness in the frame of building personal and professional capacities.

Tropoja Municipality: Improvement of working conditions and premises, qualification and specialization of staff in order to enhance performance remains the continuous challenge; getting every civil service position through a competition procedure according to the Civil Service Law remains a challenge.

Mirdita Municipality: Successful and productive management of Human Resources.

Dropull Municipality: Finding of educated and specialized staff to work in the administration.

Korça Municipality: Finding of qualified staff for the required professions; securing the civil servant status for the staff, especially for new staff; training of newly recruited civil servants, compulsory ASPA training of civil servants in the probations period, carrying out of the training in the right time, within the first year and the possibility to be confirmed according to the timing and deadlines set forth by the Civil Service Law.

Devoll Municipality: Achieving gender equality; planning more professional trainings to build the capacities of staff.

Patos Municipality: Periodic staff training and service coverage with field specialists.

Klos Municipality: Increasing the number of staff with civil service status.

Selenica Municipality: Low interest from professionals in terms of filling vacant positions, as a result of the low salary level.

Mallakastra Municipality: Gender equality at management level. There should be a higher percentage of women at the management level.

Himara Municipality: There is no training register.

Mat Municipality: As much participation as possible of the municipality staff in ASPA programs.

Shkodra Municipality: Building of administrative capacities in relation to Shkodra Municipality policies and work processes.

Problems and challenges

- Successful and productive management of Human Resources; finding qualified staff for the professions that are required.
- The Human Resource Management Information System (HRMIS) has been operational in only 36% of the LGUs (fewer municipalities have used HRMIS in Human Resource Management in the reporting year).
- Ensuring the stability of staff in the local administration and in particular experienced staff.
- Leaving of experienced staff from the administration and municipal services harms the effectiveness of work and the performance of municipalities.

Recommendations

Some of the recommendations of the prior report remain valid for this report:

- Approval and start of implementation of new management strategies of public administration and public finances, in addition to the review of the effectiveness of current monitoring structures.

- Consistent and effective implementation of merit-based recruitment, promotion and dismissal provisions in the civil service law at all levels, especially at top levels.⁶²
- Fully functional expansion of HRMIS in all LGUs.
- Support to municipalities to ensure sustainability in providing training for proper management of their own functions and public services; creation of the register/database of trainings at the LGUs.
- Monitoring of the indicators of the public administration should also be extended to the LGUs.

Specific objective: Enhancement of the accountability of the local administration

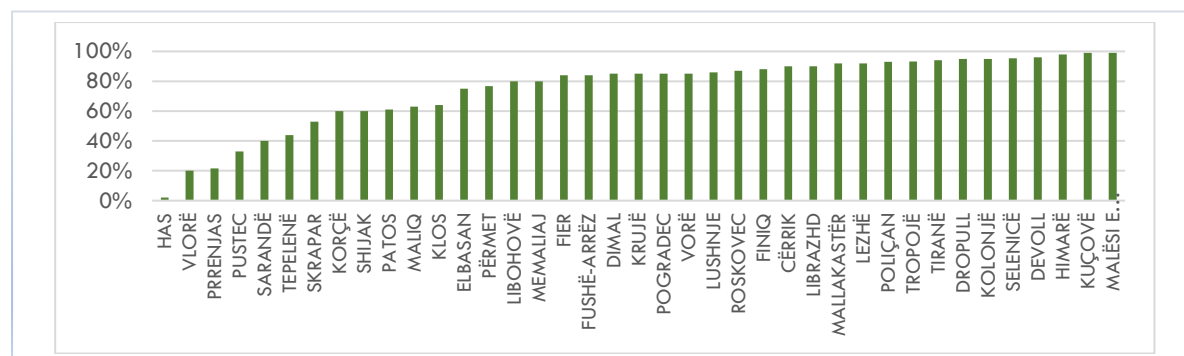
The performance of LGUs related to this specific objective is evaluated on the basis of the performance indicator "Rate of responses provided by municipal services to requests submitted by citizens versus the total number of requests submitted to the municipality".

According to the monitoring process of the official websites of the Local Self-Government Units as carried out by the Commissioner for the Right to Information and Protection of Personal Data, and based on a methodology defined on the basis of the evaluation of the 10 indicators of the transparency program, it has turned out that a part of Local Self-Government Units have had deficiencies in regard to the publication and updating of mandatory information to be made public in the sections of this program, but as a whole the municipalities have performed better in this context compared to the prior year.

A significant number of citizen complaints are granted and reviewed by the relevant institutions, but still a number of concerns remain whether the role of the Agency for Dialogue and Co-Governance may discourage the use of more formal and independent complaint channels, or not.⁶³

The average rate of the responses of the municipalities to citizens' requests submitted to the municipality during 2023 was 84% (N=60), resulting in about 1 pp. higher compared to the prior year. Thirty-five municipalities (57%) had a response rate above 90%. The average rate of the responses provided by the municipalities to citizens' requests has had an increasing trend over the years. The rest of the municipalities; responses were in the process of review or passed the legal deadlines (municipalities didn't provide detailed information). 21 municipalities (or 34.4% of them) had a 100% response rate: the municipalities of Belsh, Berat, Bulqiza, Delvina, Dibra, Divjaka, Durrës, Gjirokastra, Gramsh, Kamza, Kavaja, Këlcyra, Kukës, Kurbin, Mat, Mirdita, Peqin, Puka, Rrogozhina, Shkodra, Vau i Dejës. These municipalities are not shown in the chart below.

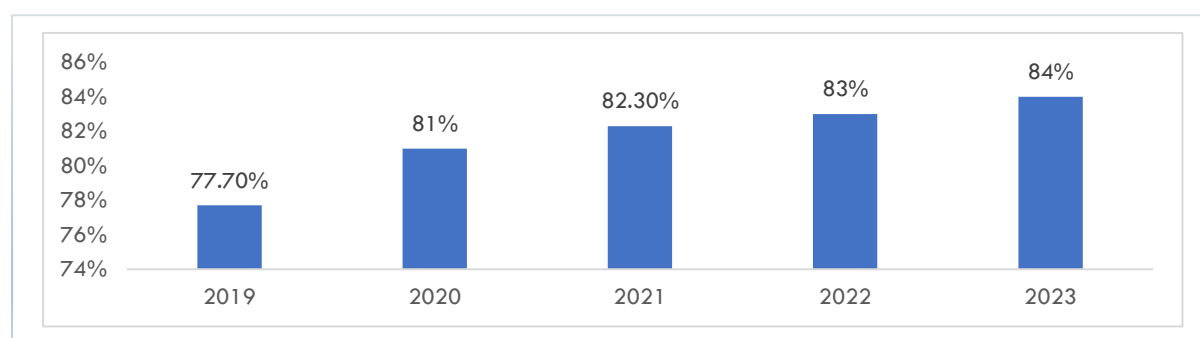
Chart 18: Rate of responses returned by the municipalities to citizens' requests/complaints, 2023 (in %)



⁶²European Commission Progress Report on Albania (November 2023)

⁶³European Commission Progress Report on Albania (November 2023)

Chart 19: Average rate of responses returned by the local administration to citizens' requests/complaints, 2019-2023



Problems and challenges

- The office of the municipality in charge of accepting the requests has insufficient level of knowledge about the legislation and the powers of the municipality.
- Lack of coordination between the sectors and directorates in the LGUs to ensure delivering of responses about complaints within the deadlines.
- Aspects of cooperation and coordination between state agencies and local institutions to address issues recommended by the Commissioner for Protection from Discrimination (CPD).
- Problems and deficiencies of documentation in the requests/complaints filed by citizens.⁶⁴
- Delays of the relevant structures of the LGUs in terms of timely addressing the CPD recommendations according to the legal deadlines.

RECOMMENDATIONS

- Coordinating the work with the relevant directorates to obtain the required information by the legal deadlines.
- Professional capacity building through continuous training of the personal data protection officer, who will have a specific role within the structure of the municipalities upon the entry into force of the new regulatory framework.
- Enhancement of the quality of the process of reviewing citizens' requests for information.
- Respecting of legal deadlines and more accountability on the side of public officials regarding the review of citizens' requests.

Box 2: Resolving the requests and complaints of citizens according to the deadlines defined in the legislation

Cërrik Municipality: Enhancement of the level of knowledge about the legislation and the powers of the municipality by the office of the municipality in charge of accepting the requests.

Municipalities of Devoll and Mirdita: Respecting of the legal deadlines regarding the resolution of citizens' requests and complaints.

Municipalities of Peqin and Përmet: Citizens' requests have been resolved by the deadlines, except for a few cases of delays when providing documentation on their part.

Roskovec Municipality: Failing to resolve a number of complaints by the legal deadlines has happened as an outcome of the lack of staff and the administrative procedure depending on the nature of the request/complaint.

Vlora Municipality: Coordination of the work with the relevant directorates to obtain the required information by the legal deadlines.

Selenica Municipality: The only challenge faced in certain cases are delays in terms of the terrain and the character of the citizens.

⁶⁴Municipalities System in the European Integration Process; mapping <https://mapping-bpe.al/>

CONCLUSIONS ABOUT PUBLIC ADMINISTRATION

The new strategic framework has been drafted and approved, including the new Decentralization Strategy 2023-2030, the "Rule of Law Roadmap" and the "Public Administration Reform Roadmap 2023- 2030". A wage reform began in 2023, within which two new laws and a package of by-laws were approved. The implementation of the automated payroll system has not made any progress.

HRMIS hasn't been used by all municipalities as an instrument in human resource management even during 2023. It is recommended to have a coherent and effective implementation of the of recruitment promotion and dismissal provisions based on merit as provided for by the Civil Service Law at all levels, especially at the higher levels, the full functional use of HRMIS in all LGUs, monitoring and publication of the indicators of the administration reform at the local level.

Employment of women in management positions has increased by 5.5 pp. compared to 2022. On average, about 80% of the staff of the structures of European integration in the municipality were trained during 2023, while it turns out that on average 41% of the staff of the municipalities needs capacity building, which is a requirement deriving from the process of European integration regarding the management of own or delegated functions of the municipalities. The number of staff leaving local administration was higher compared to the prior year – the average rate was 14.3%, while a number of municipalities had a very high number of staff leaving the municipal administration and services.

There has been an improvement of the accountability of the local government regarding the rate of responses sent back by the local administration for the requests of citizens - *the average rate of responses of the municipality to the requests of citizens submitted to the municipality during 2023 was 84%*, resulting in about 1 pp. higher compared to the prior year. Strengthening of cooperation between state agencies at the regional level and local institutions to address the issues recommended by the Commissioner for Protection from Discrimination, professional growth, through continuous training of the Personal Data Protection Officer and periodic updating of the Transparency Program and Register of Requests remains a challenge.

3. Civil society

The role of civil society, including in the EU accession negotiation process, needs to be further strengthened. The structures in place for consulting civil society need to be reinforced and become fully operational. There has been no progress in the implementation of the roadmap on an enabling environment for civil society, which remains very dependent on donor support. Additional efforts and resources are required to advance its implementation. The monitoring mechanism of the guide is not fully functional.⁶⁵

Strategic objective: Cooperation with civil society

In 2023, 17 grants to an amount up to 100,000 Albanian Leks, or an average of 2.83 grants per municipality (N=6), were provided by the municipalities for joint projects in partnership with civil society organizations (CSOs). Shkodra Municipality provided the highest number for this indicator, which is 6 grants, followed by Gramsh Municipality, which provided large 5 grants.

32 grants ranging from an amount of 100,000 - 500,000 Albanian Leks, or an average of 3.5 grants per municipality (N=9), were provided by the municipalities for joint projects in partnership with CSOs during 2023. Shkodra Municipality provided 17 grants for this indicator, thus ranking in the first place compared to other municipalities.

41 grants exceeding the amount of 500,000 Albanian Leks, or an average of 3.41 grants per municipality (N=12), were provided by the municipalities for joint projects in partnership with

⁶⁵European Commission Progress Report on Albania (October 2023).

CSOs, during 2023. Lezha Municipality provided 16 grants, which is the highest number of grants provided for this indicator, followed by Tirana Municipality, which provided 8 grants.

Problems and challenges

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

- Municipal Transparency Program does not publish recommendations submitted by the Civil Society Organizations to local decision-makers.
- Lack of active NGOs/CSOs in many municipalities.
- Small funds allocated by the municipalities to finance projects in partnership with Civil Society Organizations.

Recommendations

- More transparency and proactive approach in regard to the sharing of information by public institutions, which would contribute to effective cooperation mechanisms with NGOs in policy-making and decision-making, as well as in the process of negotiations for EU membership.
- A stimulating approach along with building and strengthening of capacities of local organizations should be boosted and guided towards cooperation.
- More initiatives and involvement of Civil Society Organizations in local decision-making processes.
- Boosting the commitment of municipalities to register and disclose in the transparency program the recommendations submitted by the Civil Society Organizations and their reflection in local decision-making.

CONCLUSIONS ABOUT CIVIL SOCIETY

The role of civil society in the EU membership negotiation process should be enhanced to ensure the meaningful participation and consultation of CSOs in the policy-making processes. In 2023, municipalities provided about 90 grants in total for joint projects in partnership with civil society organizations.

4. Fundamental rights

Albania's legal framework sets out an overall good basis for the protection of fundamental rights. However, overall efforts at implementation of the legal and policy frameworks need to intensify. In particular, implementing legislation still needs to be adopted for the minority rights, the right to property should be safeguarded and the law on the protection of personal data should be revised in order to align with the EU acquis.⁶⁶

Specific objective: Protection of child rights

The policies and the legal framework for the protection of child rights are harmonized with international and EU standards. The 2021-2026 National Agenda for the Rights of Child (NARC) sets out the strategic framework, in line with national and international commitments in this area. The National Deinstitutionalization Plan 2021-2023 included an economic reform program with a financial package for the development of alternative childcare services and closing of social care institutions. However, foster family and alternative care laws are often inadequately respected and not fully enforced. Additional efforts are needed to further implement and address all violations of child rights.⁶⁷

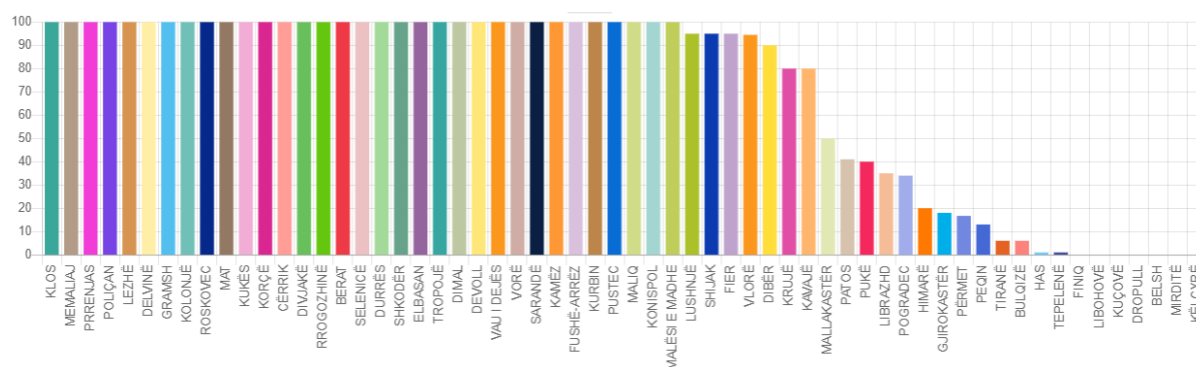
Progress towards this objective according to the indicators is as follows:

⁶⁶ European Commission Progress Report on Albania (2023)

⁶⁷ European Commission Progress Report on Albania (2023)

- In 2023, the ratio of cases addressed with regard to the child protection provided by the municipalities, compared to the total number of identified cases, is about 71% (N=59). The indicator has increased compared to 2022, where services were provided in 50% of cases.

Chart 20: The number of managed cases concerning child protection provided by the municipalities, compared to the total number of identified cases (%), 2023



Problems and challenges

- Limited human resources: Child Protection Units aren't functional in a number of municipalities. Number of social workers in the municipalities for the child protection is very limited and some of the municipalities don't have any social worker.
- Insufficient financial resources: lack of a budget planning that is coherent with the needs for managing cases of violence or child protection in the entire territory of the municipality. The fund from the municipal budget for social protection for cases of child rights protection remains at very low levels.
- The system for monitoring cases of violations of child rights is not yet operational in all municipalities.
- Ineffective cooperation with education structures and order institutions.

Recommendations

- Setting up and making the system functional, connecting with all social service institutions for the referral of cases.
- Capacity building of child protection structures at the local level with regard to child protection procedures, case identification and inter-institutional cooperation.
- Capacity building of Inter-ministerial Technical Groups for the management of cases of Children in Need of Care and Protection.
- Ensuring access to services for children from remote rural areas, in addition to children in street situations, through the coordination of actions and the exchange of information between the structures responsible for handling cases.
- Better cooperation with licensed NGOs to provide specialized services for child protection.

Specific objective: Protection from discrimination and gender equality

The National Strategy 2021-2030 "On Gender Equality" and its action plan address gender issues and gender equality. The Mechanism for Gender Equality lacks adequate financial and human resources, thus hindering the implementation of the strategy. Further efforts are needed to complete the data collection envisaged by the strategy to enable proper monitoring.⁶⁸

In 2023, the Commissioner for Protection from Discrimination (CPD) continued to deal with a steady number of cases, mainly in the field of employment and services. Hate speech laws are in line with international standards. National policies are necessary to lead the fight against

⁶⁸ European Commission Progress Report on Albania (2023)

various forms of hatred and discrimination. Better enforcement and greater awareness are needed to eliminate hate speech, especially in rural and remote areas.

The progress of the LGUs with regard to this objective according to the indicators is as follows:

14 municipalities have drawn up and approved gender action plans in 2023. This includes the municipalities of Berat, Bulqiza, Cërrik, Durrës, Elbasan, Fushë-Arrëz, Gjirokastra, Gramsh, Korça, Kuçova, Librazhd, Pogradec, Selenica and Tirana. While 44 municipalities have failed to draft and approve such a document and 3 municipalities haven't reported about this indicator.

Specific objective: Protection of human rights and protection of national minorities

The legal framework of Albania sets out a good general basis for the protection of fundamental rights. However, overall efforts to implement legal and policy frameworks need to be intensified. Implementing legislation on the essential issues of free self-identification of national minorities and the use of languages should still be adopted in accordance with European standards and should be open to broad public consultation. In general, Albania should ensure the effective implementation of the legal framework on the rights of persons belonging to minorities.

The progress of the LGUs with regard to this objective according to the indicators, is as follows:

- 49 cultural activities and awareness campaigns or an average of 0.86 activities per municipality (N=57) were organized in 2023 about the Rights and Protection of Ethnic Minorities. The number of activities is lower than in 2022. *The largest number of activities is organized in Korça Municipality with 12 activities, Devoll Municipality with 4 activities and the municipalities of Maliq, Gjirokastra and Shkodra with 3 activities each.*
- In 2023, the frequency of updating the data in the ROMALB electronic system was divided on annual basis for the municipalities of Belsh, Elbasan Devoll, Has, Kamza, Korça, Lezha, etc., on quarterly basis for the municipalities of Memaliaj and Dibër, and on monthly basis for the municipalities of Bulqiza, Gjirokastra, Kolonja.

Specific objective: Protection of Persons with Disabilities

The protection of the rights of Persons with Disabilities has improved. The biopsychosocial assessment reform is being implemented nationwide, but the relevant referral mechanisms are not yet in place. Albania's framework legislation on the rights of persons with disabilities is partially in line with the UN Convention on the Rights of Persons with Disabilities.

The progress of the LGUs with regard to this objective according to the indicators, is as follows:

- On average, 39.9% of the schools of the pre-university system have infrastructure accessible to people with different abilities (N=56), thus experiencing an increase compared to 2022. The municipalities of Gjirokastra, Kamza, Lushnja, Mat, Peqin, Roskovec, Rogozhina report 100% PwD accessible infrastructure.
- 20 municipalities have elevators in the school infrastructure for PwDs. Meanwhile, 35 municipalities do not have elevators in the school infrastructure for PwDs (N=55).
- During 2023, the number of school infrastructure facilities in the municipalities, which include ramps as infrastructure for PwDs, was 38% against the total number of schools (N=52).
- In 2023, the average ratio of public institutions accessible to persons with different abilities, compared to the total number of institutions at the local level, was 50% (N=51); the indicator has increased compared to 2022. The municipalities of Cërrik, Fier, Kamza, Kukës, Prrerjas, Rogozhina, Vau i Dejës and Saranda have reported 100% infrastructure of public institutions accessible by PwDs.
- The ration of PwD beneficiaries was 26.8% in 2023, compared to the prior year (N=61).

Problems and challenges

- The monitoring system for violations of minority rights hasn't been established yet in a considerable number of municipalities.

- Insufficient financial resources to provide support with special programs, with projects and housing, as well as for the organization of direct activities for R&E minorities.
- Social housing programs in the municipality vs. the total number of applications are limited.
- Lack of specialized civil society organizations and insufficient assistance from international institutions and specialized organizations for the protection of minority rights and the fight against discrimination.
- The municipal budget allocated for the protection of victims of domestic violence continues to be at extremely low levels.
- REV-ALB system is not used by all municipalities and the lack of regular reporting to the Ministry of Education and Culture.
- Low capacities of local officials and community centre staff to handle services and manage all cases.
- Institutional coordination and ineffective functioning of mechanisms at the local level in the frame of harmonizing measures to combat domestic violence.
- The basic infrastructure to ensure access of Persons with Disabilities remains at poor levels.
- The lack of up-to-date data and in-depth analysis on the situation and needs of persons with different abilities at the municipality and county level is obvious.
- There are few opportunities for employment in accordance with the needs and work skills of PwDs, in order to enhance their integration in society.
- The number of services and staff dedicated to Persons with Disabilities is low, so that they can receive the right service in time and with good quality.

Recommendations

- Establishment of the monitoring system for the violation of the rights of minorities, in addition to using of the ROMALB system by all municipalities.
- Training support for municipal staff dealing with R&E ethnic minority issues.
- Increase human resources at the social service of the municipalities for the issues of the Roma and Egyptian minorities to assess the situation, to carry out monitoring on the ground and to follow up on the problems.
- Approval of local plans for the integration of the Roma and Egyptian minorities by the municipalities, which have yet to be implemented, as well as the inclusion of funds for their implementation in the MTBP.
- Specialized and re-integration services should be provided for victims and case management work should be further improved.
- Increase the technical and financial assistance for the municipalities in terms of the allocation of the budget dedicated to the child protection, as well as for the municipalities that have drawn up MTBP with gender sensitivity.
- Increase the number of awareness campaigns for protection from any form of discrimination, for issues of gender equality, for the protection of the Roma and Egyptian communities, as well as for the recognition of the rights of minorities and human rights.
- Better cooperation between different actors at the local and central level, in addition to regular monitoring of social care services offered to categories in need and PwDs.
- Improvement of the infrastructure and creation of conditions for facilitating the access of Persons with Disabilities to institutions, cultural centres and other services in the territory of the municipality.
- Strengthening of cooperation with the structures of education, professional training, employment, as well as with health, psycho-social, integrative, rehabilitative services, etc., for the support of Persons with Disabilities.

CONCLUSIONS ABOUT THE FUNDAMENTAL RIGHTS

In 2023, the municipalities have continued their efforts to fulfil legal obligations and build their capacities with regard to the protection and promotion of fundamental rights. Progress

has been made in regard to the increasing of the number of Child Protection Workers (CPW), as well as in regard to cooperation with civil society and donor projects to defend minority rights. The monitoring system for the violation of rights is operational in only 33% of the municipalities.

Human capacities to manage cases of rights violations, as well as very limited financial resources remain a challenge. Although the indicator has increased compared to prior years, it still remains at low levels compared to the needs of municipalities to manage all cases. There is still a significant lack of gender-sensitive budget planning in a considerable number of municipalities.

Stronger efforts are needed to address discrimination and violence against Persons with Disabilities, to improve general access, to promote employment and to collect statistical data about their situation. The quality of education for Children with Disabilities, especially children with hearing impairment, continues to be a concern. There is still an insufficient number of assistants for Children with Disabilities in the pre-university education system. Additional efforts are required to provide training on inclusive education approaches to all teachers and early detection of disabilities.

5. Freedom and security

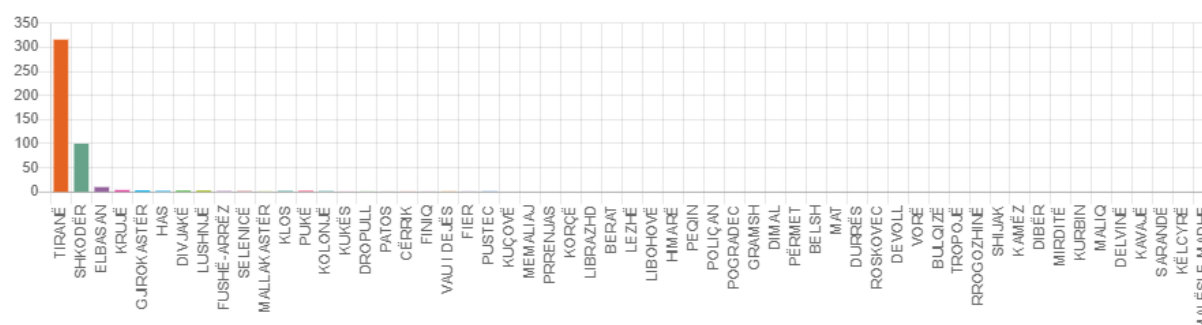
Specific objective: Capacity building of the local self-government administration to fight corruption

Albania has a moderate level of preparation for alignment with the EU acquis in the field of justice, freedom and security. There are some achievements, but more progress is expected in the fight against organized crime and corruption and cooperation with European agencies in this field.⁶⁹

The fight against corruption at all levels of government remains a priority for Albania. In general, corruption is widespread in many areas of public and business life, and steps to prevent it continue to have limited impact, especially in vulnerable sectors.

464 trainings, or an average of 9.1 trainings per municipality (N=51), in which the municipalities have participated, were organized in 2023 about the fight against corruption. Tirana Municipality has conducted 316 trainings on the fight against corruption, which is the largest number of trainings for this, followed by Shkodra Municipality with 100 trainings.

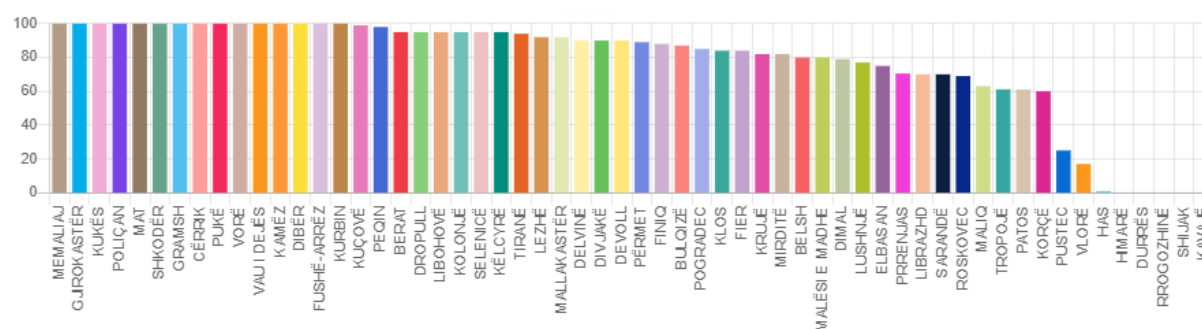
Chart 21: Number of trainings organized by the National Coordinator Against Corruption regarding the fight against corruption, in which the municipalities have participated, in 2023



The resolution rate of citizens' requests and complaints according to the deadlines defined in the legislation, throughout 2023, was 80% (N=55).

⁶⁹ European Commission Progress Report on Albania (2023)

Graph 22: Resolution rate of citizens' requests and complaints according to the deadlines set in the legislation in %, 2023

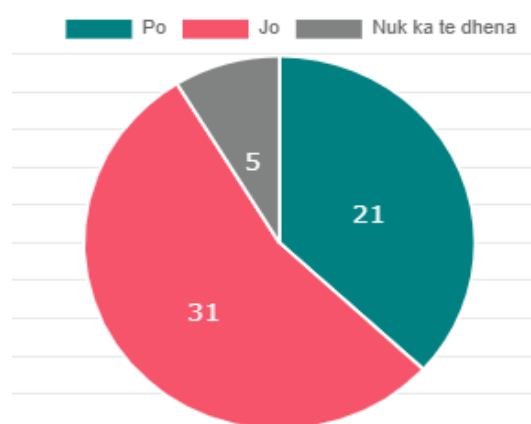


Specific objective: Advancing the fight against organized crime

Albania has advanced in the preparation of legislation in accordance with the EU acquis suitable for fighting organized crime. The strategic framework consists of the Strategy against Organized Crime and Serious Crimes 2021-2025. In February 2023, the action plan for 2023-2025 was approved.

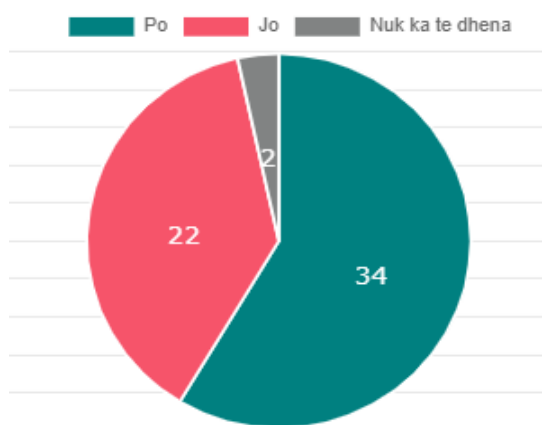
In 2023, working groups to implement the Action Plan for the fight against organized crime at the local level has been established in 21 municipalities. The indicator has decreased compared to 2022. 31 municipalities have not set up the working group for the implementation of the Action Plan for the fight against organized crime, while there is no data for the other municipalities.

Chart 23: Working Group of the municipality set up in 2023 to implement the action plan concerning the fight against organized crime



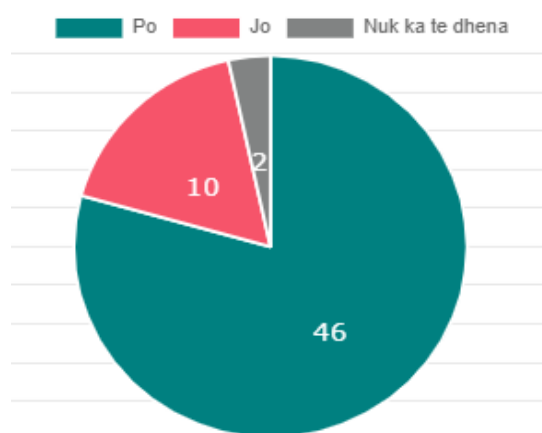
In 2023, only 34 municipalities have drafted the Public Security Strategy at the local level. This marked a decrease compared to a year ago.

Chart 24: Strategy of Public Security at the local level drawn up in 2023



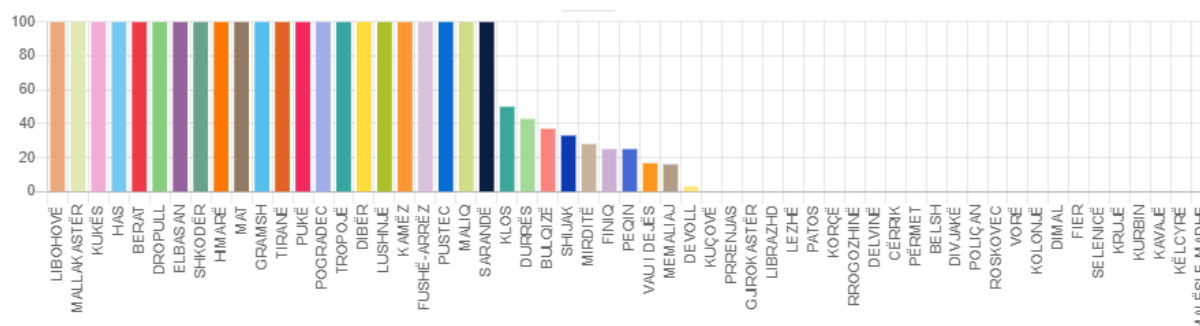
Additionally, no progress has been made regarding the establishment of the National Security Council during 2023, as a mechanism of the fight against organized crime. This Council has been established in only 46 municipalities. The indicator has decreased compared to 2022.

Chart 25: Local Security Council established, 2023



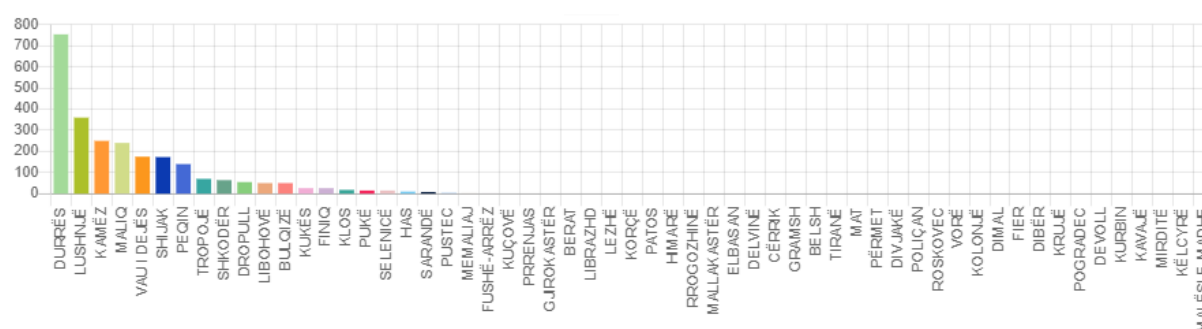
In 2023, the establishment of the Community Policing Office in each administrative unit is reported with an average of 48.56% (N=51). The indicator shows a decrease compared to 2022. Meanwhile, there are 25 municipalities, which do not have a police office in any of the administrative units.

Chart 26: Establishment of Community Policing Office in each administrative unit, 2023



A total number of 2,503 cases, or an average of 61.05 cases per municipality (N=41), were reported to the Community Policing Office by citizens in 2023. The indicator has increased compared to a year ago. Durrës Municipality has the largest number of reported cases with 754 cases and Lushnjë with 360 cases.

Chart 27: Number of cases reported to the Community Policing Office by citizens, 2023



Problems and challenges

- Failure to establish the working group re: the fight against organized crime in all municipalities and the ineffective cooperation with the structures of the State Police remains a problem.
- Lack of Public Security Strategies in some municipalities has created challenges in regard to the management of the situation and providing a coordinated response.
- Complete failure of the Local Security Councils to function is evident in all the municipalities of the country.
- Establishment of the police office in the community and mainly in the Administrative Units and in rural areas remains a challenge.
- Citizens' awareness to report cases is at low levels and inter-institutional cooperation is ineffective.
- Information exchange and updating of adequate and accurate data on the number of cases remain problematic.

Recommendations

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

CONCLUSIONS ON FREEDOM AND SECURITY

In 2023, municipalities continued their efforts to implement the measures foreseen in the **Strategy against Organized Crime and Serious Crimes 2021-2025**, as well as the Action Plan 2021-2022, as approved in 2021. The working group of the implementation of the Action Plan on the fight against organized crime at the local level has not made any noticeable improvements. Concerning the functions of local self-government related to issues of justice and security, **progress has been made by the municipalities in terms of establishing the Local Security Council**, as a mechanism in the fight against organized crime, but drafting of the Public Security Strategy at the local level has continued with the same pace. Additionally, **the establishment of the Community Policing Office** in each administrative unit has not made significant progress.

Trust building and boosting of community safety through community policing remains a priority. Cooperation with the community, local structures and the organization of police

awareness campaigns in high-risk areas remain a priority to promote community policing and their roles for the community.

Concerning capacity building of the local self-government administration in the fight against corruption, the number of municipal staff trainings has been at high levels, therefore showing an improvement in this approach.

6. Financial control

"Albania has a level of preparation in the field of financial and budget provisions. Some progress was made during the reporting period when it comes to updates to the legal framework of internal control and internal audit. Implementation of the policy document for the strengthening of public internal financial control and targeted internal audits on arrears continued. Risk management is still at an early stage at all levels and needs to be better incorporated into the management of financial and operational processes.⁷⁰

In 2023, Law No. 40/2023 "On some amendments and an addition to Law No. 68/2017 ""On the Finances of Local Self-Government"", was approved. The amendments and additions consist in the replacement of approved annual expenditures into "actual annual expenditures",⁷¹ in the use of the fund carried forward from the prior year for the repayment of arrears and the payment of sub-loans, which have not been paid on time.

The recommendations of the European Commission Progress Report on Albania for the prior year regarding the implementation of the guidelines on the financial delegation of responsibilities and drafting of guidelines on the delegation of managerial responsibilities in order to improve managerial accountability have been addressed. For this purpose, a number of amendments to the legal framework were approved on financial management and control as follows: Law No. 14/2023 "On some amendments to Law No. 10 296, dated 08 July 2010, ""On Financial Management and Control"", as amended⁷² and Law No. 110, dated 15 October 2023 "On some additions and amendments to Law 10 296, dated 08 July 2010 ""On financial management and control"". ⁷³ The aim of legal amendments is to expand managerial responsibility, to perform checks before and after the fact according to a defined plan, to appoint the authorizing official and to assign the managerial responsibilities of the coordinator of financial management and control, to delegate responsibilities to structures responsible for finances at lower levels of subordination, to report in cases of irregularities, and other changes. MFE is responsible for monitoring the implementation of the approved laws.

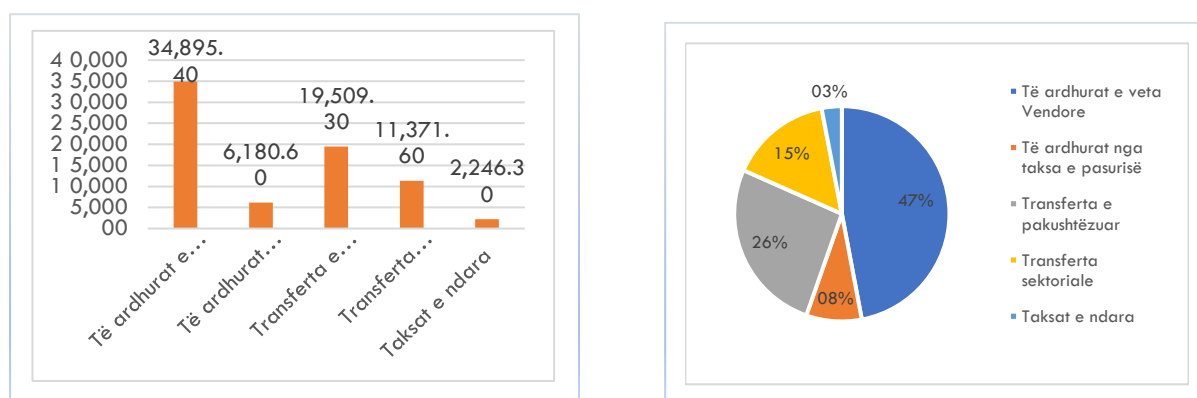
During 2023, the local government in Albania has collected revenues from its own resources at an extent of 1.6% of GDP compared to 1.5% in 2022 (not including non-tax revenues), while the budget of local self-government versus the GDP was 3.1%, in 2023. Own local revenues were 34,895.4 million Albanian Leks, while revenues from the Central Government transfers (unconditional transfer and sectoral transfers), and revenues from property tax and shared taxes were 39,307 million Albanian Leks.

⁷⁰ European Commission Progress Report on Albania (8 November 2023).

⁷¹ Articles 55, 56, 57 and 59, respectively.

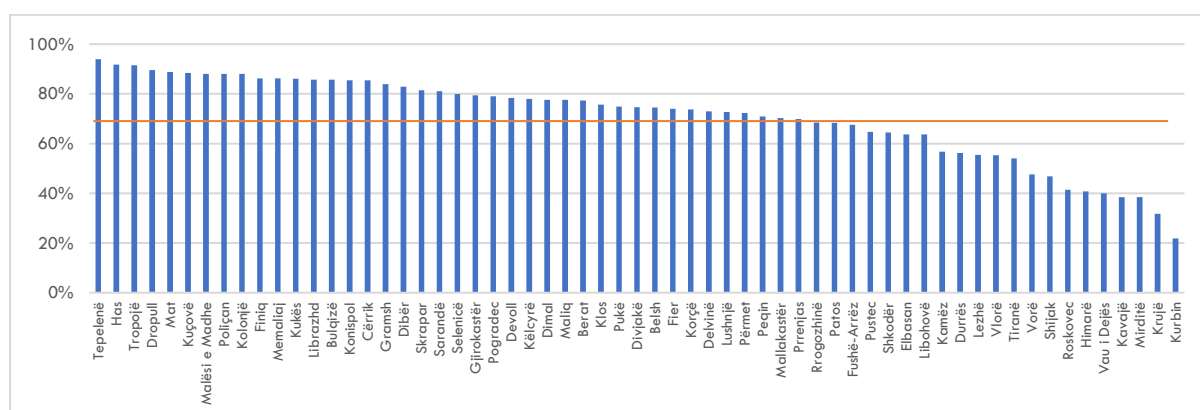
⁷² <https://financa.gov.al/wp-content/uploads/2024/02/Ligji-14-dat%C2%BD-16.02.2023-P%C2%BDr-disa-shtesa-dhe-ndryshime-n%C2%BD-law-10-296-date-08.07.2010-P%C2%BDr-financial-management-and-control.pdf>

⁷³ <https://financa.gov.al/wp-content/uploads/2024/02/GCi-Law-nr.110-dat%C2%BD-15.10.2023-P%C2%BDr-disa-stesa-dhe-ndryshime-n%C2%BD-Law-10-296-date%C2%BD-08.07.2010-P%C2%BDr-financial-management-and-control.pdf>

Chart 28.1: Total local revenues by financing sources, 2023 (in million Albanian Leks)⁷⁴

Own local revenues have increased in 38 municipalities compared to a year ago, but they have decreased in 23 municipalities. The municipalities with the highest growth (2023/2022 change) are Poliçan Municipality (246%), Pustec Municipality (121%), Patos Municipality (47%). Tirana Municipality, which had its own local revenues collected to the amount of 19,657,229 thousand Albanian Leks in 2023 (or 56% of its total local revenues) had an increase of 13% compared to the prior reporting year. The municipalities with the biggest decrease in their local income are the municipalities of Belsh (-31%), Skrapar (-27%), Kukës (-21%) and Memaliaj (20% annual decrease).⁷⁵

Chart 29: The level of execution of the actual expenses compared to the planned expenses of the LGUs for 2023 (average rate 71%)



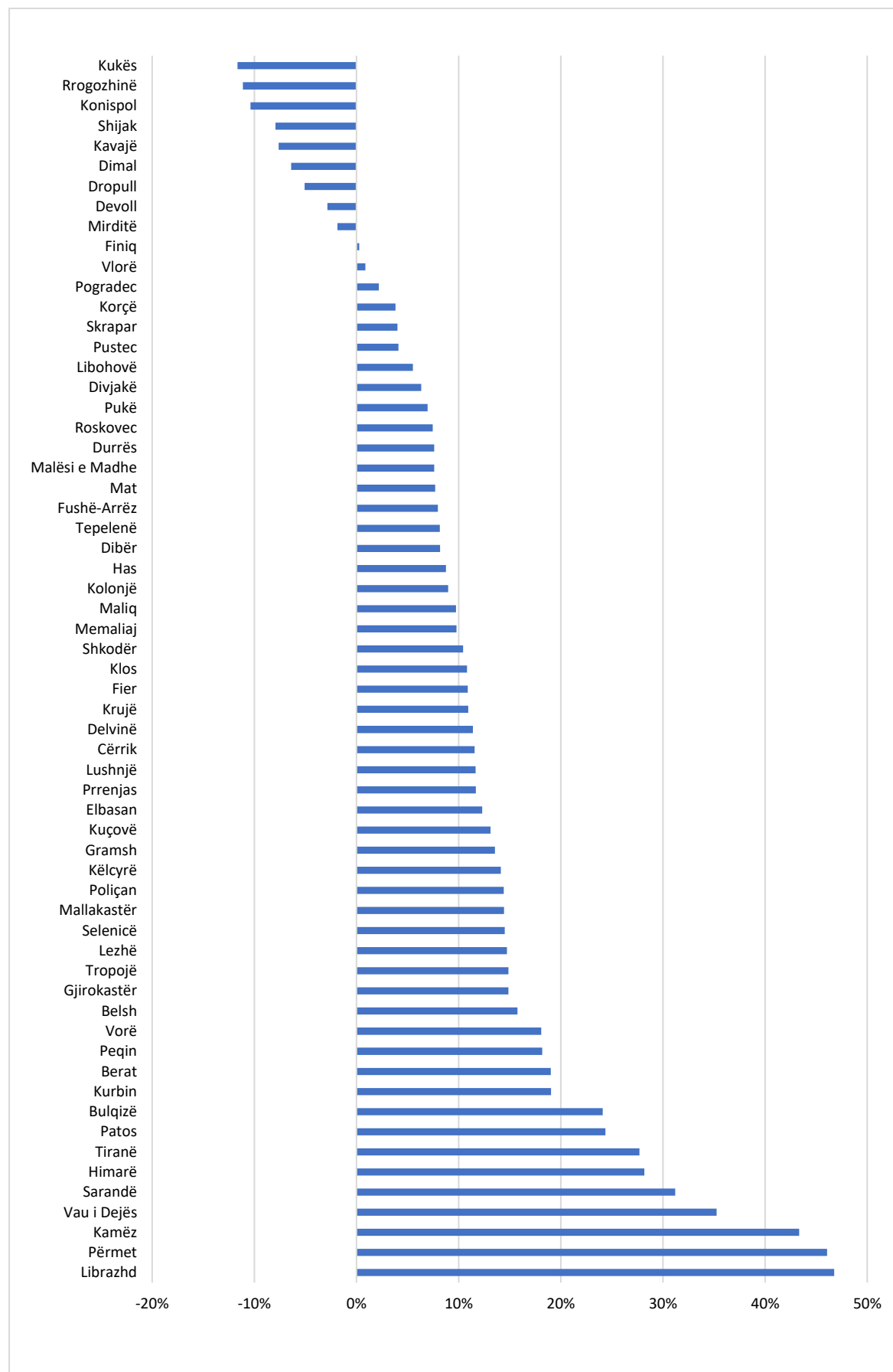
The expenditures of the LGUs including those from sources such as own revenues, unconditional and sectoral transfer and shared taxes during 2023 have reached 68.8 billion Albanian Leks (17% more than compared to the prior year). Compared to 2022, local government expenditures have increased slightly in relation to the GDP (0.2%) and to the general public expenditures (1.8% increase compared to 2022).⁷⁶ The consolidation of the local budget in a stable growth trend is an important indicator of the financial sustainability of the Local Self-Government Units.

⁷⁴Ministry of Finance and Economy; <http://financatvendore.al/data/revenues>

⁷⁵Ministry of Finance and Economy/ASLG

⁷⁶Ministry of Finance and Economy/ Directorate of Local Finances (2023)

Chart 30: The rate of change of the actual expenditures of the LGUs - 2023/2022



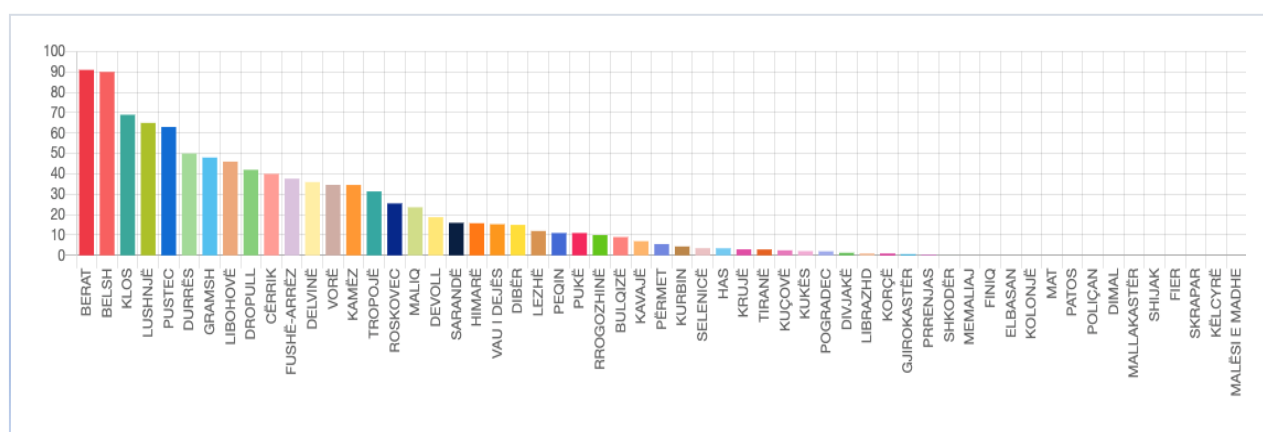
The average rate of the execution of actual expenditures compared to planned ones was 71% in 2023, compared to 79.6% for 2022. Thirty-eight municipalities (62% of them) had the level of actual expenses higher than the average level. The municipalities of Kukës (-12%), Rrogozhina (-11%) and Konispol (-10%) had a decrease of expenditures compared to the prior reporting year. Librazhd Municipality (47%), Përmet Municipality (46%), Kamza Municipality (43%) had the highest increase of expenditures (2023/2022).

The stock of arrears at the end of 2023 is 4,839 million Albanian Leks, compared to 5,428 million Albanian Leks at the end of 2022. The largest share of the stock of arrears is taken up by the investment category (47%), "Other" 25%, "Services" 11% and "Court Decisions" 9%.

A total of 160 audits were carried out by the Albanian Supreme State Institution (ALSAI) during 2023, of which 121 were financial and compliance audits. ALSAI provided 185 opinions, it audited 68 Local Self-Government Units out of a total of 195 entities and it provided a total of 5,759 recommendations. The economic damage is estimated to be 5,170,489 thousand Albanian Leks, while the negative effect due to irregularities is estimated to be 64,892,630 thousand Albanian Leks. ALSAI has provided 1,513 recommendations for organizational measures for the LGUs out of 3,293 in total in 2023. The municipalities, which have been found with the highest economic damage, include Mat Municipality (43,257 thousand Albanian Leks), Vlora Municipality (37,090 thousand Albanian Leks), Fier Municipality (15,258 thousand Albanian Leks). The municipalities, which have had a higher value of ineffective management of funds, are Kamza Municipality (1,157,982 thousand Albanian Leks), Rrogozhina Municipality (722,794 thousand Albanian Leks), Vlora Municipality (444,681 thousand Albanian Leks) and Lezha Municipality (410,215 thousand Albanian Leks).⁷⁷

The average change of the outstanding debts of the municipalities to third parties during the last two years (planned in MTBP) was 19%, N=52.

Chart 31: The rate of change of the arrears of the municipalities to third parties during the last two years (planned in MTBP)



Regarding the execution of the expenses of the entities (central and local institutions), a set of legal improvements are recommended, which include the following: the field of transport in order to complete the legislation in accordance with the best international practices; the promotion of clean and energy efficient road transport vehicles; the field of social issues as far as the victims of domestic violence are concerned, where the need to make the legislation tougher is a must to bring forward the administrative and criminal responsibility of the representatives of central and local institutions who fail to fulfil the legal obligations regarding the prevention of domestic violence and implementation of protective measures (including the home for the elderly in Tirana and Shkodra); the field of accounting where it is required that

⁷⁷ ALSAI : Statistical Bulletin January-December 2023; <https://panel.klsh.org.al/storage/phpuZflg1.pdf>

the Ministry of Finance and Economy, in the capacity of the responsible state authority, guides the creation, organization and operation of the mandatory accounting system for all units of general government, in order to draft the law on accounting.⁷⁸

Box 3: Challenges of municipalities regarding the implementation of financial control policies

Berat Municipality: There have been changes in the funding policies of the Municipality, such as debt limits. The Municipality has undertaken investments in long-term projects, which will bring benefits in the future, and this may lead to an increase of arrears to finance these projects, with the hope of benefiting in the future from these investments.

Bulqiza Municipality: It is planned that there will be no arrears in 2024. The arrears of the Municipality to third parties were in the amount of 7,078,000 Albanian Leks.

Municipalities of Delvina, Përmet, Roskovec: The aim is to reduce the debt for 2024-2026 (to make it zero) and the municipalities to switch from a municipality with a situation with financial problems to a municipality with a normal financial situation.

Devoll Municipality: 10% reduction of arrears vs. the actual budget of the Municipality.

Municipalities of Divjaka, Dropull: The challenge has been to pay off most of the arrears by 2023.

Municipalities of Kamza, Tropoja: Reduction of the amount of outstanding debts to third parties.

Peqin Municipality: Arrears have decreased by 11%.

Tirana Municipality: Taking measures to reduce arrears (debt) to third parties.

Vau i Dejës Municipality: The level of debt has decreased at the beginning of this year (2024), but the increase of the indicator comes as a result of the fact that, at the end of the last budget year, we had a lack of revenue collection according to the annual plan.

Selenica Municipality: The introduction of the electronic budget is a factor, which has led the decrease of the debt indicator.

Problems and challenges

- Human and technical capacities related to the expansion of managerial responsibility, the performance of *ex ante* and *ex post* controls in the LGUs according to a defined plan, the assignment of the authorizing official and the managerial responsibilities of the coordinator of financial management and control, the delegation of responsibilities to the structures responsible for finances at lower levels of subordination.
- Payment of arrears, avoiding the creation of new arrears by the LGUs; transition from a municipality with a situation with financial problems to a municipality with a normal financial situation.
- Minimization/or elimination of problems due to organizational irregularities in the LGUs and ineffective management of funds, which results in economic damage.

Recommendations

- Harmonization and unification of procedures for drafting, execution, reporting, monitoring of budgets of Local Self-Government Units, in accordance with international standards.
- Implementation of AFMIS in a relatively short term at the local level.
- Concerning the field of accounting, it is recommended that the Ministry of Finance and Economy, as the responsible state authority, guides towards the creation, organization and operation of the mandatory accounting system for all units of general government, drafting of the law on accounting and financial reporting in the public sector, in accordance with accepted international standards.⁷⁹
- Risk management should be better included in the management of financial and operational processes.⁸⁰
- LGUs should commit to the enhancement of the impact of gender responsive budgeting. An accurate monitoring of policies based on the principle of gender equality is

⁷⁸ ALSAI : Statistical Bulletin January-December 2023; <https://panel.klsh.org.al/storage/phpuZflq1.pdf>

⁷⁹ ALSAI: Statistical Bulletin January-December 2023; <https://panel.klsh.org.al/storage/phpuZflq1.pdf>

⁸⁰ European Commission Progress Report on Albania (8.11.2023)

recommended to materialize the engagement of women in all areas of our country's economy, which ensure their empowerment.⁸¹

CONCLUSIONS ABOUT FINANCIAL CONTROL

Fiscal performance of the LGUs has improved; 12.7% more own revenues of local government have been collected compared to the prior reporting year (they constitute 1.6036% of GDP), while local government expenses have increased slightly vs. GDP (0.2%), or 17% more compared to the prior year. The consolidation of the local budget in a stable growth trend is an important indicator of the financial sustainability of the Local Self-Government Units.

The stock of arrears at the end of 2023 has decreased compared to the prior reporting year. During the audit process of the Local Self-Government Units in 2023, ALSAI provided 1,513 recommendations on the organizational measures (or 46% of the total).

The priority of the local self-government remains to ensure stability of the management of its own revenues from diversified sources, the harmonization and unification of the procedures for the drafting, execution, reporting and monitoring of the budgets of the Local Self-Government Units, in accordance with international standards, the implementation of AFMIS in a relatively short period of time at the local level and the increase of the unconditional transfer to enable the improvement of the management of related services and the functions of the local government by all LGUs.⁸²

Concerning the field of accounting, it is recommended that the Ministry of Finance and Economy, as the responsible state authority, guides towards the creation, organization and operation of the mandatory accounting system for all units of the general government, so that the law on accounting is drawn up.⁸³

7. Economic criterion. Existence of a functioning market economy

The Albanian economy had a positive direction of development in 2023. The economic activity volume increased generating an increase in employment and wages, improving the purchasing power of households and reducing uncertainties about the future. Favorable monetary and financial conditions encouraged the expansion of demand for goods and services. Albania should in particular...reduce arrears.⁸⁴

Efforts to set up a complete and digitized cadaster within the next two years are progressing, but there are still delays and inconsistencies regarding information on property titles. Improved digital public services help reduce corruption, but irregularities in public procurement procedures are still perceived as an obstacle for business enterprises, although the implementation of these procedures is improving and the number of unsolicited proposals and new PPPs have decreased⁸⁵. The country's business enterprises see the situation slightly more favorable than a year ago despite the increase in the index of the cost of materials, the labor shortages, the departure of the workforce and access to financing, as their satisfaction index increased by 1 point at 64 (regional average 58). Albanian business enterprises showed support for the country's EU membership in the framework of the Balkan Barometer 2023 survey (96% of business enterprises - evaluate the country's accession to the EU as "good").

Specific objective: Improvement of the business environment

⁸¹ ALSAI: Statistical Bulletin January-December 2023; <https://panel.klish.org.al/storage/phpuZflq1.pdf>

⁸²Ministry of Finance and Economy / Directorate of Local Government

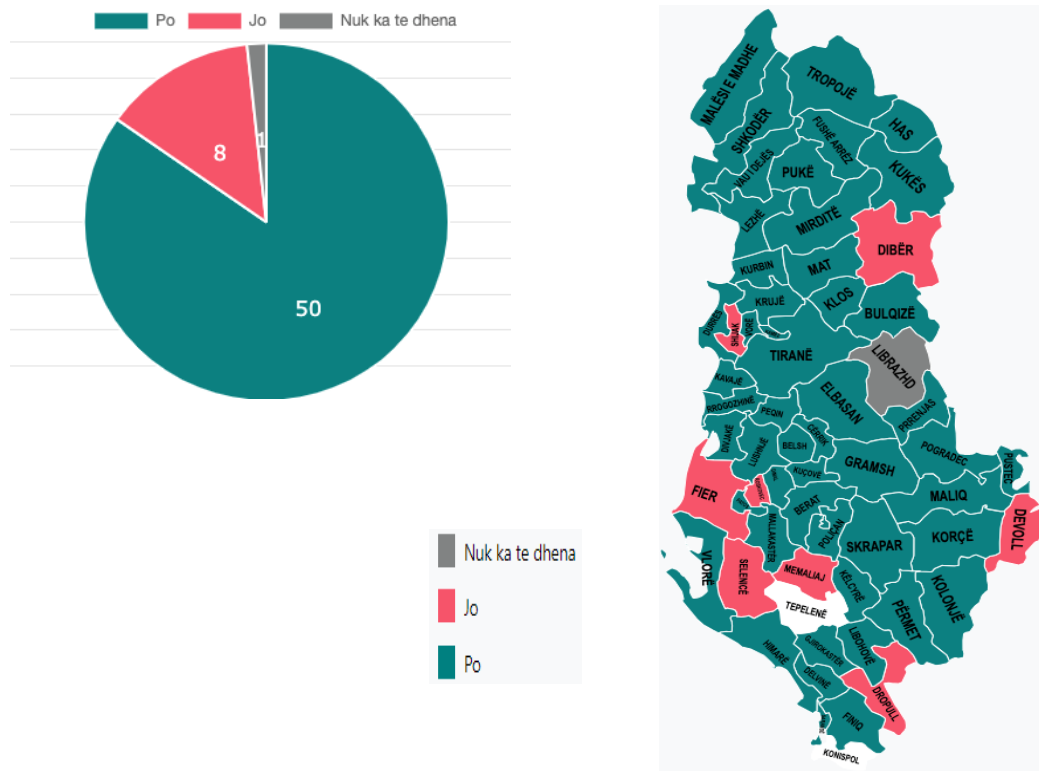
⁸³ Albanian Supreme Audit Institution - ALSAI: Statistical Bulletin January-December 2023; <https://panel.klish.org.al/storage/phpuZflq1.pdf>

⁸⁴European Commission Report on Albania (November 2023)

⁸⁵Ministry of Finance and Economy

Drafting of local development plans as an important tool to set local development priorities based on specifics and local resources oriented towards the community needs and ensuring the link with the Medium-Term Budget Program has been approved by 50 municipalities, i.e, fewer LGUs have drafted/updated the local development plan (4 municipalities less than compared to the previous year).

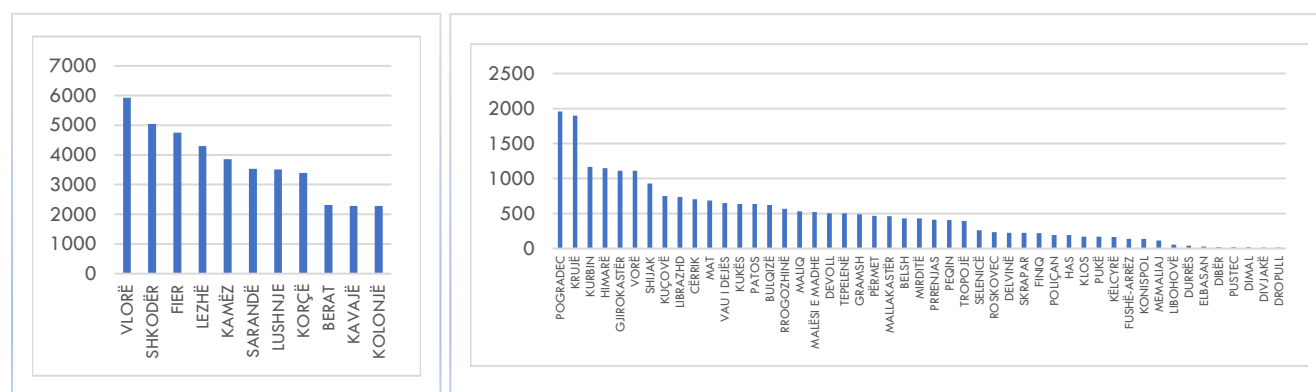
Chart 32: Local Development Plan approved by LGUs, 2023



At the end of 2023, a total of 130,146 active business enterprises were reported at the national level, of which 65,436 business enterprises were located in the Municipality of Tirana (or about 50.3% of the total)⁸⁶. About 16,835 new businesses were created, while about 3,329 businesses were closed (about 19.8% of the number of new businesses were closed). Fewer closed businesses compared to new ones compared to 2022 (20.2 p.p. less). The chart below shows the number of existing businesses (with active status) that have their activity residence in the territory of the municipality without including Tirana Municipality with 65,436 active businesses. They are divided into two groups, municipalities that have from 2000 to 6000 active businesses and municipalities with less than 2000 active businesses in 2023.

⁸⁶Source: ASLG (2024)

Charts 33-34: Number of existing businesses (with active status) that have the location of their activity in the territory of the municipality, 2023.



Box 4: Establishment of new business enterprises (Small and medium-sized enterprises) and closure of business enterprises

Berat Municipality: Mechanisms are required to strengthen cooperation between local self-government and business enterprises

Municipalities of Delvina, Mirdita, Përmet, Prrënjas: Draft policies that facilitate the opening of new businesses.

Devoll Municipality: Facilitate information services about the applicable legislation. Setting up a support grant for enterprises in difficulty to help them recover, or exempt them from certain taxes and fees for a period of time.

Kamza Municipality: Continuing fiscal-relief policies.

Patos Municipality: Development of infrastructure in rural areas to create conditions for the opening of new enterprises, such as service enterprises, agro-industry, etc.

Shkodra Municipality: Encouraging and promoting new enterprises.

Tropoja Municipality: The fight against informality remains a challenge.

Shijak Municipality: Increasing the number of new entities by reducing informality.

Selenica Municipality: Collection of all outstanding debts of business enterprises that have closed the activity.

Problems and challenges

- Economic integration in regional and European markets presents challenges for local economic operators and for small and medium-sized enterprises to cope with increasing competition. Failure to meet the quality standards of a part of local products affects competitiveness in foreign markets and the export level.
- Lack of mechanisms to strengthen cooperation between local self-government unit and the business enterprises.
- Shortage of skilled labor with relevant skills.
- Completing the regulatory framework that affects the improvement of the business climate.
- Delays and inconsistencies regarding information on property titles are an obstacle to the development of business enterprises.
- The depopulation of mainly mountainous areas and the low volume of collected revenues that do not manage to cover the business expenditures.
- Collection of all outstanding debts of business enterprises that have closed their activities.

Box 5: Drafting and adoption of Local Development Plans

Devoll Municipality: The Territorial Planning and Development Sector should draft a development plan by years, based on the General Local Plan No. 6, dated 14 October 2020, something which still remains a challenge.

Dibra Municipality: The Economic Development Directorate was recently set up and the Economic Development Plan will be drafted.

Korça Municipality: Rigorous implementation of the plan.

Kamza Municipality: The Coal Mine area and the extension of the Airport's footprint impedes the urban development of the municipality.

Municipalities of Mallakastra, Tropoja: Effective implementation of the Local Development Plan in practice.

Shkëder Municipality: Providing financial support for the implementation of strategic projects of the municipality.

Vau i Dejës Municipality: Development and improvement of business areas.

Vlora Municipality: Improvement of infrastructure, labor shortage and improvement of service quality, cooperation for managing urban and interurban waste.

Recommendations

- Promotion of new entities through campaigns and support.
- Enhancement of legal certainty for business enterprises and making public consultations more effective; adoption of the new Unified Law on Investments.
- Improving the competitiveness and quality of the tourist output and territorial chains of cooperation for a sustainable local economy.
- Increasing the possibilities of municipalities to provide many more services to SMEs. Cooperation with donors, NGOs and other institutions to this end.
- Creating a system of providing assistance for new business enterprises and for young people, and digital businesses in addition to creating an information structure to expand new businesses in the territory of the municipality.
- Increasing the number of new entities by reducing informality.

CONCLUSIONS ON THE ECONOMIC CRITERION AND THE EXISTENCE OF A FUNCTIONING MARKET ECONOMY

Economic integration in regional and European markets poses significant challenges for local economic operators and for small and medium-sized enterprises to cope with the growing competition. Business satisfaction with public services is improving, but there are growing concerns about labor shortages. Business satisfaction with public services has improved in 2022 and 2023, supported by a higher level of digitalization.⁸⁷ More public services are now available online, including 31 tax services that allow taxpayers to pay taxes online to a certain extent. Approximately 7,041 new business enterprises were established, but nearly 2,950 business enterprises were closed during 2023 (around 40% of the new business enterprises were closed, at the same rate as in the previous year). A total of 50 municipalities have designed and adopted their Local Development Plans by decision of the Municipal Council, but this shows fewer municipalities compared to the previous reporting year.

The absence of the Local Development Plans in some municipalities leading to non-utilization of the economic potential of the municipality and lack of vision for the benefit of the community remain as challenges. Some small municipalities face challenges and the lack of human resources necessary for designing the local development plan in compliance with the general local plan and lack of skilled labor.

It is recommended to create mechanisms to boost cooperation between local self-governance-business enterprises, facilities in services in information on the applicable legislation and fiscal facilities for new SMEs, development of infrastructure in rural areas to create conditions for the

⁸⁷Balkan Business Barometer for 2023

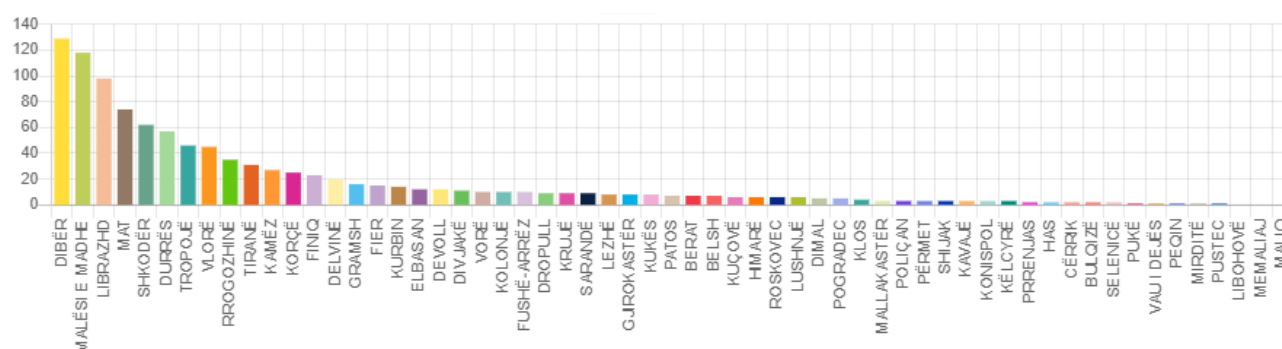
opening of new enterprises in those areas and increasing the quality/standards of domestic products to increase competitiveness in foreign markets.

8. Public procurement

Albania is moderately prepared in public procurement. Some progress was made, in particular, through an increased use of the most economically advantageous tender award criteria. In the coming year, Albania should, in particular, continue efforts to ensure competitive procurement procedures, with further encouragement of the use of the most economically advantageous tender award criterion and the use of framework contracts.⁸⁸

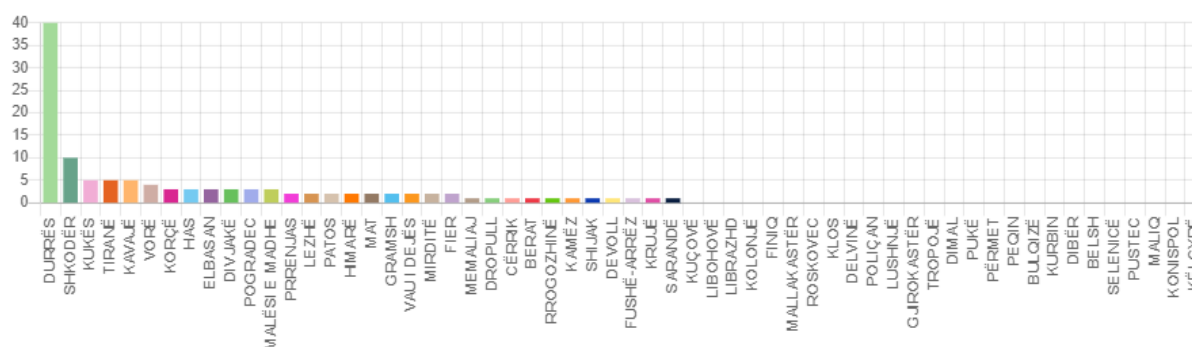
During 2023, the total number of open tender procedures in Local Self-government Units was 1,046, or an average of 18 procedures per municipality (N=58). The municipalities with the highest number of open tender procedures were Dibra Municipality with 129 procedures and Malësi e Madhe Municipality with 118 procedures.

Chart 35: Total number of open tender procedures



116 complaints, or an average of 2.11 complaints per municipality (N=55) were filed by the economic operators against the procedures conducted during the reporting year 2023. The municipalities with the highest number of these complaints were Durrës Municipality with 40 complaints and Shkodra Municipality with 10 complaints.

Chart 36: Number of complaints of economic operators against the conducted procedures, 2023



During 2023, 14 procedures, or an average of 0.26 procedures per municipality (N=54), were refused by the Public Procurement Agency (PPA). The only municipalities whose tendering procedure was refused by the PPA were Kavaja Municipality with 8 procedures, Libohova Municipality with 5 procedures, and Saranda Municipality with 1 procedure.

Problems and challenges

- Procurement procedures continue to be problematic.
- “Red Flag” tenders continue to be indicators of irregularities.

⁸⁸European Commission Report on Albania (November 2023)

- Failure to handle economic operators' complaints remains a negative indicator.

Recommendations

- Continuation of efforts to ensure competitive procurement procedures, through an increased encouragement and use of the most economically advantageous tender award criteria and framework contracts.
- Referral of complaints of economic operators should be more efficient.
- Reducing the number of "Red Flag" tenders should be an objective of each municipality.

CONCLUSIONS ON PUBLIC PROCUREMENT

According to domestic legislation, public procurement is defined as "the purchase of works, supply of goods or services through a public contract by one or more contracting authorities or entities from economic operators selected by these contracting authorities or entities, regardless of whether the works, supplies of goods or services are used for public purposes".⁸⁹

Public procurement is an important tool of public funds management with a wide impact on the economic development of the country. Hence, compliance with the principle of non-discrimination, equal treatment, transparency and competition in public procurement is an obligation defined in the domestic and EU public procurement legislation.

"Red Flag" tenders, i. e. those with suspicious elements, remain problematic. This indicator should be reduced. Although the Public Procurement Agency refused 14 procedures during 2023, the effectiveness of eliminating problematic tenders remains low. 116 complaints were filed by the economic operators against the procedures conducted during the reporting year 2023, for which a high referral and response rate should be shown.

⁸⁹Law No. 162/2020 "On public procurement", as amended.

CLUSTER 2 - INTERNAL MARKET

1. Consumer protection

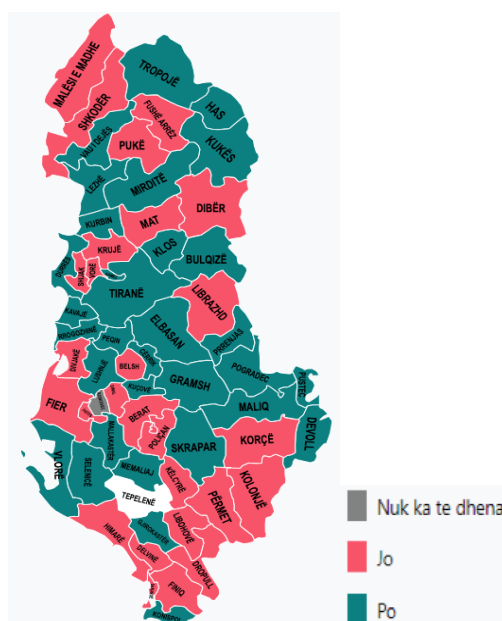
Albania's preparations in the field of Consumer Protection and Public Health are in the initial stages. Many of the recommendations given in the last Report are valid for this year as well.⁹⁰

Albania needs to adopt its 2023-2030 cross-cutting strategy on consumer protection and market surveillance, setting out its current consumer policy. The national legal framework in this area consists of the laws on consumer protection and general safety of non-food products and the corresponding national implementing legislation. Concerning implementation, Albania has not yet updated its legal measures to further expand the investigative and implementation powers of competent authorities.

Specific objective: Efficient functioning of the consumer protection system

Establishment of the Consumer Protection Office remained at the same level as the previous year, with a total of 32 functional offices (N=59).

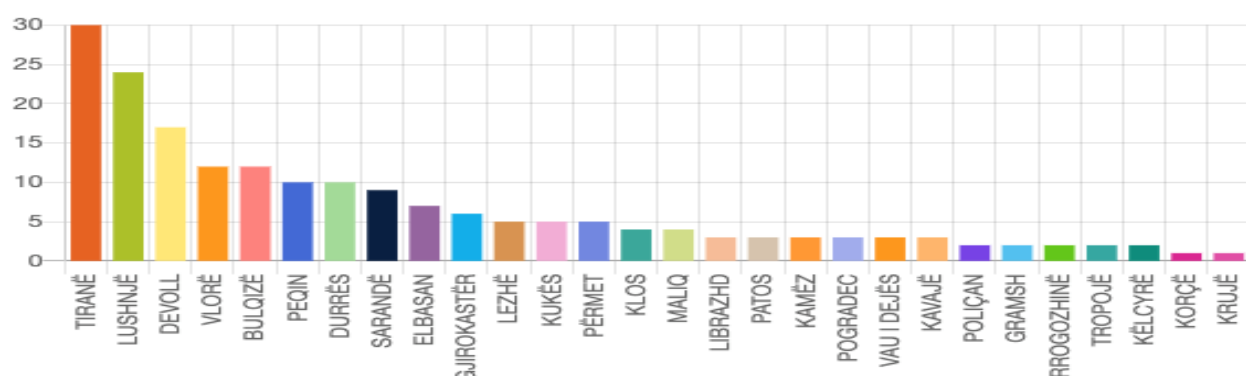
Map 4: Consumer Protection Office



A total of 190 information activities for citizens organized by the municipality/Consumer Protection Office on consumer rights were organized during 2023 (N=50). Tirana Municipality organized the biggest number of information campaigns (30), followed by the municipalities of Lushnja (24), Korça and Kruja (1). 31 municipalities did not organize any information campaign during 2023. The municipalities that reported zero information activities on consumer protection or did not report at all were the municipalities of Belsh, Berat, Cërrik, Delvina, Dibra, Dimal, Divjaka, Droppul, Fier, Finiq, Fushë-Arrëz, Has, Himara, Kolonja, Konispol, Kuçova, Kurbin, Libohova, Malësi e Madhe, Mallakastra, Mat, Memaliaj, Mirdita, Prrenjas, Puka, Pustec, Roskovec, Selenica, Shijak, Shkodra, Skrapar, Tepelena and Vora.

⁹⁰ European Commission Report on Albania (November 2023)

Chart 37: Information activities for citizens regarding consumer rights and protection, 2023



A total of 17 municipalities (28%) reported on the rate of resolved complaints related to food safety; 31 municipalities reported zero cases of complaints (N=48). The average rate of resolved complaints related to food safety to the total number of filed complaints was about 26% (the indicator was recalculated for the reporting year and therefore cannot be compared with the previous year).

Box 6: Challenges in managing and controlling public retail markets

Devoll Municipality: A true market facility should be built compliant with all hygiene standards.

Divjaka Municipality: Hygienic conditions and dedicated premises for itinerant retail traders should be built.

Durrës Municipality: Increasing of on-site quality and safety inspections of public retail markets.

Kavaja Municipality: Certification of a retail market is planned in the near future.

Klos Municipality: Setting up a suitable space for creating a market.

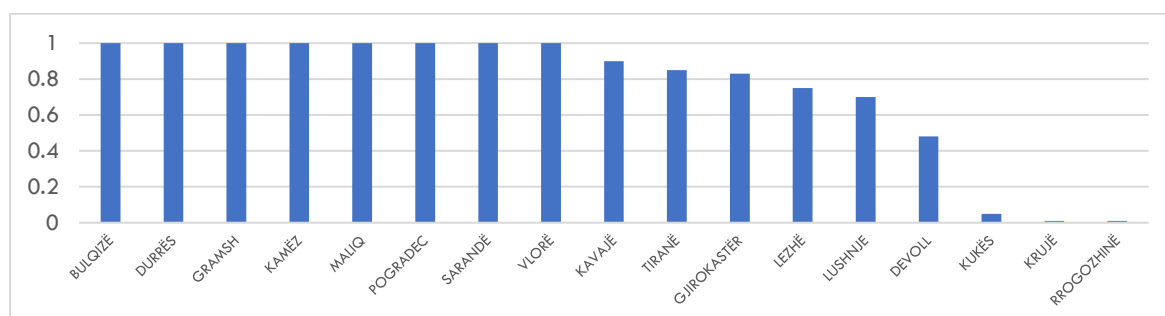
Përmet Municipality: Setting these markets as the priorities of the municipality and building them.

Roskovec Municipality: Establishing of a formalized market.

Saranda Municipality: Establishing the Consumer Protection Office to monitor prices, fair competition, hygiene conditions.

Tropoja Municipality: Adding of other agricultural and livestock markets and carrying out continuous inspections on hygiene standards remains a challenge.

Chart 38: Rate of resolved complaints related to food safety against the total number of filed complaints, 2023



Problems and challenges

- Lack of investments in regard to the operation of public retail markets in compliance with the necessary standards in some LGUs.
- The absence of a Consumer Protection Office at the LGU makes it difficult for citizens to address food safety issues.

Recommendations

- Strengthening the cooperation between the LGU and the state authorities regarding the enhanced control efficiency and food safety in the retail markets.
- Establishing the Consumer Protection Office in LGUs where it is not operational and training the new employees.

- Forecasting in the local budget how to improve conditions and standards of retail markets.

CONCLUSIONS ON CONSUMER PROTECTION

The number of public retail markets has increased compared to the previous year, although only 40% of them report a compliance rate of the standards above the average rate of 42%. There is a lack of local budget planning for investments in improving the infrastructure and food safety of public retail markets for some LGUs.

There is no Consumer Protection Office in 47% of the municipalities, which makes it difficult for citizens to address food safety problems. The challenge is to add on-site inspections on the quality and safety of public retail markets while the municipality should undertake more information activities related to consumer rights and the cooperation between the LGU and the state authorities regarding the increased control efficiency and food safety in the retail markets should be strengthened.

CLUSTER 3 - COMPETITIVENESS AND INCLUSIVE GROWTH

1. Taxes

“Albania is moderately prepared in the area of taxation. Progress was made, through some streamlining of excise rates, consolidation of the scope of the fiscalisation process and in the effective implementation of financial account information with EU Member States in line with the OECD Global Standard. The adoption of the new income tax law aims at partial alignment with the anti-tax avoidance and merger directives.”⁹¹

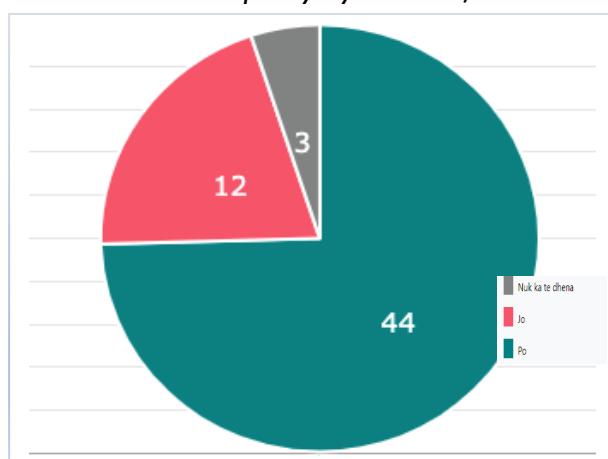
The performance of **own local revenues** during 2023 was quite positive, following the increasing trend of recent years. The local self-government units collected **34.9 billion Albanian Leks** of their own local revenues, or 12.8% increase compared to the previous year (30.9 billion Albanian Leks), of which local taxes and fees accounted for **31.7 billion Albanian Leks** (91%).⁹²

Revenues from property tax was 6,181 million ALL (or 0.7% higher than in 2022), which includes the revenues from the tax on the building (4,706 million Albanian Leks), the revenues from the tax on agricultural land (616 million Albanian Leks). Revenues from local fees was 5,714 million Albanian Leks (or 16.8% of own revenues), while revenues from other local taxes (infrastructure impact tax, hotel tax, sign tax, temporary local taxes and other fees) were 19,469 million Albanian Leks (24.1% more than 2022). *Shared taxes*, which include personal income tax, vehicle registration tax and mining tax, are another important source of income for local self-government units, where 2,246 million Albanian Leks were collected more than in 2022. Transfers from the state budget remains an essential resource to guarantee financial sustainability and the exercise of local functions. Unconditional and sectoral transfer constituted about 45.5% of local revenues in 2023 or 0.9998% of GDP.⁹³

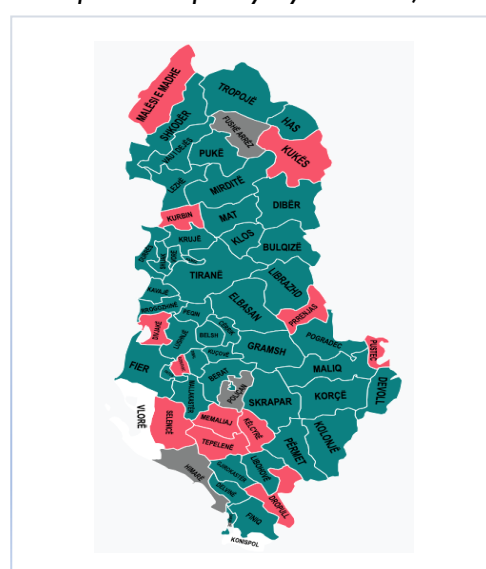
Specific objective: Improvement of the management of the local taxes and fees system to expand the tax base.

In 2023, 44 LGUs (72%) adopted approved tax policy programs aimed at promoting the formalization of the economy (remaining at a level similar to the previous year, N=59).

Chart 60: Tax policy by the LGU, 2023



Map 5: Tax policy by the LGU, 2023



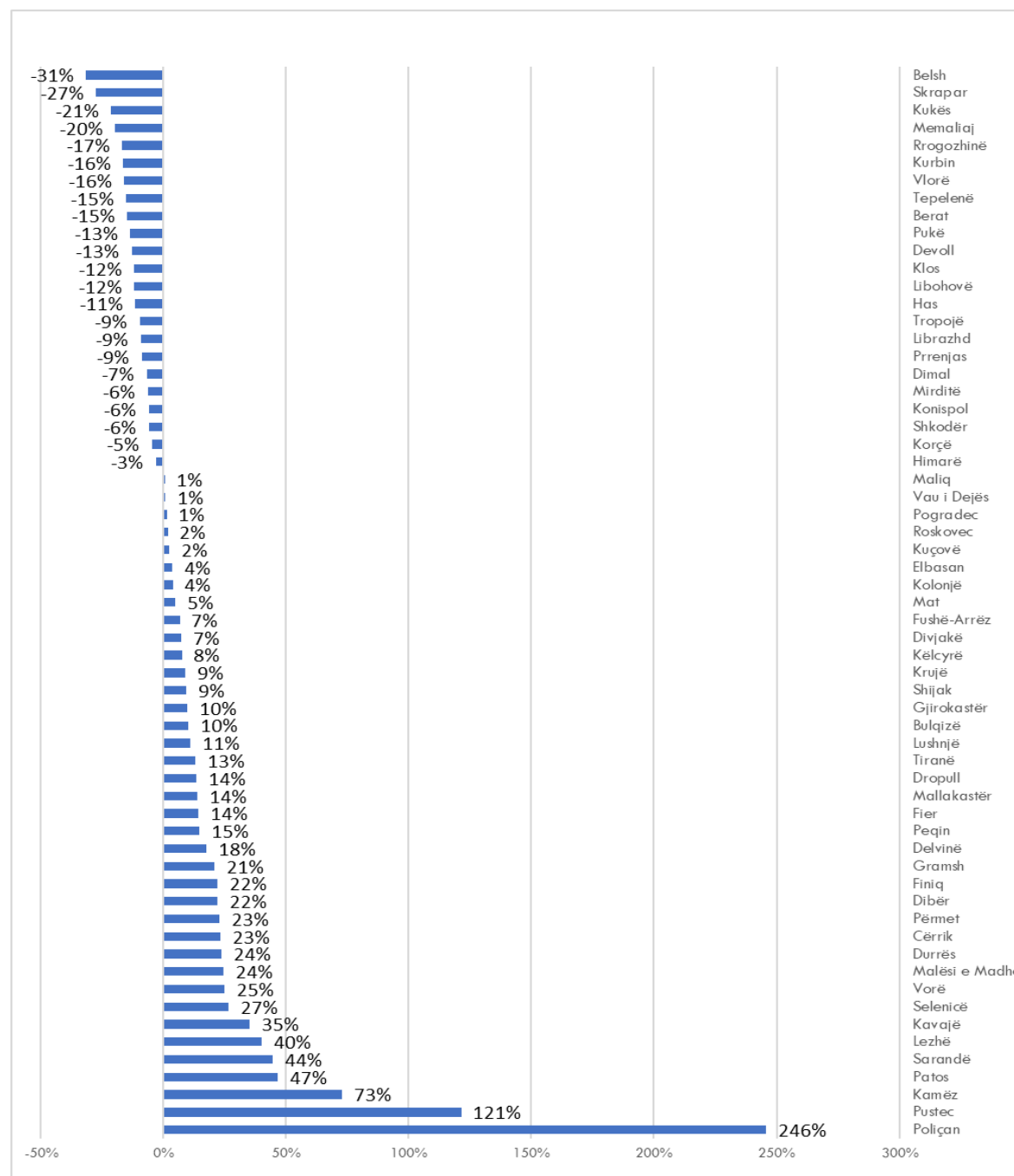
⁹¹European Commission Progress Report on Albania (November 2023)

⁹²Ministry of Finance and Economy; <https://www.fvv.al/financial-statistics?dataLevels>

⁹³Ministry of Finance and Economy/Directorate of Domestic Finance/ASLG

Compared to the previous reporting year, the highest increase in local income in 2023 was achieved by the municipalities of Poliçan (246%), Pustec (121%), Kamza (73%), while the largest decrease occurred in the municipalities of Belsh (-31%), Skrapar (-27%), and Kukës (-21%). Twenty-three (23) LGUs (about 37%) had a decrease in their own local income compared to the previous reporting year (2023/2022)⁹⁴. About 70% of own local income are collected by Tirana Municipality, Kamza Municipality, Durrës Municipality, Vloa Municipality, Elbasan Municipality, and Shkodra Municipality.

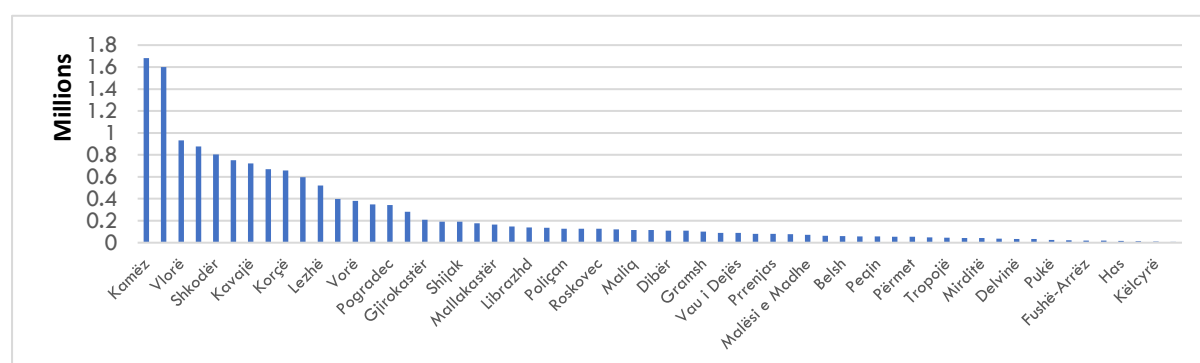
Chart 40: Rate of local income change (2023/2022)



Source: Government Financial Information System/Ministry of Finance and Economy

⁹⁴Ministry of Finance and Economy/ Directorate of Local Finances/ASLG; <https://core.fvv.al/storage/reports/analiza-e-financave-vendore-2023-finalpdf-1721811582.pdf>

Chart 41: Own local income by municipalities, 2023 (in thousands of Albanian Leks)⁹⁵



Source: Government Financial Information System/Ministry of Finance and Economy

Box 7: Challenges of municipalities when implementing the taxation policies

Berat Municipality: Increasing the number of inspections and reducing entities that avoid taxation.

Cërrik Municipality: Implementing a standard electronic tax system.

Durrës Municipality: Online registration of all business taxpayers, creating facilities for online registration and receipt of invoices.

Kamza Municipality: Every year, as part of the drafting of the Fiscal Package of the Municipality, meetings are held with the business groups that exercise their activity in the territory of Kamza Municipality to help out new and existing businesses.

Kavaja Municipality: Identification of the number of rooms and setting up of a tourism database to plan the number of tourists for the summer season; setting up of a statistical database on tourists who visit the coast of Kavaja; information during the tourist season through notifications in public places to all residents of tourist villages regarding taxation for second buildings levied on households.

Lezha Municipality: Digitization of hard-copy documents. Limited time during the tourist season to carry out inspections on all active entities, lack of data from the Cadaster.

Mallakastra Municipality: Instruction of entities on the type of activity that is less spread in the area to increase the range of service or manufacturing of products.

Patos Municipality: Setting up of a tax processing and management system, focusing on the map of the taxable area.

Tirana Municipality: 1. Preparation for implementation of the new immovable property tax law to increase the tax base. 2. Enhancing online communication with business operators and residents and dealing with the challenge of self-declarations. 3. Completion of by-laws for seizures and criminal prosecution to reduce the number of debtor entities.

Shkodra Municipality: Expansion of the tax policies to promote the formalization of the economy.

Shijak Municipality: Improving services, through revenue increase and collection.

Shkodra Municipality: Encouraging the participation of business groups in decision-making.

Selenica Municipality: Designing support policies by the municipality.

Tirana Municipality: Setting up of a building-based tax and fee system (GIS map); improvement of the legal grounds to promote formalization for the building tax by amending Decision of the Council of Ministers No. 132, dated 07 March 2018, as amended.

Roskovec Municipality: Public hearing to raise most taxpayers' awareness of paying their taxes by bank transactions.

Problems and challenges

- Insufficient resources of the local self-government units and the demand for services in their territory.
- The concentration of own local revenues in a small number of municipalities makes it difficult for local capacity to improve fiscal performance in small municipalities.
- Lack of a unique and modern system for the local taxes management by all municipalities.
- Digitization of hard-copy documents. Limited time during the tourist season to check all active entities, lack of data from the Cadaster.

⁹⁵ Tirana Municipality is not included (Own local revenues 19,657 million Albanian Leks)

- Setting up a statistical database about tourists; information during the tourist season through announcements in public places to all residents of tourist villages regarding taxation for second buildings levied on households.
- Online registration of all business taxpayers, creating facilities for online registration and receipt of invoices.
- Increasing the number of inspections and reducing entities that avoid taxes.

Recommendations

- Building the fiscal capacity of local self-government units is important for the financial consolidation of local government.
- Increasing the LGU capabilities to secure own local revenues in a sustainable manner over the time.
- Increasing the percentage of the unconditional transfer from 1% of GDP to 1.2 to 1.4%, in order for the local self-government to have more budget to implement the decentralization reform.
- Municipalities should aim at increasing revenues from local fees, establishing a fair ratio between the cost of services and the fees paid by the beneficiaries.
- Implementation of the fiscal cadaster in all LGUs.

CONCLUSIONS ON TAXES

Municipalities have performed positively in several items of fiscal indicators in 2023. While the local self-government budget was 3.12% of GDP, own local revenues reached about 4.9% of public income or 1.6% of GDP, this is also related to economic growth in sectors such as construction and services. There has been an increase in tax revenues (a significant weight in the increase of local revenues was occupied by the revenues from the infrastructure impact tax), other taxes (hotel, property), local fees and shared taxes.⁹⁶ The level of the tax programs implemented by the municipalities was at the same level as the previous year.

The challenge for municipalities remains to build local capacity in order to improve fiscal performance, to improve the local tax administration system (digitalization and unification of the tax system for all municipalities), to set up a statistical database of data on tourists, to register online all business taxpayers and to receive invoices online, to increase the number of inspections by the tax office and to reduce the number of entities that avoid taxes.

Municipalities should aim at increasing revenues from local fees, establishing a fair ratio between the cost of services and the fees paid by the beneficiaries, ensuring the extension and implementation of the fiscal cadaster in all LGUs and increasing the LGUs' abilities to ensure won local income in a sustainable manner over the time.

2. Education and culture

“Albania is moderately prepared in the field of education and culture. Further efforts are required to strengthen the quality and inclusiveness of education, while appropriate resources should be allocated to ensure that the new policy reforms are implemented. Adequate financial resources should be allocated to ensure the implementation of reforms and new policies, and in particular to ensure sufficient resources for the optimization of the vocational education and training system in line with the needs of the labor market, improve the professional development and training of teachers.”⁹⁷

⁹⁶Ministry of Finance and Economy, Directorate of Local Finances/ASLG / ASLG <https://core.fvv.al/storage/reports/analiza-e-financave-vendore-2023-finalpdf-1721811582.pdf>

⁹⁷European Commission Report on Albania (November 2023)

The draft decision “On the use of public funds for the transportation of the education staff and pupils studying away from their place of residence” was discussed in the Consultative Council, and the closed public consultation process was carried out for an addition to Law No. 10247, dated 04 March 2010, “On the Albanian framework of qualifications”, as amended, and the draft decision “On the approval of the national strategy on scientific research, technology and innovation 2023-2030 and the action plan for its implementation”.

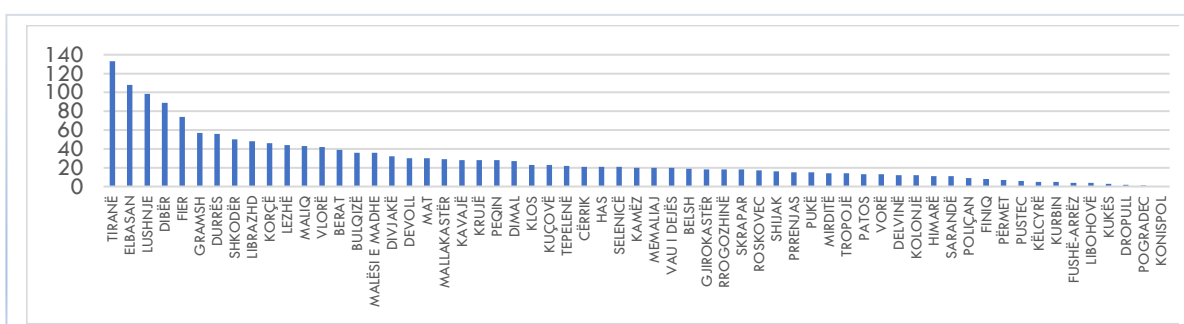
In 2023, the first draft of the discussion document related to the standards of services for preschool education was prepared in cooperation with BtF Project, in addition to a guide for early childhood development initiated by MoES, which foresees the setting of standards for the age group 0-6 years, including the necessary human resources at the local level, to ensure control mechanisms and performance measurement.⁹⁸

The budget on education increased by around 10.7% for 2024, which will provide an increase in salaries, investments in educational and digital infrastructure, expansion of funding for higher education programs, scientific research and support for pupils and students. Investments in 30 schools were planned to be completed. During 2023, 13,000 art and science books were donated to more than 500 primary and secondary schools.⁹⁹ During 2023, the training and capacity building of LGUs was carried out for the preschool education management model and service diagnostics for 18 LGUs; 12 municipalities finalized the design of 2024-2026 service improvement plans which are expected to be approved by the municipal councils during the first six months of 2024; a total number of 65 civil servants (of which 54 are women) benefited from coaching on pre-school education, including service planning, asset management and parent boards.¹⁰⁰

Specific objective: Increasing participation in preparatory classes for preschool education

In 2023, a total of 1,712 kindergartens were operating, with an average of 22 kindergartens in rural areas and about 7 in urban areas (N=60). More kindergartens operated during 2023 than the previous year. The municipality of Tirana had the largest number with 133 kindergartens, followed by the municipalities of Elbasan with 108 kindergartens, Lushnja with 75, and Fier with 73 kindergartens. The municipalities of Poliçan and Malësi e Madhe did not report on the indicator.

Chart 42: Number of kindergartens by LGUs, 2023



12 municipalities have not reported on the indicator of the registration of children in the preschool system, namely the municipalities of Belsh, Berat, Delvinë, Dibër, Dimal, Has, Lezhë, Libohovë, Maliq, Patos, Pogradec, Sarandë. Census 2023 data shows that 36.8% of children aged 0 to 3 are attending daycare, while 52.1% of children aged 3 to 6 are attending kindergarten.¹⁰¹

⁹⁸ BtF - Strong Municipalities/Annual Report 2023

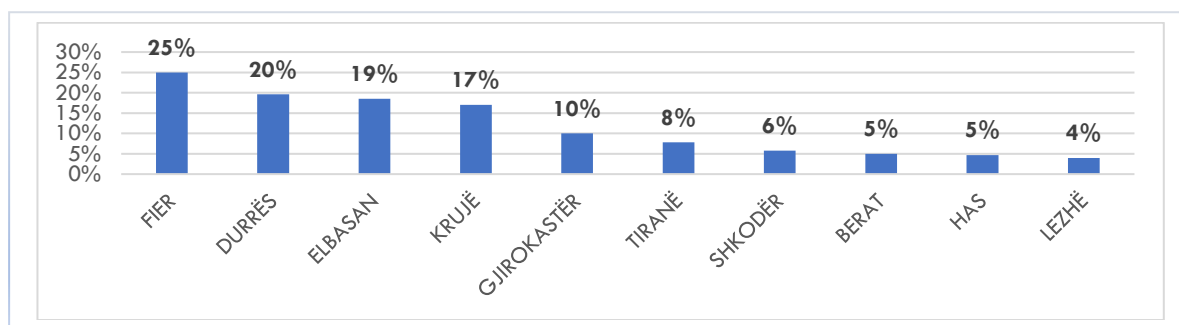
⁹⁹ Ministry of Education and Sports; <https://arsimi.gov.al/>

¹⁰⁰ With the assistance of BtF (Strong Municipalities Project)

¹⁰¹ <https://www.instat.gov.al/media/13626/cens-2023-census-botim.pdf>

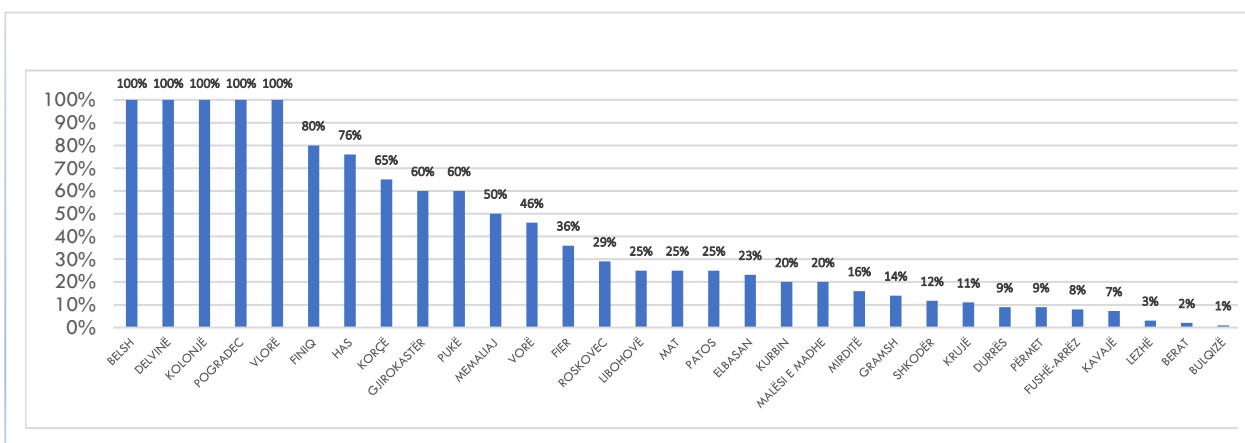
Out of 61 municipalities of the country, only 11 of them (18%) had kindergartens with the number of children over the allowed capacity (overcrowding), N=55. The average number of overcrowded kindergartens against the total number of kindergartens in the municipality was 11%. The Municipality of Fier had the highest rate (25%), followed by the Municipality of Durrës (20%).

Chart 43: Rate of kindergartens overpopulated with children (in % against the total number of kindergartens), 2023



The average rate of kindergartens with the number of children below the approved capacity (standards) was 22.8%, thus marking an increase compared to the previous year by about 7 p.p. (N=54). An increase was observed for the indicators of the period 2022-2023, but a decrease for the years 2021-2022 (it was 27.4% in 2021 and 15.2% in 2022). 23 municipalities (or 37.7% of them) report zero kindergartens with a number of children below capacity, namely the municipalities of Cërrik, Devoll, Divjaka, Dropull, Himara, Kamza, Këlcyra, Klos, Kuçova, Kukës, Librazhd, Lushnja, Maliq, Mallakastra, Peqin, Prrenjas, Pustec, Rogozhina, Selenica, Shijak, Tirana, Tropoja and Vau i Dejës. 5 municipalities report that all kindergartens have a number of children below capacity; 7 municipalities have not provided data on the indicator (Municipalities of Dibra, Dimal, Poliçan, Saranda, Konispol, Skrapar and Tepelina).

Graph 44: The average rate of kindergartens with the number of children below the approved capacity against the total (in %)



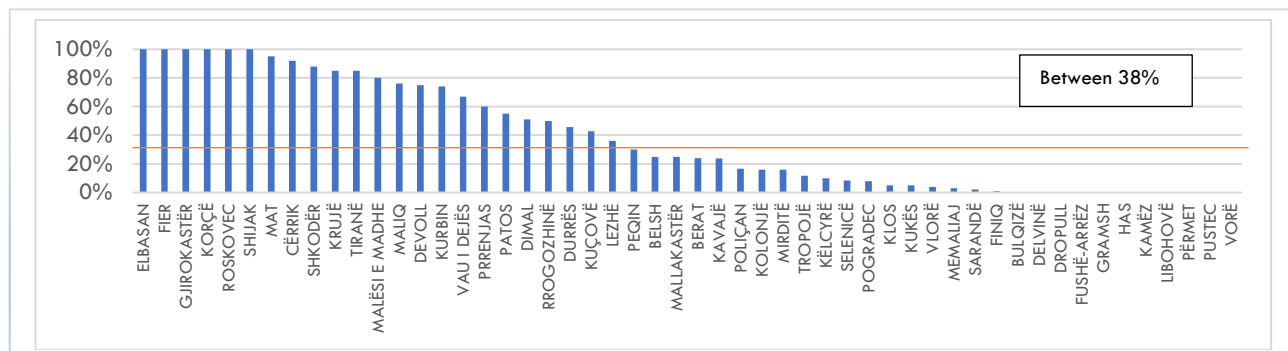
Specific objective: Increasing attendance in compulsory education institutions for children from marginalized groups

Foreseeing of PWD infrastructure in the designs for the construction of elevators in projects aiming at the improvement/or construction of schools was achieved by 20 municipalities or 32% of them (the indicator was reformulated in 2023, so it cannot be compared with the previous year).

A total of 41 municipalities provided funds for the construction of ramps in schools (fewer municipalities compared to the previous year (50 municipalities reported)), while the average

rate of school infrastructure facilities included provisions for PWD infrastructure such as ramps against the total number of schools was 38% (N=52). The municipalities that did not report on this indicator were Dibra, Divjaka, Himara, Librazhd, Lushnja, and Puka.

Chart 45: Rate of school infrastructure facilities that include provisions for PWD infrastructure (in %)



Box 8: Challenges of municipalities in the field of education

Berat Municipality: Absence of a new kindergarten of contemporary standards. Higher number of enrolments in kindergartens offering meals. Demographic movement towards the city centre.

Dibra Municipality: Lack of a statistics office for data collection.

Dropull Municipality: Problems with enrolling children in kindergartens.

Durrës Municipality: Increasing the number of kindergartens offering meals on an annual basis to meet the demands. Increasing the number of children attending after the reconstruction of kindergartens in remote villages. Increasing the number of schools equipped with elevators has been planned.

Kamza Municipality: The aim is to expand the educational infrastructure to meet the needs of new enrolments without creating overpopulation in kindergartens.

Roskovec Municipality: The biggest challenge of the recent years, especially for 2023, has been the decreased number of children due to various causes: emigration and migration of families. Improving infrastructure in schools for children with disabilities.

Shkodra Municipality: Redistribution of the number of children in a balanced way. Capacity building for existing kindergartens and building new kindergartens in uncovered areas. Equipping schools with elevators.

Mirdita Municipality: Efficient service provision in areas where children are located.

Municipality of Klos: Lack of financial resources.

Saranda Municipality of: Infrastructure improvement.

Municipalities of Tropoja, Vau i Dejës: Building of facilities with PWD infrastructure.

Municipalities of Patos, Mirdita, Prenjas: Maintenance of current institutions and setting up ramps and PWD infrastructure in all schools.

Problems and challenges

- While some municipalities face overpopulation in kindergartens and fail to meet the entire community needs for the enrolment of children, other municipalities face decreased number of children due to various cause: emigration and migration of families.
- Increased number of children attending kindergartens in remote villages after their reconstruction.
- Increased number of kindergartens offering meals an annual basis to meet the demands.
- Difficult enrolling in preschool education especially of children of the Roma and Egyptian communities as a priority for the integration of these communities in the economic and social life of the country.
- Lack of adequate infrastructure to ensure the access of persons with disabilities in some educational institutions of the country's municipalities.
- Forecasting in the budget and applications in the calls for projects funded by the EU and other donors or finding alternative sources to co-finance the school projects remains a challenge.

Recommendations

- Building new kindergartens in uncovered areas.
- Expanding and improving laboratories and supplies, improving access to technology.
- Forecasting budget funds for the improvement of educational facilities, provision of appropriate infrastructure in schools for children with disabilities, as well as tools for the attendance of kindergartens and schools by children from marginalized groups.
- Enhancing the local administration monitoring and annual reporting capacities on the LGU responsibilities and duties in the good administration of kindergartens and schools, as well as making the monitoring reports public on the official website of the municipality.

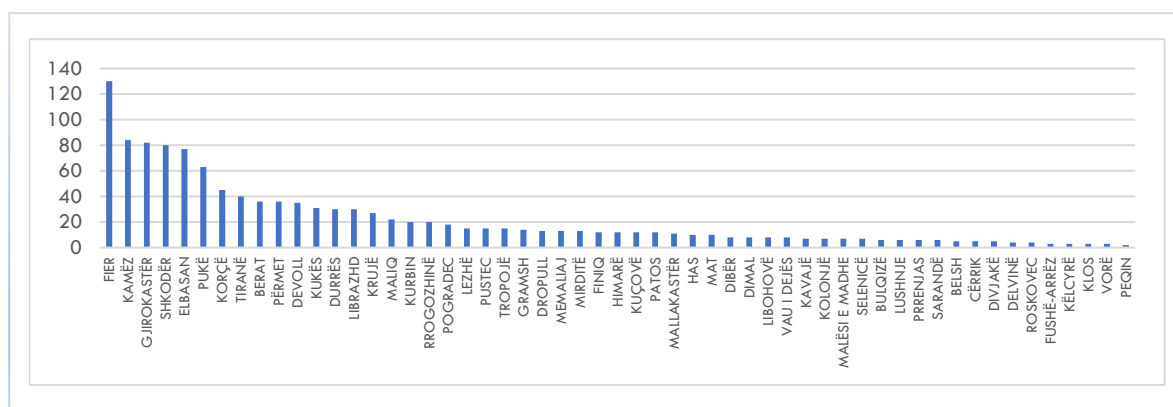
Specific objective: Conservation and protection of tangible and non- tangible cultural heritage, the national treasure generated by the Albanian people

There were fewer cases of violations and illegal constructions in cultural heritage areas and objects compared to the previous year – a total of 15 cases (2 cases less, N=54). The municipalities with cases of violations were the municipalities of Berat (4 cases), Tropoja (4 cases), and Kruja (7 cases).

Specific objective: Supporting the creativity and creating activity of Albanian artists by strengthening cultural activity and the participation of artists

1,204 cultural activities, or an average of 22 activities (N=55), were approved/and organized by the municipalities to promote local culture and national culture; fewer activities were organized compared to the previous year (1,643 activities reported for 2022). The municipalities of Fier (130 activities), Kamza (84), Gjirokastra (82), and Shkodra (80 activities) had the highest number of activities. The municipalities of Poliçan, Shijak, Konispol, Skrapar, Tepelna and Vlora have not provided data about the indicator.

Graph 46: Cultural activities organized by LGU, 2023



Problems and challenges

- Strengthening of inspection and continuous monitoring of cultural heritage sites and timely identification of illegal constructions.
- Issuance of construction permits in protected areas. Raising citizens' awareness to recognize the values of the area and informing them about the law and construction permits.
- Insufficient funds from the municipality to promote national and local cultural heritage through various activities, conservation of folk music.
- Increasing cooperation with other public and private institutions, entrepreneurs and young artists to influence new ideas about the development of cultural activities for the promotion of the area, cultural traditions such as folk songs, clothing and handicrafts of the regions.

Box 9: Challenges of municipalities in regard to the conservation of cultural heritage and promotion of national and regional culture

Berat Municipality: Timely identification of illegal constructions. Most of the cultural activities are organized in cooperation with other supporting partners due to the limited funds of the municipality.

Municipalities of Devoll, Maliq, Pogradec: Continuous inspection and monitoring in these areas. Insufficient funding of cultural activities.

Kruja Municipality: The challenge remains to protect Kruja site and Castle.

Patos Municipality: Insisting to the Ministry of Culture to ban constructions in protected areas. Construction of suitable infrastructure to access places that are considered tourist and cultural attractions. Improving the logistics of the activities remains a challenge for implementation.

Përmet Municipality: Knowing the area and instructing citizens on the law and construction permits. Increasing the number of cultural activities, more cooperation and more funding for culture.

Shkodra Municipality: Preservation and conservation of cultural heritage and its promotion.

Divjaka Municipality: Limited funds, lack of equipment.

Municipalities of Prrerjas, Vau i Dejës: Carrying out as many activities as possible to promote the culture of the area.

Roskovec Municipality: Lack of infrastructure to promote the culture of the area.

Mirdita Municipality: Attracting and promoting projects and initiatives that promote national culture.

Recommendations:

- Strengthening of cooperation and coordination between local administration and other state authorities to prevent illegal constructions/and violations in cultural heritage sites.
- Taking actions and policies and increasing of funds by the LGUs to consider culture as a tourism development incentive and promoter of national and regional culture.
- Application of financial support schemes to enable the conservation/and maintenance of cultural heritage objects that are owned by citizens.

CONCLUSIONS ON EDUCATION AND CULTURE

In the field of education, policies were undertaken to ensure salary increases in the education system, to make investments in educational and digital infrastructure and to provide support for pupils and students. According to the Census 2023 data, it turns out that 36.8% of children aged 0 to 3 attended nurseries, while 52.1% of children aged 3 to 6 attended kindergartens.¹⁰² It is reported that, due to emigration and migration of the population and the reduction of the birthrate, there is an increased number of kindergartens with the number of children below the approved capacity during the reporting year compared to the previous year. The average rate of school infrastructure facilities that include provisions for PWD infrastructure such as ramps against the total number of schools was 38%.

More resources are needed to modernize the education system and to ensure quality, equity and inclusiveness in education for all pupils and students.¹⁰³ The challenge for the municipalities remains to construct new kindergartens to ensure the coverage of the entire territory of the municipality, to plan in the local budget for the maintenance and construction of kindergartens and schools compliant with standards, to include the construction of appropriate infrastructure for children with disabilities, to increase the number of kindergartens offering meals due to the citizens' rising demands, to expanding and improve laboratories and the supplies and to enhance access to technology in the schools around the country.

Fewer cases of violations and illegal constructions in cultural heritage sites were reported compared to the prior year. **The challenge remains to conserve and maintain the cultural heritage objects, to strengthen the inspection and control** of protected areas on continuous

¹⁰² <https://www.instat.gov.al/media/13626/cens-2023-census-botim.pdf>

¹⁰³ European Commission Report on Albania (November 2023)

basis, to raise awareness of residents, to cooperate with other state authorities for the prevention and punishment of cases of violations and to apply financial support schemes to enable the conservation/and maintenance of cultural heritage objects, which are owned by citizens. Additionally, it is required that municipalities increase funding to promote the national cultural heritage and the culture of the area through various activities, the conservation of folk music, clothing and handicrafts of the regions.

CLUSTER 4 - GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

1. Transport policies

“Progress has been achieved in the area of transport. Albania should adopt the new 2021-2025 national transport strategy and its action plan, new road safety strategy in compliance with the transport community road safety action plan and implement the relevant legislation”.¹⁰⁴

Acts such as the following were consulted in the Consultative Council: the draft guideline “On public passenger road transport services”.¹⁰⁵ Besides, the draft decision “On the approval of the methodology for setting the fee of access to infrastructure and the reference fees of access”, the draft law “On the production, transportation and trading of biofuels and other renewable fuels for transport” were drafted and consulted with the aim of promoting the production and use of renewable energy sources for the transport sector.

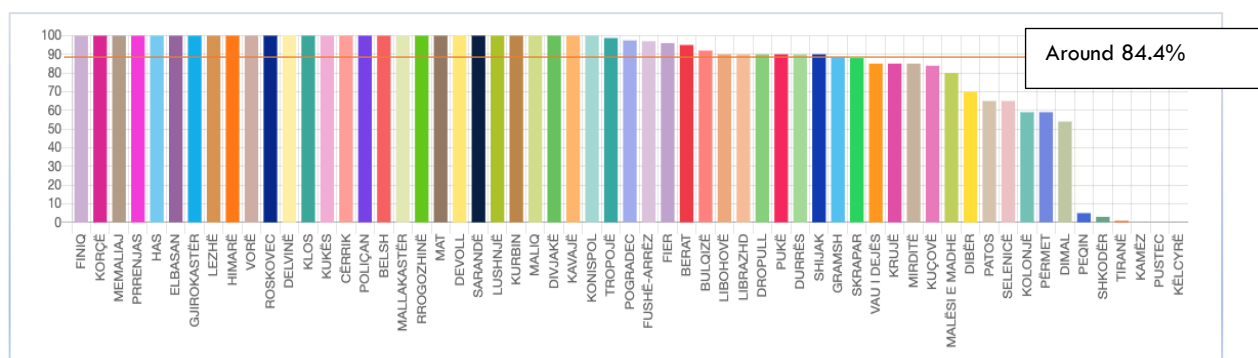
In regard to the area of road transport, municipalities are responsible for the maintenance, construction and development of secondary and tertiary road network signage, the classification of the road network, the creation of road maps and the cadaster of the road network under the LGU management, granting authorization and permits for construction and protection of roads and public spaces, etc.¹⁰⁶

Specific objective: Improving road safety at the local level

Indicator: Number of villages, which aren't connected to the center of the municipality vs. the total number of villages of the municipality connected through the existing road network throughout 365 days of the year (in %).

Regarding the connectivity of villages, it was reported that the average rate of villages that aren't connected to the center of the municipality vs. the total number of villages connected through the existing road network was 16.4%. The rate of interconnected villages of the Administrative Units through the existing road network against the total number of villages was 84.4% (N=58) in 2023, thus remaining at the same level as the previous year. In addition, the rate of interconnected villages through the existing road network against the total number of villages in the municipality was about 84.36%, remaining at a level similar to the previous year (N=55).

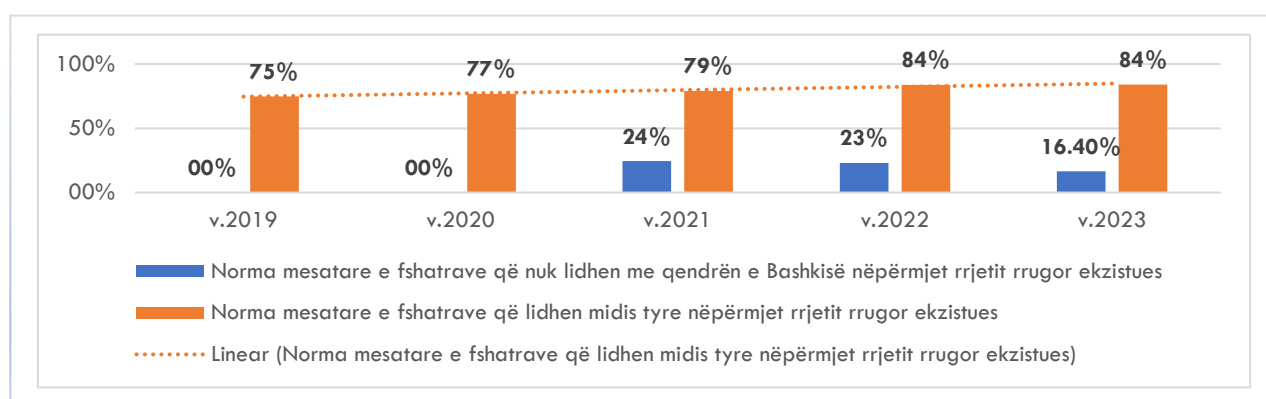
Chart 47: Rate of the interconnected villages of the Administrative Units through the existing road network against the total number of villages, 2023



¹⁰⁴ European Commission Progress Report on Albania (November 2023)

¹⁰⁵ ASLG/CC Activity Report, 2023

¹⁰⁶ Law No.139/2015, Article 23, Order of the Prime Minister (No. 127/2015), Decision of the Council of Ministers No. 915/2015 “On the transfer from Regional Councils to the ownership of municipalities”, Road Code of the Republic of Albania, Law No. 83/1998 “On the road transport”.

Chart 48: Rate of connectivity of villages through the existing road network, 2019-2023 (*)¹⁰⁷

Box 10: Challenges of municipalities regarding road maintenance

Municipalities of Devoll, Divjaka, Korça: Maintenance of existing roads.

Dibra Municipality: Lack of new projects and limited funds to finance the existing projects.

Saranda Municipality: Improvement of rural roads.

Shkodra Municipality: Maintenance of road segments in mountainous areas. Lack of logistics, funds and capacity to maintain the entire road network.

Tropoja Municipality: The necessary road infrastructure remains a challenge for all villages to be able to connect with the center of the municipality.

Berat Municipality: The challenges are related to finding funding sources for the rehabilitation of the road network of all villages.

Dropull Municipality: Studies and designs have been carried out that need to be approved urgently for maintenance and vital investments for the road network.

Durrës Municipality: Improve the existing road network and create access for new roads.

Kurbin Municipality: Improve the road infrastructure of all villages.

Mirdita Municipality: Provide the rural road sector with the necessary tools such as salt and slag for the treatment of ice and snow to eliminate road blockages.

Peqin Municipality: Villages do not have good infrastructure.

Pustec Municipality: Lack of a paved road that connects the village of Cerje via the village of Zaroshke with the center of the municipality has led to the abandonment of the village by the inhabitants.

Selenica Municipality: The condition of 65% of the existing road network shows that it is necessary to invest occasionally to maintain the road network at the right standard.

Lezha Municipality: Increase paved roads to an annual extent of 0.9%.

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

Problems and challenges

- Road safety in compliance with the Transport Community's road safety action plan.
- Insufficient funding sources for the improvement and maintenance of road infrastructure and connectivity of villages with the centers of municipalities throughout the year.
- Lack of suitable terminals of public transport means in LGUs.

Recommendations

- Improvement of the inter-institutional coordination mechanism, including the establishment of a road traffic safety agency to enhance road safety. Planning sufficient financial resources to establish a road accident data system in line with the Care Database.¹⁰⁸
- Planning governmental and LGU funds for the road maintenance, the improvement of the road infrastructure with standards to ensure the connection of all the villages with the center of the municipality throughout the year.
- Providing financial support for investments in the construction of new public transport terminals/or multimodal stations for all municipalities.

¹⁰⁷(*) The indicator was reformulated in 2021, therefore there is no data for 2019 and 2020.

¹⁰⁸European Commission Progress Report for Albania (November 2023)

- Improving/adding interurban public transport lines to improve the coverage of the territory of the municipality.
- Aligning national legislation with EU legislation on passenger rights.¹⁰⁹

CONCLUSIONS ON TRANSPORT POLICY

The rate of the interconnected villages of the Administrative Units through the existing road network against the total number of villages ***was at a level similar*** to the previous year, while there was an ***improvement of the indicator on the rate of villages that are not connected to the center of the municipality*** against the total number of villages, which shows an improvement of the connectivity of villages. The challenge for the municipalities remains to improve the road infrastructure for all villages, to provide higher funding for road maintenance, and to provide financial support for investments in the construction of new public transport terminals for all LGUs.

2. Energy

Progress has been achieved for the reporting period in the area of energy. In the context of the global energy crisis, these efforts, as well as energy-efficiency measures, should be accelerated, taking into account Albania's commitments under the Paris Agreement and the need to engage in the clean energy transition, in line with the Green Agenda for the Western Balkans.¹¹⁰

Several draft legal acts were consulted in the Consultative Council, such as: the draft decision "On the approval of the preventive action plan for natural gas in the Republic of Albania", the draft decision "On the approval of the criteria and procedures how to benefit the customer-in-need status in the natural gas supply and how to treat them", some additions and amendments to Decision No. 87, dated 14 February 2018 "On the approval of the development plan of the natural gas sector in Albania and the identification of priority projects", the draft law "On labeling products with an energy impact which aims to make information available on the consumption of energy and other resources", the draft law "On the production, transportation and trade of biofuels and other renewable fuels for transport".

A set of projects related to the use of clean energy are ongoing, such as: a pilot project for the installation of the lighting, parking, power supply system of cars "2 km Smart-City - Clean Energy Road" the main goal of which is to meet the market demands for charging electric cars, reduce electricity consumption and CO₂ emissions in urban lighting; investments to improve energy efficiency were made in 9 water supply systems in the municipalities of Tepelena and Memaliaj (implemented by AEE); a pilot project for the improvement of energy efficiency in Durrës Municipality; a study for the electrification of urban transport lines in the municipalities of Tirana, Vlora and Durrës; a feasibility study and implementation of a firewood-free heating system in Korça; cooperation contracts between MIE, the Swiss Confederation and the municipalities of Berat, Korça, Përmet and Shkodra for the smart energy municipalities project that will replace street lighting in some streets of these cities with high efficiency lighting; auditing, certification and implementation project by AEE for the renovation of existing shared premises (residential blocks) with energy efficiency in the cities of Shkodra, Malësi e Madhe, Kurbin, Kukës, Has, Lezha, Puka, Vau i Dejës, Klos, Fushë Arrës, Mat and Bulqiza, Dibër, Tropojë, Krujë, Durrës, Rrogozhinë, Elbasan, Belsh, Cërrik, Rrogozhinë, Librazhd, Përrenjas, Peqin, Kavajë, Fier, Lushnjë and Divjaka.

AEE is about to conclude the study for the setting up of a charging stations network to cover all the needs of electric cars throughout the territory of Albania.¹¹¹

¹⁰⁹European Commission Progress Report on Albania (November 2023)

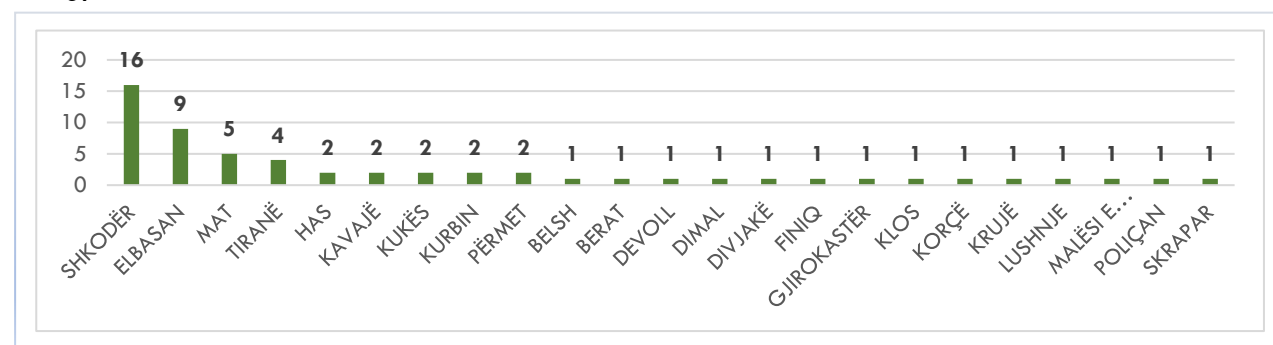
¹¹⁰European Commission Progress Report on Albania (November 2023)

¹¹¹Energy Efficiency Agency; <https://eficenca.gov.al/projekte/>

Specific objective: Increasing the use of renewable resources and promotional policies for the use of renewable resources.

In 2023, a total of 58 projects based on the use of renewable resources and/or aimed at reducing energy consumption were implemented, thus marking a significant increase compared to 22 projects in the previous year (N=57). Twenty-three municipalities (23) or 38% of them implemented projects in the use of renewable resources. The Municipality of Shkodra implemented 16 projects, followed by the Municipality of Elbasan – 9 projects.

Chart 70: Number of projects implemented by the municipality based on the use of renewable energy sources, 2023



Problems and challenges

- Failing of municipalities to report on important indicators arising from the implementation of the National Plan for EE and as an obligation of the implementation of government policies at the local level, such as the appointment/and training of the energy efficiency manager in the municipality, drafting of the Local Plan for EE (LPEE), and the number of inspections undertaken by municipalities on EE measures remains a problem.
- The level of knowledge, capacity of human resources for energy efficiency and for the design of projects in cases of calls for grants.
- Increasing the number of projects that are based on the use of renewable energy sources (62% of LGUs had zero projects/or did not report on the indicator).

Box 11: Challenges of municipalities in implementing energy efficiency policies

Devoll Municipality: Building the technical and professional capacities of the staff to better manage the implementation of foreign funded projects.

Municipalities of Divjaka, Delvina: Increasing the number of projects based on the use of renewable energy sources.

Municipalities of Durrës, Korça, Kamez, Përmet, Përrenjas: Including more applications in projects for the use of renewable energy sources; funds earmarked for greater use of renewable energy.

Mirdita Municipality: Successful implementation of the CBC project with the Municipality of Junik, Kosovo and the installation of photovoltaic panels to cut down on the energy bill for the municipal facilities.

Puka Municipality: Implementation of similar projects that have not started yet is expected.

Shkodra Municipality: Improving knowledge, building administrative capacities for energy efficiency remains a challenge.

Tropoja Municipality: Enforceability of contracts.

Vau i Dejës Municipality: Application in the calls for grants that respond to the municipality's need for the use of renewable energy

Recommendations

- Capacity building of the municipal staff and the EE Manager to fulfil the obligations arising from the National Plan for EE.
- Regular and complete reporting of performance indicators for energy efficiency (indicators originate from the institutional responsibilities of municipalities to fulfil their obligations arising from the government program and determined by MIE).

- Increasing the number of projects applied/implemented by the LGU related to EE and the use of renewable energy sources.
- Regular inspections by the municipality structure/EE Manager for the implementation of measures related to energy efficiency requirements in buildings where public and private services are being delivered.

CONCLUSIONS ON ENERGY

Although the number of projects implemented in regard to the use of renewable resources/or aiming at reducing energy consumption has increased by more than twice compared to the previous period, a significant number of municipalities had zero projects /or did not report on the indicator.

The level of knowledge and limited capacity of human resources at the local level for energy efficiency and for the design of new projects in cases of calls for grants, lack of attention from the relevant authorities/and structures to ensure regular annual reporting of all performance indicators stemming from the Implementation of the National Plan for EE and as an obligation of the implementation of government policies at the local level remains a challenge.

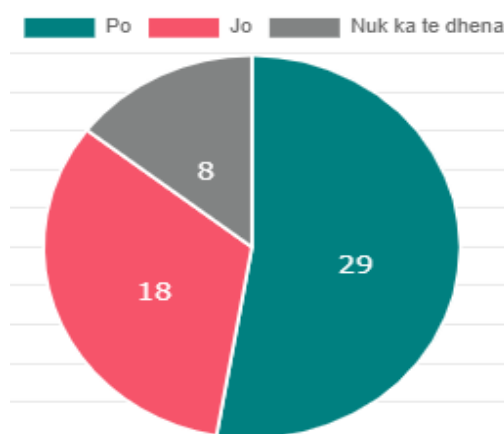
3. Environment and climate change

“Albania has shown some level of preparation in this area. Limited progress was made in further aligning policies and legislation with the EU *acquis* in areas such as water management, chemicals, and environmental crime. Albania made progress in the area of civil protection and is ready to join the Civil Protection Mechanism of the European Union. However, Albania needs to continue working to further improve its civil protection system. Significant efforts are needed on implementation and enforcement for waste management, water and air quality and climate change laws.”¹¹²

Specific objective: Improvement of Integrated Waste Management

- In 2023, 29 municipalities designed the Local Plan for Integrated Waste Management (IWM) with 5 more than in 2022. *This indicator was not reported by 14 municipalities that failed to provide any information.*

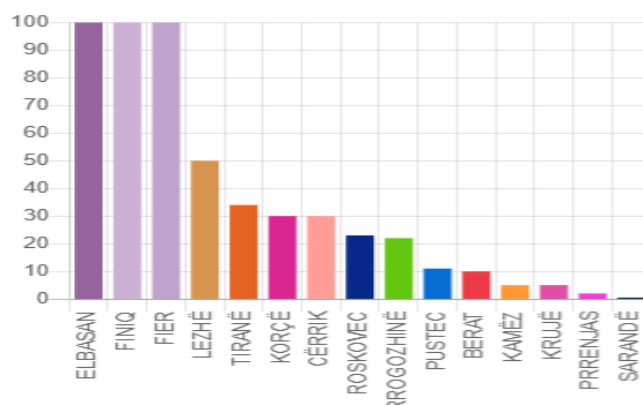
Chart 50: Drafting of the Local Plan for Integrated Waste Management



- In 2023, the waste recycling rate in the territory of the country's municipalities was 10% of the total waste. The municipalities of Fier, Elbasan and Finiq reported recycling 100% of their waste.

¹¹² European Commission Report on Albania (November 2023)

Chart 51: Waste recycling rate, 2023



Specific objective: Improving the quality of water supply and sewerage services

In 2023 it was reported that:

- On average, 78.8% of households were connected to the water supply network in urban areas in 2023 (N=57).
- On average, 59.2% of households were connected to the water supply network in rural areas in 2023 (N=56). Municipalities Prrenjas, Korça and Bulqiza reported 100% connection to the water supply network in rural areas.
- On average, 70.2% of households were connected to the sewerage network in urban areas (N=56). Municipalities of Prrenjas, Kolonja, Librazhd, Devoll, Bulqiza, Mat, Tirana, Lezha, and Gramsh reported 100% connection to the sewerage network in their territory.
- On average, 21.3% of households were connected to the sewerage network in rural areas in 2023 (N=55). Selenica Municipality recorded the highest rate of fulfillment of this indicator with 85%, followed by the Municipalities of Devoll and Tirana with 70%.

Chart 52: % of households connected to the water supply network in urban areas, 2023

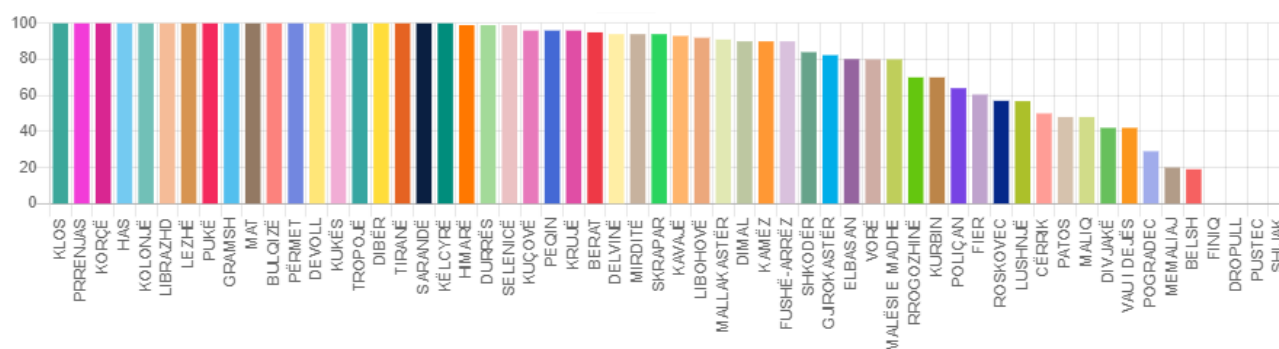


Chart 53: % of households connected to the water supply network in rural areas, 2023

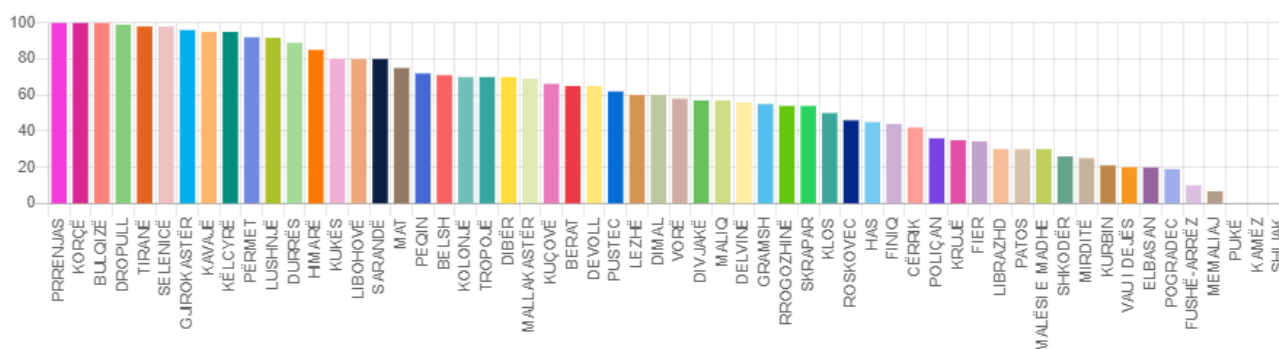


Chart 54: % of households connected to the sewerage network in urban areas, 2023

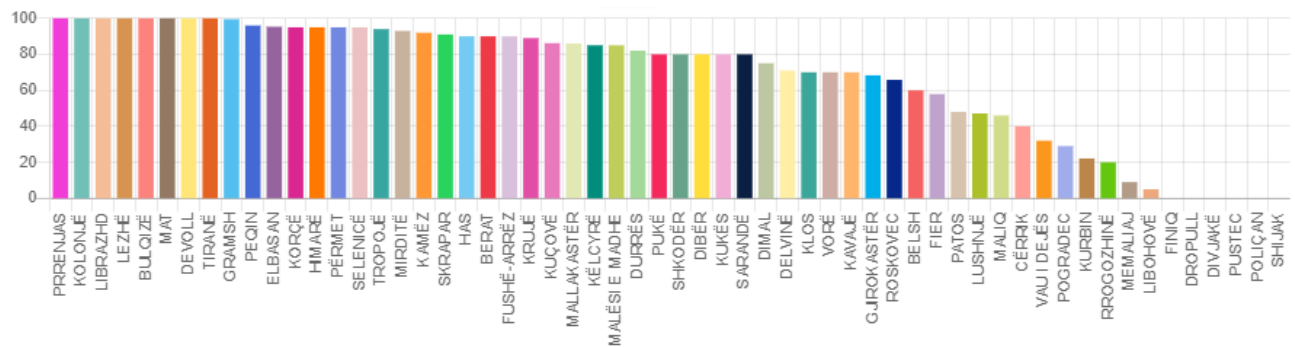
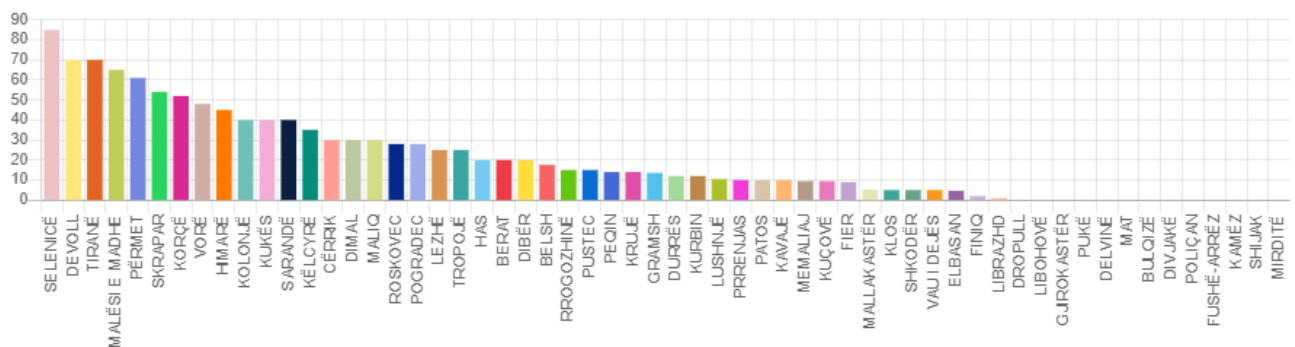


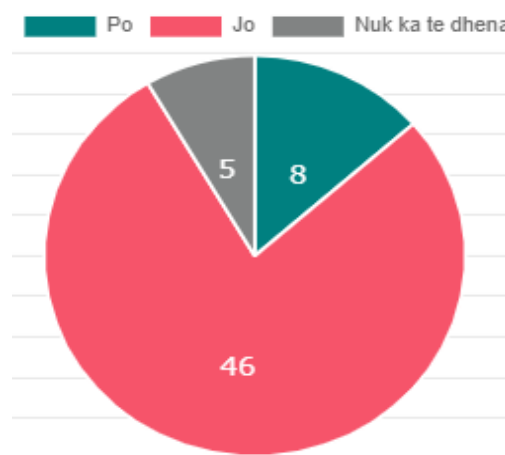
Chart 55: % of households connected to the sewerage network in rural areas, 2023



Specific objective: Reduction of the level of noise pollution

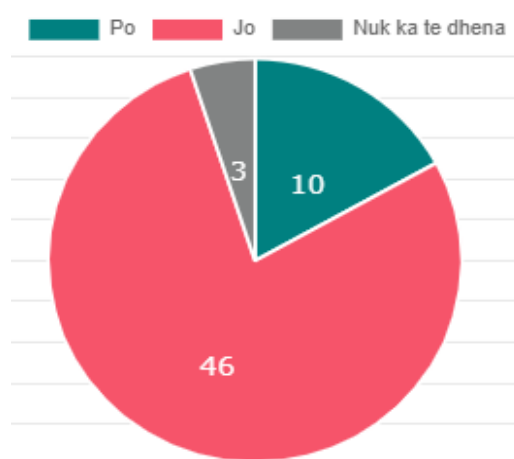
During 2023, 8 municipalities drafted and adopted strategic noise maps. While 46 municipalities reported that they have not drafted and adopted these maps. The municipalities of Belsh, Elbasan, Himara, Lezha, Lushnja, Patos, Vlora and Shkodra have drafted and adopted strategic noise maps.

Chart 56: Has the municipality drafted and adopted strategic noise maps?



During 2023, 10 municipalities drafted and adopted the action plan on reducing acoustic pollution. While 46 municipalities reported that they had not drafted and adopted this action plan. The municipalities of Belsh, Dimal, Elbasan, Himara, Lushnja, Patos, Pogradec, Shkodra, Skrapar and Vlora had drafted and adopted the action plan on reducing noise pollution.

Chart 57: Has the municipality designed and adopted the action plan on reducing noise pollution?



Problems and challenges

- Municipalities capacity building in line with the new waste management methodologies remains a challenge.
- Moreover, failure of municipalities to segregate waste at source due to the high cost and lack of appropriate equipment remains a permanent challenge.
- The malfunction of an oversight system from the municipalities and the low quality of services provided by private operators in waste management remain a constant issue.
- The large number of inappropriate and unauthorized landfills remains a challenge.
- Low level of civic awareness of and education about, including young people, the importance of waste segregation at sources is a constant challenge.
- Illegal interventions in the water supply network by residents, households and private business enterprises intensified the problems of the municipalities.
- Insufficient administrative capacity, infrastructure and systems for early warning, prevention, preparedness and response.
- Lack of water supply and sewerage network still exists in some municipalities, which reported 0% network connection of households.
- The inability of municipalities to intervene with their funds in water supply and sewerage networks investments due to the high cost.

Recommendations

- Drafting of the local plan for the integrated waste management by all municipalities and the integration of its measures in the Medium-Term Budget Program.
- Ensuring financing and monitoring of the implementation of the Integrated Waste Management Plan with high financial effectiveness and efficiency.
- Continuous monitoring by the municipalities of the services of private operators and concessionaries contracted for the provision of waste collection, disposal and recycling services.
- Increasing the number of investment projects for waste recycling in municipalities or regions and cooperation with the central government for their timely execution.
- Raising awareness and civic education through awareness campaigns in cooperation with civil society organizations.
- Investment projects by the central government mainly for the municipalities that have the biggest problems in the network and limited budgets.
- Cooperation with the community and the police to stop illegal interventions in the water supply network.
- Drafting and adopting the Local Plan for Civil Emergencies Response in compliance with the National Civil Emergency Plan by all municipalities.

- Increasing funding by the Central Government according to the obligation to support municipalities with budget funds for the prevention and management of civil emergencies.

CONCLUSIONS ON THE ENVIRONMENT AND CLIMATE CHANGE

Moderate Progress has been achieved in designing local action plans in implementation of central policies. At the same time, designing the local plan for mitigating climate change remains at low levels. **Progress has been achieved in designing plans for the sustainable management of the forest and pasture fund by 62% of the municipalities.**

*The water supply and sewerage sector still face the problems of extending the service throughout the territory of the country, mainly in rural areas, as well as reducing losses from illegal interventions in the network. The EU report states that the performance of the water supply and sewerage services sector remains low and Albania needs to further strengthen and accelerate water reform measures.*¹¹³ Regarding further steps in the area of the Environment, the EU report in 2023 emphasized that immediate measures should be taken to review and improve the environmental and strategic impact assessments for existing and planned projects, plans and programs, especially in the hydropower, construction, tourism, transport, and mining sectors”¹¹⁴.

¹¹³European Commission Report on Albania (November 2023)

¹¹⁴European Commission Report on Albania (November 2023)

CLUSTER 5 - RESOURCES, AGRICULTURE AND COHESION

1. Agriculture and rural development

Some progress was achieved with regard to (i) developing administrative capacity to prepare the instrument for pre-accession assistance for rural development (IPARD III) programme and (ii) adopting the law on wine and (iii) adopting an implementation plan for the setting up of the farm accountancy data network (FADN).¹¹⁵

The legal framework was improved with the adoption of the guidelines about the criteria, procedures and method of administration of the Agriculture and Rural Development Programme fund,¹¹⁶ Decision of the Council of Ministers No. 125/2023 “On setting the basic criteria of the sectors to be supported and the amount of financing from the Agriculture and Rural Development Programme fund for 2023”.¹¹⁷ In addition, the draft decision “On food safety to promote quality enhancement and agricultural exports to elite markets” and the Law “On beekeeping” were also consulted.¹¹⁸ The draft law “On some additions to Law No. 9244, dated 17 June 2014, “On the protection of agricultural land”, as amended, the draft decision “On assigning of the Ministry of Agriculture and Rural Development as the body responsible for carrying out the deratization procedure of the chestnut plant to protect it from the gall-forming wasp parasite”, the draft decision “On some additions and amendments to the Decision of the Council of Ministers No. 22, dated 12 January 2018, “On the approval of the criteria and procedures for the certification of agritourism activity and the construction of structures/facilities thereof”, as amended were consulted in the Consultative Council meetings.

In 2023, agricultural exports increased by 55.7 billion Albanian Leks (or 7.7% more than in 2022); 53,169 farmers were benefitted from the free fuel support scheme; there was a significant increase of funds for support measures, which reached about 5.1 billion Albanian Leks in total, from 3.3 billion planned at the beginning of the year, of which 2.7 billion Albanian Leks for national schemes. 204 open training days with agricultural specialists, 1,199 demonstrations with the participation of about 9,321 farmers were organized. About 88,000 farmers and agribusiness enterprises (of which 6,796 are women farmers) were reached and received information from the Advisory Service structures. The regions with the highest number of beneficiaries from the national schemes were: Vlora with about 20.2% of the total disbursed fund, Fieri with 15.3% of the fund, Korça with 13%, Gjirokastra with 12.6%, Berati with 9.6% of the disbursed fund, etc. The region with the lowest benefit of the fund was Lezha with about 2.4%. A fund of 123.8 million Albanian Leks was transferred to support the construction of 5 agricultural markets. Three products were evaluated and registered under the quality schemes: “Onion e Drishti”, Shkodra (Protected Designation of Origin), “Walnut jam”, Përmet (Traditional Specialty Guaranteed (TSG), and the “Dry plum, Shumbati”, Dibra as TSG. The budget for agriculture and rural development rose to 14.18 billion ALL for 2024.¹¹⁹

¹¹⁵European Commission Progress Report on Albania (November 2023)

¹¹⁶ Guideline No. 16, dated 26 June 2023, “On some additions and amendments to Guideline No. 5, dated 03 March 2023, “On the criteria, procedures and method of management of the Agriculture and Rural Development Program fund”

¹¹⁷Decision of the Council of Ministers No. 125 dated 01 March 2023 “On setting the basic criteria, the sectors to be supported and the amount of financing from the program of the Agriculture and Rural Development Fund, for 2023”.

¹¹⁸Ministry of Agriculture and Rural Development/<https://bujqesia.gov.al/ditari-mujor-dhjetor-2023-2/>

¹¹⁹Ministry of Agriculture and Rural Development/Annual Monitoring Report 2023; <https://bujqesia.gov.al/wp-content/uploads/2024/03/Raporti-i-Monitorimit-Vjetor-viti-2023.doc>

Box 12: Good practices and challenges for the advisory service

Berat Municipality: Organized demos, individual and group meetings, trainings, fairs, and workshops.

Municipalities of Delvina, Mallakstra, Mat, Patos: Setting up the Agricultural Information and Advisory Office (AIAO) at the municipality to inform the farmers of the area.

Divjaka Municipality: If offered online, this service would be more efficient.

Dibra Municipality: Cooperation with central government institutions, with the veterinary and plant protection authority in particular to provide timely technical assistance to farmers.

Dropull Municipality: Limited budget.

Fushë-Arrëz Municipality: Capacity building and budget makes it possible to set up this system.

Korça Municipality: Setting up the agricultural and rural advisory sector and capacity building of the directorate.

Municipalities of Kolonja, Mallakstra: The rural agricultural information and advisory system should be established, because it is missing.

Saranda Municipality: Drone spraying of agricultural fields, use of natural organic fertilizer absorbable by soil and plants.

Shkodra Municipality: Hiring specialists of the field.

Tirana Municipality: Training capacity building and providing grants to help farmers.

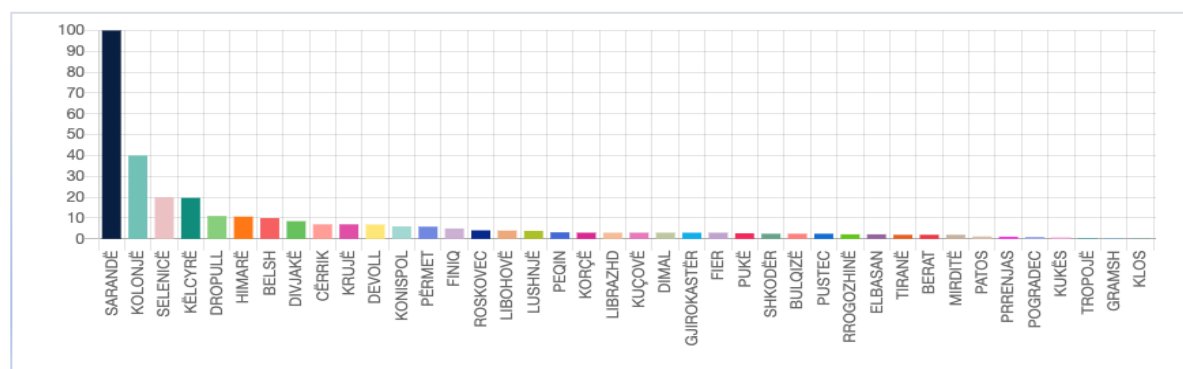
Bulqiza Municipality: In the future, we need more funding for agriculture to improve the irrigation and drainage infrastructure.

Municipalities of Korça, Kamza, Dropull, Mallakstra, Patos, Mirdita, Permet, Prrenjas: Increasing funds for agriculture and rural development.

Saranda Municipality: Increasing of subsidies.

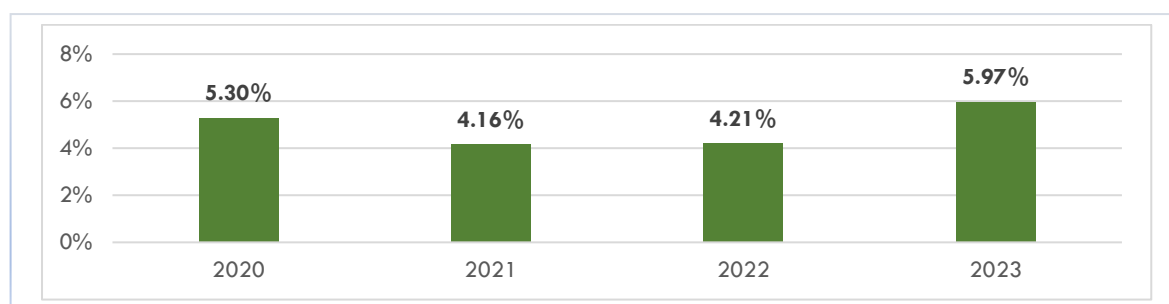
There has been an increase of the budget for agriculture and rural development by the municipalities in 2023 – the national average of the fund for agriculture and rural development vs. the budget of the municipality has been about 5.97% or about 1.8 p.p. higher compared to the previous year (N=53).¹²⁰ The municipalities of Delvina, Devloll, Durrës, Fushë-Arrëz, Has, Kamza, Kurbin, Lushnja, Mallakstra, Mat, Memaliaj, Poliçan, Shijak, Skrapar, Tepelna, Vau i Dejës, Vlora and Vora have reported zero budget for agriculture/or no data.

Chart 58: The local fund of LGUS for agriculture and rural development against the municipality budget, 2023 (%)



¹²⁰Saranda Municipality (incorrect data).

Chart 59: The local fund used by the LGU for agriculture and rural development in % of the LGU budget, 2020-2023 (average)



Problems and challenges

- Implementation of the strategic action plan of the advisory system reform has begun but the implementation capacity remains low.
- Absence of AIAO in some LGUs.
- Staff shortage and small budget to set up the advisory system at the agricultural directorates in some municipalities (AIAO).
- Lack of certification of agricultural products limits the exports of agricultural production. Creating a passport of agricultural products to increase exports and reduce agricultural stock remains a challenge.

Recommendations

- Implementation of a series of initiatives related to bringing agriculture closer to economic and financial sustainability, considering the development of a sustainable agriculture vis-a-vis the climate change challenges.¹²¹
- Further increase in government funding for agriculture and rural development alongside funding from the IPARD Program.
- Establishing and strengthening AIAO in municipalities where these structures are missing.
- Cooperating with central government institutions, especially with the veterinary and plant protection authority to provide timely technical assistance to farmers.

CONCLUSIONS ON AGRICULTURE AND RURAL DEVELOPMENT

In 2023, there was a significant increase of funding support measures for a higher number of farmers/business enterprises. The public advisory service organized 204 open training days with agricultural specialists, 1,199 demonstrations with the participation of about 9,321 farmers, information was given to a total of 88,000 farmers and agribusiness enterprises (of which 6,796 were women farmers). Work has been done on the reconstruction of the irrigation canals, which improved irrigation and increased the farmland area. Three products were certified under quality schemes as Traditional Specialty Guaranteed.

The Agricultural Information and Advisory Office has been set up in 34 municipalities, that is being reported to be at a level similar to the previous year. Municipalities have used more funds for agriculture and rural development (1.8 p.p. more) than the previous year.

The effective implementation of the action plan within the advisory system reform, attention from the local authorities for the planning of funds for the establishment and strengthening of the structure (AIAO) in the municipality, and the accelerated creation of the passport of agricultural products to increase exports and reduce agricultural stock remain as challenges. The priorities concern the implementation of a series of initiatives related to bringing agriculture closer to economic and financial sustainability vis-a-vis the climate change challenges, direct payments to

¹²¹European Commission Progress Report on Albania (November 2023)

farmers to be linked to production and subject to cross-compatibility rules¹²², setting up and strengthening AIAO in municipalities where these structures are missing.

2. Food safety, veterinary and phytosanitary policies

Progress has been achieved in designing and adopting the food safety national sectoral policy. In the future, work should be done in order to carry out the alignment of national legislation with the *acquis* under the framework of their national sector policies, specifically for relevant laws on official controls, animal health and plant health; finalize the staffing of the veterinary service to ensure it is fully operational.¹²³

Regarding food safety, 12,450 validated phytosanitary certificates were issued in 2023 for shipments of plants, plant products and other products for export according to EU requirements. 55 new veterinarians were employed at the National Agency for Veterinary and Plant Protection (NAVPP) related to food safety and quality standards, although not all vacancies were filled. About 25% more budget for laboratory infrastructure was allocated.¹²⁴

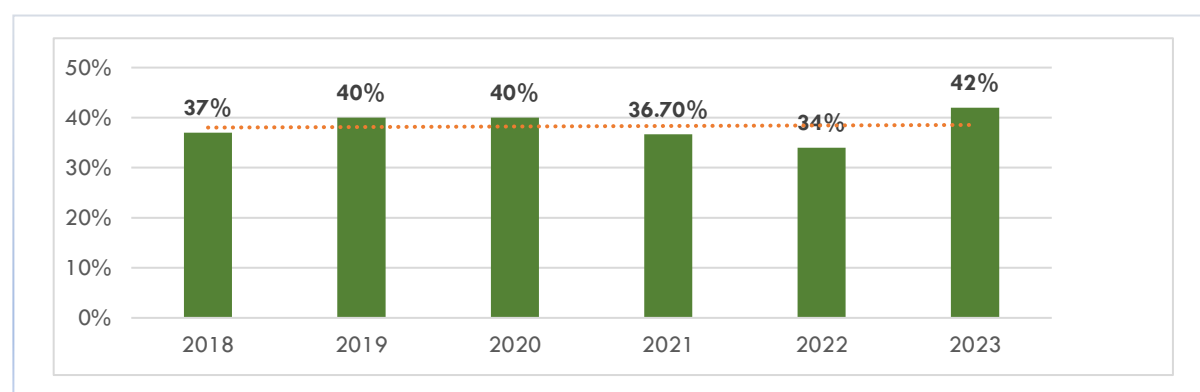
Additionally, progress was noticed in the National Food Authority (AKU) revitalizing the AKU-net system on inspection statistics, data management and transparency. Significant work is still needed to reduce the administrative burden for planning and reporting on official risk-based inspections and to ensure that national data are transparent.¹²⁵ While Albania has made progress in aligning its legislation with the EU *acquis*, the implementation of its national waste monitoring plan remains problematic.

Specific objective: Improvement of sanitary and veterinary conditions to protect the consumers' health

Indicator: The ratio of the number of public retail markets compliant with hygiene standards vs. the total number of markets in the territory of the municipality.

On average, the retail markets rate was 42% in 2023, marking an increase of 8 p.p. from the previous year (N=54).¹⁵ LGUs (25% of them) reported a high rate of compliance with the required standards (100%).

Chart 60: Retail markets by standards, 2018-2023



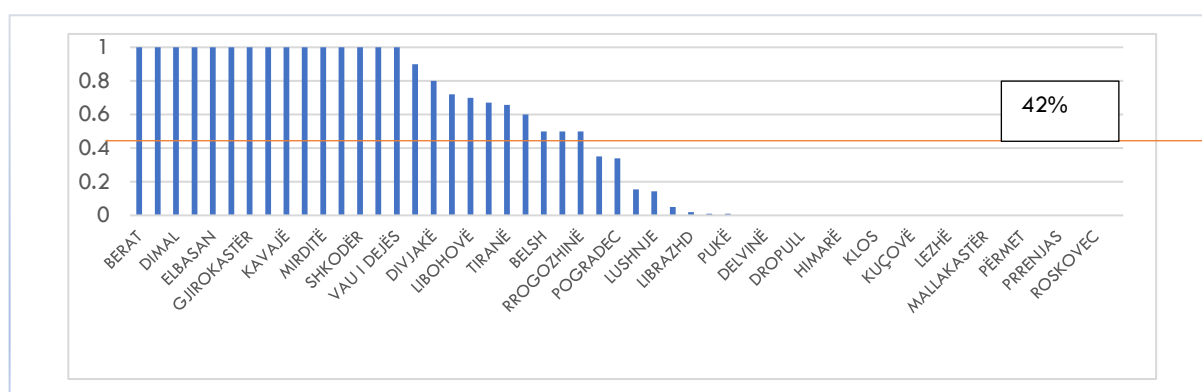
¹²²European Commission Progress Report on Albania (November 2023)

¹²³European Commission Progress Report on Albania (November 2023)

¹²⁴Ministry of Agriculture and Rural Development, <https://www.bujqesia.gov.al/>

¹²⁵European Commission Progress Report on Albania (November 2023)

Chart 61: Compliant retail markets, 2023



Problems and challenges

- There is a lack of field inspections to ensure compliance with standards.
- There is a lack of implementation of the national plan for monitoring animal products waste.

Recommendations

- Increasing of investment in public markets to ensure more hygienic conditions and high standards.

CONCLUSIONS ON FOOD SAFETY, VETERINARY AND PHYTOSANITARY POLICIES

Progress has been achieved at the National Food Authority (AKU) revitalizing the *AKU-net* system on inspection statistics, data management and transparency. Further work is expected to reduce the administrative burden for planning and reporting on official risk-based controls and to ensure that national data are transparent.¹²⁶ In addition, progress has been achieved in aligning the legislation with the EU *acquis*, although the implementation of its national waste monitoring plan remains a challenge.¹²⁷ Progress has been made in terms of issuing phytosanitary certificates validated for shipments of plants, plant products and other products for export according to EU requirements.

3. Regional policy and coordination of structural instruments

“Albania is moderately prepared as regards regional policy and coordination of structural instruments. Limited progress was made especially on the adoption of the implementing legislation based on the Law on Regional Development and Cohesion. Albania should prepare for effective implementation of the EU *acquis* under Chapter 22 and factor the requirements of future structural/cohesion funds in the institutional set-up, financial management and control systems, and administrative capacity, ensuring that all its instruments and funds are gradually made compliant with EU requirements, in terms of programming and partnership principles.¹²⁸”

The adoption of the Decision of the Council of Ministers No. 497, dated 27 July 2022 “On the establishment, composition, organization, activity and rules of operation of the National Committee for Regional Development and Cohesion” was a positive step. The next necessary steps are to draw up the national strategy and plan for regional development and cohesion (2021-2027) and to complete the regional development plans (2021-2024). These plans aim to foster development potential through decentralized and integrated local and regional

¹²⁶European Commission Progress Report on Albania (November 2023)

¹²⁷European Commission Progress Report on Albania (November 2023)

¹²⁸ European Commission Progress Report on Albania (November 2023)

interventions. Another important step is to clarify the responsibilities between central and local authorities, and further build the administrative capacity of central, regional and local bodies, by providing adequate staffing and revising the salary structure of local self-government, and keeping fiscal decentralization high on the agenda.¹²⁹

Specific objective: Strengthening cooperation in regard to regional and local development to contribute to economic growth and reduce disparities (ensuring economic and social cohesion between regions).

- In 2023, a total of 82 initiatives, or an average of 1.61 initiatives per municipality (N=51), of common interest with other municipalities were undertaken, therefore marking a decrease compared to 2022. Gjirokastra Municipality has the largest number of collaborations with 22 initiatives and Durrës Municipality with 20, while 26 municipalities have not participated in any initiative.
- A total of 38 inter-municipal agreements, or an average of 0.72 initiatives per municipality (N=53), were reported as concluded and under implementation with other municipalities within the territory of Albania during the reporting year 2023. Gjirokastra Municipality has the largest number with 6 inter-municipal agreements and Kolonja Municipality with 5 inter-municipal agreements, while 36 municipalities did not undertake any inter-municipal agreements during this time.

Recommendations

- Enhancing cooperation between central and local government institutions for better regional development and social cohesion through the drafting and implementation of regional development plans.
- Increasing the involvement and awareness raising of municipal staff about the importance of regional and European cooperation through awareness raising campaigns and joint activities.
- Increasing the number of projects and funding that municipalities receive from the EU and other donors for inter-regional initiatives and development projects at the district/regional level.
- Capacity building of the municipal staff to design project and to participate with successful applications in regional and cross-border EU programs.

CONCLUSIONS ON REGIONAL POLICIES

Initiatives between municipalities and collaborations at the regional and European level have kept increasing. 55% of municipalities have had collaborations or participated in joint regional projects. However, the capacity of municipalities to absorb funds from EU and other donors, with some municipalities as beneficiaries, remains limited due to a lack of human capacity. Local units remain dependent on European and regional partners.

¹²⁹ European Commission Progress Report on Albania (November 2023).