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REPUBLIKA E SHQIPËRIE  
MINISTRIA E INTEGRIMIT  
EUROPIAN

**EUROPEAN UNION – ALBANIA  
STABILISATION AND ASSOCIATION COMMITTEE**

**11 March 2015**

## TABLE OF CONTENTS

<b>3. POLITICAL CRITERIA .....</b>	<b>4</b>
PROGRESS ON MEETING THE POLITICAL CRITERIA, WITH FOCUS ON THE COMMISSION PROGRESS REPORT PRIORITIES, IN PARTICULAR: .....	4
• <i>Political dialogue</i> .....	4
• <i>Functioning of parliament</i> .....	4
• <i>Implementation of the five key priorities:</i> .....	14
KP 1: Public administration reform, including follow-up to the 4th PAR Special Group and the workshop on independent institutions .....	15
KP 2: Reform of the justice system.....	25
KP 3: Fight against corruption .....	37
KP 4: Fight against organised crime.....	3
KP 5: Human rights, including property rights.....	30
• <i>Regional issues and international obligations</i> .....	40
<b>4. ECONOMIC CRITERIA .....</b>	<b>42</b>
• FOLLOW UP OF THE OCTOBER 2014 SUBCOMMITTEE MEETING .....	42
• ECONOMIC OUTLOOK IN ALBANIA .....	68
• NATIONAL ECONOMIC REFORM PROGRAMME .....	71
<b>5. FINANCIAL ASSISTANCE .....</b>	<b>74</b>
• INSTRUMENT FOR PRE-ACCESSION ASSISTANCE: STATE OF PLAY .....	74
• PROCESS THE PROGRAMMING OF THE IPA ANNUAL ACTION PROGRAMMES 2015 AND 2016.....	75
<b>6. IMPLEMENTATION OF THE STABILISATION AND ASSOCIATION AGREEMENT.....</b>	<b>79</b>
6.1 JUSTICE, FREEDOM AND SECURITY .....	79
• <i>Follow-up of visa liberalisation</i> .....	79
• <i>Follow-up of the 2014 Progress Report and the conclusions of the May 2014 Subcommittee meeting, (Except issues already discussed under point3), with particular focus on the implementation of the law against discrimination, progress in the areas of gender and children's rights, protection of minorities including Roma.</i> 81	
6.2 TRADE, INDUSTRY, CUSTOMS AND TAXATION.....	85
<i>Follow-up of the 2014 Progress Report and the conclusions of the October 2014 Subcommittee meeting with focus on:</i> .....	85
• VAT refund.....	104
• Customs valuation .....	105
• Inter-institutional coordination on trade policy issues.....	107
6.3 AGRICULTURE AND FISHERIES (INCLUDING FOOD SAFETY) .....	109
<i>Follow-up of the 2014 Progress Report and the conclusions of the February 2014 and March 2015 Subcommittee meetings with focus on:</i> .....	109
• Progress in the implementation of the National Inter-Sectoral Strategy for Agriculture and Rural Development, 2014 – 2020 .....	109
• National support measures to the agricultural sector.....	110
• Preparations for IPARD .....	114
6.4 INTERNAL MARKET AND COMPETITION .....	119
<i>Follow-up of the 2014 Progress Report and April 2014 and March 2015 Subcommittee meetings with focus on</i> .....	119
• Protection of intellectual and industrial property rights .....	156
• Update on liberalisation of purchase of real estate by EU citizens .....	174
• Update on the establishment of the Market Surveillance Inspectorate.....	178

6.5 INNOVATION, INFORMATION SOCIETY AND SOCIAL POLICY .....	179
<i>Follow-up of the 2014 Progress Report and the conclusions of the November 2014 Subcommittee meeting, with focus on the digital switchover, as well as the functioning, capacity and independence of the regulator and of the public broadcaster;.....</i>	<i>179</i>
<i>Up-date on decriminalisation of defamation and libel.....</i>	<i>224</i>
6.6 TRANSPORT, ENVIRONMENT, ENERGY AND REGIONAL DEVELOPMENT .....	225
<i>Follow-up of the 2014 Progress Report and the conclusions of the May 2014 Subcommittee meeting with focus on:.....</i>	<i>225</i>
• connectivity agenda: state of progress in the preparation of the core network and extended corridors; update on Albania's participation in SEETO and latest development regarding regional connectivity policies;.....	245
• alignment with EU acquis in the area of energy (including adoption of power sector law, and gas sector law), environment (update on the environmental cross-cutting strategy) and climate change.....	246
• state of play as regards the implementation of the EU assistance in the water sector.....	256

### 3. POLITICAL CRITERIA

#### Progress on meeting the political criteria, with focus on the Commission Progress Report priorities, in particular:

- **Political dialogue**

*Strengthening the constructive political dialogue between the parliamentary majority and the opposition has been Parliament's priority for 2014. The European Parliament was strongly committed to facilitate the political dialogue between the parliamentary majority and the opposition, following the findings of the 2014 Progress Report.*

With the beginning of the new parliamentary Session in January 2015, the opposition has returned in Parliament and is active part of parliamentary life. Parliament has also established all inquiry parliamentary committees requested by the opposition (please refer below).

Following the national round tables for the judiciary reform, held on 6 and 31 October 2014, initiated by the President of the Republic and the Ministry of Justice, Parliament of Albania, on 27 November 2014 has adopted the decision no. 96/2014 "On the establishment of the Ad Hoc Parliamentary Committee on the Reform to the Justice System", (Ad Hoc Committee).

The Ad Hoc Committee is composed of 11 members, 6 out of which are representatives of the parliamentary majority (5 PS, 1 LSI) and 5 are representatives of the parliamentary opposition (3 PD, 1 RP and 1 PDIU). The Ad Hoc Committee will conduct its activity in a six months period (please refer to priority 2 for further information).

- **Functioning of parliament**

#### *The legislative function*

During this period Parliament has discussed and adopted laws of important reforms in favour of the development of the country and to meet Albania's obligations for EU membership.

During this period Parliament of Albania has examined and adopted 232 parliamentary acts (173 laws, 132 decisions and 18 resolutions). The opposition has voted in favour of 16 laws.

Parliament held 40 public plenary sessions, 210.5 hours parliamentary debate. The MPs, during the examination of draft laws in plenary session addressed 22 questions to the ministers and also received the answers to these questions.

During the reporting period Parliament adopted 14 laws, requiring a qualified majority, some of which are part of the Roadmap on the 5 key priorities of the EC.

The adoption of these laws in plenary session was preceded by their examination and adoption in parliamentary committees. During this period, the Committees have examined 180 draft laws and some other draft laws are in the process of examination. During the reporting period there is a significant improvement of the parliamentary standing committees' performance in examining draft laws, in exercising their proposing function and this estimate is based on data administered in Parliament and it results that the committees have proposed 2369 amendments<sup>1</sup> for the deposited draft laws.

Parliament's standing committees have organised 583 meetings in which were examined and adopted the draft laws and other draft acts. Government representatives, during the examination of draft laws in committees, answered to 9587 questions of the MPs on these draft laws. The committees, in examining the draft laws have also respected the provisions of Parliament's Rules of Procedure to hold hearing sessions during the examination of draft laws and they have invited in their meetings over 297 representatives from the groups of interest.

During this period Parliament has significantly strengthened its scrutinising role concerning the control of compliance of the proposed draft laws with the EU *Acquis*. An important role in this process played the Committee on European Integration, which during this period has examined 44 draft laws, proposing 122 amendments. 10 out of the 44 draft laws examined and adopted by the CEI and Parliament aimed partial approximation and 7 of them aimed full approximation to the EU *Acquis*.

#### *The adoption of laws requiring qualified majority*

Parliament of Albania, during the reporting period has adopted 14 laws<sup>2</sup> that required qualified majority, including the administrative-territorial reform, and some other important laws which are part of the Roadmap on the 5 priorities, as the law on the Supreme State Audit

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<sup>1</sup>During the period of March 2013-February 2014, the Parliamentary Committees proposed 356 amendments.

<sup>2</sup> Law no. 115/2014 "On the Administrative-Territorial division of the local government units in the Republic of Albania"; Law no. 102/2014 "Customs Code of the Republic of Albania"; Law no. 101/2014 "On some addenda and amendments to law no. 8811, date on 17.5.2001, "On the organisation and functioning of the High Council of Justice", as amended"; Law no. 100/2014 "On some amendments and addenda to law no. 49/2012 "On the organisation and functioning of the Administrative Courts and judgement of administrative disputes"; Law no. 99/2014 "On some addenda and amendments to law no. 7905, date on 21.3.1995, "Criminal Procedure Code of the Republic of Albania", as amended"; Law no. 98/2014 "On some additions to law no. 7895, dated on 27.1.1995 "Criminal Code of the Republic of Albania" as amended"; Law no. 180/2014 "On an amendment to law no. 115/2014 "On the Administrative-Territorial division of the local government units in the Republic of Albania"; Law no. 179/2014 "On an amendment to law no. 8269, date on 23.12.1997 "On the Bank of Albania" as amended"; Law no. 178/2014 "On some amendments and addenda to law no. 152/2013 "On the civil servant"; Law no. 177/2014 "On some addenda and amendments to law no. 8588, dated on 15.03.2000 "On the organisation and functioning of the Supreme Court" as amended"; Law no. 176/2014 "On some amendments to law no. 7895, dated on 27.1.1995 "Criminal Code of the Republic of Albania" as amended"; Law no. 175/2014 "On some amendments and addenda to law no. 8378, dated on 22.7.1998 "The Road Code of the Republic of Albania" as amended"; Law no. 155/2014 "On some additions and amendments to law no. 8454, dated on 4.2.1999, "On the Ombudsman" as amended" and Law no. 154/2014 "On the organisation and functioning of the Supreme State Audit".

is, the amendments to the organic law on the Ombudsman and the amendments to the law on the civil servant.

Parliament of Albania, in its plenary session held on 27.11.2014 adopted law no. 155/2014 “*On some addenda and amendments to law no. 8454, dated on 4.2.1999, “On the Ombudsman”, as amended*”. The amendments and addenda that this law provide, aim to enhance the Ombudsman independence, improve the institution’s structure and also promote the feasibility of the Ombudsman proactive actions, namely:

- Procedures for the election of the commissioners have become more transparent and the term of their mandate has been extended.
- Defines the time limits within which Parliament should examine Reports of the Ombudsman, which is a novelty compared to the previous legal arrangements which did not provide deadlines for their treatment.
- Strengthens the role of the Ombudsman, by providing for his right to initiate *ex-ufficio* the procedures for the investigation and handling of cases of violations of the citizens’ rights, made public, without prior consent of the interested or damaged person.
- Enlarge the circle of subjects to which the provisions of the Law on the Ombudsman are applied, adding to the existing category the foreigners, refugees, stateless persons and asylum seekers.
- Establishes two new sections: It is created the new Section on the Protection and promotion of Children’s Rights and is upgraded at Section level the National Mechanism for Prevention of Torture, Cruel, Inhuman or Humiliating Treatment or Punishment.

Parliament of Albania, in its session held on 18.12.2014 examined and adopted the law no. 155/2014, “*On some amendments and addenda to law no. 152/2013 “On civil servant*”. The amendments and addenda that this law provide, aim to regulate certain problems of legal character, which were created because of some contradictory arrangements resulting from certain provisions of the law in force, and the solution of certain situations not regulated by the law. Some of the novelties that these laws bring about are:

- Provides the exclusion from the scope of the law of some categories of employees such as: employees of the Financial Supervision Authority; employees who carry out the attributes of the Judicial Police agent/officer and those who by law are allowed to carry arms; civilians in the structures of the Armed Forces, the employees of the drainage boards and lawyers at the State Advocate.
- Provides the filling of vacancies temporarily created with the winning candidates who are not yet nominated, who have reached 70% of the total points of the test, having in each case the consent of the winning candidates and respecting the rights they enjoy under this law.
- Offers a better legal protection for the civil servants of the restructured or closed institutions, based on the best practices of the developed countries.
- Improves the provisions of the current law that provides for the suspension of the civil servant upon his/her motivated request, due to another legitimate interest for a period of up to two years.
- Adjusts the effects of the suspension of civil servants, in Article 56 of the law in force, based on the issues identified from the existing law enforcement practice.

- Provides for the increase of the periodicity for the work performance assessment, from once a year under the law in force, to once every six months, in order to guarantee the principle of merit and professionalism in the civil service administration and to further enhance civil servants' professional skills.
- Guarantees the right of civil servants, who left the civil service as a result of their resignation, to compete as civil servants for parallel movement or promotion procedures, up to 2 years after the termination of their relationship in the civil service.
- Provides the solution of the problems encountered in practice, regarding the enforcement of final court decisions for the return of civil servants on duty, providing:
  - Final court decisions for the return on duty of civil servants are immediately implemented by the responsible unit.
  - In case the return of civil servants on duty is objectively impossible, then they are recorded on a waiting list until they are placed in a regular position in the civil service. The list is administered by the responsible unit.
  - While in the waiting list, the civil servants are paid based on the last position they had in the civil service.
  - The responsible unit is obliged, once a vacancy in civil service is available, to first appoint, with their consent, the civil servant registered in the list, under the appropriate category and that meet the criteria of the position.

During the examination of this draft law in the Committee on Legal Issues and in plenary session are taken into account the suggestions made by experts of the field, who assisted the Committee on Legal Issues to prepare the addenda and amendments to this law (DAP representatives and representatives from the State Ministry for Innovation and Public Administration). The recommendations of the 2014 Progress Report on Albania have also been taken into consideration, as well as the opinions and suggestions of the SIGMA project experts.

### *Parliamentary oversight*

Parliament, during this period has efficiently exercised the function of political control over the government and has also monitored the implementation of obligations deriving from the SAA, through parliamentary control instruments provided for in the Constitution and Parliament's Rules of Procedure.

In exercising parliamentary oversight, Parliament during this period has held 8 interpellations with members of the Council of Ministers, on different subject matters of the Council of Ministers activity, during which the MPs debated and received answers to the problems raised.

During this period there was also a significant increase in the number of hearing sessions and questions addressed to the representatives of public institutions, compared with the same period of last year. Ministers, deputy ministers and heads of other central institutions participated in 243 hearing sessions in the parliamentary standing committees and answered to 2,177 questions of the MPs.

After the publication of the 2014 Progress Report on Albania, the Parliament's standing committees, in the framework of parliamentary oversight on the European integration process have organised, according to their fields of responsibility, 9 hearing sessions with the line ministers and with the heads of constitutional institutions or those created by law.

The Committee on Legal Issues, Public Administration and Human Rights held 8 hearing sessions on the 2014 Progress Report on Albania, 3 with the line ministers (the State Minister for Innovation and Public Administration; State Minister for Local Issues and Minister of Justice) and 5 with constitutional institutions or those created by law (the Ombudsman, Attorney General, the Commissioner for Personal Data Protection and Right of Information, Commissioner for the Protection from Discrimination and High Inspectorate of Declaration and Audit of Assets and Conflict of Interest). In these hearing sessions, the Committee on Legal Issues has analyzed the findings of the Report and was informed about the measures (the Action Plans) that the aforementioned ministries and institutions will take to fulfill the recommendations provided in the 2014 Progress Report on Albania.

The Committee on European Integration (CEI) in the framework of parliamentary oversight over the government's activity in the European integration process, during this period has organised 5 hearing sessions with the line ministers, out of which 1 hearing session on the 2014 Progress Report on Albania, 3 hearing sessions on the 5 Roadmap priorities and 1 hearing session on IPA Funds.

By the end of 2014, the Subcommittee on Human Rights and the Subcommittee on Minors' Issues, Gender Equality and Domestic Violence in 2 joint meetings have examined 2 reports of the Ombudsman, the one on LGBT rights and the one on Blood Feud. The two subcommittees held a joint hearing session in January 2015, during which examined the special report of the Ombudsman concerning violence against women.

Parliament has exercised control not only over the executive, but also over the constitutional bodies or those created by law, to verify the implementation of the adopted legal framework. Parliament, through 16 Resolutions assessed the annual activity for the year 2013 of 16 constitutional institutions or those created by law and assigned them the objectives to be reached the next year.

#### *Parliamentary Inquiry Committees:*

During the reporting period, Parliament, under Article 77 of the Constitution, the Constitutional Court's jurisprudence regarding the parliamentary inquiry committees, law no. 8891/2002, *"On the organization and functioning of the inquiry committees"*, Article 25 of Parliament's Rules of Procedure and in fulfilling the recommendations of the 2014 Progress Report on Albania to strengthen the oversight role of Parliament, through the establishment of inquiry committees, has established 4 inquiry committees, at the request of the opposition:

By Parliament's decision no. 8/2014, dated on 06.02.2014, was established the Inquiry Committee, *"On the control of the implementation of the legislation in force during the movement process of the State Police human resources"*, with the subject: *"The Control of*



*the implementation of the legislation in force on the process of human resources movements in the state police for the period 15 September 2013 – 31 January 2014, including dismissal, transfers and new employments to the state police, in order completely identify and verify this process and the consequences brought on ensuring public safety".* The Committee was composed of 15 members, 8 from the majority and 7 from the opposition. The Final Report of the Committee was presented and adopted by Parliament's Decision no. 38/2014, dated on 05.06.2014.

By Parliament's decision no.26/2014, dated on 24.04.2014, was established the Inquiry Committee "*On the investigation of accusations for the implication of the Armed Forces and military bases in illegal activities-transport of narcotics*", with the subject: "*Investigation and clarification of all facts and circumstances regarding the accusations made public for the involvement of the Armed Forces and its military bases in illegal activities and transport of narcotics*". The Committee was composed of 9 members, 5 from the parliamentary majority and 4 from the opposition. The Final Report of the Committee was presented and adopted by Parliament's Decision no. 39/2014, dated on 05.06.2014.

By Parliament's decision no. 81/2014, dated on 23.10.2014, was established the Inquiry Committee "*On monitoring the implementation of the legislation in force on the management of databases in tax administration and to identify and verify in depth the phenomenon of interference and blocking for a few days of the tax electronic systems*", with the object, (*the same as title above*). The Commission is composed of 11 members, 6 from the parliamentary majority and 5 from the opposition. This activity of this Committee is still in process.

By Parliament's decision no. 82/2014, dated on 10.23.2014, was established the Inquiry Committee "*On verification of the legality of the appointments in the public administration, public entities, or state commercial companies*», with the subject: "*Verification of the legality of the appointments in the state administration, public entities or state trading companies, during the period 15 September 2013 – 31 May 2014*". The issues on which the court has given its final decision or those which are still in judgement processes are not object of this Committee. The Committee is composed of 9 members, 5 from the parliamentary majority and 4 from the opposition. By Parliament's decision no. 4/2015, dated on 19.01.2015, the activity term of this inquiry Committee was extended for a two months period from the date of the adoption of the decision.

### *The electing function*

In fulfilment of the constitutional and legal obligation for the election of the constitutional bodies or those created by law, Parliament, during this period, has examined the applications for filling the vacancies created in the constitutional bodies or those created by law, by taking the respective decisions, in compliance with the constitution and the law.

During this period, Parliament has elected, appointed or given its consent to the appointment of 31 heads and/or members of the board for 11 constitutional institutions or those created by law: 3 Commissioners in the Institution of the Ombudsman; the Commissioner for the Protection of Personal Data and the Right of Information; the Chairman and 2 Members of

the Audiovisual Media Authority (AMA); 2 Members of the High Council of Justice (HCJ); the Commissioner for the Supervision of the Civil Service; 1 Member of the Commission of the Competition Authority; 5 Members of the Steering Council of the Albanian Radio television (KDRTSH); the Governor and 2 members of the Supervisory Council of the Bank of Albania; 3 members of the Board of Financial Supervision Authority (AMF); 3 members of the Central Election Commission (KQZ) Chairman and three members of the Governing Council of the Authority of Electronic and Postal Communications (AKEP) ".

During the reporting period, the Assembly in exercise of its constitutional function, in cases required to give its consent, has not given its consent the appointment of three members of the Supreme Court, who were proposed by decrees of the President of the Republic.

Pursuant to Article 136, paragraph 1 of the Constitution, Parliament has not given its consent, by not voting the appointment of three members for the Supreme Court respectively through the decisions No.35 dated 22.05.2014, Nr.88, dated 30.10.2014 and No.89 dated 30.10.2014. Parliament has not consented the appointment of the three decreed candidates by the President as Members for the Supreme Court based on these legal arguments:

- The President of the Republic has not implemented the legal provisions for the realisation of the consultative process with Parliament, through the consultations for setting the specific criteria, based on the list of submitted candidates to be appointed as members of the Supreme Court.
- While the Parliament of Albania, continuously estimates that such a consultative process cannot be formal, without concrete criteria, defined on a specific list of candidates, just as the law orders, the President of the Republic by interpreting the same provision, accepted as fulfilled this legal obligation.
- In reference to the legal provisions of Article 4/1 of the organic law of the Supreme Court, based on the concrete content of the selection and consultation process conducted by the President of Republic, Parliament has noticed that the meetings held by the President with parliamentary groups, in all cases, have not been of a consultative character, but were focused only on the discussion of legal / formal criteria to be met by the candidates that would be proposed, without prior discussions on the basis of objective / concrete criteria that these candidates must meet.
- This repeated avoidance from the essence of the consultative process is against the interpretation that this process has found from the jurisprudence of the Constitutional Court, which defines it by no means as an informal consultation but as essential and balanced. The provisions of Article 4/1 of the organic law of the Supreme Court orders the President of the Republic to determine the specific criteria, through the consultation process, on a list of pre selected candidates.
- The Parliament has also found that the reasoning of these decrees, as a legal obligation of the President of Republic in issuing them, fails to submit in all cases: a) specific experience of the candidate in a particular field of law (in this case in administrative law); ii) scientific evidence, including scientific publications and articles in the legal field; iii) the composition of the judicial body at the time of appointment of the candidate, aiming at balancing the personal experiences of members, these seen as concrete legal criteria, that should be identified during the consultation process.

- As a flagrant case of violation of legal provisions in conducting the selection and consultation process by the President of the Republic, the Parliament has found during the verification of the procedure followed in the case of issuance of the decree nr.8683, dated 18.08.2014. The subject decreed by this act of the President of the Republic, had not been in the list of candidates announced by the President of the Republic, as a subject that meets the formal-legal criteria, and a substantial weakness like this, explains the complete deformation of the consultation process, conceived and developed by the President of the Republic, contrary to the requirements of the Constitution and law.

The requirements of the Constitution, laws and Rules of Procedure are respected in any case. Parliamentary procedures of reviewing the nominations were carried out in full transparency. In all cases presented, the relevant parliamentary committees, within the time specified, have examined not only the fulfilment of the constitutional and legal requirements, but also the merit of each candidature. Candidates underwent public hearings in parliamentary committees. MPs and the public opinion had the opportunity to assess the qualities and merits of each presented candidate.

*Assembly Action Plan for the implementing of recommendations of the EU Progress Report 2014 on Albania*

The Parliament of Albania, after an extensive consultation with all decision-making bodies and stakeholders of the Assembly, drafted an action plan for implementation of the recommendations of the 2014 Progress Report of the European Commission for Albania.

This action plan sets out five objectives / main directions of work for 2015:

- Strengthening of the legislative function of the Parliament,
- Strengthening the oversight role of Parliament;
- Strengthening the transparency of Parliament;
- Strengthening the financial and budgetary autonomy of the Parliament;
- Strengthening the administrative capacity of the Parliament.

The implementation of measures / activities foreseen in the Action Plan is continuously monitored. The Speaker of the Parliament, through an official letter addressed to the Parliament bodies, that are assigned to implement the Action Plan, has requested their maximum engagement for the realization of the envisaged measures in order to achieve the objectives and to improve the performance of Parliament in line with the best practices of functioning of the national parliaments of the member states of the European Union. Likewise, Secretary General of Parliament, with an official document has asked all administrative structures of the Parliament, which are responsible of implementing the Action Plan, to report periodically regarding the progress in the implementation of the envisaged measures in this Action Plan.

*Enhancement of the cooperation with the civil society*

During this period, the Parliament has further improved its transparency and strengthened cooperation with civil society. In November 2014, the Parliament adopted the "*Manual for public participation in the decision making process of the Parliament*"<sup>3</sup>. This manual, developed in a consultative process and with the assistance of the OSCE is a resource to promote and ensure the participation of civil society in legislative and supervisory function of the Albanian Parliament. The participation, especially of the civil society in the legislative process of the Parliament, helps to the improving of the quality of reviewed and approved legislation. The manual outlines the existing mechanisms of public participation in Parliament, and it also aims to provide the opportunity for public starting from the simplest citizens to non-profit organizations to be transformed from passive observers of legal policies which impact them to active participants in the development of the community where they belong and to providers for the improving these policies. The manual also provides the compilation of the annual report by the Parliament on cooperation with civil society and the development of an annual conference on issues of cooperation with civil society, which will be an annual forum of juxtaposing the work done by the Parliament, expectations of the civil society and finding the best ways of cooperation in this regard.

On 24.12.2014, the Parliament adopted a Resolution for recognizing and strengthening the role of civil society in the democratic development of the country<sup>4</sup>. Through this resolution the Parliament recognizes that the existence and strengthening of the civil society is not merely an expression of a pluralist democracy, but a necessity for a democratic and transparent governance and is committed to realizing the process of cooperation with civil society, based on the principles of participation and inclusion, respect and reciprocity, partnership, accountability and independence. The Parliament also engages in the development of a transparent and inclusive process of consultation with civil society actors and stakeholders in the lawmaking process, by ensuring transparency, public participation in policy and decision-making processes of public bodies, in accordance with the law "*On public notification and consultation*".

During the reporting period, the Public Relations Unit of Parliament has organized visits and facilitated the issuance of permits to interested persons and entities (university students, representatives of various organizations of civil society), who wish to visit the Parliament or participate in the proceedings of the parliamentary standing committees or parliamentary plenary sessions. During this period, 450 people have participated in plenary sessions, committees or the joint activities organized with civil society, as for example a group of marginalized children on the 20th anniversary of the Convention on the Children's Rights.

#### *Strengthening the administrative capacity of the Parliament*

During this period, the administrative capacity of the Assembly are further strengthened by continued training of all Assembly Service in various fields, especially those related to European integration issues. Assembly staff participated in training programs developed by the School of Public Administration (ASPA), as part of ongoing training program and initial

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<sup>3</sup> [http://www.parlament.al/web/pub/manuali\\_i\\_azhornuar\\_21298\\_1.pdf](http://www.parlament.al/web/pub/manuali_i_azhornuar_21298_1.pdf)

<sup>4</sup> [http://www.parlament.al/web/pub/rezoluta\\_per\\_shoqerine\\_civile\\_draft\\_final\\_20536\\_1.pdf](http://www.parlament.al/web/pub/rezoluta_per_shoqerine_civile_draft_final_20536_1.pdf)

formation. A considerable numbers of civilian servants have participated in training programs within the country and abroad, offered by various organizations (EU, OSCE, etc.).

*Activity of the special parliamentary committee on the reform in justice*

In the decision no. 26, dated 27.11.2014 of the Parliament of Albania passed the establishment of a Special Parliamentary Committee in the Justice System, which is a parliamentary structure provided for in article 77/1 of the Constitution. The establishment of this parliamentary committee came as a result of the identification of the parliament as the most appropriate and representative institution during the tables dated on 06.10.2014, initiated by the President of the Republic and the Ministry of Justice.

Based on the abovementioned decision of the Parliament of Albania, the Special Committee is going to have 11 members, 6 from the parliamentary groups of the majority and 5 from the parliamentary groups of the opposition. The chairman belongs to the parliamentary groups of the majority; meanwhile the chairman deputy belongs to the parliamentary groups of the opposition.

In the accompanying report of the Decision no. 96/2014 the following issues were discussed: i) the necessity for reform, ii) the objectives and the expected results of the reform, iii) work methodology, iv) the activity phases assisting to fulfil the objectives of the Special Parliamentary Committee.

With the decision no. 104, dated 04.12.2014, the Parliament of Albania passed 6 members proposed by the parliamentary groups of the majority. After its comeback in the parliament, the opposition has not brought in a plenary session the names of its members for the Special Committee yet. The first constitutive meeting of the Special Committee on the Reform in the Justice System was held on 22.12.2014.

In the framework of the inclusiveness and the engagement of all the actors in this process, the Special Parliamentary Committee decided that the group of the high level experts shall be composed of personalities who will be selected by the institutions of the system and the international organisms which assists Albania in justice.

Therefore, with the decision no. 2 and no. 3/2014, the Special Committee addressed to the Commission of Venice, to Euralius Mission IV, OPDAT Mission and USAID of the USA, the presence of the OSCE, Slynn Foundation in the UK, Soros Foundation, Supreme Court, High Council of Justice, National Chamber of Advocacy, Magistrates' School, University of Tirana, Ministry of Education and Sport, Ministry of Justice, to propose the names of the experts who are already a part of the Group of High Level Experts.

Pursuant to the decision no.7/2015, at the Special Parliamentary Committee on the reform in the Justice System, the Group of High Level Experts was established. 20 local and international experts participate in this group.

The group of high level experts is divided in 6 working subgroups, respectively: i) the subgroup on the constitutional institution, ii) the subgroup on the efficiency of the judicial system, iii) the subgroup on the criminal right, iv) the subgroup on the higher law education; v) the subgroup for free professions, vi) the subgroup on the anticorruption measures.

Apart from the group of the high level experts, the work of the special committee and of the group of the experts itself is supported by a technical secretariat which is composed of the specialist of the Parliament of Albania, the institutions of the justice system, but via a public announcement all those individuals who graduated abroad were invited to contribute as a part of this technical secretariat (decision no.4/2014 of the Special Committee).

Meanwhile, the Special Parliamentary Committee is towards the end of its first phase. With the decision no. 1/2014 of the Special Parliamentary Committee, the Ministry of Justice was asked to draft an analysis of the current condition of the system, in order to detect the issues and the necessity for improvement.

The Ministry of Justice transmitted an analysis of the condition of the justice system in the country. This material is being studied by the group of the experts at the Committee. Based on this material a Strategic Document on the objectives this reform shall fulfil will be drafted and approved. The document will be transmitted to the Parliament for approval during a voting in a plenary session.

Once this Document is approved, the group of the experts will start the work to draft the draft-laws which are necessary to address the objectives. Working tables and public discussions will be organized for every draft-law and issue treated by the committee. They are expected to be in the form of a table organized by the President of the Republic on 06.10.2014. The draft-laws, which will be drafted by the experts at the end of the activity, will be presented at the Parliament of Albania for approval.

The entire activity of the Special Parliamentary Committee will be based on the inputs and the outputs of the group of the high level local and international experts. The latter will analyse, prepare and draft all the legal and parliamentary acts which will constitute the product of the reform in the Justice system.

On 04.02.2015, the chairman of the Special Parliamentary Committee, Mr. Fatmir Xhafaj participated in an informing meeting organized by the Delegation of the EU in Tirana, where in the presence of the resident ambassadors in Tirana of the member countries in the EU, he made a presentation on the undertaken steps in the framework of the functioning of this committee.

- **Implementation of the five key priorities:**

### ***KP 1: Public administration reform, including follow-up to the 4th PAR Special Group and the workshop on independent institutions***

Within the implementation of commitments undertaken in line with the Public Administration Reform, a number of steps have been taken with the intention of achieving the aims set by the European Commission for Priority 1. Thus, following the implementation of Law no. 152/2013 "*On the Civil Servant*" and the relevant secondary legislation, all recruitments pertaining to the civil service are now conducted on the bases of the new civil service legislation. The bylaws necessary for proper implementation of the legislation have been drafted and implemented with the close assistance of SIGMA. In this regard, in order to facilitate the process of implementing the new legislation accordingly and in a unified manner, DoPA has prepared and finalized 6 guidelines/manuals. Namely:

- Guideline no. 01, dated 02.04.2014 "*On the key procedural and material elements of the process and review of disciplinary offenses*".
- Guideline no. 02, dated 07.04.2014 "*On the drafting of job descriptions in the civil service*".
- Guideline no. 03, dated 14.04.2014 "*On the establishment, functioning and competencies of the Restructuring Committee due to shutting down or restructuring of institutions*".
- Guideline no. 4 date 13.08.2014 "*On the procedure for filling in vacant positions in the civil service through the procedure of lateral transfer and on the procedure for entering the civil service of executive position through open competition*" (amended with the guideline no. 5, which explains the procedure of promotion). To ensure an open competitive and transparent process in the civil service, DoPA with the assistance of OECD / SIGMA, worked intensively, and organized two workshops (on 21<sup>st</sup> -23<sup>rd</sup> of July and on 4<sup>th</sup> -7<sup>th</sup> of August) for the preparation of this guideline.
- Guideline no. 06, dated 19.09.2014 "*On the recruitment and appointment procedure of high level civil servants, members of the TMC*", was finalized in close cooperation with SIGMA. All guidelines are published on DoPA's official website <http://dap.gov.al/2014-03-21-12-52-44/udhezime>.

In the meantime, intensive trainings and awareness activities for all institutions involved in this law have been conducted with the support of SIGMA and the Council of Europe Office in Albania, with the aim of ensuring proper implementation of the new legislation.

Furthermore, DoPA has established and introduced an electronic system for the data collection of personnel in public institutions as well as a working group composed of DoPA employees which was established in October 2014. The working group is in charge of guiding the institutions (which are required to report monthly) and following up closely during their reporting while at the same time checking the accuracy of the data reported. In order to explain the process, meetings and trainings have been held with the representatives of the reporting institutions. Pursuant to law No 152/2013" and DoCM No 330, dated 28.5.2014 "*On the adoption of the Roadmap for the 5 priorities recommended by the European Commission, 2013*" the Prime Minister has issued Order No 246, dated 9.12.2014 on "*Periodical reporting on the information regarding dismissals, appointments and judicial*

*proceedings of civil servants/employees of the state administration”* to ensure that the relevant data is regularly and accurately reported.

Moreover, based on the obligations stipulated in Law no. 152/2013 "for civil servants, the Department of Public Administration, as the institution responsible for administering the Central Personnel Registry will conduct periodic inspections (every two months) on the personnel files of employees of public institutions to ensure the implementation of civil service legislation, the results of which will be reported to the Prime Minister.

DoPA has continued to work intensively for making functional in a successful way the HR module in the 16 line ministries and in the Prime Minister's Office. Currently, the tendering procedure for the IPS project is completed, the contract is signed and the implementation of the project has initiated. DoPA is in the process of acceptance for the new re-engineered HRMIS. The next step ahead will be implementation through 16 line ministries and the Prime Minister's Office expected to happen within March 2015 and later on with the subordinate institutions.

The Department of Public Administration and line ministries have identified all the relevant legislation that shall be amended and aligned with the new CS legislation. Some of the amendments required have been identified and approved. In order to have a full and complete review of legislation, the remaining institutions are working to identify all necessary changes/amendments and prepare a full complete package of all legislation and draft-amendments that need to be aligned.

On June 2014 the draft decision for the proposal of the draft law "On Administrative Procedure Code" was approved by the Council of Ministers. On July 16, 2014, the Commission on Legal Affairs, Public Administration and Human Rights in the Parliament approved in principle the draft law which shall be reviewed article by article. Currently, 134 articles of the draft law have been reviewed.

Concerning the implementation of Law no. 90/2012 "On organization and functioning of public administration", two draft-bylaws were prepared and circulated for official legal opinion to all line ministries. After having received the official legal opinion and review, the draft bylaws were sent for approval to the Council of Ministers and have been approved. The bylaws are:

- DoCM No 893, dated 17.12.2014 on the rules of organization and operation of advisory cabinets, internal organization of state administration institutions, as well as detailed procedures for preparation, proposal, consultation and approval of internal organization;
- DoCM No 867 dated 10.12.2014 on the procedures for the cooperation of institutions of state administration.

With the aim of ensuring the implementation of the law of Administrative Court, the Ministry of Justice, in collaboration with the HCJ have drafted an evaluative study on the workload of the Administrative Court and the Court of Appeals Tirana by analysing the activity of administrative courts in general, with a focus on the current situation in the Court of Appeals.



The study concluded with some key recommendations, which are expected to be addressed by all institutions involved.

Regarding the vacancies of judges in the administrative courts of first instance Gjirokastra, Vlora, Korça and Shkodra, under the provisions of Presidential Decree no. 7818/2012, the number of judges in the administrative courts is 43 and currently there are 7 vacancies for judges. The Administrative Court of First Instance: Shkodra (2 vacancies); Korça (2 vacancies), Vlora (1 vacancy) and Gjirokastra (2 vacancies).

In relation to the completion of the organizational structure of the administrative courts with the necessary number of employees of the judicial administration, including legal assistants, based on the order of the MoJ, the structures and organigrams of the administrative court have been approved; more concretely, 135 employees are included in the organizational chart: 43 judges + 92 employees of court administration. In September 2014, the amendments of Law No. 49/2012 were approved in the Law No. 100/2014 for the administrative courts.

Currently, the procedures for the recruitment of legal assistants have started. *In the context of fulfilling the procedures for the appointment of legal assistants in administrative courts* (pursuant to the changes on Law no. 49/2012, approved by Law no. 100/2014), on February 24<sup>th</sup> 2015 the Minister of Justice issued an order for the approval of the new structures of the Courts of First Instance and Court of Appeals, including administrative courts. During the review of these structures, special focus was placed on the fulfilment and addition to the structure of the administrative courts, anticipating 41 additional employees of which 25 legal assistants and 16 employees of the judicial administration. This revision placed special focus on the two administrative courts of Tirana (the court of First Instance and the Court of Appeals) due to the workload of these courts, thereby aiming to increase their efficiency. Furthermore, the Minister of Justice, after consulting with the administrative courts, has approved two Orders (pursuant to Law no. 100/2014), regarding procedures for the appointment of legal assistants in these courts. The legal assistants are foreseen to begin their activity shortly.

In cooperation with AOJB and with the courts themselves the necessary legal amendments and proper investments are carried out, in order to relocate the premises of the Administrative Court of First Instance Durres to the premises of the Office of Local Law Enforcement Durres. This investment has enabled the accommodation of judges and administrative court staff. Also by CoMD 646, dated 10.01.2014 "*On the transfer of real estate property under the designation "Former directorate of High School Dormitories, Tirana"*", under the management responsibility of the Ministry of Justice, and on the amendment of decision no. 834, dated 13.12.2006, of the Council of Ministers "*For the approval of the list of partial inventory (part one + part two) real estate property in the Municipality of Tirana, Tirana County*", as well as an addition to the decision no. 1292, dated 24.09.2008, of the Council of Ministers, "*Delegating the management responsibility of the land and building of district courts and appeal courts*" amended, it has been approved the delegation of management responsibility to the MoJ of the premises of the former directorate of high-school dormitories, Tirana, in order to accommodate the Administrative Court of Appeal, Tirana. The Ministry of Justice is in close collaboration with AOJB for the improvement of the infrastructure in a

number of courts; the Administrative Court of First Instance Shkoder and the continuance of improving the conditions for the Court of First Instance Durres as well as the Administrative Court of Appeals Tirana.

In regard to staff training of administrative courts (judges and court administration), the School of Magistrates has conducted training sessions for judges of administrative courts in the period January-July. (The most recent training was conducted on the 30<sup>th</sup> of January 2015). Furthermore, the training with the staff of the administrative courts on the use of the ICMIS system continues. The system is functional in two administrative courts in Tirana and the Administrative Court of Durres. In line with what the structures of the administrative courts for IT specialist foresee, the system is expected to be functional in 4 other courts. In the meantime, the installation of the audio system in these courts will begin in March, in line with the implementation of the Just Project of USAID.

Based on the legal provisions of the Civil Service Legislation and on the relevant guidelines drafted and approved in order to facilitate this process, two pool-recruitment procedures have been organized based on the institutional planning. In order to avoid excessive bureaucracy and possible human errors, the applications can only be made online via the official website of the Department of Public Administration which has been properly designed to assist all applicants in this process and the entire process is automated and based on innovative methods. In the website, all interested candidates can find information regarding a detailed explanation of the application method, the general and specific criteria that each applicant must fulfil according to the group position for which they seek to apply, as well as important deadlines for submitting the relevant documents required for these applications.

The first pool recruitments, announced in August, 2014, covered the needs for the central state administration institutions and their subordinate institutions, for which DoPA is the responsible unit. For independent institutions, the recruitment process is managed by their relevant HRM units. 113 vacant positions in 18 administrative special group positions were announced. For these positions over 5300 applications were received from which 1900 applicants qualified for the competition phase. Out of these applicants, 38 have been announced as winners and 6 were winners from the lateral transfer procedures.

In October 2014, the Department of Public Administration began the 2<sup>nd</sup> pool recruitment process with a total of 148 published vacancies (in 58 administrative special groups of the executive level) for which approximately 7000 applications were submitted (around 2000 more than the applications received during the 1<sup>st</sup> pool recruitment process). After conducting the preliminary verification; 2100 applications passed on to the next phase. The 2<sup>nd</sup> recruitment process, from October-December, resulted in 114 winners of the competition.

The process of competition is comprised of two has two phases. The first phase includes the verification of documentation and general criteria's while the second phase verifies the skills of the candidates. The second phase is composed of a written form test for the professional skills as well as a structured interview which serves to evaluate the knowledge and skills of the candidate. The written tests are anonymous and based on the scoring system which has been automated successfully. The competitions are carried out by the Permanent Selection

Committees which remains a novelty of the new civil service law, in the sense that these are Permanent Selection Committees that have a two-year term; committees which are selected for group positions. They are composed of representatives from public institutions, experts of the relevant field and representatives from the Department of Public Administration. Initially, according to legal provisions the vacant positions are opened for lateral transfer and then they are opened for candidates from outside the civil service system.

Furthermore, on the functioning of the TMC the required measures have been taken for the establishment and functioning of the National Selection Committee for TMC which is composed of 9 members. All the Members of the TMC have been appointed and on 31<sup>st</sup> of October the first meeting was held for constituting the members of National Selection Committee for TMC, in accordance with the relevant legislation. The second meeting of the TMC was held on December 5<sup>th</sup>, 2014 while the third meeting on December 29<sup>th</sup>, 2014.

The National Selection Committee of the TMC organized the Direct Admission Procedure to the TMC from the 17<sup>th</sup> of January 2015 to the 20<sup>th</sup> of February. The written test's procedure was organized on the 17<sup>th</sup> of January. 36 preselected candidates and 32 public servants (heads of subordinate institutions) participated in the national competition. The NSC evaluated the candidates' resume and organized the structured interviews with each candidate during the 22<sup>nd</sup> -27<sup>th</sup> of January. A preliminary list of winners was published at the official website of DoPA. The NSC of the TMC ruled 13 administrative complaints. At the end of the process the NSC sent the final list of winners to DoPA.

During the 26<sup>th</sup> – 27<sup>th</sup> of November DoPA was also supported by SIGMA in the process of improving the system of performance appraisal in order to make it more fair and transparent. As such, a two-day workshop was carried out with representatives from public institutions, which focused on making the new Council of Ministers decision on performance appraisal as practical, simple and applicable as possible for all civil servants of the new civil service law.

In this regard, SIGMA provided presentations on best practices as well as concrete ideas on how to make this possible. As such SIGMA invited in this workshop, practitioners who presented solutions from the countries that have appraisal systems based on goal setting and explained how the goals may be set and appraisals conducted. This will further assist Albanian public institutions in setting properly the goals for employees, units, departments, etc. and also in improving the approach of the supervisors in this process.

Following the reconstruction of ASPA's building and completion of training facilities with IT equipment and tools for the development of training activities, four training facilities have been fully equipped and furnished with a total capacity of 100 persons. The approval of CoM Decree on ASPA's building and request for tendering the reconstruction and completion of another 4 training rooms is in process and is foreseen for March 2015. Moreover, the methodology for assessing the skills assessment has been developed while the first draft of the training strategy 2014-2020, in the framework of the Strategy of Public Administration Reform is ready and consultations are to be held. A training curriculum for the TMC based on an analysis of training needs has been drafted with the support of the TAIEX Programme

as well as the new training plan for 2015 defining target groups, mandatory training and development period.

In the period January – December 2014, only in ASPA premises, 156 Training courses have been delivered in 530 training days and 3790 Civil Servants have been trained. According to the training plan for 2015 for the period of January-February 2015, 30 Training courses have been delivered in 209 training days and 916 civil servants have been trained, only in ASPA's premises.

Two MoU's have been signed with French and Italian Schools of Public Administration (ENA and SNA) and another MoU with Universities and other organisation in quality certification. In line with the digitalisation process of the training materials, the first e-learning module is now available on ASPA's website. In the meantime, ASPA has continued to provide trainings according to its trainings schedule.

With the aim of increasing its human resources, DoPA's new structure is composed of a number of 43 employees (compared to the previous structure with 22). At present 36 positions are filled and this number includes existing DoPA employees as well as those recruited under the former and the new CS legislation. The recruitment for the remaining 7 vacancies will be carried out according to the recruitment procedures determined by the new civil service legislation.

*In order to enhance capacity building* and be able to meet the challenges ahead, DoPA's staff has undergone a number of trainings, organized by the Albanian School of Public Administration, the Regional School of Public Administration as well as the European Institute of Public Administration. The trainings undergone have been in the fields of the new civil service law, project proposal drafting, human resource management, European Union law, etc.

In order to present the developments related to the implementation of the new civil service legislation and also discuss issues/problems encountered during this 10 month of its implementation. On 24 November 2014, DoPA organized two roundtables with representatives, from public administration institutions, local government, independent institution, local and international organization, donors, etc. Amendments to the Civil Service Law were proposed and approved in the last plenary session of Parliament in December 2014 (Law no. 178/2014).

The drafting of the new public administration reform strategy resumed in January, with the aim of broadening its strategic framework. An inter-ministerial and inter-institutional working group responsible for the PAR Strategy were established. The process of drafting the Strategy has been assisted by OECD/SIGMA. The new strategy is foreseen to cover public administration organisation, policymaking, e-government and ensure also a link to public financial management and programming. The approval of the PAR strategy is expected to be the end of March 2015. In the last meeting of the inter-ministerial working group held on 2<sup>nd</sup> of March, the activities to be included in the PAR strategy were defined. The draft will be sent officially to line ministries and independent institutions for their comments and feedback

prior to being sent for approval to the Council of Ministers. Furthermore, by 18th of March there will be the public consultation of the PAR Strategy with the stake holders, civil society, donors and independent institutions.

Pursuant to the law No 152/2013 "On the civil servant" as well as CoMD No 116, dated 05.03.2014, DoPA has carried out the inspection of all the personnel files regarding the obligation for the declaration of the employment status of each servant / employee of the state administration institutions involved in the civil service. The file(s) of every existing employee have been certified by the working groups set up in DoPA with the aim of employment status declaration for every employee.

Based on CoM decision no.116 the process was foreseen to terminate by August 2014. The process was delayed, due to the fact that several employee files lacked relevant/required documents and DoPA in these cases returned the documents for completion to the respective institution and held several formal and informal communications to ensure proper compliance with the CSL obligations. In this regard, a decision no. 532 was adopted dated 06.08.2014 "On some amendments to Decision no. 116, dated 05.03.2014 of the Council of Ministers "On the personnel status and current employees profiting from civil servant status, according to law no. 152/2013 "On the civil servant". According to this decision, employees of subordinate institutions part of the state administration that become part of the civil service and that at the time of the status declaration do not meet the criteria of having the diploma of higher education, will continue under the condition that within a two years' timeframe they will meet these requirement.

Upon the termination of this procedure, 6,370 files of employees pertaining to institutions subordinate to the Prime Minister's Office and line ministries were inspected. 3750 employees were certified as civil servants; 2107 were certified as civil servants in probation period; 294 employees did not receive the civil servant status of which 161 were recruited after February 26<sup>th</sup> 2014, 96 did not fulfil the 'university degree' requirement, 1 due to absolute invalidity of the act because it resulted in two employees appointed for the same position, 34 did not comply with the specific criteria for that position as determined by the specific legislation on which the institution functions and 2 due to the fact that they had fulfilled the retirement age. 144 employees are under the condition of meeting the required criteria within a two year's timeframe from which 126 must meet the specific diploma level and 18 must acquire the 'internal audit certificate'. 75 files have been deemed as incomplete; for this reason DoPA has not issued an answer.

In relation to the implementation of the court appeals decisions, and in order to ensure proper implementation of these decisions a Working Group with representatives from relevant state institutions has been established. The working group is in charge of carrying out a case by case review/verification of court decisions and find appropriate solutions for each case. There are in total 92 court decisions identified that need to be reviewed on case by case basis.

In terms of ensuring independence and capacity building of independent institutions (Ombudsman, CSC, SAI), the Albanian Parliament on 27.11.2014 approved the Law No 155/2014 "On some addenda and amendments to Law No 8454, dated 04.02.1999, "On the

Ombudsman. These legal developments increase the independence of the Ombudsman, improve the structure of this institution as well as promote feasibility of proactive actions of the Ombudsman, more concretely due to the fact that now procedures for selecting commissioners have become more transparent and extended the term of their mandate. Furthermore, the time limits within which the Assembly should examine reports of the Ombudsman is clearly defined which is a novelty compared to the previous legal arrangements that did not foresee deadlines. Also, the developments strengthen the role of the Ombudsman, anticipating his right to initiate mainly (ex officio) procedures for investigation and handling of cases of violations of the rights of citizens made public, without the prior consent of the person concerned or damaged. It also widens the circle of entities to which the provisions of the Law on the Ombudsman will apply to, adding to the existing category of foreigners, refugees, stateless persons and asylum seekers. Moreover, the legal changes determine the creation of two sections:

- New section on the Protection and Promotion of the Rights of the Child.
- Section rises at the National Mechanism for Torture Prevention, Treatment or Punishment Wild, Inhuman or Degrading.

Also, the Assembly, willing to support performance and strengthening the administrative capacity of the Ombudsman as a constitutional institution of protection of human rights, during the review of the draft law "On the budget of 2015", approved additional budgetary and structural in the value of 2 million, in the "operating expenses" and an additional staff of the organization (finance specialist).

Relating to the Supreme State Audit Institution the new law no.154/2014 "On the organisation and the functioning of the Supreme State Audit Institution" has been adopted.

Some of the innovations of this new law are widening the scope of audit activity, including in the field of external audit, besides the compliance and audit of financial regularity provided in existing law, also the performance audit and information technology audit, improving relations for obtaining information from auditees and defines the right SAI (Supreme State Audit Institution) – to provide by all the entities, all of the information and the written or electronic documentation it deems necessary to carry out the audit, even when this documentation constitutes a state secret or is confidential. On the other hand, aiming not to affect the right of confidentiality of data to private entities taxpaying, law stipulates certain restrictions. It also expands powers to audit of the SAI related to the annual financial statements for general government units; activities in regulated sectors under concession contracts; users of public funds provided by the European Union or other international organizations.

As for budget year 2015, SAI presented its draft-budget which had been consulted earlier and received the understanding of the Ministry of Finance, in terms of general fund figures budget and number of employees. The budget allocated to SAI for 2015, according to its request is 380,000 million and the number of employees is 171. Compared to budget of 2014, the budget of this institution has undergone a slight increase in general fund budget (370,150 million) and the number of employees (166). This budget provides institutional independence

and functioning of the SAI activity, to fulfil its functional tasks. SAI has to implement the budget funds by using them efficiently and effectively.

Regarding the appointment of the Commissioner for the Oversight of Civil Service and by considering the importance of this independent institution, the Albanian Parliament decided to hold an open, public, transparent, and consensual process for the selection of the Commissioner for the Oversight of Civil Service. Pursuant to the decision no. 33/2014 of the Parliament of Albania "For the preliminary selection procedure for the Commissioner for the Oversight of Civil Service", amended by Decision No. 41/2014 and 45/2014 of the Parliament, and at the end of a 45-day deadline specified in the official announcement, 6 official candidates submitted their applications. As the second stage of this process, the Albanian Parliament, before closing the first parliamentary session, on 25/07/2014, organized a public hearing with 5 out of 6 candidates competing for the vacancy of the Commissioner for the Oversight of Civil Service.

On 10/27/2014, with signatures from not less than 28 members, the proposal with two candidates was deposited in Parliament protocol to continue with the selection of candidates in the legal Commission under the provisions of the Rules of procedure of Parliament, Article 111 of Assembly and its decision No 33/2014. One of the candidates was presented with the consent of 28 MPs, as a competitive candidate included in the open competition and after the public hearing organized by the Assembly, while the other candidate came directly as a proposal selected by not less than 28 MPs, who argued and reasoned the candidacy proposal submitted by them as to fulfilling the legal requirements and professional experience and merits for the vacant position of the Commissioner.

The two candidates who were considered valid by the Commission of the laws, were forwarded to the plenary session which in date. 30/10/2014 by Decision No. 85/2014, selected by majority vote the candidacy Ms. Pranvera Strakosha as Oversight Commissioner Civil service provider. In cooperation with DoPA and the Ministry of Finance, the structure and number of technical secretariat as supporting staff of the Commissioner for the Oversight of Civil Service were discussed and then approved in Parliament.

On December 4<sup>th</sup> 2014, pursuant to article 11, paragraph 4, of Law No.152/2013, "On the civil servant", amended, the Assembly of Albania approved Decision No. 98/2014, "On the approval of the structure, the organigram and the classification of job positions of the Commissioner for the Oversight of the Civil Service".

Since the beginning of its activity the Commissioner has started its cooperation with SIGMA experts, in regards to the discussion of the drafts for two important acts of his activity: The Internal Regulation "*On the organization and functioning of the Secretariat of the Commissioner for the Oversight of the Civil Service*" and the Regulation "*On the procedures of supervision/ inspection*". These materials have been consulted on several meetings with experts from SIGMA, who have provided an intensive assistance and very efficient with their recommendations and currently these acts are completed.

For 2015, the Institution of the Commissioner for the Oversight of the Civil Service, pursuant to Law No. 160/2014, dated 27.11.2014, "*On the State Budget of the Year 2015*", has been awarded a budget in the amount of 48,470 thousand ALL. The budget approved by the Assembly, to COSC for 2015 is adequate and guarantees the well-functioning according to the required standards and effective implementation of the law no. 152/2013 "For civil servants". The Commissioner has submitted upon the request of the Albanian Assembly the Annual Report regarding its activity for the year of 2014, but taking into consideration the time when this institution has started to exercise its legal competencies (December 4th 2014), the content of this report also included the activity of the institution until the middle of February, 2015.

In order to recognize the situation of the civil service, the Commissioner has started working for the collection of the data in this field by communicating with 118 institutions that employ civil servants.

In the implementation of the legal competencies, in the field of supervision of the administration of the civil service, the Commissioner has started the process in institutions with different typologies, such as independent institutions, state administration institutions and local government units, among which: The Commissioner for Protection Against Discrimination, Regional Council of Shkodra, The Municipal Unit No. 8, the State Committee on Cults, The Inventory and Transferring of Public Properties Agency, the Institute of Forensic Medicine and the National Licensing Center.

The process is on various stages of its development and specifically, for the Commissioner for Protection Against Discrimination, Regional Council of Shkodra, Municipal Unit No. 8 and the State Committee on Cults, the collection and the processing of data has been completed and the Project report of Supervision is being prepared, which will be sent to the institution in order to allow them to provide observations regarding the observed irregularities. Meanwhile, for the other institutions, the process is at the stage of data collection on the subject and their processing.

On the basis of the information collected in different ways, the Commissioner has started the general inspection in regards to the declaration of the employment status in the institution of the Albanian Geological Service, which has 133 job positions that are part of the civil service. Currently the process is at the stage when the Project report has been sent to the institution in order to allow them to make observations about the irregularities that have been highlighted in the material. In the content of the material have been laid down the violations and the ways for the adjustment of the situation have also been given.

Meanwhile, it results that at the institution of the Commissioner have been submitted different types of information from 21 civil servants of different institutions, for which the relevant verification act has been issued and the majority of it has been completed by sending also the recommendations for the improvement of the state of legality. The structure and the salary scheme have been approved on the 4<sup>th</sup> of December, 2014. The number of employees under the new structure is 31 in total.



## *KP 2: Reform of the justice system*

The activity of Ministry of Justice during 2014 and 2015 is focused on the implementation of justice reform. Ministry of Justice, in the framework of implementation of the justice reform, has organised two national conferences with stakeholders and groups of interest of the system: on 6 October 2014 (this activity is organised in cooperation with the President of the Republic) and on 31 October 2014.

### *Adopted legislative initiatives*

Law 101/2014 “*On some addenda and amendments to law no. 8811, dated 17.05.2001 “On organisation and functioning of the High Council of Justice”*”, initiated by a group of deputies. The law pays special attention to problems encountered throughout the activity of the HCJ during these last years and the need to reform the legislation governing the organisation and functioning of this constitutional body, so as to increase transparency, accountability and efficiency.

*Law no. 99/2014, dated 31.07.2014 “On some addenda and amendments to law no .7905, dated 21.3.1995 “Code of Criminal Procedure of the Republic of Albania” amended*, which amendments aim at facilitating the actions in case of jurisdictional relations as regards the shortest time period and most effective way for the judicial authorities or proceeding authorities in general to decide based on the evidence, on the testimonies within a shortest period of time.

Moreover, this law amends even article 75/a, as it foresees that the Court for Serious Crimes tries the crimes foreseen by article 265/a, 265/b, 265/c of the Criminal Code; this being provisions added by law no. 98/2014, “*On some addenda to law no. 7895, dated 27.1.1995, “Criminal Code of the Republic of Albania”, amended*”.

*Anti-mafia law* consisting of:

- Law no. 21/2014, “*On some addenda and amendments to law no. 7905, dated 21.3.1995, “Code of Criminal Procedure of the Republic of Albania”, amended*” and
- Law no. 24/2014, “*On some addenda and amendments to law no. 10192, dated 3.12.2009 “On prevention and striking at organised crime and trafficking through preventive measures against assets”*”.

The above-mentioned interventions reflect the constitutional amendments of 2012 through which it was lifted immunity of high officials, especially the immunity of judges and such amendments classify corruption as a serious criminal offence as it is foreseen that such cases are tried by the Court of Serious Crimes so as to enable the seizure/confiscation of unjustified assets deriving from such offences. The amendments were adopted in order to increase the quality of investigation and adjudication of corruption criminal offences, aiming at the punishment of the individuals who committed corruptive actions, strengthening of the rule of law, as these are indispensable requirements for Albania to advance on its road towards membership in the European Union. This law was adopted together with law no. 24/2014

"On some addenda and amendments to law no. 10192 dated 3.12.2009 "On prevention and striking at organized crime and trafficking through preventive measures against assets".

*Law no. 155/2014, "On some addenda and amendments to law no. 8454, dated 04.02.1999, "On People's Advocate", amended".* Amendments to law no. 8454/1999, aimed at:

- increasing independence of the People's Advocate;
- modifying the structure of the institution;
- promoting feasibility of proactive actions of the People's Advocate.

*Law no. 119/2014 "On the right to information",* such initiative creates a new position which is that of the "Coordinator for the right to information" and provision of his competences; it defends the right of each citizen to be informed, without the need to point out the reasons; it defines the obligation to prepare and approve the transparency programme; it foresees violations and administrative sanctions; it defines competences and procedures for handling of complaints. The innovations of law no. 119/2014 "On the right to information", are as follows:

- Definition of competences of the Commissioner for the Right to Information and Protection of Personal Data to observe enforcement of this law by the public administration bodies, draft transparency programmes, process complaints and impose administrative sanctions;
- Protection of the right to information of every citizen, without the need to explain the reasons;
- Regulating preparation, adoption and review of the transparency programmes;
- Regulating access to information/public official document;
- Creation by the public authority of a special registry book which reflects all the requests for information and feedback information;
- Provision of violations and administrative sanctions in the area of the right to information;
- Regulating competences and procedures for the handling of complaints in case of infringement of the right to information.

*Law no. 100/2014, "On some addenda and amendments to law no. 49/2012 "" On organisation and functioning of Administrative Courts and adjudication of administrative disputes".*

This law provides for the legal assistants to facilitate the work of judges of the first instance administrative courts and administrative court of appeal and it guarantees them independence in the exercise of their function. Amendments in the law foresee new provisions linked to the conditions defined by law as regards the candidates for legal assistants attached to the administrative courts of first instance and Administrative Court of Appeal. The innovations of the draft-law may be summarized as follows:

- Definition of the number of legal assistants for each administrative court. In any case the number may not be less than 50 % of the number of judges of the court.
- The selection process of legal assistants is subject to competition recruitment, transparent and merit-based process.

- Definition of procedures of appointment, release and dismissal of legal assistants and their remuneration. The remuneration of the legal assistants shall be 75% of the salary of the judge of the court.
- Provision of the conditions for appointment to be met by the legal assistants, which foresee that the candidates must have a degree in Law and professional experience of over 5 years, - for the legal assistants to the Administrative Court of First Instance- and over 7 years - for the legal assistants to the Administrative Court of Appeal.
- Definition of the composition, functioning and selection procedure of candidates for legal assistants by the *ad hoc* commission.

*Law no. 97/2014, "On some addenda and amendments to law no. 8136, dated 31.7.1996, "On Magistrates' School", amended".* The proposal of the law by a group of MPs was rated as a need to maintain and further strengthen the high professional level of the SM, providing legal guarantees for the protection of the structure of the phenomena and problems, which is being years battling justice system in Albania.

*Law no. 77/2014, "On some addenda and amendments to law no. 10.039, dated 22.12.2008, "On legal aid", amended".* Review of law no. 10039 dated 22.12.2008 "On legal aid" amended, because of the problems identified by the State Commission for Legal Aid, during its enforcement. Inter alia it clearly defines the criteria to be granted legal aid.

*Law no. 40/2014, "On some addenda and amendments to law no. 8328, dated 16.4.1998, On the rights and treatment of convicts and remand prisoners ", amended".* The amendments through the law no. 40/2014 regulate issues such as: treatment of minors, treatment of convicts who suffer mental problems and disability, coverage from the compulsory health care insurance scheme, requests and complaints, disciplinary measures, rules of transfer, furloughs and special leaves or protection of personal data.

*Law no. 36/2014, "On some addenda and amendments to law no. 10 032, dated 27.07.2008 "On prison police".* Amendments to the law no. 10032 dated 11.12.2008 "On prison police" were undertaken in order to create a prison police service which is sustainable, professional, merit-based, which has moral integrity and political impartiality in guaranteeing order and security in the Prison Institutions, in respect for the fundamental human rights and freedoms of the convicts. The law defines similar rules on the conditions and procedures of admission with the Prison Police, the manner of starting employment relations, career development, guaranteeing of the rights and defining obligations of the prison police employees.

#### *Pending legislative initiatives*

*Draft law " Code of Administrative procedures"* - after an intensive work, in 2014, it was submitted to the Council of Ministers for review and approval the draft decision proposing the draft law "On the Code of Administrative Procedures" which was approved by the Council of Ministers in June. On 16 July 2014, the Parliamentary Committee on Legal Issues, Public Administration and Human Rights adopted, in principle, the draft law which article by article review is taking place according to the calendar of activity of the Committee.

*Draft law "On the system of evaluation of judges"* - this initiative is taken in order to create a merit based and transparent process for the appointment, transfer and promotion of judges. The aim of the draft-law is to improve the performance of the judiciary in general, by promoting quality and efficiency in rendering justice through the evaluation of professional skills of judges. Ministry of Justice in cooperation with EURALIUS Mission and the groups of interest has prepared the draft law which is submitted to an external consultation process. To this purpose, in the premises of the Ministry of Justice, on 27 February 2015, the first consultative meeting with the representatives of the judiciary was organised.

*Draft-law "On judicial administration"* -such initiative is undertaken in order to govern the status of the judicial administration which will reflect the decision of the Constitutional Court of 2014. Ministry of Justice with EURALIUS IV assistance and in cooperation with the groups of interest is about to finalise the first draft of the draft law.

*Draft-law "On international arbitration"* – such initiative aims at the development and promotion of alternative systems of extra-judicial dispute resolution.

*Draft-law "On some addenda and amendments to law no. 10018, dated 13.11.2008 " On the State Advocate Office"* - it aims at governing several problems and legal gaps encountered during 15 year experience of the institution of the State Advocate. The draft law is submitted to the Council of Ministers for review and approval.

*Administrative measures to improve the functioning of the judicial system*

Administrative courts

*For detailed information regarding administrative courts please refer to the information provided for Priority 1.*

Digitalisation of courts

During 2014, installation of the audio system in the courts of first instance and courts of appeal has been ongoing, thus reaching a total of 26 judicial and appeal courts; 115 courtrooms and there have been trained 663 employees: 252 judges, 391 employees of the judicial administration and inspectors of the Ministry of Justice and HCJ.

ICMIS system is already installed in all the courts and it is efficiently operating in most of them. Maintenance, functioning and frequent monitoring of this system is done completely by the Ministry of Justice which has ensured the necessary funds for this purpose. During the period March 2012 until February 2015 there has been important development of the system as regards both frequent improvement of the functionalities of the application and its extension in the courts which do not use this system.

Concerning the administrative courts, Ministry of Justice through the award of a contract in relation to the ICMIS system in administrative courts has followed the installation and implementation of this electronic system.

The system during the period September - November 2014 was installed and configured in seven new administrative courts.

This step anticipated the process of the training on the use of the system. Training is provided for the Administrative Court of Appeal, Administrative Court of Tirana and Administrative Court of Durres.

ICMIS in these courts is considered fully implemented, thus ensuring the electronic recording of all the cases, electronic drawing of the lot, processing of sessions through the system until the closure of cases and recording in the system of the operative part of the decisions and final reasoned decision.

In four other administrative courts (Shkodra, Korça, Vlora, Gjirokastra), Ministry of Justice has planned the training and functioning of ICMIS as of March 2015.

ICMIS, in the judicial district court of Tirana is being implemented in close cooperation with EURALIUS, initially in the family matter sections of the civil chamber. Initial training is provided to the administrative staff and judges during February 2015. The system will be tested during March to be fully implemented gradually even in other civil and criminal sections.

The Court for Serious Crimes started recording the files in ICMIS in January 2015. In this court, following the required improvement to the module of the electronic lot, ICMIS started to function fully in February, and it will gradually replace the old ARK-IT system.

ICMIS is not made functional in the judicial district court of Kukësi because of a hardware problem of ICMIS server. A new server for the audio recording of court hearings and their incorporation with ICMIS will be provided with the assistance of JUST/USAID project. As soon as the server is provided, work will start with the recording of the files in the electronic system, after the training of the staff of this court by the Ministry.

Frequent training is organised upon request of the courts as regards the proper use of the case management system. Such trainings for the courts which use considerably the system have been short period training sessions and for specific issues. Training is provided by the Ministry of Justice for almost each district or appeal court in order to ensure proper functioning of the electronic recording of cases during the daily work with the system.

#### Judicial archive

During 2014, Ministry of Justice held an intensive consultation process with the courts and other stakeholders of the system to enable the filing of their archive because of the problems presented by them. Following such consultation, Ministry of Justice took the initiative to draft the DCM no. 858 dated 17.12.2014 "On the creation of the state archive of the judicial system". Such decision creates a special structure under the Ministry of Justice to administer and manage the archive of the courts.

## Disciplinary proceedings against judges

Ministry of Justice during 2014-2015 has deposited with the HCJ 25 requests for disciplinary proceedings against 23 judges<sup>5</sup>. There have been proposed:

- 14 request for dismissal from duty;
- 5 requests for reprimand with warning;
- 6 requests for transfer to another court for a period of 1-2 years.

From the total of the deposited requests, there have been processed 18 requests for 18 judges, in relation to which it has been decided: 2 judges are dismissed from duty; 8 judges are subject to the measure reprimand with warning; 1 judge is subject to the measure reprimand; 1 judge is transferred for 2 years to another court; 1 judge is released from disciplinary proceedings; the request of the Minister of Justice against 5 judges is dismissed.

## Inter-institutional cooperation in the fight against corruption in the judiciary

During 2014, inter-institutional cooperation in the fight against corruption in the justice system is strengthened. After cooperation with HIDAACI, Minister of Justice proposed to the HCJ dismissal of 3 judges, in relation to whom it was found irregularity in verification of their assets, and the legal procedures are initiated even in three other cases against judges, based on the information submitted by HIDAACI.

On the other hand, 6 functionaries of the justice system accused for corruption and concealing assets are subject to the investigative and judicial actions:

- 2 judges are punished for the criminal offence of corruption;
- 1 prosecutor is being tried for the criminal offence of corruption;
- 3 judges are being investigated based on the criminal report of HIDAACI.

By decision no. 143, dated 05.12.2014, HCJ set up a working group "to govern the concept of the judge who is promoted recently in the frame of the promotion procedures, who is not qualified in the next promotion". By decision no. 1 dated 26.01.2015 the Council approved the proposal of the working group to list at the bottom of the list the candidates who within a two year period are appointed/transferred or appointed to management functions, in court or reflect in the list, in an identifiable way, such attribute of theirs. This will improve the process of appointment and transfer of judges and creates stability in the functioning of courts or protection of integrity of the judge.

Currently, for each issue which is subject to discussion, each decision is reasoned, is numbered, is identifiable and it clearly contains the reasoning behind it.

Moreover, concerning this measure, the High Council of Justice has set up a working group that will draft the internal rules of HCJ functioning. This working group will see the possibility to reflect even the establishment and functioning of the permanent commissions

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<sup>5</sup> Disciplinary measures have been proposed twice against two judges.

within the Council, which activity and functioning will be quite important in the decision-making process of the Council and it will increase the quality of reasoning of decisions.

The Council, in the agenda of the next meeting to be held in March 2015, will examine and approve the draft decision "on the scheme of professional and ethical evaluation of inspectors and chief inspector of the HCJ". Such evaluation system serves to the vision of transforming the Inspectorate into an efficient, professional structure which has integrity in performing its main function of monitoring performance of judges and increasing public trust and the trust of the community of judges in this structure. The draft is prepared with the EURALIUS IV assistance and it has been requested the opinion of international partners, EU Delegation, OSCE.

Until 24.02.2015, it has been collected the documentation for 248 judges, of whom:

- HCJ has approved the final evaluation for 72 judges;
- Evaluation is completed for 46 other judges, who have been informed of the evaluation and it is expected that the HCJ will finally decide about their evaluation in the next meetings;
- Exemption of 10 judges from evaluation for different reasons is decided (retirement, dismissal from duty, appointment to another position, death etc).
- Chief inspector is preparing a final draft acts in relation to 20 judges to be further submitted to HCJ for review;
- Inspector is preparing a finding report in relation to 13 judges to the further submitted to the Chief Inspector;
- Inspectors are processing the files in the court for 13 judges, after the drawing of the law, in order to further proceed with the drafting of the finding report;
- The responsible inspector is assigned for 74 judges and the preliminary process of the drawing of the lot and examination of the files in the courts is being held.

During the period 01.01.2014 - 31.12.2014 the number of complaint submitted to the High Council of Justice is 881. 855 complaints are submitted via mail service and 26 complaints are submitted via electronic mail. Out of this number of complaints, 200 complaints are verified, 681 are archived after completion of the preliminary examination and finding that they were manifestly ill-founded. Out of 200 complaints, 26 are sent to the Ministry of Justice for competence, 1 is sent to the HIDAACI for competence and 11 are sent to the General Prosecutor's Office for competence.

High Council of Justice, during December 2014- January 2015, with the support of OSCE Presence in Albania published the leaflet entitled "How to address a complaint to the High Council of Justice". The aim of such leaflet is to inform the citizens of the acts or omissions of judges which may be subject of their complaint before the High Council of Justice. The publication explains the way complaints are addressed, how the Inspectorate of the High Council of Justice verifies them by conducting the respective inspection. This publication will be found in the premises of the court where the citizens may access it or easily consult it. During the two months of 2015, 113 complaints are deposited with the HCJ, two of which are sent to the Ministry of Justice for competence and 1 is sent to the General Prosecutor's Office for competence.

By decision no 3 dated 26.01.2015 the High Council of Justice decided to appoint a member of the High Council of Justice as representative of the State Commission for Legal Aid.

The High Council of Justice in the plenary of 26.01.2015 discussed on the thematic inspection of administrative courts and thematic inspection of the courts of first instance and appeal, concerning domestic violence. The Inspectorate prepared action plans to conduct such two inspections which are expected to be approved in the next HCJ meeting.

In the plenary of 04.02.2015, HCJ discussed on the preparation of a calendar of conduction of annual analysis in the courts of first instance and appeal as regards their activity during 2014.

Court decisions are published in the portal [www.gjykata.gov.al](http://www.gjykata.gov.al). Ministry of Justice upgrades the portal on frequent basis in order to facilitate access and improve information.

The company administering ICMIS prepared a form to record the judicial decision with anonymous personal data in order to comply with the respective law. It is up to the judges to make use of this new ICMIS application. Only the decision is published in the central portal [gjykata.gov.al](http://gjykata.gov.al). HCJ decisions are published on regular basis on the official website of the institution. Concerning the publication of decisions of the courts, this measure is a responsibility of the MoJ. For the purpose of organising the activity, on 21.11.2014, in the premises of the Ministry of Justice it was organised the workshop with representatives of three institutions, Ministry of Justice, Commissioner for the Right to Information and Personal Data Protection and High Council of Justice to be presented to and to discuss on the steps that will be taken throughout the process.

During 2014, a total of 25 chairs of courts are appointed.

In the meeting of 24 February 2014:

- The Council approved the Report of the Commission Administering the Selection Exam for judges in the administrative courts of first instance, for the exam organised on February 3rd.
- The Council decided the setting up of a working group to prepare the respective proposals for amendments to the law no. 49/2012 "On organisation and functioning of the administrative courts and adjudication of administrative disputes" which will be consulted with the international partners and corpus of judges.
- The Council appointed the Chair of the Administrative Court of Appeal.
- The Council proposed to the President of the Republic the appointment of two judges, one judge of the Court of Appeal of Korca and one judge of the Court of Appeal of Gjirokastra.

HCJ, in implementing the Decree of the President of the Republic no. 7818/2012 concerning the Court of First Instance, Lushnja, by decision no. 87, decided to transfer one judge of this court to the court of first instance of Tirana and propose to the President of the Republic the appointment of another judge K.M who won the selection competition for the Administrative



Court of First Instance, to the Court of First Instance of Tirana. The judges are decreed by the President of the Republic.

By decision no. 97, the appointment of a judge to the court of Appeal of Korça was proposed to the President of the Republic and he was decreed.

In implementing the Decree of the President of the Republic no. 7818/2012, it was proposed and decreed by the President of the Republic the appointment of two judges to the Court of Appeal for Serious Crimes; 1 judge to the First Instance Court for Serious Crimes.

The enforcement of the Decree of the President of the Republic no. 7818 dated 16.11.2012 has been the priority of work of the HCJ meetings.

During 2014:

- 5 judges (2 judges of the Court of Appeal for serious crimes) were appointed to the courts of appeal
- 17 judges were transferred to the courts of first instance
- 2 judges were appointed to the courts of first instance.

There is no court to have a higher number of judges than the number defined by decree of the President of the Republic.

On 04.11.2014 by order of the Prosecutor General, was approved the Regulation no 1 "On some amendments to the regulation on organisation and functioning of the Prosecutor's Office Council" to reflect the recommended amendments and addenda:

- Organisation of hearing sessions by the Prosecutor's Council in case of competition for promotion or head of prosecutor's office, in addition to the competition based on the file;
- Establishment of the Commission verifying the fulfillment of the legal criteria of candidates with the participation of two members of the council and one employee of the Directorate of Human resources who reports in writing to the Prosecutor's Council;
- Organisation of written competition and hearing sessions by the Prosecutor's Council for the appointment of the candidates for prosecutor, who do not come from ranks of the magistrates and who meet the requirements of article 18 of law no. 8737 dated 12.02.2001, amended;

In order to regulate the process of written competition and hearing sessions by the Prosecutor's Office Council for the appointment of candidates for prosecutors, who do not come from the ranks of magistrates, it has been approved the instruction of the Prosecutor general no. 3 dated 11.02.2015 "On the procedure of competition of candidates for prosecutor who have served as judges, prosecutors or judicial police officers".

The High Court has achieved positive results as regards its role and functioning in justice administration, including: unification of the case-law so as to property and quickly guide the

lowest courts; reduction of the number of accumulated cases through administrative measures of this court.

A few days ago, the High Court and the German Foundation "Hanns- Seidel" promoted the book "Standards of Civil, Administrative and Criminal trial- through the unifying decisions of the High Court (2000-2014)". The publication analysis and handles unifying decisions of the High Court during 2000-2014 in the civil, administrative and criminal law. This is the first publication of its kind as regards the unifying decisions and it is a document which is expected with interest by judges, jurists and academia in the country.

Currently, the High Court is taking the necessary measures as regards the review on time and without delay of the judicial cases recorded with the court. In the framework of the justice reform, recently, through the legislative amendments, efforts have been made to introduce the selection mechanisms which aim at lowering the number of cases deposited for review with the High Court, which is currently facing a considerable number of appealed cases.

Among such mechanisms it is to be mentioned the filtering system of cases filed with the High Court. Currently this filter is foreseen in the law on administrative courts, which defines the cases that are deposited to be reviewed by this Court. There is still no such filtering system for the civil and criminal cases. However, the amendments to be made to the civil and criminal procedure code foresee the use of this system even for such cases.

Another positive step in the process of acceleration of adjudication of administrative cases by the High Court are the legislative amendments made to the law on administrative court, which inter alia, foresee new rules about the composition of the judicial panel trying these cases, by reducing the number of judges of the judicial panel in trying a certain category of cases, from 5 to 3 judges. Moreover, another measure which affects the quick processing of cases is the handling in the law of the practice of notification of parties in trial. The situation created because of notification of parties had lead to confusion and postponement of the judicial processes of the court, and consequently it was needed to find the relevant and quick legal remedies to settle the problem. By now, according to several new legal amendments, the parties become informed of the holding of the trial through the announcement of the notification in the premises of the High Court and on the official website of the Court, without the need to serve the notification document. Because of these amendments to the law on administrative courts, as of September 2014 when they entered into force, it is observed a considerable increase in the number of administrative cases reviewed by the Administrative College.

It is worth mentioning that by order of the Chair of the High Court, in cooperation with the judicial panel, in 2014 it was decided the adjudication of all the accumulated civil cases of 2010 which are not reviewed by the three colleges of the High Court. As a result of this measure it is made possible the review of all the civil cases dating back to 2010.

This was done in the frame of ongoing measures taken by the Chair of the High Court, including the approval of the order to try cases by chronological order of their recording with

the Court, as a result of which it was made possible the adjudication of cases pending during 2006-2007.

Currently the High Court is reviewing civil cases of 2012 and criminal cases of 2013 and administrative cases of 2012.

With this rhythm, it is expected that within the second semester of 2015, the Civil and Administrative College will start the review of cases recorded in 2013 and the Criminal College will review cases of 2014.

Referring to concrete figures, based on the statistical report prepared by the High Court in 2014 there have been recorded a total of 6698 new cases or 1313 files more than the previous year. Meanwhile, the High Court has reviewed and taken the decision in relation to 6448 court cases. If we were to refer to the work of three Colleges of the High Court, it results that:

- Civil College has reviewed 2438 cases;
- Administrative College has reviewed 1962 cases;
- Criminal College has reviewed 2048 cases;

Even though the number of cases reviewed during 2014 has increase, almost 2000 cases, the High Court has recorded for review a number of 11 357 judicial files.

At institutional level, the chair of the High Court approved the new structure of the court reflecting the amendments to the organic law of the High Court concerning the increase of the number of judges by two new members (total of 19 judges) which was consequently followed by four additional legal assistants and three employees of the judicial administration. Moreover it has been completed the process of recruitment of legal assistances and each judge of the High Court has already two legal assistants, selected based on high professional criteria, making possible for 34 legal assistants to work at full capacity, and resulting in the increase of the number of cases settled by this court.

For 2015, based on Law No. 160/2014 "On the Budget for 2015", is approved an increase of 30 employees on judicial administration, an additional budget investment worth 70 million ALL or 50% of the investment budget for the 2014 and an increase by 7 million ALL budget for the operating expenses compared with the budget for operating expenses in 2014.

Regarding infrastructural improvements, for the Court of Appeal of Durrësi is increased the space area of work for accommodation of judges and one courtroom, thus improving the work conditions and trial conditions in this court. This investment was realized within December 26, 2014.

In the Judicial District Court of Fier, it has been considered relevant the construction of a new building through an investment. However, for the time being was invested for the improvement of the public service premises, in order to provide as qualitative and transparent service as possible. This investment was realized within December 26, 2014.

In the Judicial District Court of Berati, it has been considered relevant the construction of a new building through this investment. However, for the time being, was realized a modest investment to improve the security elements in the court. The court has completed full investment within November 2014.

In the Judicial District Court of Lushnja, investment made possible the provision of more space for the archive office and access to the persons with disabilities and also improvement of premises of public reception. The court has completed full investment within November 2014.

Works have started for the construction of the building of the Court of Appeal of Shkodra. Currently these works are planned to be extended in two years 2015-2016. Based on the budget approved by law in investments for 2015, financing of this investment is planned to be completed in 2016. The construction of the new building of the court will create the optimal conditions of work and trial according to the defined standards linked to: offices for judges and administration, courtrooms, public service premises, access of persons with disabilities missing so far.

It has been completed the adaptation of premises of the Administrative Court of First Instance Durres, which is accommodated in the premises of the Local Judicial Enforcement Office of Durres. This investment has guaranteed the premises required for the accommodation of judges and court administrative staff. Moreover, it is completed the investment to adapt the premises where the Administrative Court of First Instance Vlora (in the building of the Judicial District Court of Vlora) is located. This investment also made possible the creation of public service premise which was missing for the court before.

Concerning the provision of accountability for the system of admission with the Magistrates' School and judicial career, the School is implementing the obligations resulting from the amendments to its law. Currently it is being prepared the competition for recruitment of candidates for magistrates with all its phases, the general exam, psychological exam and professional exam. The next competition will take place in September 2015.

The continuing training programme and the training calendar have been drafted and approved by the Governing Board. The calendar is being applied on regular basis. It will be completed in July 2015.

The School, every three months, shall send detailed information to the courts concerning the possibility of application to TAIEX for activities organised in EU Member States. Information is sent in October 2014, December 2014 and March 2015.

Concerning administrative justice, the School has organised and it organises on frequent basis, training activities for the judges of these courts. In concrete terms, during the period March 2-14- March 2015, the following training activities are organised:

- Problems encountered in the Albanian judiciary concerning legislation in the area of public procurement- April 2014.
- Law on the administrative courts- June 2014

- Tax legislation and procurement- 14 and 21 November 2014.
- Problems emerging in the Albanian judiciary concerning the legislation in the tax area, legal and practical aspects, High Court case-law- January 2015.
- Legal aid in civil and administrative area. Role of the State Commission for Legal Aid in implementing law no. 10 039/22.12.2008 "On legal aid" amended- February 2015

Other training activities are planned to be held in continuation.

Training on Professional Ethics is organised on regular basis in the School. Training activities are organised on 16, 17 April and 9-11 July 2014. 3 one-day trainings held on the 2nd, 3rd and 4th of March for the candidates for magistrates and incumbent judges were completed today.

Regarding the increase of accountability of the lawyers, 64 complaints were addressed to the National Chamber of Advocacy for the year 2014 up to 3<sup>rd</sup> March 2015, from which:

The commissioner sent to the disciplinary committee 46 complaints so that they examine them. The disciplinary commission has examined 39 complaining applications so far.

The measures that have been taken:

- 3-The dismissal of the permit to exercise the profession.
- 1-The suspense of the permit to exercise the profession of the lawyer for a 1-year period as well as a compensation for the applicant of the amount of 100 000 ALL.
- 1-Advice about decent behavior in the future.
- 2-fine
- 3-notice in writing
- 4-refund of the amount.

### ***KP 3: Fight against corruption***

The National Coordinator against Corruption (NCAC) has continued its work in leading and coordinating the Key Priority 3, the fight against corruption. His role has been key not only in managing and streamlining information coming from different stakeholders but also in terms of assisting relevant institutions in fulfilling the obligations stemming from the roadmap. An action of crucial importance is the facilitating role the NCAC has been undertaking in ensuring the access of the prosecution to different available databases in order to improve and step up investigation of corruption cases. Currently, the process is still ongoing and NCAC is willing to similarly assist the General Directorate on Prevention of Money Laundering in attaining the required access to databases.

During 2014, the process of drafting the National Strategy on Anti Corruption 2014-2020 and the Action Plan 2015-2017 has been completed. The National Strategy has a three-pronged approach: prevention, repression and education (awareness rising). The process of drafting the main anti-corruption policy documents was accompanied by a series of consultative meetings with relevant institutions and interested actors, including the NGOs and business community. The inclusiveness of all stakeholders, the independent institutions and the local

level, was crucial to ensure the multi-dimensional response to this cross-cutting phenomenon. The Action Plan is a living document that will be updated every end of the year following to the monitoring of its implementation. The Secretariat of NCAC will monitor the implementation of the Action Plan on quarterly basis and at the end of each year will publish the annual report. The National Consultative Forum on Anti-corruption will be established following the approval of the Strategy and the Action Plan to ensure a broad participation and decision taking on anti-corruption policies. Both the Strategy and the Action Plan on Anti-corruption are expected to be approved by the Council of Ministers in March 2015.

On 10 December 2014, the National Forum on Anti-corruption took place in Tirana. The forum served as a platform of public accountability, so that the ministers could make public their reports on the undertaken actions to fulfill the commitments declared in the previous Anti-corruption Conference that was organized on 13 November 2013.

In May 2014, NCAC and the Ministry of Justice, with the assistance of the Dutch government began drafting the Whistleblowers Protection Act. This act will serve to increase transparency of public and private institutions by creating a better environment for employees to step up and denounce corruption cases. The first draft law was discussed on 9 June 2014, in a roundtable where representatives of the central and independent institutions as well as international actors attended. After the collected feedback, the improved version of the draft law defines the scope of the law on corruption related offences, delineates the competences of the internal mechanisms, and pinpoints which body should serve as the external reporting mechanisms and how the protection of whistleblowers should be ensured. In addition, the draft legislation foresees that it will be applied both in the public and private sector. Following to the roundtable with interested actors in end of February 2015, the draft law will be further improved and will reflect not only suggestions coming from the best international examples and Albanian counterparts but will also aligned with the Albanian legal and institutional framework. The draft law is expected to be adopted in Parliament in June 2015.

Regarding the Harmonized Statistics on Corruption and Organized Crime Cases led by the Ministry of Justice and recommendations and findings from relevant reports on this issue, the National Coordinator on Anti-corruption, with assistance by UNDP, is developing a web based system that will ensure collection, processing, and analysis in real time on corruption cases against public officials brought to prosecution and relevant administrative measures taken. The system will generate analysis on trends of corruption cases among sectors and cases being tried. The system will be fully deployed in June 2015. Following to that, training of relevant officials that will use the system is planned to be carried out from May-June 2015. This web-based system beside providing a full picture of relevant corruption cases, initiated, prosecuted and tried, will also greatly enhance the data-driven policy decisions on anti-corruption efforts based on the statistics generated by the system itself.

In April 2014, the Government set up the Working Group on Improving the Public Procurement System in Albania. The Working Group was comprised of line ministries and procurement agencies' representatives (Public Procurement Commission and Agency) and was supervised by the National Coordinator against Corruption. The Working Group has conducted an assessment of the public procurement processes from the perspective of bidding

companies, as well as from the monitoring perspective of supervisory bodies, such as Public Procurement Agency and Commission. Following the assessment, the working group proposed a number of amendments to be introduced into the public procurement law in order to avoid the existing bottlenecks and shortcomings in public procurement system thus increasing transparency and ensuring fairness and inclusiveness in the bidding processes. These amendments were adopted on 24 December 2014.

On 2 February 2015, the Government started a nationwide campaign to address the issue of corruption. One of the components of the campaign is the launching of the unique portal to denounce corruption cases, a novelty that brings all the portals to denounce corruption in the institutions of the executive to one, [www.stopkorrupsionit.al](http://www.stopkorrupsionit.al). The novelty with the unique portal is that cases are diligently followed by the responsible officials in the institutions within the timeframe of 30 working days and feedback is provided to the citizens on the status of the case. Citizens can remain anonymous while declaring cases of corruption. Furthermore, the whole process is monitored by an operation room which guarantees that all cases are followed and investigated within the set timeframe and with professionalism. On monthly basis, statistics of the cases denounced, closed, investigated and resolved through the unique portal will be made public. The launching of the unique portal will be accompanied by an awareness campaign with the slogan “Show the real face of corruption – Denounce the invisible so visible”! Alongside with this initiative, on March 2015, an SMS feedback mechanism was introduced in the hospitals and immovable property registration offices around Albania. This activity will serve at collecting citizens’ satisfaction about the services provided by the public institutions and if there are cases of bribery being requested by public officials.

A European Commission Project on Anti-corruption Assessment Framework in Albania (ACFA) has been taking place from April 2014 to January 2015, providing insightful analysis on the current set up of Albanian institutions working in the anti-corruption area.

Recommendations stemming from the ACFA project will provide a very good basis for the Albanian institutions in delineating concrete anti-corruption measures that will be included in the Anti-corruption Action Plan as well as in terms of providing guidance to other ongoing institutional reforms.

The inter institutional working group (IWG) with representatives from the MJ, MD and the General Prosecutor’s Office has continued the work to collect, to process and to report the **statistical data** on the criminal acts of corruption and organized crime every 3 months according to the data transmitted by the police, the prosecutor’s office and the court. In January 2015, the data on the fourth 3-month period of the year 2014 along with the integrated harmonized data for the entire year 2014 were transmitted to the Ministry of Integration.

In February 2015, after a consultation even with the European experts it was decided that the inter institutional working group shall review the standard reporting forms of the concrete cases progress during their follow-up phases, their investigation and judgment.

*Analysis of the Criminal Procedure Code which intends to improve the quality of the criminal investigations and to avoid the delays in the judicial processes*

A working group was created at the Ministry of Justice to draft the changes in the Code of the Criminal Procedure. It is composed of experts of the Ministry of Justice, of the general prosecutor's office, the court of serious crimes and it is assisted by the experts of Euralius Mission. It is expected that the working group will submit the draft-law in June 2015.

*The strengthening of the focus regarding the cases of high level corruption to advance the history*

It was found that after the changes in the law on anti-mafia and in the Criminal Procedure Code came into force, one judge was judged and punished at the first instance court for serious crimes in the year 2014, for the criminal offence of passive corruption.

*Undertaking the measures (including the legal and inter institutional ones) in every sector to fight and prevent corruption*

In March 2014, with the proposition of the Minister of Justice, the Parliament of Albania passed the anticorruption packet: law no.21/2014, "On some additions and changes in law no.7905, dated 21.3.1995, "Criminal Procedure Code of the Republic of Albania" changed", and Law no. 24/2014 "On some changes and additions in law no 10192, dated 3.12.2009, "On the prevention and the combat against organized crime and trafficking through preventive measures against wealth".

These changes reflected the constitutional changes of the year 2012, which limited the immunity of the judges and also provisioned the inclusion of the criminal offences in the action field of the serious crime courts. These provisions enable the prevention of the corruptive acts through the sequestering/confiscation of the unjustified assets.

During 2014, it was found that:

- 6 judges were inspected by the HIDAACI for hiding and false declaration of the assets;
- 3 judges went through a criminal investigation for hiding and false declaration of the assets;
- 2 judges were sentenced for passive corruption;
- 1 prosecutor is under judgment accused of corruption.

In the context of increasing transparency and mutual contribution to the fight against corruption, People's Advocate have been taken the following measures:

- It is created and operates a new portal of the institution within the prescribed period July 2014;
- Within the month of December 2014 was consolidated the Citizen Reception Sector by increasing their access to the institution;
- It is drafted and adopted the Code of Ethics within the month of July 2014;



- By September 2014, there are set up and operate seven Regional Offices in major cities of the country by providing opportunities for citizens to contact directly with representatives of the People’s Advocate also near their place of residence;
- On the other side there are designed and distributed leaflets on different topics, manuals, as well as posters on various topics on the protection of human rights.
- Since June 2014 it is applied the mechanism of online monitoring and verification by citizens themselves of the procedures of the examination of their complaint at the institution, thereby increasing access to procedures followed by our side.

At the People’s Advocate Institution it is set up and operates the Advisory Board with participants of different groups of civil society. At meetings of the Board it has discussed and dealt with various problems of the respective groups, as well as the steps and legal actions that the People’s Advocate Institution can take for problem resolution submitted by them.

*Information on the institutional activity of HIDAACI on the fight against corruption*

*Statistics on the number of referrals, in years:*

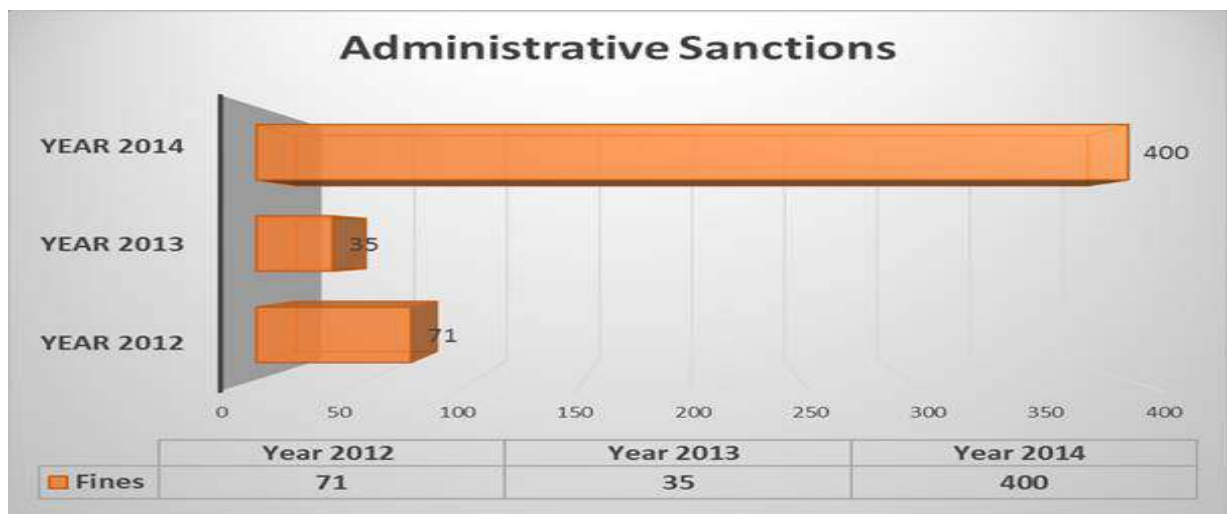
For the period of time 2014 - 2015, 114 referrals were forwarded to the prosecution office. During the institutional activity of HIDAACI for these 10 years, an approximate total number of cases forwarded to the prosecution office were about 55 cases, which are more cases referred since the establishment of the institution. 74 out of 114 criminal charges concern the year 2014. Thus, for the period of time January-March 2015, 40 new criminal charges have been submitted.

For the first time, this year, a highly considerable number of high rank public officials cases were forwarded to the prosecution office, including members of HCJ, first instance judges and prosecutors, ambassadors, assistant of the President of Republic, Chairmen of institutions, local elected chairman, and middle and low management officials.



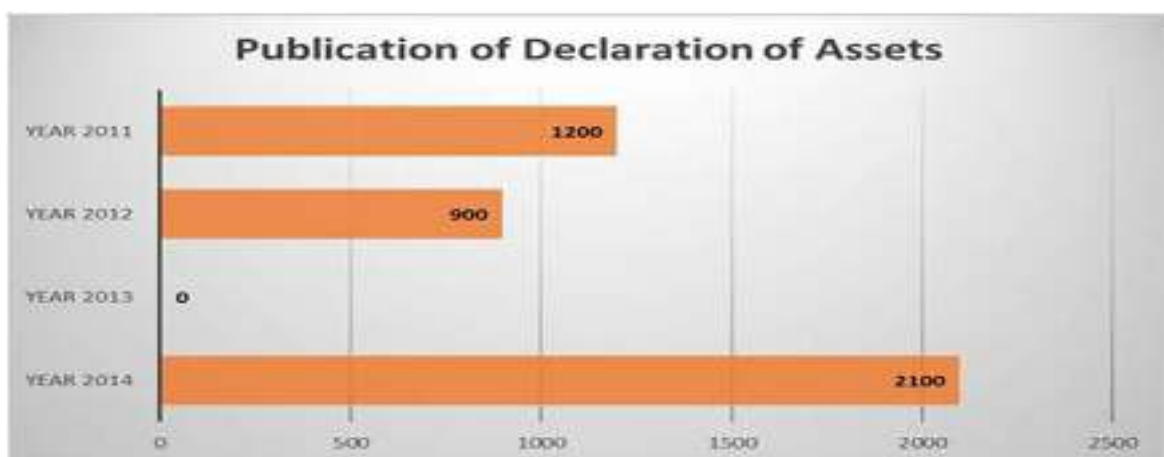
*Statistical data on administrative measures, in years:*

For the period 2014- 2015, HIDAACI has applied approximately 474 administrative measures “fine” for public official, after the legislation was amended. During 2014, approximately 400 administrative measures have been applied. Thus only for period of time January-March 2015 HIDAACI has applied 74 -100 new fines. It can be easily identified, that the application of administrative measures is applied not only for the public officials exercising a certain function, but for the public officials that have left function, that is a fact clearly demonstrating the seriousness of HIDAACI as well as showing a fair treatment of the officials. At the same time, HIDAACI has applied administrative measures for deputy ministers, Members of Parliament, Chairmen of Institutions, etc.



*Transparency, and institutional collaboration*

Applying an open and transparent policy is one of the priorities of the work of the HIDAACI. Only for the period, 2014- 2015, approximately 2570 copies of declaration forms were made publicly available. 2100 out of 2570 have been published during 2014. Therefore, for the period of time January-March 2015, HIDAACI has made public 470 new declarations. In each and every case all requests for publications of declaration of assets (Public officials/ elected persons) have been fulfilled and information has been provided by HIDAACI.



It is important to highlight the fact that despite the volume of the requests for copies of declaration forms, mainly from media and civil society; HIDAACI managed to face this process and provide the declarations forms within a reasonable time limit. The publication of the declaration forms is considered a positive step towards the transparency of the Institution of HIDAACI.

Moreover, and in order to increase transparency of HIDACCI's work and performance to the general public, all the bylaws have been approved by Inspector General in compliance with the Law 119/2014 "On access to information", as the following :

- Order no. 40 dated 9 march 2014 "On the definition of measures for the implementation of the Law on access to Information"
- Annex of the Order no. 40 "The format of the register for requests and answers".
- Order no. 41 dated 9 march 2014 "On the approval of "Transparency Programme of HIDAACI"
- Annex of the order no. 41 "The Transparency Programme of HIDACCI"

Fight against corruption and abuse of office in public administration is also a key priority of Prosecutor's Office activity. In this context, the Albanian Prosecutor's Office has taken concrete initiatives to strengthen human and investigative resources in terms of increasing efficiency, in identifying and bringing perpetrators of criminal offences of this category before justice.

#### *Proactive investigations*

It is significantly increased the number of proactive investigations, in cooperation with other law enforcement structures, i.e., State Police, intelligence services, relevant offices in tax, customs administration, etc. Significant increased cooperation between institutions has produced tangible results in investigating various cases of corruption and abuse of office.

Since May 2014, after an extended meeting between the Heads of the Prosecutor's Office and State Police management at national level, there were standardized periodic meetings at central and local level to analyze investigative activity, with particular focus on fight against corruption. This initiative has been associated with positive concrete results, increase of proactive investigations, as well as increase of corruption and abuse of office related cases. Additionally, in terms of proactive investigations, it is observed growing cooperation with almost all other law enforcement agencies.

#### *Strengthening of the criminal policy*

Albanian Prosecutor's Office has significantly toughened criminal policy in terms of security measures regarding corruption and abuse of office related cases. During 2014, almost in all cases, where officials or former officials of various levels were suspected of being involved in acts of corruption or abuse of office, the prosecutor's office has demanded to impose the security measure "arrest in prison". In this context, we mention a large number of issues, where it has been required to impose the security measure "arrest in prison". In general, these

requests are supported by district courts. Specifically, we distinguish in this report the security measure "arrest in prison" imposed against officials, as follows:

- "Arrest in prison" against heads of courts and heads of prosecutors' offices in Pukë, as well as against a judge in Pogradec;
- "Arrest in prison" against 18 officials at the Bank of Albania, including two of the most senior executive officers of this institution;
- "Arrest in prison" against a senior military official with major degree;
- "Arrest in prison" against local officials, mainly alleged for unlawfulness in granting building permits in Vlorë, Elbasan, Shëngjin, Mat, Himarë, Rrëshit, Ksamil, Kamëz, Berat;
- "Arrest in prison" against former officials of ALUIZNI in Shkodër, Sarandë and Vlorë;
- "Arrest in prison" against executives and other employees of the National Urban Construction Inspectorate (NUCI);
- "Arrest in prison" against executives and other employees of the Local Urban Construction Inspectorate, Municipality of Tirana (LUCI);
- "Arrest in prison" against police officers in Tiranë, Divjakë and Kukës;
- "Arrest in prison" against officials and former officials of the tax administration;
- "Arrest in prison" against officials of the Directorate of Prisons in Korçë and Rrogozhinë;
- "Arrest in prison" against officials of the Immovable Property Registration Office of Elbasan and in a high number of other institutions.

Additionally, the Prosecutor's Office has requested the security measure "suspension from duty" against three judges charged with the criminal offense provided for in Article 257 / a, second paragraph of the Criminal Code "*Concealment of assets ....*". Only in one case, the Court of First Instance has accepted the request of the prosecution's office for "suspension from office" for a 3-month period. This measure (suspension) was repealed by the Court of Appeal.

Meanwhile, the court has accepted the request for suspension from office of the head of an independent institution (Audiovisual Media Authority-AMA). This measure (suspension) was repealed by the Court of Appeal. On the other hand, at the conclusion of the investigation against officials accused of corruption and abuse of office, the prosecutor's office has required in any case a sentence above average or near the maximum limit provided for in the relevant provisions, by adhering strictly to the procedural provisions in each specific case.

In conclusion of this argument, it has been observed that the Albanian Prosecutor's Office is engaged in strengthening the criminal policy regarding security measures and demand for punishment on cases of corruption and abuse of office.

### *Terms of Investigation*

Albanian Prosecutor's Office has continued to be engaged in shortening the time limits for investigation of cases of corruption and abuse of office. Besides commitment of prosecutors and judicial police officers in connection with the collection and processing of investigative

material for presentation to the court, the prosecutor's office is also engaged in preliminary communications with other law enforcement institutions, which refer denunciation material.

Meanwhile, in fulfillment of the recommendations of the European Commission, it is aimed at creating the Prosecutor's Office access to the database of a number of state institutions. In cooperation with the Office of the National Coordinator against Corruption meetings were organized with all institutions, where access has been required. A memorandum of cooperation is being drafted to realize this objective. Access of the Prosecutor's Office in the state database, such as Civil Registry, Electronic Registry of Judicial Status, National Registry of Real Estate, the Bailiff, notaries, means and driving licenses, etc., will give immediate effect in shortening investigation deadlines, given that retard in written correspondence that is administered in these records has created unjustified retard and reasons for extension of investigation deadlines in a number of proceedings. At all stages of this process it is also included the Institution of the Commissioner for Personal Data Protection, with which the Prosecution has entered into a cooperation agreement in 2013.

Meanwhile, the implementation of the project of the Case Management System is one of the major innovations of the prosecutor's office and an ambitious project, and one of the main achievements expected to be realized is shortening the time limits for investigation, through the application of technological instruments to help the process. Additionally, this system will also have a controlling effect, particularly on compliance of procedural legal deadlines that must be followed by prosecutors and judicial police officers.

### *Controlling Role*

During the reporting period the General Prosecutor's Office has strengthened the controlling role in investigating corruption offenses. To coordinate and direct all investigative activities in fight against corruption, in February 2014 was created the Directorate for Investigation of Economic Crime, Corruption and Organized Crime. This new structure, which has replaced the Section that functioned until then, is considered as an important initiative of the General Prosecutor's Office seriousness in combating the phenomenon of corruption. This Directorate coordinates the activities of all prosecutors in investigation of corruption cases and in particular coordination and orientation of Task Force Units operating in several first instance prosecutors' offices. This directorate serves as an efficient structure for standardization of investigative actions and analysis of investigation cases against corruption in the Albanian Prosecution.

### *Reorganization of anticorruption structures*

In fulfilling the key priority, hence, fight against corruption and abuse of office, Albanian Prosecutor's Office has taken some concrete steps for reorganization of structures that investigate offenses of corruption and abuse of office.

Besides creation of the Directorate of Economic Crime Investigation, Corruption and Organized Crime at the General Prosecutor's Office, in February 2014 was established the Task Force Unit against Corruption, in the District Prosecutor's Office of Elbasani. It was

considered as necessary to create this Unit in this region since Elbasani is one of the main economic centers of the country and this also affects increasing risk of abuse of officials' public office.

In September 2014, was established the Anti-Corruption Unit at the Serious Crimes Prosecutor's Office, following the amendments made to the Criminal Procedure Code, Law No. 99/2014, which entered into force in September 2014. Based on these amendments, the Serious Crimes Prosecutor's Office has investigative jurisdiction to cases of corruption among high level officials, i.e., judges, prosecutors and other senior officials, excluding officials against whom investigations are conducted by the General Prosecutor. This unit will focus on two main tasks, investigation of criminal offenses, and property investigation. The new structure will develop uniform practices, as well as coordinate activities of the Serious Crimes Prosecutor's Office regarding property investigation. This type of investigation is top priority, aiming at attacking criminal groups and structures in economic spectrum.

#### *Strengthening of anticorruption structures*

Albanian Prosecutor's Office, within its capabilities, has aimed at strengthening human capacity in anti-corruption structures (Task Force Units). Due to added work load because of the materials referred to, in April 2014 human capacities were increased in Task Force Units in the District Prosecutors' Offices of Tirana, Durrësi and Vlora, in addition to establishment of the Task Force Unit in the Judicial District Prosecutor's Office of Elbasani.

Prosecutors attached to Task Force Units are drawn from other structures of prosecutor's offices.

Meanwhile, to strengthen the investigative capacity of these specialized structures, prosecutors who are part of them are qualified as priority in specialized courses, as well as have been engaged in training courses organized by the School of Magistrate, and in other projects in Albania and abroad, organized mainly by foreign donors such as OPDAT and PAMECA.

During 2014, there has been an increase of workload in Joint Investigative Units and treatment of complex and voluminous issues by them, but thanks to the board of prosecutors' commitment the indicators on quality of work have been increased. Thus, Joint Investigation Units have treated 2,476 referrals, and compared with year 2013 when 1646 referrals were treated, workload was increased with 50.4%. In 2014 there have been investigated 2337 criminal proceedings, which constitute an increase with 57% toward 1493 criminal proceedings investigated the year before. The number of proceedings brought to trial in 2014 has been increased with 98%, and there were recorded 463 proceedings submitted to court compared with 234 proceedings submitted in 2013. An important indicator of performed investigative activity is punishment of defendants sent to trial. The data indicate that 89% of the defendants were found guilty and only 11% of them were given innocence or termination of judgment.

#### *Interagency cooperation*

In the framework of positive results achieved in fight against corruption, Albanian Prosecutor's Office has continued to strengthen cooperation with other law enforcement structures. Cooperation with the State Police has been increased, as the structure that refers the highest number of materials on issues of corruption and abuse of office. Additionally, it is significantly increased cooperation with the State Supreme Audit, the Tax Administration, the High Inspectorate of Declaration and Audit of Assets and Control of Interests. Additionally, it has been observed increased cooperation of institutions such as the Directorate for Prevention of Money Laundering, customs administration, other central institutions, etc.

#### *Intensification of fight against corruption*

Below are presented in a summary general statistical data of the Prosecutor's Office concerning criminal offence of corruption in 2014, compared with 2013 data, as well as some figures related to separate crimes. The detailed information in the report includes full data on effectiveness in fight against corruption.

Specific weight of this group of offenses in 2014 against the total number of criminal proceedings registered at the national level is 0.42%, while for 2013 was 0.38%.

The following table shows information concerning corruption offenses:

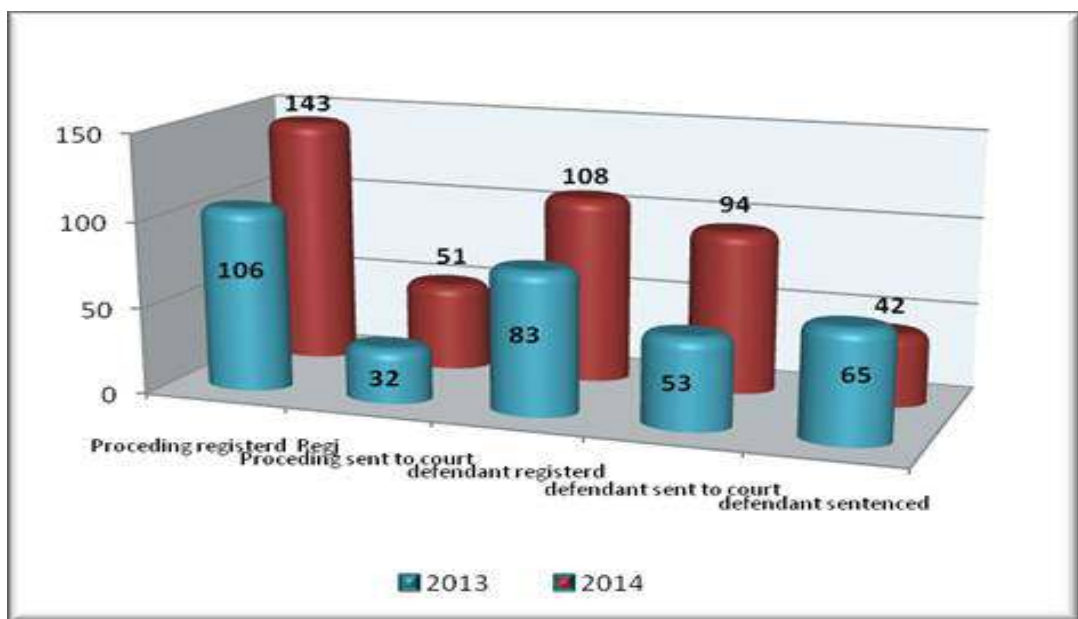
CRIMES AGAINST CORRUPTION	2013					2014				
	Number of proceedings registered	No of proceedings for trial	No of defendants registered	No of defendants for trial	No of defendants convicted	Number of proceedings registered	No of proceedings for trial	No of defendants registered	No of defendants for trial	No of defendants convicted
Article 124/a Asking or reception of remuneration for adoption procedures	0	0	0	0	0	1		1		
Article 164/a Active corruption in the private sector	0	0	0	0	0	1	0	1	1	1
Article 164/b Passive corruption in the private sector	2	0	1	0	0	2	1	0	2	2
Article 244 Active corruption of individuals exercising public functions	5	3	5	7	8	21	12	22	20	7
Article 244/a Active corruption by foreign public employees	0	0	0	0	0	1	1	1	1	0
Article 245 Active corruption of the high state officials and local elected representatives	0	0	0	0	0					
Article 245/1 The exercising of unlawful influence on public officials	14	11	18	21	32	24	15	25	31	14
Article 259 Passive corruption by public officials	71	15	50	20	25	82	19	52	29	14
Article 259/a Passive corruption by foreign public employees	0	0	0	0	0					
Article 260 Passive corruption by high state officials or local elected officials	0	0	0	0	0	3	0	4	0	0
Article 312 Active corruption by the witness, expert or interpreter	0	0	0	0	0					
Article 319 Active corruption by judges, prosecutors and other officials of the justice bodies/system	1	0	0	0	0	1	0	0	3	1
Article 319/a Active corruption by the judge or official of international court	2	0	0	0	0					
Article 319/b Active corruption by foreign and domestic arbiters	0	0	0	0	0					
Article 319/c Active corruption by members of foreign judicial juries	3	0	0	0						



Article 319/ç Passive corruption by judges, prosecutors and other officials of the justice bodies/system	1	0	3	0	0		7	3	2	7	3
Article 319/d Passive corruption by the judge or official of international courts	0	0	0	0	0						
Article 319/dh Passive corruption by domestic or foreign arbiters	0	0	0	0	0						
Article 319/e Passive corruption by a member of foreign judicial juries	0	0	0	0	0						
Article 328 Provision of remunerations and promises	7	3	6	5	0						
Totals	106	32	83	53	65		143	51	108	94	42

As shown in the table, statistics indicate that in 2014 there was an increase with 35% in the number of proceedings recorded for offenses of corruption, compared with year 2013. Meanwhile, there is an increase with 59.3% of proceedings sent for trial in comparison with year 2013. In connection with defendants, for this group of offenses, there is an increase with 30% in the number of defendants registered, compared with figures in 2013, an increase with 77% in the number of defendants who were sent to court and a decrease with 35 % in the number of defendants convicted by the court, compared with year 2013.

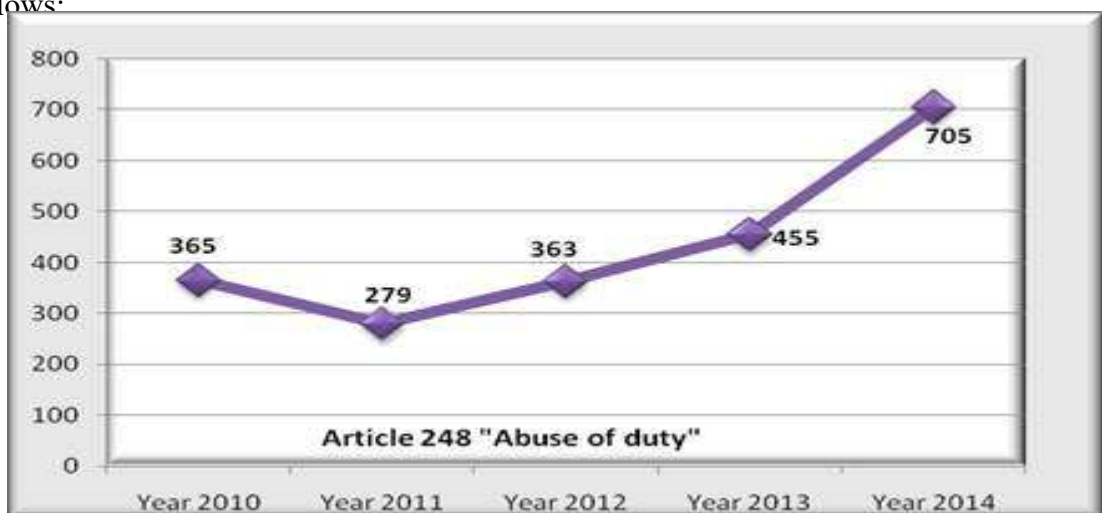
Graphically tendency of offenses against corruption for 2014 compared to 2013 is as follows:



In connection with defendants for this group of offenses, the statistics show that during 2014 a total of 108 defendants were registered while in 2013 a total of 83 defendants were under investigation. Therefore, this indication has shown an increase with 30% of the defendants under investigation in 2014, compared with 2013.

### *Abuse of office*

Regarding the two other offenses against state activity committed by public employees, provided for in Article 248 of the Criminal Code "Abuse of office" and Article 256 of the Criminal Code "Abuse of contributions provided by the state", the data are presented as follows:

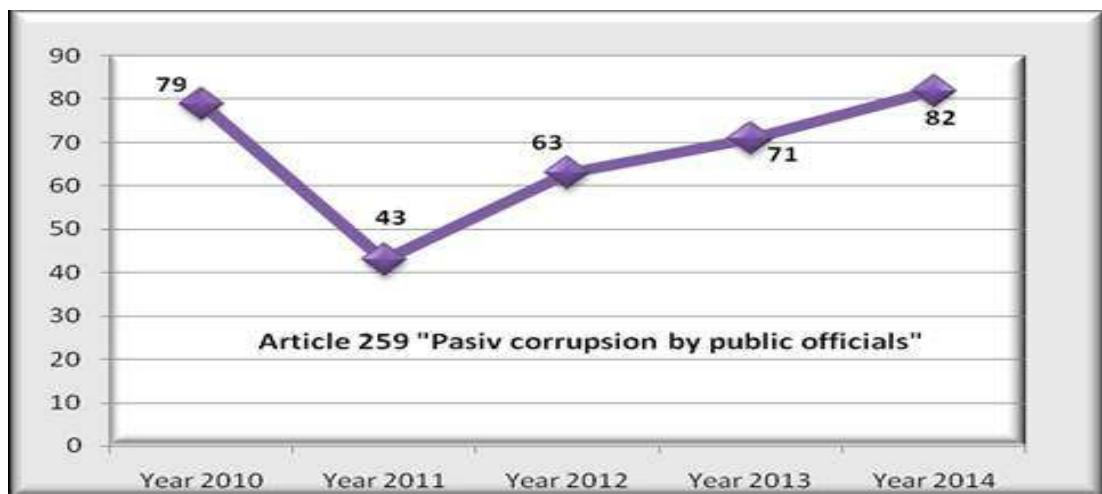


Statistical data show growing tendency with 55% in 2014 of recorded proceedings for the offense provided for in Article 248 of the Criminal Code "Abuse of office", compared with 2013.

*Passive corruption of individuals exercising public functions*

The specific weight of this offense in the group of offenses of corruption for 2014 is 57.3%, while for 2013 was 67%.

Commission of this offense in five years, 2010-2014 is presented in the chart below (criminal proceedings registered in the prosecution body):



The statistical data show a growing tendency with 15.5% in year 2014 of proceedings registered for the offense provided for in Article 259 of the Criminal Code "Passive corruption by individuals exercising public functions", compared with 2013.

The following table presents data concerning offenses of "Criminal acts against the activity of the state committed by public officials or in the public service":

CRIMINAL ACTS AGAINST THE ACTIVITY OF THE STATE COMMITTED BY PUBLIC OFFICIALS OR IN PUBLIC SERVICE	2013					2014				
	Number of proceedings registered	No of proceedings for trial	No of defendants registered	No of defendants for trial	No of defendants convicted	Number of proceedings registered	No of proceedings for trial	No of defendants registered	No of defendants for trial	No of defendants convicted
Article 248 Abuse of office	455	64	171	124	78	705	102	264	226	114
Article 248/a Provision, contrary to law, of pensions or other incomes from social insurance	0	0	0	0	0	1	0	0	0	0
Article 249 Acting in a capacity after its termination	2	1	1	1	1	2	0	1	0	0
Article 70 KPU Misuse of office	5	1	0	1	0	1	1	0	1	0
Article 250 Committing arbitrary acts	37	3	15	4	7	45	6	13	11	7
Article 251 Refusing to take measures to stop unlawful situation	0	0	0	0	0	0	0	0	0	0
Article 252 Illegal detention	0	0	0	0	0	0	0	0	0	0
Article 253 Violating equality of the nationals	0	0	0	0	0	0	0	0	0	0
Article 254 Infringing the inviolability of residence	1	0	0	0	0	0	0	0	0	0
Article 255 Hindering and violating the secrecy of correspondence	0	0	0	0	0	0	0	0	0	0
Article 256 Misusing state contributions	1	0	0	0	0	1	1	0	1	0
Article 257 Illegal benefiting from interests	0	0	0	0	0	2	0	1	0	0
Article 257/a Refusal for the declaration, non-declaration, hiding or false declaration of assets	0	0	0	0	0	57	26	43	26	7
Article 258 Breaching the equality of participants in public bids or auctions	12	5	9	9	6	10	3	14	12	17
TOTALS	514	76	197	141	93	824	139	336	277	145

**Tendency:** As shown in the table, the statistics have indicated that in 2014 there was an increase with 60% in the number of proceedings recorded for offenses against state activity committed by state employees or public service, compared with the year 2013. Meanwhile there is an increase with 83% of proceedings sent for trial, compared with year 2013. In connection with the defendants, for this group of offenses, there is an increase with 70.5% of the number of registered defendants against this total in 2013, an increase with 96% of the number of defendants who were sent to trial, and an increase with 56% of the number of defendants convicted by the court, compared with year 2013.

Ministry of Internal Affairs has also made great efforts on fight against corruption. There is a growing tendency in the identification and the hitting of the corruptive affairs of the officials in duty with the application of the special investigation methods (almost all the criminal offenses of corruption are investigated with these methods). In addition to other fields such as education, health, taxes, etc., during 2014 it has been worked in the fight against corruption in the justice system.

Regarding the objective to increase by 5% the number of proactive investigations and the number of police operations in the field of corruption and crimes of officials on duty, this is realized at the extent of 51.6% as referred to the criminal offences, 43.6%, only in corruption 41.2% in proactive investigations and 39.4% in police operations.

In cooperation with the IT Sector in the Ministry of the Internal Affairs it has been worked on the fulfillment of the point 8.21 of the Action Plan.

Comparing the data with the same period of 2013, there is a total of 233 criminal offences more on corruption and officials on duty. In these criminal offences there have been involved 456 perpetrators more. There is an increase by 66% of the identification of the criminal offences on corruption and officials on duty compared to last year.

Compared to 2013, during 2014, 45 more criminal offences were evidenced or 69%, with 69 perpetrators involved more, with 59 persons arrested more.

There have been identified 185 more criminal offences committed by the state officials on duty or 64%, with 381 suspected perpetrators involved more, with 83 persons arrested more.

		2013						2014						
No.	Criminal Offence	Evidenced	Detected	Perpetrators	Out of which:			Diference btw. C. Offences	Evidenced	Detected	Perpetrators	Out of which:		
					arrested	While free	Wanted					arrested	While Free	Wanted
1	Corruption	148	148	245	76	167	2	+45	103	103	176	17	156	3
2	Abuse	536	534	893	143	743	7	+188	348	340	497	50	442	5
	Total	684	682	1138	219	910	9	+233	451	443	673	67	598	8

During this period, anticorruption structures have successfully finalized 46 police operations with 150 perpetrators suspected, 122 persons have been arrested, 27 persons prosecuted while free, 1 person declared wanted. Special investigative techniques have been used successfully in 42 operations. *(13 police operations more, and 20 police operations more have been realized with special investigation methods compared to 2013).*

During 2014, 28 criminal groups have been hit (with more than 3 perpetrators each), where there have been involved 129 perpetrators, 97 persons arrested, 31 persons prosecuted while free, and 1 perpetrator declared wanted. *(13 more criminal groups destroyed compared to 2013).*

Regarding the complaints of citizens or institutions against the state police officers for the period January-December 2014 there have been given disciplinary measures as follows:

- “Expulsion from the Police”, for 76 police officers
- “Dismissal” for 11 support services employees;
- “Reduction in lower rank for 12 months”, for 5 police employees;
- “Suspension without the right of salary for up to 30 days” for 107 police employees;
- “Deferment of promotion” for 19 police employees.

During the 2014, the investigation of complaints of citizens or institutions against police are followed by Discipline and Complaint Sector, meanwhile, since 30.05.2014, it is created a new structure of the Complaint Sector in the Directorate of Professional Standards, and a complaints' register is created with complaints and responses recorded after solving the problems raised. During 2014 there have been evidenced 790 complaints out of which 401 complaints are verified and responses have been provided.

#### ***KP 4: Fight against organised crime***

##### *Legal framework*

The new law No.108/2014 “On the State Police” provides some additional guarantees for a better protection and full support to victims of trafficking, especially children. This law, among other duties of the state police in Article 17(g) foresees the identification, protection and referral for assistance to appropriate authorities for victims of trafficking. Whereas Article 123 specifies the measures to be taken by the state police to protect minors, and this way charges the state police officers with the direct responsibility for assisting and referring when necessary the abandoned children or those who have left family to the appropriate service.

By order No 179, dated 19.06.2014 of the Prime Minister “On the establishment of the State Committee on Trafficking in Persons”, the State Anti-Trafficking Committee has been expanded with four new members, by responding to new challenges in the fight against trafficking in persons through the provision of appropriate capacity, commitment and willingness to vigorously fight trafficking in persons.

For a more proactive identification and referral of victims/potential victims of trafficking by the Joint Directive No. 3799, dated 07.08.2014 of the Minister of Internal Affairs, Education and Sports, Health, Foreign Affairs and National Coalition of Anti-trafficking, the Responsible Authority was reorganized and expanded by adapting its role and duties with the Standard Operating Procedures. The review of the Responsible Authority (RA) aimed to support the effective implementation of the agreements signed for the protection and support of children, victims of trafficking, the functioning of the MKR NRM, and the monitoring of the possible implementation of bilateral agreements and/or future multilateral, between Albania and other countries in the region and beyond on issues of human trafficking.

#### *Improvement and increase of the anti-trafficking structures capacity*

Every year, for all the structures of Police, Prosecution, Courts, in collaboration with the School of Magistrates and civil society, several trainings have been conducted on various topics related to the phenomenon of trafficking, recognizing the legal framework, the meaning of the phenomenon, the forms of occurrence, consequences and mechanisms of action for cases of trafficking, as well as aspects of prevention and protection of victims of trafficking. Thus, in March - June 2014, 6 trainings were conducted by police, as well as 6 training by the School of Magistrates on the topic of trafficking in general, with special focus on the identification of domestic trafficking, especially after recent changes in the criminal legislation concerning the offense of trafficking. Furthermore a series of trainings have been organized for all the state structures involved in the fight against trafficking in human beings with the support of international partners.

#### *Addressing forced labour and domestic trafficking*

Starting from the end of 2013, there has been an increased focus on forced labour and domestic trafficking. For this purpose, a memorandum was drafted among the National Anti-Trafficking Coordinator, ASP and LISS "On the identification of cases of forced labour and trafficking for the purpose of labour exploitation of others, which was signed on October 21, 2014 at the Ministry of Internal Affairs in the context of the National Anti-Trafficking Week.

The establishment of three mobile units in Tirana, Vlora and Elbasani, brought increased identification of possible cases of trafficking. Since the creation of these Driving Units, to September 2014, there are identified a total of 94 potential victims of trafficking of whom 40 are adults and 54 are juveniles. In their dominant part, victims are trafficked for sexual exploitation, forced labour and begging.

In terms of domestic trafficking of children and the addressing of other problems associated with street children, the National Anti-Trafficking Coordinator along with the Ministry of Social Welfare and Youth has developed an action plan containing clear and concrete actions and deadlines for their implementation, which was formalized in a Memorandum of Understanding signed between actors on 17 September 2014.

#### *Protection and assistance for VT/ PVT*

Protection and assistance for victims /potential victims of trafficking is provided in shelters set up for victims of trafficking and in the community. The four shelters provide reintegration services such as psychological, health and legal assistance, vocational training, mediation on family reunion, employment and education for potential victims and victims of trafficking, foreign or domestic, child or adult, males or females.

Centres that provide assistance to victims of trafficking, receive funds from the state budget every year in order to meet the nutritional needs of victims of trafficking who are accommodated in shelters, according to Law no. 10252, dated 11. 03. 2010, “On assistance and social services”.

The trafficking of human beings comprised a fund of 22,535,000 ALL in the Protection Program of the medium-term draft budget 2013-2014.

In the Protection Program of the medium-term draft budget 2015-2017, a fund of 37.5 million ALL is provided for 2015.

The National Anti-Trafficking Coordinator is a member of the Interstate Committee of Experts on Measures against organized crime, established as part of the Anti-Mafia Law. NAK in cooperation with the Ministry of Finance are working to support victims of trafficking and centers, based on the Special Fund. During 2014, NAC has been assisted with necessary materials by seized assets. Thus, in 2014, based on the implementation of the Anti-Mafia Law a special fund was accorded for crime prevention amounting to 25,000,000 ALL. Based on Article 37, paragraph 3/b of Anti-Mafia Law, the fund will serve to boost the capacity of law enforcement agencies (police and prosecution) with projects supported by organizations that assist victims of trafficking.

Since June 2014, in addition to economic aid, the trafficking victims also benefit free health services from the state budget funds. As a result of cooperation with the Ministry of Health and amendments made to the legislation in force, free medical service has been provided to all victims of trafficking. According to recent changes in the law on health insurance fund, the cost of this service from now on will be covered by the Health Insurance Fund. The Health Insurance Fund will cover the costs for drugs, visits, examinations and medical treatment in public and private hospitals contracted by the fund for all victims of trafficking. The number of victims who can benefit this service today is approximately 100 victims a year, but considering that phase of reintegration and rehabilitation which lasts from 6 to 12 months, often even 2 years, the total number of beneficiaries in this category is estimated to be 200 people .

For the first time in 2014, the Ministry of Internal Affairs accorded a special fund to the Anti-Trafficking Unit, which has enabled the realization of a series of awareness activities serving to the increase and strengthening of the fight against trafficking of human beings. The budget of Anti-Trafficking Unit will grow by 20% more than in 2014.



*Stronger involvement of the community in identifying and reporting cases of trafficking by using technology to enhance identification*

Albania is among the first countries in the region that brings the novelty of using mobile technology for the prevention of trafficking of human beings. Through the implementation of this initiative, the public has offered a way to simply and quickly report trafficking cases or suspected ones.

Citizens can anonymously send a short message, which goes immediately and simultaneously to 6 various public officials who are members of the Responsible Authority for the Identification, Referral and Protection of Victims/Potential Victims of Trafficking, or can call for free the number 116,006. National line 116,006 to report cases of suspected trafficking, is provided free of charge and can be dialled from any landline or mobile phone. The call goes immediately to the operating room of the General Directorate of the State Police, whereas the Application “Report! Rescue!” can be downloaded for free from Google Play Store. 575 calls and 304 SMS were sent from Vodafone Albania Company, 40 calls and 23 SMS were sent from PLUS, 150 calls and 73 SMS were sent from AMC since the line and the application “Report! Rescue!”, were introduced for the public.

In order to guarantee the fulfilment of the role and the functions of the Regional Anti Trafficking Committees (RATCs) as the main local structures to identify potential victims of trafficking; identify the primary problems at the regional level, as well as evaluate the situation and determine the specific needs of the district, the National Coordinator revitalized these committees by organizing periodic meetings with districts’ prefects and members of the technical level. Regular meetings of RATCs were held in the main districts of the country. Trainings, orientation meetings with members of RATCs in technical round tables have aimed the identification of the problems according to the respective districts.

*Strengthening structures of the General Prosecution Office*

Following the amendments in the Criminal Procedure Code, Law no. 99/2014, at the Prosecution Office for Serious Crimes, the section for the investigation of active and passive corruption of senior officials, local elected officials, judges and prosecutors and on assets investigation was established.

This section will develop the unified practices and will coordinate the activities of the Prosecution Office for Serious Crimes regarding property investigation. This type of investigation is the main priority, with the aim of hitting the criminal groups and structures economically.

In order to meet the priorities to increase effectiveness in the fight against corruption and organized crime, and following the recommendations of the EC, in March 2014, by order of the General Prosecution Office, the Cybercrime Sector has been established at the structure of the General Prosecution Office. In June 2014, prosecutors and judicial police officers were appointed to attend cybercrimes in the Prosecution Office of Judicial District of Tirana,

Durrësi, Elbasani, Vlora, Fieri, Shkodra, as well as the Prosecution Office for Serious Crimes in Tirana, when Cybercrimes are committed by criminal organizations, structured groups, etc.

### *Indicators on the fight against organized crime*

#### Illegal trafficking

Fight on the prevention and combating of illegal trafficking is based on inter-structural and institutional coordination in these levels: within the police agency (cooperation with other services (structures) of the State Police), between other national law enforcement agencies (but also other non-law enforcement agencies) and the international level (with law enforcement agencies or not).

Statistical data evidenced by the structures against illegal trafficking and border police:

During 2013 cases of illegal trafficking were recorded as follows: 413 cases of illegal trafficking, with 454 offenders, 75 of them arrested, 337 prosecuted while free, 28 perpetrators declared wanted and 14 detained.

*Comparing these two periods, there is an increase of 128 cases and 309 persons preceded more and 147 persons arrested more.*

Police operations against illegal trafficking:

During 2014, 41 police operations against illegal trafficking were carried out, where 176 offenders were identified, out of who 148 arrested, 12 detained, 15 prosecuted while free, and 1 person declared wanted.

The police operations conducted during 2014 are as follows:

- 6 operations for “Facilitation on illegal border crossing”, with 31 offenders, out of which 22 have been arrested/detained, 1 person proceeded while free.
- 13 operations for “Trafficking of arms and munitions”, with 58 persons as offenders, out of which 54 arrested and 4 declared wanted.
- 1 operation for “Trafficking of persons”, with 1 person arrested.
- 2 operations for “Trafficking of women”, with 5 persons arrested and 2 proceeded while free.
- 1 operation for “Trafficking of the works of art and culture”, with 3 offenders arrested.
- 17 operations for “Exploitation of prostitution in aggravating circumstances, exploitation of prostitution, use of premises for prostitution and exercise of prostitution”, with 61 offenders, out of which 51 arrested in the act, 9 prosecuted while free and 1 person has been declared wanted.
- 1 operation for “Trafficking of motor vehicles” with 3 offenders prosecuted while free.

There are 23 more operations carried out during 2014 compared to the same period of 2013. The number of people involved in illegal trafficking during these operations is increased by 81. The number of people arrested and detained is also higher during this period with 100 people more compared to 2013.

Referring to data from prosecution office on illicit trafficking, the proceedings registered in 2014 were decreased with 8% regarding illicit trafficking, compared with year 2013. Thus, criminal proceedings registered for the criminal offense provided for in Article 141/a of the Criminal Code "Trafficking of motor vehicles", were decreased in 2014 with 9%, compared with 2013, criminal proceedings registered for the offense provided for in Article 110 /a of the Criminal Code "Trafficking in Individuals" were increased in 2014 with 77%, compared with 2013, and criminal proceedings related to the offense provided for in Article 283 /a of the Criminal Code "Drug trafficking", were decreased in 2014 with 17%, compared with year 2013.

#### *Criminal groups dismantled*

During 2014, 8 criminal groups involved in illegal trafficking were dismantled; 32 people were identified as members of these criminal groups, of whom 27 arrested, 4 prosecuted while free and 1 declared wanted. *Compared to 2013, there is an increase in the number of criminal groups dismantled (3 groups more) and in the number of people identified as members of these groups (11 people arrested more).*

#### *International operations*

During this period, 4 operations were carried out by the structures against illegal trafficking in cooperation with international partners, where 12 people were identified as involved in illegal trafficking, out of which 9 arrested and 3 prosecuted while free. While performing these operations, the target has been traffickers involved in criminal activities in Albania, Italy, England, Switzerland and Germany.

Operations carried out in cooperation with police counterparts in different countries compared to the same period of 2013, show that there is a similar level of international cooperation.

#### *Trafficking of Human Beings*

The State Police has referred a total of 60 of trafficking in Persons, 8 cases more than in 2013:

- 58 cases "Exploitation of prostitution" Article 114 of CC;
- 11 cases "Trafficking of minors" Article 128/b of CC; (10 in 2013);
- 49 cases "Trafficking of adults" Article 110/a of CC (11 in 2013).
- 22 offences more have been identified;
- 94 perpetrators more detected;
- 40 more arrests and 5 detained more than in 2013.

### *Data from the Prosecution of Serious Crimes*

During 2014, 7 cases of trafficking in persons have been sent to the Court of Serious Crimes (1 case in 2013), with 15 defendants.

The number of perpetrators is 34. 9 perpetrators have been sent for trial accused of Trafficking in Persons at the Court of Serious Crimes. There is no reported case where convicted traffickers were not punished with imprisonment.

### *Data from the Court of Serious Crimes*

During 2014, CSC has issued 7 criminal decisions for the offense of “Trafficking of Adults”, “Trafficking of women” and “Trafficking of minors”.

10 people have been convicted, of whom 6 have been sentenced ranging 5-10 years of imprisonment and 4 of whom have been sentenced ranging 10-25 years of imprisonment. 2 are females from these 10 convicted people.

### *Date on victims/potential victims of trafficking*

For 2013

- Total number of VT/PVT – 95
- Number of adults – 52
- Number of minors – 43

For 2014

- Total number of VT/PVT-125
- Number of adults – 63
- Number of minors – 62.

### *Investigation of criminal assets*

One of the main priorities of the police structures has been the fight against criminal assets. During 2014, the police structures have been faced with a dynamic work regarding property verification which was carried out for 5241 subjects and members of their family. (Throughout 2013, 2056 subjects and their relatives have undergone checks). As a result, during this period 80 materials are referred to the Prosecutor of Serious Crimes to initiate the proceeding against 94 subjects, versus 79 materials that were referred to the Prosecution in 2013.

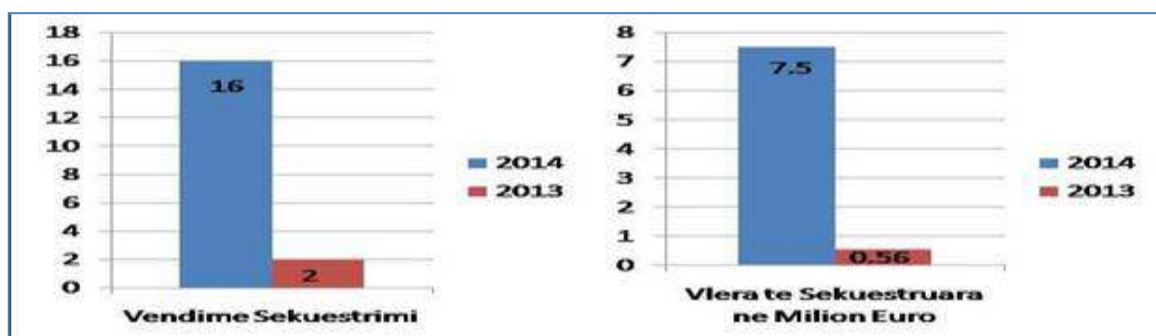
Oriented by the Serious Crimes Prosecution in many cases there have not been made property references as criminal proceedings were followed by it, but property verifications have been conducted and materials are sent in the form of reports or requests to the Prosecution of Serious Crimes. In total the Sector of Criminal Assets sent 226 letters and statements on property verifications to the Prosecutor of Serious Crimes carried out by local structures.

Also, the large volume of checks has resulted in a high number of decisions on seizure and confiscation data from the Serious Crimes Court. Also the high number of decisions is associated with a series of verifications that have started during 2013. Concretely:

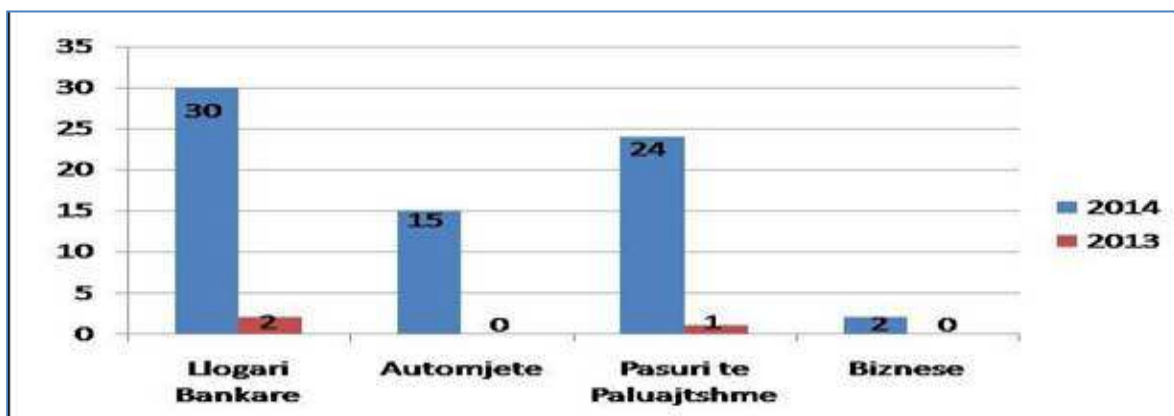
### Seizures

During 2014, 16 seizure decisions are issued by the First Instance Court of Serious Crimes under anti-mafia law. The total value of seized assets amounts to about 7,465,675.00 EURO. For the same period a year ago there were only two seizure decisions of a real property (rated by AAPSK) and two bank accounts amounting to 551.700 Euro.

### SEIZURES (decisions & values)



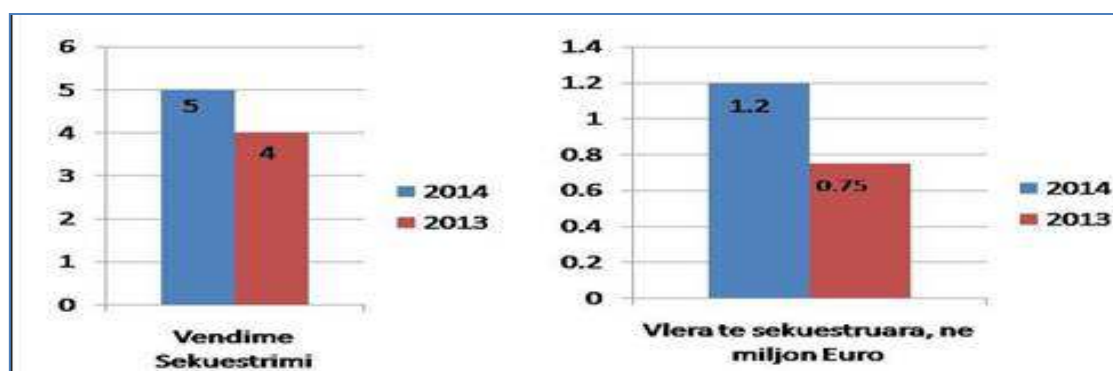
### SEIZURES (properties and their forms)



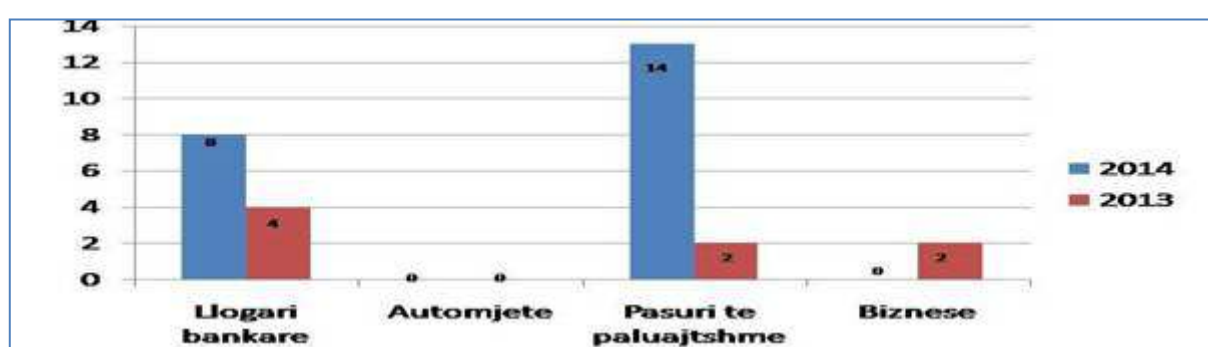
### Confiscations

During 2014, the Court of Appeal for Serious Crimes issued 5 confiscation decisions, a property amounting to 1,072,400 EUR and 5 real estate (land) in Durres district with a surface of 17,100 m2 (*not included in the above-mentioned value*). While for the same period a year ago the Court of Appeals for Serious Crimes has issued 4 confiscation decisions in total assets amounting to EUR 747,000.

## CONFISCATIONS (decisions & values)



## Confiscations (properties and their forms)



Criminal Assets January – November 2014					
SEIZURES			CONFISCATIONS		
Bank accounts	Vehicles	Real Estates	Bank accounts	Vehicles	Real Estates
30	15	24 & 2 business activities	5	0	14
Criminal activities January – November 2013					
Bank accounts	Vehicles	Real Estates	Bank accounts	Vehicles	Real Estates
2	0	1	4	0	2 & 2 business activities

During this period, the central and local structures of criminal assets have been engaged in property verifications and seizures checks on behalf of 15 Rogatory Letters from foreign authorities, 2 from United Kingdom 2 from Italy, 5 from France, 5 from Belgium and 1 from Germany.

Procedural actions on the ground have been carried out for 8 cases along with prosecutors and French and Belgian officers, as well as with officers of the Judicial Police and prosecutors of Serious Crimes. Large amounts of cash, jewellery, cars, electronic equipment engines, etc., are confiscated in these cases, also real estate such as land and apartments have been identified which are under seizure process.

In order to improve working conditions for the structures of the criminal assets' investigation, it was enabled the purchase of 50 computers, 50 printers, 5 laptops and other equipment from

a special fund made available by the Ministry of Finance in 2013. The Ministry of Finance, in response to the request of the State Police, has also approved the issuance of a confiscated "set fitness" for the Police Training Centre in the ASP; also a special fund is approved and the sum of \$ 100,000 is expected to be allocated to the State Police from the special fund of 2014.

As regards the data from the General Prosecution Office, in 2014, the Serious Crimes Prosecutor's Office has registered 131 cases for property verification against 175 individuals, based on the indications for involvement in criminal activities. In 15 cases, materials were returned for completion, while in 116 cases it was registered the material for property verification and verification procedure has started against the individuals suspected and their families.

### *Money Laundering*

General Directorate of Prevention and Money Laundering, in its role as the Financial Intelligence Unit has continued its work for the prevention of money laundering and terrorism financing in coordination with other law enforcement agencies in the country and with counterpart organizations and international institutions.

GDPML has actively participated in meetings organized by MONEYVAL Committee of the Council of Europe and the EGMONT Group, with a particular focus on plenary sessions and the exchange of best practices among Member States.

During 2014 GDPML has continued to inform the law enforcement authorities on cases in which there were doubts about the laundering of the proceeds of crime.

### **Statistical data according to the information**

<b>Receiving Institution</b>	<b>2013</b>	<b>2014</b>
Referred to Police	248	314
Referred to Prosecution	35	148
<b>Total</b>	<b>283</b>	<b>462</b>

In order to accomplish its preventive role, the Suspicious Activity Reporting has a significant role by the law authorities. By comparing the data it is evident a significant increase in the number of these reports, which are twice more in comparison to reports of a year ago. Thus, in 2014, there were 1230 reports whereas in 2013 there were 558.

The increasing quality of the SAR is obvious given that the most suspected cases (70%) referred by GDPML to the law enforcement agencies refer to this Suspicious Activity Reporting.

Indication	SAR	CTR	Sectoral analyses	Counterparts	Other notifications	Total
Referred to Prosecution	109	6	5	8	20	148
Referred to Police	212	16	60	6	20	314
TOTAL	321	22	65	14	40	462

The freezing of the transactions in cases when there are data or indicators for individuals involved in illegal activities, is considered an efficient preventive measure aimed at preventing the concealing or alienation of the illicit funds.

Data in relation to the number of freezing orders and their progress

Years	No. of freezing orders	Total in ALL frozen	Total in ALL seized	% of seized over frozen
2013	15	123,336,890	29,893,265	24.2
2014	65	2,545,726,400	1,955,487,800	76.8

As for international cooperation, GDPML has paid special attention to information exchange with counterpart structures in other countries in terms of increasing the speed of information processing and responding, while there is a range of information sent spontaneously by GDPML. During 2014, there have been 62 requests by counterpart structures of other countries and there have been replies for 48 of them. From GDPML there have been 66 requests for counterpart structures of other countries and there have been replies for 50 of them.

GDPML has continued its work to meet international standards as far as prevention of money laundering and terrorism financing are concerned, as well as harmonizing national legislation with EU *Acquis*.

In order to complete the framework of the Law No. 157/2013 dated 10.10.2013, Instruction No. 1 dated 01.16.2014 of the Minister of Finance *"On establishing the rules and procedures for allowable expenses on funds and other seized assets of designated persons"* is approved.

After the GDPML proposal, by DCM No 324 dated 28.05.2014, it was amended the DCM Nr. 687/2011 for AASCA which determines the administration of assets and funds seized in accordance with Law 157/2013 *"On measures against the financing of terrorism"*.

Also during the year 2014, periodic changes are approved in the list of persons designated as terrorism financiers, according to the changes made in the list of the United Nations Security Council.

During the reporting period, GDPML has organized and participated alone or in cooperation with supervising and licensing authorities, as well as with the respective associations in training and awareness activities with the subjects of law. During 2014, 699 persons have been trained compared to 401 people trained in 2013.



GDPML supervises the fulfilment of obligations arising from the law, through inspections, aiming at increasing the number of reporting entities, the number and the quality of SARs and the overall level of compliance for the different categories of reporting entities. During 2014, special emphases has been put on inspections in the country where there are carried out 72 inspections in the country and 93 in distance, whereas in 2013, there were carried out 10 inspections in the country and 174 in distance.

One of the priorities of the State Police is the fight against money laundering, corruption, economic and financial crime where have been identified growing indicators. During 2014 330 offenses were identified, 330 solved, with 408 offenders involved, 12 arrested, 396 prosecuted while free.

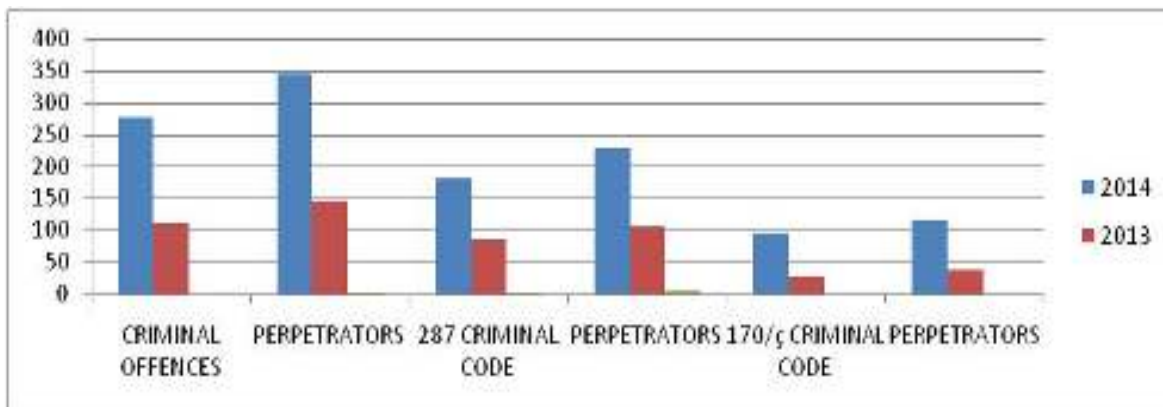
*Compared with 2013 there are identified: 218 offenses more, 262 more offenders, arrested 10 more, 252 prosecuted while free more.*

They are divided according to the criminal offences as follows:

- 205 cases for the offence "Laundering of the proceeds of crime or criminal activity", Article 287 of the Criminal Code, with 265 offenders, 2 arrested, 263 prosecuted while free. 130 cases were referred based on the information sent by GDPML and 75 by police information.

*Compared to the last year results there are identified: 114 offences more, 158 perpetrators more.*

- 125 cases for the offense "Exercise without license of financial activity", Article 170 /ç of the Criminal Code, with 143 perpetrators incriminated, 10 arrested, 133 prosecuted while free.



### Police Operations

During the year 2014 there have been identified 6 Police Operations, with 77 perpetrators, 6 arrested and 71 prosecuted while free.

- On the criminal offence of “Laundering of proceeds of crime or criminal activity”, Article 287 of Criminal Code, there have been identified 2 police operation with 2 offenders, 1 arrested, 1 prosecuted while free.

- On the criminal offence “Exercise without License the financial activity”, foreseen by articles 170/ç of Criminal Code, there have been identified 4 police operations with 75 perpetrators, 5 arrested and 70 prosecuted while free.

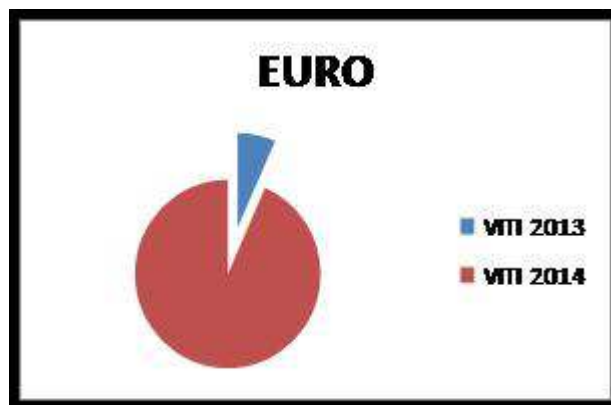
On 28.05.2014 until 01.06.2014 on national level, it was implemented the Operational Plan “BLACK MARKET” No. 719, dated on 28.05.2014 “Fight against illegal activity of “Exercise without License of the financial activity”, foreseen by article 170/ç of the Criminal Code. In this Operation there have been identified 28 criminal offences, 43 perpetrators out of which 4 arrested and 39 prosecuted while free.

On 23.12.2014 until 26.12.2014, it was conducted Operation "BLACK MARKET 2" no. 1641, dated 22.12.2014 "Against illegal activity of exercising financial activity without the license". Nationwide 19 offences were identified, with 19 authors, 19 prosecuted while free. *If we compare the data with the last year there have been identified 5 police operations more with 75 perpetrators more.*

#### *Seizures*

During 2014, on the criminal offence “Laundering of Proceeds of Crime or Criminal Activity”, Article 287 of Criminal Code the total amount of seizure is: **19,107,371 Euro.**

*Compared to 2013, the amount seized is 18,000,000 Euro more.*



#### *Manufacturing and illegal keeping of weapons*

Regarding the offenses of manufacturing and illegal keeping of weapons, in 2014:

- Specific weight of the offense of manufacturing and illegal keeping of military weapons and ammunition, in the group "Criminal offenses against public order and security" in 2014 was 11.9%, while in 2013 was 15%. The tendency of the proceedings registered for this offense is increased with 12.2%, compared with 2013.
- Specific weight of the offense of manufacturing and illegal keeping of cold weapons in the group "Criminal offenses against public order and security" in 2014 was 2.6%, while in 2013 was 4%. Statistical data have shown that the number of criminal proceedings registered for the offense provided for in Article 279 of the Criminal Code "Illegally manufacturing, keeping, purchase or sale of cold weapons", in 2014 was decreased with 8.3%, compared with 2013.

- Specific weight of the offense of manufacturing and illegal keeping of hunting and sports weapons in the group "Criminal offenses against public order and security" in 2014 was 1.9%, while in 2013 was 2.5%. This offence results increased in 2014 with 9%, compared with 2013.

### *Cyber Crime*

During 2014, there have been identified 180 criminal offences, solved 76 of them with 86 perpetrators, out of which 10 arrested, 74 prosecuted while free and 2 declared wanted.

During 2013, there have been evidenced 108 criminal offences, out of which there have been solved 63, with 69 perpetrators, out of which 9 arrested, 58 prosecuted while free and 2 declared wanted.

*Compared with the last year, there have been identified 72 criminal offenses more, with 17 perpetrators more and 1 arrested more.*

### Police Operations and successful Investigations

- On 02.04.2014, the structures of the Cyber Crime at RPD of Tirana have concluded the police operations codenamed "Password", during which two citizens were arrested in flagrante. Criminal offences in charge of the suspected persons are: "Intervention on the computer data" and "Coercion by threat for granting property in collaboration" foreseen by articles 293/b, 109/b and 25 of Criminal Code which were sent for further prosecution.
- On 05.12.2014, the structures of Cyber Crime sector at General Police Directorate after conducting quick investigative and immediate actions, managed to successfully carry out a police operation where a citizen was arrested in flagrante. Two mobile phones, laptop, computer accessories have been seized as evidence. He now faces the charge of "Intruding into someone privacy" and "Persecution" provided by Articles 121 and 121/a second paragraph of the Criminal Code, which were sent to the Judicial District of Kruja Prosecutor Office.

### *The online reporting on cybercrime*

The State Police, in the framework of initiatives to provide better service to citizens and in order to prevent and hit corruption and cybercrime, has made available a computer application which is found in the official webpage of the State Police on internet which serves for the receiving in time of the announcements, denunciations, or information from public on facts or circumstances related to cyber-crime offences.

The application is called "Online denunciation of cyber-crime", at the address [www.asp.gov.al](http://www.asp.gov.al), in the rubric "Denounce Cyber-crime" ([www.asp.gov.al/denonco\\_kk](http://www.asp.gov.al/denonco_kk)).

The application is made of two modules, which are "Denounce" and "Information". The citizen who is a victim of Cyber Crime or a witness during the commitment of illegal actions and wants to contact with the State Police on the continuance of the procedures of the

lawsuit, needs to fill the module “Denounce” where is needed the filling of the personal data: name, surname, address, phone number, or electronic mail address. At any case, the citizen will be contacted by police officers in charge with the case for the continuance of the respective actions. Meanwhile, if the citizen wants to remain anonymous, but he has information about corruptive affairs or the commitment of any cyber-crime, he can use the model “information” where he is not obliged to provide his personal data.

### *Fight against the production and drug trafficking*

During 2014, significant results have been achieved on the fight against the production of drug trafficking.

In order to plan and coordinate activities against the cultivation of narcotic plants, the Minister of the Internal Affairs has adopted the National Action Plan No. 18, dated 03.10.2014. In addition, the General Director of the State Police has adopted the Action Plan of the State Police No. 301, dated 06.03.2014 "On preventing and combating criminal activity of cultivation of narcotics". Action Plans were implemented in two phases:

#### *First Phase of awareness and prevention*

During this phase, the Central Leading Group was established and continues operation at the General Directorate of the State Police while management groups have functioned at the local level in 12 regional police departments.

There have been adopted the action plans of the Regional Police Directorates and police commissariats "On preventing and combating criminal activity of cultivation of narcotics during 2014”.

Control groups have been established pursuant to the order of the General Police Directorate no. 726, dated 12.05.2014 “On the control and destruction of narcotics plants and a control schedule of the territory is drafted and followed throughout the country.

The regional police directorates and police commissariats in cooperation with the heads of local government and district educational directorates have developed 497 different awareness activities in total with 14265 beneficiaries participants in order to prevent the cultivation of narcotics.

These measures have been implemented:

- 2 Action Plans;
- 12 regional meetings have been carried out;
- 5 Telegrams;
- 8 Attentions;
- 4 Operational Plans;
- 1 Order of the General Police Director;
- 2 monitoring plans with police helicopters;
- 1 joint transportation plan of the police forces by Army Air Base helicopter;

- 2,066 police information for the cultivation of the narcotics plants have been administrated.

### *Second Operational Phase*

49 air surveillances from Guardia Di Finanza (Italy) have been carried out, 78 parcels have been identified; 50.492 narcotics plants been destroyed. 27 flight missions of the State Police have been carried out.

Two important operations against the production and trafficking of drugs have been carried out:

- The police operation codenamed "**Lazarati**", which was launched on 06.06.2014 for the control of territory and the destruction of narcotic plants in Lazarat village where 1000 police officers were engaged. State Police structures during the operation in Lazarat/ Gjirokastra, have managed to exercise control over 833 buildings, territories and a series of other facilities inside Lazarat village and lands around the municipality.

After the completion of the police operation, 133,567 plants were destroyed where narcotic plants and narcotic laboratories were seized as follows:

- 71 tons and 87 kg of marijuana,
- 5 kg heroine,
- 53,735 kg hashish,
- 4,395 kg cannabis seed,
- 16.8 kg hashish oil,
- 5 laboratories of narcotics plant processing,
- 2 heating incubators

There have been seized a considerable amount of arms and ammunitions:

- 426 automatic firearm
- 27 pistols,
- 2 snipers
- 1 machine gun
- 6 heavy machine gun
- 30 light heavy machine gun
- 4 mortars, 4 grenade launchers,
- 4 antitank
- 29 shotguns
- 7 old firearms,
- 49 burned fire arms,

49 people were detained, of whom 39 people arrested suspected of committing the criminal offences of "Armed attacks against police forces", "Manufacturing and sale of narcotics", "Cultivation of narcotics ", "Opposing police officers" and "Destruction of property". The Mayor of Lazarat commune has also been prosecuted and 10 people were detained after they

were declared wanted for committing offences of "Manufacture and sale of narcotics", sentenced by the courts with a final decision.

- The police operation codenamed "Dukagjini" (August 21-29 2014), for the control and the destruction of the narcotic plants in communes of Pult, Shosh, Shale and Temal with the participation of 150 police officers every day. At the end of 8 days of the police operation 313 parcels were identified and there were destroyed 136,468 narcotic plants. The criminal proceeding was launched for 6 suspected perpetrators declared wanted. There were arrested 3 suspected perpetrators and 3 heads of commune. 3 automatic firearms, 5 cartridges, 161 bullets and 15 kg 924 grams of marijuana were seized.

The indicators on the destruction of cultivated narcotic plants and their prosecution in national level for 2014 are:

570 cases of cultivation of narcotics plants have been identified, 164 of them detected, 204 perpetrators identified, 105 of them arrested, 37 perpetrators have been prosecuted while free and 62 perpetrators have been declared wanted. 551414 narcotic plants have been destroyed.

Indicators of identification and destruction of cannabis plants, by region in 2014 are:

No	Region	No. Cases	Detected	No. Of plants	Perpetrators	arrested Detained	Prosecuted while free	Wanted
1	Berati	16	14	1263	21	18	3	0
2	Dibra	17	1	1689	10	6	4	0
3	Durrësi	118	19	64239	22	11	7	4
4	Elbasani	2	2	17	2	1	1	0
5	Fieri	19	8	1936	10	7	0	3
6	Gjirokastra	77	58	185.385	65	16	6	43
7	Korça	13	7	1609	7	7	0	0
8	Kukësi	14	3	5207	6	4	2	0
9	Lezha	16	5	5039	5	3		2
10	Shkodra	92	11	228.682	18	11	5	2
11	Tirana	64	14	14830	26	16	5	5
12	Vlora	121	13	41.414	12	5	4	3
<b>TOTAL</b>		<b>570</b>	<b>164</b>	<b>551414</b>	<b>204</b>	<b>105</b>	<b>37</b>	<b>62</b>

During 2013, 229 criminal offences for cultivation of narcotics plants have been identified with 98491 destroyed plants, 77 cases detected, 89 perpetrators, 52 of them caught in the act, 16 perpetrators prosecuted while free and 21 declared wanted. Compared to 2013, it results that during 2014 there have been:

- identified 2.5 times more cases of cultivation of narcotic plants
- exterminated 5.5 times more narcotic plants
- identified 2 times more perpetrators
- arrested and detained 2 times more perpetrators.

The results against the trafficking of narcotics are as below:

The statistical tables for the criminal offences and for prosecuted perpetrators; the amount of the drugs seized from 1 January 2014 to 30 November 2014:

Types	No. of cases	Detected	Quantity	Perpetrators	Arrested /Detained	While Free	Wanted
Heroin	81	80	73 kg 491.7 gr	120	97	18	5
Ecstasy	1	1	0	1	1	0	0
Cocaine	43	41	10 kg 28.2 gr	51	48	3	0
Marijuana	1,093	992	101,726 kg 101.9 gr	1,325	754	459	112
Hashish	2	1	24 kg 450 gr	2	0	2	0
Cannabis Seeds	6	5	1 kg 826.1 gr	6	5	1	0
Acetone	0	0	550 litra	0	0	0	0
Hashish oil	1	1	11 kg 154.4 gr	1	1	0	0
Methadone	1	1	17 gr	1	0	1	0
Cutting Substances	0	0	100 gr	0	0	0	0
<b>Total</b>	<b>1,231</b>	<b>1,123</b>		<b>1,507</b>	<b>906</b>	<b>484</b>	<b>117</b>

The statistical tables for the criminal offences and for prosecuted perpetrators; the amount of drugs seized from January 1, 2013- 30 November 2013:

Types	No. of cases	Detected	Quantity	Perpetrators	Arrested /Detained	While Free	Wanted
Heroin	95	95	47 kg 325 gr	113	102	9	2
Methadone	2	2	137.7 gr	2	1	1	0
Phentermine	1	1	1.2 gr	1	0	1	0
Cocaine	42	41	16 kg 104.6 gr	59	49	10	0
Marijuana	949	888	20,672 kg 916.9 gr	1,137	634	455	48
Hashish	6	6	32 kg 440.2 gr	9	8	0	1
Hashish Oil	1	1	359 ml	1	1	0	0
Cannabis seeds	6	6	700 gr	6	5	1	0
Papaver Seeds	1	1	5 kg 288.9 gr	1	1	0	0
Cutting Substances	2	2	1 kg 742.8 gr	2	2	0	0
<b>Total</b>	<b>1,105</b>	<b>1,043</b>		<b>1,331</b>	<b>803</b>	<b>477</b>	<b>51</b>

During 2014:

- 89 operations have been conducted by implementing special investigation techniques: (compared to 50 conducted in 2013)
- 57 criminal groups dealing with drugs distribution of narcotic substances have been dismantled and 220 persons have been arrested, (compared with 43 groups and 196 persons arrested during 2013).
- 41 operations have been conducted, 42 citizens have been arrested by using various forms of international police cooperation. (54 operations and 77 persons arrested in 2013).

- There has been a joint investigative group for the treatment of two cases with the Greek police, in one case, the person was arrested and in the other case, the person is internationally wanted for trafficking of narcotic substances.

*Indicators as reported by the General Prosecution Office on the fight against organized crime*

The fight against organized crime, apart from achievements reached in 2014, still remains a significant challenge for the prosecution, in order to construct a track record on investigations, prosecutions and convictions in all areas and all levels, as recommended in the Progress Report 2014.

The statistics show that the number of proceedings registered in 2014 was increased with 52%, compared with 2013. Meanwhile there is observed an increase with 18% of proceedings sent for trial, compared with 2013. In connection with the defendants, for this group of offenses, the number of defendants registered is increased with 25%, compared with 2013, and the number of defendants who were sent to court was increased with 20.6%. Specifically, for the criminal offense provided for in Article 284 of the Criminal Code "Cultivation of narcotic plants", in 2014 there was an increase of criminal proceedings with 136.7%, compared with 2013. For the criminal offense provided for in Article 283 of the Criminal Code "Manufacture and selling narcotics", the number of proceedings registered in 2014 was 20.5% higher than in 2013.

Prosecution has continued to be highly committed in the fight against organized crime and illegal trafficking. Referring to the statistical indicators, only for the period January-February 2015 Prosecutor for Serious Crimes records:

- 3 prosecutions for the offense provided by the Articles 333 and 334 of the Criminal Code
- 15 prosecutions for the offense provided by the Article 283 / a of the Criminal Code
- 3 prosecutions for the offense provided by the Article 278 / a of the Criminal Code

*Proactive investigations and special investigation methods*

The number of proactive investigations and the use of special investigation methods have significantly increased, in cooperation with other law enforcement structures, where the State Police is mentioned, intelligence services, the relevant tax administration offices, customs administration, etc. We note that, from May 2014 after an extended meeting between the leaders of the Prosecution Office and State Police leaders at a national level, periodic meetings were held at central and local level in analysing investigative activity. This initiative has led to positive concrete results, the boost of proactive investigations, and the increase of the number of recorded cases.

Also, in terms of proactive investigations, there has been an increased cooperation with other law enforcement agencies. Since May 2014, after an extended meeting between the Heads of the Prosecutor's Office and State Police management at national level, there were



standardized periodic meetings at central and local level to analyze investigative activity, with particular focus on fight against corruption..

### *Contribution against "foreign fighters"*

In 2014 and following, the Prosecutor's Office has focused its work to increase efficiency and effectiveness of its work to identify, prevent and attack nationals and groups that operate in the field of recruiting individuals for involving the latter in armed conflicts in the Middle East. As above, the prosecution has focused its work on prevention of terrorist acts and taking legal and practical measures to reduce as maximally as possible the bases or elements that create the terrain for this criminal phenomenon, always analyzing and taking into account the final target of the terrorist act. In this respect, real time cooperation and exchange of information with SIS and the Ministry of Interior has been and remains a determinant factor to achieve operational success for which all our institutions are working. The analysis carried out regarding the hereinabove offenses have concluded that the threat from terrorism, especially the religious - based, is realistic and our structures must be pro-active alert to neutralize any sign or tendency, with primary purpose to provide prevention of terrorist acts.

The fact that Albania has accepted its commitment to fight terrorism on the basis of the European Conference declaration of 20 October 2001 is already known and appreciated. Albania is currently ranked with anti-terrorism coalition forces led by our strategic ally, the US, and is engaged with all its values and skills. This makes our country a potential "target" for terrorist organizations, but until now, our country is considered as unaffected by the implications of the terrorist threat.

Over the past year and onward, the Prosecutor's Office has conducted investigations on natural individuals, the self-proclaimed Imams, who have managed to organize various religious entities and have exerted Muslim religious rites at mosques established by them. Their criminal activity is considered to have started in the moment of creation of the cult, which have not been approved by the Albanian Muslim Community. At the conclusion of the investigation, the Prosecutor's Office has sent to court 9 individuals accused of offenses: "Recruitment of individuals for purposes of committing acts of terrorism or terrorist financing"; "Promotion, public call and propaganda for the purpose of committing acts of terror".

### *Cooperation in the Border Integrated Management*

During 2014, some strategic documents and other acts have been drafted and adopted to strengthen the cooperation with other institutions:

- "Intersection Strategy of BIM" DCM No. 119 dated 05.03. 2014 and the action plan for the period 2014-2020" have been adopted.
- The Common Order of the General Directorate of the State Police No. 332/3, dated 07.03.2014 and State Social Service No. 562, dated 12.03.2014" is signed for the hosting and social treatment of unaccompanied minors who are returned/admitted from other countries".

- The common order No. 332/3 dated 07.03.2014 between the General Directory of State Police and the State Social Service “For the hosting and social treatment of unaccompanied minors who are returned back from other countries”, has been signed.
- Extended Migration Profile for 2014 has been adopted, DCM no. 857, dated 10.12.2014.
- The Order of Police Director General No. 1446, dated 08.07.2014 "On an addition to the Order No. 851, dated 03.08.2009, “On approval of standard procedures of working for Border and Migration” has been signed in the context of updating the selection procedure for illegal foreigner has been signed. This order preceded the implementation of electronic Module "illegal foreigners", which is already functioning normally.
- The draft Guidelines of the Ministry of Internal Affairs "On residence permits and treatment procedures of foreign nationals who do not meet the conditions for entry and stay in the territory of the Republic of Albania" are being revised.

During 2014 there have been conducted 12 joint trainings with other institutions or other structures within the police where 155 police officers were trained.

During 2014 border controls have been further improved in cooperation with the Customs against illicit trafficking through a more efficient use of risk analysis and trainings where these results were achieved:

- 94 cases of trafficking of narcotics where were seized: 8488 kg marijuana, 29 kg heroin and 111gr Cocaine, *(118 cases seized in 2013: 10047 kg of marijuana, 36.3 kg heroin, 13.6 kg cocaine);*
- 11 cases of trafficking of arms, explosives and ammunition, *(6 cases in 2013);*
- 62 cases of trafficking in motor vehicles, *(54 cases in 2013);*
- 30 cases of facilitation to illegal border crossing, *(17 cases in 2013);*
- 203 cases for forging documents, *(190 cases in 2013);*
- 38 cases of crimes in the area of customs related to the smuggling of goods, *(23 cases in 2013);*
- 6 cases of undeclared cash at the border, *(4 cases in 2013).*

The Joint Unit for the Control of Containers is operational in Durres Port where six (6) officers serve, of whom 2 (two) Border Police officers of Durres, 2 (two) customs officers and 2 (two) officers of the fight against drugs in RPD of Durres. This unit inspected containers in 235 cases during 2014.

Joint working groups of the Department of Border and Customs General Directorate are working on the completion of the Joint Risk Analysis, which will be completed in the first trimester of 2015.

### *International Cooperation*

The strengthening of international cooperation remains a priority of the Albanian State Police. In this framework, a priority remains the enhancement of cooperation with counterpart bodies of the region, SELEC and EUROPOL, in order to develop analytical

outputs, threat assessments and information sharing, and conduct joint operations using various international cooperation forms, as well as addressing the objectives deriving from the Police Cooperation Convention for South East Europe (Wien Convention) over cross border cooperation, joint investigation teams etc.

During 2014, the procedures on a successful finalization of the signing of bilateral agreements with the regional countries, other countries of the European Union and the implementation of the existing agreements have been followed:

All the procedures have been followed and these agreements have been successfully finalized:

- The Operational Protocol between the State Police and the Department of the Public Security and Ministry of Interior of the Republic of Italy and the establishment of a Joint Task Force was signed on January 30, 2014.
- Agreement between Albania and Croatia on police cooperation signed on March 20, 2014.
- The draft law on the ratification of the Operational and Strategic Agreement with Europol was approved in the Albanian Parliament on March 20, 2014.
- The Protocol on Touristic season 2014 with Montenegro was signed on May 30, 2014.
- The Protocol on Touristic season 2014 with Kosovo was signed on June 28, 2014.
- A Protocol between the Ministry of Internal Affairs and of the Republic of Albania and the Ministry of Interior of the Republic of Macedonia on cooperation during the touristic season 2015 was signed on September 5, 2014 in Tirana, Albania by the respective ministers.
- The Memorandum of Cooperation on the establishment of SEPCA where Albania got the Presidency for 2015 was signed on November 26, 2014, in Belgrade, Serbia.
- The Bilateral Agreement with Serbia on free movement was signed on November 10, 2014 in Beograd, Serbia.

Several agreements are still under negotiation and signing process.

#### *In terms of regional and international cooperation regarding trafficking issues*

The Memorandum of Understanding between the Secretary of State for the Home Department, acting through the Office of Internal Affairs and the Ministry of Internal Affairs of the Republic of Albania and the Minister of Internal Affairs “On the intensification of cooperation in the fight against trafficking of human beings on improving identification, referral and assisted voluntary return of victims/potential victims of human trafficking” was signed on 4 December in London;

On 8 December 2014, the additional protocol was signed with the Republic of Montenegro to “Intensify Cooperation in the Fight against Trafficking of Human Beings” and the Improvement of identification, referral and assisted voluntary return of victims/Potential Victims of Trafficking”, in addition to the Agreement between the Council of Ministers of the Republic of Albania and the government of the Republic of Montenegro, for cooperation

in the fight against organized crime, terrorism, illegal trafficking and other illegal activities, approved by DCM 483, dated 16.7.2004.

During 2014, several meetings were held with representatives of the highest political level of important countries such as UK, USA, Italy, France, etc., where the main topics of discussion were: common approach to modern slavery, voluntary return and reintegration of victims of trafficking, problems associated with unaccompanied children.

At the end of March 2014 and in January 2015, joint meetings were held in Pristina with the Anti-Trafficking Coordinator of Pristina and Montenegro, as well as with experts from Kosovo and Albania, where it was highlighted the revitalization of the Additional Protocol, and gaps were identified in the implementation of the obligations arising from this protocol on information exchange regarding the identification of victims and potential victims of trafficking.

In July, a joint meeting with police representatives from Albania, Serbia, Croatia, Italy, Montenegro and Macedonia was held in Budva. This meeting was part of the joint regional initiatives to combat the phenomenon of trafficking and to identify, refer and assist victims and potential victims of trafficking in the territory of both countries. The meeting was designed to bring together in Budva police forces of these countries attached to Montenegro to assist police structures of Montenegro during the tourist season in Budva and in other tourist centers in Montenegro. The purpose of the meeting was to provide information and instruction to police forces on the procedures to be followed for timely identification of potential victims of trafficking, as well as addressing issues related to trafficking in persons. Throughout August, the Albanian police forces continued joint patrols with colleagues from Montenegro, Serbia, Croatia, Italy and Macedonia.

The National Coordinator for Trafficking of Human Beings Issues has currently held meetings in the framework of the agreements and signed protocols with regional counterparts, such as Montenegro, Macedonia, Kosovo, Greece, also in international level, with Italy, France, Switzerland and Belgium for the signing of the Agreements in the fight against trafficking of human beings.

#### *International cooperation as reported by the General Prosecution Office*

During the reporting period, an increased cooperation was spotted between Albanian institutions and counterpart structures of neighbouring countries, with members of the European Union and United States of America as well.

In terms of an increased judicial cooperation with foreign authorities, it is worth mentioning the increasing number of requests for legal assistance to foreign authorities, number of people arrested for extradition purposes, as well as an increasing demands for the transferring of persons convicted, following the agreements signed during 2013, between the Republic of Albania and UK and between the Republic of Albania and Kosovo.

During this period has increased the exchange of information for Albanian citizens or foreigners involved in illegal trafficking and serious crimes. It is worth mentioning here the cooperation with the German authorities to identify and apprehend the "Group of cocaine" Emphasis must be put on the collaboration of the Department of Foreign Juridical Relations at the General Prosecution Office and the National Central Office - Interpol Tirana, in the context of police operations, as to prevent the commission of crimes against life and health, as well as to capture the criminal organizations dealing with drug trafficking and exploitation of prostitution. Thus, the General Prosecution Office has responded in real-time to the requirements of foreign authorities on the identification of the users of mobile phone numbers, by providing extremely valuable information for police operations.

In the context of international cooperation, during the period January - October 2014 several actions were undertaken on the execution of some rogatory commissions as required by the authorities of Belgium, France, Norway, etc., as housing controls, asset verification, seizures of bank accounts etc. We note that these procedural actions are carried out by prosecutors of the Prosecution Office for Serious Crimes in Tirana in the presence of representatives of foreign authorities.

Considering organized crime as a tough challenge, prosecutors have always been active in training processes, organized by international partners. Different prosecutors have participated in a number of regional and international meetings held in order to intensify the international judicial cooperation in the context of the continuous assistance of the Projects of the European Union, to increase the capacity of the Prosecution body in the fight against organized crime, serious crimes and corruption.

One of the priorities of the Prosecution Office during 2014 was the creation of joint investigation teams, based on the Second Additional Protocol to the European Convention on Mutual Assistance in Criminal Matters, suggested and agreed upon during the frequent meetings between representatives of the General Prosecution Office and those of EUROJUST.

Extraditions from abroad: In 2014, there were registered 117 extradition requests on individuals declared wanted for on international level, on the basis of a final criminal decision or the decision on imposing the personal precautionary measure "arrest in prison", who were arrested or located by the police authorities of other countries.

Extraditions to abroad: In 2014, the number of requests for extradition to abroad was 97, and the highest number of requests for extradition of Albanian or foreign nationals arrested in the Republic of Albania was delivered by Italy - 62 requests, Kosovo - 6 requests, the USA 5 - requests, Macedonia 4 - requests, etc.

In order to verify the followed procedures for the extradition cases, during 2014, the Ministry of Justice carried out at the courts the following inspections:

- With the order no. 155, dated 05.03.2014, of the Minister of Justice, an inspection was undertaken in the Court of Appeal Vlora. Its subject was "The verification of the enforcement of the criminal judicial procedures and of the specific legislation,

implemented during the judgment of the administrative criminal cases to assess and determine the personal security measure against the citizen V.Z., in order to extradite him from the Republic of Albania to Italy”. The case was passed to the Supreme Court for judgment.

- With the order dated 11.12.2014, the Ministry of Justice inspected the Court of the District Kukësi and the Court of Appeal Shkodra, in order to verify the judicial procedures implemented during the judgment of the criminal requests which are related to the extradition of a citizen. The inspection report is under the assessment process.

Also, in continuation to the inspection carried out in 2013, for the verification of the extradition procedures at the Court of the Judicial District Lezha, and as a conclusion of the control report, the Minister of Justice, in October 2014, filed at the HCJ (High Commission of Justice), the request for the disciplinary measure to dismiss a judge from duty (this request is still waiting to be reviewed by the HCJ). Meanwhile, a request of the Minister of Justice for the disciplinary measure to dismiss a judge from his duty in the judicial district Tirana, who was found to have committed a breach based on the inspection carried out by the Ministry of Justice on the verification of the extradition procedures, was rejected by the HCJ (in the meeting held in May 2014).

#### *Letters rogatory*

Letters rogatory from abroad: Regarding requests for legal assistance in criminal matters received by foreign authorities, in 2014 there were delivered 473 letters rogatory. Referring to statistics it is observed that the highest number of applications came from neighbouring countries such as Greece - 182 requests, Kosovo – 121 requests, Italy – 24 requests, Croatia - 20 requests, Macedonia – 17 requests, Hungary -15 requests, Slovenia - requests14, Turkey and France - 11 requests, Germany and Montenegro - 10 requests, Switzerland and Belgium - 6 requests, the Netherlands and Portugal - 5 requests, England - 3 requests, Bulgaria, Liechtenstein and Spain each of them respectively - 2 requests, etc.

*Rogatory commissions and controlled deliveries.* In the framework of this cooperation, Albanian authorities have realized in 2014 some important and successful operations, in the presence of foreign homologous structures, in combating criminal groups, notably regarding the collaborations with the Public Prosecutor’s Office of Hannover, Germany, which directly forwarded to the General Prosecutor's Office the request for legal assistance in the framework of the criminal proceeding registered against a criminal structured group involved in trafficking of narcotics in large quantities, as well as with the Court of First Instance of Brugge, Belgium, which transmitted a request for legal assistance in the framework of prosecution for commission of offenses of “keeping, purchase and sale of a quantity of cocaine, amphetamines, in aggravating circumstances.

#### *Letters rogatory sent abroad*

District Prosecutors’ Offices have sent to foreign judicial authorities in 2014 a total of 608 requests for legal assistance, in the context of exercise in our country of prosecution against

Albanian and foreign nationals. It is worth mentioning that for 21 individuals the Italian authorities have converted extradition proceedings with recognition and enforcement of court decisions in Albania given by these authorities against Albanian nationals.

Of the total letters rogatory sent abroad it has been observed that 24 letters rogatory were sent regarding offenses against the person, 235 letters rogatory regarding offences against property and economy, 105 letters rogatory regarding offenses against the state authority, 4 letters rogatory regarding offenses against justice, and 2 letters rogatory regarding criminal offenses committed by criminal organizations, etc.

#### *Recognition of criminal decisions*

Recognition of foreign criminal decisions: In 2014 it was required in 39 cases recognition of foreign criminal judgments given against Albanian nationals. Statistical data have shown that Kosovo and Italy have sent most of the requests for recognition, i.e., respectively 15 and 21 requests.

Recognition of Albanian criminal decisions abroad: Statistics have shown that Albanian authorities have filed in 2014 a total of 10 requests for the recognition of Albanian criminal judgments abroad.

#### *Transfer of criminal proceedings*

Transfer of proceedings from abroad: In 2014 was required in 10 cases the transfer of criminal proceedings from abroad, for the purpose of execution of prosecution in Albania. It is worth mentioning that the highest number of requests for transfer of proceedings from abroad has Kosovo and England, respectively by 3 proceedings sent each of them, while Greece 2 proceedings, Italy and Croatia 1 proceeding, sent to Albania.

Transfer of proceedings to abroad: Regarding transfers of proceedings to abroad, as shown in the graphical record below, in 2014 Albanian authorities have sent to foreign authorities 3 criminal prosecutions. More specifically, two criminal proceedings were sent to Kosovo, respectively by the Serious Crimes Prosecutor's Offices of Tirana and District Prosecutor's Office of Kukësi, while District Prosecutor's Office of Tirana has sent a proceeding to Austria.

#### *Cooperation with Europol*

The Signing of the Operational Agreement marked an important milestone in the increasing of the level of cooperation between the Albanian State Police and EUROPOL European Police Service. The agreement was ratified by the Parliament on 20 March 2014 and then the procedures criteria were carried out on the meeting for the recognition of the agreement by the EUROPOL member states. The agreement entered into force on June 6, 2014. The sharing of the operational information including personal data, between Europol, Liaison Offices of EU countries and Third Countries which are part of EUROPOL started from June 13, 2014. A very important part of the operational agreement is the signing of the

Memorandum of Understanding which was sent to EUROPOL. The impact of signing the agreement was reflected in the growing number of exchanged messages through SIENA network. Specifically, only for the period between January - December 2014 there were in total 1026 correspondences, 822 more information than in 2013 or 502,9%.

The entry into force of the operational agreement led to the necessary of contributing through the exchange of operational data of the Analytical Work Files, which are a unique instrument of EUROPOL. The analysts of EUROPOL work together with experts of the organized crime and terrorism to gather criminal intelligence, which covers all areas of high priority crime. Analytical Work Files offer a variety of operational and strategic products which are accessible for the members and help them in their fight against crime.

In this context, the Albanian State Police in cooperation with EUROPOL is working to meet all the requirements for the eligibility to participate in five Analytical Work Files or focal points in relation to illegal immigration, Albanian-speaking criminal groups, Cyber crime, Trafficking of Firearms and Trafficking of Human Beings.

#### *Cooperation with SELEC*

The operations in regional level are mainly held under the direction or the administration of SELEC centre.

During the period January - December 2014, through SELEC Liaison Office there have been treated in total 110 correspondences, of which 44 were requests for information and 66 were sent information.

In comparison with 2013, during 2014 there has been an increase of information exchange by 20% between the Albanian State Police and police agencies of the SELEC Member States.

Also, in the framework of SELEC, two projects are implemented, and 5 Task-Forces, one codenamed operation "Hit", 4 other meetings and a conference in cooperation with UNODC are organized.

#### *Cooperation with Interpol*

During 2013, NCB Interpol Tirana presents the following statistical data:

- 187 people have been declared internationally wanted;
- 141 people have been declared internationally wanted by the counterpart NCBs;
- 95 people have been arrested for extradition purposes towards Albania;
- 117 people have been arrested for extradition purposes towards other countries;
- 49 people sentenced by the Albanian judicial authorities have been extradited towards our country;
- 73 persons wanted by counterpart NCBs have been extradited towards other countries.

During 2014, NCB Interpol Tirana presents the following statistical data:

- 326 persons have been declared internationally wanted;



- 147 persons have been declared internationally wanted by the counterpart NCBs;
- 93 people have been arrested for extradition purpose towards Albania;
- 16 people have been arrested for extradition purpose towards other countries;
- 71 people sentenced by our judicial authorities have been extradited towards our country;
- 78 people wanted by counterpart NCBs have been extradited towards other countries.

#### *KP 5: Human rights, including property rights*

##### *Gender Equality*

The National Council of Gender Equality – Established and functioning by the Prime Minister Order no. 230/2013 "On the functioning of the National Council for Gender Equality".

##### *Gender Officers in the Ministries and Municipalities*

MSWY coordinates the gender equality specialists' network nominated within 16 ministries, with whom the Department of Social Inclusion and Gender Equality in MSWY keeps regular contact to exchange information, reporting, monitoring, and training activities for capacity building. Such employees are also nominated at the Prime Minister Office and at the Department of Public Administration. There are appointed gender employees on full time basis, at the local level, in 18 municipalities full time (from 65 municipalities in total)

##### *Gender Budgeting*

Regarding the issues of gender budgeting it has been carried out the process of consultation with the line ministries for the implementation of CoMD dated 16.07.2012 "On gender integration in the medium term budget program". Meetings and consultation process have been organized in collaboration with the Ministry of Finance and UN WOMEN.

There have been trained specialists of budget planning departments and gender officers in line ministries in a 3-day training held in Durres. In total there have been trained 25 persons. It has been worked with the budget programs of 8 Ministries. There are currently reviewed 7 programs.

##### *Governmental Report Beijing + 20*

During the period January-April 2014 it was drafted and submitted on time the report on the implementation of the Beijing Declaration and Platform for Action 1995, in response to the call of the Economic and Social Council of the United Nations with the Resolution E / RES / 2013/18, in the framework of the 20th anniversary of the Beijing Conference. The report was focused on the progress, achievements and challenges in the 12 areas defined in the Platform for the period 2009-2014.

#### *IV Periodic Report CEDAW*

4<sup>th</sup> Report of the Convention on the Elimination of all Forms of Discrimination against Women, CEDAW, was drafted through a joint effort between MSWY and MFA, which played a key role in drafting this report covering the period 2010-2014. Ministry of Social Welfare and Youth, as the coordinating body for gender equality and domestic violence, supported by United Nations organizations such as UNFPA and UN WOMEN, during a six-month process, organized roundtable consultation with civil society representatives at the local level, women Member of Parliament, members of the National Council for Gender Equality, suggestions and recommendations of which are included in the report, along with the expertise given to all the report.

The report was approved with the CoMD no. 806 dated 26.11 2014, and is submitted to the Secretariat of the Committee on the Elimination of Discrimination against Women and has already been published on the official website of the committee.

#### *Review of legislation from a gender perspective*

During the second half of 2014, a group of experts together with public employee reviewed the legislation from the perspective of gender equality. The ratification of the Istanbul Convention and its entry into force on 1 August 2014, as well as the recommendations provided by the CEDAW Committee, was the basis for carrying out an analysis of the Albanian legislation, supported by UNDP. In late December analysis entitled "Some suggestions regarding the updating of legislation with the standards of the Istanbul Convention and CEDAW" was introduced at a technical roundtable discussion with women members of the Alliance of Women Member of Parliament (MB) who expressed their support for each legislative initiative from the Government regarding interventions in Albanian legislation.

Raising public awareness aimed at changing gender stereotypes, behavioral change on gender issues and the rights of women and girls.

- Awareness activities carried out in the framework of the international day of women and girls (8 March), at central and local level, from governmental institutions, civil society and relevant NGOs, in cooperation and with the support of international organizations.
- On the initiative of the Alliance of Women MP was held on 8 March a joint session with the Kosovo women MP to lobby for joint efforts to enhance decision making and empowerment of women.
- Broadcast aiming at awareness by representatives of institutions, civil society.

#### *Domestic Violence*

MSWY & UNDP organized courses of trainings on "The computerization of data and referral mechanism in cases of domestic violence. Using the online system for cases of domestic

violence". In this regard there were trained 51 local coordinators in charge of registration of domestic violence cases.

In accordance to the fulfillment of legal obligations for administrative data collection, MSWY in collaboration with UNDP, set up in July 2014 a national electronic system for domestic violence cases handled at the local level. During the year the work consisted in capacity building and training of coordinators of violence not only in municipalities where the system already is in place but also in other municipalities.

National Center for Treatment of Victims of Domestic Violence: It is the first national center in Albania, depending on State Social Service. During 2014, 84 persons received psycho-social and legal services of whom 29 women and 55 children. There were 59 new cases for 2014 of these 21 women and 38 children. 64 cases have been integrated through reintegration and employment programs etc., and they are assisted with monthly rent or food assistance until their full empowerment etc.

Decision of Council of Ministers no. 839, dated 03.12.2014 "On some additions and amendments to the Decision no. 425, dated 27.06.2012."On defining the criteria and documentation necessary for the admission of persons in public and non-public residential institutions and social care. Such additions and amendments define that the Order of defense / emergency protection order is required only when the initiative to settle in social care institutions is take by individuals themselves who are victims of domestic violence, whereas in cases where victims of domestic violence is identified from the relevant structures such as the police, non- profit organizations working in the field of providing social services for domestic violence and responsible structures of violence adjacent to the local government units regardless of the Order for Protection they are hosted in residential social care institutions.

#### *Establishing a national free telephone line providing counseling for victims of domestic violence*

One of the priorities of the Albanian Government is the establishment of a national free telephone line (24 hours) providing counseling for victims of domestic violence. Currently the phone number is provided by the Electronic and Postal Communication Authority and further procedures have been followed to establish and operate this line. Work has begun on the national study "On assessing the existence and effectiveness of services for women and girls victims of violence, in compliance with the standards of the Istanbul Convention", which is carried out with the support of the Council of Europe and UN WOMEN.

National Referral Mechanism for domestic violence cases which so far results in 29 municipalities of the country. During 2014, the work consisted in promotion and functioning of the National Referral Mechanism for domestic violence cases, aiming at improving the system of monitoring and accountability of structures associated with the implementation of legislation against domestic violence. For this purpose, representatives of Ministry of Social Welfare and Youth and State Social Service in managerial level, on December 22, 2014, organized in the Municipality of Kukësi a meeting with members of the Coordination

Mechanism of Labor and Referral of Domestic Violence. This meeting highlighted the work carried out by members of the Mechanism, and at the same time to discuss some of the challenges that various relevant institutions at the local level had encountered during case management, providing services to survivors and bringing the perpetrators to justice.

*Awareness campaign to reduce gender-based violence and domestic violence*

“He For She Campaign”, which MSWY has undertaken in collaboration with UN Women Albania during July and onwards. MSWY as main authority responsible for addressing issues of gender equality, gender-based and domestic violence in Albania, was actively involved in this campaign, supported by UN Women Albania. A group of interns of the Ministry were engaged in video-messaging the subject "Boys and Men for Gender Equality", which was then published via "One Story" webpage (<https://www.onestory.com/stories?search=Albania>).

Well known public persons as well as ordinary persons were part of 52 video messages that were published in total. Contributing to this campaign is also part of specific plans of MSWY regarding the awareness initiatives in the framework of the global campaign 16 Days of Activism against Gender Based Violence, and supporting actions for implementing the National Strategy on Gender Equality, Reduction of Gender Based Violence and Domestic Violence 2011-2015 and its Action Plan, raising awareness initiatives following the National Report on the Implementation of the Beijing Platform for Action + 20, etc.

*Campaign related to the 16 days of activism to violence against women 25 November- 10 December 2014*

As it has become a tradition, MSWY coordinates the activities of the campaign under a slogan and a common schedule not only with other state institutions, but also with civil society actors, international organizations, local government, etc.. Even for this year, the goal of the campaign was the involvement and commitment of as many boys and men as possible like partners and associates in action against gender-based violence in the family.

*The campaign under the slogan: "Boys and Men part of the solution - Show that you are against violence!"*

After holding the second meeting of the National Council on Gender Equality another meeting was held with students and lecturers of the Faculty.

Numerous activities were held across the country under the coordination of a shared schedule, with the participation of many stakeholders: central and local institutions; primary schools (9-year school) and secondary schools; students of different faculties; parades; documentary; TV shows and various discussion; coverage in the print media.

Many activities in most of the country were supported by UN organizations (UN Women and UNDP). OSCE has organized another campaign in cooperation with MSWY and State Police in Elbasan and Korca for community involvement in the fight against domestic violence.

### *Protection from discrimination for LGBT persons*

Regarding the implementation of the Action Plan "On protection from discrimination due to the sexual orientation and gender identity, 2012-2014", MSWY during March 2014, draft the proposals "On some amendments to the Law no. 9062, dated 05.08.2003 "Family Code", as amended. Such amendments are related to the Articles 163 and 164 associated with the institute of cohabitation. The amendments were submitted to the Ministry of Justice on April, for further legal procedures.

In the framework of the International Day against Homophobia and Transphobia on May 17, activities were held by NGOs, with the participation of representatives from state institutions and international organizations. During the Diversity week 12-17 May 2014 there were organized social activities and entertainment, documentary broadcast SKA NDAL (NO STOP), exhibition and roundtables, publications awareness fair, which were finalized with the Pride Parade. The purpose: to sensitize the institutions and the public opinion and promoting equality through the concept of diversity to change and strengthen public support for marginalized groups.

The signature of the Joint Declaration in May 2014 IDAHO.

On 23 July 2014 MSWY organized a consultative meeting with NGOs working in the field of LGBT to discuss the progress of cooperation and on the need to draft a new action plan for this purpose.

An international seminar and an exhibition titled "Taste of Freedom" organized by Pink Embassy and PRO / LGBT Albania was held on September 2014.

The Minister of MSWY, Mr. Erion Veliaj, participated on November 2014 at the Annual Conference to Advance the Human Rights of and Promote Inclusive Development of LGBT People in Washington DC.

During December 2014, it was organized hearing of the Subcommittee on Human Rights on the state of the LGBT community in Albania.

Action Plan for LGBT persons will be included in the Policy Document for Social Inclusion 2015-2020.

Finally, it has been set up the SHELTER LGBTI. "SHELTER is the first residential center in Albania that helps the LGBTI community in emergencies in terms of housing. This is a joint project of the "Alliance against LGBT Discrimination" and "ProLGBT" organizations. "Shelter" is a real service transistor for all LGBTI youth ages 18 to 25 years old that are faced with the threat to be out of the house in the middle of the road (usually at the stage of coming out) or to that persons suffering from threats, domestic violence, etc.

### *Social Inclusion and Social Protection*

Work has begun on drafting three strategic Papers. It is expected that these papers are finalized by the end of March 2015. The processes have been started having wide participation and discussion in three rounds.

- Policy Paper on Social Inclusion (2015- 2020)
- Social Protection Strategy Paper (2015- 2020)
- Action Plan for the Integration of Roma and Egyptian (2015- 2020) based on Operational Conclusions of February 2014 Seminar.

Within February all the proposals raised from the meetings will be reflected and during March it is expected the approval the plan from Council of Ministers. These documents are consistent and coordinated with the National Strategy for Development and Integration and with the Strategy Department in the Prime Minister Office.

### *Education*

During 2013-2014, a total of 4219 children were enrolled in Secondary Education compared with 4085 children a year ago. The enrollment of Roma and Egyptian Children in educational system is continuing, including those who do not have the necessary documents to register. Roma children in compulsory education received free textbooks in the school where they are registered. Thus, for example, during the 2012-2013 academic years 3231 Roma pupils were provided with free textbooks, while in 2013-2014, 3370 Roma pupils were provided with free books. During 2014, 20 quotas were distributed to Roma and Egyptian students, and 20 master's quota. The Ministry of Education has conducted a feasibility study on the application of the approach "school food", which is included as a proposal in the action plan. In terms of children with disabilities, according to the education legal framework there are in the process of drafting all the instructions for setting up Evaluation Committees for Disability. The Manual of Procedures for the Involvement of Children with Disabilities in classrooms has been drafted with the support of Save the Children.

### *Civil Registration*

During 2014, 148 cases of Roma children have been registered.

### *Employment and Vocational Education*

During 2014 there have been registered in the relevant Employment Offices nationwide 9690 (4875 females) unemployed jobseekers from Roma and Egyptian communities, who have benefited from the services provided by these offices, such as mediation, counseling and guidance, for work and profession. 10 new employment offices are opened in most important regions of the country (new model is extended also to existing offices) that offer similar services with European counterpart institutions, services with three levels: information, employment services and individual counseling, mainly for groups with special needs.

Service system employees are trained and at the same time they are attending training for the implementation of the new employment services model. Through the implementation of employment promotion programs for 2014 there were employed 146 unemployed jobseeker being part of Roma and Egyptian Community. In public vocational training centers, in total

10 located in the main cities of the country, 175 unemployed jobseekers from Roma and Egyptian communities have benefited free vocational training and are certified in different professional courses required in the labor market, such as the kitchen, sewing, plumber, repair and maintenance of vehicles etc.

### *Housing*

During 2014, the amount invested on new infrastructural intervention was ALL 73 million. Ministry of Urban Development and Transport (MUDT) has completed the evaluation of the project in the Otlak municipality, which aims to improve housing conditions. 30 families will benefit from this project. Also interventions were made in Savra (Lushnja), Lezha and Korça. MUDT is currently reviewing possible legal changes including other actors who are willing to contribute / legal assistance in this process, such as the Ombudsman, the Soros Foundation, Civil Society and the Ministry of Justice. Meanwhile, there are prepared draft amendments to the Law on housing no. 9232 of 15.05.2004 in regard with the recommendations of the Ombudsman. Also, these recommendations will be reflected in the Strategy for Social Housing, which is being developed by UNDP expert and TAEIX. Furthermore, this strategy will be accompanied by action plan and will reflect the recommendations of the Ombudsman for Roma and Egyptians. Work has begun on drafting the Social Housing Strategy.

### *Shish Tufina Emergency Center*

The work at the Emergency Centre Shish-Tufina continues normally. All children attend normally the school and kindergarten. There are 6 families who moved out of the center and are reintegrated.

### *Persons with Disabilities and Social Inclusion*

The Law "On inclusion and accessibility for Persons with Disabilities" was approved by Parliament and published in the Official Gazette 135, Law no. 93/2014. This law establishes the rights for all categories of persons with disabilities aiming at their integration into society. This law also carries out the determination for evaluation of disability and identifying the needs for support of persons with disabilities. As regards to the adoption of the Law, there was a wide consultation with all line institutions and stakeholders and were conducted consultation sessions at the local level, at the political level and in Parliament. It has been approved the draft Council of Ministers' Decree "On approving the regulation for the functioning of the National Council on Disability". At the same time it is continuing the preliminary preparation of other by laws and framework Law for inclusion and accessibility of the persons with disability. In regard with construction adequacy of public institutions it is observed low level of accessibility. For this, the Prime Minister's Order no. 239, dated 11.12.2013 "On setting up the Inter-Ministerial Group for the implementation of rules of the construction adequacy in public central and local institutions" addresses the necessity of construction adequacy for persons with disability in public buildings in Albania. Even the definition in Article 3 of the Law on Inclusion and Accessibility of persons with disabilities

“infrastructure constraints, including those in flats, spaces and public services” supports this process.

The definition of modalities, follow up of this process, and the organization of meeting with the members of working groups were carried out in cooperation with the Faculty of Architecture and Urban Planning; UNDP technical assistance and with line institutions and consequently it was created a base of 70 objects along with draft action plans and possible interventions for adequacy. Furthermore, the abovementioned were submitted for review/suggestions to related ministries.

### *Social Protection*

Since June, the three main regions of the country, Tirana, Durrësi, Elbasani, has begun piloting new computerized system of social assistance, which brings several innovations in the mode of application, but also improves the process by increasing transparency. An electronic registry has been set up for beneficiaries of social assistance, which is made possible through the application and online connectivity with other institutions and at the same time the possibility to verify data cast into the system for applicants. This system aims at targeting poor families through the use of dotted formula. Also, compared to the old way of application for economic assistance, a computerized system brings transparency to citizens on claims of each applicant, verifying data in the system with other institutions such as the Civil Office, National Registration Center, Institute of Social Security, General Directorate of Road Transport Services, Tax Office, Employment Offices, etc.

CoMD no. 837, dated 03.12.2014 "On recognition of sign language in the RA" was approved, which aims recognition of sign language, to assist in the community of persons having listening impairment, in order to have access to information provided by the institutions of the country, as well as to enjoy the same rights as other citizens in the Republic of Albania. This Decree envisages MSWY as the authority responsible for the evaluation and coordination of legislation, policies, and programs in this field and to develop an action platform. It has been realized indexing disability payments for all groups of disabled persons based on the consumer price index published by INSTAT. In regard to the World Bank project "Modernization of Social Assistance", during 2014 it has started the process for reforming the assessment of disability system in Albania, which includes: (a) rewriting existing evaluation criteria and determining the disability; (b) the creation of new multidisciplinary process for determining disability; (c) creation of Evaluation and Determination of Disability structures; (d) reforming the process of benefiting for non-contributory scheme and eligibility criteria; (e) the digitization of information and communication; and (e) drafting the new legal framework.

Currently, there are established working groups that are working to complete this process and are contracted experts (local / international) that will assist this process. Work has started on a reviewing the current medical criteria assessment of the disability. Also, health diagnoses will be increased that causes missing disability in the existing criteria and diagnoses that are no longer considered as a factor in situations of disability will be removed. Involvement on the Guidelines Bio-Psychosocial Evaluation of Disability Social for children and adults drafting



to enable evaluation bio-psycho-social disability based on the conceptual model of the International Classification of Functioning and Health (ICF) World Health Organization (WHO). We are working on drafting a policy document on Disability in collaboration with experts (local and international). At the same, with the Order of MSWY and MoH it was set up a working group with the participants of doctors who will review the medical criteria of disability evaluation with common. De-institutionalization of social services is in the process of being transferred from residential social services to community services.

This process is based on four components:

- Prevention of unnecessary admissions and positions in residential institutions.
- Provide other alternatives for accommodation, treatment, education and rehabilitation of individuals who do not have the necessary residential services.
- Improvement of the conditions, care and treatment for those who need care in residential centers;
- Ensure that children are placed in residential institutions for a shorter time.

Children House at Shkodra, Development Center at Tirana, and Shkodra Elderly House are being reformed by offering new types of services such as day services, alternative care services in families, family home service, volunteering services, alternation services for persons with disability and vocational education and their employment (where possible), etc.

The social services reform in social care institutions that provide residential services for children in need during the process of deinstitutionalization include 4 alternatives:

- Prevention of placing children in institutions
- The deinstitutionalization of children in residential institutions
- Develop community-based programs and strengthen the family
- Transformation of residential care in community social services

It has been drafted the first plan for deinstitutionalization for persons of age 0-3 years old and will continue with a plan for persons of age 4-18 years old.

### *Protection of minorities*

Regarding the protection of minorities, in particular as regards:

- the adoption of a comprehensive legislation,
- following a broad consultation process, and
- taking into account the resolution of the Committee of Ministers of the Council of Europe on the implementation of the Framework Convention for the Protection of National Minorities (FCMN) by Albania and the recommendations of the Advisory Committee of the FCNM, the following measures are undertaken:
  - Adoption of the Prime Minister's Order for "The establishment of the Working Group for the evaluation of existing legal and policy framework for the respect and protection of national minorities".
  - In April 2014 this WG has started its work
  - The Working Group is composed by representatives of central institutions (line ministries) and the representatives of independent institutions (e.g. the People

Advocate, the Commissioner for the Protection against Discrimination, State Committee on Minorities, etc).

- The duty of this WG is the identification and the discussion of the issues on national minorities, according to different fields and the evaluation of the existing legal and policy framework for the protection of minorities, the existing situation on minorities, with the aim to prepare the conclusions and the necessary proposals.

During the period April-December 2014 took place the consultation process with the representatives of the line ministries and the representatives of the independent institutions. 10 periodical meetings have been organized on different topics in order to examine and evaluate the different issues on minorities in order to present the conclusions and the necessary recommendations. The fields are education; culture; public representation; anti-discrimination; social inclusion, social policy, employment; Roma minority; access in media of minorities; existing legal and policy framework on different fields; local government units where the persons of minorities are in a considerable number; administrative and territorial reform, etc.

The State Committee on Minorities (SCM) is part of the WG and has participated in all the meetings organised so far. The representatives of all minorities (*Greek minority, Macedonian Minority, Serb and Montenegrin minority, Aromanian/Vlach minority and Roma minority, Egyptian*) have actively participated in the meetings.

A special meeting was organised with the representatives of SCM on the functioning, competencies and the work of this institution.

In December 2014, the process of consultation with the representatives of the line ministries and independent institutions was closed. The representatives of the Working Group have presented their contributions.

After the process of consultation, MoFa finalised the draft of the WG, based on the contributions and proposals of the institutions involved in this process.

The draft of the WG is distributed to minorities associations and civil society, with the aim of transparency and collection of suggestions, contributions, proposals, and recommendations from them. By the first week of March 2015 and onwards some meetings with the minority associations and civil society will be organized, in order to discuss on this issue.

After the process of consultation, their suggestions, contributions, proposals, and recommendations will be included in the final document and will certainly influence the recommendations of the WG.

The final draft will be presented to the Council of Ministers by the end of March 2015.

*For detailed information regarding the People's Advocate opinions relating the 5 key Priorities please refer to Annex 3.1.*

- **Regional issues and international obligations**

The Republic of Albania considers that regional cooperation and regional ownership are not only prerequisites of European integration, but also current necessities to finally transform the image of our region. This orientation of Albania's foreign policy is reflected in proactive participation in all initiatives and multilateral organisations operating in the region of South East Europe and beyond.

Albania joined the initiative Enhanced Cooperation within the Stabilisation and Association Process (ECSAP), which will provide political support to the process of regional cooperation in the context of SAP, focusing on the areas of rule of law, economic governance and connectivity.

On August 28, 2014 in Berlin, under the initiative of Chancellor Angela Merkel, the High-Level Conference EU-Western Balkans (WB) took place. This Conference demonstrated higher attention to the WB, reaffirmed the importance of the EU integration process as an impetus for reforms in the region, focusing on the importance of regional cooperation, for an integrated region that offers concrete potentials for development and safety for the EU and its member states, in a changing geopolitical context. The Berlin Process aims at intensifying regional cooperation, addressing political issues in the region through the implementation of regional projects, in order to bring closer the countries of the region to the EU. The process started in Berlin will continue next year with the Vienna Conference.

In the framework of the Berlin Process and ECSAP, the Ministry of Economic Development, Trade and Entrepreneurship is coordinating with other counterpart ministries in the region a list of regional projects dealing with interconnectivity, which will require the support of EU and international financial institutions.

Regarding EUSAIR, Albania has prepared a national scheme structure of governance and management of EUSAIR. In January 2015, Albania plans to hold in Tirana the first meeting of the Thematic Steering Group (TSG) for Tourism, in which our side has a coordinating role, together with Croatia.

During its Chairmanship-in-Office of the South-East European Cooperation Process (SEECP), the Republic of Albania will contribute to further strengthen the cooperation between all the participants of the organisation. Enhanced cooperation is key, in order to surpass outstanding bilateral and domestic issues, which in turn will contribute to how the SEECP and its participants will address the stability and security challenges in the region. The Albanian Chairmanship-in-Office will also work closely with the European Union and its member states to keep alive the process of European integration for those countries in the SEECP that aspire to become members of the EU. We will further enhance and support common regional projects, some of which were recently identified at the Berlin Conference on the Western Balkans of 28 August 2014. On 23-24 March the Albanian CiO organized the SEECP Ministerial in Tirana. A Joint Declaration on the fight against terrorism was adopted.

At the international level, the Republic of Albania pays special attention to active participation and its representation in international organisations, with which it shares common values.

Albania will continue to ensure coordination and cooperation at the national, regional and international level, in order to maximally reduce the risk of terrorism by improving security elements and increasing community trust in preventive measures against terrorist acts and phenomena.

As regards the common foreign and security policy (CFSP), Albania aligned itself, when invited, with all relevant EU declarations and Council decisions. Within this context, the relevant lines Ministries have implemented the relevant CFSP decisions, in particular as regards the restrictive measures for persons and entities responsible for the events in Eastern Ukraine. Albania will continue its commitment regular political dialogue with the EU for CFSP issues, targeting 100% alignment in CFSP decisions.

Regarding its contribution under the CSDP, Albania continues to contribute with 1 (one) military officer in the EUFOR – Althea Operation in Bosnia and Herzegovina, with the duty of “Advisor”. In addition, in November 2014, Albania communicated its readiness to participate in the EU mission EUTM Mali with 6 military personnel. On non-proliferation of weapons of mass destruction and disarmament issues, Albania has continued implementing the action plan for the destruction of surplus weaponry.

## 4. ECONOMIC CRITERIA

- **Follow up of the October 2014 Subcommittee meeting**

### **Handling of recommendations of the Sub-Committee, October 2014**

#### *Bankruptcy Supervision Agency*

As of March 2014 until February 2015 the activity of the Bankruptcy Supervision Agency has been as follows:

#### **Regulatory activity**

In order to attain the objective for the provision of the legal framework on the functioning of the Agency, based on paragraph 11 of the DCM no. 852, dated 21.10.2010 it has been drafted the law "On the manner of organisation and functioning of the Bankruptcy Supervision Agency".

- Order of Minister No 7/2 dated 16.01.2015 "On the setting of the exam date for qualification of bankruptcy administrators".

In order to attain the objective for the provision of the legal framework on the functioning of the Agency, the aim of the Agency is to improve the bankruptcy legislation. The new law "On bankruptcy" is a process in which the Agency is committed with full capacity for the draft and it has sent it to the IFC experts and other groups of interest. Consultancy services will be provided by International Finance Corporation (IFC) under the project "Debt Resolution and business exit".

Inter alia, in implementing the new law "On bankruptcy" several standard forms are being prepared to be used by the parties in process in each phase of the bankruptcy proceedings.

Such forms will be used to unify and facilitate the bankruptcy proceedings for all the interested parties. During the period May - July 2014, the Agency has completed the following forms:

- List of insured creditors
- List of uninsured creditors
- List of immovable properties
- List of movable properties
- List of debtors
- List of co-debtors
- List of contracts and financial leases which are not mature

Draft acts to be approved:

- New draft law "On bankruptcy"
- Draft manual on liquidation procedure
- Draft manual on reorganisation procedure
- Draft manual on restructuring of debt for individuals who have regular income

## Licensing

On 14.10.2014 the Agency started the process of renewal of licenses of the bankruptcy administrators based on the regulation approved by the Minister of Justice no. 4217 dated 25.05.2012, article 27 "on the definition of detailed rules for the procedures and time limits of organisation of the exam for the licensing of bankruptcy administrators". 17, out of 23 certified bankruptcy administrators, has to renew the licence on 14.10.2014. After the renewal process, only 9 (nine) of the Administrators, submitted the request to renew the licence. There is a total of 15 bankruptcy administrators, 14 of whom have the active status and 1 (one) has the passive status.

The Agency, during the period February March 2015 will organise another process of licensing of bankruptcy administrators, based on the order of the Minister of Justice no. 7/2 dated 16.01.2015 "On the setting of the exam date for qualification of bankruptcy administrator".

## Statistics

Law no. 8901 dated 23.10.2002 "On bankruptcy" provides for two ways of application with the court: 1. Liquidation or 2. Reorganisation.

Liquidation implies the process during which the debtor is unable to continue his activity and through distribution of his assets the creditors are liquidated.

Reorganisation is the process through which the debtor or bankruptcy administrator through the presentation of a reorganisation plan aims at maintaining activity and liquidating the creditors based on a time schedule and repayment plan.

Currently, based on the official replies by the Judicial District Courts submitted to the Bankruptcy Supervision Agency during the period **January 2014 - December**, there have been submitted **148 new requests for declaration of bankruptcy** of which **4 are applications for reorganisation**.

Out of these 148 requests for declaration of bankruptcy only **16 of them have been accepted** to follow bankruptcy proceedings and the remaining is dismissed or refused.

The processed data are as follows:

### a) Requests for declaration of bankruptcy:

Judicial District Court	New	Accumulated	Remanded for trial	Appealed	Total number of cases
Berati	6	0	0	0	6
Dibra	0	0	0	0	0
Durrësi	1	3	0	0	4
Elbasani	0	0	0	0	0

<b>Fieri</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>
Gjirokastra	0	0	0	0	0
Kavaja	0	0	0	0	0
<b>Korça</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Kruja</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>
Kukësi	0	0	0	0	0
Kurbini	0	0	0	0	0
<b>Lezha</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>
Lushnja	0	0	0	0	0
Mati	0	0	0	0	0
Përmeti	0	0	0	0	0
Pogradeci	0	0	0	0	0
Puka	0	0	0	0	0
Saranda	0	0	0	0	0
<b>Shkodra</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Tirana</b>	<b>19</b>	<b>21</b>	<b>0</b>	<b>5</b>	<b>40</b>
Tropoja	0	0	0	0	0
<b>Vlora</b>	<b>79</b>	<b>4</b>	<b>0</b>	<b>12</b>	<b>83</b>
<b>Total</b>					<b>148</b>

**b) On the manner of termination of case:**

<b>Court</b>	<b>Accepted</b>	<b>Refused</b>	<b>Dismissed</b>	<b>Completed</b>	<b>Not completed</b>
Durrësi	0	0	2	2	2
Berati	1	0	0	0	5
Fieri	0	0	2	2	0
Korça	0	0	0	0	1
Kruja	0	0	1	1	2
Lezha	1	0	4	5	3
Shkodra	1	0	0	0	1
Tirana	7	7	11	25	15
Vlora	6	14	63	77	6
<b>Total</b>	<b>16</b>	<b>21</b>	<b>83</b>	<b>118</b>	<b>29</b>

**c) Duration of cases:**

<b>Court</b>	<b>0 -2 months</b>	<b>2 -6 months</b>	<b>Over 6 months</b>
Durrësi	1	1	0
Fieri	1	1	0
Berati	1	0	0
Korça	0	1	0

Kruja	0	0	1
Lezha	1	3	0
Shkodra	0	0	0
Tirana	1	1	23
Vlora	34	32	17
<b>Total</b>	<b>39</b>	<b>39</b>	<b>41</b>

***Present situation on the process of the ALSAI's new Law approval***

1. Following continuous communications on this matter, you are already informed that the ALSAI has foreseen the approval of the draft law on some supplements and amendments on the Law no.8270, of 23.12.1997 "On the State Supreme Audit institution" amended, submitted to the Parliament in November 2012. The draft proposed by the ALSAI is in accordance with the Declaration of Lima, considered as the Constitution of public Supreme Audit Institutions and INTOSAI Auditing Standards as well as European best practices.

In March 2014, the Parliamentary Commission of Economy and Finance began discussions on draft amendments to the Law of ALSAI, by inviting ALSAI itself to participate. Draft amendments to the law of the ALSAI are also discussed in the Parliamentary Committee on Legal Affairs, Public Administration and Human Rights and the European Integration Committee.

Throughout the discussions of the bill in the parliamentary committees, ALSAI has insisted on having the opinion of EU experts on important and controversial issues of the law. The contribution of the EU Delegation in Tirana has been unique in terms of unlimited access to information for ALSAI and in the certification of auditors. Their impact has been very positive in the Parliament, by bringing in the agenda of the Parliament proceedings the approval of the ALSAI's law.

On November 27, 2014 the Albanian Parliament approved the new ALSAI's law, no. 154/2014 , "On the organization and functioning of the State Supreme Audit institution", which is in full compliance with Supreme Audit institutions international standards.

At the present, ALSAI is adapting the Regulation of the institution with all the amendments coming out from the new Law of ALSAI and is working on the Risk Management Strategy. On both these matters, have been established working Groups.

***Approximation to the INTOSAI (International organization of Supreme Audit institutions) standards by ALSAI***

2. After the approval of the new Law, ALSAI has initiated the review and update of development strategy of the institution for the period 2013-2017, in compliance with the latest developments in the institution.



After the update and approval of the narrative parts of the strategy, ALSAI is going to update the annual plans of the strategy implementation, which is in the same line with mission, vision, strategic objectives and values of the EUROSAI Strategic Plan, 2011-2017 and INTOSAI Strategic Plan 2011-2016.

3. In the context of country assistance and implementation of the Instrument for Pre-enlargement IPA 2013 component I, the ALSAI won an EU funding on the **"Strengthening External Audit capacities"** worth 2.11 million Euros. This twinning project is one of seven projects selected by the EU to be implemented in a decentralized way by the Albanian state and Directorate of Communication, Publication and Foreign Relations in ALSAI will act as counterpart to the twinning partner.

The implementation of the ALSAI's IPA 2013 Project, which is about to start in May 2015 follows the adoption of the basic law for the institution approved by the Parliament on 27 November 2014, which marks the final separation of ALSAI from the audits of inspection type and its profiling as a modern European institution of supreme public audit, which relies entirely its activity on INTOSAI standards and the motto of this organization *"Experientiamutua Omnibus prodest"* (*From common experience benefits all*). The project will be an important technical support for the implementation of the new law, further diversifying the ALSAI's types of audits and increase of their quality.

The technical fiche of the project was circulated by the European Commission in the 28 member countries of the EU and on December 5, 2014, ran the selection process of the SAI's that applied and were interested in this project. On January 22, 2013 the EU Delegation in Tirana has announced the winners of this project and specifically are two European partner SAI's, the Polish SAI, NIK and the Croatian SAI, with whom we have had a very good cooperation during the last three years.

This project which is funded by the EU with the duration of 2 years (until May 2017), is unquestionably a strong support but is also one of the next challenges of ALSAI, which has been shown in recent years that is working hard and realizing its objectives qualitatively, walking safely on his way toward modernization, the one of the realization of its *Audits* in full compliance with INTOSAI standards and best practices of member states of the European Union.

The ALSAI, as the project beneficiary institution has provided in its budget of 2015 the co-financing part and is cooperating with the Ministry of European Integration and the Directorate of Contracting and Financing in the Ministry of Finance, in order to meet duly and with quality all tasks in the various stages of the project implementation.

4. Based on INTOSAI standards, INTOSAI-t, ISSAI5600, *"Peer Review Guideline"* and the Lima Declaration, article 15, "International exchange of ideas and experiences in the framework of INTOSAI, is an effective tool to help SAI's in order to fulfil their tasks", the ALSAI has conveyed to all 28 EU SAI's the request for a *Peer Review* to the ALSAI.

The EU SAI-s has supported us on this initiative, which is one of the main proposals of the EU Commission. At the moment, there have positively answered 7 SAI's: the Dutch SAI, the Slovak, the Lithuanian, the Polish, the Slovenian, the Estonian and the Croatian SAI. ALSAI is actually at the selection moment of the SAI which is going to perform this *Peer Review*.

5. In the spirit of INTOSAI standards, ISSAI 20, *on transparency and accountability*, ALSAI has realized during 2014, 14 publications, which serve to the enhancement of auditing capacities:

- The Annual Analysis of ALSAI, 2013
- The ALSAI 's Performance Report, 2013(in Albanian and English)
- Scientific Magazine "Public Audit", no.6(in Albanian and English)
- Scientific Magazine "Public Audit", no.7(in Albanian and English)
- Scientific Magazine "Public Audit", no. 8(in Albanian and English)
- 60 years INTOSAI and 50 years General Secretariat
- The ALSAI auditors in the media (volume II)
- Special issue of INTOSAI Journal on Beijing Congress
- INTOSAI Standards on Environment
- Self-Assessment instrument of Integrity, IntoSAINT
- Ethics in the SAI and other Public Institutions
- ISSAI 5220 and the Code of Fiscal Transparency
- The ALSAI 3-rd. Scientific Conference(in Albanian and English)
- Audit as a tool for good governance: Albanian case

With the 2014 publications, the ALSAI's set of publications arises to 35 titles.

6. Following the positive tradition established by ALSAI over the past three years, on 29-30 October 2014, the 3<sup>rd</sup> Scientific Conference of ALSAI, was held in Tirana. This conference structured, further deepened and consolidated its demanding nature of science, research and making recommendations, arguing its central theme: National audit serving national government.

Interaction was realized with the scientific community of audit and public finance in Albania represented in the forum by professional organizations in the field, such as the National Council of Accountants, IEKA, etc but also by academics, Albanian professors and researchers of public finances. This interaction was expanded and moved deeper, faced with the ideas, studies, findings and recommendations of the experts of the Supreme Audit Institutions partner (SAI's) and senior representatives of institutions such as the Directorate General of Budget (DG-Budget) of the European Commission, SIGMA, etc.

The conference brought new experiences of partner SAI's in the field of public external audit and improving governance, by deepening the fight against corruption. Speakers, especially the representatives of the Polish SAI (NIK), the Turkish Court of Accounts, SAI of Croatia, Austria, Montenegro, etc, provided their experiences during the audit, to fight corruption and financial fraud, showing the most efficient forms of cooperation with other public institutions, civil society, media, etc, in order to increase transparency and accountability of public administration. The event turned into a forum for the exchange of confrontation of

views, ideas and experiences, because the Albanian researchers brought their realities in the organization of accounting, public finance and auditing in Albania.

The ALSAI's Scientific conference is already transformed into a consolidated forum and welcomed meeting, where is debated extensively and in depth on the ways of the recovery of public finances and increase of internal and external public audit role, to strengthen the interaction between them, etc.

The activity received the maximum of appreciations from many national and international personalities that participated and welcomed the proceedings of the Conference.

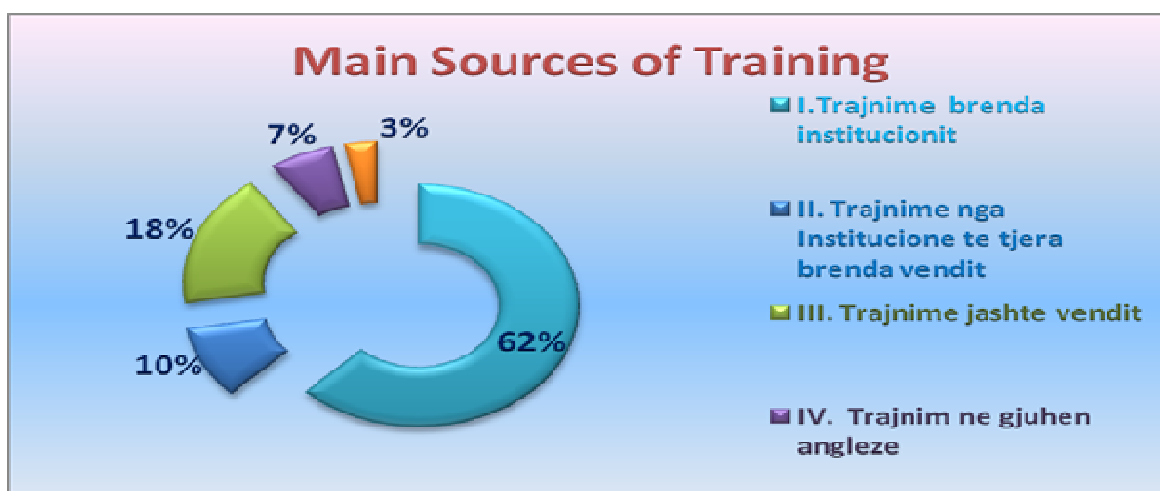
This conference was made possible thanks to the wide support of partner Supreme Audit Institutions (SAI's), as Polish, Croatian, Montenegrin, Austrian SAI's, etc, as well as the General Directorate of Budget (DG-Budget) at the European Commission.

Among the key messages of the activity coming out by the majority of the papers presented, improving the quality of public financial management as a tool to optimize the achievement of national objectives of the strategic development, was introduced as a major challenge in many countries. The conference gave the thesis that, by improving processes and budgetary institutions, the quality of public finances will be increased, while the efficiency, effectiveness and transparency, comprise today three fundamental objectives of modern budgeting.

On the other hand, for the first time in Albania it is opened and enabled a significant debate, the audit risk analysis. Speakers at the Conference defined risk and its analysis in the audit, as one of the most important factors of finance and public investment. Three papers in conference initiated studies to formalize audit risk. The theme of the Fourth Scientific Conference of ALSAI, which will take place in the autumn of this year, will focus on risk analysis.

7. As one of the main strategic objectives of ALSAI, the staff training has continued to be a crucial point of the activities carried out during 2014 in general terms and has maintained the same rhythm for the period of the last quarter of this year. The training activity included a wide range of trainings themes. In general they addressed to audit, and included:

- Trainings according to the audit type, mainly Compliance and Performance audit;
- Trainings according to the audit area: Environment audit, performance audit on IPA funds, etc;
- Trainings on system base audit approach;
- Trainings of general character on management and public audit.



The diversity of trainings was based on different sources of homologue institutions and professional organizations within and abroad the country, where the most important ones were the trainings provided by two counterparts SAI's, the TCA of Turkey and NIK of Poland.

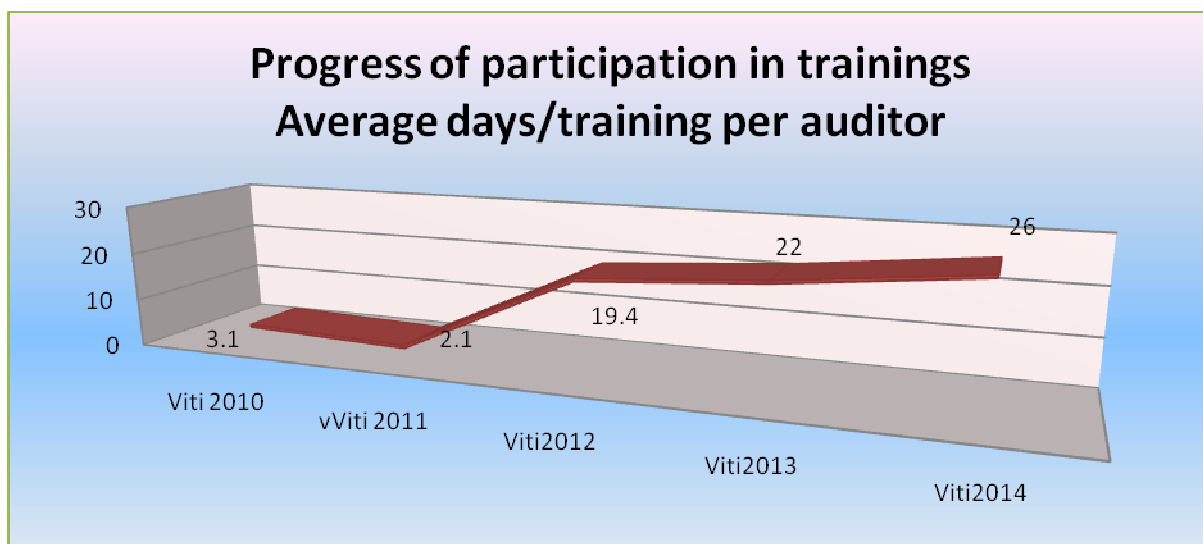
SIGMA through the project "Support of SIGMA to ALSAI", continued its contribution to staff training on "System Base Audit approach", a three days training held in Tirana where took part 25 people, management staff and auditors of ALSAI.

A special training session was organized by the School of Public Administration under the Law "On the Status of Civil Servants", which materialized in a five-days training on general topics on the functioning of public administration. 25 auditors attended the training. Special attention was paid to the training of newly recruited staff. As part of the Training Programme and the ALSAI training policy, all employees immediately after recruitment undergo a specific training session "Introduction to ALSAI and profession of Public auditor". In its application in November 2014 for a period of two weeks, a group of young auditors participated in the training organized specifically for this purpose paving the way to new experiences as part of the Supreme Audit Institution in the country. They were introduced to the general framework of international and national standards, public audit and the Law on ALSAI, as well as specific technical issues of public auditor profession.

In the past three years, the process of training has been shown to be ongoing, sustainable and with concrete achievements. The linear process and its consolidation, made possible in general for the year 2014, that the results achieved in the area of professional development of staff, could put ALSAI at the highest levels with counterpart institutions in more developed countries.

Figures speak out about a high performance of participation in trainings according to which it was possible to achieve:

1. For each auditor 26 training/days during the year, and
2. For each new auditor to be trained more than 30 days.



*We have noticed that the ALSAI's recommendations have been implemented in a lower scale.*

On this regard we suggest to the Government to re-activate an order on the implementation of ALSAI's recommendations by the state institutions, similar to Order no.70, date 18/04/2006 "On the measures for the implementation of ALSAI's recommendations, Internal Audit, anti-corruption and administrative Control Department in the Council of Ministers and in line ministries of Prime Minister and Ministers".

#### **Albania will compile statistics on the salary level by institute, agency, Ministry and by level of staff**

Salary structure of public institutions is determined by DCM. 545, dated 11.08.2011 "On approval of the structure and level of salaries of civil servants/employees, deputy minister and cabinet staff, the Prime Minister, line ministries, the administration staff of President, the Parliament, the Central Election Commission, the High Court, General Prosecutor's Office, some independent institutions, institutions under the Council of Ministers/Prime Minister, institutions under line ministries competence and the administration staff of mayor", as amended.

In order to determine the wage structure, the DCM above mentioned provides the organization of public institutions in three main groups:

- First group: Prime Minister, line ministries, Parliament and independent institutions under its competence (Courts, Prosecutor, Ombudsman, Albanian Financial Supervisory Authority, Audio vision Media Authority, Commissioner for Protection from Discrimination, the Information and Data Protection Commissioner, etc);
- Second group: Central and local institutions under Council of Ministers/Prime minister, like: General Directorate of Archiving, Public Procurement Agency, INSTAT, Albanian Telegraphic Agency, National Agency for Information Society, the Research, Technology and Information Agency, National Nuclear Agency, etc);
- Third group: Central and local institutions under line ministries, like: the National Agency for Tourism, General Directorate of Marine, General Directorate of Patents &

Trademarks, Albanian Agency for Investments Development, General Directorate of Food National Authority, National and Urban Planning Inspectorate, etc.

The salary structure, referring to Table 1 attached, is the same for all groups above mentioned. The structure defines values for each category salary, salary supplement based on job seniority. Meanwhile, other salary supplements, which come as a result of difficulty in work or personal qualifications of employees, are determined by separate connections.

In order to present a clear picture of INSTATs employees salary level comparing to other similar public institutions, we have taken as reference the salary levels of administration staff of these institutions:

- a) A line ministry;
- b) An institution that is in the same group with INSTAT, under Prime Minister, but its staff is not member of civil servants system (NAIS- National Agency for Information Society);
- c) An institution that is under a specific line ministry, but the head of the institution is appointed by Prime Minister (DoPA – Department of Public Administration);
- d) An institution that is under Prime Minister, hence similar with INSTATs status (PPA – Public Procurement Agency).

Salary level of General Director

INSTITUTION	Working Position	Monthly Wage								
		Category	Group's wage	Supplement salary on job seniority (in %)	Supplement salary based on qualifications	Base wage	Supplement salary for work conditions and environment	Lowest criteria for group's wage	Total base salary	
INSTAT	General Director	II-a	14,000	2%	20,000	107,800	0	1	141,800	
MINISTRY	Minister									↑ <sup>6</sup>
	Deputy Minister				20,000	140,000			160,000	↑ <sup>7</sup>
	General Secretary	I-b	14,000	2%	20,000	118,000	0	1	152,000	↑
	General Director	II-a	14,000	2%	20,000	107,800	0	1	141,800	0
NAIS	General Director	II-a	14,000	2%	20,000	107,800	20,000	1	161,800	↑
DoPA	General Director	I-b	14,000	2%	20,000	118,000	0	1	152,000	↑
PPA	General Director	II-a	14,000	2%	20,000	107,800	0	1	141,800	0

Salary level of Director of Directory

INSTAT	Director of Directory	II-b	14,000	2%	0	91,700	0	1	105,700	
MINISTRY	Director of Directory	II-b	14,000	2%	20,000	91,700	0	1	125,700	↑
NAIS	Director of Directory	II-b	14,000	2%	0	91,700	15,000	1	120,700	↑
DoPA	Director of Directory	II-b	14,000	2%	0	91,700	0	1	105,700	0
PPA	Director of Directory	II-b	14,000	2%	0	91,700	10,000	1	115,700	↑

Salary level of the Head of the Sector

INSTAT	Head of Sector	III-a/1	14,000	2%	0	65,200	0	1	79,200	
	Head of Sector, audit inspector	III-b	14,000	2%	0	57,000	0	1	71,000	
MINISTRY	Head of Sector	III-a	14,000	2%	0	74,400	0	1	88,400	↑
	Head of Sector	III-a/1	14,000	2%	0	65,200	0	1	79,200	0

<sup>6</sup>↑ - Higher salary level than in INSTAT

<sup>7</sup>0 - Same salary level with INSTAT

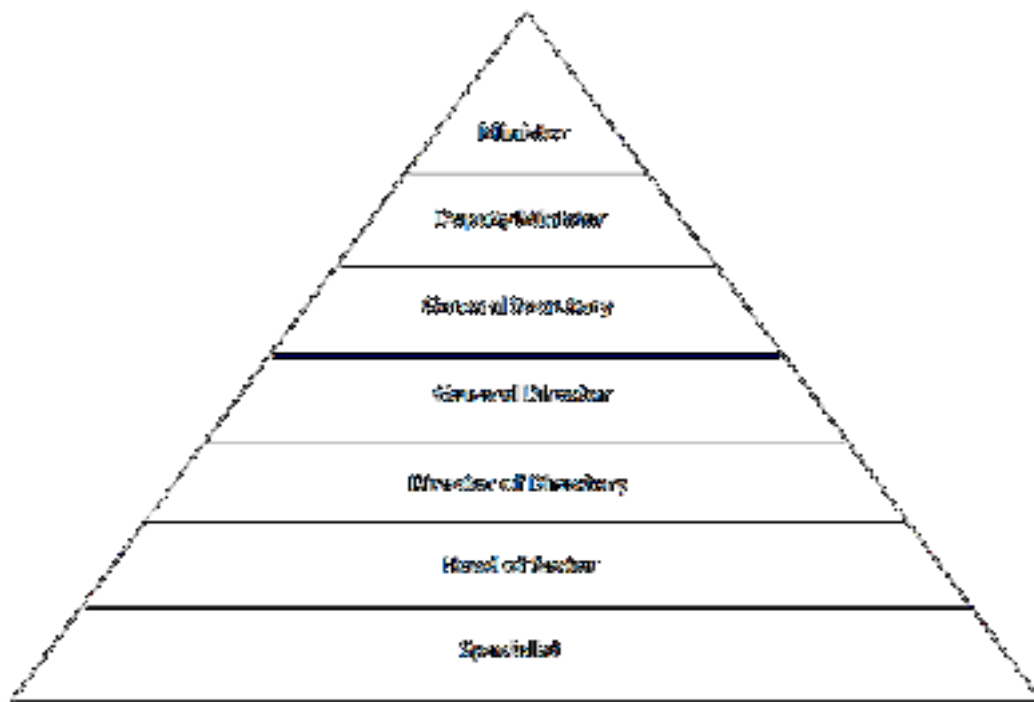
	Head of Sector	III-a/1	14,000	2%	0	65,200	20,000	1	99,200	↑
NAIS	Head of Sector, High level Specialist	III-b	14,000	2%	0	57,000	25,000	1	96,000	↑
DoPA	Head of Sector	III-a	14,000	2%	0	74,400	0	1	88,400	↑
PPA	Head of Sector	III-a/1	14,000	2%	0	65,200	10,000	1	89,200	↑

Salary level of specialists

INSTAT	Middle level Specialist	IV-a	14,000	2%	0	45,800	0	1 ose 2 ose 3	59,800	
	Low level Specialist	IV-b	14,000	2%	0	35,500	0	1 ose 2 ose 3	49,500	
MINISTR Y	High level Specialist	III-b	14,000	2%	0	57,000		1	71,000	↑
	Middle level Specialist	IV-a	14,000	2%	0	45,800	0	1 ose 2 ose 3	59,800	0
	Low level Specialist	IV-b	14,000	2%	0	35,500	0	1 ose 2 ose 3	49,500	0
	High level Specialist	III-b	14,000	2%	0	57,000	25,000	1	96,000	↑
NAIS	Middle level Specialist	IV-a	14,000	2%	0	45,800	0	1 ose 2 ose 3	59,800	0
	Low level Specialist	IV-b	14,000	2%	0	35,500	0	1 ose 2 ose 3	49,500	0
	High level Specialist	III-b	14,000	2%	0	57,000	0	1	71,000	↑
DoPA	Middle level Specialist	IV-a	14,000	2%	0	45,800	0	1 ose 2 ose 3	59,800	0
	Low level Specialist	IV-b	14,000	2%	0	35,500	0	1 ose 2 ose 3	49,500	0
	Middle level Specialist	IV-a	14,000	2%	0	45,800	10,000	1 ose 2 ose 3	69,800	↑
PPA	Low level Specialist	IV-b	14,000	2%	0	35,500	10,000	1 ose 2 ose 3	59,500	↑



The hierarchy level of working position within a public institution is:



*Conclusions:*

1. Comparing to hierarchy salary level of a line ministry, the salary level of INSTATs General Director is situated in the fourth level. The Salary of the General Director is equal to the salary of a General Director in a ministry and the salary of the General Director of the Public Procurement Agency, but lower than the salary of General Director of the Department of Public Administration and General Director of National Agency Information Society;
2. The salary of INSTATs Director of Directory is equal to the salary of a Director of Directory in DoPA, but lower than the salary of the Director of Directory in a ministry, NAIS and PPA;
3. The salary of INSTATs Head of Sector is lower than the salary of a Head of Sector in other public institutions
4. The public institutions have in their organizational structure High Level Specialists, while in INSTAT the specialists are situated in a lower level, hence lower salary.

**1. Albania will implement the law on civil servants in such a way that the Statistical Institute can fill vacant posts without unnecessary delay. Albania will in particular organise specific recruitments for the Statistical institute.**

At the end of 2014, INSTAT had approximately 23 vacant positions. During the last months, the Department of Public Administration held separate competitions for filling vacancies with specialists in the field statistics. Based on legal procedures, under the law no. 152/2013 "On

civil servants", as amended, as well as other bylaws, the process of testing the candidates and recruitment is relatively long and could not fill up so fast INSTAT requirements for human resources. In this context, the 13 vacancies advertised during November-December 2014, so far are recruited only 4 specialists in these positions:

- 1 law specialist;
- 1 finance specialist;
- 1 national accounts statistics specialist;
- 1 economic statistics specialist in statistical regional office in Korça.

The other recruitment procedures are finished without reaching to announce any winner candidate. In our opinion, the main reason is that, since the competitions are held in a synthesized approach for all vacancies which have the same nature of work in various institutions, the winning candidates choose to work in the institutions that offer better salaries. Hence, due to low salary level and motivation, for INSTAT remains those candidates who have not had the opportunity to choose other vacancy working positions announced, probably fulfilled by other candidates better classified from the competition.

In addition, INSTAT could not be part of the ad-hoc commissions for the evaluation of competing candidates, with the exception of the last two testing procedures. The establishment of evaluation committee is the competence the Department of Public Administration. Hence, the winning candidates to work in INSTAT have not been evaluated preliminarily by INSTAT.

Pursuant to the DCM on the procedures of recruitment of civil servants, the Council of Ministers shall approve annual recruitment plan within February each year. Within the number of announced vacancies to be filled during the year, are included the vacancies of INSTAT. The number of these vacancies continues to grow. Only during the first two months of this year, we faced three requests for the resignation, for personal reasons. If to this number we will add even those due to retirements or other reasons, then, by March 2015, INSTAT has around 13% vacancies of the total working positions.

Based on this situation, in order to enhance the institution efficiency and performance, we think that INSTAT should have a wider autonomy regarding human resources management. This goes in line with increasing requests for quality statistics production and professional independence of the institution within National Statistical System.

## **2. Albania will prepare an action plan for the transition to the European System of Accounts (ESA) 2010 and identify the support needed from the EU.**

With Technical Assistance supported by EU and other donors (IMF), we have achieved important milestones in statistical enhancement for the national accounts. The IPA 2007 (National – NA component) assisted INSTAT in a number of important activities, targeted at statistical capacity building and reforms in national accounts statistics. Progress has been made across a number of specific topics areas, including incorporation of new data sources and methodologies into national accounts compilation, improving quarterly and annual GDP estimates, compiling experimental annual Supply Use Tables in current prices.

Regarding ESA 2010 implementation, INSTAT has been assisted from IPA 2011 Multi beneficiary (MB) for National Accounts methodology (NAM) project, and since June 2014 from IPA 2012 MB programme.

In the framework of IPA 2011MB NAM, a road map of 44 changes has been prepared for ESA 2010 implementation, which provides background on relevance and impact of changes on Albanian national accounts. During the project was made an assessment which changes are important to be developed in Albania, what are less relevant and what requires development of new data sources in order to be in compliance with ESA 2010.

The main changes between ESA 1995 and ESA 2010 implemented within IPA 2011 has been: “FISIM, output of central bank, output of non-life insurance services, boundary between private/public/government sector and evaluation of mineral exploitation”.

The work continued within IPA 2012 MB on other issues: “Own account software, R&D, transition items from GDP to GNI, consumption of fixed capital (CFC), changes in inventories, estimates for goods sent abroad for processing and capital stock”.

For further ESA 2010 implementation it is important to emphasize the fact that Albania do not produce the full system of accounts in compliance with ESA 1995, the Albanian system of NA is “adjusted to the most important requirements of EU standards, (ESA95) but further fundamental improvements are needed” (EU assessment).

In these conditions it will be better to compile full set of institutional sector accounts, quarterly accounts, regional accounts, SUT and EDP tables directly in compliance with ESA 2010, respecting the requirements of Transmission Programme of Data.

Referring the requirements of Eurostat, NA Department, have also compiled the road map, reflecting our plans to implement a full system of accounts in Albania, under the ESA 2010, that have been presented in the workshop of the IPA 2007 project for NA results, below:

**Objectives by Year:**

<b>Year:</b>	<b>TABLE</b>	<b>TITLE</b>
Year 2014-2015	TABLE 1A	Main aggregates
	TABLE 1Q	Main aggregates - quarterly
	TABLE 5	HFCE by purpose – annual
	TABLE 9	(Detailed tax and social contribution ..according to national classification – annual)
	TABLE 10	Tables by industry and by region, NUTS II – annual
Year 2016	TABLE 11	(General government expenditure by function – annual
	TABLE 12	Tables by industry and by region, NUTS III – annual
	TABLE 3	Tables by industry - annual
Year 2017	TABLE 15	Supply table– annual
	TABLE 16	Use table at purchasers' prices – annual

	TABLE 17	Symmetric input-output table in basic prices
Year 2018	TABLE 8	Non-financial accounts by sector – annual
	TABLE 13	Household accounts by region, NUTS II – annual
Year 2020	TABLE 20	Cross classification of fixed assets by industry and by asset – annual
	TABLE 22	Cross classification of GFCF by industry and by asset – annual
Not yet defined	TABLE 6	Financial accounts by sector (transactions) – annual
	TABLE 7	Balance sheets for financial assets and liabilities – annual
	TABLE 8	Non-financial accounts by sector – quarterly

Due to the complexity of those issues it is necessary to have TA on:

1. Development of new data sources, in particular the need for individual annual financial statements (balance sheet) database, development of electronic data reporting, etc.
2. Increase inter-institutional cooperation for data exchange,
3. Creation of statistical infrastructure, IT warehouse
4. Increase of Capacity building,

As much the assistance will be exhaustive to cover all the items included in ESA 2010, (44 main changes) the faster will be compliance with ESA 2010 implementation in Albanian national accounts.

### **3. Albania will present results of investigations into the quality of the agricultural census results and simultaneously will publish the relevant post-enumeration survey.**

As already expressed in previous discussions and reports, INSTAT in close collaboration with the Ministry of Agriculture, Rural development and Water Administration (MARDWA), is realizing in depth analyzes for achieving concrete results.

In this framework, in October 2014 INSTAT in collaboration with MARDWA has realized a field return in 4 communes in 2 prefectures representative only for the north and south of Albania (not representative for the whole country), as a feed of information to the in depth analyses. This exercise will not be published as that its objective has been analyses of current situation and added information for more in-depth analyses.

As an ongoing work and a more expertise analyze INSTAT has requested the support from SIDA, which has supported the in-depth analyses with 2 experts. The results of the analyses will not be published, but a detailed report will be prepared including all main findings on the census.

One of the main problems in achieving faster results but in the same time as a matter of future updating is the lack of administrative register, which does not allow better identification or comparison with CAH data.

The lack of a SFR does not allow INSTAT in further continuing its agricultural statistical surveys. Currently the SFR has been build up as a structure and filled with data coming from the CAH. The methodology created at INSTAT for realising the agricultural surveys uses the SFR (which is an output of the CAH) as the bases for sample selection, this is the problem itself, where every error coming from the census can be transmitted to the surveys raising the merge of error which as for the moment is not identified.

For this reason INSTAT is continuing its work with a high priority in close collaboration with MARDWA, for achieving some final results regarding the census assessment and preparing a final report.

Meanwhile for avoiding obstacles and gaps in agricultural sector indicators, the government has decided to transfer part of activities to MARDWA. This will help INSTAT in producing relevant and coherent agricultural statistics.

For achieving better quality and collection of statistical information in the agricultural sector, through the Decision of Council of Ministers nr. 53, date 21 January 2015, “for realising some statistical activities by the Ministry of Agriculture, Rural Development and Water Administration for the implementation of the National Statistical Program 2012-2016”, makes the MARDWA responsible in collecting the field work data and elaborating them under the methodological direction and supervision of INSTAT.

**4. Albania will formulate, if deemed necessary, a request for support to set up farm registers for both administrative and statistical purposes;**

The lack of administrative registers is valued as one of the main problems in production and updating of agricultural information including statistics. In this framework INSTAT has proposed in different meetings the importance of creating these administrative registers, through MARDWA, which is the responsible institution for creating and updating the administrative registers for farms and livestock, which requires as a necessity the support of EU in the creation and implementation of these registers as soon as possible.

**5. The European Commission could examine the possibility of providing technical assistance for the implementation assessment of the MoUs for cooperation signed between INSTAT and the Bank of Albania, the Ministry of Finance, and the General Directorate of Taxation, if there is a relevant request by Albania;**

There is not yet signed any agreement between these institutions. INSTAT has drafted a new agreement with General Directorate of Taxation. The document is not signed yet.

In the previous subcommittee ECOFIN meeting, INSTAT has requested the support of European Commission to ensure technical assistance in order to find the best possible approach for enhancing the inter institutional collaboration in the aspect of exchanging statistical data.

**6. Albania will enhance cooperation between state agencies and ministries to facilitate the efficient production of reliable statistics;**

This year (2015) INSTAT starts the preparing activities for drafting the new 5-year Programme on Official Statistics, that includes the period 2017-2021. The Programme, which shall be in line with strategic documents in national and sector level, will predict new duties and responsibilities of public institutions, for improving administrative data, new approaches for exchanging statistical data and data base administration.

**7. Albania has to process the EDP notification table for the first time in 2014, even if providing full reply in line with the quality requirements will require further efforts;**

In October of 2014, Albania transmitted for the first time the first results of the EDP notification. The information transmitted was the evaluation of the EDP notification on a best effort bases from Albania. To be able to respond to the new request of information from the EU, INSTAT formed an inter-institutional working group with representative from the Ministry of Finance, Bank of Albania and also other representative from other agencies like the Ministry of Economic Development, Trade and Entrepreneurship, Social Security Institute, Compulsory Insurance Healthcare Found. With the support of the Working group INSTAT was able to compile the tables required by EDP notification for the years 2010-2013.

Albania will now be involved in the regular biannual process of transmission of EDP (April). The working group will meet in the following months to start evaluating the quality and availability of data for the process transmission of EDP tables for the April transmission.

EUROSTAT has planned a dialog-visit in Albania to evaluate the current situation of Albania in the process EDP in June 2015.

EDP indicators have been compiled under the current information available for Albania. Additional trainings in the field of EDP have been conducted in the previous months. These trainings helped the expert involved have a broader knowledge on the information required for the estimation of EDP indicators. Even though Albania is facing some difficulties toward implementing EDP indicators as follows:

1. **Memorandum of Understanding:** not currently a specific MoU covering the EDP necessities between the main players involved in process of gathering, processing and implementation of EDP tables. The absence of such a memorandum added additional difficulty in the process of calculation of EDP tables and complicated the process of coverage of the main topic and the discussion process with all the relevant experts in the right time.
2. **Information on Sub-Sectors:** absence of official information by subsectors of the General Government. As a standard, the value of the deficit approved by the parliament is used as a starting point for evaluating the EDP tables. This information should be provided divided by subsector of the general government, but in Albania the value is only available for the general Government. Without this information the process of evaluating EDP figures becomes more complicated. To overcome this

problem some suppositions were raised to have an estimate of the Deficit by sub-sector closer to the reality. These suppositions were approved by the working group as a good method to proceed in this specific case.

3. **Coverage with information:** Another open for discussion topic remains the coverage of information for the sector of public administration, not solely the part of the budgetary institutions part of the Government. In this classification are included semi-budgetary institutions that have a autonomy of decisions from the budget but that are linked, in a way or another, to the government. Information's on these specific institutions are lacking, from administrative and from statistical data sources available to INSTAT. The working group is working on improving the coverage of the Government Institutional Sector.
4. **Finalized values for the Balance sheet of Government:** absence of the balance sheet of the Government with information on the full sets of accounts. This information is present only in an aggregated level and not by sub-sectors. This information can help construct more reliable estimates for EDP. The Government debt is currently well defined for the Central Government but it needs additional work to integrate the other subsector of the economy.
5. **Technical Assistance:** A project of the WB/SECO is currently working with the Ministry of Finance to implement in the future the International Standards of Public Accounting (IPSAS) and the European Standards of Public Accounting (EPSAS) in Albania;

In close consultation with the Albanian authorities has started an 18-month project on GFS capacity development supported by IMF. The main objective of this mission was to assess the country-specific needs of Albania related to institutional unit (IU) classifications and the public sector delineation, as well as the compilation of public sector debt statistics (PSDS) data. The mission met with officials from the Ministry of Finance (MoF), the Institute of Statistics of Albania (INSTAT), and the Bank of Albania (BoA) to explore current compilation processes, identify gaps/weaknesses, and develop a country specific plan for Albania.

## PROJECT OBJECTIVES

Improve coverage (units and instruments) of PSDS.	Compilation of a three- to five-year time series of annual and quarterly debt data which expands coverage beyond existing compilation (i.e., add local government, A/P, A/R, Nonfinancial Corporations)	March 2016
Compile and disseminate a list of public sector units, including sector classifications.	Published institutional unit data, including updated metadata, on the INSTAT website and updated Excessive Deficit Procedure (EDP) filing to Eurostat.	Sept 2015
Compiled and disseminate data (general government) according to GFSM2014/ESA 2010 standard.	Published GFS data, including updated metadata, on the MoF and INSTAT websites and updated EDP filing to Eurostat.	April 2016
	Updated GDP time series published on the INSTAT website.	May 2016

**8. Albania needs to continue work on improving the quality of the LFS, which will be crucial for the reporting requirements under the SEE 2020 and the wider efforts in the field of economic governance**

From October 2014 ongoing, INSTAT has undertaken the following action aimed to further improve the Labour Force Survey:

- During the second week of November 2014, INSTAT was provided technical assistance to improve the labour force survey LFS instrument for data collection and analyses and to enhance the quality of labour market indicators.
- The main result achieved by the international expert and the LFS responsible staff of INSTAT is a proposal for the revision of the sample design of the quarterly labour force survey to meet the new EU LFS requirements on precision of employment and unemployment estimates at national and regional levels.
- The sampling errors and the design effect of the main LFS indicators were calculated and methods were developed to derive generalized variances for the survey estimates in future rounds of the survey.
- In January 2015 INSTAT has piloted the LFS with the proposed new design to pilot the impact of it in the main LFS estimates. On the other hand, INSTAT has asked ILO support to redesign the LFS questionnaire in order to improve it and to move towards the new ILO labour statistics standard based on the resolution “Statistics of work, employment and labour under-utilization”, adopted in 19<sup>th</sup> ICLS.



SALARY STRUCTURE							
			MONTHLY SALARY				
CLASS	Working position	Category	Individual Salary (Base Wage)		Position based salary	Supplement for working environment	
		1	2	3	4	5	6
			Group's wage	Annual supplement for job seniority (in %)	Salary supplement for qualifications		
I		I-a		2%	0	129,000	0
		I-b		2%	0	118,000	0
II		II-a		2%	0	107,800	0
		II-b		2%	0	91,700	0
III		III-a		2%	0	74,400	0
		III-a/1		2%	0	65,200	0
		III-b		2%	0	57,000	0
IV		IV-a		2%	0	45,800	0
		IV-b		2%	0	35,500	0
		IV-c		2%	0	27,500	0

*Regarding the area of legislation on legalization process, urbanization and integration of informal areas*

In the area of legalization, on May 2014 the Parliament approved the last changes of the Law 9482, dated 03.04.2006, "On the legalization, urbanization and integration of illegal construction" amended which improves:

- Categorization of buildings for residential use for auxiliary purposes, from those with economic and social purposes, distances to be respected by national roads and railway lines;
- Obligations for the payment service and charges for the sale contracts for the building block will be pay off by the state;
- Include in the legalisation process the illegal buildings erected until the date of entry into force of the amendments of Law No 10023 of 27.11.2008 "On some amendments to Law No 7895 of 27.01.1995 "The Criminal Code of the Republic of Albania" as amended, which introduced Article 199/a to the Criminal Code stipulating as a crime the construction of informal buildings, disregarding their function and the moment the self-declaration is carried out;
- Determination and payment of the building block (restructuring of the way of payment) and facilities of immediate payment or instalment;
- Adjust the procedures of two processes, (i) transfer of ownership on the building plot of the illegal construction and (ii) approval of financial compensation to former owners affected by the legalisation process;
- Find an efficient and expeditious mechanism for legalisation of informal buildings that requires the transfer of ownership;
- Foresee a reduction in the financial burden of legalisation to builders of illegal constructions used for housing purposes, excluding them from the payment of fees for the legalisation procedures, such as notarisation of documents, issue of measurement and planning certificates. These services will be carried free of charge;
- Foresee the amendment of the Law No 9482 of 3.04.2006 to allow the registration of property used for housing purposes even if the builder has not paid or has paid partially for the building plot within the defined period;
- Foresee that 30% of the revenues from the legalisation process should be allocated to ALUIZNI, to cover its field activities cost (such as in-site verifications, updating, etc);
- Define clearly the categories of illegal buildings that will remain subject to the payment of legalisation fees and the use of revenues generated from penalties imposed on illegal builders;
- Provide a legal solution to technical problems related to the legalisation of floors added to existing buildings in order to include all the inhabitants of the building.
- Lay down that the illegal buildings erected in the areas destined for tourism, for which a feasibility study is carried out will be treated according to the legislation on illegal buildings;
- Define the categories of illegal constructions, which due to their location in an area considered of national importance or their impact on key public infrastructure, will be excluded from the legalisation process;

- Review the amount of fine imposed on builders/ investors that have erected lateral extensions in height, in order to encourage them to include these in the legalisation process.

*In the area of legalization applications*

Besides the 245,787 applications during 2005-2006 for legalization of informal buildings, changes on May 2013 (No 141/2013 Law), of Law no. 9482, dated 03.04.2006, "On the legalization, urbanization and integration of illegal constructions", included in the process of legalization of illegal constructions, a number of 24,054 objects established on land owned by possessor, after the entry into force of the law above.

Pursuant to the amendments of the law, from 10 September to 31 January 2014 at ALUIZNI directories across the country, have accepted new applications (statement for inclusion in the proceedings of legalization of illegal constructions) by entities that are not included in the process during the application periods in 2006 and 2013. The number of new applications at the end of the process is 155025.

Until now from the processing and management of new applications, was observed that 19625 of them were applied for the same informal building in previous years. This number is object of further changes it depends on an administrative accurate process

ALUIZNI has proceeded with the legalization for 40 085 buildings until 31.01.2015. For 69265 informal buildings; is finalized the measurement process until 31.01.2015.

Council of Ministers has approved the transfer of the ownership right, over the land for 95,994 buildings. From this procedure is collected an income of 8,369,600,000 ALL.

A financial reward is approved for 7107 owners, whose property is occupied by illegal constructions and the corresponding amount is 7,382,632,458 ALL.

ALUIZNI is still working to full fill the necessary documentation of other buildings which need the approval of the transfer of ownership right and the reward of the owners whose property is occupied by illegal constructions.

The agency has completed the restructuring phase, by adopting amendments to Decision No. 289, dated 17.05.2006 of the Council of Ministers, "On the organization and functioning of the Agency of Legalization Urbanization and Integration of Informal Areas / Constructions", that established the reduction of directories of ALUIZNI, from 25 to 15 such. This reduction intends to make efficient the activities related to the implementation foreseen in the informal buildings framework and also the properly distribution of these structures, in relation to the density of the informal buildings.

*The followings describe the current state regarding the education system during this reporting period:*

According to the Law no. 63/2014, dated 26.06.2014 “On some amendment to the Law no. 8872, dated 29.03.2002, “On the vocational education training in the Republic of Albania”, as amended, there have been drafted and adopted a set of by-laws that would enable the normal operation of vocational secondary schools under the Ministry of Social Welfare and Youth. In this regard, different donors have also provided supports.

It is worth mentioning that as an excellent result towards the youth awareness to be enrolled in vocational secondary schools in the academic year 2014-2015 the number of enrolled students has significantly increased to 5.835 students from 4.797 students during the academic year 2013-2014. In addition to this, the number of girls enrolled has increased to 705 compared to the last year enrolment of 583.

Based on the study, implemented by the Ministry with the assistance of GIZ analyzing the current state of secondary schools and based on the recommendations of this study, the work towards the school rationalization has commenced. More specifically, the veterinary high school profiles in Shkodra have been transferred to Bushat (Shkodra) and the process for transferring the construction profile of “Kolë Idromeno” school to “Arben Broci” school is ongoing.

The efforts in this regard will continue and actually with the support of ETF we are working on reasonably and accurately determining the schools and profiles to be reorganized based on the specific needs of the regions where schools operate.

The statistical indicators analysis for the year 2014 of the Regional Vocational Education Directorate activity shows that during January-December 2014 the persons register to be trained has reached the number of 17,138, persons enrolled in completed course has reached the number of 13.893 of whom 13,102 persons are granted certificates. Compared with the year 2013 there is an increase of 4,208 persons who are granted certificates. Females trained in total are 6.296 (45% of all the trainees) and compared to 2013 there is an increase by 2.400. The unemployed people trained for 2014 were 10,473 people of whom 8,098 were job seekers. Compared with the year 2013 there were 5,466 unemployed persons more and 4.867 job seekers more. Unemployed job seekers registered for this period were 8,098 people, compared with 2013 having 4,867 persons more.

It is noteworthy to mention the fruitful cooperation of our institution with the Ministry of Education and Sports during this reporting period. This cooperation has consisted in drafting the Employment and Skills Strategy 2014-2020. The Council of Ministers Decision no. 818, dated 26.11.2014 “On the adoption of the National Employment and Skills Strategy and Action Plan 2014-2020”, has already approved this document.

Furthermore, during the transition period of transferring the administration control of vocational secondary schools from Ministry of Education and Sports (MoES) to the Ministry of Social Welfare and Youth (MoSWY), we have been assisted from the MoES experts for every problem that we've faced. The experts of both ministries have contributed on drafting the by-laws that are approved in accordance with the law of the Educational and Vocational

Training. Currently we are closely cooperating with MoES in regard to State Matura preparation, which for us is something new.

Regarding *employment policy*, it has been adopted the National Strategy for Employment and Skills 2014-2020 along with the action plan by the Council of Ministers Decision no. 818, dated 26.11.2014.

Strategy Vision 2014-2020 for employment and skills, encouraged by the general objective of the 'Europe 2020' to achieve rapid, sustainable and thorough growth, aims that up to 2020 we have a competitive economy and an all-inclusive society that relies on "higher skills and better jobs for all women and men".

The overall aim of the Strategy is to promote qualitative job opportunities as well as skill opportunities for all Albanian women and men throughout the life cycle. This goal will be achieved through coherent and coordinated political activities, which at the same time respond to supply and demand for labor and also eliminate the gaps of social inclusion. National Strategy for Employment and Skills focuses on the following four strategic priorities:

- Promoting decent job opportunities through effective policies of the labour market
- Providing qualitative education and vocational training for youth and adults
- Promote social inclusion and territorial cohesion
- Strengthening labour market governance and qualifications systems

Reorganization of employment offices, through modernization of infrastructure, re-conceptualization and computerization of services offered. Eleven new employment offices have been set up at regional and central level according to the new model of service. For the first time employment offices offer services similar to European counterpart institutions. We already have a unique model of delivery service with three levels, information, employment services and individual counselling. 323 employees of our system at all levels are trained to implement it.

The identification of skills missing in the labour market is one of the main activities undertaken from the National Employment Service (NES) in the frame of Labour Market Information, which is also foreseen in the Strategy Action Plan 2014-2020. This study is not only an important source of widening the labour market information, but it also serves as an estimate of the required and lacked skills in the labour market from the business perspective.

During June 2014 a study regarding skills and needs was conducted involving 2054 enterprises. This study has been fully implemented by the central and local staff of the NES. According to experts' estimation having assisted its implementation, this study has resulted as a high quality product in all its elements confirming the fact that currently the implementation capacities of NES are good. The findings of SNA (Skill Needs Analysis) are an important instrument for reorienting the NES activity related to education and vocational training and employment mediation, but on the other hand they are beyond the limits of the NES and MSWY being also valid for the Ministry of Education, Ministry of Economy and Tourism, Foreign Investment Agency, Ministry of Territory etc., reaffirming the importance

of inter-institutional coordination and cooperation in achieving our goals and the government program objectives.

The strategy aims at regulating the policy of the labour market, improving education and vocational training, reforming social protection systems and strengthening management of the labour market. This is important, as the unemployment rate is high, especially among young and persons with disabilities.

During third quarter of 2014, based on the Labour Force Survey, the number of employed persons aged 15-64 years is 1.043.058. The number of unemployed persons aged 15-64 years is 219.585.

During the third quarter of 2014 in Albania:

- For the population aged 15-64, the unemployment rate is 17.4%.
- For young people aged 15-29, the unemployment rate is 32.4%.
- 63,4% of the population aged 15-64 is active in the labour market, employed or looking for a job.
- The employment rate for the population aged 15-64 was 52.3%.
- Compared with the third quarter of 2013 the employment rate is increased by 3.7 percentage points, the participation rate in the labour force is increased by 4.8 percentage points, and the unemployment rate is slightly increased by 0.2 percentage points (age 15-64).
- Compared with the second quarter of 2014, the employment rate is increased by 1.8 percentage points, the participation rate in the labour force increased by 2.1 percentage points, and the unemployment rate has slightly decreased by 0.2 percentage points (age 15-64)

During the third quarter of 2014 in Albania:

- During the third quarter of 2014, the participation rate in the labour force for people aged 15-64, is 63.4%.
- For women, the participation rate in the labour force is 53% and for males 74.2%.
- Compared with the preceding quarter, the participation rate in the labour force has increased by 2.1 percentage point. This indicator has been increased for both women and men respectively by 2.9 percentage points and 1 percentage point.
- During the third quarter of 2014, the participation rate in the labour force for young people aged 15-29 was 45.1%. The employment rate of young people is 30.5%.

#### *Employment promotion programs*

For 2014, state budget funds for employment promotion programs were ALL 271 million and 3975 persons have benefited of whom 62% women or 2417. 60% have benefited from the garment industry. 41% have benefited from particular groups of unemployed job seekers, 30% long-term unemployed; persons provided economic assistance 7%, younger up to 24 years 34% and 4% from the Roma community. During this year there are implemented 6 programs which are listed below.

For 2015, state budget funds for employment promotion programs will be ALL 450 million. 30% of these funds or ALL 150 million will cover youth employment.

**Six programs to be applied are the followings:**

- CoMD no. 873, dated 27.12.2006 "On determining the amount of funding, the criteria and procedures for implementation of professional practice programs for unemployed job-seekers, who have attended university degree, at home or abroad"(as amended)
- CoMD no. 47, dated 16.01.2008 "On the employment promotion program, through job training" (as amended);
- CoMD no. 48, dated 16.01.2008 "On the employment promotion program of unemployed job-seekers, under difficulty" (as amended)
- CoMD no. 27, dated 11.01.1012 "On the employment promotion program for women from special groups" (as amended)
- CoMD no. 199, dated 11.01.2012 " On determining the amount of funding, the criteria and procedures for implementation of the employment promotion program of unemployed job seekers, young "(as amended)
- CoMD 248, dated 30.04.2014 "On the employment promotion program of persons with disabilities"(as amended).

Regarding the measures taken against *informal economy*, the State Labour Inspectorate (SLI), in 2014 identified 1 757 undeclared workers and 2 886 unregistered subjects with 4 638 undeclared workers.

SLI inspections were focused on:

- Inspections in the evenings, during weekends and public holidays: 93 % of undeclared workers identified during the entire 2014.
- Identification of unregistered business entities
- Inspection of business entities that carry out activities that have high risk to occupational safety and health of workers and/or high risk to employ unregistered workers, or fail to implement Albanian law concerning work hours or minimum wage. Therefore, the number of thematic inspections in 2014 increased by 56% compared to the same period in 2013 (1717 inspections for 2014 compared to 483 for 2013).
- Inspection in the services sector especially during the tourist season carrying out inspections at hotels, bars and restaurants aiming to eliminate all forms of employment breaching labour legislation, the elimination of employment without work contracts, and/or disrespecting the legal form required by labour legislation.

- **Economic outlook in Albania**

The Albanian economy has shown signs of improvement during the first nine months of 2014. Value added in the economy recorded an annual increase by 1.3% during first nine months of 2014. The slight contraction which took place in Q2 was temporary, mostly linked to supply side shocks in specific sectors of the economy like construction, industry and transport contributing negatively to growth. With the exception of transport which suffered a decline of 24.1%, economic growth in the third quarter was supported by an expansionary

activity of all the economic sectors. The largest contribution came from the service sector, with 1.9 percentage points. The positive performance of services was led by activities in other services and trade branches.

The manufacturing sector contributed with 1.4 percentage points to the total value added growth. The activities of this sector - construction, industry, and agriculture – contributed to the value added growth respectively by 0.8, 0.4 and 0.2 percentage points. In the third quarter of 2014, the branches with positive growth were: "Trade, Hotels and Restaurants with 10.4%, "Construction" with 7.5%, "Post and communications" with 5.4 %, "Other Services" with 3.8%, "Industry" with 2.5%, and "Agriculture" with 1.2%.

From an aggregate demand standpoint, the growth during 2014 was mostly generated by domestic demand, while foreign demand is assessed to have had a negative contribution. On the other hand, private sector demand remained on a positive trajectory. Improved confidence and favourable financial conditions have supported the growth of private consumption and investment during the first half of the year. Private investment was positively affected by improved business confidence, increased utilization rate, the growth of new orders and the easing of credit conditions. The recovery of the investment will depend on the sustainable growth of the consumer demand and the continued improvement of financial conditions. For 2014, growth is projected to be slightly higher than the previous year standing at 2.1%. This growth is expected to rely mainly on domestic demand. The easing of monetary conditions, the correction of the public and private sector balances, and the improving of the economic agents' confidence is expected to fuel domestic demand. For the medium term ahead growth is expected to accelerate at 3% for 2015, and around 4%-4.5% for 2016-2018.

Available data according to the Labor Force Survey show an increase in employment in 2014 and also a slight decrease in the unemployment rate in the second and third quarter. However, the unemployment rate in Q3-2014 still remains 0.2 percentage points higher compared to Q3-2013. In the third quarter of 2014 the number of employed persons of working age (15-64 years) was 1,043,057. Compared to the same quarter of 2013, it increased by 78,844 persons or 8.2%. The number of unemployed persons of working age was 219,585. Compared to the same quarter of 2013, it increased by 19,728 people. The unemployment rate in the third quarter of 2014 was 17.4% compared to 17.2% registered in the same period of 2013.

The Albanian economy continues to operate below potential, which in turn is reflected in inflation below the target of the Bank of Albania. During January-September 2014, the annual inflation averaged 1.6%, slightly lower than in the same period of 2013.

Until November 2014, deposits increased by 0.9 percent and the credit to the economy grew by 3.8 percent compared to November 2013. Banks, businesses and households remain risk averse. Credit growth is segmented in terms of both banks activity in lending and also of sectors of the economy that are being financed. Credit growth has been driven by expansion of credit to private non-financial corporations. On the other hand, credit to households has been sluggish, registering near zero growth for the last 12 months. In 2014, credit growth continues to be supported by credit in domestic currency, while foreign currency credit continues to shrink. The level of nonperforming loans (NPL) made up 24.88% of total loans until the third quarter of 2014, increasing slightly by 0.54 percentage points compared to the



third quarter of 2013. The majority of NPLs continues to be well provisioned and banks remain well capitalized above the regulatory minimum. In overall, banking system soundness parameters remain sound. The capital adequacy ratio, liquidity as well as profitability indicators stayed positive in 2014, and improving slightly compared to the previous year.

For the first nine months of 2014 the current account registered a deficit of €901 million, increasing by 29% as compared to the same period of the previous year. The expansion of the trade deficit by 13.7% was the main factor behind the higher current account deficit. Here, a general pickup in imports, the overturned net balance of the energy sector from net exporter last year to net importer this year and volatile oil prices in the international market were primary facets of trade developments. Net primary income registered a higher deficit linked to larger direct investment income outflows. Services performed better this year compared to the same period last year. After the 19.8% annual drop last year, secondary income inflows have increased only slightly this year. Remittances have stabilized at almost the same level of last year. Net flows to the capital and financial accounts including net errors and omissions resulted in about EUR 1038 million during the first nine months of 2014, compared to EUR 796 million in 9M-2013. As a result the overall balance of payment was positive at EUR 136 million for nine months of 2014, higher than 97 million for the same period of 2013.

Bank of Albania has estimated an economic growth of 1.8% during 2014. Improved lending conditions and balance sheets of economic agents, as well as increased confidence are the main drivers behind economic growth. These factors have positively affected the growth in private spending, while fiscal policies have remained consolidated and foreign demand at low levels. Our medium term projections suggest improvement of economic growth during 2015.

Nonetheless, inflation will continue to remain below Bank of Albania target.

The deteriorating weather conditions at the end of 2014, and particularly the first two months of 2015 caused several floods and lots of damage to the agricultural produce and farming stock in southern Albania. The impact on the value added of the Albanian economy has affected the downward revision of economic growth in 2015. Nonetheless, supply shocks are expected to be temporary and to have no effect on the economic growth trend in the medium term. Our medium term projections suggest an economic growth of 3-3.5% during 2015.

Economic growth is expected to be sustained by increased private demand, reflecting the government payment of arrears and the reduced intermediation costs. Meanwhile, surveys show consistent improvement in economic agents' confidence and financing conditions, which will support the growth of private investments. The contribution of net exports in the economic growth of 2015 is expected to be negative, due to the weak foreign demand. Medium term fiscal projections suggest the persistence of consolidating fiscal policies, and the public sector as such is not expected to contribute to the aggregate demand growth. Based on this framework, the output gap is expected to become positive in 2016.

Inflation pressures from the demand side are expected to grow, affecting the gradual growth of inflation. The average annual inflation rate is forecasted at 2.3% in 2015. The balance of risks remains on the downside. Inflation will be affected by the recovery pace of economic

growth, foreign price developments in the world markets, potential supply shocks, mainly from developments of the agricultural produce, but also by the materialization of second round effects of oil price reductions and increase of several administered prices.

In January 2015, the Supervisory Council of Bank of Albania reduced the repo rate by another 0.25 percentage points, to a new low of 2.0%. The stimulating monetary policy stance has been motivated by weak pressures on the demand side, slowing trend of inflation expectations as well as the risk of materialization of second round effects due to oil price reduction. Along with these measures, Bank of Albania in its public communications has been clear about its forward guidance orientation.

The accommodating monetary policy has been reflected in the reduction of the financing costs in the economy, while also stimulating credit growth in lek. Despite the transmission of base rate reductions in the credit market, demand for credit continues to remain weak. The reaction of the economy to the stimulating monetary policy is affected by the lowered risk appetite of both businesses and the financial institutions. These circumstances are expected to affect developments in 2015 as well and our forecasts suggest a gradual recovery of credit activity. Credit growth in annual terms is expected to fluctuate around 4%-6%. The revival of demand for credit is expected follow economic activity growth with a lag. Meanwhile, the policies imposed by the parent banks have affected the tightening of credit supply. At the same time, credit growth in 2015 will be negatively affected by the consolidation of banks' balance sheets, in line with supervisory regulatory requirements. In general, monetary expansion and deposits are expected to improve during 2015, backed up both by the growth in demand for money and financial intermediation. However, this growth will remain modest compared to historical average, suggesting low inflationary pressures from the monetary sector during the year.

As economic activity recovers and the output gap expands positively, inflationary pressures are expected to grow during 2016-2017. Core inflation is estimated to increase gradually, reaching its historical average at the end of 2017. Non-core inflation is also expanded to follow a growing pattern; however it will remain below its historical average, delaying its return to the BoA target. We judge that the current stance and the magnitude of the monetary policy remain appropriate given these circumstances.

- **National Economic Reform Programme**

*The Albanian government has submitted to the European Commission its medium term National Economic Reform Program (NERP) on 30<sup>th</sup> of January 2015.*

NERP 2015, which covers the period 2014-2017, was drafted with the contribute of different line ministries under the co-ordination of Ministry of Finance (for Part I) and Ministry of Economic Development, Tourism, Trade and Entrepreneurship (for Part II).

The Programme consists of two parts. The first part includes a medium-term macro-economic and fiscal policy framework as well as the supporting structural reform measures; the second part includes the sectorial flagship reform measures for enhanced competitiveness and growth in Albania, all in line with the Albanian governmental priorities in fields such as transport, energy, tourism, environment, education, agriculture etc.

*It is based on and in accordance with Law no. 160/2014 "For the Budget Year 2015" and with the Macroeconomic and Fiscal Framework 2016-2018. The program is also fully in line with the second National Strategy for Development and Integration 2014 – 2020. This document was prepared by an inter-institutional working group with representatives and experts from relevant institutions of the Albanian government and Bank of Albania. The program was approved by the Council of Ministers on 28 of January 2015.*

Short technical assistance, for the drafting of Part II, was received by OECD in the framework of IPA-funded OECD programme for South East Europe.

After the final version of the document was adopted and in order to underline the political engagement to the process, NERP was sent for approval to the Council of Ministers. NERP 2015 was finally approved by Decision of Council of Ministers no. 71 date 28.1.2015.

*For more information, please refer to National Economic Reform Programme of Albania 2015 – 2017, Annex 4.3.1.*

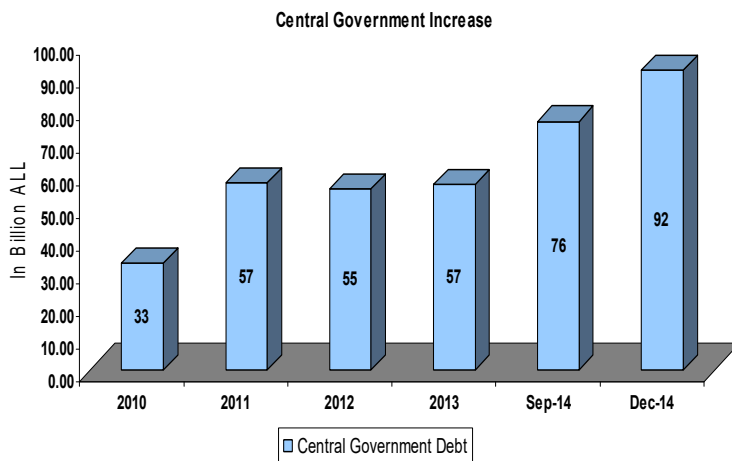
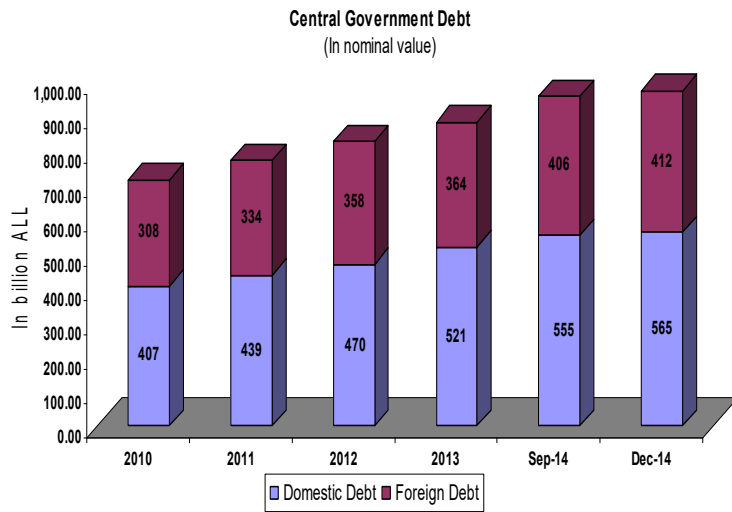
## Debt stock development

Central Government Debt at the end of December 2014 was estimated at 976.472 million ALL or 69.06% of GDP, where domestic debt stands at the level of 39.94% of GDP and external debt at 29.12 % of GDP. If we take into account arrears than the level of debt stands at the level of 71.64% of GDP.

The following table shows the change in the composition of debt from 2010 up to December 2014.

<i>In million ALL</i>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Dec- 2014</b>
<b>Total Debt Stock</b>	<b>715,371.01</b>	<b>772,516.93</b>	<b>827,980.79</b>	<b>884,692.28</b>	<b>976,472.00</b>
<b>I. Domestic Debt Stock</b>	<b>407,371.80</b>	<b>438,582.00</b>	<b>470,358.47</b>	<b>520,786.36</b>	<b>564,674.00</b>
-Government	401,821.00	429,924.80	454,695.37	500,868.36	538,641.00
-Guaranteed	5,550.80	8,657.20	15,663.10	19,918.00	26,033.00
<b>II. External Debt Stock</b>	<b>307,999.21</b>	<b>333,934.93</b>	<b>357,622.32</b>	<b>363,905.92</b>	<b>411,798.00</b>
-Government	268,124.46	294,275.97	319,832.52	332,499.72	383,291.00
-Guaranteed	39,874.75	39,658.96	37,789.80	31,406.20	28,507.00
<b>GDP</b>	<b>1,239,645</b>	<b>1,300,624</b>	<b>1,335,488</b>	<b>1,364,782</b>	<b>1,413,931</b>
<b>Total Debt Stock/GDP</b>	57.71%	59.40%	62.00%	64.82%	69.06%
<b>Domestic Debt Stock/GDP</b>	32.86%	33.72%	35.22%	38.16%	39.94%
<b>External Debt Stock/GDP</b>	24.85%	25.67%	26.78%	26.66%	29.12%
<b>Total Debt Stock+ Arrears/GDP</b>				<b>70.06%</b>	<b>71.64%</b>

During the year 2014 the level of debt was increased by 10.37% or ALL 91.8 billion compared to the previous year.



From the above charts it is noticed a considerable increase in the nominal value of debt during 2014, however it must be taken in consideration the fact that from ALL 91.8 billion increase only ALL 56.8 billion are attributed to the deficit, the rest is used to clear the accumulation of arrears from the previous years in accordance with the agreement between the Government and IMF. Starting from the next year the Government will take all the necessary measures in order to consolidate debt and reach the target of 60% at the end of 2019.

## 5. FINANCIAL ASSISTANCE

- **Instrument for Pre-Accession Assistance: state of play**

The programming of the previous EU financial instrument for the period 2007 – 2013 has been concluded and a new IPA II financial perspective 2014–2020 has started. IPA 2014 Programme was the first programming year under IPA II financing perspective. It started in February 2014 and the final version of the Action Documents was submitted to EC in July 2014. The implementation of the Actions will start after signing the Financing Agreement between the European Commission and the Albanian Government (after May 2015). The total amount of IPA 2014 is 66.7 million Euro (EU contribution).

The Government of Albania met a number of key conditions for the decentralised management of IPA component I. The European Commission has adopted on 25 March 2014 a decision on the conferral of management powers for IPA Component I and therefore part of IPA 2013 programme will be implemented under the responsibility of the Albanian Government (decentralized mode) which will therefore show more ownership on its side. In November 2014 the first decentralized Financing Agreement has been signed.

In this regard, on 9 February 2015, an introductory meeting was held between NIPAC, the beneficiaries of the six decentralised projects and structures and authorities established in order to discuss the obligations that arise for all parties under decentralized management. The reporting requirements described in the Manual for Monitoring and Evaluation of IPA I were presented and explained. The first information about the status of implementation of each project should be submitted to NIPAC on 5 May 2015.

With regard to IPA projects implemented under centralized management, NIPAC is following up the problematic ones. The number of problematic projects has been reduced to two currently, compared to 12 of last year; Meanwhile, there are projects that need to be carefully monitored. In the frame of strengthening collaboration and improving monitoring, NIPAC and the EUD have agreed to exchange data about projects' implementation every quarter. NIPAC will receive financial data about the status of current disbursements by EUD and will submit to EUD data about the use of co-financing and VAT fund for all ongoing projects.

With regard to IPA Cross Border Cooperation (CBC), the Ministry of European Integration, Operating Structure for the CBC programs, has continued its work for the preparation of programming of the new CBC Programmes under the new financial perspective IPA 2014 – 2020. The European Commission has adopted the following programmes in the respective dates: Montenegro – Albania on 10 December 2014; Albania – Kosovo on 11 December 2014; FYROM – Albania on 11 December 2014. After the approval of these documents the Operating Structure has continued the work for drafting the Framework Agreement, Bilateral Agreement and the establishment of Joint Monitoring Committees, for the respective programmes. Several technical meetings were organised, for these purpose, between Operating Structures, with the participation of the European Delegation.

As regards to the CBC Programmes with Member States, the draft documents of Greece-Albania, ADRION, MED and Balkan – Mediterranean programmes were sent to the Commission for approval. Regarding Italy – Albania-Montenegro programme, the drafting process is ongoing.

The Monitoring and Evaluation Sector for CBC) in collaboration with EUD has monitored all IPA CBC projects that are being implemented in the framework of the Programmes with Greece, Republic of Macedonia and Montenegro. Meanwhile the IPA CBC Programme with Kosovo will be monitored during the first quarter of 2015.

Moreover, MEI has followed the problematic issues of the CBC projects and has acted as intermediary with the concerned institution for their resolution.

- **Process the programming of the IPA Annual Action Programmes 2015 and 2016**

Annual Programme IPA 2015 in Albania is now entering a very crucial phase and, in the meantime, Albania is starting in parallel efforts for programming the IPA 2016.

Albania has taken note that the current approach of the European Union on the allocation of financial assistance has changed entirely under IPA II perspective through introducing the novelty of *sector budget support* and avoidance of *stand-alone projects*, having as a precondition the existence of a sector strategy.

Furthermore, another novelty we have taken note is that the priorities for funding from IPA National Programmes are outlined by the National IPA Coordinator (NIPAC) in close consultation with the European Commission services. In Albania's case, these priorities are approved in advance also by the Strategic Planning Committee. Below you may find updated information related to the above mentioned processes.

#### *IPA 2015*

After intensive consultations with the European Commission and EU Delegation services, it was concluded that the two sectors ready to receive sector support from IPA 2015 are: i) the Public Administration Reform and ii) the Employment Sector. The primary reason for selecting these two sectors is related to their already finished (or almost finished) and budgeted sector strategies.

More specifically, support for the *Public Administration Reform* derives from the support provided to this sector from IPA 2014 and will also address “*service delivery*” (integrated services for citizens). A special attention has been given to the strategic framework for Public Administration reform, the implementation of territorial reform, the improvement of Department of Public Administration (DoPA) capacities, the improvement of legislative and policy making process, better management of human resources based on meritocracy, the improvement of services offered to the citizens, as well as fighting corruption in the Public Administration. The assistance for this sector is expected to be delivered through *sector*

*budget support* which from the ongoing communication has been estimated around 30 million Euro (indicative).

Assistance for the *Employment Sector* is also envisaged to be provided through *Sector Budget Support* reaching the value of around 30 million Euro (indicative). This support will be fully consistent with the National Strategy on Employment and Skills (NSES), which has as its primary objective the promotion of employment and skills opportunities for Albanian citizens. The assistance will mostly focus on *promoting labour market participation* and *social inclusion*, improving the quality and effectiveness of employment services, increased capacity for the implementation of NSES, quality improvement and extension of vocational education, etc.

In this context, the staff of the Minister of Innovation and Public Administration, as well as the staff of the Ministry of Social Welfare and Youth, in close cooperation with the EU Delegation in Tirana and the Ministry of European Integration, finalized on 23 January 2015 the first draft of *Sector Planning Documents-SPDs* for the two sectors mentioned above, respectively.

During February 2015 the EC structures made relevant suggestions /comments to SPDs, which will be considered again by the Albanian side in order to reflect the changes. Officially the stance of the Commission on the SPDs will be provided after the meeting of the Financial Assistance Steering Committee to be held on 23 March 2015. Then, the EU Delegation in cooperation with the Albanian structures will develop within May 2015 the Action Document (Sector Reform Contract) on Sector Budget Support for Public Administration Sector and that of Employment.

It is also foreseen establishment of the “*EU Integration Facility IP*”. This intervention follows the “EU Integration Facility” programmed under the IPA 2014 and mainly will address the needs of the Albanian institutions for technical assistance projects, drafting of feasibility studies, preparation of designs for various projects, master plans, twinning projects, internship for employees in the administrations of EU countries, etc (detailed components are still to be defined).

IPA 2015 will also include an *Action Document* dedicated entirely to *the extension of PAMECA project*, including technical assistance as well as investments in equipment for the Police and Prosecution Office. The Albanian Government aims that assistance should be granted mainly for investments in equipment and only a small part to go for technical assistance. Meanwhile, the Ministry of Internal Affairs in cooperation with General Prosecution Office is performing a needs analysis.

In addition, the “*Support for the Albanian institutions to participate in Union Programs*” will continue under the IPA 2015. This support comes in addition to the support planned under IPA 2014 for participation in European programmes and will cover the cost of the entry ticket for 2016.

*The Action Documents* for the last three interventions will be developed during March – May 2015.

#### *IPA 2016*

Being that EU financial assistance will be implemented through budget support, Albanian institutions must *adopt their sector strategies* (including their priority sectors for support by IPA) prior to IPA 2016 programming. Drafting of Sector Planning Documents (SPD) for IPA 2016 is expected to be finalized by June 2015. Since budget support is conditional on the adoption of these strategies by Albanian institutions, NIPAC has made this clear to relevant institutions and encouraged them to advance in drafting the strategies.

In view of the above, NIPAC has asked for prompt adoption of the *national strategy on integrated water management*, because it is one of the sectors to receive budget support under IPA 2016. Equally important is *the adoption of the justice reform strategy* which is a government priority and is expected to be part of the IPA 2016 budget support. If it will be impossible to have this strategy adopted by June 2015, budget support will be requested only for Home Affairs (State Police and General Prosecution Office).

Other sectors assumed to be supported by IPA 2016 are *Transport and Agriculture*.

In parallel to strategy drafting, MEI has instructed the relevant institutions to start completing the SPDs; they will be constantly assisted by MEI experts who will deliver tailored-made training to institutions, enabled by technical assistance.

Based on the EC Regulation no. 231/2014, *a new Framework Agreement* between European Commission and Albanian government has been approved by the Council of Ministers Decision No 98 of 4.02.2015 but it still yet under the ratification process by the Parliament. The ratification process is expected to be concluded within April 2015.

In the framework of the programming of *IPA multi-country for 2015*, Ministry of European Integration has received the draft fiches of the programme and after the consultations with beneficiary institutions has made the necessary comments and has submitted to EC.

As regards *the Western Balkans Investment Framework (WBIF)*, Albania submitted on 20 February 2015, two applications for the 13<sup>th</sup> Round. Both applications are focused to the transport sector, more specifically to the railway sub-sector:

- i. Pre-feasibility Study and Traffic Modelling for new Railway line Albania – Kosovo. Grant requested amounts to 0.5 million Euro;
- ii. Feasibility Study for the rehabilitation of the railway line Durrësi – Pogradeci – Lini and a new rail line link to border with FYROM – Albania. Grant requested amounts to 0.7 million Euro.

Based on the new WBIF Methodology, Albania is taking all the necessary measures to establish a *National Investment Committee* by July 2015. The New WBIF Methodology envisions the creation of a *Single Project Pipeline*, and single sector project pipelines for line



ministries, for each WBIF beneficiary country through a clear and transparent prioritization process; finalised in a specific and unique framework.

#### *IPA Cross Border Cooperation*

With regard to IPA Cross Border Cooperation (CBC), the Ministry of European Integration, Operating Structure for the CBC programs, has continued its work for the preparation of programming of the new CBC Programmes under the new financial perspective IPA 2014 – 2020. The European Commission has adopted the following programmes in the respective dates: Montenegro – Albania on 10 December 2014; Albania – Kosovo on 11 December 2014; FYROM – Albania on 11 December 2014. After the approval of these documents the Operating Structure has continued the work for drafting the Framework Agreement, Bilateral Agreement and the establishment of Joint Monitoring Committees, for the respective programmes. Several technical meetings were organised, for these purpose, between Operating Structures, with the participation of the European Delegation.

As regards to the CBC Programmes with Member States, the draft documents of Greece-Albania, ADRIAN, MED and Balkan-Mediterranean programmes were send to the Commission for approval. Regarding Italy-Albania-Montenegro programme, the drafting process is ongoing.

## 6. IMPLEMENTATION OF THE STABILISATION AND ASSOCIATION AGREEMENT

### 6.1 JUSTICE, FREEDOM AND SECURITY

- **Follow-up of visa liberalisation**

The monitoring process of the visa liberalization for the Albanian citizens towards EU/Schengen countries has been one of the main mechanisms where Border Police is based on to reduce negative phenomena and in particular those related to asylum seekers and their exceeding period in the EU/Schengen countries.

Border and migration police authorities have constantly monitored visa liberalization process. The monitoring process has mainly consisted in the implementation of the Agreement and Memorandum of Understanding on exchanging information on asylum and migration issued with Austria and United Kingdom.

In the framework of cooperation with EU countries and in particular with France there have been organized two operations on repatriation of the Albanian citizens who had violated rules in Schengen space with the involvement of the Albanian police in these operations.

The action plan of the General Director of the State Police No. 2985, dated 29.04.2014 has been prepared and approved on the prevention of illegal asylum seeking cases by Albanian citizens to EU countries. Concrete measures have been foreseen in this Action Plan for all police structures in order to minimize the phenomenon.

#### **Monitoring visa liberalization process**

During 2014, 4.148.107 Albanian nationals have been travelling toward EU/Schengen countries and the entry in these countries has been turned down to 12.867 people.

During 2013, 3.797.958 Albanian nationals have been travelling toward EU/Schengen countries and the entry in these countries has been turned down to 11.946 people.

	<b>2013</b>	<b>2014</b>	<b>Difference in %</b>
Exits from Albania	3797958	4148107	+9.2%
Refusal to entry in EU	11946	12867	+7.7%

It results that in 2014, 68% of citizens have been refused to enter Greece while the remained part, 32% have been refused to entry in other EU countries. In 2013, 63% of citizens have been refused to enter Greece while the remained part, 37% have been refused to enter in the other EU countries. This occurs because of direct maritime communication from Durrës and Vlora, as well as direct flights from Tirana airport towards Belgium, Austria, Slovenia and Germany.

As for the Albanian nationals deported from EU/Schengen it results that during 2013, the number of Albanian citizens returned from EU countries and readmitted by Albania was **15.289** while during 2014, the number of returned/readmitted was **21 142**.

During 2014, 106 special flights (charter) from EU/Schengen countries toward Albania with 1553 Albanian returnees on board have been carried out.

	<b>2013</b>	<b>2014</b>	<b>Difference in %</b>
Readmitted	15289	21142	+28%

In the framework of the implementation of the standard procedures and visa liberalization monitoring process, during 2013 there have been carried out 7308 refusals to Albanian citizens exiting Albania and for 3315 of them the refusal was carried out because of their previous deportation from EU/Schengen countries and they do not have the right to enter this territory.

While during 2014, there have been carried out 11923 refusals to Albanian citizens exiting Albania and when compared to 2013, the data results in a considerable increase by 4615 more Albanian citizens refused to exit during 2014, or approximately 24% more.

	<b>2013</b>	<b>2014</b>	<b>Difference in %</b>
<b>REFUSE TO EXIT</b>	7308	11923	+24 %

Concerning measures taken by Border and Migration Police to identify the Albanian citizens who seek to change their generalities in order to avoid the refusal to entry in Schengen countries, it results that during 2013 there have been done 2870 requests to change generalities while these requests for 2014 have been reduced in only 261, due to the Law No.130/2013 “On some amendments and addenda” in the Law No. 10129, dated 11.05.2009 “On civil status” amended.

### **Informing campaigns**

- A commercial has been prepared and transmitted in the Media to raise the awareness of the Albanians in order that they respect the rules of entry and stay in Schengen countries by eliminating the abuses with the right to circulate without visas in EU”;
- The returns in Albania of the Albanian nationals who have abused with the free visa regime have been transmitted in the Media. Also, messages of ambassadors of the EU countries have been broadcasted in order to raise the public awareness on respecting the rules of visa free regime in the EU countries.

- **Follow-up of the 2014 Progress Report and the conclusions of the May 2014 Subcommittee meeting, (Except issues already discussed under point3), with particular focus on the implementation of the law against discrimination, progress in the areas of gender and children's rights, protection of minorities including Roma.**

### *Handling cases by the CPD*

According to the Law No 10221 of 2.04.2010 "On *Protection from Discrimination*", the assistance to victims of discrimination is achieved through:

- Examining cases by the CPD
- Assistance to the victims in courts

In the period from January 1<sup>st</sup> 2014 until December 31<sup>st</sup> 2014, the CPD has handled a total of 308 cases (290 complaints and 18 ex-officio cases). From these, 180 cases (172 complaints and 8 ex-officio cases) recorded in 2014, and 128 cases (118 complaints and 10 ex-officio cases) carried over from 2013. During 2014, 166 complaints have been submitted to the CPD, from which 166 complaints from various individuals and 6 complaints from organizations with a legitimate interest. We estimate that individual complaints are expression of community increased awareness on the Law "On *Protection from Discrimination*" and the remedies provided by it.

In 2014, the Commissioner for the Protection from Discrimination has finished the administrative proceeding and come out with 209 decisions, from which in 32 cases has ascertained discrimination. The CPD has given 3 decisions which impose sanctions by fine to subjects who have not made available to the CPD the information requested based on the Law 10221/2010 "On *Protection from Discrimination*".

Meanwhile, from 1 January to 9 March 2015, 16 new complaints have been submitted and 2 administrative investigations (ex-officio) were initiated by the Commissioner for Protection from Discrimination. During this period, the CPD has taken 20 decisions.

During 2014, it is noted a significant increase of participation of the Office of the Commissioner for Protection from Discrimination in judicial processes. During 2014, the CPD has participated in 18 judicial processes (in 2012 the CPD has participated in 3 judicial processes, in 2013 in 6 processes, 3 of which were carried out from 2013), from which: in 6 cases the CPD was the respondent party, in 3 cases the CPD was the third party in a process, in 6 cases the CPD has provided a written opinion to the court on cases of discrimination and in 3 judicial processes initiated by the CPD, with its request, for providing Orders of Execution by court for the fines imposed by the CPD for non-implementation of its decisions by the subjects found responsible for discriminatory behaviour.

### Drafting, publication and distribution of awareness materials and training manuals

During 2014, the Commissioner for Protection from Discrimination has drafted, published and distributed a series of awareness and informative materials, where we list:

- Informative Brochure “Protection of Minorities in Albania pursuant to the Law on Protection from Discrimination”<sup>8</sup>. This brochure has been prepared in Albanian, English and Romanian (1000 copies published), from which have been published 1000 pieces of Brochures in Albanian.
- Publication of a translated “Summary of decisions of the EU Court of Justice, European Court of Human Rights, and Equality Bodies” in 1000 copies. This publication is distributed initially in all Courts of First Instance of Albania, Courts of Appeal, Supreme Court, Constitutional Court, Public and Private Universities and NGOs that defend human rights.
- Manual "Protection from Discrimination-Training Manual for NGO-s". This manual was published in 1500 copies and is available in Albanian.
- The Manual "Protection from Discrimination of Marginalized Ethnic Minorities", realized under the SSIREC project.
- The booklet "Report Discrimination!" under the SSIREC project, in 1000 copies.
- A “Summary of CPD decisions and Opinions of the Board of Experts” was published in English and Albanian in 800 copies.
- Publication of the “Source Guide on the Protection from Gender Discrimination in Economic Sector”.<sup>9</sup>
- Leaflet "Information sheet for public officials on LGBT issues"<sup>10</sup> published in cooperation with the state institutions and Pink Embassy and distributed in various activities.
- The CPD has developed a Draft "Commentary on the Law "On protection from discrimination” in December 2014.
- An Informative Brochure “On provision of goods and services” was drafted by the CPD.
- An Informative Brochure “On employment in the public and private sector” was drafted by the CPD.

#### *Organization of trainings by the CPD*

The CPD has organized 5 (five) trainings with judges of Courts of First Instance, on the Law “*On Protection from Discrimination*”, in cooperation with the Albanian Human Rights Group and the School of Magistrates, supported by the Netherlands Embassy in Tirana.

The CPD has organized 4 (four) trainings for 180 LGU employees, under the project “*Support for Social Inclusion of Roma and Egyptian Communities (SSIREC)*”.

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<sup>8</sup>The publication of this brochure is made by the CPD with the support of ODIHR. The publication has been produced with the financial support of the EU, under the project “*Best Practices for Roma Integration*”, implemented by ODIHR. This brochure is available in English in the CPD webpage in the link below:

<http://kmd.al/skedaret/1392134886-brosh%20OSCE%20ang.pdf>

<sup>9</sup>This publication was launched in the Seminar “*Equal Opportunities in the Economic Sector*”, organized by the CPD in collaboration with the National Union of Chambers of Commerce and Industry and Young Women's Christian Association (YWCA) supported by UN Women. The first publication of 2012 was updated and reprint in 2014.

<sup>10</sup>It is available in the link below:

<http://kmd.al/skedaret/1392136411-FLETE%20PALOSJE%20PERPARA%20.pdf>

The CPD has organized 3 (three) trainings with representatives of NGOs that protect human rights, under the project “*Together for the protection and promotion of the rights of discriminated persons*”, of the Albanian Helsinki Committee in partnership with CPD, sponsored by Swiss Cooperation Office in Albania.

### *Organization of Open Days*

Open Days conducted from CPD are provided as one of the components of the three projects being implemented in collaboration with international and national NGOs (OSCE/ODIHR, UNDP, AHC). The CPD has developed a total of 10 (ten) Open Days, in which have participated about 385 participants from different vulnerable groups. During February 2014 were conducted three community awareness meetings with Roma/Egyptian communities in Berati, Pogradeci, Vlora<sup>11</sup>. During November 2013 - February 2014, were held four Open Days in Korça, Lezha, Shkodra and Kukësi.<sup>12</sup> During December 2014 were held three awareness activities in Tirana.

During the Open Days were also distributed leaflets and informative brochures on the Law “*On Protection from Discrimination*”, in minority languages and in accessible formats for blind people (Braille writing).

### *Studies and monitoring on discrimination*

During 2014, the CPD has drafted 1 - Study “*On the situation of discrimination of Roma community*”, 2 - Study “*For the protection and respect of the rights of LGBTI community in Albania*”.

During 2014, the CPD has launched two monitoring: 1 - Monitoring on the implementation of the Law “*On Protection from Discrimination*” in the private sector in the field of employment. This monitoring is focused in particular to the access of vulnerable groups in employment. 2 - Monitoring on the implementation of the Law “*On Protection from Discrimination*” from the courts. The methodology was developed and during 2015 will end the monitoring.

### *Legislative Recommendations of the CPD*

The Commissioner for Protection from Discrimination has sent legislative recommendations aiming at alignment of the existing legislation with the concepts, standards and provisions of the Law “*On Protection from Discrimination*”. In this regard, the Commissioner has aimed legislative approximation, mainly in relation to:

- protected grounds of discrimination for which is offered protection
- forms of discrimination

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<sup>11</sup>Activities supported from the project “*Support for Social Inclusion of Roma and Egyptian Communities (SSIREC)*”.

<sup>12</sup> Under the project “*Together for the protection and promotion of the rights of persons discriminated*”, on the Albanian Helsinki Committee (AHC) in partnership with the CPD, supported financially by the Swiss Cooperation Office in Albania and Civil Rights Defenders.

- distribution of the burden of proof

During 2014, the CPD has sent 7 (seven) legislative recommendations regarding amendments to the Criminal Code, the Code of Civil Procedure, the Electoral Code, the Transmission Code, Family Code, Law no. 9355/2005 "*On social assistance and services*", Draft Code of Administrative Procedure.

For information regarding progress in the areas of gender and children's rights, protection of minorities including Roma please refer to the information provided in Priority 5.

## 6.2 TRADE, INDUSTRY, CUSTOMS AND TAXATION

### Follow-up of the 2014 Progress Report and the conclusions of the October 2014 Subcommittee meeting with focus on:

*The National Strategy on Quality Infrastructure*, as part of the national Strategy on Consumer Protection and Market Surveillance, was sent to the Council of Ministers for approval in early July 2014. Endorsement is expected in March 2015.

Progress continued in the area of *standardisation*, with 1,304 standards adopted since the last subcommittee meeting; of these, 1,133 are European standards (476 CENs, 133 CENELECs, 524 ETSIs) and 171 International standards (84 ISO and 87 IEC). All standards are adopted only by cover page method.

In total, 19,152 European standards (1,285 ETSIs, 5,056 CENELECs and 12,811 CENs) and 3,034 international standards (ISO & IEC) are adopted as Albanian standards. European harmonised standards are adopted 100% as Albanian harmonized standards.

In the area of *accreditation*, there are 41 accredited conformity assessment bodies (26 labs, 12 inspection bodies and 3 certification bodies).

An EA peer evaluation mission was conducted at DPA during 23-27 February. The mission concluded that DPA operates in line with international standards and recommended that DPA become signatory party to the EA- Multilateral Agreement on Testing Laboratories according to ISO/IEC 17025, provided that its findings are addressed adequately. DPA commits itself to address these findings within one month to proceed with mutual recognition according to EA guidelines.

Moreover, DPA applied for full membership to EA on 30 January 2015.

In the area of *metrology*, four labs initiated the application procedure to an accreditation body recognized by European and World Accreditation organisations.

### **Albania will update on the state of play of the preparation and adoption of the draft industrial strategy<sup>13</sup>**

The draft industrial strategy is being prepared. The draft will be finalised and consulted with different stakeholders in March 2015, including Konfindustria, Chamber of Commerce and Industry of Tirana, etc. Further, technical assistance will be requested from UNIDO for an assessment of the draft. Upon receiving a positive assessment from UNIDO, the legal procedures for the approval of the draft Strategy will be started.

### **Industrial policy of SME**

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<sup>13</sup> Additional information to the EC services as requested under the Operational Conclusions of 2014 EU – Albania Subcommittee on Trade, Industry, Customs and Taxation.



The Decision of Council of Ministers No 635 of 1.10.2014 “On the approval of the Business and Investment Development Strategy and its Action Plan, 2014 – 2020” was approved. The Strategy defines the primary objectives to be achieved by 2020: Albania as a country that develops and improves the business and SMEs environment, a competitive open market, develops industrial SMEs, an attractive destination for investments, and inclusive and sustainable growth.

*The Strategy and its Action Plan was submitted to EU Delegation in Albania.*

Decision of Council of Ministers No 611 of 17.09.2014 “On the approval of the National Action Plan for the implementation of the Regional South East Europe Strategy 2014 – 2020” was approved. The objective of the National Plan is the implementation of measures that allow meeting the Target Headlines of SEE 2020 and to provide a consolidated national platform in this regard. It reflects the policies in accordance with the dimensions of SEE 2020 and allows the monitoring of key indicators aiming to meet the regional objectives.

### **Doing Business reform**

Doing Business ranked Albania at the 108<sup>th</sup> place in its 2014 Ease of Doing Business Index<sup>14</sup>. Therefore, an inter-institutional working group chaired by the Minister of Economic Development, Trade and Entrepreneurship was set up according to the Order of Prime Minister No 30 of 30.01.2014. The group was tasked to prepare a set of measures to implement the programme of the Albanian government for a substantial and sustainable improvement of business climate.

The working group assessed the situation and proposed a set of measures to improve business climate through a deep deregulation reform with the aim of reducing regulatory burden. The measures will be implemented during 2014 – 2016. The measures were consulted with the business and approved with the Decision of Council of Ministers No 591 of 10.09.2014 “On the approval of the Action Plan for the improvement and monitoring of Doing Business indicators”. The Decision laid down as well, the rules on the monitoring of the implementation of the Action Plan and its update and introduction of new measures and/or reforms. Working sub-groups were set up to monitor the implementation of measures for each indicator.

The reforms undertaken during June 2013 – May 2014 improved substantially Albania’s ranking in Doing Business 2015 by 40 places to 68<sup>th</sup> place out of 189 economies.

The monitoring report on the implementation of the Action Plan will be prepared in March 2015.

- *Business entry*

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<sup>14</sup> After the adjustment of the 2014 data, based on 10 topics and reflecting data corrections. For further information, please see <http://www.doingbusiness.org/data/exploreeconomies/albania/>.

Law No 8/2015 of 19.02.2015 “On some amendments addenda to Law No 9723 of 3.05.2007 ‘On the National Registration Centre’” was adopted. The Law will enable online registration and notification of financial balance sheet and audit reports. IT infrastructure at NRC is set up and the e-registration process is being tested.

- *Business exit*

The Strategic Plan of the Bankruptcy Supervisory Agency (BSA) was prepared and is being implemented. A new draft law on bankruptcy is prepared with the support of International Financial Corporation (IFC). *Please find the draft law on bankruptcy in English attached as Annex 6.2.1.*

*For further information on the activity of the Bankruptcy Supervisory Agency, please see Point 4: Economic Criteria, Subpoint Follow up of the October 2014 Subcommittee meeting.*

- *Reform to streamline authorisations*

According to Albanian legislation in force, the licenses and permits are issued by or through the National Licensing Centre (NLC) while authorisations are still issued by the line ministries. The reform aims to improve the procedures by including the authorisations within the NLC system. To this purpose, the Law No 6/2015 of 12.02.2015 “On some amendments and addenda to Law No 10081 of 23.02.2009 “On licences, authorisations and permits in the Republic of Albania” was adopted. According to the Law, the authorisations listed in this Law, will be issued by or through the NLC. The review of all authorisations issued by line ministries is in process.

- *The Fason Package*

In 2014, the Albanian government introduced a package of measures to support inward processing industry in Albania. The analysis shows that the implemented measures, compared to 2013, provided: (i) Sectoral exports increased from 495 million Euros in 2013 to 614 million Euro, or by 24%; (ii) 30 new inward processing companies were registered, (iii) 5,000 new jobs were opened, (iv) benefits from the employment and training fund increased to 271 million ALL and 60% of this amount was addressed to inward processing industry, (v) volume of contracts in the inward processing industry increased by 31%.

### **Strengthening the capacities of SMEs through different Funds set up by the Albanian Government resulted positive in 2014**

- Competitiveness Fund: 21 applications were approved with a total amount disbursed of 23 million ALL;
- Innovation Fund: 24 project ideas were approved with disbursed amount of 8.7 million ALL;
- Creative Economy Fund: 13 applications were approved and 5.9 million ALL disbursed;
- Women Entrepreneurship Fund was set up. The Fund will cover 50% of loan interests, for four consecutive years, but no more than 1,000,000 ALL, for a loan. 26.5 million ALL are allocated for the period 2014 – 2017;

- Start-up Fund was set up, managed by Albanian Investment Development Agency (AIDA) aiming to provide grants to newly created businesses. The Fund will be implemented for a 4 year period. 25 million ALL are allocated for the period 2014 – 2017 to the Fund. The scheme covers 70% of eligible costs approved by the Grant Approval Committee, within the limit up to 300,000 ALL per new business.

### **The lending SMEs scheme**

In 2014, under the Italian-Albanian Program for the Development of Small and Medium Enterprises (SME) in Albania (PRODAPS), that entered into force on 12 July 2014, there were financed 17 projects indifferent economic sectors like dairy and food processing, olive oil production, production of prefabricated construction elements, furniture, poultry etc. the programme, supported by the Italian government, provides 15 million Euro in financial support, from which 11 million Euro will support a credit line for SME-s, 2.5 million Euro will finance a Guarantee Fund and the rest will be used to finance technical assistance to SME-s.

### **Participation of Albania in COSME<sup>15</sup>**

The COSME Agreement between Albania and the EU was signed on March 3, 2015 in Brussels. The next step will be the ratification of the Agreement by the Albanian Parliament.

In January 2015 Albania expressed the interest to participate in two calls for proposal, respectively:

- “Enterprise Europe Network - 2<sup>nd</sup> call”;
- “Facilitating EU transnational tourism flows for seniors and young people in the low and medium seasons”;

by submitting two project proposals.

### **Albania - Enterprise Development & Innovation Facility (WB EDIF)<sup>16</sup>**

Albania will receive from the Secretariat of the Western Balkans Enterprise Development & Innovation Facility (WB EDIF)/ European Investment Fund (EIF) the final draft of the Limited Partnership Agreement (LPA), which will be approved by the Council of Ministers of the Republic of Albania. The signing and the entry into force of this Agreement will empower Albanian Investment Development Agency (AIDA) to sign an agreement with the Enterprise Innovation Fund (ENIF). Albania on the other side, will pay the participation fee in ENIF of 400,000 Euro, divided in 10 years.

Albania has proposed to the Secretariat of WB EDIF the organisation in Albania of a awareness raising campaign, because the business community is very little informed on the EDIF and the eligibility criteria of the three components ENIF, ENEF and GF.

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<sup>15</sup> Additional information to the EC services as requested under the Operational Conclusions of 2014 EU – Albania Subcommittee on Trade, Industry, Customs and Taxation.

<sup>16</sup> Additional information to the EC services as requested under the Operational Conclusions of 2014 EU – Albania Subcommittee on Trade, Industry, Customs and Taxation.

In the framework of the WB EDIF Technical Assistance Facility, with the support of the OECD project “Triple Helix”, the Ministry of Economic Development, Trade and Entrepreneurship organised the Best Practice Sharing seminar on 21 October 2014, in Tirana. The purpose of this seminar was to share examples of best practices of tripartite partnership “government – universities – private sector” in OECD member countries and transition countries with local stakeholders.

Various examples of potential policy instruments to support Triple Helix partnerships were presented, such as the Swedish Practice on Vinnova, the public innovation financing, the Accelerator of Innovation in Flanders, the Ljubljana Technology Park, as well as the Croatian Technology Park Varazin.

## **Tourism<sup>17</sup>**

### *Institutional framework*

Since 2013, the tourism sector was under the responsibility of the Ministry of Urban Development and Tourism. In February 2014, tourism was put under the responsibility of the Minister of Economic Development, Trade and Entrepreneurship, currently entitled as the Ministry of Economic Development, Tourism, Trade and Entrepreneurship.

### *Legislative development*

The draft law “On tourism” was finalized reflecting the inputs of all stakeholders and other public authorities. The draft law also included the UNWTO opinions and is harmonized with the draft law on “On Strategic Investments”.

The draft law “On Tourism” was endorsed by the Council of Ministers on 4 March 2015 and is submitted to the Parliament for adoption.

Referring to the recommendation of the 2014 Subcommittee on Economic and Financial Issues and Statistics, the following information can be provided:

- The Albanian government considers tourism as a priority sector for the economic development, therefore, it is defined as a strategic sector of public interest;
- The draft law “On tourism” includes a chapter related to investments in tourism sector;
- The Albanian government has already included tourism in the National Economic Reform Programme;
- Regarding the use of Tourism Satellite Account in Albania, discussions are being held with the UNWTO, to provide support for the implementation of the project.

### *Tourism Development Strategy 2014 – 2020*

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<sup>17</sup> Additional information to the EC services as requested under the Operational Conclusions of 2014 EU – Albania Subcommittee on Trade, Industry, Customs and Taxation, and under the Operational Conclusions of 2014 EU – Albania Subcommittee on Economic and Financial Issues and Statistics.

The draft Tourism Development Strategy 2014 – 2020, was submitted for suggestions to line ministries. The suggestions and remarks of line ministries, Department of Development Programming, Financing & Foreign Aid at the Council of Ministers and stakeholders are being incorporated in the draft. The draft will be approved by the Council of Ministers in 2015.

### *Tourism Statistics*

Based on data reported by the General Directorate of State Police, the Bank of Albania and INSTAT, statistical data on travel and tourism for the period January – September (9 months) 2014, are as follows:

The number of foreign visitors in Albania grew by 13% compared to the same period last year. The majority of foreign visitors came from Kosovo, FYROM, Greece, Montenegro, Italy, Germany, England, USA, Poland, Turkey etc.

Tourism revenues from travel/tourism during this period grew by 24% compared with the same period a year ago. Tourism expenditures for travel/tourism grew by 16% compared with the same period last year.

The number of overnights during the first 9 months of 2014, recorded a positive trend compared with the same period last year. The total number of overnights grew by 32% compared with a year ago.

### *Latest legislative developments in taxation*

- Law No. 42, dated 24.04.2014 for some amendments and changes in the law no. 8438, date 28.12.1998 "On income tax", amended has introduced provision regarding transfer price in accordance with OECD guidelines.
- Law No. 43/2014, dated 24.04.2014 "On an amendment to the Law No. 9920, dated 19.05.2008 "On Tax Procedures in the Republic of Albania", as amended, has also introduced provisions regarding penalties in the field of transfer price.
- Guideline No. 16, dated 18.06.2014, "On Transfer Pricing" has introduced regulations and procedures for the administration and application of the transfer price.
- There are drafted amendments in the law "On income", as amended, that aim the approximations of the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments; Council Directive of 23 July 1990 90/434/EEC on a common system of taxation applicable to mergers, divisions, transfers of assets and exchanges of shares concerning companies of different Member States.
- Up to now, these amendments have not been approved as the Ministry of Finance intends to draft a new law on direct taxation. To this reason, we have asked for assistance from IMF for drafting the income law. When the new law will be drafted, this directive will be included.
- Law nr. 1/2015 date 29.1.2015 "For the ratification of the Agreement between the Council of Ministers of the Republic of Albania and the European Union for the

participation on union “Fiscalis 2020” programme.

*Taxation of non-residents i.e. types of income which are taxed in Albania, tax rates and application of bilateral tax conventions*

Regarding the income of the non-resident taxpayers that perform through a permanent establishment in Albania, by the meaning of Law on “Income Tax”, pursuant to the provisions of paragraph 2 of the article 17 "Obligation to Pay", of the Law nr.8438, dated 28.12.1998 "On Income Tax, as amended", or by the meaning of the provisions of tax treaties in force, the rate of income tax applied is 15% (article 28 of the Law nr. 8438, dated 28.12.1998).

Even according to the principle expressed in Article 5 "permanent establishment" and Article 7 "Gains of Enterprises", to any applicable tax agreements, the income that the non-resident taxpayers benefit from the exercise of activity through a permanent establishment in the Republic of Albania, are taxed in Albania (only the income that belong to the permanent establishment).

The provisions of article 33, of Law on Income Tax no.8438, dated 28.12.1998, as amended, require withholding tax at source at the rate 15% <sup>18</sup>from the following payments that are made to non-residents:

- Dividends;
- Profit shares;
- Interests;
- Payments on copyright and royalties;
- Payments on technical, management, financial and insurance services;
- Payments for management and participation in directing councils; payments for constructions, installation, assembling or supervising work that;
- Relate with them;
- Rental payments;
- Payments for performance of actors, musicians, or sportsmen, including such payments made to persons that employ artists or sportsmen or act intermediate;
- In arranging shows or performances;
- The amount of income from gambling and casinos

In case of the Tax Agreements’ in force, are applied the provisions of tax treaties which have precedence over domestic law provisions.

Almost in all the Tax Agreements applicable to passive income (dividends, interest and royalties), Albania applies withholding tax when the payer is a resident of Albania and the recipient is a non-resident. The rate of withholding tax on such income is determined on the Tax Agreement.

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<sup>18</sup> From 01 January 2015, The Personal Income Tax is 15%

In the table below, you will find information regarding withholding tax applied to dividends, interest and royalties for any applicable tax treaty.

**Data for the Double Taxation Agreements**

No	State in Agreements	Entry into force year	Dividend in percentage					Interest in percentage				Royalty in percentage		
			For the participation in capital					Withholding Tax of the establishment	Withholding tax residence country	Loans granted by banks	in other cases	Withholding Tax of the establishment	Withholding tax residence country	other cases
			>25%	>50% >250 .000\$	>75%	<25%	Other cases							
1	Czech Republic	1997	5%			15%		5%				10%		10%
2	Turkey	1997	5%			15%					10%			10%
3	Kosovo	2006					10%				10%			
4	Slovenia	2010	5%				10%				10%			7%
5	Greece	2001					5%				5%			5%
6	Austria	2009	5%				15%				5%			5%
7	Bulgaria	2000	5%				15%				10%			10%
8	Bosnia	2009	5%				10%				10%			10%
9	Latvia	2009	5%				10%			5%	10%			5%
10	crust	2008	5%				10%				10%			10%
11	Malta	2001	5%				15%				5%			5%
12	Belgium	2005	5%				15%				5%			5%
13	France	2006	5%				15%				10%			5%
No	State in Agreements	Entry into force year	Dividend in percentage					Interest in percentage				Royalty in percentage		
			For the participation in capital					Withholding Tax of the establishment	Withholding tax residence country	Loans granted by banks	in other cases	Withholding Tax of the establishment	Withholding tax residence country	other cases
			>25%	>50% >250 .000\$	>75%	<25%	Other cases							
14	China	2006					10%				10%			10%
15	Netherlands	2006	5%	0%			15%			5%	10%			10%
16	Serbia	2006	5%				15%				10%			10%
17	Egypt	2006					10%				10%			10%
18	Romania	1995	10%				15%				10%			15%



19	Norway	2000	5%				15%				10%			10%
20	Macedonia	1999					10%				10%			10%
21	Croatia	1999					10%				10%			10%
22	Hungary	1996	5%				10%				0%			5%
23	Russia	1998					10%				10%			10%
24	Italy	2000					10%				5%			5%
25	Poland	1995	5%				10%				10%			5%
26	Switzerland	2001	5%				15%				5%			5%
27	Moldavia	2003	5%				10%				5%			10%
28	Malaysia	1994	5%				15%				10%			10%
29	Sweden	2000	5%				15%				5%			5%
30	Germany	2012	5%				15%			0%	5%			5%
31	Spain	2011			0%		10%			0%	6%			0%
32	Singapore	2012					5%			0%	5%			5%
33	Ireland	2012					10%			0%	5%			5%
34	Luxemburg		5%				10%			0%	5%			5%
35	Estonia						10%				5%			5%
36	Kuwait						10%				10%			10%
37	Qatar	2013					5%			0%	5%			6%
38	India						10%			0%	10%			10%
39	United Kingdom		5%	immovable property	15 %		10%			0%	6%			residence
40	UAE			for government's institutions	0 %		10%							residence
														5%

Albania has also the right to tax income of non-residents who own immovable property in Albania. These provisions apply also to income derived from the direct use, rent, or using the non-residents immovable property in any other form. (Article 6 "Income from immovable property").

The remuneration for Directors and similar payments, including income derived from being a member of the board of directors or governing boards in a company or other entity resident in Albania are taxed, regardless of residence of the individual beneficiaries (Article 16 "Directors Remuneration").

The income of non-resident artists and sportsmen, derived from artistic or sport activities in Albania, are taxed in Albania (Article 17 Artist and Sportsmen).

Albania taxes also the incomes from the alienation of immovable property to non-residents owning in Albania (Article 13 "Capital Gains").

The capital represented as immovable property, which a non-resident has in Albania, is taxed in Albania (property tax under the domestic law), pursuant to Article 22 "The capital".

In the cases mentioned above where the non-resident's incomes taxed in Albania, under the provisions of article 6,13,16,17 and 22 tax agreements the withholding tax rate applied is 15%<sup>19</sup>.

#### *Developments regarding the Taxpayer Advocate*

The Taxpayer Advocate, during the period March 2014-February 2015, has presented 173 cases by different taxpayers, from which, 104 official requests of taxpayers were addressed for more depth investigation. From the practices investigated, 59 % were addressed from large taxpayers, while 41% from small taxpayers (small business).

Regarding the territorial distribution, almost all the Regional Directorates are involved in the communication field for the investigated cases. They have respective responsibilities, 45% belong to tax audit, 32% for processing and assessment of declarations, 6% for collections of royalty payments, and 5% in registration of taxpayers, etc.

From the opinions (excluding the recommendations), in 52% of investigated cases has resulted that, the tax authority acted in violations of applicable legal basis, in 29% of cases, the complaints are not legally based and 19% of cases, the taxpayers were partly right.

Drafting of the Taxpayers Charter, is already in service to all taxpayers. In October 2014, it was first published both in the official website of Ministry of Finance and website of General Directorate of Taxation. Meanwhile, the GDT has concluded its publication in the print version.

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<sup>19</sup> From 1 January 2015, The Personal Income Tax is 15%

This document is addressed to every taxpayer, but also to any tax official, to precede to every voluntary action between them, in order to benefit from the rights and mutual obligations.

The direct and open dialogue with organizations or groups which represent the interests of business is considered one of the primary strategic and operational objectives of the Taxpayer Advocate.

The Taxpayers Advocate was included in the proposals for the 2015 fiscal package, after a request from GTD, but, the involvement in this important process is also our legal obligation. Our proposals reflect compliance with certain attitudes that need to be improved in order to protect taxpayers not only in administrative aspect, but also in the tax collection process.

#### *Strengthening the investigation capacity and audit to fight Evasion and Tax fraud*

Regarding the audits on the Declaration of Profit Tax (CIT) for 2014, 2,224 subjects were controlled, while during January 2015, only 20 taxpayers were controlled for income tax statements.

Regarding the Individual Declarations for Annual Income (PIT), referred to Article 2 of the Law on "Tax Procedures in Republic of Albania", individuals are not included in the audit controls.

The *Tax Investigation Directorate*, in terms of the serious cases of fraud reported to the prosecution, statistics according to offenses defined in the Criminal Code, Article 180 "Concealment of Incomes", include concealment of any fees, taxes and contributions without specifying special taxes.

For 2014, by the Tax Investigation Directorate were referred to the Prosecutor the cases, the following cases:

- 9 cases, for the criminal offenses for VAT fraudulent schemes, Article 144 / Penal Code;
- 35 cases, for Income Concealment as stipulated by Article 180 of the Criminal Code;
- 10 cases, for Tax Evasion (non payment of taxes) at stipulated by Article 181 /Criminal code;
- 60 cases, for offenses such as organizing illegal lotteries, Article 197 of the Criminal Code, illegal employment, Article 170 / Penal Code, etc.

For the period January-February 2015, were referred to the Prosecutor the cases as follows:

- 9 cases, for Income Concealment as stipulated by Article 180 of the Criminal Code
- 8 cases, for Tax Evasion (non payment of taxes) at stipulated by Article 181 /Criminal code;

#### *Improving the efficiency of the Anticorruption system in Tax Administration*

The Internal Investigation Directorate (Anticorruption) operates on the basis of Law 9920, dated 19.05.2008, Articles 16 and 131, "On tax procedures in the Republic of Albania",

Manual Nr.11910/1, dated 09.06.2011, "On IIDAs' activity", the internal regulations of the Tax Administration, Law " On Archives", Code of Ethics and Code of Criminal Procedure.

In addition to efforts in the fight against corruption, during the year, 2014, the Internal Investigation Department has opened 80 investigation cases. From these cases have resulted with administrative violations in the performance of duty and referred to the Disciplinary Commission for disciplinary measures 47 employees, of which:

- 16 employees for minor violations
- 6 employees for serious violations
- 25 employees to very serious violations.
- For one employee, resulted conflict of interest and is referred to ILDKPKI.
- 16 employees were referred to the Prosecutor, for offenses that constitute elements of criminal acts.

On January-February 2015, there were registered 10 cases in IIDA and three employees were proposed for disciplinary measures. 13 cases were reported by the portal "Stop Corruption-on Taxes", and 2 cases were reported by the Prime Ministry (Department of Citizens Affairs).

*Administrative capacity, including IT and infrastructure developments and strategies for the future*

With the aim to improve the *structure and territorial organization of tax administration*, the new organizational structure was approved by the Prime Minister's Order no. 130 dated 6.11.2012 and the Minister of Finance Order No 70 dated 13.12.2012. According to the new organisational structure, the total number of employees is 1,586, with higher number of people in those structures that are related with law implementation, tax collection functions and the fight against tax evasion.

Thereof, the Albanian Tax Administration consists of the General Taxation Directorate and 14 Regional Tax Directorates. The General Taxation Directorate (Headquarters) is composed of the General Director; 5 departments or Deputy General Directors, as follows: Territorial Department (area A); Territorial Department (area B); Operational Department; Technical Department; Support Services Department and 15 other Directorates of the Headquarters.

Also, the Transfer Pricing Sector has been created, to monitor and identify transfer pricing issues and also inform the relevant structures for audit of these taxpayers, by closely cooperating with the Risk Analysis Sector. Moreover, the Risk Management Directorate has been created, the purpose of which is to identify the internal and external risks and improve the work management in order to achieve the objectives.

In the frame of the implementation of the new IT system our Tax Administration since 1 January 2015 has replaced the existing information system with a new more modern system, more advanced and practical in use.

The new IT system, which is the result of the hard work of the past two years of the General of Tax Directorate, in cooperation with the Austrian partners and the assistance of IMF

experts, presents significant opportunities and advantages in comparison with the existing system which it will replace.

This system is designed as a network application, with a central platform that operates in the entire tax administration, both in the General Tax Directorate and Regional Directorates. For this purpose, the regional offices are equipped with the appropriate communication infrastructure which allows a stable, reliable and a quality connection with the central application.

A very important part of the new IT System is the new module of the electronic filing (E-filing), which has increased the security data by making a clear and precise separation of the taxpayers and tax administration employees access to the system. The new system is designed according to the vision that electronic declaration (e-filing) it is used only by taxpayers, while the base system (core system) is used only by employees of the tax administration in the centre and regions.

The new IT system has advantages, facilities and opportunities, as follows:

Regarding the registration:

- The new system has created the possibility of exchanging with the National Registration Centre the taxpayer's database, on-line through the exchanging information system for public institutions; the data are automatically loaded through the systems for both institutions.
- It is therefore signed a new agreement and a new protocol for exchanging data information between GTD and NRC.
- It has created the possibility of improving data reception for these processes, the online registration process, the definitions of the tax responsibilities and especially the taxpayers deregistration.

Regarding the filing

- The electronic filing (the new e-filing) it is used only by taxpayers, and basic system (core system) is used only by employees of tax administration in the centre and regions.
- With the implementation of the new system, 100 percent of taxes and liabilities in Albania will be self declared through the introduction of the tax statements.
- 100 percent of tax statements will be submitted in electronic way.
- New Program E-filing has enabled the introduction of validation rules for all tax returns.
- The reassessment procedures which it was used by the old system to correct errors in statements, it is no longer performed.
- Taxpayers now have the opportunity to change their own tax statements whenever they consider it necessary under the conditions specified in the law, without the need of the tax inspectors.
- With the implementation of the new IT system it is introduced for none declared taxpayers the automatic evaluation.

- The new IT system sends reminding letter to non declared taxpayers (the deadline is 10 calendar days after the declaration legal deadline) and makes automatic evaluation from office (the system) to non declarations, within 10 calendar days from the issuance of the reminding letter.

Regarding the tax payment system

- The new IT system operates as a concentrated system and not detached from each regional directorate.

The new IT system has new tax payment methods, with the following advantages:

- The concentration of accounts in only one account for each branch has created the possibility for each taxpayer to pay in the tax account, wherever he is and not be forced to appear to pay in banks branches that belong only to the Regional Directorates of Taxes or tax agencies where he was registered as a taxpayer.
- Limit the payments on the wrong tax accounts, since they are divided in regions and type of taxes and the report is done within the tax system.
- The electronic payments, has decreased the voluminous paper work, since the banks now send electronically only the extract the account.
- Acquisition of data only from the treasury system it is based on a process that currently banks have fully implemented.
- The new IT system has enabled the implementation of an accounting system which manage the liabilities, credits, refunds, payments and automatic calculation of interest and penalties
- Accounting system is based on dual registration (double party) realizing at the same time along with the registration account of the taxpayers, also the registration of the income taxes account.
- Taxpayers now have a full picture of their tax situation (accounts) in the system, which in the old system was not possible to have it.

*Tax administration communication with the taxpayer*

- Taxpayers have the opportunity to receive automatically in e-filing system, all the necessary reports for each payment of tax liabilities.
- Standard documents, such assessment notifications, are generated automatically by the system.
- The Law "On tax procedures" has changed, and we are preparing the Guideline instruction, for the electronic communication between the tax administration and taxpayers.
- Many processes currently are done automatically by employees of tax administration or by taxpayers, in order to ensure fair treatment, transparent and equitable to all taxpayers.

*The reporting system (delivery reports)*

- Is built a reporting system in real time directly from the database, which is available to all tax administration in all its levels.

- Reports are available to the tax administration in real time.

#### *Tax administration communications with third parties*

- The system implementation of has detected a substantive reviewing for all agreements that GTD has with institutions such as the General Directorate of Customs, the National Registration Centre, General Directorate of Treasury, the Social Insurance Institute, the Civil Service, etc.
- The aim is to move from the exchanging information on paper or in the best case in the CD, in exchanging on automatic on-line data, which facilitates and improves mutually work of these institutions, but also reduces administrative burden for taxpayers.
- The new system offers the possibility of extending and expanding mutual exchange of data in many other institutions. Such institutions will be INSTAT, Health Insurance Fund, the Central Inspectorate, Property Registration Office, etc.

#### *Risk management*

- The new IT system provides an improved platform of risk analysis, where all economic sectors and businesses are subject for the risk measurement and are ranked according to the taxes with risky levels.
- The new IT system offers the opportunity to build better risk profiles for entire industries or for anyone who uses specific methods to avoid taxes. The tax administration will be able to focus on the risky sectors, which can be identified by applying specific rules that indicate frauds. This method encourages business, puts in focus the tax evasion and fraud, proves the integrity of the tax system and facilitates taxpayer's audits.
- Has reviewed the structure for the risk analysis, by merging the various components of the compliance administration in a new risk management directorate and creating a new strategic sector within the department, which will explore systematically the risks that arise in the Albanian economy.

#### *Progress in the Taxpayers' Service*

Electronic declaration is mandatory for all taxpayers. On 5 January 2015, it was applied for the first time E-Tax System, which is the new system of administration, control and collection of taxes and is the most important project in the past years. This system is modern, contemporary, advanced and practical in use, and will provide better service to taxpayers and citizens.

The system includes the electronic declaration through E-Filing application, which is accessible via Internet, from approximately 200,000 taxpayers. Services provided to taxpayers are: declaration of taxes, payroll, book sales and purchases, balance, public services, etc.

E-filing data for the year 2013 (for VAT, SIG and TAP): 1,071,000 declarations;

E-filing data for the year 2014: 1,131,180 declarations, approximately 5.5% more compared to the year 2013.

The main services provided by the Taxpayers Services are:

1. Assistance on the tax legislation as well as the understanding the tax responsibilities;
2. Assistance on the electronic declaration (VAT forms, Social and Health Insurance, PIT, Annual Personal Declaration, sales and purchase books, payrolls, form on the change in the number of employees, passwords);
3. Printing of paying orders;
4. Information of the financial situation;
5. Attestation based on requests of taxpayers or unregistered individuals;
6. Registration / de-registration of NGOs, outpatients, state entities;
7. Changing the registration data;
8. Changing the tax responsibilities;
9. Trainings for taxpayers, etc.

We are developing ongoing trainings to educate and inform all taxpayers and individuals with the new system E-Taxation, with the innovations, the new methodology and treatment of tax declarations, minimizing errors arising from ignorance of legislative changes.

Besides, we will add new elements of communication mainly associated with social networks, for a quick involvement of the young generation in obtaining fiscal education.

*Update on EC and other donor financial assistance*

The General Taxation Directorate has addressed its request to the DG Taxation and Customs Union (DG-TAXUD), through its official letter No. 21335, dated 05.12.2013, by expressing its deep interest to participate in the Union Programme “Fiscalis 2020”.

On July, 2014 GDT is informed by DG TAXUD that ‘Albania Fiscalis’ will start in 2015. The International Agreement *Fiscalis 2020* was prepared and signed by the European Commission on August 2014, and it was ratified by the Albanian Parliament in January, 2015.

The participation in the “Fiscalis 2020” Programme is of crucial importance, since it will serve at the functioning and modernisation of the Albanian tax authorities and is considered as a means of support for our application to the EU Membership, also.

The Albanian Tax Administration is assisted by Southeast Europe Regional Project, undertaken by the **International Finance Corporation (IFC)**, which is part of the World Bank Group.

Title of the project: “Tax Simplification and Transparency in Albania”

Description	Amount planned:	Amount used/ disbursed
<ul style="list-style-type: none"> <li>• Simplification of tax procedures aiming at costs reduction for the compliance of tax liabilities;</li> <li>• Improvement of the legal framework and the</li> </ul>		



efficiency of the tax administration procedures on international taxation, paying major attention to transfer pricing.		
Overall cost	600.000\$	
IFC contribution	450.000 \$	
National co-financing Albania's contribution:	50 000 \$ Ministry of Finance; 100.000 \$ Kind Contribution from Albanian General Tax Directorate	
Other Donors		

Timeline of project: This project had a time extension from March 2013 – March 2015

Regarding the first component “Simplification of tax procedures”, the project, in cooperation with the team of specialists appointed by GTD, have carried out a detailed description of the existing tax administrative processes by identifying the existing obstacles in the administrative system and highlighting the priority areas for the reconstruction of these processes. After this phase, the project finalised the comparison of this processes with global best practices, providing so recommendations for further improvements in our tax procedures.

Regarding the second component “Improving the legal framework and efficiency of the tax administration focused on international taxation procedures, paying special attention to transfer pricing”, in cooperation with IFC specialists, the chapter “Transfer Pricing” was drafted, which is part of the Law on “Income Tax”. After the procedures for obtaining opinions from other independent institutions, according to the legislation in force, are approved:

- Law no. 42/2014 “ For some changes in law no. 8438, date 28.12.1998 “ On Income Taxes”, as amended, approved on date 24.04.2014, is Published in the Official Journal, dated 20.05.2014
- Instruction no. 16, dated 18.06.2014, “On Transfer Pricing”
- In Law 9920, dated 19.05.2008, "On tax procedures in Republic of Albania", as amended, is added the Article 115/1, "Sentences related the transfer price."

In the frame of the project, there are continuously conducted various trainings on the simplification of tax procedures and reducing costs for compliance of tax obligations, as well as trainings on transfer pricing.

The Albanian General Taxation Directorate, through the OECD, in the frame of the “Tax Inspectors without Borders” programme, has required the assistance of the Italian Revenue Agency in a ‘Tax Inspectors without Borders’. This assistance will focus in the area of audit activities on issues related on Transfer Pricing.

The Albanian General Taxation Directorate and Italian Revenue Agency, through an agreement, have agreed to engage in a Tax Inspectors without Borders programme.

By the agreement, the expert will be an employer of the Italian Revenue Agency and will take place in the form of a continuous 6 (six) months deployment period, to be renewed for other 6 months upon mutual request of the parties involved.

The objective of this assistance is to enable the transfer of tax audit knowledge and skills through a real time, “learning by doing” approach. Deployed through this mechanism, tax audit experts would work directly with local officials on current audits and audit related issues concerning international tax matters and to share general audit practices.

This agreement was signed by both Organizations on September 5th, 2014, and entered into force on January 2015.

The Albanian General Taxation Directorate has sent its proposal to the Ministry of Finance, in order to be involved in the assistance under IPA II, focusing on:

- Support on Harmonization of Legislation, Procedures and Practices in order to fully comply with EU legislation;
- Support on IT Department.

IPA 2014 for Albania was approved by the European Commission on 17 December 2014, and the Agreement is expected to be signed on March 2015.

#### *TAIEX assistance*

During 2014-2015, GDT has developed two important missions:

- On 27-31 October 2014, at the premises of the Directorate General of Taxation, TAIEX mission assisted our experts on drafting the VAT Law, harmonized with Council Directive 2006/112/EC “On the common system of Value Added Tax”. The Aim of the Assistance is to support the beneficiaries’ countries like Albania, in drafting instructions for Implementation of the VAT Law.
- On 26-28 January in Lisbon Portugal, was organized a study visit on “Implementation of the fiscal receipt lottery and E-Invoice, the new reporting system for the fiscal devices and electronic invoices”. The mission will serve to adapt technically a new way of reporting of fiscal receipt, bills and conducting the draw. This will require technical changes in the current system in fiscal devices, but also a change to the current legislation for fiscal devices and on-line reporting under the legislation of the European Council Directive 2010/45/EU of 13 July 2010.
- *Albania will provide written information on the number of cases sent to the prosecution for customs-related offences. The EU delegation encouraged Albania to develop indicators to measure the success of anti-fraud operations in customs and excise, inter alia in the area of cigarette smuggling.*

Number of Cases sent to Prosecution Office	75
Value of Customs Debt	866,000 Euro
Values of Penalties	4,208,000 Euro

- *Albania will provide information about any adaptation sought of the civil service rules to be applied to personnel employed by the customs administration.*

Decision of Council of Ministers No 921 of 29.12.2014 “On Implementing Provision on Civil Status for Customs Personnel” was approved and published on 13 January 2015.

- *VAT refund*

The refund of VAT arrears, including amounts claimed, refunded and outstanding is shown in the table below:

<b>Arrears of VAT up to February 23, 2015</b>							<i>Billion ALL</i>
	Opening Stock A	Remarks	Authorized by ACC - budget released B	Cash paid in month C	Other adjustments to stock D	Budget released less paid in month (B-C) E	Closing stock (A-C+E) F
TOTAL STOCK							
VAT refunds	18.91		12.74	12.69		0.05	6.27

#### *Reimbursements claims in 2014*

Referring to the period 1.01.2014 – 23.02.2015, there are 617 requests for reimbursement of VAT with an amount of 19.6 billion ALL, of which were approved 497 requests with an amount of 16,8mld ALL. From the approved amount, are reimbursed 407 requests with the amount 11.8 billion ALL amount, of which 9.3 billion ALL are reimbursed with from Tax Administration funds and 2.5 billion ALL are reimbursed from the Ministry of Finance funds (as part of the total, arrears are 12.69 billion ALL).

From the approved amount yet remains not reimbursed the amount of 4.9 billion ALL, from which the amount of 0.8 billion ALL will be reimburse from the tax administration funds and 4.1 billion ALL from the Ministry of Finance funds (waiting to be opened).

Uncontrolled request for reimbursement are 63, with the amount of 1 billion ALL.

The new Law No 92/2014 of 24.07.2014 “On VAT”, entered into force on 1.01.2015, in Article 75(4) is foreseen as follows:

“Within 60 days of the presentation of the taxpayer’s claim and within 30 days of the presentation of the exporter taxpayer’s claim, the regional tax directorate verifies the taxpayer’s tax situation and conducts control, based on risk analysis and approves credit balance as reimbursable. Payment of the balance refundable credit is performed within 5 days of the approval, through the treasury system. The Director General of Taxation, on reasonable grounds, with the request of the Director of Regional Tax Directorate, has the right to postpone the deadline of the audit and approval of the surplus credit for a taxpayer for 60 days”.

Tax Administration, prior to precede a claim for refund of VAT to a taxable person, has the right to force that person to prove that the purpose of economic activity is the realization of taxable transactions, which give the right to the deduction of VAT.

Article 62 of the Law No 9920 of 2008 “On Tax Procedures in the Republic of Albania”, defines persons, banks, financial institutions, etc. to whom is addressed the requirement to provide information:

Article 62, Persons who may be summoned to provide information:

1. The following persons may be served with written summons for the necessary information to calculate tax liabilities:
  - a) Legal entities in respect of:
    1. Dividends paid to shareholders or partners;
    2. Persons with whom they are carrying out or have carried out financial or business transactions;
    3. Payments made to sub-contractors, or to those in the position of a sub-contractor;
    4. Debtors and creditors;
  - b) Banks and financial institutions in respect of:
    1. Interest payments;
    2. Deposits and liabilities at the end of the year;
    3. Other bank transactions;
    4. Electronic bank account statement of taxpayers, including the commercial name and personal identification number;
  - c) Brokerage firms or mutual investment funds, in respect of securities transactions;
  - d) Real estate agents, in respect of transactions of their clients;
  - e) Buyers or sellers of real estate, in respect to the description and price of the real estate;
  - f) Notaries for notarizing actions of selling and buying real estate or movable property, or service contracts;
  - g) Resident and non-resident legal entities, in respect of payments made to non resident persons;
  - h) Government institutions and employees of government administration;
  - i) Other contractors of a taxpayer;
  - j) Donors, international agencies, non-profit organizations, domestic or foreign, in respect of payments made to taxpayers for the supply of goods and services.

- **Customs valuation**

- *Albania will provide written information on its compliance with the WTO rules on valuation. In particular, it will inform of the number and typology of cases in which methods other than the transaction value method, are used.*

IMPACT OF ALTERNATIVE METHOTOLOGIES ON CUSTOMS EVALUATION FOR EU ORIGIN IMPORTS			
January-October 2014			
Total EU		Total Revised	%

230,763	Number of Articles	16,159	7.0
199,748,186,928	Corrected Value	18,712,361,698	9.4
	Declared Value	14,341,672,171	
	Added Value	4,370,689,527	
68,301,791,888	Impact on Revenues in ALL	1,005,258,591	1.5
487,869,942	Impact on Revenues in Euro	7,180,419	1.5

Imports from Individuals and used cars are excluded.

Customs valuation procedures of goods, provided in the Customs Code of the Republic of Albania and the Implementing Provisions of the Customs Code are in accordance with the requirements of Article VII of the GATT 1994, as well as Albania's commitments as a member of the World Organization Commerce since 2000.

According to the Customs Code, customs valuation is done based on the following methods:

1. Valuation method on the basis of transaction value,
2. Valuation method on the basis of transaction value of identical goods;
3. Valuation method on the basis of transaction value of similar goods,
4. Valuation method on the basis of discounted value,
5. Valuation method on the basis of estimated value of the goods,
6. Valuation method on the basis of available data

Values and products in "available data file " are dynamically improved based on the stock exchange prices, statistics and other reliable sources to eliminate arbitrariness. They are transparent and serve as a referral system where previous methods could not be applied, case by case.

Typical cases of the use of other methods of valuation are:

- Lack of customs documentation;
  - Declarations of lower values compared to the values of available data;
  - Previous problems of the importer;
  - Imports from countries we do not have the possibility of cooperation
- It will also inform about the use of reference prices for risk evaluation purposes, identify the areas in which they are used and the methods used to determine the reference prices.

Areas in which reference prices are used for EU origin imports

	Fruits/Vegetables	Cigars	Others
Number of Articles	4,412	339	11,408
Corrected Value	2,417,262,375	4,241,771,560	12,053,327,763
Declared Value	1,580,028,658	3,352,504,907	9,409,138,606
Added Value	837,233,717	889,266,652	2,644,189,157
Impact on Revenues in ALL	167,446,743	284,565,329	528,837,831
Impact on Revenues in Euro	1,196,048	2,032,609	3,777,413

Import of cigarettes is between the branches of the same company for example, this is the reason why number of cases that transaction price is not accepted is high.

The import of fruits and vegetables frequently comes from small farmers that fail to prepare accurate and complete documentation.

Terminology “References prices” is not correct. According article 36 of Customs Code and in line with GATT agreement this information is known as National Database.

Database is updated periodically according statistics of previous imports of accepted transactions and commodities prices in international commodities exchange market for fuels, iron, etc.

According, procedures of customs control on value declared, values from this national database are used as risk indicators. In case that value declares is more than 20% lower or the price of processed product is lower than raw material used custom authority ask the declaring to provide additional documents related with transaction as payment transfer, contract or Export declaration. If the declaring fails to deliver the documents of transaction, the declared value will be corrected through application of alternative methods of valuation.

Today Customs Administration has the capacity to switch from the “use of data available prices as valuation method” to “the use of these data as a database for risk assessment”.

Pursuant to Decision 908 of 12.17.2014 “On the approval of the Sector Strategy for the management of Public Finances 2014 – 2020”, the Customs Administration for 2015 has the objective of creating a “National Data Base of Valuation Data” to use as a base for the analysis of risk-based transactions relying on the Guide of the World Customs Organization for customs valuation of goods.

By the end of 2015 will be drafted and submitted for approval the “Guidelines for the use of the data file available for risk assessment purposes”.

- *Inter-institutional coordination on trade policy issues*

*Inter-institutional coordination and administrative capacities*

Coordination of Chapter 30 is a responsibility of the SME Support Unit, under the Business Entrepreneurship Support Department at MEDTTE (pursuant to Minister’s Order No 261 of 5.05.2014). It is also responsible for coordination of Chapters 3, 6 and 20 of the EU *acquis*.

Chapter 30 involves legal approximation in particular and requires coordination of many institutions. Strengthening of trade policy-making and coordination capacities remains a core priority. This priority is addressed through frequent training events delivered with the support

of the Albanian School of Public Administration. Four such events took place during the second half of 2014, with a dedicated focus on EU Common Commercial Policy, WTO Law and Trade in services, and GATS rules. Recent training targeted the negotiating team for liberalisation of services trade under CEFTA.

Inter-institutional cooperation is crucial in trade policy. A standing Institutional Working Group tasked with monitoring and coordination of trade policy formulation was set up pursuant to Prime Minister's Order No 133 of 28.6.2010. Initially designed to support the first Trade Policy Review process in WTO in 2010, this IWG turned into a permanent working group that coordinates trade policy across line ministries. However, its scope is too broad and cannot respond to the most pressing concerns of trade policy coordination; besides, it has no representatives from private sector, thus, missing on a key counterpart for consultation and coordination. In this view, we plan to establish a National Committee that coordinates and oversees Trade Policy formulation. It will also cover trade facilitation aspects as required by the WTO Trade Facilitation Agreement. The Committee will surely include representatives from the private sector who may advance and provide their input on new trade policies.

#### *Implementation of Free Trade Agreements*

Albania has participated constructively within CEFTA structures, with sustained focus on trade facilitation during 2014.

In accordance with the bilateral trade facilitation agreement with Kosovo, three joint working groups tasked with formulation of joint actions on (i) technical barriers to trade, (ii) sanitary and phytosanitary measures and (iii) administrative barriers were established. All the three held their constitutive meetings in March, May and September 2014 respectively.

Albania conducted a self-assessment of trade facilitation capacity under the WTO Trade Facilitation Agreement, resulting in 85% compliance with its provisions. We have started internal procedures to ensure ratification of the agreement.

The second Joint Committee meeting under the FTA with Turkey took place on 17 December 2014 and discussions focused on liberalisation in services trade and investment. Albania expressed its readiness to start negotiations in services trade, while additional internal consultations are needed for investment liberalisation. Harmonization of the Protocol on rules of origin of the FTA with Turkey with PEM Convention was agreed and the legal procedures are in process.

Albania maintains the same approach with EFTA States as regards rules of origin. We are waiting for EFTA States position on this.

## 6.3 AGRICULTURE AND FISHERIES (INCLUDING FOOD SAFETY)

**Follow-up of the 2014 Progress Report and the conclusions of the February 2014 and March 2015 Subcommittee meetings with focus on:**

- *Progress in the implementation of the National Inter-Sectoral Strategy for Agriculture and Rural Development, 2014 – 2020*

The National Inter-sectoral Strategy for Agriculture and Rural Development (NISARD) is elaborated in accordance with the framework of the Europe 2020 strategy for smart, sustainable and inclusive growth and the overall strategic goal of Albania to become member of the EU. It is prepared in line with the approach for strategic planning in the EU for the CAP 2014-2020 while maintaining the focus on the specific needs for development of the agriculture and rural areas in Albania.

The challenges to be addressed in order to increase the competitiveness of Albanian agriculture and improve the quality of life in rural areas can be summarized below:

- Increasing the competitiveness of agriculture and agro-processing in national, regional and global markets;
- Increasing the size of farms through a comprehensive land consolidation effort and land market development;
- Improving the transfer of technology and innovation system through an enhanced extension service and technology transfer system, including supporting competences and qualification of the farmers with professionalism, experience and trust in a modern economy;
- Improving the organisation of the value chains from farmer to consumer;
- Increasing the quality of products (quality standards, organic products, PDO/PGI);
- Improving the infrastructure systems in agriculture (roads, water supply, irrigation, waste water treatment);
- Continuing the effort regarding preservation of the eco-systems;
- Ensuring sustainable management and utilization of natural resources (land, water, forests, plant and animal resources);
- Mitigate climate changes;
- Improving the living standards in the rural areas:
  - Through improvements of basic services (health, social cultural facilities and others);
  - Through the diversification of income generating activities and possibilities ensuring the economic and social cohesion between rural and urban areas;
- Institutional development, regulatory development and enforcement.

The national inter-sectoral strategy for agriculture and rural development aims to address these challenges.

The vision for development of the agriculture and rural areas in Albania can be summarized as follows:



- a) Efficient, innovative and viable agri – food sector capable to sustain the competitive pressure and meeting the requirements of the EU market through a sustainable utilization of resources and
- b) Viable rural areas providing economic activities and employment opportunities, social inclusion and quality of life to rural residents.

The overall objectives of the NISARD are

- To foster a viable, high quality food production by developing a competitive and innovative agri – food sector able to sustain the competitive pressure in the domestic and EU markets and meeting EU standards and market requirements.
- To achieve sustainable management of natural resources and climate action by forest and water resource management, and introducing agricultural production method protecting the environment and mitigating the impact on the climate.
- To achieve a balanced territorial development of rural areas by fostering diversification of economic activities, job creation and social inclusion, and improving living conditions in rural areas.

To achieve these overall objectives a set of specific objectives have been established both as regards specific action supporting each of the overall objectives and cross cutting actions supporting all objectives.

The strategy will be implemented through measures designed in line with the principles applied for similar measures in the proposal for the EU 2014 - 2020 Rural Development policy as well as measures eligible under the IPA Regulation for the future IPARD Programme.

Key interventions will be:

- Land consolidation and support to enhanced use and management of agricultural land and resources.
- Extension service and technology transfer.
- Modernization of agriculture and agro processing through support schemes developing productivity, product quality and standards.
- Measures supporting a sustainable use of resources.
- Measures supporting diversification and development of economic activities and job creation in rural areas through investments in alternative income generating activities in agriculture and development of SME's in rural areas.
- Institutional development, regulation and enforcement.

Donor support via funding of projects will contribute to the implementation of the strategy.

- *National support measures to the agricultural sector*

Regarding legislative framework, a new Decision of Council of Ministers No 719 of 31.10.2014 “On establishment and organization of Agriculture and Rural Development Agency” was adopted.

## Achievements 2014

- *Establishing inter-active communication farmer needs-agency*

In order to identify the immediate needs of the agriculture sector, the Agency has organized meetings with farmers, agro-processors and farmer associations establishing an inter-active communication between farmer needs and agency.

Based on the identified needs where designed the new supporting schemes in order to:

- Support poor famers to increase their potentials;
  - Support for the reduction of the production costs;
  - Formalize the agriculture sector;
  - Increase the collection and storage capacities;
  - Give access to the banking system.
- 
- *Ensure easy access and transparency*
  - “One-stop-shop” center created in the premises of the IPARD Agency;
  - Website re-designed;
  - *Successful information campaign*
  - *Processing and payment* of 8,770 applications with a disbursed amount 8,354,650 Euro;
  - *Assessment* of 808 applications, declared eligible will be disbursed from 2015 budget.

During 2014, the financial support is realized through the implementation of 21 measures, from which 19 measures are direct support measures from the Agriculture and Rural Development fund, and 1 measure to promote crediting of the agriculture sector; 1 investment measure, supporting 50 % of the costs of the project.

The supported measures and the financial support for 2012, from the agriculture and rural development fund are:

1. Support for the collection of fruits and vegetables in collection or processing centers, 15% of the sold good;
2. Support for the organic farms, 570 Euro/certified farm;
3. Improving the technology of cultivation of vineyards with seedlings of indigenous varieties, 4,281 Euro/ha and other cultivars seedlings 3,567 Euro/ha for more than 0.2 ha but not more than 10 hectares;
4. Improving the technology of planting and cultivation of medicinal herbs (sage, lawanda, thymus, oregano, rosemary) in value in 1,784 Euro/ha for the area not less than 0.2 ha and not greater than 10 ha;
5. Support the production in greenhouses with heating through funding, 50% of the cost of fuel;
6. Drip irrigation systems in olive groves, vineyards, orchards, citrus, (only for intensive cultivation forms), 1,784 Euro/ha for not less than 0.5 ha and no more than 10 ha;
7. Rehabilitation of existing blocks of old olive groves and / or degraded to the extent of 3,211 Euro/ha, but not more than 300 ha in the whole country;
8. Protection from damage by olive groves of olive fly, block and according to the priority areas of production no more than 250 Euro/ha;

9. Support milk production EUR 0.07/liter for livestock farms to submit minimum 1,500 liters of milk per month;
10. Support livestock farms that breed extensively matriculated cows 71 Euro/head, but not less than 10 heads;
11. Support livestock farms breeding more than 100 head of sheep or goats matriculated 8.6 Euro/head, but not more than 2.1 Euro/head;
12. Support the meat of small ruminants 2,56 Euro/head for each slaughter in slaughterhouses, and 0.71 Euro/skin delivered to the processing factory in the country;
13. Support of pork meat 3,56 EUR/matriculated head for each slaughter in slaughterhouses, and 0.71 Euro for skin delivered to the processing factory in the country;
14. Support of beef meat, 14 Euro/matriculated head for each slaughter in slaughterhouses, and 1.4 Euro for the skin delivered to the processing factory in the country;
15. Support for bee keepers more than 50 bee hives, 7 EURO/hive;
16. Intensive breeding of snails, 50% of the value of rasatit to 500 kg/ha, but not more than 3,567 EUR/ha;
17. Support the aquaculture sector, at 25% of the rasatit, but not more than 4.281 EUR/farm and 25% of the food for the fish under cultivation, but not more than 3.567 EUR/farm;
18. Support for the delivery of production of mussels in reception centers/processing, the value 0,07 Euro/kg, more than 200 kv and not more than one thousand quintals per year;
19. Support, through subsidizing of 70% interest rate for 7 (seven) years in a row, for loans up to 214,072 Euro, for the following activities:
  - Storing and processing of agricultural products, livestock, aquaculture and medicinal plants;
  - Mechanization of agriculture, livestock and aquaculture.
  - Support investment up to 50% of the project, but not more than 107,036 Euro for a company, investing in the following sectors:
    - building of premises/facilities for the collection and storage of the product;
    - standardization lines and/or processing production;
    - agricultural mechanics;
    - dig wells, reservoirs for irrigation and troughs
20. Supporting production in greenhouses with heating through the support of fuel costs, 71 Euro/ha for greenhouses that use diesel fuel and at 57 Euro/ha for greenhouses that use fuel oil.

#### **Number of beneficiaries and financing for each measure**

<b>No</b>	<b>SUPPORT MEASURE</b>	<b>NUMBER OF BENEFICIARIES</b>	<b>EURO</b>
1	Collection of Fruit and Vegetables	72	90,886
2	Planting vineyards	18	31,209
3	Cultivation of medicinal plants	173	519,411

4	Drop Irrigation systems	104	254,259
5	Olive protection from damaging by olive fly	6,988	525,932
6	Payments for milk for the livestock farms, breeding cows	40	65,896
7	Support for farms breeding more than 10 cows	169	344,855
8	Support for farms breeding more than 100 matriculated sheep/goats	892	1,601,340
9	Bees keeping	120	143,352
10	Snail breeding	2	4,968
11	Aquaculture production sector	10	24,313
12	Support through the subsidy of the interest rate	38	190,747
13	Investments projects up to 50% of a project	49	4,285,486
14	Green houses (50% of heating fuel costs)	95	271,995
	<b>Total</b>	<b>8,770</b>	<b>8,354,650</b>

Source: Ministry of Agriculture, Rural Development and Water Administration

#### State of play IPARD-like implementation

In the frame of the 3 (three) IPARD-like calls:

- Albanian farmers and agro-processors submitted in total 255 applications;
- Total applied investment amount of 45,832,722 Euro;
- Total applied grant amount of 23,804,867 Euro.

Total budget of IPARD Like Grant Scheme			ALL	Euro
			1,083,280,000.00	8,270,000.00
Call 1	Total contracted	19	203,552,931.68	1,455,925.46
	Total paid	17	171,635,206.68	1,223,721.88

Total budget of IPARD Like Grant Scheme			ALL	Euro
			879,727,068.32	6,814,074.54
Call 2	Total contracted	16	72,710,368.50	519,804.75
	Total paid	12	19,277,607.97	137,716.87

Total budget of IPARD Like Grant Scheme			ALL	Euro
			807,016,699.82	6,294,269.79
Call 3	Total contracted	52	490,395,421.20	3,502,824.44
	Total paid	3	4,820,733.33	34,460.88

Source: Ministry of Agriculture, Rural Development and Water Administration

- *Preparations for IPARD*

The Managing Authority (MA) is Directorate for Programming and Evaluation of Rural Policy (DPERP) within MARDWA, which is responsible for managing the IPARD II programme in an efficient, effective and correct manner within the scope of the responsibilities, defined in the Sectoral Agreement. The MA has the following specific functions: Selection of measures, drafting of the IPARD II programme and its measures, defining in the IPARD II programme the controllability and verifiability of the measures in cooperation with the IPARD Agency, regular review of controllability and verifiability, Selection of measures for each call for applications and financial allocation per call, drafting amendments to the IPARD II Programme to the Commission with a copy to NIPAC, after consultation with the IPARD Agency, and following agreement by the IPARD II Monitoring Committee (MC). MA ensure that the relevant authorities are informed of the need to make appropriate administrative changes when such changes are required following a decision by the Commission to amend the IPARD II programme, ensuring that the appropriate national legal basis for IPARD implementation is in place and updated as necessary.

Programme monitoring aims at setting up a system to gather monitoring and context related data on progress of the IPARD II programme and conducting analysis of the collected data, evaluation, organising the Programme evaluations to improve the quality, effectiveness and consistency of the assistance, including preparation of Evaluation Plan, reporting to the IPARD II MC and to the Commission on the progress made in implementing this plan.

Reporting on IPARD II implementation is done by preparation in consultation with IPARD Agency, of Annual and Final implementation reports other, drafting each year an Action plan for the intended operations under the Technical assistance measure which shall be submitted to the IPARD II MC for agreement.

The Agriculture and Rural Development Agency (ARDA), designated as IPARD Agency by an Order No 108/16.04.2013 of MARDWA, was established under the provisions of the Law on Agriculture and Rural Development (No 9817/22.10.2007) with Council of Ministers Decision No 1443/31.10.2008 and is an independent public body, operating under the direct responsibility of the Minister of MARDWA. The organisational structure and staffing of IPARD Agency have been aligned with the requirements of the Sectoral Agreement Programme. IPARD Agency is responsible for the implementation of the IPARD II programme in accordance with the principles of sound financial management.

The IPARD Agency has the following specific functions and responsibilities:

- Selection of projects to be implemented in accordance with the criteria and procedures applicable to the IPARD II programme and complying with the relevant Union and National rules, laying down contractual obligations with the recipients in written, incl. information on possible sanctions in the event of non-compliance with those obligations.
- ARDA is responsible for publicity, making calls for applications and publicising terms and conditions for eligibility, upon consultation with the MA, ensuring IPARD II programme publicity and visibility through, publication of list of final beneficiaries,

informing recipients of the Union contribution to the projects, guaranteeing that adequate publicity is given by the recipients on Union co-financing for the respective projects, authorization and control of commitments and payments, establish that the applications for approval of operations and subsequent amount to be paid are eligible for assistance claimed, through administrative and, where appropriate, on-the-spot controls, in particular those concerning the regularity and legality of the expenditure, execution of payments, issuing of an instruction to pay the authorised amount to the claimant or their assignee(s).

- Accounting for commitment and payment by recording of all commitments and payments in the separate books of accounts for IPARD II expenditure and the preparation of periodic summaries of expenditure, including the expenditure declarations to the European Commission. The books of account shall also record the assets financed by the IPARD II funds, in particular concerning un-cleared debtors.
- Debt management, setting a system in place for the recognition of all amounts due and for the recording in a debtors' ledger of all such debts, including irregularities, prior to their receipt, internal audit, ensuring that regular specific activities are carried out to provide higher management with independent review of the subordinate systems.
- Other, carrying out follow-up actions to ensure progress of projects being implemented, reporting on progress in implementation of measures against indicators, setting up, maintaining and regularly updating the Programme information system; Irregularity reporting, ensuring irregularity reporting.

#### *National Authorising Officer*

NAO is a high ranking official in the Ministry of Finance - Vice Minister of the Ministry of Finance. The NAO has established a management structure, which is composed of National Fund and NAO Support Office.

The *National Fund* (NF) is in charge of the management of IPARD II accounts and financial operations. The National Fund (NF) acts as a central treasury body in the Ministry of Finance. The NF will implement following main functions related to IPARD II management and control.

The *NAO Support Office* has the responsibility to provide assurance on the effective functioning of the internal control system through continuous check of the good performance of the internal control system, including provision of follow-up of audit findings and detected irregularities. NAO Support Office is a separate structure in the Ministry of Finance, at a sector level who reports directly to the NAO.

#### *Audit Authority*

The Audit Authority (AA) is responsible for carrying out audits on the management and control system(s), on actions, transactions and on the annual accounts in line with the internationally accepted auditing standards and preparing annual and final audit opinions on the statements of expenditure. The Agency for Audit of European Union Programs Implementation System, which was established in 2009 with the Council of Ministers Decision No 1020, dated 14.10.2009 and will act as the AA for IPARD. The Agency is an

operationally independent institution of all actors involved in the management and implementation of IPA assistance.

The NIPAC, NAO, AA, OS are designated with the Council of Ministers Decision No. 846 dated 21/11/2012 for the management and control of IPARD I. With the ratification of the IPA II Framework Agreement between the Government of Albania and European Communities, a new council of Minister's decision shall be adopted in order to regulate the relations among structures and authorities for the IPARD II Implementation. Such CoM shall be proposed by the Ministry of Finance and will be consulted with the Ministry of European Integration and MARDWA.

*The SARD project's pilot IPARD (IPA-2011)* – Like grant scheme learning – by – doing approach is innovative as it provides a mix of capacity development, and practical application. Although “IPARD – Like” is more lenient than the full IPARD grant scheme rules, it supports the gradual formalization and EU – compliance of the agro – food sector by enforcing the application and control of the full package of the relevant national regulations and standards, both on the level of the agricultural administration and of the market – oriented farmers and agro – processors.

- Staff of the agricultural administration has constantly increased their capacities compliant to EU rules.
- With each call the success rate of number of contracted applications increased from 23% to 49%.

The role of this Project is very important considering the impact of agriculture as a very significant economic sector representing 20% of the GDP. Nearly 50% of the total Albanian population live in rural area, thus agriculture is the main source of employment and income.

- 255 small – scale and medium farmers and agro – processors submitted applications with a total applied investment amount of 45.83 million Euro and grant amount of 23.80 million Euro (almost thrice of the total available grant funds). This success indicates both the high demand for capital investments and interest in the IPARD – like grant scheme to boost the Albanian agro – food sector.
- 88 farmers and agro – processors succeeded to fulfil all requirements and signed contracts with total EU Contribution of 4,108,501.59 Euro.

***Project – Support to agriculture and rural development – phase II(IPA 2013) EUR 6,400,000.***

*Objective:* to develop the agro-food sector and the rural economy through grants to the farmers for small and medium scale investments, as well as to increase the capacities of the national structures in charge of the future implementation of the 2014-20 IPA programme for rural development.

*Main results expected:* grants for the agro-food sector and rural economy implemented and national structures prepared for indirect management of the rural development programme under IPA II.

*Indicative implementation modalities:*

*Indirect centralized management (6,400,000 Euro):* the project will be implemented via a delegation agreement with a Member State agency. Both the Gesellschaft für Internationale Zusammenarbeit - GIZ - and the Italian Ministry of Foreign Affairs / DG for Development Cooperation have expressed interest to implement the project. The selection is expected to be concluded in Q1 2014.

Justification of the choice of the organization: the MS agency will be identified in Q1 2014 in accordance with the guidance paper prepared by DG DEVCO on delegated cooperation. The selection will be based on the following criteria: commitment to the sector; amount of co-funding; experience in implementing directly relevant projects in Albania; operational capacity, including backstopping from headquarters. The final decision on the selection will be taken by the responsible authorizing officer (Director level).

*Manuals of Procedures for entrustment of budget implementation tasks*

Manuals of Procedures for the Management Authority are planned to be updated with support from Project IPA 2011, implemented by GIZ during first and second quarter of 2015, in relation to the new structure of the Directorate, as well as the IPA Regulations and Sector Agreement. Human resources policies are formulated and implemented by the sector for Human Resources and IT within the Directorate of Internal Services in MARDWA in cooperation with Public Administration Department in the Ministry of Innovation and Public Administration. Procedures for trainings and workload analysis are planned to be updated in the first quarter of the 2015.

The Operational Programme for IPARD (2014-2020) is at its final stage before submitting it for approval for the IPA Management Committee in Brussels.

Lessons learned from the implementation of IPARD like grand scheme, complimenting towards fine tuning. The adjustments from the lessons learned are reflected in the new IPARD operational Programme (2014-2020) and the draft accreditation package for the Managing Authorities and IPARD Agency.

Despite the progress done by the Operating Structure (OS), the management structure (the NAO Office and National Fund) at the Ministry of Finance is at early stages of preparation for IPARD implementation.

After several consultations with DG-Agri, the European Delegation to Tirana and high level Authorities of the Government of Albania, it was communicated to the NAO and NIPAC that if the management structure will not be in place, than the Albanian Authorities will not be able to apply for the “Entrustment of Budget Implementation tasks” for IPARD. The Albanian Authorities managed and agreed on changing the current structure in the management structure, by adding new dedicated staff to the new structure for IPARD implementation. The new structure of the Ministry of Finance is sent for approval to the Prime Minister office, and after that the recruitment process will take place.



It is to be mentioned that even with the limited and current management structure (NAO Office and National Fund), there have been some commitments for IPARD preparations such as:

- “an indicative roadmap, which shows the ability of the Albanian authorities to prepare for IPARD implementation.
- An indicative unified action plan for accreditation of management and implementation structure
- A draft CoM decision setting up the authorities, structures and regulating mutual relations among them for IPARD implementation (2014-2020).
- Unification of some standard procedures for IPA implementation with regards to Irregularities and risk management, revision of current Memoranda of Understanding between the NAO with Directorate for Financial Inspection and General Prosecutor for the judiciary follows up of the irregularity management.
- Indicative work load analyses for the year 2015-2016 for the management structures

## 6.4 INTERNAL MARKET AND COMPETITION

### Follow-up of the 2014 Progress Report and April 2014 and March 2015 Subcommittee meetings with focus on

#### Referring to the Agenda of SBC IMC 2015:

**Point 3.** On *Competition area*, in implementation of Article 71 of the SAA, has continued the alignment of the legislation. During the reporting period are approved by the Competition Commission: Decision no. 322, 03.07.2014 for approval of the Regulation “On some categories of agreements, decisions and concerted practices in the shipping transport of goods<sup>20</sup>” and monitoring and Decision no. 332, 10.09.2014, for approval of the Guideline “On the applicability of Article 8 and 9 of Law 9121, 23.07.2003 “On Competition Protection”<sup>21</sup>.

The Competition Authority is committed to review the National Competition Policy Document during 2015. This is a process that has started and is expected to be finalized within the first 6 months of 2015.

Since last Sub-Committee “Internal Market and Competition, including Consumer Protection and Health” of 2014, the Competition Commission has issued 34 decisions: 7 Decisions on concentration authorization; 2 Decisions on the approval of legal acts; 5 Decisions on recommendations, 1 Decisions on conditions and obligations; 2 Decisions on fines, 1 Decisions on individual exception of the agreements, 16 Other decisions (the opening of preliminary and in-depth investigations, extension of the deadlines, amendment of the decisions etc).

During the year 2014 the Competition Authority investigated several markets based on recently public concerns mainly related to prices and other issues for: *insurance market, fuel market, the market of international marine transport for travelers and vehicles, energy market, Tobacco market, the market of public procurement (the market of security service in the Dibra district, the assessment of the complaint in the market of the service of the physical security in Tirana District), Public procurement market for road construction, mobile phone market, production and wholesale market of eggs*. In total during 2014, **38 complaints** have been submitted at the premises of the Competition Authority. In the first months of 2015 are submitted to the Competition Authority **10 complaints**, of which 8 of them dealing with telecommunications market.

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<sup>20</sup> By translating and adapting rules of the Council, Council Regulation no. 246/2009 of 26 February 2009 on the implementation of Article 81 (3) of the Treaty to certain categories of agreements, decisions and concerted practices between undertakings of maritime market (OJ L 79, 25.3.2009, p. 1-4) / (32009R0906) Commission Regulation no. 906/2009 of 28 September 2009 on the application of Article 6 of the law for certain categories of agreements, decisions and concerted practices between undertakings of maritime market.

<sup>21</sup> Translating and adopting the guideline on the implementing priorities of the commission on the implementation of article 82 of the EU Treaty for the abusive behaviors of the dominant undertakings (2009/C 45/02) (*OJ C 45, 24.2.2009, p. 7–20*) (52009XC0224(01))

*As above mentioned the Competition Commission (CC) in relation to insurance market sector has delivered Decision Nr.325, dated 30.07.2014 "On some recommendations to the Financial Supervisory Authority to promote competition in the market of compulsory third party liability insurance". By this decision is recommended to the Albanian Financial Supervision Authority (AFSA), regulatory measures for the establishment of compulsory third party liability insurance in terms of ensuring the efficient functioning of competition between insurance undertakings. As regards fuel market the CC through Decision No. 315, of 13.05.2014 decided to open the procedures of in-depth investigation on the import, production, wholesale and retail market of fuel. In following in December 2014, the Competition Commission held hearings with the parties under investigation – a decision it's expected to be taken by the CC. As well the Competition Commission, by Decision No. 316, of 23/05/2014 decided to open the procedures of preliminary investigation on international marine transport for travelers and vehicles, based in the characteristics of the relevant market and in the behavior of market operators. The draft-decision with measures and possible recommendations on this area, is sent for opinions to the Ministry of Transport and Infrastructure. Following the investigative procedures in the energy market, upon the Decision of CC, no. 326, 08.09.2014, the Competition Commission by Decision No. 334, 31.10.2014, has decided "On some recommendations on competition growth in the market of energy procurement for the coverage of the loose in the distribution network". On tobacco market the Competition Commission, based on the price rise in this has conducted the necessary investigative procedures. By decision No. 314, of 08/05/2014, the CC decided to close the procedures of preliminary investigation on the import, production, wholesale and retail market of tobacco, because there are no signs of restriction of the competition.*

However, the Competition Commission decided that the market of manufacturing, import, wholesale and retail of tobacco to be continuously under the monitoring process by the Secretariat of the CC. On market of public procurement, the Competition Authority performed all necessary investigations during 2014. After investigative procedures, inspections, data collection and processing of the information, the Competition Commission by Decision No. 317, 23/05/2014 decided to close the procedures of preliminary investigation on procurement of security service market at the district of Dibra, because there are no signs of restriction of the competition.

As regards the Mobile phone market, in 2014 it has been under continuous evaluation by the Competition Authority (CA), based in numerous complaints filed at CA office. For this reason, the Competition Commission by Decision No. 336, of 11.11.2014, decided "For the opening of the preliminary investigation procedure in the mobile phone market to Vodafone Company JSC, to assess whether there are signs of restraining competition. The investigative procedures, collection and the processing of the information are ongoing, and it is foreseen to be concluded within end February beginning of March 2015. Meantime in Market production and wholesale of eggs after an immediate increase of 30% of the selling price f eggs, the Competition Commission with Decision No. 344, of 02.02.2015 has decided to open the preliminary investigation procedure in market of production and wholesale of eggs. Shortly after the release of the decision, surprise inspections were conducted and necessary information is being collected, which will be processed for the report of this investigation.

During 2014, there has been a growth in the number of *notifications of concentrations* to the Competition Authority. This change comes as a result of lower turnover threshold for the undertakings that are under a legal obligation to obtain authorization of the Competition Commission. Also, the collaboration with NRC has contributed in informing parties when to notify a concentration.

As regards *Legal Proceedings*, due to the entry into force and implementation of Law No. 49/2012, of 03.05.2012, "On the organization and functioning of administrative courts and administrative disputes", issues on which the Authority has been litigant, are judged by the Administrative Court of First Instance of Tirana. Also the issues that were being tried before the civil courts, were passed to jurisdiction of the Administrative Court of First Instance of Tirana. During 2014 were held 26 cases, of which 16 remain for consideration in 2015, and 10 of those examined in 2014, resulting temporarily: 5-offs, four earned, and 1 sent for review to the Administrative Court.

**Regarding, institutional and administrative capacities**, of the Albanian Competition Authority (ACA), a new inspector has joined the staff of the Competition Authority, in the Market Surveillance Directorate, and a new position for one legal inspector it is expected to be approved within 2015. During 2014, the representatives of the Competition Authority staff participated in several workshops financed by TAIEX, OECD (RCC Competition Regional Centre in Budapest), or IPA twining project.

**On State Aid (3.2)**, during April 2014- February 2015, the **State Aid Commission (SAC)** approved the annual state aid report and **8 new** state aid schemes consisting of state aid for creative economy fund, state aid scheme for disabled workers, state aid scheme for start-up fund, state aid scheme for woman entrepreneurs, state aid authorization on the implementation of Trans Adriatic Pipeline Project (TAP project), state aid authorization for the creation of "economic area" with the status of "Free zone" in Spitalle, Durrës, state aid scheme in financing the stadium of Elbasan and Tirana Olympic Park, state aid existing scheme in the sport sector).

**There were 3 ex-officio cases:**

- The State Aid Commission decision No. 52, dated 1.10.2014 "On the state aid scheme "The Decision of Municipality Council of Tirana No. 20, dated 09.04. 2013 "On the implementation of the program of economic development and employment" "Guarantee fund scheme" and the eligibility criteria and procedures for the selection of commercial bank". The state guarantee scheme was unlawfully put into effect by Municipality of Tirana.
- The measure on the issue of state guarantee for capital borrowings by KESH sha. This measure doesn't involve state aid.
- State aid scheme in financing the stadium of Elbasan and Tirana Olympic Park.

*As regards the implementation of adopted legislation*, the State Aid Control Sector prepared the annual report on state aid for the year 2013, based on state aid data from aid providers.

This report was approved by Council of Ministers decision no.365, date 11.06.2014.

*On State aid awareness*, several workshops are organised in central and local state authorities to increase awareness on state aid policy and State Aid law, aiming civil servants and policy makers responsible for policy formulation, implementation and enforcement of economic programmes. Also during the reporting period are provided opinions for state aid implications in the framework of tourism draft law on, postal law, and law for the promotion of social entrepreneurship.

Based at Prime Minister Order, during 2014 – 2015 there is established an inter-ministerial working group with representatives of line ministries as state aid grantors. The implementation of this order will improve and strengthen the control of state aids in Albania and also will create a very good platform for an effective monitoring and reporting of all state aid measures. It is foreseen that the inter-ministerial working group will held the 1<sup>st</sup> meeting following the completion of all names of representatives by each ministry.

As regards *EU support*, in October 2014, two EU experts through TAIEX assistance provided guidance to the State Aid Control Sector to further establish and enhance an effective working partnership with line ministries for state aid notifications procedures.

On the drafting of new State Aid law, in November 2014, a TAIEX expert mission provided support in the harmonization of the Albanian state aid legislation with the EU *acquis*. The State Aid Control Sector is working in the preparation and finalization of the draft of new state aid law.

*On liberalisation (point 3.3)*, during 2014, in focus of the activity of the Competition Authority have been a number of exclusive and special rights granted in Albania. Evaluation of concession agreements is based on Law No. 9121, of 28.07.2003 "On Protection of Competition" (as amended), Article 2 determines that this law applies to public and private enterprises which have been awarded by state exclusive rights or special rights. Also, this assessment was completed in implementing the Resolution of the Parliament "For evaluation of the Competition Authority for 2013" in which were mentioned some concession arrangement in the spotlight of the Authority for 2014. The Competition Authority conducted *ex-post* evaluation of these special and exclusive rights granted by different institutions in Albania, taking into account the protection and preservation of the principles of free and effective competition. From the review and evaluation of all concession contracts, has resulted that during the procedure of granting concessions it has been not respected the obligation of Article 2 / 1c and 69/1 / b of Law no. 9121/2003 "On Protection of Competition" as institutions responsible in any case have not fulfilled the obligation to request for Authority's assessment during the procedure of granting exclusive rights. The Competition Commission through its decisions gave recommendations: **regarding** the operation of the service of vehicle technical inspection market - to the Ministry of Transport and Infrastructure; **concerning** the concession contract for the financing, building and operation of container and other vehicles scanning service in the Republic of Albania and the fee to scan", to the Ministry of Finance and the Council of Ministers; **concerning** the concession contract for the design, financing, production and setting up a system for

broadcasting, distribution, locating and monitoring of fiscal postage stamps of drug control "- to the Ministry of Finance and Ministry of Economic Development, Trade and Enterprise. As well, the Competition Authority has completed the evaluation of the concession contract for the management, operation and maintenance of the eastern terminal of the Port of Durrës; and has estimated the License Agreement for the National Lottery between the Ministry of Finance Authority and Lotterien Oesterreichische society. Meanwhile in the evaluation process is the Concession Agreement for the service contract of marking and monitoring of fuel between Ministry of Finance of the Republic of Albania and a temporary union of companies "Global Fluids International" and Petroleum Consulting Partners "A.G.

**On State monopolies**, as follows is provided information for air transport, road safety, water and sanitation and electricity area.

*As regards air transport*, the Mother Teresa International Airport concession is administered by the society "Tirana International Airport", for a period of 20 years (2004-2024), from the entry into force of the Law 9312, dated 11.11.2004, "Airport Concession Agreement".

Obligations of the concessionary are defined in the Law 9312/2004, points 4.2, 4.3 and 4.4. In the field of air transport, these functions are completely separated.

*On road safety*: the vehicle inspection in Albania is done by the concessionaire company SGS. This concession is a contractual agreement between Ministry of Transport and "SGS Society"; based on Counsel Decision Nr. 643, date, 3.10.2007 "On assigning the authority for granting concession the obligatory vehicle inspection for 10 year period (2009-2019)".

The operator has the exclusivity for this activity.

*On Water and Sanitation*, given the fact that the drinking water is the most essential element for life and water supply and sanitation, are the services of a special nature "Monopoly", where the public does not have a choice. The principle of all policies and sector strategies is to provide quality services, with low costs and right affordable tariffs for the citizens.

Management of water supply services, sewerage and wastewater treatment is the duty of WSS companies, which conduct their activities according to the law of commercial companies; Local governments being the owners of the shares of these companies, have responsibility to manage WSS companies and to provide quality service to their communities.

*On electricity*, the Ministry of Energy and Industry is undertaking a series of measures to liberalise the electricity market, in line with the SAA, the Treaty Establishing the Energy Community and all other commitments. Delays and difficulties came as a result of the status of the CEZ Distribution Company where 76% of shares was owned by CEZ A.S. Problematic relations with CEZ blocked reforms in the power sector, its liberalization, and put the entire power system into a technical and financial collapse. This status was eventually clarified by the Parliament on 31 July 2014, which transferred 100% of shares to the Albanian Government.

On 14 January 2015 the Council of Ministers approved the Power Sector Law. By February 2015 is expected its adoption by Parliament. This draft law and its forthcoming implementing legislation will aim at further liberalisation of the electricity market. Currently, around 10-12% of the retail market in Albania is liberalised, mainly supply to big consumers who are connected to over 110 kV network, or which consume over 50 million kWh of electricity per year. Likewise, the wholesale market is completely liberalised with a big number of operative active in the market. It is anticipated that supply to consumers connected to the 35 kV network be liberalised in the near future, to be followed by the supply to consumers connected to 20, 10 and 6 kV. About 40% of the electricity market is expected to be liberalised by 2018.

The energy sector is being liberalised progressively, with the privatisation or entry into production of HPPs under concession. Allocation of interconnection capacity with neighbouring countries is fully liberalised. Hence, KESH and OSHEE are stripped of their privilege to reserved capacities; now, they must enter a bid on equal terms for capacity allocation. In following is expected that these procedures to foster competition, reduce prices and guarantee security of supply to consumers.

**Point 4.** On *Consumer and Health Protection*, in framework of further alignment of the Albanian legislation with the EU *acquis*, the Directive 2008/122/EC of the European Parliament and of the Council of 14 January 2009 on the protection of consumers in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts, is approximated by DCM no. 652, dated 8.10.2014 "To determine the rules in respect of timeshares and long-term holiday products as well as exchange contracts". The draft Intersectorial Strategy "On consumer protection and market surveillance (CPMS) 2014-2020" is finalized and is sent for approval to Council of Ministers since July 2014,

The *Consumer Protection Commission* based in Prime Minister Order no. 169, dated 27.5.2014 "On nomination of the chairman and the members of Consumer Protection Commission" is functioning. During this period the Commission has held 6 meetings with focus on enforcement of consumer protection legislation.

As regards *Consumer education and information*, in April 2014, a social web page (FB) was created in order to contribute continuously in improvement of Albanian consumers' information and awareness regarding their rights. Also, in the web page of MEDTE a new rubric "Consumer protection" is available. As well consumers can download a complaint form or submit complains. On September an awareness campaign with the slogan "Use your rights" is started. Till end February beginning of March 2015, a closing meeting on awareness campaign "Use your rights" is preparing to be held.

*On Consumer Protection - Information prepared based on the conclusion of the Subcommittee of April 2014.*

- **Albania will maintain its efforts to pursue a full alignment with the EU *acquis* on Consumer Protection, paying particular attention to those parts of the *acquis* that have recently been or are currently under revision, as in the case of cosmetics and medical devices.**

In framework of further alignment with the EU *acquis*, in consumer protection area is approved the DCM no. 652, 8.10.2014 “To determine the rules in respect of timeshares and long-term holiday products as well as exchange contracts”. The sub-legal act transposes Directive 2008/122/EC of the European Parliament and of the Council of 14 January 2009 on the protection of consumers in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts.

- **Albania will adopt the strategy on consumer protection by July 2014. The necessary budget for its implementation has to be allocated.**

The drafting process of Intersectorial Strategy “On consumer protection and market surveillance (CPMS) 2014-2020” has been finalized and the respective draft was sent for approval to the Council of Ministers since July 2014.

- **Albania is encouraged to continue strengthening administrative capacity, financial recourses and training of the Consumer Protection Unit (CPU) in the MoEDTE and of the Consumer Protection Commission (CPC), whose independence has to be safeguarded.**

Regarding enforcement of consumer protection legislation the Commission has held 6 meetings and 5 decisions were taken, mainly dealing with:

- assessment of consumers standard contracts for electric energy and water services, aimed to find the unfair contract terms;
- assessment of commercial practices on second level banks on consumer credit;
- consumer complaints regarding lack of transparency on consumer information in one exchange office.

- **Albanian authorities will improve their efforts to empower consumers through information and awareness-raising activities, as well as consumer education**

On September 2014 an awareness campaign with the slogan "Use your rights" is launched. This campaign aims to encourage consumers to know and to learn more about their rights, in order to exercise them. The main activities of the campaign consisted in:

- The questionnaire on consumer rights is completed. The questioner form was prepared and distributed in collaboration with consumer associations and some municipalities and were fulfilled from consumers in some cities of the country. The data collected from the questionnaire were processed during December 2014.
- The presentation about consumer rights was held with students of some public and non-public Universities in Tirana.
- The preparation of the publication on the consumer rights on the Ministry's website.
- The preparation of the 5000 leaflets, with MEDTE budget, that are distributed by mail in several key areas of Tirana and Albania's main cities.

- **The European Commission recommends Albanian authorities to cooperate with the three existing Consumers' Organisations and to provide financial or other support to their capacity-building efforts with the aim to strengthen these organisations and foster their active involvement in consumers' affairs.**

Actually, in consumer protection area performs their activity 5 associations. During June and July 2014 two new associations on consumer protection have been introduced to MEDTE:



“Weight Measurements – Prices” and “Albanian Consumer Centre”. As well a joint meeting with the participation of all organizations on consumer protection has been held, where opinions on improving cooperation between state structures and consumer associations are exchanged.

On **Health Protection** (point 4.2), during March 2014 February 2015, a number of EU Directives are further approximated, as below mentioned:

- Directive 2004/37/EC by DCM no. 520 of 6.8.2014 “On the approval of the Regulation “On the minimum health and safety requirements regarding the exposure of workers to the risk related to exposure to carcinogens or mutagens at work”;
  - Directive 90/270/EEC, by DCM no. 521 of 6.8.2014 “On the approval of the Regulation “On the minimum health and safety requirements for work with display screen equipment”;
  - Directive 98/24/EC, by DCM no. 522 of 6.8.2014 “On the approval of the Regulation “On the minimum health and safety requirements regarding the exposure of workers to the risk related to chemical agents at work”;
  - Directive 90/269/EEC by DCM no. 523 of 6.8.2014 “On the approval of the Regulation “On the minimum health and safety requirements regarding for the manual handling of loads and for repiling points 15.1-15.10 of Annex V of the DCM no. 312, dated 5.5.2010 “On the approval of regulation for security at the construction area;
  - Directive 2000/54/EC, by DCM no.550 of 27.08.2014 “On the approval of the Regulation “On the minimum health and safety requirements regarding the exposure of workers to the risk related to exposure to biological agents at work”;
  - Directive 2002/44/EC, by DCM no. 842 of 12.2014 “On the approval of the Regulation “On the minimum health and safety requirements regarding the exposure of workers to the risk arising from vibration”;
  - Directive 2013/35/EU, by DCM no. 843 of 12.2014 “On the approval of the Regulation “On the minimum health and safety requirements regarding the exposure of workers to the risks arising from nonionizing fields”;
  - Directive 2006/25/EC of the European Parliament and of the Council of 5 April 2006, by DCM no. 844 of 12. 2014 “On the approval of the Regulation “On the minimum health and safety requirements regarding the exposure of workers to risks arising from artificial optical radiation”.
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- ***Improving quality and access to healthcare services for all - Reform of the primary healthcare system and sustainability.***

During year 2014, based on DCM no. 185, dated 2.04.2014 "On determining the manner of implementation of Basic Medical Control for citizens ages 40-65 years", and in accordance of the Government program to establish a periodic inspection program for nationals 40-65 years age group, about 900 thousand Albanians citizens are invited, once a year to appear in the health center location and make basic health control, which is offered free to any citizen, whether or not insured for health care. The basic control is offered in each of the 415 health centers, including as well five mobile units, which will be available to people who live far from the health center.

Since 1 April 2014, removal of VAT on health care services and medicines is applicable. That includes all implantable medical devices, cardiology, dentistry, orthopaedics, etc. As well the list of reimbursable drugs is expanded with 56 new drugs.

Since October 2014 the Ministry of Health has launched a service monitoring process, in several major cities of the country, across the territory hospital and outpatient care service. During the period October-December 2014 were interviewed about 250 doctors (from 1244 hospital care doctors) and 600 nurses (from 4253 nurses hospital care) in most hospitals in the country.

In cooperation with technical and financial support of the World Bank, the Ministry of Health has begun implementing a project on measuring patient satisfaction through their interaction with SMS. This project is being implemented in hospital and ambulatory service: University Hospital Center "Mother Teresa" in Tirana as well as regional hospitals and specialty clinics in Shkodra, Vlora, Elbasani, Korça and Durrësi.

On *mental health*, during March 2014 – February 2015, is approved the DCM No.762, on “Organization and provision of mental health care for people who are in residential care institutions”, according to the article 18, paragraph 2 of Law No.44/2012 "On Mental Health". On 19 November of 2014, has been approved the Order of the Minister of Health No.504, for “One addition and change in the order of the Minister of Health, No.386, date 17 June of 2013 "On the establishment of the medical commissions for direction in KMCAP for patients with mental health disorders”, as amended, in implementation of Article 19, paragraph 5 and Article 20, paragraph 4 of Law No.44/2012 "On Mental Health".

The Ministry of Health, Ministry of Social Welfare and Youth, Ministry of Justice, World Health Organization, Ombudsman, State Policy, and other relevant actors dealing with mental health, are evaluating the local/regional possibilities on human and infrastructure resources for establishment of elements of the integrated mental health services system (acute mental health inpatient services in regional hospitals, community mental health centres, etc.), aiming the closure of the two psychiatric hospitals. To support this activity the Minister of Health has proposed to the Minister of Social Welfare and Youth to both establish an inter – sectorial working group who will analyze and propose the ways to address the chronic residents’ issues, specifically those with mental retardation, which from years are accommodated in both two psychiatric hospitals of the country. This co-order is planned to be signed within February 2015, and will be co-chaired by the relevant Deputy Ministers of Health and Social Welfare and Youth. This act is expected to be finalised within first trimester of 2015.

## **Point 5. Internal Market**

### **5.1 Financial Services, including banking and non-banking sectors**

#### **5.1.1 Banking sector**

As regards *legislative developments*, during the April 2014 – March 2015 period, the Bank of Albania has continued the revision process of the regulatory framework in accordance with

the provisions of the banking law, the Basel Committee recommendations, EU directives and developments in the Albanian banking system. In this regard, several regulations and amendments have been approved by the Supervisory Council (SC) of the Bank of Albania.

The Supervisory Council of the Bank of Albania by the Decision no.69, dated 18.12.2014 approved the Regulation “On regulatory capital of banks”. The new regulation “On capital adequacy ratio”<sup>22</sup>, which entered into force on 31 December 2014, harmonises the Bank of Albania's regulatory framework requirements to Basel Committee requirements on New Capital Accord, known as Basel II, and European directives on the activity of credit institutions. The Bank of Albania uses the standardised approach for the calculation of the capital requirement for credit, market and operational risk, reflected in the Capital Adequacy Ratio (CAR). The regulation complies with the requirements of the new EU regulation No. 575/2013 on prudential requirements for credit institutions and investment firms, specifically with the provisions of part II on regulatory capital.

In order to effectively implement the Law on Payment System, Bank of Albania has adopted a regulation "On the organization and functioning of the National Committee of the Payments System”, which was approved by the Supervisory Council decision No. 37 dated 25.06.2014.

The Committee shall hold its first meeting during 2015. Aiming to align its oversight function with ECB standards, the Supervisory Council has approved the “Oversight Policy Document for Payment and Settlement Systems by its Decision No. 32, dated 30.04.2014.

This policy document aims to implement in the Albanian payments systems market the “Eurosystem Oversight Policy Framework” (July 2011) as well as the new CPSS-IOSCO principles for Financial Market Infrastructures (April 2012). The policy document enriches the oversight function with tools and methods generated by the provisions of the Law on Payment Systems.

In addition, during the reporting period, the Supervisory Council of Bank of Albania approved some amendments (by the Decision no.55, dated 01.10.2014) to the regulation “On granting the license and exercise of banking activity of banks and branches of foreign banks in the Republic of Albania”. The aim of these amendments is to implement the recommendations outlined in the context of the joint IMF-World Bank FSAP mission (2013) on the assessment of the observance of the 29 principles of Basel Committee for an Effective Supervision (Basel Core Principles for Effective Banking Supervision).

In order to strengthen the supervisory processes and to enhance the market discipline with respect to consumer protection, were approved several amendments (by the decision no. 31 dated 30.04.2014) to the existing Regulation No. 31, dated 06.06.2007 “On licensing, organisation, activity and supervision of foreign exchange bureaus”. These amendments are a response to concerns evidenced during the inspection of foreign exchange bureaus, related to the transparency of their practice *vis-à-vis* customers of foreign exchange services.

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<sup>22</sup> Approved by Decision No. 48, dated 31.07.2013 of the Supervisory Council.

**Regarding preparations for Basel III, the Supervisory Council of Bank of Albania** by the Decision No.43, dated 30.07.2014 approved some amendments to Regulation “On capital adequacy ratio (CAR)”. According to these amendments the parallel running (testing) period is now in place, and banks are providing the data to Bank of Albania according to the new COREP (Common Reports) templates approved by Decision no.43, dated 30.07.2014.

The revision of the prudential requirements on bank own funds concluded within the year 2014, in accordance with the European regulation on the activity of the credit institutions, with the approval of regulation “On regulatory capital of the bank”, by the Decision No. 69, dated 18.12.2014 of the Supervisory Council of Bank of Albania. Provisions of this Regulation are drafted partly in line with Regulation (EU) No.575/2013 “On prudential requirements for credit institutions and investment firms”. This Regulation will enter into force in March 31, 2015.

Regulation No.60, dated 19.08.2008 “For the minimum requirements of disclosing information from banks and foreign bank branches” has been revised according to the Basel II/III requirements (Pillar 3 - on market discipline) and European Regulation No.575/2013 “On prudential requirements for credit institutions and investment firms” as well. The draft-regulation is under the discussion process and will be approved by Supervisory Council of Bank of Albania by the first quarter of 2015.

The Supervision Department of the Bank of Albania has already begun its preparatory work for moving toward Basel III. In the second half of 2015 BoA will start an impact study with banking sector for assessing the level of LCR in Albanian Banking System. Based on these results, Bank of Albania will see the possibility of refining the liquidity ratio already in force. With regard to *administrative capacity*, based on the implementation of the medium-term strategy of the Bank of Albania for the period (2013 -2015), the main objective of the Supervision Department is to ensure sound banking activity in Albania to guarantee citizens’ savings safeguard financial stability and contribute to the positive performance of the overall economy. To achieve this objective, the Bank of Albania will focus on the following pillars:

- Developing the methodology
- Developing the regulatory framework
- Developing human resources
- Strengthening cooperation among banking supervision, financial stability and monetary policy

The Supervision Department currently consists of 45 employees. According to the organizational structure Supervision Department is composed by 50 employees. Supervision Department in collaboration with the Department of Human Resources are at the stage of identifying potential candidates based on criteria of each profile in order to fulfill the vacant positions aiming to recruit individuals who will contribute to increasing the capacity of the Department of Supervision. During the reporting period April 2014-February 2015 administrative capacities of the Supervision Department has been increased by 7 new employees. The *Composition and functions of the Supervision Department*: in accordance with the Supervisory Council Decision No. 05 dated 27 January 2010 “On organization and

Function of the Supervision Department”, the Supervision Department has the following units under its organizational structure:

- Credit Risk Supervision Division,
- Non-Credit Risk Supervision Division, and
- Supervision Development Division.

*The Supervision Department carries out the following functions:*

a) Licensing function; b) Regulatory function; c) Supervisory function; d) Supervision development function; e) Disciplining function;

### **5.1.2 Non-banking sector (insurance and securities market, including investment funds)**

The Financial Supervisory Authority (hereinafter AFSA), in 2014 consolidated its work in the drafting and revision of the regulatory and supervisory framework in order to approximate it further with the European Union acquis in the field of non-banking financial market, pursuant also to Article 89 of the SAA, recommendations of the Progress Report of the European Commission in 2014 and the recommendations of the Sub Committee of the European Union - Albania "Internal Market and Competition", of 8 April 2014, with the aim of further improving the market, strengthening supervision and its institutional capacity.

In *the field of insurance*, in May of 2014, the Parliament approved Law no. 52, dated 22.05.2014 "On the insurance and reinsurance activity". The law, which came into force on the 4th of July 2014, determines the principles and specifies the procedures relating to the establishment, organization, management, operation and supervision of insurance, reinsurance and insurance intermediary activity, so that the insurance market operates in a safe, sustainable and transparent environment. Secondary legislation in the field of insurance is further completed aiming an effective supervision of the activities of the operators of this market. In 2014 the AFSA has drafted or amended 10 bylaws as follows:

- Regulation no. 155, dated 23.12.2014 "On determining the elements of calculation and levels of fees charged to supervised entities and the collection procedures and their reconciliation";
- Regulation no. 154, dated 23.12.2014 "On notification, correction or ban of the promotional information";
- Regulation no. 153, dated 23.12.2014 "On the Internal Audit Unit and the Audit Committee of the insurance company";
- Regulation no. 135, dated 31.10.2014 "On the procedures and minimum principles regarding the internal control system and other aspects of the information system of the insurance companies";
- Supervisory Manual of Insurance Companies approved by Board Decision no. 137, dated 31.10.2014;
- Regulation no. 109, dated 29.08.2014 "On conditions and procedures of the merger or division of the insurance company";
- Regulation no. 18, date 10.03.2014 "On determining the payments rules of claims covered by compulsory motor insurance contracts in the transport sector from the cash reserve";

- On an addition to the regulation no. 67, dated 27.07.2009 "On the approval of the authorized actuaries of the insurance company", approved by Board Decision no. 3, dated 23.01.2014;
- On some amendments to Regulation no. 18, dated 10.03.2014 "On determining the payments rules of claims covered by compulsory motor insurance contracts in the transport sector from the cash reserve", approved by Board Decision no. 98, dated 25.06.2014;
- On some amendments to Regulation no. 53, dated 25.06.2009 "On the handling of claims covered by compulsory insurance contracts in the transport sector", approved by Board Decision no. 148, dated 20.11.2014.

*On legislative developments in the field of voluntary pension*, the AFSA, in cooperation with the World Bank experts continued to work on the amendments to the Law No. 10197 dated 10.12.2009 "On the voluntary pension funds". Changes in the law aim its alignment with Directive 2003/41/EC of the European Parliament and the European Council of 3 June 2003 "On the activities and supervision of institutions for occupational pension", and also with the principles of supervision of private pension of the International Organisation of Pension Supervisors (IOPS), as well as with the OECD Guidelines. The AFSA is now working to reflect the comments and suggestions of the stakeholders as appropriately in the amendments of this law.

In the field of securities, during 2014 the AFSA has adopted new bylaws or amended existing ones, as follows:

- Regulation no. 96, dated 25.06.2014 "On the form, calculation and amount of capital that must be obligatorily held by the management company of collective investment undertakings" - aligned partially with Directive 2009/65 EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).
- Regulation no. 97, dated 25.06.2014 "On the key information that should be made available to investors of collective investment undertakings" - aligned partially with Commission Regulation (EU) No 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website;
- On some additions and amendments to the Regulation no. 131, dated 06.10.2011, "On the code of conduct of the management company of collective investment undertakings", approved by Board Decision no. 136, dated 31.10.2014.

*Data on the securities market:* The volume of secondary market of Government securities during the year 2014 was dominated by transactions in short-term instruments (T-Bills) at 77.74%. The remaining part was long-term instruments (notes and bonds) at 22.26%. In terms of the number of transactions, 98.35% of all transactions in the secondary market of Government securities were in T-Bills.

Statistical data on the Government securities retail market for the year 2014 indicate that the market was dominated by transactions "Purchase in the primary market" and "Settlement of nominal value at maturity" with respectively 61.87% and 19.95% of the total volume. Transactions of the individual investors, dominate at the Government securities secondary market with 97.67% of all transactions in the market.

Collective Investment Undertakings: During 2014 in the market of investment funds exercised their activity two funds, namely "Raiffeisen Investment Fund Prestige" and "Raiffeisen Invest Euro Fund". Market value in 31.12.2014 of the net assets of these funds amounted to around All 63.74 billion with an increase of 26.64% compared to 31.12.2013. The market was dominated by investment in Government Bonds, who comprise around 78.85% of fund assets.

*Institutional/administrative capacity* and operational independence, including the Albanian Financial Supervisory Authority (AFSA), on the 17th of July 2014 entered into force the Law No. 54/2014 Amending Law No. 9572 of 3 July 2006 "On the Financial Supervisory Authority". This Law was adopted by the Parliament of Albania on May 29, 2014. Its amendments will strengthen the supervisory and regulatory role of the Albanian Financial Supervisory Authority in the context of achieving its goals through the reinforcement of its independence and accountability. The Law was drafted by AFSA in cooperation with international experts from the Financial Service Voluntary Corps. According to the amendments the AFSA Board will consist of 5 members, of which only 3 (three) were appointed in December 2014, and 2 (two) of them are respectively the General Executive Director and Vice Executive Director of the Authority. In the mean time the Chairman of the AFSA Board has not yet been approved. The new board after one month from its approval should adopt the organizational structure of the Authority.

In order to fully implement the new Law No. 54/2014, the Parliament also approved the following changes in two other laws: Law No. 58/2004, dated 12.06.2014 "On some amendments to Law No.9584 dated 17.7.2006 "On salaries, bonuses and structures of independent constitutional institutions and other institutions established by law", as amended; and Law No. 178/2014, dated 18.12.2014 "On some amendments and additions to Law no. 152/2013 "On the Civil Servant".

Structure of the AFSA and professional qualification: In fulfillment of the recommendations for strengthening of the administrative capacity on human resource development and professional growth of the staff capacity, the Authority during 2014 focused on: encouraging and motivating employees; ongoing trainings of the employees; hiring of more qualitative human resources.

In order to increase the professional expertise, during 2014 the technical staff participated in training activities by making a combination of the professional development personal interests and of the institution's objectives.

## **5.2 Public Procurement**

In the *framework of approximation*, in December 2014, was approved the Law No. 182/2014, “On some amendments and addenda to the Law No. 9643 of 20.11.2006, “On public procurement”, as amended. The draft law, was consulted with line ministries, some of the biggest contracting authorities, and OECD/SIGMA. Their standings were considered and reflected to the respective provisions. The amendments are in line with the new directive 2014/24/EU, consisting of the exception case related to employment contracts, the tender security, which was left as a possibility to be submitted by the economic operators, only for the public procurement procedures above the high value thresholds. To the abovementioned law on public procurement are foreseen some other addenda and amendments, aiming the accuracy of its current provisions and to avoid cases of their misinterpretation by the contracting authorities, in framework of efficiency increasing of procurement procedures. As well there was approved the DCM No. 914 of 29.12.2014, “On the approval of public procurement regulations”, abolishing the DCM No. 1 of 10.01.2007, “On the approval of public procurement regulations”, as amended, as well as all the other PPA instructions.

On 29.12.2014, there was approved the DCM No. 918, “On the performance of public procurement procedures with electronic means”. This decision redefines the obligation for electronic performance of procurement procedures. Pursuant to referred amendments to the law and public procurement rules, by DCM No. 1 of 22.01.2015, PPA did approve the new standard tender documents for each kind of procedure, respectively for works, goods and services.

In order to assist the contracting authorities to implement the new legislation on public procurement, PPA prepared and approved the following instructions:

- Instruction No. 1 of 27.01.2015 “On performance of public procurement procedures by the Central Purchasing Body, Ministry of Internal Affairs, for some goods and services, on behalf and to the account of the Prime Minister Office, ministries and subordinate institutions”.
- Instruction No. 2 of 27.01.2015 “On the preparation of forecast public procurement register and realization public procurement register”.
- Instruction No. 3 of 27.01.2015 “On small value procurement procedure”.
- Instruction No. 4 of 27.01.2015 “On the performance of common procurement procedures, by the contracting authorities needing the same goods, services or works”.
- Instruction No. 5 of 27.01.2015 “On the performance of small value procurement procedures in the electronic procurement system”.
- Instruction No. 6 of 27.01.2015 “On the use of framework agreement”.

As regards *enforcement of legislation*, in implementation to the Law No 9643 of 20.11.2006, “On public procurement”, as amended, during 2014 were monitored 81 procurement procedures. The monitoring process was focused to the verification of public procurement legislation implementation, and provides the legal advice for the problems encountered during the conduct of procedures. The most part of monitored procurement procedures were negotiated without publication of the contract notice, in order to identify the reasons and legality of such procedures as chosen by contracting authorities. Reporting on cases and reasons for the negotiations without publications procedures has been one of the highlighted requests of the European Commission, regarding public procurement field. In cases where



were identified violations of contracting authorities in respecting the legal and sub-legal requirements when conducting the procedures, PPA decided for the relevant administrative measures.

In February 2015, PPA approved the plan and the procedures to be controlled during the period February-May 2015. During 2014, PPA analyzed a considered number of such recommendations, as provided by Supreme State Audit and Internal Audits of other institutions.

During 2014, PPA, in collaboration with SIGMA, prepared the strategy document on the development of public procurement system, which afterwards was included to the Public Finance Management Strategy, 2014-2020. This strategy was approved by the Council of Ministers in the month of December 2014. The part of public procurement included to the cited strategy defines main goals in development of the public procurement system and measures required for their achievement. Finalization of the strategy on the development of public procurement system was one of the European Commission recommendations at the respective Subcommittee Meeting, held in 2014. Likewise, in the part of public procurement, at Public Finance Management Strategy, to address the EU recommendations, was foreseen the establishment of efficient mechanisms for coordination of procurement and concessions systems.

With regard to the *institutional capacity*, by DCM No. 12 of 14.01.2015, “On the redistribution of the employees numbers, among the Ministry of Defence and the Public Procurement Agency, for the year of 2015”, the number of PPA employees was increased with 5 more persons, leading to its total number to 28 persons. Pursuant to this decision, will be made the relevant changes to the PPA structure and organigram. Increasing of PPA staff is in line with the recommendations submitted to the European Commission assessment report, held in 2014, with regard to the independence and functioning of independent institutions in Albania, according to which, amongst others, is recommended to evaluate accordingly the adequacy of the staff of PPA (23 people). Towards capacity building of procurement employees, in contracting authorities, PPA, in collaboration with the Albanian School of Public Administration (ASPA), during 2014, organized several trainings.

### **5.3 Right of Establishment and Freedom to Provide Services**

**Services:** *Update on the screening process for the transposition of the Services Directive. Coordination of the work at inter-ministerial level*

Coordination of work at inter-ministerial level is guaranteed and carried out according to:

- Decision of Council of Ministers No 264 of 3.04.2013 “On the organization of the work for the approximation of legislation on the right of establishment and free movement of services” which includes the methodology for screening, amending, repealing and/or adopting new pieces of legislation which regulate the right of establishment and free movement of services in the Republic of Albania or affect the exercise of this rights;

- Order of the Prime Minister No 39 of 2.04.2013 “On the establishment, composition and functioning of the institutional framework for the approximation of the Albanian legislation with the EU *acquis* on the right of establishment and free movement of services”.

The screening report on mining is finalised and findings and recommendations are shared with all stakeholders involved. The report concludes that there is no need for legislative amendments in the mining sector. The requirements are compliant with the overriding reason as defined by the Services Directive. The screening process in mining and the prepared report are used as a training model for the other sectorial screenings. Therefore, the first discussion of the process, methodology and questionnaire filling out in mining was shared with the technical working group on VET. Following the same approach as with mining, the screening report of VET is at the final stage of preparation.

Amendments to national legislation identified as necessary during the screening, will be included in the National Plan for European Integration during its annual update for 2015.

The draft law “On services in the Republic Of Albania” is prepared. The draft has partially transposed the Services Directive, excluding provisions mandatory for EU Member States.

Currently, the draft law is under discussion within the technical working group. The formal consultation process will start in February 2015. It would be a two tier consultation process, with the private sector and line ministries. Due to complexity and intricate nature of this particular piece of legislation, the consultation process will include lawyers, attorneys and representatives of other legal services.

In addition to this, a draft law on some amendments and addenda to Law No 9723 of 3.05.2007 “On National registration Center”, as amended, is prepared aiming partial transpose of Directive 2009/109/EC of the European Parliament and of the Council of 16 September 2009 amending Council Directives 77/91/EEC, 78/855/EEC and 82/891/EEC, and Directive 2005/56/EC as regards reporting and documentation requirements in the case of mergers and divisions, as regards reporting and documentation requirements. The draft law was endorsed by the Council of Ministers and is submitted for adoption to the Albanian Parliament.

Concerning concrete steps envisaged to prepare the alignment with the Services Directive, three additional sectoral legislation screenings are planned. These sectors include: tax services, social and legal services. The deadline for the screenings is September 2015. A list of other sectors to be screened is being set up based on the screening reports prepared by other member States during the accession process.

**On administrative capacities, trainings were carried out in the area of right of establishment and free movement of services in June-December 2015 and were focused on:**

- Legislative Gap Analysis procedures in the area of right and establishment and freedom to provide services, 12 June 2014;

- Training for excluded sector working groups experts, using mining report as guideline;
- Screening methodology and questionnaire filling out for VET, 26 November 2014.

The approach developed in these trainings will be used in the coming trainings, focusing in particular on the methodology and the questionnaire completion. These trainings will be carried out at the start of the screening process for the three abovementioned sectors (tax services, social and legal services). Online training is provided by the Albanian School of Public Administration. The on-line training has two modules, elaborating:

- (i) principles of the right of establishment and free movement of services, (ii) instruments and methodology of screening, and
- A concrete case of screening. In this case the screening of the mining is used as a template to explain the exercise.

These training materials are available at ASPA's webpage ([www.aspa.gov.al](http://www.aspa.gov.al)). Use of this exercise will be advocated.

On Postal services, in 2014, a new draft law on postal services in the Republic of Albania was prepared aiming to transpose the EU *acquis* on postal services, i.e. which fully transpose the Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service, and Directive 2002/39/EC of the European Parliament and of the Council of 10 June 2002 amending Directive 97/67/EC with regard to the further opening to competition of Community postal services, and partially transpose the Directive 2008/6/EC of the European Parliament and of the Council of 20 February 2008 amending Directive 97/67/EC with regard to the full accomplishment of the internal market of Community postal services.

Representatives of Albanian Electronic and Postal Communications Authority (AKEP) were part of the working groups tasked with the preparation of this draft law. A public consultation process on the draft law was organised in July – September 2014. In addition, the draft law was published at the website of the Minister of Innovation and Public Administration<sup>23</sup>.

Stakeholders and interested parties could send their comments directly to the office of the Minister. At the end of the consultation process, a round table was organised by the Minister for Innovation and Public Administration on 23 September 2014, in Tirana, with market players and AKEP to discuss on draft law and on the feedback received during the consultation process. The legal procedures for the endorsement of the draft law by the Council of Ministers started in November 2014 and currently is pending endorsement at the Council of Ministers. In following will be submitted to the Parliament for adoption.

Concerning *institutional capacities*, AKEP in implementation of the Decision of the Parliament No 11/2014 of 20.02.2014 “On approval of the structure, organigramme, and classification of the work positions of the Electronic and Postal Communications Authority (AKEP)”, finalised its restructuring on 13.06.2014, which included the set up of a separate

<sup>23</sup><http://www.inovacioni.gov.al/al/newsroom/lajme/konsultim-publik-projekt-ligji-per-sherbimet-postare-ne-republiken-e-shqiperise&page=5>

unit under the Directorate of Market Surveillance, Tariffs and Postal Service, tasked to regulate the postal sector in Albania.

In October 2014, AKEP started the procurement procedures for the reconstruction of its offices in Tirana. AKEP is planning to use 49,378,000 ALL without VAT (approximately Euro 352,000) of its own funds for this reconstruction.

### 5.3.2 Regulated Professions

Regarding *regulated professions*, the Ministry of Education and Sport is working to implement the obligations of Directive 2013/55/EU amending Directive 2005/36/EC on the recognition of professional qualifications. Law No 90/2014 of 17.07 2014 “On an addenda to Law No 10171 of 22.10.2009 “On regulated professions in the Republic of Albania” was approved. This amendment adds two new professions, social worker and psychologist to the current list of ten regulated professions<sup>24</sup>. With the new changes of the law, also candidates which exercising these two professions will be subject to state exams organized by National Exams Agency (NEA) prior to exercising their profession.

During January 2015, the Seventh session of exams was organized for the following regulated professions: nurse, imager, physiotherapist, midwife, logopedy, Lab technician. In total 1,192 candidates participated in these exams. The distribution by profile is Physiotherapy (48 candidates), imagery (31 candidates), nurse (961 candidates), midwife (96 candidates), logopedy (4 candidates) and lab technician (52 candidates). During the period April-July 2014, were organized state exams for the following professions: doctor of medicine, pharmacist, dental practitioner, logoped, lab technician, imager and physiotherapist. In total 213 candidates were registered for those exams and 82% of them have participated in respective exams. Overall success rate is 55%.

In July 2014 teachers state exams took place for about 1,091 candidates registered at RED/EO for the following profiles: English Language, Italian Language, French Language, German Language, Albanian Language and literature, social sciences, history, geography, history-geography, mathematics, physics, mathematic-physics, informatics, mathematic-informatics, chemistry, biology, biology-chemistry, physical education, figurative Arts, music, basic education, history-geography citizenship. From the total of registered candidates only 898 of them participated in state exams (nation-wide), 59.35% of which (or 533 candidates) were qualified as successful in state exams for the profiles of teaching.

On *institutional and administrative capacity*, the National Examination Agency (NEA) has qualified and trained the staff of evaluation directorates aiming to increase their expertise. Moreover, trainings were organized by well-known international institutions regarding improvement of expertise in the area of standardized evaluation and national exams.

## 5.4 Company Law, Accounting and Auditing

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<sup>24</sup> Doctor of medicine, dental practitioner, pharmacist, nurse, physiotherapist, logopedist, imagery technician, lab technician and teacher

### 5.4.1. Company law

Regarding legislative alignment, during 2014, the Law No 129/2014 of 2.10.2014 “On some amendments to Law No 9901 of 14.04.2008 ‘On Entrepreneurs and Companies’” was adopted. The amendments entered into force on 7.11.2014. Corporate Governance Code (CGC) was prepared and made available to businesses in 2011. Considering the assessment of the implementation of the CGC by companies as crucial to the improvement of their internal capacities, the Ministry of Economic Development, Tourism, Trade and Entrepreneurship (MEDTTE) started in 2014 the evaluation process, to assess the implementation and impact of this Code to businesses. MEDTTE in cooperation with Corporate Governance Institute and GIZ organised on 15.10.2014 a workshop aiming to raise awareness on the benefits of the CGC. An assessment questionnaire was made available to businesses through the National Registration Centre. 33 questionnaires are collected with NRC support. As the number of questionnaire was not representative, with the support of the Institute of Corporate Governance and GIZ, around 100 questionnaires are filled in through face to face meetings. The report on the implementation of CGC is at the final drafting stage.

The National Authority for Electronic Certification (NAEC) is the responsible institution for the implementation of Law No 9880 of 25.02.2008 “On electronic signatures” and Decision of Council of Ministers No 525 of 13.15.2009 “On the approval of the Regulation on Electronic Signature,” as well as Technical Specifications adopted by the European Telecommunications Standards Institute, and other related international standards, which are mandatory to be fulfilled by a qualified *Certification Service Provider* (CSP). The main adopted standards include ISO/IEC 15408, ETSI 101 456, ISO IEC 27001, FIPS 140-1 and 140-2, or their respective equivalents. Operational procedures and the secure signature – creation devices must fulfil the security criteria according to EU requirements, EAL 3+ or E2.

All CSPs and Assessment Bodies operating in the Republic of Albania are required to be registered/accredited and audited by NAEC. The register containing these subjects, is published in the official website of NAEC (<http://www.akce.gov.al/al/regjistri>), together with links to all issued certificates, revoked certificates, etc. Two CSPs are currently accredited: a) The National Agency for Information Society (NAIS), as stipulated in the Decision of the Council of Ministers No 703 of 29.10.2014 “On the National Agency for Information Society” offers these services free of charge to all public bodies/ employees. NAIS has established and administers the government public key infrastructure (PKI)<sup>25</sup>. Currently NAIS has issued certificates to: Council of Ministers, Ministry of Economic Development, Trade and Entrepreneurship, National Agency for Information Society (NAIS), National Registration Centre (NRC), National Authority for Electronic Certification (NAEC) and three municipalities; b) ALEAT Ltd, offers these service to the private sector. Electronic

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<sup>25</sup> The established of PKI infrastructure provides reliability and is based on the following principles:

- Authentication- Authentication is the process of verifying and ensuring an individual’s identity;
- Confidentiality- Data confidentiality is the protection of information from unauthorized disclosure;
- Integrity- Data Integrity is the protection of information from unauthorized and undetected modification;
- Non-repudiation- Non-repudiation associates an individual (or entity) with data such that the entity can neither deny the association nor claim modifications were made to the data.

Identification is currently possible, while the service of electronic signature is scheduled to be fully operational by the first quarter of 2015.

Authentication and Qualified Signature Certificates are stored inside the new National ID Card, issued after February 2014. Both issuance and usage of these certificates is voluntary.

All citizens that have an ID card issued prior to January 2014 can get the certificates free of charge from ALEAT Ltd. According to ALEAT Ltd, 139,612 electronic certificates were issued until the end of 2014 in the ID cards, and 3,740 certificates were revoked. No statistics are available to differentiate if the citizens use the certificates as natural persons or as businesses, because they can use it for both purposes. The only public institution that currently offers services towards citizens and other legal entities via the electronic signature is the National Registration Centre. In 2014, NRC issued 1,548 abstracts on business entities and 1,800 de-registration certificates, with electronic signature (as certified from NAIS). The authentication is currently in progress and being integrated with the Login functionalities of the e-Albania Portal and for the National Registration Center's application, to obtain a company extract and to apply for a new business entity. NRC has built the necessary infrastructure to allow e-registration. Based on the Law No 9723 of 3.05.2007 "On National Registration Centre", as amended the annual balance sheet and the audit report will be should submitted online. These requirements are in accordance with the provisions of the legislation on accounting and financial statements of commercial subjects and freely accessible to the public through the official website of the NRC.

#### **5.4.2. Accounting and Auditing**

In 2014, NACA improved the version of National Accounting Standards in concordance with International Financial Reporting Standards for Small and Medium Entities. The Order of Minister of Finances No 64, entered in force on 22.07.2014. The effective date of the standards implementation is 1 January 2015. The NACA is developing a project in setting a national accounting standard for non profit entities, which is expected to be concluded by the end of 2015. In order to discuss the project with third parties in the second half of 2015, seven round tables are planned: four in Tirana and three in other cities. NACA has decided to amend the law of accounting and financial statements aligning it with the EU Directive 2013/34. NACA has completed using TRADOS translation software, the translation, review and consolidation of NAS/IAS (2013 version) in Albanian. The translation, review and consolidation of NAS/IAS 2014, is still in process.

Regarding *Auditing*, under the outputs of the component 1 of CFREP project, a very first draft for revision of the existing Law No 10091 of 5.03.2009 on the audit is prepared. The main concern is the independence of the public oversight system in Albania, considering its composition, and its human and financial resources. However, there is still discussion with the Ministry of Finance.

The strengthening of NACA capacities was made possible by the REPARIS Programme, through "Corporate Financial Reporting Enhancement Project", component 2, "Strengthening the capacities of National Accounting Council". Regarding independence of the public

oversight system in Albania, some amendments are planned in the existing Law No 10091 of 5.03.2009 on the audit (a very first draft is prepared) in which the main concern is to archive the POB's independence.

**On Territorial Planning and Development as contribution for Point 6.4 Internal Market and Competition:**

In July 2014, the law 107/2014 "on Territorial Planning and Development" was approved and entered into force on 01/10/2014. This law clarifies the situation on territorial planning by creating a hierarchy of planning documents, their type as well as the authorities that have competences on territorial planning. Also, the law clarifies the issues with construction and development permits as well as the institutions that approve them.

Regarding planning documents they are drafted at national and local level and are divided into general and sectorial plans. They aim at the sustainable development of the territory as well as try to harmonise and coordinate the different vertical and horizontal interests.

Regarding territorial development, the construction permits are divided into complex permits which are used for major projects and approved at the National Territory Council, as well as construction permits which are approved at local level. In addition, a new component has been added with an easier procedure, for some interventions which do not have the intention for adding new spaces and volumes but are primarily for issues of maintenance and substitution, which is called the declaration of works.

In support of law 107/2014, different bylaws are being drafted for the rules on territorial planning and territorial development which will help in making the law completely functional. These two regulation are predicted to be completed within a very short time period (end of March). The Ministry of Urban Development has also started the procedure on drafting the technical norms for construction. This is a very important step in improving the legal basis as well as in the control of development. In support of economic development, and in order not to hinder investments in important economic sectors, MUD in collaboration with the National Territory Planning Agency and the NTC has set out a number of NTC decisions which help in unlocking the situation with building permits in a situation where territorial plans are absent. Through the NTC decision, nr 1, date 22/08/2014 and nr. 5, of 29/12/2014, development is now allow within the confines of the urbanised areas from the study of the NTPA. Development is permitted for individual primary dwellings, industrial development, economic issues, tourism, public infrastructure etc. In order to support this process, the NTPA serves as a one stop shop service, and does the control of the compatibility for the applications. These interventions will help in solving the issue of building permits for the transitory phase due to the drafting of the national plan and the plans for the new local authorities.

MUD in collaboration with ALUIZNI is engaged in legalizing informal settlements. This will bring a considerable amount of building into the formal sector allowing for economic gains from the public, private and citizens. In addition, MUD, is drafting a series of sectors with regard to the integration of informal areas with current urban zones. The integration is not only seen in the physical context, but also from an economic and social perspective. The

Ministry of Urban Development is drafting three important plans of national importance such as:

- The National Territorial Plan;
- The Integrated Cross Sectoral Plan for the Coast;
- The Integrated Cross Sectoral Plan for the economic zone Tirana – Durrësi.

These plans, aim at fostering economic development, social development, conserving the environment and harmonising sectoral, national and local interests. The three plans are aimed to be completed by 2015. In the end, these plans will serve as a framework for the newly formed local governments for drafting their territorial plans. MUD in collaboration with the NTPA, has drafted a series of international competitions on urban design, with the aim of creating new models for urban development in Albania. Three are the main competitions which have not only been drafted as projects but also started to some extent their implementation, the Vlora Waterfront, the Riviera and Durana.

In collaboration with the Albanian Development Fund, ADF, a programme for Regional Development has been set. This program funds projects that aim at improving the quality of urban centres. In addition, the sector of land administration has started the process of drafting the policy document on this issue. This document will serve as a general framework for increasing transparency on land transactions, as well as to guarantee a more stable system for its administration and management.

*Update on the screening process for the transposition of the Services Directive. Coordination of the work at inter-ministerial level*

Coordination of work at inter-ministerial level is guaranteed and carried out according to:

- Decision of Council of Ministers No 264 of 3.04.2013 “On the organization of the work for the approximation of legislation on the right of establishment and free movement of services” which includes the methodology for screening, amending, repealing and/or adopting new pieces of legislation which regulate the right of establishment and free movement of services in the Republic of Albania or affect the exercise of this rights;
- Order of the Prime Minister No 39 of 2.04.2013 “On the establishment, composition and functioning of the institutional framework for the approximation of the Albanian legislation with the EU *acquis* on the right of establishment and free movement of services”.

This working group set up under the Order No 39 (abovementioned), is responsible for the coordination and monitoring of the screening of sectoral legislation and therefore standardising the process with the best practices in this regard.

As reported, the screening report on mining is finalised and findings and recommendations are shared with all stakeholders involved. The report concludes that there is no need for legislative amendments in the mining sector. The proportionality test was carried out and it shows that the requirements for mining service providers are necessary to meet the



objectives. The requirements are compliant with the overriding reason as defined by the Services Directive.

The screening process in mining and the prepared report are used as a training model for the other sectoral screenings. Therefore, the first discussion of the process, methodology and questionnaire filling out in mining was shared with the technical working group on VET. Following the same approach as with mining, the screening report of VET is at the final stage of preparation.

The report on mining was shared with EU Delegation in Albania for comments and suggestions. As this report is serving as guideline for upcoming screenings, we are consulting it with the EU Delegation and the Commission so that we follow the most relevant approach. Moreover, the report on VET will be also shared with the Commission. We have selected one included and one excluded sector to test the methodology, confident that that the consultation with EU services will help us to unify the practice for both included and excluded sectors, as defined by the Services Directive.

Amendments to national legislation identified as necessary during the screening, will be included in the National Plan for European Integration during its annual updates.

The draft law “On services in the Republic Of Albania” is prepared. The draft law aims:

- To harmonise the sectoral legislation in the area of right of establishment and freedom to provide services, paying particular attention to core principles of EU *acquis*;
- To harmonise the national legislation with EU *acquis* in the area of right of establishment and freedom to provide services;
- To set up the necessary infrastructure to simplify the provision of services;
- To ensure the quality of the services provided, protecting as such the consumer and service recipients’ rights.

This draft law has partially transposed the Services Directive, excluding provisions mandatory for EU Member States. Currently, the draft law is under discussion within the technical working group. The formal consultation process will start in February 2015. It would be a two tier consultation process, with the private sector and line ministries. Due to complexity and intricate nature of this particular piece of legislation, the consultation process will include lawyers, attorneys and representatives of other legal services.

In addition to this, a draft law on some amendments and addenda to Law No 9723 of 3.05.2007 “On National registration Center”, as amended, is prepared aiming:

- To partially transpose Directive 2009/109/EC of the European Parliament and of the Council of 16 September 2009 amending Council Directives 77/91/EEC, 78/855/EEC and 82/891/EEC, and Directive 2005/56/EC as regards reporting and documentation requirements in the case of mergers and divisions, as regards reporting and documentation requirements;
- To include the necessary provisions for on-line registration. In addition, the amendment stipulated the procedures for on-line registration while IT infrastructure at NRC is ready.

- The draft law was endorsed by the Council of Ministers and is submitted for adoption to the Albanian Parliament.

Concerning concrete steps envisaged to prepare the alignment with the Services Directive, three additional sectoral legislation screenings are planned. These sectors include: tax services, social and legal services. The deadline for the screenings is September 2015. A list of other sectors to be screened is being set up based on the screening reports prepared by other member States during the accession process.

*Administrative capacity for the transposition of the Services Directive*

Formal trainings were carried out in the area of right of establishment and free movement of services in June – December 2015 and were focused on:

- Legislative Gap Analysis procedures in the area of right and establishment and freedom to provide services, 12 June 2014;
- Training for excluded sector working groups experts, using mining report as guideline;
- Screening methodology and questionnaire filling out for VET, 26 November 2014.

The approach developed in these trainings will be used in the coming trainings, focusing in particular on the methodology and the questionnaire completion. These trainings will be carried out at the start of the screening process for the three abovementioned sectors (tax services, social and legal services).

Online training is provided by the Albanian School of Public Administration. The on-line training has two modules, elaborating:

- a. principles of the right of establishment and free movement of services, (ii) instruments and methodology of screening, and
- b) A concrete case of screening. In this case the screening of the mining is used as a template to explain the exercise.

These training materials are available at ASPA's webpage ([www.aspa.gov.al](http://www.aspa.gov.al)). Use of this exercise will be advocated.

*Postal services: Changes to the Postal Law; update on liberalisation; implementation of the Postal Strategy; administrative and enforcement capacity of the Electronic and Postal Communication Authority*

Concerning the 2014 EC Progress Report for compliance of legislation on postal services with EU *acquis*, the draft law "On Postal Services in the Republic of Albania" was endorsed by the Council of Ministers with its Decision No 148 of 18.02.2015. The draft law is submitted for adoption to the Parliament.

*For detailed information on the approximation of the EU acquis and the preparation process of the draft law, please see the information submitted to EC services under the EU – Albania Subcommittee on Internal Market and Competition, 5 March 2015.*

Concerning institutional capacities, AKEP implementing the Decision of the Parliament No 11/2014 of 20.02.2014 “On approval of the structure, organigramme, and classification of the work positions of the Electronic and Postal Communications Authority (AKEP)”, finalised its restructuring on 13.06.2014, which included the set up of a separate unit under the Directorate of Market Surveillance, Tariffs and Postal Service, tasked to regulate the postal sector in Albania.

In October 2014, AKEP started the procurement procedures for the reconstruction of its offices in Tirana. AKEP is planning to use 49,378,000 ALL without VAT (approximately Euro 352,000) of its own funds for this reconstruction.

*Mutual recognition of professional qualifications: update on legislative alignment with the EU acquis; implementation of existing legislation, including the Law on Regulated Professions*

Regarding regulated professions, the Ministry of Education and Sport is working to implement the obligations of Directive 2013/55/EU amending Directive 2005/36/EC on the recognition of professional qualifications. Law No 90/2014 of 17.07 2014 “On an addenda to Law No 10171 of 22.10.2009 “On regulated professions in the Republic of Albania” was approved. This amendment adds two new professions, social worker and psychologist to the current list of ten regulated professions<sup>26</sup>. With the new changes of the law, also candidates which exercising these two professions will be subject to state exams organized by National Exams Agency (NEA) prior to exercising their profession.

The National Exam Agency (NEA) by means of Directorate for State Exams is responsible for organizing state exams for regulated professions. The candidates for regulated profession acquire the right to exercise such professions only after successfully completing the respective state exams.

NEA has increased cooperation and coordination with professional orders and central institutions increasing responsibility and precision in each procedure and prepared information and ensuring uniformity in candidate assessment at national level by means of verification of necessary professional skills according to specifics of each profession.

During January 2015, the Seventh session of exams was organized for the following regulated professions: nurse, imager, physiotherapist, midwife, logopedy, Lab technician. In total 1,192 candidates participated in these exams. The distribution by profile is Physiotherapy (48 candidates), imagery (31 candidates), nurse (961 candidates), midwife (96 candidates), logopedy (4 candidates) and lab technician (52 candidates).

During the period April-July 2014, NEA has organized state exams for the following professions: doctor of medicine, pharmacist, dental practitioner, logoped, lab technician, imager and physiotherapist. In total 213 candidates were registered for those exams and 82% of them have participated in respective exams. Overall success rate is 55%.

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<sup>26</sup> Doctor of medicine, dental practitioner, pharmacist, nurse, physiotherapist, logopedist, imagery technician, lab technician and teacher

In July 2014 teachers state exams took place for about 1,091 candidates registered at RED/EO for the following profiles: English Language, Italian Language, French Language, German Language, Albanian Language and literature, social sciences, history, geography, history-geography, mathematics, physics, mathematic-physics, informatics, mathematic-informatics, chemistry, biology, biology-chemistry, physical education, figurative Arts, music, basic education, history-geography citizenship. From the total of registered candidates only 898 of them participated in state exams (nation-wide), 59.35% of which (or 533 candidates) were qualified as successful in state exams for the profiles of teaching.

#### *Institutional and administrative capacity concerning regulation professions*

The National Examination Agency (NEA) is a dependent institution of Ministry of Education and Sport responsible for organizing the process of State Matura (SM) and for conducting state exams for regulating professions.

In order to successfully face the challenges of State Exams Process, NEA has qualified and trained the staff of evaluation directorates aiming to increase their expertise. Moreover, trainings were organized by well-known international institutions regarding improvement of expertise in the area of standardized evaluation and national exams.

#### *Legislative alignment and enforcement, including the adoption of amendments to the Law on Entrepreneurs and Companies*

As previously reported under the December 2014 follow report to IMC Subcommittee, the Law No 129/2014 of 2.10.2014 “On some amendments to Law No 9901 of 14.04.20008 ‘On Entrepreneurs and Companies’” was adopted. The amendments entered into force on 7.11.2014.

Corporate Governance Code (CGC) was prepared and made available to businesses in 2011. Considering the assessment of the implementation of the CGC by companies as crucial to the improvement of their internal capacities, the Ministry of Economic Development, Tourism, Trade and Entrepreneurship (MEDTTE) started in 2014 the evaluation process, to assess the implementation and impact of this Code to businesses. MEDTTE in cooperation with Corporate Governance Institute and GIZ organised on 15.10.2014 a workshop aiming to raise awareness on the benefits of the CGC. An assessment questionnaire was made available to businesses through the National Registration Centre. 33 questionnaires are collected with NRC support. As the number of questionnaire was not representative, with the support of the Institute of Corporate Governance and GIZ, around 100 questionnaires are filled in through face to face meetings. The report on the implementation of CGC is at the final drafting stage.

#### *Institutional/administrative capacity, including technical infrastructure for e-signature*

The National Authority for Electronic Certification (NAEC) is the responsible institution for the implementation of Law No 9880 of 25.02.2008 “On electronic signatures” and Decision of Council of Ministers No 525 of 13.15.2009 “On the approval of the Regulation on

Electronic Signature,” as well as Technical Specifications adopted by the European Telecommunications Standards Institute, and other related international standards, which are mandatory to be fulfilled by a qualified Certification Service Provider (CSP). The main adopted standards include ISO/IEC 15408, ETSI 101 456, ISO IEC 27001, FIPS 140-1 and 140-2, or their respective equivalents. Operational procedures and the secure signature-creation devices must fulfil the security criteria according to EU requirements, EAL 3+ or E2.

NAEC is currently preparing the necessary legal amendments to be in full compliance with the Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC.

All CSPs and Assessment Bodies operating in the Republic of Albania are required to be registered/accredited and audited by NAEC. The register containing these subjects, is published in the official website of NAEC (<http://www.akce.gov.al/al/regjistri>), together with links to all issued certificates, revoked certificates, etc.

Two CSPs are currently accredited:

- The National Agency for Information Society (NAIS), as stipulated in the Decision of the Council of Ministers No 703 of 29.10.2014 “On the National Agency for Information Society” offers these services free of charge to all public bodies/employees. NAIS has established and administers the government public key infrastructure (PKI)<sup>27</sup>. Currently NAIS has issued certificates to: Council of Ministers, Ministry of Economic Development, Trade and Entrepreneurship, National Agency for Information Society (NAIS), National Registration Centre (NRC), National Authority for Electronic Certification (NAEC) and three municipalities;
- ALEAT Ltd, offers these service to the private sector. Electronic Identification is currently possible, while the service of electronic signature is scheduled to be fully operational by the first quarter of 2015.

Authentication and Qualified Signature Certificates are stored inside the new National ID Card, issued after February 2014. Both issuance and usage of these certificates is voluntary. All citizens that have an ID card issued prior to January 2014, can get the certificates free of charge from ALEAT Ltd. According to ALEAT Ltd, 139,612 electronic certificates were issued until the end of 2014 in the ID cards, and 3,740 certificates were revoked. No statistics are available to differentiate if the citizens use the certificates as natural persons or as businesses, because they can use it for both purposes.

The only public institution that currently offers services towards citizens and other legal entities via the electronic signature is the National Registration Centre. In 2014, NRC issued

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<sup>27</sup> The established of PKI infrastructure provides reliability and is based on the following principles:

- Authentication- Authentication is the process of verifying and ensuring an individual’s identity;
- Confidentiality- Data confidentiality is the protection of information from unauthorized disclosure;
- Integrity- Data Integrity is the protection of information from unauthorized and undetected modification;
- Non-repudiation- Non-repudiation associates an individual (or entity) with data such that the entity can neither deny the association nor claim modifications were made to the data.

1,548 abstracts on business entities and 1,800 de-registration certificates, with electronic signature (as certified from NAIS).

The authentication is currently in progress and being integrated with the Login functionalities of the e-Albania Portal and for the National Registration Center's application, to obtain a company extract and to apply for a new business entity.

NRC has built the necessary infrastructure to allow e-registration. The system will be tested in February and it will provide online notifications of balance sheets, and other documents pertaining to the Commercial Register. Based on the Law No 9723 of 3.05.2007 "On National Registration Centre", as amended the annual balance sheet and the audit report will be should submitted online. These requirements are in accordance with the provisions of the legislation on accounting and financial statements of commercial subjects. Any accompanying document is freely accessible to the public through the official website of the NRC.

*Update on legislative alignment and enforcement: update on adoption of amendments to the Law on Audit*

In 2014, NACA improved the version of National Accounting Standards in concordance with International Financial Reporting Standards for Small and Medium Entities. With the Order of Minister of Finances No 64 of 22.07.2014, these standards entered in force and were declared mandatory. The effective date of the standards implementation is 1 January 2015.

NACA will initiate setting a national accounting standard for non profit entities. This project is still in process and is expected to be concluded by the end of 2015. In order to discuss with third parties for the implementation of the NAS (improved version, in the second half of 2015, seven round tables are planned: four in Tirana and three in other cities.

As regards the concordance table with the new accounting Directive 2013/34/EU, NACA has decided to amend the law of accounting and financial statements. This project is also in progress and is expected to be concluded within 2015.

Regarding the inspecting role of NACA, there are no legal changes/amendments to its regulatory framework. It collaborates continuously with the National Registration Centre, but it still carries out a modest control of a group of revised entities, as NAC has only three specialists.

NACA has completed using TRADOS translation software, the translation, review and consolidation of NAS/IAS (2013 version) in Albanian. The translation, review and consolidation of NAS/IAS 2014, is still in process.

Regarding Auditing, under the outputs of the component 1 of CFREP project, a very first draft for revision of the existing Law No 10091 of 5.03.2009 on the audit is prepared. The main concern in this draft is the independence of the public oversight system in Albania, considering its composition, and its human and financial resources. However, there is still

discussion with the Ministry of Finance, because considering the fact the statutory audit directive has changed recently (April 2014), we may need to make more changes so as to have better compliance with the new directive requirements, regarding the issue of the public oversight system of auditors

*Institutional/administrative capacity, including inspection capacity of the National Accounting Council (NACA); and measures to strengthen the independence of the Public Oversight Board (POB) for the Audit Profession*

The strengthening of NACA capacities was made possible by the REPARIS Programme, through “Corporate Financial Reporting Enhancement Project”, component 2, “Strengthening the capacities of National Accounting Council”.

Regarding independence of the public oversight system in Albania, some amendments are planned in the existing Law No 10091 of 5.03.2009 on the audit (a very first draft is prepared) in which the main concern is to archive the POB’s independence.

Addressing the EC Recommendation on Internal Market and Competition: *“Albania will continue implementation of Basel II in accordance with the relevant Action Plan and the review of the 3<sup>rd</sup> pillar requirements by September 2014; It will also implement the new regulation "On capital adequacy" by December 2014”;*

Supervisory Council of the Bank of Albania (BoA) by the Decision No.43, dated 30.07.2014 approved some amendments to Regulation “On capital adequacy ratio (CAR)”. According to these amendments the parallel running (testing) period is now in place, and banks are providing the data to Bank of Albania according to the new COREP (Common Reports) templates approved by Decision no.43, dated 30.07.2014.

The new regulation “On capital adequacy ratio”, which has entered into force on 31 December 2014, harmonises the Bank of Albania's regulatory framework requirements to Basel Committee requirements on New Capital Accord (Basel II) and European directives on the activity of credit institutions. The Bank of Albania uses the standardised approach for the calculation of the capital requirement for credit, market and operational risk, reflected in the Capital Adequacy Ratio (CAR).

The revision of the prudential requirements on bank own funds concluded within the year 2014, in accordance with the European regulation on the activity of the credit institutions, with the approval of regulation “On regulatory capital of the bank”, by the Decision No. 69, dated 18.12.2014 of the Supervisory Council of Bank of Albania. Provisions of this Regulation are drafted partly in line with Regulation (EU) No.575/2013 “On prudential requirements for credit institutions and investment firms”. This Regulation will enter into force on March 31, 2015.

Regulation No.60, dated 19.08.2008 “For the minimum requirements of disclosing information from banks and foreign bank branches” has been revised according to the Basel II/III requirements (Pillar 3 - on market discipline) and European Regulation No.575/2013

“On prudential requirements for credit institutions and investment firms” as well. The draft-regulation is under the discussion process<sup>28</sup> and will be approved by Supervisory Council of Bank of Albania by the first quarter of 2015.

*Addressing the EC Recommendation on Internal Market and Competition: Albania is encouraged to prepare a roadmap for Basel III implementation. The European Commission will examine the possibility of providing for this reason technical assistance.*

The Supervision Department of the Bank of Albania has already begun its preparatory work for moving toward Basel III. In the second half of 2015 BoA will start an impact study with banking sector for assessing the level of LCR in Albanian Banking System. Based on these results, Bank of Albania will see the possibility of refining the liquidity ratio already in force.

*Addressing the EC Recommendation on Internal Market and Competition: The Supervisory Department of the Bank of Albania (BoA) will implement the European Risk Assessment System (RAS) starting from January 2015.*

The new Supervisory Policy was approved by decision No.9, dated 26.02.2014 of the Supervisory Council of the Bank of Albania, and the examination manual for Risk Assessment System was approved by order No.590, dated 27.02.2014 of the First Deputy Governor of Bank of Albania. Both documents are in line with the European methodology and have entered into force on January 2015.

During 2014 Supervision Department has carried out the evaluation process of the banks performed both with the present CAMELS system and RAS, in order to ensure a smooth transition to RAS by the beginning of 2015 and fine tune various technical details that come out during field evidence by the examiners.

Addressing the EC Recommendation on Economic and Financial and Statistics Issues: Further measures are needed in order to address the non-performing loan issue, which hinders the financial intermediation.

Following the proposals of Bank of Albania, Ministry of Finance drafted some amendments to the Law no.32/2014 dated 03.04.2014 “On income taxes”, as amended. These amendments aimed at easing the loan write-off process and clarifying the ambiguous law terms for the interpretation of bad debts provisions as a deductible expense for fiscal purpose.

In addition, BoA changed its respective regulatory framework, through the Decision no.22 of Supervisory Council dated 27.02.2014 on some amendments to the Regulation “On Credit Risk Administration”. These amendments consisted in putting the loan writing-off process on obligatory terms whether the loans have been classified as loss for at least three years. The amendments entered into force on January 1, 2015.

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<sup>28</sup>The feedback has been provided by banks at the end of January 2015.



In cooperation with Financial Sector Advisory Center (FinSAC), a World Bank project, Bank of Albania is involved in finalizing the project which aims at establishing a Non-Performing Loan resolution framework. The project aims at bringing banks together in preparing a common Recovery and Resolution Plans (RRP) for large non-performing borrowers that were financed by more than a bank. The project is assisted by two consulting companies of international experience on the field, hired by FinSAC.

At the same time, preparing of common Recovery and Resolution Plans (RRPs) by banks on large interbank exposed borrowers was determined as a regulatory requirement by Bank of Albania, (Decision no.10, date 26.02.2014 “On the risk management from large exposures of banks”). These amendments entered into force on December 31, 2014.

The Financial Supervisory Authority during 2014, pursuant to the SAA, Article 89 "Banks, insurance and other financial services", has deepened the efforts to approximate the legal framework with EU legislation in the field of non-banking financial market, and pursuant to the recommendations of the Report of Progress in 2014, with the aim of further improving this market, strengthening the supervision and institutional capacity.

### ***Insurance Market***

Income from gross written premiums of insurance in 2014 amounted ALL 11,6 billion (82,7 million Euro) or 36,19% more compared to the year 2013. The market continued to be dominated by non-life insurance, with around 90.93% of total volume of premiums, compared to life insurance with 8,83% and reinsurance activity by 0,23%. Viewed from the point of view of the market by type of insurance, compulsory and voluntary, gross written premiums of voluntary insurance occupied 40.34% and gross written premiums of compulsory insurance took 59,66% of the total market. During 2014, gross claims paid amounted to about ALL 2.82 billion or 4.67% more compared with year 2013.

At the end of 2014 in the Albanian insurance market exercised its activity 10 insurance companies from which 7 non-life insurance, 2 life insurance companies and a life and non-life insurance company. Foreign capital in this market accounted for about 40% compared with the registered capital of the insurance companies.

The main aim of the FSA to undertake its legal regulatory initiatives in the insurance market has been and remains the approximation with EU *acquis* and commitments made under Articles 50, 57, 70, 89 of the Stabilisation and Association Agreement. Among the most important legislative initiatives are:

#### **Law no. 52, dated 22.05.2014 "On the insurance and reinsurance activity"**

In May of 2014, the Parliament approved Law no. 52, dated 22.05.2014 "On the insurance and reinsurance activity". The law, which came into force on the 4<sup>th</sup> of July 2014, determines the principles and specifies the procedures relating to the establishment, organization, management, operation and supervision of insurance, reinsurance and insurance intermediary activity, so that the insurance market operates in a safe, sustainable and transparent environment. The law also seeks to strengthen and protect the rights of insurance consumers.

The implementation of this law will serve to the realization of the aim of the AFSA to further enhance the degree of compliance and implementation of the EU Directives and Insurance Core Principles of the International Association of Insurance Supervisors, IAIS, where the AFSA is a member.

The new law creates the possibility for the application of risk based supervision, which is a shift from the current supervisory philosophy of the insurance market in the country.

Meanwhile the Authority is working on the drafting of the respective bylaws that are obligatory for the implementation of this law.

### **Amendments to Law 10076, dated 12.02.2009 "On compulsory insurance in the transport sector"**

The AFSA continued to work for the preparation of amendments to Law no. 10076, dated 12.02.2009 "On compulsory insurance in the transport sector", pursuant to the Progress Reports recommendations, the recommendations of the Sub Committee of Internal Market and Competition, as well pursuant to the recommendations of the joint IMF mission and World Bank in the framework of the Financial Sector Assessment Program (FSAP). The AFSA is currently reviewing the comments and suggestions received from the different stakeholders, comments which will be reflected as appropriately in the amendments of this law.

Also in view of the legal regulation of the insurance market and an effective supervision of the activities of the operators of this market, as well as for the implementation of new Law no. 52, dated 22.05.2014 "On the insurance and reinsurance activity" in 2014 the AFSA has drafted or amended bylaws as follows:

- Regulation no. 155, dated 12.23.2014 "On determining the elements of calculation and levels of fees charged to supervised entities and the collection procedures and their reconciliation".
- Regulation no. 154, dated 12.23.2014 "On notification, correction or ban of the promotional information".
- Regulation no. 153, dated 12.23.2014 "On the Internal Audit Unit and the Audit Committee of the insurance company".
- Regulation no. 135, dated 31.10.2014 "On the procedures and minimum principles regarding the internal control system and other aspects of the information system of the insurance companies".
- Supervisory Manual of Insurance Companies approved by Board Decision no. 137, dated 31.10.2014.
- Regulation no. 109, dated 29.08.2014 "On conditions and procedures of the merger or division of the insurance company".
- Regulation no. 18, date 10.03.2014 "On determining the payments rules of claims covered by compulsory motor insurance contracts in the transport sector from the cash reserve".

- On an addition to the regulation no. 67, dated 27.07.2009 "On the approval of the authorized actuaries of the insurance company", approved by Board Decision no. 3, dated 23.01.2014.
- On some amendments to Regulation no. 18, dated 10.03.2014 "On determining the payments rules of claims covered by compulsory motor insurance contracts in the transport sector from the cash reserve", approved by Board Decision no. 98, dated 25.06. 2014.
- On some amendments to Regulation no. 53, dated 25.06.2009 "On the handling of claims covered by compulsory insurance contracts in the transport sector", approved by Board Decision no. 148, dated 11.20.2014.

### ***Voluntary pension market***

During 2014 in the market continued to operate three management companies of voluntary pension funds and 3 banks as depositories of pension funds.

Data analysis for voluntary private pension market in late 2014 shows a total assets under management of ALL 629,14 million and an increase of approximately ALL 194,32 million (44,69%) compared with year 2013. Expressed in Euros the total of assets under management is 4,49 million Euro.

The number of members in pension funds at the end of 2014 was 8. 491 members with an increase of 7.66% compared with the end of 2013.

During 2014, the AFSA, in cooperation with the World Bank experts continued to work on the amendments to the law no. 10197 dated 10.12.2009 "On the voluntary pension funds".

Changes in the law aim its alignment with Directive 2003/41/EC of the European Parliament and the European Council of 3 June 2003 "On the activities and supervision of institutions for occupational pension", and also with the principles of supervision of private pension of the International Organisation of Pension Supervisors (IOPS), as well as with the OECD Guidelines. The AFSA is now working to reflect the comments and suggestions of the stakeholders as appropriately in the amendments of this law.

### ***Securities market***

#### *The retail market of government securities*

During the reporting period one of the most active segments of the securities market was the retail trade securities Albanian Government (treasury bills and bonds) market. In this market continued to operate 8 banks and the Albanian Post, licensed by the Authority to carry out this type of activity. The performance of the Government Securities retail market outcomes may be followed on a daily basis via the official website of the FSA, in the GSRM section.

The volume of secondary market of securities in 2014 was dominated to the extent of 77,74% by transactions in short-term instruments (treasury bills) and 22,26% of long-term

instruments (bonds). In terms of number of transactions, 98,35% of all government securities retail market belonged to transactions carried out in treasury bills. The statistical data on the Government securities retail market for the year 2014 indicated that the market was dominated by transactions "Purchase in the primary market" and "Settlement of nominal value at maturity" with respectively 61,87% and 19,95% versus the overall volume. Participation in the retail market of the Government securities is dominated by individual investors, who perform about 97,67% of all transactions in this market, in comparison with legal persons.

### *Investment Funds*

In the past three years the activity of investment funds was significantly increased. For the first time in 2012 the assets of investment funds accounted for almost half of the total assets of the non-banking financial markets. Even in the last two years, 2013 and 2014, investment funds were already listed as the largest market based on the total assets available to them.

During the year 2014 in the market of investment funds exercised their activity two funds, namely "Raiffeisen Prestige Investment Fund" and "Raiffeisen Invest Euro Fund".

According to the data analysis for the development of the Investment Funds on 31.12.2014, their net asset value reached ALL 63,74 billion (455 million Euro) with an increase of 26,64% compared to 31.12.2013.

This market is dominated by investment in Government Bonds, which represent 76, 12% of funds assets, with an increase of 14, 94% compared to 31.12.2013. The number of members who have invested in the investment funds on 31.12.2014 was 32.669 members, against 28.442 members on 31.12.2013.

In view of the legal regulation to an ever increasing investment fund market and in order to achieve an effective supervision of the activities of operators in this market, during 2014 the AFSA has adopted new bylaws or amended existing ones, as follows:

- Regulation no. 96, dated 06.25.2014 "On the form, calculation and amount of capital that must be obligatorily held by the management company of collective investment undertakings".
- Regulation no. 97, dated 06.25.2014 "On the key information that should be made available to investors of collective investment undertakings".
- On some additions and amendments to the Regulation no. 131, dated 06.10.2011, "On the code of conduct of the management company of collective investment undertakings", approved by Board Decision no. 136, dated 31.10.2014.

### **Drafting of two regulations in the field of investment funds**

The AFSA is preparing two draft regulations applicable to collective investment funds (CIS) dealing with the liquidity risk management and asset valuation to reflect international practices. Both sets of rules were discussed with the experts from the World Bank and IMF.

Through close consultation with the World Bank and the International Monetary Fund, regulations are expected to be completed respectively:

- the regulation on liquidity risk management for collective investment funds by April 2015;
- the regulation on asset valuation for collective investment funds by June 2015.

The AFSA and the IMF agreed that both regulations must be approved by June 2015 and no new license will be issued for CIS within this deadline.

### ***Institutional capacities***

#### *Approval of the amendments to the Law on the Financial Supervisory Authority*

On the 17<sup>th</sup> of July 2014 entered into force the Law No. 54/2014 Amending Law No. 9572 of 3 July 2006 “On the Financial Supervisory Authority”. This Law was adopted by the Parliament of Albania on 29 May 2014. Its amendments will strengthen the supervisory and regulatory role of the Albanian Financial Supervisory Authority in the context of achieving its goals through the reinforcement of its independence and accountability.

The Law was drafted by AFSA in cooperation with international experts from the Financial Service Voluntary Corps, by taking also in consideration the legislation of a number of other countries with developed financial markets. In addition, during the drafting of the law were kept in mind the recommendations given by the World Bank, the European Commission in its Albania Progress Report, the International Monetary Fund and the Financial Stability Assessment Program 2013-2014.

According to the amendments of this law the AFSA Board will consist of 5 members, of which only 3 were appointed by Parliament in December 2014, and 2 of them are respectively the General Executive Director and Vice Executive Director of the Authority. In the mean time the Chairman and one of the member of the AFSA Board have not yet been approved by Parliament. According to the Article 24 of the Law No. 54/2014 amending Law No. 9572 of 3 July 2006 “On the Financial Supervisory Authority” the new board after one month from its approval should adopt the organizational structure of the Authority.

In order for the new Law no. 54/2014, "On amendments of the Law No. 9572, dated 03.07.2006 "On the Financial Supervisory Authority" to become fully effective and enforceable, the Parliament also approved the following changes in two other laws:

- Law No 58/2004, dated 12.06.2014 "On some amendments to Law No.9584 dated 17.7.2006 'On salaries, bonuses and structures of independent constitutional institutions and other institutions established by law", as amended; and
- Law 178/2014, dated 18.12.2014 "On some amendments and additions to Law no. 152/2013 "On the Civil Servant".

### **Various projects**

The AFSA has continued the work for the realization of a number of projects in order to accomplish its supervisory functions, as mentioned below:

#### **Technical assistance project on the voluntary private pension market**

In 2014 in the framework of implementing the recommendations of the Financial Sector Assessment Program (FSAP) and with World Bank support under the Financial Sector Reform and Strengthening Initiative, the AFSA has begun the implementation of a technical assistance project on the supervision and expansion of the voluntary private pension market in Albania. The project focuses on two basic components:

- regulation/supervision, contributing to the building of a risk-based supervisory framework and supervisory capacities; revision of the legal and regulatory framework in order to provide support for the new supervisory framework;
- and contribute to the expansion of the private pension market into a more secure, sustainable and effective pension system.

The assistance project time period is 18 months and it is expected to conclude in 2015.

The week of 7-11 July 2014 marked the beginning of the project, where the expert team of the World Bank reviewed together with the AFSA staff and other stakeholders, such as pension fund management companies, government institutions and businesses, the potential and conditions for encouraging the development of the pension market.

#### **Technical Assistance project on the insurance market**

In 2014 in the framework of implementing the recommendations of the Financial Sector Assessment Program (FSAP) and with World Bank support under the Financial Sector Reform and Strengthening Initiative, the AFSA has begun the implementation of a technical assistance project on the insurance market reform. The goal of this project is to help AFSA complete its legal and regulatory reforms to strengthen the supervision and regulation of the insurance industry and enable the development of insurance products against earthquakes.

The assistance project time period is 24 months and it is expected to conclude in 2016. The week 4-10 July 2014 marks the beginning of the project, where the expert team of the World Bank together with AFSA staff and other stakeholders, such as insurance companies and government institutions, reviewed the conditions for encouraging the insurance market reform.

#### **Project of the World Bank: “Strengthening Supervisory Capacities of the Albanian Financial Supervisory Authority: Focus on Capital Market Development” (SECO)**

The assistance envisioned under this project aims to support AFSA in strengthening its capacities to supervise the Investment Funds sector, and the Corporate & Municipal Bonds issuance. SECO funding is expected to cover two specific areas:

- develop capacities of AFSA to supervise and regulate Investment Funds sector;
- develop capacities of AFSA to prepare for corporate bonds & municipal bonds issuance;

The AFSA is currently drafting the terms of reference of this project, which is expected to start in March 2015.

### **Various project in collaboration with FSVC**

- Workshop and Consultations on Supervision of Investment Funds, March 10-14, 2014.
  - Consultations on Mark-to-Market Valuation, April 28- 30, 2014.
  - Study Tour to BaFin, May 05– 09, 2014.
  - Consultations on Development of Liquidity Management Plan for Investment Fund, July 29–August 1, 2014.
  - Consultations on AML in the Albanian Insurance Sector, September 18-23, 2014.
  - Workshop on Risk-Based Supervision of Insurers, November 10-14, 2014.
  - Workshop on Risk Management Best Practices for Insurers, January 12-16, 2015.
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- *Protection of intellectual and industrial property rights*

In order to address commitments deriving from Article 73 of the SAA, the General Directorate of Patents and Marks (GDPT) is working to:

- Establish a more flexible organisational and financial structure;
- Establish a legal framework to improve its electronic and communication services;
- Draft the criteria for the establishment of well-known marks;
- Draft criteria for the assignment of experts to assist in courts of various instances and the prosecutor's office on the assignment of IP experts;
- Strengthen the IPR examination and application system;
- Change the structure and functioning of its Appeal Board, to increase institutional competences and improve the decision making process;
- Define its competences on the deregistration of trademarks and ex-officio incentives;
- Review legal grounds for authorised representatives.

The GDPT has cooperated with institutions of the Technical Secretariat of the National IPR Strategy 2010-2015 to regularly monitor the realisation of the latter's objectives. To this aim, the GDPT has compiled a total of three reports, one on the results of 2013, and two for 2014.

The inter-institutional working group of the National IPR Strategy 2010 – 2015 has held meetings as follows:

- On 19 February 2014 to analyse the 2013 progress,
- On 21 July 2014 to analyse the progress of the first semester of 2014,
- On 3 February 2015 to analyse the progress of the second semester of 2014.

These meetings focused on the abovementioned reports prepared by the GDPT, served to analyse the progress for each objective and assign future tasks. The institutional coordination of the working group has been successful. The minutes of meeting and the assessment report

were translated, and have been sent to EC. The GDPT will continue to implement and monitor the Strategy pursuant to its legal obligations, until completion.

To increase international cooperation in the IPR field, during 2014 the GDPT collaborated with the World Intellectual Property Organization (WIPO) and the European Patent Office (EPO). The GDPT has participated in their meetings and technical committees. Also, a draft project on technical cooperation has been collectively planned for the 2015 – 2016 period and sent for approval. Moreover, the GDPT has started cooperating with the Office for Harmonization in the Internal Market (OHIM). On 17 October 2014, the GDPT entered into a cooperative memorandum with the National Registration Centre (NRC), which is the sole responsible for the registration of businesses in Albania, established pursuant to Law No 9723 of 3.05.2007 “On the National Registration Centre”, as amended. This agreement aims to increase business awareness on IPR, and to strengthen the cooperation between the two institutions. In the framework of this agreement, GDPT staff has trained NRC personnel in the following districts:

- On 24 October 2014 in Fieri;
- On 27 October 2014 in Vlora;
- On 6-7 November 2014 in Gjirokastra;
- On 11-12 November 2014 in Korça; and
- On 20 November 2014 in Durrësi.

In order to fulfil commitments of the National IPR Strategy 2010-2015, the GDPT:

- On 18 February 2014, the GDPT, in the fifth EU – Albania subcommittee meeting on Agriculture and Fishing, presented a material on Geographical Indicators, and related amendments to the draft law on Industrial Property. These amendments aim to completely approximate the Albanian legislation with that of EU countries.
- On 24 April 2014, the GDPT has participated in the meeting of the Steering Committee of the MADA project with the topic “Sustainable rural development in the Balkan mountain areas”. Among the topics discussed during the meeting was that of Geographical Indicators in Albania.
- On 8 April 2014, the American Chamber of Commerce organised a meeting with Right Holders on issues of IPRs. The GDPT introduced current legislation and situation in Albania, its current achievements and future engagements as set forth in the National IPR Strategy 2010 – 2015.
- On 25 April 2014, the GDPT was part of the round table organised by the Chamber of Commerce and Industry France – Albania (CCIFA), supported by the Embassy of France. The aim of this round table was to provide information on the European legal framework in the field of the protection of geographical denominations, the Biodiv Balkans Project that France is funding in Albania, and the first implemented practices in this framework. During this meeting a fair was organised with agricultural products.
- On 22 May 2014, in the framework of the “EU Twinning AL2011/IB/FI/01” project, the GDC, in cooperation with the GDPT, organised a workshop at the AGNA Group premises called “Progress and challenges in the area of Intellectual Property”. Lawyers dealing with IP issues and right holders discussed on the struggle against counterfeited products.



- On 30 September 2014, the GDPT organised in its premises a meeting with Authorised Representatives on “Amendments to Law No 9947 of 7.07.2008 “On Industrial Property” regarding the Trademarks and Service Marks, Industrial Designs and Geographical Indications”.
- On 16 October 2014, the GDPT organised in its premises a meeting with the Authorised Representatives with the topic “Amendments to Law No No 9947 of 7.07.2008 “On Industrial Property” regarding invention patents and utility models”. These meetings were intended to introduce the Authorised Representatives to the approved amendments of Law 55/2014 of 29.05.2014 “On some amendments and addenda to Law No 9947 of 7.07.2008 “On Industrial Property” as amended”.
- On 21 November 2014, the GDPT, in cooperation with the Polytechnic University of Tirana, organised a training seminar on “Invention patents and their effect in the economic development of the country”. Students were trained on the concept of the patent, its benefits and the methods to protect it. Furthermore, students were informed on ways to search for a patent in the official web pages of the GDPT, WIPO and EPO. Over 50 students attended the training.
- On 23 and 29 December 2014, the GDPT started efforts to address its legal deficiencies, with respect to strengthening IPR in Albania. Pursuant to this, the GDPT organised meetings in its premises with Patent Authorised Representatives.

In order to address the recommendations of the Peer Assessment Review Mission the two draft laws in the field of Industrial Property have been approved. Law No 55/2014 of 29.05.2014 “On some amendments and addenda to Law No 9947 of 7.07.2008 “On industrial property” was approved. On 26.6.2014, Law No 66/2014 of 29.06.2014 “On some amendments and addenda to Law No 8488 of 13.05.1999 “On the protection of topographies of integrated circuits”, was approved. Currently, the legislation in the area of Industrial Property is fully approximated to that of EU countries.

As abovementioned, the GDPT has regularly reported in the framework of the National IPR Strategy 2010 – 2015. The 2015 budget foresees increased funds for the GDPT as well as an additional 9 employees. The GDPT is waiting for the approval of its new structure and new personnel. Meanwhile, the government has allowed the GDPT to use part of the income it generates to fulfil its mission. A training and promotion space has been made available to the GDPT. The ICT infrastructure is adequate and the security in the work premises has been further improved. Servers are located in a separate room.

In addition to the increase in the budget fund and the additional nine employees, the GDPT is awaiting the approval of its new structure. At present, the Department of Public Administration is reviewing the draft structure to submit it to the Prime Minister for approval.

The ICT infrastructure is continuously maintained, and the scanning of the documents to establish a Patent electronic archive has finished. Currently, the GDPT has a digitalised patent archive. The data exchange with the European Patent Office (EPO) continues and the website has been updated continuously. The new site contains the online search modules for the GDPT database. The GDPT has provided continuous quality service throughout the year, both electronically in its official webpage and at GDPT premises. The online registers were

updated every 10 days to enable the availability of accurate and updated information related to the application status. The IPAS system has been systematically inspected and continuously updated and the new versions provided by WIPO have been reflected. In order to increase institutional and administrative capacities, and comply with recommendations of the Progress Reports, the GDPT has participated in seminars and trainings organized by the EPO, the WIPO and the Office of Harmonization of Internal Market. The staff shared experience with other IP offices during the meetings and workshops, and expressed its willingness to cooperate in mutual international awareness raising projects.

Further training activities in which GDPT staff has participated can be listed as follows:

- On 7 – 11 July 2014, two representatives from GDPT took part in a seminar organized by EPO and OHIM with theme “IP Executive week” in Munich, Germany. In this seminar have been addressed important topics for further development of IP objects (Patents & Trademarks). In this workshop were representatives from all over the world.
- On 8 – 11 September 2014, two representatives of GDPT took part in the training “PI04-2014 – Patent searching for beginners” at Vienna. This training is financed by EPO.
- On 9 – 10 December 2014, two representatives of GDPT took part in the training “IP Essentials for EU Officials”, at Brussels, Belgium. The OHIM, EPO and EU finance this training.

During this year the GDPT realised and participated in a series of promotional and training activities in the field of Industrial Property. More specifically:

- The GDPT participated in the National Mobile Fair 2014 in Vlora on 6 – 8 June 2014, in Korça on 20 – 22 June 2014, and in Shkodra on 27 – 29 June 2014 and in Gjirokastra on 17 – 20 September 2014. The National Mobile Fairs focused on businesses, and represented an opportunity to promote Industrial Property, marks, patents, industrial designs and geographical indications, and the importance of registering.
- The GDPT organised a seminar with students of the Polytechnic University of Tirana on patents, their protection and the electronic search for patents at the online registers of the GDPT, EPO and WIPO.
- The GDPT intends to open a second information centre regarding patents in the city of Vlora.
- The GDPT minimised the application fee, issuance of patents and utility models for students, pensioners and people with disabilities to provide a friendly environment.
- The GDPT prepared a schedule of trainings focused on stakeholders, small and medium enterprises and the Faculties of Economics and Law of the University of Tirana.
- On 26 April 2014, the GDPT completed a campaign aiming to raise public awareness on the importance of IPR protection and patent and trademark registration.
- In cooperation with the International Chamber of Commerce, the GDPT participated in the Book and Visual Arts festival, organised by the National History Museum, to promote IPR. The activities of the Intellectual Property Day also consisted of the distribution of bulletins, displaying of posters with images and awareness raising

messages and on the transmission of a summarising report on these activities featured in the news edition on A1 Report TV channel.

- The GDPT in cooperation with the Polytechnic University of Tirana organised a workshop with the students of the Mechanical Engineering Faculty.
- The GDPT initiated an awareness raising campaign, extended throughout the whole Albanian territory. This cycle of business training seminars started in Vlora on 17 November 2014 and continued with the trainings held in Korça on 24 – 25 November 2014. Representatives from GDPT presented information related to Industrial Property objects, such as: Trademarks and service marks, invention patents and geographical indicators. They emphasised their importance in the economic development, their registration procedures and the electronic services GDPT provides. The registration of Industrial Property objects enables the companies to protect themselves from unfair competition and prohibits other companies to use trademarks similar or identical to their previously registered trademark. These seminars were attended by around 82 businesses.
- On 11 December 2014, the cycle of business training seminars continued in Durrës. GDPT representatives presented information related to Industrial Property, its importance in the economic development, its registration procedures and the electronic services the GDPT provides. These seminars were attended by approximately 35 businesses.

The GDPT will continue its work to focus on the registration of traditional Albanian products by strongly promoting the registration of geographical indicators.

During 2014, the Board of Appeal (BoA) of the GDPT took the following decisions on 32 cases:

- In 11 cases it accepted the request and in 11 cases rejected applications for trademark registration;
- In 12 cases it rejected requests and continued trademark registration procedures;
- In two cases it rejected the review of the request;
- In six cases it decided on the suspensions of reviews due to trademark withdrawal or rejected requests;
- In one case it decided on the partial abrogation of the rejection request and rejection of trademark application;
- In five cases Board decisions were appealed at the Judicial District Court of Tirana, and seven of the Board decisions were appealed at the First Instance Court.

During 2014, the judicial sector followed 23 cases in the Judicial District Court of Tirana, where the GDPT was called as defendant or third person, out of which:

- The subject of three cases was the abrogation of a registered trademark due to violation of the rights of a previous trademark;
- The subject of five cases was the appeal of a decision from the Board of Appeal on the request to abrogate the registration of a published trademark due to the violation of previous rights;
- The subject of two cases was the termination of illegal competition;
- The subject of three cases was the invalidity of a trademark;

- The subject of one case was the termination of the violation of rights;
- The subject of five cases was the devaluation of a registered trademark;
- The subject of one case was unfair competition;
- The subject of two cases was the prohibition to use a trademark; and
- The subject of one case was the payment for the use of patent.

The Tirana Judicial District Court, during 2014, has decided on two cases aiming to abrogate a registered trademark, where the GDPT acted as a party, thus deciding:

During 2014, the judicial sector of the GDPT followed up on 16 court cases at the Tirana First Instance Court, being summoned as defendant and third party. The subject of the cases were the appeals of the BoA of the GDPT decisions on the request to abrogate the registration of a published trademark due to violations of previous rights; an invalid statement concerning the order to terminate the employment and dismiss a judge, as follows:

- eight cases aimed at the cancellation of the decision of the BoA of the GDPT;
- six cases aimed at the abrogation of an administrative act;
- one case aimed at the declaration of invalidity referring to Order No 02 of 3.01.2014;
- one case aimed to dismiss the judge.

During 2014, the Tirana First Instance Court decided on five cases, where the GDPT acted as a party, reaching the following decisions:

- In two cases decisions of the BoA of the GDPT prevailed;
- In one case the decision of the BoA of the GDPT was abrogated;
- In one case a partial approval of the complaint to abrogate the employment termination order was decided; and
- In one case plaintiff request to dismiss the judge was rejected.

During 2014, the judicial sector followed up on five court cases at Tirana Court of Appeal.

- four cases aiming at the abrogation of trademark registration;
- one case aiming at the devaluation of a trademark.

In 2014, the Tirana Court of Appeal decided on two cases:

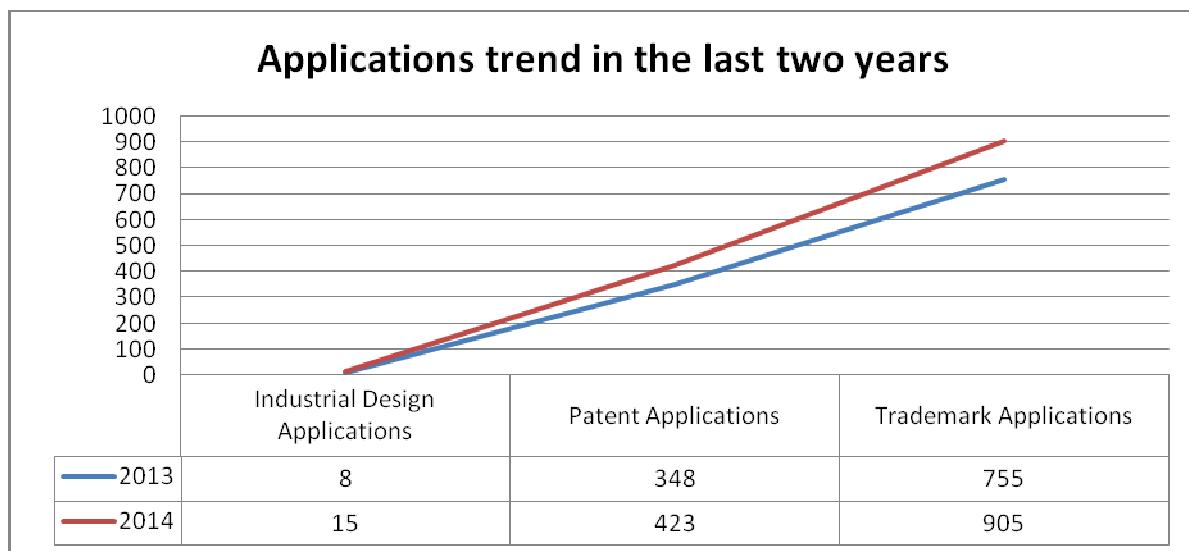
- In one case it was decided on the prevail of the decision of Tirana Judicial District Court on abrogation of trademark registration; and
- In one case it decided on the abrogation of Tirana Judicial District Court decision on the devaluation of the Board decision.

During 2014, the judicial sector followed up on two court cases at the Administrative Court of Appeal in Tirana, aiming at the abrogation of the BoA of the GDPT decisions and devaluation of patents. The Tirana Administrative Court of Appeal has decided on two cases in which prevailed the decisions of the BoA of the GDPT. During 2014, the judicial sector has followed up on four court cases at Tirana Supreme Court aiming at a trademark deregistration. In one case, the Supreme Court decided for a suspension from the defendant on the suspension of the Court of Appeal decision.

As a result of numerous promotional activities organised by the GDPT, the number of national applications for patents and trademarks significantly increased. More specifically:

- The number of trademark applications increased from 775 in 2013 to 905 in 2014, making for a 16.8% yearly increase. More importantly, an increase was noticed in the number of national applications, from 376 applications in 2013 to 421 in 2014, marking a yearly increase of 11.9%.
- The number of patent applications increased from 348 in 2013, to 423 in 2014, making for a 21.6% yearly increase. A very good indicator is this year's significant increase in the number of national patent from four in 2013, to 11 in 2014, making for a yearly increase of 175%.
- The number of Industrial design applications increased from 8 in 2013, to 15 in 2014, thus making for an 87.5% yearly increase.

The abovementioned data are presented in the chart below:



*Source: General Directorate of Patents and Trademarks*

GDPT shall continue its work to promote the registration of traditional Albanian products by strongly promoting the registration of *Geographical Indicators*.

In the context of completing the legal framework, the GDP has compiled the following legal acts:

- A draft decision “On some addenda and amendments to Decision of Council of Ministers No 205 of 13.04.1999 on the Customs Code Implementing Provisions, which is in full compliance with Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003.
- A draft manual for custom officers based on the manual compiled following the EU Regulation 608/2013.

- A draft directive for IT tools based on Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003.
- An Action Plan for the Strategy for IPR Protection by the GDC.

During 2014, the GDP took legal initiatives to:

- Amend the Criminal Code, so that to include a new article for counterfeited medicines;
- Amend the Criminal Procedure Code (CPC) for the GDP to have more investigative powers with respect to IPR infringements. The GDP proposed amendments to Articles 59 and 284 of the CPC. Articles 148 (Publication of another person's work with own name) and 149 (Unlawful reproduction of the work another) of the CPC so that they be followed by complain at judicial police.

During November 2014, the GDP planned and conducted two one-day training sessions at the Police Training Centre, with experts and support specialists on investigation of economic and financial crime structures, on the "Protection of Intellectual and Industrial Property Rights".

Specialists from the Directorate for Economic and Financial Crime, two magistrates, and prosecutors of the Prosecution office of Tirana acted as lecturers. Beneficiaries of this training included 40 police officers of the economic and financial crime structures of the first management level. On 6 – 7 November 2014, a cyber crime expert of the GDP participated at the international conference on "Infringement of Intellectual Property Rights on the Internet", held at the OHIM premises in Alicante, Spain.

During 2014, the GDP fulfilled obligations deriving from national and international cooperation initiatives, and successfully organised and finalised several police operations, of which the most important are the following:

- Television Piracy, a national operation, during the December 2013 – April 2014 period, carried out in the whole country. During this operation a total of 65 cable-transmitting operators were controlled. 49 entities violating IPR, as per Article 149/a of Criminal Code, were identified and prosecuted. However, 50 persons are being persecuted in their absence. During the operation, considerable amounts of TV transmitting devices such as servers, decoders, parabolic antennas, satellite and terrestrial broadcasting handsets, Digitalb, Tring, and Sky TV cards were seized.
- White Mercury II, an international operation was organized based on the joint operation of the GDP, the GDC, the ACO, and GDT. The purpose of this operation is to combat the IPR infringement, as well as the production and trafficking counterfeit/illicit goods.

A series of warehouses, fabrics, entities, wholesale and retail trading companies, and vehicles suspected of transporting counterfeited goods were controlled. The searches were conducted jointly with other participating institutions like the Regional Tax Investigation Directorate, Customs Investigation Directorate and the ACO. The achieved results can be listed as follows:

- A total of 411 commercial entities, individuals, workshops and transport vehicles were controlled;
- A total of 36 entities were prosecuted for IPR infringement as per Article 149/a, of the Criminal Code;
- A total of 25 entities were prosecuted for smuggling illegal products, forged stamps, seals and forms, hiding income, etc., as per Articles 174, 178, 190, 288 / a and 180 of the Criminal Code;
- 54 individuals were prosecuted;
- 10 individuals were caught in the act; and
- A total of 2,100,000 million ALL were placed as fines.

The increasing awareness of the public, businesses and interest groups with reference to IPR, had made that during 2014 a significant number of subjects are addressed to the structures for economic and financial crime in the GDP, by making criminal charges against various entities that have violated the rights of industrial property of goods or items that they produce or trade. The following companies have presented criminal denunciation:

- Agna Group on tobacco trademark Karelia Slims;
- Mega STORE blood glycaemia measurement brands One Touch Select and Ultra;
- DIGITALB on television transmitting service and Supersport,
- TRING on television transmitting service of Tring TV Channels, etc.

During 2014, the GDP carried out procedural investigations and it referred to the respective Prosecution Office 80 different cases on the criminal offences of “Infringements of Industrial Property Rights” and “Illegal Production”, foreseen by Articles 149/a and 288/a of the Criminal Code. A total of 87 criminal perpetrators were registered, out of which 14 perpetrators were caught in the act, while 73 perpetrators are prosecuted while free.

Considerable amounts of TV transmitting devices were seized. The latter include servers, decoders, parabolic antennas, satellite and terrestrial broadcasting handsets, Digitalb, Tring, and Sky TV cards, etc. The GDP have seized different counterfeited goods, such as packages, perfumes, shoes, sneakers, CDs, DVDs, computers, laptops, different plastic and cartoon packages, tobacco and cigarette, coffee, bearing, shampoo, detergents, medical drugs, mobile phones etc. IPR infringements of famous brands such as Adidas, Puma, Prada, Lacoste, Dolce & Gabbana, Louis Vuitton, Chanel, SKF, Marlboro, Samsung, Swiss, Rolex, etc., to a value of approximately 1.6 million ALL were also seized.

In 2014, the GDC approved 85 requests for action and/or repetition, with reference to 292 brands and 10 industrial designs.

The GDC provided to the destruction of the following quantities of goods:

Vogue	240	products	Toyota	180	products
Lotto	240	products	Nike	120	products
Cat & Caterpillar	127	products	Louis Vuitton	120	products
Samsung	3 200	products	Adidas	80	products
Hyundai	168	products	Braun	120	products

Source: General Directorate of Customs

During the reporting period, the GDC filed a criminal accusation by Adidas AG representatives with reference to 12,000 counterfeited units of adhesives. A legal process with reference to 1040 counterfeited products was initiated upon legal action from the Braun company representatives. A court decision on the authenticity of the latter goods is expected. Moreover, as a result of the GDC ex officio actions the following quantities of goods were held and then released due to lack of feedback from the rights holders, or authenticity confirmations:

Nokia	640 products	Volkswagen	84 products
Navigare	72 kg	Gillette	15,000 products
Dolce & Gabbana	358 kg	Sony	115 products
Wings	360 products	Kenwood	100 products
BMW	252 products	Pioneer	150 products
Peugeot	348 products	JVC	100 products
Mitsubishi	216 products	Acer	100 products
Audi	180 products	Adidas	912 products
Opel	336 products	Samsung	10,000 products
Mercedes-Benz	247 products		

Source: General Directorate of Customs

### *Albanian Copyright Office*

Following the fulfilment of commitments deriving from Article 73 of the SAA, the European Partnership, the Annual Report of the European Commission 2014 and recommendations of Sub-Committees of Internal Market, ACO has performed the following activities during the period March 2014 until February 2014:

#### *Legislative Development / Draft Law on Copyright and Related Rights*

On the *draft law on copyright and related rights*, the Working Group in the Ministry of Culture has now completed the consultation process with all stakeholders. All suggestions and recommendations deemed valuable have been taken into consideration and included in the draft. The alignment of the draft with all relevant directives and regulations in the area of copyright and related rights remains a key consideration. The Working Group is currently working to this end to ensure full compliance with the *acquis* and international agreement to which Albania is part of. In parallel, the Working Group is considering practical aspects regarding the eventual the application of the law, as well as the interaction with the legal system.

Equally important is the process aimed at ensuring good law making and simplification of the current draft. The approval of this draft is the key priority of the Albanian Office for Copyright and the Ministry of Culture. The draft will be submitted to Parliament by April 2015.



As regards the expert group recommendation for *amendments in the Criminal Code*, the amendments will be approved in parallel with the adoption of the new Law on Copyright and related rights.

#### *National Strategy on Enforcement of IP Rights 2010 – 2015*

Numerous activities were undertaken during this period to implement the National Strategy on Intellectual and Industrial Rights.

- Institutional coordination to implement the strategy has been enhanced. Testament to this is the cooperation between the Albanian Copyright Office (ACO) and the Agency for Post and Electronic Communications (AEPC). 36 web pages communicating unauthorized cinematographic and audiovisual works to the public were blocked. This cooperation is to continue in the future. A Memorandum of Understanding will be signed in the near future between ACO and AEPC to formalize the joint initiative. This cooperation will continue until the blocking all unauthorized websites which make available to the public various cinematographic and/or audiovisual works.
- ACO has continued to advocate with the Ministry of Education and Sport regarding the inclusion in the school curricula of copyright and IPR concepts. The introduction in the school curricula of copyright, as provided in the Strategy, is paramount to prevent piracy and counterfeits. This process will be completed in 2015.
- In addition, ACO has signed a Memorandum of Understanding and joint work programmes with the Competition Authority and the Media and Audiovisual Authority (AMA). Both are institutions that play a key role in the process of enforcement of legislation on copyright in the Republic of Albania.
- ACO has also signed a Memorandum of Understanding with the General Directory of Taxation and the Union of the Chambers of Commerce and Industry. In cooperation with the Chambers of Commerce, ACO has organized roundtables with users (bars, hotel, coffee shops, call centers, TV and cable operators, and radio stations) in the all districts of Albania, to inform them on the obligations deriving from the law on copyright and related rights.

#### *Enforcement of Intellectual Property Rights / Statistics and Administrative Measures*

- As regard to the process of registration certification to ACO

A total of **124 applications** were deposited at the ACO for the registration and certification of copyrighted work, registrations of contracts and transfers of rights.

- Data on inspections and administrative measures (Fines)

As regard to market monitoring through inspection and administrative measures for subjects who didn't fulfil the obligations deriving from Law No 9380 of 28.04.2005 "On copyright and other rights related to it" find detailed information for reporting period:

Regarding the inspection, the inspectors of ACO have monitored and inspected different subjects engaging in the exploitation of artistic, literary and scientific works. The total

number of inspections has increased compared to the previous year. Special attention was given to edition and reprography activities and to the book. ACO has **monitored 520 subjects/users** of intellectual property works in the districts of Tirana, Elbasani, Durrësi, Shkodra, Fieri and Lushnja. More specifically:

1. Bar – Coffee
2. Video techs
3. Call Centre
4. PC Shops
5. Library
6. Photocopy
7. TV
8. Radio
9. TV Cable Operator
10. Hotels

More monitoring and inspections are planned in all other regions of the Republic of Albania.

In the framework of the National Strategy of Enforcement of Intellectual Property rights and obligations arising from this document, was launched a joint action plan between the Albanian Copyright Office and Directorate of Economic Crime of the General Directorate of State Police.

This action continued until December 2014 to continue even in 2015, with other working joint plans.

Some **48 fines** have been imposed on various subjects ranging from bars, night clubs, radio stations, cable operators, movie rentals, call centres and computer stores.

As far as broadcasting entities are concerned, **39 inspections** were carried out, targeting 27 cable operators, 5 local TV stations, and 7 radio stations.

#### *Data on monitoring and administration of complaints*

A total of **194 complaint** requests were submitted to the ACO with reference to copyright and related rights infringement of. More specifically:

- In 16 cases the parties agreed on dispute settlement;
- In one case the parties did not reach an agreement;
- In one case the accusing party abandoned administrative procedures;
- In six cases the ACO suspended administrative investigations at the request of denunciators, or lack of passive legitimacy;
- In 29 cases the ACO followed with administrative investigations and decided in favour of requesting parties based on gathered evidence;
- In 12 cases, submitted requests were incomplete and not in compliance with the Administrative Procedure Code;
- In 47 cases the requesting party has renounced claims; and
- In 82 cases the ACO is still considering appeals submitted by the parties.

### *Judicial Proceedings*

During the reporting period the ACO participated in seven judicial proceedings. More precisely, the following information can be provided:

- In three judicial proceedings the ACO acted as a third party; out of these two are still developing at the Tirana District Court;
- One judicial proceeding was dismissed by the District Court of Tirana;
- In five judicial processes the ACO acted as the defendant;
- In one judicial process is judged on the Court of Appeals of Tirana, which has declared non-competence and decided submitting acts at the Administrative Appeals Tribunal for consideration;
- In one judicial process, the Administrative Court of First Instance of Tirana decided in favour of the accusation. The decision was taken to the Administrative Court of Appeal;
- The Administrative Courts of First Instance of Tirana and Durres are reviewing three judicial processes.

### *Order of Execution*

The ACO has requested the issuance of the Order of Execution in 23 cases, of which:

- The Court is reviewing five claims for the issuance of the Order of Execution.
- The Court rejected four claims on the issuance of the Order of Execution. In the latter cases, the ACO exercised its right of appeal. The Court of Appeal has reviewed one of the appeals, and has decided that the ruling of the Administrative Court of First Instance of Durrësi was not in accordance with the law and accepted the ACO's request.
- The court accepted 14 claims on the issuance of the Order of Execution, but the decision has not been published in all of the cases within the terms established by the Code of Civil Procedure.

ACO has requested the execution of executive titles by bailiff Offices in 10 cases, seven of which were executed in its entirety, and three are still in the process of execution.

The request for appeal against administrative measures imposed by inspectors

The ACO reviewed 18 appeals against administrative measures imposed by inspectors of Regional Offices on Copyright. More specifically:

- In 15 cases requests for appeal were upheld to administrative measures;
- In one case the ACO decided to revoke the administrative measure as the entity was removed from the National Registration Centre (NRC). The case was forwarded to appropriate authorities; and
- In two cases requests for appeal are being reviewed.

### *Collective Management Societies of Copyright and Related Rights*

Regarding to collective management societies on copyright and related rights we emphasize that until September 1, 2013 operated four agencies of copyright and related rights in Republic of Albania, respectively:

- “ALBAUTOR” Agency for the protection of Copyright in the field of music and mechanical rights;
- “FMAA” Forum for protection of producers and screen-writers of the Albanian cinematography and audiovisual works;
- “AKDIE” Agency for protecting rights of artists and performers;
- “AMP” Agency for protecting the related rights of phonograph producers.

As regard to the Collective Management Agency ALBAUTOR:

ALBAUTOR Agency has functioned as “*Collective Management Agency of rights in the field of music and its mechanical recordings*” according to its re-licensing, by Order of the Minister of MTCYS, published in the Official Gazette No 109 of 16.08.2010 and entered into force 15 days after publication in the Official Gazette, well on 1.09.2010.

The three – year license of Albautor Agency to exercise its operations has expired.

Until nowadays either “Albautor” or any other agency have not submitted an application to the ACO for re-licensed / licensed as collective management agency that represents the rights of authors in the field of music.

As regard to the Collective Management Agency AKDIE:

AKDIE submitted its license renewal application in the summer of 2014. ACO reviewed the application and compiled a report that was presented to the Ministry of Culture as foreseen by the law. On the basis of this report, the Ministry of Culture analysed AKDIE’s application, including its operation and functioning, representation and the ability to collect and distribute.

The Ministry of Culture requested AKDIE to supply additional information based on the shortcoming identified by ACO and the Ministry of Culture. AKDIE sent the additional information, which did not entirely clarify the concerns of the Ministry of Culture. The Ministry of Culture met in December 2014 with the representatives of AKDIE and informed them orally of the problems identified.

The Ministry of Culture has also awaited the findings of the Albanian State Audit on ACO, which covered also the operation of AKDIE. This report has now been issued and the Ministry of Culture will now take a decision based on the ACO report, State Audit Findings and its own analysis.

Be informed that collective management agencies (“AMP” – Agency for protecting the related rights of phonograph producers; “AKDIE” – Agency for protecting rights of artists and performers; “FMAA” – Forum for protection of producers and screen-writers of the

Albanian cinematography and audiovisual works) are in the process of re-licensing review by the Ministry of Culture.

### *International Cooperation*

WIPO has paid great attention to ACO, since in its establishment and until now.

European Commission is another strategic partner to whom is extended our request for cooperation.

Our office cooperates also in regular basis with USAID Microsoft Albania, American Chamber of Commerce to which has been fruitful cooperation.

- On 26 February 2014, a “National Seminar on Copyright for Industry Publications” was held with support by the WIPO. The event was attended by around 70 participants from the publishers' associations as other groups of this category, publishing houses, public and private universities, representatives of the Ministry of Education and Ministry of Culture, as well as representatives of other institutions involved in the process of enforcement legislation on copyright in Albania.
- On 26 April 2014, the World Intellectual Property Day, the ACO in collaboration with the MES and Regional Education Directories organised a national competition on the “Protection of intellectual property”, targeting the pre-university system, involving over 200 schools, and more than 1,000 pupils. This project also consisted of a questionnaire on key concepts of copyright and related rights, as well as intellectual property in general. The project has proved successful in developed countries. The ACO will organise this activity each year to enhance copyright and IPR knowledge.
- On 12 – 14 May 2014, a study visit was organised in the Swedish Patent Office, where the aim was the extended collective management societies and how we could benefit from their experience in the field. This event was supported by TAIEX/CE.
- In October 2014, one employee from ACO was trained by WIPO Academy according to the intensive training course 2–weeks “On Copyright and related rights” that the last offers for the IP officers and respectively in Finland.
- On 24 – 26 June 2014, the GDP and the ACO organized in Tirana, a regional workshop on IPR and a preparatory meeting for the “Mercury White 2” operation. The event benefitted from the support and coordination of INTERPOL’s program on Trafficking of Counterfeit Goods and Illicit as well as financing from TAIEX. The following participants took part in the event:
  - Police and customs experts from Balkan countries, namely Albania, Slovenia, Croatia, Bosnia and Herzegovina, Bulgaria, Montenegro, Former Yugoslav Republic of Macedonia, and Serbia.
  - IPR Experts of the Interpol, Lyon, Europol, OLAF, and three other countries with observer status (Greece, Poland and Kosovo).
  - IPR experts from the international companies French UNIFAB, Canon, Philip Morris, Nivea Beiersdorf, Procter&Gamble, Colgate-Palmolive, Lacoste, Nike and Louis Vuitton.
  - Prosecutors and judges from courts of first instance from around the country,

- Representatives from the Central Market Inspectorate, the ACO, the GDPT, the EPCA, the MEDTE, and the GDT.  
13 experts of the Department of Economic and Financial Crime, the Interpol National Central Bureau, as well as the head of sectors at sessions of the regional police directorates of Tirana, Shkodra, Lezha, Durrësi, Elbasani, Berati, Gjirokastra, and Vlora represented the GDP at the abovementioned event.
- On 27 November 2014, a meeting with the institutions of the University system in Republic of Albania and with the other state institution related to the university system, where were invited to cooperate with our office and to raise awareness toward the students. Has started the organization of extensive and comprehensive meeting with the state public and private universities and other educational institutions, aiming to raise awareness on the obligations under the legislation into force on Copyright.
- The ACO organized several workshops in collaboration with public and private universities to inform students and academic staff on copyright. On 16 January 2015, the first workshop was organized with the European University of Tirana. On 6 February 2015 a similar workshop was organized with Epoka University. Similar information sessions will be organized with all other main universities in Albania. The ACO is set to sign a MoU with the University of Tirana.
- In March 2015, in the framework of the services offered by TAIEX/EC, the ACO is a beneficiary of a Multi – Country Workshop on The Collective Management Societies, where all the countries of Western Balkans will be participants and will share their experiences as regard to the efficiency and the management of collective rights in their respective countries.
- Have contacts with Diplomatic Corps in Tirana, concretely in Turkish, Danish, German, British, Switzerland and the US Embassy to strengthen the cooperation with these institutions in the field of copyright as well to put contacts with the offices of the respective embassies. One example to be evaluated is the cooperation with the Turkish Embassy and a team from ACO will have a study visit in Ankara, in the Copyright Department.

### *Central Inspectorate*

Pursuant to Law No 10433 of 16.06.2011 “On inspection of the Republic of Albania”, the Central Inspectorate is preparing General Inspection Report for 2014, which will show to all the State Inspectorates in the country and for recognition to the Council of Ministers.

### *Legislative component*

During this period, the implementation of the obligations provided for by Law No 10433 of 16.06.2011 “On inspection of the Republic of Albania”, the Central Inspectorate has reviewed a number of legal acts and regulations, which have to do with giving opinions to improve and change the legislation initiated by other institutions, with the aim of harmonizing the legislation with EU directives, which were forwarded to the Central Inspectorate opinion or guidance to help State Inspectorate.

Also, in order to realize the unification of the inspection procedures for all areas and functions of inspection in jurisdiction of inspection Law No 10433 we aim to compose and give our further guidance in the implementation of the normative acts, supervisory reports, regulations, handbooks for the unification of the whole inspection procedure and documentation. Following the above, and in order to approximate the Albanian legislation concerning the inspection area, to the EU directives and harmonization of secondary legislation to the inspection law no. 10433, herein are the respective initiatives:

- Order No 58/1 of 22.01.2015 “On some amendments to Order No 58 of 8.21.2014 “On the approval of standard formats for documenting the inspection activity in the Republic of Albania”.
- Order No 74 of 30.12.2014 “Oversight Manual inspection activity at State/ Local Inspectorates and other inspection bodies”.
- Order No 5 of 19.02.2015 “On the General Rules based on Risk Assessment Methodology”.
- Order No 6 of 19.02.2015 “On the General Rules based on the programming of inspections”.
- Order No 7 of 19.02.2015 “On the General Rules based on the Effectiveness and Quality Indicators of Compliance Inspection, Evaluation Criteria and their Reporting”.
- The draft regulation to determine ways, procedures and conditions for the use of inspection unique portal “e-inspection”.
- Draft General Manual of inspection.
- Draft Memorandum of Cooperation between Central Inspectorate and the General Directorate of Taxation, which aims communication system “e-inspection” with computerized tax system for data exchange.

### *Organizational Component*

During this period the structure of the Albanian Copyright Office was adopted by Order of Prime Minister No 137 of 28.03.2014 “On the approval of the organisational structure of the Albanian Copyright Office”. Albanian Copyright Office expected to exceed 2015 as part of the Inspectorate for Market Surveillance.

### *Activities*

During this period, Central Inspectorate has completed the National Register of Inspectors which is published in its official website and portal “e-inspection”. This register identifies, according to legal requirements, the inspectors on duty and their preparation. This register is based on the list of names of inspectors on duty and is updated each case according to data submitted by the State Inspectorates and other inspection bodies. In this register are also registered 12 state inspectors of the Albanian Office for Copyright who are equipped with the inspector cards, because, under the law for inspection during their exercise of inspection are identified by the inspector card.

Albanian Copyright Office has begun work on the adaptation of inspection documents with those standards, and is planned to be equipped with inspection kits, and training them to use

them in order to standardize the procedure and documentation for specific areas of inspection that covers the inspectorate, setting the rules for coordination, coordination, supervision and facilitation of inspection activities carried out by them and supervision by the Central Inspectorate, through unique portal “e-inspection”. This will result in reduced administrative burden for businesses and increase the security of protection of intellectual property rights.

Central Inspectorate is in the process of adopting General Inspection Manual for increasing the effectiveness and quality of inspection activities in Albania.

Also, the Central Inspectorate in fulfilling its legal obligations arising from the inspection law has conducted staff training inspectors of the state to implement the online procedure through the use of the portal and unique documentation of the inspection, according to a draft action plan training of inspectors, as needed, and will carry out the inspection procedure of AOC activity online through the portal “e-inspection”.

Central Inspectorate and inspection reform in general, through a risk-based planning, standardization and automation of the inspection procedure through the Portal of-inspection, whose legislation is designed and its implementation will prevent corrupt informal agreements of AOC inspectors and subjects of inspection at all stages of the inspection process, from planning to appeal of fines.

#### *Industrial and commercial intellectual property rights*

The role of Ministry of Justice in the area for protection of intellectual rights, as also set out in the National Strategy on Intellectual and Industrial Property 2010 – 2015, approved by Decision of Council of Ministers No 760 of 1.09.2010, is focused on its cooperation with the Ministry of European Integration, in order to ensure the approximation of Albanian legislation to the *acquis* by preparing specialized opinions on drafts of legal and sublegal normative acts of the Council of Ministers to be drafted in this field and to be submitted for opinion to the latter in conformity with the applicable legal provisions.

Launching of initiatives for amendments to the Criminal Procedure Code falls within the scope of MoJ responsibilities (and the Ministry of Justice has set up a working team for the formulation of amendments).

However, regarding the specific issue, we clarify that the initiative for amendments should come from institutions dealing with copyright-related issues.

As long as a request is not officially transmitted by these institutions to address concerns related to the intellectual property through amendments to these codes (and officially there have not been any similar requests), MoJ has not launched the initiative for amendments.

When official requests are sent by responsible institutions, they will be reviewed and assessed by the Ministry of Justice.

#### *Statistical Data*



Regarding the statistical data of IT and Statistics Unit at the Ministry of Justice in terms of the conduct of criminal proceedings in relation to criminal offences provided for in article 147 “Fraud in relation to works of art and culture”, 148 “Publication of another person’s work by own name” and 149 “Unlawful reproduction of another person’s work” of the Criminal Code, we observe that criminal proceedings for these offences are rare but we maintain that these issues are examined by the court within an optimal time limit, where in each case their trial has not exceed a six-month term.

Data for the year 2014 are as follows:

- No criminal proceeding for trial proves to be registered for the criminal offence provided for in article 147.
- No criminal proceeding for trial proves to be registered for the criminal offence provided for in article 148.
- Nine cases for criminal proceeding have been registered for the criminal offence provided for in Article 149, eight cases are tried, wherefrom there are two punishments by fine by the First Instance Court and 12 criminal cases are registered by the Court of Appeal, wherefrom only one has proven to be sentenced by fine.

Lawsuit for the protection of intellectual property (Article 103), three cases are registered out of which one case has been settled and two cases have not been settled.

- *Update on liberalisation of purchase of real estate by EU citizens*

Article 50(5)(b) of SAA and Article 61 stipulates that affiliations and branches of European companies shall have the right to benefit and enjoy ownership rights over immovable properties like the Albanian companies, with regard to public goods, where these rights are deemed necessary to carry out economic activities for which they are established, excluding natural properties, agricultural lands, forests, meadows and pastures. By 2016, (seven years after SAA entry into force), the Stabilization and Association Council will specify the modalities for extension of rights under this paragraph to the excluded sectors.

Ministry of Justice, in its capacity as coordinator of the Reform in the field of property rights, aims at the reform of property rights in support of the consolidation of investments of the Albanian and foreign citizens, as a key factor for economic growth through the increase of foreign investments in Albania. In this framework, the Ministry of Justice, based on Minister’s Order No 615 of 23.01.2015, has set up a working group to analyze the legislation in force, in order to identify potential amendments or additions to legal and sublegal acts, with a view of facilitating the acquisition of ownership over immovable properties by foreign citizens.

This action plan envisages an analysis of the domestic legislation, legislation of the regional countries sharing the same concerns, EU Directives, enforcement of human rights through potential case studies from ECHR case law. Based thereupon, it will be formulated a policy paper on removal of barriers for the sales and purchase of immovable properties by foreign

citizens, based on the best practices, in order to meet the obligations arising for the implementation of Stabilization-Association Agreement.

No.	Objective	Deadlines	Comments
1.	Establishment of a working group to examine and address SAA objective regarding the sales and purchase of immovable properties by foreign citizens.	February 2015	The working group is chaired by the Deputy Minister and will be composed of MoJ experts at executive and decision-making level
2.	<p>Analysis of the Albanian legislation on the rights recognized to foreign citizens over immovable properties:</p> <ul style="list-style-type: none"> <li>- Revision of the Civil Code; (Law no. 7850, dated 29.07.1994, as amended)</li> <li>- Revision of the Civil Procedure Code; ( Law no.8116, dated 29.03.1996, as amended)</li> <li>- Revision of the law on foreign investments; ( "Law no.7594, dated 04.08.1992 "On foreign investments", Law no.7764, dated 02.11.1993 "On foreign investments")</li> <li>- Revision of the Law no. 7980, dated 27.07.1995 "On sales and purchase of lands", as amended</li> <li>- Revision of the Law no. 8337, dated 30.04.1998 "On assignment under ownership of agricultural land, forests, meadows and pastures", providing for limitations in terms of the free movement of capital in relation to the right of foreign citizens to buy immovable properties in Albania. Agricultural land, forests, pastures and meadows can be bought by foreign natural persons or legal entities.</li> <li>- Revision of the law on registration of immovable properties (Law 33/2012 "On registration of immovable properties")</li> <li>- Law no.7512 of year 1991 "Sanctioning and protection of private property and free initiative", as amended.</li> <li>- Revision of the Law 125/2013 on concessions and public and private partnership, as amended</li> <li>- Revision of the Law 9959, dated 17.07.2008 "On foreign citizens", as amended</li> <li>- Etc</li> </ul>	March – April 2015	Legal and sublegal acts to address issues related to property rights, will be analyzed and studied.

3.	<p>Analysis of international legislation, mainly of EU countries, to regulate the right of foreign citizens to sales and purchase of immovable properties:</p> <ul style="list-style-type: none"> <li>- Revision of the legislation of regional countries, respectively Serbia, Macedonia, Montenegro, Greece;</li> <li>- Revision of the legislation of Romania, Bulgaria, Croatia, Hungary</li> <li>- Revision of EU directives in this field;</li> <li>- Revision of potential cases from ECHR jurisprudence/case law</li> </ul>	April-June 2015	There will be analyzed and explored models of regional countries such as Romania, Bulgaria, Croatia, Hungary and region, as well as ECHR case law addressing issues related to the rights of foreign citizens to immovable properties.
4.	Analysis of data from the Central Immovable Property Registration Office and the State's Advocate Office on the situation of immovable properties rented to foreign citizens	March-May 2015	There will be examined data that may be possessed by the Central Immovable Property Registration Office and the State's Advocate Office regarding the use of immovable properties of Albania from foreign citizens.
5.	Formulation of the policy paper on the revision of findings of the Albanian and international legislation, and delivery of recommendations on concrete interventions.	May – August 2015	Findings under measures 2, 3 and 4 of this plan will be summarized in a consolidated document and after their revision; concrete recommendations of legislative or administrative character will be drafted.
6.	Consultations with line ministries on policy paper	September 2015	Subject to the recommendations to be issued under measure 5 of this plan, consultations will be held with the line ministries
7.	Drafting of legal package in accordance with recommendations and consultations and the relevant legal time limits	September– December 2015	Regarding the recommendations of legislative character, legal amendments will be formulated, to be included in a single package.
8.	Delivery of legal package in accordance with recommendations to the Council of Ministers	January– February 2016	Delivery for approval to the Assembly within the period February-March 2016

- *Update on the establishment of the Market Surveillance Inspectorate*

In the area of market surveillance, the former Ministry of Economy, Trade and Energy split into MEDTTE and MEI. Set-up of the market surveillance inspectorate under MEDTTE requires amendments to existing legislation regulating inspection in certain fields. It will be responsible for market surveillance for the majority of products placed in the market, including intellectual property and quality control of gas and fuels for consumer use. The proposed amendments to the existing laws were submitted to the Albanian parliament for adoption.

The General Directorate of Metrology is expected to be merged with the market surveillance inspectorate into a single Authority, under MEDTTE. The relevant amendments to the law on metrology are prepared and sent to line ministries for comments. MEDTTE is drafting the implementing legislation and the organisational set-up of the new Authority.

## 6.5 INNOVATION, INFORMATION SOCIETY AND SOCIAL POLICY

### Follow-up of the 2014 Progress Report and the conclusions of the November 2014 Subcommittee meeting, with focus on the digital switchover, as well as the functioning, capacity and independence of the regulator and of the public broadcaster;

#### Information society

- Albania was encouraged to adopt the *new strategy for Digital Albania 2013-2020*, with the aim of aligning the national policy with the EU 2020 Digital Agenda for Europe.

The new Strategy for Digital Albania was drafted in 2014. The document was presented at a conference held in November 2014. During the period November – December the draft – strategy was for public consultation.

The document has been revised to reflect the comments and suggestions received in the consultation process. The draft strategy is expected to be approved by the Council of Ministers in March 2015.

#### *Legislation on information society*

Aiming to comply with the principles and objectives set in the Digital Agenda for Europe in order to facilitate the wider deployment and more effective use of digital technologies therefore contributing to the transparency principle, the Minister of Innovation and Public Administration has drafted the law on Notification and Public Consultation. The law was approved by the Parliament on October 2014. Currently we are working to prepare the sublegal acts based on this law. In addition, a new on information rights was approved by Law No 119/2014 “On the right of information”.

Recognizing the benefits of making data open during 2014, the policy document “On the implementation of public open data and open data portal” was drafted. This document was approved by Council of Ministers with Decision No 147 of 18.02.2015.

Furthermore we are working to approximate the Reuse of Information Directive and its latest amendments into our national legislation.

#### *Legal framework on electronic communications*

Based on Law No 9918 of 19.05.2008 “On Electronic Communications in the Republic of Albania”, as amended, the Decision of Council of Ministers No 496 of 22.07.2014 “On the approval of rules and procedures for the renewal of the Individual Authorization for the use of the spectrum of frequency given with public tender” was approved.

In addition, in compliance with technology neutrality principle adopted in Law No 9918 of 19.05.2008 “On Electronic Communications in the Republic of Albania”, as amended by Law No 102/2012, the amendments to the Decision No 1252 of 10.09.2008 “On the approval

of rules for the public tender organisation, for the provision of frequency right of use” were approved by Decision of Council of Ministers No 469 of 9.07.2014.

During 2015, we will work to transpose the Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks (broadband) and the legislation for the right of way.

- Albania was encouraged to explore the possibilities of using *IPA assistance* in this field, taking into account the new IPA country strategy 2014 – 2020.

#### Electronic communications

- The EU delegation strongly encouraged Albania – as a matter of utmost importance - to ensure that *digital switchover will be completed by June 2015* and consequently to carry out the authorisation process allowing the “digital dividend spectrum” to be used for broadband services.

In implementing the strategy of transition from analogue to digital broadcasting approved by Council of Ministers Decision No 292 of 5.02.2012, two main structures are fully functional in coordinating and implementing the Strategy: the Interministerial Committee and the Technical Secretariat.

The Interministerial Committee is directed by MSIPA and is composed by the concerned ministries, the Director of ART, of AKEP and AMA, and the Chairmen of the Competition Authority. The Interministerial Committee, supported by Technical Secretariat, have taken important decisions and significant step forwards in relation to the implementation of the strategy:

- Proposal of the scheme on subsidising decoders for families in need;
- Approval of financing scheme for the construction of the national public broadcaster networks;
- Proposal of the schemes to be followed in realising awareness campaigns and public education;
- Determination of measurement to be taken to release the DD1 spectrum, etc.

#### *ART digital networks*

Regarding the construction of the digital networks of ART, MSIPA in the role of the Contracting Authority, has intensively pursued the contract negotiations with the winning bidder, and in the third week of March 2015 is expected the signature of the Contract.

This Contract opens the way to swift implementation of the project with the aim to satisfy the transition from analogue to digital of ART actual transmissions and local/regional private media operators as is defined in strategy.

#### *The digital dividend*

The 20 March 2015, MSIPA will organise a workshop on the digital communication, maximising the use of spectrum with the main focus on the opportunities and challenges of the DSO process. Eminent speakers and stakeholders will participate and contribute in this event. European, regional and regulatory authorities, ITU and EBU experts, Council of Europe, European Union and OSCE representatives, Media and mobile telephony operators will be all present. The workshop will also focus on the important role of the use digital dividend for electronic communication services.

This will mark the first event in the information and awareness campaign that will follow in regard to the different aspects of the DSO process. AMA based in the new audio visual law, can request all broadcast operators to support the information and awareness campaign free of charge.

- Albania was strongly encouraged to adopt legislation on *rights-of-way*;

A new Law No 107/2014 “On Planning and Development of Territory” was approved on 31 July 2014 and came in force on 1 October 2014. Based on this Law we are working with the National Agency for the Territory Planning (AKPT), to contribute in the drafting of the secondary legislation aiming to address the issue of RoW for electronic communication infrastructure.

Minister of State for Innovation and Public Administration initiated on November 2014, a process for the regulation of the situation in the last mile cable infrastructure. A meeting with electronic communications operators was organized asking them to submit the proposals.

During December 2014, the operators submitted their comments and suggestions about drafting a plan of measures for the regulation of air cable infrastructure over their underground cable infrastructure.

On 20 February 2015, the Minister of State for Innovation and Public Administration in cooperation with AKEP held a consultative meeting with stakeholders to make the presentation of the project plan to remedy the situation of cable networks. The representatives from the electronic communication operators, the main municipalities, the Minister for the Urban Development, the National Agency for the Territory Planning, the Ministry for the Transportation and Infrastructure and National Road Authority took place and discussed on the action plan. The institutions and operators will follow the cooperation to implement the action plan.

A draft law aiming to approximate the Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks, will be prepared in 2016.

- Albania was strongly encouraged to implement the single *European emergency number 112*.



Albania has intensified its efforts to facilitate implementation of the unified emergency number 112. Currently civil work began on the implementation of the 112 number in Tirana.

112 is unified emergency number that can be obtained free of charge from any landline or mobile phone in order to reach emergency services (health care, fire, police). This number has been implemented in several European Union countries and the goal is to merge all the other numbers like the police, fire-fighters in a single number.

Within the World Bank project “DRMAP AL - Albania Disaster Risk Management Adaption Program”, the feasibility study was conducted throughout the territory of Albania. Due to insufficient funds to implement across the country, the project for unified emergency number 112 would apply only to Tirana.

The impact that will create the realisation of a pilot project for Tirana will be very large because it will increase confidence and foreign investment to implement the emergency number 112, all over Albania.

- *Operation, capacity and independence of the Regulatory & process of transition from analogue to digital*

In the first 10 months of 2014, Audiovisual Media Authority (AMA) did not have the necessary quorum of membership for meetings and decision making, a cause that was directly reflected in the failure of legal objectives, unable to adopt bylaws necessary to influence the normal activity of the providers of audiovisual media services. This lack of normal functioning of the Regulatory Authority of audio and audiovisual broadcasting has resulted as a consequence in the continuation of the digital or analogue unlicensed broadcasting, the inappropriate increase in the number of entities that exercise audio and/or audiovisual activities, the lack of effective control of license conditions/authorization by the entities of this area.

Underlining the fact that from the inertia of the previous problematic years, it was impossible the execution of the AMA's decisions, by significantly reducing the authority of the institution in relation to the lawbreaker entities. During the first 10 months of 2014 were approved several administrative decisions which require a simple majority in the decision making, as the review and handling of the complaints of entities sanctioned for administrative offenses, the adoption of changes in the data submitted for the license/authorization in accordance with the applicable law, or approval of the Broadcasting Code.

In Albania currently, develop their activities 72 audiovisual entities, 71 radio entities and 109 audiovisual cable operators. Also, operate five subjects, Top Channel, Klan TV, Digitalb companies, Tring and SuperSport, which are settled and broadcast in digital terrestrial networks. These entities are classified as national historical operators and are expected to be legalized under the regulations and procedures approved by the AMA, based on Law No 97/2013 "On the Audiovisual Media in the Republic of Albania". Meanwhile, five other operators have settled local digital networks.

A large number of entities operate in violation with the requirements set out in the legislation. Tangible violations recorded by these entities are related to the violation of legal provisions for the repayment of financial obligations and requirements and technical conditions of transmission. The adhering of the broadcasting technical conditions by audio and audiovisual entities remains one of the primary obligations stipulated in the legal applicable acts. To verify their compliance, AMA, based on internal regulatory framework and the recommendations of ITU should conduct the monitoring of audio and audiovisual broadcasting at least twice a year in the whole territory of Albania. However, during the first 10 months of 2014, just like in the previous year monitoring was not completely performed, leaving out of control some areas of the country. The main cause of this situation is the lack of an annual monitoring plan that provides resources, tools and terms to achieve the monitoring through the mobile centre and the reporting deadlines. Also monitoring is hampered by the lack of some necessary measuring and monitoring instruments. Serious difficulties caused the continuous assignment in technique sectors of the institution of unqualified personnel and out of technical profile.

Cable operators operate in the penetration areas of a municipality, some counties and nationally (Albtelecom). Most cable networks rely on outdated analogue technology. Application of this technology has lower cost and does not require high qualifications in the use of a small number of subscribers. On the other hand, these systems carry many drawbacks, which by increasing the number of subscribers become an obstacle to further increase the quantity and quality of services. The lack of control system of the subscribers prevents the establishment of a billing system, by making the whole system unmanageable.

To verify the implementation of the legality of these subjects, AMA has invested a substantial portion of its human resources and administration. Nevertheless, it resulted that about 60% of these entities continue to operate in violation of the requirements of the applicable law. These entities do not respect the primary obligations arising from the law, as the repayment of financial obligations to the AMA and the fine sanctions, broadcasting of programs without gaining the broadcasting rights and copyright, unauthorized expansion of the area of service delivery, informing the AMA about the changes that have occurred in the data for the authorization etc.

According to the Law No 97/2013 “On the Audiovisual Medias in the Republic of Albania”, determines the Audiovisual Media Authority, also as the regulator authority for monitoring and protecting the right of broadcasting and the copyright. During the year 2014, broadcasting of the audiovisual programs without having the right, by the Audiovisual Media Service Providers, thus without having a contract/agreement with the right keepers of these programs, is still existent. AMA is paying special attention to the issues of intellectual property, broadcasting rights and copyright, following closely the process of approval of the draft law on copyrights.

- *AMA's commitment after November 2014*

Since November 2014, when AMA was reconstituted, it has a maximum of engagement to overcome the institutional discontinuation of about two years in an effort to optimize the

performance in all departments and sectors, in establishing a working atmosphere by bringing the institution in positions of the Regulatory Authority, which not only monitors the flow of audio and audiovisual broadcasting, but also interferes effectively by guaranteeing legal enforceability, in favour of fair competition in the market and ensuring that the public broadcaster is in the right direction.

AMA is investing in promoting a spirit of partnership with audio and audiovisual broadcasting. There have been conducted consultations with national operators. Official meetings were held with the organizations of the rerun operators, as well as with a significant number of natural persons who own the relay cable company. The institution currently has a clear overview of the issues for each broadcasting subject, of legal, technical and financial character, based on requirements prescribed by the legislation in force. It significantly improved the financial situation of the institution as a result of an intensive process of communication and awareness with operators regarding overdue financial obligations.

There are intensified international meetings as with the EU, CoE and OSCE, to create a climate of cooperation and other foundation is laid for a more transparent overview of the work of the AMA. During these meetings are shown the willingness of these organizations to support the Authority from the challenges faced during the fulfilment of the major obligations under the law. In cooperation with the CoE we are working on a graphics intensive training for the staff. An expert from the CoE will work closely with the AMA's departments, mainly with the problems of the process of transition from analogue broadcasting to digital broadcasting. To review the organizational structure of the institution we are going to cooperate with the OSCE, which will assist the Authority with the necessary expertise. It is set up a working group to prepare the application file for the financing of the monitoring studio, targeting the automation of monitoring processes of subjects in accordance with international standards, in order to adapt functionally by being modernized to respond to the process of transition to audiovisual broadcasting from analogue to digital;

In the process of transparency and intensive communication with stakeholders and the public, it is being enriched the content of the reconstructed site of the AMA's website, keeping the parameters of functionality, ease of use and usefulness to its visitors. Through publications into the website, it is intended to present the activity of the institution and legal framework, and other important aspects of the institution, such as reports, decisions, statistics, meetings of the Council, payroll packages, tariffs and fines etc, and maintaining the interactive profile, with the aim of answering online questions or doubts, suggestions for meeting the demands or complaints from interested entities etc.

The Monitoring Studio is in a backward state of the technological inventory (current computers are refurbished in 2009), and consequently many of the business processes of filing and analysis of the vision materials are performed manually, requiring considerable time. From the last two months of 2014 and follows, AMA is pursuing a long-term strategy, well thought of all the technological infrastructure of the Monitoring Studio, in order:

- To be adapted functionally by being modernized to respond to the process of transition from analogue audiovisual broadcasting to digital;

- To provide expertise and similar precedent from other countries to the Studio designed and furnished according to modern standards and in accordance with the dynamic Albanian market of broadcasting;
- The service and updating of all information system in the Studio should have sustainable solutions and responsible for the personnel who is part of it, avoiding cases of errors or damages that bring harm to the database, as the case referred at the beginning of November 2014;
- To adopt the personnel of the Monitoring Studio with the inventory technological innovations and new processes, and also to aim that the monitoring and the filing of the contents to have in focus preliminary analyzes elements or evaluations for them.

After the formal adoption of the structure of the AMA by Parliament at the end of February 2015, there have been initiated the procedures for the establishment of the Appeals Council, about which are being identified general and specific criteria related to the persons who will constitute it, referring even to the experiences of other countries. The Council will be a very big support regarding the identification, tracking and analysis of the problems encountered in the broadcasted contents, primarily related to the ethics of visual communication, but also with issues of delicate relationships between the right to information and the right to privacy, to the advantage of protecting the public interest, to respect the dignity of the individual and a number of other issues that need qualified opinion and professional and institutional solutions.

In early February 2015, according to legal liability AMA has submitted to the Parliament the Annual Report 2014, a record for all departments and sectors of the institution, as the presentation of achievements and failures and confronting the causes, circumstances and specific responsibilities for each step of engagement. The report is also a projection for changing and improving the indicators of institutional performance.

Since November 2014, AMA has conducted four board meetings, which have normally continued by decision-making. Two board members (Mr. Sami Nezaj and Ms. Suela Musta) in its meeting of 27 November 2014 brought to the attention the suspension of their activities on board. They stated as follows: “We consider that our participation in the Council cannot turn into an alibi for illegality created during the process of selecting of the two new members and of the post of the Chairman of AMA”. This lawlessness started the procedures for selecting the commission in violation of Articles 9 and 10 of Law 97/2013”.

- The process for the transition from analogue to digital

The transition from analogue to digital broadcasting is considered a very important process for the realization of which the Albanian state has received commitments based on national and international legislation. Audiovisual Media Authority is responsible for administering the frequency spectrum for the audiovisual broadcasting and maintains a key role in this process. Exactly this major objective has received a hit, as the long period of the malfunction of the institution during 2014, as well as the disregard of the law on control of the radio spectrum by the AMA’s administration. This has resulted in the capture of radio spectrum in the violation of law.

Being conscious that this is a multi-stakeholder process, where everyone's engagement affects the entirety of finalizing the transition from analogue to digital, it was wasted time in meeting the deadlines given by national digitization strategy that was set in the 17 June of this year, and the AMA has rebuilt a working agenda in addition to legal obligations. Based on the digitizing national strategy, are defined common tasks AMA – RTSH, regarding the implementation of the process for the transition to digital broadcasting:

- The determining of the criteria and number of public programs which will be openly broadcasted (free), as well as those of conditional access. But we ascertain that RTSH has not yet taken any action in this regard.
- The principles and conditions of contracts to be concluded between RTSH and existing local private operators to support public network operator. Until now by the Public Broadcaster is not proposed a variant of type contract, despite frequent interventions of AMA in writing, direct meetings and at meetings of the Interagency Committee.
- The criteria for determining the payment of the existing analogue private operators, for the support to the digital network of TVSH, and the determination for the payments for each category. AMA has offered its assistance and suggestions, in direct meetings as well as in meetings of the Technical Secretariat, but it is up to RTSH to determine fees for services that will provide existing analogue operators, which will be adopted later by AMA. Until today by the Public Broadcasters are not formally submitted proposals on the fees which are foreseen to be applied.
- The Implementation of the first digital network. RTSH must deposit in AMA the implementation graphic of the digital networks. Because the contract for the construction of this network is not connected yet, this graph is not yet designed.
- Coordination with local private operators for their support in the digital network of RTSH. RTSH should coordinate its work with the private operators to determine the technical details of the behaviour of their signals in residential allotments, setting the graph lines end of private operators and for all the process. Although the network construction of RTSH has not started yet, coordination with private operators will avoid delays in implementation.

For the preliminary assessment study for optimization of the frequency plan in December 2013 by Order of the Minister for Innovation and Public Administration, was set up the Technical Working Group, which consisted of MIAP, AMA, AKEP, RTSH, Top Channel, TV Klan, Vision Plus, Tring, Digitalb and with Ing. Artan Xhori, whose main task was the drafting of a new project for the management of frequencies in the process of transition to digital broadcasting. After actions on site the enclosure meeting of the working group was held on 06.18.2014, where the representatives of one of the operators, the company Digitalb, proposed the responsibility of preparing a study on the optimization of frequency. This study, prepared by the entity in question, "On the optimization of frequency for DVB-T2 networks" was sent to the Ministry of Innovation and Public Administration on 28.10.2014 which also forwarded it for evaluation to the Authority of Audiovisual Media on 6.11.2014.

Research has been sent for evaluation to the Bureau of the ITU Telecommunication.

From AMA's expertise in this study, it resulted that generally was produced a serious material with high technical quality and with based conclusions. The purpose of this study is to increase national networks resulting in nine of them, from which five are enabled by the current plan. This constitutes a significant advantage for the broadcast digital market because, as defined by the Audiovisual Media Law 97/2013, it allows the "legalization" of national historical operators and experienced in digital broadcasting. In this way, it is possible, on the one hand, to meet the requirements of these operators and in turn increase the space for anti-monopolization of digital audiovisual market. Also this study, in any case does not affect the public operator space. AMA also thinks that there are aspects that require certified expertise and that will be required by international organizations like CoE and OSCE experts to conduct an evaluation transparent to them.

In essence the ITU comments, which were made after a letter of inquiry from the Minister of Innovation and Public Administration, Ms. Milena Harito and the Director of the Bureau of Radio Communication in this institution, were that the proposed modifications to the frequency plan, as a result of the study are allowed and may appear to be processed in accordance with a provision of the Agreement. Depending on the detailed calculations, considering the high number of proposed significant changes to the plan recommended by the study, it is expected that activities are needed in substantial coordination among parties who may be affected, before the proposed modifications are enrolled in the Plan and the respective stations slip in operation.

Another important place in this engagement takes the finalization of the Rules of Beauty Contest, which was approved by the AMA in July 2013, but after the opposition that the stakeholders made to Article 16, in relation of the financial requirements, the paper went on trial. Currently AMA is conducting a review of the regulation. In parallel work is progressing to formalize administrative package for the announcement of the competition between the parties which has as a final stage the proposals for granting the licenses. There are two regulations in the service of this process, one of the "Rating plan of the programs (numbering)"; and one for "Providing conditional access and their associated services", which are draft, and are being reviewed by experts in the institution.

Our approach is not to watch the process as purely technical and technological, but with the utmost care that the solutions should be useful primarily for the consumer. This means, attention and sensitivity to the benefits of the citizens from content broadcasted in digital networks, which are going to be adopted: in the face of multiple alternatives platforms they have the opportunity to approach to platform useful to them in terms of content; to provide access to programs which are offered free and paid, selection should be related to program quality, as they meet the needs for information, entertainment and fun.

AMA by internal Order No 147 of 8.08.2014 "On the establishment of the working group for the implementation of the Action Plan for monitoring the implementation of the Strategy of transition from analogue to digital broadcasting" has determined the activities of institutions for the implementation of the Action Plan, where the most emergency tasks arising in its implementation are as follows:

- The organization of regional and national conferences;

- The Creation of a “call centre” at the AMA;
- The organization of the campaign to inform the public.

Regarding the campaign for the public information it will be centered in the aspects of basic concepts of digital broadcasting, what services will provide the operators of digital television, the usage by citizens of techniques to get the services, how will they virtually install the decoder; the use of info from the electronic guide programs; the selection of paid or unpaid contents. For this public information campaign AMA has not secured additional funding from the state budget, despite the repeated requests toward the institution of the Ministry of Finance.

- *Law No 97/2013 “On audiovisual media in the Republic of Albania”, the state of play of its implementation*

The Parliament, in exercising its election function and in fulfilment of legal obligations stipulated in Law No 97/2013, during the reporting period has elected the chairman and two members of Audiovisual Media Authority (AMA) and 5 members of the Steering Council of Albanian Radio and Television (KDRTSH).

The parliament, through the Commission on Education and Public Information Means (CEPIM) has guaranteed since the beginning, an open and transparent process, starting from decisions to publish the notice of vacancies for the members (10 members) and Chairman of the KDRTSH (Decision No 1 of CEPIM of 16 October 2013), followed by the announcement of 3 vacancies for the members of AMA (Decision No 1 CEPIM of 6.05.2014) and the decision of Parliament (No 29 of 22 May 2014<sup>29</sup>) for the announcement of the vacancy of AMA’s chairman. The Hearings sessions with the candidates were conducted during the period June-July 2014.

In September 2014, members of the majority in CEPIM, addressed to the opposition a formal letter, inviting her to become part of the decision-making in CEPIM, exercising her constitutional and legal rights in the process of selection and exclusion of candidates for AMA and KDRTSH, according to the legal formula that determines the Law No 97/2013.

In the absence of reaction by the opposition to be part of the process, the majority, at its meeting on 1 October 2014 decided to proceed with finalizing the selection of candidates (exclusion of candidates one by one), under Article 9 (4)(b) of the Law No 97/2014).

For this decision, the representatives of the majority in the Committee listed a series of reasons which forced the committee to proceed, without the presence of opposition with the procedure for the exclusion of candidate, according to the legal formula that determines the Law No 97/2013:

- AMA had not the necessary quorum to convene and take decisions. AMA had in its composition only 3 of 7 members that provides Article 8 of Law 97/2013. This institution has remained without the Chairman and Deputy Chairman.

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<sup>29</sup> [http://www.parlament.al/web/pub/vendim\\_nr\\_29\\_dt\\_22\\_5\\_2014\\_17373\\_1.pdf](http://www.parlament.al/web/pub/vendim_nr_29_dt_22_5_2014_17373_1.pdf)

- The Republic of Albania has the obligation to complete the digitizing process (the switch from analogue to digital) until 17 June 2015, while the realization of this obligation requires the drafting and approval by AMA of a series of necessary bylaws. The implementation of these transmission platforms requires also a considerable period of preparation by AMA and audiovisual media operators.
- Due to the non-functioning of AMA, both consumers of payment platforms and the Albanian public opinion risk the interruption of the service unilaterally from 18 June of this following year (2015) onwards.
- The process of adopting a new organizational structure of AMA was blocked. This situation brought the partial implementation of monitoring software process and frequency spectrum.
- Non-functioning of the institution has also caused significant increases of the piracy phenomenon in the field of production and broadcasting.

Members of the majority decided to follow parliamentary procedure to select only two of the three members of AMA, declared vacant, while another member was decided to be selected by the opposition, once it shows its will. This decision is based on a correct interpretation that CEPIM has done to the Article 9(4)(b) read and interpreted in combination with Article 134 (transitional provision) of Law 97/2013. Article 9(4)(b) of the Law No 97/2014 provides that: *“In any case, the Commission takes into account the preservation of balance, three candidates supported by the parliamentary majority, three support from the opposition”*, while Article 134 of this Law guarantees the remaining on duty of members of the former KKRT, elected by political parties according to Law No 8410 of 30.09.1998, repealed. The current composition of the AMA (where two out of three members in office belong to the opposition and one to the majority) fulfilled under the new law conditions, would necessarily reflect the selection of only two members by the parliamentary majority one member remains to be selected by the opposition.

CEPIM decided that the meetings for the exclusion of candidates take place with intervals for the exclusion of each candidate, in order to give time and opportunity to the opposition to join this process, by exercising its duty.

CEPIM, with the proposal of deputies of the majority, in the meetings of 1, 2, 3, 6, 7 and 8 October 2014 excluded a candidate for AMA member vacancy in each meeting. The committee excluded 11 of 26 candidates proposed by the entities defined by Law No 97/2013.

In accordance with Article 9(4) of Law No.97/2013, during the exclusion of each candidate, CEPIM took into consideration to guarantee the respect for the principle of inviolability of personal and professional integrity of candidates, arguing the reasons for their exclusion.

Because of the non-participation of opposition in this process, in the meeting of 8 October 2014, CEPIM decided to approve the procedure that would be followed for the selection of two candidates who, pursuant to Article 9(4) of the Law, to maintain the balance is required the support by the parliamentary majority. At this meeting, the committee decided that the remaining candidates are subject to the voting and two candidates who receive more votes



will be proposed for approval in the plenary session. After the vote, the two candidates who received more votes passed to the plenary session for vote.

In the plenary session of 9 October 2014, the Assembly by a majority of votes elected two members of AMA (Decisions of the Assembly No 74/2014<sup>30</sup> and 75/2014<sup>31</sup> of 10.09.2014).

While the third member and the last vacancy of six members of AMA (not including the seventh member elected as Chairman) is left to the opposition to elect at any time that it will express its will. After the election of two members, the AMA was completed with five of six members, paving the way for the election of the AMA Chair.

CEPIM, at its meeting on 14 October 2014 decided to continue the procedures for the selection of AMA Chairman. Even this decision was made public and the opposition was again invited to participate in this process.

CEPIM, at its meeting of 24 October 2014, following the procedures for the election of AMA chairman, based on Article 10(3)(a) of Law No 97/2013 *“On the Audiovisual Media in the Republic of Albania”*, by secret vote identified four candidates who received the greatest support among Committee members. After exhaustion of this point of law, CEPIM should proceed under Article 10(3)(c) of the Law No 97/2013, which provides that *“parliamentary minority representatives on the committee exclude two of the four candidates selected. The remaining candidates passed to be voted in the Parliament”*.

In its meeting on 24 October 2014, the majority MPs called on the opposition MPs to participate in the meetings of CEPIM in order to exercise its legal right to exclude two of the four candidates for AMA Chair, as provided in Article 10(3)(c) of the Law No 97/2013.

Also at the meeting of 28.10.2014, the representatives of the majority in CEPIM give to the opposition a second chance, to know the platform and ideas of four selected candidates, by organizing a public hearing with four candidates selected by a majority of votes in the committee. From the meeting of 24 until 28 October 2014, when was held the hearing with the four selected candidates for AMA chair, the opposition despite repeated notice, did not exercised its right to exclude two of four candidates as a result of its continued boycott of Parliament.

In these conditions, CEPIM at its meeting on 28.10.2014, due to non-participation of opposition members to fulfil their legal obligation for the exclusion of two of the four candidates, in accordance with Article 10(3)(c) of Law, decided that the four candidates selected by the committee pass to the plenary session to elect the AMA's Chairman.

This decision-making of CEPIM aimed to give more time to the opposition and another opportunity to exclude two of four candidates before the vote in plenary session as well as to avoid that the majority in CEPIM, exercises the right to exclude two of four candidates that

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<sup>30</sup> [http://www.parlament.al/web/pub/vendim\\_nr\\_74\\_dt\\_9\\_10\\_2014\\_19223\\_1.pdf](http://www.parlament.al/web/pub/vendim_nr_74_dt_9_10_2014_19223_1.pdf)

<sup>31</sup> [http://www.parlament.al/web/pub/vendim\\_nr\\_75\\_dt\\_9\\_10\\_2014\\_19224\\_1.pdf](http://www.parlament.al/web/pub/vendim_nr_75_dt_9_10_2014_19224_1.pdf)

belong to the opposition, by delegating this decision-making to the Assembly in plenary session, as the highest representative and legislative body in the Republic of Albania.

In the plenary session held on 6 November 2014, the Assembly, in accordance with Article 10(3)(ç) of Law No 97/2013, the four candidates proposed by CEPIM, by the majority vote elected the Chairman of the Audiovisual Media Authority.

After the election of the AMA's chairman, CEPIM followed the procedures for the selection of five members of KDRTSH. Based on Article 94(4)(b) of the Law No 97/2013, CEPIM decided to proceed with an exclusion procedure one by one of the candidates. The committee with the proposal of majority MPs in six meetings excluded a total of 24 candidates. In accordance with Article 94(4) of the law, during the process of exclusion of each candidate, the committee took into consideration the guarantee of respect for the principle of inviolability of personal and professional integrity of candidates, arguing the reasons for their exclusion.

Due to the non-participation of opposition in this process, at its meeting of 19 November 2014, the committee decided the approval of the procedure that would be followed for the selection of five candidates who, according to Article 94(4) of the Law, to maintain the balance, was required that five candidates be supported by the parliamentary majority and five by the opposition. This decision-making relates only to the selection of five candidates supported by the parliamentary majority, while the other five will be supported and selected by the opposition.

In conclusion, the Committee pursuant to Article 94(4) of Law No 97/2013 "*On the Audiovisual Media in the Republic of Albania*", decided that the five candidates who received more votes, be proposed for approval in plenary session. According to this legal formula, each candidate which is selected by the majority or opposition in CEPIM passes to the plenary session for approval and vote. In accordance with this legal formula, in plenary session of 4 December 2014, the Parliament by a majority of votes elected the five members of KDRTSH.

Albania has made good progress to align its *legislation on culture* with the EU *acquis*. The Ministry of Culture continued working on drafting the new law "On Cultural Heritage" which approximates the Albanian legislation with the Directive No 2014/60/EU "On the return of cultural objects unlawfully removed from the territory of a Member State", and with the Council Regulation (EEC) No 3911/92 "On the export of cultural goods", too:

- The working group is currently incorporating the remarks and amendments of the experts of CoE in the draft law.
- The new law on Cultural Heritage is foreseen to be ratified in Parliament within December 2015.

In June 2014, the agreement between the European Union and the Republic of Albania was signed for the participation of the Republic of Albania in "*Creative Europe*", the Union programme for the cultural and creative sectors.

- In 31 July 2014 the agreement was ratified by the Law No 91 /2014 and entered into force.
- In October 2014, European Commission announced that Albania is also eligible for the Media Sub-programme, since its legislation on audiovisual field is in line with European Directives.
- The Ministry of Culture has established the appropriate structure at national level Creative Europe Desk – Albania, which promotes awareness and understanding of Creative Europe, provides support to applicants and encourages organizations to be involved in successful applications.
- During 2014 and on January 2015, Ministry of Culture organized info sessions to promote and present the new opportunities from “Creative Europe” programme and to consult the new calls for proposals and relevant applications forms.

Priorities:

1. Review the Law on Books and the Law on Museums during 2015.
2. Launching a platform for the implementation of the strategy of education through culture and art in order to make art and culture suitable and accessible to students of all ages. A strategy will be prepared aimed at promulgating Albanian writers in European markets and streamlining the functioning of the Albanian fund for translation in order to better fulfil objectives.
3. Developing actions and initiatives to ensure effective participation in “Creative Europe” Program.

*Vocational Education Training*

According to Law No 63/2014 of 26.06.2014 “On some amendments to the Law No 8872 of 29.03.2002 “On the vocational education training in the Republic of Albania”, as amended, there have been drafted and adopted a set of by-laws that would enable the normal operation of vocational secondary schools under the Ministry of Social Welfare and Youth. In this regard, different donors have also provided supports.

It is worth mentioning that as an excellent result towards the youth awareness to be enrolled in vocational secondary schools in the academic year 2014 – 2015 the number of enrolled students has significantly increased to 5,835 students from 4,797 students during the academic year 2013 – 2014. In addition to this, the number of girls enrolled has increased to 705 compared to the last year enrolment of 583.

Based on the study, implemented by the Ministry with the assistance of GIZ analyzing the current state of secondary schools and based on the recommendations of this study, the work towards the school rationalization has commenced. More specifically, the veterinary high school profiles in Shkodra have been transferred to Bushati (Shkodra) and the process for transferring the construction profile of “Kolë Idromeno” school to “Arben Broci” school is ongoing.

The efforts in this regard will continue and actually with the support of ETF we are working on reasonably and accurately determining the schools and profiles to be reorganized based on the specific needs of the regions where schools operate.

The statistical indicators analysis for the year 2014 of the Regional Vocational Education Directorate activity shows that during January – December 2014 the persons register to be trained has reached the number of 17,138, persons enrolled in completed course has reached the number of 13,893 of whom 13,102 persons are granted certificates. Compared to 2013 there is an increase of 4,208 persons who are granted certificates. Females trained in total are 6,296 (45% of all the trainees) and compared to 2013 there is an increase by 2,400. The unemployed people trained for 2014 were 10,473 people of whom 8,098 were job seekers. Compared with the year 2013 there were 5,466 unemployed persons more and 4,867 job seekers more. Unemployed job seekers registered for this period were 8,098 people, compared with 2013 having 4,867 persons more.

The Decision of Council of Ministers No 818 of 26.11.2014 “On the approval of the National Employment and Skills Strategy and its Action Plan 2014 – 2020” was adopted. The Strategy and its Action Plan were prepared by the Ministry of Labour and Youth and the Ministry of Education and Sports.

Furthermore, during the transition period of transferring the administration control of vocational secondary schools from Ministry of Education and Sports (MoES) to the Ministry of Social Welfare and Youth (MoSWY), we have been assisted from the MoES experts for every problem that we've faced. The experts of both ministries have contributed on drafting the by-laws that are approved in accordance with the law of the Educational and Vocational Training. Currently we are closely cooperating with MoES in regard to State Matura preparation, which for us is something new.

## *Youth*

### *National Youth Service*

Decision of Council of Ministers No 377 of 11.06.2014 was approved setting up the National Youth Service which carries out activities at central level through the General Directorate and Regional Youth Centres as well as at regional level. The General Directorate administers the activities of the Regional Youth Centres, which are established as a direct unit of providing service for young people under the NYS.

Youth Regional Centres are planned to operate in every region of the country during the period 2014 – 2017 as direct units providing services to young people they depend upon NYS. The Regional Youth Centres function are related to providing services for young people in the respective region and to conducting youth, cultural, social, and sports activities pursuant to the policies and programs approved by MSWY.

### *Preparation of the National Action Plan for Youth 2014 – 2020*

The Ministry of Social Welfare and Youth is preparing the 2014 – 2020 “National Action Plan for Youth”. This plan will include Albanian Government’s program targeting youth and concrete measures which will be undertaken from the ministries responsible for their implementation, aiming at developing and coordinating cross – sectoral youth policy in education, employment, health, culture and increasing the full participation of youth in society and decision making. During May 2014 MMSR has undertaken a series of meetings in 12 districts of Albania to the involvement of interest groups such as young people and youth organizations in the consultation process for drafting the National Action Plan for Youth. The Prime Minister Order No 204 of 25.08.2014, set up the working group for preparation of the National Action Plan for Youth with the support of representatives of line ministries, other institutions and civil society.

Directorate of Youth Policy Coordination organized on 17 – 18 September 2014, following consultation meetings, a two-day conference attended by representatives of public institutions and civil society representatives. The main objective of this conference was drafting The National Action Plan for Youth. This was achieved through the involvement of interest groups such as young people, youth organizations and representatives of the Ministries, in order to address the needs and real problems to the development of alternatives and possible solutions.

#### *Summer Internship Program 17 July 29 August 2014*

Summer Internship Program was organized during the dates 17 July to 29 August 2014. In the course of this program it was made available to the interested youth to get engage in the public sector but not only, the recognition of the internship in the Ministry of Social Welfare and Youth and its subordinate institutions. One of the objectives of this program was to develop professional skills of young people, delegating complex tasks and stimulating the implementation of policies in areas such as employment, education and training, protection and social inclusion, youth, social security issues as well as in administration public services.

In the course of this program, the interns had the opportunity to receive professional in – depth knowledge on the units which were engaged. In this way the interns felt part of the institution supported by public employees staying the longest period of time in a professional environment. This factor has a positive influence not only in the improvement of professional skills but also in the creation and strengthening of social network and relationships between interns. The positive influence of being part of this network will result on further engagements and professional collaborations. One hundred students from public and private universities in Albania have participated in this program and were awarded an attendance certificate.

#### *Setting up Youth Portal “Rini.al”*

Ministry of Social Welfare and Youth in order to improve communication in the youth sector and better exchange the information for young people has established the web-site Rini.al.

For this purpose, MSWY through the Department of Youth Policy Coordination collaborated with several youth organizations like the Olof Palme International Center, Lëvizja Mjaft, Vlora Youth Center and Youth Center “Epoka e Re”, in order to make possible the website [www.rini.al](http://www.rini.al). This portal which was launched in January 2014, and serves as an online communication network for youth and youth organizations. One part of the portal is generated by the organizations or individuals which can enter information about their work and activities, in order to promote and encourage good communication and exchange of information among young people. The website also generates information on scholarship opportunities for young people, training and work-shop for individuals and youth organizations, as well as cultural and social events taking place in the region.

#### *Informative seminar Erasmus +*

Youth Policy Coordination Directorate, in collaboration with “Beyond the Barriers” NGO on 23 July 2014 organised an information seminar on Erasmus + which is a new program of the European Commission to promote the skills and employment through education, training, youth and sports. Albania became part of the program in June 2014 by signing an agreement with the European Commission. The seminar was attended by 36 representatives of youth organizations, representatives from ABC Foundation and the Agency for the Promotion of Civil Society. The purpose of this event was to inform about the program, as well as how to participate in the program, objectives, budget, program implementers, etc.

#### *International Youth Day*

On 12 August in the studio of Alba Film (Kinostudio), Youth Coordination Directorate in cooperation with the United Nations Population Fund on the occasion of the International Youth Day organised a workshop on improving the social and cultural environment for youth. This workshop, in its first part, introduced case-studies that demonstrate how different countries have analyzed the topic of the marginalization of young people and their involvement. In the second part it was analyzed successful communication practices and dissemination of information about topics that are of interest to youth. The ultimate goal of the workshop is to make participants reflect on certain environmental problems around us and how they affect the young, but also to understand some of the practical component of the successful socio-cultural movement. In the evening it was organized cultural event in the outdoor film studio with a broad participation of youth.

#### *Labour Legislation*

The Labour Code has been drafted according to the recommendations of the International Labour Office (ILO), where EU directives are transposed with the support and cooperation of ILO and international experts selected by this organisation. During 2013 the final draft has been submitted for comments and suggestions to ILO which are reflected in the draft and then consulted with unions and employers’ organizations.

During 2014 the draft Labour Code has been submitted for comments/suggestions to line ministries. The suggestions and recommendations of the line ministries have been reflected in

the draft law. The adoption of the Labour Code is anticipated during the second quarter of 2015.

### *Social dialogue*

The National Labour Council (NLC) was restructured in December 2013. Based on this restructuring the following Decisions of Council of Ministers were approved:

- Decision of Council of Ministers No 1039 of 4.12.2013 “On the functioning of the National Labour Council and the appointment of representatives of the Council of Ministers in the NLC” and
- Decision of Council of Ministers No 1060 of 14.12.2013 “On determining the number of representatives of Employers and Employees Organisations in the National Labour Council”.

Subsequently, the members and candidates of NLC have been appointed according to the proposals of the Employers and Employees Organisations with the Order of the Minister No 287 of 18.12.2013 “On the appointment of members and candidates of the NLC, representatives from Employers and Employees Organizations”.

During the reporting period were organised and held four meetings of the NLC. On 28 April 2014, the NLC consulted issues related to the review of five draft regulations on safety and health at work of the employees and as well as the information of the Chief of the State Labour Inspectorate and Social Services Mr. Dritan Ylli, regarding the safety and health at work.

On 16 June 2014, it was also consulted and approved the draft law “On setting the retirement age of underground workers (miners), Pension Reform and the National Employment Fund and Skills Development”.

On 14 October 2014, in the NLC it was consulted the Reform of Vocational Education and Training and as well as there were reviewed four draft decisions for adoption of the following draft Decision of Council of Ministers:

- “On the protection of the safety and health of workers from risks associated with noise in the workplaces”.
- “On the protection of workers from risks associated with optical radiation in the workplace”.
- “On the protection of workers from risks associated with non-ionizing radiation in the workplace”.
- “On the protection of workers from risks associated with mechanical vibration in the workplace”.

On 6 February 2015, in the NLC it was consulted the Social Security Reform and the fight against informality and as well as were reviewed the following four draft Decisions of Council of Ministers related to health issues at work:

- “On the adoption of the Regulation “On the minimum requirements for safety and health at work of workers at risk from explosive atmospheres”.

- “Amendments to the Decision of Council of Ministers No 108 of 9.02.2011 “On the skills to be met by employers, individuals and specialized services that deal with issues of safety and health at work”.
- “On controlling the employees’ health at workplace”.
- “On the declaration, recording and reporting of occupational diseases”.

*Recommendation of the Innovation Subcommittee in regard to Commissions of NLC is found attached to as Annex 6.5.1.*

In order to enhance inter-institutional cooperation with the social partners, the Prime Minister issued his Order No 143 of 4.07.2014 “On the appointment of representatives of the ministries for cooperation with social partners”.

The Ministry of Social Welfare and Youth in cooperation with the International Labour Organisation organised and conducted a Tripartite Seminar (two-day seminar) on “Improving the effectiveness of the system for resolving labour disputes in Albania”, on 20 – 22 May, 2014. This activity was attended from mediators who are employees of the Regional Employment Offices, heads of State Offices of Reconciliation, representatives from the Ministry as well as representatives of unions and employers' organizations that are part of system structures for the non-judicial Prevention and Resolution of labour disputes in Albania.

In the framework to the reorganisation of the National Labour Council, there have been restructured the State Offices of Reconciliation and the State Network of Mediation and based on this in October 2014 there were drafted and adopted two orders and one guideline of the Minister of Social Welfare and Youth as follows:

- Order of the Minister No 203 of 24.10.2014 “On the establishment and propulsion of the State Offices of Reconciliation”.
- Order of the Minister No 204 of 24.10.2014 “On the establishment of the State Network of Mediation”.
- Guideline of the Minister No 15 of 24.10.2014 “On the organisation and functioning of the State Network of Mediation”.

Ministry of Social Welfare and Youth in collaboration with the International Labour Organisation organised and conducted the Annual National Labour Conference on sustainable wage policy in Albania, in July 2014 in Tirana. In this event participated the Director of ILO Office for Central and Eastern Europe in Budapest (DWT / CO-Budapest), experts of Labour Policy, Integrated Labour Markets, Relationships and Working Conditions (INWORK – ILO), representatives from Unions and Employers’ organisations and representatives of public institutions.

98 Unions are established in Albania, which are registered in the Ministry of Social Welfare and Youth. A part of them carry out their activity under the auspices of the confederations, while the rest operates independently. Two large and highly influential confederations are: Confederation of Trade Unions of Albania (CTUA) and the Union of Independent Trade Unions of Albania (UITUA), which are represented in the National Labour Council. Two



major confederations represent about 90% of union members in Albania. CTUA and UITUA are represented in the 12 districts of Albania and operate mainly in the sectors of education and science, state administration employees and retirees, industry, agriculture and food industry, public health sector, transport, petroleum, construction, textiles and handicrafts, trade, metallurgy and chemistry, telecom. It is noted that the Unions lie in the public sector and private enterprises (former state enterprises) while their representation in the private sector is weak where one of the main reasons is the fragmentation of the private sector where small and medium enterprises prevail.

As regards to the employers, there are a number of employer organisations, which are members of the NLC, as: Business Albania Albanian Association of Banks (AAB), the Albanian Constructors Association (ACA), Albanian Tourism Association (ATA), the Association of Businesses Food-Beverage (ABFB), Albanian Association of Information Technology (AAIT), Union of Investors and Industrialists of Albania (UIIA), National Chamber of Garment Manufacturers (NCGM), the Albania Bureau of Insurance (ABI), Albanian Agribusiness Council (AAC).

Sectoral and bilateral dialogue is not at the right level and this is noticed by contracting in the private sector which is explained not only by poor organization of unions in these sectors but also by the lack of culture of dialogue and scepticism by employers against unions. It is also noted that collective contracting is more developed in urban areas, especially in Tirana, Durrësi, Shkodra, Vlora and this is because of the concentration of large enterprises in these areas. At branch level, 17 collective agreements were signed concerning public and private sector in education, health, art, culture, agriculture, environment, public safety, construction, air transport, oil and energy.

*Recommendation of the Innovation Subcommittee: Information about “Business Albania” is found in Annex 6.5.2.*

*Update on legislative alignment in field of health and safety at work (in particular transposition of Framework Directive 89/391/EEC)*

Concerning *occupational health and safety*,<sup>12</sup> regulations transposing 12 individual directives are approved by the Council of Ministers (for the use of work equipment's at workplace, of personal protective equipment's at the workplace, minimal health and safety requirements at workplace, on exposure to chemical agents, biological agents, to carcinogens or mutagens at work, to electromagnetic fields, optical radiation, to the risk arising from noise, to the risk arising from vibration, on the minimum health and safety requirements regarding for the manual handling of loads where there is a risk particularly of back injury to workers, on the minimum health and safety requirements for work with display screen equipment), and six other regulations, transposing 6 other individual directives, related to protection of workers in the mineral-extracting industries through drilling, in surface and underground mineral-extracting industries, pregnant women, young workers, fishing vessels, on exposure to the risk from explosive atmospheres, are prepared by a group of experts from line ministries, and we are in process of gathering all the recommendations from interested parties.

Finally, three other draft regulations, on occupational health surveillance, occupational health services, occupational diseases, are expected to be approved in the Council of Ministers by the end of first semester 2015, and their implementation will start in the first semester of 2016.

A policy paper on occupational health and safety for the period 2015 – 2020 (and its Action Plan 2015 – 2017 and its budget implication) is expected to be approved by the Council of Ministers by the end of first semester of 2015, and will be part of the Strategy on Employment and skills 2015 – 2020, already approved by the Council of Ministers. The finalisation of the draft policy paper was postponed due to the expectations of the new EU Strategy of health and safety at work, which was introduced in June 2014. The strategic goals of the Albanian OSH policy paper focus on a comprehensive legislative system, minimising of occupational accidents, the improvement of the working conditions, raising awareness of employers, employees and reducing undeclared labour. The main part of the Document states the policy objectives and actions in following topics: Legislative framework; OSH enforcement institutions; measures for OSH improvement; public awareness, education and research; social dialog; international cooperation; monitoring and Statistics.

#### *Organizational structure and administrative capacities of the State Labour Inspectorate*

Concerning training and public awareness, a series of measures are implemented: the overall number of staff, 90 labour inspectors and 40 controllers, 28 trainers are trained by international and IPA experts on OHS and prevention principles, with a focus on a) training skills and techniques; b) EU and national OSH legislation and prevention principles; c) risk assessment (practical implementation); d) safety at construction sites; e) psycho-social aspects of work, gender issues, disabled workers, stress and violence at work; f) chemical substances; g) physical agents in the work environment (dust, noise, vibrations, radiations and so on).

SLI has signed bilateral cooperation agreements with respective bodies of Kosovo, Romania, Bulgaria and FYROM. *The cooperation brings possibilities for further improvement of labour inspectors capacity, sharing good practices, inspection methods, using benchmarking and information*

Two seminars on Safety and Health at work for employers, managers, and specialist in OSH, were organised in Tirana (49 participants) and Saranda (30 participants). The main objective of the seminars was to increase awareness of employers on current OSH legislation, to present an importance of its implementation, as well as the supportive role of the Labour Inspectorate. A special phone line has been installed at the State Inspectorate of Labour and Social Services aiming at registering complaints regarding violation of legal requirements and regulations for the protection of workers related to health and safety at working place. In this regard, the official website of the institution has been improved.

Besides press, many interviews in media, it was produced and transmitted a TV spot focused for employees and employers spreading widely information on importance of OSH and labour inspection promotion.

In 2013, as part of the modernization of the inspection procedures, the Central Inspectorate completed the “e-Inspection” portal, as an important part of the e-Government platform. The portal enables the standardization of inspection procedures, coordination of inspections at all levels of governance and monitoring of procedures in each inspectorate, creating the basis for the programming of inspections based on risk methodology, exchange of information between inspection bodies and other institutions, and also the application of the checklists, etc. The new system in place allows having a constant flux on information: All LI have laptops and GPS. The Central Inspectorate carried out the training of the state inspectors on the use “e-inspection” portal and inspection templates. 94 inspectors of Labour State and Social Services Inspectorate on 11.03.2014, 2.04.2014, 3.04.2014 and 40 inspectors from Regional Directorate of Tirana on 22.05.2014 have been trained on the use of “e-inspection”

Currently, the Labour Inspectorate is piloting with the Regional Branch of Tirana the “e-inspection” portal, which enables online inspections under the monitoring of the Central Inspectorate. Through this system, the labour inspector receives the follow-up of data on: name of subject, the type of subject, legal representative and activity operation site, from the National Registration Center. During the elaboration of the program, we asked the availability from the Tax Office getting online information on newly employees and also the staff turnover.

In order to continuously track the performance of each inspector, based on measurable indicators, and to improve the collection of statistics, was designed and distributed to the regional branches the form to be completed weekly electronically obtain reporting in a country level.

Aiming at the unification and operationality of the self-declaration of the economic entities, following the new online self-declaration process, along with the Order No 2653 of 19.9.2014 has been sent in electronic format to all regional branches a designed register.

Regarding the measures taken against *informal economy*, the State Labour Inspectorate (SLI), in 2014 identified 1,757 undeclared workers and 2,886 unregistered subjects with 4,638 undeclared workers.

SLI inspections were focused on:

- Inspections in the evenings, during weekends and public holidays: 93% of undeclared workers identified during the entire 2014.
- Identification of unregistered business entities
- Inspection of business entities that carry out activities that have high risk to occupational safety and health of workers and/or high risk to employ unregistered workers, or fail to implement Albanian law concerning work hours or minimum wage. Therefore, the number of thematic inspections in 2014 increased by 56% compared to the same period in 2013 (1,717 inspections for 2014 compared to 483 for 2013).
- Inspection in the services sector especially during the tourist season carrying out inspections at hotels, bars and restaurants aiming to eliminate all forms of

employment breaching labour legislation, the elimination of employment without work contracts, and/or disrespecting the legal form required by labour legislation.

Regarding *employment policy*, it has been adopted the National Strategy for Employment and Skills 2014-2020 along with the action plan by the Council of Ministers Decision no. 818, dated 26.11.2014.

Strategy Vision 2014-2020 for employment and skills, encouraged by the general objective of the 'Europe 2020' to achieve rapid, sustainable and thorough growth, aims that up to 2020 we have a competitive economy and an all-inclusive society that relies on "higher skills and better jobs for all women and men".

The overall aim of the Strategy is to promote qualitative job opportunities as well as skill opportunities for all Albanian women and men throughout the life cycle. This goal will be achieved through coherent and coordinated political activities, which at the same time respond to supply and demand for labour and also eliminate the gaps of social inclusion. National Strategy for Employment and Skills focuses on the following four strategic priorities:

- Promoting decent job opportunities through effective policies of the labour market
- Providing qualitative education and vocational training for youth and adults
- Promote social inclusion and territorial cohesion
- Strengthening labour market governance and qualifications systems

Reorganisation of employment offices, through modernization of infrastructure, re-conceptualization and computerization of services offered. Eleven new employment offices have been set up at regional and central level according to the new model of service. For the first time employment offices offer services similar to European counterpart institutions. We already have a unique model of delivery service with three levels, information, employment services and individual counselling. 323 employees of our system at all levels are trained to implement it.

The identification of skills missing in the labour market is one of the main activities undertaken from the National Employment Service (NES) in the frame of Labour Market Information, which is also foreseen in the Strategy Action Plan 2014-2020. This study is not only an important source of widening the labour market information, but it also serves as an estimate of the required and lacked skills in the labour market from the business perspective.

During June 2014 a study regarding skills and needs was conducted involving 2,054 enterprises. This study has been fully implemented by the central and local staff of the NES. According to experts' estimation having assisted its implementation, this study has resulted as a high quality product in all its elements confirming the fact that currently the implementation capacities of NES are good. The findings of SNA (Skill Needs Analysis) are an important instrument for reorienting the NES activity related to education and vocational training and employment mediation, but on the other hand they are beyond the limits of the NES and MSWY being also valid for the Ministry of Education, Ministry of Economy and Tourism, Foreign Investment Agency, Ministry of Territory etc., reaffirming the importance

of inter-institutional coordination and cooperation in achieving our goals and the government program objectives.

The strategy aims at regulating the policy of the labour market, improving education and vocational training, reforming social protection systems and strengthening management of the labour market. This is important, as the unemployment rate is high, especially among young and persons with disabilities.

During third quarter of 2014, based on the Labour Force Survey, the number of employed persons aged 15-64 years is 1,043,058. The number of unemployed persons aged 15-64 years is 219,585.

#### **During the third quarter of 2014 in Albania:**

- For the population aged 15-64, the unemployment rate is 17.4%.
- For young people aged 15-29, the unemployment rate is 32.4%.
- 63.4% of the population aged 15-64 is active in the labour market, employed or looking for a job.
- The employment rate for the population aged 15-64 was 52.3%.
- Compared with the third quarter of 2013 the employment rate is increased by 3.7 percentage points, the participation rate in the labour force is increased by 4.8 percentage points, and the unemployment rate is slightly increased by 0.2 percentage points (age 15-64).
- Compared with the second quarter of 2014, the employment rate is increased by 1.8 percentage points, the participation rate in the labour force increased by 2.1 percentage points, and the unemployment rate has slightly decreased by 0.2 percentage points (age 15-64)

#### **During the third quarter of 2014 in Albania:**

- During the third quarter of 2014, the participation rate in the labour force for people aged 15-64, is 63.4%.
- For women, the participation rate in the labour force is 53% and for males 74.2%.
- Compared with the preceding quarter, the participation rate in the labour force has increased by 2.1 percentage point. This indicator has been increased for both women and men respectively by 2.9 percentage points and 1 percentage point.
- During the third quarter of 2014, the participation rate in the labour force for young people aged 15-29 was 45.1%. The employment rate of young people is 30.5%.

#### *Employment promotion programs*

For 2014, state budget funds for employment promotion programs were ALL 271 million and 3,975 persons have benefited of whom 62% women or 2,417. 60% have benefited from the garment industry. 41% have benefited from particular groups of unemployed job seekers, 30% long-term unemployed; persons provided economic assistance 7%, younger up to 24 years 34% and 4% from the Roma community. During this year there are implemented 6 programs which are listed below.

For 2015, state budget funds for employment promotion programs will be ALL 450 million. 30% of these funds or ALL 150 million will cover youth employment.

Six programs to be applied are the followings:

- Decision of Council of Minister No 873 of 27.12.2006 “On determining the amount of funding, the criteria and procedures for implementation of professional practice programs for unemployed job-seekers, who have attended university degree, at home or abroad”(as amended)
- Decision of Council of Minister No 47 of 16.01.2008 “On the employment promotion program, through job training” (as amended);
- Decision of Council of Minister No 48 of 16.01.2008 “On the employment promotion program of unemployed job-seekers, under difficulty” (as amended)
- Decision of Council of Minister No 27 of 11.01.1012 “On the employment promotion program for women from special groups” (as amended)
- Decision of Council of Minister No 199 of 11.01.2012 “On determining the amount of funding, the criteria and procedures for implementation of the employment promotion program of unemployed job seekers, young” (as amended)
- Decision of Council of Minister No 248 of 30.04.2014 “On the employment promotion program of persons with disabilities” (as amended).

### *Social Protection*

#### *Legislative measures*

Adoption of the Law No 47/2014 of 24.04.2014 “On some addenda and amendments to Law No 9355 of 10.03.2005 “On social assistance and services”, as amended, which assures the inclusion of people in need, and improving the criteria and procedures to benefit from social protection program.

They reviewed means of economic assistance for victims of domestic violence and as well as it was envisaged the appeal procedure due to the fact that until now no deadlines and appeal structures were envisaged prior the individual take the case to the court. It was re-dimensioned cash benefits to persons with disabilities so that payments coming from the same program benefits (social protection) are re-allocated more efficiently and cases of abuse are avoided.

The Law “On some addenda to Law No 10171 of 22.10.2009 “On the regulated professions in the Republic of Albania”, as amended, which includes professions of social workers and psychologists.

It has been approved the Law No 163/2014 of 4.12.2014 “On the Order of Social Workers in the Republic of Albania”.

It has been approved Decision of Council of Ministers No 375 of 11.6.2014 “On some addenda and amendments to the Decision of Council of Ministers No 904 of 12.12.2012” that

provides for the right for the female spouse to withdraw and take over the economic assistance and for some changes in the application form.

It has been approved Decision of Council of Ministers No 838 of 3.12.2014 “On some addenda and amendments to the Decision of Council of Ministers No 904 of 12.12.2012 that grants the right for children of economic assistance families to benefit assistance during the attendance of compulsory education aiming at promoting their education and for their immunization.

Decision of Council of Ministers No 376 of 11.06.2014 “On some addenda and amendments to Decision of Council of Ministers No 787 of 14.12.2005 concerning education and immunisation supplement for children of economic assistance families in non-pilot areas” was approved.

The Decision of Council of Ministers No 837 of 3.12.2014 “On recognition of sign language” has been adopted and it aims the recognition of sign language to assist the Albanian community of persons having impaired hearing in order they have access to the information offered by local institutions, as well as to enjoy the same rights as other citizens in the Republic of Albania. This decision provides MOSWY as the authority responsible for the coordination and evaluation of legislation, policies, and programs related in this field as well as develop a structure for actions to be taken.

Decision of Council of Ministers No 582 of 10.09.2014 “On an amendment to the Decision of Council of Ministers No 846 of 27.09.2013 on transferring the administration responsibility from the Ministry of Defence to the Ministry of Social Welfare and Youth of some objects and functional land, part of the property No 84, located in Shish-Tufinë, Tirana, and on an amendment to Decision of Council of Ministers No 515 of 18.07.2003 “On the approval of the inventory list of state immovable property, which the administration responsibility is transferred to the Ministry of Defence”, as amended.

Decision of Council of Ministers No 840 of 3.12.2014 “On some addenda and amendments to the Decision of Council of Ministers No 114 of 31.01.2007 “On defining the contributions of persons located in public residential institutions of social care services” that included two more categories (victims of domestic violence and victims of trafficking ) and reviewed the benefits.

Decision of Council of Ministers No 839 of 3.12.2014 “On some addenda and amendments to the Decision of Council of Ministers No 425 of 27.06.2012 ‘On defining the criteria and documentation necessary for the admission of persons in public and non-public residential institutions of the social care” was approved. According to this Decision of Council of Ministers, the initiative for admission of victims of domestic violence in public and non-public shelters is undertaken by the responsible structures despite the existence of the Order of Protection / Immediate Order of Protection.

Guideline No 8 of 23.06.2014 “On estimating the economic assistance in pilot areas”, which calculates the amount of the benefit under the family structure.

Guideline No 9 of 23.06.2014 “On the implementation of the Decision of Council of Ministers No 904 of 12.12.2012 ‘On defining the criteria, procedures and documentation to benefit from economic assistance, in pilot areas”, provides the means of application and benefiting from the economic assistance.

Guideline No 15 of 5.11.2014 “On some addenda and amendments to the Guideline No 338/3 “On the implementation of Decision of Council of Ministers No 787 of 14.12.2005” made possible changing the payrolls for the economic assistance.

Furthermore, the payments of persons with disabilities have been revised according to consumer prices index (inflation) by Institute of Statistics (INSTAT) with the following guidelines:

Guideline No 12 of 29.09.2014 “On the implementation of the Decision of Council of Ministers No 31 “On benefiting from the status of paraplegia and quadriplegia”, as amended.

Guideline No 13 of 29.09.2014 “On the implementation of Decision of Council of Ministers No 618 “On defining the criteria and the documentation and amount of benefiting for persons with disabilities”, as amended.

Guideline No 14 of 29.09.2014 “On the implementation of Decision of Council of Ministers No 277 “On the benefits of the status of blind”, as amended.

Guideline No 10 of 3.07.2014 “On some amendments to the Guideline No 1945 of 4.10.2010 “On the implementation of Decision of Council of Ministers No 617 of 7.09.2006 “On determining the evaluation and monitoring indicators of the economic assistance programs and the payment to persons with disabilities and social services” has been approved. This Directive was drafted in the context of the implementation of the Protocol on Global Condition of Disbursement, and included other statistical indicators too, related to the economic assistance, persons with disability and foster care service.

Guideline No 2 of 10.03.2014 “On the procedures for analyzing the licensing application of the entities performing social care activities”.

Joint Guideline of the Minister of Social Welfare and Youth, Minister of Finance and Minister of Energy and Industry No 1 of 2.02.2015 “On the implementation of the Decision of Council of Ministers No 8 of 14.01.2015 “On the protection of vulnerable groups from removing the threshold up to 300 kWh for the billing of electricity price”.

### *Activities*

The adoption of the legal framework and completion of digitizing economic assistance scheme during the first six months, opened the way for piloting a new scheme of economic assistance which begun in June 2014 in three pilot regions Tirana, Durrësi, Elbasani. These



regions consist of approximately 40% of total population and with greater dynamic movements from rural to urban areas, from mountainous areas to coastal and central areas.

This scheme defines a new way of application, where through the use of scoring formula it is intended to better target the poor families and increase the efficiency and parity in the economic assistance scheme. It has already been completed the establishment of National Electronic Register of the beneficiaries of economic assistance with an online integrated system involving all institutions.

In order to have a more transparent and communicative reform it was conducted the “Albania Solidarity” Communication campaign, consisting in open meeting with the citizens, distributing handouts, leaflets, posters in the three pilot areas Tirana, Durrësi, Elbasani. The implementation of these activities has enabled awareness of the citizens with the procedures, criteria and the documentation they must fill in related to the implementation of the new approach of upgrading/modernizing the economic assistance.

During 2014, persons with disabilities have been part of the policies and programs undertaken to guarantee and respect their rights, support, rehabilitation and integration in the society. In the social protection program, person with disability constitutes the largest category in terms of their growing number and consequently the large portion of the fund of this program is attributed to this category.

In addition to this, it was completed the payment index of the payments for person with disability based on the consumer price index (inflation) which according to INSTAT was 1.5%. The process of indexing the payments is carried out according to the legislation into power.

During 2014, according to the World Bank project “Modernization of Social Assistance”, has started the process for restructuring the evaluation of the person with disability in Albania, which includes: (a) rewriting existing evaluation criteria and definition of disability; (b) designing a new multidisciplinary process for determining disability; (c) setting up structures for assessment and determination of disability; (d) reforming of benefits for non-contributory scheme and eligibility criteria; (e) information and communication digitization; and (f) drafting of new legal framework. Actually we are working on drafting the technical specifications for the establishment of an electronic register for persons with disability.

In collaboration with two contracted experts (international and local) we are working on the process for reforming the evaluation system for disability in order to change and transform this system towards a bio-psycho-social model fulfilling the up to date and modern standards, the recommendations of the Convention on the Rights of Persons with Disabilities and inserting the criteria of the International Classification of Functioning, Health and Disability.

Based on the Joint Order of the MoSWY and Ministry of Health, we are closely working with a team of doctors on revising the existing criteria for evaluating and determining disability.

MoSWY has initiated the process for reforming the social care services. We are currently working on drafting the Social Protection Strategy 2015 – 2020, the first draft of which has been presented and consulted with the donors and civil society.

In cooperation with UNICEF, we have been involved on designing the decentralized social care services and integrated services. It has been attained few scenarios in regard to decentralization of social services setting out the role of central, regional and local levels, as well as the role of the State Social Service. Efforts to further consolidate the process of de-institutionalization were realized relying on concrete measures on the implementation of the project “Innovative social services for vulnerable groups: standards for decentralization”. This project is monitored, coordinated and consistently followed by the respective department within the Ministry, throughout 2014.

With regard to de-institutionalization of social care services the project “Innovative social services for vulnerable groups: standards for decentralization” is under implementation with the engagement of our institution. This project ensures: Setting up new services at residential centres for people with disabilities, children without parental care and the elderly; drafting and adoption of standards, procedures and guidelines at the national level for the management of social care services for vulnerable categories; promotion, organization and evaluation of volunteer service to vulnerable groups.

Positive results have been achieved based on the monitoring of this project. The following describes the areas of such achievement:

- Development Center for Persons with Disability in Tirana - Improving living conditions through interventions in infrastructure fully realized, partial transformation from residential service into daily service and providing innovative services by opening the Daily Center for 20 children with disabilities; it has been negotiated for the employment of 4 young persons with disability, and 10 young persons with disability have received vocational education.
- Children’s Center in Shkodra - Improving living conditions through interventions in infrastructure fully realized, through setting up and functioning of a Daily Center for 10 street community children, attending the custody practices for four children of the Center, providing innovative services from specialized personnel (social worker and psychologist); return to the biological family of one child and support for the child and family for a 3 year period.
- Elderly Centre in Shkodra - Improving living conditions through interventions in infrastructure, designing the volunteer services and household assistance.

With the support of UNICEF, it has been conducted the analysis of the situation in residential institutions for child care finalized with a concrete action plan identifying the measures to be taken from the Albanian Government to achieve this objective: No more children be located in institutions up to 2020. Taking into consideration the above-mentioned objective, it has been organized the national round table for De-Institutionalization in Albania: Children Care without Parental Care: Moving Forward. During this activity was presented the evaluation report of the beneficiaries of public and non-public entities of the children social care. This activity was concluded through drafting the action plan for concluding the process of de-

institutionalization in social care institutions that provide residential services for children / children with disability.

During 2014, four residential social care services are granted the license. Such services consist of two new services for elderly and two other services are the existing one which have contracted new administrator for the service management.

There are currently licensed 160 providers of social services for orphans and social problems children, for persons with disabilities, the elderly, for women and girls in need and victims of trafficking, street children, etc. In comparison with previous years, the number of licensed associations has changed, but we are not able to say if there has been a growing trend of them.

### *Social Inclusion of People with Disabilities*

Following the ratification of the UN Convention on the Rights of Persons with Disabilities, the Parliament approved the Law No 93/2014 of 28.07.2014 “On the inclusion and accessibility for Persons with Disabilities”. This framework law brings new definition of disability including all categories of disability based on the concepts of autonomy and independence for persons with disabilities. The law aims at equality, non-discrimination, elimination of barriers, cooperation and participation / full involvement of persons with disabilities into the society. The process of drafting and approving the law was associated with a wide consultation with all line institutions and groups of interest. Consultation sessions were conducted at the local level, at the political level as well as in Parliament.

In accordance to the Law No 93/2014 “On inclusion and accessibility for persons with disabilities”, it was approved the Decision of Council of Ministers No 48 of 21.01.2015 “On approving the Regulation ‘On the functioning of the National Council on Disability’”. This Decision along with the Order of Prime Minister No 12 of 9.02.2015 “On the establishment of the National Council on Disability”, define the procedures for establishing the Council. This Council will have a broad participation and enable the consultation of complex problems in a ministerial level, while promoting and monitoring the implementation of the legislation.

At the same time, we are working on drafting other bylaws for inclusion and accessibility of persons with disability. Given that it was found a low level of construction adequacy and the necessity for generating construction adequacy conditions for persons with disability in state facilities, a working group was set up pursuant to the Order of Prime Minister No 239 of 11.12.2013 “On setting up the Inter-Ministerial Group for the implementation of construction adequacy rules in state central and local institutions”. This process is in compliance with the definition in Article 3 of the Law “On inclusion and accessibility of people with disabilities” and the infrastructure bottlenecks, including those in apartments, public spaces and services”. The definition of modalities, follow up of this process, and the organization of meeting with the members of working groups were carried out in cooperation with the Faculty of Architecture and Urban Planning; UNDP technical assistance and with line institutions and consequently it was created a base of 70 objects along with draft action plans and possible

interventions for adequacy. Furthermore, the abovementioned were submitted for review/suggestions to related ministries.

Contribution of the working group participants made possible organization of trainings on construction adequacy rules, mainly with the Decision of Council of Ministers No 1503 of 19.11.2008 “On approving the Regulation “On the use of the facility by persons with disabilities” in cooperation with UNDP.

Ministry of Social Welfare and Youth with the support of UNDP Project “United Nations support to the Social Inclusion in Albania” financed by the Swiss Development Cooperation held trainings with local government representatives to strengthen the capacity of local structures aiming at integration of disability issues into policies, plans, programs and budgets of local government and on the other hand strengthening the capacity of construction experts toward the implementation of these rules and standards on their professional activity.

Furthermore, considering the United Nations project on Social Inclusion in Albania it was organized a training session on “Training of Trainers” with representatives from state and institutions and civil society, focused on “Implementation of the Convention on the Rights of Persons with Disabilities aiming at the inclusion of persons with disabilities as equal Albanian citizens”.

Ministry of Social Welfare and Youth, provides special programs for the promotion of persons with disabilities. Given that for each employed person there is a complex plan that includes counselling and vocational orientation, persons with disabilities have benefited from these services. Meanwhile, the Decision of Council of Ministers No 248 of 30.04.2014 “On the employment incentive program for persons with disabilities”, during 2014, made possible the reduction of the security of employees, when they employ persons with disabilities. Such arrangements will encourage the employment of persons with disability in the private sector.

### *ROMA Community*

During this period we have been involved on implementing the measures according to the National Strategy “On the improvement of the living conditions of the Roma Community” and the Action Plan “Decade of Roma Inclusion” with close cooperation with the line ministries, local government structures, NGOs representative of Roma and Egyptian Community, and various donors to clearly address their financial assistance to improving the living conditions of these communities.

After the high-level seminar “The inclusion of Roma and Egyptian Community – New challenge toward the social development of Albania” organised on 20 – 21 February 2014, focused in interactive discussion among the state, civil society, Roma and Egyptian organizations as well as renowned international experts in this respective field. In this regard, it resulted on concrete actions and steps for each priority area of the 5<sup>th</sup> Recommendation of the European Commission, as well as of the Decade of Roma Inclusion Plan (2005 – 2015), in order to ensure that each responsible institution will undertake real interventions to improve the socio-economic situation of these communities. Recommendations that resulted

from the workshop were discussed with all stakeholders responsible for implementation of strategic documents and the final draft of these recommendations with all proposals reflected in the document was considered as approved by the Government and the European Commission.

Based on the abovementioned recommendations, during the second half of year the Social Inclusion Department coordinated the work for the development of the monitoring action plan for Roma and Egyptian communities integrated as part of the Social Inclusion Strategy 2015 – 2020 in line with the Albanian government program in the field of social inclusion and in line with the international standards. In this regard, different consultative meetings and workshops have been organized which provided:

- Programming of clear actions identifying concrete measures in the areas of civil registration and access to justice system, education and the promotion of intercultural dialogue, employment and vocational education and training, health care, housing and social care issues aiming at improving the integration of Roma and Egyptian communities, along with the time period scheduled and necessary financing.
- Establishment of database for 2014 or the latest data available (including any data on the number of Roma and Egyptians beneficiaries and other data that can be used to monitor the implementation of policies) as well as data on budget.

The action plan for the integration of Roma and Egyptian communities was drafted through a planning process with relevant participants. The guiding principles of this plan includes, among other things, an approach oriented towards human rights, minority rights, the focus of youth and gender equality etc. Lessons learned from the implementation and monitoring of the National Roma Strategy and Action Plan “Decade of Roma Inclusion” were essential on drafting the new action plan. Special attention was paid to developing a harmonized process of the plan with territorial administrative reform, reorganization of the social reforms and decentralization.

In addition to this, during this year the inter-ministerial group on Roma has met twice, at the beginning of the year to ensure the commitment of line ministries for the successful organization of the workshop and at the end of the year aiming at the full involvement of line ministries in drafting the new Action Plan for Roma and Egyptian Community. This action plan states concrete activities and responsibilities associated with the budgets and the relevant responsible institution.

Regarding the International Roma Day (8 April), we have been involved on organizing some socio-cultural activities held at the premises of the National Museum. The program included among others a fair with the works of a Roma visual artist, who exhibited his works inspired by Roma tradition and each of the works specifically delivered its message; video documentaries about art and culture and a concert with about 11 Roma instrumentalists who performed elaborated Roma music under the slogan “equal in diversity”.

Regarding the education, during the academic year 2013-2014 the number of Roma children part of preschool education system was in total 4219, compared with 4085 during the academic year 2012-2013. During the actual academic year, there are 93 Roma and Egyptian

teachers, majored in teaching, of which 86% (80 teachers) are employed in the education system, respectively: 10 in kindergarten, 56 in primary education (1 Egyptian is the Head of the Primary School in Dibra) and 14 in secondary education and higher education. The 35 Roma teachers are employed under the profile holding diploma.

During academic year 2014 – 2015 there are enrolled 4,437 Roma in compulsory education and 408 Roma in secondary education. 315 Roma and Egyptian students coming from Korça are granted scholarship /daily food quota of ALL 76 for 170 day.

Ministry of Education and Ministry of Social Welfare and Youth in partnership with ARSIS (Social Organization for Youth Support) with the support of the Roma Education Fund (REF) have started implementing the project “Improving the educational attainment of young Roma and Egyptian of the ninth grade and their follow up until high school graduation”. In the context of this project, Roma and Egyptian students of 9<sup>th</sup> grades were granted 80 social scholarships (30 Euros per month for each selected student, 300 Euro per year).

3,370 Roma students have benefited free textbooks for the academic year 2013 – 2014, while 3,219 Roma students have benefited free textbooks and for the academic year 2014 – 2015.

Regarding their registration in the registry office, during 2014 there have been organized meetings held in 12 district centres where there are large concentrations of Roma families. The aim was to identify unregistered cases and providing solving methods of such issues, in administrative or legal way. On the other hand, it has been working on registering the cases previously identified and based on this process there are registered 147 children, as late registrations. In regard to social assistance, 1,500 Roma and Egyptian families are selected in the social assistance scheme.

80 Roma third age persons benefit from daily and residential services where the total number of this kind of beneficiaries has reached 800.

155 Roma and Egyptian children in need and children with disabilities live in public and non-public social care institutions where the total number is 653 children.

#### *Services at the Emergency Transit Centre*

In the framework of protection, promotion and integration of the Roma community, the Ministry of Social Welfare and Youth after was granted the administration control of the former chemistry Regiment building, located at Shish-Tufinë, in order to use for setting up a residence for housing the families of this community, it was committed to the establishment and functioning of the Emergency Transit Centre and transform it in a complete social centre, to accommodate Roma families, which are unable for housing. The Center provided direct support for fulfilling the basic and psychosocial needs to 53 families of which 103 children and 103 adults (parents).

State Social Service with the support of *Terre des Hommes* organisation has designed the psychosocial services, awareness, education, innovative and informing activities valid for

supporting children and families with the purpose of their rehabilitation, welfare and reintegration into society. The activities for 2014 were focused on:

- The protection of children and strengthening of families through setting up children protection service, and case management through a multidisciplinary approach.
- 18 identified cases of children used for work in street and begging are prevented.
- 42 children are enrolled in public schools and 23 have attended kindergarten “Romani Baxt” aiming their integration in the public gardens.
- Support provided to adults to be register as jobseekers.
- Support provided for preparation of documentation to apply for social assistance.
- These communities have been informed and provided access to health services, and well as they have received the health card.
- Some families are provided support with 1 month or 6 month food package according to the individual plan of intervention; some families are supported and advised to be involved in trade activities in order they generate their incomes.
- Different awareness and psychosocial activities with the participation of the children, families and community members
- Promotion and encouragement of Volunteering.

As regards the problem of *human trafficking*, the Criminal Code has been amended to address this phenomenon; victims of trafficking are now being offered financial assistance and social services at residential and reintegration centres. The government has also ratified bylaws for a better coordination of anti-trafficking activities at central and local level. For year 2014, 101 potential victims are accommodated in 4 residential centres, of whom 11 are from the Roma and Egyptian communities benefiting from the above-mentioned services.

As regards to the *health issues*, Ministry of Health, on February 2014, supported the proposal of Vodafone Albania Foundation, that Roma community be involved in the project of this association for basic health control through the use of telemedicine medical techniques. For this reason, it was made available the national location map of the Roma community identifying also the health centres nearby these communities. Vodafone Albania Foundation reports once a year and the monitoring are carried out jointly with the Ministry of Social Welfare and Youth and Public Health Institute.

Furthermore, the Ministry of Health has supported the project of Save the Children during August 2013 – July 2014 “9 + 3 Healthy Maternity”. In this project were involved Roma women in the area of Kinostudio and Shkoza, based on which 86 women benefited from weekly information sessions regarding access at health services. 61 pregnant women were identified and benefited during pregnancy (four regular checks, medications support, supplements,) and 25 just-married women (future mother) benefited from the project, while 12 women were supported to be provided with health card.

Immunization is a service provided free of charge to the entire population, including Roma and Egyptian children. Nurses in charge of immunization, go door to door to identify children and provide those vaccines. The migration of Roma and Egyptian families and the lack of education make them vulnerable every year. The Public Health Institute (PHI) makes screening of areas where Roma and Egyptian families live in order to identify unvaccinated

children. During 2014, PHI initiated the procedure to cover more than 95% of every community and is currently working to adjust all relevant documents, to include in this way Roma and Egyptian community. Very often, nurses in charge of immunization, cooperate with social employees or mediators in order to improve communication with this community and to vaccinate more Roma and Egyptian children. PHI also has piloted immunization information system in Shkodra and is currently working in Lezha and Malësia e Madhe including children already vaccinated. All Roma and Egyptian children are vaccinated free even when they do not have papers, but in such cases they are identified from PHI.

As regards *housing issue*, Ministry of Urban Development based on the Strategy “To improve the living conditions of Roma”, EC Recommendation (Priority No 5, road map) and the Law No 9232 of 13.05.2004 “On social housing”, as amended, has drafted terms of reference for projects related to improve housing conditions of Roma and Egyptian communities. The ToRs were submitted to all Central Local Units, enabling them (municipalities) to develop good projects aiming at improving conditions for Roma and Egyptian communities. In this regard, during the 2014 state budget, it was allocated a fund of ALL 30 million.

Lushnja Municipality was the first local government unit that drafted and submitted at the Ministry of Urban Development the project on “emergency intervention in the Roma neighbourhood, Savër, Lushnja”. Upon receipt and evaluation of the project resulted that its implementation will significantly improve the lives of residents in the above-mentioned neighbourhood, more specifically the reconstruction of 22 apartments in total. The works constituted in building new roofs, doors, windows, plumbing joints, electrical systems. Construction of sewage wastewater served 75 existing families in this area. The financial value was ALL 30,000,000. The works completed in December 2014.

In addition to this, in the budget of Ministry, there were allocated funds for projects on improving the housing conditions of Roma and Egyptian, with a value of ALL 42,000,000. Funds for these projects were distributed specifically to:

- Municipality of Otlak which developed the project in two phases:

Phase 1 – Reconstruction of the Roma community housing, infrastructure and sewage interventions in the village of Morava, municipality Otlak with a value of ALL 15,000,000. During this phase there are reconstructed 19 Roma apartments. The works constituted in building new roofs, doors, windows, plumbing joints, and electrical systems. We emphasize that from the intervention in the sewage wastewater system benefited about Roma 50 families. The project ended on December 2014

Phase 2 – Reconstruction of the Roma community housing, infrastructure and sewage interventions, in the village of Morava. Ministry of Urban Development at this stage financed the construction of the main collector in which is discharged the sewage drainage financed under the first phase of the project of the Ministry of Urban Development and as well as the construction of sewage pipelines financed from UNDP in collaboration with the experts of the two institutions. During this phase there were reconstructed 5 more Roma houses. From the construction of the main collector benefited about 50 other families. The estimated value was ALL 11.5 million. Project ended on December 2014. As a result, 120 Roma families in total have benefited directly and indirectly from the implementation of both phases of the municipality Otlak.



- Lezha Municipality developed the project “Reconstruction of 32 Roma and Egyptian community houses in the neighbourhood Skanderbeg”. The estimated value was ALL 11,500,000. Based on this project 32 Roma houses were reconstructed. The works consisted in the construction of new roofs, doors, windows, plumbing joints, and electrical systems. The project ended in December 2014.
- **Municipality of Përmeti** drafted the project “Emergency intervention in Egyptian community residences, Përmeti” The estimated value was ALL 4,800,000. This project has foreseen the rehabilitation of eight Egyptian houses. The works consisted in the construction of new roofs, doors, windows, plumbing joints, and electrical systems. The project ended on December 2014. In total, about 258 Roma and Egyptian families benefited directly and indirectly from the implementation of this project and is worth mentioning that they were hired during the implementation phase, resulting on moderately improving their quality of life

### *Emigration*

The National Employment and Skills Strategy 2014 – 2020 has been approved by the Decision of Council of Ministers No 818 of 26.11.2014. A separate section of this strategy refers to employment migration. The strategy considers the management of labour migration as a complex phenomenon that requires intervention in some respects. At the same time it is assessed that must be some interference as:

- Strengthening of capacity related to information issues on a local level regarding the legal employment migration (migration counters)
- Increasing the capacity of public and private agencies staff that provide counselling and perform mediation on employment migration.
- Strengthening institutional cooperation to identifying labour markets in potential host countries of Albanian emigrants.
- Increasing cooperation with host countries on the implementation of existing employment agreements and signing new bilateral agreements on employment and vocational training issues.
- Recognition of professional experience (certification) obtained from Albanian citizens during emigration.
- Bilateral agreements on social security are signed with more countries.
- Strengthening of structures that provide reintegration services for Albanian citizens returning to the country (Action Plan for Reintegration)
- The action plan on real measures to achieving the objectives as well as a range of other indicators was approved along with the National Employment and Skills Strategy 2014 – 2020.

The strategy for the reintegration of Albanian returnees from 2010 to 2015 is being implemented. Taking into consideration the action plan of this strategy, it has been organized different meeting with the contact points of the responsible institutions aiming at its implementation and exchange of information on Albanian citizen return cases.

In this regard, there have been published leaflets with information about the returns on reintegration services and handbooks having the information on legislation delivered to the migration employees.

Seminars and workshops have been organized discussing problems encountered from migration employee and aiming strengthening their capacity.

During January – December 2014, pursuant to Order No 84 of 6.06.2011 “On the content of the register for immigrants and registration procedures” a total of 834 Albanian returnees were registered at the migration desks at the employment offices.

*Data on Albanian citizens returning from abroad can be found at Annex 6.5.3.*

Another part of the returnees has been added to the list of unemployed jobseekers that are interested and awaiting for a suitable job. There have been registered 2,209 returnees and at the same time resulting as unemployed jobseeker. Through analyzing their characteristics 656 of them or 30% are female, 80% of them are up to 45 years old. Regarding the educational level 38% of them have attended primary education (9 years school), 36% of them have attended secondary education, 19% have attended secondary vocational education and only 6.6% have attended university.

The Joint Order between the General Directorate of State Police and the State Social Service have been implemented in order to take all the necessary steps for social treatment of unaccompanied minors who have returned back from other countries. This joint order defines the relevant tasks of each party before and after the return of children from migration

During the period January – December 2014, State Social Service has conducted socio-economic assessments of 11 biological families of children before their return. 6 cases can be mentioned for children contacted at the border and escorted to their families. Social employees of the relevant Regional Directorate have followed up the reintegration of the child return at their family. NGOs like *Terre des Hommes* and IOM have financially assisted on three similar cases.

The support provided consists of: health, education, housing when the need for housing has been submitted to residential institutions for children.

Continuous monitoring of the social employee of the Regional Directorate of Social Services has concluded that 91% of repatriated children are reintegrated into school and family.

### *Immigration*

The Law No 108/2013 of 28.03.2013 “On foreigners” provides access to foreigners having EU nationality in the labour market, to be employed in the Republic of Albania without applying for work permits.

During 2014, there have been approved 18 Council of Ministers’ Decrees in implementing this Law. During May 2014, Decision of Council of Ministers “On exemption from liability for a work permit or certificate of work registration to the citizens of the Republic of Kosovo and the Republic of Serbian citizens of Albanian ethnicity” was approved.

*The list of the approved Decisions of Council of Ministers and the employability situation of foreigners in Albania is found at Annex 6.5.4.*

Positive changes will result in the future *relating to the integration of foreigners*, given that the Law No 108/2013 “On foreigners” envisages drafting and implementation of the National Program of Social Integration of foreigners from the responsible ministries. Public institutions have the legal obligation to cooperate, according to their competences, with social partners, non-governmental organizations and international organizations for the promotion and implementation of programs of integration of foreigners into society. The law envisages that in all activities conducted, public institutions and NGOs provides to foreigners protection against any form of discrimination. The law gives consideration to the prohibition of direct and indirect discrimination by legal public and private persons throughout the process of immigration for employment.

On 15 – 16 October 2014 it was held in Tirana the training on “Best Practices of migrants’ integration in accordance with OSCE commitments”. OSCE Office in cooperation with the representative of the OSCE in Albania organized the training for the Democratic Institutions and Human Rights. The purpose of this training was to support the OSCE member States for a better and rapid implementation of OSCE commitments for the integration of migrants.

Policies on foreigners are also included in the “National Employment and Skills Strategy 2014 – 2020 and its Action Plan”. Regarding the policy recommendations, the strategy is a political valid document toward the realization of all deficiencies in the field of integration of foreigners and immigration policies. Strategy has assessed that some interventions should be made in several areas such as further strengthening of the communication capacity at local level for legal employment migration (migration counters). Moreover, it foresees real and clear measures in relation to regular reporting on labour mobility within the country and abroad, as well as about aligning the existing immigration legislation with EU directives.

In April 2014 it was organized the Workshop on “Employment Offices and efficiency of services for migration” in which participated representatives from 38 regional and local offices of the National Employment Service. The training focused on, among other things, the procedures for issuing work permits for foreign citizens, pursuant to the Law “On Foreigners”. Employment offices staff has been actively involved in providing continuous advice on the application, documentation, criteria and procedures for the employment of foreigners in Albania.

Furthermore, continuous advice has been given on method of application, documentation, criteria and procedures to be followed for obtaining exemption from the obligation to work permit, also on other issues of employment of foreigners in the country. In addition to this, information handout has been provided to immigrants who come for employment in Albania.

*Updating bilateral agreements for coordination of social security schemes*

It is in the process of adoption the Decision of the Stabilization and Association Council on the coordination of social security schemes between Albania and the EU, pursuant to Article 48 of the Stabilization and Association Agreement.

Social protection agreement between the Republic of Albania and Belgium was ratified by the Parliament, with Law No 35/2014 of 3.04.2014.

Social protection agreements with Luxembourg, Hungary and Romania have been finalised. The agreements are endorsed by the Council of Ministers and currently are in the process of ratification from Parliament. Ministers of the two respective countries signed the agreement between the Republic of Albania and the Grand Duchy of Luxembourg on 27 October 2014.

The ministers of the two respective countries signed social protection agreement between the Republic of Albania and Hungary in Tirana in November 2014.

Negotiations for social protection agreement with Canada are finalised during the round held in Tirana from 1 – 4 December 2014. During these negotiations it was discussed and approved the administrative agreement.

Negotiations with FYROM regarding the basic agreement have been completed during the meeting held in Tirana on 14 November 2014. It is actually proceeding for approving in the Council of Ministers and the agreement will be signed on March 2015. Hereinafter, the negotiations will continue for the adoption of administrative agreement.

The next round for the completion of negotiations with the Czech Republic is foreseen during May 2015, aiming at approving the administrative agreement.

In January 2015, in Tirana, Republic of Albania and Federal Republic of Germany held negotiations on social protection bilateral agreement. The next round of negotiations will be held in Germany in April 2015.

In February 2015, in Vienna, took place the first meeting on bilateral agreement between the Republic of Albania and Austria. The next round will be held in Vienna in June 2015.

Ministry of Social Welfare and Youth in cooperation with the Ministry of Foreign Affairs and diplomatic missions, has expressed interest and is working to negotiate bilateral agreements on social protection, mainly with countries like Italy and Greece, considering the high number of emigrants living in these countries. The cooperation with Italy at technical level has already started to analyze and evaluate the social security systems in the two respective countries, and to further continues with negotiations for bilateral agreement.

Taking into consideration the growing of the coordination process of the social protection schemes, it has been initiated the cooperation with the Spanish, Croatia, Denmark and France Government having expressed their interest to start negotiations for a bilateral agreement. The Albanian Government welcomed such proposal. More specifically, there have already started mutual exchange of information on social protection systems. MSWY is interested to

start cooperation with Bulgaria after being noticed many problems that would be solved through the drafting of a new agreement on social protection between the two countries. MSWY is working to conclude agreements not only with other EU Member States but also with European countries, not EU member state, such as Switzerland.

*Update on the sustainability of the pension scheme. Review the legal framework on pensions*

Pension scheme have shown serious difficulties associated with the inability to cope with revenues raised from contributions required for pension costs, financing 1.5% of GDP or ALL 20.7 billion, making the scheme financially unsustainable. This situation is mainly related to low participation in this scheme with about 55.7% of the number of employees, indicating low participation of the labour force in the social security system and high informality affecting the current payments financing and which will increase the social burden in the future. The rate benefiting from pension scheme results in 41.6% in comparison with the average salary, which below the European average levels. Lack of reforming this scheme would lead to its deterioration in later periods. Weak link between contributions paid to pension and benefit rate has had impact on increasing the informality, on hiding real wages on which taxes are calculated.

Pension scheme, if it continues in this way, in the future would have given much lower benefits compared to the average wage, continuation of fiscal deficits and a portion of the population would have not benefited pension because of not participation of today's working age population at the pension system. Aiming at a sustainable increase and halting the downgrading of the scheme, the government, in early 2014, undertook pension reform. This reform was carried out by an inter-ministerial group with broad participation of stakeholders and social partners, with extensive public consultation and underwent all procedures of decision-making in collaboration with social partners.

The Pension Policy Paper has been drafted with the assistance World Bank of technical assistance. During this process there were consulted international best practices and were prepared several settings, from which was selected the most appropriate one that strengthens the link between individual contributions and the rate of pension. This version calculates the change of the pension calculation formula, reflecting simplicity and transparency, and by linking profitability rate to the contribution paid. Moreover, it assures keeping gains at normal level by significantly improving the degree of substitution compared with the current scheme. Implementation of the reform will bring a much faster reduction of the pension scheme deficit, through improving the financial situation of the scheme and lowering subsidies from the state budget. Furthermore, the reform will erase the difference between rural and urban area pension in terms of eligibility criteria and method of calculation by unifying the scheme and as well as eliminating privileges for the self-employed in agriculture (farmers) and treated like all employees and self-employed. The reform provides no contribution rate increase.

The followings present some innovative application of the reform:

- Precise and strict rules on the amount of pension to be indexed, predicting only indexing to inflation;

- Removing the ceiling of the maximum pension;
- Computation of the minimum contributively wage to the minimum official wage and maximum contribution wage indexation to the salary increase;
- The steady increase, with four months a year, for the years of social security contributions from 35 to 40 years by 2025,;
- The steady increase of the retirement age for women with two months of the year, to reach 63 years in 2032. Since 2032 the retirement age for men will rise by one month a year while for women with two months a year reaching the age of 67 years for both genders in 2056;
- The removal of privileges for the recognition of insurance periods without paying contributions for women, i.e. the recognition of university period after the year 2032;
- Improving the method of calculating pensions for mothers with many children and family pensions and increasing the age for this category from 50 years to 55 years;
- Increase the amount of contribution for rural areas to equal the contributions of the self-employed in agriculture to that of the self-employed in urban areas by 2018;
- Establish discouraging elements for early retirement and encouraging later retirement;
- Eliminate all state budget financed compensation (compensation for minimum income, compensation for bread, compensation for electricity);
- Strengthening the qualifying criteria for disability pension by increasing the period of insurance for full disability pension and as well as determining as a prerequisite that it is needed one year of insurance during the last five years.
- Guarantee minimum protection for persons with disability by setting the condition that the disability pension cannot be lower than 75% of the net minimum wage.
- Current retired persons will continue to receive pensions as in the past and the amount of pension will increase each year according to the law and in line with inflation.
- The right of benefiting social pension for all individuals who do not meet the conditions necessary for obtaining a pension through compulsory and contributory scheme. Only individuals over 70 years old who have been resident in Albania during the last 5 years can acquire this pension. The amount of this pension will be no higher than the amount earned from partial pension with 15 years of insurance and with the minimum wage on 31.12.2014 that is attained from the contributory scheme. This state budget financed pension will be given under the condition of verifying the income.

The Policy Paper determines also the reform of public supplementary schemes for political officials, senior state officials, and persons with academic titles (professors), military, police etc. The drafts prepared are approved by the Government and are under discussion in Parliamentary Committees. The most essential changes of this law refer to the increase the age of retirement for senior officials (Members of Parliament, Ministers) from 55 years to 60 years, increasing the supplementary contribution rate for all categories and as well as the indexation of these pension like other pensions and not recalculation whenever the reference salary changes.

The Law on social security envisages that pension funds can be created on the basis of the profession. These schemes aim at guaranteeing the income of individuals who retire earlier than the official age of retirement. They will be contributory, where the rate of contribution

will be split between employers and employees and will be developed on the basis of collective agreements. The Albanian Financial Supervisory Authority will conduct supervision of these schemes. From 1<sup>st</sup> of January 2015, Albania has started to implement new pension reform paying for the first time pensions above the indicated maximum pension according to the old law and as well as social pensions for people over 70 years having no other income. Moreover, the law on the underground mining employees has been approved and is under the implementation.

The reform process is necessary associated with improvements of legal acts. The following laws and bylaws have been approved:

- Law No 150/2014 of 6.11.2014 “On the pensions of employees who have worked in mines, underground”;
- Law No 153/2014 of 18.11.2014 “On the remission of default interest and penalties for mandatory contributions of the unpaid social security from self-employed persons in agriculture”;
- Decision of Council of Ministers No 78 of 28.01.2015 “On implementing the Law No 150/2014 of 6.11.2014 ‘On the pensions of employees who have worked in mines, underground”;
- Decision of Council of Ministers No 77 of 28.01.2015 “On compulsory contributions and the benefits from social security and health care insurance system”;
- Decision of Council of Ministers No 456 of 9.07.2014 “On the increase of pensions”;
- Decision of Council of Ministers No 906 of 17.12.2014 “On remuneration and compensation of some special categories for the holidays”;
- Decision of Council of Ministers No 928 of 29.12.2014 “On the criteria, procedures and documentation of the social pension”;
- Decision of Council of Ministers No 927 of 27.12.2014 “On the coefficients of salary indexation, for the purposes of calculating the assessed basis for the initial calculation of pensions”;
- Decision of Council of Ministers No 929 of 29.12.2014 “On some addenda to the Decision of Council of Ministers No 561 of 12.08.2005 ‘On the determination of the reference salary for estimating the pension”;
- Decision of Council of Ministers No 8 of 14.01.2015 “On the protection of vulnerable groups, due to the removing the electricity consumption up to 300 kWh a month”;
- Guideline No 1 of 2.02.2015 “On implementing Decision of Council of Ministers No 8 of 14.01.2015 ‘On the protection of vulnerable groups, due to the removing the electricity consumption up to 300 kWh a month”.

#### *The benefits of social security schemes (pensions)*

In addition to reforming the pension scheme another priority in the area of pensions has been their increasing, particularly low pensions in both urban and rural areas.

Pursuant to Article 100 of the Constitution and Article 88 of Law No 7703 of 11.05.1993 “On social insurance in the Republic of Albania”, as amended, with the proposal of the Minister of Social Welfare and Youth and by Decision of Council of Ministers of 9.07.2014 it was defined the pension increase in the rate of 2%.

After 7.01.2014, the minimum income:

- of persons receiving full retirement and early pensions for seniority, other than those specified under the fourth paragraph of Article 96 of Law No 7703 of 11.5.1993 “On social insurance in the Republic of Albania”, as amended and personal allowances, cannot be less than ALL 14,414 per month;
- of the persons who benefit from pensions set by Law No 4976 of 29.06.1972 “On the pensions of members of agricultural cooperatives in the People’s Republic of Albania” and according to Article 96(4) of Law No 7703 of 11.5.1993 “On social insurance in the Republic of Albania”, as amended, as well as compensation for electricity price and for the income, may not be lower than ALL 9,288 per month and may not be higher than ALL 12,464 per month.

### *Collection of Contributions*

During this period, the Social Security Institute has worked and further enhances performance for the collection of contributions and fulfilment of the revenue plan in total and fighting the fiscal invasion in all sectors. To realize the plan from contributions, for which the Institution is responsible for, they have been involved on increase the participation of farmers in the social security scheme, for inclusion in the scheme of voluntary insurance of persons who are not included in the compulsory insurance scheme, for the transfer of arrears, debit active entities in the tax authorities as the final inventory of arrears that debtors have left at the social security bodies.

With the Decision of Council of Ministers No 457 of 7.09.2014 “On some amendments to the Decision of Council of Ministers No 1114 of 30.07.2008 “On some issues pursuant to the Law No 7703 of 11.5.1993 ‘On social insurance in the Republic of Albania”, as amended, it was determined the minimum monthly salary, for purposes of calculating social security and health contributions, from 01.08.2014 and onwards, be not less than ALL 19,406. Maximum monthly salary, for the purposes of calculating social security contributions, from 1.08.2014 and onwards will be ALL 97,030. Starting from 1 January 2015 the nationwide minimum monthly wage is 22,000 ALL defined in the new Law adopted in the framework of the pension reform.

In November 2014 the Albanian Parliament approved the law on the remission of default interest and penalties for mandatory contributions of the unpaid social security from self-employed persons in agriculture. As a result of this law and the work done by the SSI to collect contributions, it was enabled to engage in the social security scheme a significant number of farmers and a significant excess of projected revenue, bringing an improvement of the financial situation of the scheme and deficit reduction.

### *Increasing the cooperation with other institutions*

The Social Security Institute in order to achieve its functional tasks in accordance to the legislation on social security and other legal provisions in the field of supplementary pensions and financial special treatment has signed cooperation agreements with:



- Tax Office
- Albanian Post
- Civil Office
- Commercial banks (agreement for payment of pensions and opening and operation of SII)
- Agreement with the Institute for Security and Healthcare regarding the collection of contributions.

SSI exchanges statistical information with INSTAT, the Ministry of Social Welfare and Youth, Ministry of Finance, Ministry of Defence and State Social Service.

#### *Modernizing Social Security scheme*

##### Archive

Central Social Security Archive has been operational in the new building on June 2013. In this Archive there are being collected all documents dealing with seniority and benefit files from all Regional Directorate of Social Security, and state archives. All the old documents (records, payroll etc.) are being scanned and at the same time there are being computerized the data on individual accounts of contributors.

##### Computerization of the social insurance scheme

According to the Project on digitizing the social security system, it has been further processed with managing and updating the database of the pension. Moreover, the implementation of the program for digitalisation the data of the pensions through information system (all the documents from the beginning up to the calculation of the pension and the process of payment). All contributions of self-employed in agriculture and volunteers are recorded in the information system of contributions management and individual accounts increasing the accuracy, transparency and reducing the service time to the citizens.

##### The vision of the social security system for the period 2015 – 2020

Ensuring coverage of social security for all Albanian citizens, providing adequate benefits, reducing poverty for the elderly through strengthening contributory character and solidarity.

*Detailed information, strategic advantages and objectives for achieving the vision on modernizing Social Security Scheme is found in Annex 6.5.5.*

*Recommendation regarding detailed information on social pension is found in Annex 6.5.6.*

- *Update on informal work and measures taken to fight against it*

Regarding the legislative initiatives related to the fight against the informal economy and improvement of the tax procedures, there have been a few changes on “Tax Procedures” Law No 164/2014 of 12.04.2014 “On amendments and addenda to Law No 9920 of 19.05.2008 ‘On Tax Procedures in the Republic of Albania”, as amended, was published in the Official Gazette No 198 of 30.12.2014, with effect from 01.01.2015.

According Article 116(2) "Tax Evasion" of the Law, as amended, is defined:

"Considered that, performing tax evasion by committing 'incomes concealment', taxpayers have committed violations for which shall be applied administrative penalties in accordance with:

- a) Paragraph 1, Article 119 of this Law, "Failure of the employee's declaration",
- b) Paragraph 3, Article 121 "Goods with unaccompanied tax documents"
- c) Paragraph 1, letters "a" and "b", Article 122 "Administrative Violations in the fiscal devices use, for issuing fiscal recipes".

If the taxpayer commits tax evasion as defined in Article 116(2), as amended, he shall be punished in accordance with the Criminal Code and referred to amendments to Article 131 of the Law.

In line with the above changes, has also changed Article 119 of the Law "Failure of the employee's declaration". According to this Article, taxpayers which during the verification and audit in place, are found not declared to the tax authority, at least one calendar day before start working, they have the obligation to pay taxes, social security and health contributions, calculated from the determination date. Also, for each undeclared employee, the fine is respectively 500,000 ALL, for taxpayers registered as subject to VAT and profit tax, and for other taxpayers, the amount of the fine is 50,000 ALL.

Any repeated assertion for undeclared workers, after the application of the administrative penalty as above, is considered Tax fraud, under Article 116 of the law, and the tax administration has the right provided by the article 131 of this law, to report the taxpayer for criminal charges.

Paragraph 3 of Article 121, is amended, the unregistered person is identified, according to Article 41 of this Law, the penalty is the confiscation of the entire quantity of goods in storage, in use or transports. Also, in accordance with Article 116 of this Law, the tax administration exercises the right provided in section 131 of this law, to report the taxpayer for criminal charges.

The letters "a" and "b" of paragraph 1 of Article 122, under which the taxpayer already has been ascertained that he has no fiscal devices or traffic monitoring systems, and does not release a tax receipt, will be penalized with fine and confiscation of quantity the goods (in the case of fiscal devices). In that case and for any assertion that the taxpayers actions are against the law "for the fiscal devices installation or issuing tax receipt" will be considered tax evasion and fraud.

The Albanian Tax Administration has intensified the controls on the declaration of employees and pursuant to Article 119 of Law No 9920 of 19.05.2008 "On Tax Procedures in the Republic of Albania", as amended, are decided a considerable number of penalties for the undeclared employees by the businesses in all Regional Tax Directorates.

During the reported period, December 2014, January – February 2015, are verified 125,386 subjects regarding the declaration of employees at the tax authorities. From this verification, it has resulted that 160 employees are undeclared at the Tax Authorities.

The value of fines imposed on the undeclared employees is 51,100,000 ALL.

In compliance with legal frame work, the Internal Investigation Anticorruption Directorate, (IIDA), *during 2014* has opened 80 cases of investigations. From these cases, have resulted with administrative violations in the performance of duty and were referred to the Disciplinary Commission 47 employees for disciplinary measures.

Also, 16 employees that were suspected of committing a crime were reported to the public prosecutor.

On January-February 2015, were registered 10 cases in IIDA and 3 employees were proposed for disciplinary measures.

#### **Up-date on decriminalisation of defamation and libel**

The Parliament of the Republic of Albania in its plenary session held on 16 February 2012 adopted by consensus the Law No 23/2012 “On some addenda and amendments to Law No 7895 of 27.01.1995 “Criminal Code of the Republic of Albania” as amended”, (4 legislative initiatives, with 59 articles, including amendments to Article 119 “Insult” and Article 120 “Defamation”. The amendments of criminal offenses of defamation and libel consist in the abolishment of imprisonment punishment, and providing only a fine punishment.

In the Albanian Parliament is not deposited any legislative initiative aiming to repeal the criminal offences of defamation and libel.

## 6.6 TRANSPORT, ENVIRONMENT, ENERGY AND REGIONAL DEVELOPMENT

### Follow-up of the 2014 Progress Report and the conclusions of the May 2014 Subcommittee meeting with focus on:

*For a detailed presentation of the progress achieved addressing the 2014 Progress Report and Subcommittee meeting, please see the Report to the EU – Albania Subcommittee on Transport, Energy, Environment and Regional Development, submitted to EC services on 27 February 2015.*

#### *Energy strategy*

The work group set up under the Order of Minister of Energy and Industry No 29 of 17.01.2014 is preparing the draft National Energy Strategy, scheduled to be finalised in the first half of 2015. The new Strategy aims to define the main challenges, goals and actions for the period 2015 – 2030, determining:

- Energy demands until 2030 to ensure a long-term economic and social development of the country;
- How to cover the demand on the least cost principle;
- Increased energy efficiency in all sectors, in line with the country's obligations deriving from EU directives;
- Increased use of renewable sources in accordance with the country's obligations under the Energy Community Treaty;
- Introduction of natural gas after 2020, as Trans Adriatic Pipeline (TAP) becomes operational;
- Long-term development of tariffs and energy prices;
- Regional cooperation and creation of a regional power market.

#### *Opening of the market*

Concerning the recommendation of the 2014 Subcommittee on transport, energy, environment and regional development (2014 TEERD Subcommittee) that *Albania should effectively open the market by abandoning the single buyer model as well as excessive price regulation*, the draft power sector law, as agreed with the Energy Community Secretariat, includes a schedule for the progressive opening and liberalisation of the electricity market.

Currently, around 10 – 12% of the retail market in Albania is liberalised, mainly supply to big consumers who are connected to over 110 kV network, or which consume over 50 million kWh of electricity per year. Likewise, the wholesale market is completely liberalised with a big number of operative active in the market. It is anticipated that supply to consumers connected to the 35 kV network will be liberalised in the near future, to be followed by the supply to consumers connected to 20, 10 and 6 kV. About 40% of the electricity market is expected to be liberalised by 2018.

Electricity generation is being liberalised progressively, with the privatisation or entry into

production of HPPs under concession.

Allocation of interconnection capacity with neighbouring countries is fully liberalised. Hence, KESH and OSHEE are stripped of their privilege to reserved capacities; now, they must enter a bid on equal terms for capacity allocation.

This will foster competition, reduce prices and guarantee security of supply to consumers.

#### *Reduction of energy losses and increase of bill collection rates*

The dispute between the Albanian government and CEZ was settled through negotiations. The Agreement between the Albanian government and CEZ was ratified with the Law No 114/2014 of 31.07.2014 “On the approval of the settlement agreement between the Republic of Albania and CEZ, A.S.” transferring the shares of CEZ Shpërndarje S.A. to the Albanian Government. Currently, the Albanian Government owns 100% of the shares of this company.

Under these circumstances, the Board of Commissioners of Albanian Power Regulator (ERE) adopted its Decision No 98 of 27.10.2014 repealing its Decision No 5 of 21.01.2013 and terminating the temporary administration of the Electricity Distribution System Operator (OSHEE) company, licensing it to carry out its activity as distribution and retail public supplier.

The Distribution System Operator (OSHEE) implemented the following measures:

- Improvement of managerial indicators, drafting and implementation of company’s policies in all its structures;
- Losses reduction and significant improvement in collections through rigorous implementation and monitoring of a detailed agenda on daily basis;
- Ensuring electricity supply to customers during the winter;
- A continued focus on reducing company’s costs;
- Initiating the reconciliation process with third parties to clean balance and clarify the company’s financial situation.

OSHEE was supported in its activities by the State Police, Public Prosecutor and the Ministry of Justice.

Preliminary data on the level of losses and bill collection show reduction on the level of losses and an increase in the collection rate. The bill collection rate, as reported by OSHEE increased to 92.6% in 2014, compared to 83% in 2013. In total, in 2014, OSHEE S.A. billed approximately 386.211 MWh, or around 9.8% more than in 2013. In total, in 2014, OSHEE S.A. cashed 49.1 billion ALL compared to just 38.4 billion ALL cashed in 2013. The increase in collection of power bills was mostly due to improved performance in bill collection in the fourth quarter of 2014, and especially in December 2014. Total losses for OSHEE were reduced to 37.81%, or 7% lower compared to 2013 (45.04%). The largest reduction was registered primarily in the fourth quarter of 2014, and particularly in December 2014.

For 2015, it is foreseen that OSHEE S.A. will collect around 53.8 billion ALL, or about 5

billion ALL more than in 2014. Losses will be reduced even further to 31.8%, or about 6% less than in 2014.

*Detailed information on the bill collection and reduction of losses during the 2014, were presented in the Albanian Report to the EU – Albania Subcommittee on Transport, Energy, Environment and Regional Development, submitted to EC services on 27 February 2015.*

#### *Electricity prices*

Referring to the recommendation of the 2014 Subcommittee on transport, energy, environment and regional development that *Albania electricity prices will be gradually brought to cost-recovery levels, with accompanying measures to address protection of vulnerable customers*, Board of Commissioners of ERE adopted its Decision No 148 of 26.12.2014 “On deciding the retail prices of electricity for tariff consummators, for 2015”.

ERE decided that the price for household customers starting from 1 January 2015 would be 9.5 ALL/kWh.

In terms of establishing optimum report between the prices and tariffs of different customer categories, the retail prices of the tariff customers are differentiated according to the voltage network, where they are connected and measured as shown in the following table.

<b>The Tariffs of electricity retail sale services for 2015</b>		
<b>Voltage level</b>	<b>Price (ALL/kWh)</b>	<b>Peak hour price (ALL/kWh)</b>
Customers in 35 kV	9.5	10.93
Customers in 20/10/6 kV	11	12.65
Bakeries and flour production in 20/10/6 kV	7.1	8.17
Customers in 0.4 kV	14	16.1
Bakeries and flour production in 0.4 kV	7.6	8.74
Household Customers	9.5	
The tariff of electricity consumption in the common environments (scale lighting, water pump, elevator)	9.5	
Fix tariff service for the “zero” reading in (ALL/month)		200

*Source: Albanian Power Regulator (ERE)*

For the category of vulnerable customers which are defined based on the criteria set by the Ministry of Social Welfare and Youth, the difference in price set in 2015 for the first block of consumption (300 kWh) compared to the previous decision of ERE for setting tariff and prices, is covered by the state budget.

#### *Requirements on unbundling of Albpetrol*

The final proposal on the unbundling of gas activities carried out by Albpetrol is being discussed. The Ministry of Energy and Industry in cooperation with the Ministry of Economic Development, Tourism, Trade and Entrepreneurship, together with the Supervisory

Board of Albpetrol, are considering the set up of a new company dedicated to gas transmission and distribution. The final decision will be taken in the first quarter of 2014. After the final decision, MEI will inform the European Commission and the Energy Community Secretariat on the decision.

### *Safety oil reserves*

The Oil Stock obligation is regulated by the Article 9 of Law No 8450 of 24.02.1999 “On the processing, transport and trade of oil, gas and their byproducts”, as amended. Currently, the oil refineries and wholesale trade companies (oil and their byproducts) are obliged to keep in Oil Stocks (safety reserves) a quantity of oil and byproducts equal to average 90 selling days of the previous year.

In the framework of the transposition of the EU *acquis* and based on the conclusions of the last Oil Forum of the Energy Community held in Belgrade, Serbia on 30 September 2014, Albania is obliged to transpose the Council Directive 2009/119/EC of 14 September 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products. In this respect, the Work Group established by the Order of Prime Minister No 233 of 2.12.2013 “On establishing an inter-institutional work group for the review of the legal and institutional framework on keeping and managing the emergency oil stocks and their byproducts” is cooperating with the experts of the Energy Community Secretariat to transpose the abovementioned Directive. The Work Group is analysing the Croatian, Kosovo and Macedonian model on emergency oil stocks.

The Albanian National Nuclear Agency, in order to perform the correct follow up of the already conducted *Analysis of Energy Supply Options for Albania until 2040*, will carry implement the following measures:

- Continuously keep updated and revise the data used for the mathematical simulations, in order to ensure that the data used for the simulations are of the clear and reliable sources.
- Agency will collaborate with relevant state institutions to develop the up to date with EU policies environmental restrictions in the more accurate produced scenarios during the next period.
- Although the nuclear option, according to the produced scenarios, estimates that the time of programming the use of nuclear power would be beyond 2028, it is in the plans of Agency to work towards preparing a general structure of a national nuclear program, to be considered as a regional option for the future.
- The study follow up could be considered as a starting platform for a discussion at higher levels and would facilitate development of strategic plans for development of the required electricity infrastructures in Albania.
- The scenario analysis will be supported by the mathematical modelling of national and sub-regional electricity systems, using the updated and revised data in continuation.
- The follow up of the study would consider the diversification of the energy sources and reduce the current vulnerability to changes in rainfall and the climate.

### *Transport Strategic Planning and infrastructure development plans*

The ToRs for drafting the National Transport Sectoral Strategy are being prepared by the Ministry of Transport and Infrastructure (MTI). The Minister of Transport and Infrastructure issued Order No 21 of 12.02.2015 “On the set up of the technical working group which will draft the Terms of References for Transport Sectoral Strategy”. The working group is led by the Deputy Minister of Transport and Infrastructure.

The Strategy will provide a framework for a sector-wide programming approach and will give a new vision for development priorities for the future, for all transport sectors.

The transport sector will be financed under IPA II (approx. 700,000 Euro) for the Reviewing of the Albanian National Transport Plan, under the instrument “EU Integration Facility”, which will be managed by Ministry of European Integration. Ministry of Transport and Infrastructure is preparing the drafting of the Sector Planning Document, as the basic document, defining the priorities of the sector and the future EU financial support.

Albania aims to increase foreign investments in road construction, by improving policy coordination and planning, and promotion of transport projects (national or regional) to private investors. To this purpose, the Ministry of Transport and Infrastructure has prepared a list of priority projects which is published at its website. The prioritization of projects is done based on their economic, social and regional importance.

### *Transport Infrastructure Maintenance*

In reference to the 2014 TEERD Subcommittee recommendation *Albania will step up its efforts in improving the maintenance of the transport infrastructure, including ensuring adequate funding with possible participation of the private sector*, the Albanian Government with the assistance of the World Bank is launching the “Results-based Road Maintenance and Safety Project (RRMSP)” (2015 – 2019). Under this project, five-year performance based maintenance contracts will be signed with the private contractors for the periodic and routine maintenance of 1,335 km of primary roads of the national road network. The results based approach is consistent with the Government’s ongoing strategy to grant concessions for the operation and maintenance of a number of highways.

Specifically, the Project consists of the following components:

1. Maintenance Works including monitoring
  - a) Carrying out periodic and routine maintenance of Primary-Secondary roads within the national network.
  - b) Carrying out activities to monitor roads maintenance and ensure that the defined levels of service are complied with, including: (i) carrying out initial road safety audits; (ii) conducting periodic International Road Safety Assessment Program (IRAP) Surveys to ensure that identified additional road safety black-spots and required safety enhancements are incorporated in the maintenance Works for the relevant roads; and developing the Social Transparency System.
2. Institutional Reform



3. Sector Reform and Monitoring Activities
4. Project Management and Audit Support

The World Bank will support the abovementioned activities including sector reforms and technical and advisory assistance to GoA to finalise the Transport Sector Strategy and its implementation plan.

Ministry of Transport and Infrastructure is assisted by two other projects, supported by European Bank for Reconstruction and Development (EBRD):

- Albanian Road Tolling Strategy, which will provide a strategic document for the Government of Albania on the use of road tolling in Albania, as well as will encompass policy level analysis, determining the optimal use of road tolling on the road network in Albania, and the identification of suitable potential road sections for tolling;
- Albanian Sustainable Transport Plan, which will be a key document assisting MTI in meeting the energy savings targets for the transport sector in Albania. The consultant will establish the existing levels of energy usage and GHG emissions by mode, drawing upon the existing data available. This will set a baseline for the assignment.

#### *Port Infrastructure Construction*

Concerning the EC recommendation of 2014 TEERD Subcommittee, that *Albania will improve co-ordination of construction of port infrastructure, including dredging works and development of hinterland connections*, MTI is working towards the rehabilitation and expansion of port infrastructure and superstructure (the ports of Durrës, Vlora, Saranda and Shëngjini), in order to increase capacity and standards of operation, service effectiveness and tourism development.

The first multimodal terminal in Albania in Durrësi Port Authority is now operational. Based on the Albanian National Transport Plan, for the development of ports, roads within the port area are rehabilitated. The access the port directly from the Tirana – Durrësi motorway is operational.

The main developments in the Albanian Ports are as follows:

- In Port of Durrësi, the rehabilitation of the berth No 7 and 8, co-financed by EIB, EBRD, EC and GoA, will start soon.
- In Port of Vlora, the contract for the first phase for rehabilitation of port infrastructure and superstructure, the construction of new berths for ferry/cargo processing, is signed. The entire project is estimated at 15.3 million Euros and it will be financed by the Italian Cooperation. The works are expected to start soon.
- In Port of Saranda, the construction of cruise ships berth, worth USD 4.7 million, financed by the World Bank, is near completion and will significantly increase processing capacity of this Port, as a tourist and passenger port.
- In the Port of Shëngjini, the IPA 2008 project “Improving of Albanian Maritime Sector, Rehabilitation of Shëngjini Port” with a total cost of 3.6 million euro, is completed. The project “Dragging of the basin”, worth 1 million Euros, funded by the

Albanian Government is ongoing and is foreseen to be finished within 2015.

### *Implementation of acquis on driving licenses and road safety measures*

Law No 175/2014 of 18.12.2014 “On some amendments and addenda to Law No 8378 of 22.07.1998 “Road Code of the Republic of Albania” was adopted. The amendments introduced aim to:

- Set up of a new driving licensing system in full compliance to Directive 2006/126/EC of the European Parliament and of the Council of 20 December 2006 on driving licences;
- Simplify administrative procedures for candidates of driving licenses;
- Introduce a demerit point driving license;
- Simplify procedures for the replacements of foreign driving licenses both for foreigners and Albanians who possess such driving licenses.

The following legal acts were approved as well:

- Decision of Council of Ministers No 266 of 7.05.2014 “On defining the functioning and the tasks of the Inter-ministerial Committee for the transport of dangerous goods”;
- Decision of Council of Ministers No 872 of 18.12.2014 “On the approval of the agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Serbia on the mutual recognition of driving licenses”;
- Decision of Council of Ministers No 66 of 28.01.2015 “On the approval of the agreement between the Council of Ministers of Republic of Albania and the Government of the Montenegro on the mutual recognition of driving licences”.

Albanian became a member of European Treaties on Information Exchange on drivers and vehicles (EUCARIS). The Law No 145/2014 of 23.10.2014 “On the adherence on the Treaty concerning the European vehicle and driving license information system (EUCARIS)” was adopted. The treaty foresees mutual exchange of vehicle data and driving licenses between EU member states and other countries for the purposes of vehicle registration and other services related to driving licenses and registration of vehicle authorities.

As a result of implementing the package of measures for road safety road accidents the fatalities decreased from 295 in year 2013 to 264 in year 2014, serious injured from 478 to 361 and the light injured from 2025 to 1992.

Along with legislation initiatives, the following measures were implemented:

- Strengthening of the monitoring and control of issuing of driving license, from preparation at the driving schools to the issuance of driving licenses;
- Introduction of information technology in all administrative procedures of General Directorate of Road Transport Services (GDRTS);
- Strengthening of roadside controls for professional vehicles;
- Operation of tachograph workshops, enforcement of this activity, the distribution of the digital tachograph cards;
- Increasing of sanctions against road sign damages, advertising and construction of

- unauthorised entry and exit points;
- Examination of the legality of road side objects along the Plepa – Rrogozhina road segment;
- Placing of signs and road safety elements along the Durrësi – Tirana highway and Rinasi – Kashari road segment (Lot 1);
- The project for the elimination of 90 black spots is under implementation.

The IT system for the Certificate of Professional Ability for drivers of commercial vehicles and paper certificates is being procured by General Directorate of Road Transport Services.

### *Rail Transport Sector*

Referring to 2014 TEERD recommendations on the *rail sector*, MTI aims to revive the sector, initially by taking some internal measures, aiming to increase the working volumes, mainly from the Port of Durrësi railway connection. Improving the links with our neighbours (such as FYROM and Montenegro), improving Tirana – Rinasi – Durrësi, etc, will be the main directions of our work in the future. With the support of EBRD, the project detailed design for the reconstruction of Tirana – Durrësi railway line and for the construction of the new railway line Tirana – Rinasi (branch) will be finalised in 2015.

The draft Law on the Railway is prepared and scheduled to be adopted in the first half of 2015. Within 2015, three other implementing legal acts will be prepared and approved on infrastructure management, railway undertakings and the set up of the Railway Security Authority.

If the implementing regulations mentioned above will be approved as foreseen by the third quarter of 2015, the new railway administration will be functional by the end of 2015 or the beginning of 2016.

### *Air Transport Sector*

Implementing the EC recommendation of the last TEERD Subcommittee that *Albania will continue its efforts to develop own capacity for safety oversight in the Civil Aviation Authority, building on the assistance provided by the second twinning project*, the following measures are implemented:

- Policies and processes necessary for the safety oversight functions are established and implemented by ACAA. Audits from European Aviation Safety Agency were carried out to monitor the implementation of these policies and processes by ACAA. More precisely, two Standardisation Visits were carried out by EASA: one for Operations in July 2014 and one for Airworthiness in September 2014. The visits confirmed ACAA progress in the field of oversight capacities, resulting only in findings of class C (findings that don't have impact on safety);
- Training plans for the year 2014 were implemented and the technical staff in charge of oversight duties is included in a very ambitious training plan for 2015;
- Majority of the inspectors fulfil the requirements to be authorised with credentials.

The IPA 2013 Twinning Project “Strengthening of the Albanian Civil Aviation Authority” is contributing to enhance the capacities of ACAA for safety oversight. Training/ on job trainings and study visits were added to the ACAA training plan. Until now the following activities have been performed:

- Activity 1- Assessment and working plan;
- Activity 2- Manuals and procedures, assistance was provided by project’s experts on ATM/FUA, Safety and Compliance monitoring;
- Activity 3- Training and Assistance: Familiarization courses in Toulouse for ATM/ ATC were performed for three ACAA employees. Also a training course was organised in Tirana at ACAA premises, where 14 employees of ACAA were trained on ATM auditing. On Compliance monitoring, a workshop was organized at ACAA; nine employees of ACAA participated in this training. Two study visits were organized in Paris, at DGAC France, for ten ACAA employees.

In 2015, ACAA will carry out the Certification Process of Tirana International Airport, based on own oversight capacities. In the meantime, the Air Navigation Service Provider was certified in 2013 and is being continuously oversights by ACAA inspectors.

Albania, through the Albanian Civil Aviation Authority, is part of the Joint Service Provision Area - (JSPA) Initiative, which aims to enhance the cooperation between competent authorities through sharing of expertise and human resources and through training activities such as auditing courses and multilateral seminars.

Concerning the EC recommendation that *Albania will finalise on-going efforts in completing phase 1 of the European Common Aviation Area Agreement*, the Law No 168/2014 of 11.12.2014 “On some amendments and addenda to Law 10233 of 11.2.2010 “On Civil Aviation Authority” was adopted. The amendments primarily aim to give more functional independence to Albanian Civil Aviation Authority (ACAA) and to promote the strengthening of the capacities for the safety oversight in civil aviation. According to these amendments, the director of ACCA is empowered:

- to propose to the Minister of Transport and Infrastructure and to the Management Board of ACAA for approval the organisational structure of ACAA and staff remuneration;
- to issue to the qualified inspectors credentials - formal authorisations for performing oversight duties, upon certification of full competence of the inspectors.

Amendments to Law No 10040 of 22.12.2008 “The Air Code of Republic of Albania”, as amended, are being prepared aiming to further approximate it with the EU *acquis* and its implementing measures that altogether serve to fulfil Phase I requirements (legislative requirements).

The following legal acts were adopted during the reporting period, aiming to align the Albanian legislation with EU *acquis*:

- Order of Minister of Transport and Infrastructure No 250 of 12.09.2014 “On the approval of the regulation on laying down technical requirements and administrative procedures related to civil aviation aircrew” that fully transposes Regulation (EC) No

216/2008 of the European Parliament and of the Council of 20 February 2008 on common rules in the field of civil aviation and establishing a European Aviation Safety Agency, and repealing Council Directive 91/670/EEC, Regulation (EC) No 1592/2002 and Directive 2004/36/EC;

- Order of Minister of Transport and Infrastructure No 252 of 15.09.2014 “On the approval of the regulation on laying down requirements on the quality of aeronautical data and aeronautical information” that fully transposes Commission Regulation (EU) No 73/2010 of 26 January 2010 laying down requirements on the quality of aeronautical data and aeronautical information for the single European sky;
- Order of Minister of Transport and Infrastructure No 281 of 14.10.2014 “On the approval of the regulation on laying down common rules on air traffic flow management” that fully transposes Commission Regulation (EU) No 255/2010 of 25 March 2010 laying down common rules on air traffic flow management;
- Order of Minister of Transport and Infrastructure No 329 of 22.12.2014 “On the approval of the regulation concerning the rights of disabled persons and persons with reduced mobility when travelling by air”, that fully transposes Regulation (EC) No 1107/2006 of the European Parliament and of the Council of 5 July 2006 concerning the rights of disabled persons and persons with reduced mobility when travelling by air;
- Joint Order of Minister of Transport and Infrastructure and Minister of Environment No 7398 of 22.12.2014 “On environmental protection from noises in civil aviation”, that fully transposes Council Directive 89/629/EEC of 4 December 1989 on the limitation of noise emission from civil subsonic jet aeroplanes and Directive 2006/93/EC of the European Parliament and of the Council of 12 December 2006 on the regulation of the operation of aeroplanes covered by Part II, Chapter 3, Volume 1 of Annex 16 to the Convention on International Civil Aviation, second edition (1988).

### *Maritime Transport Sector*

Concerning the 2014 TEERD recommendation, *Albania will take measures to further improve maritime transport safety and flag and port state control, particularly in the light of growing maritime traffic in the Adriatic Sea*, and the following legal acts were approved:

- Decision of Council of Ministers No 209 of 9.04.2014 “On the approval of the Regulation “On the establishment, organisation and functioning of the Port Facility Security Committee”. This Decision is being implemented and the Committees are established in the respective Albanian Ports, and functional in accordance with the abovementioned legal act;
- Decision of Council of Ministers No 462 of 9.07.2014 “On the approval of the Regulation ‘On the establishment of the Register of Vessels in the Republic of Albania’. The Decision is being implemented and the new procedures for the Vessels Registration are ongoing.

Since 1 January 2014 until mid-February 2015, there were carried out 20 inspections of ships with the Albanian flag in the Ports of the Paris MoU member states. The only one ship was detained in January 2014.

Implementing the 2014 EC recommendation that *encouraged Albania to apply for membership in the Paris MoU*, we can mention that since July 2014, the Albanian Fleet due to the reforms carried out, is now in the Grey List of the Paris MoU. The Ministry of Transport and Infrastructure in cooperation and coordination with Ministry of Foreign Affairs have started the procedures for the membership of Albania in the Paris Memorandum of Understanding.

Regarding the recommendation of the 2014 Subcommittee on Transport, Environment, Energy and Regional Development that *Albania will provide organigram and information regarding the structures and institutional set-up in the field of environment policy*, upon the entry into force of the Law No 10431 of 9.06.2011 “On Environmental Protection”, the former Agency of Environment and Forestry was reorganised as the National Environmental Agency (NEA). The number of staff was increased from 42 to 62 employees. The Agency carries out some additional functions:

- Implementation of procedures related to Environmental Permissions and EIA, as well as the implementing of the Environmental Liability Principle;
- Monitors the state of environment on the main environmental indicators (according to Decision of Council of Ministers No 1138 of 18.11.2009 “On the rules and procedures on the National Monitoring Programme”);
- Set up and management of the Environmental Information System and PRTR;
- Monitoring of the state of health in forests and creation of the national forests inventory;
- Preparation and publication of the Annual Report of the State of Environment by getting used of environmental monitoring data and their assessment and also the sharing of environmental information with public and interested bodies.

According to Decision of Council of Ministers No 47 of 29.01.2014 “On the rules and procedures for the organisation and functioning of NEA and Regional Environmental Directories”, the 12 Regional Environmental Directories are subordinated to NEA and will operate and coordinate their work and functions with those of NEA from local to national level.

For the implementation of the Decision of Council of Ministers No 46 of 29.01.2014 “On the set up and functioning of the State Inspectorate of Environment, Forestry and Water (SIEFW)”, the Prime Minister has issued:

- Order of Prime Minister No 56 of 13.02.2014 “On the approval of the structure and staff of the State Inspectorate of Environment, Forestry and Water”;
- Order of Prime Minister No 101 of 21.02.2014 “On the nomination of the Chief Inspector of the State Inspectorate of Environment, Forestry and Water”.

On February 2015, the Council of Ministers approved the Decision No 103 of 4.02.2015 “On the set up and functioning of the State Inspectorate of Environment and Forestry (SIEW)”, after the passage of the Water Inspectorate depending on the Minister of Agriculture, Rural Development and Water Administration.

SIEFW is a public institution, financed by the state budget, under the Minister of

Environment. Its mission is to guarantee and enforce the legislation in the field of environment, forestry and water. Also, the number of inspectors was increased, as well as several investments are done in order to improve its capacities.

According to the Prime Minister Order No 218 of 15.09.2014 “On amendments to the Order No 58 of 13.02.2014 ‘On Approval of the Organizational Structure of the Ministry of Environment”, the MoE has 107 employees, deployed in two General Directorates (General Directorate of Environmental Policies & Implementation Priorities, as well as the General Directorate of Support Services) and three other directorates (Directorate of EU Integration and Coordination of Projects, Directorate of Finance and the Directorate of Environmental Audit).

As a result of the change of the area of state responsibility of the MoE and the Ministry of Agriculture, Rural Development and Water Administration (MoARDWA), as well as pursuant to the Decision of Council of Ministers No 92 of 4.02.2015 “On determining the area of state responsibility of the MoE, amended”, the Directorate of Water Resources Policies, has passed under the administration of the MoARDWA, together with the local authorities (6 WBA) and the State Inspectorate of Water. The main purpose of this change is related with the re-organization of the institutions responsible for water management in order to increase the performance of the sector. This change is reflected in the composition of the General Directorate of Environmental Policies & Implementation Priorities at the MoE, which from five directorates, will have only four. In total, the number of employees that are transferred to the MoARDWA, is 8. This has decrease the number of employees of the MoE to 99 employees.

Being aware that the Legal Sector at the MoE has lack of capacities to properly fulfil the large number of tasks for which this sector is responsible (1 Head of Sector and 2 experts), in the new structure of the MoE is proposed the addition of a new sector for the drafting of legislation, which will be composed of one head of sector and two experts.

With the addition of this new sector, the Legal, Communication and Procurement Directorate in the MoE will be composed of four sectors, namely Sector of Transparency and Communication, Sector of Procurement and Concessions Treatment, Legal Sector and Sector for Drafting of Legislation.

Also, pursuant to the decision of the Interministerial Committee for European Integration (ICEI), to reflect the proposals of foreign experts in the naming of the Directorates of European Integration, as well as their composition with sectors that will carry out unified and coordinated functions in the framework of integration process and programming of IPA funds and other donors in all the line ministries, is proposed that at the new structure of the MoE, the Directorate of EU Integration and Coordination of Projects to be composed by the Sector of EU Integration and International Cooperation, as well as by the Sector of Programming of IPA Funds and other donors.

In conclusion, with the proposed changes, the total number of employees of the MoE will be 102 employees. The new structure of the MoE is sent for approval to the Council of Ministers

Based on the Decision of Council of Ministers No 230 of 23.04.2014 “On composition, organization and operation of Technical Secretariat of the National Water Council”, was set up the Technical Secretariat of the National Water Council (TSNWC). TSNWC is the executive body of the National Water Council (NWC).

TSNWC has 23 employees in total, and is organized as follows:

- Department of Excellence, responsible for building the integrated systems;
- Department of Water Resources Management, responsible for the integrated management of water resources;
- Department for Human Resources and Supporting Services, responsible for human resources and assets management.

The main objective of the TSNWC is the design and establishment of an integrated system of governance and management of water resources, in order to totally satisfy the living needs, the usage competitiveness and prioritization of economic profits, keeping in mind the sustainability of ecosystems.

It aims the re-organization of the entire water sector through a clear definition of responsibilities, objectives and tasks of all institutions related to water management in order to achieve integrated management of water. The re-organized water sector should produce a possible financial system, taking into account the principles of 'cost recovery' and 'polluter pays' as its main pillars. The mandate of the TSNWC is to coordinate and supervise the work of local bodies in the water management process and monitor the water sector operational work.

Having regards that water is one of the governmental priorities, by March 2015, the Integrated Policy Management Group IPMG-IWM will be established. The existing NWC will play the role of IPMG-IWM, whereas the existing TSNWC will play the role of its secretariat.

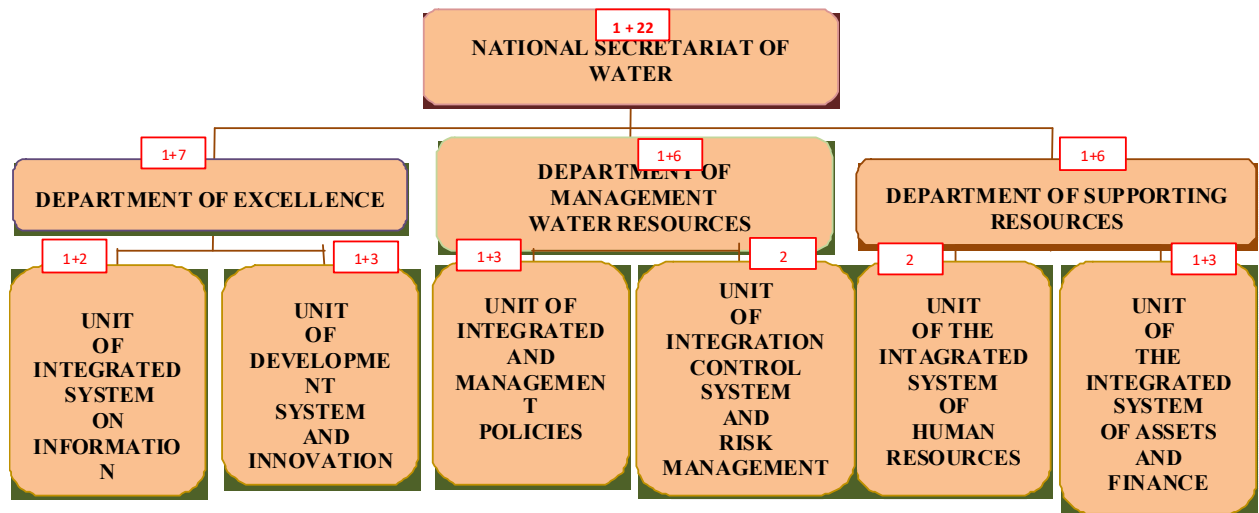
IPMG-IWM (NWC) will be responsible for the supervision and the coordination of the work for development of the National Sector Program (NSP) and the Sector Support Program (SSP). National Sector Programme (NSP) will be based on the governmental objectives and will be in line with the National Plan for European Integration.

Sector Support Programme (SSP) as an integral part of the NSP, will outline the externally funded instruments to be used to support the implementation of different measures.

The Organizational Structure of the Technical Secretariat of the National Water Council is shown below



**ORGANIZATIONAL STRUCTURE**  
of  
**THE TECHNICAL SECRETARIAT OF THE NATIONAL COUNCIL OF WATER**



In February 2015, the National Agency of Protected Areas (NAPA) was created, which was approved by Decision of Council of Ministers No 102 of 4.02.2015 “On the establishment and organization of the function of National Agency of Protected Areas and Regional Administrations Protected Areas”. This Agency aims to nature conservation and of biodiversity care, through the management of protected areas network with national and international interest, collection and share the information, environmental education and public awareness of protected areas and the support of economic sustainable activities within these areas.

Based on the Law No 8102 of 28.03.1996 “On the regulatory framework of the sector of water supply and wastewater disposal and treatment”, as amended, Water Regulatory Authority (WRA) was set up. WRA is a public and independent regulatory authority, responsible for regulating the sector of water supply and wastewater disposal and treatment in Albania.

The objectives of WRA are as follows:

- Encourage efficiency and efficient use of water, urging and supporting protection of environment and quality of water;
- Protect the consumer interests regarding tariffs and service conditions, quality, efficiency;
- Guarantee continuity of service for all consumers, guarantee the rights of complaint and standards of service, transparent activity and finding a fair balance between all actors in this sector, consumers, Government and the investors.

Regarding the recommendation of the 2014 Subcommittee on Transport, Environment, Energy and Regional Development that *Albania is strongly encouraged to start developing IPA II project pipeline, in particular in the heavy investment sectors such as waste management and water*, in the “Climate Change and Environment Fact Finding Fiche” are

defined the pipeline priority projects to be financed under IPA II in waste management and water sector, as follow:

1. Construction of the Sewerage Systems and WWTP (i) Feasibility Study + Detailed Design and (ii) Implementation + Supervision Services for the areas:
  - Dhërmi, Gjilekë, Himara, Iljaz, Kudhësi, Palasa, Piluri, Qeparo Village, Qeparo area and Vuno (Estimated cost 11.5 million Euro);
  - Lalëz (financing assured), Bizë, Draç, Gjucaj, Kapidanaj, Likmetaj, Shetaj, Ishëm Commune, Durrësi (Estimated cost 12.100 million Euro);
  - Spille, Patoku - Miloti, Rreth Greth, Kryevish Commune (Estimated cost 3.520 million Euro).
2. Feasibility Study + Detailed Design and (ii) Implementation of WWTP in:
  - City of Fieri, (Estimated cost 11.280 million Euro);
  - City of Shkodra (Estimated cost 8.540 million Euro);
  - City of Kukësi (Estimated cost 17.770 million Euro);
  - Bradasheshi, Elbasani, Labinot Fushë (Estimated cost 16.530 million Euro).
3. Integrated system of solid waste management in Fieri Region (Estimated cost 11.5 million Euro);
4. Integrated system of solid waste management in Durrësi Region (Estimated cost 11.8 million Euro);
5. Integrated system of solid waste management in Berati Region (Estimated cost 12. million Euro);
6. Integrated system of solid waste management in Shkodra Region (Estimated cost 5.0 million Euro);
7. Integrated system of solid waste management in Gjirokastra Region (Estimated cost 12.0 million Euro);
8. Integrated system of solid waste management in Kukësi Region (Estimated cost 10.5 million Euro);
9. Integrated system of solid waste management in Dibra Region (Estimated cost 10.5 million Euro).

Regarding the recommendation of the 2014 Subcommittee on Transport, Environment, Energy and Regional Development that *Albania will present its national intended contributions to the 2015 international climate agreement in the climate sections of the Environmental Cross-Cutting Strategy and the Strategy for Development and Integration* to be adopted by the end of 2014, based on the Greenhouse Gas (GHG) scenarios from the Second National Communication (2009), the climate section of the Environmental Cross-Cutting Strategy and the Strategy for Development and Integration are prepared. It highlights the reduction of GHG emission by 8% in 2020, as compared to the baseline scenario. Present projection of GHG emissions for 2020 is 18,000 Gg CO<sub>2</sub> eq. This projection will be revised during 2014/2015 in the framework of the Third National Communication (TNC) of the United Nations Framework Convention on Climate Change (UNFCCC).

In case of mobilization of the international funding for NAMAs, GHG emission reduction can be increased to 16% compared to baseline scenario.

The national intended contributions (INDC) to the 2015 international climate agreement will

be developed under IPA 2013 project, based as well on the TNC scenarios. IPA 2013 project is expected to start by January 2015.

During February 2015, the following activities were held:

- On 17 February 2015, in Tirana was held the II meeting of the Interministerial Working Group on Climate Change, led by the Deputy Minister of Environment. The meeting was attended by representatives from UNDP regional office in Istanbul, UNDP Office in Albania, as well as representatives of GIZ. The representative of the Regional Office in Istanbul presented INDC and the possible steps to be taken to achieve this contribution, with a view to its inclusion in the Agreement of Parties in Paris 2015. GIZ experts presented the process of drafting the National Plan for Adaptation to Climate Change. In the meeting was emphasized the need for coordination and cooperation with the Line Ministries and other institutions for the preparation of this contribution in June 2015;
- On 18 February 2015, in Tirana was organized a round table led by the Deputy Minister of Environment, and representatives from UNDP Regional Office in Istanbul and UNDP Office in Albania as well as the National Focal Point for Climate Change. At this meeting was decided, that before 25 February will be drafted the steps that will be taken for coordinating the process of drafting the INDC with the Prime Minister's Office and Line Ministries. During this process, the Ministry of Environment as coordinator of the process will be assisted by UNDP Programme on Climate Change and IPA 2013 Project on Climate Change, which is foreseen to begin by the end of March 2015.
- The roadmap on preparation the INDC is prepared and will be discussed with the Prime Minister's Office and Line Ministries.

Regarding the recommendation of the 2014 Subcommittee on Transport, Environment, Energy and Regional Development that *Albania will develop and share its plan to strengthen its administrative capacity in the area of climate action by September 2014*, no change is expected in the administrative structure dealing with climate change.

In this regard, the Order of Prime Minister No 155 of 25.4.2014 "On establishing and functioning of inter-ministerial working group (IWG) on climate change" was issued. The first meeting of the working group was held on 27 June 2014, chaired by the Deputy Minister of Environment. In the meeting, representatives from 10 Line Ministries participated. The agenda of the meeting focused on Climate Change Policies under EU and UNFCCC, national intended contributions to the 2015 international climate agreement, as well as the institutional challenges on mitigation of GHG and adaptation to climate change.

The second meeting of the Interministerial Working Group on Climate Change, led by the Deputy Minister of Environment was held on 17 February 2015, in Tirana.

The administrative capacities will be strengthened through different projects on climate change implemented in regional and national level such as ECRAN project, GIZ project, UNDP project, TAIEX instrument. An international expert was contracted in September 2014 by GIZ to support the Ministry of Environment to develop the National Adaptation Plan.

Regarding the recommendation of the 2014 Subcommittee on Transport, Environment, Energy and Regional Development that *Albania will share a schedule for the alignment of remaining climate acquis by the end of 2014*, the schedule for the alignment of remaining climate *acquis* is provided in the National Plan for European Integration (NPEI) 2014 – 2020, which is revised in January 2015.

A detailed schedule for the period beyond 2016 will be provided during the first quarter of 2015 in the framework of IPA 2013 project implementation.

Regarding the recommendation of the 2014 Subcommittee on Transport, Environment, Energy and Regional Development that *Albania is strongly encouraged to start developing its IPA II project pipeline in view of its climate acquis approximation efforts, and for that purpose work closely with the EU Delegation and DG CLIMA*, in June - July 2014, the Ministry of Environment in cooperation with TAIEX expert mission, supported by DG CLIMA and ECRAN project, developed a project fiche on “Implementation of the EU F-gases and ODS Regulations in Albania”.

As IPA 2014 is finalised and agreed with the relevant EC bodies, this project fiche will be submitted under IPA 2015 or under EU Integration Facility 2014 as part of IPA 2014 project fiche.

#### *The administrative-territorial reform and the strengthening of local governments' capacities*

The recently repealed Law No 8653 of 31.07.2000 “On the administrative-territorial division of the local self-government units in the Republic of Albania” regulated the administrative and territorial division of Albania, composed as of 15 September 2014, of 373 local government units (65 municipalities and 308 communes) and 12 regions (qarks). The administrative-territorial division that it laid down largely mirrored the administrative division of the previous communist regime based on a centralised economy and agricultural cooperatives.

Law No 8653 of 31.07.2000 and the political decentralisation were a great democratic success. However, the implementation of the Law generated a high degree of fragmentation leading to the establishment of very small local self-government units (LGUs) where 55% of communes and 15% of municipalities had less than 5,000 inhabitants each and, at the extreme, 4% of communes had less than 1,000 inhabitants in 2001. Questions were raised on the service delivery efficiency and the effectiveness of the administrative-territorial organisation.

The asymmetrical economic development of Albania in the last two decades generated a massive demographic mobility towards the most developed western lowlands and the main urban centres, simultaneously decreasing the number of inhabitants and depopulating many small administrative units. The 2011 census revealed this depopulation and its extent: 70% of communes and 26% of municipalities have less than 5,000 inhabitants and 12% of communes count fewer than 1,000 inhabitants.

Further, independently of their size/ population and economic resources, the Law granted quasi symmetric competences to all local government units leading to extreme inefficiency and seriously hampering the provision and quality of services and the overall local development. In 2013, 230 LGUs out of a total of 373, spent 60% of their budget on own staff salaries and about 80 smallest LGUs did not provide any public service to their respective communities. On the other hand, these local administrations did not raise any revenues and thus simply represented spending units.

The programme of the current Government of Albania explicitly stated its goal to reform the administrative-territorial organisation. The result of the reform was the adoption of the Law No 115/2014 of 31.07.2014 “On the administrative and territorial division of the local government units in the Republic of Albania”.

The main criterion used for the new territorial and administrative reform was the principle of the “functional areas”. The “functional area” was understood as a territorial space characterised by a dense and frequent interaction among residents and institutions for economic, social and cultural development purposes. In these terms, “functional areas” were considered those local government units organised around an urban centre (city) that has the highest number of population compared to other centres in the area and which are able to provide the full range of public services that should provide LGUs, by applying the efficiency of the “economy of scale”.

The Law 115/2014 of 31.07.2014 was published in the Official Gazette No 137 of 1.07.2014, and entered into force on 15 September 2014. According to the Law, Albania will be divided in 12 regions and the number of local government units will be reduced from 373 to 61 future local government units.

The Law will be applied in the 2015 local elections from which, 61 mayors and 61 municipal council (first level of local government) and 12 regional councils (second level of local government) will be elected.

After the new Law entered into force the implementation phase began. The implementation phase is divided in the transition phase and consolidation phase. The objective of transition phase is to guarantee smooth transfer from the old territorial division with 373 local government units (LGUs) to 61 newly established municipalities. The transition phase includes the process of stocktaking/inventory of liabilities, financial assets, immovable properties, human resources, drafting of appropriate legal framework and guidelines for the new administrative structure at local level, piloting a “one stop shop” scheme with ICT solutions for all administrative services at local level, drafting the guidelines for the new administrative structure at local level, drafting social-economic development profile for selected new municipalities. The transition phase will be completed during 2015.

The consolidation phase will start in 2016. This phase will comprise a more structured support to consolidate the well-functioning of newly established municipalities with legal, financial and capacity building instruments. The Government of Albanian strategic goal to

strengthen the local government and increase efficiency in local public services will continue with approval of the new Decentralization Strategy (foreseen date of approval in March 2015) and soon after this the Minister of State for Local Government (MoSLG) will start drafting the new law on local self-government and the new law on local finances which will aim to deepen the decentralization process and strengthen the financial position of the LGU's.

The reform will increase the efficiency of the local service deliver because of the economies of scale and the technical capacities and experience that 61 municipalities have. The Ministry of Local Issues analysed that savings in the local budget in total will be around 40 – 60 million USD (or 15% to 30% of total local budget expenditures in Albania), and they will be spend locally on new investments, improving service delivery and/or hiring more qualified staff.

In regard to the EC recommendation that *Albania will transmit to the Commission final version of the National Strategy for Development and Integration 2014-20, as soon as adopted*, we inform that two of the five chapters of the draft National Strategy for Development and Integration are finalised; namely the Chapters on Sectoral Policies and on Macroeconomic and Fiscal Perspective. Chapters on Budgeting and Costing, and Accountability and Monitoring are being finalised. The Strategic Planning Unit at Department for Development Planning, Financing and Foreign Aid (DDPFFA) has already reflected all the comments of line ministries and independent institutions on this chapter. The chapter on Vision and Strategic Priorities is in the process of reappraisal.

The costing process of NSDI is in the process of finalising. A consultation platform will all stakeholders and donors is being designed. The goal is to present the draft NSDI for consultations by mid March 2015. The consultation process is scheduled to last till mid April 2015.

The NSDI is scheduled to be approved by the Council of Ministers in June 2015.

Concerning the EC recommendation of the 2014 TEERD Subcommittee that *Albania will continue its efforts to develop a pipeline of mature investment projects, which will reduce the infrastructural gap and increase convergence of the less developed areas of the country*, and following the granting of the candidate country status in June 2014, in January 2015, the new concept of Regional Management in Albania, as a pilot “action for development” for 2015 was introduced to the Council of Ministers. The concept is prepared in response to the necessity to have a coherent regional policy, in accordance with the orientations of the EU cohesion policy, in order to ensure a balanced and sustainable economic well-being of regions in Albania and also to avoid regional disparities.

At its first meeting held on 19 January 2015, the Committee for Regional Development adopted the RD Operational Programme for the period 2015-2016, as well as funding priority directions.

Albanian Regional Development Fund, conceived as the financial instrument of national policy, for regional development, is also included as part of the reform. In this sense, has

started the process for aligning the RDF, with the policies and mechanisms of the European Fund of Regional Development, in order to transform it, in an instrument to promote economic development potential and mechanism that generates growth, forging identities, and enhances the competitiveness of our economy among regional economies.

In support of the new strategic orientation for the development of regions, for 2015 prevailed the support for the National Programme on “Urban Renaissance of Cities of community coexistence” by allocating to the RDF a portfolio, a fund of about 100 million USD. Destination of the portfolio is for two priority pillars financing respectively, pillar 1: Programs of Local and Regional Development and pillar 2: Digital Albania. This portfolio constitutes, approximately 42% of the total capital expenditures foreseen in the 2015 state budget.

Based on such approach and support, is aimed to:

- improve management mechanisms for regional development, establishing incentive instruments of their creation, the two concepts of “inter-local partnership” and “regional”, to stimulate the creation of regional development actors and prepared right place performance structural funds of the EU concept of “NUTS-regions”. This supports the policy objectives of territorial reform;
- include the concept of Operational Programmes (according to EU Regulations for EU ERDF / Operational Programs), to create capacity and programming tradition of Albania, when it is Eligible for EU Structural Funds (the negotiations) and to benefit from funding the ERDF;
- introduce the concept of “inter-local partnership” and “regional partnership” in implementing projects, including partnerships not only between local government units, but also with regional partnerships with development agencies, non-profit organizations, and private entities for investment the participation;
- establish concepts of “Strategic Management” in the management of the Fund, based on priority investment pillars and documents programs and subprograms, to avoid the practice of fragmentation of the fund, according to the needs of small and without impact in supporting the rebirth of urban and regional centres.

*For further information on the decisions of the Committee for Regional Development, please see Annex 6.6.1.*

Addressing the EC recommendation of the 2014 TEERD Subcommittee that *the Local Governments in Albania should increase their capacity to design, implement and monitor projects. The Albanian Regional Development Fund is expected to contribute to the development of this capacity via regular rounds of transparent and competitive calls for project proposals*, the mechanism of preparing projects with local stakeholders was introduced in 2014, through a framework agreement signed between the ADF, such as applications from development agencies and local government units, in order to design projects co-financed by the RDF and LGUs. Several projects developed in the framework of this mechanism, were adopted in the second meeting of the Committee for Regional Development held in February 2015.

- *connectivity agenda: state of progress in the preparation of the core network and extended corridors; update on Albania's participation in SEETO and latest development regarding regional connectivity policies;*

Albania participates actively in the South-East Europe Transport Observatory (SEETO) and aims to continue to cooperate with its neighbouring countries aiming to define joint projects with regional interest and exchange information on current infrastructure projects and priority projects for the future.

The intensification of regional cooperation will improve the absorption of investments in infrastructure projects of regional significance. Albania fully supports the inclusion of the SEETO comprehensive network in the TEN-T Core Network which will increase national network standards in Albania in order to comply with the EU standards.

As it is mentioned in the 10<sup>th</sup> SEETO Annual Ministerial Meeting, held in Skopje, on 4 December 2014, the Transport Community Treaty with the Western Balkans is expected to be finalised in 2015, as the result of several years of work in close cooperation with the EU, aiming to create an integrated transport market with the European Union.

Albania fully supports the Berlin Process, which will provide a real opportunity to improve connectivity within the Western Balkans region as well as with the EU. Albania considers this process as a key instrument to promote economic growth and employment in the Western Balkans. In the framework of this initiative, Albanian and Serbian experts of road and railways are working to prepare common application/projects, aiming to present these to the Vienna Summit, in August 2015. These projects are also part of SEETO Comprehensive Network.

Albania is finalising the procedures for the approval in principle by the Council of Ministers of the MoU between the Republic of Albania, Bosnia and Herzegovina, Republic of Croatia and Montenegro relating to support to and cooperation in the realisation of the Adriatic – Ionian Highway.

Following the EC recommendations to improve the project selection, SEETO has substantially strengthened the regional transport planning through a new Priority Project Rating Methodology adopted in 2012 and improved project prioritisation to serve various decision makers in rational investing of funds. By applying the Rating Methodology, SEETO MAP 2015 again highlights the importance of focusing on those key investment projects agreed on regional level that can deliver the highest value in terms of their potential to ensure social-economic development and greater integration into the European transport network (TEN-T).

In this framework, two of the main railway projects (part of the priority projects of GoA), which link Albania with our neighbours (Montenegro and FYROM) are part of SEETO MAP



2015, as priority projects (in the preparatory phase). These projects are the Pre-Feasibility Study for Development of the Corridor VIII Railway Axis (including the missing link in Lini) and the track renewal and signalling and communication systems for entire Albanian Railway network.

In the framework of 13<sup>th</sup> Call for Grant Applications under WBIF, Albanian Ministry of Transport and Infrastructure, Ministry of European Integration together with Kosovo Ministry of Infrastructure submitted the common application for Pre-Feasibility Study for the new railway line Albania – Kosovo. This project is considered of regional importance and will enhance the cooperation between both countries and will develop the multimodality. In the next SEETO Steering Committee Meeting (foreseen to be held on 10 March 2015) will be discussed the inclusion of this railway line in the SEETO Comprehensive Network.

The second application under 13<sup>th</sup> call for Grant Application is the Feasibility Study for rehabilitation of Railway line Durrësi – Pogradeci – Lini (including the missing link to FYROM border).

Currently, the following roads are under construction:

- Fieri Bypass and Damësi – Tepelena road (part of the North South Corridor);
- Tirana – Elbasani and Plepa – Rrogozhina road segments and Rrogozhina Bypass (part of the East – West Corridor and part of Corridor 8);
- Vloëra Bypass;
- Qukësi – Qafë Pllaçë road segment, a major investment opening an alternative route to North – Central Greece (Thessaloniki).

In addition, MTI is working to improve of border crossing points such as: Leskoviku – 3 Urat (connecting Albania to Greece), Hoti – Vermoshi (connecting Albania to Montenegro). Currently the border crossing points Saranda – Qafë Botë (connecting Albania to Greece) and Bajram Curri – Qafë Morinë (connecting Albania to Kosovo) are already finalised.

The construction of Arbri Road will be a major link to northern FYROM as well. The project is financed partially under the state budget. However, the Albanian government aims to grant a concession for the construction of the rest of the road. The main activities foreseen for the project are the construction of a tunnel, 2.5 km long, 9,34 m high, with double tubes with two carriage ways each and the construction of the 25.7 km of the Arbri road.

- *alignment with EU acquis in the area of energy (including adoption of power sector law, and gas sector law), environment (update on the environmental cross-cutting strategy) and climate change*

#### *Power Sector law*

The draft Power sector law was endorsed by the Council of Ministers on 14 January 2015, and on 19.01.2015, the draft law was submitted to the Parliament for adoption. The adoption by Parliament is scheduled in March 2015. The draft law on power sector aims to partially

approximate the Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC, open and liberalise the power sector in Albania, unbundle the transmission activity from the generation/ supply activity of vertically integrated structures, by allowing the transfer of ownership of KESH S.A. and TSO S.A. to two different ministries.

The draft law, as agreed with the Energy Community Secretariat, includes a schedule for the progressive opening and liberalisation of the electricity market.

#### *Gas Sector Law*

The Working Group set up under the Order of Minister of Energy and Industry No 231 of 26.06.2014 “On the organisation of work for the implementation of the Third Energy Package of the European Union and amending of Law No 9946 of 30.06.2008 ‘On the natural gas sector’ as amended” has finalised the draft Gas Law that aims to adopt the 3<sup>rd</sup> Energy Package, including the full approximation of the Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC and Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005. The Council Directive 2004/67/EC of 26 April 2004 concerning measures to safeguard security of natural gas supply, is partially approximated in the new draft Gas Law, as well. In this case, several important changes that are being discussed at the EU and Energy Community level, concerning measures to safeguard the security of gas supply, are taken into consideration, as well.

The draft Gas Law is scheduled to be adopted by the Albanian Parliament in the first quarter of 2015.

#### *Draft Law on Energy Efficiency and entry into force of Renewable Energy Sources*

The draft Law on Energy Efficiency was prepared in 2014 in collaboration with the Energy Community Secretariat, aiming to approximate Directive 2006/32/EC of the European Parliament and of the Council of 5 April 2006 on energy end-use efficiency and energy services and repealing Council Directive 93/76/EEC, and partially approximate Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC. The approximation of the Directive 2012/27/EU was an additional request from the Energy Community Secretariat.

Upon the Order of Minister of Energy and Industry No 106/2014 a working group was set up to prepare the amendments to Law No 138/2013 of 2.05.2013 “On on Renewable Energy Sources”.

The draft Law on the Energy Performance in Buildings was prepared in October 2014,

aiming to update the current level of Thermal Energy Conservation in Buildings and providing the legal basis for the establishment of implementing regulations and measures required for storing thermal energy in buildings.

### *Radiation protection*

In the field of *radiation protection* during the reporting period, there were adopted the following legal acts:

- Decision of Council of Ministers No 404 of 18.06.2014 “On the approval of the Regulation ‘On basic rules on radiological installations in medicine’. The act defines criteria for acceptability of radiological installations used in medicine. The Regulation is based on the report “Radiation Protection No 162 ‘Criteria for Acceptability of Medical Radiological Equipment used in Diagnostic Radiology, Nuclear Medicine and Radiotherapy”;
- Decision of Council of Ministers No 843 of 3.12.2014 “On the approval of the Regulation ‘On the protection of workers from risks related to non-ionising radiation in the work place”, which fully approximates the Directive 2013/35/EU of the European Parliament and of the Council of 26 June 2013 on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (electromagnetic fields) (20th individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC) and repealing Directive 2004/40/EC;
- Decision of Radiation Protection Commission No 3618/3 of 13.05.2014 “On the assessment procedures of the application to be recognised by the Radiation Protection Commission as a qualified expert in non-ionising radiation protection and confirmation template”;
- Decision of Radiation Protection Commission No 3618/4 of 13.05.2014 “On the assessment procedures of the application to be recognised by the Radiation Protection Commission as a qualified expert in ionising radiation protection and confirmation template”;
- Decision of Radiation Protection Commission No 3618/5 of 13.05.2014 “On the procedures, explanatory note template and assessment of application for licence by entities that use sources of ionising radiation. Notification and Confirmation template”.
- Decision of Radiation Protection Commission No 3618/6 of 13.05.2014 “On the procedures, explanatory note template and assessment of application for licence by entities that use sources of non-ionising radiation. Confirmation template”. This Decision is fully approximated with Council Directive 2013/59/Euratom of 5 December 2013 laying down basic safety standards for protection against the dangers arising from exposure to ionising radiation, and repealing Directives 89/618/Euratom, 90/641/Euratom, 96/29/Euratom, 97/43/Euratom and 2003/122/Euratom;
- Decision of Radiation Protection Commission No 6097/3 of 24.10.2014 “Guideline on “Passive method for determining the indoor concentration of radon”;
- Decision of Radiation Protection Commission No 6097/5 of 24.10.2014 “Guideline on “Methodologies on express control of the goods for radioactive contamination”
- Decision of Radiation Protection Commission No 6097/6 of 24.10.2014 on “Methodology on assessment of the distribution of electromagnetic radiation and

definition of critical area of a cellular antenna of a base station, when nearby are located the base stations of other operators”;

- Decision of Radiation Protection Commission No 6097/7 of 24.10.2014 “Procedures, explanatory template and assessment of application to receive the approval act for activities with sources of non-ionising radiation. Confirmation template”, laying down the rules for the examination of applications to carry out activities with non-ionising sources, implementing Decision of Council of Ministers No 743 of 16.10.2012 “On the approval of the Regulation on the protection of the public from non-ionising radiation”.

### *Environment: Horizontal Legislation*

Environmental Cross-Cutting Strategy 2015 – 2020 (ECCS 2015 – 2020) is the basic document which underlies the governmental policies in the field of environment, with the main aim, to completely fulfil the constitutional obligation towards the citizens’ right of having a healthy environment, while the country is developed in a sustainable manner. ECCS 2015 – 2020 is an integral part of National Strategy for Development and Integration, and based on national policies and priorities. Many of the policies and measures in ECCS 2015 – 2020 are supported by programmes and actions defined in other cross sectoral strategies of tourism, agriculture, energy, etc. The final draft is now in the phase of public consultation, which will be held on March 31st, 2015. After this process, the final draft will be distributed to the line ministries, before going to the Council of Ministers for final approval. The expected approval time for ECCS 2015 – 2020 is May 2015.

As regards the implementation of the Law No 10440 of 7.07.2011 “On environmental impact assessment”, which entered into force in February 2013, are encountered many difficulties as follows:

- applying at the National Licensing Center (NLC) has caused prevention of this procedure, since one of the main procedures in this process is public consultation and consultation with the approval authorities, the deadlines that were put out by NLC, prevented this procedure, or
- at the end of procedures for preliminary EIA, as well as depth EIA, the act that is given by the National Environment Agency (NEA) and the Ministry of Environment (MoE), is a decision or environmental declaration, which is not a permit or license or authorization to come out by NLC. This law states that all the applications for EIA, preliminary or depth, pass through the NCL.

Aiming the clarification and facilitation of its implementation, the amendments to Law No 10440 of 7.07.2011 “On environmental impact assessment”, are prepared, which aim to partially approximate the Council Directive 2011/92/EU. Aiming to overcome the procedural problems regarding EIA procedures, arising from the existing Law, in consent with NLC is decided that the requests for EIA of different private and public projects, will not be submitted to the NLC, but directly to the MoE, which will transmit the applications to NEA to proceed with their review. The draft Law has been adopted by the Parliament, more concretely Law No 12/2015 of 26 February 2015, and it will enter into force on 1 September 2015.

After the amendment to Law No 10440 of 07.07.2011 “On environmental impact assessment”, until December 2015, the drafting and the approval of the three following Decisions of Council of Ministers is foreseen:

- Draft Decision of Council of Ministers “On approval of rules, responsibilities and timeframes for development of on EIA procedures”, which will replace the existing Decision of Council of Ministers No 13/2013 “On approval of rules, responsibilities and timeframes for development of EIA procedures”;
- Draft Decision of Council of Ministers “On National Methodology for Drafting of EIA Reports”;
- Draft Decision of Council of Ministers “On rules and responsibilities for the certification of EIA experts, and environmental audit”.

Aiming to improve the public access in information, as well as to improve public participation in decision making, the following legal acts are adopted:

- Law No 119/2014 of 18.09.2014 “On the Right of Information”, and
- Law No 146/2014 of 30.10.2014 “On Public Informing and Consultation”;
- Decision of Council of Ministers No 247 of 30.04.2014 “On determining the rules, requirements and procedures for informing and involving the public in environmental decision making”.

The above mentioned laws add an obligation for public authorities to guarantee civil right to have access to information either produced or held by public authorities, as well as to involve the public in the process of drafting laws, strategic national or local documents, or other policies with high public interest.

Also, the draft Decision of Council of Ministers “On rules and procedures for consultation with stakeholders and public, as well as public hearing during the process of strategic environmental assessment” after it was sent to line ministries for opinion, and also consulted with public, on 16 December 2014 was sent to Council of Ministers for approval.

According to transboundary consultations for plans/programmes and projects subject to SEA and EIA, the following legal acts are being prepared:

- Draft Decision of Council of Ministers “On rules and procedures for EIA in transboundary context”. Due to the delay and changes with the amendment to the law of EIA, the draft Decision of Council of Ministers has been modified and it is foreseen to be sent to the line ministries for opinion, by 15 March 2015, while the public hearing will be organised in the last week of March 2015 and will be sent to the Council of Ministers for approval by April 2015;
- Draft Decision of Council of Ministers “On rules, responsibilities and detailed procedures for SEA in transboundary context”. The draft act is submitted for comments to line ministries on 12 December 2014 and the public consultations has been organised on 3 February 2015. The draft Decision is submitted for approval to the Council of Ministers

*Air Quality*

In the field of air quality, the following legal acts are approved:

- Law No 162/2014 “On protection of ambient air quality”;
- Decision of Council of Ministers No 594 of 10.09.2014 “On approval of National Strategy on Ambient Air Quality”.

The draft Decision of Council of Ministers “On the assessment of ambient air quality and requirements for certain pollutants related with it”, is under process of approval and it is scheduled to be approved by the Council of Ministers within March 2015. The draft act is submitted for comments to line ministries.

### *Waste Management*

The following legal acts are adopted in the waste management field:

- Decision of Council of Ministers No 229 of 23.04.2014 “On the approval of the rules for non-hazardous waste transfer and other requirements for the information to be included in the transfer document”;
- Decision of Council of Ministers No 371 of 11.06.2014 “On the approval of the rules for hazardous waste consignment and their consignment notes”;
- Decision of Council of Ministers No 418 of 25.06.2014 “On separate collection of waste at source”;
- Decision of Council of Ministers No 608 of 17.09.2014 “On development of necessary measures for collection and treatment of bio-waste as well as criteria and rules for their reduce”;
- Decision of Council of Ministers No 641 of 1.10.2014 “On the approval of rules for waste export and non-hazardous waste or inert waste transit”.

The following draft legal acts are being prepared:

- Draft Decision of Council of Ministers “On the rules on control of PCBs/PCTs disposal, decontamination or disposal of equipment containing PCBs/PCTs and disposal of used PCBs/PCTs”. The first draft was prepared by MoE, and is foreseen to be approved within the 1 Q, 2015;
- Draft Decision of Council of Ministers “On inert waste management”. The comments of line ministries are reflected in the final draft expected to be approved in March 2015.

### *Water Quality*

The following legal acts are adopted in the water quality field:

- Law No 29 of 27.03.2014 “On ratification of the amendments to the Articles 25 and 26 of the Convention on protection and use of transboundary water courses and international lakes”;
- Decision of Council of Ministers No 246 of 30.04.2014 “On Environmental quality norms for surface waters”, which partially approximates Directive 2008/105/EC on Environmental Quality Standards in the Field of Water Policy;
- Decision of Council of Ministers No 267 of 07.05.2014 “On Adopting the list of

priority substances in the water environment”, which transposes Annex X of Directive 2000/60/EC, establishing a Framework for Community Action in the Field of Water Policy, amended by Directive 2008/105/EC.

The following legal acts are being prepared:

- Draft Decision of Council of Ministers on “Urban waste water treatment” was approved by the National Water Council on February 2015. This Decision of Council of Ministers aims to partially approximate Directive 91/271/EEC concerning Urban Waste Water Treatment, as amended by Directive 98/15/EC, Regulation EC/1882/2003 and Regulation EC/1137/2008. The draft Decision of Council of Ministers is scheduled to be approved by the Council of Ministers by June 2015;
- Draft Decision of Council of Ministers on “Strategy, river basin management plans and flood risk management plans” was approved by the National Water Council on February 2015. This Decision of Council of Ministers partially transposes the Water Framework Directive 2000/60/EC Establishing a Framework for Community Action in the Field of Water Policy, as amended by Directive 2008/32/EC and Directive 2009/31/EC; Directive 2009/90/EC Laying Down Technical Specifications for Chemical Analysis and Monitoring of Water Status; Directive 2006/118/EC On the Protection of Groundwater Against Pollution and Deterioration; and Directive 2007/60/EC On the Assessment and Management of Flood Risks. The draft Decision of Council of Ministers is scheduled to be approved by the Council of Ministers by September 2015.

#### *Waste water*

Regarding the recommendation of the 2014 Subcommittee on Transport, Environment, Energy and Regional Development *about the progress in aligning with the Urban Waste Water Treatment Directive*, the following Decisions of Council of Ministers are being approved:

- Decision of Council of Ministers No 246 of 30.04.2014 “On environmental quality norms for surface waters”, which fully approximates Directive 2013/39/EU of the European Parliament and of the Council of 12 August 2013 amending Directives 2000/60/EC and 2008/105/EC as regards priority substances in the field of water policy;
- Decision of Council of Ministers No 267 of 7.05.2014 “On the list of priority substances”, which fully approximates Directive 2013/39/EU.

Draft Decision of Council of Ministers “On urban waste water treatment” was approved by the National Water Council on February 2015. The draft DCM is scheduled to be approved by the Council of Ministers by June 2015.

#### *Nature Protection*

The following legal acts are adopted in the nature protection field:

- Law No 68/2014 of 3.07.2014 “On some amendments and addenda to Law No 9587 of 20.7.2006 “On biodiversity protection”, amended, that transposes some provisions

of the Habitat Directive 92/43/EEC “On natural habitat conservation, of wild flora and fauna”;

Law No 5 of 12/02/2015 “On an amendment to the Law No 9867 of 31.1.2008 “On determination of the rules and procedures for international trade of endangered species of wild flora and fauna”;

- Decision of Council of Ministers No 272 of 7.5.2014 “On the establishment, organization and functioning of Rescue Centres for wild fauna species”;
- Decision of Council of Ministers No 866 of 10.12.2014 “On the approval of natural habitat types, plants, animals and birds of interest for the European Union”, that ensure the partly transpose of the Directive 92/43/EEC “On natural habitat conservation, of wild flora and fauna”, amended by directive 97/62/EC, directive 2006/105/EC and (EC) Regulator 1882/2003, and Directive 2009/147/EC “On wild bird conservation”.

The draft law “On some amendments and addenda to Law No 10253 of 11.3.2010 “On hunting”, is under drafting process. The draft law is foreseen to be approved within April 2015.

After the approval of the Law 7/2014 “On the moratorium on hunting in the Republic of Albania”, which prohibits hunting for a two years period, from March 16, 2014, is prepared the action plan for its implementation. The action plan was approved by the Minister of Environment on the 3 July 2014.

Also, National Biodiversity Strategy and Action Plan for the period 2015 - 2020, was revised and updated in the framework of the project “Review of the National Biodiversity Strategy and Action Plan (NBSAP) for Albania” funded by the GEF project. The Strategy has been widely consulted with the stakeholders and was circulated to line ministries for comments. The document is already submitted for approval to the Council of Ministers.

During this period, there are elaborated and approved six Management Plans of Protected Areas:

- Order of Minister of Environment No 1792 of 9.5.2014 “On the approval of the Management Plan of National Park Prespa”;
- Order of Minister of Environment No 2025 of 31.12.2014 “On the approval of the Management Plan of National Park Bredhi i Hotoves-Dangëlli”;
- Order of Minister of Environment No 2026 of 31.12.2014 “On the approval of the Management Plan of Protected Landscape Pogradeci”;
- Order of Minister of Environment No 2027 of 31.12.2014 “On the approval of the Management Plan of National Park Tomorri Mountain”;
- Order of Minister of Environment No 2028 of 31.12.2014 “On the approval of the Management Plan of Protected Landscape Mali me Gropa-Bizë-Martaneshi”;
- Order of Minister of Environment No 2029 of 31.12.2014 “On the approval of the Management Plan of Natural Park Korabi-Koritniku”.

Also, the following management plans for protected areas are under drafting process:

- National Park Shebeniku - Jabllanica in cooperation with International Unit for



- Nature Conservation (IUCN) and Cooperazione Italiana;
- Protected Landscape Lumi Buna – Velipoja;
- Alps National Park in cooperation with the project CABRA I and the project IPA ECRAN.

### *Prevention of Industrial Pollution and Industrial Accidents*

The following legal acts are adopted in the Prevention of Industrial Pollution and Industrial Accidents field:

- Law No 60/2014 of 19.6.2014 “On an amendment to Law No 10448 of 14.07.2011 “On Environmental Permits” changed. The revised Appendix I to this Law, aims to clarify and detail the activities that should be equipped according the law requirements, respectively with the Environmental Permits Type A, B and C;
- Decision of Council of Ministers No 419 of 25.06.2014 “On the determination of specific requirements, conditions and rules for the review of environmental permits of type A, B and C, for the transfer of environmental permits, for the conditions of environmental permits and the detailed rules for the review by the competent authorities till to the issuance of the permits from NLC”, which partially approximates Directive 2008/1/EC “On integrated prevention and control of pollution” amended by the Directive 2010/75/EU “Industrial Emissions”. This Decision of Council of Ministers determines the rules, timeframes and the responsible institutions in the environmental permits procedure.

Besides the above-mentioned acts, during this period the following legal acts are being prepared:

- Draft Law “On the control of the risks of major industrial accidents, caused by hazardous substances”, which aims full approximation with Directive 96/82/EC (Seveso II Directive). Since this Directive will be repealed in May 2015 this law will be revised in order to be in full compliance with Directive 2012/18 / EC (Seveso III);
- Draft Decision of Council of Ministers “On the approval of the procedure and requirements for equipment with eco-labelling, manner of issuance, its use and validity, composition and functioning of the commission to issue eco-labelling, the participation of individuals, associations and public authorities in the procedure of the eco-labelling” is submitted for approval to the Council of Ministers;
- Draft Decision of Council of Ministers “On the implementation of the national register of pollutant release and transfer”, is foreseen to be approved in December 2015.

### *Chemicals*

In order to approximate the Albanian legislation in line with the EU *acquis* in the field of chemicals, with the assistance of TAIEX, during this period are being drafted the following legal acts:

- Draft Law “On Chemicals”, aiming to partially approximate Regulation No. 1907/2006 of the European Council of 18 December 2006 on "Registration, Evaluation, Authorization and Restriction of Chemicals" (REACH) and Regulation

(EC) No 1272/2008 “On the Classification, Labelling and Packaging of Substances and mixtures” (CLP). The draft law will be sent for comments to the line ministries on 30 April 2015 and it is foreseen to be approved in September 2015;

- Draft Decision of Council of Ministers “On classification, packaging and labelling of chemicals”, which aims to partially approximate EC Regulation No. 1272/2008 “On the classification, labelling and packaging of substances and mixtures” (CLP). The draft decision is foreseen to be approved in December 2015;
- Draft Decision of Council of Ministers “On import and export of dangerous substances”, which aims to approximate EC Regulation No. 649/2012 on export and import of dangerous chemicals. The draft decision is foreseen to be approved in December 2015;
- Draft Decision of Council of Ministers “List of hazardous substances which from their nature poses a serious risk to human life and health and the environment”, aiming to approximate European Directives that transpose Annexes XIII and XIV of Regulation no. 1907/2006 of the European Council and Parliament Regulation dated 18 December 2006 on “Registration, Evaluation, Authorization and Restriction of Chemicals” (REACH). The draft decision is foreseen to be approved in December 2015;
- Draft Decision of Council of Ministers “On approval of the list of Persistent Organic Pollutants and determining measures on manufacture, import, placing on the market and their use”, aiming to approximate Parliament and the European Council Regulation (EC) No. 850/2004 of 29 April 2004 on persistent organic pollutants, amended by Regulation No. 519/2012. The Draft decision has been sent for review and approval at the Council of Ministers. Its approval is foreseen within April 2015.

### *Forestry*

Draft law “On forests and pastures” is being prepared and is already submitted to line ministries for comments. The law aims to partially approximate Council Directive 1999/105/EC of 22 December 1999 on the marketing of forest reproductive material, Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations, as amended, Regulation (EC) No 2152/2003 of the European Parliament and of the Council of 17 November 2003 related with the monitoring of forests and environmental interactions in the Community (Forest Focus), taking into consideration the Council Resolution of 15 December 1998 on a Forestry Strategy for the European Union, and Official Report on the implementation of the EU Forestry Strategy (2005). Its approval is foreseen within July 2015.

### *Climate Change*

The Decision of Council of Ministers No 865 of 10.12.2014 “On the prevention and reduction of fluorinated greenhouse gas emissions” was adopted, partially approximating the Regulation (EU) No 517/2014 of the European Parliament and of the Council of 16 April 2014 on fluorinated greenhouse gases and repealing Regulation (EC) No 842/2006.

- *state of play as regards the implementation of the EU assistance in the water sector*

*Detailed information on the implementation of the EU assistance in the water sector is presented in the Report to the EU – Albania Subcommittee on Transport, Energy, Environment and Regional Development.*

Title of the programme: **IPA 2007, IPA 2009, IPA 2010, IPA 2011, IPA 2012**

Title of the projects:

1. Lot 1, Golemi, Kavaja: Supervision and Construction of Sewerage System, Beach Area: Përroi i Agait- Kavaja TP.
2. Lot 2, Durres: Supervision and Construction of Sewerage System, Beach Area: Përroi i Agait- Ura e Dajlanit.
3. Lot 3, Lezha and Shëngjini: Supervision and Construction of Sewerage System, Beach Area: Lezha and Shëngjini.
4. Works 2&3, Velipoja & Shkodra: Supervision and Construction of Sewerage System, Beach Area of Velipoja and the city of Shkodra.
5. Works 1, Velipoja: Supervision and Construction of Treatment Plant of Velipoja.
6. Lot 1, 2&3, Vlora&Ksamili, Kavaja and Shengjin: Supervision and Construction of Sewerage Systems, in Vlora&Ksamili, Kavaja and Shengjin.
7. Phase III, Velipoja: Supervision and Construction of Sewerage Systems and extension of TP of Velipoja and purchasing of Equipments/Laboratory Supplies for the TP.
8. Vlora: Supervision and Construction of Sewerage Systems and Rehabilitation/Extension of TP of Vlora and purchasing of Equipments for the TP.

Project's cost and financing resources:

(Overall water projects in Albania under Procurement of EU Delegation/Gov. of Albania)

Description	Amount planned (as per project-fiches details), (Euro)	Amount used/disbursed (to the end of reporting period), (Euro)
Overall cost	79,376,018	41,658,077
EU contribution	Works 63,081,772	34,573,014
	Supervision 8,867,534	4,982,035
	Equipments 1,302,313	463,000
National co-financing	Works 4,792,965	1,630,150
	Supervision 64,121	9,878
	Equipments 1,267,313	0

Timeline of project:

EU Contribution: Started 2009 – End 2020

National Contribution: Started 2012- End 2023

Objective, project purpose and components of the project: The purpose of the projects in Waste Water is the improvement of the quality of the Sea Water avoiding the pollution caused by sewerage deposited in septic tanks without bottom (leaking in the sea) or directly discharging in the sea by private pumps. The projects on Sewerage are composed by the

Treatment Plants, Main Collectors, Pumping Stations, Secondary Collectors and the House Connections.

State of implementation: “Handed Over to Local Water Utilities” and “Under construction”.

Results achieved and Impact: The improvement of the quality of the sea water is the result of these projects. The beach area is highly frequented by the tourists in summer season and the economic growth of the small businesses operating in that area is an indicator.

Measures taken/to be taken to ensure sustainability (institutional, financial, environmental sustainability): Local Water Utilities are now operating the systems by themselves since one year from now. Their staff now is trained to operate and maintain the systems. The companies are working to increase the billing of this service in order to increase their financial capacity to be able to support operation and maintain ace costs. The Local Authorities (Municipalities and Communes) are also taking measures to close all the septic tanks and connect the businesses and houses to the sewerage systems. Analysis of the sea water will be done periodically from the Ministry of the Environment to oversee the parameters of the water of the sea in this area and publish the results.