

Conclusions on Albania

(extract from the Communication from the Commission to the Council and the European Parliament "Enlargement Strategy and Main Challenges 2009-2010", COM(2009)533 final)

The Stabilisation and Association Agreement (SAA) entered into force in April and implementation is progressing smoothly on the whole. Albania has continued to make progress in addressing the **political criteria** in line with the European Partnership. The parliamentary elections in June were assessed by the OSCE/ODIHR as meeting most international standards but further efforts are needed to address recommendations in future elections. Tangible progress took place on voter registration and in the legal framework but shortcomings on vote counting procedures were noted. Electoral reform was completed and a new Electoral Code adopted in time for the elections. Improved voters' lists were compiled on the basis of the new civil registry, thus meeting to a large extent this key European Partnership priority. The distribution of ID cards, to enable citizens without passports to vote, was largely completed. However, the culture of dialogue between the main political parties deteriorated during the electoral period. The political dialogue, a key European Partnership priority, needs to get back on track.

There was some progress on strengthening **democracy and the rule of law**. The main OSCE/ODIHR recommendations from previous elections were largely addressed as part of the overall electoral reform. *Parliament* adopted a number of important laws to approximate the EU acquis. However, the culture of dialogue took backstage to party-political agendas and key reforms were delayed. Albania has made some progress in strengthening its *government* structures to coordinate European integration. Nevertheless, further strengthening of capacity and strategic planning remains necessary. In the area of *public administration*, appointments in breach of the civil service law continued, mainly through the use of temporary contracts. The lack of transparency and accountability in appointments remain a key European Partnership priority to be addressed. Significant efforts are needed to establish an independent, efficient and merit-based civil service, free of political interference. Full enforcement of the civil service law, strengthening of institutional capacity at the Department of Public Administration and implementation of the strategy for public administration reform will be key to progress.

Little progress took place in reforming the *judicial system*. The private bailiff system was established. However, a comprehensive reform strategy for the judiciary remains to be adopted. The lustration law was adopted without full consultation and consensus by a simple majority vote in parliament. The implementation of the lustration law was then suspended by the Constitutional Court. The legal framework for judicial reform has not been completed. The adoption of major legislative acts on the functioning of the High Court of Justice and the administrative courts is pending. The problem of backlogs continues and court infrastructure remains inadequate. Attempts by the executive to limit the independence of the judiciary remain a serious concern. The postponement on procedural grounds of high-level cases, such as the Gërdec trial, raised questions about the impartiality of the judiciary. Overall, the judiciary continued to function poorly and much remains to be done to meet this key European Partnership priority by ensuring its independence, transparency and efficiency.

The government has continued its efforts to prevent and fight *corruption*. The implementation of the anti-corruption strategy and action plan started, which is a key European Partnership priority. Legislation was introduced requiring the use of on-line electronic procedures for public procurement. Efforts have been made to increase transparency in some sectors such as education. These are positive developments. However, corruption remains prevalent in many

areas and is a particularly serious problem. More political will, including as regards high-level cases, is needed to uproot the culture of impunity which continues to prevail. Overall, the institutional arrangements and inter-agency coordination in the fight against corruption require further strengthening. Much work is still needed on all aspects of the issue, including judicial accountability and transparency of political party funding.

Some progress has continued regarding *human rights and the protection of minorities*, where the legal framework is broadly in place. However, further efforts are needed to improve the enforcement of existing legislation in a number of fields.

As regards *civil and political rights*, action was taken to address cases of *ill treatment* in pre-trial detention. New *prisons* and pre-trial detention centres for juveniles and mental health patients have been built. The probation system is operational. However, poor detention standards, exacerbated by overcrowding remain a serious concern, particularly in older prisons. Further efforts are required to protect human rights and implement the recommendations of the People's Advocate. Regarding *access to justice*, access to legal aid for vulnerable groups and some minorities remains a concern.

The legal framework to protect the *freedom of expression* is in place. However, pressure against some media operators took place including their eviction from premises owned by the government. The legal framework on media policy remains to be completed and existing legislation needs to be implemented. Significant efforts are needed to complete the legal framework, improve the transparency of media ownership and to strengthen the independence of the public broadcasting regulator. The respect of the freedom of assembly and religion remains satisfactory. The government stepped up its efforts to provide support for *civil society*. Efforts have been made to involve civil society in the drafting of key legislation. However, the participation of civil society organisations in policy-making requires further strengthening.

Progress has been limited in the area of *economic and social rights*. There has been some progress on strengthening *women's rights*. The Electoral Code includes a 30% gender quota which was enforced by most political parties in the June elections. A National Council on gender equality was established. However, existing legislation to protect women against all forms of violence is not fully implemented. Domestic violence remains an issue of serious concern. There has been continued progress on *children's rights*. The application of alternative sentencing for juveniles has increased. However, more efforts are needed to address child labour and school drop-out rates, particularly for Roma children. Support mechanisms for *socially vulnerable and persons with disabilities* remain limited. Better co-ordination of government agencies is needed. Further efforts are needed to strengthen *labour and trade union rights*. Lack of progress in amending labour legislation continues to hamper the development of social dialogue. Moreover, the anti-discrimination law remains to be adopted.

There has been little progress on consolidating *property rights*, a key European Partnership priority. Land valuation maps, which are needed to compensate former owners, have been completed for the whole country. However, much more effort is needed on all aspects of this issue. Unresolved property issues continue to undermine the development of a functional land market, to keep foreign investment below potential and to provide opportunities for corruption. The adoption of a comprehensive strategy addressing legal and institutional issues will be key in this area.

Progress has continued regarding the *protection of minorities*. Efforts have been made to recruit persons belonging to minorities in the police. However, the implementation of the Council of Europe Framework Convention needs to be stepped up. There continues to be no accurate data on minorities. The next population census, while respecting international standards on data protection, will be key to address this issue. The legal framework on

minority protection needs to be further developed and clarified to enable all minorities to fully enjoy their cultural rights. Some steps have been taken to improve the situation of the *Roma*, but the implementation of the Roma Strategy is slow. The Roma minority continues to face very difficult living conditions and discrimination.

Regarding *regional issues and international obligations*, Albania has continued to play a constructive role in maintaining regional stability and fostering good relations with other Western Balkan and neighbouring EU countries. The country participated actively in regional cooperation, including the South East European Cooperation Process (SEECP), the Regional Cooperation Council (RCC) and the Central European Free Trade Agreement (CEFTA). Bilateral relations with other enlargement countries and neighbouring EU Member States continued to be positive. As regards the International Criminal Court, the bilateral immunity agreement with the United States does not comply with the relevant EU Common Positions and guiding principles. Albania needs to align with the EU position.

The **economy** of Albania maintained macroeconomic stability against the background of the international financial and economic crisis. Throughout 2008 economic growth continued to accelerate, but it slowed down in 2009 as a consequence of reduced exports, remittances and credit growth. Monetary policy remained sound and price stability was maintained. However, an expansionary fiscal policy, while including much needed public works on the road network, resulted in a high budget deficit. Shortcomings in the rule of law, poor level of infrastructure and the informal economy remain challenges to economic development and the business environment.

As regards the **economic criteria**, Albania has made good progress towards establishing a functioning market economy. In order to enable it to cope over the medium term with competitive pressure and market forces within the Union, Albania needs to reform and strengthen its legal system and address weaknesses in infrastructure and human capital.

The government reacted to the international crisis using the full range of monetary and fiscal instruments, as well as regulatory measures. Strong capital inflows, partly driven by the accelerated privatisation process, were more than sufficient to finance the current account deficit. The continued implementation of tax administration reform broadened the tax base, increased overall tax compliance, and helped reduce the informal sector. More efficient tax collection contributed to a surplus in the primary budget balance and improved the policy-mix in 2008. The level of state ownership in the economy was further reduced, notably in the energy and telecommunication sectors. Market entry was further facilitated and market participants benefited from improved property and credit registries. In a difficult international environment, the banking sector remained well-capitalised and liquid. Large scale public works improved the road network.

However, the expansionary fiscal policy during the election period resulted in high budget deficit in 2008 and the forecasted deficit for 2009 remains high. Additional efforts in consolidating public finances are necessary. Bankruptcy procedures are still not being used. Weak administrative capacity undermines the authority and acceptance of the legal system. Informal methods of contract enforcement, by-passing the legal system, continue to be widespread. Unresolved property issues continue to undermine the development of a functional land market and keep investments below potential. The informal sector remains an important challenge. Unemployment remains high. The education system is in need of major reform. Transport infrastructure remains poor and security of electricity supply is still not fully ensured due to the lack of diversification of generation and poor interconnection capacity.

Albania has made progress in aligning its legislation, policies and capacity with **European standards**. Progress has been made in most areas, albeit unevenly. Progress continued in areas such as free movement of goods, energy and SME policy. In other areas, such as

intellectual property rights, audiovisual policy, agriculture and veterinary/phytosanitary control, progress has been limited. Overall, further efforts are needed to improve administrative capacity and to enhance effective implementation of legislation.

There has been progress in some *internal market* fields. As regards *free movement of goods*, good progress continued in adopting European standards and in the areas of accreditation and metrology. However, enforcement capacity needs to be strengthened. The legislative framework on movement of capital improved with the revision of the regulation on foreign exchange activity. The regulatory framework on *consumer protection* improved with the establishment of consultative and decision-making bodies.

Progress continued on *customs'* computerisation and infrastructure but further approximation to European standards and strengthening of administrative capacity are required. Custom officials do not have civil servants status. There has been continued progress in *taxation*. The performance of the tax administration improved and computerisation of tax offices is nearing completion. However, overall tax collection is still low. The taxation on imports of used cars and printed materials is not in line with the Stabilisation and Association Agreement commitments.

Progress continued in the area of *competition* in both anti-trust and state aid areas. The legislative framework is largely in line with the *acquis*, but further efforts are needed to implement it.

Some progress can be reported as regards *public procurement*. Electronic procedures have been extended to most public contracts. However, further legislative approximation is still pending on concessions, utilities and review procedures. The capacity of the Public Procurement Agency improved, but requires further strengthening. There was some progress as regards *intellectual and industrial property rights*. The number of infringement cases brought to court increased. However, considerable further efforts are still required. Enforcement remains poor, and the capacities of the Patent and Copyright offices as well as the experience and qualifications of the judiciary remain weak.

There has been little progress on *social policies and employment*. The budget for social protection increased and the strategy for occupational health and safety was approved. However, occupational health and safety standards remain poor and the capacity of the labour inspectorate is still weak. Legislative approximation to the EU standards continued in some *public health fields*. However, administrative capacity remains weak. There has been some progress on European standards in the fields of *education and research policy*.

Progress can be reported on some *sectoral policies*. Regarding *industry and SMEs*, good progress has been made in implementing the European Charter for Small Enterprises. There was some progress on *agriculture*, as regards the legislative and institutional framework, but structural weaknesses remain. Laboratory capacity improved in the area of *food safety, veterinary and phytosanitary* policy but compliance with EU standards remains poor and hampers Albania's capacity to export. Progress continued in the area of *fisheries* regarding horizontal legislation, inspection and international cooperation. However, catch and landing controls remain weak.

Regarding *environment*, there have been some improvements on waste management and nature protection. However, policy-making capacities and implementation and enforcement require further strengthening. On *transport*, the legislative framework improved in the air and maritime sectors. However, substantial improvements are needed overall.

There was progress in the *energy* sector. The distribution arm of the electricity company was privatised. Measures to improve electricity generation and interconnection capacities are in progress. However, the energy sector remains weak. Security of electricity supply is still uncertain. Efforts need to continue to reduce losses and to increase bill collection.

Limited progress can be reported regarding *information society and media*. Market liberalisation continued in the area of electronic communications but is still held back by lack of instruments to safeguard competition. Administrative capacity remains weak particularly within the Council of the regulatory agency. There was limited progress on *audiovisual policy*. Further efforts are required to implement the action plan on media reform. Regarding *financial control*, there has been moderate progress, but the legal framework and implementation capacity need to be further strengthened. Progress has continued in the field of *statistics*.

In the field of ***justice, freedom and security***, progress has taken place in most areas, albeit unevenly. In the framework of the visa liberalisation dialogue, steps have been taken to fulfil the benchmarks set in the visa liberalisation roadmap and key reforms have been introduced in the area of justice, freedom and security. Progress in the area of visa policy has continued. Steps were taken towards fulfilling the benchmarks set in the road-map for visa liberalisation. The Law on foreigners entered into force and implementing legislation was adopted. A reliable civil registry and address system became operational and ID cards were distributed. The pace of delivery of biometric passports has been stepped up. However, further efforts are required for alignment with European standards. Implementation of the readmission agreement between the European Community and Albania continued.

Some progress was made in the area of *border management*. Implementation of the integrated border management strategy has continued. However, further efforts are required to effectively implement inter-agency coordination and to provide adequate training, human resources and equipment at border posts. The Law on State Border Control remains to be effectively implemented. Cross-border cooperation needs to be enhanced. Good progress can be reported with regard to *asylum*. The Law on Asylum was revised. However, a range of implementing measures still needs to be adopted to complete the legal framework. Progress continued in the area of *migration*. Implementation of the National migration strategy is ongoing. Further efforts are needed to combat illegal migration.

Moderate progress has been made in preventing *money laundering*. The legal framework and the administrative capacity have improved. However, investigation resources and enforcement capacity to confiscate assets need to be strengthened. Cooperation between the police and the judiciary remains poor. Limited progress can be reported in the fight against *drugs*. Results in this area remain insufficient and in particular inter-agency cooperation needs strengthening. Drug trafficking remains a serious concern.

Some progress continued on *policing*, with the implementation of the new police law. Some improvements were made as regards staffing. However, further efforts are needed to increase investigative capacity, enhance cooperation with the prosecution and to improve human resources management. Police management, staffing, training, and internal control structures need to be further strengthened. More efforts are needed to develop reliable crime statistics.

Limited progress continued to be made in the fight against *organised crime*, which remains an issue of serious concern. Measures were taken to improve witness protection but remain insufficient. Co-operation with Interpol has improved, allowing a number of international arrest warrants to be executed. However, efforts to combat organised crime are undermined by corruption, poor witness protection and insufficient use of criminal intelligence. Difficulties in cooperation between police and prosecutors continued to reduce the effectiveness of investigations.

Some progress can be reported in the area of combating *trafficking in human beings*. The on-line database on victims became operational. The administrative capacity of the anti-trafficking coordinator and National Referral Mechanism has improved. However, additional resources and better inter-agency coordination are needed for the implementation of the anti-trafficking strategy, particularly in terms of victim protection. Albania remains a country of

origin for trafficking in human beings. Internal trafficking of women and children is on the increase.

Progress has continued on the *protection of personal data*. The legal framework is in place and an independent data supervisory authority has been appointed. However, adequate resources including training, need to be ensured for the office of the Commissioner for Data Protection to work effectively. Further efforts are needed to ensure proper implementation of existing legislation and to strengthen administrative capacity.