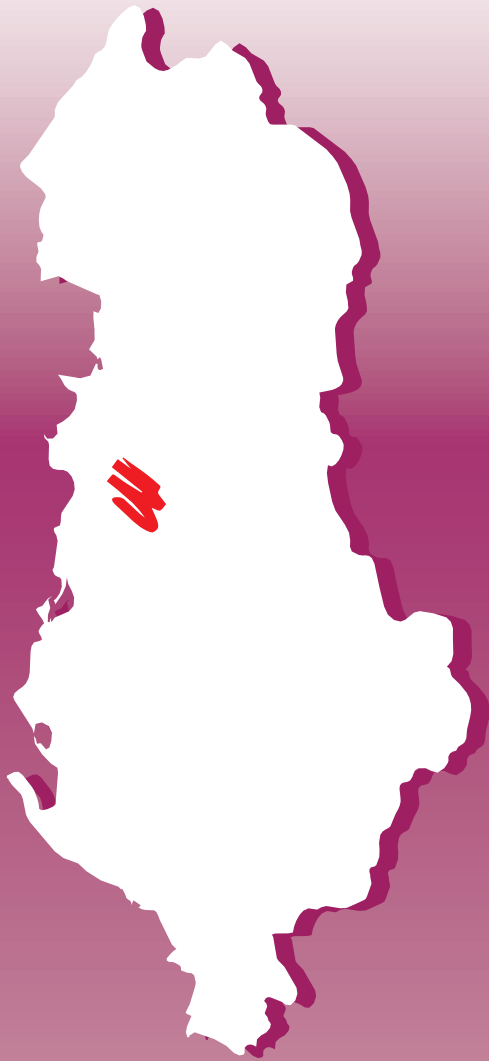




CATHOLIC UNIVERSITY
OUR LADY OF GOOD COUNSEL



ALBANIA IN THE EYES OF THE WORLD 2023

REPORT



Copyright © 2024 by: ZKM PRESS

All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law. For permission requests, write to the publisher: ✉ info@fzkm.org

For more Informations and details:

Catholic University Our Lady of Good Counsel

Rruga Dritan Hoxha, Tirana, Albania

✉ info@unizkm.al

✉ cespic@unizkm.al

🌐 <https://www.unizkm.al/categories/cespic/posts>

The European Centre of Peace Science, Integration and Cooperation (CESPIC)

The European Centre of Peace Science, Integration, and Cooperation (CESPIC) operates as a research center affiliated with the Catholic University 'Our Lady of Good Counsel,' with a primary mission to develop, spread, and bolster the field of Peace science. Peace science has been gaining prominence across esteemed universities, research centers, and think tanks, drawing insights from diverse disciplines such as economics, international relations, political science, sociology, anthropology, religious anthropology, and psychology. Peace science straddles both positive and normative aspects, delving into the underlying origins of conflicts while also formulating policies to establish enduring peace.

CESPIC's approach to Peace rests on three core conceptual pillars: (i) Peace 'from within'; (ii) Peace among states, polities and communities; (iii) Peace as global public good.

First, CESPIC favors activities centered on micro-foundations of Peace within societies. Consider among others: local development, fight against poverty, inequality, conflict and conflict resolution between ethnic and religious minorities, social justice, empowerment of civil society and economic policies for the construction of peace.

The second pillar addresses the complexities and dynamics that contribute to achieving enduring peace between states and entities within the global framework. CESPIC's focus lies in exploring models of interaction that transcend mere deterrence and arms races, promoting cooperation and integration among nations.

Peace as a global public good:** The third pillar underscores Peace as a global public good, highlighting the significance of global institutions. These institutions play pivotal roles in (a) upholding peace in post-conflict scenarios, (b) shaping global economic policies, and (c) addressing overarching global concerns like climate change, terrorism, forced migrations, and transnational crime.

You can learn more about CESPIC at:

Web page: <https://www.unizkm.al/en/research/cespic/about-us>

Twitter: <https://twitter.com/cespic>

Facebook: <https://www.facebook.com/CESPIC/>

CESPIC TEAM

Prof. Raul Caruso, Director

Dr. Antonella Biscione, Research Fellow

Anna Balestra, Research Fellow

Megi Xhaci, General Management

The report has been authored by Anna Balestra under the supervision of Raul Caruso.

Foreword

Albania in the Eyes of the World is an annual publication that aggregates and analyzes diverse socioeconomic indicators sourced from international reports and studies. The fundamental purpose of this report is to delineate Albania's trajectory across a spectrum encompassing diverse social, economic, and political domains. Positioned as guiding instrument, Albania in the Eyes of the World imparts discerning guidance for Albania's path of development. The merits inherent in this approach are unequivocal, as it amalgamates an extensive repository of information within a singular document of exceptional value, catering to students, scholars, journalists, policymakers, entrepreneurs, and investors alike. This report is at its 5th edition. In the report the reader will delve into these topics and others connected to the socioeconomic development of Albania, and to a lesser extent of the Western Balkans Six – Serbia, Montenegro, North Macedonia, Bosnia & Herzegovina and Kosovo, in addition to Albania.



Raul Caruso

Director

European Centre of Peace Science, Integration and Cooperation

Catholic University 'Our Lady of Good Counsel'

Contents

Foreword	4	6. Globalisation Index	28
Contents.....	5	7. Press Freedom	35
Charts	6	8. Rule of Law	39
Tables	7	9. Corruption	42
Sources	8	10. Human Trafficking	44
Abbreviations	9	11. Gender Equality	48
1. Global Peace Index.....	10	12. Energy Transition	50
2. Positive Peace Index	15	13. Human Development	54
3. State of Food Security and Nutrition in the World.....	16	14. Deepening: An Overview of the Albanian Economy.....	58
4. Freedom in the World	23		
5. Economic Freedom.....	25		

Charts

Chart 1 – Albania Global Peace Index 2016-2023	11
Chart 2 – WB6 Global Peace Index 2016-2023	12
Chart 3 – WB6 In the Global Peace Index 2016-2022. Societal Safety and Security	13
Chart 4 – WB6 Global Peace Index 2016-2023. Ongoing domestic and international conflicts	13
Chart 5 – WB6 Global Peace Index 2016-2023. Militarisation	14
Chart 6 – WB6 Economic Cost of Violence 2023	14
Chart 7 – Albania Positive Peace Index 2017-2024	15
Chart 8 – WB6 Positive Peace Index 2017-2024	16
Chart 9 – Albania Severe Food Insecurity	18
Chart 10 – Albania Moderate Food Insecurity	18
Chart 11 – WB6 Severe Food Insecurity	19
Chart 12 – WB6 Moderate Food Insecurity	20
Chart 13 – Albania Cost of Healthy Diet 2017-2022	21
Chart 14 – Albania Unaffordability of Healthy Diet 2017-2022	21
Chart 15 – WB6 Cost of Healthy Diet 2017-2022	22
Chart 16 – WB6 Unaffordability of Healthy Diet 2017-2022	22
Chart 17 – Albania Freedom in the World 2020-2024	24
Chart 18 – WB6 Freedom in the World 2014-2023-2024	25
Chart 19 – Albania Economic Freedom of the World 2010-2020-2021	26
Chart 20 – Albania Globalisation Index 2016-2021	29
Chart 21 – Albania Globalisation Index 2016-2020-2021	30
Chart 22 - WB6 Globalisation Index 2015-2020-2021	31
Chart 23 – WB6 Economic Globalisation Index 2015-2020-2021	32
Chart 24 – WB6 Social Globalisation Index 2015-2020-2021	33
Chart 25 – WB6 Political Globalisation Index 2015-2020-2021	34
Chart 26 – Press Freedom in Albania 2021-2022-2023	36
Chart 27 – WB6 Press Freedom 2021-2022-2023	38
Chart 28 – Albania RoL 2015-2022-2023	40
Chart 29 – WB6 Rule of Law 2023	41
Chart 30 – WB6 Rule of Law 2023	41
Chart 31 – Albania Corruption Perception Index 2012-2023	43
Chart 32 – WB6 Corruption Perception Index 2012-2023	44
Chart 33 – Albania Gender Gap 2018-2024	49
Chart 34 - WB6 Gender Gap 2024	50
Chart 35 – WB6 Gender Gap 2024	50
Chart 39 - Albania Energy Transition Index 2015-2024	51
Chart 40 - Albania Energy Transition Index 2015-2023-2024	52
Chart 41 – WB6 Energy Transition Index 2015-2024	53
Chart 42 - Albania Human Development Index 2017-2022	55
Chart 43 – WB6 and Human Development Index 2012-2022	56
Chart 44 - WB6 and Inequality-Adjusted Human Development Index 2012-2022	57

Tables

Table 1 – WB6 Economic Freedom of the World	28
Table 2 – WB6 Globalisation Index.....	31
Table 3 – WB6 Economic Globalisation Index	32
Table 4 – WB6 Social Globalisation Index.....	34
Table 5 – WB6 Political Globalisation Index.....	35
Table 6 – WB6 Press Freedom Index.....	39
Table 7 - WB6 Energy Transition Index	54

Sources

- I. **Institute of Economics and Peace**, *Global Peace Index 2024: Measuring Peace in a Complex World*, Sydney, June 2024.
- II. **Institute of Economics and Peace**, *Positive Peace Report 2024*, Sydney, March 2024.
- III. **FAO, IFAD, UNICEF, WFP and WHO**. *The State of Food Security and Nutrition in the World 2024. Financing to end hunger, food insecurity and malnutrition in all its forms*. Rome, FAO.
- IV. **Freedom House**, *Freedom in the World 2024*, Washington D.C. (USA), February 2024.
- V. **James Gwartney, Robert Lawson, Joshua Hall, and Ryan Murphy**. *Economic Freedom of the World: 2023 Annual Report*. Fraser Institute, 2023.
- VI. **Gygli, Savina, Florian Haelg, Niklas Potrafke and Jan-Egbert Sturm** (2019): The KOF Globalisation Index – Revisited, *Review of International Organizations*, 14(3), 543-574
- VII. **Reporters Sans Frontières**, *World Press Freedom Index 2024*, Paris (France), 2024.
- VIII. **World Justice Project**, *Rule of Law Index 2023*, Washington D.C. (U.S.A.), 2023.
- IX. **Transparency International**, *Corruption Perceptions Index 2023*, Berlin (Germany), 2024.
- X. **US Department of State**, *Trafficking in Person Report 2023*
- XI. **World Economic Forum**, *The Global Gender Gap Report 2024*, Geneva (Switzerland), June 2024.
- XII. **World Economic Forum**, *Fostering Effective Energy Transition 2024 edition*, Geneva (Switzerland), June 2024.
- XIII. **United Nations Development Programme**, *Human Development Report 2023-24*, New York (USA), March 2024.

Abbreviations

CoHD	Cost of a Healthy Diet
CPI	Corruption Perceptions Index
ETI	Energy Transition Index
FAO	Food and Agriculture Organisation
GDP	Gross Domestic Product
GPI	Global Peace Index
HDI	Human Development Index
HDR	Human Development Report
IFAD	International Fund for Agricultural Development
KOF	Konjunkturforschungsstelle
MENA	Middle East and North Africa
NAP	National Action Plan
ND-GAIN	Notre Dame Global Adaptation Initiative
NGO	Non-Governmental Organisation
NRM	National Referral Mechanism
OECD	Organization for Economic Cooperation and Development
OCCPO	Organized Crime and Corruption Prosecution Office
ONAC	National Anti-Trafficking Coordinator
PPI	Positive Peace
PPP	Purchasing Power Parity
RSF	Reporters Sans Frontières
RoL	Rule of Law
SDG	Sustainable Development Goal
SLAPP	Strategic Litigation Against Public Participation
THBD	Trafficking in Human Beings Directorate
TIP	Trafficking in Person
TVPA	Trafficking Victims Protection Act
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations International Children Emergency Fund
US	United States
WB6	Western Balkans Six
WEF	World Economic Forum
WFP	World Food Programme
WHO	World Health Organisation

1. Global Peace Index

The Global Peace Index (GPI), an annual report published by the Institute for Economics and Peace, assesses the peace levels of countries worldwide using a diverse set of indicators and thematic dimensions. Drawing from a comprehensive set of 23 quantitative and qualitative indicators, the index delves into three primary domains: (i) Societal safety and security, (ii) Ongoing domestic and international conflicts, and (iii) Militarisation. Notably, the index covers nearly the entire global population, thus providing a broad and representative evaluation of global peace dynamics. The GPI is graded on a scale from 1 to 5, functioning as an inverted measure of peace: scores closer to 1 reflect higher levels of peace, while scores closer to 5 indicate lower levels of peace.

The 2024 Global Peace Index report reveals a concerning trend: the average level of country peacefulness has deteriorated by 0.56 percent, marking the fifth consecutive year of decline in global peacefulness. This deterioration is the most significant since the index's inception, with 97 countries recording a decline in peacefulness, compared to 65 countries that saw improvements. The slight improvements in the Safety and Security domain were overshadowed by significant deteriorations in the Ongoing Conflict and Militarisation domains, driven primarily by the conflicts in Gaza and Ukraine. Four indicators showed average deteriorations of over 3%: UN peacekeeping funding, military expenditure (% of GDP), deaths from internal conflict, and external conflicts fought. North America experienced the largest regional decline in peacefulness, primarily due to increased violent crime and perceptions of criminality in both Canada and the United States. The Middle East and North Africa (MENA) region remains the least peaceful, with four of the ten least peaceful countries globally, including Sudan and Yemen, which are the two least peaceful. Europe, although the most peaceful region, recorded its largest year-on-year deterioration in the Militarisation domain since 2008. Out of the 23 GPI indicators, 13 recorded a deterioration, eight showed improvement, and two remained unchanged. UN peacekeeping funding saw the largest deterioration, while the violent demonstrations indicator showed the most significant improvement. Notably, 100 countries have been involved in some form of external conflict in the past five years, a substantial increase from 59 in 2008. Most of these countries were supporting existing governments against internal armed rebels or terrorist groups. The report highlights that the world has become less stable over the past 17 years, with increases in political instability, the number of conflicts, deaths from conflicts, and violent demonstrations. Despite this, there has been a stronger commitment to UN peacekeeping operations, the only GPI domain to show an improvement since 2008. However, the trend has reversed since 2019, with the Militarisation domain deteriorating slightly over the past five years. Advances in military technology have led to a 10% increase in overall military capability globally since 2014, with the US holding a significant strategic advantage over other nations. External and internal conflicts have seen the largest deteriorations, indicating the spread of conflict and increasing involvement of external actors in civil wars. Deaths from internal conflict have surged by over 475% in the past 17 years, and 'peace inequality' continues to grow, with the gap between the most and least peaceful countries now larger than ever. The economic impact of violence is substantial, amounting to \$19.1 trillion in 2023, equivalent to 13.5 percent of global GDP. The increase was largely driven by a 20 percent rise in GDP losses from conflict. The largest economic impacts were observed in Palestine and Israel, Ukraine, Afghanistan, and North Korea. Despite these costs, expenditure on peacebuilding and peacekeeping remains a fraction of total military spending.

Regarding Albania, from 2016 to 2022, there has been a slight increase in the level of peace, with lower scores indicating higher levels of peace. In 2023, the peace score was 1.81 compared to 1.87 in 2016 (see Chart 1). However, in 2023, we observe a slight decrease in peace levels compared to the previous year, with a score of 1.75 in 2022. This positive trend can be attributed primarily to the "Societal Safety and Security" domain, which has shown continuous improvement since 2017, with a slight but steady decline from 2.30 in 2020 to 2.05 in 2023. Conversely, both the "Ongoing Domestic and International Conflict" and the "Militarisation" domains experienced a slight deterioration in 2023 compared to 2022. Specifically, the "Ongoing Domestic and International Conflict" domain score increased from 1.4, which was recorded from 2020 to 2022, to 1.5 in 2023. The "Militarisation" domain has been steadily increasing, with the score rising from 1.64 in 2020 to 1.85 in 2023, marking a continuous deterioration in this subindicator. The economic cost of violence has also

increased. In 2023, it is estimated to be approximately 7% of GDP, translating to \$1,955 US dollars in purchasing power parity (PPP) terms, compared to \$1,626 US dollars in 2022, marking an increase of 20%.

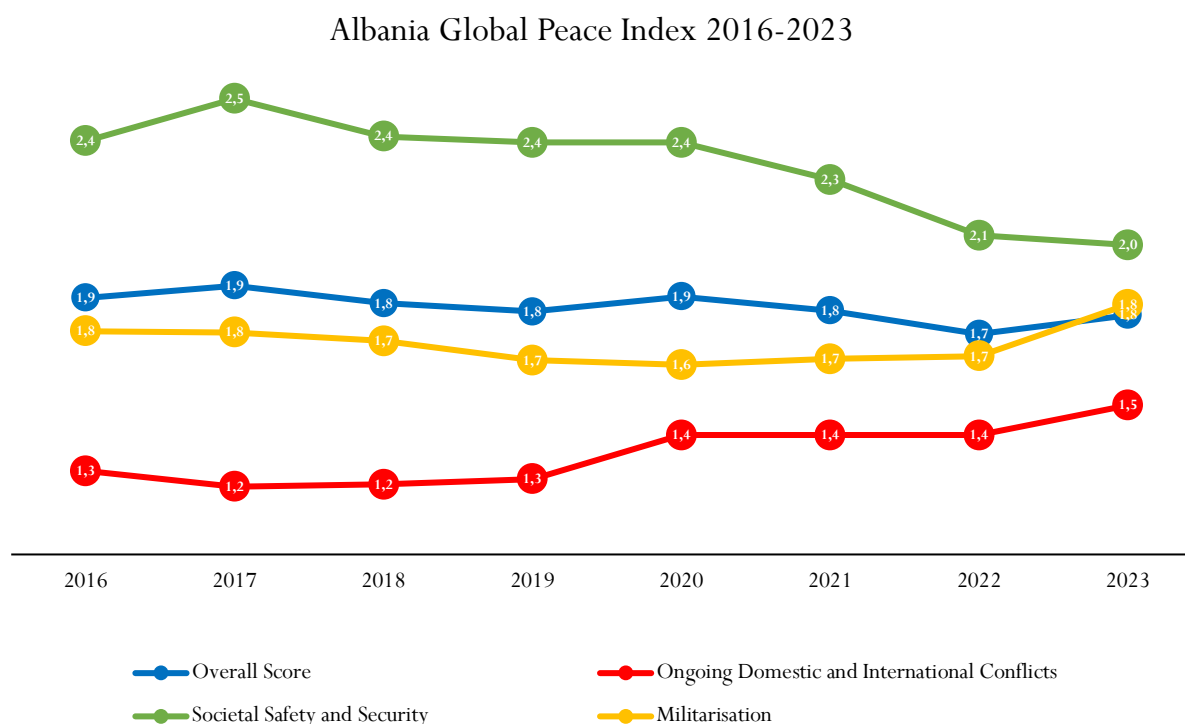


Chart 1 – Albania Global Peace Index 2016-2023

Among the Western Balkan region, Albania ranks 3rd in 2023. The most peaceful country in 2023 is Montenegro, with a score of 1.7, while the least peaceful country is Bosnia and Herzegovina, with a score of 2.0. Comparing medium-term performance, Albania, Montenegro, North Macedonia, and Kosovo have shown improvements in peace levels in 2023 compared to 2016. In contrast, Serbia and Bosnia and Herzegovina are slightly less peaceful in 2023 compared to their performance in 2016 (see Chart 2). However, a closer look at the comparison between 2023 and 2022 shows that all countries, except Montenegro, experienced a deterioration in their peace levels. Specifically, Montenegro is the most peaceful country among the Western Balkan Six (WB6), with a score of 1.75 in 2023, an improvement of 0.03 compared to 2022. North Macedonia ranks 2nd with a score of 1.76 in 2023 but shows a slight deterioration compared to 2022, with an increase of 0.05 points. Albania ranks 3rd with a score of 1.81 in 2023, also showing a slight deterioration compared to 2022, with an increase of 0.06 points. Serbia ranks 4th with a score of 1.81 in 2023, showing a slight deterioration compared to 2022, with an increase of 0.01 points. Kosovo ranks 5th with a score of 1.95 in 2023, the same as in 2022. The least peaceful country in 2023 is Bosnia and Herzegovina, with a score of 1.96 in 2023, marking a deterioration of 0.07 points compared to 2022.

WB6 Global Peace Index 2016-2023

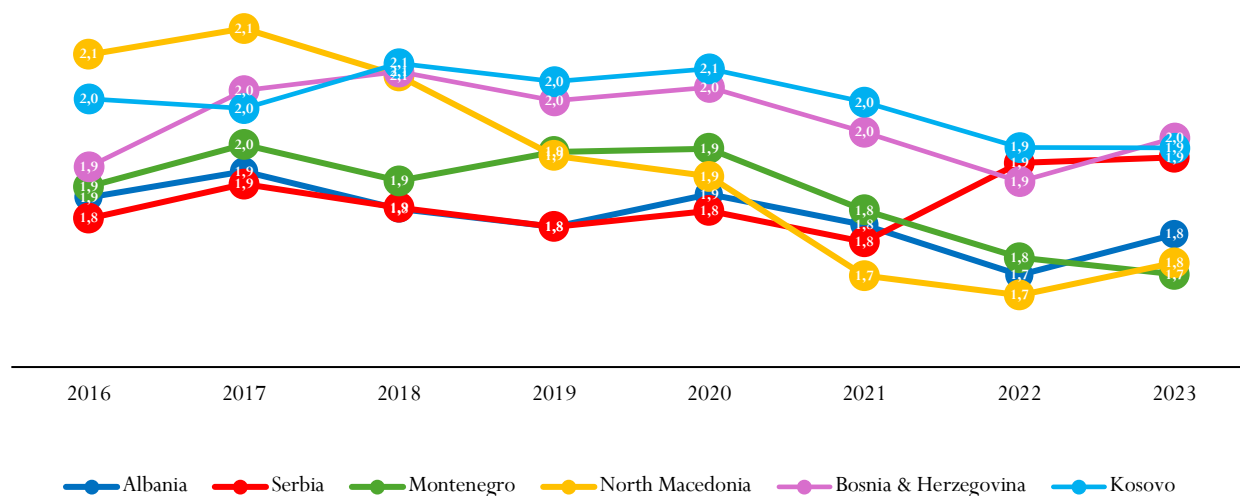


Chart 2 – WB6 Global Peace Index 2016-2023

Charts 3, 4, and 5 show the trend in GPI sub-indicators for the WB6 from 2016 to 2023. In the *Social Safety and Security* domain, all countries experienced steady improvements since 2016, averaging a gain of 0.36 points. The highest improvement was recorded by North Macedonia, with its score improving from 2.36 in 2016 to 1.81 in 2023. Additionally, in 2023 compared to 2022, all WB6 countries improved their scores in this domain. In 2023, Albania ranks 3rd among the WB6 in the *Social Safety and Security* domain with a score of 2.05. The best performance is from North Macedonia with a score of 1.81, while the worst performance is from Kosovo with a score of 2.15. However, Kosovo, along with Serbia, shows the highest improvement in this domain, with their scores decreasing by 0.13 and 0.18 points respectively compared to 2022. Conversely, in the *Ongoing Domestic and International Conflict* domain, which measures the extent to which countries are involved in internal and external conflicts, as well as their role and duration of involvement in conflicts, all WB6 countries except North Macedonia experienced worsening conditions. The highest worsening was observed in Serbia and Bosnia and Herzegovina, whose scores in 2023 were 0.52 and 0.58 higher, respectively, compared to their scores in 2016. In 2023, Albania, Montenegro, and North Macedonia tied for first place with a score of 1.5 in this domain. However, all WB6 countries experienced a decline in this domain in 2023 compared to 2022. Specifically, the scores for Albania, Montenegro, and North Macedonia increased by 0.10 points in 2023 compared to 2022. Bosnia and Herzegovina's score increased by 0.21 points in 2023 compared to the previous year. Serbia's score increased by 0.23 points in 2023 compared to 2022. Ultimately, Kosovo saw the worst increase, with its score rising by 0.25 points in 2023 compared to 2022. In the *Militarization* domain, all WB6 countries except Montenegro experienced a worsening in 2023 compared to 2016. Serbia, in particular, saw its score in this domain steadily increase from 1.68 in 2016 to 1.97 in 2023, reflecting an increase of 0.29 points. North Macedonia also saw a notable rise, with its scores moving from 1.7 in 2021 to 1.84 in 2022, and reaching 2.06 in 2023. By 2023, Albania ranked 4th among the WB6 countries. When comparing 2023 to 2022, all WB6 countries, except Montenegro, experienced a worsening in the militarization domain. Specifically, Kosovo's score increased by 0.02 points, Serbia's score rose by 0.12 points, Bosnia and Herzegovina saw an increase of 0.14 points, Albania's score went up by 0.18 points, and North Macedonia's score grew by 0.23 points. Montenegro was the exception, showing a slight improvement of 0.05 points.

WB6 In the Global Peace Index 2016-2022

Societal Safety and Security

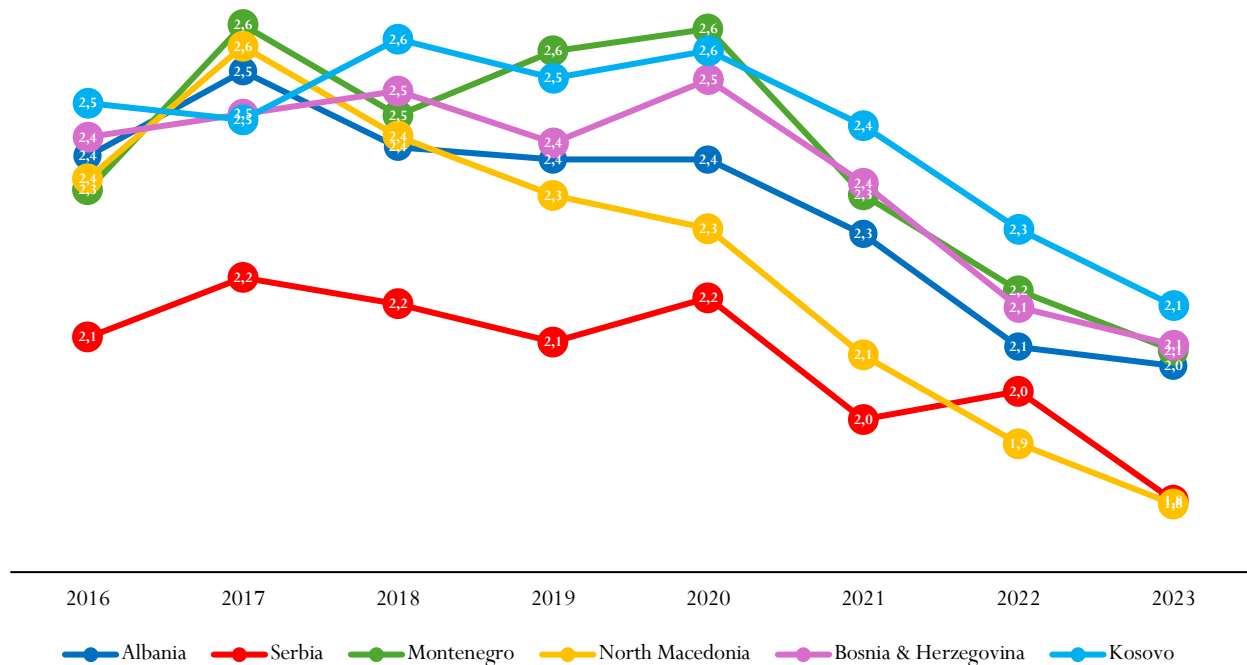


Chart 3 – WB6 In the Global Peace Index 2016-2022. Societal Safety and Security

WB6 Global Peace Index 2016-2023

Ongoing domestic and international conflicts

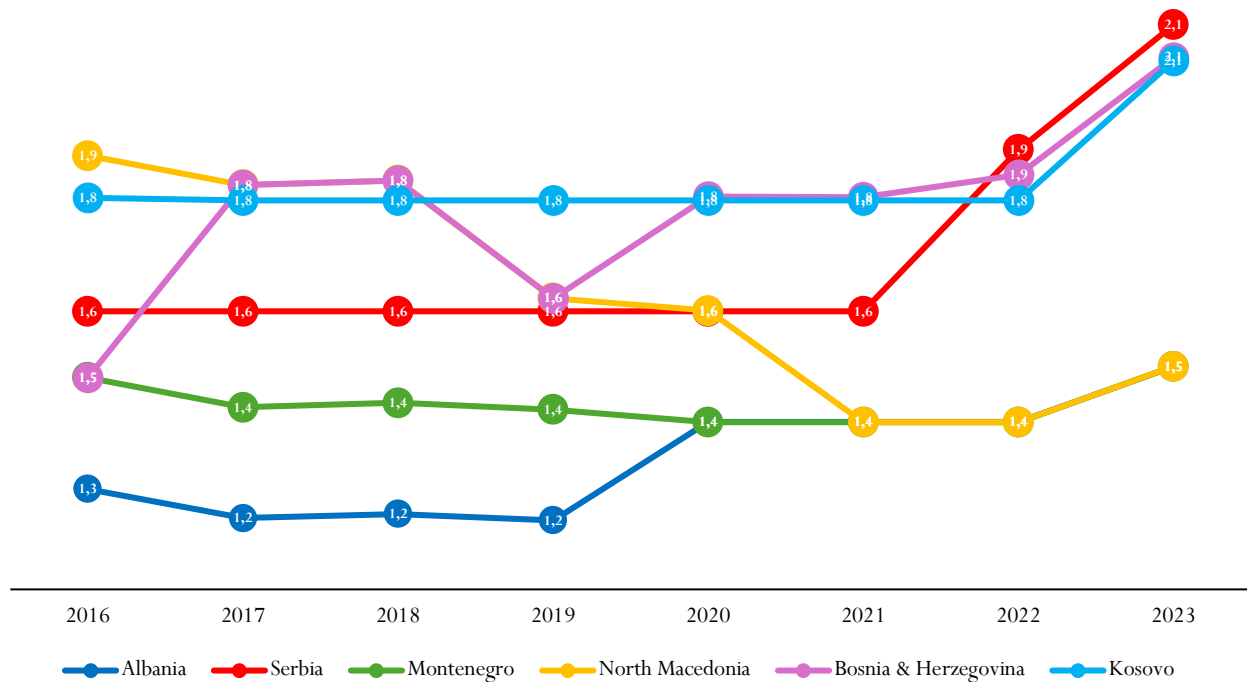


Chart 4 – WB6 Global Peace Index 2016-2023. Ongoing domestic and international conflicts

WB6 Global Peace Index 2016-2023

Militarisation

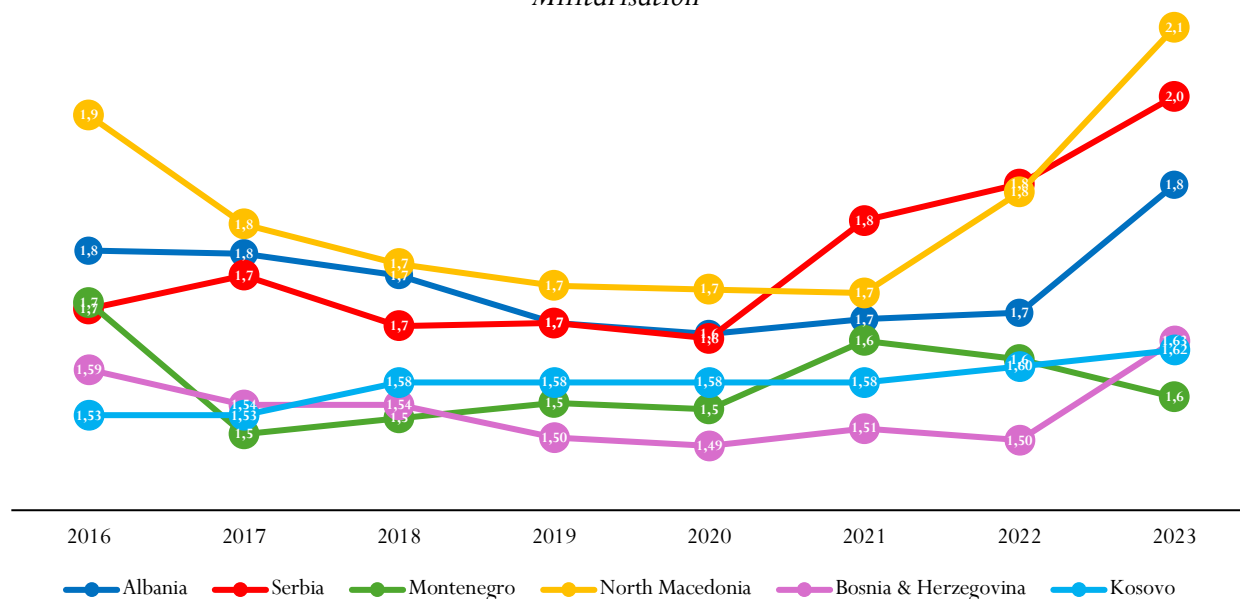


Chart 5 – WB6 Global Peace Index 2016-2023. Militarisation

Eventually, Chart 6 shows the economic cost of violence as computed by the Institute for Economics and Peace. This measure includes both direct and indirect costs of violence and is expressed as a percentage of GDP. Direct costs cover the immediate consequences for victims, perpetrators, and public systems, including health, judicial, and public safety services. Indirect costs refer to longer-term impacts, such as lost productivity due to physical and psychological effects, as well as the influence of violence on the perception of safety and security within society. In 2023, violence had the highest economic impact in Montenegro and Bosnia and Herzegovina, both at 9% of GDP. The country with the lowest impact in the WB6 is North Macedonia, with a cost of 6.5% of GDP. Albania ranks third among the WB6 countries, with an economic cost of violence amounting to 7% of its GDP.

WB6 Economic Cost of Violence 2023



Chart 6 – WB6 Economic Cost of Violence 2023

2. Positive Peace Index

The Positive Peace Index (PPI) is an annual publication by the Institute for Economics and Peace, aimed at conceptually advancing the understanding of global peace. According to the Institute, the concept of positive peace encompasses "the attitudes, institutions, and structures that create and sustain peaceful societies". Robust and effective sociopolitical structures are those that enable a nation to integrate justice and equity into its social system. The report indicates that higher levels of positive peace are linked to better environmental outcomes, progress in achieving the United Nations Sustainable Development Goals (SDG), improved population well-being, higher per capita income, and greater resilience. The Positive Peace Report evaluates positive peace using eight indicators, or pillars: (i) Well-functioning Government, (ii) Sound Business Environment, (iii) Equitable Distribution of Resources, (iv) Acceptance of the Rights of Others, (v) Good Relations with Neighbors, (vi) Free Flow of Information, (vii) High Levels of Human Capital, and (viii) Low Levels of Corruption. The Positive Peace Index is rated on a scale from 1 to 5, where scores closer to 1 reflect higher levels of peace, and scores closer to 5 indicate lower levels of peace. This reversed scale allows for a comprehensive assessment of positive peace across different regions and countries.

According to the Positive Peace Index Report 2024, between 2013 and 2022, more countries experienced improvements in Positive Peace than deteriorations, with 108 countries improving and 55 deteriorating. The improvements were primarily driven by progress in the pillars of Free Flow of Information, Equitable Distribution of Resources, Acceptance of the Rights of Others, and High Levels of Human Capital. In contrast, the pillars of Good Relations with Neighbors, Well-Functioning Government, and Low Levels of Corruption saw declines, while the Sound Business Environment showed minimal change. Globally, Positive Peace improved by 1% over the period. The global Positive Peace Index improved each year from 2013 to 2019 but saw a noticeable decline in 2020 due to the impacts of COVID-19 and related economic downturns, with recovery to pre-pandemic levels still pending. Improvements were noted in six out of nine world regions, with North America, South America, and the Middle East and North Africa being exceptions. Significant regional gains were observed in Russia and Eurasia, South Asia, and Asia-Pacific, though some countries in these regions, such as Russia, Afghanistan, Myanmar, Belarus, and Kyrgyzstan, saw declines or minimal changes. The overall improvement in the PPI is largely attributed to advancements in the Structures domain, while the Attitudes domain deteriorated by 1.3% globally, reflecting increased polarization and a decline in information quality. The Institutions domain also saw a slight global decline of 0.5%. Major improvements in Positive Peace were recorded in Uzbekistan, Armenia, The Gambia, Taiwan, and Ireland, whereas significant deteriorations occurred in Brazil, Lebanon, Venezuela, Yemen, and the United States.

Regarding Albania, according to the 2024 Positive Peace Index Report, the country experienced an improvement as its score in 2024 is 2.81, a decrease of 0.08 compared to the previous year. It appears that the positive trend observed in the country during the period 2017-2020 is returning after the significant decline in the index in 2020 due to the COVID-19 outbreak. However, the country has only reached the level it was at in 2017 and has not yet recovered the progress made in the pre-COVID -19 period, specifically in 2020 when the index was 2.57 (see Chart 7).

Albania Positive Peace Index 2017-2024

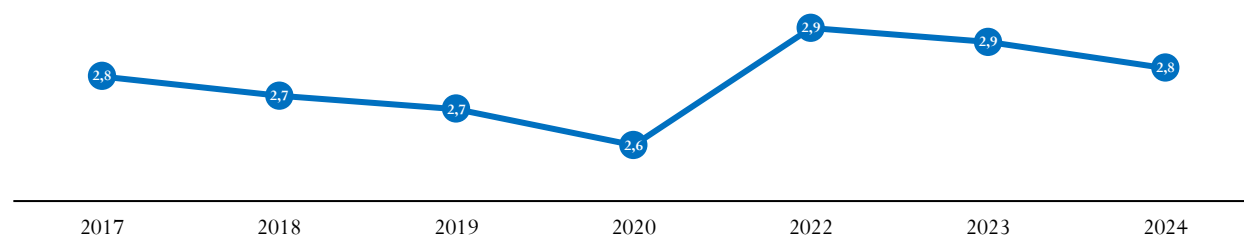


Chart 7 – Albania Positive Peace Index 2017-2024

Chart 8 shows the trend of the Positive Peace Index in the WB6 countries from the 2017 PPI report to the 2024 PPI report (there is no 2021 version of the report). All countries exhibit a similar trend: an improvement period from 2017 to 2020, followed by a significant increase in PPI during the COVID-19 pandemic, and a subsequent period of decline. However, only North Macedonia and Kosovo have scores in the 2024 PPI that are lower than in 2017, suggesting that the recovery process in terms of peacefulness for the other countries, interrupted during the pandemic, is still ongoing. Specifically, Montenegro had a score of 2.72 in the 2017 PPI, 0.02 points lower than in 2024, when it is 2.74. Albania had a score of 2.78 in the 2017 PPI, 0.03 points lower than in 2024, when it is 2.81. Serbia had a score of 2.88 in the 2017 PPI, 0.04 points lower than in 2024, when it is 2.92. Bosnia and Herzegovina had a score of 3.05 in the 2017 PPI, 0.06 points lower than in 2024, when it is 3.12. The ongoing recovery process is evidenced by each country showing an improvement in the 2024 PPI compared to the previous year. In the 2024 edition, Albania ranks third among the WB6 countries. Along with Serbia, it has made the highest improvement in PPI between the 2023 and 2024 editions, with a decrease of 0.08 points. Bosnia and Herzegovina's score decreased by 0.08 points in 2024 (3.12) compared to 2023 (3.20), making it the least peaceful country among the WB6 in the 2024 PPI. Montenegro and Kosovo both show a score 0.05 points lower in the 2024 PPI compared to 2023, with scores of 2.74 and 2.69, respectively. These two countries also demonstrate the best performance in terms of positive peace among the WB6 in 2024, with Kosovo ranking first and Montenegro ranking second. Finally, North Macedonia's score in the 2024 PPI is 2.84, 0.03 points lower than in 2023.

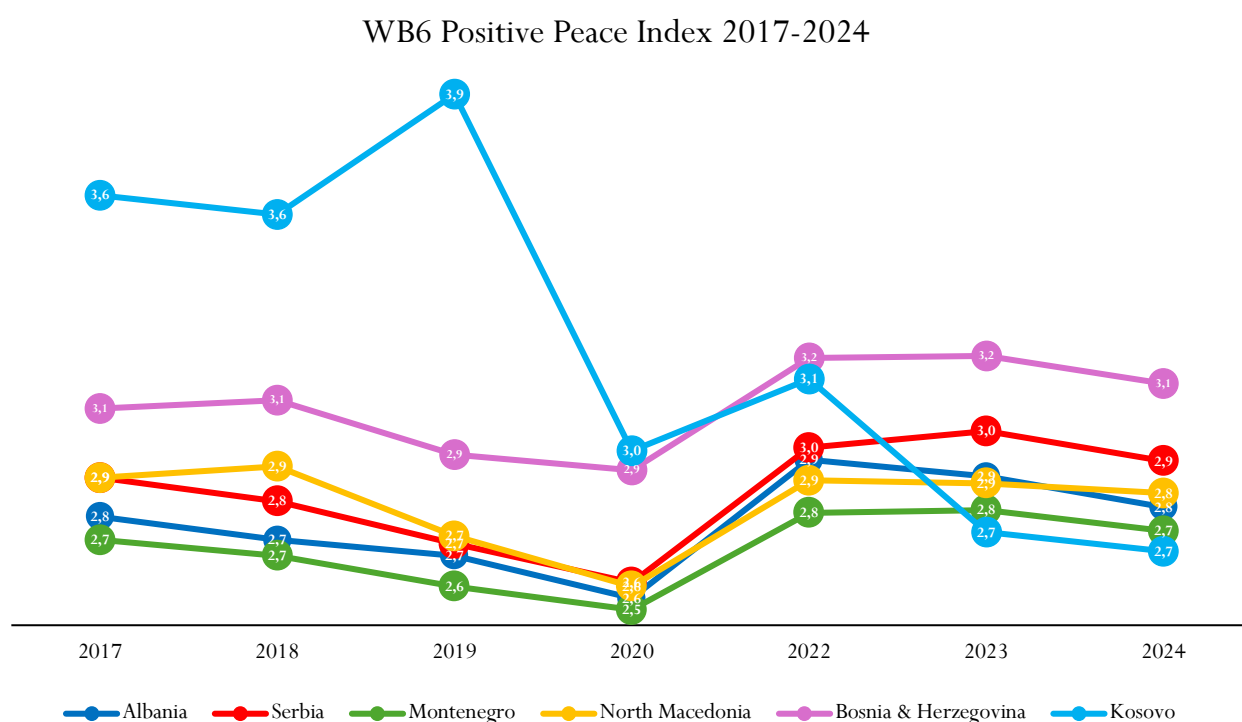


Chart 8 – WB6 Positive Peace Index 2017-2024

3. State of Food Security and Nutrition in the World

The State of Food Security and Nutrition in the World is a publication released by the Food and Agriculture Organization (FAO) in collaboration with the International Fund for Agricultural Development (IFAD), the United Nations Children's Fund (UNICEF), the World Food Programme (WFP), and the World Health Organization (WHO). This annual flagship report aims to provide insights into the progress made in eliminating hunger, achieving food security, and improving nutrition. Additionally, the report offers a comprehensive analysis of the significant challenges faced in reaching these goals, particularly within the framework of the 2030 Agenda for Sustainable Development.

According to The State of Food Security and Nutrition in the World 2024, the world is still far from achieving Sustainable Development Goal 2, Zero Hunger. The global prevalence of undernourishment has remained nearly unchanged for three consecutive years, affecting between 713 and 757 million people in 2023, which is one out of 11 people worldwide and one out of every five in Africa. Hunger continues to rise in Africa, remains stable in Asia, and shows progress in Latin America and the Caribbean. Progress towards ensuring regular access to adequate food has stalled, with 28.9% of the global population (2.33 billion people) experiencing moderate or severe food insecurity in 2023. Economic access to nutritious foods remains a significant challenge, with over one-third of the global population (about 2.8 billion people) unable to afford a healthy diet in 2022. This issue is most pronounced in low-income countries, where 71.5% of the population cannot afford a healthy diet, compared to 52.6% in lower-middle-income countries, 21.5% in upper-middle-income countries, and 6.3% in high-income countries. There have been some improvements in addressing malnutrition, particularly in reducing stunting and wasting among children under five and increasing exclusive breastfeeding rates. However, issues such as low birthweight, childhood overweight, and anaemia in women aged 15 to 49 years persist, and the world is not on track to meet any of the seven global nutrition targets by 2030. Rising obesity rates, contributing to a double burden of malnutrition, pose significant challenges for health and well-being across all age groups. Achieving Zero Hunger Target requires increased and more cost-effective financing. However, there is no clear picture of the current and additional financing needed for food security and nutrition. Public spending on food security and nutrition primarily targets food availability and access, but low-income countries have limited capacity to address major drivers of food insecurity and malnutrition. Food security and nutrition receive less than a quarter of total official development assistance, with these flows growing more for Africa and lower-middle-income countries. Private financing, including philanthropy, remittances, and foreign direct investment, may total US\$ 95 billion per year from 2017 to 2022, but blended finance and net banking loans to agriculture show limited growth.

Concerning Albania, progress has been made since 2000 in addressing food insecurity. In the biennium 2014-2016, the estimated prevalence of severe food insecurity in the total population was 10%. By "severe food insecurity", the UN means that people had run out of food at times during the year and, at worst, gone an entire day or more without eating. In the biennium 2020-2022, this figure witnessed a reduction, reaching 7.5%. However, in the biennium 2021-2023, there was an increase in this indicator to 8.2%. It is important to note that the current estimate of 8.2% remains significantly higher than the regional average for Southern Europe¹, which is 1.5%. After a period of convergence between the 2014-2016 biennium and the 2020-2022 biennium, where the gap between Albania and Southern Europe narrowed from 8.3 to 5.2 percentage points, the gap widened again in the 2021-2023 biennium to 6.7 percentage points. In simple terms, Albania does not align with regional trends. A similar trend can be observed in the moderate food insecurity indicator, which, according to the UN, means that people did not have regular access to adequate food. In the 2014-2016 biennium, the prevalence of moderate food insecurity in the total population was 38.8% in Albania. This indicator showed improvement in the 2020-2022 biennium, reaching 30.2%, signaling a reduction of 8.6 percentage points. Nevertheless, in the 2021-2023 biennium, the trend reversed, marking an increase of 2 percentage points to 32.2%. Again, the difference between Albania's performance and the regional performance is notable. Specifically, in the 2014-2016 biennium, the prevalence of moderate food insecurity in Southern Europe was 9.9%, which is 28.9 percentage points lower than in Albania. There was a slight convergence in the 2020-2022 biennium, with the difference reducing to 21.7 percentage points. However, in the 2021-2023 biennium, the trend reversed again. While the prevalence of moderate food insecurity in Southern Europe dropped by 2 percentage points compared to the 2020-2022 biennium, it rose by 2 percentage points in Albania, increasing the gap to 25.7 percentage points.

¹ Southern Europe countries are Albania, Andorra, Bosnia & Herzegovina, Croatia, Greece, Italy, Malta, Montenegro, North Macedonia, Portugal, Serbia, Slovenia, Spain.

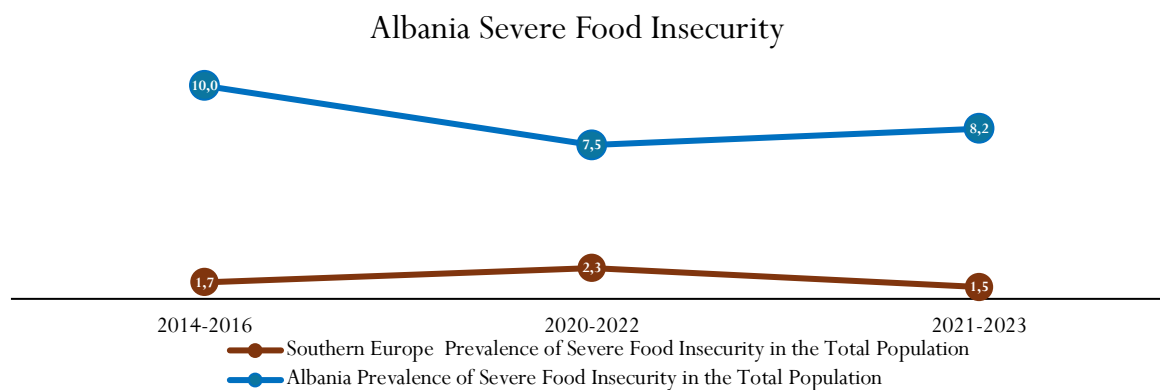


Chart 9 – Albania Severe Food Insecurity

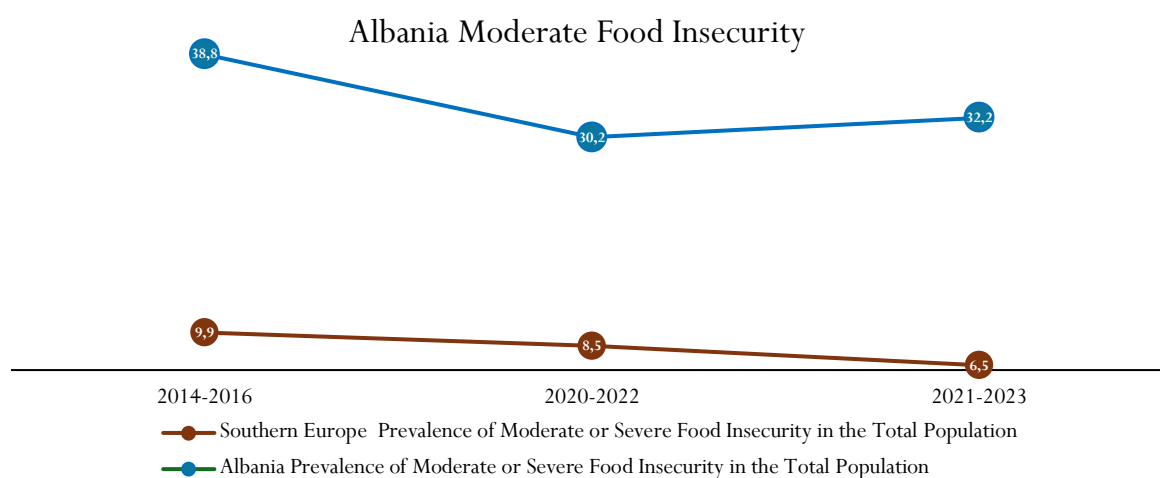


Chart 10 – Albania Moderate Food Insecurity

Concerning the Western Balkans Six, Chart 11 shows that, with the exception of Albania and North Macedonia, other countries have a performance closer to the regional average. Specifically, in the biennium 2014-2016, Bosnia and Herzegovina (1.5%) and Serbia (1.7%) were below or very close to the Southern Europe prevalence of food insecurity, which was 1.7%. Almost every country experienced a rise in the indicator in the period 2020-2022 and a subsequent decline in the period 2021-2023. In the biennium 2021-2023, Montenegro had the best performance, with a prevalence of severe food insecurity in the total population of 2.5%, only one percentage point higher than the Southern Europe average of 1.5%. Following very closely were Bosnia and Herzegovina (2.8%) and Serbia (3%). A poorer performance was recorded in North Macedonia, where the indicator in the 2021-2023 biennium was 4.8% compared to the regional average of 1.5%. However, North Macedonia also showed the best improvement in the biennium 2021-2023 compared to 2020-2022, with the indicators decreasing by 2.1 percentage points. Albania had the worst performance among the WB6, with a prevalence of severe food insecurity in the total population of 8.2% in the biennium 2021-2023, significantly higher than both the Southern Europe average and other WB6 countries.

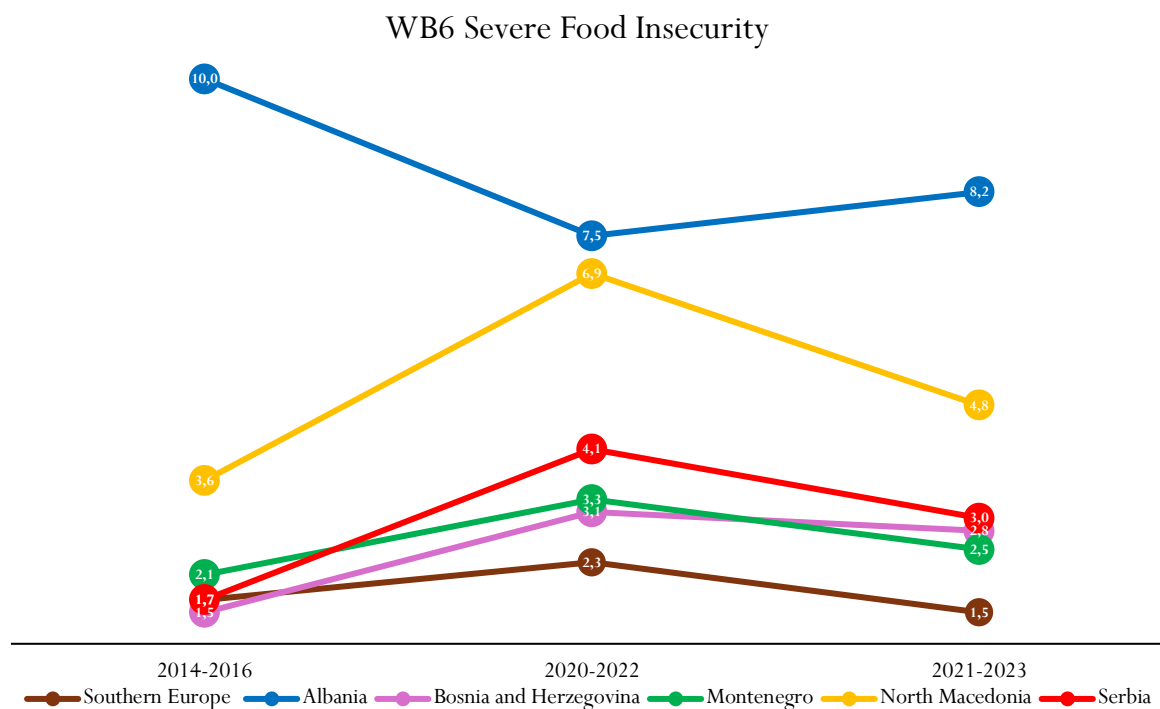


Chart 11 – WB6 Severe Food Insecurity

Chart 12, which shows the prevalence of moderate food insecurity in the WB6, reveals a similar picture. Two main differences emerge. The first is that, while at the regional level this indicator is continuously decreasing over the considered period, almost all countries show an increase in the biennium 2020-2022 compared to the biennium 2021-2023. The second is that the gap between WB6 and Southern Europe values is much higher. Among the WB6, the best-performing country in the biennium 2021-2023 was Montenegro, with a prevalence of moderate food insecurity in the total population of 12.3%. However, this is 5.8 percentage points higher than the regional level, which was 6.5% for the biennium 2021-2023. Very close to Montenegro were Serbia (13%) and Bosnia and Herzegovina (13.3%). Although both countries experienced an improvement compared to the biennium 2020-2022, where the indicators were 14.8% and 13.4% respectively, they have not recovered to pre-COVID levels, where the prevalence of moderate food insecurity in the total population was 11.4% and 9.6% respectively. A poorer performance is recorded by North Macedonia, where the indicator in the biennium 2021-2023 was 20.2%, 13.7 percentage points higher than the Southern Europe average of 6.5%. The worst performance among the WB6 is recorded by Albania, whose score in the 2021-2023 biennium was 32.2%, 25.7 percentage points higher than the regional average.

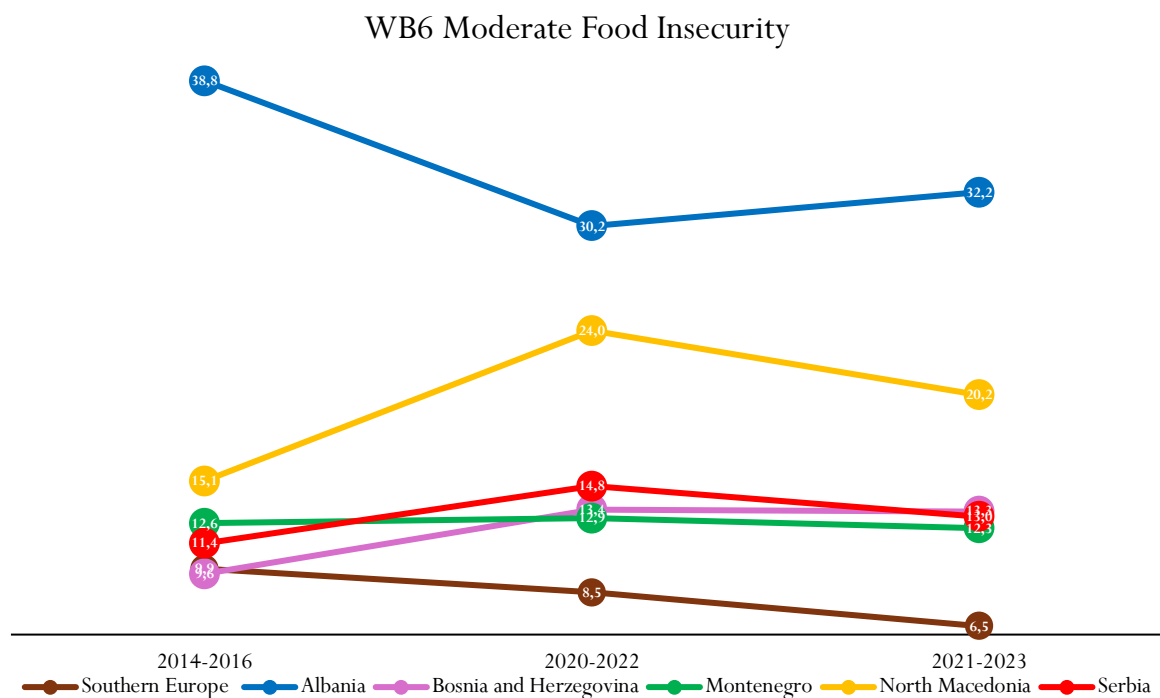


Chart 12 – WB6 Moderate Food Insecurity

According to the UN, the Cost of a Healthy Diet (CoHD) indicator provides national-level estimates of the cost of acquiring the cheapest possible healthy diet in a country. This diet comprises a variety of locally available foods that meet energy and nutritional requirements. The CoHD is then compared with national income distributions to estimate the prevalence of unaffordability and the number of people unable to afford a healthy diet. Charts 13 and 14 show the trend of the CoHD and the proportion of the population unable to afford a healthy diet, respectively, from 2017 to 2022, both in Albania and in Southern Europe. Concerning the cost of a healthy diet, Albania is in line with the regional average. However, we observe that this cost has slightly but continuously increased from 2017, when it was 3.1 PPP dollars, to 2022, when it was 4.2 PPP dollars. In 2022, the cost of a healthy diet was 35% higher compared to 2017. The highest increase was recorded in 2022 over 2021, with a 17% rise in one year. Despite this cost increase, the prevalence of unaffordability of a healthy diet in Albania has steadily decreased over the same period, similar to the trend in Southern Europe. Although it is still higher than the regional average in the period 2017-2020, this gap has reduced. More specifically, in 2017, the proportion of the population unable to afford a healthy diet in Albania was 24.3% compared to 14% in Southern Europe, a difference of 10.3 percentage points. In 2020, the two series reached the minimum gap of 2.6 percentage points, as this indicator in Albania decreased to 14.1%, 10.2 percentage points lower compared to 2017. Although the prevalence of people unable to afford a healthy diet in Albania in 2022 was lower than it was in 2020, reaching 12.2%, the gap with Southern Europe is slightly higher in 2022 (3.1 percentage points) compared to 2020 (2.6 percentage points).

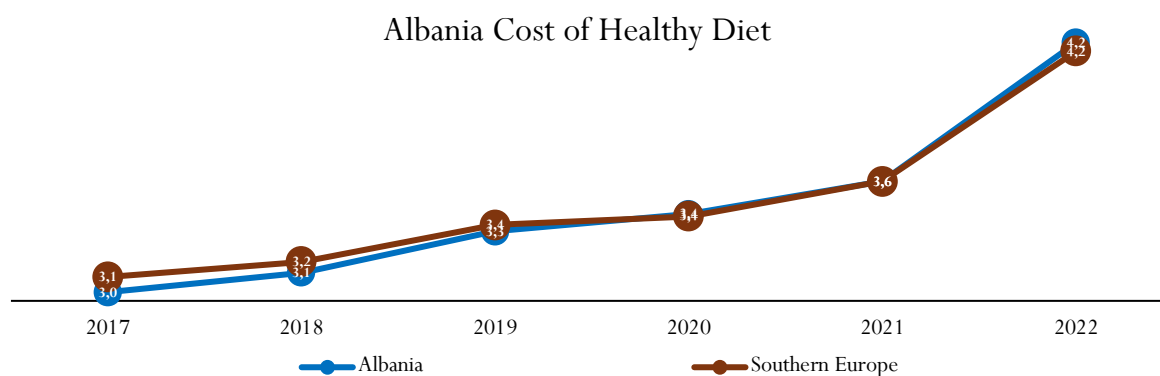


Chart 13 – Albania Cost of Healthy Diet 2017-2022

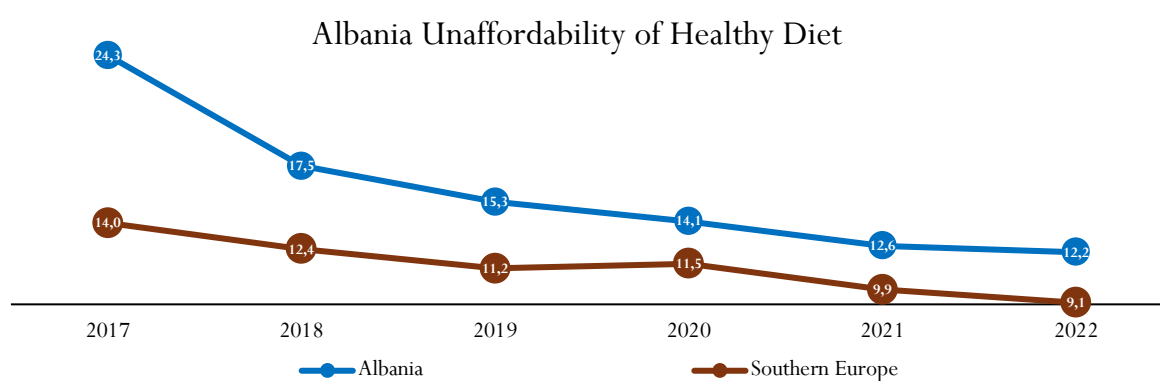


Chart 14 – Albania Unaffordability of Healthy Diet 2017-2022

Charts 14 and 15 show the same indicators for the WB6 from 2017 to 2022. Albania is the best-performing country in terms of the cost of a healthy diet, with its values in line with or even slightly below those of Southern Europe. The CoHD is increasing in all WB6 countries during the considered period, with all showing a significant increase in 2022 compared to 2021. After Albania, Montenegro has the lowest cost of a healthy diet in 2022, at 4.5 PPP dollars. This value is 40% higher compared to 2017, when it was 3.2 PPP dollars, and 21% higher compared to 2021, when it was 3.7 PPP dollars. North Macedonia's cost of a healthy diet is close, at 4.6 PPP dollars in 2022, a value 43% higher compared to 2017, when it was 3.3 PPP dollars, and 18% higher compared to the previous year. In Serbia, the cost of a healthy diet in 2022 was 4.6 PPP dollars, a value 28% higher compared to 2017 (3.6 PPP dollars) and 15% higher compared to 2021 (4 PPP dollars). The country with the highest cost of a healthy diet throughout the considered period is Bosnia and Herzegovina. Its cost of a healthy diet was 5.5 PPP dollars in 2022, well above the Southern Europe average by 2.3 PPP dollars. Moreover, this value is 34% higher compared to 2017, when it was 4.1 PPP dollars, and 20% higher compared to 2021, when it was 4.6 PPP dollars. However, the situation seems reversed if we look at the prevalence of people unable to afford a healthy diet. Bosnia and Herzegovina, which had the highest cost of a healthy diet among the WB6 in the period 2017-2022, shows the lowest proportion of people unable to afford a healthy diet. This value fluctuated between 5% and 6% during the period 2017-2022. It was 5.8% in 2022, which is 3.3 percentage points lower than the regional average of 9.1% in the same year. In 2022, Serbia ranked second with 8.1%, 1 percentage point lower than Southern Europe. Serbia also shows the highest improvement in the considered period. Indeed, the 8.1% in 2022 represents a reduction of 66% compared to 2017, when it was 24.2%. Albania also shows a significant decline in this indicator, recording 12.2% in 2022, marking a 50% decrease compared to 24.3% in 2017. The proportion of people unable to afford a healthy diet also steadily decreased in Montenegro over the considered period. The proportion was 12.2% in 2022, a reduction of 30% compared to 2017. The worst

performance among the WB6 is recorded by North Macedonia. In 2017, North Macedonia, Albania, and Serbia had a similar proportion of people unable to afford a healthy diet, at 23.9%, 24.2%, and 24.3%, respectively. North Macedonia shows the least progress. In 2022, the percentage of people unable to afford a healthy diet was 19.4%, representing only a 19% reduction compared to 2017. Moreover, this value is 10.3 percentage points higher than the regional average.

WB6 Cost of Healthy Diet

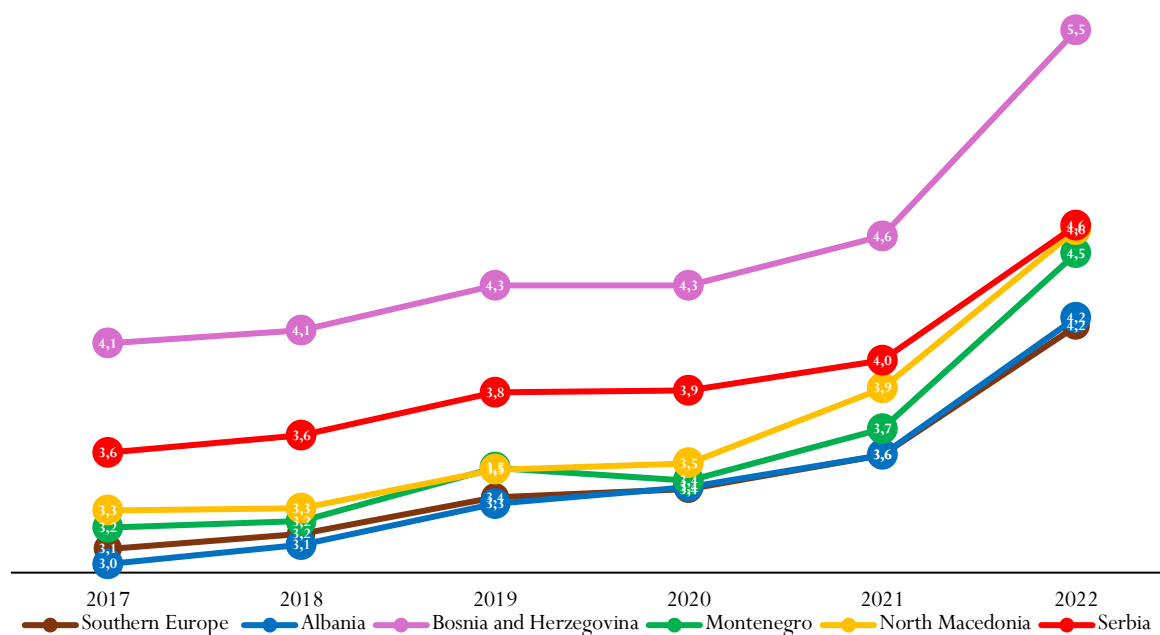


Chart 15 – WB6 Cost of Healthy Diet 2017-2022

WB6 Unaffordability of Healthy Diet

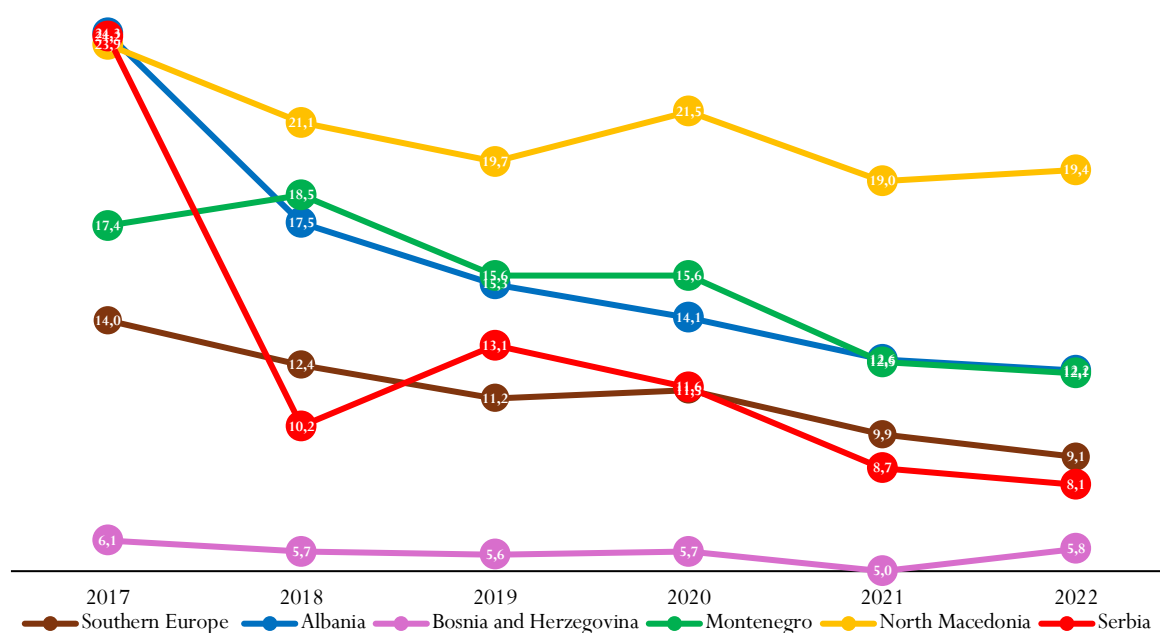


Chart 16 – WB6 Unaffordability of Healthy Diet 2017-2022

4. *Freedom in the World*

Freedom in the World is an annual publication by the US-based NGO Freedom House, which assesses the state of civil liberties and political rights worldwide. Since its inception in 1973, the report has comprehensively evaluated 210 countries and territories, utilizing data and information gathered from external analysts through on-the-ground research, consultations with local stakeholders, and analysis of both governmental and nongovernmental sources. The report examines each country based on the following indicators: (i) Political Rights domain, encompassing Electoral Process, Political Pluralism and Participation, and Functioning of Government; and (ii) Civil Liberties domain, covering Freedom of Expression and Belief, Associational and Organizational Rights, Rule of Law, and Personal Autonomy and Individual Rights. A rating scale ranging from 1 ("Most Free") to 7 ("Least Free") is assigned to each country to reflect its level of freedom.

According to *Freedom in the World 2024*, in 2023, global freedom declined for the 18th consecutive year, with significant deterioration in political rights and civil liberties observed in 52 countries, while only 21 made improvements. This decline was largely due to flawed elections and armed conflicts, which endangered freedom and caused severe suffering. Violence and manipulation during elections led to downgrades in freedom status in countries like Ecuador, while incumbents in places like Cambodia and Turkey tried to control electoral competition. Thailand saw some improvement due to more competitive elections, though unelected entities distorted the government-formation process. Military coups, such as the one in Niger, further contributed to the decline. Armed conflicts driven by authoritarian aggression, like the war in Nagorno-Karabakh and the Russian invasion of Ukraine, also significantly decreased global safety and democracy. Civilians suffered immensely in conflicts involving Israel and Hamas, the civil war in Myanmar, and fighting in Sudan. In disputed territories, residents faced severe repression, with authorities in places like Hong Kong, Tibet, Crimea, the West Bank, Gaza Strip, and Indian-administered Kashmir curtailing basic rights. Despite the attack on pluralism by authoritarian leaders and armed groups, it remains a vital source of strength for societies. Rejecting pluralism led to repression and violence, contributing to the decline in freedom. However, embracing diversity, protecting dissent, and building international coalitions can help democratic forces reverse this trend and support global freedom.

In the *Freedom in the World 2024* report, Albania maintains its status as "Partly Free" with a score of 68/100, gaining one point compared to its 2023 score of 67/100. The improvement was due to an increase of one point in the Associational and Organizational Rights indicator within the Civil Liberties domain, which moved from 9 to 10 in 2024. All other scores remained unchanged.

Albania Freedom in the World 2020-2024

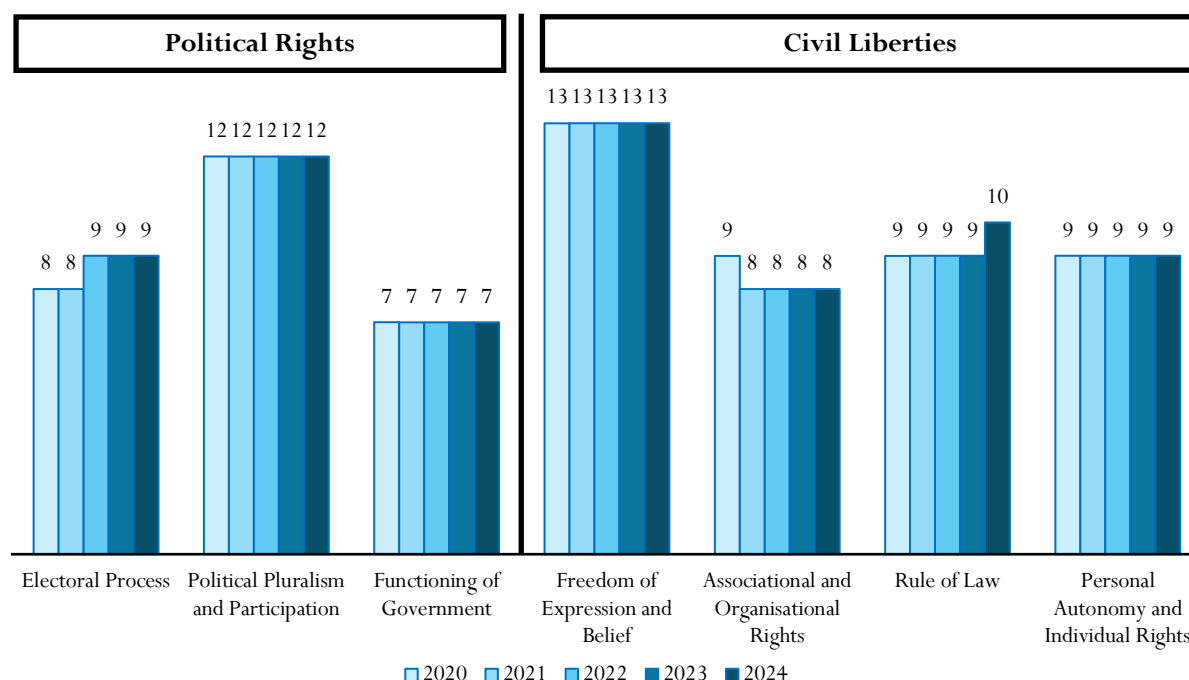


Chart 17 – Albania Freedom in the World 2020-2024

Chart 18 presents a comparative analysis of Freedom Scores (maximum 100 points) and its domains—Political Rights (maximum 40 points) and Civil Liberties (maximum 60 points)—for all WB6 countries between in 2014, 2023, and 2024, showing changes over time. Albania is the most stable country within WB6. In 2024, compared to 2014, its freedom score increased by one point, moving from 67/100 in 2014 to 68/100 in 2024. The Political Rights score is one point higher in 2024 (28/40) compared to 2014 (27/40). The Civil Liberties domain score in 2024 is unchanged from 2014 (40/60), recovering one point in 2024 compared to last year when the score was 39/60. Albania ranks second among WB6.

North Macedonia and Kosovo, like Albania, show improvement in their freedom scores in 2024 compared to 2014. North Macedonia's score increased by 3 points from 64/100 in 2014 to 67/100 in 2024. However, in 2024, it marked a slight decrease compared to 2023 when it was 68/100. This increase is due to improvements in both the Political Rights and Civil Liberties domains. The Political Rights score increased from 26/40 in 2014 to 28/40 in 2024, though it slightly decreased compared to 2023 (29/40). The Civil Liberties domain score in 2024 was 39, marking a +1 compared to 2023. North Macedonia ranks third among WB6 in 2024. Kosovo has the highest long-term improvement in freedom among WB6. Its score of 60/100 in 2024 marked a +17 increase compared to 2014 when it was 43/100. This increase was mainly due to progress in the Political Rights domain, which moved from 17/40 in 2014 to 28/40 in 2024, an improvement of +11 points. The Civil Liberties domain also improved from 26/60 in 2014 to 32/60 in 2024. Despite this improvement, Kosovo ranks fourth among WB6. Conversely, Montenegro, Bosnia and Herzegovina, and Serbia have shown a decline over the last 10 years. Montenegro's score in 2024 was 69/100, marking a decrease of -3 points compared to 2014. However, in 2024 it recovered +2 points compared to the previous year when the score was 67/100. This decrease is mainly attributed to deterioration in the Civil Liberties domain, which fell from 45/60 in 2014 to 42/60 in 2024, although it slightly recovered in 2024 compared to 2023 (41/60). The Political Rights score remains unchanged in 2024 compared to 2014 at 27/40. Despite this deterioration, Montenegro ranks first among WB6. Bosnia and Herzegovina shows a significant decline in its Freedom score in 2024 (51/100) compared to 61/100 in 2014, a decrease of 10 points. This decline is mainly attributed to a worsening in the Political Rights domain, which scored 17/40 in 2024, 7 points lower than in 2014 (24/40). In 2024, it is still lower compared to the previous year (18/40). The Civil Liberties domain also experienced a decline, moving from 37/60 in 2014 to 34/60 in 2024. Bosnia and Herzegovina ranks last among WB6 in 2024. Serbia shows the highest deterioration

in freedom score when comparing 2014 and 2024. Serbia ranked first among WB6 in 2014, while it is fifth in 2024. Its Freedom score fell from 78/100 in 2014 to 60/100 in 2023, and further to 57/100 in 2024, marking a global decline of -21 points. Both Political Rights and Civil Liberties declined. The Political Rights score fell from 30/40 in 2014 to 20/40 in 2023, and further to 18/40 in 2024. Civil Liberties also steadily declined, from 48/60 in 2014 to 40/60 in 2023, and further to 39/60 in 2024.

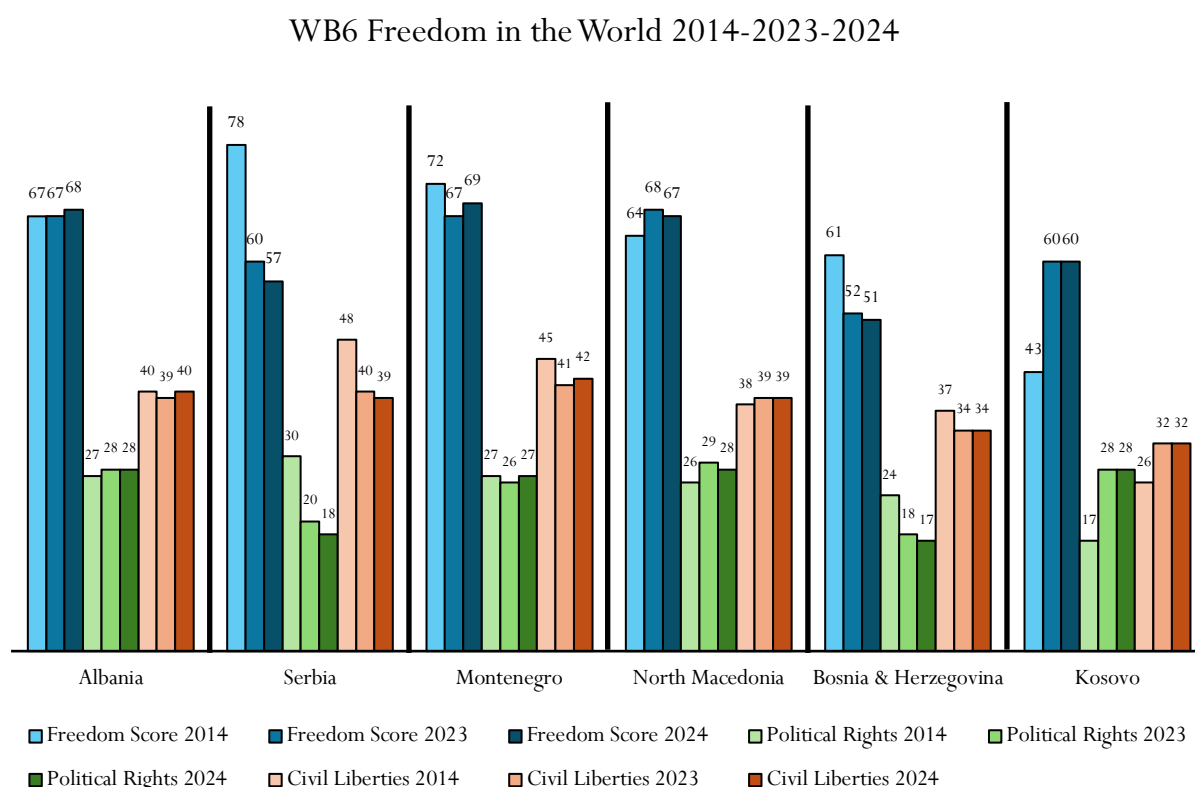


Chart 18 – WB6 Freedom in the World 2014-2023-2024

5. *Economic Freedom*

The *Economic Freedom of the World* report, published by the Fraser Institute, evaluates the extent to which countries' policies and institutions support economic freedom. The Fraser Institute defines economic freedom through principles such as personal choices, voluntary exchange, open markets, and clearly defined and enforced property rights. The measurement of economic freedom in the report is based on five main areas. The first is the Size of Government, which assesses the extent of government intervention in the market; a larger government typically corresponds to lower economic freedom. The second area is the Legal System and Property Rights, which evaluates how well a government protects individuals and their property rights. This score is adjusted for gender disparities in economic freedom between men and women. The third area, Sound Money, measures how effectively a government safeguards savings and incomes from the effects of volatile and high inflation rates. The fourth area is Freedom to Trade Internationally, which gauges the degree to which businesses and investors can engage with international markets and vice-versa. Finally, Regulation assesses how much regulatory constraints limit personal choices and voluntary exchange.

The 2023 *Economic Freedom of the World* report states that in 2021, Hong Kong's long-standing top position in economic freedom was disrupted due to new restrictions imposed by the Chinese government. These restrictions led to declines in Hong Kong's regulatory and legal system scores. Consequently, Singapore ascended to the top position, with its score improving by 0.06 points due to enhancements in government size and regulation. Countries such as Switzerland, New Zealand, the United States, Ireland, Denmark, Australia, the United Kingdom, and Canada follow closely behind. Taiwan, Japan, Germany, Korea, France, Italy, Mexico,

India, Russia, Brazil, and China are ranked in the middle to lower tiers, with China notably low at 111th. The report highlights a significant decline in global economic freedom, with the average rating falling from 6.94 in 2019 to 6.77 in 2020 and remaining at this level in 2021, the lowest since 2009. It also notes that populism negatively affects economic freedom, especially in democratic countries, although political constraints in OECD nations can somewhat mitigate these effects. Furthermore, the report emphasizes that economic freedom and the rule of law are mutually reinforcing, with threats to one generally impacting the other.

In 2021, Albania's Economic Freedom Score was 7.6 out of 10, reflecting an increase of 0.3 points compared to 2010, and remaining unchanged from the previous year. The size of government indicator declined in 2021, dropping from 8.1 in 2010 to 7.7, and slightly decreased from the previous year when it was 7.8. The Size of Government component focuses on how government expenditures and tax rates affect economic freedom, measuring the degree to which a country relies on personal choice and markets rather than government budgets and political decision-making. Countries with lower levels of government spending, lower marginal tax rates, less government investment, and less state ownership of assets earn the highest ratings in this area. The Legal System and Property Rights indicator in 2021 was 5.3, slightly lower than the 5.5 score in 2010, but showed a minor increase from 5.2 in the previous year. This area remains Albania's weakest performance domain. The Sound Money indicator was unchanged between 2010 and 2021, maintaining a score of 9.6, although it did experience a slight decline from 9.8 in 2020. Both the Freedom to Trade Internationally and Regulation indicators showed improvements over time. The Freedom to Trade Internationally score increased from 7.6 in 2010 to 8.4 in 2021, an improvement of 0.8 points. The Regulation indicator exhibited the highest increase among the economic freedom sub-indicators, rising from 5.8 in 2010 to 6.6 in 2020, and reaching 7 in 2021, marking a total increase of 1.2 points.

Albania Economic Freedom of the World 2010-2020-2021

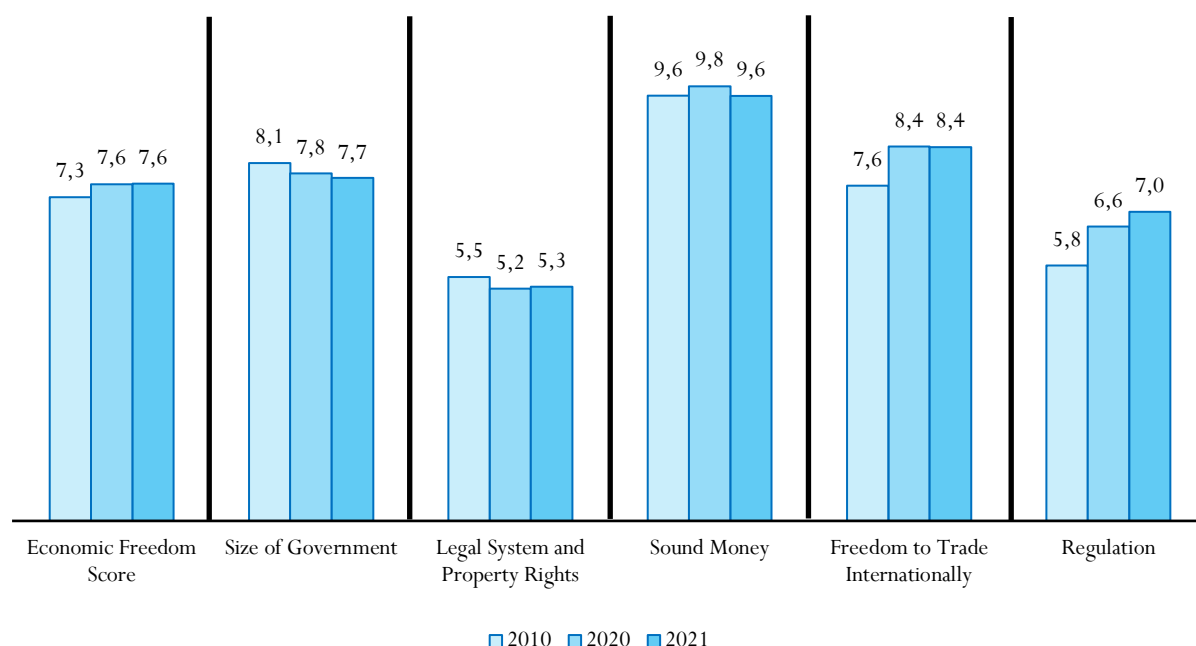


Chart 19 – Albania Economic Freedom of the World 2010-2020-2021

Table 1 presents the figures for the Economic Freedom Score and its sub-indicators for all WB6 countries for the years 2010, 2020, and 2021. In 2021, Albania confirmed its status as the country with the highest economic freedom in the WB6, achieving a score of 7.6. It was closely followed by Montenegro, with a score of 7.59. Montenegro experienced the highest improvement in economic freedom compared to 2010, with its score increasing from 7.17 to 7.59, marking a rise of 0.42 points. This improvement is largely due to gains across all sub-indicators except for the Size of Government. The Size of Government score in Montenegro decreased by 0.46 points from 6.9 in 2010 to 6.44 in 2021, though it did show a slight increase compared to 2020 when it

was 6.40. The Legal System and Property Rights score improved by 0.34 points from 2010 to 2021, despite a slight decrease from 2020's score of 5.67. The Sound Money indicator showed the highest increase, rising from 8.0 in 2010 to 9.61 in 2021, although it slightly declined from 9.72 in 2020. The Freedom to Trade Internationally indicator remained relatively stable, scoring 8.32 in 2021, which marked a significant recovery from 7.67 in 2020. The Regulation score also increased from 7.33 in 2010 to 7.93 in 2021, though it slightly declined compared to 2020 when it was 7.95. North Macedonia ranked third among WB6 countries in 2021, with an Economic Freedom Score of 7.06. Compared to 2010, this score represents a marginal increase of 0.03 points, although it saw a slight decline of 0.02 points from 2020. The Size of Government, Sound Money, and Freedom to Trade Internationally indicators all recorded higher scores in 2021 compared to 2010. The Size of Government score increased by 0.21 points, and the Sound Money score increased by 0.14 points, although the latter declined by 0.06 points compared to 2020. Conversely, the Legal System and Property Rights and Regulation scores deteriorated. The Legal System and Property Rights score steadily decreased from 4.98 in 2010 to 4.74 in 2021, marking a total decline of 0.24 points. Similarly, the Regulation score decreased continuously from 8.10 in 2010 to 7.69 in 2021, a total decline of 0.41 points. Serbia ranked fourth among the WB6 countries, with a gain of 0.38 points in its Economic Freedom Score from 2010 to 2021. All sub-indicators, except for the Size of Government, showed higher values in 2021 compared to 2010. The Legal System and Property Rights score increased by 0.44 points to 5.44 in 2021. The Sound Money score, which was 8.02 in 2021, represented a 0.57 points increase compared to 2010, although it showed a decrease from 8.27 in 2020. The Freedom to Trade Internationally score steadily increased from 7.28 in 2010 to 8.10 in 2021, marking an improvement of 0.82 points. The Regulation score also increased, rising from 5.91 in 2010 to 6.83 in 2021, an improvement of 1.02 points. However, the Size of Government score continuously declined, moving from 6.71 in 2010 to 5.87 in 2021, marking a total decrease of 0.84 points. Bosnia and Herzegovina ranked last among the WB6 countries. Its Economic Freedom Score increased by 0.21 points from 6.45 in 2010 to 6.66 in 2021, although it experienced a slight decrease compared to 2020 when the score was 6.67. All sub-indicators, except for Freedom to Trade Internationally, reported higher values in 2021 compared to 2010. The Size of Government score increased from 5.09 in 2010 to 6.76 in 2021, marking an improvement of 1.67 points. The Legal System and Property Rights score also steadily increased from 4.46 in 2010 to 4.52 in 2021, marking a total improvement of 0.06 points. The Sound Money score in 2021 was 8.21, which is 0.07 points higher than in 2010, but it declined by 0.14 points compared to 2020. The Regulation score in 2021 remained unchanged from 2010 at 6.77, although it showed an increase compared to 2020 when it was 6.62. Freedom to Trade Internationally was the only area where Bosnia and Herzegovina exhibited continuous deterioration, decreasing from 7.79 in 2010 to 7.06 in 2021, marking a total decline of 0.73 points.

WB6 Economic Freedom of the World						
		Albania	Serbia	Montenegro	North Macedonia	Bosnia & Herzegovina
Economic Freedom	2010	7.30	6.47	7.17	7.03	6.45
	2020	7.59	6.78	7.48	7.08	6.67
	2021	7.60	6.85	7.59	7.06	6.66
Size of Government	2010	8.07	6.71	6.90	6.72	5.09
	2020	7.83	6.20	6.40	6.87	6.63
	2021	7.73	5.87	6.44	6.93	6.76
Legal System and Property Rights	2010	5.50	5.00	5.30	4.98	4.46
	2020	5.24	5.39	5.67	4.79	4.43
	2021	5.28	5.44	5.64	4.74	4.52
Sound Money	2010	9.59	7.45	8.00	8.05	8.14

	2020	9.80	8.27	9.72	8.25	8.35
	2021	9.59	8.02	9.61	8.19	8.21
Freedom to Trade Internationally	2010	7.56	7.28	8.31	7.32	7.79
	2020	8.44	7.46	7.67	7.69	7.34
	2021	8.43	8.10	8.32	7.72	7.06
Regulation	2010	5.76	5.91	7.33	8.10	6.77
	2020	6.64	6.60	7.95	7.78	6.62
	2021	6.97	6.83	7.93	7.69	6.77

Table 1 – WB6 Economic Freedom of the World

6. Globalisation Index

The *Globalisation Index* is compiled and published by KOF – Konjunkturforschungsstelle, a branch of the Federal Polytechnic School of Zurich. This index provides ongoing data on the levels of globalization across countries worldwide since 1970, with the latest update referring to the year 2023 (using data from 2021). Each globalization variable assessed by the index is measured on a 0-100 scale and carries a specific weight in the calculation, contributing to the overall globalization score. These variables are categorized into 12 sub-indices, such as Economic Globalisation (*de facto* and *de jure*), Social Globalisation (*de facto* and *de jure*), and Political Globalisation (*de facto* and *de jure*). Each of these three domains is combined with an equal weight of 33.3% to derive the Globalisation Index. It is important to note that *de facto* globalisation measures actual flows and activities, while *de jure* globalisation evaluates policies, conditions, and institutions responsible for facilitating these activities.

According to the 2023 Globalisation Index, the COVID-19 pandemic caused a sharp decline in globalisation in 2020 due to the collapse of trade and international relations. However, the KOF Globalisation Index for 2021 shows a slight recovery, though it has not yet returned to the pre-pandemic levels of 2019. Economic globalisation saw an increase in 2021, primarily driven by significant growth in trade (*de facto*) due to a sharp rise in consumer spending on goods. Despite stable overall conditions for economic globalisation (*de jure*), trade in services remained subdued and financial integration decreased, likely due to market volatility and investor caution. Social globalisation declined slightly in 2021, with traditional in-person exchanges like tourism and migration stagnating due to ongoing travel restrictions. Conversely, the digital segment experienced significant growth, with increased online communication and internet usage. Political globalisation continued to grow moderately, with an increase in the number of posts at international organisations. Switzerland topped the current rankings, attributed to its high levels of exports and imports, influential global financial sector, and numerous international organisations. It is followed by the Netherlands and Belgium, both strongly integrated into the global economy through trade and finance. Other top-ranking countries include Sweden, the United Kingdom, Austria, Germany, Denmark, Finland, and France, largely due to the economic, social, and political interdependence within the European Union. Smaller countries like Switzerland, the Netherlands, and Belgium have stronger links to large economies and neighbouring states, leading to higher degrees of globalisation. In contrast, larger economies like China and the United States show more complex globalisation patterns, with the US being politically more globalised and China being a major political player but lower in economic and social globalisation. Countries such as Albania, Rwanda, and Georgia are climbing the rankings, indicating increasing openness to global trade, digital connectivity, and international diplomacy. Developing and emerging economies show stronger growth in globalisation, with low-income countries already surpassing pre-pandemic levels, while the overall index remains slightly below this level.

In Albania, during the period 2016-2021, the Globalisation Index fluctuated between 63.9 and 66.2 out of 100. In 2021, Albania's score recovered by 2 points, reaching 65.9 compared to 63.9 in 2020. Both the *de jure* and *de facto* components of globalisation registered improvements in 2021 compared to 2020. Specifically, the *de jure* globalisation index increased by 2.6 points, rising from 74 in 2020 to 76.6 in 2021. The *de facto*

globalisation index also increased by 1.4 points, moving from 53.8 in 2020 to 55.2 in 2021. Chart 21 shows the scores for economic, social, and political globalisation—both *de jure* and *de facto*—across the years 2016, 2020, and 2021. In terms of economic globalisation, Albania scored 69 in 2021, an increase of +2.4 points compared to 2016 (66.6). Notably, this score not only recovered but also surpassed the decrease seen in 2020 when the score was 63.5. This recovery includes both *de facto* and *de jure* economic globalisation. In 2021, *de facto* economic globalisation was 64.8, marking an increase of +3.3 points compared to 2020 (61.5) and +2.9 points compared to 2016 (61.9). Social globalisation in 2021 scored 65.8, which is +0.4 points higher than in 2020 but -1.6 points lower compared to 2016, when it was 67.4. This decrease is primarily due to the deterioration in *de facto* social globalisation, which scored 54.6 in 2021—a decrease of -0.6 points compared to 2020 and -4.2 points compared to 2016 (58.4). Conversely, *de jure* social globalisation saw a slight increase of +0.1 points in 2021 (76.9) compared to 2020 (76.8), and a +0.5 point increase compared to 2016 (76.4). Political globalisation increased by +0.2 points in 2021 (63) compared to 2020 and by +1 point compared to 2016. Both *de jure* and *de facto* political globalisation showed improvements. *De facto* political globalisation recorded a score of 46.3 in 2021, up by +0.4 points compared to 2020, and +1.7 points compared to 2016. *De jure* political globalisation scored 79.8 in 2021, unchanged from 2020, but +0.3 points higher than in 2016.

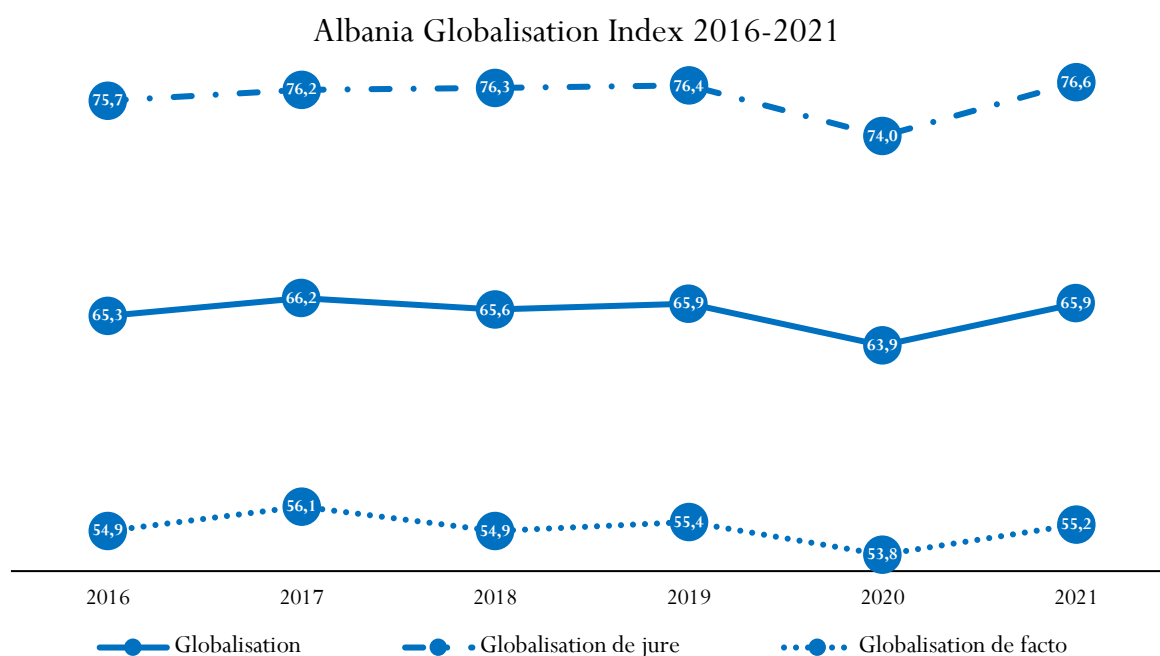


Chart 20 – Albania Globalisation Index 2016-2021

Albania Globalisation Index 2016-2020-2021

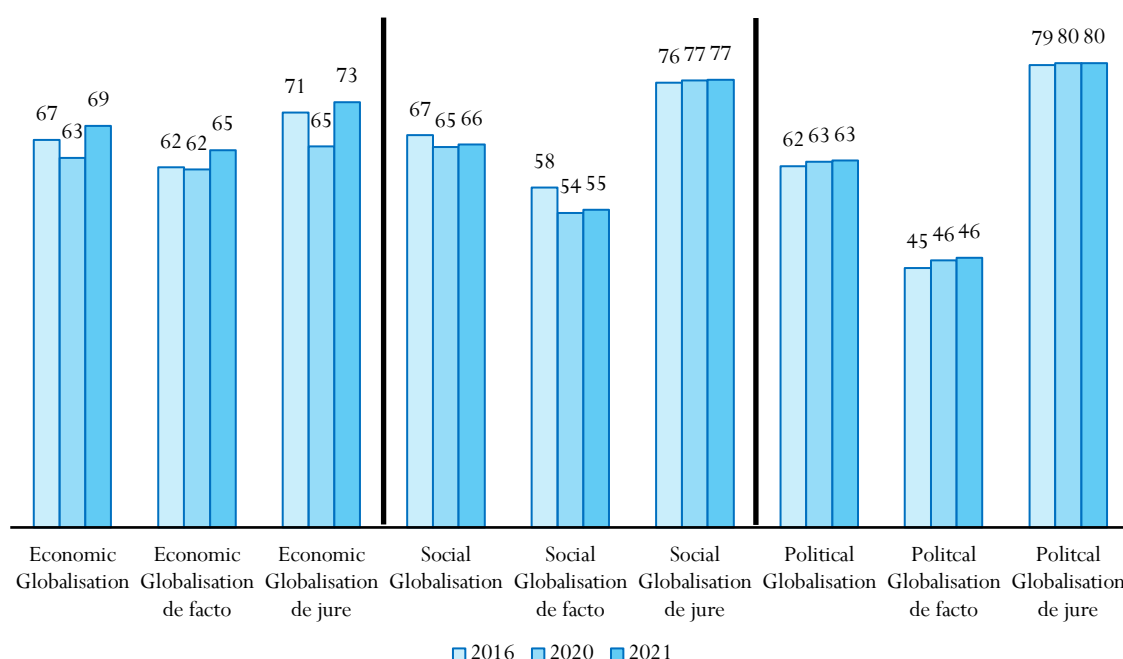
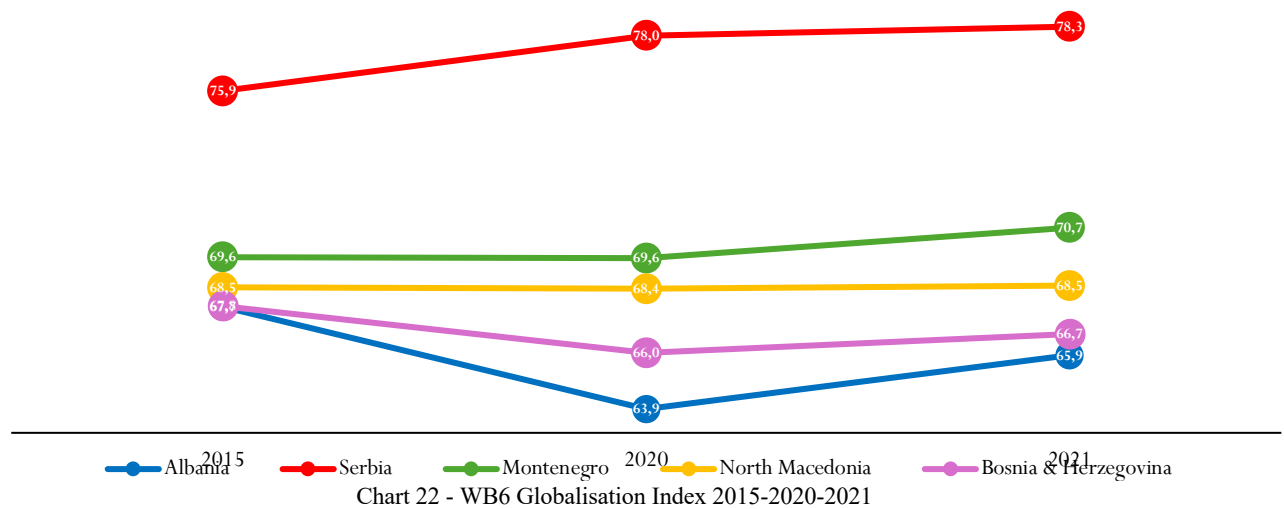


Chart 21 – Albania Globalisation Index 2016-2020-2021

Chart 22 shows the Globalisation Index for WB6 countries during the years 2015, 2020, and 2021. Serbia is the most globalized country among the WB6, with a score of 78.3 in 2021, significantly higher than the other WB6 countries. Serbia experienced improvements in its Globalisation Index compared to both 2015, when the index was 75.9, and 2020, when it was 78. This increase was driven by both *de jure* globalisation, which was 79.6 in 2021, reflecting a +0.4 increase from 2020 and +1 from 2015, and *de facto* globalisation, which scored 77 in 2021, up by +0.2 from 2020 and +3.6 from 2015. Montenegro ranks 2nd among the WB6 in 2021 with a score of 70.7, marking a +1.1 increase compared to both the previous year and 2015. *De jure* globalisation steadily increased from 71.8 in 2015 to 72.1 in 2020, reaching 73 in 2021. *De facto* globalisation was 67.8 in 2015, slightly lower at 67.4 in 2020, and increased to 68.8 in 2021. North Macedonia ranks 3rd among the WB6 and is the most stable country in the group, with neither significant improvements nor declines over the years considered. Its globalisation score was 68.5 in 2021, with a *de jure* globalisation score of 74.5 and a *de facto* globalisation score of 62.9 in the same year. Bosnia and Herzegovina ranks 4th among the WB6 with a globalisation score of 66.7 in 2021. This score is slightly lower than in 2015, when it was 67.8, although it marked an improvement compared to 2020, when it was 66. *De jure* globalisation steadily decreased from 72.6 in 2015 to 70.5 in both 2020 and 2021. Conversely, *de facto* globalisation was lower in 2020 at 61.9 compared to 63.3 in 2015, but it almost fully recovered in 2021, increasing to 63.2. Albania ranks last among the WB6 in 2021 with a score of 65.9. Albania experienced the highest deterioration in 2020 compared to 2015, losing -3.8 points. However, it also showed the highest improvement in 2021 compared to 2020, gaining +2 points.

WB6 Globalisation Index 2015-2020-2021



WB6 Globalisation Index

		Albania	Serbia	Montenegro	North Macedonia	Bosnia & Herzegovina
Globalisation	2015	67.7	75.9	69.6	68.5	67.8
	2020	63.9	78.0	69.6	68.4	66.0
	2021	65.9	78.3	70.7	68.5	66.7
Globalisation <i>de jure</i>	2015	74.6	78.6	71.8	74.5	72.6
	2020	74.0	79.2	72.1	74.3	70.5
	2021	76.6	79.6	73.0	74.5	70.5
Globalisation <i>de facto</i>	2015	60.9	73.4	67.8	62.7	63.3
	2020	53.8	76.8	67.4	62.9	61.9
	2021	55.2	77.0	68.8	62.9	63.2

Table 2 – WB6 Globalisation Index

Charts 23, 24, and 25 show the performance of WB6 countries in economic, social, and political globalisation for the years 2015, 2020, and 2021. The most economically globalised country among the WB6 in 2021 is Montenegro, with a score of 77.7. The Economic Globalisation Index steadily increased in Montenegro over the considered years. In 2021, *de jure* economic globalisation, which scored 71.9, marked a slight decrease compared to 2020, when it was 72, but it remains higher than in 2015, when it was 70.3. Conversely, *de facto* economic globalisation increased in 2021 compared to 2020 by +2.5 points, rising from 79 to 81.5. It is also 1.3 points higher in 2021 compared to 2015. Serbia ranks second among the WB6 in 2021 with an economic globalisation score of 71.6. This score is lower than in 2020, when it was 72, but still higher than in 2015, when it was 69.7. The decrease from 2020 to 2021 was mainly due to a drop in the *de facto* economic globalisation score, which fell by -0.8 points from 74.2 to 73.4, while *de jure* economic globalisation saw a slight improvement, increasing from 69.2 in 2020 to 69.5 in 2021. Albania ranks 3rd in economic globalisation in 2021 among the WB6, with a score of 69. Albania shows the highest improvement in 2021 compared to the previous year, with the economic globalisation score increasing by +5.5 points, surpassing the levels of 2015. The *de jure* economic globalisation score increased by +7.6 points in 2021 compared to 2020, and the *de facto* economic globalisation score increased by +3.3 points in 2021 compared to 2020. Just below Albania, we find North Macedonia, with an economic

globalisation score of 68.7 in 2021, marking slight increases compared to both 2020, when it was 68.6, and 2015, when it was 68.1. This increase is due to an improvement in *de facto* globalisation, which rose from 70.6 in 2020 to 71.4 in 2021. Conversely, *de jure* globalisation saw a slight decrease from 66.5 in 2020 to 66.1 in 2021. Bosnia and Herzegovina ranks last among the WB6 in all the considered years. The economic globalisation score, which was 58.0 in 2021, marked an increase of +2.1 points compared to the previous year, when it was 55.9, but it is still below the 2015 value of 60.5. *De jure* economic globalisation followed the same trend, increasing from 55.6 in 2020 to 55.9 in 2021 but remaining below the 2015 score of 61.8. *De facto* economic globalisation showed the best improvement, growing by +3.8 points in 2021 compared to 2020, and it is also higher in 2021 compared to 2015 by +0.8 points.

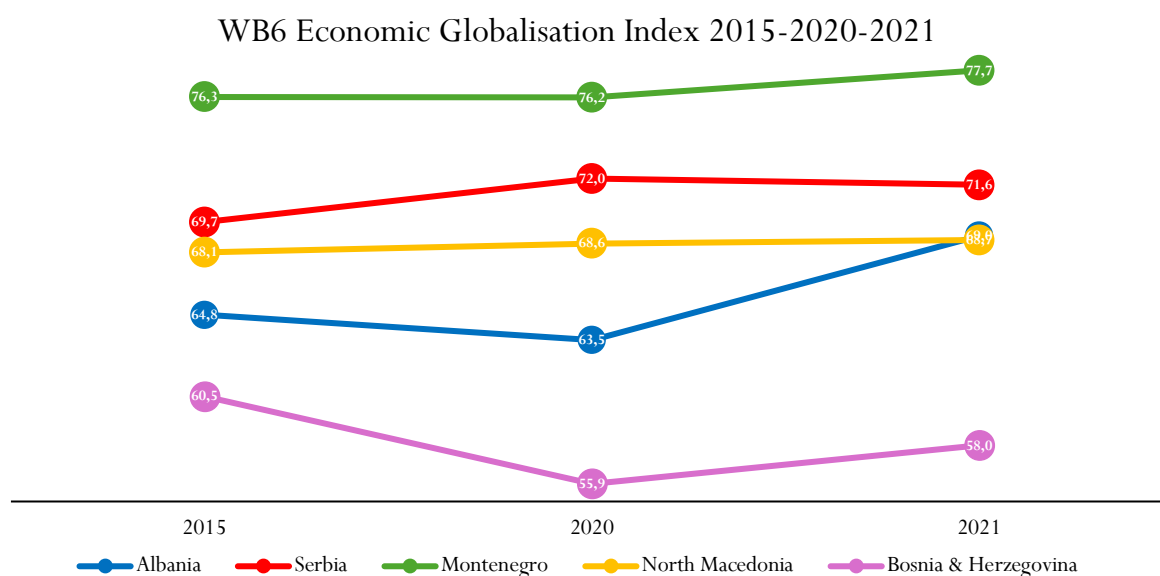


Chart 23 – WB6 Economic Globalisation Index 2015-2020-2021

WB6 Economic Globalisation Index						
		Albania	Serbia	Montenegro	North Macedonia	Bosnia & Herzegovina
Economic Globalisation	2015	64.8	69.7	76.3	68.1	60.5
	2020	63.5	72.0	76.2	68.6	55.9
	2021	69.0	71.6	77.7	68.7	58.0
Economic Globalisation <i>de jure</i>	2015	67.7	66.8	70.3	67.3	61.8
	2020	65.5	69.2	72.0	66.5	55.6
	2021	73.1	69.5	71.9	66.1	55.9
Economic Globalisation <i>de facto</i>	2015	61.9	72.0	80.2	68.9	59.2
	2020	61.5	74.2	79.0	70.6	56.2
	2021	64.8	73.4	81.5	71.4	60.0

Table 3 – WB6 Economic Globalisation Index

Concerning the Social Globalisation Index, Montenegro ranks 1st among the WB6 countries in all considered years. In 2021, Montenegro's social globalisation score was 77.8, marking a recovery compared to 2020, when it was 77. However, it remains slightly below the 2015 level, when it was 78.4. The positive change from 2020 to 2021 is attributable to increases in both *de jure* and *de facto* social globalisation. The *de jure* component increased

by +1 point, from 84.3 in 2020 to 85.3 in 2021, though it remains below the 2015 level of 86.5. The *de facto* social globalisation index increased by +0.7 points, from 70.7 in 2020 to 71.4 in 2021, recovering to levels similar to 2015. Serbia ranks second among the WB6 in the Social Globalisation Index, showing steady improvement over time. The score was 73.5 in 2015, rising to 76.1 in 2020 and 77.3 in 2021. These improvements are primarily due to an increase in *de facto* social globalisation, which rose from 66 in 2015 to 71.8 in 2020 and 73.2 in 2021, marking a total improvement of +7.2 points. The *de jure* social globalisation also increased but to a lesser extent, reaching 81.3 in 2021, an improvement of +0.8 points compared to 2020 and +0.2 points compared to 2015. Bosnia and Herzegovina ranks 3rd among the WB6, showing a negative trend over the considered years. The score was 69.2 in 2015, decreasing to 68.1 in 2020, with a slight improvement to 68.2 in 2021. Both *de jure* and *de facto* social globalisation deteriorated. In 2021, *de jure* social globalisation was 75.8, a decrease of -0.2 points compared to 2020 and -0.8 points compared to 2015. *De facto* social globalisation, at 62.2 in 2021, marked an increase of +0.3 points compared to 2020 but lost -1.4 points compared to 2015. Albania ranks 4th among the WB6 with a 2021 social globalisation score of 65.8, representing an improvement of +0.4 points compared to 2020 but lower than the 2015 score of 68. This long-term deterioration can be mainly attributed to *de facto* social globalisation, which was 54.6 in 2021, a +0.6 increase compared to 2020, but significantly below its 2015 level of 59.4. Conversely, *de jure* social globalisation showed a slight but continuous increase over time, rising from 76.6 in 2015 to 76.8 in 2020 and 76.9 in 2021. North Macedonia ranks last among the WB6 in 2021, showing the worst long-term performance, with its social globalisation score continuously decreasing. While *de jure* social globalisation remained relatively stable, with just a -0.3 point decline in 2021 compared to 2015, *de facto* social globalisation decreased significantly from 59.4 in 2015 to 55.7 in 2020 and 54.3 in 2021, marking a total deterioration of -5.1 points.

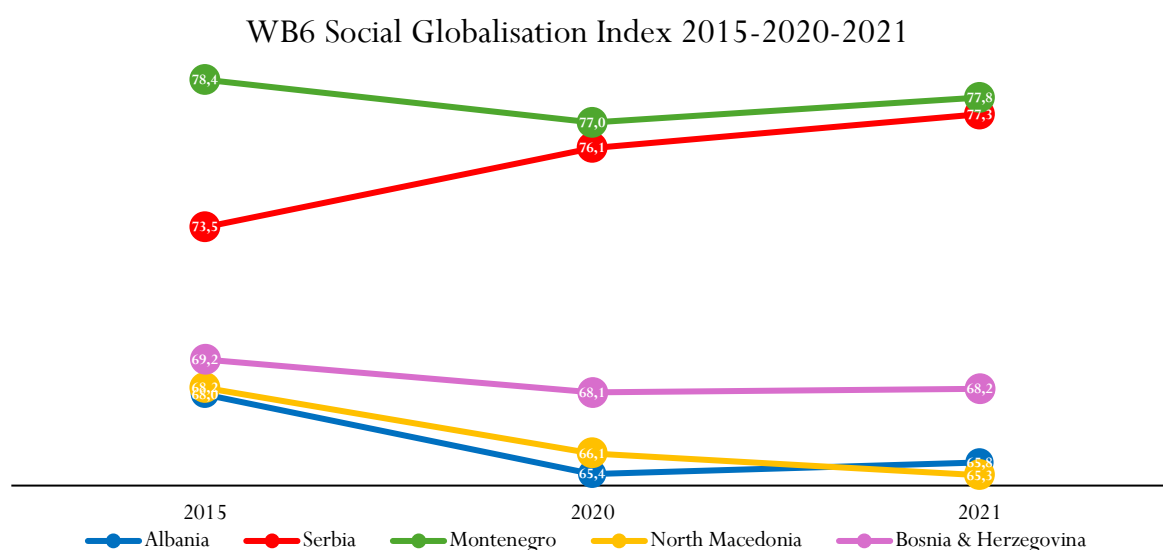


Chart 24 – WB6 Social Globalisation Index 2015-2020-2021

WB6 Social Globalisation Index						
		Albania	Serbia	Montenegro	North Macedonia	Bosnia & Herzegovina
Social Globalisation	2015	68.0	73.5	78.4	68.2	69.2
	2020	65.4	76.1	77.0	66.1	68.1
	2021	65.8	77.3	77.8	65.3	68.2
Social Globalisation <i>de jure</i>	2015	76.6	81.1	86.5	78.5	76.6
	2020	76.8	80.5	84.3	78.1	76.0
	2021	76.9	81.3	85.3	78.2	75.8

Social	2015	59.4	66.0	71.4	59.4	63.4
Globalisation	2020	54.0	71.8	70.7	55.7	61.9
<i>de facto</i>	2021	54.6	73.2	71.4	54.3	62.2

Table 4 – WB6 Social Globalisation Index

Concerning political globalisation, Serbia ranks 1st among the WB6 countries, with its Political Globalisation Index showing slight but steady increases over the considered period. The index rose from 83.8 in 2015 to 85.2 in 2020 and 85.3 in 2021. A similar pattern is observed in *de jure* political globalisation, which increased from 85.6 in 2015 to 85.9 in 2020 and 86.2 in 2021. However, the *de facto* political globalisation score in 2021 was 84.4, reflecting a +2.4 point increase compared to 2015 but a slight decrease of -0.1 points compared to 2020. Bosnia and Herzegovina ranks 2nd among the WB6 countries in all considered years. Its Political Globalisation Index fluctuated slightly, from 73.8 in 2015 to 74.2 in 2020 and 2021. There were no significant changes in either *de jure* political globalisation, which fluctuated from 80.3 in 2015 to 81 in both 2020 and 2021, or in *de facto* political globalisation, which varied slightly from 67.2 in 2015 to 67.5 in 2020 and 67.4 in 2021. North Macedonia ranked 3rd among the WB6 in political globalisation, showing slight but continuous improvements in its index. The Political Globalisation Index increased from 69.1 in 2015 to 70.5 in 2020 and 71.3 in 2021. *De jure* political globalisation also saw gradual growth, rising from 78.4 in 2015 to 78.8 in 2020 and 79.4 in 2021. More significant improvements were seen in *de facto* political globalisation, which increased by +3.2 points from 62.9 in 2015 to 66.1 in 2021. Albania ranks 4th among the WB6 in political globalisation and experienced the most significant deterioration in its score. The Political Globalisation Index decreased from 70.4 in 2015 to 62.8 in 2020 and 63.0 in 2021. *De jure* political globalisation remained more stable, fluctuating between 79.5 and 79.8. Montenegro ranks last among the WB6 but shows the most significant improvements in political globalisation. The Political Globalisation Index grew by +2.4 points from 2015 to 2021 and by +1.2 points compared to 2020. Improvements were seen in both *de jure* political globalisation, which increased from 60.1 in 2015 to 63.3 in 2021, and *de facto* political globalisation, which rose from 51.7 in 2015 to 53.4 in 2021.

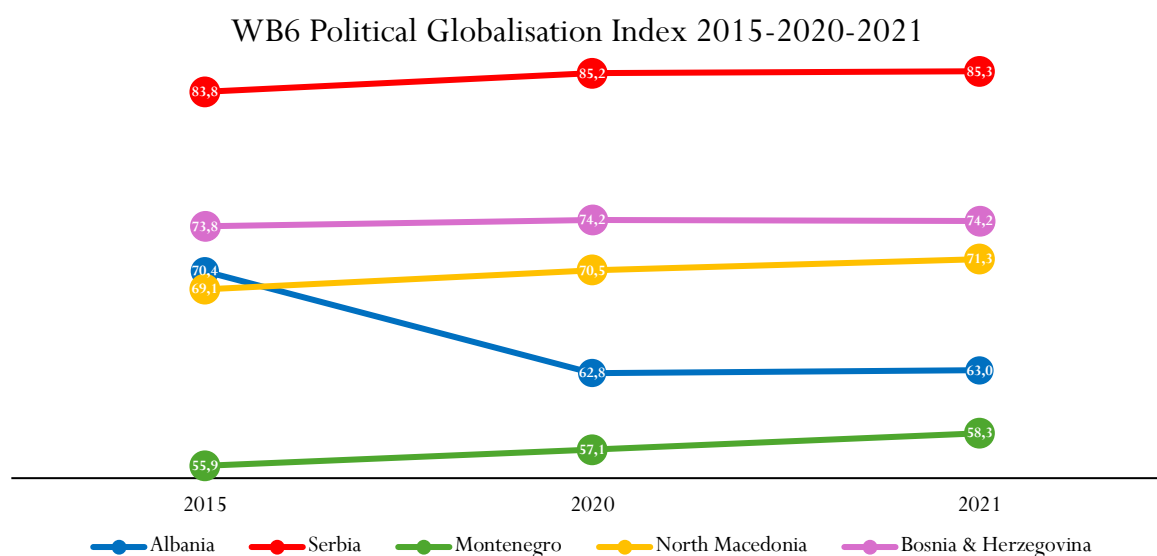


Chart 25 – WB6 Political Globalisation Index 2015-2020-2021

WB6 Political Globalisation Index						
		Albania	Serbia	Montenegro	North Macedonia	Bosnia & Herzegovina
Political Globalisation	2015	70.4	83.8	55.9	69.1	73.8
	2020	62.8	85.2	57.1	70.5	74.2
	2021	63.0	85.3	58.3	71.3	74.2
Political Globalisation de jure	2015	79.5	85.6	60.1	78.4	80.3
	2020	79.8	85.9	61.8	78.8	81.0
	2021	79.8	86.2	63.3	79.8	81.0
Political Globalisation de facto	2015	61.4	82.0	51.7	59.7	67.2
	2020	45.9	84.5	52.5	62.2	67.5
	2021	46.3	84.4	53.4	62.9	67.4

Table 5 – WB6 Political Globalisation Index

7. Press Freedom

The *World Press Freedom Index*, compiled by *Reporters Sans Frontières* (RSF), compares the level of freedom experienced by journalists and media across 180 countries and territories. Press freedom is defined as the ability of journalists to independently select, produce, and disseminate news without interference, and free from threats to their safety. The Index evaluates five key areas: political context, legal framework, economic context, sociocultural context, and safety. Each country or territory is assigned a score ranging from 0 to 100, with 100 representing the highest level of press freedom. The score is determined through a combination of quantitative data on abuses against media and journalists, and qualitative analysis provided by press freedom experts who complete a detailed questionnaire in 24 languages. The political context indicator assesses media autonomy and the degree to which journalistic methods are accepted. The legal framework indicator evaluates the freedom to work without censorship, access to information, and the level of impunity for violence against journalists. The economic context indicator examines constraints arising from government policies, non-state actors, and media owners with vested interests. The sociocultural context indicator looks at social and cultural restrictions on the press. The safety indicator focuses on whether journalists can work without undue risks to their physical, mental, and professional well-being. The Index provides an annual snapshot of press freedom during the previous calendar year and is updated regularly to reflect significant events that impact press freedom globally.

The 2024 *World Press Freedom Index* highlights the increasing threats to press freedom globally, primarily driven by political authorities who are failing to protect journalism. The Index reveals a significant decline in the political indicator, reflecting growing pressure on media autonomy and an increase in state or political interference. This disempowerment is often accompanied by hostile actions, such as harassment, disinformation, and violence against journalists, especially in regions facing elections or conflicts. In particular, countries like Palestine, Afghanistan, and Eritrea are marked by severe repression, with journalists frequently targeted by both state and non-state actors. The situation is dire in the Maghreb-Middle East and Asia-Pacific regions, where authoritarian regimes and conflicts make journalism extremely dangerous. In contrast, Europe remains the region with the highest press freedom, although challenges persist in countries like Hungary, Malta, and Greece. The Index also underscores the global rise in disinformation, especially through the use of AI, and the tightening of state control over digital platforms, further endangering the free press.

According to the 2024 *World Press Freedom Index* in Albania press freedom is undermined by conflicts of interest between the business and political sectors, a flawed legal framework, and partisan regulation. Journalists frequently face intimidation from both politicians and organized crime, with political pressure intensifying during elections. The media landscape is dominated by a few politically connected companies, including major outlets

like RTSH, Top Channel, and TV Klan, while most online media struggle with sustainable funding. Although the constitution guarantees press freedom, protections for journalists are weak, and incidents like the 2023 seizure of an investigative journalist's materials highlight these vulnerabilities. Economic control over the media is concentrated in the hands of a few companies, with opaque state funding raising concerns about influence peddling. Journalists, particularly those investigating crime and corruption, are frequently targeted, and women journalists face additional challenges such as online harassment and discrimination. Despite these challenges, there have been efforts to establish ethical self-regulation within the media. However, the safety of journalists remains a significant concern, with organized crime posing a major threat and a culture of impunity for attacks on journalists fostering further violence, as demonstrated by the deadly attack on Top Channel in March 2023. Chart 26 shows Albania's press freedom score and its components for the years 2021, 2022, and 2023. After an improvement of 1.5 points from 56.4 in 2021 to 57.9 in 2022, the score significantly decreased by 3.8 points in 2023, shifting from "problematic" to "difficult." This decline was mainly driven by the deterioration of the political and safety contexts. The political context score, which assesses the level of support for media autonomy in the face of political pressure, acceptance of diverse journalistic approaches, and media's role in holding politicians accountable, decreased from 50.6 in 2021 to 47.8 in 2022, and further to 42.3 in 2023, losing a total of 8.3 points over three years. The safety context focuses on the risks journalists face while gathering and disseminating news, including physical harm, psychological distress, and professional threats. The safety score increased from 66.8 in 2021 to 70.5 in 2022, but then dropped sharply by 11.3 points in 2023, indicating a significant deterioration in journalists' safety. The legislative context, which evaluates press freedom concerning censorship, access to information, protection of sources, and impunity for violence against journalists, showed a slight decline over time, from 68.7 in 2021 to 67.6 in 2022, and then to 67.5 in 2023. The sociocultural score, which assesses how social and cultural factors impact press freedom, decreased by 1.4 points in 2023 compared to 2022, scoring 67. However, it remains slightly higher than the 2021 score of 66.6. Eventually, the economic score, which examines economic pressures on the press from government policies, non-state actors, and media owners, dropped from 35.1 in 2022 to 34.6 in 2023, though it remains significantly higher than the 2021 score of 29.4.

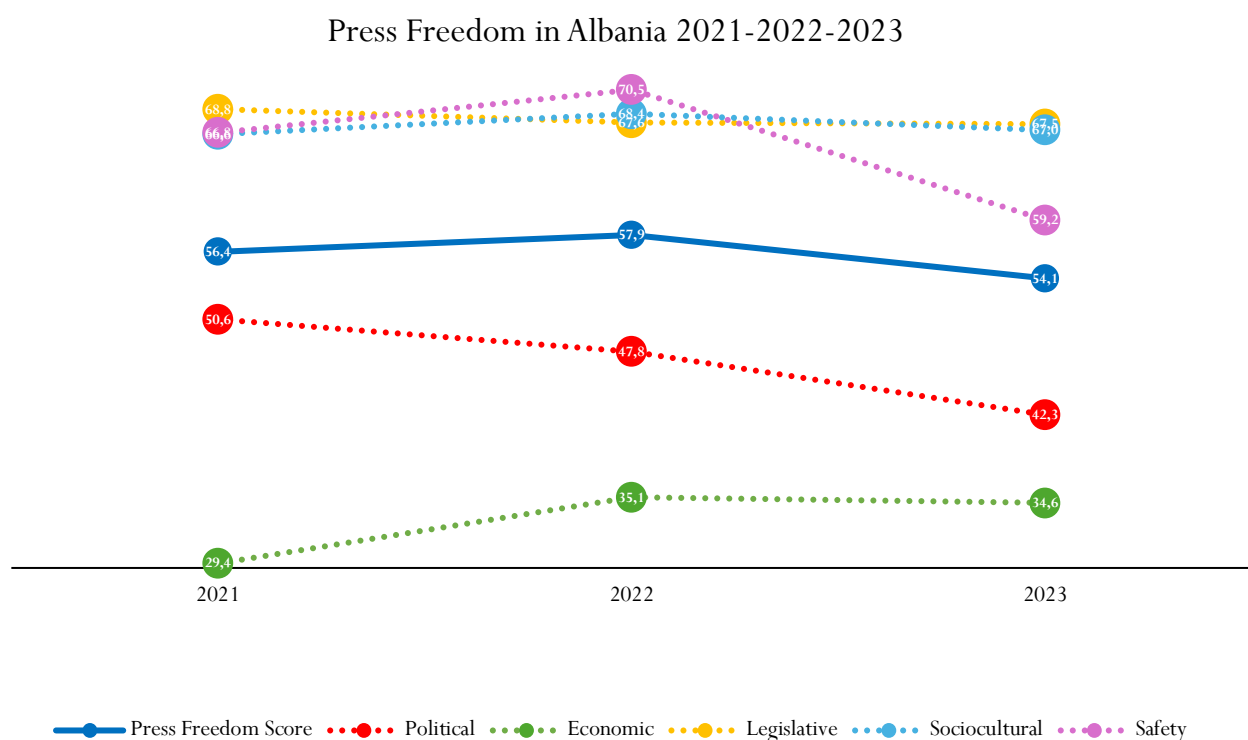


Chart 26 – Press Freedom in Albania 2021-2022-2023

Chart 27 shows the Press Freedom Index for WB6 countries for the years 2021, 2022, and 2023. North Macedonia ranks first among the WB6 in press freedom in 2023, with a score of 73.8. Although this score represents a slight decline from 74.4 in 2022, it is significantly higher than the 68.4 recorded in 2021, marking an increase of +5.4 points. In North Macedonia, journalists navigate a challenging but evolving environment. While disinformation and inconsistent professional standards contribute to declining public trust, the legal framework upholds freedom of speech and prohibits censorship. Television remains the primary source of information, but online media are increasingly influential, with many newsrooms producing original content despite some issues with plagiarism. Politically, the landscape supports press freedom, though polarization and pressure from authorities and business interests can sometimes challenge critical journalism. The country is gradually aligning its media laws with EU standards, and legal protections for journalists are in place, with courts often defending press freedom. Economically, journalism remains a precarious profession, but independent media benefit from donor support, and efforts are being made to improve transparency in state funding. Socially, the digital sphere presents both challenges and opportunities, contributing to disinformation but also enabling diverse voices to be heard. Overall, North Macedonia's media landscape is complex but continues to adapt and develop. Montenegro ranks 2nd among the WB6 in 2023 with a score of 73.2, representing a -0.1 decrease compared to the previous year but a +6.7 increase compared to 2021. In Montenegro, while the constitution and laws guarantee freedom of speech, press freedom faces threats from political interference, unpunished attacks on journalists, and economic pressures. The media landscape is diverse, with over 150 registered outlets, including national TV broadcasters and newspapers. However, concerns about editorial independence arise from foreign ownership of some media. The political context has improved somewhat since the 2020 defeat of the DPS party, but there are worries about foreign influence on media. The legal framework supports free expression and decriminalizes defamation, yet gaps remain in protecting media independence. Economically, state funding and market volatility affect media sustainability, exacerbated by the pandemic. Socially, deep divisions and a legacy of authoritarianism create a challenging environment for journalists, who face accusations of foreign allegiance. Although recent attacks on journalists have seen resolutions, many past cases remain unresolved. Kosovo ranks 3rd among the WB6 in 2023 with a score of 60.2, a significant decline from the previous year's score of 68.4. In Kosovo, the media market is diverse but constrained by its small size and ethnic divisions. While media freedom faces challenges such as politicized regulation, gag suits, limited access to information, and increased physical attacks, Kosovo has a vibrant media landscape with influential private TV channels and significant online news portals like BIRN and Kosovo 2.0. Politically, although the media often hold politicians accountable, journalists face attacks and pressure from government and political forces. The legal framework supports freedom of expression and source protection, but journalists increasingly encounter SLAPPs and restricted access to information. Economically, media funding relies on private sector advertising and, in some cases, political support, with Serbian-language media particularly struggling due to market limitations and reliance on external funding. Socially, journalists face insults and misinformation on social media, while safety remains a concern, with past crimes often unpunished and recent attacks linked to political tensions. Bosnia and Herzegovina ranks 4th among the WB6 in 2023 with a score of 58.9, representing a -6.5 decrease compared to 2022. In Bosnia and Herzegovina, press freedom and journalism quality are uneven, with significant challenges arising from political, economic, and safety issues. Despite a fragmented media landscape with numerous TV channels, radio stations, newspapers, and online platforms, true pluralism is limited, and investigative journalism primarily occurs online. The political environment varies, with better conditions in Sarajevo and the Federation of Bosnia and Herzegovina compared to the Republika Srpska, where media are heavily influenced by political control and economic struggles. The legal framework is largely aligned with international standards, but the recriminalization of defamation in the Republika Srpska threatens to increase self-censorship. Economically, the media face difficulties due to market size, ethnic divisions, and dependence on political and economic sectors, leading many outlets to shy away from critical reporting. Societal divisions from the war era impact media freedom, with ethnic and religious issues overshadowing individual freedoms, and women in the media facing additional challenges. Journalists frequently experience verbal and physical threats, and while initiatives to improve safety exist, many reporters feel inadequately protected and distrustful of the police and judicial system. Serbia ranks 5th among the WB6 in 2023 with a score of 54.5, representing a -4.7 decrease compared to the

previous year. In Serbia, although there is notable quality journalism recognized for investigating crime and corruption, it struggles amid widespread fake news and propaganda. The media landscape is fragmented, with over 2,500 outlets, including influential national TV channels and independent stations, but is overshadowed by the presence of Kremlin-affiliated propaganda. Political polarization has intensified, leading to increased attacks on journalists, restricted access to government officials, and ineffective responses from regulatory bodies. Despite constitutional guarantees for freedom of expression, self-censorship is common, and the legal system has yet to demonstrate full independence and effectiveness in protecting journalists. Economically, media revenue is largely controlled by the ruling elite through advertising and government subsidies, contributing to media bias and concentration concerns. Women journalists face gender-specific attacks, and far-right groups target media covering marginalized communities. Although there have been efforts to improve safety, such as creating working groups and a media hotline, journalists often feel inadequately protected, exemplified by the recent acquittal of those involved in the murder of journalist Slavko Ćuruvija. Albania ranks last among the WB6 in 2023 with a score of 54.1 and is positioned 99th out of 180 globally. In Albania, press freedom and media independence face significant threats due to conflicts of interest between business and politics, a flawed legal framework, and partisan regulation. Journalists are often subjected to intimidation by both politicians and organized crime.

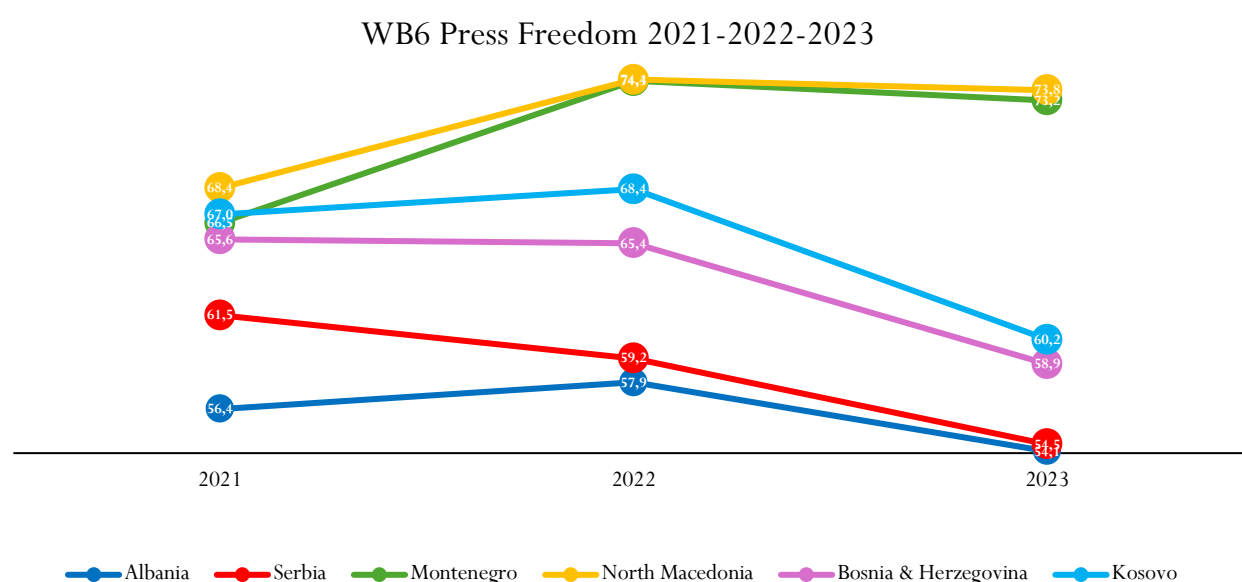


Chart 27 – WB6 Press Freedom 2021-2022-2023

WB6 Press Freedom Index							
		ALB	SRB	MNE	MKD	BIH	XKX
Press Freedom	2021	54.6	61.5	66.5	68.4	65.6	67.0
	2022	57.9	59.2	74.3	74.4	65.4	68.4
	2023	54.1	54.5	73.2	73.8	58.9	60.2
Political context	2021	50.6	47.5	62.5	66.2	61.6	64.3
	2022	47.8	45.3	72.1	72.3	55.3	63.0
	2023	42.3	33.1	68.3	57.0	44.5	56.6
Economic Context	2021	29.4	34.9	47.7	43.7	40.2	45.2
	2022	35.1	39.2	58.0	55.0	45.1	50.3
	2023	34.6	36.5	56.1	54.2	40.3	48.1

Legal Framework	2021	68.8	79.9	77.2	81.3	79.6	80.9
	2022	67.6	77.2	81.5	85.0	77.5	80.3
	2023	67.5	70.3	78.2	83.2	67.4	73.9
Sociocultural Context	2021	66.6	74.2	71.0	73.2	71.9	74.3
	2022	68.4	59.9	76.5	78.2	71.0	75.5
	2023	67.0	53.6	73.1	75.2	58.9	67.6
Safety	2021	66.8	71.0	74.3	77.9	75.0	70.3
	2022	70.5	74.3	83.3	81.3	78.2	73.0
	2023	59.2	79.0	90.5	89.4	83.1	54.8

Table 6 – WB6 Press Freedom Index

8. Rule of Law

The World Justice Project defines the rule of law as the cornerstone of just, peaceful, and prosperous communities. It promotes development, accountable governance, and the protection of fundamental rights. Traditionally associated with lawyers and judges, the rule of law also encompasses everyday issues of safety, rights, justice, and governance, making it relevant to all individuals as stakeholders. The Rule of Law Index, published annually by the World Justice Project, assesses and ranks countries and territories based on their adherence to and implementation of specific standards within regulatory, judicial, institutional, and legal frameworks. Evaluating 142 countries, the index utilizes scores and rankings derived from eight key factors: Constraints on Government Powers, Absence of Corruption, Open Government, Fundamental Rights, Order and Security, Regulatory Enforcement, Civil Justice, and Criminal Justice. Scores range from 0 to 1, with 1 indicating the strongest adherence to the rule of law. The index is compiled through surveys administered to households, legal practitioners, and subject matter experts, providing a comprehensive overview of each country's rule of law performance.

The 2023 edition of the Rule of Law Index reveals a continued global decline in the rule of law, although the extent of deterioration has lessened over the past three years. The decline is primarily attributed to weakened constraints on government powers, fundamental rights, and justice systems. Approximately 77% of the countries where the rule of law has declined have seen drops in these key areas, including civic space and the timeliness of justice. Denmark, Norway, and Finland emerged as the top performers in this year's index, while Venezuela, Cambodia, and Afghanistan recorded the lowest scores. Significant improvements were noted in Bulgaria, Honduras, Kenya, Slovenia, and Jordan. Conversely, the largest declines occurred in Sudan, Mali, Iran, Nicaragua, and Afghanistan. For the sixth consecutive year, more countries experienced a weakening of the rule of law than improvements (82 vs. 58 countries). Over six billion people, or 76% of the world's population, live in countries where the rule of law has deteriorated. Over the past seven years (2016-2023), the rule of law has weakened in 78% of the countries studied, with significant declines in constraints on government powers, fundamental rights, and criminal justice. Despite the overall trend, there have been some positive developments. The proportion of countries experiencing rule of law declines has decreased over the past three years, particularly in areas such as constraints on government powers, absence of corruption, open government, and fundamental rights. However, the decline in civil and criminal justice has become more widespread.

Chart 28 shows the Rule of Law (RoL) Index and its components for Albania in the years 2015, 2022, and 2023. Overall, the score deteriorated. The RoL score in 2023 was 0.48, reflecting a -0.01 decline compared to 2022 and a -0.04 decline compared to 2015. With the exception of Order and Security and Regulatory Enforcement scores, all other components showed deterioration in 2023 compared to 2015. The score for Constraints on Government Powers, which measures the extent to which those who govern are bound by law—encompassing both constitutional and institutional checks on government powers—exhibited the most significant decline. It dropped by -0.12, from 0.55 in 2015 to 0.43 in both 2022 and 2023. The Criminal Justice score, which evaluates a country's criminal justice system as the mechanism for addressing grievances and prosecuting offenses against

society, also showed a significant decline. It fell by -0.08 points, from 0.46 in 2015 to 0.38 in 2023. Additionally, the 2023 score represents a -0.02 decline compared to 2022, when it was 0.40. The Open Government score, which measures the openness of government through the extent of information sharing, empowerment of citizens, and public participation in policy deliberations, decreased from 0.54 in 2015 to 0.47 in 2023, marking a -0.07 change, although it was +0.01 points higher in 2023 compared to 2022 when it was 0.46. The Civil Justice score, which assesses whether ordinary people can resolve grievances peacefully and effectively through a civil justice system that is accessible, affordable, and free of discrimination, corruption, and undue influence, also declined. It dropped by -0.06 points, from 0.51 in 2015 to 0.45 in 2023. The 2023 score also represents a deterioration compared to 2022 when it was 0.46. The Fundamental Rights score, which focuses on rights established under the United Nations Universal Declaration of Human Rights that are most closely related to rule of law concerns, decreased from 0.60 in 2015 to 0.59 in 2022, and further to 0.57 in 2023. The Absence of Corruption score, which measures the lack of corruption in government by examining bribery, improper influence, and misappropriation of public funds, showed a slight decline from 0.37 in 2015 to 0.36 in 2022 and remained at 0.36 in 2023. Conversely, the Regulatory Enforcement score, which measures the extent to which regulations are fairly and effectively implemented and enforced, improved slightly, increasing from 0.41 in 2015 to 0.42 in 2022 and to 0.43 in 2023, marking a +0.02 point improvement compared to 2015. The Order and Security score, which measures how well a society ensures the security of persons and property, also improved, rising from 0.73 in 2015 to 0.78 in both 2022 and 2023, reflecting a +0.05 improvement.

Albania RoL 2015-2022-2023

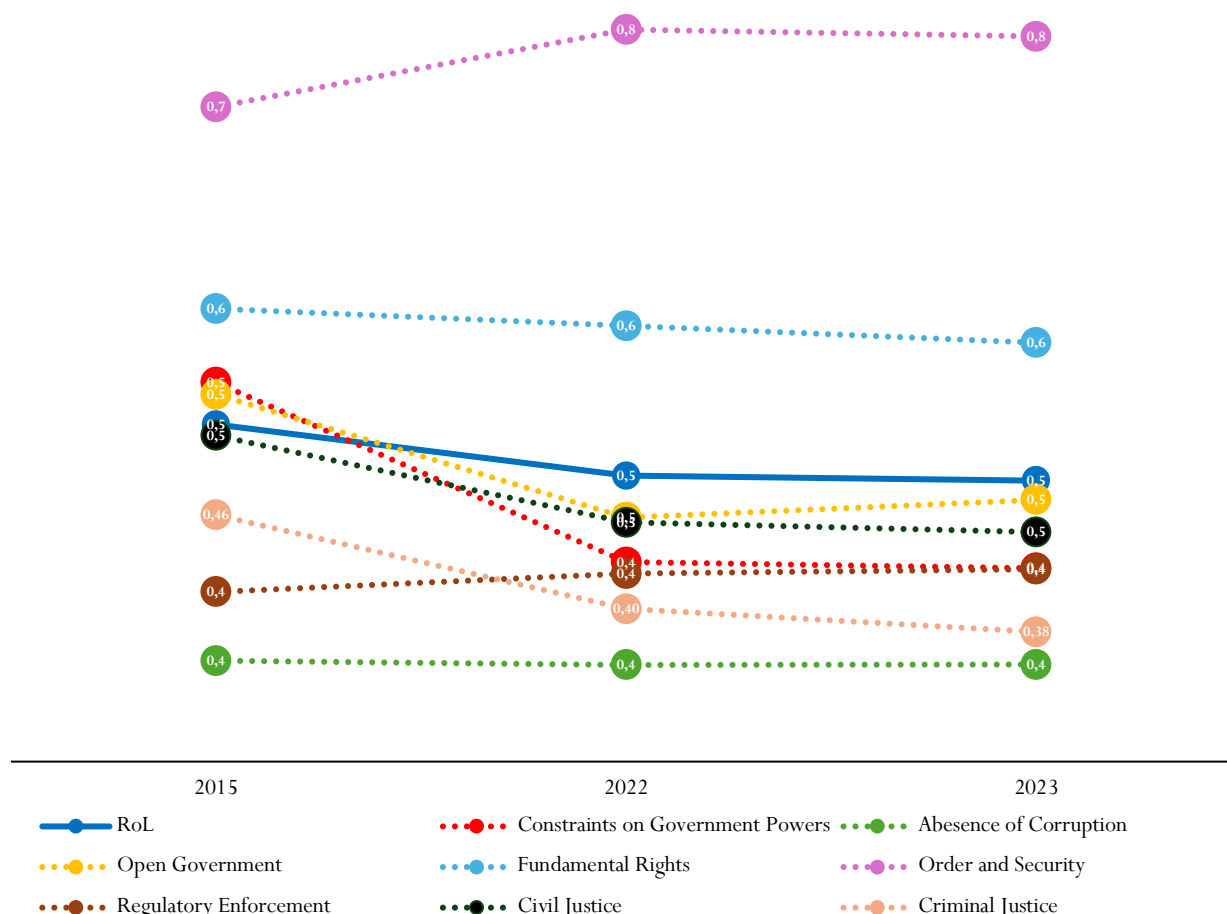


Chart 28 – Albania RoL 2015-2022-2023

WB6 Rule of Law 2023

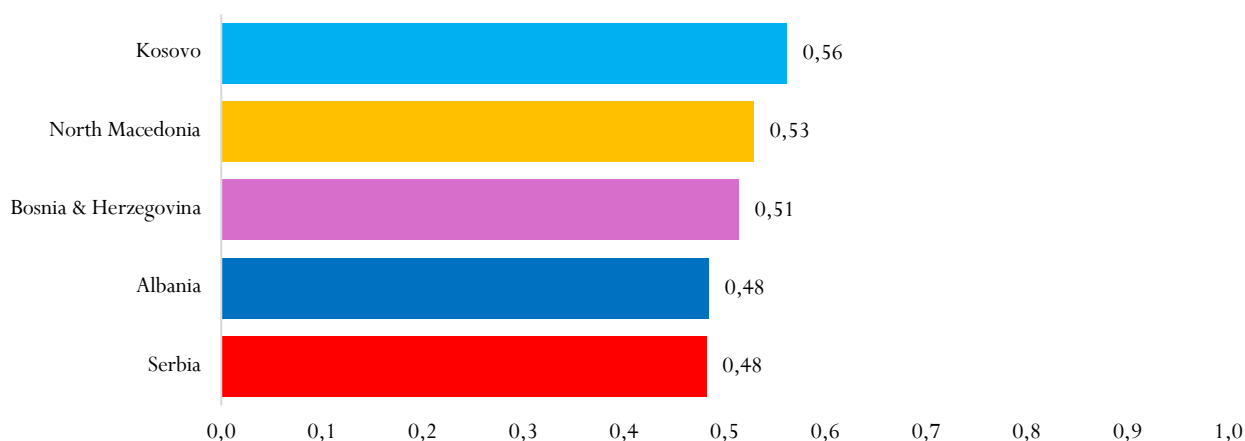


Chart 29 – WB6 Rule of Law 2023

Charts 29 and 30 respectively show the Rule of Law (RoL) score for the Western Balkans Six (WB6) and its subcomponents in 2023. Kosovo ranks first among the WB6 with a RoL score of 0.56, placing it 58th globally. Kosovo ranks first in 5 out of the 8 components, with its best performance in the Order and Security domain, scoring 0.83. Its lowest performance is in the Criminal Justice domain, where it scored 0.46. North Macedonia, with a score of 0.53, ranks 2nd among the WB6 and 67th globally. Its best performance is also in the Order and Security domain, scoring 0.80, while its worst performance is in the Criminal Justice domain, where it scored 0.44. North Macedonia also ranks first among the WB6 in Civil Justice with a score of 0.52. Bosnia and Herzegovina ranks 3rd among the WB6 and 75th globally, with a score of 0.51. Its best performance is in the Order and Security domain, where it scored 0.77. However, its worst performance is in the Absence of Corruption domain, with a score of 0.42. Bosnia and Herzegovina also ranks first among the WB6 in the Regulatory Enforcement domain, with a score of 0.49. Serbia and Albania both rank last among the WB6 with a score of 0.48. Globally, Albania ranks 91st and Serbia 93rd. Albania outperforms Serbia in Constraints on Government Powers (0.43 vs. 0.35), Open Government (0.47 vs. 0.45), Fundamental Rights (0.57 vs. 0.55), and Order and Security (0.78 vs. 0.76). Conversely, Serbia performs better than Albania in Absence of Corruption (0.42 vs. 0.36), Regulatory Enforcement (0.46 vs. 0.43), Civil Justice (0.47 vs. 0.45), and Criminal Justice (0.39 vs. 0.38).

WB6 Rule of Law 2023

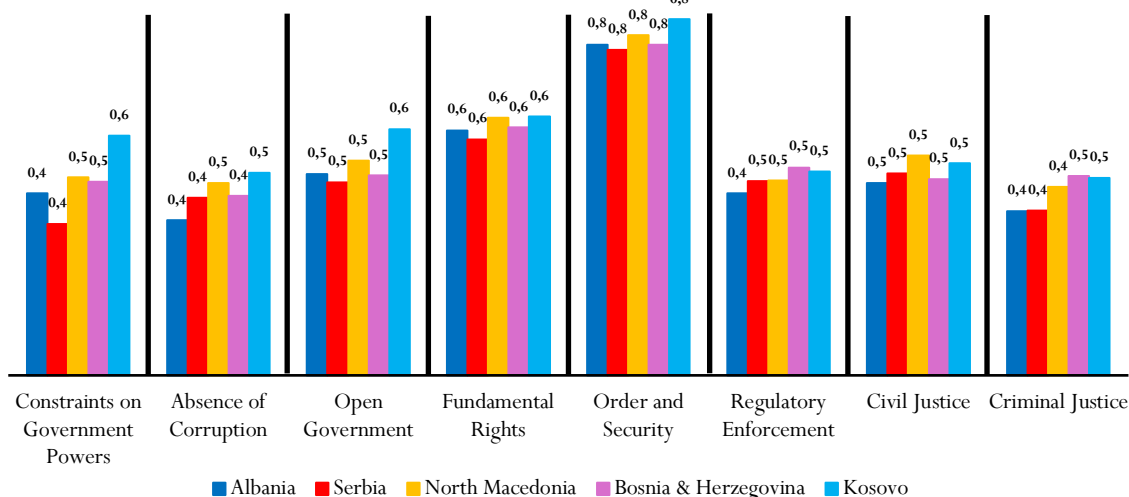


Chart 30 – WB6 Rule of Law 2023

9. Corruption

The Corruption Perception Index (CPI) is an annual global index published by Transparency International, a non-governmental organization focused on combating corruption. The CPI aims to assess and compare the perceived levels of corruption in the public sector across different countries and territories. It provides valuable insights into the extent to which corruption is perceived to be prevalent within the government and public institutions of each nation. The CPI is compiled through a combination of expert opinions, business surveys, and interviews with professionals who are knowledgeable about the corruption landscape in each country. The index does not directly measure actual levels of corruption but rather focuses on the perception of corruption among key stakeholders, including business leaders, analysts, and academics. By capturing these perceptions, the CPI offers a comprehensive and comparative understanding of how corruption is perceived to affect the public sector in various parts of the world. The CPI evaluates countries on a scale of 0 to 100, where zero indicates a highly corrupt environment, and 100 reflects a perception of very little or no corruption. The index considers multiple aspects of corruption, such as bribery, embezzlement of public funds, abuse of public office for personal gain, nepotism in civil service, and state capture. It also looks into the effectiveness of integrity mechanisms, prosecution of corrupt officials, bureaucratic burden, and the existence of laws to prevent conflicts of interest and promote financial disclosure and access to information.

According to the 2023 Corruption Perception Index (CPI), since 2016, there has been a global decline in justice and the rule of law, exacerbated by the rise of authoritarianism and the weakening of mechanisms that check government power, even in democratic countries. Governments have undermined justice systems, restricted civic freedoms, and used non-democratic strategies to address challenges like the COVID-19 pandemic. The Corruption Perceptions Index for 2023 reveals that only 28 of 180 countries have improved their corruption levels over the past twelve years, while 34 have significantly worsened. Despite efforts to criminalize corruption and establish specialized institutions, global corruption levels remain stagnant. Strong democracies are more effective in controlling corruption than flawed ones and authoritarian regimes, largely due to the chronic weaknesses in justice systems responsible for handling corruption cases. The under-resourcing and lack of independence in judicial and law enforcement institutions often result in corruption going unpunished, fostering further wrongdoing. Grand corruption, involving the abuse of high-level power, causes significant societal harm and often escapes accountability due to justice systems being either incapable or unwilling to pursue perpetrators. This impunity incentivizes further corruption and undermines access to justice, particularly for the most vulnerable, as justice institutions can be captured by powerful interest groups. Efforts to strengthen the independence, transparency, and effectiveness of justice systems are crucial for advancing human rights and achieving a corruption-free world, while anti-corruption initiatives are essential in the global fight for justice.

Chart 31 shows Albania's Corruption Perception Index (CPI) from 2012 to 2023. After an initial improvement in corruption levels from 2013 to 2016, where the score rose from 31 to 39, the trend reversed, with the score declining from 39 in 2016 to 35 in 2021. However, in the last three years—2021, 2022, and 2023—we observe a new upward trend, with scores of 35, 36, and 37, respectively, indicating slight but continuous improvements. In 2023, Albania, with a score of 37, is making progress in investigating and prosecuting high-level corruption. However, achieving further significant progress will require strengthening criminal justice legislation and ensuring robust oversight of the executive branch. The creation of a new ministry focused on anti-corruption activities has raised expectations for stronger integrity mechanisms. Yet, these goals can only be met if the parliament is granted greater autonomy, and if civil society organizations and the media can carry out their oversight roles without interference from authorities.

Albania Corruption Perception Index 2012-2023

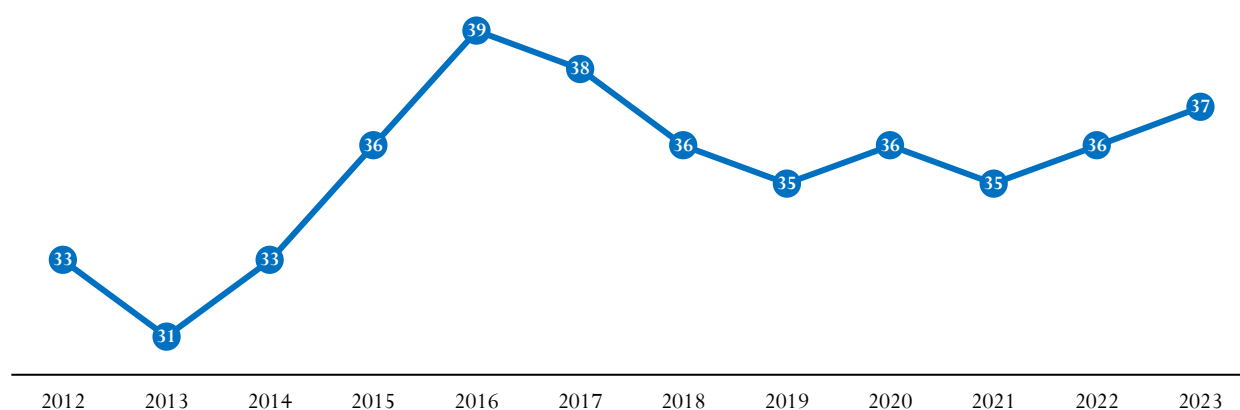


Chart 31 – Albania Corruption Perception Index 2012-2023

Chart 31 shows the evolution of the CPI in the WB6 countries from 2012 to 2023. Montenegro ranks first among the WB6 countries in 2023 with a CPI score of 46. This score increased from 42 in 2014 to 46 in 2017 and has remained stable, fluctuating between 45 and 46 since then. According to the 2023 CPI report, Montenegro's experience highlights how previous state capture can have long-lasting effects on institutions. After three decades of single-party rule ended in 2020, many were encouraged to report past corruption. However, slow progress in addressing these cases and the challenge of rebuilding a functional judiciary reveal the deep damage inflicted by the former regime and organized crime. These shortcomings also reflect the subsequent government's struggle to implement decisive reforms. For the coalition government led by Europe Now! to be successful, it must prioritize action against corruption and organized crime. North Macedonia ranks second among the WB6 in 2023 with a score of 42. The CPI score declined significantly from 45 in 2014 to 35 in 2017, followed by a period of stagnation between 2017 and 2020, during which the score fluctuated between 35 and 37. Since 2020, North Macedonia has shown significant improvement, raising its CPI score to 42 in 2023. However, the 2023 CPI report notes that North Macedonia's judiciary was seriously compromised by undemocratic amendments to the criminal code. The decision to reduce penalties for abuse of official positions for personal gain and shorten the time limits for initiating legal proceedings in corruption cases has greatly benefited corrupt individuals, potentially leading to the dismissal of approximately 200 cases, including those against former high-level officials. Politically motivated appointments and dismissals of court officials further undermine confidence in the judiciary's ability to effectively combat corruption. Kosovo ranks third among the WB6 in 2023 with a score of 41. The CPI score in Kosovo remained stagnant from 2012 to 2015, fluctuating between 33 and 34. From 2015 to 2017, the score improved from 33 to 39, but it then declined slightly, reaching 36 in 2020. Since 2020, Kosovo's CPI score has risen again, reaching 41 in 2023. According to the 2023 CPI report, while Kosovo has made significant democratic progress, particularly in free elections and peaceful transitions of power, more needs to be done to combat corruption. Despite ongoing efforts, key reforms crucial to ensuring judicial independence, such as establishing a judicial vetting process and passing new laws to strengthen the integrity of the Prosecutorial Council, are moving at a slow pace. Worse still, continued government interference in judicial affairs, such as the dismissal of the head of the police's special investigation unit and obstruction by the majority MPs of a parliamentary investigation into a major corruption case, suggests a lack of political will to relinquish control and strengthen independent oversight. Albania ranks fourth among the WB6 with a score of 37 in 2023. The lowest positions among the WB6 in 2023 are held by Serbia with a score of 36 and Bosnia and Herzegovina with a score of 35. Both countries have experienced a steady, long-term decline in their CPI scores since 2012. Due to political pressures, the justice systems in Bosnia and Herzegovina (35) and Serbia (36) are largely unable to prosecute and sanction public officials who abuse their positions. Weak laws, oversight institutions, and reporting channels have further contributed to the ongoing decline in CPI for these two countries. In Bosnia and Herzegovina, complex governance and judicial structures allow for the concentration of power within leading

ethnic political parties. Their dominant influence over all branches of government contributes to systemic corruption and undermines the state's functioning, causing citizens to lose trust in institutions. The vulnerability of the prosecution and judiciary to undue influence severely hampers anti-corruption efforts, allowing major scandals to go unaddressed. This negative trend is further exacerbated by political elites' efforts to silence watchdogs through new and proposed legislation that criminalizes defamation, targets independent civil society, and sanctions those who criticize state authorities. If adopted, the latest draft law on immunity would further weaken the rule of law in Republika Srpska by reducing the courts' ability to hold public officials, including MPs and members of the executive, accountable for both past and future crimes.

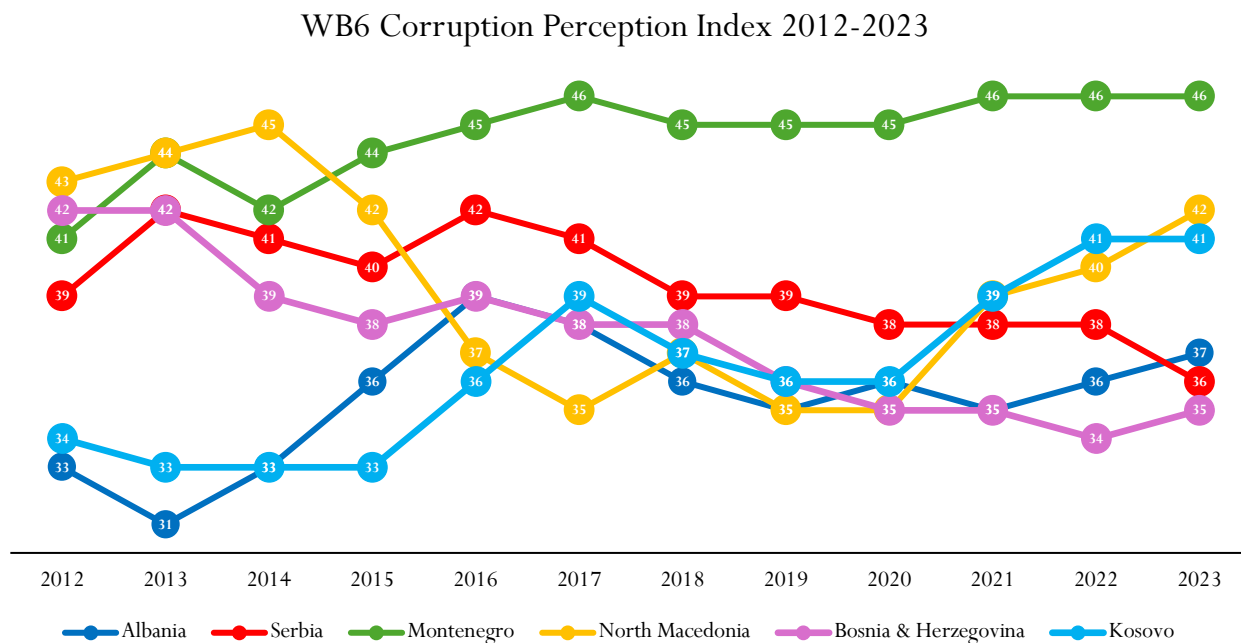


Chart 32 – WB6 Corruption Perception Index 2012-2023

10. Human Trafficking

According to the Palermo Protocol, also known as the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, human trafficking is defined as the recruitment, transportation, transfer, harboring, or receipt of individuals through means such as force, coercion, abduction, fraud, deception, abuse of power, or exploitation of vulnerability. It also includes the giving or receiving of payments or benefits to obtain the consent of a person having control over another individual for the purpose of exploitation.

The Trafficking in Persons Report (TIP Report) is an annual publication by the United States Department of State that assesses the efforts of governments worldwide to combat human trafficking. The report ranks countries into four tiers based on their compliance with the minimum standards for the elimination of trafficking, as outlined in the U.S. Trafficking Victims Protection Act (TVPA) of 2000. *Tier 1* represents countries that fully meet the TVPA's standards for combating trafficking. These countries have comprehensive anti-trafficking laws, effective enforcement, and robust efforts to protect and assist victims. They also demonstrate a commitment to addressing trafficking issues through proactive measures and cooperation with international anti-trafficking initiatives. *Tier 2* includes countries that do not fully meet the TVPA's standards but are making significant efforts to comply. While these countries have laws and measures in place to combat trafficking, they may still face challenges in enforcement or victim support. Their efforts are generally deemed insufficient to fully meet the standards but show a commitment to improvement. *Tier 2 Watch List* is a subset of Tier 2 countries that are facing particular challenges, such as a significant increase in trafficking cases, insufficient efforts to address the problem,

or a failure to improve over time. Countries on the *Tier 2 Watch List* are at risk of moving to *Tier 3* if their situation does not improve. This designation serves as a warning and encourages further action to address deficiencies. *Tier 3* is for countries that do not meet the TVPA's minimum standards and are not making significant efforts to improve. These countries may have inadequate laws, ineffective enforcement, and poor victim protection measures. This tier highlights severe deficiencies in anti-trafficking efforts and a lack of commitment to addressing the issue. Recognized as the most comprehensive global resource on government anti-trafficking efforts, the TIP Report plays a crucial role in raising awareness of human trafficking and exerting international pressure on governments to address the issue effectively.

In the rapidly evolving digital landscape, technology serves as both a tool and a challenge in the fight against human trafficking. While it enables traffickers to exploit and control victims through sophisticated online methods, such as fraudulent job postings and digital extortion, it also offers significant opportunities for anti-trafficking efforts. The 2024 Trafficking in Persons Report delves into these dynamics, highlighting how traffickers use digital technology to enhance their operations, including recruiting victims through deceptive online platforms and managing their activities via encrypted communications and cryptocurrencies. Digital technology encompasses a broad range of electronic tools, from hardware like smartphones and computers to software such as social media apps and AI systems. Traffickers leverage these technologies to deceive, manipulate, and control victims, often operating anonymously behind fake profiles or using encryption to evade detection. For instance, online platforms facilitate both "hunting" for specific victims and "fishing" for general recruitment, making it easier for traffickers to exploit individuals from a distance. The TIP Report underscores the urgent need for anti-trafficking stakeholders to adapt and innovate in response. While digital tools like mobile apps and data analytics offer new avenues for victim support and trafficking detection, they also present challenges. These include maintaining data privacy, navigating international legal complexities, and ensuring effective cross-sector collaboration. The report notes that while technology enhances investigative capabilities, it also requires ongoing adaptation to address emerging threats and challenges. Efforts to combat trafficking must include improving digital literacy, data protection, and cross-border cooperation. The use of advanced tools like AI for pattern analysis and platforms for data sharing are vital, but must be balanced with privacy safeguards. Overall, the TIP Report emphasizes the dual nature of technology as a powerful ally and a formidable adversary in the fight against human trafficking.

In 2023, Albania remained on Tier 2 in the U.S. Department of State's Trafficking in Persons Report, showing some progress but not fully meeting minimum standards for trafficking elimination. The government increased efforts by investigating commercial sex buyers, expanding victim identification with NGOs, and updating the National Referral Mechanism (NRM) to include more government institutions. Funding for shelters improved significantly, and the anti-trafficking hotline was re-established, integrating survivor feedback into NRM procedures. Despite these advancements, Albania did not meet key standards. Investigations and prosecutions of trafficking crimes decreased, with no traffickers convicted for the second year. Law enforcement struggled with specialized capacity and often used lesser charges instead of trafficking. Screening of vulnerable groups, including migrants and Romani communities, remained inconsistent. Underfunding and understaffing plagued Mobile Identification Units, and police participation was sporadic. Albania needs to spend more efforts in rigorously investigating and prosecuting trafficking offenses with appropriate penalties, enhancing the funding and sustainability of victim identification units, and establishing specialized units for trafficking cases. There is a need for increased victim reintegration services, consistent implementation of victim-centered approaches, and improved training for law enforcement and judiciary personnel. There is also the need to integrate Romani groups into decision-making and broaden the jurisdiction of labor inspectors. Prosecution efforts saw a decline, with fewer cases investigated and prosecuted, and no convictions. Specialized units and training for trafficking cases were insufficient, and there were issues with conflating trafficking with lesser crimes. Victim protection improved with increased identification, but resources for long-term care, housing, and vocational training were limited. The government provided funding for shelters but faced challenges in transparency and consistency in support services. Victims had access to legal assistance, but reintegration efforts were constrained by lack of resources and bureaucratic obstacles. Prevention efforts included re-establishing an anti-trafficking hotline and continuing awareness campaigns, but the State Committee against Trafficking in Persons had not met since 2021. The legal framework for regulating recruitment agencies was in place, but labor inspectors had limited authority.

The trafficking profile shows Albanian victims are exploited both domestically and abroad, with increased vulnerability among children and migrants.

Bosnia and Herzegovina remains on Tier 2 of the Trafficking in Persons Report 2024, reflecting its significant efforts but continued shortcomings in addressing trafficking. In 2023, Bosnia and Herzegovina saw increased efforts compared to previous years, such as higher conviction rates for traffickers in the Federation of Bosnia and Herzegovina and Brcko District. The government adopted new guidelines for victim services, particularly for children, and established a commission to inspect NGO shelters to ensure standards were met before funding was disbursed. Additionally, compensation guidelines for victims were implemented, and the State Prosecutor's Office issued mandatory instructions for restitution requests. Despite these advancements, several issues persist. The Republika Srpska entity did not convict any traffickers in 2022 or 2023, and law enforcement struggled with inadequate capacity for effective investigations. Victims continued to face penalties for unlawful acts committed as a result of trafficking. The closure of the largest government-funded NGO shelter in January 2024, due to funding shortfalls, significantly reduced the government's ability to assist victims. Authorities also inadequately investigated potential forced child begging and labor among the Romani community, sometimes justifying these practices as cultural norms. Budget issues in some cantonal governments affected regional monitoring efforts. Traffickers exploit both domestic and foreign victims in Bosnia and Herzegovina, including Romani children and migrants from various countries. Victims are subjected to sex trafficking, forced labor, and domestic servitude, with Bosnia and Herzegovina women and girls being trafficked within the country and abroad. Migrants and refugees in Bosnia and Herzegovina are particularly vulnerable to trafficking.

Kosovo remains on Tier 2 of the Trafficking in Persons Report 2024, reflecting its significant efforts but ongoing issues in addressing trafficking. In 2023, Kosovo showed increased efforts compared to previous years by ensuring that all convicted traffickers received prison sentences rather than fines. The government also significantly boosted funding for NGO-run shelters and extended the victim reflection period from 30 to 90 days. Efforts in prevention were strengthened with increased funding for awareness campaigns and the distribution of handbooks for teachers on child trafficking. The Trafficking in Human Beings Directorate (THBD) conducted more inspections of vulnerable work environments and created pamphlets to inform victims of their rights and available services. However, several key areas still did not meet minimum standards. The government investigated and prosecuted fewer trafficking suspects and identified fewer victims, with judicial sentences often falling short of the minimum penalties required by law. Forced begging by parents was classified as parental neglect rather than trafficking, leading to possible wrongful deportations of unidentified trafficking victims without proper service referrals. Traffickers in Kosovo exploit both domestic and foreign victims, with many girls and women trafficked for sex within the country and others forced into labor. Victims from neighboring countries are also exploited in Kosovo, while Kosovans are trafficked for sex and labor across Europe. Marginalized communities, including Romani, Ashkali, and Egyptian children, are particularly vulnerable to forced begging and sex trafficking, often perpetrated by family members. LGBTQI+ individuals, migrants, asylum-seekers, and refugees also face a heightened risk of trafficking.

In Trafficking in Persons Report 2024, Montenegro, upgraded to Tier 2, has made notable efforts to combat trafficking but still falls short of meeting minimum standards. In 2023, Montenegro improved by investigating, prosecuting, and convicting more traffickers and identifying more victims. The government opened a new shelter for child victims, renovated facilities, and hired and trained staff. Additionally, it licensed an NGO-run shelter for adult victims and increased funding for the Office for the Fight against Trafficking in Persons (TIP office) and adopted a new anti-trafficking National Action Plan (NAP) for 2023. Despite these advancements, several issues persist. The Anti-trafficking Unit, with only five officers, lacked resources and was unable to assign specialized staff, impacting proactive victim identification. Prosecutors often classified sex trafficking cases under less severe crimes, and inexperienced lawyers were assigned to victims. The new child victim shelter's location within a juvenile detention center raised concerns about security and privacy. Licensing requirements for NGOs to own their property limited qualified organizations from providing victim services. Traffickers in Montenegro, mainly men from organized crime groups, exploit both domestic and foreign victims. Women and girls from Montenegro and neighboring Balkan countries face sex trafficking, often in the hospitality industry. Children, especially from Roma and Balkan Egyptian communities, are exploited in forced begging.

Romani girls from Montenegro have been sold into marriages and domestic servitude. Migrant workers, particularly from Türkiye and neighboring countries, are vulnerable to forced labor. Additionally, Montenegrin women and girls are trafficked for sex in other Balkan countries, and traffickers have exploited Taiwanese workers in fraudulent call centers.

North Macedonia remains on Tier 2 in the Trafficking in Persons Report 2024, indicating significant but incomplete progress in combating trafficking. In 2023, North Macedonia enhanced its efforts by increasing law enforcement actions, including more investigations, prosecutions, and convictions of traffickers. The government bolstered resources for the NGO-run shelter for trafficking victims and revised standard operating procedures (SOPs) for victim identification and referral. A memorandum of cooperation between the Ministry of Interior (MOI) and the State Labor Inspectorate aimed to improve labor trafficking investigations through joint inspections and training. Despite these improvements, several areas fall short of minimum standards. The Organized Crime and Corruption Prosecution Office (OCCPO) lacked sufficient resources to manage all cases, and some local police and prosecutors did not report trafficking cases to the Anti-Trafficking Task Force or OCCPO, opting for less severe charges. Funding for the shelter covered only a small part of its operating costs, and mobile teams identifying potential victims received no allocated funding. Inconsistent screening by local police and border agents led to potential trafficking victims being deported without proper referrals or protections.

The national rapporteur faced limitations due to insufficient authority, resources, and legal mandate. Traffickers exploit both domestic and foreign victims in North Macedonia, with women and girls subjected to sex trafficking and forced labor in local businesses. Foreign victims, including those from Eastern Europe and the Balkans, face similar exploitation. Romani children are particularly vulnerable to forced begging and sex trafficking, sometimes by traffickers who are family members. Traffickers increasingly use fake online profiles for recruitment, and there have been cases of Taiwanese workers being trafficked under false work promises. Migrants and refugees, especially women and unaccompanied children, are at high risk of trafficking, often by their smugglers. Reports also indicate potential complicity by low-ranking police officers in trafficking activities.

Serbia remains on Tier 2 Watch List, indicating significant efforts but still failing to fully meet anti-trafficking standards. In 2023, Serbia increased its efforts by prosecuting and convicting more traffickers, and ordering restitution in some cases. The Center for Protection of Trafficking Victims (CPTV) introduced a mobile app to help first responders and updated the victim assessment report to be used in court. The government also hired additional social workers for CPTV, increased its funding, and renewed the Anti-Trafficking Council (ATC), adopting a new National Program and Action Plan to Counter Trafficking (NPAP) for 2024-2029. However, Serbia's efforts were inconsistent. The government investigated fewer trafficking cases and often used less severe charges, and did not provide funding to NGOs that support victims. CPTV continued to struggle with inadequate staff and resources, leading to the temporary suspension of its shelter due to sanitary issues. Victims faced inadequate legal protections and were sometimes penalized for acts committed as a result of trafficking. The government's implementation of the NPAP was criticized for not fully incorporating feedback from international organizations and civil society, and for pressuring survivors during its drafting. Notably, the government did not thoroughly investigate credible allegations of forced labor involving approximately 500 Vietnamese workers and 14 Indian workers at a PRC-owned factory. Despite clear indicators of forced labor, including passport confiscation and withheld wages, the government did not classify these workers as trafficking victims. Serbia was granted a waiver from a Tier 3 downgrade due to its efforts and planned initiatives, but remained on Tier 2 Watch List for the third consecutive year. Traffickers exploit both domestic and foreign victims in Serbia, with Serbian women and girls facing sex trafficking and Serbian nationals being forced into labor across Europe. Romani children in Serbia are exploited in forced begging and sex trafficking. Foreign victims identified in Serbia come from various countries, including Burundi, India, and Ukraine. Migrants and refugees from the Middle East, Africa, and Asia are also vulnerable to trafficking. Traffickers frequently use fake job ads to recruit victims, and Chinese workers have been notably exploited in PRC-funded projects.

11. Gender Equality

According to UNICEF, gender equality encompasses the equal enjoyment of rights, resources, opportunities, and protections for women and men, as well as girls and boys. This principle does not imply that girls and boys, or women and men, should be identical or treated exactly the same. Rather, it means ensuring that everyone has equal opportunities and fair treatment based on their needs and circumstances. Gender equality is a crucial principle for the international community, underscored by Sustainable Development Goal (SDG) 5, which focuses on gender equality and women's empowerment. The United Nations recognizes gender equality as not only a fundamental human right but also as essential for fostering a peaceful, prosperous, and sustainable world. The Global Gender Gap Report, published by the World Economic Forum (WEF), evaluates gender disparities and inequalities across various countries and regions. It measures gender equality in four key areas: Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment. The report ranks countries based on their progress toward gender parity and aims to raise awareness of gender inequalities, promoting policies and actions for greater gender equality and empowerment worldwide.

The 2024 Global Gender Gap Report edition tracks progress in 146 economies, including a subset of 101 countries continuously tracked since 2006. In 2024, the global gender gap stands at 68.5% closed, a modest increase from 68.4% in the previous year. At the current pace, achieving full gender parity is projected to take 134 years, beyond the 2030 Sustainable Development Goal target. Notably, no country has reached full parity; Iceland remains the leader, having closed over 90% of its gap. European nations dominate the top rankings, with seven of the top ten spots, while regions like Sub-Saharan Africa and Southern Asia show varying degrees of progress and challenges. The 2024 report highlights a stagnation in overall progress, with significant regional disparities. Europe leads with a 75% gender parity score, followed by Northern America at 74.8% and Latin America and the Caribbean at 74.2%. Eastern Asia and the Pacific, Central Asia, and Sub-Saharan Africa show incremental improvements, whereas Southern Asia and the Middle East and North Africa lag behind. The report also points to persistent economic, political, and leadership gaps, exacerbated by ongoing economic uncertainties and varying regional policies. The need for equitable care systems, better representation in leadership, and effective policies to close gender gaps remains critical. Despite some progress in certain areas, achieving gender equality by 2030 requires accelerated efforts and a shift towards viewing gender parity as essential for sustainable growth and innovation.

Chart 33 shows the gender gap indicator and its sub-indicators for Albania from 2020 to 2024. In 2024, Albania's gender gap score was 0.78, which is a slight decline from 0.79 in both 2023 and 2022 but a bit higher than the 0.77 recorded in 2020 and 2021. Albania excels in Health and Survival and Educational Attainment. The Health and Survival score remained stable at 0.96 throughout the period. However, the Educational Attainment score experienced a slight decline, dropping from 1.00 in 2020 through 2023 to 0.96 in 2024. The Economic Participation and Opportunity score was 0.78 in 2024, reflecting a minor decrease from 0.79 the previous year but an improvement compared to the scores of 0.74 in 2020, 0.75 in 2021, and 0.77 in 2022. Political Empowerment is the area where Albania performs the weakest. In 2024, the Political Empowerment score was 0.42, unchanged from the previous year but an improvement over the 0.38 recorded in 2020 and 2021.

Albania Gender Gap 2018-2024

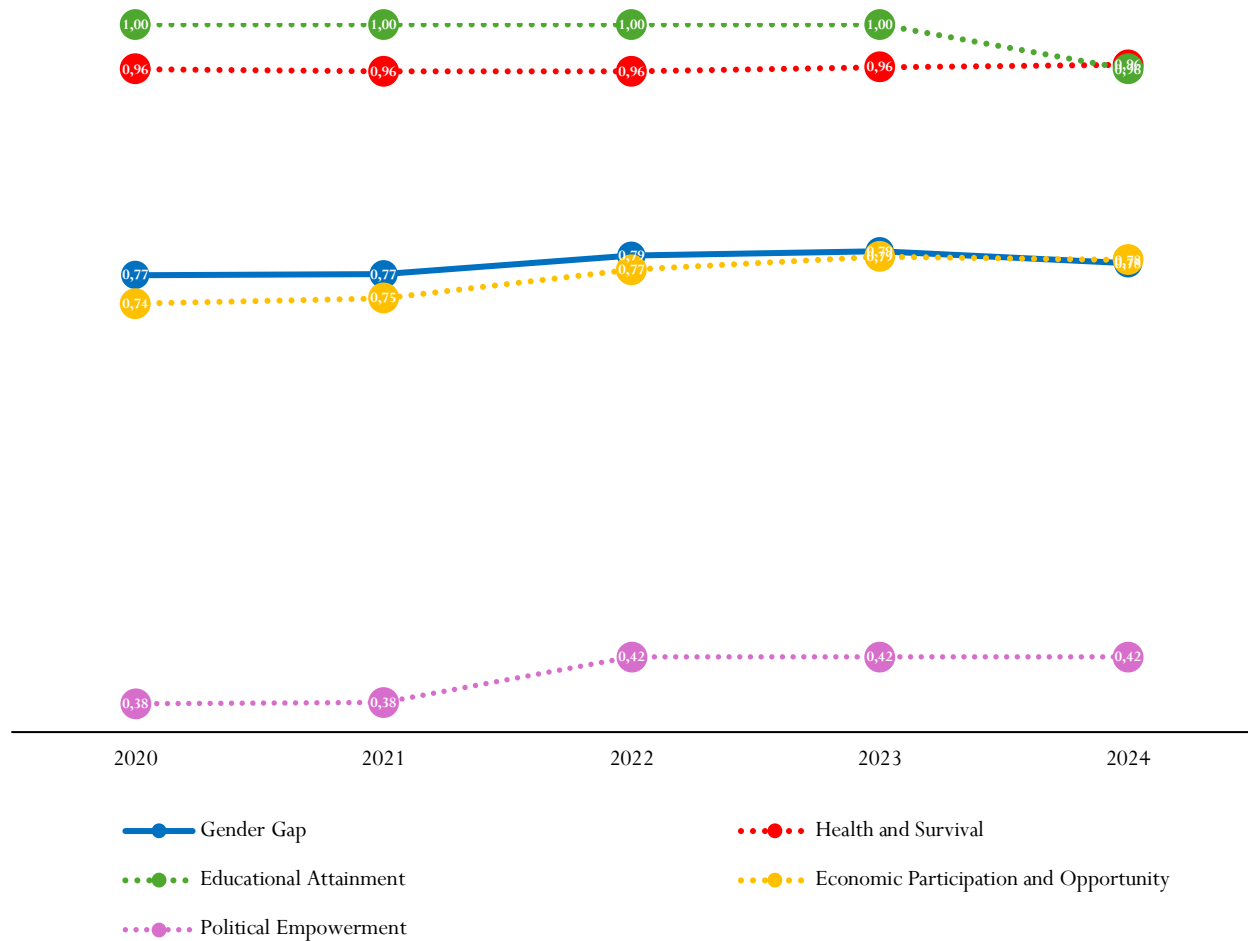
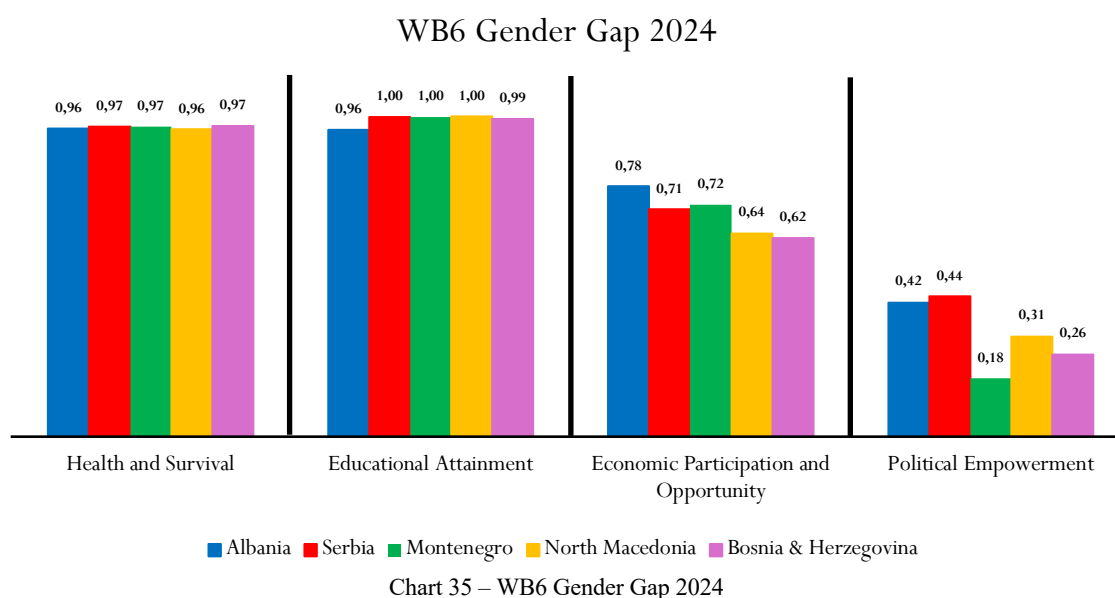
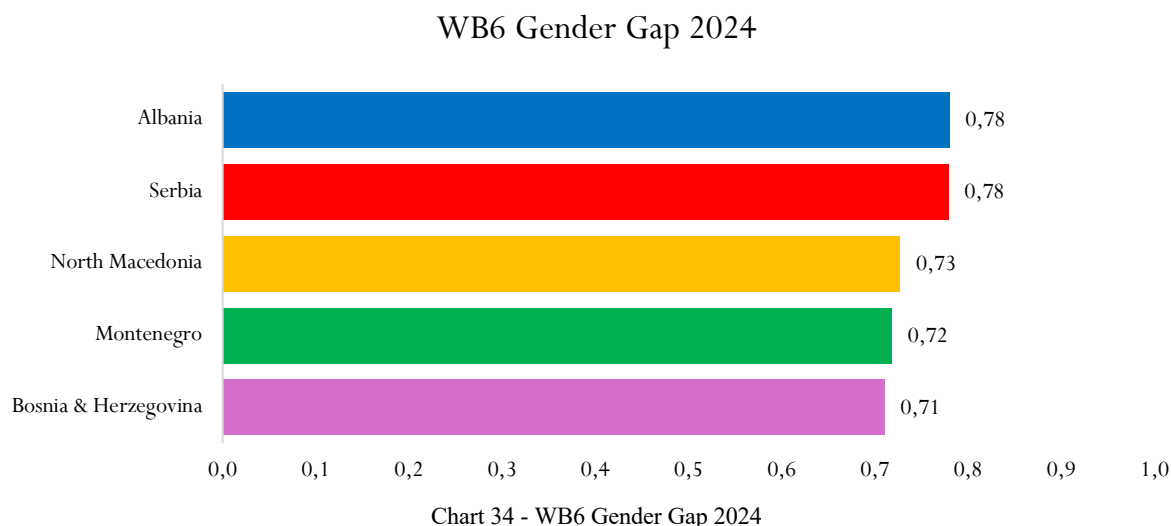


Chart 33 – Albania Gender Gap 2018-2024

Charts 34 and 35 show the gender wage gap and its sub-indicators for the Western Balkans 6 (WB6) in 2024. In 2024, Albania and Serbia both rank 1st among the WB6 with a gender gap score of 0.78. Specifically, Albania outperforms Serbia in Economic Participation and Opportunity, with Albania scoring 0.78 compared to Serbia's 0.71. However, Serbia performs slightly better than Albania in the other sub-indicators. Serbia's Health and Survival score is 0.97, while Albania's is 0.96; Serbia's Educational Attainment score is 1.00, whereas Albania's is 0.96, which is the lowest among the WB6; and Serbia's Political Empowerment score is 0.44 compared to Albania's 0.42. North Macedonia ranks 2nd among the WB6 with a gender gap score of 0.73. It performs well in Educational Attainment with a score of 1.00 and in Health and Survival with a score of 0.96. North Macedonia is 4th in the WB6 for Economic Participation and Opportunity with a score of 0.64 and Political Empowerment with a score of 0.31. Montenegro ranks 3rd among the WB6 with a gender gap score of 0.72. It performs strongly in Health and Survival and Educational Attainment, with scores of 0.97 and 1.00, respectively. Montenegro ranks 2nd in Economic Participation and Opportunity with a score of 0.72 but shows the poorest performance in Political Empowerment with a score of 0.18, the lowest among the WB6. Bosnia and Herzegovina ranks last among the WB6 in gender equality for 2024, with a gender gap score of 0.71. Its best performances are in Health and Survival with a score of 0.97 and Educational Attainment with a score of 0.99. Bosnia and Herzegovina's Economic Participation and Opportunity score is 0.62, the lowest in the WB6, and its poorest performance is in Political Empowerment, with a score of 0.26.



12. Energy Transition

The Energy Transition Index (ETI), developed by the World Economic Forum, is a comprehensive tool designed to assess the performance of countries' energy systems and their readiness for energy transition. The index offers a structured framework to help countries formulate long-term energy transition strategies by evaluating their current energy system performance and identifying key factors that enhance their readiness for transition. The ETI examines 115 countries, focusing on two primary dimensions: System Performance, which accounts for 60% of the score, and Transition Readiness, which contributes 40%. System Performance is evaluated through three sub-dimensions. The Equitable sub-dimension assesses aspects such as energy access, affordability, and the economic development of the energy sector. The Secure sub-dimension evaluates energy supply, reliability, and resilience. The Sustainable sub-dimension measures energy efficiency, decarbonization efforts, and progress towards cleaner energy systems. Transition Readiness comprises two components. The Regulatory Framework and Investments component gauges the stability of policy environments, political commitment, investment climate, and access to capital. The Enabling Factors component assesses consumer engagement, the development and adoption of new technologies, and other external factors such as skills and

transport infrastructure, which impact the effectiveness and future trajectory of the energy transition. The 115 countries covered by the ETI collectively represent a significant portion of the global population (90%), total energy supply (93%), and global nominal gross domestic product (98%).

According to the *Energy Transition Index 2024*, Global progress in energy transition has been steady, with Northern European countries leading and China and Brazil showing significant improvements. The global average Energy Transition Index (ETI) score has risen by 6% since 2015, though growth has slowed recently. The top 10 ranked countries, mainly from Northern Europe, contribute minimally to global energy-related CO2 emissions and energy supply, highlighting their advanced status. Sweden tops the rankings, followed by Denmark and Finland, while Norway dropped due to increased electricity prices and slower renewable expansion. Notably, six G20 economies, including China and Brazil, feature in the ETI's top 20, driven by their substantial efforts in renewable energy and policy development. Despite these improvements, only 17% of countries in 2024 managed to balance the three energy transition dimensions: equity, security, and sustainability. India, for example, has advanced its renewable infrastructure, making significant strides in clean energy but still faces challenges due to coal dependency. Some countries, like Germany and Japan, have seen slower ETI score growth due to increased reliance on coal and fluctuations in gas prices. New entrants like Latvia and Chile have improved their standings by enhancing their renewable energy contributions and energy security. Despite these advancements, balancing equity, sustainability, and security remains a challenge, with only 20 countries improving across all dimensions in the past year. The evolving macroeconomic and geopolitical landscape underscores the need for tailored approaches to energy transition.

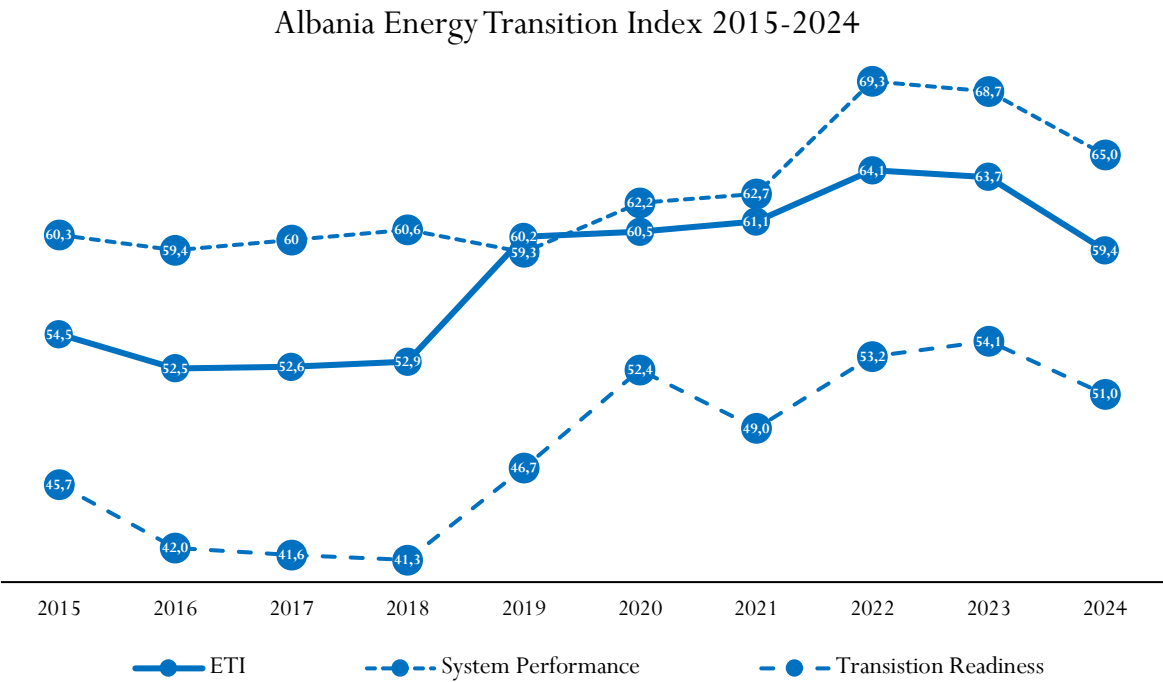


Chart 36 - Albania Energy Transition Index 2015-2024

Chart 39 illustrates the evolution of the Energy Transition Index in Albania from 2015 to 2024. In 2024, the ETI dropped by 4.3 points compared to 2023, marking the second consecutive year of decline after a steady increase between 2015 and 2022. Both the System Performance Index and the Transition Readiness Index decreased in 2024 compared to 2023. The System Performance Index was 65 in 2024, reflecting a decrease of 3.7 points from 2023. All three dimensions of the System Performance Index declined in 2024. The most significant drop was in the Secure dimension, which focuses on energy supply, reliability, and resilience. The Secure score fell to 48.8 in 2024, down from 60.3 in 2023 and 51.4 in 2019. The Sustainability dimension, which the ETI defines based on energy efficiency, decarbonization, and advancements toward clean energy systems, saw a 9% decrease in 2024 compared to 2023. The Equitable dimension, tracking access, affordability,

and the economic development of the energy system, decreased by 1.5 points in 2024 compared to 2023. Notably, all dimensions of System Performance in 2024 were at their lowest levels compared to the pre-COVID-19 period in 2019. Transition Readiness, which was 51 in 2024, dropped by 3.1 points compared to 2023. All dimensions except for Innovation showed a decline in 2024 compared to 2023. The most significant drop was in Infrastructure, which decreased by 30% in 2024 compared to 2023 and by 39% compared to 2019. The Education and Human Capital dimension also saw a severe decrease of 23% in 2024 compared to 2023, although it remained 16% higher than in 2019. The Finance and Investment dimension decreased by 6% in 2024 compared to 2023 but was still 37% higher in 2024 than in 2019. The Regulation and Political Commitment dimension remained unchanged at 51.5 in 2024 compared to 2023, though it was 16% lower than in 2019. In contrast, the Innovation dimension saw a sharp increase in 2024, with a score of 54.8, representing a 228% rise from 16.7 in 2023 and a 32% increase from 41.5 in 2019.

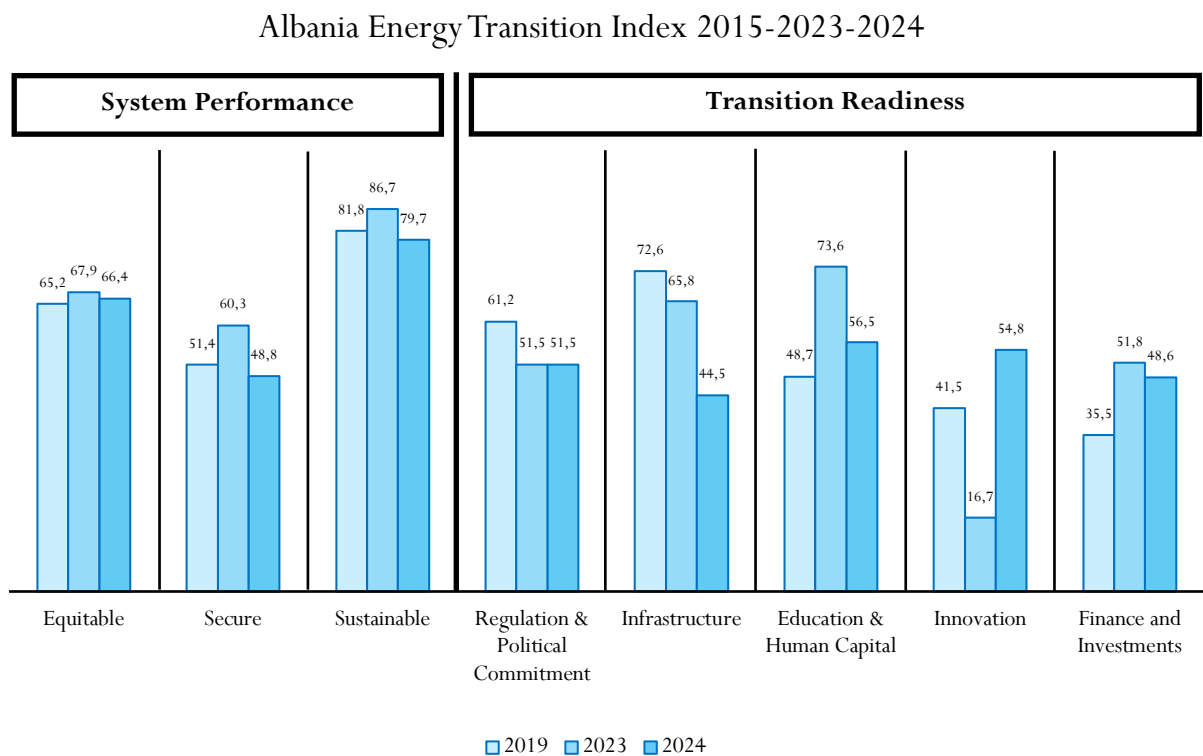


Chart 37 - Albania Energy Transition Index 2015-2023-2024

Although Albania experienced a second consecutive year of decline in its Energy Transition Index, it ranked first among the WB6 countries in 2024 with a score of 59.4. In a long-term analysis, the 2024 ETI score represents a 9% increase compared to 2015, marking the highest long-term increase among the WB6 countries during the period considered. Montenegro ranks second in the WB6 with a 2024 ETI score of 54.6. Montenegro's ETI score remained relatively stable throughout the period, oscillating between a minimum of 52.2 and a maximum of 56. The 2024 ETI score for Montenegro represents a 1.6% decrease compared to the 2023 score of 55.5 but an increase of 4.6% compared to 2015. This long-term increase was mainly driven by the System Performance Index, which reached 46.6 in 2024, a 15.6% increase from the 40.3 score in 2015. Conversely, Montenegro's System Performance Index in 2024 (59.9) represents a slight decrease of 0.3% compared to 60.1 in 2015. Serbia ranks third among the WB6, with a 2024 ETI score of 52.9. The ETI index in Serbia increased steadily from 2015 to 2021 before declining in 2022 and 2023. However, 2024 saw a slight increase of 0.6 points compared to 2023. Serbia's System Performance Index was 61.1 in 2024, marking a 2.3% increase from 2015 and a 0.7% increase from the previous year. The Transition Readiness Index in Serbia showed a more significant increase, with a score of 40.5 in 2024, reflecting a 12.8% increase from 35.9 in 2015 and a 2.3% increase from 39.6 in

2023. North Macedonia ranks fourth among the WB6 in 2024 with a score of 52.6. After peaking in 2022, the ETI index in North Macedonia declined for two consecutive years in 2023 and 2024, returning to pre-2022 levels. The 2024 ETI score represents a 1.5% decline compared to 2023 but an increase of 0.8% compared to 2015. The System Performance Index remained relatively stable, oscillating between 59.5 and 61.4 over the years considered, while the Transition Readiness score significantly increased. The Transition Readiness score was 42.3 in 2024, marking a 2.4% increase compared to 2023 and a 20.2% increase compared to 2015. Bosnia and Herzegovina ranks last among the WB6 throughout the period considered. However, it has seen a steady increase in its ETI score since 2018. The 2024 ETI score shows no change compared to 2023. In 2024, the System Performance score increased by 2.4% compared to 2023, while the Transition Readiness score decreased by 3.6% compared to 2023. In the long run, the ETI score increased by 8.2% in 2024 compared to 2015. The System Performance Index increased by 4.7% in 2024 compared to 2015, and the Transition Readiness Index increased by 14.5% in 2024 compared to 2015.

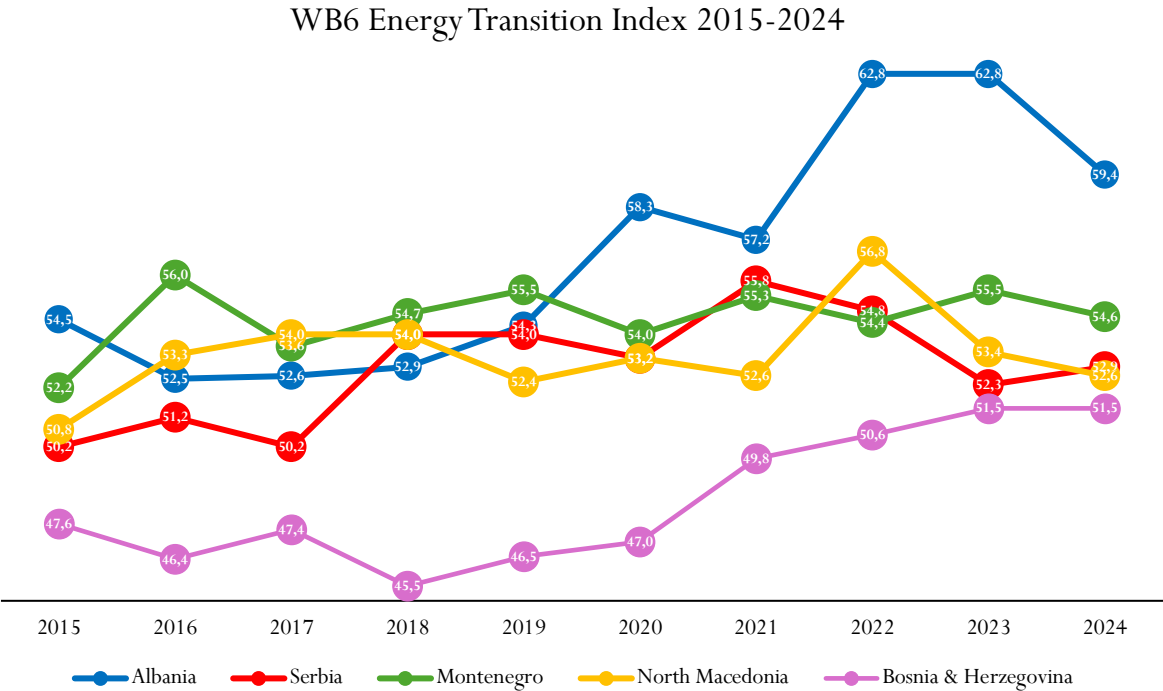


Chart 38 – WB6 Energy Transition Index 2015-2024

WB6 Energy Transition Index						
		Albania	Serbia	Montenegro	North Macedonia	Bosnia & Herzegovina
ETI	2015	54.5	50.2	52.2	50.8	47.6
	2023	62.8	52.3	55.5	53.4	51.5
	2024	59.4	52.9	54.6	52.6	51.5
System Performance	2015	60.3	59.7	60.1	61.3	52.8
	2023	68.7	60.7	61.4	61.4	54.2
	2024	65.0	61.1	59.9	59.5	55.3
Transition Readiness	2015	45.7	35.9	40.3	35.2	40.0
	2023	54.1	39.6	46.7	41.3	47.5

Table 7 - WB6 Energy Transition Index

13. Human Development

The Human Development Report (HDR) is an annual publication by the United Nations Development Programme (UNDP), first introduced in 1990. It provides a comprehensive analysis of global human development trends, challenges, and achievements, aiming to offer a broader understanding of development beyond traditional economic indicators. A key feature of the HDR is the Human Development Index (HDI), a composite metric established by the UNDP in 1990 to evaluate the overall well-being and development status of nations. The HDI comprises three fundamental dimensions: (i) health, (ii) education, and (iii) standard of living. Health is assessed by life expectancy at birth, education by mean years of schooling and expected years of schooling, and standard of living by Gross National Income (GNI) per capita. The HDI assigns equal weight to these dimensions, with scores ranging from 0 to 1, where higher values indicate greater levels of human development. This index provides a more comprehensive view of development, moving beyond purely economic measures, and is valuable for comparing countries and tracking changes in human development over time. Additionally, the HDR includes refined metrics such as the Inequality-adjusted HDI and the Gender Development Index (GDI), which offer a more nuanced understanding of human development. The Inequality-adjusted HDI considers not only the average achievements in health, education, and living standards but also the distribution of these achievements among the population. By accounting for inequalities within each dimension, it offers a more accurate depiction of a country's overall human development. The Gender Development Index, on the other hand, specifically focuses on gender-based disparities within human development. It disaggregates the HDI by gender, highlighting differences in life expectancy, education, and income between men and women. This index sheds light on gender-related inequalities, helping to identify areas of progress and challenge, and providing insights into the status of gender equity.

The 2023/2024 Human Development Report emphasizes the urgent need to address global challenges such as climate change, pandemics, and human rights violations, highlighting how humanity is currently failing to achieve the ambitions set by the 2030 Agenda for Sustainable Development and the Paris Agreement. Despite possessing unparalleled wealth, technology, and knowledge, progress has been hampered by geopolitical tensions, rising inequalities, and increasing polarization. The report underscores that these issues have caused the global Human Development Index (HDI) to fall for the first time ever in 2020 and 2021. Although the HDI is projected to rebound in 2023, the recovery is uneven, with richer countries regaining their pre-2019 levels while many Least Developed Countries continue to struggle. The report also highlights troubling trends, such as increasing support for leaders who may undermine democracy, despite broad public support for democratic ideals. This paradox reflects a growing disillusionment with current governance structures. The report calls for a new global public goods architecture, which would function alongside traditional development and humanitarian assistance, aiming for multilateral cooperation that benefits all countries. This would require additional financing and a focus on ensuring that global benefits are aligned with who pays. Moreover, the report identifies polarization as a significant barrier to progress, suggesting that reducing it is crucial for effective international cooperation. Misperceptions about others' beliefs and preferences often exacerbate division, but the report points out that correcting these misperceptions could foster collective action, especially on issues like climate change. The report advocates for creating spaces for deliberation and dialogue, such as citizen assemblies, to bridge divides and promote shared understanding. Another key finding is the concept of "agency gaps," where many people feel they have little control over their lives or influence over government decisions. To narrow these gaps, the report calls for institutions to become more people-centered, co-owned, and future-oriented, emphasizing the importance of collective achievements and cooperative behavior. By focusing on shared goals and the interdependence of people and the planet, the report argues that it is possible to break through the global gridlock and move towards sustainable human development, even in the face of uncertainty and evolving global challenges.

Concerning Albania, Chart 42 presents the Human Development Index (HDI), the Inequality-Adjusted Human Development Index (IHDI), and the Gender Inequality Index (GII) for the period from 2017 to 2022. The HDI shows a modest upward trend between 2017 and 2019, rising from 0.796 to 0.800, marking an improvement of 0.004 points. However, a significant decline of 0.016 points occurs in 2020, dropping the HDI to 0.784, followed by a slight recovery to 0.785 in 2021 and an increase to 0.789 in 2022. When examining the Inequality-Adjusted HDI (IHDI), lower values are observed compared to the HDI. The decline in the IHDI during 2020 (-0.010) is of a comparable magnitude to the decrease in the HDI (-0.016). Lastly, the Gender Inequality Index (GII) shows consistent improvement over the period, decreasing from 0.145 in 2017 to 0.116 in 2022, representing a positive change of 0.029 points.

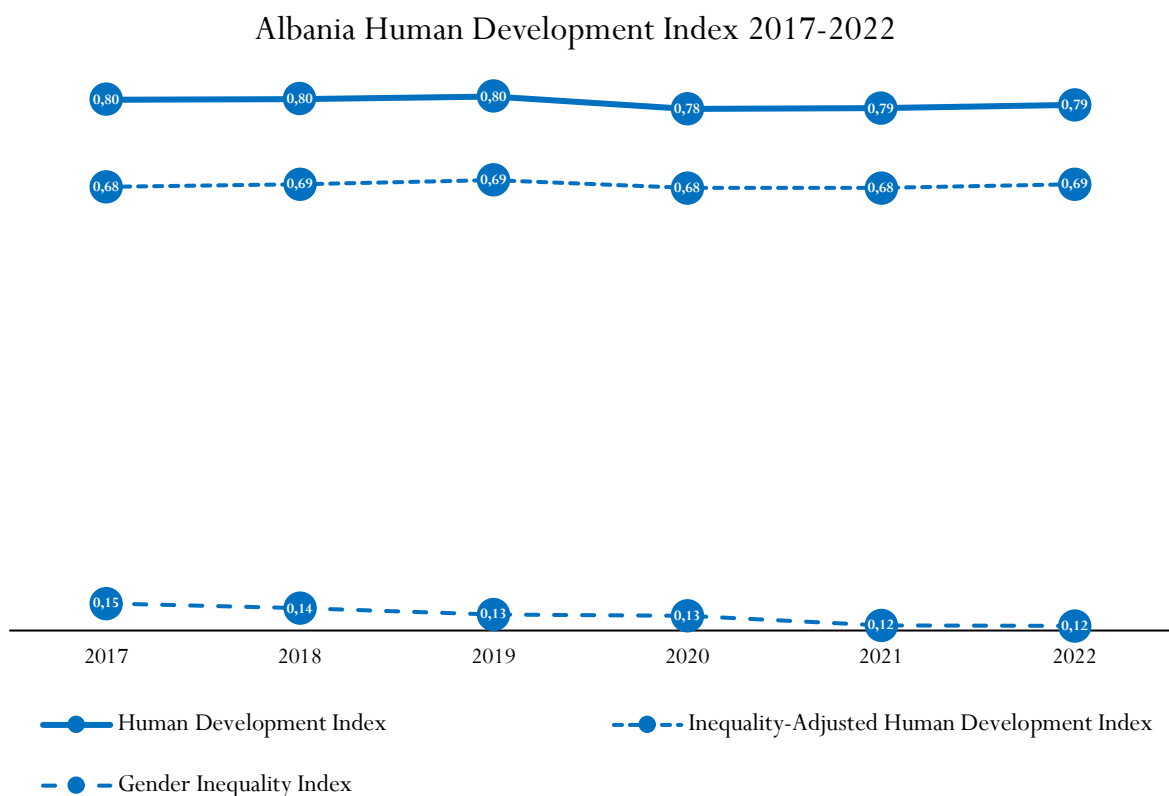


Chart 39 - Albania Human Development Index 2017-2022

Charts 43 and 44 illustrate the Human Development Index (HDI) and the Inequality-Adjusted Human Development Index (IHDI) for the Western Balkan Six (WB6) countries over the period from 2012 to 2022. Among the WB6 nations, Montenegro has the highest HDI score of 0.844 in 2022, reflecting a gradual and consistent increase throughout the decade. Montenegro's IHDI also shows steady improvement, rising from 0.709 in 2012 to 0.756 in 2022. On average, the IHDI is approximately 0.088 points lower than the HDI. In 2022, Serbia ranks second in HDI among the WB6 countries, with a score of 0.805. Serbia's HDI shows a continuous upward trend from 2012 (0.780) to 2019 (0.812), with a total improvement of 0.032 points. However, Serbia experienced a slight decline in HDI in 2020 (0.806) and 2021 (0.804), followed by a minor recovery to 0.805 in 2022. The IHDI in Serbia also increased gradually from 0.681 in 2012 to 0.740 in 2022. On average, the IHDI is approximately 0.065 points lower than the HDI. In 2022, Albania ranks third among the WB6 countries with an HDI score of 0.789. Albania's HDI fluctuated between 0.789 and 0.800 during the period, with a notable decline in 2020, when the score dropped from 0.800 in 2019 to 0.784, followed by slight increases to 0.785 in 2021 and 0.786 in 2022. The IHDI in Albania mirrored this pattern, ranging from 0.681

to 0.691, with a decrease to 0.682 in 2020 and 2021, and a slight increase to 0.687 in 2022. On average, the IHDI was approximately 0.102 points lower than the HDI, which is a larger gap than that observed in Serbia. In 2022, Bosnia and Herzegovina ranks fourth among the WB6 countries in HDI with a score of 0.779. The HDI in Bosnia and Herzegovina shows a consistent upward trend from 2012 (0.735) to 2019 (0.780). Unlike other countries, Bosnia and Herzegovina's HDI did not exhibit a significant decline in 2020 and 2021, only slightly lowering to 0.776. The IHDI for Bosnia and Herzegovina increased gradually from 0.604 in 2012 to 0.667 in 2022, representing a 0.063 point improvement. Bosnia and Herzegovina also has the lowest average disparity between the HDI and IHDI at 0.112, but ranks last in IHDI among the WB6. In 2022, North Macedonia exhibits the weakest HDI performance among the WB6 countries with a score of 0.765. North Macedonia's HDI trajectory from 2012 to 2018 is similar to that of Bosnia and Herzegovina, ranging from 0.755 in 2012 to 0.796 in 2018. However, unlike Bosnia and Herzegovina, North Macedonia experienced a decline in HDI starting in 2020, reaching a score of 0.765 in 2022. In terms of IHDI, North Macedonia ranks fourth among the WB6, with scores fluctuating between 0.638 and 0.703. On average, the disparity between the HDI and IHDI is 0.097 from 2012 to 2022. Overall, the HDI of the WB6 countries shows a general trend of improvement over the decade, with Montenegro consistently leading in HDI scores and showing the most significant gains. Most countries, including Serbia, Albania, and Bosnia and Herzegovina, experienced fluctuations in their HDI, particularly in 2020 and 2021, likely due to the impacts of the COVID-19 pandemic. Common across the WB6 nations is the presence of a substantial gap between the HDI and IHDI, reflecting ongoing challenges related to inequality. Despite this, there is a notable effort across the region to improve human development outcomes, though disparities persist.

WB6 and Human Development Index 2012-2022

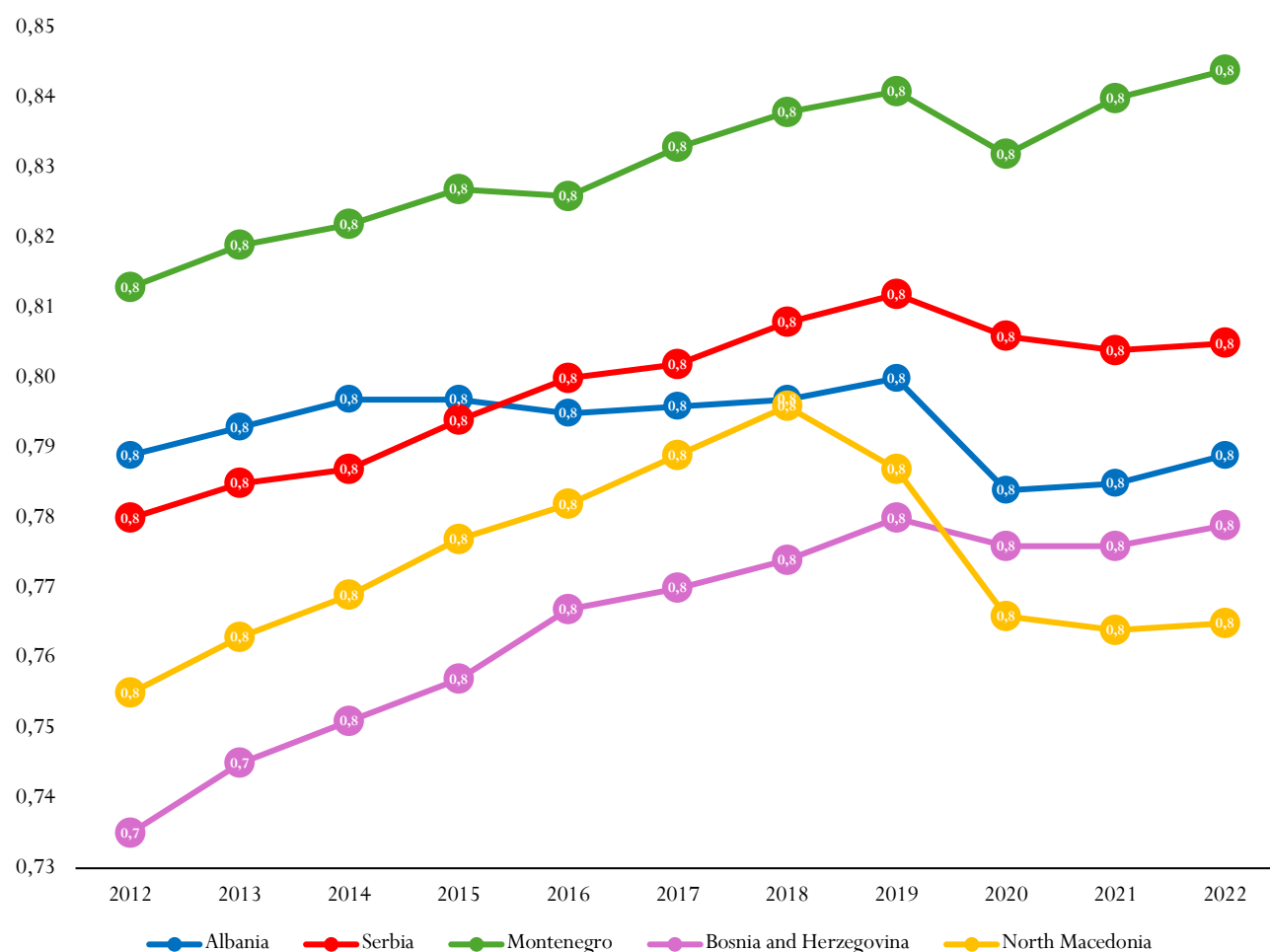


Chart 40 – WB6 and Human Development Index 2012-2022

WB6 and Inequality-Adjusted Human Development Index 2012-2022

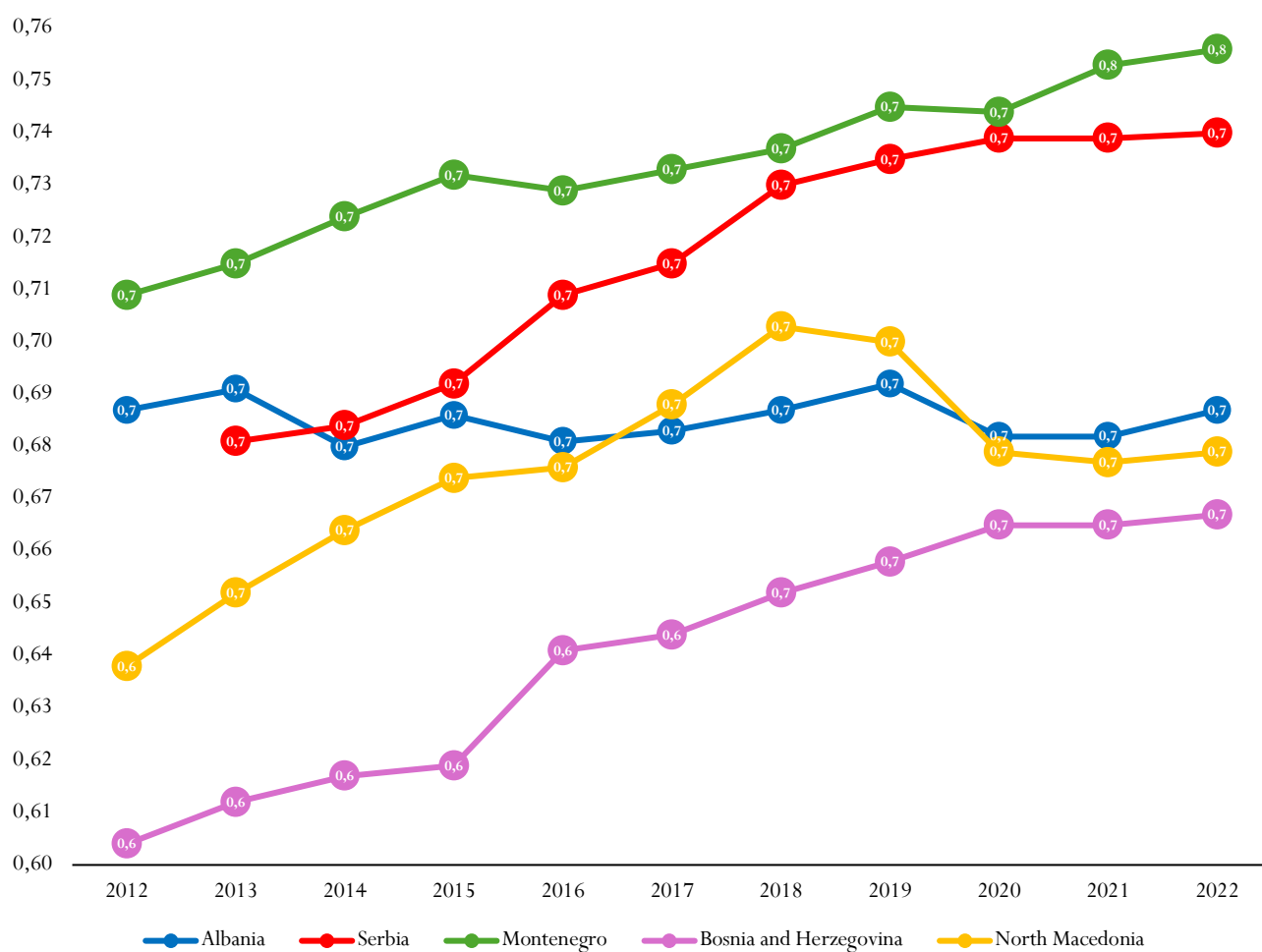


Chart 41 - WB6 and Inequality-Adjusted Human Development Index 2012-2022

14. Deepening: An Overview of the Albanian Economy

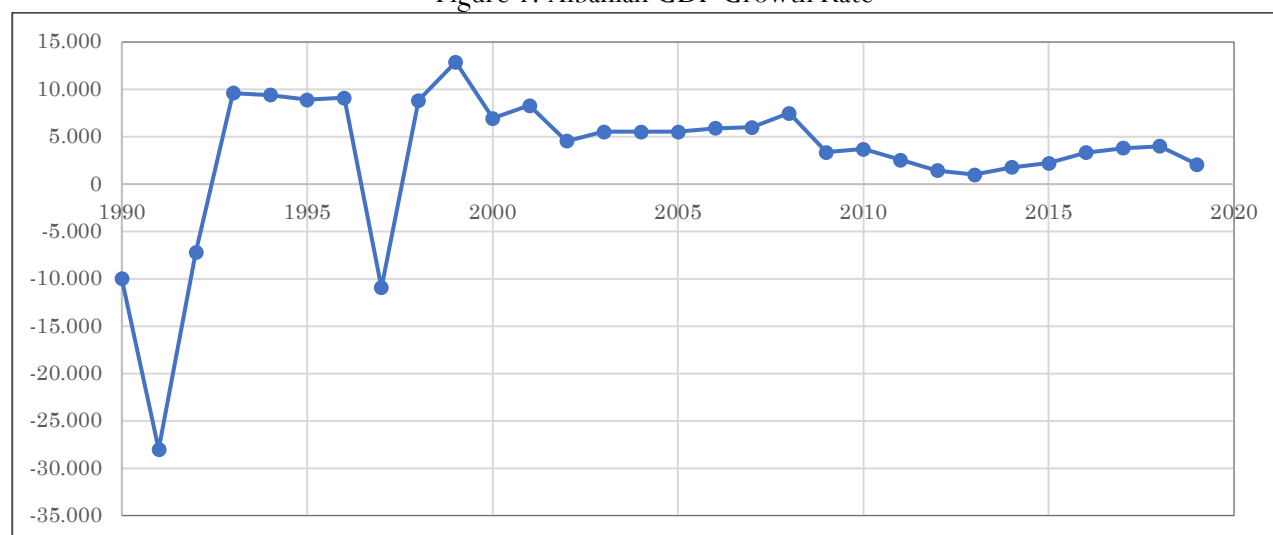
Elvjon Mecani

Albania's economy has undergone significant transformation and development over the past few decades. In 1991, the country launched a series of economic reforms aimed at liberalizing its economy, transitioning from a centrally planned system to a market-based one, and integrating into the global economy (Pashko, 1993). These reforms stimulated economic growth and opened Albania to foreign investments and international trade. However, despite some initial successes, progress toward economic development has been notably slower and more challenging compared to many of its Balkan neighbors and other post-communist countries in Central and Eastern Europe (CEE), primarily due to institutional weaknesses. Inefficiencies in governance, a fragile rule of law, and limited institutional capacity have hindered the transition to a market economy (Minovic et al., 2021). Furthermore, Albania's economic structure remains relatively narrow, with significant dependence on sectors such as construction, agriculture, and tourism. Despite this economic structure, Albania experienced a period of significant growth between 1991 and 2008, with an average annual GDP increase of 5.5%. Since 2010, however, the growth rate has stabilized at around 3-4% annually. Although this rate is positive, it remains insufficient to close the gap with more developed European economies. This context, along with structural challenges, reveals the need for further diversification of the economy and stronger institutional reforms to promote a more sustainable and resilient economic environment. Additionally, political instability has further complicated the situation, creating uncertainties, deterring investment, and hindering the implementation of critical reforms necessary for deeper economic integration. This instability has also delayed Albania's EU accession process, which could otherwise have provided a framework for the institutional strengthening and economic transformation that has benefited other CEE countries like Croatia, Bulgaria, and Romania.

1. Pre-Pandemic Economic Slowdown

Albania experienced significant economic transformations between 1991 and 2008, with an impressive annual GDP growth rate of around 5.5%.

Figure 1. Albanian GDP Growth Rate



Source: IMF

This growth was driven by key sectors such as construction, remittances from migrants, and international assistance. However, since 2010, the growth rate has slowed to approximately 3-4% per year, with the main contributions coming from tourism, agriculture, and light manufacturing. The deceleration in growth since 2010 can be traced back to several structural and institutional challenges that have impeded further progress. One of the most persistent issues is corruption, which continues to be a major obstacle for Albania. Reports from

Transparency International indicate that the country has consistently ranked low on corruption perception indices over the past decade, with scores typically ranging between 30 and 40 out of 100. This persistent low ranking has discouraged foreign direct investment (FDI), limiting Albania's ability to attract the capital inflows necessary for sustainable development. In addition to corruption, bureaucratic inefficiencies and weak institutions have hampered the effective implementation of much-needed reforms, constraining the country's overall growth potential. Another significant factor is Albania's heavy reliance on remittances from emigrants. Following the economic collapse of the early 1990s, many Albanians emigrated, particularly to Italy and Greece, for economic better opportunities (Mai, 2005). These remittances became a crucial source of income for many households, accounting for about 10% of the country's GDP during the late 1990s and early 2000s (World Bank, 2024). While remittances have helped alleviate poverty and increase household consumption, they have also created structural problems within the economy. The heavy reliance on this external income has reduced incentives for domestic innovation and entrepreneurship, as many families prefer to rely on remittances rather than invest in local business opportunities (Sergi and Morabito, 2016). Albania also faces significant challenges related to its infrastructure, which remains insufficient in both physical and digital terms. The lack of modern infrastructure has constrained the competitiveness of Albanian industries, preventing the country from fully integrating into international markets. This inadequacy has also hindered private sector growth, further limiting the country's economic potential. Moreover, the labor market has been another area of concern. Although some sectors have experienced growth, high unemployment rates—particularly among young people—remain a significant issue. Low labor productivity and a lack of adequate vocational training have further hampered economic growth, leaving much of Albania's workforce underutilized.

2. COVID-19 and its economic consequences for Albania

In March 2020, the onset of the COVID-19 pandemic had a profound impact on the Albanian economy, significantly exacerbating the pre-existing challenges it faced (Banushi and Sulaj, 2020). One of the hardest-hit sectors was tourism, which accounted for approximately 8% of the country's GDP (World Bank, 2021). The closure of borders and the imposition of strict travel restrictions resulted in a dramatic decline in tourist arrivals. This downturn not only led to widespread job losses but also imposed significant financial strain on businesses that were heavily dependent on tourism, including hotels, restaurants, and travel agencies. As tourist numbers plummeted, these businesses encountered extraordinary challenges in sustaining their operations, leading to closures and bankruptcies. The effects on the labor market were severe, with many workers finding themselves unemployed or underemployed, leading to increased reliance on government support programs. Other sectors, such as manufacturing and agriculture, which had previously demonstrated relative resilience before the pandemic, also experienced substantial slowdowns. Supply chain disruptions, caused by lockdowns both domestically and internationally, hindered production and distribution processes. Companies struggled to source raw materials and components, while logistical challenges made it difficult to deliver finished goods to markets. This further compounded the economic downturn, as businesses scrambled to adapt to rapidly changing conditions. The combined impact of these challenges resulted in a significant economic contraction of 4.1% in 2020, marking the worst recession the country had seen in over two decades. The downturn was especially severe in export activities, with exports dropping by 13.3%, indicating a significant decline in the country's trade activities and its integration into global markets. The slowdown in economic activity and rising unemployment also exacerbated existing inequalities, with vulnerable populations, including young people and those in informal employment, being disproportionately affected (Kikoni and Schiffbaue, 2020). The crisis exposed considerable structural weaknesses in the Albanian economy, highlighting the urgent need for comprehensive reforms to tackle these vulnerabilities and establish a more resilient economic framework for the future. Overall, the pandemic's effects on Albania underscored the necessity for economic diversification and the critical importance of bolstering key sectors to better withstand future shocks.

3. Albania post pandemic recovery

Albania's government has undertaken significant fiscal consolidation efforts in the aftermath of the pandemic, including enhanced value-added tax collection, which has helped the country achieve a zero primary balance-to-GDP ratio in 2023. This fiscal discipline is crucial for sustaining investment in key sectors of the economy. The

2024 budget aims for a small primary surplus, reflecting ongoing responsible fiscal management amidst a slowdown in economic growth. Public debt remained around 62.9% at the end of 2023 and is projected to be sustainable in the medium to long term (estimated at 59.7% by 2025). Inflation, which hovered around 4.8% in 2023 due to tight labor markets, is expected to gradually decrease, reaching the central bank's target of 3% by early 2025 (IMF, 2024). The unemployment rate was estimated at around 11% in 2023 (IMF, 2024) and is expected to remain stable over the forecast horizon. However, a significant portion of GDP—approximately 50%—is still accounted for by the informal economy, presenting challenges for comprehensive economic reform.

Table 1. Main indicators of the Albanian Economy

Main Indicators	2020	2021	2022	2023	2024	2025	2026
GDP (billions USD)	15.19	17.98	19.08	22.74	25.43	26.91	28.69
GDP (Constant Prices, Annual % Change)	-3.30	8.91	4.84	3.30	3.08	3.39	3.51
GDP Per Capita	5279	6260	6658	7957	8924	9474	10135
General Government Gross Debt (in % of GDP)	75.78	75.22	65.55	60.02	58.02	57.02	56.47
Inflation Rate (%)	1.62	2.04	6.73	4.77	3.50	3.00	2.90
Unemployment Rate (% of the Labour Force)	11.68	11.40	11.10	11.00	11.00	11.00	11.00
Current Account (billions USD)	-1.315	-1.380	-1.138	-0.843	-0.955	-1.11	-1.12
Current Account (in % of GDP)	-8.66	-7.68	-5.97	-3.71	-3.75	-4.14	-3.90

Source: IMF, Note: Data for years after 2022 are estimates

Agriculture is an essential sector, contributing 18.6% to GDP and employing 35% of the workforce (World Bank, 2024). Despite its importance, the sector faces obstacles, such as a lack of modern equipment and fragmented land ownership, which limit productivity. The agricultural sector currently meets only one-third of domestic demand for food and feed, highlighting the need for targeted investments that could benefit from the government's fiscal strategies. Projected agricultural growth of about 2.4% annually from 2025 to 2027 indicates a potential contribution of roughly 0.4 percentage points to overall economic expansion. The industrial sector accounts for 21.4% of GDP, employing 21% of the active population (World Bank, 2024) with key industries such as textiles and food processing benefiting from improved fiscal management. The government's focus on diversifying the industrial base and attracting foreign investment is essential for growth, supported by ongoing fiscal reforms. The services sector, representing 47.4% of GDP and employing around 44% of the workforce (World Bank, 2024), plays a vital role in the economy. Tourism has rebounded significantly since the pandemic, with foreign tourist arrivals surpassing 10.1 million in 2023 (+35% year-on-year—Ministry of Tourism). The increase in tourism can be seen as a direct benefit of stable fiscal policies that enhance the overall business environment.

4. Final remarks

To foster a business environment that encourages innovation and attracts investment, Albania must prioritize strategic reforms. The lessons learned from the COVID-19 pandemic underscore the necessity of resilience in facing external shocks. Maintaining fiscal discipline will be essential for managing future uncertainties. As Albania aims for deeper integration with the European Union, there is an opportunity to draw inspiration from the successes of other Central and Eastern European nations while addressing its unique structural challenges. Although the path to a sustainable and prosperous economy is complex, a collaborative approach and targeted reforms can position Albania for a more inclusive and dynamic economic future.

References

- Banushi, B. and Sulaj, I. (2020). Economic Impacts of An Earthquake Disaster and Covid-19 In Albania, Scientific Bulletin-Economic Sciences, University of Pitesti, 19(2): 15-22.
- Kikoni, E. and Schiffbauer, M. T. (2020). *The Economic and Social Impact of COVID-19 The Country Notes (English)*. Western Balkans Regular Economic Report, n.17 Washington, D.C. : World Bank Group.

- Mai, N. (2005). The Albanian Diaspora-in-the-Making: Media, Migration and Social Exclusion, *Journal of Ethnic and Migration Studies*, 31(3): 543-561.
- Minovic, J., Stevanovic, S. and Aleksic, V. (2021). *Journal of Balkan and Near Eastern Studies*, 23(1): 40-61.
- Pashko, G. (1993). Obstacles to economic reform in Albania. *Europe-Asia Studies*, 43(5): 907-921.
- Sergi, B.S. and Morabito, G. (2016). Migration and remittances: the rise and fall of Albania and Kosovo. *Journal for Labour and Social Affairs in Eastern Europe*, 19(1): 55-66.



CATHOLIC UNIVERSITY
OUR LADY OF GOOD COUNSEL



Copyright ©2024 by:



For more Informations and details:

Catholic University Our Lady of Good Counsel
Rruga Dritan Hoxha, Tirana, Albania

- ✉ info@unizkm.al
- ✉ cespic@unizkm.al
- 🌐 www.unizkm.al