



Albania

Population ¹	2,873,457
Area (km ²) ¹	28,750
GDP per capita (USD) ¹	4,532.89
TPES (Mtoe) ²	2.25
Energy intensity (toe/10 ³ 2010 USD) ²	0.17
CO ₂ emissions - energy (MtCO ₂) ²	3.70

Sources:

1. The World Bank 2017

2. ©IEA 2018, www.iea.org/statistics

Albania's overall risk level against the assessed areas is **low**.

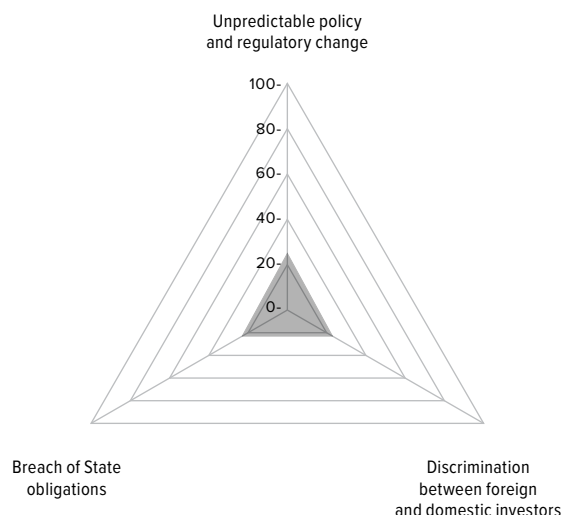
The risk areas *discrimination between foreign and domestic investors* and *breach of State obligations* remain unchanged from last year. On the other hand, the risk of *unpredictable policy and regulatory change* has reduced since 2018.

Albania's performance against EIRA's four indicators is good. It has maintained a good score on the indicators *management of decision-making processes* (79), *rule of law* (77), and *regulatory environment and investment conditions* (76). The score for *foresight of policy and regulatory change* has increased from 46 to 69 points.

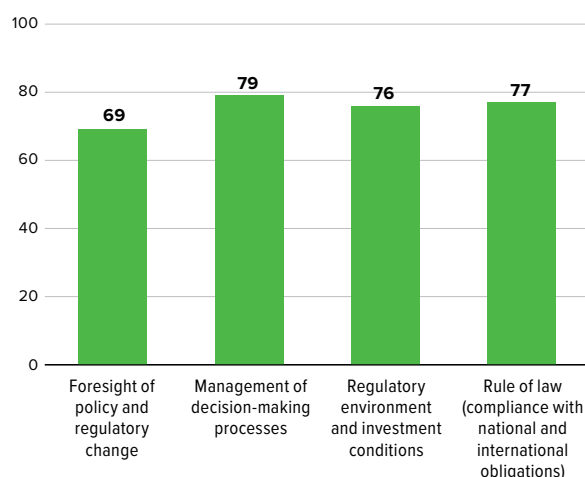
On a more detailed level, Albania's overall sub-indicator performance is good. The highest-scoring sub-indicators are *transparency* and *respect for property rights*, both with 83 points. The performance on the sub-indicators *restrictions on FDI* and *institutional governance* remained unchanged, at 80 and 75 respectively. *Robustness of policy goals and commitments* has improved by 25 points and is now at 75. *Regulatory effectiveness* has once more received a score of 72, while *management and settlement of investor-State disputes* is at 70. The sub-indicator *communication of vision and policies* has a good score of 62 after increasing by 12 points since last year.

Albania provides attractive conditions for investors and is working in the right direction. Attention should be given to better communicating the country's vision and policies.

RISK LEVEL



INDICATOR PERFORMANCE

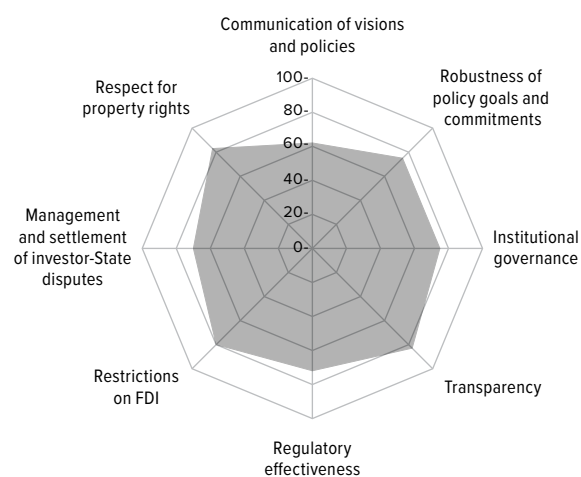


YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019
Unpredictable policy and regulatory change	33	25
Discrimination between foreign and domestic investors	23	23
Breach of State obligations	23	23

INDICATORS	2018	2019
Foresight of policy and regulatory change	46	69
Management of decision-making processes	79	79
Regulatory environment and investment conditions	76	76
Rule of law	77	77

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

In 2018, the Council of Ministers of Albania approved the National Energy Strategy for 2018-2030.

Law no. 7 “On the Promotion of the Use of Energy from Renewable Sources” was enacted in 2017.

Albania ratified the Paris Agreement in 2016 and submitted its first NDC.

STRENGTHS

Albania has increased its efforts towards EU membership after receiving the formal candidacy status in 2014. It has committed to reform the energy sector, and achieve, among others, the establishment of a competitive energy market, the enhancement of energy security and the diversification of its resources. The National Energy Strategy 2018-2030 sets targets in this direction and elaborates the country’s vision for the following decade. In line with its objectives, Albania has been working on expanding the natural gas network and improving the interconnection lines with the European power grids.

The Ministry of Infrastructure and Energy, together with the Energy Regulatory Authority (ERE), the National Agency of Natural Resources (AKBN) and the Energy Efficiency Agency, is responsible for monitoring and ensuring the implementation of the National Energy Strategy 2018-2030. For this purpose, all the relevant institutions are required to provide data to the Ministry annually. Based on the information received, it prepares a report on the fulfilment of the monitoring indicators, which is submitted to the Council of Ministers for their analysis and approval. An extended timeframe report is scheduled for 2020, 2025 and 2030 to allow for the update of the National Energy Strategy. Albania published the Second Annual Report under the Energy Efficiency Directive and the Third Progress Report on promotion and use of energy from renewable energy sources, in March 2019.

AREAS FOR IMPROVEMENT

The Government is currently preparing long-term action plans that will provide the necessary details for the implementation of the newly adopted National Energy Strategy 2018-2030. The finalisation of these plans should be expedited to facilitate the realisation of the targets defined under the Strategy. This is crucial for all issues, but specifically for those with long-term implications such as climate change and transition to low-carbon energy resources.

Monitoring and assessment mechanisms must be strengthened by separating the authorities responsible for implementing the energy strategy from the body which assesses the actual work progress. The impact of existing measures should be carefully analysed to enable their review and improvement, and ensure the harmonised implementation of macroeconomic and sectoral policies.

Management of decision-making processes

QUICK FACTS

The Ministry of Infrastructure and Energy develops policies for the sector and updates the National Energy Strategy for 2018-2030.

The Ministry of Finance and Economy is responsible for framing the overall investment policy.

The Albanian Investment Development Agency was established in 2010 to attract foreign investment and increase the competitiveness of the Albanian economy.

Law no. 146/2014 “On Notification and Public Consultation” was enacted to enhance the accountability of the public authorities.

STRENGTHS

The Ministry of Infrastructure and Energy, the Ministry of Finance and Economy, the Ministry of Tourism and Environment, as well as a number of public authorities, contributed to the adoption of the National Energy Strategy 2018-2030 which touches upon cross-sectoral issues. For the strategies in the area of mining and hydrocarbons, the AKBN is also consulted. To facilitate decision-making, legislative proposals must always be accompanied by a report that justifies the financial costs of its implementation.

Laws and decisions of the Council of Ministers, adopted during the EIRA assessment year, were published in the Official Gazette and are available online. Moreover, the latest decisions of the ERE’s Board of Commissioners are accessible on its website. Government bodies are obliged to ensure public participation in the policy- and law-making process. For instance, in February 2019, the Ministry of Infrastructure and Energy initiated a public consultation regarding the draft law for redesigning the emergency oil stock reserves system. The interested parties were given time to send their comments and recommendations.

AREAS FOR IMPROVEMENT

As mentioned last year, to facilitate information access for foreign investors, the Government should consider translating and publishing statutes in foreign languages.

While documents are available in electronic format, the accessibility and usability of the online database should be enhanced. The Government should work towards making it easier to use the information published in the online version of the Official Gazette, which is a practical tool for potential investors, legal professionals as well as the public authorities.

Regulatory environment and investment conditions

QUICK FACTS

The ERE is responsible for regulating the electricity and natural gas sub-sectors.

The Ministry of Infrastructure and Energy regulates the petroleum sub-sector.

Law no. 7764/1993 “On Foreign Investments” provides a framework for the protection of foreign investors.

Law no. 55/2015 “On Strategic Investments” aims at attracting FDI in strategic sectors by simplifying administrative procedures and services for investors.

STRENGTHS

The ERE maintains the same degree of autonomy it had during the last EIRA assessment year. It cooperates with the Competition Authority on the regulation of anti-monopoly issues in the energy sector. In its efforts to effectively monitor the energy market, the ERE, in March 2019, initiated proceedings for the approval of the Code for the monitoring of the electricity market. This Code is concerned, among other things, with the establishment of necessary mechanisms for the identification of anti-competitive behaviours and price manipulation patterns.

Albania remains open and conducive to foreign investments. The legislative framework does not distinguish between domestic and foreign investors. Investment is promoted in energy, which is a high-potential sector for Albania. Under the Law “On Strategic Investments”, energy and mining projects exceeding EUR 30 million qualify as strategic and are granted incentives. To further promote the country’s objectives, the Council of Ministers in 2018 adopted the Strategic Plan for the Reform of the Energy Sector, and support measures for encouraging energy generation from renewable sources. Last year the Ministry of Infrastructure and Energy launched an auction for the construction of Albania’s first large-scale solar plant.

AREAS FOR IMPROVEMENT

The Government should consider lowering restrictions regarding the acquisition of property and the employment of non-Albanian unskilled personnel. Currently, work permits are issued for a certain quota and under the condition that the number of foreign employees does not exceed ten per cent of the staff on payroll for the previous twelve months.

Rule of law

QUICK FACTS

Albania is a contracting party to the Energy Charter Treaty since 1998. As of 1 January 2019, Albania assumed the Chairmanship of the Energy Charter Conference for the year.

The Convention on the Settlement of Investment Disputes between States and Nationals of Other States was ratified by Albania in 1991.

In 2001 Albania acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

Law no. 8561/1999 “On Expropriations and Temporary Possession of Private Property for a Public Interest” guarantees the protection of property rights.

STRENGTHS

The dispute management system in Albania continues to offer effective protection to foreign investors. Disputes may be submitted to international arbitration, without the exhaustion of local judicial remedies. The domestic law imposes clear time limits on the administrative courts for delivering decisions. Foreign judgments are enforced under the New York Convention or the provisions of the Civil Procedure Code (as amended till 2013). No retroactive changes affecting foreign investors were made in the past year.

Property rights are protected under the current legal framework. There are limited legal grounds on which an expropriation in the public interest may occur. Disputes related to expropriation between foreign investors and the State may be submitted for resolution to the ICSID. No disputes related to the expropriation of foreign energy investments arose in 2018. Intellectual property rights are included in the term “investment” under several BITs. Also, Albania is a party to various international agreements for the protection against expropriation of intellectual property. Currently, there are no restrictions on the transfer of technology.

AREAS FOR IMPROVEMENT

In line with last year’s suggested improvement, a law governing arbitration should be adopted to provide the framework for arbitral proceedings and encourage the extrajudicial resolution of disputes. While Albania has been working on a draft law, its finalisation and adoption is pending since 2013 and should be expedited. Additionally, alternative dispute resolution mechanisms can be employed, such as encouraging mediation in disputes involving a public entity.

Currently, the Minister of State for Protection of Entrepreneurship handles administrative complaints against public institutions, including those of foreign investors. However, an independent investment ombudsman may be established to ensure the necessary distance from the administration and efficiently address the specific bureaucratic obstacles and difficulties faced during the licensing procedures of investment projects.