

REFORM MEASURES

Albania, ERP for the period of 2020-2022

Tirana, October 21 - 22, 2019



Funded by the European Union.

SESSION 1

Business environment and reduction of the
informal economy

Research, development and innovation and the
digital economy



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Business environment and reduction of the informal economy

Reform measure 07: Property tax reform and establishment of a fiscal cadastre

In order to lay the information basis for the new property tax, a fiscal cadastre is established and a new methodology will be implemented on value-based property tax. The municipalities are working with the entering of data into the system. The purpose of the cadastre will be to consolidate and to improve the quality of all existing data on buildings and owner/occupants, and to calculate the annual tax obligation associated with each property. For each property will be assigned a unique property identification number and either the legal owner, if known, or the occupant, along with the national ID number for that person or entity. The unit responsible for the fiscal cadastre will not have the authority to resolve conflicting legal claims or verify ownership. The activities included in the ERP 2018-2020 have changed due to provision of international assistance for the establishment of fiscal cadastre through a fully funded project that initiated in 2018. However, the previous activities have not removed but have reorganized as part of projects activities.

Business environment and reduction of the informal economy

Reform measure 08: Reduce regulatory burden to businesses

Activities planned in 2020

Continue the process of re-categorizing licenses / permits / authorizations issued by central institutions and adopting relevant legislative changes (35 licenses for re categorisation);
Elimination of unnecessary licenses issued by central institutions and adoption of relevant legislative changes (21 permits and licenses and 15 laws to be amended);
Simplification of procedures for licenses, permits and authorizations issued by central institutions and adoption of relevant legislative changes;
Transfer of administrative burden from business/citizen to public administration.

Activities planned in 2021

Continue the process of elimination of unnecessary licenses issued by adopting the relevant legislation;
Providing online of Permit / License and Authorization and Approval of relevant legislative Changes (47 pass on online);
Monitoring and ensuring the quality of licensing / licenses / authorizations online.

Activities planned in 2022

Transfer of permits / licenses / authorizations from the central level to the Regulated Professions Orders / Chambers of Commerce / Universities / Institutes;
Monitoring and ensuring the quality of licensing / licenses / authorizations online.

Business environment and reduction of the informal economy

Reform measure 09: Reduce red tape and increase the efficiency of the institutions offering services to citizens and entrepreneurs

This reform aims to reduce the administrative burden for citizens and businesses and increase the efficiency of public administration through better access, higher quality, more transparency based on information and communication technology (ICT) of state administration.

E-Albania is the Albanian e-government portal where business and citizens may obtain almost 600 electronic services. The portal is oriented toward users' needs, providing updated and easily accessible information for public services and serves as a single point of contact for e-government services offered to citizens, businesses and public employees. It has improved the accessibility of information about public services, the level of public awareness about the procedures of public service delivery, and has most importantly acted as a robust catalyst in decreasing queues in public agencies' receptions, reducing corruption and bureaucracy, providing citizen equality, decreasing service obtainment time and promoting government transparency.

The final goal is to switch to 95% e-services allowing citizens and businesses to apply and access these services anytime and anywhere. ADISA (Agency for the Delivery of Integrated Services Albania) and NAIS (National Agency for Information Service) are the champions of the public services reform. At the institutional level, the key stakeholders involved in the implementation of the citizen centric services reform are: the Agency for the Delivery of Integrated Services (ADISA), the National Agency for Information Society (NAIS), as well as the institutional public service providers on scope.

Business environment and reduction of the informal economy

Reform measure 10: Effective implementation of the National Plan to reduce the level of NPL in the banking system

Activities planned in 2020

Describe the activities planned, and indicate which Government body/ministry or other stakeholder is responsible for the implementation of each activity.

Activities planned in 2021

Describe the activities planned, and indicate which Government body/ministry or other stakeholder is responsible for the implementation of each activity.

Activities planned in 2022

Describe the activities planned, and indicate which Government body/ministry or other stakeholder is responsible for the implementation of each activity

Business environment and reduction of the informal economy

Reform measure 11: Providing a single and transparent investment legal regime in the country

This reform measure aims to improve the transparency, governance and predictability in accordance with the obligations stemming from the EU pre-accession process focusing on investment promotion entry and establishment policy area based on RIRA of MAP REA by encouraging private sector investment in the country.

The focus for the future development of the Albanian economy will remain the attraction of FDI with priority sectors where the Albanian economy has untapped potential in terms of natural resources and in the development of sectors that are not yet performing at full potential. These sectors are: renewable energy, tourism, agro-business, infrastructure, and services. Most of the work force in Albania is employed in the service sector, marketing numerous types of services to customers such as: food, personal care, entertainment, banking, insurance, transport, consultancy, tourism, office services, professional services, etc. Over the last 20 years, Albania has transformed from an agricultural economy to a service-oriented economy. The service sector in Albania is new and dynamic. Two main services where foreign direct investment is oriented are telecommunications and financial intermediation, 23% and 33% respectively. Telecommunications is the most dynamic service sector in the Albanian economy. FDI inflows in Albania have maintained a positive trend over the years. According to data from the Bank of Albania, in 2017 FDI inflow reached 899 million Euros. During the first half of 2018, FDI reached 494 million Euros, 28% more than first half of 2017 that was 385 million Euros.

Competition for investment and the changing global economy, subsequent phases of reforms and reform action plans will be developed and implemented.

Business environment and reduction of the informal economy

Reform measure 12: Justice Sector Reform

In order to improve the business environment, increase foreign direct investment, etc., the justice reform aims to bring about significant changes in the institutional setting of the Albanian judiciary. Existing institutions have been modified and new institutions have been created due to the constitutional amendments and by specific organic laws. Regarding the newly established institutions, a decisive step in the context of implementing the justice reform was marked by the establishment of the high Prosecutorial Council and the Establishment of the High Judicial Council, which are two pillars for an independent and qualitative judicial system.

The newly created institutions are the following:

- **High Judicial Council (HJC)**
- **High Prosecutorial Council (HPC)**
- High Justice Inspectorate (HJI)
- Justice Appointments Council (JAC)
- Court against corruption and organized crime
- Special Prosecutor's Office against corruption and organized crime
- Special Investigation Unit/National Bureau of Investigation
- Re-evaluation Institutions

Research, development and innovation and the digital economy

Reform measure 13 (11): Improve the institutional, financial and human capacities for research and innovation

The measure proposed by NASRI and supported by MESY 'Improve the institutional, financial and human capacities for research and innovation', is aligned with the Strategy on Science, Technology and Innovation 2017-2022; Government Program 2017-2020; National Plan for European Integration 2017-21 “Chapter 25 “Science and Scientific Research”; SEE 2020. The purpose of the measure is to develop the research and innovation infrastructure, to activate public and private financial resources that support scientific research and promote scientific researchers . The measure also aims to increase collaboration between researchers and the business community supporting the job creation and economic development of the country.

The measure includes legal initiatives that will be developed during the years 2020-2022; activities related to the improvement of research infrastructure; promotion activities of European Scientific programmes; investments to support scientific research closely related to the economic development of the country; human capital promotion activities, etc.

Research, development and innovation and the digital economy

Reform measure 14: Development of the broadband infrastructure for digital economy

Activities planned in 2020

Describe the activities planned, and indicate which Government body/ministry or other stakeholder is responsible for the implementation of each activity.

Activities planned in 2021

Describe the activities planned, and indicate which Government body/ministry or other stakeholder is responsible for the implementation of each activity.

Activities planned in 2022

Describe the activities planned, and indicate which Government body/ministry or other stakeholder is responsible for the implementation of each activity

SESSION 2

Education and skills
Employment and labor markets
Social protection and inclusion



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Education and skills

Reform measure 16: Finalisation of the pre-university curricular reform, training and hiring of teachers

Implementing new competency-based curricula for grade five, closes the process of curricular and textbook reform for pre-university education by the year 2020 and allow MoESY to shift its focus toward assessment and further improvement of the curricula.

By 2022 all students attending compulsory education (grades 1-9) will receive free textbooks.

Continuing to raise the bar for entries in teacher training programs which continue to improve the teacher training programs. This will improve basic skills (mathematics, literacy, and science) in pre-university education and prepare youth for future studies or career. Reform in preschool education has gone in coherence with reform at other levels of the pre-university education system. The best development of the preschool education has been the opportunity to develop new curriculum documents and the professional development of preschool teachers.

Education and skills

Reform measure 17: Inclusive education

The reform measure will seek to continue reduction of students attending multi-grade and low-quality classes and continue to increase the number of assistant teachers for children with disability in the mainstream schools into the public education system. The past two years have given priority to the professional support of Assistant Teachers through the various forms of professional development that are recognized and offered in our education system. Efforts have been made to organize assistant teachers in professional networks and train them. So far 42 professional networks have been set up and about 500 assistant teachers have been trained by the Quality Assurance Agency on the Preuniversity Education. Also it has been collaborated with non-governmental partners to support assistant teachers.

Currently every child who lives over 2 km from the nearest school receives free transportation. The number of Students in multi-grade classes will be reduced step-by-step and concentrated on centralized schools where transportation is possible. The needs for assistant teachers for children with disabilities are determined by the multidisciplinary commissions, set up in each local education office

Education and skills

Reform measure 18: Expanding adoption of digital skills to schools

Over the course of three years, 120000 students and 5500 teachers will be equipped with digital and coding skills.

Activities planned in 2020

Training 2,200 teachers and implementing the project for 40,000 students.

Activities planned in 2021

Training remaining 1100 teachers and implementing the project for 20,000 students.

Activities planned in 2022

Analyzing the results of the program.

Education and skills

Reform measure 19: Pre-school education in the budget for 2020

In the framework of the effective fiscal decentralisation policies, the Ministry of Finance and Economy, in cooperation with the Ministry of Education, Sport, and Youth have worked to ensure that the transfer of functions/responsibilities at the local level is accompanied with the establishment of an appropriate and effective financing scheme that seeks the constant improvement of quality of services.

In this respect, in the budget for the fiscal year 2020, a new distribution formula for funds in the pre-school education has been drafted that implements the legal framework for pre-university education, local governance and finances based on international best practices.

The budget for 2020 marks the continuation of an important reform measure that sets a new standard in the pre-school education. Initiated in 2019, the reform will continue in the next years, in accordance with the legal framework in force and international best practices, whereby the funds for pre-school education will be primarily distributed on the basis of the number of pupils, as the best indicator for funds and services needs, and partially will be based on the current system of distribution of funds according to the number of nurses transferred in 2016 until 2018. In the budget for 2020, the salaries fund for nurses/educators will be distributed on the basis of the number of kids. In particular, 60% of the wages fund for nurses will be distributed on the basis of kids' numbers (aged 3-6) and 40% on the basis of number of nurses. The reform measure will ensure a proportionate distribution of funds based on the number of kids that need to be provided pre-school education, but at the same time ensures a gradual transition that minimises costs, by saving 40% of the current system

The reform measure “Modernisation of the pre-school education system financing” introduced in the ERP 19-21 has been renamed to the ‘Pre-school education in the budget for 2020’.

Education and skills

Reform measure 20: Improve the quality and coverage of VET while ensuring linkages with the labour market

The National Employment and Skills Strategy 2014 - 2020, is the main policy document that guides the implementation of actions related to employment and skills development in the country. The objectives (which ones The main objective of the VET system reform is to increase the quality of education outcomes, the development of qualifications, the attractiveness and relevance of the vocational education system and the prediction of skills to correct discrepancies and improve skills recognition) will be achieved through several activities related to the modernization of VET involvement, aiming at the development of the labour market. Provision of quality vocational education and training for young people and adults are the strategic priorities of VET, in the National Strategy for the period 2014-2020. The main objective of the VET system reform is to increase the quality of education outcomes, the development of qualifications, the attractiveness and relevance of the vocational education system and the prediction of skills to correct discrepancies and improve skills recognition.

Education and skills

Reform measure 21 (16): Improving the employability of the most vulnerable unemployed jobseekers through better targeted EPPs and employment services

1. Enables better profiling of jobseekers through the revamped information system of NAES and the development of individual employability plans;
2. Revise EPPs in order to achieve a better response to the needs of unemployed jobseekers, particularly the most vulnerable;
3. Harmonize the interactions and interventions of NAES, SSS and local authorities.

Employment and labour markets

Reform measure 21 (16): Improving the employability of the most vulnerable unemployed jobseekers through better targeted EPPs and employment services

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Employment and labour markets

Reform measure 21: Modernising public employment services, increasing employment of women, youth and vulnerable people

The reform measure seeks to:

1. Develop policies and programs that promote quality employment, boosting job demand, boosting productivity and employability.
2. Development of the National Employment Model (New service model) in the 36 Employment Offices, through reorganization of the working environments, according to the new three-level employment service model; establishment of performance management system of services and modernization of IT infrastructure and systems in the National Employment Service; Human resource development.
3. Employment services should be harmonized with the State Social Service, which address the needs of individuals with multiple disadvantages to maximize the interaction between passive and active policies to identify and minimize the discouraging factors of entry into the labour market and to realize the exit from the economic aid scheme.
4. Reduce unemployment and high passivity, especially in the group of young people and women.

Social inclusion, poverty reduction and equal opportunities

Reform measure 22: Strengthening social protection, and social inclusion measures

In the area of social inclusion and protection, the Ministry of Health and Social Protection aims to implement **the reform of the social care program in its three main pillars: Economic Aid, Disability and Social Services**. An innovation in this area is the support of people from disadvantaged groups through employment in social enterprises. It is intended that in the period 2019-2022, through this mechanism, will be employed about 600 persons previously treated with Financial Assistance (NE) and Disability Payment. In addition, the creation of a social fund aims at supporting local government units in providing social services to vulnerable groups and supporting NE families with social health packages.

SESSION 3

Energy and transport market reform

Agriculture, industry and services



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Energy and transport market reform

Reform measure 01: Further liberalisation of the energy market

In line with the measures introduced in the previous ERP, and in view of the already achieved milestones, for the ERP 2020-2022 reporting period the focus will further be on:

Increasing competition between energy suppliers by enhancing efficiency and productivity gains, leading to lower production costs as well as lower electricity prices, through legal and regulatory initiatives and increasing the security of supply.

Energy and transport market reform

Reform measure 02: Diversification of energy sources

Diversifying energy sources through the development of the gas sector

The diversification of energy sources through the development of the gas sector in accordance with the “National Energy strategy 2018 -2030” (approved by DCM no. 480, dated 31.07.2018), and the “Gas Masterplan for Albania (approved by DCM no. 87, dated 14.02.2018), consists of creating a complete legal and institutional framework for the sector; the undertaking of a number of regulatory initiatives and investment projects in the gas infrastructure and market, whose main objective is to ensure significant security of energy supply through integration of the Albanian natural gas network on the regional and European ones, and increased economic benefits for the population and the different sectors of the economy in the country

A major role on the diversification of the energy sources through the development of the gas sector taking in consideration the possibility of putting in operation during 2020 of the Trans Adriatic Pipeline (The TAP Project), and the consolidated activity of the Albanian public gas company ALBGAS S.A., as well.

Energy and transport market reform

Reform measure 02/1: Promoting energy saving potentials

The energy efficiency issues in Albania are regulated by two major pieces of legislation:

- Law No 124/2015 of 12.11.2015 “On energy efficiency”,
- Law No 116/2016 of 10.11.2016 “On the energy performance in buildings”,

Energy and transport market reform

Reform measure 03: Rehabilitation and construction of the railway segment Durrës-TIA-Tirana

The Project consists on the rehabilitation of the 34.17 km railway line between the Tirana Public Transport Terminal (“PTT”) and the city of Durres and the construction of a new railway line approximately 5 km in length and its interchange connecting the Tirana-Durres line with the Tirana International Airport.

The Project is part of the Western Balkans Core Network, which has been established as an indicative extension to the Trans-European Transport Networks (TEN-T) to the Western Balkans core railway network part of Railway Corridor CVIII.

The Project forms part of the Connectivity Agenda of the European Union, which promotes transport connectivity in the Western Balkans as an important factor for the economic development, regional cooperation and EU integration.

The Tirana – Durres (single) line is at present the busiest section of the Albanian railway network, providing connection between the capital and Durres, the second largest Albanian city, as well with the port of Durres, the major maritime port of Albania to Europe and the rest of the world.

Agriculture, industry and services

Reform measure 04: Consolidation and defragmentation of agricultural land

The main objective of the national land consolidation strategy, (adopted by DCM No. 700, 12.10.2016, "On the approval of the National Strategy for the Consolidation of Agricultural Land in Albania", according to the framework strategy specified in the National Land Consolidation Program) is to create competitive and economically successful family farms. The objective will be achieved by creating the necessary conditions for land consolidation through the relevant legal framework, through the completion of the process of transfer of ownership of the agricultural land, registration of agricultural land ownership titles and implementation of land consolidation projects as a first step for the consolidation of agricultural land. cooperation with farmers, etc.

The ownership transfer of agricultural land and the registration of Property Titles enables the achievement of the main objectives of the Strategy.

Agriculture, industry and services

Reform measure 05: Reform on the Water and Waste Water Sector

The purpose of the reform is to improve the wellbeing of the citizens by providing water supply services and waste water disposal and treatment in accordance with internationally recognized standards. This governmental action has several dimensions, of social and economic character such as:

1. Government will be fulfilling its duty to provide the citizens with the service they deserve;
2. Support for health, safety and social responsibilities through governance;
3. Support financial stability and efficiency;
4. Support environmental protection;
5. Implementation of the law;
6. Provide a better climate for tourism;
7. And enforce the consumer pays principle.

The reform will strive to reduce informality increase water service and sewerage coverage and improve wastewater treatment. In addition there are two national objectives set for:

Reducing non-revenue water by 20% until 2021.

Increasing the hours of service in the coastal area aiming 22 hours by 2021.

Agriculture, industry and services

Reform measure 06: Increasing competitiveness of the tourism sector

This reform aims to increase competitiveness by setting and implementing standards in the development of tourism activities. Specifically, the categorization process aims to divide the accommodation structures into categories by simultaneously evidencing the implementation of the mandatory conditions for each category. At the same time, the categorization process will enable the creation of a complete database that will then serve as a sound base for policy formulation. Meanwhile, the second activity involves improving the legal framework regarding the management system for beach spaces, as well as enhancing control over the implementation of standards. The third activity also includes improving the legal framework, certification of agro tourism activities and preliminary certification of agro tourism activities, as well as ensuring the implementation of standards.