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EU ACQUIS AND LOCAL GOVERNMENT IN ALBANIA

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EXECUTIVE SUMMARY

The EU integration process has a huge impact at the national, regional and local level. However, it is at the local level where the impact is more visible and local governments have an important role to play in ensuring a proper implementation of EU legislation and policy. The implementation of EU legislation and the European Regional and Cohesion Policy are key instruments through which the European integration process impacts the daily work of the local governments.

6 Different studies show that after the EU accession almost 50-70% of the EU acquis has to be implemented by local governments, and thus EU acquis can have a significant impact on their functioning and service delivery operations. In the meantime, the degree of the involvement of the local governments, mainly the municipal governments, of the EU member states, in the implementation of the EU acquis, depends from the functions and responsibilities already transferred to them.

In Albania the municipalities, are the first and the main layer of the local government, which exercise a wide range of competencies and provide various key services to communities. This document provides an overview of the impact of EU acquis on the local government in Albania. The analysis is based on the 33 chapters of EU acquis which are relevant for EU Accession Process, The analysis shows that not only the EU acquis has an impact in the functioning and the public services provision of the municipal governments in Albania, but it also confirms that the latter have a pivotal role in implementing EU requirements, thus contributing to Albanian's achievements in the EU accession process.

Based on a general overview of the role and functioning of the municipal governments, we can observe that out of 33 chapters of EU acquis, in 23 of them there is a direct involvement of the municipal governments in the implementation of the acquis legislation, but the degree of the involvement varies from chapter to chapter. This means that the LGUs in Albania will be directly involved in implementing almost 70% of the EU acquis. Moreover around 10 chapters or almost 50% of the requirements of the EU acquis will affect the way the LGUs in Albania function, organise and set policy priorities. The analysis show that the most significant effect of acquis on municipal governments is in the environment policy area, followed by the public procurement, public services, employment and social inclusion, rural development, energy efficiency, state aids, urban planning areas.

Though the Albanian LGU-s, mainly the municipal governments, are highly exposed to acquis requirements, the level of the financial resources and the human resource capabilities in the remains low, and is the main cause of their constraints to properly and adequately deal with the requirements and the standards imposed by the transposed legislation, especially in the environment area. Besides, the allocations of the state budget to the municipal governments is still not proportionate to their legal responsibilities.

The lack of an institutionalised, effective and regular dialogue and consultation at policy level, on EU accession stage of the integration process, between the Albanian national government and the LGUs-s has hampered the proper and timely implementation of transposed acquis legislation at local level. On the other hand, the vertical coordination and cooperation between the two level of government is not sufficiently embedded in the working culture of public administration, and does not enable a strengthened feeling of ownership of LGUs on policies related to the transposition of the EU legislation.

Given this significant impact of EU acquis for the LGUs this document urges for:

- i) awareness raising on the necessity of the central government to endorse and establish an institutionalised framework to enable an active participation and contribution of the local government units (LGUs), mainly the municipalities, in the negotiation process, as well as in the acquis implementation in Albania. It is the responsibility of the Government of Albania to analyse and identify the capability and competence of LGUs to implement the EU acquis in order to diminish the potential risks and their financial losses;
- ii) the Government of Albania, to raise awareness among central government agencies on the need to plan and prioritise legislative, financial and institutional support mechanism for LGUs, prior to committing to deadlines and standards for the transposition of EU legislation, so the local government units can be properly and timely prepared to manage the new responsibilities and standards, as well as pursue the opportunities the acquis entails;
- 8 iii) raise awareness among LGU-s on the important role they play in the implementation of the acquis in Albania, and in the EU negotiation/ accession process of Albania, as well as on the impact the acquis have in their daily activity, and future challenges ahead;
- iv) raise awareness among the local government associations to raise their awareness on the need to campaign in due time for LGUs in order to address, as early as possible, the issues and impacts of EU legislation on local governments functioning and service delivery;
- v) the local governments to reflect and consider the ambivalence in implementing EU rules and legislation in their daily activity, as well as develop know-how on whether and to what extent does the acquis apply in LGUs, e.g. in service delivery and water supply and sewerage utilities.

METHODOLOGY

The document is developed based on desk research of the domestic and international reports, the Albanian legislation, mainly that on LGU-s, as well as on papers and other relevant policy documents at EU and regional level. Yet, there are some restrictions to the findings using the methodology. The extensiveness and the volume of the acquis legislation varies a lot from chapter to chapter, for example with chapter on environment provide quite a bulk of legislation, so their weigh on LGU-s depends a lot on the amount of legislation per chapter, and the impact of that particular chapter on LGU-s in Albania. At this particular stage of EU accession of Albania it is hard to provide a quantitative research on the impact of various components of acquis legislation on Albanian LGU-s for various reasons. First of all, although Albania has already started the process of the approximation of the EU acquis, this process is not finished yet. Albanian legislation will be reviewed and such revision might also lead to changes in the role of LGUs. Secondly, the full implementation of the EU acquis becomes relevant once Albania joins the EU, again further impact on the role of LGUs have to be expected. The depth of the involvement of Albanian LGU-s in the implementation of the acquis legislation varies from chapter to chapter, and to properly identify that, there is a need for an in-depth assessment that would involve a comprehensive and a much more detailed analysis.

INTRODUCTION

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Albania has started officially the EU integration process with signing and ratification of the Stabilisation and Association Agreement (Law No. 9590 dated 27.07.2006 “On the Ratification to the SAA between the Republic of Albania and the European Communities and their Member States” was signed in June 2006 and entered into force in April 2009¹). In 2009 Albania presented its application for EU membership and in June 2014 the European Council granted Albania the candidate status. This was followed by the Council Conclusion of June 2018 on Enlargement, which confirmed Albanian’s future as a Member State of the European Union, once the accession process has been usefully finalised. To this regard, the European Commission and Albania are engaged in starting the preparatory work (the pre-screening). This technical task requires a systematic assessment of the EU acquis and an in-depth, accurate comparative analysis of the Albanian legislation with the acquis.

The EU accession process has a huge impact at the national, regional and local level. However, it is at the local level where the impact is more visible, nearly four out of ten citizens feel that it is at the local level which has the most impact on their living conditions (38%)¹. LGUs are affected as planners, as regulators with the responsibility of enforcing standards (for example, in environment, air and water quality) and as public service providers.

While the local governments are at the heart of local growth and well-being of communities, and key actors in enforcing the EU standards and legislation at the local level, the EU acquis does not address them directly. There two important documents valid also for EU and its member states, i.e: 1)

¹ http://ec.europa.eu/public_opinion/index_en.htm, CoR, The role and impact of local and regional authorities within the European Union (2009)

The European Charter on Local Self-Government², and 2) The Framework Convention on cross-border cooperation between local authorities³ that lay down the main principles for the functioning of LGUs .

The Law 139/2015 “On local self government” and Law 68/2016 “On local government finances” have reflected considerably the provisions of the European Charter on Local Self-Government, equipping mainly the municipal governments with a various governance functions and responsibilities. The European Charter of Local Self Government guarantees the “right and the ability of local governments, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population”⁴.

The municipal governments in Albania are responsible to promote, support and foster local economic, social, environmental and cultural developments and community cohesion and they impact various policy areas and services of general interest i.e. social, public and infrastructure services. According to Law 139/ 2015, they are mainly responsible for planning, managing and providing various public and community development services, mainly the social protection, poverty alleviation and inclusion of vulnerable groups and the displaced, as well as for the provision of utility services, i.e water supply, sewage collection and treatment, waste management, local infrastructure and transport and protection of environment.

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They are also responsible for territory planning and development, pre-school education, land protection, rural development, forestry and pasture protection and development, energy efficiency, civil protection and public safety and security, and public health protection, veterinary services, public procurement, employment, protection of human rights and freedoms, state aids, while the environment, services of general interest and procurement policy areas are the most demanding as far as funding, regulatory framework and quality of human resources.

2 Albania ratified the charter with Law No 8548, dated 11.11.1999 “On the ratification of the European Charter of Local Self Governance”

3 They are both adopted under the Council of Europe

4 Law No 8548, dated 11.11.1999 “On the ratification of the European Charter of Local Self Governance

The detailed obligations and standards related to the policy areas for which the municipal government are responsible, are provided in the sectorial and cross-cutting legislation, while the objectives for local government reform and modernisation are specified in the Local Government and Decentralisation Strategy, 2015-2020. In ensuring an effective and inclusive local democracy and in conducting the governance obligation the local governments have to abide by the right to information (Law No. 146/2014) and public participation and consultation in policy and decision making process (Law no. 119/2014; Law 139/2015).

EU accession process of Albania has already started to have and will continue to have a major impact on local government units and their capacity to effectively and equitably accomplish their mission, mandate and provide services. EU accession will enable LGUs in Albania to benefit from the EU funds available and improve local capacities as government structures and service delivery entities.

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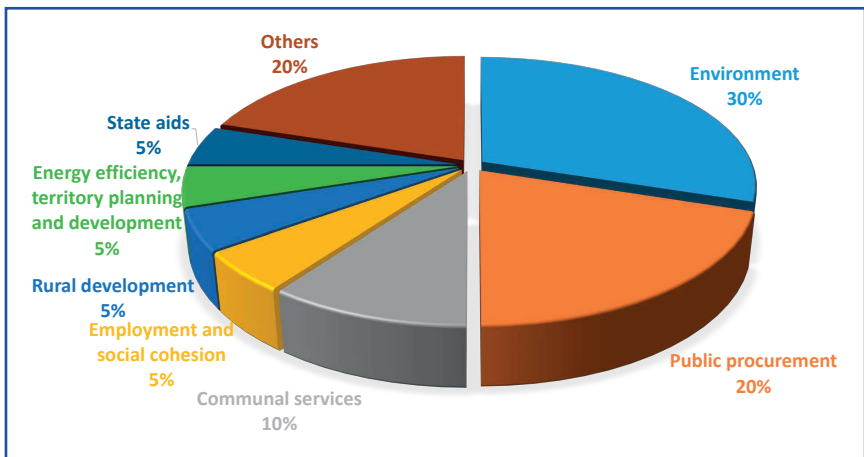


Figure 1. Policy areas of EU acquis with significant impact on local government units

There is vital need for effective vertical and horizontal cooperation of local government units and other central government agencies to ensure proper implementation of EU standards defined in the acquis directive and regulations, due to the lack of coordination at policy objectives and actions at different levels of governance hampering the effective implementation of acquis legislation and the horizontal cooperation is not sufficiently embedded in the working culture of public administration.

Considering the role of the local authorities in designing and implementing the EU law, it is important that the responsibility for dealing with EU integration process, should not lie entirely with the Albanian central government, but should also be shared with regional and local government. By the time Albania will become an EU member state, the local government will be considered as EU public authorities, they will be obliged to fully implement the EU law, thus putting a heavy policy-making and financial and enforcement burden on them.

I. THE ROLE OF LOCAL GOVERNMENT UNITS IN EU

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The European Union is also and perhaps above all the state of its municipalities, its cities and its regions,⁵ while good local governance is in the heart of its success. Europe will be stronger, its institutions legitimate, its policies effective, and its citizens feeling involved and engaged if its mode of governance guarantees cooperation between the different tiers of government, in order to implement the EU agenda and meet the global challenges. The European Union's capacity to perform its role and achieve union objectives depends not only on its institutional organisation but also and above all on its mode of governance. The legitimacy, efficiency, and visibility of the way the Union operates depend on contributions from all the various stakeholders. They are guaranteed if local and regional authorities are genuine “partners” rather than mere “intermediaries.”⁶

The Treaty on European Union (TEU), for the first time acknowledges the right to local self-government, stating that: *The Union shall respect the equality of Member States before the Treaties as well as their national identities, inherent in their fundamental structures, political and constitutional, inclusive of regional and local self-government.* The TEU extends subsidiarity to the regional and the local level, stating that: *“Under the principle of subsidiarity, in areas which do not fall within its exclusive competence, the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level.”*⁷

⁵ The Committee of the Regions, “State of the European Union, the View of Region and Cities, October 2018”

⁶ The Committee of the Regions “White Paper Multilevel Governance”, 2009.

⁷ Treaty on European Union (TEU), Article 3.5 and 4.2.

The strategy Europe 2020 emphasizes the important role of local governments, by explicitly stating that: “All national, regional and local authorities should implement *the partnership*, closely associating parliaments, as well as social partners and representatives of civil society, contributing to the elaboration of national reform programmes as well as to its implementation. *Dialogue* between national, regional and local government will bring the EU’s priorities closer to people, strengthening the feeling of ownership needed to get everyone involved in moving Europe towards the 2020 targets.”⁸

Local governments are big spenders of public funds through which public services and infrastructure is delivered to enable economic growth and social and environmental protections and development. The quality of public services is a key determinant of trust in institutions as citizens assess governments from the perspective of their experience of service delivery. More than a third of all public expenditure and more than half of public investment are carried out at subnational level in the European Union⁹. Local and regional authorities in EU are also key actors in implementing EU legislation and significant contributors to EU development. In that capacity they implement 70% of all EU legislation, while representing: 16% of the GDP of the EU-27, 56% of public employment, 1/3 of the public spending, 2/3 of all public investment expenditure.¹⁰ Thus their weigh in EU policy development and implementation is vital to EU success. The local government in their role of the employer, service provider, urban planner, monitoring and enforcing body, is in charge and accountable to implement the EU acquis in the respective jurisdiction (Hessel, 2006, pp. 91-110; Kaiser, 2005, pp. 367-380). Within the scope of their monitoring functions, municipalities, while making inspections in fields such as environmental protection, food hygiene/safety, and the general agricultural policy, should draft dedicated reports under EU law and harmonised standards (Persson, 2013).

EU’s great impact on the exercise of the functions and competencies of local

⁸ European Commission, Europe 2020.

⁹ The Committee of the Regions “Working together to bring the EU closer to its citizens”, 2019

¹⁰ Idem

governments, should be associated with the capacities and competencies of LGUs to increase the benefits and diminish the risk of implementation of EU legislation. To address these issues, the EU agencies conduct regular consultation sessions with regional and local government agencies in order to ponder their perspective and challenges, allowing them to get involve as early as possible in EU policy and legislation development phases.

In this important consultation process, the regional and local government of EU member states are supported by the European Committee of the Regions (CoR), which represents local and regional authorities across the EU and advises on new laws that have an impact on regions and cities. CoR uses multilevel governance approach to debate its opinions on proposed legislation and agree on resolutions for further action by the EU. the European Committee of the Regions, as an advisory body, is a key actor in providing regions a formal say in EU law-making and in providing support throughout the consultation process with local authorities in order to ensure that the position and needs are properly heard and addressed. Consultation is mandatory for all EU laws in the areas of economic and social development, and territorial cohesion; trans-European networks; transport, telecommunications, and energy; public health; education and youth; culture; employment; social policy; environment; vocational training and climate change¹¹.

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CoR considers “*Multilevel governance not simply a question of translating European or national objectives into local or regional action, but as a process for integrating the objectives of local and regional authorities within the strategies of the European Union. Moreover, multilevel governance should reinforce and shape the responsibilities of local and regional authorities at the national level and encourage their participation in the coordination of European policy, in this way helping to design and implement Community policies*”.¹² To achieve its mission, CoR works with currently 10 areas of mandatory consultation: Transport, Employment; Social policy; Education, vocational training, youth and sport; Culture; Public health; Trans-European networks; Economic, social and territorial cohesion; Environment and climate change; and Energy. These mandatory and also optional consultation policy areas are divided by 6 commissions, that

¹¹ CoR; A new treaty: A new role for regions and local authorities

¹² CoR, White Paper “On Multilevel Governance”, (2009)

for: Citizenship, Governance, Institutional and External Affairs; Territorial Cohesion Policy; Economic and Social Policy; Education, Youth, Culture and Research; Environment, Climate Change and Energy; and Natural Resources.

While working in a multi-level governance system, the LGUs they are obliged to implement EU law and meet obligations arising from EU law according to the principle of loyal of cooperation.¹³ This principle applies not only to the central government but also to local and regional authorities. This means that these authorities have a legal obligation of their own to comply with the prohibitions and obligations of EU law in a loyal manner. Local and regional authorities can, for instance, on the basis of the principle of loyal cooperation, be obliged to disregard national legislation, which incorrectly implements a directive, and even to apply directly a provision of a directive to the advantage of a citizen. Article 10 of EC Treaty also forms the basis for so-called ‘Francovich liability’, on the basis of which local and regional authorities can be held financially responsible via the national courts for damage resulting from *their infringement of Community law*.¹⁴

¹³ Treaty on European Union, Article 10

¹⁴ European integration and the supervision of local and regional authorities, Experiences in the Netherlands with requirements of European Community law, Bart Hessel, 2006

II. LGUS AND THE IMPLEMENTATION OF THE COPENHAGEN CRITERIA

1. POLITICAL CRITERIA

1.1 Democracy

1.1.1 Governance

Albania has approved The National Crosscutting Strategy on Decentralization and Local Governance (NCSDLG) 2015-2020 in July 2015, and the Crosscutting Strategy on Public Administration Reform 2015-2010, two key policy documents that enable the consolidation, and efficiency of local government units.

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Local Government Capacity Development: The development of human capacities of local government units is a key factor that contributes to efficiency and effectiveness of local governance. The Civil Servant Law provides the standards for the recruitment, development, assessment and dismissal of the civil servants, ensuring a solid legal base for the consolidation of public administration in LGUs. Still, there is a long way to go to fully implement the Civil Servant Law. Merit-based recruitment and promotion need to become a reality in local government, in order to build a sustainable administration, capable to properly implement public policies in order to ensure sustainable development and guarantee citizens welfare. Law enforcement needs to prevail to political recruitment and Municipalities need to strengthen the capacities of municipal structures and the respective staff, through systematic training and implementation of good practices with regard to strategic planning and management. They also need to prioritise the continuous and life long training and the sharing of knowledge among their administrative staff and the elected councillors about service delivery planning, setting service standards and delivering cost-effective and value for money work.

Local Government Accountability: Accountability practices and mechanisms in local government are key to build trust in local government integrity and

professionalism and increase the efficiency in policy-making and public service delivery (value for money). Municipal reports about municipal performance on service delivery and use of public money, as well as reporting on budget implementation and on revenues and expenditures remains the key challenge of the LGU. Effective systems of receiving and handling citizens complains and requests, are still to be installed and operationalized since community structures have not yet been established.

Local Government Transparency: Municipalities are required to fully open government business, the decision-making and all related documentation, focusing on the draft acts, as well as the data and publications, unless prohibited by law. The Transparency Programme, required by law, need to cover a wide range of municipal official documents, which should be downloadable and user-friendly, including service contracts, audit reports, performance reports, budget for citizens (Law no. 139/2015).

Citizen participation in local governance: Participation and consultation of citizens on municipal policy and decision-making the process, is a legal requirement (law no. 139/ 2015, the law no. 146/ 2014). Legal requirements on public consultation by local government units are still not formally achieved, jeopardizing this way the validity of municipal council decisions. The citizen's opinion and suggestions during public hearings and consultation forums are occasionally recorded and reported in the municipal council meetings, even though this is required by law and the minutes of these public meetings constitute an official document.

Enhancing accountability of the municipality in reviewing and addressing Ombudsman reports' findings and recommendations: The presentation and discussion of the Ombudsman's reports in the municipal council meetings is not a consolidated exercise/practice. This situation hinders accountability and possibility to address governance improvements and respect of rule of law.

The role of civil society at local level: Local government units should explore ways of cooperation with CSOs in order to establish sustainable partnerships with regard to service provision (especially social services), policy-making and monitoring of local governance performance as well as encouraging CSOs to carry out different cultural and/or awareness raising activities in

the community or other activities related to the protection of human rights. Local government units are obliged by law on public consultation, to systematically accept and reflect CSO-s recommendations during the consultation process, public hearings and decision-making processes.

1.1.2 Law enforcement / Rule of law

Strengthening the regime of asset declaration and control and conflict of interest: Mayors have the obligation to declare their assets and private interests. While all the local government officials and the administration have to implement and comply with the provisions of the law on the prevention of conflict of interest in the exercise of the public function.

Local government capacities in the fight against corruption: The local government units, in the exercise of their functions establish mechanisms and rules to curb corruption and build integrity. The local government units are key actors in the implementation of the ‘National inter-sectorial strategy for the fight against corruption’, and they develop their local Integrity plans to ensure proper implementation of the policies and action plans that safeguard the individual and organisational behaviour in respect of rule of law.

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1.1.3 Human Rights

One of the elements of the local government’ mission is the protection of human rights (Law no. 139/2015). In delivering their mission and statutory mandate, local government units respect or breach human rights and rights of citizens. Strengthening the capacity of local government to implement national and international human rights standards is vital. Issues like Right to information, public consultation (Law on right to information and public consultation) and right to non-discrimination (Law on the protection from discrimination), and the standards and procedures put in place for conducting business, taking decisions or providing services, and protecting its citizens from the discrimination, have a direct impact on the protection of human rights.

2. ECONOMIC CRITERIA

2.1 Business Climate

Municipalities have an important role to play in creating an encouraging business climate for the current businesses to expand, the start-ups and the attraction of new businesses in their territory. Municipalities should approve their local economic development plan, tourism and rural development programmes, establish and operate public markets and trade networks, support the development of small business through promotional activities, organise services in support of local economic development, make available municipal assets (such as municipal land, public forest and pasture resources and other natural resources, and manmade assets), provide financial grants to support small and medium business activities, create and manage grant schemes for local agriculture and rural development financed from the local budget and/or co-financed by third parties, build municipal infrastructure, create cultural attractions for tourism development, create fiscal incentives for businesses (Law no. 139/2015), establish businesses development mechanisms like Business improvements districts, Business incubators, Business parks. The Government of Albania has developed several strategies that impact direct local economic developed, namely, the Strategy on business development, the Strategy on rural development, the Strategy on agriculture development, the Strategy on Alps development (some laws related to LED: Law No.9789, dated 19.07.2007 "On the Establishment and Functioning of the Economic Areas"; Law No. 10 081, dated 23.02.2009 on "On Licenses, Authorizations and Permits in the Republic of Albania"; Law No.10 158, dated 15.102.2009 "On bonds of joint stock companies and of the local government units").\

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2.2 Unemployment

Municipalities in close cooperation with the regional employment services and private businesses, through business development support and contracting public works and services, can increase employment rates in the area.

2.3 Fiscal policy

Municipalities introduce annually a fiscal package that affects the tax revenues and tax administration. In turn, it provides for expenses related to municipal infrastructure and services. (Law no. 139/2015, Law on local taxes, Law on Local Finances)

2.4 Public debt

Municipal debt is part of the national debt, so the debt management is very important to their financial capacity and stability, in their efforts to balance needs and resources. Municipalities can get loans from banks to fund the building of municipal infrastructure, based on their financial management performance (Law 9869, dated 4.2.2008 ‘On local government borrowing’)

2.5 Privatization

Municipalities can sell and/or transfer their services and assets, playing an important role in the local economy and business development. They can contract out municipal service delivery, establish public-private partnerships (Law 139/2015) as well as use their land or privatise their assets to generate revenues for the municipality.

III. SECTORIAL OBLIGATIONS LGUs VISA-VIE- THE EU ACQUIS

The impact of the implementation of acquis legislation on the local authorities, is presented through the following analysis of the acquis chapters. As mentioned above, even though the central government is responsible for the approximation of national legislation with EU acquis, the effects of the implementation of the approximated legislation are first and foremost observed at the local level. This part of the document attempts to highlight the responsibilities of local government units, especially the municipality, in implementing the acquis.

FREE MOVEMENT OF GOODS

(CHAPTER 1)

The principle of free movement of goods implies that products must be freely traded from one part of the Union to another. In a number of sectors, this principle is complemented by a harmonised regulatory framework, following the “old approach” (imposing precise product specifications) or the “new approach” (imposing general product requirements). The harmonised European product legislation, which needs to be transposed, represents the largest part of the *acquis* under this chapter. In addition, sufficient administrative capacity is essential to notify restrictions on trade and to apply horizontal and procedural measures in areas such as standardisation, conformity assessment, accreditation, metrology, and market surveillance.

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Overview

As outlined in the Albania progress report 2019, Albania has some level of preparation in the area of free movement of goods. More efforts should be put on the process of approximation of horizontal and sectorial legislation and to strengthen the capacity of the Market Surveillance Inspectorate. .

Municipalities deal with Consumer Protection, while establishing and managing public markets, as well as in their responsibilities to issue licenses, e.g. for taxi drivers. The Strategy of Consumer Protection and Market Surveillance 2015-2020, requires the establishment of relevant mechanism for the consumer protection. LGUs have to be part and assume its role in the functioning of the consumer protection mechanisms.

A summary of EU acts on free movement of goods:

- Regulation (EC) No. 764/2008 of the European Parliament and of the Council of 9 July 2008 laying down procedures relating to the application of certain national technical rules to products lawfully marketed in

- another Member State and repealing Decision No 3052/95/EC
- Council Regulation (EC) No 2679/98 of 7 December 1998 on the functioning of the internal market in relation to the free movement of goods among the Member States.
 - Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93
 - Regulation (EU) No 1025/2012 of the European Parliament and of the Council of 25 October 2012 on European standardization
 - Decision No 768/2008/EC of the European Parliament and of the Council of 9 July 2008 on a common framework for the marketing of products,
 - Directive 2013/29/EU of the European Parliament and of the Council of 12 June 2013 on the harmonisation of the laws of the Member States relating to the making available on the market of pyrotechnic articles
 - Directive 2009/48/EC of the European Parliament and of the Council of 18 June 2009 on the safety of toys
 - Directive 2014/33/EU of the European Parliament and of the Council of 26 February 2014 on the harmonisation of the laws of the Member States relating to lifts and safety components for lifts

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Relevant Albanian legislation on the free movement of goods

- Law No. 10489/2011 “On marketing and market surveillance of non food products”
- Law No. 116/2014, “On accreditation of conformity assessment bodies in Republic of Albania”
- Law No 10480 07.11.2011 “On General Non-Food Product Safety”
- Law No. 10489 dated 15.12.2011 “On marketing and market surveillance of non -food products”.
- Law No. 9870, dated 02.04.2008 “On Standardization”, amended to Law No. 53/2015
- Law No. 27/2016 ‘On the management of chemicals’,
- Law No. 9875 dated 14.2.2008 “On metrology”, as amended
- Law No. 10216 dated 21.02.2010 “On detergents”
- Law No. 10390 dated 03.03.2011 “On the use of fertilizers”

- Law No. 9126, dated 29.07.2003 “On the use of explosives in the Republic of Albania”
- DCM No. 753, date 16.9.2015 ‘Strategy on Consumer protection and market -surveillance, and Action Plan, 2020’
- DCM No. 770 of 02.11.2016 on measurement instruments and reference list of relevant harmonized standards
- Law No. 105/2014, date 31.7.2014 “On drugs and pharmaceutical service, as amended”

The list of EU acquis and approximated Albanian legislation is rather big and it is not possible to be fully illustrated in this documents. The implementation of the above mentioned legislation will require the involvement of local government in particular for market inspection and consumer protection. At this point we can estimate that almost half of approximated legislation will require the evolvement of LGUs.

FREE MOVEMENT OF WORKERS

(CHAPTER 2)

The EU acquis in the area of the free movement of persons is based on general principles deriving from the Treaty on European Union. These principles include the removal of barriers to the free movement of workers, equal access to the labor market and prohibition from discrimination. The acquis in this chapter provides that EU citizens have the right to move and to work in the other EU Member States, to reside there for that purpose together with their family and to be treated in the same way as national workers in terms of working conditions and social and tax advantages. Furthermore, the acquis includes EU instruments on the coordination of different national social security systems.

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Overview

The recent developments show that Albania has started the implementation of requirement of this chapter. In light also with SAA obligations it has signed several agreements on social security. Albanian legislation provides also the necessary grounds for non discrimination and equal treatment of foreign citizens and foreign employees in Albania. .

Municipalities have a great role on the territory under their control. They have a significant role to play in the equal treatment of foreigners to national workers in terms of working conditions and social and tax advantages, retirement and social security schemes, and provide them equal access to the labor market and protect them from discrimination.

Key EU acts relevant to freedom of movement for workers within the EU

- Directive 2004/38/EC on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States;

- Regulation (EU) No. 492/2011 on freedom of movement for workers within the Union;
- Directive 2014/54/EU on measures facilitating the exercise of rights conferred on workers in the context of freedom of movement for workers;
- Regulation (EC) No. 883/2004 on the coordination of social insurance systems;
- Regulation (EC) No. 987/2009 laying down the procedure for implementing Regulation (EC) No. 883/2004 on the coordination of social security systems;

Relevant Albanian legislation on freedom of movement for workers within the EU

- Law No. 108/2013 "On Foreigners" as amended,
- Law No. 10 221 dated 04.02.2010 "On the protection from discrimination"
- Law No. 7961 dated 12.07.1995 "Labour Code" as amended
- Law No. 15 dated 13.3.2019 "On the promotion of employment"
- Law No. 7703 dated 11.5.1993 "On Social security", as amended,

28 Local government units are and will be an important government layer in the implementation of approximated legislation in this chapter. Their role in this chapter urges for improvements in their administrative capacities in order to assume the commitments under the *acquis*.



RIGHT OF ESTABLISHMENT AND FREE MOVEMENT OF SERVICES

(CHAPTER 3)

Member States must ensure that the right of establishment of EU national and legal persons in any Member State and the freedom to provide cross-border services are not hampered by national legislation, subject to the exceptions set out in the Treaty. Member States shall ensure that the national legislation does not hamper the right of establishment of EU national and legal persons in any Member State and the freedom to provide cross-border services, subject to the Treaty's exceptions. The acquis also harmonises the rules on regulated professions to ensure mutual recognition of qualifications and diplomas between the Member States; for certain regulated professions, a common minimum training curriculum must be followed in order to have the qualification automatically recognized in an EU Member State. As regards postal services, the acquis also aims at opening up the postal services sector to competition in a gradual and controlled way, within a regulatory framework, which assures a universal postal service.

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Overview

In the area of the right of establishment and free movement of services, Albania guarantees the right of establishment for companies established in the EU by offering them the same treatment as Albanian companies.

Municipalities can contract services and works from branches of EU established companies in Albania, as well as from professionals who have obtained diplomas and other qualifications in the Member States.

Key EU acts relevant to the free movement of services within the EU

- Directive 2006/123 / EC "On services in the internal market"
- Directive 2013/55/EU of the European Parliament and of the Council of 20 November 2013 amending Directive 2005/36/EC on the recog-

dition of professional qualifications and Regulation (EU) No 1024/2012 on administrative cooperation through the Internal Market Information System('the IMI Regulation')

Relevant Albanian legislation on the free movement of services within the EU

- Law No. 66, dated 9.06.2016 "On services in the Republic of Albania",
- Law no. 10171, dated 22.10.2009 "On the regulated professions in the Republic of Albania", as amended 17.7.2014 by Law No.90/2014 "For an addition to Law No 10.171 date 22.10.2009, 'On regulated professions in the Republic of Albania"
- Law No. 46 dated 7.5.2015 "On postal service in Albania".

The acquis in this area provides rules for the provision of services and exercise of free profession. The provision of services will require among other things the compliance with certain rules and procedures, which have to be observed by state authorities, including local authorities.

FREE MOVEMENT OF CAPITAL

(CHAPTER 4)

Member States must remove, with some exceptions, all restrictions on the movement of capital both within the EU and between the Member States and third countries. The *acquis* also includes rules concerning cross-border payments and the execution of transfer orders concerning securities. The directive on the fight against money laundering and financing of terrorism requires banks and other economic operators, particularly when dealing in high-value items and with large cash transactions, to identify customers and report certain transactions. A key requirement to combat financial crime is the creation of effective administrative and enforcement capacity, including co-operation between supervisory, law enforcement and prosecutorial authorities.

31

Overview

The obligation to approximate Albanian legislation in the field of free movement of capital with European Union legislation derives from SAA and the *acquis* in this chapter. Albania has made some progress on the payment system, but it has to do more in terms of liberalisation of land acquisition.

Municipalities can carry out financial transactions with sales and purchase of immovable properties by foreign citizens, though the acquisition of a real estate by foreigners is subject to certain restrictions: foreigners are not yet allowed to purchase agricultural land, forests, meadows, and pastures.

Municipalities in their national and international cooperation are required also to report suspicious activity in their financial transactions, and collaborate with the General Directorate for the Prevention of Money Laundering.

Key EU acts relevant to the free movement of capital within the EU

- Directive 2015/2366/EU, on payment services in the internal market;
- Directive 2009/44/EC on settlement finality in payment and securities settlement systems
- Directive 2002/47/EC on financial collateral arrangements as regards linked systems and credit claims;
- Directive 2009/110/EC on the taking up, pursuit and prudential supervision of the business of electronic money institutions;
- Regulation (EC) No 924/2009 of the European Parliament and of the Council of 16 September 2009 on cross-border payments in the Community and repealing Regulation (EC) No 2560/2001;
- Regulation (EC) No 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds;
- Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (Anti-Money Laundering Directive);

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Albania's relevant legislation on free movement of capital within the EU

- Law No. 8438 dated 28.12.1998 "On Income tax"
- Law No. 7764 dated 02.11.1993 "On foreign investment".
- Law No. 133, dated 29.04.2013 "On the payment systems"
- Law No.9917, dated 19.05.2008 "On the prevention of money laundering and financing of terrorism"
- Regulation no.70 dated 14.10.2009, "On foreign exchange activities"
- Law No. 9662, dated 18.12.2006 "On Banks in the Republic of Albania", as amended";
- Law No. 9902, dated 17.04.2008 "On Consumer's Protection";
- Law No. 8337 dated 30.04 1998 " On Ownership of Agricultural Law, Forest, Meadows and Pastures"

Although the *acquis* under chapter 4 is to be implemented more by central authorities, there are some aspects of the *acquis* which will require the involvement of local governments .

PUBLIC PROCUREMENT

(Chapter 5)

The Acquis on public procurement is based on the general EU Treaty principles of transparency, equal treatment, free competition, and non-discrimination. In addition, specific EU rules apply to the coordination of the award of public contracts for works, services, and supplies, for traditional contracting entities and for special sectors. The Acquis also specifies rules on review procedures and the availability of remedies. Specialised implementing bodies are required.

Overview

The public procurement legislation has been revised during the years in order to be further aligned with the EU general principles and the acquis on awarding of public contracts. Local government units procure goods, services, and supplies. The EU legislation required that the procurement procedures for the public works contracts, public supply contracts, and public service contracts, need to guarantee fair competition, transparency and equality of bidders.

Municipalities- According to Law no. 139/2015 municipalities deliver a wide range of public services, and for that, they need to conduct procurement procedures. Law no. 139/2015, in article 54/ e, stipulates that it is up to the Municipal Council to decide to buy, sell or rent municipal property, and for that, they need to go through an open e-procurement procedure. With the accession of Albania in EU, the EU rules will have a profound influence on local government units related to the purchasing of goods, services and property and their contracting. Albania has established an e-procurement system, which is used by the local government units as well. It ensures competition, fairness, and transparency of tenders.

Key EU acts relevant to Public Procurement

- Directive 2014/24/EU on public procurement
- Directive 2014/25/EU on procurement by entities operating in the water, energy, transport, and postal services sectors
- Council Directive 89/665/EEC on the coordination of the laws, regulations and administrative provisions relating to the application of review procedures to the award of public supply and public works contracts
- Council Directive 92/13/EEC on the laws, regulations and administrative provisions relating to the application of Community rules on the procurement procedures of entities operating in the water, energy, transport, and telecommunications sectors.
- Regulation (EC) No 2195/2002 of the European
- Parliament and of the Council of 5 November 2002 on the Common Procurement Vocabulary- Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts, OJ L 94, 28.3.2014;
- Directive 2014/55/EU on electronic invoicing in public procurement;
- Directive 2009/81/EC on the coordination of procedures for the award of certain works contracts, supply contracts, and service contracts by contracting authorities or entities in the fields of defence and security;
- Council Directive 92/13/EEC on coordinating the laws, regulations and administrative provisions relating to the application of Community rules on the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors;
- Council Directive 89/665/EEC on the coordination of the laws, regulations and administrative provisions relating to the application of review procedures to the award of public supply and public works contracts;

Relevant Albanian legislation on Public Procurement

- Law No. 9643 of 20.11.2006, “On public procurement, as amended Law No. 182, Dec 2014, “On some amendments and addenda to the Law No. 9643/2006”
- DCM No. 914 dated 29.12.2014, “On the approval of public procurement rules” amended with DCM no. 80, date 14.2.2018

- DCM no. 45, dated 21.01.2009 “On electronic procurement procedures”, amended with DCM no. 216, dated 11.2.2009
- DCM no. 659, dated 3.10.2007 “On approval of rules for electronic procurement”, amended with DCM no. 918, dated 2.9.2009 and DCM no. 184, dated 17.3.2010"
- Law No 125 April 2013 “On concessions and public-private partnership”, as amended with the Law no. 88/2014 and Law no. 77/2015.
- DCM 575 “On approval of rules on evaluation and award of concession /PPP) date 10.07.2015

This acquis of this chapter is one of the areas where the responsibility of LGUs to implement the legislation in line with EU standards is very evident. The acquis requires local authorities to follow specific procedures aimed at guaranteeing competition, fairness (equal treatment and non-discrimination) and transparency. The procedures are in many cases more stringent, or at least different, from former national rules, and implementing them correctly requires additional human resources and expertise.

COMPANY LAW

(Chapter 6)

The company law acquis includes rules on the formation, registration, merger, and division of companies. In the area of financial reporting, the acquis specifies rules for the presentation of annual and consolidated accounts, including simplified rules for small- and medium-sized enterprises. The application of International Accounting Standards is mandatory for some public interest entities. In addition, the acquis specifies rules for the approval, professional integrity and independence of statutory audits.

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The EU acquis in the field of accounting and auditing rules includes exposure assessment and balances, the annual accounts of companies with public and private limited liability, audit requirements, as well as providing information and publication obligations. There are also regulations that require companies listed on a regulated market to bring their accounts into line with the international accounting standards adopted by the European Commission.

Overview

The public companies in Albania abide by the provision of the private company law, as there is no law on public companies.

Municipal shareholder companies are subject to company law, to financial audits, bankruptcy, protection of shareholders rules and creditors, rules and procedures to facilitate cross-border mergers. Due to approximated legislation, the EU audit rules and standards already apply to the municipal-ity drinking water and waste water/sewerage companies, municipal waste companies or other shareholding. These companies are open to internal and external audits. Moreover, the accounting standards are mandatory for public entities and companies.

Key EU acts relevant to company law

- Directive 2009/101/EC on the coordination of safeguards
- Directive 2009/109/EC as regards reporting and documentation requirements in the case of mergers and divisions;
- Directive 2005/56/EC on cross-border mergers of limited liability companies;
- Directive 89/666/EEC concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State;
- Directive 2011/35/EU concerning mergers of public limited liability companies;
- Directive 2004/25/EC on takeover bids;
- Directive 2009/102/EC in the area of company law on single-member private limited liability companies;
- Directive 2012/30/EC on the coordination of safeguards
- Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies;
- Regulation (EC) No 1606/2002 on the application of international accounting standards;
- Commission Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council;
- Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings,
- Directive 2006/43/CE On statutory audits of annual accounts and consolidated accounts“, amending Council Directives 78/660/EEC and 83/349/EEC.

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Relevant Albanian legislation on company law

- Law No. 9901, dated 14.4.2008, ‘On Entrepreneurs and Companies’”, amended by Law No 129/2014.
- Law No 9723, dated 03.05.2007, "On the National Registration Centre", amended by law No 8/2015
- Law No. 110, dated 15.11.2012, "On Cross-border Mergers"

- Law No. 10236, dated 18.02.2010, "On the Takeover of Companies with Public Offer"
- Law No. 10091, dated 5.03.2009, "On Statutory Audit and of the Organisation of the Statutory Auditor and Approved Auditor", amended by Law no. 47/2016
- Order of the Minister of Finance No. 64, dated 22.07.2014 "On the announcement of the National Accounting Standards "

The LGUs own companies are affected by the requirements of the acquis in this area, as these companies are obliged to respect the rules of the company management and financial management and control, as well as the internal audit and cooperate accounting.

INTELLECTUAL PROPERTY LAW

(Chapter 7)

The *acquis* on intellectual property rights specifies harmonised rules for the legal protection of copyright and related rights. Specific provisions apply to the protection of databases, computer programs, semiconductor topographies, satellite broadcasting, and cable retransmission. In the field of industrial property rights, the *acquis* sets out harmonised rules for the legal protection of trademarks and designs. Other specific provisions apply for biotechnological inventions, pharmaceuticals and plant protection products.

Overview

The Albanian law on copyright and related rights provides the harmonization of national legislation with the *acquis* of the European Union, to the highest degree possible. The law provides for the same level of protection and enforcement with those provisioned in the European Union legislation, as an obligation deriving directly from Article 73 of the Stabilization and Association Agreement.

39

Municipalities are subject to the provisions of this law, benefiting from it but also subject to sanctions and penalties, especially related to works of art, databases, and computer programmes.

Key EU acts relevant to copyright and related rights law

- Directive 2001/29/EC on the harmonization of certain aspects of copyright and related rights in the information society;
- Directive 2009/24/EC on the legal protection of computer programs;
- Directive 2001/84/EC on the resale right for the benefit of the author of an original work of art;
- Directive 2006/115/EC on rental right and lending right and on certain rights related to copyright in the field of intellectual property;

- Directive 2006/116/EEC on the term of protection of copyright and certain related rights;
- Directive 96/9/EEC on the legal protection of databases;
- Directive 93/83/EEC on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission;
- Directive 2012/28/EU on certain permitted uses of orphan works;
- Directive 2014/26/EU on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market;
- Law No 9947, dated 7.7.2008, "On Industrial Property as changed and amended"

Albania's relevant legislation on copyright and related rights

- Law No. 35/2016 "On Copyright and related rights"
- DCM No. 1090, dated 28.12.2015 "On some amendments and changes in DCM No. 205, dated 13.04.1999 Implementing Provisions of the Customs Code"

40 This is an area where the direct role of LGUS in the implementation of the legislation is not envisaged, however it is important that the intellectual property protection is observed also at local level.

COMPETITION POLICY

(Chapter 8)

The competition acquis covers both anti-trust and state aid control policies. It includes rules and procedures to fight anti-competitive behaviour by companies (restrictive agreements between undertakings and abuse of dominant position), to scrutinise mergers between undertakings, and to prevent governments from granting state aid which distorts competition in the internal market. Generally, the competition rules are directly applicable in the whole Union, and the Member States must co-operate fully with the Commission to enforce them. Governments are allowed to grant state aid under strict rules. Albanian legislation for both competition and state aid is broadly in line with EU acquis and the SAA requirements.

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Overview

The Competition Authority carries out its activity in compliance with the rules of free and effective competition, in respect of the entire legal framework in force. The focus of its activities is all anti-competitive practices which may distort or restrict competition in the market. The State Aid Controlling Sector in the Ministry of Economic Development, Tourism, Trade and Entrepreneurship, and the State Aid Commission deal with State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest.

Municipalities EU legislation on State Aid also has a profound influence on local authorities' roles as purchasers, contractors, and promoters of local enterprise. Tax exemptions, property buys on favorable terms or local authority use of public services (without competitive procurement) are considered as State Aid, and companies may have to repay the aid with interest while risking the annulment of the contract. Any aid that is assumed to be a permissible must, as a general rule, be reported in advance to the European

Commission for prior approval (there are some exceptions). EU legislation provides for sources of advantage, such as property or land transactions on favorable terms, contracts not open to a competitive procurement, funding of nonprofit organizations, discretionary tax breaks to certain enterprises, and free or subsidized training. This leads to being obliged to report state aid and developed inventories of their state aid scheme.

Local government, in their financial aid approach, may decide to grant certain benefits to companies/ entities that construct facilities and infrastructure in the territory of so-called free economic zones, such as exemption from payment of local taxes, fees and charges, such as charges for municipal land development and land use, fees for building permits, fees for water supply and connection to the sewage system. Municipalities may provide schemes to provide financial support to business: SMEs, and farmers, to unemployed people to start a business.

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Besides owning public companies, they should ensure that their operation and mergers, as well as the State Aid, do not distort competition in the internal market. The lack of transparent procurement procedures in the case of municipal public enterprises significantly increases the risk of problems under the EU state aid rules. The utility sector is still not effectively covered by public procurement regulation.

Key EU acts relevant to competition policy

- Council Regulation (EC) No. 1/2003 of 16 December 2002 on the implementation of the rules on competition
- Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty (now Article 108).
- Council Regulation 139/2004 of 20 January 2004 on the control of concentrations between undertakings
- Commission Regulation (EC) No. 794/2004 laying down detailed rules for the application of Article 93 of the EC Treaty (EU state aid legislation)

Albania's Relevant Albanian legislation on competition policy

- Law No. 9121, dated 28.07.2003, "On Competition Protection"
- Law No. 9374, dated 21.04.2005, "On State Aid"
- Guideline date 07.12.2009 "On the assessment of non-horizontal mergers and conglomerate mergers between undertakings"
- DCM No. 816, dated 28.12.2005: Regulation "On conditions and procedures of granting regional aid".
- DCM No. 815, dated 28.12.2005 "On the approval of the regulation for the conditions and procedures for granting regional aid"
- State Aid Commission Guideline no. 23, dated 12.12.2007, "On some categories of horizontal state aid".
- State Aid Commission Guideline no. 32, dated 15.02.2010, "State Aid for environmental protection"
- DCM No. 650, date 14.09.2016 "For determining the criteria, intensity and authorizing state aid in the form of compensation for services of general economic interest and public"

Implementing the state aid rules, at the local level, is expected to generate benefits in the form of cost savings through greater competition and transparency, even at the expense of reduced discretion in local politicians' and officials' use of the public budget. The best that local authorities can do to prepare is to raise basic awareness of the state aid rules among all those whose decisions may affect the public budget.

FINANCIAL SERVICES

(Chapter 9)

The acquis in the field of financial services includes rules for the authorisation, operation, and supervision of financial institutions in the areas of banking, insurance, supplementary pensions, and investment services and securities markets. Financial institutions can operate across the EU in accordance with the ‘home country control’ principle either by establishing branches or by providing services on a cross-border basis. The main objectives of the EU acquis on financial services are to ensure financial stability, financial reliability of companies operating in the financial sector, and adequate protection of consumers and investors.

44

Overview

Overall, Albania has made positive efforts in aligning its legislation on financial services with the acquis. The existing legislation on financial services constitutes a strong basis for further and complete alignment with the European legislation. As far as banking financial services are concerned, work has been consolidated for reviewing the regulatory and supervisory framework, aiming to further align it with the EU acquis and adapt it to the Basel Committee’s standards.

Municipalities are exposed to banking financial services, as far as cash flows and loans, etc., and financial non-banking services, such as insurance, securities, and supplementary pensions, require local and foreign bank branches to disclose information on clients they do business with, as well as require to block accounts of businesses which are debtors to municipalities. The acquis under this chapter is not addressed to local government.

Key EU acts relevant to financial services

- Directive No 2013/34 on Annual Financial Statements, Consolidated Financial Statements and Relevant Reports of Certain Types of Enterprises
- Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements;
- Regulation No.3, dated 17.01.2013, “On electronic payment instruments” is partially approximated with Directive 2009/110/EC on the taking up, pursuit and prudential supervision of the business of electronic money institutions;
- Regulation No. 60, dated 29.08.2008 “For the minimum requirements of disclosing information from banks and foreign bank branches

Relevant Albanian legislation on financial services

- Law No. 10158, dated 15.10.2009, "On Corporate and Local Government Bonds" which is partially approximated with Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments (MiFID);
- Law No. 9663, dated 18.12.2006, “On Banks in the Republic of Albania”
- Law No. 25/2018 "On Accounting and Financial Statements"
- Law No. 10 198, dated 10.12.2009, "On collective investment undertakings
- Regulation No.70, 14.10.2009 “On foreign exchange activities” is partially approximated with Council Directive 88/361/EEC for the implementation of Article 67 of the Treaty
- Regulation No.3, dated 17.01.2013, “On electronic payment instruments” in compliance with Directive 2009/110/EC on taking up, pursuit and prudential supervision of the business of electronic money institutions;
- Regulation No. 60, dated 29.08.2008 “On the minimum requirements of disclosing information from banks and foreign bank branches”

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This is an area where the direct role of LGUS in the implementation of the legislation is not envisaged, however it is important that the financial services are observed also at local level.

INFORMATION SOCIETY AND MEDIA

(Chapter 10)

46

The acquis includes specific rules on electronic communications, on information society services, in particular, electronic commerce and conditional access services, and on audio-visual services. In the field of electronic communications, the acquis aims to eliminate obstacles to the effective operation of the internal market in telecommunications services and networks, to promote competition and to safeguard consumer interests in the sector, including universal availability of modern services. As regards audio-visual policy, the acquis requires the legislative alignment with the Television without Frontiers Directive. The acquis aims to the establishment of a transparent, predictable and effective regulatory framework for public and private broadcasting in line with European standards. It also requires that special attention be paid to focusing on respecting intellectual property rights in the transmission of programs by various means, including terrestrial, satellite, cable, etc.

Overview

Information and communication technology (ICT) plays an important role in the development of society, economic growth of Albania. It contributes to the , promotion of inclusive participation and efficient governance, respecting and consequently meeting the basic principles that serve for a high-quality democracy, a functioning state of law, and transparent political representation. The Albanian Government has undertaken a series of reforms for the development of the information society. The national policy on information society is presented in the Digital Agenda Strategy of Albania 2015-2020.

Municipalities in Albania are exposed to TV media, paper, and social media in their communication with citizens and customers, by promoting inclusive participation and efficient governance. The municipalities also grant

permits to media companies in installing their cables and equipment in their municipal infrastructure and territory.

Municipalities play an important role in developing e-government services, through e-services and issuing of e-documents and in promoting information society. They are responsible for protecting personal data administered electronically by their databases and safeguarding their databases.

Key EU acts relevant to information society and media

- Directive 98/84/EC on the legal protection of services based on, or consisting of, conditional access;
- Directive 2000/31/EC on certain legal aspects of information society services, in particular, electronic commerce, in the Internal Market (Directive on electronic commerce);
- Directive 2002/19/EC on access to, and interconnection of, electronic communications networks and associated facilities (Access Directive);
- Directive 2002/20/EC on the authorisation of electronic communications networks and services;
- Directive 2002/21/EC on a common regulatory framework for electronic communications networks and services (Framework Directive);
- Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services;
- Directive 2002/58/EC concerning the processing of personal data and the protection of privacy in the electronic communications sector;
- Directive 2002/77/EC on competition in the markets for electronic communications networks and services;
- Directive 2003/98/EC on the reuse of public sector information;
- Directive 2007/2/EC On the establishment of an infrastructure for geospatial information in the European Community (INSPIRE)".

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Relevant Albanian legislation on information society and media

- Law no.119/2014 "On the right to information".
- Law No. 97/2013 "On the audio-visual media in the Republic of Albania"
- Law No. 9918, dated 19.5.2008, "For electronic communications in the Republic of Albania, as amended by Law nr.102/2012
- Law No. 9880, dated 25.02.2008, "On electronic signature"

- Law no. 10128, dated 11.05.2009, "On Electronic Commerce" as amended by Law no. 135/2013;
- Law No. 72/2012, dated 28.6.2012 "On the organization and functioning of the national geospatial infrastructure in the Republic of Albania"
- Law no 107/2015 dated 1.10.2015 on electronic identification and trust services
- Law 146/2014 "On Notification and Public Consultation

It is well-known that the whole EU process is supported by the citizens and the political climate at the central and local government, but still the status, knowledge, competency, and awareness of local staff and officials with regard to the implementation of adopted Community acquis is still at an early stage. For that purpose the LGUs needs to raise awareness and competences to their administration and their citizens with issues related to EU integration. In this regard of great help would be the adoption of the e-government services and at the same time protecting personal data administered by them.

AGRICULTURE AND RURAL DEVELOPMENT

(Chapter 11)

The agriculture chapter covers a large number of binding rules, many of which are directly applicable to member state of the EU. The proper application of these rules and their effective enforcement and control by an efficient public administration are essential for the functioning of the Common Agricultural Policy (CAP). Running the CAP requires the establishment of management and quality systems such as a paying agency and the integrated administration and control system (IACS), and the capacity to implement rural development measures. Member States must be able to apply the EU legislation on direct farm support schemes and to implement the common market organisations for various agricultural products.

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Overview

The Government of Albania is working on the indirect management of IPA II Rural Development programme (IPARD). The Ministry of Agriculture and Rural Development (MARD) is responsible for establishing a Managing Authority (MA) and IPARD Agency as implementing bodies for IPA Rural Development Programme (2014-2020). The Managing Authority (MA) is an independent structure in the MARD which is responsible for the programming, selection of measures, monitoring, evaluation, reporting, coordination and publicity of the IPARD Operational Program.

The Paying Agency (IPARD Agency) is an independent agency and is the implementing body for IPARD and in particular responsible for authorising and controlling payments, accounting for commitment and payment, department management, selection of projects, publicity, reporting, and internal audit.

Municipalities have as their own function the rural development, and its funding is of particular interest due to its explicitly local dimension. Local authorities have a great potential in benefiting from rural development policies and funding. In order to be successful in this process, Local Authorities should first match their priorities with EU priorities on rural development. The current legal basis (Law 139/ 2015) provides for an increased role for local authorities in managing funds, in particular through 'integrated territorial investments' and 'joint action plans. Municipalities are eligible to allocate local grant schemes available to farmers and other rural small businesses.

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The 'EU Lead Local Development' (CLLD) approach is now available for all funds under the heading 'Community-led local development', which requires It requires drawing up local development strategies and implementing projects through Local Action Groups (LAGs). Local authorities may be involved as beneficiaries (i.e. the organisations that apply for projects, receive funding and account for its use, although not always the final users) or co-financers of projects for other local beneficiaries. They may also provide valuable support through promotion, advice to potential beneficiaries (such as civil society groups or private enterprises) and administrative support, and they may receive 'technical assistance' funding from the programs for providing such support. The preparation of high-quality projects and efficient implementation of programs depends on the strategic planning and the skilled staff able to ensure compliance with complex EU and national rules. To this purpose, municipalities dedicate a considerable amount of personnel time necessary to act as 'owners' of rural development projects.

The partnership approach needs to be strengthened, by involving regional, local, urban and other public authorities, economic and social partners and civil society groups in the preparation, implementation, monitoring and evaluation of rural development programs.

Municipalities have the legal obligation (Law no. 139/2015) to establish agricultural information and counselling offices, to support agriculture and rural development. The construction of the road network would facilitate linkage of the agricultural areas to their shopping centers and neighbouring municipi-

palties. Municipalities need to develop their plans for the protection of agricultural-dependent ecosystems and the development of forest and pastures.

For municipalities, the rural development component of IPA II and the EAFRD post-accession may represent additional sources of funds for local development. While much of this will continue to go directly to farmers, the 2014–20 framework will provide increased scope for municipalities to be involved, including in wider local development projects such as the roll-out of broadband infrastructure, diversification into bio-energy or promotion of tourism.

Key EU acts relevant to legislation on agriculture and rural development

- Regulation (EU) No. 1305/ on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)
- Regulation (EU) No. 1307/2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural;
- Regulation (EU) No. 1308/2013 establishing a common organisation of the markets in agricultural products

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Relevant Albanian legislation and policy on agriculture and rural development

- Law no. 9817, dated 22.10. 2007, “On agriculture and rural development”
- Law on -“Ratification of the framework agreement between Council of Ministers of Republic of Albania and European Commission for co-operation rules for Albania assistance in the frame of the instrument of pre-accession (IPA)
- Law No 37/2015, “On ratification of the Framework Agreement between the Republic of Albania, represented by the Council of Ministers of the Republic of Albania and the European Commission for implementing rules to the financial support of the EU for Albania in the framework of assistance e pre-accession Instrument (IPAII)
- Law on ratification of Sectorial Agreement -IPARD II Programme 2014-2020

- Law No. 9199 dated 26 February 2004 "On the production, processing, certification, and marketing of Bio products"
- Law no. 106/2016 "On organic production, labelling of organic products and their control."
- Strategy for Agriculture and Rural Development 2014–2024
- National Programme for Rural Development 2014–2020
- National Strategy for Land Consolidation in Albania
- IPARD Programme for Rural Development 2014–2020

Municipal involvement in this area is likely to be increased even in this phase of EU integration process. There is need to strengthen the absorption capacities for EU funds.

FOOD SAFETY, VETERINARY AND PHYTOSANITARY POLICY

(Chapter 12)

This chapter covers detailed rules in the area of food safety. The general foodstuffs policy sets hygiene rules for foodstuff production. Furthermore, the acquis provides detailed rules in the veterinary field, which are essential for safeguarding animal health, animal welfare and safety of food of animal origin in the internal market. In the phytosanitary field, EU rules cover issues such as quality of seed, plant protection material, harmful organisms, and animal nutrition.

Overview

Albania has started the process of preparing and implementing its food safety, veterinary and phytosanitary policies in line with EU rules and policies. However a better engagement is needed by Albanian authorities in order to increase the control and technical capacities. The implementation of these policies is ensured by a quasi de-concentrated system, because the respective directorate and agencies depend from the central government and operate at local level. More specifically food safety is under the responsibility of National Food Authority (NFA) which have expanded its activity across 12 Regional Food Authority.

In 2018 the government has created new regional agencies for veterinary services and phytosanitary protection (DCM no. 146 dated 13.03.2018). The centres of these agencies are Tirana, Vlora, Durres, Elbasan and Shkoder and they cover the whole territory of Albania. They are directly responsible for the implementation of legislation in the respective area.

Municipalities Local authorities are very key information providers: as the enforcement of food law is often entrusted to local authorities, local

and regional authorities carry out inspection services and usually have the necessary powers to enforce regulation and to take appropriate measures in case of hazard to public health or non-conformity with legislation.

Municipalities need to improve sanitary-veterinary conditions in the slaughterhouses, animal markets in order to protect consumers' health. For example, they have the veterinary staff who checks and report on cases of food and veterinary safety violations to central authorities.

Key EU acts relevant to legislation on food safety, veterinary and phytosanitary policy

- Directive 2000/29 / EC,
- Directive 96/23/EEC
- Directive 92/119/EEC
- Directive 91/68CE
- Regulation (EC) 1107/2009,
- Directive 2009/128 / EC
- EU Regulation (EC) No. 178/2002 and of the Council of 28 January 2002 laying down the general principles and requirements of food law
- Regulation (EC) No. 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rule
- Directive 2000/29/ EC phytosanitary inspection
- Directive 66/401/EEC Plant seeds

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Relevant Albanian legislation on food safety, veterinary and phytosanitary policy

- Law. No 9863 of 28 January 2008 'On food,' as amended
- Law No. 9441 of 11 November 2005 'On collecting, processing, and placing on the market of raw milk and milk-based products'
- Law No.10465, dated 29.09.2012, "On Veterinary Service in the Republic of Albania";
- Law No. 8702, dated 01/12/2000, "On the identification and registration of animals and livestock farms";
- Law No. 9362, dated 24.03.2005, "On Plant Protection Service"

- Law No. 10416, 7 April 2011 “On the plant genetic material”, as amended
- The Decision of Council of Ministers, No. 750, dated 14.7.2010 ”On the approval of phytosanitary quarantine inspection”

Municipalities have a limited role in these areas. Through one stop shop offices established within the municipalities they provide services in cooperation with other agencies, eg issuing of different certificates for animal food products.

FISHERIES

(Chapter 13)

The acquis on fisheries consists mainly on regulations, which do not require transposition into national legislation. However, it requires the introduction of measures to prepare the administration and the operators for participating in the common fisheries policy, which covers market policy, resource and fleet management, inspection and control, structural actions and state aid control. In some cases, existing fisheries agreements and conventions with third world countries or international organisations need to be adapted.

Overview

56

The obligation to approximate the Albanian legislation on fisheries with EU legislation derives from Article 96 of the SAA. This article stipulates the importance of finding mutual beneficial areas of common interest with the priority related to the EU acquis on fisheries, including RFMO rules and conservation of fishery resources.

Albania has harmonised its legal framework and the provisions of national regulations with the provisions of the Common Fisheries Policy (CFP) in order to adequately prepare both the sector and the administration to fully discharge its obligations in compliance with the CFP.

Municipalities are not bound by this chapter, except for reporting on problems related to contamination of surface waters.

Key EU acts relevant to legislation on fisheries

- Regulation (EU) No. 1379/2013 on the common organisation of the markets in fishery and aquaculture products,
- Regulation (EU) No. 1380/2013 on the Common Fisheries Policy,

- Regulation (EU) No. 508/2014 on the European Maritime and Fisheries Fund.

Relevant Albanian legislation on fisheries

- Law No. 64, dated 31.05.2012 “On Fisheries”
- Law No. 103/2016 “On Aquaculture”
- DCM No.407, dated 8.5.2013, “On establishing a controlling/monitoring system for ensuring compliance with the rules of the management fisheries policy”,
- DCM No. 402, dated 8.5.2013, “On management measures for the sustainable exploitation of fishery resources in the Mediterranean Sea”
- DCM No. 301, dated 10.4.2013 “On the establishment of a National framework for the collection, management and use of data in the fisheries sector and support for scientific advice in accordance with the Albanian Fisheries Policy”
- DCM No. 302, dated 10.4.2013, “On establishing a system to prevent, deter and eliminate illegal, unreported and unregulated fishing and establishing fish catch certification schemes”.

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This is an area where the direct role of LGUS in the implementation of the legislation is not envisaged, however it is important that the fisheries are observed also at local level especially at the reporting or observing water surfaces.

TRANSPORT POLICY

(Chapter 14)

EU transport legislation aims at improving the functioning of the internal market by promoting safe, efficient and environmentally sound and user-friendly transport services. The transport acquis covers the sectors of road transport, railways, inland waterways, combined transport, aviation, and maritime transport. It relates to technical and safety standards, security, social standards, and state aid control and market liberalisation in the context of the internal transport market.

Overview

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Albania has started the process of aligning its legislation with general transport EU acquis, road transport, railway transport, maritime transport, inland waterway transport and aviation transport. The approximation of legislation is still at early stage, as it requires a strategic approach, coupled with better control of the territory.

Municipalities have a limited role for some aspect of road transport acquis. It includes the legal obligation to provide road network for non-national roads, as well as public transport (Law no. 139/2015), the parking of auto vehicles, the safety measures such as road traffic signalling systems, as well as their standards. Municipalities develop their own public transport service plans, and their road network is planned in their territory development plans. They provide public transport by contracting private companies or their owned companies. They provide licensing as well for the public transportation companies and the taxis and set the related fees. The municipalities decide also on parking lots and the related fees.

Key EU acts relevant on legislation to transport policy

- Regulation 165/2014/EU
- Regulation 1071/2009/EC
- Directive 2006/22/EC
- Directive 95/50/EC
- Directive 2009/40/EC, an inspection of roads vehicles
- Directive 2008/96/ EC, audit and inspection of road safety
- Directive 2004/54/EC, tunnel safety

Relevant Albanian legislation on transport policy

- Law No. 8378 of 22.07.1998 “Road Code of the Republic of Albania” as amended
- Law No. 8308 of 18.03.1998 “On road transport”, as amended
- Law No. 118/2012 “On the transport of dangerous goods”
- Guideline no. 1649, dated 08.16.1999 "On the fulfilment of certain conditions in the road transport of passengers"
- Guideline No. 5627, dated 18.11.2016 "On determining the criteria, rules, and documentation for the issuance of licenses and certificates to practice in road passenger transport within the country".
- Guideline no. 5402/2, dated 11.24.2016 "On the conditions and criteria that must be met by the subjects to resort to road transport".
- Law No. 158/2013, dated 10.10.2013, “On safety in the road tunnels”;
- DCM No. 153, dated 07.04.2000, “On approval of the Road Code implementation Rules”;

LGUs have limited role in this chapter. However it is important that the transport policies are observed also at local level when it comes to obligation to provide road network for non-national roads, as well as for the purpose of public transport.

ENERGY

(Chapter 15)

EU energy policy objectives include the improvement of competitiveness, the security of energy supplies and the protection of the environment. The energy acquis consists of rules and policies, notably regarding competition and state aids (including in the coal sector), the internal energy market (opening up of the electricity and gas markets, promotion of renewable energy sources), energy efficiency, nuclear energy and nuclear safety and radiation protection.

Overview

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Albania has made concrete and important progress in adapting its legislation with the acquis in the field of energy. The Albanian government during the Paris conference on July 2016 signed the Road Map “The sustainability charter of Western Balkans” underlining the need to implement energy efficiency, promote the usage of renewable energy and support the policies for the improvement of climate change. The signature of the Road Map extended the agenda I bringing to Albania the establishment of secondary legislation on the field of energy efficiency by creating also the Energy Efficiency Fund and also the Energy Efficiency Agency, Energy Audit.

Municipalities are affected in several ways by the EU acquis on energy efficiency. The EU acquis on energy efficiency is likely to involve significant additional responsibilities for local authorities (e.g. energy certification of buildings) as well as pressure to increase energy efficiency and the use of renewable sources as part of the local energy policy.

Municipalities are big energy consumers (in buildings, lighting systems, water treatment plants, sanitary landfills, etc.), which means that everything influencing the cost of energy affects the local budget. As the planning au-

thorities, they have a significant influence on the investments on energy efficiency within the municipality (especially in buildings).

At least 3 percent of the floor space of central government buildings is to be renovated each year to meet minimum energy performance objectives, and central government (with certain exceptions) purchases only products, services and building with high energy-efficiency performance. These provisions also applied to local government by including the adoption of an energy efficiency plan and putting in place an energy management system.

Energy efficiency will require the local government units to replace or retrofit existing vehicles, to purchase or rent energy efficient buildings and to purchase equipment that has energy-efficient consumption in all forms. Pursuant to the EU rules, all buildings or building units constructed, sold or rented to a new tenant must have a certificate. Buildings frequented by the public with a functional floor area of over 500 m² are required to display their certificate.

This would usually consist of many different types of measures, such as variable-speed pumps in water treatment plants, installation of biomass boilers, upgrades to public lighting, green procurement of vehicles, eco-driving training and comprehensive retrofits of public buildings, including wall and roof insulation, low-energy lighting and so forth. SCTM

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A good example of the indirect influence of the EU *acquis* in this area (and others) is on territorial planning, especially in cities. The energy efficiency directive makes no reference to this, yet it is clear that planners are adopting a more European perspective when it comes to sustainable urban development, of which energy efficiency is a central aspect. Local authorities may play an important role in enforcing energy efficiency standards, particularly in the context of planning permission and building regulations.

While an ambitious implementation of the *acquis* will entail short-term costs for local authorities, these are likely to be outweighed in the midterm budget by the savings from the increased energy efficiency.

Key EU acts relevant to legislation on energy

- Directive 2012/27/EU on energy efficiency,
- Directive 2006/32/EC on Energy end-use Efficiency and Energy Services
- Directive 2010/31/EU on the energy performance of buildings.
- Directive 2010/30/EU on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products
- Directive 2004/8/EC on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EEC.
- Directive 2009/73/EC concerning common rules for the internal market in natural gas
- Regulation (EC) No 715/2009 on conditions for access to the natural gas transmission networks
- Directive 2009/28/EC on renewable energy sources
- Council Directive 2004/67/EC concerning measures to safeguard the security of natural gas supply

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Relevant Albanian legislation on energy

- Law No. 138/2013 “On renewable energy sources”.
- Law No. 124/2015 of 12.11.2015 “On energy Efficiency”
- Law No. 116/2016, date 10.11.2016 “On energy performance of buildings”
- Law No. 68/2012 “On the information on energy consumption and other resources of products with impact on energy”
- Law No. 8025 of 9.11.1995 “On protection from ionizing radiation”, as amended
- Law No. 102/2015 of 23.09.2015 “On the natural gas sector”

TAXATION

(Chapter 16)

The acquis on taxation covers extensively the area of indirect taxation, namely value-added tax (VAT) and excise duties. It lays down the scope, definitions, and principles of VAT. Excise duties on tobacco products, alcoholic beverages, and energy products are also subject to EU legislation. As concerns direct taxation, the acquis covers some aspects of taxation on personal income from individual savings and aspects of corporate taxes. Furthermore, Member States are committed to complying with the principles of the Code of Conduct for Business Taxation, aimed at the elimination of harmful tax measures. Administrative co-operation and mutual assistance between the Member States is aimed at ensuring smooth functioning of the internal market as concerns taxation. It provides tools to prevent intra-Community tax evasion and tax avoidance. Member States must ensure that the necessary implementation and enforcement capacities, including links to the relevant EU electronic taxation systems, are in place.

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Overview

Article 98 of the Stabilisation and Association Agreement provides that Albania and the EU shall establish cooperation in the field of taxation, including measures aiming at the further reform of the fiscal system and the restructuring of tax administration with a view to ensuring the effectiveness of tax collection and the fight against fiscal fraud.

Municipalities in Albania are key government agencies responsible for setting and collecting taxes, based on tax levels stipulated by law. Municipalities can establish temporary taxes, and for this type of tax, there is no level set by national legislation. Municipalities formulate policies that support economic and social development and encourage the formalization of the economy, and provide a favourable business climate for the dynamic de-

velopment of private entrepreneurship and attracting foreign investments. Municipalities need to improve tax administration management based on revenue performance, with professionalism, integrity, and honesty, to gain credibility among citizens, international partners as well as the local and foreign business community. Fiscal consolidation of municipalities, through improving tax administration and strengthening public finance management, as well as the elimination of harmful tax measures, is a priority for guaranteeing forecasted revenues.

The biggest share of municipal taxes is generated from the property tax, which is calculated based on the market value. Municipalities need to balance their revenues and expenses and avoid financial distress and bankruptcy, while they need to organize public hearings about information and business involvement in municipal tax policies.

Municipalities in Albania are sole owners or shareholders of public companies. These companies are subject to corporate tax and VAT.

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Key EU acts relevant to legislation on taxation

- Council Directive 2008/118/EC concerning the general arrangements for excise duty and repealing Directive 92/12/EEC,
- Council Directive 2006/112/CE on the common system of value added tax,
- Council Directive 2003/48/EC on taxation of savings income in the form of interest payments,
- Council Directive 2009/133/EC on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares concerning companies of different Member States and to the transfer of the registered office of a SE or SCE between the Member States,
- Council Directive 2010/24/EU concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures,
- Council Directive 2011/16/EU on administrative cooperation in the field of taxation,
- Council Regulation (EU) No 904/2010 on administrative cooperation and combating fraud in the field of value added tax,

- Council Regulation (EC) No 2073/2004 on administrative cooperation in the field of excise duties.

Relevant Albanian legislation on taxations

- Law No. 9920, dated 19.05.2008, “On Tax Procedures in the Republic of Albania”, as amended by Law No. 99/2015, dated 23.09.2015
- Law No. 9975, dated 28.07.2008 “On National Taxes in the Republic of Albania”, as amended by Law No. 141/2015, dated 17.12.2015
- Law No. 9632, dated 30.10.2006 “On local taxes”, as amended by Law No. 142/2015, dated 17.12.2015
- Law No. 68/ 2016 ”On Local Self-Government Finances”
- Law No. 9136, dated 11.09.2003 “On the collection of mandatory social security contributions and health care in the Republic of Albania”, as amended by Law No. 143/2015, dated 17.12.2014
- Law No. 10383, dated 24.02.2011 “On Compulsory Healthcare Insurance in the Republic of Albania”, as amended by Law No. 145/2015, dated 17.12.2014
- Law No. 8438, Dated 28.12.1998 “On income tax” as amended
- The decision of Council of Ministers No. 841, dated 14.10.2015 “On some amendments to the DCM No. 953, dated 29.12.2014 “On implementing the provisions of Law No. 92/2014, ‘On value added tax in the Republic of Albania’, as amended.
- DCM No. 38, dated 21.01.2016 “On excise”;

ECONOMIC AND MONETARY POLICY

(Chapter 17)

66 The acquis in the area of economic and monetary policy contains specific rules requiring the independence of central banks in the Member States, prohibiting direct financing of the public sector from central banks and prohibiting privileged access of the public sector to financial institutions. Member States are expected to co-ordinate their economic policies and are subject to the Stability and Growth Pact on fiscal surveillance. The new Member States are also committed to comply with the criteria laid down in the Treaty in order to be able to adopt the euro in due course after accession. Until then, they will participate in the Economic and Monetary Union as a Member State with a derogation from the use of the euro and shall treat their exchange rates as a matter of common concern.

Overview

Economic and financial policies in Albania aim at strengthening the macroeconomic indicators and maintain stability. The monetary policy remains loose to support the domestic demand and return of inflation to the target. It complements the consolidating fiscal policy which is addressing public debt vulnerabilities and management of public finances.

Macroeconomic stability is being supported by a sound monetary policy operating under an inflation targeting regime, while the exchange rate is free floating. In order to maintain inflation at the target of 3.0% in the medium term, the Bank of Albania has pursued an accommodative monetary policy in the last five years.

Public debt is expected to reduce at 69.1% in 2017, 66.5% in 2018 and 63% of the GDP in 2019. This target would be reached despite of the significant new energy-related guaranties that have already been taken into

account for the next two years. Therefore, in our baseline macro-fiscal scenario, the Ministry of Finance and Economy is committed to lower the public debt-GDP ratio (including guarantees and local government debt) to around 66.2% in the medium term (2017-2019).

Public financial management reforms are crucial to increase the efficiency of budget spending as well as to create space for more productive spending in the medium and long term. The full payment of the accumulated government arrears to the private sector will improve the financial situation of businesses and their investment capacities.

Municipalities have their share, though very small, in the public debt, while still many municipalities have accumulated arrears.

The consolidation of the municipal financial management, the balance between the revenues and expenditures, through annual and medium-term budgets, contribute to a sound financial performance of municipalities. Municipalities have to prepare their budgets (mid-term and annual) in compliance with the legislation on local budgeting and prepare balance sheets in compliance with national standards and guidelines.

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Municipalities need to organize public hearings about information and business involvement in municipal tax policies.

Relevant Albanian legislation on economic and monetary policy

- Law No. 8269, dated 23.12.1997 “On the Bank of Albania”
- Law No. 147/2015 “On the State Budget for the year 2016”
- Law No. 9665, dated 18.12.2006, “On State Borrowing, State Debt and State Loan Guarantees in the Republic of Albania”,

STATISTICS

(Chapter 18)

68

The acquis in the field of statistics requires the existence of a statistical infrastructure based on principles such as impartiality, reliability, and transparency, the confidentiality of an individual's personal data and dissemination of official statistics. National Institutes of statistics as reference and anchor points for the methodology, production, and dissemination of statistical information. The acquis covers methodology, classifications, and procedures for data collection in various areas such as macro-economic and price statistics, demographic and social statistics, regional statistics, and statistics on business, transport, external trade, agriculture, environment, and science and technology. No transposition into national legislation is needed as the majority of the acquis take the form of regulations.

Overview

The obligation to approximate Albanian legislation on official statistics with that of the European Union derives from Articles 70 and 88 of the SAA. The implementation of the acquis in the field of statistics ensures that INSTAT acts as a point of reference and as an anchor for the methodology, production, and dissemination of statistical information. INSTAT and other statistical agencies in Albania act in compliance with the provisions of Law No. 9180, dated 05.02.2004, "On Official Statistics", amended, and the five-year Programme on Official Statistics approved by the Albanian Parliament.

Municipalities produce and hold a lot of statistic to evidence of their policy and decision making. The central government agencies refer to local governments to collect data and information on various aspects of economic, social, territorial, culture, environmental governance and protection of human rights. They have to comply with the EU standards which are incorporated also on Albanian legislation.

Relevant Albanian legislation on economic and monetary policy

- Law No. 9180, dated 05.02.2004, “On Official Statistics”,
- DCM No. 708, dated 26.8.2015 “On categories, periodicity, and reporting of statistical data for disability from state authorities in the central and local level.

SOCIAL POLICY AND EMPLOYMENT

(Chapter 19)

70

The *acquis* in the field of social policy and employment, includes minimum standards in the areas of labour rights, equality, health and safety at work and anti-discrimination. The Member States participate in social dialogue at European level and in EU policy processes in the areas of employment policy, social inclusion and social protection. The European Social Fund is the main financial tool through which the EU supports the implementation of its employment strategy and contributes to social inclusion efforts (implementation rules are outlined in Chapter 22, which deals with all structural instruments). Through the Social Investment Package, the Commission provides guidance to the Member States to modernise their welfare systems towards social investment throughout life.

The principle of non-discrimination is provided in the Charter of Fundamental Rights of the European Union and in the directives governing the implementation and observance of the principle of equal treatment. With the entry into force of the Lisbon Treaty, the Charter of Fundamental Rights of the European Union is binding for all member states, making it the primary source of EU legislation. The European pillar of Social Rights has 3 main categories:

- Equal opportunities and access to the labour market
- Fair working conditions
- Social protection and inclusion

Overview

Albania has approximated its major part of legislation with EU *acquis*. The Albanian labour code and other legislation such as law on safety at work, or the law for the protection from the discrimination or on vocational training reflects the EU requirements in this area. Efforts should be made in

increasing the implementation of the standards in this area and promotion of employments.

Municipalities are subject to the provisions of EU labour law and legislation on health and safety, and non-discrimination. As such, they have a direct role in setting local standards, in compliance with national legislation in the areas of labour law, equality, health and safety at work, social protection, social inclusion, and anti-discrimination. Local authorities may also play an active role as employers by ensuring that their own recruitment policies are fully in line with the wider employment and social policy objectives, including gender equality.

Social services and social protection: municipalities are responsible for developing local social plans based on the needs of the citizens. Based on these needs they are expected to establish social care services for groups at risk such as daily centers, foster care, community-based services, family services, social housing, shelters, etc. Social services include a package of cash assistance and social care services for groups at –risk, socially excluded and facing structural barriers. Groups at risk include families living below the minimum standard of living, victims of domestic and gender-based violence, elderly people, people with disabilities, children subject of abuse and trafficking etc.

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Supporting active labour measures: municipalities cooperate with the regional employment offices and vocational schools to improve or expand the opportunities for vocational education and development of skills responding to the needs of the local labour market within their territory/jurisdiction.

Social inclusion and equal opportunities at the local level: municipalities have to guarantee social inclusion of marginalised community groups in equal access to services and they will adopt local action plan for social inclusion. Municipalities should guarantee equal opportunities for men and women in municipal government jobs.

Occupational safety and health standards in the workplace: the municipalities have to guarantee the minimum safety and health requirements in the

workplace for all the staff and that of its subordinate agencies and institutions. Directives on Working time, Working conditions, and Health and Safety in the workplace, in Fixed-Term and Temporary Employment, have to be implemented by the municipalities for their staff.

Key EU acts relevant to legislation on Social policy and employment

- Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work
- Council Directive 89/654/EEC concerning the minimum safety and health requirements for the workplace (first individual directive within the meaning of Article 16(1) of Directive 89/391/EEC);
- Directive 2009/104/EC concerning the minimum safety and health requirements for the use of work equipment by workers at work
- Council Directive 89/656/EEC of 30 November 1989 on the minimum health and safety requirements for the use by workers of personal protective equipment at the workplace (third individual directive within the meaning of Article 16(1) of Directive 89/391/EEC);
- Council Directive 90/269/EEC of 29 May 1990 on the minimum health and safety requirements for the manual handling of loads where there is a risk particularly of back injury to workers
- Council Directive 90/270/EEC of 29 May 1990 on the minimum safety and health requirements for work with display screen equipment
- Directive 2004/37/EC on the protection of workers from the risks related to exposure to carcinogens or mutagens at work
- Council Directive 2000/43/EC implementing the principle of equal treatment between persons irrespective of racial or ethnic origin
- Council Directive 2004/113/EC implementing the principle of equal treatment between women and men in access to and supply of goods and services.
- Directive 2000/54/EC on the protection of workers from risks related to exposure to biological agents at work
- Directive 96/71/EC concerning the posting of workers in the framework of the provision of services.
- EU Gender Action Plan (2015-2020)

Relevant Albanian legislation on Social policy and employment

- Law No.136, dated 12.05.2015, for some amendments to Law no. 7961, dated 12.07.1995 "The Labour Code of the Republic of Albania".
- Law No. 7995, dated 20.09.1995, "On employment promotion", (as amended);
- DCM No. 47, dated 16.01.2008, "On employment promotion program, through on the job training" (as amended)
- Law No. 10221/2010 "For the Protection from Discrimination"
- Law No. 9355, dated 10.03.2005 "On social assistance and services", as amended
- Law No. 121/2016 "On social care services in the Republic of Albania"
- Law No. 104/2014, dated 31/07/2014 "On Improving the Social Security"
- Law No. 7995, dated 20.09.1995 "On employment promotion", (as amended);
- Law no. 93/2014 "On the Inclusion of and Accessibility for Persons with Disabilities "
- Law No. 18/ 2017- "On the Rights and Protection of the Child" and related DCM-s.
- Law No. 70/2016 "On craftsmanship in the Republic of Albania"
- Law No. 108/2013 "On Foreigners", date 28.3.2013
- Law No. 9970, date 24.07.2008 "On gender equality in society "
- Law No. 47/2018 – "On Measures Against Violence in Family Relations"
- DCM No. 87/2016 on the approval of "Document of Policies of Social Inclusion 2015-2020" and the National Strategy on Social Protection (2015-2020)
- The decision of Council of Ministers No. 383, dated 6 May 2015 the "National Youth Action Plan 2015 – 2020 DCM no. 708, dated 26.8.2015 "On categories, periodicity, and reporting of statistical data for disability from state authorities in the central and local level.

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The standards set under this chapter of EU acquis are very important for LGUs. These areas will require the direct involvement of LGUs.

ENTERPRISE AND INDUSTRIAL POLICY

(Chapter 20)

74

EU industrial policy seeks to promote industrial strategies enhancing competitiveness by speeding up adjustment to structural change, encouraging a favourable environment to business establishment and growth throughout the EU as well as domestic and foreign investments. It also aims to improve the overall business environment in which small and medium-sized enterprises (SMEs) operate. It involves privatisation and restructuring (see also Chapter 8 – Competition policy). EU industrial policy mainly consists of policy principles and industrial policy communications. EU consultation forums and Community programmes, as well as communications, recommendations, and exchanges of best practices relating to SMEs, aim to improve the formulation and coordination of enterprise policy across the internal market on the basis of a common definition of SMEs. The acquis under the enterprise and industrial policy chapter consists largely of policy principles and policy recommendations, which are reflected in communications, recommendations and Council conclusions. They include the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises. The implementation of enterprise and industrial policy requires adequate administrative capacity at the national, regional and **local level**.

Overview

The Small Business Act, adopted in June 2008, containing a set of joint principles and concrete actions to support SMEs, provides an overarching framework for the EU policy on SME. It provides also with a common definition of SME. The National Business Centre (NBC) established with the law no. 131/2015 operates as a “one-stop-shop” for business. The Inter-ministerial Group to Improve the Indicators of Doing Business is functioning and develops concrete measures stipulated in the DCM No. 445 dated 15.6.2016

“On some changes and amendments to the DCM no. 591 dated 10.9.2014
“On the approval of the action plan for monitoring the indicators of Doing Business”.

Municipalities do not have a direct role for the implementation of the legislation in this area. However they are obliged to encourage a favourable environment for the creation of business, domestic and foreign direct investments and promotion of small and medium-sized enterprises (SME) development, entrepreneurship and innovation. They provide regulatory framework, territorial planning, fiscal incentives, provide services, grants and business development programmes for SMEs development (law no. 139/2015). Municipalities are responsible to promote and support local economic development, tourism, and rural development.

Key EU acts relevant to legislation on enterprise and industrial policy

- Directive 2000/31/EC on certain legal aspects of information society services, in particular, electronic commerce, in the Internal Market
- Regulation (EU) No 910/2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC;
- Directive 2004/18/EC on the coordination of procedures for the award of public works contracts, public supply contracts, and public service contracts.
- Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement

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Relevant Albanian legislation on enterprise and industrial policy

- Law No. 8957, dated 17.10.2002 “On Small and Medium-sized Enterprises”, amended with law no. 10 042, dated 22.12.2008
- Law No. 93/2015, date 27.07.2015 “On Tourism”; Business and Investment Development Strategy 2014-2020
- National Tourism Development Strategy and Action Plan 2015-2020.
- Action plan for privatisation of assets for the period 2016-2020

TRANS-EUROPEAN NETWORKS

(Chapter 21)

This chapter covers the Trans-European Networks policy in the areas of transport, telecommunications, and energy infrastructures, including the Community guidelines on the development of Trans-European Networks and the support measures for the development of projects of common interest. The establishment and development of Trans-European Networks and the promotion of proper interconnection and interoperability of national networks aim to take full advantage of the internal market and contribute to economic growth and the creation of employment in the European Union.

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Overview

In the case of the *road core network*, progress has been made on its quality and density. Several projects are carried out in the last years aiming to reduce the time distance between Tirana and the major cities, and/or between major cities. The investments aimed as well to improve road safety. The projects are designed to integrate the national network into the regional and Pan-European TEN-T network.

Municipalities in Albania are responsible for the construction and maintenance of the existing road infrastructure (Law no. 139/2015)

Key EU acts relevant to legislation on trans-European networks

- Regulation (EU) No 1315/2013 on Union guidelines for the development of the trans-European transport network
- Regulation (EU) No 1316/2013 establishing the Connecting Europe Facility, ,
- Regulation (EU) No 347/2013 on guidelines for trans-European energy infrastructure,

- Regulation (EC) No 714/2009 of the European Parliament and of the Council on conditions for access to the network for cross-border exchanges in electricity,
- Regulation (EC) No 715/2009 on conditions for access to the natural gas transmission networks.

Relevant Albanian legislation on trans-European networks

- Law No. 8378 of 22.07.1998 "Road Code of the Republic of Albania", as amended is harmonized with Council Directive 96/53/EC of 25 July 1996;
- Law No. 9501 of 3.04.2006 "On ratification of the Treaty establishing the Energy Community";
- Law No 102/2015 of 23.09.2015 "On natural gas sector";
- Law No. 43/2015 of 30.4.2015 "On Power Sector".

REGIONAL POLICY AND COORDINATION OF STRUCTURAL INSTRUMENTS

(Chapter 22)

78

The *acquis* under this chapter consists mostly of the framework and implementing regulations, which do not require transposition into national legislation. They define rules for drawing up, approving and implementing Structural Funds and Cohesion Fund programmes reflecting each country's territorial organisation. These programmes are negotiated and agreed with the Commission, but implementation is the responsibility of the Member States. Member States must respect EU legislation in general, for example in the areas of public procurement, competition, and environment, when selecting and implementing projects. The Member States must have an institutional framework in place and adequate administrative capacity to ensure programming, implementation, monitoring, and evaluation in a sound and cost-effective manner from the point of view of management and financial control.

Overview

Pursuant to Article 112 of the SAA, Albania may receive financial assistance from the European Union in the form of grants and loans, including loans from the EIB and EBRD.

SAA defines that the parties will seek to strengthen regional and local development cooperation, with the objective of contributing to economic development and reducing regional imbalances. The financial assistance provided by the European Union is defined by Articles 112-115 of the Stabilization and Association Agreement (SAA). EU gives to Albania considerable assistance and the rules for granting the assistance are set out in Articles 112-115 of the SAA. The Government of Albania has established the National Agency for Regional Development, agencies of regional development and Agency for Regional Economic Development (DCM No 961 of 2.12.2015)

and the Regional Development Fund, a mechanism of financing the national regional development policy.

Programming under the new financial perspective of IPA II for the period 2014- 2020 has started the implementation of IPA 2014 and IPA 2015, while it is under programming phase for the coming years. The current EU approach to the allocation of financial assistance has completely changed the perspective of IPA II, introducing the novelty of Budget Support.

European Commission approved the transfer of the managing competencies for IPA component I-TAIB to the Government of Albania through the *ex-ante* control.

Albania participates in 8 European Union Programs: “Horizon 2020”, “COSME”, “ERASMUS +”, “Creative Europe”, “Europe for Citizens”, “Customs 2020”, “Fiscalis 2020”, “Employment and Social Innovation” (EaSI) and starting from 2017, Albania will also benefit from the “Justice Program”.

Municipalities may participate in the local development cooperation with municipalities of neighbouring countries and others to promote economic, social, environmental and cultural development. They can participate in regional development schemes and instruments that finance the policy on regional development. The participation in these funding schemes is related to the revitalization of cities, villages, poly-urban centres and local economies, territorial cohesion and regional development and stimulation of areas and potential poles.

Albania municipalities participate in 8 territorial cooperation programmes under IPA II 2014-2020 financial perspective: such as Bilateral programmes, CBC programmes: Albania-Kosovo, Macedonia-Albania, Montenegro-Albania, Greece-Albania, Transnational programmes: Adriatic-Ionian (Adriatic), Balkan- Mediterranean, MED and Trilateral Program: Italy-Albania-Montenegro. They can also participate in the 8 European Union Programs.

Key EU acts relevant to legislation on regional policy and coordination of structural instruments

- Commission Regulation (EU) No 447/2014 on the Specific Rules For Implementing Regulation (EU) No. 231/2014 of The European Parliament and of the Council, Establishing an Instrument For Pre-Accession Assistance (IPA II);
- Regulation (EU) No. 231/2014 establishing an Instrument for Pre-accession Assistance (IPA II),
- Regulation (EU) No. 236/2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action,
- Council Regulation (EC) No. 1085/2006 establishing an instrument for pre-accession assistance (IPA),
- Commission Regulation (EC) No. 718/2007 establishing an instrument for pre-accession assistance (IPA),
- Commission Decision dated 25.03.2014 on conferral of management powers related to Component I – Transition Assistance and Institution Building of the Instrument for Pre-Accession Assistance (IPA) for Albania.

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Relevant Albanian legislation on regional policy and coordination of structural instruments

- Law No 37/2015 “On the ratification of the Framework Agreement between the Republic of Albania and the European Commission on the arrangements for the implementation of EU Financial Assistance to the Republic of Albania under the Instrument for Pre-accession Assistance”
- The decision of Council of Ministers No. 961 of 2.12.2015 “On the setup, organisation and functioning of the National Agency for Regional Development, agencies of regional development and Agency for Regional Economic Development
- Regional Development Fund

This chapter is considered as one of the most relevant for LGUs. The acquis under this chapter has to be implemented at local level.

COOPERATION IN THE FIELD OF JUDICIARY AND HUMAN RIGHTS

(Chapter 23)

EU policies in the area of judiciary and fundamental rights aim to maintain and further develop the Union as an area of justice, freedom, and security. The establishment of an independent and efficient judiciary is of paramount importance. Impartiality, integrity and a high standard of adjudication by the courts are essential for safeguarding the rule of law. This requires a firm commitment to eliminating external influences over the judiciary and to devoting adequate financial resources and training. Legal guarantees for fair trial procedures must be in place. Equally, Member States must fight corruption effectively, as it represents a threat to the stability of democratic institutions and the rule of law. A solid legal framework and reliable institutions are required to underpin a coherent policy of prevention and deterrence of corruption. Member States must ensure respect for fundamental rights and EU citizens' rights, as guaranteed by the *acquis* and by the Fundamental Rights Charter.

81

Overview

The major part of the reform in this area relates with Justice Reform and the fight against corruption.

Minister of State on Local Issues is assigned National Coordinator Against Corruption (NCAC) by Decision of Council of Ministers No. 1012, dated 22.11.2013 in order to coordinate anti-corruption efforts and policies among all the stakeholders at the national and local level. In March 2015, Albania approved the strategic policy documents against corruption: Inter-sectorial Strategy in the fight against Corruption 2015 – 2020 and the Action Plan of the Inter-sectorial Strategy in the fight against Corruption 2015 – 2017, approved by Decision of the Council of Ministers No. 247, dated 20.03.2015.

The amendments of 2014 to the Criminal Procedure Code and amendments to the law “On the prevention and fight against organised crime, trafficking and corruption through preventive measures against assets/property” (anti-mafia law), classified the corruption of high officials as a serious criminal offense.

Municipalities are responsible to strengthen the protection system of children rights and create a monitoring system on cases of children at risk and/or in need of protection, to protect people from discrimination and establish a system for monitoring cases of discrimination occurring in the territory of the municipality, ensure inclusion and accessibility of people with disabilities to municipal services and territory, create conditions for integration of Roma and Egyptians, and enable gender equality, prepare the relevant actions plans. They are responsible to implement the national anti-corruption strategy and action plan, while they need to approve and implement their own anti-corruption strategies and install anti-corruption mechanisms within their administration.

82 Municipalities have to approve and implement the code of conduct and ethics for their administration and elected officials. The protection of human rights is a legal obligation for municipalities. They have to guarantee the rule of law in conducting business, in order to ensure accountability, fairness, and effectiveness in municipal governance. Municipalities can participate in programmes for integration of people in conflict with the law, though involving them with municipal works or rehabilitation programmes. The municipalities are directly involved in the protection of personal data under their administration and in the implementation of the right to information Law, as well as the right to participation in municipal policy and decision making. Municipalities have to guarantee compliance with the law on gender equality, and equity in services delivery and the access to services of the vulnerable groups.

Key EU acts relevant to legislation cooperation in the field of judiciary and human rights

- Charter of Fundamental Rights of the European Union, especially article 47 which provides for the right to an effective remedy.

- EU Justice Scoreboard: a tool to promote effective justice and growth.
- European Convention of Human Rights, especially article 6 which guarantees the right to a fair trial.
- Data Protection Regulation (EC) 45/2001
- Public Access Regulation 157 (EC) 1049/2001

Relevant Albanian legislation on cooperation in the field of judiciary and human rights

- Law No. 60/2016 “On whistleblowing and protection of whistle-blowers”
- Law No. 119/ 2014 “ On the Right to Information”
- DCM No. 247, dated 20.03.2015 “ On the approval of the Intersectorial Strategy in the fight against Corruption 2015 – 2020 and its Action Plan
- Law No. 8331 dated 21.4.1998 "On execution of criminal judgements" amended by Law No. 10 024 dated 27.11.2008
- Law No. 10221, dated 04.02.2010 “On protection from discrimination”.
- Law No. 9887 dated 10.03.2008 “On personal data protection” amended
- Law No. 97/2013 "On the Audio-visual Media in the Republic of Albania"

83

LGUs are not directly effected by this EU acquis chapter. However they are responsible for the protection of human rights, which is a legal obligation for municipalities. They are responsible for protecting children rights, non-discrimination, data protection and also responsible for code of conduct and ethics for their administration and elected officials.

JUSTICE, FREEDOM, AND SECURITY

(Chapter 24)

84

EU policies aim to maintain and further develop the Union as an area of justice, freedom, and security. Member States need to be properly equipped to adequately implement the growing framework of common rules on issues such as border control, visas, external migration, asylum, police cooperation, and the fight against organised crime and against terrorism, cooperation in the field of drugs, customs cooperation and judicial cooperation in criminal and civil matters. This requires above all, strong and well-integrated administrative capacities within the law enforcement agencies and other relevant bodies, which must attain the necessary standards. A professional, reliable and efficient police organisation is of paramount importance. The most detailed part of the EU's policies on justice, freedom, and security is the Schengen acquis, which entails the lifting of internal border controls in the EU. However, for the new Member States, substantial parts of the Schengen acquis are implemented following a separate Council Decision to be taken after accession.

Overview

Cooperation in the field of police cooperation and the fight against organised crime between the Republic of Albania and the EU is envisaged in Articles 4, 82, 84 and 85 of the SAA. Articles 4 and 85 of the SAA provide for cooperation in the fight against illicit trafficking between Albania and the EU. Furthermore, Articles 4 and 82 of SAA provide for cooperation in the fight against money laundering. Also, in Articles 5, 82 and 84 of SAA, cooperation between Albania and the EU in the fight against terrorism is envisaged. Articles 83 and 85 of SAA provide for cooperation in the fight against drugs. Commitments in the area of customs are taken in accordance with the obligations deriving from the Stabilisation and Association Agree-

ment, as provided for in Articles 14, 15, 34, 43 and 97. Finally, cooperation in criminal matters is stipulated in Article 85 of SAA.

Municipalities are responsible for public safety and security (law no. 139/2015). They cooperate with other state institution and local stakeholders, though the Local Council for Safety and Security, to ensure addressing of issues related to violence in the community, unsafe streets, and safer urban environment. They issue permits for public gatherings and ensure that safety and security rules and standards are enforced with a specific focus on the prevention and control of drug cultivation.

They make efforts in the fight against drugs, proactive engagement in the implementation of the plan in fighting cultivation of narcotic plants. They engage the community as opposed to the message of violent extremism, support the individuals deemed to be exposed to extremism and radicalism. They approve the Action Plan for Combating Organized Crime.

Key EU acts relevant to legislation cooperation on justice, freedom, and security

- Council Framework Decision 2004/757/JHA on the constituent elements of criminal acts and penalties in the field of illicit drug trafficking;
- Council Framework Decision 2003/568/JHA combating corruption in the private sector;
- Council Framework Decision 475/2002/JHA on combating terrorism;
- Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims;
- Directive 2011/92/EU on combating the sexual abuse and sexual exploitation of children and child pornography;
- Directive 2013/40/EU on attacks against information systems;
- Council Directive 2004/80/EC to compensation to crime victims;
- Council Framework Decision 2005/212/JHA of 24 February 2005 on Confiscation of Crime-Related Proceeds, Instrumentalities, and Property;
- Council Framework Decision 2005/214/JHA on the application of the principle of mutual recognition to financial penalties;
- Council Framework Decision 2006/783/JHA on the application of the principle of mutual recognition to confiscation orders;

Relevant Albanian legislation on justice, freedom, and security

- The cross-cutting Strategy on the fight against organized crime, illegal trafficking, and terrorism approved with DCM No. 663, dated 17.7.2013.
- Law No. 9642, dated 20.11.2006 “On the ratification of Council of Europe Convention” On the measures against Trafficking of Human Beings”
- DCM No. 195, dated 11.04.2007, “On the approval of Social Care Service Standards, at residential centers, for trafficked or persons at risk”
- Law No. 10192, dated 3.12.2009, “On the prevention and fight against Organized Crime, Trafficking and Corruption through preventive measures against property, as amended. DCM No. 115, dated 17.02.2016 “The Strategic Document for the Social-Economic Reintegration of women and girls Victims/Potential Victims of Trafficking”.
- DCM No. 582 dated 27.07.2011 “On the approval of SOPs for the identification and referral of victims/potential victims of trafficking in persons”
- Law No. 9917 dated 19.05.2008, “On the prevention of money laundering and financing of terrorism”.
- Law No. 8750 date 26.03.2001 “ On the prevention and fight against trafficking of psychotropic substances and narcotics”
- National Strategic Document against the cultivation and trafficking of narcotic plants for the period 2017-2020.
- Law No. 108 dated 28.03.2013 “On Foreigners”
- Law No. 121/2014 “On Asylum in the Republic of Albania”,
- DCM no. 702, dated 08.26.2015 National Strategy of Public Order 2015-2020 and its Action Plan 2015-2017
- DCM No. 247 dated 20.03.2015 National Inter-sectorial Strategy on the fight against Corruption 2015-2020 and its Action Plan
- DCM no. 930, dated 18.11.2015 Strategy against violent extremism,
- National Action Plan 2015-2017 "On preventing and combating trafficking in motor vehicles";
- DCM no. 476, dated 29.06.2016 National Action Plan against trafficking in the cultural property;
- National Action Plan against human trafficking 2018-2020

- DCM No. 663, dated 17.7.2013 Cross-cutting Strategy of the Fight against Organized Crime, Illegal Trafficking and Terrorism, 2013-2020 and the Action Plan 2013-2016, as amended

LGUs are not directly effected by this EU acquis chapter, but at the same time they are responsible for the public security. They make efforts in the fight against drugs, proactive engagement in the implementation of the plan in fighting cultivation of narcotic plants. They engage the community as opposed to the message of violent extremism, support the individuals deemed to be exposed to extremism and radicalism.

SCIENCE AND SCIENTIFIC RESEARCH

(Chapter 25)

The *acquis* in the field of science and research does not require transposition of EU rules into the national legal order. Implementation capacity relates to the existence of the necessary conditions for effective participation in the EU's Framework Programmes. In order to ensure the full and successful association with the Framework Programmes, Member States need to ensure the necessary implementing capacities in the field of research and technological development including adequate staffing. In principle, EU *Acquis* in the field of science and research does not oblige transposition of EU rules into the national legal order.

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Overview

The international dimension is vital for the rapid integration based on principles of excellence and competence in Science, Technology, and Innovation (STI) in the national research system. This enables the introduction of international funding programs in this field. Albania has already experienced international cooperation in broad areas of economic and social development and in higher education, e.x.: EU programs for higher education, like Tempus, Erasmus.

On the other hand, "Quality and Equity in Education" 2006-2011, supported by the European Investment Bank, provided loans for education development through innovation Initiative 2010 and the World Bank. While, The Council of Europe Development Bank, is the evidence of the interest international organizations have in financing scientific research in Albania. Cooperation in a specific field of science, technology, and innovation is still incomplete, although a number of bilateral cooperation agreements for research have been reached. They are symbolically and financially very

important in creating the basis for the exchange of experiences and the creation of common researchers' communities.

Full participation (since 2008) in the "7th Framework Program for Research and Technology Development (FP7)" EU 2007-2013, was the first step of a gradual integration in the European Research Area (ERA), opening a prospect of future funding.

Municipalities need to engage and interact with research institutes within the government agencies on issues related to their legal functions, like environment, forestry, public health, utility services, roads, natural resources. Municipalities are involved in initiatives of Smart cities and are establishing e-government and customer service e-platforms.

Key EU acts relevant to legislation on science and scientific research

- Council Decision 2013/743/EU establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)
- Regulation (EU) No 1287/2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises.
- Regulation (EU) No 1296/2013 on a European Union Programme for Employment and Social Innovation.
- Commission Recommendation on the management of the intellectual property in knowledge transfer activities and Code of Practice for universities and other public research organisations (C(2008)OJ, 1329, of 10.4.2008)
- COM/2012 392 Final Communication from the Commission to the European Parliament, The European Economic and Social Committee and the Committee of the Regions 17 July 2012 on A Reinforced European Research Area-ERA Partnership for Excellence and Growth

Relevant Albanian legislation on science and scientific research

- Law No. 7893, of 22.12.1994 “On science and technology development”.
- Law No. 132/2014 “On ratification of the agreement between the Republic of Albania and European Union regarding the participation of the Republic of Albania in the Framework Programme Horizon 2020- a programme of EU on Research and Innovation”.
- Law No. 61/2015 “On ratification of the Agreement between the Republic of Albania and the European Union regarding the participation of the Republic of Albania in the union programme “Competitiveness of Enterprises and Small and Medium-sized Enterprises-COSME 2014-2020”
- The decision of the Council of Ministers no. 47, dated 29.01.2014 "On establishing the rules for the establishment and functioning of the National Environment Agency and Regional Environmental Agency."
- DCM no. 863, dated 29.07.2009 "On the approval of the Strategy for Science, Technology and Innovation 2009-2015";
- Law no. 10242, dated 25.02.2010 "On the Research Institute for Crimes and Consequences of Communism in Albania”,
- DCM no. 515, dated 19.07.2006 "On the restructuring of the research institutes under the Ministry of Agriculture, Food and Consumer Protection";
- DCM no. 547, dated 09.08.2006 "On the establishment of the National Agency of Natural Resources (NANR)";
- DCM no. 579, dated 23.08.2006 "On the establishment of the Environment and Forestry Agency (EFA)";

90

LGUs are not directly effected by this EU acquis chapter, but at the same time they can collaborate with research institutes and government agencies on the purposes of this chapter.

EDUCATION AND CULTURE

(Chapter 26)

The areas of education, training, youth, and culture are primarily the competence of the Member States. The *acquis* in these fields consists mainly of a cooperation framework through the education and training policies/programs with the aim at converging national policies and the attainment of shared objectives through an open method of coordination, which led to the “Education and Training 2010” program, which integrates all actions in the fields of education and training at European level. With regard to the cultural diversity, Member States need to uphold the principles enshrined in Article 151 of the EC Treaty and ensure that their international commitments allow for preserving and promoting cultural diversity. Member States need to have the legal, administrative and financial framework and implementing capacities in place in order to ensure sound financial management of the education, training, and youth Community programmes (currently Leonardo da Vinci, Socrates, Youth). Moreover, the *acquis* also binds the Member States to facilitate the education of the children of EU migrant workers and to prevent discrimination against EU nationals.

91

Lifelong Learning is one of the European programmes for helping to develop the education and training sector across Europe, which aims to foster mutual understanding, the learning of foreign languages and the use of new technologies.

The aim of EU policy on culture is to encourage cooperation to support and complement actions, which include improving knowledge of culture, conservation, and safeguarding of cultural heritage, and cultural exchanges.

Overview

The obligation to approximate Albania's legislation on education with the EU acquis legislation derives from Article 70 of the SAA, and Article 100 regarding the approximation of legislation on education and training. In the area of culture, Article 101 of the SAA provides: *"The Parties undertake to promote cultural cooperation. This cooperation serves, inter alia, to raise mutual understanding and esteem between individuals, communities, and peoples. The Parties also undertake to cooperate on the promotion of cultural diversity, notably within the framework of the UNESCO Convention on the protection and the promotion of the diversity of cultural expressions"*A set of key legal and procedural improvements in the legislation were undertaken in the area of education and culture. In pre-university education, a series of reforms have been undertaken to improve the quality and various legislative acts have been drafted. DCM No.11 dated 11.01.2016 "On approval of the Strategy of development of university education for 2014-2020" has been approved.

92

In accordance with the Law "On Pre-university Education in the Republic of Albania", as amended, with the aim to further develop policies on education in compliance with EU principles and standards, during the period 1 May- 31 July 2016, Instruction No.14, date 28.07.2016, "For the evaluation of pupils in the pre-university education and secondary education system" has been drafted with the aim to improve pre-university education system.

Municipalities need to develop policies, programmes and carry out activities related to culture, sports, and youth, as well as activities of outside school education, provision of services for early childhood education and support participation of pupils in schools, in order to contribute to the well-being and development of their communities. The municipalities support activities related to knowledge and dissemination of culture, conservation, and safeguarding of cultural heritage, cultural exchanges and artistic and literary development, as well as education through art. They build and maintain physical infrastructure for schools and culture and sports facilities, as well as they, run culture institutions, museums, municipal libraries, and sport's clubs.

Key EU acts relevant to legislation on education and culture

- Resolution of the Council of 16 November 2007 on a European Agenda;
- Communication from the Commission to the Council, Parliament, ECSC and the Committee of the Regions on a European Agenda for Culture (2007);
- Commission Report on the Implementation of the Agenda for Culture (2010);
- Communication from the Commission on promoting culture and creative sectors for growth and jobs in the EU (2012);
- Council Conclusions on Cultural Governance;
- Council Regulation (EU) No. 1295/2013 establishing “Creative Europe”;
- Directive 2014/60/EU on the return of cultural objects unlawfully removed from the territory of a Member;
- Council Regulation (EC) No. 116/2009 on the export of cultural goods;
- Commission Implementing Regulation (EU) No. 1081/2012 on the export of cultural goods.

Relevant Albanian legislation on education and culture

- National Strategy of Pre-University Education
- National Employment and Skills Strategy
- Law no. 139/2015 on local self-government
- Law No. 69/2012 “On Pre-university Education”
- Law No. 8872, dated 29.3.2002, “On Vocational Education and Training amended by Law No 63/2014
- Law no. 9386, dated 04.05.2005 “On museums”.
- Law no. 9048 dated 07.04.2003 “On Cultural Heritage”.
- Law No. 8650, dated 28.07.2000 “On sports”, as amended
- Law No. 117/2014, date 11.09.2014 “For the ratification of the agreement between the Republic of Albania and the European Union for the participation of the Republic of Albania in Erasmus Plus the EU Framework Programme for Education Youth and Sport”
- DCM No.11 dated 11.01.2016 "On approval of the Strategy of development of university education for 2014-2020”

- DCM No. 312, dated 04.27.2016 “On approval of the National Action Plan for Preventing and Combating Trafficking of Movable Cultural Property 2016- 2018”
- DCM No. 297 dated 08.04.2015 “On the way of organization and functioning of the National VET”

LGUs are not directly impacted by this chapter. However they can undertake policies, programmes and carry out activities related to culture, sports, and youth, as well as activities of outside school education, provision of services for early childhood education and support participation of pupils in schools, in order to contribute to the well-being and development of their communities

ENVIRONMENT POLICY

(Chapter 27)

EU environment and climate change policies aim to promote sustainable development, shift to low carbon and resource efficient economy and protect the environment for present and future generations.

The key principles are preventive action, the polluter pays principle, fighting environmental damage at the source, shared responsibility and the integration of environmental and climate change considerations into other EU policies.

The environmental chapter is one of the most ambitious and far-reaching chapters of the EU acquis.

The Acquis comprises over 200 legal acts covering horizontal legislation (including climate change), water and air quality, waste management, nature protection, industrial pollution control, and risk management, chemicals, and genetically modified organisms (GMOs), noise and forestry. For most Member States, the EU legislation on the environment has driven almost 100% of the national environmental policies.

Compliance with the Acquis requires significant investment. A strong and well-equipped administration at the national and local level is imperative for the application and enforcement of the environment Acquis.

Overview

EU environment policy aims to promote sustainable development and protect the environment for present and future generations. The Albanian Constitution considers sustainable development and environment protection as one of the country's main objectives. The Law on Environmental Protection, adopted in 2011, provides the basis for specific legal acts that regulate

different components of environment protection. There are specific laws to regulate the process of environmental impact assessment and strategic environmental assessment, water and air quality, waste management, nature protection, industrial pollution control and risk management, chemicals, etc. Even though Albania is at an early stage of preparations in this field, there has been some advancement in the environment and climate change field. The approximation with the *acquis* has improved, but further efforts are still needed to ensure full approximation with the EU environmental *acquis*.

With a view of improving the quality of public hearings and their participation in decision making, in March 2016, the Regional Environment Agencies (NEA) have signed Memorandums of Understanding with each of the Aarhus Centres in Albania (Aarhus Centre in Tirana, Aarhus Centre in Shkodër and Aarhus Centre in Vlora). These memorandums aim to enhance the cooperation between NEA and Aarhus Centres.

Municipal government role

96 Pursuant to articles 23 and 26 of the law no 139/2015, in the area of environmental protection, the municipalities are responsible for the exercise of the following functions:

1. Production, treatment, transmission, and supply of drinking water
2. Collection, disposal, and treatment of wastewater
3. Collection, disposal, and treatment of solid and domestic waste
4. Collection and disposal of rainwater and protection from floods in the residential areas
5. Implementation of local-level measures to protect the quality of air, soil, and water from pollution
6. Implementation of local-level measures for the protection from acoustic pollution
7. Organization of local-level education and promotional activities related to environment protection.

Building, maintaining and upgrading infrastructure in line with EU standards, for example in the areas of waste management and water treatment, will entail a major investment outlay both prior to accession and for at least

a decade afterward. Implementation of the EU environmental acquis represents a major challenge for local authorities in terms of administrative capacity and financial resources required to meet EU environmental standards. Upgrading infrastructure in line with EU standards, for example in the areas of waste management and water treatment, will entail a major investment outlay both prior to accession and for at least a decade afterward. These fundamental effects of the EU environmental policy calls for timely preparation of local authorities and awareness of their role in the approximation process.

Municipalities are involved in spatial planning; environmental planning (e.g. air quality, waste management, forests, flood plans, river basin management plans), provide environmental services (e.g. waste collection, treatment, and disposal; water supply; sewage collection and treatment), they own the utility infrastructure and make the necessary investments (EU standards apply in service delivery and infrastructure building), provide permits, are involved in surveillance and law enforcement, conduct monitoring and reporting.

With regard to the horizontal legislation, it is more procedural, providing for methods and mechanisms aimed at improving decision making and legislative development and implementation. Local governments have a very important role in the implementation of the Strategic Environmental Assessment procedure and in meeting the obligations for public access to information and participation in environmental decision making, especially in relation to the processes that need a Strategic Environmental Assessment for big public projects. The Environmental Impact Assessment (EIA) Directive 2011/92/EU requires an environmental assessment to be carried out for certain projects which are likely to have a significant impact on the environment. It must be conducted before consent for development is given and this applies to projects proposed by the public as well as private organisations or individuals. The assessment is obligatory for projects listed in Annex I of the Directive, while projects listed in Annex II are not automatically assessed, but it is up to the member states to subject them to an environmental impact assessment on a case-by-case basis.

Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment, i.e the Strategic Environmental Assessment (SEA) Directive, establishes a framework for assessing the effects of certain plans and programmes on the environment, including local and regional plans e.g. for land use, waste, transport.

Directive 2003/4/EC on public access to environmental information and Directive 2003/35/EC providing for public participation in respect of drawing up certain plans and programs relating to the environment aim at bringing high level transparency to the decision-making process at the planning level. The information contained within the environmental assessment and the information received during mandatory consultations with relevant environmental authorities and the public must be taken into consideration before the plan or program is allowed to be initiated. Thus, it must be ensured that the public is informed about plans and programmes and the right to provide feedback/comments.

Air Quality and Climate Change

98 Implementation of the Air Quality Directive together with the Heavy Metals Directive represent a major challenge for the candidate countries since the overall cost for implementation will be relatively high. Setting up the network of air quality monitoring stations and associated quality assurance equipment for assessment and classification, as well as systems for the management, planning, regulation, and enforcement of air quality, will require capital investments and a lot of training both by the national and local competent authorities.

EU legislation does not stipulate the division of powers and responsibilities between national, regional and local administration. However, for example, an inspection of small air pollution sources, verification of compliance with technical standards and monitoring of local air monitoring stations, are to be undertaken at the local level. Municipalities need to install local networks of measurement stations in order to monitor the air quality, as well as drawing up air quality monitoring programmes.

The Air Quality Directive (Directive 2008/50/EC) focuses on the maintenance and improvement of air quality with respect to the following pol-

lutants: sulphur dioxide, nitrogen dioxide, oxides of nitrogen, suspended particulate matter (PM 10 and PM 2.5), lead, ground-level ozone, benzene, and carbon monoxide.

Municipalities of Albania are responsible for drafting local action plans for the improvement of the environment air quality; (ii) discharges into the air in compliance with European standards; (iii) strengthening collaboration with line institutions for the integration of air quality policies in their local strategies. They have to approve and ensure data collection, analysis, and reporting and provide periodic and timely information to the citizens on the quality of air.

Waste Management

The Albanian legislation on waste management (referred to Directive 2008/98/EC on waste) promotes the waste management hierarchy, dealing with generation and management of waste i.e waste management strategies must aim primarily to prevent the generation of waste and to reduce its detrimental effect. The municipalities of Albania are responsible for providing integrated waste management plans of municipal waste and implement the principles of contemporary methods stated in the National Plan, i.e preventing, reducing, recycling and disposing of waste, the latter meaning the waste should be disposed of as close to the source as possible.

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The municipalities of Albania are responsible for the treatment and disposal of municipal solid waste (Council Directive 1999/31/EC of the landfill of waste and construction waste) at all development stages, such as design, implementation of works and management of regional sanitary landfills and urban waste incineration plants, by setting rules, techniques and methods of treatment, at each stage, including the separation at source, collection, transportation, recycling, treatment and disposal which lead to waste and the reduction of its impact. They have to approve the integrated waste management plans, ensure data collection, analysis, and reporting.

The Landfill Directive provides for measures, procedures, and guidance to prevent or reduce the negative effects on the environment, and the risks to human health, from the landfilling of waste. Landfills for non-hazardous waste must be used for municipal waste and for non-hazardous waste. The

operator of the landfill should ensure that its charges cover full costs in relation to the setting up, functioning, closure and aftercare of the landfill site.

Law No. 44/2019“On some amendments to Law No. 7895, dated 27.1.1995, ‘Penal Code” and approximated partially with Directive 2008/99/KE has set additional legal sanctions against abuse with waste management.

Water Management, Water is considered as one of the most comprehensively regulated areas of EU environmental legislation. EU provisions (mainly the Water Framework Directive 2000/60/EC and the Floods Directive 2007/60/EC, the latter covering floods, both along rivers and coastal areas, urban and sewer floods), govern basically every kind of water body, both in terms of maintaining sufficiently good water status quality and of restricting and controlling activities that can adversely affect water bodies.

The municipalities of Albania are responsible for the provision of quality drinking water to the population, provision of waste water collection and treatment.

100 With regard to the provision of drinking water for human consumption(referred to Council Directive 98/83/EC on the quality of water intended for human consumption) they are responsible that the water intended for human consumption be consumed safely on a life-long basis, ensure that drinking water quality is controlled through the latest scientific standards , making regular checks of the quality of drinking water, ensure efficient and effective monitoring, assessment and enforcement of drinking water quality and provide the consumers with adequate, timely and appropriately information.

The municipalities of Albania are also responsible for waste water collection, treatment, and discharge (referring to Council Directive 91/271/EEC on urban waste water treatment). According to this directive, the collecting systems must be supplied for all agglomerations with a population equivalent (PE) of 2,000 or greater, and that the collecting systems must take into account the requirements for waste water treatment. It should be noted here that the implementation of the Urban Waste Water Treatment Directives recognized as one of the most challenging and expensive tasks throughout the range of EU environmental legislation. Municipalities have

to approve the water management plan, ensure data collection, analysis and reporting.

Nature Protection, municipalities play an important role and are a strategic partner for issues related to administration of habitats and forest ecosystems and wild fauna, they manage municipal owned forests and pastures, control constructions in protected areas.

Industrial Pollution control and risk management, municipalities are responsible to notify cases of pollution or risk of pollutions, as well as participate in risk management activities.

Chemicals, municipalities should notify on hazardous substances and explosives, and define difficult or dangerous jobs, as well as the list of hazardous substances in order to ensure health protection and safety at work for municipal staff and facilities.

Forestry, they are responsible for planning and the management of forestry and pastures fund in their administrative territory.

Noise in the Environment, they are responsible for the development and enforcement of local plans, rules, task force decisions, established for acoustic pollution in urban areas and coastal touristic areas.

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Key EU acts relevant to Environment Policy Horizontal legislation

- Directive 2004/35/EC on environmental liability, prevention and remedying of environmental damage”; as amended
- Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment”;
- Directive 2011/92 / EU on the assessment of environmental impacts caused by public and private projects", as amended
- Directive 2003/35/EC on public participation in respect of the drawing up of certain plans and programmes relating to the environment
- Directive 2003/4/EC on public access to environmental information and repealing Council Directive 90/313/EEC;
- Council Decision 2005/370/EC of on behalf of the European Commu-

nity, of the Convention on access to information, public participation in decision-making and access to justice in environmental matters.

Air quality

- Directive 2008/50/EC on ambient air quality and cleaner air for Europe
- Council Directive 96/62/EC on ambient air quality assessment and management;
- Directive 2004/107/EC relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air;
- Directive 2001/81/EC on National Emission Ceilings for certain atmospheric pollutants amended by Directive 2006/105/EC and Regulation (EC) 219/2009;
- Council Decision 2000/541/EC of 6 September 2000 on criteria for assessing national plans according to Article 6 of Council Directive 1999/13/EC
- Council Directive 70/220/EEC relating to measures to be taken against air pollution by emitted gases from positive-ignition engines of motor vehicles;

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Water

- Directive 2000/60/EC (WFD) 'Water Framework, as amended by Decision 2455/2001/EC and Directives 2008/32/EC, 2008/105/EC, 2009/31/EC, and 2013/39/EU"
- Directive 91/271/EEC 'On urban waste water treatment "
- Directive 98/83/EC 'On the quality of water for human consumption (as amended by Regulations (EC) No 1882/2003 and (EC) No 596/2009)"
- Directive 2006/7/EC 'Management of bathing water quality"
- Directive 2007/60/EC 'Assessment and management of flood risks"
- Directive 2008/105/EC 'Environmental Quality Standards "
- Directive 2009/90/EC 'On technical specifications for chemical analysis and monitoring of water status "
- Directive 2006/118/EC 'Protection of groundwater against pollution and deterioration"
- Directive 91/676/EEC 'Protection of waters against pollution caused by nitrates from agricultural sources "

- Directive 2013/39/EU amending Directives 2000/60/EC and 2008/105/EC ‘Priority substances in the field of water policy
- Directive 2008/56/EC ‘Marine Framework Strategy’

Waste

- Directive 2008/98/EC on waste;
- Directive 86/278/EEC on the protection of the environment, and in particular of the soil, when sewage sludge is used in agriculture;
- Directive 2006/66/EC on batteries and accumulators and waste batteries and accumulators,
- Directive 94/62/EC on packaging and packaging waste
- Directive 2000/53/EC on end-of-life vehicles
- Directive 2002/96/EC on waste from electrical and electronic equipment
- Council Directive 1999/31/EC of 26 April 1999 on the landfill of waste
- Directive 2006/21/EC on the management of waste from extractive industries
- Regulation (EC) No 2150/2002 on waste statistics;

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Nature Protection

- Directive 2009/147/EC on the conservation of wild birds;
- Council Directive 92/43/EEC on the conservation of natural habitat and of wild fauna and flora;
- Council Directive 1999/22/ EC keeping of wild animals in zoos;
- Council Regulation EC/338/97 on the protection of species of wild fauna and flora by regulating trade therein, as amended by Regulation EC/865/2006

Industrial Pollution Control, Risk Management

- Directive 2010/75/EC on industrial emissions;
- Regulation (EC) 166/2006 Registry of Pollutant Release and Transfer;
- Regulation (EC) 66/2010 on EU ECOLABEL;

Chemicals

- Regulation (EC) No 1102/2008 on the banning of exports of metallic

mercury and certain mercury compounds and mixtures and the safe storage of metallic mercury;

- Council Directive 87/217/EEC on the prevention and reduction of environmental pollution by asbestos as amended by Directive 91/692/EEC and Regulation (EC) 807/2003
- Regulation (EC) 649/2012 concerning the export and import of dangerous chemicals
- Directive 2010/63/ on the protection of animals used for scientific purposes.

Noise

- Directive 2002/49/EC on the assessment and management of environmental noise.
- Council Directive 70/157/EEC permissible sound level and the exhaust system of motor vehicles, as amended
- Directive 97/24/EC on certain components and characteristics of two or three-wheel motor vehicles, as amended

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Forestry

- Regulation (EC) No. 2152/2003 monitoring of forests and environmental interactions in the Community; Commission Regulation (EC) No. 1737/2006 monitoring of forests and environmental interactions in the Community;
- Council Regulation (EEC) No. 1615/89 establishing a European Forestry Information and Communication System (Ethics);
- Regulation (EU) No. 995/2010 obligations of operators who place timber and timber products on the market.

Climate change

- (*Monitoring mechanisms*) Council Decision 2002/358/EC concerning the approval, on behalf of the European Community, of the Kyoto Protocol on Climate Change; Commission Decision of 14 December 2006 determining the respective emission levels allocated to the Community and each of its Member States under the Kyoto Protocol pursuant to Council Decision 2002/358/EC
- (*Fuel Quality*) Directive 98/70/EC of the European Parliament and of

the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC;

- *(CO2 emissions from cars and vans)* Directive 1999/94/EC of the European Parliament and of the Council of 13 December 1999 relating to the availability of consumer information on fuel economy and CO2 emissions in respect of the marketing of new passenger cars; Regulation (EC) No, 443/2009 of the European Parliament and of the Council setting emission performance standards for new passenger cars as part of the Community's integrated approach to reduce CO2 emissions from light-duty vehicles;
- *(Forests and Agriculture)* Decision No 529/2013/EU of the European Parliament and of the Council on accounting rules on greenhouse gas emissions and removals resulting from activities relating to land use, land-use change and forestry and on information concerning actions relating to those activities.

Relevant Albanian legislation on Environment Policy

Horizontal legislation

- Law No 10431, dated 09.06.2011 “On environment protection”, as amended
- Law No 91, dated 28.02.2013 “On Strategic Environmental Assessment (SEA)”;
- Law No 8672, dated 26.10.2000 “On the Aarhus Convention Ratification on the public right to information, to participate in decision-making and to have access to justice in environmental matters”
- Law No 119/2014, dated 18.09.2014, “On the right to information”;
- DCM No 994, dated 02.07.2008 “Public Participation in Environmental Decision Making”;
- DCM No 219, dated 11.03.2015 "On establishing the rules and procedures for consultation with stakeholders and the public, and public hearing during the process of strategic environmental assessment";
- DCM No 686, dated 29.07.2015 "On approval of rules, responsibilities, and deadlines for procedure development of environmental impact assessment (EIA) and the procedure of transfer of the decision of the environmental statement"
- Ministerial Order No.1, dated 03.03.2009 “For the duties of environmental entities to ensure the public participation and environmental

NGOs in the process of environmental impact assessment”

- DCM No 620, dated 07.07.2015 "On approval of rules, responsibilities and detailed procedures for strategic environmental assessment in a transboundary context";

Air quality and Climate change

- Law No. 162, dated 04.12.2014 “On the Protection of Air Quality”
- Draft Law “On climate changes”,
- Draft DCM No. 352, dated 29.04.2015 “On ambient air quality assessment and the requirements regarding certain pollutants”
- DCM. 594, dated 10.09.2014 "On the National Strategy on Air Quality in the Environment"
- DCM No 865, dated 10.12.2014 "On reduction and stabilization of fluorinated greenhouse gas emissions"
- DCM No 147, dated 21.03.2007, “On fuel quality, petrol and diesel”
- Strategic Document and Action Plans to Mitigate Greenhouse Gases and Adaption to Climate Change

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Water

- Law No 111 dated 15.11.2012 on ‘ On Integrated Water Resources Management’;
- Law No 9103, dated 10.7.2003, “On the Protection of Trans-boundary Lakes ”;
- Law No 30/2013 dated 13.02.2013 amending Law No 8905, dated 06.06.2002 “On the Protection of the Marine Environment from pollution and deterioration”
- Law No. 29/2014 on “Accession of the Republic of Albania to the amendments of the Helsinki water convention”
- DCM No. 342, dated 4.05.2016 “On approval of territorial and hydrographic boundaries of water basins in the Republic of Albania and centre and composition of their council”;
- DCM No. 662, dated 21.09.2016 “On approval of tariffs of drinking water and liquid discharges
- Law No. 34/2013 amending Law No 9115, dated 24.7.2003, “On the environmental treatment of Wastewater”;
- Law No 8102 dated 28.3.1996 “On the regulatory framework for the

water supply and wastewater Disposal and treatment sector”;

- Law No 9915 dated 12.05.2008 “On amendments and changes to Law No 8102 dated 28.03.1996 “On the regulatory framework for the water supply sector and wastewater Disposal and treatment”;
- DCM No 177 dated 31.03.2005 “On the norms allowed for liquid discharge and zoning of the receiving aquatic environment”;
- DCM No. 643 dated 14.09.2011 “On the approval of the national strategy on water supply and sewerage services”;
- DCM No. 1304 dated 11.12.2009 “On the approval of the model regulation on water supply and sewerage”;
- DCM No. 63, dated 27.01.2016 “On the reorganization of operators providing water supply service and sewerage services”;
- DCM No. 504, dated 06.07.2016 “On the establishment of the National Agency of Water Supply and Sewerage”.
- DCM No. 379, dated 25.5.2016 “On the adoption of the regulation “Drinking Water Quality”.
- Law No. 9863, date 28.1.2008 “On food”
- DCM No. 835 dated 30.11.2011 “On the approval of hygienic and sanitary regulation of swimming pools”;
- DCM No. 797 dated 29.09.2010 ”On the approval of hygienic-sanitary regulation for managing of the bathing water quality”
- Law No. 9860 dated 21.01.2008 amending Law No 8518, dated 30.7.1999 “On Irrigation and Drainage”;
- DCM No. 835 dated 3.12.2004 “On the National Plan on Civil Emergencies”
- Law on Water, Rulebook on the establishment of the methodology for the preparation of flood hazard and flood risk maps
- DCM No. 246, dated 30.04.2014 “On the definition of environmental quality standards for surface waters”
- DCM No. 267, dated 07.05.2014 "On the approval of the list of priority substances in aquatic environment”
- National Strategy for Water Resources Management

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Water

- Law No. 10463, dated 22.09.2011 “On integrated waste management”;
- DCM No. 765 dated 07.11.2012 “On the approval of rules for separa-

tion collection and treatment of used oils”;

- DCM No. 117, dated 13.02.2013 "On establishing criteria determining when certain types of scrap metal cease to be waste";
- DCM No. 229, dated 23.04.2014 "On approval of rules for the transfer of non-hazardous waste and the document for the transfer of non-hazardous waste ";
- DCM No. 371, dated 11.06.2014 "On approval of rules for delivery of hazardous waste and their submission document";
- DCM No. 418, dated 25.06.2014 "For the separate collection of waste at source”;
- DCM No. 608, dated 17.09.2014 "On defining the necessary measures for the collection and treatment of bio-waste and the criteria and deadlines for reducing them";
- DCM No. 641, dated 01.10.2014 "On approval of rules for the export of waste and transit of non-hazardous and inert waste "
- DCM No. 652, dated 14.09.2016 “On rules and criteria for the management of waste from used tires”.
- DCM No. 177, dated 06.03.2012 “On packaging and their waste”.
- DCM No. 452, dated 11.07.2012 “On waste landfills”.
- DCM No.178, dated 06.03.2012 “On waste incineration”.
- DCM No. 705, dated 10.10.2012 “On management of waste by end of life vehicles”.
- DCM No. 866, dated 4.12.2012 “On batteries, accumulators and their waste”.
- DCM No. 957, dated 19.12.2012 “On electrical and electronic equipment waste”.
- DCM No. 687, dated 29.07.2015 "On approval of rules for maintaining, updating and publication of waste statistics "
- Strategy on integrated waste management and its action plan 2011-2025
- Draft strategy on Integrated Waste Management 2018-2033

Nature Protection

- Law No. 9587, dated 20.7.2006 “On biodiversity protection”;
- Law No. 8906, dated 6.6.2002“On protected areas”, amended;
- Law No. 10 006, dated 23.10.2008; “On wild fauna protection”;

- Law No. 10253, dated 11.3.2010 “On hunting”;
- Law No. 69/2014 "For some amendments in the Law no. 9587, dated 07.20.2006 "For the biodiversity protection", as amended;
- DCM No. 546, dated 7.7.2010 “On the hunting season in the Republic of Albania”;
- DCM No. 547, dated 7.7.2010 “On the approval of the list of huntable species”.
- Minister Order No 62, dated 04.04.2016 “ On approval of especially vulnerable wild species list”

Industrial Pollution Control, Risk Management

- Law No. 10448, dated 14.07.2011 “On Environmental Permits”;
- DCM No. 419, dated 25.06.2014 “On approval of the special requirements for the review of environmental permit applications of Type A, B and C, for the transfer of permits from one subject to another, the conditions for the respective environmental permits, as well as detailed rules for their review by the competent authorities until the issuance of these permits by NLC”
- DCM No. 372, dated 18.5.2016 “On approving the rules of communication, bilateral consultation and decision-making on the environmental permits of A type, functioning of the installation placed in the territory of the Republic of Albania and that has real possibilities to generate considerable negative effects on the environment of another country or immediately after required by this country”
- DCM No. 220, dated 11.03.2015 "On approval of the procedure and requirements for equipment with Ecolabel, manner of issuance, use and its validity, the composition and functioning of the commission to issue Ecolabel, the participation of individuals, associations and public authorities in the procedure of the Ecolabel”,
- DCM No. 742, dated 09.09.2015 "On functioning and management of the pollutant release and transfer register”
- DCM No. 633, dated 15.07.2015 "On approval of procedures and requirements for granting auditing and eco-management schemes ”.
- Action Plan for the Implementation Obligations Arising from Industrial Accidents Convention

On Chemicals

- Law No. 9108, dated 17.07.2003, “On Chemical Substances and Preparations”
- Law No. 27, dated 17.03.2016 “On chemicals management”;
- Law No. 95/2015 dated 17.9.2015 “On services and biocidal products in public health”
- DCM No. 824, dated 11.12.2003 “On the classification, packaging, labelling and safely preserving dangerous substances and preparations”;
- DCM No. 488, dated 17.03.2016 "On the classification, labelling and packaging of chemicals";
- DCM No. 665, dated 21.09.2016 "On the Import and export of hazardous chemicals";
- Decision no. 360, dated 04.29.2015 "On the approval of the list of persistent organic pollutants and determination of measures for the production, importation, placing on the market and their use".
- DCM No. 487, dated 29.06.2016 “On biocide products classification”
- National Action Plan on Phasing out from Use and Elimination of Persistent Organic Pollutants”

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Noise

- Law No. 9774, dated 12.07.2007 “On the assessment of noise pollution ”;
- Joint Guidance No 8, dated 27.11.2007 “On the noise limit values in certain environments”;
- Order of Minister No 1, dated 07.01.2013 “ On the minimum requirements for the strategic noise mapping”
- Order of Minister No 2, dated 07.01.2013 “On the indicators, assessment , rules and technical methodological requirements on the noise value assessment, as well as for the performed interventions verification for the improvement and resolving of the situation”

Forestry

- Law No. 36 dated 14.2.2013 “On Forests and Forestry Service” as amended;

The requirements of this extensive and voluminous chapter impacts largely LGUs in Albania and drives a lot of their environmental policies. The municipal governments in Albania are impacted largely on water, waste management, sewage collection and treatment, forestry, air quality, noise, nature protection, with heavy financial implications resulting from the infrastructure investments and upgrade and standards' compliance, both foreseen to have a significantly effect on the increase the of fee levels. Given this level of impact the LGUs in Albania must have this acquis chapter as a road map to develop and implement the their medium and long term policies, strategies and plans on the environment area..

CONSUMER AND HEALTH PROTECTION

(Chapter 28)

The consumer protection acquis covers the interests of EU citizens as regards consumer policy, notably safety and economic interests and public health. Member States need to transpose the acquis into national law and to put in place independent administrative structures and enforcement powers which allow for effective market surveillance and enforcement of the acquis. Appropriate judicial and out-of-court dispute resolution mechanisms as well as consumer information and education and a role for consumer organisations should be ensured as well.

- 112 The acquis in the area of consumer protection covers aspects related to consumer general product safety, unfair commercial practices sale of consumer goods, associated guarantees, unfair contract terms, price indications, consumer credit, misleading and comparative advertisements, package travel, injunctions, etc.

Overview

In general, the Albanian legal framework that provides for the protection of consumers' rights has ensured full approximation with relevant EU directives and clearly designates the appropriate institutional framework for the enforcement of this legislation.

In the public health area, the most important legislative achievements are in the area of health protection from tobacco products, mental health, blood transfusion services, and in the area of transplantation of tissues, cells and organs. Additionally, Albania has adopted several strategies and action plans in the area of public health.

Municipalities need to inform consumers and raise awareness on consumer protection and public health.

Consumer information and education; trading standards and licencing taxis; specific binding rules in the area of public health; awareness raising campaigns in order to educate consumers and target consumers groups; public markets surveillance.

With regard to health protection, municipalities have impact on local policies on social protection, safety at work, environment, territorial planning and regulation, including transport and communications, road safety, food safety and nutrition, drinking water quality, infectious diseases preparedness and response, strategic management of environmental factors, climate change, migration and health and social inclusion, use of drugs by youth and children.

Key EU acts relevant to legislation on consumer and health protection

- Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights,
- Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes
- Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees
- Directive 98/6/EC of the European Parliament and of the Council of 16 February 1998 on consumer protection in the indication of the prices of products offered to consumers
- Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising (codified version) (Text with EEA relevance)
- Directive 2001/20/EC of European Parliament and of the Council of 4 April 2001 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the implementation of good clinical practice in the conduct of clinical trials on medicinal products for human use
- Directive 2014/40/EU of the European Parliament and of the Coun-

cil of 3 April 2014 on the approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco and related products and repealing Directive 2001/37/EC (Text with EEA relevance)

- Directive 2003/33/EC of the European Parliament and of the Council of 26 May 2003 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the advertising and sponsorship of tobacco products
- Directive 2002/98/EC of the European Parliament and of the Council of 27 January 2003 setting standards of quality and safety for the collection, testing, processing, storage and distribution of human blood and blood components and amending Directive 2001/83/EC

Relevant Albanian legislation on consumer and health protection

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- Laws No. 9902, dated 17.04.2008, “On Consumer Protection”, amended by Law No. 10444 of 14.07.2011
- “Strategy on consumer protection and market surveillance 2020” approved by the DCM No. 753, dated 16.09.2015
- Albanian National Health Strategy, 2017-2020
- Action Plan for Mental Health Services Development in Albania, 2013 – 2022
- National Drugs Strategy 2016-2020
- Law No. 93/2015 “On Tourism”, , dated 27.07.2015
- Law No. 10480 of 17.11.2011 “On General Safety of Non-food Products”
- Law No. 9636, dated 6.11.2006, “On Health Protection from Tobacco Products”
- Law No. 15/2016, dated 10.03.2016 “On preventing and fighting infections and infectious diseases”
- Law No. 9518, dated 18.04.2006 on “ On the Protection of Minors from Alcohol”
- Law No.44/2012 “On Mental Health”
- DCM No.65, of 21.01.2009 “On package travel contracts”
- DCM No. 36, dated 20.1.2016 “On the establishment, organization and functioning of the State Inspectorate for Market Supervision”

The implementation and enforcement of consumer and health protection policies require adequate administrative capacities and infrastructure at national, regional and local level. As regards consumer protection, this refers to effective market surveillance and appropriate independent judicial and out-of-court dispute resolution mechanisms, as well as informing and educating the consumer and ensuring a role for consumer associations.

CUSTOMS UNION

(Chapter 29)

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The customs union acquis consists almost exclusively of legislation which is directly binding on the Member States. It includes the EU Customs Code and its implementing provisions, the combined nomenclature, common customs tariff and provisions on tariff classification, customs duty relief, duty suspensions and certain tariff quotas, and other provisions such as those on customs control of counterfeit and pirated goods, drugs precursors, export of cultural goods as well as on mutual administrative assistance in customs matters and transit. Member States must ensure that the necessary implementing and enforcement capacities, including links to the relevant EU electronic customs systems, are in place. The customs services must also ensure adequate capacities to implement and enforce special rules laid down in related areas of the acquis such as external trade.

Overview

Commitments in the area of customs are taken in compliance with the obligations arising from the Stabilization and Association Agreement, articles 13, 14, 15, 34, 43, 86 and 97. The Albanian Customs Administration has made progress in approximating Customs legislation with the EU acquis. The Law No. 102/2014, on “Customs Code of the Republic of Albania” was approved on 31.07.2014. This Law is partially aligned with the Regulation of the European Parliament and Council No. 952/2013 “Union Customs Code”

The Albanian Customs Administration has updated the nomenclature of goods in line with the 2016 version of EU Combined Nomenclature. There are certain approved acts concerning the marking and monitoring of fuels, prohibition of waste’s import, domestic security policies in Customs IT System.

Municipalities are affected in case of waste import, the main destinations of which are the waste incinerators.

Key EU acts relevant to legislation on customs union

Regulation No. 1186/2009, dated 16.11.2009, on exemptions from customs duties.

- Council Regulation (EEC) 2658/87 “On tariff and statistical nomenclature and common customs tariff”;
- Regulation (EC) 1186/2009, On exemptions from customs duties”;
- Directive 2007/74/EC of European Council ”On exemption from VAT and excise for goods imported by travellers”;
- Commission Regulation, amending Addendum I of the Council Regulation (EEC) no. 2658/87 on Tariff and Statistic Nomenclature and on Common Customs Tariff;
- Council Directive 2003/96/EC, restructuring the Community framework for the taxation of energy products and electricity;
- Directive 92/84/EEC, on the harmonization of the structures of excise duties on alcohol and alcoholic beverages;
- Directive 92/12/EEC on General arrangements for, and the holding and movement of, products subject to excise duty;
- Regulation no. 608/2013 concerning the implementation of Intellectual Property Rights in customs;

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Relevant Albanian legislation on customs union

- Law No. 102/2014, dated on 31.07.2014 “Customs Code of the Republic of Albania”
- DCM No. 1089, dated 28.12.2015 “On adoption and official publication of Combined Nomenclature of Goods for year 2016”

EXTERNAL RELATIONS

(Chapter 30)

The *acquis* in this field consists mainly of directly binding EU legislation which does not require transposition into national law. The EU legislation results from the EU's multilateral and bilateral commercial commitments, as well as from a number of autonomous preferential trade measures. In the area of humanitarian aid and development policy, Member States need to comply with EU legislation and international commitments and ensure the capacity to participate in the EU's development and humanitarian policies. Applicant countries are required to progressively align its policies towards third countries and its positions within international organisations with the policies and positions adopted by the Union and its Member States.

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Overview

The Stabilisation and Association Agreement (SAA) includes a core trade part establishing a free trade area between Albania and EU. Apart from economic and trade relations, the external relations chapter of the EU *acquis* also covers cooperation and assistance in terms of development policy and humanitarian aid. In the area of development policy and humanitarian aid, Member States need to comply with EU legislation and international commitments and ensure the capacity to participate in the EU's development and humanitarian policies.

Municipalities need to participate in the implementation of humanitarian aid, providing the required funding and staff.

Key EU acts relevant to legislation on external relations

- Regulation (EC) No. 428/2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items amended;

- Regulation (EC) No. 260/2009 on common rules for imports amended;
- Regulation (EC) No. 1225/2009 on protection against dumped imports from non-EU countries amended;

Relevant Albanian legislation on external relations

- Law No. 9900, dated 10.04.2008 "On the State Material Reserves"
- Law No. 9796 of 23/07/2007 "On Antidumping and Countervailing Measures"

LGUs are partly effected by this chapter, especially when it comes to humanitarian aid, when they have to provide for staff and funding.

FOREIGN, SECURITY AND DEFENCE POLICY

(Chapter 31)

The common foreign security policy (CFSP) and the European security and defence policy (ESDP) are based on legal acts, including legally binding international agreements, and on political documents. The *acquis* consists of political declarations, actions and agreements. Member States must be able to conduct political dialogue in the framework of CFSP, in order to align with EU statements, take part in EU actions and to apply agreed sanctions and restrictive measures. Applicant countries are required to progressively align with EU statements, and to apply sanctions and restrictive measures when and where required.

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Overview

The European integration of Albania is considered a strategic objective and a guarantee for peace, stability and prosperity in the region. Albania provides an active contribution to peace and stability and firmly stands in the fight against violent extremism, terrorism and the phenomenon of foreign terrorist fighters.

Albania has joined the Global Coalition against ISIL in 2014 and has supported allies and partners since the beginning of the common fight against international terrorism.

Albania has continued to pursue its political dialogue with the EU on foreign security policy issues. As regards CFSP, Albania has complied 100% with all the stances of European Union and Council decisions. This was confirmed also in the 2016 EC Report on Albania.

Albania, being part of the coalition efforts is ranked among countries with tangible contribution. The European integration of Albania is considered a

strategic objective and a guarantee for peace, stability and prosperity in the region and wider.

In its efforts to counter violent extremism and stop the flow of terrorist fighters, Albania has taken concrete legislative, administrative and security measures, to prevent participation of its citizens in conflicts and overseas wars.

Municipalities are responsible to support safety and security in their communities, (law no. 139/ 2015) and contribute to the reintegration of people involved in terrorist activities, as well as raise awareness against terrorist activities, participation of citizens in conflicts and overseas wars and recruitment of foreign terrorist fighters.

Key EU acts relevant to legislation on foreign, security and defence policy

Directive 91/477/EEC

Relevant Albanian legislation on foreign, security and defence policy

Law No. 157/2013 “On the measures against terrorism financing”

Law No. 74/2014 “On Weapons”

The National Security Strategy of the Republic of Albania

LGUs are not direct subject of this chapter. They are effected when it comes to safe and security of their communities.

FINANCIAL CONTROL

(Chapter 32)

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The acquis under this chapter relates to the adoption and implementation of legal and institutional measures based on internationally recognised frameworks and standards, as well as EU good practice, on public internal financial control (PIFC), based upon the principle of decentralised managerial accountability. PIFC should apply to the internal control systems of the entire public sector, in particular as regards national and EU income and spending. Moreover, the acquis requires the existence of effective and transparent management and control systems, including accountability arrangements for the achievement of the objectives; functionally independent internal audit; the relevant organisational structures, including central co-ordination of PIFC development across the public sector. This chapter also requires an institutionally, operationally and financially independent external audit institution that implements its audit mandate in compliance with the standards of the International Organisation of Supreme Audit Institutions (INTOSAI) and reports to the parliament on the use of public sector resources. In addition, this chapter also covers the protection of the EU's financial interests against fraud in the management of EU funds and the protection of the euro against counterfeiting.

Overview

The obligation to approximate Albanian legislation on Financial Control with European Union legislation derives from Articles 70, 85 and 90 of the SAA. Albania has already in place the necessary legal framework for a functional public internal financial control (PIFC) system. The external audit function is covered by Albania's Supreme Audit Institution (ALSAI),

Municipalities build and maintain their financial management and control system, conduct risk assessment for their financial situation, and have

established their internal audit, while they can be audited by external audit, being it the Albanian State Audit Institution (ALSAI) and/ or independent auditors.

Key EU acts relevant to legislation on Financial Control

- Regulation No. 537/2014 of the European Parliament and of the European Council of 16 April 2014 on “Specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC”
- Council Regulation (EC) No. 1338/2001 of 28 June 2001 laying down measures
- Council Regulation (EC) No. 1338/2001 of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting;

Relevant Albanian legislation on Financial control

- DCM No. 908, dated 17.12.2014 “On approving the PFM Strategy 2014-2020”
- Law No.112/2015, dated 15.10.2015 “On Public Financial Inspection”
- Law No. 8270, dated 23.12.1997 "On the State Supreme Audit Institution";
- Law No. 154/2014, dated 27.11.2014, “On the organization and functioning of the State Supreme Audit institution”.
- DCM No. 908, dated 17.12.2014 “On the Albanian Public Finance Management Strategy”
- Order of the Minister of Finance and Economy no. 94, dated 27.03.2018 “On financial reporting of the water utilities in the Republic of Albania”

FINANCIAL AND BUDGETARY PROVISIONS

(Chapter 33)

This chapter covers the rules on the financial resources necessary for funding the EU budget ('own resources'). These resources are made up mainly from contributions from Member States based on traditional own resources from customs duties, agricultural duties and sugar levies; a resource based on value-added tax; and a resource based on the level of gross national income. Member States must have appropriate administrative capacity to adequately co-ordinate and ensure the correct calculation, collection, payment and control of own resources. The *acquis* in this area is directly binding and does not require transposition into national law.

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Overview

Albania has a national VAT system, custom tariffs are applied on imports and it uses ESA 95 methodology for calculations of the GDP.

Based on Article 155 of the Constitution of the Republic of Albania, "Fees, taxes and other financial obligations, national and local, reductions or exemptions of certain categories of taxpayers from paying them as well as the method of their collection are provisioned by law. In such cases, the law may not have retroactive effect".

Collecting, accounting and control procedures for custom duties, import taxes and excise are carried out by the General Directorate of Customs (GDC). Customs Administration of Albania consists on General Directorate of Customs and Customs Branches at regional level. It is a subordinate institutions of the Ministry of Finance and Economy under its supervision. The Albanian Customs Administration has advanced in its approximation of customs legislation with the EU legislation.

Municipalities prepare and execute their annual and medium term budgets, and approve the fiscal package and collect taxes, fees and charges to generate revenues and incur expenses. In doing so, the municipalities have to establish a linkage between local policies and budgets, as well as increase the efficiency and effectiveness of the use of the budgetary funds. They have to conduct the mid-term planning process in full harmonisation and compliance with other strategic documents, as part of the core concepts of the Integrated Planning System.

Key EU acts relevant to legislation on financial and budgetary provisions

- Directive 2006/112/CE on Value Added Tax
- Regulation No. 952/2013 “Union Customs Code”

Albania’s relevant legislation on financial and budgetary provisions

- Law No. 8449, dated 27.1.1999, “Customs Code of the Republic of Albania”, as amended;
- Law No. 9936, dated 26.06.2008, “On Management of Budgetary System in the Republic of Albania”, amended by Law no. 57/2016 dated 02.06.2016;
- Law No. 9461 dated 21.12.2005, “On the combined nomenclature of goods and the integrated customs tariff”;
- Law No. 9981, dated 08. 09.2008, “On the approval of the rates of customs tariff”;
- Law No. 92/2014, ‘On value added tax in the Republic of Albania’, as amended.
- Law No. 102/2014, dated 31.07.2014 “Customs Code of the Republic of Albania”, as amended;
- Law No. 61/2012 “On excises in the Republic of Albania”, as amended;

INSTITUTIONS

(Chapter 34)

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This chapter provides for the EU institutional rules and procedures. When a country joins the EU, it is necessary to make the required amendments/conversions to the rules that ensure equal representation of the country in the EU institutions such as (European Parliament, European Council, European Commission, Court of Justice) and other bodies. Another aspect that should be under review is good governance, proper functioning of the decision-making process and procedures (such as voting rights, official languages and other procedural rules) as well as elections to the European Parliament. EU rules in this chapter do not affect the internal organisation of a Member State, but acceding countries need to ensure that they are able to participate fully in EU decision-making by establishing the required bodies and mechanisms in the country and by electing or appointing well-prepared representatives to the EU institutions. After concluding the accession negotiations, specific rules for the interim period until accession ensure a smooth integration of the country into EU structures: a specific procedure on information and consultation is established and, once the Accession Treaty is signed, the acceding country is granted active observer status in the European Parliament and European Council as well as in the Commission committees.

Municipalities, as members of the European Committee of the Regions (CoR), have their voice heard in contributing to the discussions on political priorities and adoption of the opinions on EU legislation. The entire legislation proposed by the Commission having effect on regions must go through CoR. Municipalities can participate in transnational networks, such as the Council of European Municipalities and Regions (CEMR) and EUROCI-TIES. Law no. 139/ 2105 ‘On local self-government’ allows for member-

ship in the international organisations, through the representatives of the associations of municipalities.

Albania’s relevant legislation on institutions

Law no. 139/ 2105 “On local self-government”

III. CONCLUSIONS AND RECOMMENDATIONS:

Albanian LGUs, especially the municipal governments, have quite a broad spectrum of functions and responsibilities, much of which are effected by EU acquis, as it is at the local level where much of EU legislation and policy is implemented and certain aspects of the acquis, especially on environment and procurement, already apply. To that account, the LGUs are key actors in the successful integration of Albania into EU.

128 EU accession is having and will continue to have a bigger impact on the municipal governments as far as their functioning, the quality and costs of the provision of public services and their infrastructure, the standards of environmental protection and territory planning and development, as well as the protection of human rights. By the time Albania will become an EU member state, its LGUs will be considered as EU public authorities, they will be obliged to fully implement the EU law, thus putting a heavy policy-making and financial and enforcement burden on LGUs.

Implementation of the voluminous and ambitious EU acquis represents a major challenge for LGUs in Albania, in terms of their administrative capacity and financial resources required to meet EU environmental standards. Local authorities are considered a key lever to ensure inclusive and sustainable development at the local level. To this purpose, their performance is affected also in terms of formulation of clear policy and legal frameworks defining the responsibilities and the standards.

LGUs in Albania are still institutionally and organisationally too weak to fulfil the opportunities and responsibilities entailed by EU accession and the acquis. The lack of financial and capable human resources in the mu-

municipal government is the main cause of their administrative capacity constraints. Another challenge hindering their performance is the allocation of the state budget, which is not proportionate to their responsibilities, due to the transfer of competences not accompanied by the appropriate and adequate resources.

There is a low understanding among LGUs and their associations on the direct impact, being it financial, regulatory, institutional, organisational and know-how, of EU accession and legislation on local government policy preparation and implementation, and on the channels to influence policy making at national or EU level.

The level of involvement of LGUs in the accession process is currently very low, leaving them exposed to unpredicted financial risks and costs. Repayments of EU structural funds because of irregularities, the fines for failure to upgrade local utility infrastructure, and other deficiencies, pose some potential risks for LGUs in Albania. They need to be prepared to address these risks and the increasing demands for financial resources and standards imposed by EU accession and requirements of *acquis*, otherwise they will be highly exposed to such risks, and because of that, to the conflict between the local and central government, the latter wanting to bring back competences to central government because of failure of LGUs to fulfil standards.

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Some key recommendations are:

1. It should be emphasised that in order to ensure a successful role of the LGUs in the implementation of the EU *acquis*, it is important that they are timely and properly involved in every step of EU integration process. Having said that LGUs should be involved in the process of approximation and implementation of obligations and standards deriving from the *acquis*. The LGUs need to become increasingly aware of the EU's impact on their policy and decision-making, their daily work and practice, establishing a new and intensive relationship between local government units in Albania and EU agencies and legislation, and leading to a Europeanization of the Albanian local government.
2. EU accession will bring considerable funding to LGUs alongside the legal requirements and standards, thus making imperative for the LGUs to strengthen and develop their institutional, organisation and admin-

istrative capacities, and develop their know-how at an early stage in the process, to the level that they can ensure a timely and sufficient absorption and an efficient and effective use those funds. The local government units needs to be empowered in order to enable enforcement of current and near future legal requirements and standards, especially in the environment area.

3. Overall, it is a vital to equip the LGUs with the necessary financial and human capabilities to implement the EU policy and legislation and improve their service delivery standards, compliance and enforcement capabilities, as well as advance the quality of public administration, so the EU accession advantages are maximised and the risks are minimised
4. National government of Albania should see local governments more than just a stakeholder in the EU accession process. It should see and treat them as partners, as the latter have a vital part to play in implementing the acquis and ensuring a positive outcome of EU accession for the country as a whole.
- 130 5. Moreover, the Government of Albania needs to develop a strategic framework for supporting regional and local government in order to facilitate the upgrade of infrastructure and the introduction of new standards required by the acquis, as well as to provide sufficient institutional, administrative and financial support for local government units in order to facilitate the implementation of the acquis requirements.
6. The central government, in the course of preparing Albanian's negotiating position, needs to take into consideration also the inclusion of LGUs responsible for the implementation of EU legislation at the local level. According to the experiences of EU member states that have previously gone through the accession process to the EU, it is of paramount importance for LGUs to be involved in the process of pre-accession negotiations.
7. There is vital need for effective vertical and horizontal cooperation of local government units and other central government agencies to ensure proper implementation of EU standards defined in the acquis directive and regulations, due to the lack of coordination at policy objectives and actions at different levels of governance hampering the effective implementation of acquis legislation and the horizontal cooperation is not sufficiently embedded in the working culture of public administration.

8. An important role is there for the associations of local government authorities, which need to take a very active role in raising awareness among LGUs of how and at what stage of the process the EU will affect LGUs, provide the needed training in areas where LGUs are mostly impacted, providing input into the programming of pre-accession funding, as well as monitoring and analysing the level of the transposition of EU legislation in the key LGU areas. Albanian LGU associations should strengthen communication and cooperation with the European Committee of the Regions to get better prepared for the proper role and compliance in the EU area.
9. Further civil service capacities need to be developed at local government level in order to increase absorption of EU funds and implementation of EU funded projects, be them cross border or bilateral, according to legal requirements and good practise of financial management.
10. Soma clarification is needed by the national government as far as acquis application in the case of municipal public utility companies that might have to be restructured and be opened to competition. The law on public enterprises need to be developed and approved.
11. Awareness need to be raised on EU rules in some areas already applicable in some areas, such as discretionary aids to small and medium-sized enterprises or disposal of land at below the market price, coming under state aid rules, and especially the enforcement “On State Aid”.
12. In policy areas such as rural development there is a the need for immediate capacity-building (institutional, administrative and financial) in order to allow for an effective implementation of rural development objectives and timely absorption of EU funds related t o rural development.
13. Municipalities with the support of national government need to raise and allocate the needed funds, as far as human resource and institutional capacity-building, as well as the for the implementation of environmental legislation, and the renovation of municipal buildings to improve energy efficiency.
14. The relations with EU should not be seen by the national government and the local governments as merely a matter for foreign policy until a country formally joins the EU, but rather as a matter of compliance and enforcement of EU legislation.

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