



The Country of Return Information Project functions as a network of NGO's for the collection and transfer of specific information on reintegration possibilities for potential returnees and their counsellors. All questions you may have on reintegration possibilities and on which you don't find the answer in this country sheet, can be directed to the helpdesk "Country of Return Information".
E-mail: return@vluchtelingenwerk.be

COUNTRY SHEET

ALBANIA

CRI-country sheets are prepared mainly on the basis of publicly available information, completed with data gathered by local partners in the specific countries, and will be updated periodically.

May 2007

The Country of Return Information Project runs until the end of 2007 and is funded by the European Community. The European Commission is not responsible for any use that may be made of the information provided. Sole responsibility for its content lies with the author.



DISCLAIMER

This Country Sheet is for informational purposes only and no rights can be derived from its contents.

The CRI-partners will do their utmost to include accurate, corroborated, transparent and up-to-date information, but make no warrants as to its accuracy or completeness. Consequently, the CRI-partners do not accept responsibility in any way for the information in this Country Sheet and accept no liability for damages of any kind arising from using the information in this Country Sheet.

The information in this Country Sheet has been retrieved in collaboration with local partners.

This Country Sheet contains links to websites that are created and maintained by other organizations. The CRI-project does not take any responsibility for the content of these websites.

The CRI-partners are the partners who participate fully in the CRI-project: Vluchtelingenwerk Vlaanderen, Caritas International Belgium, Consiglio Italiano Per I Rifugiati, Coordination et Initiatives pour les Réfugiés et Étrangers and Hungarian Helsinki Committee.

Further information can be obtained at return@vluchtelingenwerk.be.

The Country Sheet Albania is a product of the CRI project.

CRI-country sheets are prepared mainly on the basis of publicly available information, completed with data gathered by local partners in the specific countries, and will be updated periodically.

Our local partners in Albania are:

- Albanian Institute for International Studies (AIIS): a NGO dedicated to analyses and prognoses of contemporary political, economic, security, ethnic, cultural and religious issues and conflict prevention
- Albanian Centre for Human Rights (ACHR): a national NGO active in the promotion of human rights, providing information and training on human rights conditions and abuse

TABLE OF CONTENTS

1. Access to territory (from country of asylum to return area)	p.6
1.1 Documentation	p.6
1.1.1 Travel documents needed for returnees	p.6
1.1.2 Documents needed in the country of return	p.7
1.1.3 How to obtain necessary documents	p.7
1.1.4 Price of necessary documents	p.8
1.2 Travel to country of origin	p.8
1.2.1 By air	p.8
1.2.2 By land	p.9
1.2.3 By sea	p.9
1.3 Entry procedure	p.9
1.3.1 By air	p.10
1.3.2 By land	p.10
1.3.3 By sea	p.10
1.4 Impacts of former acts and statuses upon entry	p.11
1.4.1 Impacts of former refugee or subsidiary protection status	p.11
1.4.2 Impacts of former unsuccessful asylum claim	p.11
1.4.3 Impacts of former illegal exit from country of origin	p.11
1.4.4 Impacts of crime committed outside the country of origin	p.11
1.5 Customs regulation	p.12
1.6 Access to return area	p.12
1.6.1 Limitations on internal travel	p.13
1.6.1.1 Administrative restrictions	p.13
1.6.1.2 Practical obstacles	p.13
1.6.2 Territories impossible or dangerous to approach	p.13
1.6.3 Means of internal travel	p.14
2. Physical security (in return area)	p.16
2.1 On-going armed conflicts	p.16
2.2 Regions with high security risk	p.16
2.3 Crime	p.17
2.3.1 Regions with an extremely high level of crime	p.18
2.3.2 Risk of becoming a victim of human trafficking	p.18
2.3.3 Risk of becoming a victim of forced prostitution	p.18
2.3.4 Effectiveness of protection	p.19
2.3.4.1 Police forces	p.19
2.3.4.2 Judiciary	p.20

3. Social security and reintegration	p.21
3.1 Regions with no reintegration and return opportunities	p.21
3.2 Housing, accommodation	p.22
3.2.1 Property restitution and/or compensation	p.22
3.2.2 Housing programmes by return areas	p.23
3.2.3 Opportunities of building a house	p.23
3.2.3.1 Conditions of obtaining land property	p.24
3.2.3.2 Relevant approximate prices	p.26
3.2.3.3 Available credits, subsidies and other forms of help	p.27
3.2.4 Opportunities of buying real estate	p.27
3.2.4.1 Legal conditions	p.28
3.2.4.2 Eventual obstacles for certain groups	p.28
3.2.4.3 Relevant approximate prices	p.28
3.2.4.4 Available credits and subsidies	p.28
3.2.5 Opportunities of renting a house or apartment	p.29
3.2.5.1 Eventual obstacles for certain groups	p.29
3.2.5.2 Relevant approximate prices	p.29
3.2.5.3 Available subsidies	p.29
3.2.6 Other middle-term accommodation possibilities	p.29
3.2.7 Temporary shelters	p.30
3.3 Livelihood - basic “survival”	p.30
3.3.1 Employment	p.31
3.3.1.1 Unemployment	p.32
3.3.1.2 Labour market programmes	p.33
3.3.1.3 Labour conditions	p.35
3.3.1.4 Accessibility of short-term / occasional jobs	p.36
3.3.1.5 Lack (high demand) in specific professions	p.36
3.3.1.6 Practical and contact information	p.36
3.3.2 Contact information relevant to the issue of recognition of degrees	p.36
3.3.3 Education and retraining programmes	p.37
3.3.3.1 By government	p.38
3.3.3.2 By private firms	p.38
3.3.3.3 By international organisations or NGOs	p.39
3.3.4 Starting a new business	p.39
3.3.4.1 Legal conditions	p.40
3.3.4.2 Credits and subsidies and access to them	p.41
3.3.5 Social security	p.42
3.3.5.1 Unemployment benefit and access to it	p.43

3.3.5.2	Sickness benefits and access to them	p.44
3.3.5.3	Family allowances and access to them	p.45
3.3.5.4	Other benefits in the social welfare system	p.46
3.3.5.5	Special benefits for returnees	p.46
3.3.6	Charity organisations with a general scope	p.46
3.3.7	Useful data to calculate the cost of living	p.47
3.4	Health	p.49
3.4.1	General health situation by regions	p.49
3.4.2	Drinking water and sanitation by regions; heating systems	p.49
3.4.3	Health care system	p.51
3.4.3.1	Health care infrastructure	p.53
3.4.3.2	Eligibility criteria and access to health care services	p.55
3.4.3.3	Costs of healthcare	p.55
3.4.3.4	Discrimination in health care system	p.57
3.4.3.5	Services of non-state agents in health care	p.57
3.4.3.6	Diseases which cannot be effectively treated in the country	p.57
3.4.3.7	Supply with standard medicines	p.57
	List of Abbreviations	p.59

CHAPTER I

1. Access to territory (from country of asylum to return area)

In March 2005, Albania signed the agreement between the European Community and the Republic of Albania on the readmission of persons residing without permission (illegal residents), through which an EU Member State can ask Albania to readmit any of its nationals or any third-country nationals having transited through its territory and who do not meet the conditions for entry and residence. The agreement is reciprocal and establishes a joint readmission committee responsible for monitoring its correct application¹.

The purpose of the agreement is to establish rapid and effective reciprocal procedures for the identification and return of persons residing without authorization on the territories of Albania or of one of the Member States and to facilitate the transit of such persons. The Agreement does not affect the rights and obligations arising from international law and, in particular, from the European Convention of 4 November 1950 for the Protection of Human Rights, the Convention of 28 July 1951 and the Protocol of 31 January 1967 on the Status of Refugees, and international instruments on extradition. According to the Article 8 of the Law No.8492 on foreigners, the persons who enter in the territory of the Republic of Albania are obliged to pass only through the Border and Control Points². This law is applicable not only for foreigners but also for Albanian migrants with foreign nationality.

1.1 Documentation

Based on the article 100 of the Constitution, and article 83 of Law No. 8492, dated 27.5.2000 “For foreigners”, foreign citizens who enter or leave the territory of the Republic of Albania, are obliged to pass the border only through the Border Pass and Control Points (BPCP)³.

1.1.1 Travel documents needed for returnees

Albanian authorities consider the passport the only acceptable document to travel out of country. Every Albanian citizen more than 16 years old has the right to obtain a passport either at the police authorities or, if out of country, at all Albanian diplomatic and/or consular offices around the world. For citizens under 16 years old, Albanian authorities provide passports valid for a five-year period, while all other passports have a validity period up to ten years.⁴

¹ European Council. EC Decision 2005/371/EC, OJ L 124, 17.05.2005. Can be consulted at: http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber&type_doc=Decision&an_doc=2005&nu_doc=371&lg=en Last accessed May 2007

² International Organisation for Migration, Albania Office. “Analysis of the Albanian immigration legislation and practice of migration, as compared to EU and international standards”. Tirana, 1.1.2004, http://www.old.iom.int/en/PDF_Files/tcm/Albania_GAP.pdf . Last accessed May 2007

³ <http://www.mfa.gov.al> last accessed April 2007

⁴ Ministry of Foreign Affairs, Albania (MFA). Directive no. 7677, date 03.12.2002

The regular passport is the main document requested for a returnee. When taking the written declaration to the border control, the returnee should also declare the financial means, and the address of the place where he will stay in the Republic of Albania. The returnee should also declare the state where he is coming from, the activity in the country of origin, and other documents that certify his stay in the country of origin. All the acts should be up to date (produced and issued in the last three months, from the date of their submission at the local police commissariat).

1.1.2 Documents needed in the country of return

Documents required by the police (border or local police) are the following documents:

- a. The request for entry permission, where will be established precisely the purpose of the return and the address of the place where he will stay in the Republic of Albania;
- b. The passport that enables the legal entry in the Republic of Albania and a notarized photocopy of the pages of the passport that holds data of concern (the page containing the photo and the generalities of the holder, the page that contains the Albanian visa, as well as the page containing the dated entry stamp). The passport is given back to the interested person at once; the photocopy is kept in the file;
- c. Declaration of the return, stamped by the country of return;
- d. Good behaviour letter by the police authorities for the last six months; Proof of address;
- f. Family certificate, if the person is married;
- g. Financial documents, bank guarantees, savings records showing that the returnee has already an activity in the country of origin⁵;

The Ministry of Interior collaborates on the problems with the returnees, with the Ministry of Foreign Affairs⁶, the General Prosecutor's Office, the State Information Service, the Ministry of Labour and Social Affairs and the Ministry of Justice. This collaboration is regulated in joint acts, issued for the application of the law, and introduces concrete measures for the returnee's engagement into Albanian society⁷.

1.1.3 How to obtain necessary documents

A returnee can apply for a regular passport at the Police commissariats, allocated close to their places of settlement. The application forms and instruction are free of charge, but the passport fee is 5000 LEK, payable to any police commissariat when applying.

All Albanian citizens that are residing abroad, in order to submit the necessary documents to the consular offices, should submit a Written Request, a Birth Certificate and 3 Photos (4 x 5 cm).

The application procedures and all additional information on how to obtain the visas etc can be found at <http://www.mfa.gov.al/english/formulari.asp>, the official website of the Ministry of Foreign Affairs of the Republic of Albania. This website offers information about the Diplomatic Representatives of Albania; lists Heads of Foreign Missions in Albania; Charge d' Affairs of Diplomatic Missions; Honorary Consuls and the representatives of the international organizations.

⁵ Ibid.

⁶ http://www.mfa.gov.al/english/programi.asp#_Toc114360488 last accessed April 2007

⁷ Republic of Albania. The Administrative Code of Albania, Law Nr 8485,12-05-1999, Official Bulletin, Nr 19, p. 578

1.1.4 Price of necessary documents

All Albanian citizens living abroad may apply for a 10 year Albanian Passport providing the following original documents:

1. One Albanian birth Certificate (issued within the last 3 months)
2. Five photographs (50x40 mm, face must cover white background for 70 %)
3. A personal request addressed to the Embassy with the own personal details; actual residence, profession, family status, contact telephone number
4. The passport fee

An Albanian citizen under 16 years of age who has never married is regarded as a child. A parent or another person who carries responsibility for the child must lodge a passport application for a child. A child cannot be included in an adult's passport. Each child, including a newborn infant, must be issued its own passport. The validity of a child's passports (up to 16 of age) is normally valid for 5 years. For such a procedure the following documents are required:

1. The child's full original Albanian birth certificate. Documents other than the original are not acceptable.
2. A family certificate
3. Five Passport Photos (50x40 mm, face must cover white background for 70 %)
4. A written consent of all the persons who carry responsibility for the child is needed. In most cases these are the child's natural parents.
5. The passport fee

The actual Albanian passport is valid for a period of 10 years.

1.2 Travel to country of origin

Albania is reachable by air, by sea and by land. Albanian passports, with at least 6 months before expiry date, are necessary for all persons entering the country.

The local Albanian currency is lekë [LEK]. The generally accepted rules are to pay hotel bills in USD or EUR, for all other purchases such as restaurants, bars, shops, markets pay with LEK. Taxis in Tirana and Durrës will accept all 3 currencies (including GBP).

1.2.1 By air

While transportation by air would probably be the fastest way for returnees to enter the Republic of Albania, it won't be the cheaper one. Approximate prices of airlines vary from 120 to 350 EUR, depending on the country of departure and its distance from Albania. From countries like Greece, Italy, Austria, and the Balkans, prices for air transport would be relatively cheaper (from 120 to 200 EUR) than those from other European countries of the northern side of the continent. Duration of travel varies from one and a half hour (from countries such as Italy, Greece) to 3 hours (from countries of Northern Europe). But one should always bear in mind that Albania does not yet have direct flight connections with

most of European countries. This means that transit passage is needed, usually from Vienna, Milan or Bucharest airports, which almost doubles the air travel cost. Luggage limits when travelling by air are specified by the respective agencies and vary from 20 to 25 kilograms.

In Albania there are different international airlines operating such as Alitalia, Austrian Airlines, Hungarian Malev⁸, Turkish Airline⁹, etc; as well as Albanian Airlines, Adria, Belle Air, etc.

Customs¹⁰ - Luggage and hand baggage is x-rayed at entry and departure. Random searches take place. Due to the anti-terrorist measures, there are difficult and time consuming rules on what a person may bring in except for normal restrictions on firearms, weapons, drugs etc. Expensive electronic goods may attract a duty charge.

1.2.2 By land

The route to get to Albania includes the borderline with the following Balkan states: Montenegro (north), Macedonia (northern east- East); Greece (south)¹¹.

For returnees entering back their homeland, this would probably be the cheapest way. Since Albania is geographically next to Greece, an EU member, returnees can travel through the bus lines offered by a vast number of agencies on a daily bases. Travel costs by bus vary from 35 to 40 EUR, travel time is expected to be from 10 - 12 hours and there are no luggage limits¹².

1.2.3 By sea

Albania has three portal entrances in Saranda (local), Vlora (national), Durrës (national) and Shëngjin (local).

Albania can be approached by sea from Italy through the Adriatic Sea. Destinations are two large Albanian port cities, Durrësi and Vlora, located in West Albania, which means that they can be used easily to travel toward most of other locations all over the country. Ticket prices vary from 60-80 EUR; shipping time is approximately 6 to 8 hours, while there are no luggage limitations¹³.

1.3 Entry procedure

Entry procedures in the Albanian Republic are same as those of the most Western Balkan countries. When an Albanian citizen enters the Republic of Albania, either by air or land or sea, he has to submit his travel papers, his tickets and his passport (which should be sealed by the border police authority). According to Albanian legislation, the Border Police is responsible for controlling all necessary documents at the Albanian borders. Entry procedures do not differ when entering by air, by land or by sea. Interrogation is sometimes needed when authorities at the border checkpoints may have some doubts regarding the originality of papers presented; impact of former actions in the country of origin or outside it; when from the controls made in

⁸ For more information, see Hungarian Airlines www.malev.hu

⁹ Consult www.turkishairlines.com and Tyrolean Airways at www.tyrolean-airways.com

¹⁰ Travel Document System to be consulted via www.traveldocs.com/al/customs.htm

¹¹ More information on local transport can be found at http://wikitravel.org/en/Albania#By_bus_2

¹² More information on local transport can be found at www.albanianyellowpages.com/infopages.html

¹³ More information on travelling to Albania can be found at www.travelersdigest.com/albania_passenger_ferries.htm

the luggage (or other transport mean i.e. car) evidence of illegitimate goods comes out. Bribes, according to international or domestic research, are still frequent, especially when entering Albania by land.¹⁴

The main authority is the border police, according to the route of entrance to Albania. In the blue and green border points the police are obliged to interrogate and control any suspected person.

There are some initiatives from the civil society actors (NGOs) against corruption in Albania, that register police officers who request bribes in order to proceed hidden and faster with the entry procedure.

The Written Request will be provided by the specific Consular Office at the time of submission, while the Birth Certificate can be obtained only at Registry Offices of the previous residence (or birth locality) of the person submitting the request for an Albanian passport. In cases when Albanian citizens are located abroad, they should provide someone with an authorization to represent them at the Registry Office in order to obtain a Birth Certificate. This procedure of authorization requests that the person willing to obtain it, should address an advocacy office at his actual residence, where this procedure is well-known. When authorization is ready, it should be mailed to the person that will represent him/her at the country of return Registry Office.¹⁵

This rule of passing the border only through BPCP applies for Albanians residing outside Albania as illegal emigrants who want to return in their country of origin.

1.3.1 By air

Returnees who prefer to enter Albania by air, apart from the above-mentioned elements, ought to be informed that the airport authorities have increased their security level since 2006.

The Albania's International airport is settled in Rinas (TIA), which is 29km from the capital. An Albanian Airline shuttle runs to the city centre where its offices are based (travel time - 30 minutes). Taxis are also available to and from the airport.

Upon arrival at Tirana Mother Theresa (currently the only operating passenger airport) on entering the arrivals hall, the returnee must proceed to passport desk to report his purpose of visit. At the airport, luggage reclaim is immediately in front of the person.

The national carrier is Albanian Airlines (LV). Established in co-operation with Tyrolean Airways, the airline operates services to major European cities. Other airlines offering services to Tirana include Alitalia, Austrian Airlines, Lufthansa, Malev Hungarian Airlines, Olympic Airways, Swissair and Turkish Airlines.

1.3.2 By land

While travelling by land, the foreigners pass through pass controls at border police.

1.3.3 By sea

This rule applies when travelling by sea as well.

¹⁴ United States Agency for International Development (USAID), "Corruption in Albania", Survey 2005. Albania, June 06, 2006, p.7. [http://albania.usaid.gov/\(shwlzq45mpuknl452xjywg45\)/en/Objective.3.aspx](http://albania.usaid.gov/(shwlzq45mpuknl452xjywg45)/en/Objective.3.aspx) Last accessed May 2007

¹⁵ Ibid.

1.4 Impacts of former acts and statuses upon entry

1.4.1 Impacts of former refugee or subsidiary protection status

Albanian legislation does not foresee any restriction on the treatment of a former Albanian refugee upon his/her return in the country.

1.4.2 Impacts of former unsuccessful asylum claim

The unsuccessful asylum claim does not affect the fundamental human rights in a case of asylum seeker. The Albanian Constitution, in the chapter of Human Rights and Fundamental freedoms, accepts and assures a set of rights guaranteed for its own citizens. From the economic standpoint, returned migrants will try to make a life for themselves in Albania that is often demanding, even difficult, but is less uncongenial than that of an emigrant. Some make a comfortable living, and get satisfaction from working for themselves, and not for others. Though in some quarters¹⁶ the significance of these small businesses is played down, they give work and a livelihood to many people, and they make an important contribution to the economy and to longer-term economic growth. The costs of returned migrants are low, so they give better value for money than conventional development aid.

1.4.3 Impacts of former illegal exit from country of origin

According to the Albanian law the illegal exit from the country is an offence and is sentenced by penalties, but practically those cases have been ignored and penalties have never been applied by the judicial system¹⁷. Albania does not have a specific data registry for its nationals who have illegally left the country during '90s¹⁸.

1.4.4 Impacts of crime committed outside the country of origin

Albania has signed the convention on the extradition of the persons who commit crimes abroad. In this respect, it is obligatory to request the extradition and punishment of a person who committed a previous crime.

Albanian citizens that commit crimes abroad are subject to the legislation of the country where the crime(s) have been committed and suffer any penalties consequently. If they have been tried and convicted for a crime committed outside the country of origin by the courts of that country, than they are not to be tried again on the same charges in Albania. Convicts have the right to request from the authorities of the country where they were convicted to get transferred to Albania. Subject to agreement of the authorities of both countries (Albania and the other country), the convict can get transferred to Albania for the rest of his/her sentence. If his acts are not considered a crime in the legislation of the country where the act is carried out but may be considered so in Albanian legislation, he becomes liable to prosecution in Albania. All cases are judged on an individual basis.

¹⁶ The World Bank, see DeSoto, 2001:XII, 28, 31

¹⁷ AIIS: Interview with Prof. S. Kaçupi at Law Faculty, Tirana University, January 22, 2007

¹⁸ This information was taken during the interview.

Persons that have been charged of a crime abroad but remain free in Albania may be arrested by Albanian authorities and extradited to the country where they have been charged. All cases are considered on an individual bases.¹⁹

1.5 Customs regulation

The customs regulations are very much depending on the means of transportation. Albania's customs authorities may enforce strict regulations concerning temporary imports into or from Albania of some items²⁰. Albania observes the standard European limits on duty-free goods. Restricted Firearms, explosives, unregistered military equipment as well as unregistered antiques (for export) are prohibited to be carried.

Foreign currencies are allowed up to USD 5000.

Cats and dogs must be accompanied by veterinarian health certificate issued at point of origin. Pets may enter as passenger's checked baggage, in the cabin or as cargo.

Article 28 of the Customs Code fixes customs tariffs in the Republic of Albania²¹.

1.6 Access to return area

It is not difficult for returnees to access their birth area or other areas they would prefer to begin a new life. Since Albania is a small country of just 28 000 km² and roads infrastructure has impressively developed during the last years, there are hardly any obstacles or limitations on internal travel.

Although roads are poor and badly maintained in rural areas, the main highways are being rapidly improved. Travel at night outside the main urban areas is particularly dangerous and should be avoided due to deplorable road conditions. If planning to use a bicycle, one should be aware that especially in rural areas traffic signs are often not observed.

Most Albanians travel the country in private minibuses (*furgons*) or state-owned buses, and they are frequent, cheap and comfortable. Buses travel between most major cities almost exclusively during the day. Many Albanians looking for public transport prefer to use privately owned vans, which function as an alternate system of bus routes and operate almost entirely without schedules or set fares.

There are no commercial domestic flights and few rail connections. A limited railway network operates, with daily passenger trains leaving Tirana for Shkodra, Fier, Ballsh, Vlora and Pogradec. Albania's standard-gauge rail lines link Shkodër with Durrës, Tirana, Elbasan, Pogradec, Ballsh, and Vlorë. The country's only international rail link, opened in 1986, connects Shkodër with Montenegro²².

¹⁹ Interview with Prof. S. Kaçupi, Law Faculty, Tirana University, January 22, 2007.

²⁰ Federation of International Trade Associations to be consulted via http://www.fita.org/countries/marche_85.html last accessed on January 12th 2007.

²¹ For present values, see www.dogana.gov.al/doc/nk2004tarifa2006_new.html).last accessed February 2007.

²² More information on local transport can be found at http://en.allexperts.com/e/t/tr/transport_in_albania.htm

1.6.1 Limitations on internal travel

There are no internal limitations to travel within Albania. The main cities are accessible through roads and bridges. The Corridor Eight and the investments in the Road Durrës-Kukës- Morinë have facilitated travel in Albania to reach the southern and northern parts of Albania²³. The term "Corridor VIII" or "the Corridor" refers to a West-East link between the Pan-European Transport Areas, Adriatic/Ionian Seas and the Black Sea which is defined as the main line that connects Bari Brindisi-Durres/Vlore-Tirana-Cafasan-Skopje-Sofia-Plovdiv-Burgas/Varna.

During wintertime, dangerous snow and ice conditions make roads difficult to access throughout the mountainous regions in northern Albania.

During the last two or three years internal travel in Albania has become very secure in almost the whole territory. From a human security perspective criminal activity on the roads connecting Albanian cities and heartland has almost disappeared except for some rare cases²⁴.

1.6.1.1 Administrative restrictions

There are no identified administrative restrictions when travelling the Albanian republic.

1.6.1.2 Practical obstacles

There are no obstacles to get access to cities and villages of Albania.

Climatological and geological condition can however cause practical obstacles. Since Albania has a mostly mountainous terrain type, which generate very low temperatures and heavy snow during winter periods, it could be difficult to access some locations in the deep northern territory and the south-eastern part of Albania, in the administrative areas of Dibra, Kukësi, Bajram Curri, Kruma, and Kolonja in the southeast region of the country²⁵.

1.6.2 Territories impossible or dangerous to approach

Albania's most sensitive security problem centred on ethnic Albanians living outside the country's borders, including the nearly 2 million living in Kosovo.

Although most people have been informed of the landmine threat, the risk of incidents remains because of economic pressure to use contaminated land²⁶. This is a great concern in the surroundings of the Kukës district. There are practically no identified territories impossible to approach. Regarding eventual natural degradations, although in the past environmental factors have created local problems for the development of some isolated locations, the country has not suffered any notable natural disasters (such as earthquakes, floods, etc.) in the recent years.

²³ http://ec.europa.eu/enlargement/pdf/key_documents/2006/Nov/al_sec_1383_en.pdf

²⁴ Ministry of the Interior. "Raport Përmbledhës i veprimtarisë së Policisë së Shtetit për vitin 2006". http://www.moi.gov.al/2007/janar/analiza_e_DPPDH_2006.pdf last accessed May 2007.

²⁵ United Nations Economic Commission for Europe. To be consulted at www.unece.org/trans/old_new_tir/seci/countries/albania last accessed February 2007.

²⁶ Standing Committee on Mine Clearance, Mine Risk Education and Mine Action Technologies, "The Albanian Mine Action Program," Geneva, 10-11.05.2006. Last accessed May 2007 http://www.apminebanconvention.org/fileadmin/pdf/mbc/IWP/SC_may06/SCMC_May06_Meeting_Report.pdf

Mines and explosive remnants of war as a result of different events affect northeast and central Albania. In the northeast, contamination by mines and unexploded ordnance resulted mainly from armed conflict in the neighbouring province of Kosovo in 1998-1999. Contamination includes extensive minefields in the districts of Kukës, Has and Tropoja on the Albanian border with Kosovo. A general survey by the Albanian Armed Forces in 1999-2000, identified 102 affected areas, contaminating more than 15 square kilometres²⁷. In the largely rural prefecture of Kukës, one of the poorest in Albania with a population of almost 120 000 people, mines directly affect 39 villages.

To date, 26 people have been killed and another 70 injured by mines in Albania. These landmines fields have been identified and removed or isolated by specialized structures in the Albanian Ministry of Defence.²⁸

1.6.3 Means of internal travel

There is an Electronic Service of the Ministry of Interior, for more contact and information: mb@moi.gov.aln

The road network, involving all kinds of terrestrial roads, is about 18 000 km long, out of which 3636 km are national roads. Although its density (0.62 km/km²) is comparable with that of Albania's neighbours, the ratio of repaired roads is not (only 12.4% of national roads are repaired. This ratio is 63% in the neighbouring countries and rather higher in Europe).

The current state of roads network is quite poor with only 32% of national roads in a decent situation, as shown in the table. It becomes even more aggravated because of lack of maintenance.

There are about 290 000 vehicles in Albania, most of which are second hand cars. The annual average growth is relatively high - 7.5%, though the mechanization level remains rather low - 9%, while the Europe's average is 60/100.²⁹

Over the last years, the government has invested in national highways running West-East and North-South. Internal travel in Albanian territories has been decentralized and is been conducted by private individuals. Public transport means exist only in major Albanian cities: Tirana, Elbasani, Durrësi, Vlora, Korça.

Interurban travel is possible through private bus lines, small vans (of 8-10 persons) and taxi services. Indicative costs, as observed in October and December and expressed in LEK (the Albanian currency)³⁰, are as follows³¹:

<i>For South Albania:</i>	<i>For North Albania</i>
Tirana- Saranda 800 LEK	Tirana - Shkodra 400 LEK

²⁷ AMAE, "Annual Report 2004," p. 5; see Landmine Monitor Report 2001, pp. 597-598 www.icbl.org/lm/2005/albania.html

²⁸ Albanian Mine Action Program (AMAP) - Support to Completion Programme for a Mine Impact Free Albania (November 2005 - March 2007). UNDP, Albania, 2005, p. 2.

http://www.undp.org.al/content/print_project.php?id=69

²⁹ Albanian Ministry of Transport and Telecommunication, "Road Transport and the Challenge of the European Integration". Tirana, 2006, p. 2. http://www.mpptt.gov.al/transportet/transporti_rrugor.php

³⁰ 100 LEK is approximately 1USD or 0.8 EUR (as recorded in the exchange rates of October and November 2006).

³¹ Please note that all enlisted prices are only indicative and are subject of change according to the transport mean selected. All prices are indicative only for travelling by bus and mini vans; taxi rates vary from 2000 to 5000 LEK, depending on the destination.

Tirana - Gjirokastra 600 LEK	Tirana - Malësia e Madhe 600 LEK
Tirana - Vlora 500 LEK	Tirana - Tropoja 600 LEK
Tirana - Fieri 400 LEK	Tirana - Puka 500 LEK
Tirana - Lushnja 300 LEK	Tirana - Hasi 700 LEK
Tirana - Kavaja 200 LEK	Tirana-Kukësi 400 LEK
Tirana - Durrësi 100 LEK	

Countries citizens who can enter the Republic of Albania without a visa but pay entrance visa (in cases they travel with regular passports):

Australia	Germany	Croatia	Slovakia
Austria	Greece	Latvia	Slovenia
Belgium	Netherlands	Lithuania	Spain
Britain	Hungary	Luxembourg	Sweden
Bulgaria	Ireland	Malaysia	Turkey
Czech Republic	Iceland	Norway	New Zealand
Denmark	Italy	Poland	Switzerland
Estonia	Monaco	Portugal	Malta
Finland	Japan	Rumania	
France	Canada	Singapore	
Andorra	Cyprus	San Marino	
Argentina	South Korea	USA	
During the summer period (01 June - 30 September) the citizens of the following countries enter in the territory of Albania without a visa:			
Serbia - Montenegro		Bosnia - Herzegovina	

CHAPTER II

2. Physical security (in return area)

The political transition in Albania has been followed by a cluster of insecurities, which have often degenerated in different forms of corruption, breakdown of law and order, even delinquency. These insecurities have been combined with other factors such as the inadequacy of the state to properly address the concerns of the citizens and the lack of strong institutions and law enforcement practices.

Since 1997, physical security in Albania has improved considerably. Already by 2003 the percentage of people who felt unsafe at home reduced to 14% and those who felt unsafe on the street to 20%.³² Levels of violence in the communities have decreased remarkably, mainly due to the increased efficiency of police forces. This progress was also pictured in the European Commission's Report on Albania, made public on 8 November 2006³³.

Despite the varying degrees of respondents' insecurities there is a significant discrepancy between perceptions and reality concerning security issues in Albania.

2.1 On-going armed conflicts

There is no on-going armed conflict In Albania.

2.2 Regions with high security risk

Albania is considered a safe country where ethnic minorities are peaceful cohabitants. There are no big interethnic tensions between ethnic or religious minorities.

Security risks in terms of political destabilization are remarkably low. Although polarization of the political system becomes periodically intense (especially during electoral periods), it does not generate violence or special risks for returnees willing to come back to their homelands. According to EU Commission's Report the Albanian police forces have conducted a number of successful high-profile operations in recent months and have also seized large amounts of weapons and ammunition.³⁴ The structure of the police is being re-organized.

Since Albania is a highly ethnically homogenous country (around 95% of the population are Albanians, 3% Greek, other nationalities 2%) it does not have inter-ethnic conflicts of any kind. Since the fall of communist regime, the country has become part of most Conventions of Human Rights and Fundamental Freedoms.³⁵ It has Constitutional provisions that respect

³² Albanian Institute for International Studies, "Human Security in Albania". Tirana, April 2004.

³³ Commission of the European Communities. « Commission Staff Working Document. Albania 2006 Progress Report ». November 8, 2006.

http://ec.europa.eu/enlargement/pdf/key_documents/2006/nov/al_sec_1383_en.pdf Last accessed May 2007

³⁴ *ibid.*

³⁵ Among the Conventions signed and ratified by the Republic of Albania are: UN Convention Against Genocide, UN Convention against all forms of racial discrimination, Economic, UN Cultural and Social Rights Convention, UN Convention on Political and Social Rights, Convention Against Torture and other forms of inhuman treatment, European Convention on Human Rights and Fundamental Freedom, etc.

all non-Albanian communities, and inter-ethnic conflicts have never been part of its history. The same evaluation can also be made concerning intra-religious tensions. Religious groups have lived generally in peace and reciprocal respect.³⁶

2.3 Crime

The overall security situation in Albania continues to improve. In the spring of 1997, the collapse of pyramid schemes caused a significant financial crisis and resulted in considerable unrest. It is estimated that 526 000 weapons were looted from government arms depots during this time.

The Albanian government has improved the country's law enforcement and security institutions, and criminal activity has greatly decreased. In 1999, there were 458 murders committed in all of Albania. In 2000, that number fell to 258 and, in 2001, it was further reduced to 208. In 2002, there were 179 murders and, in 2003, the number did not exceed 150. Furthermore, a number of the murders committed in 2003 were a result of rivalries between organized crime families.³⁷ Many of the weapons looted from the armouries have been exported or confiscated by police but some weapons remain with unauthorized civilians.

Albanian police forces have become increasingly successful at combating the illegal arms trade. While overall criminal activity has decreased in recent years, reports of domestic violence and sexual assault have increased; however, it is unclear whether there is an actual increase in these criminal acts or if there is just an increase in reporting. Armed robberies have also increased in Tirana but generally do not result in violence.

Taking advantage of rapid success, Albanian organised crime groups, after a first phase dedicated to human trafficking, have reinvested their illegal gains in drug dealing. Moving from marginal roles to more central ones, Albanian criminals are nowadays relevant players in major drug trafficking³⁸ and taking leadership from some western European countries.

Despite poor economic condition, many businesses such as construction, restaurants, shopping centres and the radio television network have grown very quickly in Albania³⁹. The large amount of money invested in such businesses originates from illegal activities⁴⁰.

Organised crime remains an ambiguous concept in Albanian society, which is still seen as ethnically homogeneous and formally and hierarchically structured like the Cosa Nostra. In addition, it is less condemnable by society than other criminal offences such as murder, rape, etc.

Prevalent are now crimes within the family (related to economic breakdown and poverty), as well as property-armed conflicts. These crimes are countrywide evidenced. Some cases of vendetta⁴¹ were registered in Vlora, and Fieri.

The documented crimes vary in nature from crimes committed against people, to property disputes, and others. The Ministry of Interior Affairs report of July 2003 indicates 710 cases of

³⁶ www.mfa.gov.al/english/minoritetet.asp and <http://www.president.al/english/pub/info.asp?id=1476> last accessed December 2006

³⁷ See: Albanian Institute for International Studies, "Human Security in Albania: A Case Study on the Energy Crisis". Tirana, April 2004.

³⁸ Albanian Institute for Democracy and Mediation, "Moving towards safer borders", Quarterly bulletin

³⁹ Young Faces Network DCAF, "A Regional Security Strategy for the Western Balkans", 2005 http://www.dcafyoungfaces.net/access/A_Regional_Security_Strategy_for_the_Western_Balkans.pdf

⁴⁰ Albanian Institute for Democracy and Mediation, "Moving towards safer borders", Quarterly bulletin

⁴¹ Republic of Serbia. Ministry of Foreign Affairs. "Blood Feuds revive in unstable Kosovo", 19.2.2004 www.mfa.gov.yu/FDP/iwpr19022004.htm last accessed December 2006.

crimes committed against other individuals; this constitutes 30% of the total number of crimes. Another category of crime is the assault against private business. Reported crimes for the year 2005 are as follows: 131 homicides, 286 attempts of murder, 135 serious injuries, 89 sexual crimes, 2986 property thefts, 641 drug crimes. Total 8250⁴².

2.3.1 Regions with an extremely high level of crime

The cultivation, processing and even pressing and packing of cannabis sativa is being revived in the southern part of Albania (Lazarat neighbourhood in Gjirokastra City). This area is considered a threat to physical security. This revival is not only caused by poor social and economic conditions and an inadequate response from the law enforcement agencies, but is also directly linked with the 'demand' for this type of drug coming from outside the country. Only 2 years ago this neighbourhood was "overrun" by the police, due to its lawlessness⁴³.

2.3.2 Risk of becoming a victim of human trafficking

Albania is now considered a country of origin instead of a transit for the trafficking of human beings. People are trafficked through and out of border crossing points. This implicates the involvement of high ranked police officers rather than of plain border crossing controllers.

Trafficking out of border crossing points: usually foreign citizens, but also Albanians from mainly rural and poor areas, are trafficked. They are smuggled on small and medium vessels to Italy, being the primary destination. Through road routes, the primary destination to Western Europe is Greece. Due to the strengthening of preventive measures taken by Albania, the transit of clandestine people from Arab and Asian countries has been significantly reduced. There are sporadic cases that have taken place, involving people with regular working and/or tourist visas.

Trafficking through borders: clandestine foreigners or Albanians are trafficked using falsified identification documents (forged passports and visas). The raw material documents are provided from France and Italy, although forged passports coming from Kosovo, Bulgaria and Serbia are also used. There are cases where regular visas based on guarantees were sold for this purpose⁴⁴.

2.3.3 Risk of becoming a victim of forced prostitution

The Criminal Code prohibits forced prostitution in Albania, and it is therefore punishable. Prostitution is very much related to the human trafficking. The Albanian Government provides minimal support for small-scale anti-trafficking education, but it does not support any prevention or protection programs. The Government does not assist the repatriation of Albanian victims and provides minimal assistance to them; there are no official shelters or welfare programmes. Due to the high cost, not much effort was made to support witness protection programmes⁴⁵. The Albanian government treats trafficked victims as criminals and

⁴² Institute of Statistics INSTAT. "Social Indicators Yearbook". Tirana, 2005, p. 25

⁴³ Ministry of the Interior of Albania www.moi.gov.al/anglisht/mrp-ENGLISH.htm last accessed November 2006.

⁴⁴ European Commission CARDS Programme, "The National Strategy for Migration", 2005 <http://www.iomtirana.org.al/en/National%20Strategy%20on%20Migration%20&%20National%20Action%20Plan%20on%20Migration.pdf> last accessed October 2006

⁴⁵ In March 2005, the Ministry of Interiors and ICITAP organized a conference on the protection program, and some of the final results stressed out the fact that the Albanian government lacks capacities in such programmes.

prosecutes them for prostitution. However, the National Strategy to Combat Trafficking in Human Beings has passed in December 2001. It foresees among other measures, awareness raising campaigns and the opening of reception centres for victims of trafficking. A regional anti-trafficking centre was opened in Vlora in October 2001, to collect and process information on trafficking. Tirana remains the most high-risk city of becoming a victim of forced prostitution due to huge differences in society, classes, welfare, etc⁴⁶.

2.3.4 Effectiveness of protection

Corruption remains an issue of considerable importance for human security since it affects almost all aspects of the social, economic and political life of the country. Furthermore, infringements on the law and the level of corruption have seriously damaged governance performance and the functioning of state institutions. When talking about corruption, the main concerns remain information about bribe-taking, directly or through a third person; document falsification; financial abuse⁴⁷; the violation of public procurement regulations; the under-valuation of objects of privatisation; the acceptance of incomplete or poor-quality work; corrupt transactions at property registration offices, commissions for property return and compensation, and regional councils; and in regulatory, police, justice, customs and tax systems.

Courts, Real Estate Registry as well as customs are also singled out as the most corrupt institutions. This was evidenced in the 2006 Corruption Perceptions Index and additional background data⁴⁸ of Transparency International where Albania was listed 111th in the country rank.

2.3.4.1 Police forces

Police have a visible presence throughout Tirana and Albania's other larger cities. Police vehicles are often seen patrolling in these areas. However, the police are poorly paid, with the average police salary ranging from 100 - 200 EUR per month. Thus, corruption and limited resources dilute the effectiveness of their efforts.⁴⁹

The fast growth of Tirana and the heterogeneity of its population have led to an increase in violent robberies and ordinary thefts, and the police are not yet keeping pace with this demographic development. Giving a higher priority to community policing could help address this, but a community policing strategy has yet to be adopted and implemented⁵⁰. Better cooperation with local communities is required in order to reduce the availability of weapons, which contributes to street crime and to violence caused by blood feuds⁵¹, particularly in the north of the country.

⁴⁶ http://www.victimsoftrafficking.esclavagemoderne.org/pdf/IOM_AlbaniaSheet.pdf last accessed October 2006.

⁴⁷ Albanian Economy News. www.albanianeconomy.com/content/view/189/37 last accessed November 2006.

⁴⁸ Transparency International, 2006

http://www.transparency.org/content/download/11168/98020/version/1/file/CPI_2006_complete_table_statistics_and_country_sources.pdf

⁴⁹ USAID, "Corruption in Albania, Survey 2005". Albania, June 06, 2006, p.7. See also

<http://albania.usaid.gov/shw/zq45mpuknl452xjywg45/en/Objective.3.aspx>

⁵⁰ US Department of Justice. www.usdoj.gov/criminal/icitap/albania.html last accessed April 2007.

⁵¹ Interview with Prof. Dr. Ismet Elezi, Criminal Department Law Faculty, University of Tirana; October 2006.

See also www.iwpr.net/?p=bcr&ts=f&o=248283&apc_state=henibcr2001

2.3.4.2 Judiciary

Albania's civil law system is similar to that of other European countries. The court structure consists of a Constitutional Court, a Supreme Court, and multiple appeal and district courts. The Constitutional Court is comprised of nine members appointed by the Assembly for one 9-year term. The Constitutional Court interprets the Constitution, determines the constitutionality of laws, and resolves disagreements between local and federal authorities. The Supreme Court is the highest court of appeal and consists of 11 members appointed by the President with the consent of the Assembly for 9-year terms. The President chairs the High Council of Justice, which is responsible for appointing and dismissing other judges. The High Court of Justice is comprised of 15 members: the President of the Republic, the Chairman of the High Court, the Minister of Justice, three members elected by the Assembly, and nine judges of all levels elected by the National Judicial Conference.

The remaining courts are divided into three jurisdictions: criminal, civil, and military. There are no jury trials under the Albanian system of justice. A college of three judges, who are sometimes referred to as a "jury" by the Albanian press, render court verdicts.

It is generally agreed that the judicial system in Albania does not yet function effectively. Widespread corruption also pervades the judicial system⁵².

⁵² Judicial Reform Index. www.abanet.org/ceeli/publications/jri/jri_albania.pdf last accessed October 2006

CHAPTER III

3. Social security and reintegration

3.1 Regions with no reintegration and return opportunities

Natural disasters, such as floods and heavy snow have endangered the security of people and consequently local development. These are evident in the northern regions of Albania such as Tropoja, Kukësi, Dibra, Malësi e Madhe, or even Shkodra. Environmental issues such as air and water pollution, the reduction of green spaces, poor urban planning, and sewage are the most critical sources of concern. These factors are evident more or less all over the country, illustrating lack of investments⁵³.

Dangerous air pollution exists in the Durrësi surroundings, Elbasan surroundings, Fushë-Kruja, where different activities and factories are producing steel and pesticides without taking the environment into consideration⁵⁴.

The failure to satisfy the country's needs for energy and the policies of arbitrary restriction of the energy supply, constitute the essence of the energy crisis in Albania. Lack of investments and of long term strategies are also the cause of the critical power cuts in Albania. An Albanian family living in the cities suffers from 6 to 8 hours a day of power cuts; meanwhile small villages' families suffer up to 16 hours a day.

Some regions of Albania, especially the mountainous areas and Dibra, Kukësi, Elbasani and Shkodra⁵⁵, offer little or no opportunity for return or reintegration because of extreme poverty and the lack of basic services. In the Northern and North-eastern areas of the country, 70 % of families own less than 100 sq. meters per person and usually low quality land.⁵⁶ Other factors that increase poverty and make reintegration impossible are the absence of road infrastructure, low capability to reach markets, and the deterioration of local natural resources such as water, forests etc.

Another drawback is the rekindling of the old blood feud practices in the northern part of Albania⁵⁷ and in some regions of Middle Albania⁵⁸ that threaten people's lives as well as the economic welfare of families, and encourages migration for reasons of physical security.

⁵³ Institute of the protection of green spaces. Prof. I Mato, "Environment and current threats for the Albanian population," Tirana, 2005

⁵⁴ Reports from the Environmental NGOs, and the Institute of Public Health, 2005

⁵⁵ UNDP, The Albania National Human Development Report 2005, http://hdr.undp.org/nhdr/reviews/create_narrative.cfm?review_id=132&vmode=view Last accessed March 2007

⁵⁶ Ibid.

⁵⁷ Interview with Prof. Dr. Ismet Elezi, Criminal Department Law Faculty, University of Tirana; October 2006.

⁵⁸ Albanian Institute for International Studies. "Blood Feud in Albania: Alternatives to Current Approach", Tirana, 2007, pp. 4-5.

3.2 Housing, accommodation

The political change and the radical, fast transition to a market economy had important direct consequences for the housing sector. The first change was the lifting of the restrictions on the free movement of people, which resulted in an uncontrolled and massive influx of people into cities and illegal settlements. The second one was the structural reform that included the privatisation of the public housing stock that had direct repercussions on the Government's housing policy. The third was the restitution of property⁵⁹.

The massive and uncontrolled flow of the population resulted in illegal settlements sprawling over the urban areas⁶⁰. The presence of illegal buildings points to the unresolved complexity of conditions of access to urban land and housing in Albania.

Illegal occupation and construction usually means illegal connection and use of electric energy, which in turn leads to electricity cuts. So far the Government has undertaken the initiative to legalize the illegal settlements through establishing the Agency of Legalizations and Urban Initiatives (ALUIZNI, alb).

The private ownership of housing⁶¹ was considered a right that the urban population of Albania had been deprived of for the previous 50 years under the communist regime. The housing stock was privatised in 1993 under the Law on the Privatisation of State Housing (No. 7652, December 1992). The Law No/9232/2004 was a new effort to put the housing requests on a new level: developing mechanisms to reach the needs through identification of the housing requests and financial assistance to social housing. The municipalities and local governmental authorities have started the initiative of registering the homeless and people in need. In Tirana the Mayor has signed a contract to build 4500 apartments to be distributed to homeless and people in need.

The preliminary results of the 2001 Population and Housing Census (2001 Census)⁶² show that Albania had a total of 520 936 residential buildings containing 783 641 dwellings in April 2001. A quarter of the present housing stock was built before 1945. Until this time Albania was a predominantly rural society with no public intervention in housing and little industrialization.

3.2.1 Property restitution and/or compensation (in former zones of conflict or disaster)

In September 2006, the Parliament amended the Law no. 9583, date 17-07-2006 "On the restitution and Compensation of Former Property Owners"⁶³, through which the Albanian government should compensate in kind in urban areas and tourist areas, while compensation in cash will be paid for industrial areas or in the case of enterprises. Since 2003, the Albanian government has been engaged on the issues of restitution, compensation and registration of immovable property. A State Committee for Restitution and Compensation of Property is set up in 2005 to draft sub-legal acts. The committee has started the procedure of file evaluation and ownership documentation, and the process of compensation has satisfied 36 owners in Tirana and Kavaja during December 2006. This process will continue in 2007, and the Albanian government has foreseen more than 60 million USD from the 2007 Budget to compensate the expropriated landowners.

⁵⁹ Albania. Council of Ministers. "Strategy on growth and poverty reduction". Second draft, 24 July 2001.

⁶⁰ Mansoor Rashid, Vajeera Dorabawila, Richard Adams, "Household Welfare, the Labour Market and Public Programs in Albania". World Bank, 2001 http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2001/12/11/000094946_01112204284644/R/endered/PDF/multi0page.pdf Last accessed March 2007

⁶¹ D. Andoni, "National housing policy in Albania and the role of the Housing Agency", 2002, p. viii

⁶² See for further information: UN Economic Commission for Europe, Country Profile: Albania. www.unece.org.

⁶³ Official Bulletin of the Parliament of Albania: 2006, NO 81 , page 2786

According to Economic Intelligence Unit (EUI) Country Report 2002, 98% of the eligible arable land has been registered, but the final determination of boundaries and ownership has been postponed until the end of 2003. Titles have been distributed to 413 000 owners for 96% of the plots, which average 1.4 ha⁶⁴.

In Albania, unoccupied land (with restrictions concerning size) and unaltered buildings that had been nationalized, expropriated or confiscated by legal or sub-legal acts and court decisions after 1945 were directly returned to their former owners or their descendants by the Law on the Restitution of Property and the Compensation for Former Property Owners. If between the date of expropriation and the date that the Law came into force further developments had appreciated these buildings in value by more than 50% of the original value, only co-ownership is allowed. As for permanent buildings on land that should have been returned, the former owners have the right to compensation in the form of either State bonds or an equivalent unoccupied plot near urban areas or tourist zones.⁶⁵

The deadline for submitting restitution claims was set at 31 August 1994 but it was further postponed by additional restitution of property expropriated before 1945; the claims have not yet been reviewed, though the final deadline of November 2001 has already passed. The Property Restitution and Compensation for Former Owners Committee (Restitution Committee) was created to consider other restitution claims⁶⁶.

3.2.2 Housing programmes by return areas

The housing programs by return areas are very limited and cannot fulfil the needs of homeless people and returnees. In fact, there are no chances to be supported financially by local authorities to provide with a shelter⁶⁷. Despite budget problems, the government has been pursuing expensive strategies aimed at directly providing housing for its "homeless" population, which consists of ex-political prisoners, tenants occupying restituted properties, overcrowded households, and households occupying dilapidated units. These groups are not literally homeless, and include households with widely varying living conditions. The government waged a successful privatisation campaign, and about 98 % of the housing stock is now in private ownership. It was unsuccessful, however, in implementing an effective condominium law, which has left many residents in multifamily buildings without a legal mechanism for maintaining common property. Many of the purported benefits of privatisation have yet to materialize.

3.2.3 Opportunities of building a house

It may sound paradoxical but many low-income families in Albania build affordable houses of a good standard by themselves – the problem is that they do so illegally. According to real estate experts⁶⁸, contacted during the preparation of the Albania's CRI, it takes four to five years to build a house in an informal and not legalized urban area at a cost of USD 5000 to USD 6000.

⁶⁴ Economic Intelligence Unit (EUI) Country Report 2002; http://www.iue.it/RSCAS/WP-Texts/06_18.pdf last accessed October 2006.

⁶⁵ Center of Housing Rights and Evictions (COHRE) on behalf of the World Bank, "Albania: Resolving the question of land and property restitution and compensation". 24 June 2002, p. 5. <http://www.shekulli.com.al/news/49/ARTICLE/7927/2007-04-05.html>

⁶⁶ Ibid. See also: Bulevard, Tirana, 07.03.98, p .3.

⁶⁷ USAID. http://www.usaid.gov/locations/europe_eurasia/dem_gov/local_gov/pdf_docs/housing2.pdf last accessed October 2006

⁶⁸ <http://www.alfainformation.com> last accessed September 2006

It is difficult to build a registered house, due to property conflicts that many owners are facing. It is also difficult to purchase a piece of land, due to property conflicts. Tirana is actually facing an urban shock due to legalization of more than 15 000 illegal buildings in surroundings such as Kamza and Bathore⁶⁹.

3.2.3.1 Conditions of obtaining land property

In Albania the legal process of acquisition of real estate ownership constitutes two steps: the conclusion of a purchase contract and the registration of the purchase contract with the real estate register⁷⁰. According to the Albanian Civil Code, a real estate property purchase contract must be concluded in the form of a notarial deed (the purchase deed). The purchase deed is a special form of purchase contract executed by the parties before a notary. As a purchase contract, the purchase deed has to stipulate the essential terms, such as the purchase price and a definition of the object being purchased. A certificate issued by the Real Estate Registration Office, certifying that ownership title to the real property is clear as of the date of the transaction, has to be attached to the purchase deed. The parties determine the real property handover date. Unless otherwise agreed to, the handover takes place immediately upon obtaining the parties' signatures on the purchase deed, and complete payment of the purchase price. Regarding the right to acquire real property in Albania as part of an investment, foreigners intending to invest are permitted to acquire construction land if the value of their investment on the land triples the value of that land. Furthermore, this investment will be subject to prior approval.

In Albania, there is no special land transfer authority exclusively responsible for issues regarding land transfers. In certain cases, the acquisition of real property in Albania requires the approval of competent state administration bodies. In particular, according to Law 7980 On the Acquisition of Construction Land, foreigners intending to purchase construction land in Albania are only allowed to do so upon prior approval. However, because the Construction Land Acquisition Law states that Albanian persons may freely acquire land for construction without any prior authorization, it can be inferred that, if a foreign investor operates through an Albanian legal entity (that is, a company established and existing under Albanian law, such as a subsidiary), the acquisition of construction land would not be subject to prior approval. This interpretation has also been supported in practice. If prior approval is required, the application should be filed directly with the respective competent state administration body, which must grant its approval if the investment:

- Represents an investment with an economic interest;
- Triples the value of the land, as certified by the competent authority;
- Is carried out in compliance with the relevant building permit;
- After the competent authority has granted its approval, the parties can enter into the relevant purchase deed.

Law 7843 regulates the registration of real estate on registration of real estate. The competent authority for registering real estate is the Real Estate Registration Office, a separate authority subordinate to the Council of Ministers, and established on the

⁶⁹ Republic of Albania. www.tirana.gov.al last accessed October 2006

⁷⁰ Republic of Albania. Official Bulletin 1994, "The Civil Code of the Republic of Albania", Law Nr 7850 Date 29-07-1994 No 11, page 491

basis of the Real Estate Registration Law. The Real Estate Registration Office consists of departments responsible for⁷¹:

- Real estate registers, in which tables of public and private real estate ownership are stored;
- Maps of real property situated in an administrative area;
- Filed contracts on ownership transfers, tribunal decisions, mortgage deeds, inheritance deeds, registration indices, and other legal acts affecting rights to real estate.

Upon payment of a fee, any information contained in the real estate registers will be available to any interested person who requires it. The information that is available to the public is only general information concerning the title and location of the property. All documents affecting ownership rights (sole ownership or co-ownership) are the legal basis for registering relevant rights and must be entered into the Real Estate Register. Pursuant the Real Estate Registration Law, any interested party may file a claim for indemnification with the immovable property registration office in relation to any damage caused from receiving incorrect information on any property registered with this office.

The conditions for selling land to illegal occupants and eventual compensation to owners have not been spelled out⁷². The current market price for agricultural land in Kamza is USD 4/m² and for serviced land USD 15/m². So far none of those settlements has been legalized, although in the first pilot area the work has been completed and the properties have been registered. The process has started with the establishment of ALUIZNI (Albanian abbreviation of the Agency of Legalizations and Urban Initiatives). The desire to legalize is not so clear on both the government's and the settlers' sides.

Landownership rights in Albania are included in the Interim Constitution and specified in the Civil Code (mainly concerning agricultural land). The Law on the Purchase and Sale of Land for Construction specifies the conditions for the purchase of land inside and outside the boundaries of cities/municipalities, which at the time of the transaction, is or will be used for construction and does not have the status of agricultural land⁷³.

According to the Law, Albanian natural persons and legal entities are entitled to buy and sell land for construction from and to each other without any limitations, while foreign legal entities and natural persons are entitled to purchase State-owned or privately owned land for construction only in connection with foreign investments. The Government sets the sales price for State-owned land; while for the sales price of privately owned land the contracting parties should agree freely. In the meanwhile the Albanian state deserves the legal right to sell/transfer unoccupied land to private owners according to Law No. 7980/1995 only for the construction of housing by the National Housing Agency or by others if the housing is intended for "homeless" households and households living in houses that have been returned to their former owners, or for very important national investments following a government decision⁷⁴.

⁷¹ Government of Albania, Law 7843 On registration of real estate, Official bulletin 1994, No.10, page 123

⁷² Organization for Security and Co-operation in Europe.

http://www1.osce.org/documents/pia/2004/07/3832_en.pdf

⁷³ Government of Albania, Law No. 7980 On the Acquisition of Land, 27.07.1995

⁷⁴ Ibid.

Since 1995 all immovable properties in both agricultural and urban areas have to be registered in the Immovable Property Registries (IPR).

For those who possess property in conformity with the law but do not possess an ownership document, application for registration should contain a notarised personal declaration of ownership and a notarised declaration by neighbours on the accuracy of the stated boundaries. Publication of the first provisional registration should be made at the relevant place for public examination for a period of 90 days. Registrars are obliged to correct any errors and resolve any disputes arising from conflicting claims at first registration. The first registration is free of charge, but any further registration (transfer of ownership) requires payment of a fee representing 0.5% of the property's value (agreed price) for values up to 200 000 LEK and 1% of the property's value when it is higher than 200 000 LEK. Due to this progressive rating of registration fees, sales agreements often stipulate prices below the ones really paid. The Immovable Property Register can only issue certificates of ownership, lease, mortgage, etc. at the request of the owner or his/her proxy.⁷⁵

3.2.3.2 Relevant approximate prices

There is considerable variation in house prices in different areas. The average price of a dwelling supplied by the National Housing Agency, which reflects building costs, has increased from nearly 11 500 LEK before 1996 to just under 19 200 LEK during 1996-98, and rose to 29 200 LEK in 2000⁷⁶. Though not affordable for many households, this increase was broadly in line with increases in average labour wages⁷⁷

The INSTAT Report of 2005⁷⁸ has evaluated the selling price of a 75-90 m² flat in Tirana from € 45 000 up to € 80 000, with an average of € 650-1300/m². Actually these prices are common in Tirana⁷⁹.

The house prices for 2005 range from € 200/m² in Durrës to 900 LEK/m² in Memaliaj (Tepelenë). So an 80 m² apartment would cost \$ 65 000 in Durrës or \$ 6300 in Memaliaj. The overall pattern shows that prices drop from the peak in Tirana/Durrës, level off gradually going south, and very quickly going northeast. The coastal area has higher prices both north and south, with Lezha especially high compared with the northern coastal strip. The Berat /Përmet/ Gjirokastër area has a moderate price range, whilst in the eastern mountains, higher prices are found around Shkodra and Korça and Saranda⁸⁰.

The UNDP Human Development Report of 2000 mentions newly built houses in cities selling for € 300-600/m².⁸¹ Land value in Tirana now ranges from € 2500-4.000/m² in the centre to € 300-500/m² in informal settlements at the city boundary.

⁷⁵ Interview with Mr. E. Vokopola - Head of the General Registry Office in Tirana, April 4, 2007. Information can be found in the Ministry of Finances and Ministry of Economy's websites, as well as in the Albanian Registration units in Tirana, Elbasan, Shkodra, Vlora, Korca.

⁷⁶ See http://www.unece.org/commission/2005/UNECE_Evaluation_Report_2005.pdf .

Other information is available at

<http://www.unece.org/hlm/documents/2006/ece/hbp/ECE.HBP.2006.2.Add.1.e.pdf> .

⁷⁷ www.mpcs.gov.al last accessed October 2006.

⁷⁸ Institute of Statistics. www.instat.gov.al/ - last accessed October 2006

⁷⁹ Newspaper *Çelësi*, Tirana, April 4, 2007.

⁸⁰ <http://www.realestateinalbania.com/index> last accessed December 2006

⁸¹ UNDP Human Development Report, 2000. <http://hdr.undp.org/reports/global/2000/en/> last accessed December 2006

Construction costs for detached houses range from € 200 to € 500/m², and between € 300 and € 1000/m² for flats.

An indication of the variations in house prices in different areas is provided by the calculation of the market prices of houses by the National Housing Agency.⁸²

The house prices for 2006 range from € 400-600/m² in Durrësi to € 100/m² in Memaliaj (Tepelena District). So an 80 m² apartment would cost € 48 000 in Durrësi or € 8 000 in Memaliaj. The overall pattern shows that prices drop from the peak in Tirana/Durrësi, level off gradually going south, and very quickly going northeast. The coastal area has higher prices both north and south, with Lezha especially high compared with the northern coastal strip. The Berati/Përmeti/Gjirokastra area has a moderate price range, whilst in the eastern mountains; higher prices are found around Kukësi and Korça.

It is impossible to compare changes in recent years. There is a general increase of 20% a year or more for most of these areas, but with a wide variation in the rate of increase⁸³. Elbasani and Lushnja have increased rapidly, whilst Korça, Gjirokastra and Saranda have dropped in the past year or two. In smaller towns it will be more difficult to estimate free market prices, as the turnover of properties in a formal market may be small⁸⁴. Generally prices in the smaller towns are lower, some as low as € 80-100/m² in 2006. It is unlikely that wages and incomes vary to this extent, either between areas or over time, so any housing intervention that takes account of affordability will need to allow for this variation.

3.2.3.3 Available credits, subsidies and other forms of help

The state does offer credit facilities to Albanians-migrants working in different parts of the world for buying houses and properties in Albania, through specific programmes with the National Trade Bank (BKT, alb)⁸⁵, through a written agreement. According to this agreement, the person has to fill in an application and declare his activities, income, properties and other persons under his responsibilities in order to benefit a loan with low interests (from 4.5 % up to 8%).

3.2.4 Opportunities of buying real estate

Generally prices in the smaller towns are lower, as 10 000-15 000 LEK/m² in 2001. In the formal housing sector real estate developers actively constructed new housing in the late 1990s, but mainly for households with higher incomes. This housing boom has stimulated the market in such a way that the affordability of all housing units has been affected. There is now an affordability gap in the formal housing market, effectively pricing out those households who do not receive foreign remittances or income from the black economy.

Some useful contacts are the Real Estate in Albania website⁸⁶, newspaper “Shekulli”⁸⁷, other websites such as Balkan Web (www.balkanweb.com/maineng.htm), etc.

⁸² See for further information the data provided by the Ministry of Territorial Development and Tourism, February 2002 and for current house prices the Newspaper *Çelësi*.

⁸³ <http://mdgs.un.org/unsd/mdg/default.aspx> last accessed March 2007, see also

<http://www.unctad.org/Templates/Page.asp?intItemID=1895&lang=1>

⁸⁴ www.unece.org/hlm/prgm/cph/countries/albania/Chapter%25202.pdf

⁸⁵ <http://www.bkt.com.al/> last accessed February 2007

⁸⁶ Real Estate in Albania. www.realestateinalbania.com, last accessed February 2007

⁸⁷ Newspaper “Shekulli”. www.shekulli.com.al the official website, daily updated

3.2.4.1 Legal conditions

Starting from 2001 with the process of decentralisation of the powers, it is under the municipalities' responsibility to identify and register the homeless, overcrowded households, families with one parent etc.

The figures of local authorities' reports of 2004 show 46 149 households registered by local authorities, nearly 6% of the total. The variation is greater at district level, and in Tirana – despite its high house prices – the number of registered homeless people corresponds to less than 4% of its housing stock.

The highest priorities for the Government have been families subject to displacement because of restitution. Around 2000 restitution claims are for land that includes dwellings, and an average of 2.5 dwellings per claim would mean that up to 5,000 families might need to move. Tirana municipal officials reported some 1,200 households subject to restitution⁸⁸.

3.2.4.2 Eventual obstacles for certain groups

Not applicable.

3.2.4.3 Relevant approximate prices

Since 1990 Tirana has attracted many migrants. An estimated 200 hectares a year is being added to the land in residential use. The current population of Tirana is estimated to 1.5 million cohabitants⁸⁹.

The considerable pressure on the greater Tirana housing market has been met by the formal sector, mostly in the form of high- to mid-rise blocks of flats, and by informal housing. Informal housing includes building on land on the outskirts of the city and additions to existing blocks of flats. A quarter of the households are estimated to live on the periphery of the municipal area. Informal housing now accounts for up to 2/5 of the urbanized area. In the Lapraka, Kamza and Bathore areas that have been informally settled since 1993/94, there are now over 12 500 dwellings⁹⁰. Occupants have generally moved from rural areas, where housing amenity standards are low, bringing with them the “self-build” tradition.

Due to many factors, including informality and lack of coordination, the real estate offices in other districts of Albania are difficult to get in touch with, or sometimes they operate through previous contact and relatives.

3.2.4.4 Available credits and subsidies

The state does offer credit facilities to Albanians and migrants working in different parts of the world for buying houses and properties in Albania⁹¹. This idea was presented in the 100 days achievement report of the Albanian government. Another

⁸⁸ Municipality of Tirana. www.tirana.gov.al last accessed October 2006.

⁸⁹ Data presented by the Tirana's Mayor, Mr. Edi Rama during the electoral campaign for the 2007 local elections

⁹⁰ Data presented by the head of ALUIZNI (Albanian Agency for the legalization of informal urban areas), after presentation of the state policies with the informal areas, September 2006.

⁹¹ Official website of the Albanian Government. www.keshilliministrave.gov.al last accessed April 2007.

governmental initiative is the “1 Euro” initiative, presented by the Albanian Prime Minister to attract investments and foreign investors.

3.2.5 Opportunities of renting a house or apartment

During the communist era property could not be traded so there was no market for housing, and property exchange was controlled by the State. Rents for public sector flats were largely symbolic, with no relationship to the costs of providing housing or to variations in demand or quality.

In Tirana there are many real estate agencies that have offers for rents. The most popular real estate agencies have published their contacts in the “Çelësi”- Tirana’s Guide Book, which is easily accessible to people for a price of 250 LEK (equivalent to € 2). Many newspapers include pages of information and contacts to rent a house or apartment, such as newspaper “Shekulli”, newspaper “Çelësi” (the Key), etc.

3.2.5.1 Eventual obstacles for certain groups

Theoretically, there is no legal or administrative obstacle concerning families with one parent, minority groups, etc; but practically, it is difficult and complicated for those families with one parent to rent or buy an apartment. Considering the average wages of a mid-class family and their monthly expenses (electricity, telephone, water supply etc.), according to INSTAT, it creates difficulties to rent an apartment. This fact becomes even more difficult when these families need to buy a small apartment and try to get loans from private or national banks in Albania.

3.2.5.2 Relevant approximate prices

One real estate agent has surveyed 100 blocks of flats out of an estimated 350-400 that have been built in Tirana since the early 1990s. They range from 5 to 18 floors. Prices were surveyed for one-, two- and three-bedroom flats for sale at one private agency during December 2006. The floor areas ranged mostly between 70 and 125 m². Most flats were offered in the range of € 450-650/m² or € 650-800/m². The same agency offered flats to rent. One- and two-bedroom units were offered for € 210-220 or € 250-260 a month, with one for € 450 a month.

3.2.5.3 Available subsidies

One of the facilities to get family loans and subsidies is through the declaration of the place of work and the family income. The beneficiaries who work for the public administration are only considered in case both are “state-paid”. This rule however creates difficulties for those families who cannot declare their places of work and income. Other options, although with higher level of interests and rates, are available through other banks, such as branches of the American Bank of Albania and BIA (Italian-Albanian Bank).

3.2.6 Other middle-term accommodation possibilities

In 2003, the IOM Tirana has implemented a project for the return and reintegration of Albanian victims of human trafficking. The project addresses the complex issue of social stigmas attached to victims of trafficking and promotes the Albanian government’s

recognition of the trafficking problem in order to advance their participation in potential solutions. It is the intention of IOM Tirana to provide services to facilitate the return and reintegration. Two Reintegration Centres for temporary protection, medical and psychosocial counselling, and return and reintegration assistance to Albanian victims of trafficking are opened in Tirana and Vlora.

Two NGOs, “Ndihmë për Fëmijët” “Assistance for children” and “Terre des Hommes”, have run programmes for Albanian children (primarily boys) who were trafficked to Greece. These NGOs have been working for over five years on education and re-integration programmes for trafficked and at-risk children in Elbasan, Korça, Berat and Tirana. In Albania Terre des hommes⁹² (Tdh) works to prevent child trafficking by means of preventative campaigns, schooling programs and social support at a communal level as well as by the repatriation and social or family reinsertion of children.

NGOs in Albania are reluctant to get too involved with assistance to victims of trafficking because of security issues. Programmes are restricted mainly to the activities of some religious orders that offer small scale, case-by-case assistance. Various religious orders based in Catholic centres in Fier, Elbasan, Korça, Kuçova, Tirana and Lezha offer ad-hoc assistance in the form of family tracing or liaison, vocational training and temporary shelter. Catholic orders are also running training courses for at-risk girls in Elbasan, Gramsh, Lezha, Fier and Kuçova. Nevertheless, the network of IOM partner NGOs has been expanding.

Caritas Albania⁹³ is another network which functions through 7 local offices (Caritas Tirana, Caritas Shkodra, Caritas Pult-Bajza, Caritas Sapa, Caritas Lezhë, Caritas Rrëshen and Caritas South) as well as 95 missions all over the country. They provide social assistance, vocational training, family planning and health for minors, women in social and economic difficulties etc.

3.2.7 Temporary shelters available until being able to ensure long-term accommodation

A Reintegration Centre to provide temporary protection, medical and psychosocial counselling, and return and reintegration assistance to Albanian victims of trafficking was opened in Tirana mid-February 2002. The centre is capable of hosting 28 victims. From the opening of the centre until the end of May, 35 victims of trafficking have been assisted. IOM missions in Europe, Police Commissariats in Albania, partner NGOs and other institutions refer them to the programme. The admission into the programme and the stay at the centre is voluntary.

3.3 Livelihood - basic “survival”

This transitional period seems to be difficult and long lasting for Albanians⁹⁴. We should mention the inequality between men and women, especially on the labour market. Unemployment among women is rampant. Women’s activity rates are much lower than men’s, and the wage gap is significant⁹⁵.

Albania is facing serious skill mismatches in the labour market, which threatens to become worse due to deficiencies in national education and training systems. It is crucial to improve the

⁹² www.tdh.ch/website/tdhch.nsf/pages/albania last accessed November 2006

⁹³ Caritas Albania www.caritalbania.org last accessed October 2006

⁹⁴ UNICEF-Albania. Assessment of Social and Economic Conditions of Districts in Albania. 2000. <http://www.unicef.org/albania/assessmentofsocioeconomicconditions.pdf>

⁹⁵ Republic of Albania. Ministry of Labour and Social Affairs, Social Policies, Tirana, 2002.

access, quality and effectiveness of the education system. In order to achieve this, increasing public investment in education is necessary both at a central and local level.

In Albania, unemployment is a cause of poverty. The living conditions and the level of unemployment benefits and social assistance are so low that it is not a disincentive to work. The inadequacy of benefits is a stimulus for unemployed persons to seek additional income in the informal sector and avoid turning to the public employment services. In 2004, GDP registered a 6,2% growth and inflation was contained between 2% and 4%. This low level of inflation was due to the favourable macroeconomic developments during 2004 and further.

Increasing the competitiveness of Small and Medium size Enterprises (SME) is crucial for the Albanian economy. Small and Medium size Enterprises (SMEs) already make up the vast majority of private businesses operating in Albania, and because of their size and adaptability they are likely to be one of the key sources of employment in the future⁹⁶.

3.3.1 Employment

The 1995 Law on employment regulates the right to employment. According to INSTAT census data of 2003, about 90% of those employed in rural areas are “own account workers” or “contributing family workers” (mainly women), confirming the backward organization of the Albanian agricultural sector.

In the urban areas, especially Tirana, the employment structure by status is almost “modern”: 10% reported to be employers and about two thirds employees. Probably, some of those identified as employers were in fact own account workers. The proportion of own account workers in Tirana seems very low for a burgeoning economy lacking large productive or service units⁹⁷.

In Albania, both rural and urban informal sector employment is very large⁹⁸. Nevertheless, sparseness of data makes it difficult to quantify. According to a December 1999 Survey conducted in several regions by the Albanian Ministry of Labour, about 65-70% of all persons working in the private non-agricultural sector were not officially recorded. Street vending (mostly of common consumables such as fruits, cigarettes and soft drinks) has been one of the most visible activities in the Albanian urban informal sector⁹⁹.

In 2006, the country had an estimated GDP per capita of \$ 2351.¹⁰⁰ According to the Albania Growth and Poverty Reduction Strategy (GRSP), the probability of living in poverty increases with size of family because the dependence coefficient is higher, the correlation of poverty with family size being more evident in rural areas. There is also a clear correlation between being unemployed and being poor: according to the Local Services Centres¹⁰¹, more than half of the families whose head is unemployed fall below the poverty line. Furthermore, the incidence of poverty is much higher among households headed by women – whether with or

⁹⁶ Institute for International Studies. “Progress of the SMSs’ Sector in Albania”. Tirana, 2006, p. 11.

⁹⁷ Institute of Statistics. INSTAT 2001 Census data

⁹⁸ International Labour Organization. « Bucharest Process. Employment Policy Review Albania” http://www.ilo.org/public/english/region/eurpro/budapest/download/empl/albania_epr.pdf
Last accessed March 2007.

⁹⁹ Ministry of Labour and Social Affairs, “Social Policies,” Tirana 2002

¹⁰⁰ Institute of Statistics. “Social Indicators Yearbook” Tirana, 2005, p. 6. In 2006, according to World Bank Statistics this was \$ 2850 per capita.

¹⁰¹ www.mpcs.gov.al last accessed October 2006.

without children – than those headed by men. Inequality in the nationwide distribution of incomes is also very high in Albania¹⁰².

People engaged in the informal sector may declare themselves as economically inactive, others may be discouraged and drop out of the labour force. In the case of women, their large withdrawal from the labour market is also due to the lack of reliable childcare facilities. Since the collapse of the communist regime, childcare has been borne to a large extent by families and by women in particular, thus making it more difficult for mothers and intending mothers to participate in the labour market on equal terms with men. The increase in male emigration has also deterred women from seeking remunerated work; this is due to migration remittances and to the difficulty of reconciling paid work with family responsibilities. The allegedly higher cost of recruiting women, and their being perceived as secondary income earners, might also influence their decision not to engage in formal gainful activity. Employment in the private sector, however, increased significantly, with the number of jobs in the non-agricultural private sector increasing almost sevenfold. In 2002, almost 80% of total employment was provided by the private sector.

3.3.1.1 Unemployment

Unemployment benefits and the eligibility conditions are defined in a Law on Social Insurance of 1993. All persons meeting the following conditions are eligible: (i) they have contributed to the social security system for a period of at least 12 months; (ii) they have certificates from the labour offices attesting that they are unemployed (iii) they are willing and available for training or retraining and they do not receive any other benefit under this law, with the exception of partial invalidity payments¹⁰³. Under this legislation, the unemployment benefit is a flat rate payable for up to 12 months or for a total of 365 calendar days where there are temporary periods of employment (it is calculated according to the number and age of family members, house, etc). Those that attend training or retraining but do not receive stipends or wages have the right to draw benefit over the whole training period up to a limit of 18 months¹⁰⁴.

Unemployment rates are high and it takes on average more than a year to find a job if at all. Much of the working population is self-employed or working without pay in a household enterprise. Most self-employment is in agriculture, where only a few of the employed earn wages. The informal economy is large and there is evidence of long-term employment in the informal sector.

The statistical data concerning the unemployment rate pertain to registered unemployed since Albania does not conduct labour force surveys. As already mentioned, this is an important shortcoming regarding Albanian statistics. It is often argued that registered unemployment in Albania is not an appropriate measure of real unemployment and does not reflect the real tensions in the labour market. Some of the reasons for this relate to the large informal economy, the importance of

¹⁰² The Ministry of Labour and Social Affairs (MoLSA) is responsible for all labour-related aspects of migration, and has a Migration Directorate, which deals directly with migration. In addition other institutions dependent on the Ministry of Labour and Social Affairs deal with issues that are relevant to migration, such as National Employment Service, the State Social Service and the Institute of Social Insurance. MoLSA is also responsible for seasonal employment agreements with other countries.

¹⁰³ The Government of Albania has adopted a Law on Assistance and Social Help (December 2004); approval of the changes on the Law on Promotion of Employment (April 2005) and amendments on the Law for Social Insurance in Albania (2005).

¹⁰⁴ www.mpcs.gov.al last accessed October 2006.

emigration, the high rate of hidden unemployment in agriculture and the significant number of jobless people who failed to register¹⁰⁵.

In 2005, according to data provided by INSTAT, unemployment rate in Albania was 14.1% or 153 250 registered unemployed.¹⁰⁶ In Albania, both rural and urban informal sector employment is very large. Nevertheless, sparseness of data makes it difficult to quantify.

Youth and long-term unemployment rates in Albania are relatively high. Youth unemployment could be attributed to the rapid population growth in previous decades and the fact that severe contraction and lack of new opportunities in the public sector prevent many young people from finding jobs. Nevertheless individuals with post-secondary education have a much higher employment rate (70%) than those with less education. 62% of the employed had full-time jobs and 39% had part-time jobs, and a much larger share of men (70%) than women (51%) had full-time employment¹⁰⁷.

According to official statistics (INSTAT 2002: 51, 53), the majority of the population, just over 50 %, still works in agriculture, while other important employment sectors are construction and transport with 12.7 %, trade with 11.6 %, followed by industry with a mere 7.1 %.

3.3.1.2 Labour market programmes

In January 2003, the Strategy on Employment and Vocational Training¹⁰⁸ describes the missions of the National Employment Service and priority areas for improvement of performance. The National Employment Service (N.E.S.) has 12 regional branches (Regional Labour Offices, RLO) and 24 local branches (Local Labour Offices, LLO) in addition to the General Directory operating at central level. The Vocational Training Centres are also under the administration of the National Employment Service.

Based on The Law the Employment Encouragement, the National Employment Service can, through its regional and local offices, mediate for work abroad, based on existing labour agreements with other countries. N.E.S. is a public autonomous service with the ranking of a central state administration, that is accountable to MoLSA¹⁰⁹. The services provided by the National Employment Service include the following: registration of jobseekers, cash payment of unemployment benefit, advising and counselling jobseekers, mediation (matching the offer of and the demand for work), and collection of information on the labour market and implementation of the four employment promotion programmes.

Services to clients are administered manually.

¹⁰⁵ International Institute for International Studies. "Human Security in Albania. Appendix I - Survey Results." Tirana, 2004

¹⁰⁶ Institute of Statistics. "Social Indicators Yearbook." Tirana 2005, p.16.

The full Report on Employment and Unemployment can also be found at the website of the Ministry: <http://www.mpcs.gov.al/images/stories/files/punesimi%20dhe%20papunesia%202004%20%20variant%20shtypi1.doc>.

¹⁰⁷ Ibid.

¹⁰⁸ European Training Foundation, "Vocational education and training against social exclusion: Albania". 2001.

¹⁰⁹ Republic of Albania. National strategy on migration (Approved by the Albanian Council of Ministers Decision No. 760, dated 19.11. 2004) and the National action plan of migration (Approved by the Council of Ministers Decision 296, dated 06.05.2005), page 64.

The National Employment Service mainly covers urban/peri-urban areas while rural areas are out of its reach, unless jobseekers in the countryside move to urban areas where they can register with the National Employment Service and obtain unemployment benefit. The possibility of obtaining unemployment and other benefits with the National Employment Service in urban areas is obviously not the main factor for migration but it does nothing to reverse the situation. There are very few private employment agencies, registered and operating through the Directorate of Employment at the Ministry of Labour and Social Issues dealing mainly with placement of workers abroad¹¹⁰.

Already by 1999, four different types of employment promotion programmes (EPPs) were set up to promote training and employment for unemployed jobseekers. The Albanian government devoted 1.71 billion LEK to these programmes for the period 1999-2003 and 36 000 unemployed persons are/were actually enrolled in these programmes. Although some of these programmes have continued in different forms, there is a lack of monitoring, evaluation and follow-up of these programmes.

These employment promotion programmes include:

- *The EPP for unemployed jobseekers:* Employers who engage in temporary employment (3-6 months) of unemployed jobseekers can profit from a monthly financing of their salary up to 100% of the minimum wage as well as of the beneficiaries' compulsory social insurance expenditure. If beneficiaries are employed for a period of up to one year and under regular contracts, the employer is entitled to monthly financing equal to the total of minimum wage and compulsory social insurance contribution for a period of up to 5 months. If the beneficiary does not have the appropriate vocational training for the task that he or she has to perform, and the employer provides it, he can receive a 10-20% increase in financing for each beneficiary.
- *The EPP for unemployed jobseekers through training in the workplace:* It financially supports employers who provide training for beneficiaries and who employ some of the trainees for periods of at least one year. The government financially supports the employer in terms of wages and social security contributions during the nine months of training. After completion of the training courses, the employer has the obligation to employ 40% of the trainees.
- *The EPP through institutional training:* Labour offices select and provide training to beneficiaries from those companies who (i) guarantee employment after training has been completed or (ii) can show through labour market studies or surveys that the training will be beneficial for the participant. Those beneficiaries that refuse to participate in these courses are removed from the lists of unemployed jobseekers and stop receiving unemployment benefits.
- *EPP for unemployed women:* The programme started in 2004. The programme aims to integrate into the labour market marginalized women such as Roma, ex-trafficked women, older women and women with disabilities. It lasts from one to three years. During the first year, the employer can benefit from 75% financing of compulsory social insurance contributions and 4 minimum wages. During the second year, the employers receive 85% of social security contributions and 6 minimum wages, and during the third year they receive 100% of social security contributions and 8 minimum wages.

¹¹⁰ www.mpcs.gov.al last accessed October 2006.

Some other types of public works pilot programmes are currently under implementation using the funds of the social assistance programme. Although these projects were largely successful, there was some criticism because they did not last very long and had little impact in fighting long-term unemployment because of the limited financial resources.

The Government of Albania aims to decrease the level of unemployment through increasing public investments, and especially through foreign investments. To attain this goal the Government of Albania announced the new initiative “Albania - 1 EURO”, in order to draw the foreign investors’ attention towards Albania Market.

The Ministry of Labour, Social Affairs and Equal Opportunities, based on the Council of Ministers Resolution No.708, date 16.10.2003 “On licensing and working of the Private Employment Agencies’ has provided with licenses to 14 subjects. They operate in the country employment market along with the state agencies¹¹¹; Albanian citizens who return from abroad can participate in these opportunities (training and registration) through earning the status of unemployed.¹¹²

3.3.1.3 Labour conditions

Information on wages in the private sector is almost non-existent. The most highly paid professions in both the private and the public sector are managers. However, the average wage¹¹³ of a university-trained specialist in the private sector is twice as large as the wage of the same specialist working in the state sector. Health workers (doctors and dentists) have the highest earnings level in the private sector and double that of their counterparts in the public sector¹¹⁴.

According to the Household Living Conditions Survey/ HLCS (2002) survey, men earn higher wages than women in a number of occupations. According to Household Living Conditions Survey the average monthly wage for a woman is 6.685 LEK, compared to 9.697 LEK for a man. This means that women earn on average less than 70% of what men earn, but the gap widens considerably for particular occupations, such as that of plant and machinery operators, where women earn 59% of men’s wages. Wage differentials between men and women exist both in the public and private sectors, although they are wider in the private sector. On the other hand, female and male earnings in state owned enterprises were mostly equal¹¹⁵.

In Albania there are no regular negotiations between government, trade unions and employers’ representatives on the minimum wage, and its level has only been adjusted intermittently by government decision. Official minimum wage was 9400 LEK in 2002 and 11 800 LEK in 2005, whereas the average monthly wage in the public sector was respectively 19 659 LEK and 26 806 LEK.¹¹⁶ Women are under-represented in the better-paid and decision-making positions. In the public sector, for instance, women outnumber men in lower level white-collar positions, e.g. professionals and clerks, but are under-represented in the highest white-collar occupational category.

¹¹¹ The full Report on Employment and Unemployment can also be found at the website of the Ministry: <http://www.mpcs.gov.al/images/stories/files/punesimi%20dhe%20papunesia%202004%20%20variant%20shtypi1.doc>

¹¹² Albanian Council of Ministers Resolution No.708 “On licensing and working of the Private Employment Agencies”, date 16.10.2003

¹¹³ Ibid.

¹¹⁴ Institute of Statistics. Household Living Conditions Survey/ HLCS (2002) Survey, also available in Albanian at this website www.instat.al

¹¹⁵ Ibid.

¹¹⁶ Institute of Statistics. Social Indicators Yearbook. Tirana, 2005, p.18.

According to the labour code, in Albania there are 14 official paid holidays; as well as 4 weeks fully paid per year. According to the Albanian legislation working hours in public administration are 40 while this figure is very relative when applied to private sector businesses. Normally the private employer covers work security, while in the public sector they employees are fully covered by the state's social security system¹¹⁷.

3.3.1.4 Accessibility of short-term / occasional jobs

The Ministry of Labour provides the main contact point and resource through employment agencies and directories. But, there are local newspapers that publish occasional vacancies (for drivers, cleaners etc.) such as Çelësi, Shekulli, Gazeta Shqiptare etj

3.3.1.5 Lack (high demand) in specific professions

There is a lack of demand in agricultural works, and there is a special demand in constructions¹¹⁸.

3.3.1.6 Practical and contact information

The Shekulli Newspaper's website is www.shekulli.com.al; other Albanian newspapers are accessible through the BalkanWeb site www.balkanweb.com. Also visit <http://www.fleteteverdha.com>, the website of the Albanian Yellow Pages. The Çelësi Newspaper is accessible through its website <http://www.celesi.info>. Other information about job opportunities, real estate market, etc. is available through <http://www.njoftime.com>. The daily news can be consulted at www.korrieri.com.

3.3.2 Contact information relevant to the issue of recognition of degrees obtained elsewhere

- Ministry of Labour and Social Affairs of Albania, Tirana.
- Ministry of Education, Culture and Science
- The Albanian Government Website (www.keshilliministrave.gov.al)

Regarding the issue of higher education degrees obtained outside the Albanian republic, their equivalence to the Albanian education system and their official recognition from the Albanian state, information can be obtained at the specialized office of the Albanian Ministry of Education.¹¹⁹ Generally, degree recognition is necessary for job applications in public administration (in a broader sense, in the public sector), while for the private sector degrees obtained outside Albania don't need state recognition. Regarding the recognition procedures, in order to apply, the following documents are needed:

¹¹⁷ Government of Albania. Law no.8087, See also VKM nr.561, date 12.8.2005 "Per caktimin e pagave referuese per llogaritjen e pensioneve", date 13.3.1996

¹¹⁸ USAID, "Albania, an economic snapshot", December 2005

http://www.onlinedts.com/resources/Publications/12-06_AL1-EconomicSnapshot-Albania1.pdf

¹¹⁹ Ministry of Education. Contact address: Ministria e Arsimit dhe Shkencës, "Rruga e Durrësit", Nr. 23, Tirana, Albania. Website address: www.mash.gov.al.

More specific information about degree equivalence can be found at: <http://www.mash.gov.al/struktura/njohja%20e%20diplomave.html>.

- (1) A Request for degree recognition, addressed to the Directorate for the Recognition of Degrees (which can be obtained at the time of application),
- (2) Photocopy of the Degree (translated and notarised),
- (3) A full Transcription of Subjects (translated and notarised),
- (4) According to the international agreement of the Hague, that Albania signed, documents should be sealed by the ministry of the foreign affairs (or other appropriate authority) of the country where the applicant obtained his/her degree,
- (5) A detailed summary of all subjects studied,
- (6) A birth certificate,
- (7) The application form (provided by the office),
- (8) A payment mandate from the Raiffeisen Bank for the fee of 10.000 LEK to the account number of the Ministry of Education and Science.

The process of evaluation is expected to be from 6 to 12 months, while the applicant receives a certificate for being under administrative procedure from the Ministry, which gives him/her the right to apply for a job at the public sector ¹²⁰.

3.3.3 Education and retraining programmes

The situation of vocational education and training in Albania is not very positive. After the transition, many vocational education and training schools lost prestige and gradually closed. So far only 38 vocational education and training schools remain, of which 25 are 3-year vocational schools and 13 are 5-year technical schools.

There is a lack of a national qualification framework. Moreover, there are serious gaps in the training of teachers and the availability of teaching material.

The vocational training system in Albania consists of eight public training centres¹²¹ located in the main cities (Tirana, Durrës, Elbasan, Vlora, Shkodra, Kavaja and Tepelena). They provide short-term courses (from 6 weeks up to 4 months) in, inter alia, foreign languages, computer skills, tailoring, hairdressing, plumbing and secretarial tasks. The most sought-after courses are foreign languages and computer skills, and this reflects the new labour market demands. The trainees are generally registered jobseekers but also workers at risk of becoming unemployed and seeking to improve their employment prospects. They are mainly young and female.

In the vocational education and training system, there is some evidence of gender stereotyping, which encourages young women to train in traditional female activities which may not help improve their future employability and earnings. The training expenses are covered the Albanian Government.

The next box presents the main features of Albania's education system¹²².

Albania's education system
• Age at which compulsory education starts: 6

¹²⁰ Interview with Mr. Y. Jani at the High Education Department, MoES, January 17, 2007.

<http://www.mash.gov.al> last accessed April 2007

¹²¹ www.mpcs.gov.al last accessed October 2006.

¹²² International Labour Organization and Council of Europe, "Employment Policy Review on Albania. 2003-2004" http://www.ilo.org/public/english/region/eurpro/budapest/download/empl/albania_epr.pdf

<ul style="list-style-type: none"> • Age at which compulsory education ends: 15. If a pupil fails, he/she is obliged to remain at school until age 16.
<ul style="list-style-type: none"> • Structure of the primary and secondary education system: Education is free at all levels. General education consists of: Lower Primary (4 years); Upper Primary (5 years); (Non-compulsory); Secondary General (4 years); Secondary Vocational (after primary, 3 and 5-year vocational and technical secondary, 5-year programmes lead to Maturity exams).
<ul style="list-style-type: none"> • Higher education: 4-, 5- and 6-year university courses in 11 institutions (39 faculties/schools); non-university courses (avg.) 3.5 years, in 3 institutions. Total enrolment 1999/00: 40 000, 15% of 18-23 age groups. Growth mostly in part-time students: from 20% of total in 1990/91 to 45% in 1999/00.
<ul style="list-style-type: none"> • Schooling expectancy for average Albanian 6-year old child (excluding pre-school): 9.5 years (1998), 2 years less than in 1989 and 6 years less than the average for OECD countries.
<ul style="list-style-type: none"> • Education attainment rates: 9 years (compulsory basic education) for 59% of the population; secondary education for 33% of the population (20-59 year olds, 1999).

3.3.3.1 By government

Another programme, having an employment component, was elaborated in 2003: the National Strategy for the Improvement of the Living Conditions of the Roma Minority. The Strategy highlights the need to tackle long-term unemployment among Roma communities, by a combination of vocational training, active measures and participation in public works. The Ministry of Labour and Social Issues provides the licensing and accreditation of private centres¹²³ (150 private centres and this figure is rising due to the quality of services delivered) and of those established by NGOs.

The right to have free access to public education programmes at all levels is guaranteed by the Constitution of the Albanian Republic. According to the new system of education the compulsory education continues up to ninth grade.

The Budget expenditure for the public education in 2000 was 3.2 % of GDP or 17,192 million LEK, whereas in 2005 was 3.15% of GDP or 26,389 million LEK, what in absolute value is 35% higher.¹²⁴ During the years 2005/2006, 74 642 children had been enrolled in Pre-Primary Education, 450 702 pupils in Primary Education and 138 788 pupils in Secondary Education. Public expenditure in tertiary education is low compared to several other countries in the region. Spending on education has been reduced to bare essentials, at the expense of important needs that generate no immediate return such as maintenance and teacher training. The lack of resources has weakened the system and the quality of education has suffered¹²⁵.

3.3.3.2 By private firms

In Albania, private education was re-established after 1996. The Law on Pre-University Education allows the opening of private schools in all levels of pre-university education. The Ministry of Education and Science approves the education plans and curricula of these institutions. According to the law, every private education institute should comply with the national education standards. These private establishments have organizational and functional autonomy (setting of fees, recruitment of teachers etc). The setting of fees and financing is the affair of each school. The fees for the first level of education (first four years of education - kindergarten and primary school) vary from € 100 to 200 per month. For the “mid-level” (that is pre-university education) prices vary from € 200 to 450 per month,

¹²³ European Training Foundation, “Albania’s Vocational Education and Training Reform Policy, Peer Review”, February 2003 <http://unpan1.un.org/intradoc/groups/public/documents/UNTC/UNPAN014798.pdf>

¹²⁴ Institute of Statistics. Social Indicators Yearbook. Tirana, 2005, p. 20.

¹²⁵ <http://www.mash.gov.al> last accessed April 2007

according to the private institution. During the recent years (mainly from 2001 and on) there has been a “boom” of private universities in Tirana. This can be mainly attributed to the political decision of the Albanian government for the liberalization of the higher educational system. Prices per year vary from € 2000 to 4500 a year, depending on the university standards.¹²⁶

However, the state indirectly finances the private education system. Considering the small number of pupils and students involved in private schooling, the total financial resources are small in comparison to the overall financial resources for education. There is no substantial information about the quality of the private education system in Albania, and evaluation studies are not available.

3.3.3.3 By international organisations or NGOs

Some of the international NGOs who provide training in management and capacity building include i.a. CoPlan Albania, SNV and CAFOD-Albania. Other Albanian based NGOs such as Besa Foundation also work in support of business.

3.3.4 Starting a new business

Albania has started to reform the tax regime and the fiscal burden for Small and Medium Enterprises. The Government has approved an action plan on removing administrative barriers, through establishing “On-Stop Shops” for registering the businesses, and simplifying the legal requirements. One has been established in the Tirana district by the end of January 2007. Commercial legislation has been improved by reducing the target time needed for business registration to 8 days. Also, the Albanian government has promoted the initiative “Albania -1 Euro”, which aims at improving the current investments for the country. Through this programme, the Albanian Government will provide facilities in developing businesses and economic activities through facilities in renting, electricity, etc¹²⁷.

The action plan also aims to reduce the informal economy, through measures such as simplification of licences, permits and certificates, but concrete progress remains slow. There has been no progress so far in setting up formal procedures to assess the business impact of planned regulatory measures, but the government aims to introduce such assessments by December 2006¹²⁸.

The Government has established a new umbrella organization, Albinvest, integrating the Albanian Investment Agency (ANIH), the Small Medium Enterprises Agency (SMEA) and the Albanian Export Agency (ANE), and reporting directly to the Minister of Economy, Trade and Energy. This new structure is in line with government policy to reduce the operational cost of public administration and is expected to enhance sustainability. The capacity of Albinvest to provide effective assistance as a one-stop shop to foreign investors is being tested by an increasing number of trade and investment missions that are visiting Albania¹²⁹.

¹²⁶ A full list of all Public and Private Universities can be obtained at the following website of the Albanian Ministry of Sciences and Education: http://www.mash.gov.al/arsimi_larte/home.html.

¹²⁷ www.keshilliministrave.gov.al last accessed April 2007

¹²⁸ Foreign Investment Advisory Service (FIAS). “Albania. Removing administrative barriers to investment: a critical component of the National Development Strategy”. 2003
<http://www.fias.net/ifcext/fias.nsf/Content/Resources> Last accessed March 2007

¹²⁹ Official website of the Ministry of Economy to be consulted via www.legjislacionishqiptar.gov.al

Starting a new business in Albania will require some standard legal conditions¹³⁰:

Legal Form: Limited Liability Company (Shpk). Minimum Capital Requirement: 100 000 LEK.

Registration requirements:

- ↪ Search for a unique company name (time to complete 1 day - cost to complete “no charge”).
- ↪ Deposit the initial capital in a bank and obtain a bank statement (Deposit of the initial capital may also be completed in front of a notary public. A fee of 4000 LEK (approximately € 32) applies.
- ↪ Notarize the incorporation documents. Cost of procedure will be approximately 10 500 LEK, and include: 2500 LEK for the notarization of articles of incorporation; 2500 LEK for the notarization of statute. Notarizing the request for the company's registration to court costs also 2500 LEK. An eventual special proxy to an attorney is 3000 LEK. The legal fee for drafting the articles of incorporation and statute varies greatly, from € 100 to over € 1000, depending on the services of the legal counsellors. The above-mentioned professional fees are mostly charged in Euros.
- ↪ File the documents with the Office for the Registration in the Local District Court and obtain a registration number. This procedure will require a proceeding time of 20 days and will cost 1500 LEK. Attached to the request and deposited in the register's appendix are also: articles of incorporation, constitution act signed in the presence of a public notary; the act for the appointment of the administrators; documents reflecting the capital disbursement, etc. Registration fee is paid directly to the Commercial Registry.
- ↪ Register the company with Labour Inspectorate Office. This procedure can be completed within one day and without fee.
- ↪ Pay the local fees and tariffs, and obtain a final statement on the payment of local fees and tariffs at the office of Alba Post SHA. This procedure can be completed within a day and its cost is 25 000 LEK.
- ↪ Register with the tax office and obtain a company tax number. This procedure will take 7 days.
- ↪ Register with the Public Institute of Social Security for social security and health insurance. This procedure is completed with no charge¹³¹.

The company registration and start-up system remains slow, bureaucratic and inefficient. The overall registration and set-up process still involves 7 steps (11 with compulsory licenses included) and an average time of 41 days. There is no online registration and no silence-is consent principle. Concrete steps to strengthen the Business Advisory Council remain to be taken. No developments can be reported on business incubators or technology parks. Albania has adopted a law on e-signature.

3.3.4.1 Legal conditions

Little progress can be reported in the area of SME financing. The new leasing law, adopted in 2005, is now being implemented as a financing alternative for Small and Medium Enterprises. Italy and Albania have concluded an agreement to set up a € 30 million Small and Medium Enterprises credit facility, but establishment of the facility

¹³⁰ Republic of Albania. Civil Code of Republic of Albania, Law No 7850 Date 29-07-1994: 1994, No 11 , page 491, and the Law of functioning of trade companies and agencies

¹³¹ Interview with Dr. Artan Hajdari at Hajdari&Haxhia Law Firm, Tirana, April 5, 2007.

has been delayed for two years. Despite some progress in the procedures for establishing a guarantee fund for Small and Medium Enterprises, it remains seriously delayed and is not yet operational.

Albania is at an early stage in improving the business environment for industry and Small and Medium Enterprises. Numerous forms and documents are required for the various pre-determined steps towards registration. On average it takes several steps to register a company (from getting a bank account and registering at the court, to licensing at the tax office) and payment of several sets of fees for various licences and permits (e.g. health and safety). A key stage for the registration of a company is the presentation of proof of all these steps and payments to the District Court in Tirana, followed by its approval with a court decision, which takes 23 days on average. While registration is open to anyone wanting to establish a company, such registration can take place only at the Tirana District Court. This requires businesses from other areas to travel to Tirana to register their businesses.

3.3.4.2 Credits and subsidies and access to them

The Albanian Government under its Private Sector Recovery Project aims at providing a Political Risks Guarantee Facility, which is administered by the Albanian Guarantee Agency (AGA), a statutory corporation owned by the Government of Albania.

Businesses in Albania also receive an important financial support from the international community, thanks to Albanian participation in different International Organizations and various multi-bilateral agreements. These financial incentives usually take the form of guarantees, like those offered by the Multilateral Investment Guarantee Agency of the World Bank (MIGA) and the European Investment Bank (EIB), or grants, loans and soft-loans, like those of the European Bank for Reconstruction and Development (EBRD), World Bank (IBRD, IFC), EIB, European Investment Fund (EIF), etc., that finance between 25 and 50% of the total project cost. Moreover, there is an EU programme, the JOP Phare area, that gives support to the internationalization of SMEs and is structured in 4 facilities providing essentially grants. The Albanian Reconstruction Equity Fund (AREF) of the EBRD is a venture capital fund that provides support to private investments in the productive and service sector. Other sources of credit and assistance could be the SIMEST and Mediocredito Centrale, for Italian firms, or the Albanian American Enterprise Fund (AAEF)¹³²

The Albanian Government is already working with IMF, World Bank and other donors on the necessary improvements of tax administration, with a view to both encouraging businesses and improving the effectiveness of tax collection. Important steps in reforming the fiscal administration have been taken: the improvement of tax and custom legislation and its adjustment with European standards, continuous institutional strengthening of the fiscal system, the build-up of a stable fiscal administration and set-up of human capacity, modernization of IT systems, set-up and functioning of independent mechanisms for taxpayer's appeals, implementation of facilitative administrative procedures that create access for businesses and guarantee transparency and integrity of fiscal administration activity, set-up and

¹³² UNCTAD, World Investment Report 2002
http://www.unctad.org/sections/dite_dir/docs/wir02br_pogatsa_en.pdf Last accessed April 2007

strengthening of mechanisms that guarantee reduction of fiscal evasion and help the formalization of economy¹³³.

3.3.5 Social security

The first legal act was passed by the parliament in 1993 (on social insurance), and amended in 1995. According to the current legislative framework and the Law of 1993 on Social Insurance, which paved the way for the establishment of the Social Insurance System, it means assistance benefits payable to citizens that fit in the categories of persons unable to have a living income.

The Social Security regulatory framework covers employed persons, self-employed persons and university students. Also voluntary coverage is possible while special systems exist for civil servants and military personnel¹³⁴. Qualifying conditions for elderly (12-13 % of population) of are as follows:

- For the **old-age pension**: Age 65 (men) or age 60 (women) with at least 35 years of contributions. Retirement from economic activity is necessary. Age 50 with 30 years of contributions for a mother with six or more children older than age 8.
- For the *partial pension* qualifying conditions are: Age 65 (men) or age 60 (women) with between 15 and 35 years of contributions. *Partial pension*: A percentage of the full pension is paid, corresponding to the number of years worked. A basic flat-rate pension (equal to the minimum standard of living) is payable to all insured persons, plus an earnings-related pension for employed persons equal to 1% for each year of insurance coverage multiplied by the insured's average assessed wage for which contributions were paid. The minimum standard of living is 3960 LEK per month (2003). The maximum monthly pension is twice the basic pension amount or 75% of the insured's average net earnings in 3 of the last 10 years of employment, whichever is less.

The minimum pension is 10,000 LEK. Old age benefits are not payable abroad.

Here one could underline the retirement benefits of the Albanian social welfare system. In 1993, the Law on Social Insurance tightened eligibility criteria for retirement, gradually rising the retirement age to 60 for men and 55 for women. In 2002, the government initiated a further gradual increase of five years in retirement ages for both men and women. As from July 2002, the retirement age is to rise in increments of six months until 2012, when men will retire at 65 and women at 60. The government increased pensions by an average of 10% in 2002, taking the minimum monthly urban pension to 6116 LEK. The maximum increases to 12 232 LEK, but most people receive a pension that is close to the minimum. Rural pensions are much lower than urban ones. The minimum rural pension is about 3 times lower than the urban one. Starting from January 1, 2007 the minimum income of a retired person in town is 10 000 LEK per month and for a retired person in village 5000 LEK.¹³⁵

Deferred pension: The pension is increased by 0.34% for each month of deferral after the normal retirement age. The maximum deferred pension is equal to 80% of the insured's average net earnings in 3 of the last 10 years of employment.

¹³³ The informality issue has been stressed out in the country reports and information of World Bank and IMF; see also websites www.worldbank.org/al and www.imf.org/external/country/ALB/index.htm

¹³⁴ Republic of Albania. Law no.7703, date 11.5.1993 on Social Insurance. See also the Social Insurance Institute website address - www.issh.gov.al.

¹³⁵ Statement made by Mr. R. Bode on December 29, 2006.

<http://www.minfin.gov.al/index.php?option=content&task=view&id=582&Itemid>, accessed on January 22, 2007.

Benefit adjustment: The basic flat-rate pension is indexed annually according to price changes of selected commodities.

- **Disability Pension:** According to the Albanian legislative framework it means incapable of any work, blind, or severely disabled. The minimum insurance coverage period varies according to age but must be equal to at least 50% of the difference in years between the claimant's age and age 20. The Medical Experts Committee assesses the degree of disability. At pensionable age, the claimant may choose to take the old-age pension if the amount is greater. Partial disability pension: Incapacity to perform work in the last job but capable of work under special working conditions as determined by the Medical Experts Committee. The minimum insurance coverage period varies according to age but must be equal to at least 50% of the difference in years between the claimant's age and age 20. Disability benefits are not payable abroad.
- **Survivor pension:** The deceased was an old-age pensioner or disability pensioner, or was insured at the time of death, or insurance coverage ceased not more than 1 year before death. Eligible survivors include a surviving spouse caring for a dependent child younger than age 8; a disabled spouse; an aged spouse (aged 50 or older for a widow or aged 60 or older for a widower); dependent orphans younger than age 18 (age 25 if a student, no limit if disabled from childhood); dependent parents and grandparents aged 65 or older who lived with the deceased for the last 12 months; and dependent grandchildren. Survivor benefits are not payable abroad.
- **Permanent Disability Benefits:** Basic flat-rate pension (equal to the minimum standard of living) is payable to all insured persons, plus an earnings-related pension for employed persons equal to 1% for each year of coverage multiplied by the insured's average assessed wage for which contributions were paid. The minimum standard of living is 3960 LEK per month (2003). The maximum monthly pension is twice the basic flat-rate pension or 80% of the insured's last average net earnings, whichever is less. *Partial disability pension:* 50% of the insured's full disability pension (the basic flat-rate pension plus the insured's earnings-related pension) is paid. *Constant-attendance supplement:* The monthly supplement is equal to 15% of the insured's average assessed earnings for contribution purposes. *Child's supplement:* 5% of the basic flat-rate old-age pension is paid for each dependent child younger than age 15. The maximum supplement is equal to 20% of the basic flat-rate old-age pension. *Benefit adjustment:* Benefits are adjusted annually according to changes to the old-age pension.
- **Sickness and maternity:** Regulatory framework for these social issues is based on the first law of 1963 (on medical care) and on the two amendments of 1993 (on social insurance). These programs have two major outcomes: social insurance (basically cash benefits) and universal system of medical benefits. It covers employed persons while voluntary coverage is also possible.

3.3.5.1 Unemployment benefit and access to it

The unemployment benefits¹³⁶ are regulated with the social insurance law of 1993. It covers the employed persons in the level of 6% of payroll, meaning that 6% of the salary goes for the social insurances and unemployment benefits. The law is not applicable for self-employed persons. In order to classify for the unemployment benefit a person must have at least 1 year's contributions, not receiving any other benefits (except for partial disability), be registered at an unemployment office, and be willing to undergo training. A flat-rate benefit is paid for up to 12 months or for a

¹³⁶ Merita (Vaso) Xhumari, "Social Policy Process and Institutions". Tirana 2003, ISBN 99927-0-241-9

total of 365 calendar days if the insured has temporary periods of employment. The benefit must be at least equal to the minimum standard of living, as decided by the Council of Ministers (3960 LEK a month in 2003).

Unemployment benefits and the eligibility conditions are defined in a Law on Social Insurance of 1993. All persons meeting the following conditions are eligible: (i) they have contributed to the social security system for a period of at least 12 months; (ii) they have certificates from the labour offices attesting that they are unemployed (iii) they are willing and available for training or retraining and they do not receive any other benefit under this law, with the exception of partial invalidity payments. Under this legislation, the unemployment benefit is a flat rate payable for up to 12 months or for a total of 365 calendar days where there are temporary periods of employment. Those who attend training or retraining but do not receive stipends or wages have the right to draw benefit over the whole training period up to a limit of 18 months¹³⁷.

Table : Monthly unemployment benefit (in LEK)

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1180	1237	1920	2200	2500	2500	2500	2500	2500	3100	3600

Source: INSTAT, 2003.

While the unemployment benefit system is well established, there are some important issues that need to be addressed. In a country with such high levels of long-term unemployment, the duration of unemployment benefits is too short¹³⁸.

Child's supplement: 5% of the unemployment benefit is paid for each dependent child younger than age 15, up to a maximum of 20% (the supplement is reduced by 50% if one parent is employed or receiving a pension). For persons attending training courses but not receiving a grant or wages, benefits are payable for up to 18 months. Benefits are indexed annually according to price changes of selected commodities¹³⁹.

The Ministry of Labour, Social Affairs, and Equal Opportunities provides general supervision. National Employment Service administers benefits.

The Social Insurance Institute collects contributions¹⁴⁰.

3.3.5.2 Sickness benefits and access to them

The medical care is regulated with the social insurance law of 1993. The coverage/ cash sickness benefits apply to employed persons. Cash maternity benefits is applied to employed persons, employers, and self-employed persons, but must have 12 months of contributions¹⁴¹. Voluntary coverage is possible. Medical benefits are

¹³⁷ Merita (Vaso) Xhumari, Social Policy Process and Institutions. Law no.7703, date 11.5.1993 on Social Insurance Tirana 2003.

¹³⁸ Social Insurance Institute <http://www.iss.gov.al> last accessed February 2007

¹³⁹ Ibid.

¹⁴⁰ <http://www.iss.gov.al> last accessed February 2007

¹⁴¹ Ministry of Labour and Social Affairs, "On evaluation of social assistance delivering scheme" Tirana 2000.

accessible to all persons residing in Albania, when currently insured. The benefit is equal to 70% of the average daily wage in the last calendar year if the insured has less than 10 years of contributions; 80% with 10 or more years. The benefit is payable from the 15th day of medical certification (the first 14 days are paid by the employer) for up to 6 months. The benefit may be extended for an additional 3 months if the Medical Experts Committee certifies the likelihood of recovery in that period. The benefit is equal to 50% of the average daily wage during periods of hospitalization, provided there are no dependents. Income compensation is also available for changes of employment due to health reasons.

Sickness and maternity: For the maternity leave, employees are entitled to 365 days of paid maternity leave (with a minimum of 35 days before the expected date of childbirth and 42 days after). The monthly benefit is equal to 80% of the average daily wage in the last calendar year, and applies to the leave period taken before childbirth and to 150 days thereafter; the benefit is equal to 50% of the average daily wage for the remainder of the entitlement period. For multiple births, the paid leave period is extended to 390 days, including a minimum of 60 days before and 42 days after the expected date of childbirth. Benefits are also payable for the adoption of a child. Compensation is payable for changes of employment due to pregnancy. Birth grant: a lump sum equal to 50% of the minimum wage set by the Council of Ministers is payable to either insured parent with a minimum of 1 year's contributions. Regulatory framework for these social issues is based on the first law of 1963 (on medical care) and on the two amendments of 1993 (on social insurance). These programs have two major outcomes: social insurance (basically cash benefits) and universal system of medical benefits. It covers employed persons while voluntary coverage is also possible.

The **sickness benefit** is equal to 70% of the average daily wage in the last calendar year if the insured has less than 10 years of contributions; 80% with 10 or more years. The benefit is payable from the 15th day of medical certification (the first 14 days are paid by the employer) for up to 6 months. The benefit may be extended for an additional 3 months if the Medical Experts Committee certifies the likelihood of recovery in that period. The benefit is equal to 50% of the average daily wage during periods of hospitalisation, provided there are no dependents. Income compensation is also available for changes of employment due to health reasons.

3.3.5.3 Family allowances and access to them

The first and current law that regulates the family allowances is of 1993 (financial aid and social services). It covers families residing in Albania. This set of rights does not apply for the insured persons, self-employed, employers etc. but applies in the form of family allowances (social assistance) for those families residing in Albania with low or inadequate income or with a member who is disabled or blind. Financial aid is provided to eligible families¹⁴² through the Ministry of Labour, Social Affairs, and Equal Opportunities. General Administration of Social Assistance and Services administers the program at district level.

The regulatory framework on family allowances is based on the Law of 1993 on Financial Aid and Social Services. It consists of financial aid provided by the Albanian state to these families.

¹⁴² World Bank. "Social Assistance in Albania Decentralization and Targeted Transfers" 1998 http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/1998/07/01/000009265_3980929125507/Rendered/PDF/multi_page.pdf Last accessed November 2006

3.3.5.4 Other benefits in the social welfare system

The social welfare system in Albania covers the following categories: employed persons, self-employed persons, and university students. Voluntary coverage is possible. Albania has special systems for civil servants and military personnel. An insured person pays 8% of gross monthly earnings. Voluntarily insured persons contribute 3742 LEK. The minimum earnings for contribution purposes are equal to the minimum monthly wage (11 800 LEK). The maximum earnings for contribution purposes are equal to five times the minimum monthly wage. The insured's earnings also finance sickness and maternity benefits.

For the category of **Self-employed persons**, the state withholds 39.2% of the minimum monthly wage. The minimum earnings for contribution purposes are equal to the minimum monthly wage (11 800 LEK). The maximum earnings for contribution purposes are equal to five times the minimum monthly wage. The self-employed person's contributions also finance sickness and maternity benefits. For the category of **employer**, the state withholds 19.1% of monthly payroll.

The following information is prepared to assist special categories of Social Welfare System beneficiaries:

Child's supplement: 5% of the basic flat-rate old-age pension is paid for each dependent child younger than age 15. The maximum supplement is equal to 20% of the basic flat-rate old-age pension. Benefit adjustment: Benefits are adjusted annually according to changes to the old-age pension.

Workers' Medical Benefits: in Albania, all emergency medical services are free. Cost sharing: The insured is reimbursed from 35% to 100% of the cost of various essential medicines. The Health Insurance Institute pays 90% and the insured pays 10% of the cost for some types of examinations. There is no limit to duration. Dependents' Medical Benefits: Free benefits are provided for children up to age 12 months, disabled persons, WWII invalids and veterans, and persons diagnosed with certain serious illnesses, such as diabetes. There is no limit to duration.

Ministry of Labour, Social Affairs, and Equal Opportunities and Ministry of Health Protection provide general supervision. Social Insurance Institute (<http://www.iss.gov.al>) administers sickness and maternity benefits. Health Insurance Institute administers medical benefits.

3.3.5.5 Special benefits for returnees

There are no classified benefits for the returnees.

3.3.6 Charity organizations with a general scope

A considerable number of charity organizations are located in Albania and differ in scope, means, territorial coverage and structures. The most important ones, dealing with refugees' issues, are:

- International Organisation for Migration; Rruga "Brigada e Tete", Vila no. 3, Tirana, Albania ; Tel: +355 42 57836; Fax: +355 42 57835 ; iomtirana@iomtirana.org.al ;
- Albanian Caritas / Karitasi Shqiptar; Rruga Don Bosko , Tirana; Tel. +355 4 230-088; <http://www.caritalbania.org>;

- ↪ The Albanian Red Cross /Kryqi i Kuq Shqiptar; Sheshi Karl Topia, Tirana, Tel. +355 4 225-855
- ↪ ‘Motrat Qirjazi’ Foundation (Qirjazi Sisters); Contact address: 481 Eighth Avenue, Suite 909, New York NY 10001, US, Tel: 1 (212) 244-8440 Fax: 1 (212)244-8159 contact@aawomq.organd
- ↪ The Albanian Health Forum / Forumi Shëndetësor Shqiptar; Rruga Shinasi Dishnica 71, Tirana, Tel. +355 4 229-557

3.3.7 Useful data to calculate the cost of living ¹⁴³

The Government has undertaken the initiative of the minimum monthly wages not to be lower than \$ 120/month. Albanians enjoyed increasing supplies of clothing in the 1990s, but price, quality, and style left much to be desired.

The prices of children's clothing and shoes are not very expensive, but a man's shirt could cost about 5000 LEK (€ 45), a suit 25 000-30 000 LEK (€ 200-350), and a woman's sweater 2500 LEK (€ 22). A farmer has to work about two weeks to buy a pair of the most inexpensive shoes.

Durable goods carry exorbitant price tags. A bicycle can be found at a price of 9000 LEK (€ 80); a motorbike, 27 000 LEK (€ 250); a radio set, 10 000 LEK (€ 95); a television, 40 000 LEK (€ 350).

Housing rents are higher than 2-5 years ago, usually amounting to between 25 % and 30 % of an average family's income. In 2006, for example, the monthly rent for an apartment in Tirana came to 60 000 LEK (€ 470).

Public transportation also costs little, but the quality of services and the road are disastrous.

A kilogram of spinach is sold for 60 LEK at Tirana's produce market; oranges cost 200 LEK per half kilogram; and a bottle of orange drink, 140 LEK.

Furniture prices give some indication of how personal incomes failed to maintain pace with prices in 2003. In a Tirana store, a table costs 60 000 LEK; a bed, 230 000 LEK; a door, 150 000 LEK. The petrol price increased considerably after the global oil crisis that encountered the world during 2004 and which continues nowadays in Albania¹⁴⁴.

3.4 Health

The Albanian population enjoys a reasonably long life expectancy, which seems paradoxical when one takes into consideration the country's low incomes, very limited health services and frequent outbreaks of infectious diseases. A number of vaccine-preventable diseases are still common in Albania. Most hospitals were reduced to providing emergency care only, and about 30% of the country's medical staff abandoned their posts, with higher rates in the south.

On the basis of official data, Albania enjoys the longest life expectancy in the Balkans – only 2 years below the EU average. Other sources put Albania's life expectancy below that of all other countries in the SEE Region, and 8 years below the EU average. Albania has the lowest healthy

¹⁴³ This information comes from articles and commentaries of newspapers and bulletins (newspaper Shekulli, Korrieri, the Albanian Economy, etc).

¹⁴⁴ <http://www.acit-al.org/albanian/eu/AGugu.pdf> last accessed February 2007

life expectancy in the SEE Region. Similarly, estimated data, which correct for expected underreporting, put Albania behind other countries in SEE regarding infant mortality.¹⁴⁵

Infant and Under-Five Mortality Rates

Although all data sources point to an encouraging improvement in infant mortality over the past decades, Albania's infant mortality rates continue to compare unfavourably with other countries in the region. The World Development Indicators data and WHO¹⁴⁶ data also point to a considerable decrease in infant mortality over the past decade, but show slightly higher absolute levels, although also drawing on official statistics. Other sources, however, use much higher figures of infant mortality. For instance, the Multiple Indicator Cluster Survey, conducted in 2000 by UNICEF, using a simulation model that corrects for underreporting based on survey and other data, estimated infant mortality at 28 per 1000 live births – 75 % higher than the official rate. Using a similar model, WHO estimates for 2000 show an infant mortality rate of 23 per 1000 live births, almost 50 % higher than the government's reported estimates. Similarly, the 2002 Reproductive Health Survey calculated an infant mortality rate of 26.2 per 1000 for the period 1997-2002. Given the known reporting difficulties, particularly in the more remote areas, it is likely that the official figures present a considerable underestimate. Based on WHO estimates, Albania has the highest infant mortality rate in the South East European region and one of the highest in the European region.

Main Causes of Death

There has been a significant shift in the causes of death over the past decade; cardiovascular problems and cancer have replaced infectious and parasitic diseases as the leading causes of death.¹⁴⁷ Reported deaths due to infectious and parasitic diseases have continued to drop over the past 10 years and now reportedly constitute only about 1 % of all deaths. At the same time, deaths due to cancers and cardiovascular diseases increased by 58 % and 43 % respectively between 1993 and 2005.¹⁴⁸ Cardiovascular diseases and cancers now account for about 2/3 of all reported deaths and are the leading causes of death among the adult population. Adult circulatory problem death rates are on par with those in neighbouring countries, while cancer death rates remain below those of other SEE countries. Lung cancer deaths account for 1/4 of all cancer and are likely to increase in the years to come, given the high incidence of tobacco use. Road deaths and accidents resulted in 8.9 fatalities per 100 000 people in 2002 – about the same level as in Macedonia, but lower than in other South East European countries. However, Albania's traffic death rate per driven kilometre is among the highest in the region and is likely to become a major public health issue as vehicle density increases. Albania has one of the lowest suicide rates (2.1 per 100 000 people) in the European region¹⁴⁹.

¹⁴⁵ Albania Health Sector Note. Document of the World Bank: Report no 32612-AL, February 2006, p. 1.

http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&theSitePK=523679&entityID=000160016_20060426172842&searchMenuPK=64187283&theSitePK=523679

¹⁴⁶ www.who.int/immunization_monitoring/data/en last accessed October 2006

¹⁴⁷ Institute of Statistics. Causes of Deaths for the Year 2005. Tirana 2006.

¹⁴⁸ Ibid. p. 12

¹⁴⁹ Ibid.

3.4.1 General health situation

Since 90s, government services, including health care, have suffered several additional setbacks¹⁵⁰. During this transitional period and the changes that accompanied it, almost a quarter of the city health centres and two thirds of the village health posts were destroyed or in very bad conditions. Most hospitals are reduced to providing emergency care only, and about 30% of the country's medical staff has abandoned their posts, with higher rates in the south towards private medical clinics. Immunization programmes are poor and limited due to lack of refrigeration and vaccine transport, as well as the electricity cuts. Disease surveillance, water purification and human waste disposal need funding. In addition, the general economic situation has left some hospitals without infrastructure and most of the time with no heating and overcrowded. With its high birth rate falling, Albania is in the midst of a demographic transition¹⁵¹.

General health situation is considered in its limits. Many viruses are in the air, due to air pollution and many uncontrolled constructions, hygiene, water etc. Currently there are 238 identified viruses that cause many respiratory diseases.

Despite progress achieved, Albania's health outcomes lag behind those of other countries in the South East European region. By most accounts, Albania's health outcomes compare relatively favourably to those of other lower middle-income countries outside the Europe and Central Asia (ECA) Region, but not to other lower middle-income countries in the South East European (SEE) region.

3.4.2 Drinking water and sanitation; heating systems

Water quality and safe sanitation have been some of the main priorities in Albania for many years. Albania is rich in various water resources, both surface and groundwater.¹⁵²

Water supply in almost urban areas is intermittent because of the dire conditions of Albania's water infrastructure. Supply is provided for six to eight hours per day on average, with many customers getting less, or no water at all. In addition, drinking water quality is often compromised by lack of adequate treatment and disinfection facilities, and unreliable supply of chemicals. Inadequate maintenance and repair, and lack of metering and operational control, have resulted in excessive water losses, estimated to be greater than 43% of water productions in all cities. As a result, there have been disease outbreaks through water and food contamination, including: Gastro-enteritis, Typhoid fever; Septicemia; Dysentery; Meningitis; Various enteritis; Hepatitis A; Poliomyelitis etc.. The water is distributed in general without preliminary treatment, with the exception of that from three drinking-water plants (two in Tirana and one in Durrës) that have recently been renovated thanks to international funding.

A centralized system of drinking water supply has been established in almost 62 municipalities in urban areas. In general the amount of water available and the water quality is higher in urban areas compared to rural areas. The number of inhabitants that have access to this system is approximately 60% of the population. In some cities like Lezhe,

¹⁵⁰ Organization and Financing of Primary Health Care in Albania, Partners for Health Reformplus, "Problems, Issues, and Alternative Approaches, Technical Report" april 2003

http://www.phrplus.org/Pubs/Tech021_fin.pdf

¹⁵¹ Albanian Ministry Of Health And Environment (Mohe) & European Union Phare Programme. Strategy for the implementation of primary health care policy. Tirana, 1997.

¹⁵² EEHC. Children's Environment and Health Action Plan for Europe(CEHAPE). Regional Priority Goal 1 on water and sanitation, 2006 http://www.euro.who.int/eehc/implementation/20061014_13 Last accessed May 2007

Shkoder, Vlore, Berat, Durres, neighbouring villages have also access to the drinking water supplying of these cities. Cities like Shkoder, Vlore, and Durres utilize as drinking water sources, including water wells, which have a central supplying system that implies a source - capture - depot - disinfection - supplying network.

Nowadays, drilled wells are widely used in the rural areas, but the way these wells are drilled is causing problems. There is no coordination or cooperation between the relevant institutions responsible for water management and frequently the water taken from these wells does not meet quality standards because no geological surveys were prepared.

The environment (rivers, lakes and coastal waters) tends to be polluted due to the total lack of wastewater treatment plants.

Sanitation is more beset with problems than drinking water. Sanitation coverage in urban areas is almost the same as drinking water coverage, while in rural areas only a small portion of the areas with piped water supply are also equipped with sewer networks.

Surface waters are largely contaminated. The two main contaminant factors are: (i) urban wastewater directly discharged into surface water bodies; and (ii) pollution by industry, though the latter has lessened during the economic crisis. A monitoring programme of the urban discharges (solid and wastewater) has been implemented since 2001, supported by the Ministry of Environment, and is gradually being extended. It is carried out in very close coordination with the MED POL monitoring programme of UNEP.

The responsible institutions for drinking water supply are: National Water Council (NWC); Ministry of Environment, Forests and Water Administration; The Ministry of Public Work, Transport and Telecommunications; The Ministry of Agriculture, Food and Consumer Protection; The Local Governments (municipalities)¹⁵³.

The heating system has been recently applied in Albania, due to legislative change towards improving the living conditions. Today, a building constructor has to include the heating system when applying for a construction licence.

The CEB study on “Trends and Progress in Housing Reforms in SEE”¹⁵⁴ concluded that much of the informal housing was built to a reasonable standard but lacked adequate infrastructure. Possibly half of the households in the city live in areas that do not have proper access to water, electricity or waste disposal. Informal owners are less likely than flat owners to view their property as a tradable asset, but this form of housing has provided a flexible response to housing needs, allowing families to build gradually and extend their housing when their finance permitted. The value of informal housing construction is estimated at \$ 40 million a year.

ACCES TO WATER ACROSS REGIONS					
Main household water source (% of households)	Coastal	Central	Mountain	Tirana	Total
Running water inside	44.8	45.8	29.7	92.1	48.3
Running water outside	15.1	19.5	28.3	4.6	17.6
Water truck	0.4	1.5	0.3	0.1	0.9
Public tap	6.9	9.7	18.3	2.0	9.0

¹⁵³ Ibid.

¹⁵⁴ Economic Commission for Europe. See also the UNECE Country Profiles and Social Housing Guidelines, 2002, <http://www.unece.org/hlm/prgm/cph/countries/albania/coverPages.pdf>

Spring or well	30.2	21.5	23.1	1.3	22.3
River, lake, pond	0.1	1.7	0.3	0.0	0.9
Other	2.5	0.3	0.0	0.0	0.9
	100.0	100.0	100.0	100.0	100.0

Source: LSMS 2002

3.4.3 Health care system

The Institute of Public Health (IPH)

Under the Ministry of Health, the IPH¹⁵⁵ is responsible for health protection (particularly the prevention and control of infectious diseases and the national vaccination programme), environmental health and the monitoring of drinking water and air quality. It works mainly through the district public health services. Monitoring of food quality is a responsibility that the Ministry of Agriculture and the Ministry of Health share.

In 2000, the IPH merged with the former National Directorate of Health Education and Promotion, and it now coordinates the directorate's former functions. The Ministry of Environmental Protection, created in September 2001, currently performs the function of environmental protection, which was previously performed by the National Environment Agency¹⁵⁶.

Health Insurance Institute (HII)

Another major health system change was the introduction of social health insurance in 1995. The HII is a national statutory fund, which in 1996 was granted autonomy as a quasi-governmental body accountable to the parliament.

Coverage is being extended cautiously in a series of planned stages. Individual contributions to the national fund are – in principle – compulsory, and nearly 70% of the population was covered by 1997. At the moment, very few people are insured in Albania. According to the official statistics of the Health Insurance Institute (Instituti i Sigurimeve të Kujdesit Shëndetësor) 600 000 Albanians are insured and able to profit from the public health service.¹⁵⁷ HII enrolment varies among different population groups. Most of the unwaged, including children, women who work at home and the elderly, are automatically covered by the state budget. Until recently, the HII was financially responsible for only the salaries of PHC doctors and essential pharmaceuticals.¹⁵⁸

In 2000, the HII initiated two pilot initiatives:

- Funding all PHC expenditures in the Tirana Prefecture, including salaries of not only doctors but also nurses and other personnel, as well as the recurrent costs for these services;
- Funding the Durrësi Regional Hospital.

¹⁵⁵ www.isshe.gov.al last accessed December 2006.

¹⁵⁶ For more information see www.moe.gov.al, www.moh.gov.al, <http://www.moh.gov.al/faqet/msh/organizimi.htm>

¹⁵⁷ 'Kontributet për shëndetin- Shqipëria e fundit ne rajon' at <http://www.shekulli.com.al/news/50/ARTICLE/2798/2007-01-07.html>

¹⁵⁸ <http://www.moh.gov.al/faqet/msh/organizimi.htm> Last accessed May 2007

These pilot initiatives are part of the government's strategy to extend health insurance coverage. The HII is on its way to becoming the primary purchaser of health care services in Albania¹⁵⁹.

Private sector

Private health services reappeared in Albania in the beginning of the 1990s, following the collapse of the Communist regime. New legislation and the reform of the health sector paved the way for the development of various types of private services and facilities¹⁶⁰. Today the private sector provides the following important health services¹⁶¹:

- *Drug distribution.* Most of the drug distribution system in Albania is private. A dozen wholesale companies import most of the drugs, biological products and diagnostic equipment in the country. A network of about 750 private pharmacies and pharmaceutical agencies ensure a good distribution of drugs all around the country, including rural areas. The establishment of the health insurance scheme and the subsidizing of essential drugs have strengthened the development of the private drug distribution network¹⁶².
- *Dentistry services.* Dental care is private, with the exception of emergency dental services and services provided in school to children up to age 18. Both of these public services are free¹⁶³.
- *Medical care.* Private medical care has been developing rapidly, despite the country's difficult economic situation. Most private services are provided in diagnostic centres and specialized outpatient clinics located in large urban areas, particularly Tirana. Albanian legislation does not allow doctors employed in the public sector to practice medicine privately, except for professors from the Faculty of Medicine at the University of Tirana. However, the rapid expansion of the private sector makes it more likely that some public doctors are moonlighting. There are no private hospitals or inpatient facilities yet in Albania. Most private sector facilities are well equipped and organized. Some of these health services are financed and organized by foreign NGOs, private agencies or religious bodies such as the Roman Catholic Church or the Christian Orthodox Church. However, there are no mechanisms in place to monitor the quality of services offered by private facilities. In addition, there is no exchange of information between private and public facilities¹⁶⁴.

Infectious and parasitic diseases no longer present a major cause of mortality, but remain a significant morbidity burden. Vaccine preventable diseases appear largely under control. After the last outbreak of polio in 1996, Albania was declared a polio-free country in 2002. The last nationwide measles epidemic took place in 1989-1990. Measles has since continued

¹⁵⁹ Ibid.

¹⁶⁰ South East Europe Review. Bajram Hysa. "Liberalisation and reform of the health service in Albania", 1/2004, p. 137. www.ceeol.com/aspx/getdocument.aspx?logid=5&id=027929B4-46E9-41C9-AA1F-BDCE79B838F9 - last accessed December 2006.

¹⁶¹ <http://www.moh.gov.al/ligjHTM/13.htm> Last accessed May 2007

¹⁶² Ligji nr. 9323 datë 25.11.2004 "Për barnat dhe shërbimin farmaceutik" at <http://www.moh.gov.al/faqet/proclit/aktprivat.htm> Last accessed April 2007

¹⁶³ <http://www.moh.gov.al/ligjHTM/13.htm> Last accessed May 2007

¹⁶⁴ <http://www.moh.gov.al/faqet/baza/statistika.htm> Last accessed May 2007

to circulate, with sporadic and limited outbreaks but causing no deaths. The Government's National Vaccination Program aims at completely eradicating measles by 2010.¹⁶⁵

Albania ranks low among HIV/AIDS prevalence rate countries, but it exhibits all risk factors that may lead to a rapid increase in the disease. The reported incidence of HIV/AIDS (0.1 %) is low, but underreporting is likely and there are indications that the incidence of the disease is on the rise. Sixty percent of the 116 HIV cases registered were reported between 1993 and 2003, 30 new cases were reported between November 2003 and July 2004¹⁶⁶.

Although they are spotty, survey data suggest a considerable incidence of malnutrition among Albania's children. According to the 2002 LSMS, almost one in three children is moderately stunted, while one in five is severely stunted. About 8 % are moderately wasted, while about 1 % is severely wasted. About 13 % and 3 % are moderately and severely underweight, respectively.

3.4.3.1 Health care infrastructure

Albanian health care services are delivered in poor facilities with inadequate equipment. A basic primary health care system¹⁶⁷ orientated towards Medical Clinical Health was established prior to 1990. Most of the doctors have not been trained in general practice. A typical health post is staffed by a nurse or midwife and provides maternity care, child health services¹⁶⁸ and immunizations. Rural health services have ceased to function in some areas, however, due to equipment shortages and staff resignations.

In urban areas, large polyclinics provide specialist outpatient care, but now they are also used by people as their first point of contact with medical care. Previously, patients had to use General Paediatricians (GP) to obtain a referral to specialists, even though GPs were not highly respected as health professionals. This referral system is no longer functioning. The Ministry of Health has introduced fees for those who bypass their GPs but, so far, this disincentive has had little effect¹⁶⁹.

Dental care has been almost entirely privatised, although free dental care is still available in emergencies and for children up to the age of 18 in school-based clinics. These clinics suffer from a shortage of good equipment however, and their staff lack adequate training¹⁷⁰.

Public health and preventive services such as school health and health education will also be included, along with MCH services and family planning¹⁷¹.

Albania is currently experiencing a blood donor crisis¹⁷², and is struggling to move away from paying donors toward voluntary, free blood donations.

¹⁶⁵ Albanian Health Reform Project. "Towards a healthy country with healthy people. Public health and health promotion strategy". Year x. http://www.moh.gov.al/PdfStrategji/strategjia_versioni_i_fundit.pdf

¹⁶⁶ World Bank Albania Health Sector Note Report no 32612-AL, February 2006, p. 5 http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2006/04/26/000160016_20060426172842/Rendered/INDEX/32612.txt

¹⁶⁷ Primary health care policy. Tirana, 1995.

¹⁶⁸ GJONÇA, A., Communism, health and lifestyle: the paradox of mortality transition in Albania, 1950-1990: studies in population and urban demography. Greenwood Publishing Group, 2001.

¹⁶⁹ Bulletin of the Institute of Public Health, Nr. 1, 2001

¹⁷⁰ *ibid.*

¹⁷¹ *ibid.*

¹⁷² Government of Albania Et Al. Growth And Poverty Reduction strategy 2001-2004, 2001, <http://www.imf.org/External/NP/prsp/2001/alb/01/113001.pdf>

Tertiary care remains quite limited in Albania and is located mainly in Tirana. It is provided by the following facilities:

- Tirana University Hospital (also called Mother Tereza), with around 1600 beds the largest hospital in the country, offering secondary and tertiary care;
- Tirana Obstetric and Gynaecology Hospital, offering secondary and tertiary care;
- Lung Disease Hospital, offering secondary and tertiary care and long-term treatment for tuberculosis patients;
- The Military Hospital, under the Ministry of Defence, specializing in traumatology and containing the university orthopaedic department.

In addition to the elderly, other risk groups also need the special attention and care that basic social services can provide. They include mentally and physically disabled people, children and youth at risk, women and families at risk, etc¹⁷³. The existing services have limited capacity compared to the demand, and consequently, people are being excluded. Moreover, the services are not comprehensive, and they do not combine rehabilitation and therapy with information, prevention and integration¹⁷⁴.

There is a lack of sufficient information on private providers and their services. The Ministry of Health's ability to collect and process information is limited¹⁷⁵. It does not register private providers every year, nor does it have a decent database on them.

Hospitals remain publicly owned, most of them by the Ministry of Health. It plans to reorganize hospitals at three levels: national, regional (prefecture) and district. In spite of the relatively low numbers of hospital beds, Albania also has a low hospital admission rate¹⁷⁶. Secondary grade care is provided mainly by district hospitals. The district hospital map in Albania is quite complicated at present and strongly reflects historical patterns: there are 20 hospitals of 100 to 400 beds, and 22 smaller hospitals. District hospitals provide a minimum of four basic services: internal medicine, paediatrics, general surgery and obstetrics/gynaecology.

According to the Ministry of Health Statistics Unit¹⁷⁷, the number of health centres fell from 702 in 1994 to 564 in 2000, while the number of health posts decreased from 1973 to 1582 during the same period. In rural areas, a typical health centre is staffed by up to three PHC doctors, plus nursing staff. In urban areas, large polyclinics provide specialist outpatient care, but now they are also used by people as their first point of contact with medical care. The Ministry of Health has introduced fees for those who bypass their GPs. Local governments now own PHC facilities in rural areas. In urban areas, health facilities are still owned by the Ministry of Health. This division in the country's decentralization of health services

¹⁷³ Ministry of Health, METIS ASSOCIATES. Hospital sector management report. 2001.

See also: Albania Health System Strategy 2007 to 2013, march 2007

<http://www.keshilliministrave.al/shqip/dsdc/archive/Sector%20strategy%20-%20Health%20-%20Apr%202007%20-%20Albanian.pdf>

¹⁷⁴ Ibid.

¹⁷⁵ The World Bank, Health system recovery and development project: staff appraisal report. Washington, DC, 1998 http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/1998/05/14/000009265_3980624164332/Rendered/INDEX/multi0page.txt

¹⁷⁶ Besim Nury, The European Observatory on Health Care Systems, Health care systems in transition; 2002, <http://www.euro.who.int/document/E80089.pdf>

¹⁷⁷ www.euro.who.int/healthinfo/FocalPoints last accessed December 2006.

has led to under-funded rural health services and better-funded urban health services¹⁷⁸.

Health centres are supposed to be on separate sites than polyclinics, medical centres and hospitals. Many health centres were renovated and re-equipped in the period 1999-2000, and the Ministry of Health is rebuilding others with financial assistance from ECHO, the World Bank and the Government of Germany.

Health centres in rural areas have a limited number of beds, most of them for maternity care. In 2005 the country had 671 health centres, 1675 ambulances, 50 polyclinics, 1845 child consulting rooms, and 51 hospitals with a total of 9284 beds¹⁷⁹.

District directorates and the Tirana Regional Health Authority (TRHA)

Health directorates used to be organized around separate vertically integrated services, such as maternal and child health (MCH), but they have been replaced with a hospital directorate and a PHC directorate. The directorates are administered primarily through the Ministry of Health district bureaucracy.

3.4.3.2 Eligibility criteria and access to health care services

While the state remains the major source of health care financing, its contribution shrank from around 84 % in 1990 to less than 60 % in 1999 as other funding, especially out-of-pocket payments, increased.

Eligibility for health care is now based on both citizenship and payment of insurance contributions. Access to free primary care and pharmaceuticals is restricted to patients (and their dependants) who have paid their insurance contributions. During their first year, children are automatically insured by the state and receive free essential drugs. There are also co-payments for abortions. All dental care has been privatised, except for emergency dental care and patients under the age of 18.

3.4.3.3 Costs of healthcare

A survey conducted in Albania in 2000 concluded that under-the-table payments are most common in state hospitals.¹⁸⁰ Everyone there from the cleaner to the surgeon is regarded as being involved in this practice. Among respondents, 87 % admitted to having tipped a public hospital doctor and 86 % a nurse. The survey concludes that the prevailing belief among the general public is that such payment is necessary in order to get proper treatment, and in some cases, to get any treatment at all. More than a quarter of the respondents stated that a doctor implied they would not be treated if they did not pay. The majority said that they paid without being asked¹⁸¹. The survey reveals something about the economic and moral crisis the Albanian society is going through and raises some important questions on equity of access to health services.

¹⁷⁸ <http://www.moh.gov.al/faqet/msh/organizimi.htm> Last accessed April 2007

¹⁷⁹ Institute of Statistics. Social Indicators Yearbook. Tirana, 2005, p. 21.

¹⁸⁰ Albanian Health Insurance Institute (HII), Statistical Report, 2000.

¹⁸¹ , Ministry of Health & World Bank, IMB INTERNATIONAL. "Public information advocacy: Albania: the Albanian public's perceptions of the health care system". Brussels, 2000.

See also: Health care systems in transition; Besim Nury, "The European Observatory on Health Care Systems," 2002, <http://www.euro.who.int/document/E80089.pdf>

Health Care Costs:

HOSPITAL COSTS - YEAR 2005		
Cost per bed day by hospital level*		
	EUR	LEK
Primary	11	1,385.90
Secondary	14.40	1,808.06
Tertiary	19.75	2,469.59
Cost per outpatient visit by hospital level*		
	EUR	LEK
Primary	3.36	421.79
Secondary	4.78	598.26
Tertiary	7.08	885.00
HEALTH CENTRE COSTS YEAR 2005		
Cost per visit at health centre by population coverage ¹⁸² for a 20 minute visit**		
	EUR	LEK
50%	2.5	312.26
80%	2.5	312.26
95%	2.7	339.46

* Public facility, 80% occupancy rate, excludes drugs and diagnostics

** Public facility, at different population coverage, excludes drugs and diagnostics

Official out-of-pocket payments account for an increasing proportion of health care revenue, but the full extent of such payments is unknown. It is likely, however, that they prevent low-income people from obtaining services and pharmaceuticals.

Albanians have always paid part of their drug costs in pharmacies. The shift to a free market economy and the privatisation of pharmacies resulted in price rises, but the increases have been largely mitigated by the health insurance subsidies for essential

¹⁸² Population coverage: the percent of population with physical access to primary health facilities, defined as living within 5 km or 1 hour away from the facility.

drugs¹⁸³. Pharmaceuticals on the essential list are fully or partly reimbursed, while other drugs, most dental care and some other services are paid for out-of-pocket.

3.4.3.4 Discrimination in health care system

The main discrimination remains the salary level compared to the phenomena of brain drain in Albania. The medical staff remains underpaid, and discriminated. The issues of Roma minorities is covered by a special document produced by the Albanian Government in 2003, the National Strategy for Roma minorities, through which the state provides special education and creates facilities and representation at all levels. The reality shows that there are only few cases when individuals representing this minority group have completed the necessary education. This issue covers also the access to health care services.

3.4.3.5 Services of non-state agents in health care

Private insurance and private medical practice have both been legal in Albania since 1992. Due to the country's current economic and political condition however, private insurers have not sought to enter the health insurance market. External aid accounts for a considerable proportion of Albanian health care funding. External aid to Albania comes from foreign governments and NGOs. There are many NGOs and professional associations¹⁸⁴ active in the Albanian health sector. Some of them are very large and well organized, such as the Albanian Red Cross¹⁸⁵, an organization that has branches and volunteers in every district of the country. Others are more modest and operate in limited geographic areas.

NGOs such as Albanian centre for Rehabilitation of Victims of Torture, the CRS etc. provide services free of charge, through donations.

3.4.3.6 Diseases that cannot be effectively treated in the country

There is no concrete and realistic statistics in this respect. But the statistics reported by the Ministry of Health show that the diseases that need long and expensive treatments such as blood related diseases, X-ray treatment, and intensive care are those which cannot be effectively treated in Albania¹⁸⁶.

3.4.3.7 Supply with standard medicines

In 1994, an essential drugs list of 174 products was drawn up, adapted from the WHO Essential Drugs List¹⁸⁷. The Health Institute only reimburses the pharmaceuticals on this list, either in part or in full. The list was expanded to 278 drugs in 1997, and to

¹⁸³ Ministry of Health, METIS ASSOCIATES. "Hospital sector management report". 2001.

See also: Albania Health System Strategy 2007 to 2013, march 2007

<http://www.keshilliministrave.al/shqip/dsdc/archive/Sector%20strategy%20-%20Health%20-%20Apr%202007%20-%20Albanian.pdf> Last accessed May 2007

¹⁸⁴ Many NGO's in the health sector are members of a large umbrella organization set up for the purpose of information exchange and coordination. Professional associations such as the Order of Physicians, the Nurses' Association, the Dentists' Association, the Family Doctor Association, etc serve the health professions.

¹⁸⁵ www.kksh.org.al/ last accessed October 2006.

¹⁸⁶ Ibid.

¹⁸⁷ www.euro.who.int/pharmaceuticals/Topics/Overview/20020430_12

308 drugs in 2001. Drug reimbursement absorbed 70% of the HII budget in 2002, when it had reimbursement contracts with 754 pharmacies and pharmaceutical posts.

As of December 2003, only infants under one year old, invalids and war veterans received full subsidies for essential pharmaceuticals. Other subsidies are categorized by therapeutic application, for example, drugs used for cancer or tuberculosis.

Hospitals purchase essential drugs three months in advance based on anticipated need. As funding is very limited, they often run out of drugs before new supplies arrive, so that patients must often buy their medications from private pharmacies.

Private pharmacies, which number more than 500, are well stocked and better managed than hospital dispensaries. There is no shortage of essential drugs, but the absence of a good regulatory framework allows poor practices to continue, such as the dispensing of drugs that are inferior quality, outdated or unregistered.

LIST OF ABBREVIATIONS

ALERT Albanian Epidemiological Reporting Tool

ECA Europe and Central Asia

EPP Employment Promotion Programmes

EU European Union

GDP Gross Domestic Product

GP General Practitioner

GPRS Growth and Poverty Reduction Strategy

HIF Health Insurance Fund

HII Health Insurance Institute

HIV Human Immunodeficiency Virus

HLCS Household Living Conditions Survey

HR Human Resources

ILO International Labour Organization

INSTAT Institute of Statistics

IPH Institute of Public Health

IPR Immovable Property Registries

LIO Labour Inspectorate Office

LLO Local Labour Offices

LSMS Living Standards Measurement Survey

MDGs Millennium Development Goals

MoE Ministry of Education

MoES Ministry of Work, Social Affairs and Equal Opportunities

MoF Ministry of Finance

MoFA Ministry of Foreign Affairs

MoI Ministry of Interior

MoPO Ministry of Public Order

NEA National Employment Agency

NHA National Housing Agency

OECD Organization for Economic Co-operation and Development

PHC Primary Health Care

PISS Public Institute of Social Security

RLO Regional Labour Offices

SEE South East Europe

SMEs Small and Medium size Enterprises

TRHA Tirana Regional Health Authority

UNDP United Nations Development Programme

UNICEF United Nations Children's Fund

USAID United States Agency for International Development

USAID United States Agency for International Development

WDI World Development Indicators

WHO World Health Organization