

# ALBANIA





## HIGHLIGHTS

- **Albania entered 2026 with solid growth momentum but persistent structural constraints.** Growth remained strong in the first half of 2026, supported by domestic demand, tourism and favourable financing conditions, while the current account deficit narrowed to a record low and public debt continued to decline. Inflation hovered around the central bank's 3 per cent target despite the oil price shock, and the 2026 budget envisages a wider deficit to support higher investment and social spending.
- **Reform momentum continued and alignment with the European Union (EU) deepened.** Following confirmation in May 2026 that Albania had met the interim rule-of-law benchmarks, it provisionally closed its first three negotiating chapters in July 2026, followed by a fourth in October. Progress was made in the business environment, innovation, access to finance, and support for green and digital firms. New laws and digital procedures are making the economy more predictable, market oriented and aligned with EU standards. However, implementation remains uneven and further delivery will depend on stronger administrative capacity and closer monitoring.

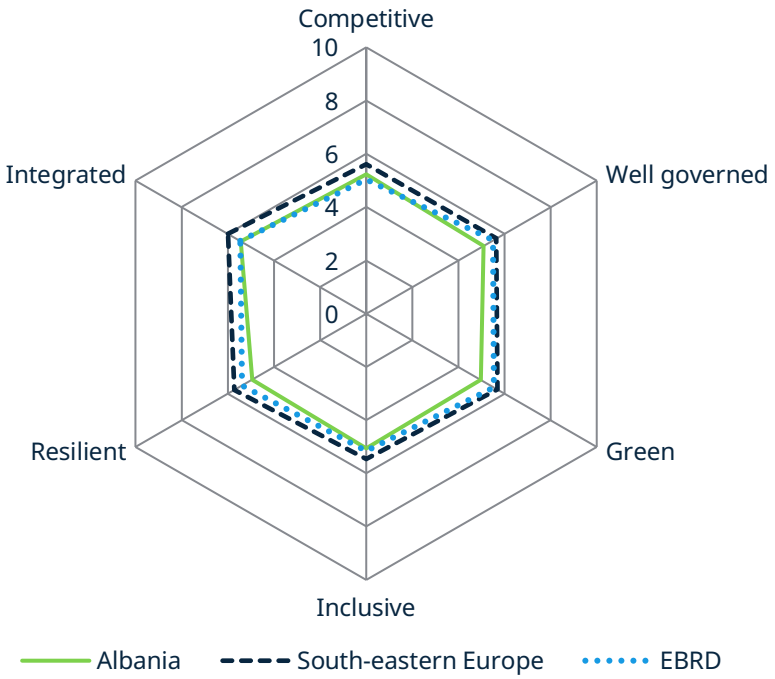
- **Fiscal oversight has been strengthened.** Fiscal and governance reforms moved forward, with continued revenue mobilisation through better tax administration, customs efficiency and formalisation, alongside preparatory work on a fiscal council. The new Concessions and Public-Private Partnerships (PPP) Law strengthens fiscal oversight, transparency and EU alignment by removing unsolicited bids, requiring prior feasibility studies and expanding publication requirements.

*For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.*

## KEY PRIORITIES FOR 2027

- **Shift reform implementation from formal milestones to measurable delivery.** Priority should be given to measures that unlock further EU Growth Plan disbursements, including stronger investment legislation, improved business regulation, and better coordination across ministries and agencies.
- **Strengthen fiscal governance and public investment management**. Establishing an independent fiscal council, publishing comprehensive fiscal-risk statements, improving oversight of state-owned enterprises (SOEs) and PPPs, reducing tax exemptions, and ensuring mature, high-quality projects enter the medium-term budget framework would all help protect fiscal sustainability and raise investment efficiency.
- **Accelerate the green transition while protecting inclusion.** Priorities include renewable-energy auctions and permitting, grid flexibility, energy efficiency in buildings, electricity market integration with neighbouring countries, skills development in energy and tourism, women's economic participation, and targeted support for small and medium-sized enterprises (SMEs) preparing for EU single-market requirements.

## ASSESSMENT OF TRANSITION QUALITIES (1-10)




*For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.*

## KEY REFORMS AND POLICY DEVELOPMENTS[1]

**The EU accession and Growth Plan, and the Reform Agenda**

- The EU accession process gained further momentum in 2026. Following the fulfilment of rule-of-law benchmarks in May 2026, Albania has started to close its first negotiating chapters. Three chapters were provisionally closed in July 2026, followed by one more in October.
- Implementation of the National Reform Agenda 2024-27 advanced, and recent EU assessments recognised progress on the business environment, innovation, access to finance and support for green and digital firms. As of May 2026, €212.8 million had been released by the European Commission under the Reform and Growth Facility of the EU Growth Plan for the Western Balkans.
- An external assessment by the European Commission noted the need for stronger administrative capacity and monitoring, and faster implementation of delayed governance, investment and energy measures.
- In September 2026, at the Interparliamentary Conference on EU Enlargement held in Tirana, Albania reaffirmed its goal to conclude EU accession negotiations by 2027 and join the bloc in this decade. Representatives of Albanian institutions and the European Parliament noted the progress made, but also the need for concrete results on implementing reforms.

1 From the fourth quarter of 2025 to October 2026.

**Fiscal governance and revenue mobilisation**

- The Medium-Term Revenue Strategy continued to support revenue gains through improved tax administration, customs efficiency and formalisation, particularly in tourism and construction. The 2026 fiscal package introduced additional measures, while the government aims to raise the revenue-to-GDP ratio through better collection rather than higher headline tax rates.
- In October 2026 the parliament adopted the law establishing a fiscal council, fulfilling an important requirement under the Reform and Growth Facility of the EU Growth Plan for the Western Balkans.

**New law on concessions and PPPs**

- The law, approved in December 2025, removes unsolicited bids, requires prior feasibility studies approved by the Ministry of Finance, and strengthens fiscal oversight, transparency and EU alignment.
- It also gives the Ministry of Finance and public procurement and concession agencies stronger roles in monitoring contracts, while requiring the publication of bid prices, selection criteria and related procurement information.

**Green transition and energy-market reform**

- The new Electricity Sector Law adopted in June 2026 is aligning the sector more closely with EU Clean Energy Package rules.
- It broadens regulation to cover storage, aggregation, active clients, energy communities and electric vehicle charging, while introducing stronger consumer protections and market flexibility.

**New law on digital identity**

- The law, effective from June 2026, is aligned with EU e-identity rules. It introduces a free Digital Identity Wallet to enable secure electronic identification, signatures and access to digital public and private services.
- The reform strengthens data protection, trust services and regulatory oversight, while supporting easier service delivery, digital economy development and Albania's EU integration agenda.