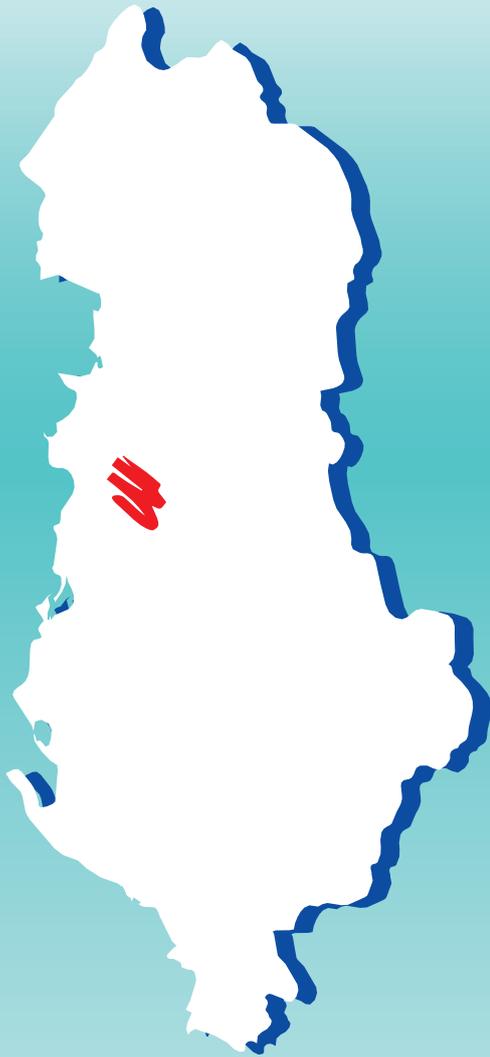




**CATHOLIC UNIVERSITY**  
OUR LADY OF GOOD COUNSEL



# ALBANIA IN THE EYES OF THE WORLD 2022

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REPORT



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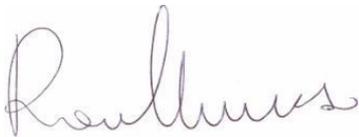


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## *Foreword*

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



Raul Caruso

Director

European Centre of Peace Science, Integration and Cooperation

Catholic University 'Our Lady of Good Counsel'

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## *Abbreviations (TO CHECK)*

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<b>CPI</b>	<b>Corruption Perceptions Index</b>
<b>ETI</b>	<b>Energy Transition Index</b>
<b>FAO</b>	<b>Food and Agriculture Organisation</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>GPI</b>	<b>Global Peace Index</b>
<b>HDI</b>	<b>Human Development Index</b>
<b>HDR</b>	<b>Human Development Report</b>
<b>IFAD</b>	<b>International Fund for Agricultural Development</b>
<b>KOF</b>	<b>Konjunkturforschungsstelle</b>
<b>MENA</b>	<b>Middle East and North Africa</b>
<b>ND-GAIN</b>	<b>Notre Dame Global Adaptation Initiative</b>
<b>NGO</b>	<b>Non-Governmental Organisation</b>
<b>ONAC</b>	<b>National Anti-Trafficking Coordinator</b>
<b>PPI</b>	<b>Positive Peace</b>
<b>RoL</b>	<b>Rule of Law</b>
<b>SDG</b>	<b>Sustainable Development Goal</b>
<b>SLAPP</b>	<b>Strategic Litigation Against Public Participation</b>
<b>UN</b>	<b>United Nations</b>
<b>UNDP</b>	<b>United Nations Development Programme</b>
<b>UNICEF</b>	<b>United Nations International Children Emergency Fund</b>
<b>US</b>	<b>United States</b>
<b>WB6</b>	<b>Western Balkans Six</b>
<b>WEF</b>	<b>World Economic Forum</b>
<b>WHO</b>	<b>World Health Organisation</b>

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## *1. Global Peace Index*

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The Global Peace Index, an annual report published by the Institute of Economics and Peace, is dedicated to assessing the peace levels attained by countries across the globe, employing diverse indicators and thematic dimensions. Drawing from a comprehensive set of 23 quantitative and qualitative indicators, this index delves into three primary domains: (i) Societal safety and security, (ii) Ongoing domestic and international conflicts, and (iii) Militarisation. Notably, the index encompasses 99.7% of the world's population, thus providing a broad and representative evaluation of global peace dynamics. The Global Peace Index (GPI) is graded on a scale from 1 to 5. It functions as an inverted measure of peace, where scores closer to one reflect higher levels of peace, while scores closer to five indicate lower levels of peace. According to the 17th edition of the Global Peace Index in 2023, it has been reported that global peacefulness has experienced a reduction for the 9th consecutive year. On average, global peacefulness deteriorated by 0.42% in 2022. The war in Ukraine has exerted a substantial impact on global peacefulness, notably affecting both Ukraine and Russia. According to the Global Peace Index, Ukraine experienced the largest deterioration in peacefulness, while Russia followed closely as the fifth largest in terms of deterioration in peacefulness. Besides the ongoing Russia-Ukraine war, the potential economic impact of a Chinese blockade of Taiwan is recognized as another critical element that could lead to a deterioration in the future level of global peacefulness. In the year 2022, 84 countries showed improvements in their levels of peacefulness, while 79 countries experienced deteriorations in peacefulness. In 2022 both the Safety and Security domain and the Ongoing Conflict domain experienced deteriorations in peacefulness. However, there was a positive development in the "Militarisation" domain, which recorded a slight improvement, continuing a long-term trend of progress in this particular area. In 2022, the economic impact of violence on the global economy amounted to \$17.5 trillion in purchasing power parity (PPP) terms. This figure represents approximately 12.9% of the world's GDP or \$2,200 per person. Notably, this economic impact increased by 6.6% compared to the previous year. The primary driver of this increase was the rise in the total economic impact of global military expenditure, which experienced a significant uptick of 16.8%. In 2022, the Middle East and North Africa (MENA) region retained its status as the world's least peaceful region. It was notable for being home to four of the ten least peaceful countries globally. However, it also experienced the most significant improvement in peace compared to previous years. On the other hand, Europe remained the most peaceful region in the world and was home to seven of the ten most peaceful countries. However, over the past year, tensions between European countries and Russia escalated, leading to a deterioration in peace across all three domains of the Global Peace Index (GPI). As a result, Europe's overall level of peacefulness is now lower than it was 15 years ago, indicating a concerning decline in the region's peaceful conditions.

Regarding Albania, when considering the period from 2016 to 2022, there has been a slight increase in the level of peace (with lower scores indicating higher levels of peace) for the second consecutive year. This positive trend can be attributed primarily to the "Societal and Safety and Security" domain, which has shown continuous improvement since 2017. Comparing the scores for the year 2022 with respect to 2021, it is observed that there was a slight improvement only in the "Social and Safety and Security" domain, with the score decreasing from 2.27 in 2021 to 2.08 in 2022. There was no change in the "Ongoing Domestic and International Conflict" domain, with a score of 1.40 remaining the same as in 2021. Additionally, there was a minor decrease in the "Militarisation" domain, with the score being 1.67 in 2022 compared to 1.66 in 2021. The economic cost of violence is estimated to be approximately 6% of GDP, which translates to \$1,626 US dollars in purchasing power parity (PPP) terms. Albania is ranked 29th out of 36 countries in the European region. Chart 1 presents the Global Peace Index scores for Albania and its primary domains over the period from 2016 to 2022.

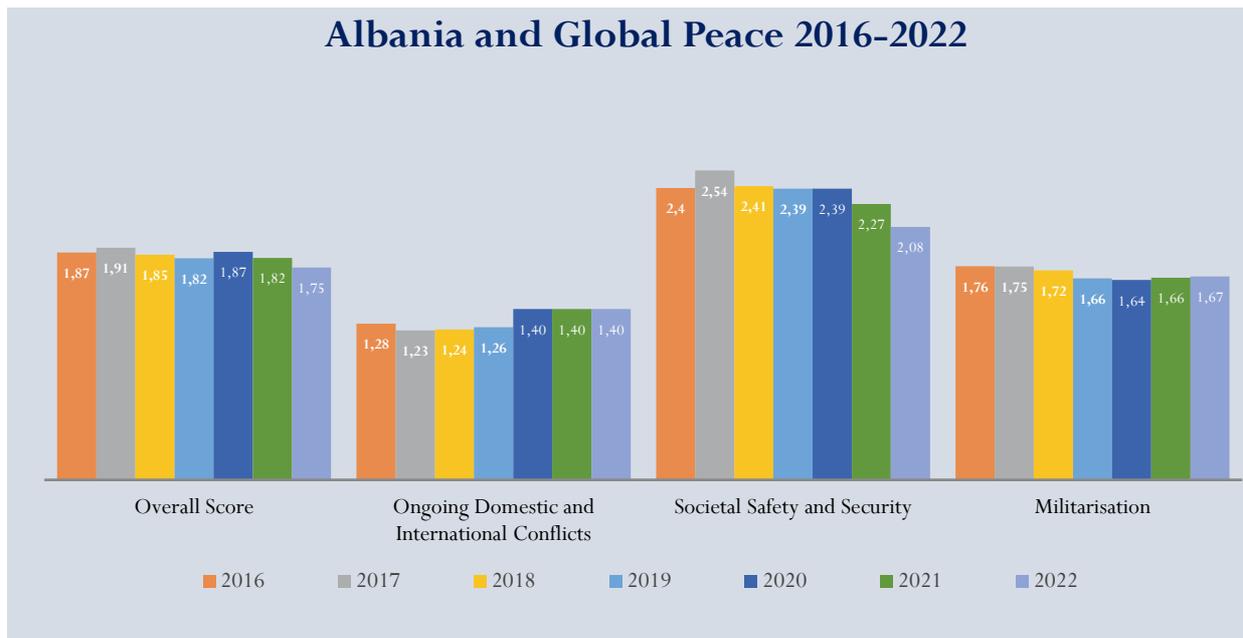


Chart 11

With reference to the Western Balkan region, except for Serbia, all countries demonstrated an improvement in terms of their absolute Global Peace Index scores, indicating a trend towards increased peacefulness. However, despite these improvements, the rise in their rankings was not sufficient to advance significantly in the overall ranking. Specifically, when comparing the scores for 2022 with those of 2021, Albania's score decreases from 1.82 to 1.75, maintaining its 40th position in the ranking. Montenegro's score decreased from 1.85 in 2021 to 1.77 in 2022 and it advanced by 5 positions in the ranking, attaining the 45th position. North Macedonia's score decreased from 1.74 to 1.71, yet it lost one position in the ranking, placing 38th. Similarly, Bosnia and Herzegovina's score decreased from 1.97 in 2021 to 1.89 in 2022, but it experienced a drop of 4 positions in the ranking, placing 61st. Kosovo's score also decreased from 2.02 in 2021 to 1.95 in 2022, although it maintained the same position in the ranking at 80. On the contrary, Serbia registered an increase in its Global Peace Index score, rising from 1.8 in 2021 to 1.92 in 2022 and it lost 5 positions in the ranking, placing 65th overall. Charts 2 to 5 display the comprehensive Global Peace Index scores and their respective domains for all WB6 countries.

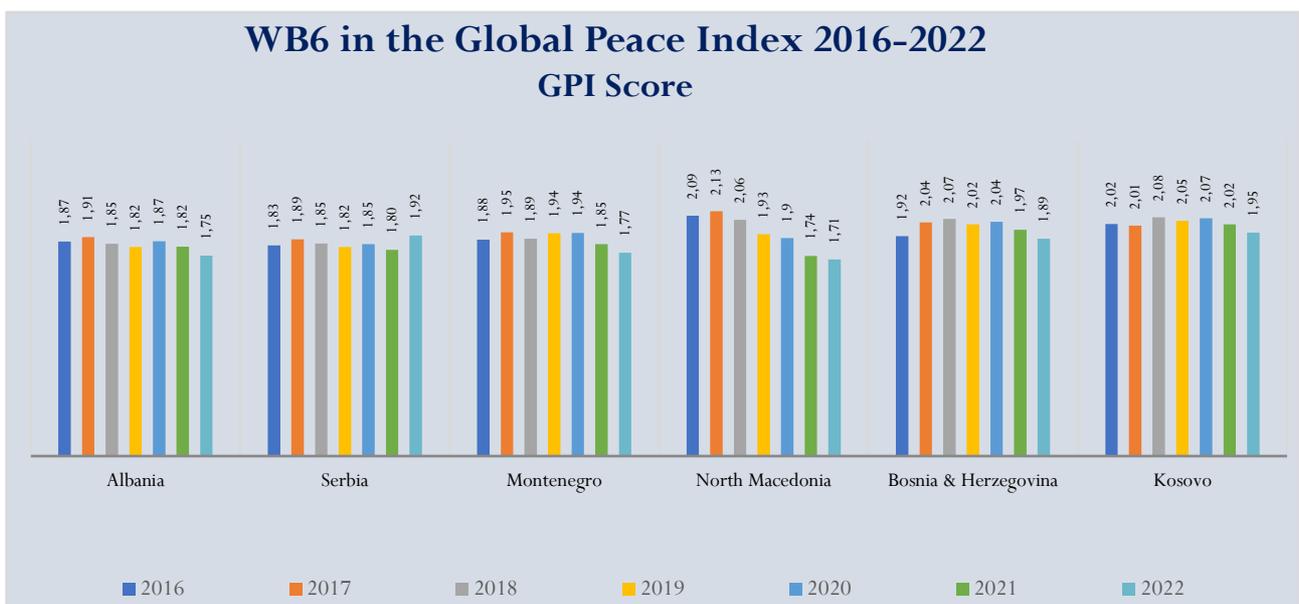


Chart 22

### WB6 In the Global Peace Index 2016-2022 Societal Safety and Security

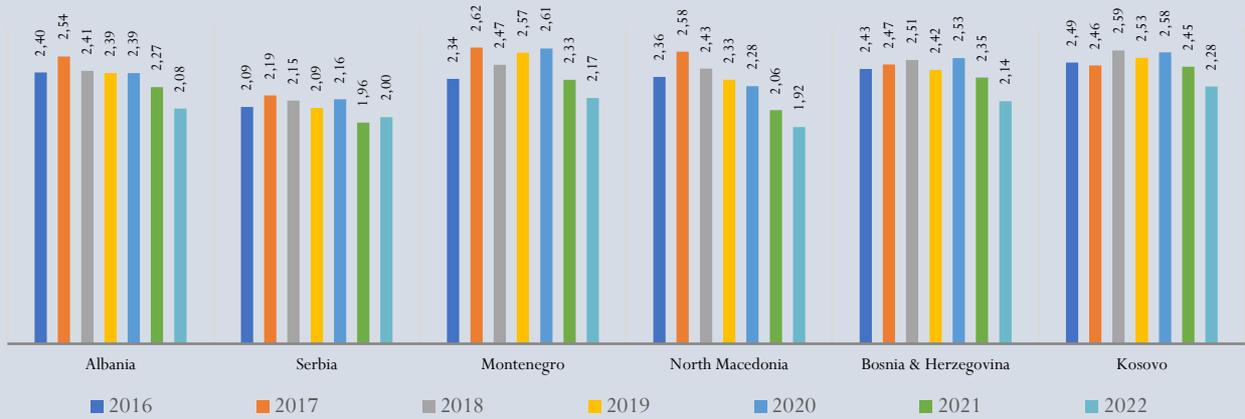


Chart 33

### WB6 in the Global Peace Index 2016-2022 Ongoing domestic and international conflicts



Chart 44

### WB6 in the Global Peace Index 2016-2022 Militarisation

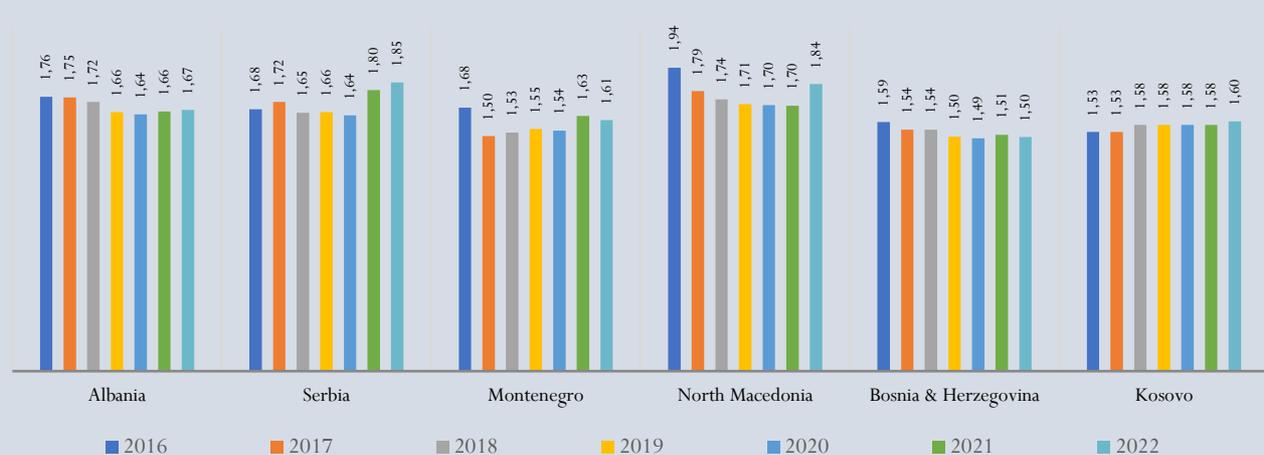


Chart 55

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## 2. Positive Peace Index

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The Positive Peace Index is an annual publication issued by the Institute of Economics and Peace, which aims to conceptually develop the thematic of global peace. The positive peace concept, as defined by the Institute of Economics and Peace, pertains to "the attitudes, institutions, and structures that create and sustain peaceful societies." These robust and effective sociopolitical structures provide the national community with the means to incorporate justice and equity into the social system. The report suggests that higher levels of positive peace are associated with improved environmental outcomes, progress in achieving the United Nations Sustainable Development Goals, enhanced population well-being, higher per capita income, and greater resilience. The Positive Peace Report assesses positive peace using eight indicators (pillars): (i) Well-functioning Government, (ii) Sound Business Environment, (iii) Equitable Distribution of Resources, (iv) Acceptance of the Rights of Others, (v) Good Relations with Neighbors, (vi) Free Flow of Information, (vii) High Levels of Human Capital, and (viii) Low Levels of Corruption. The Positive Peace Index (PPI) is rated on a scale from 1 to 5, wherein scores closer to one signify higher levels of peace, and scores closer to five indicate lower levels of peace. This inverted measure enables a comprehensive evaluation of positive peace across various regions and countries.

During the period from 2009 to 2022, a notable trend emerged in Positive Peace, with a greater number of countries, specifically 125, experiencing improvement, accounting for nearly 77% of all assessed countries. Globally, Positive Peace witnessed a two per cent improvement over this time frame. The surge in Positive Peace was primarily attributed to advancements in the Structures domain, which exhibited a significant 7.5% improvement since 2009. This domain gauges the technological and economic foundations that underpin social development. Conversely, the Attitudes domain displayed a decline of over two per cent in the past decade, indicative of increased political polarization, heightened intolerance towards diverse viewpoints and opinions, and diminished trust in governmental institutions. The Institutions domain showed marginal improvement during this period. Among the eight Pillars of Positive Peace, six demonstrated progress since 2009, albeit with minimal improvements observed in Good Relations with Neighbours, Equitable Distribution of Resources, and Sound Business Environment. However, Low Levels of Corruption and Well-Functioning Government experienced deterioration. Over the past decade, nearly all regions displayed gains in Positive Peace, with the Middle East and North Africa (MENA) region exhibiting only marginal improvement. The sole region to experience a decline was North America.

Regarding Albania, the Positive Peace Index (PPI) score exhibited an improvement in 2022 when compared to the data from 2020 (with data for 2021 being unavailable). Specifically, the PPI increased from 2.93 in 2020 to 2.88 in 2022. Although the score was higher than that of 2017 when Albania's PPI stood at 2.78, it appears that the country resumed its positive trajectory after experiencing a setback in 2020 due to the impact of the Covid-19 pandemic. Chart 6 depicts the Positive Peace Index (PPI) scores for Albania from the years 2017 to 2022.

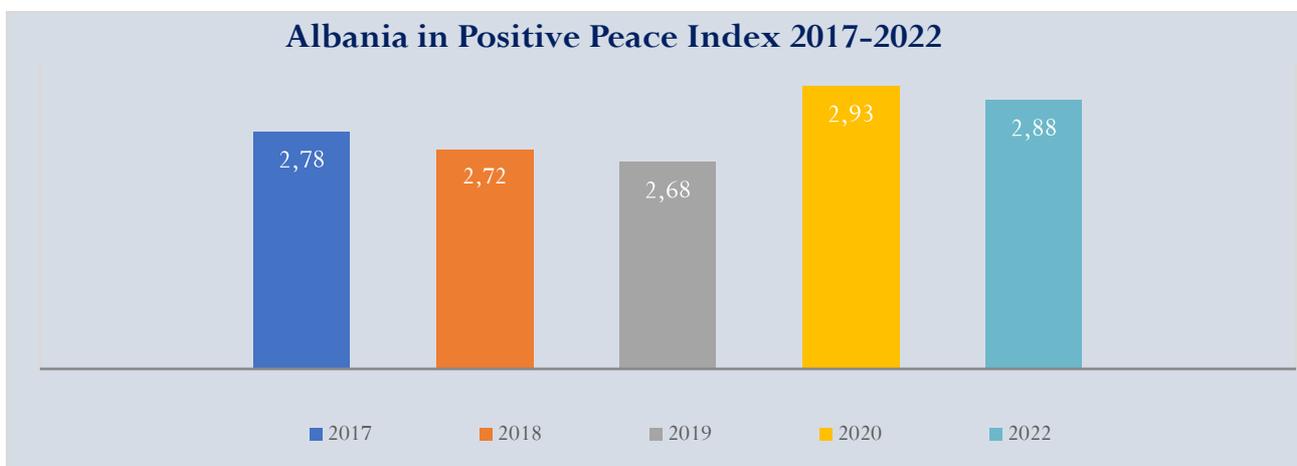


Chart 66

Concerning the Western Balkans 6 countries, Chart 7 presents the trajectory of the Positive Peace Index (PPI) during the period from 2017 to 2022, revealing a heterogeneous picture. Among the WB6 nations, only Albania and Kosovo demonstrated an improvement in their PPI in 2022 compared to 2020, with their scores decreasing by 0.05 and 0.4, respectively. In contrast, the remaining countries in the region showed a slight increase in their PPI, indicating a deterioration in positive peace. Specifically, Serbia's score increased by 0.04 in 2022 compared to 2020, while both Montenegro and Bosnia and Herzegovina observed a 0.01 increase in their PPI scores in 2022 compared to 2020. Notably, North Macedonia's PPI score remained unchanged at 2.87 in 2022 compared to 2020. These findings highlight the varying trends in positive peace among the Western Balkans 6 countries during the specified period.

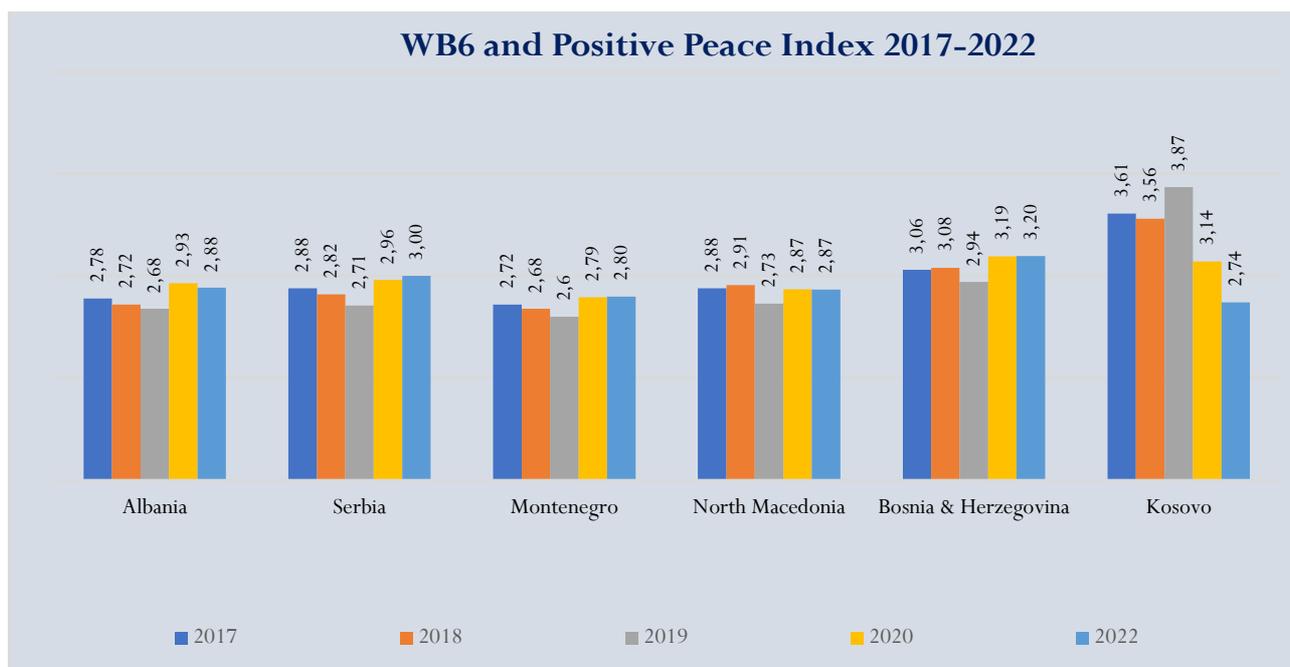


Chart 77

### 3. State of Food Security and Nutrition in the World

The State of Food Security and Nutrition in the World is a publication released by the Food and Agriculture Organization (FAO) in collaboration with the International Fund for Agricultural Development (IFAD), the United Nations Children's Fund (UNICEF), the World Food Programme (WFP), and the World Health Organization (WHO). It is an annual flagship report whose primary purpose is to offer insights into the advancements made in eliminating hunger, attaining food security, and enhancing nutrition. Additionally, the report provides comprehensive analysis of the significant obstacles encountered in achieving these objectives, particularly within the framework of the 2030 Agenda for Sustainable Development.

According to FAO, global hunger, as measured by the prevalence of undernourishment (Sustainable Development Goal Indicator 2.1.1), showed minimal change from 2021 to 2022. However, it remains significantly higher than pre-COVID-19 pandemic levels, affecting approximately 9.2 percent of the world's population in 2022, compared to 7.9 percent in 2019. It is estimated that between 691 and 783 million individuals worldwide faced hunger in 2022, with the midrange estimate indicating 735 million people, which represents an increase of 122 million individuals facing hunger compared to 2019, before the global pandemic. Progress in reducing hunger was observed in Asia and Latin America from 2021 to 2022, but hunger continues to rise in Western Asia, the Caribbean, and all subregions of Africa. Moderate or severe food insecurity (SDG Indicator 2.1.2) at the global level remained unchanged for the second consecutive year, with around 29.6 per cent of the global population, equivalent to 2.4 billion people, experiencing food insecurity in 2022. Among them, about 900 million individuals (11.3 per cent of the global population) faced severe food insecurity. Food

insecurity disproportionately affects women and rural populations, with 33.3 per cent of adults in rural areas experiencing moderate or severe food insecurity in 2022, compared to 28.8 per cent in peri-urban areas and 26.0 per cent in urban areas. The gender gap in food insecurity has narrowed from 3.8 percentage points in 2021 to 2.4 percentage points in 2022. Approximately 42 per cent of the global population, or over 3.1 billion people, were unable to afford a healthy diet in 2021. This represents an increase of 134 million individuals compared to 2019, but it decreased by 52 million people from 2020 to 2021. In 2022, an estimated 148.1 million children under five years of age (22.3 per cent) experienced stunting, 45 million (6.8 per cent) were wasted, and 37 million (5.6 per cent) were overweight. Stunting and wasting were more prevalent in rural areas, while overweight was slightly higher in urban areas. The prevalence of child overweight and low birthweight has seen little change, and the prevalence of wasting remains more than double the 2030 target. Urbanization, with an estimated seven in ten people projected to live in cities by 2050, is transforming agrifood systems along the rural-urban continuum. This presents both challenges and opportunities in ensuring access to affordable healthy diets. Challenges include the greater availability of cheaper, convenient, pre-prepared, and fast foods that can contribute to malnutrition, inadequate access to vegetables and fruits for healthy diets, exclusion of small farmers from formal value chains, and loss of lands and natural capital due to urban expansion. However, urbanization also offers opportunities, such as longer and more complex food value chains, expanding income-generating activities through off-farm employment, especially for women and youth, and increasing the variety of nutritious foods. Farmers often gain better access to agricultural inputs and services as urban areas grow closer to rural areas.

Concerning Albania, remarkable strides have been achieved since 2000 in addressing the Prevalence of Undernourishment in the Total Population. In the biennium 2004-2006, the estimated percentage of undernourishment stood at 8.9%. However, during the period 2020-2022, this figure witnessed a reduction of less than half, with the prevalence of undernourishment reaching 4.1%. However, it is important to note that the current estimate of 4.1% remains higher than the regional average for Southern Europe<sup>1</sup>, which stands below 2.5%. Despite the notable improvements, Albania's undernourishment levels still exhibit a disparity when compared to the overall region's prevailing situation in Southern Europe. Regarding food insecurity, significant improvements have also been observed, as illustrated in Chart 8. Specifically, the prevalence of severe food insecurity in the total population decreased by 2.5 percentage points, declining from 10% during the biennium 2014-2016 to 7.5% in the biennium 2020-2022. Despite this progress, it is worth noting that the current prevalence of severe food insecurity in Albania remains higher than the regional average for Southern Europe, which stands at 2.3% for the biennium 2020-2022. Moreover, positive developments have been recorded in the prevalence of the severe or moderate food insecurity indicator, which decreased from 38.8% in the biennium 2014-2016 to 30.2% in the biennium 2020-2022. Nevertheless, these figures still significantly surpass the Southern Europe regional average, which respectively stood at 10% for the biennium 2014-2016 and 7.5% for the biennium 2020-2022. Despite progress made, food insecurity remains a pressing concern in Albania, and further efforts are required to align with the regional benchmarks for Southern Europe. In 2022, with respect to children under the age of 5, the prevalence of wasting was recorded at 1.6%, representing the second lowest value in the region, with only Portugal showing a lower value of 1.1%. Chart 9 provides an overview of the figures for stunting and overweight in children under the age of 5 for the years 2012 and 2022. Both indicators demonstrate improvement over the ten-year period. Specifically, the percentage of children under 5 affected by stunting decreased from 16.4% in 2012 to 8.3% in 2022, registering an 8.1% reduction over the decade. However, it is important to note that this indicator still remains considerably higher than the Southern Europe average, which stands at 3.9% in 2022. Regarding the prevalence of overweight children under the age of 5, the indicator declined from 22.4% in 2012 to 13.4% in 2022, representing a 9% reduction over the same period. Despite this improvement, the percentage of overweight children remains above the Southern Europe average, which is recorded at 8.3% in 2022. Efforts to address stunting and overweight in young children have shown progress, yet further endeavors are needed to approach the regional benchmarks for Southern Europe.

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

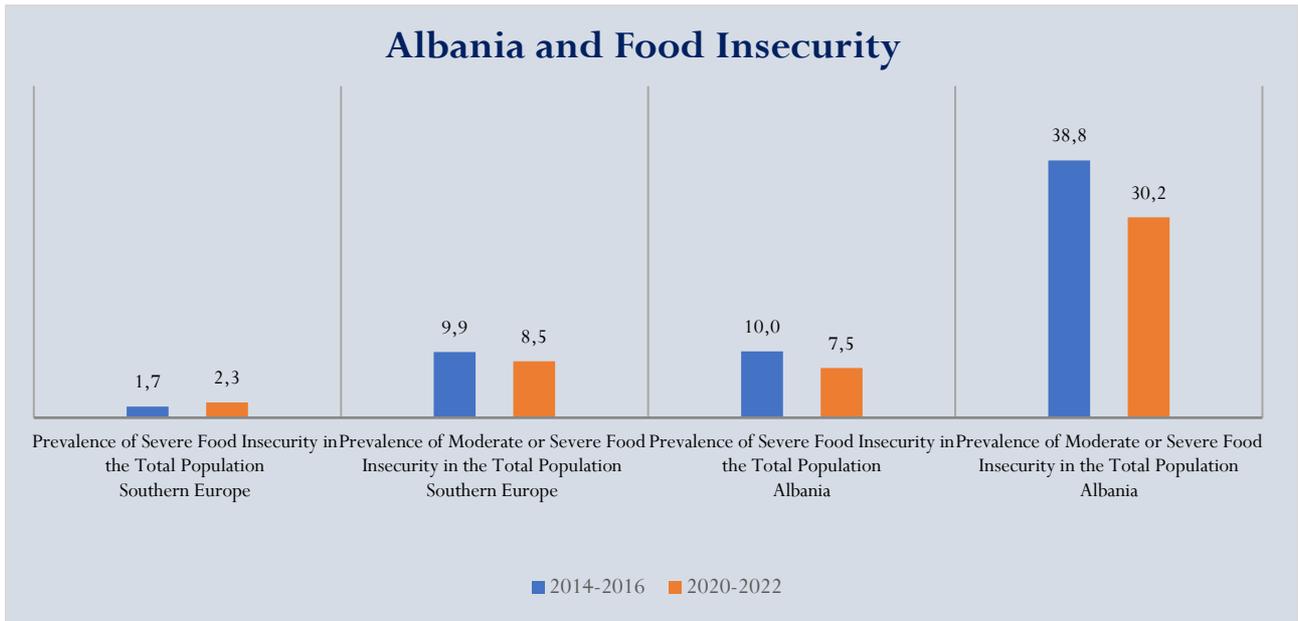


Chart 88

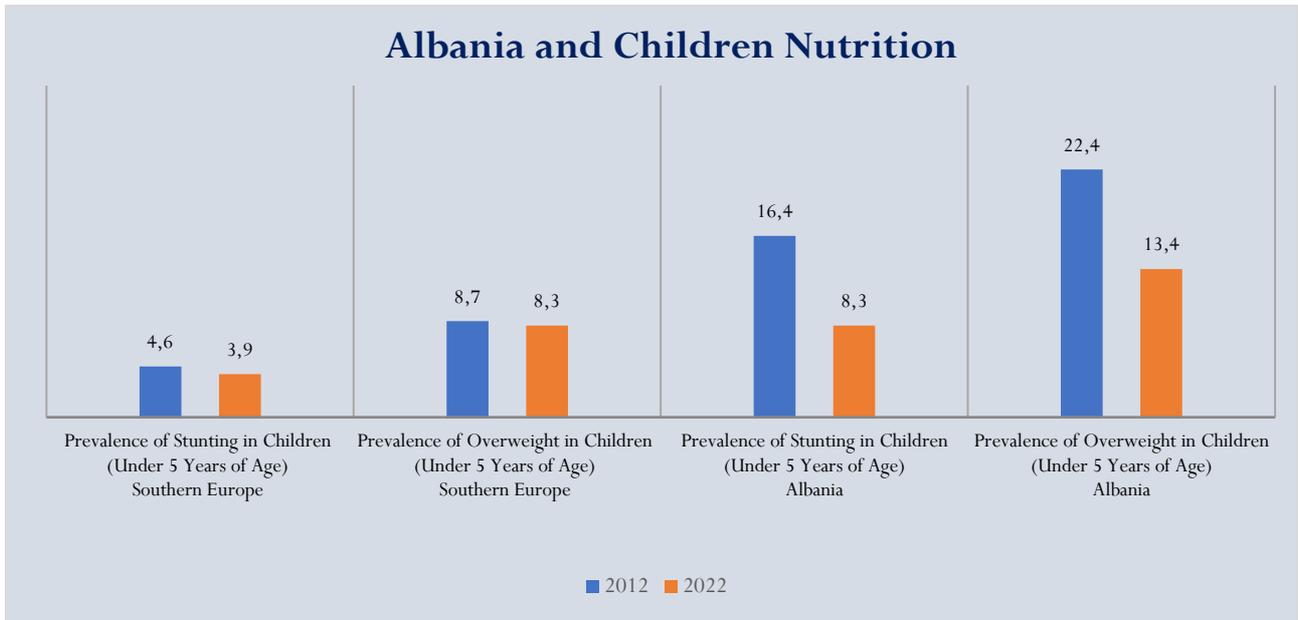


Chart 99

When examining the WB6, it becomes evident that the majority of them either align with the regional average or have shown improvements concerning undernourishment of total population. Notably, Bosnia and Herzegovina and Serbia have been in line with Southern Europe estimates for the prevalence of undernourishment in the population since the period 2004-2006, with figures below 2.5%. This pattern has persisted through the period 2020-2022. In contrast, Albania has demonstrated a notable reduction in the prevalence of undernourishment in the population, experiencing a decline of 4.8%, from 8.9% during the period 2004-2006 to 4.1% in the period 2020-2022. Similarly, Montenegro, which had a 5.4% prevalence of undernourished population during the period 2004-2006, is now in line with the Southern Europe average, indicating a prevalence below 2.5%. Furthermore, North Macedonia has also shown improvement in this indicator, albeit to a lesser extent, transitioning from 4.9% prevalence in the period 2004-2006 to 3.6% in the period 2020-2022. Charts 10 and 11 illustrate the prevalence of severe food insecurity and moderate and severe food insecurity, respectively, in the WB6 countries.

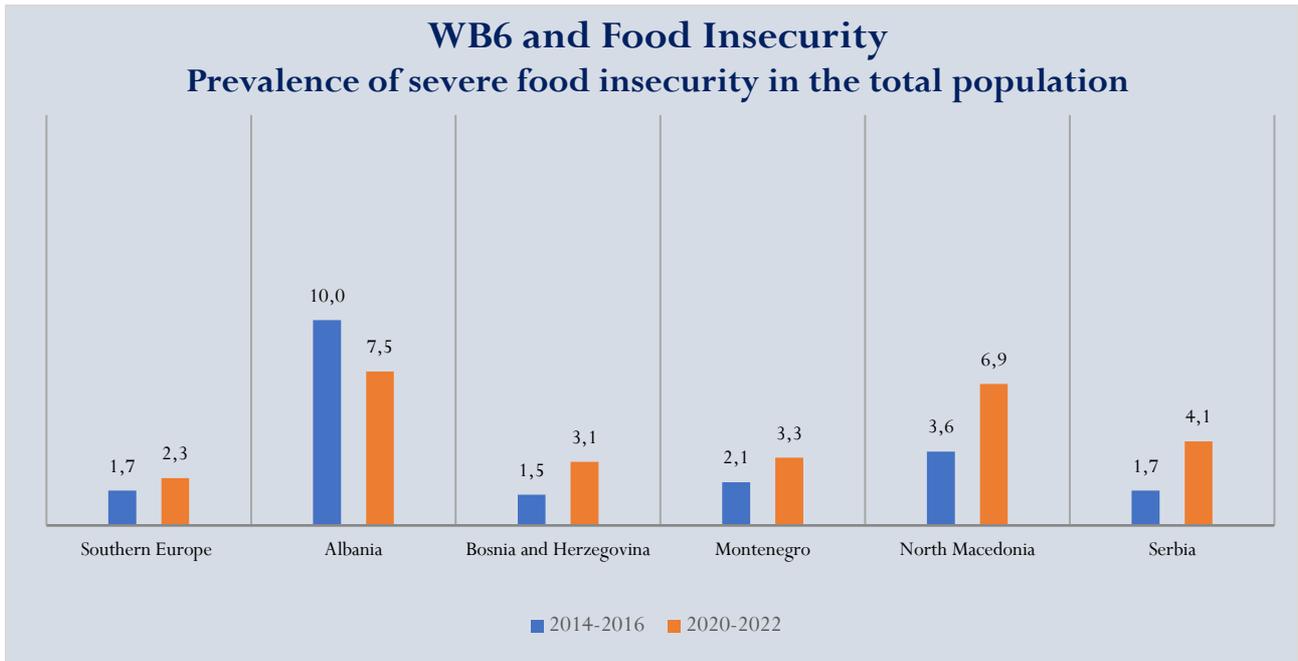


Chart 1010

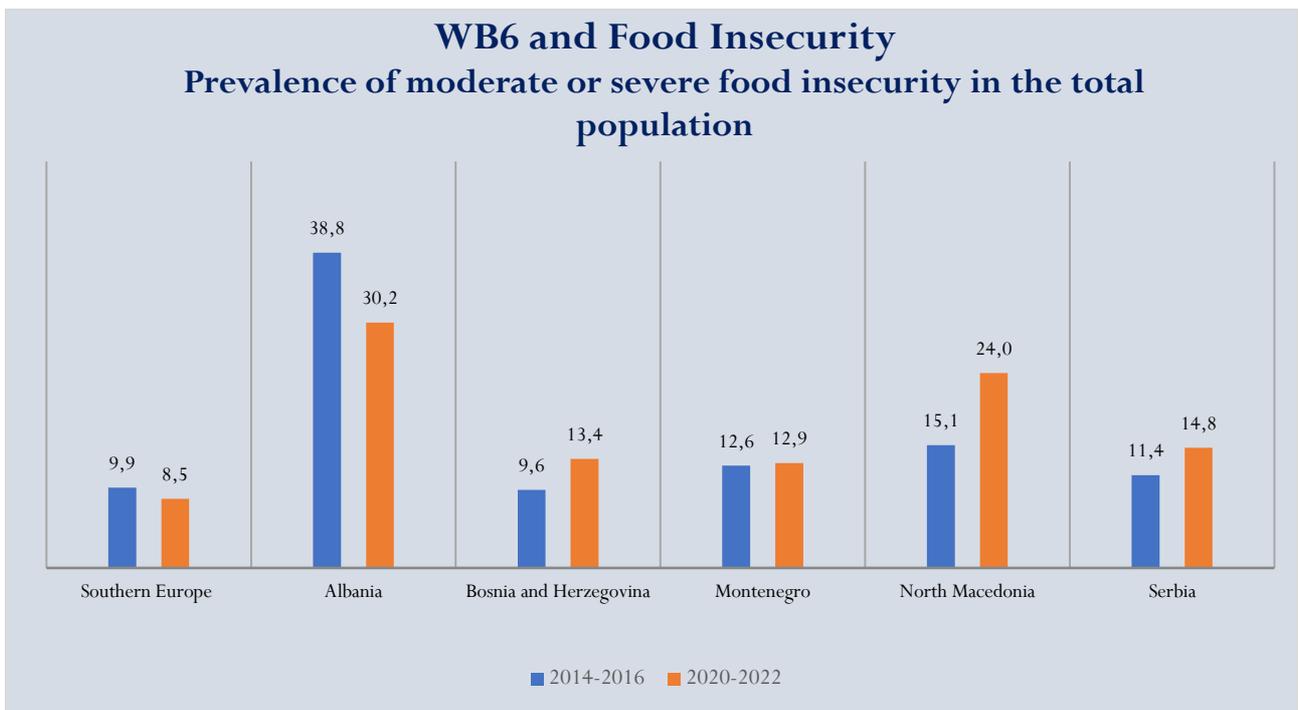


Chart 1111

Regarding food insecurity, the situation appears to be reversed. As depicted in the charts, with the exception of Albania, whose initial figures in the period 2014-2016 were considerably higher compared to the regional average, all other countries in the Western Balkans 6 (WB6) show a deterioration in the food insecurity indicator. This applies to both the prevalence of severe food insecurity and the prevalence of moderate or severe food insecurity. In the case of severe food insecurity, lower performance can be attributed to Bosnia and Herzegovina and Serbia. In the period 2014-2016, their figures were in line with or below the regional average, at 1.5 and 1.7, respectively, while the regional average was 1.7 in the same period. However, for the period 2020-2022, these countries show percentages of 3.1 and 4.1, which are above the regional average for the same period, which was 2.3. A similar trend can be observed when considering the prevalence of moderate or severe food insecurity. On a regional basis, there has been a downward trend, with figures in Southern Europe showing 9.9 in 2014-2016 and 8.5 in 2020-2022. Apart from Albania, whose initial figures in 2014-2016 were

significantly above the regional average, all other countries in the WB6 exhibit a deterioration of this indicator. Notably, North Macedonia shows the worst performance with an 8.9% increase in the prevalence of moderate or severe food insecurity between the periods of 2016-2016 and 2020-2022. These findings highlight the challenging situation of food insecurity in the region and underscore the need for concerted efforts to address this pressing issue.

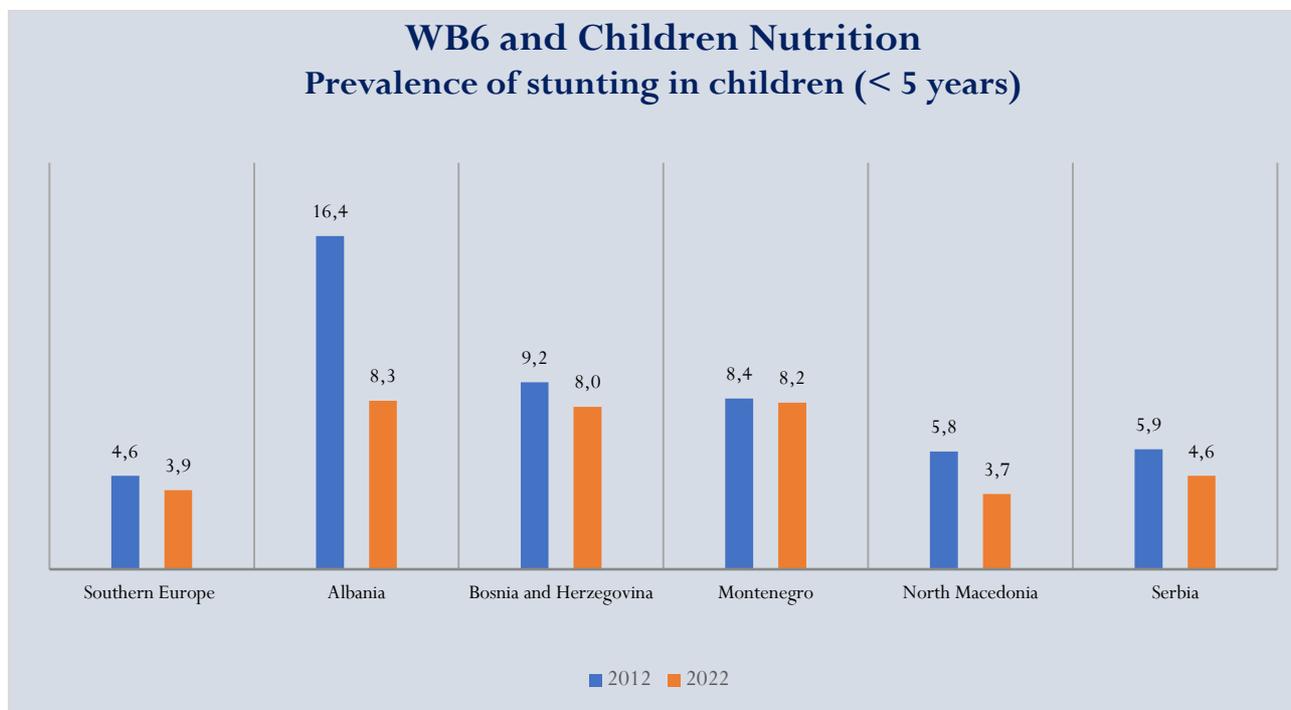


Chart 1212

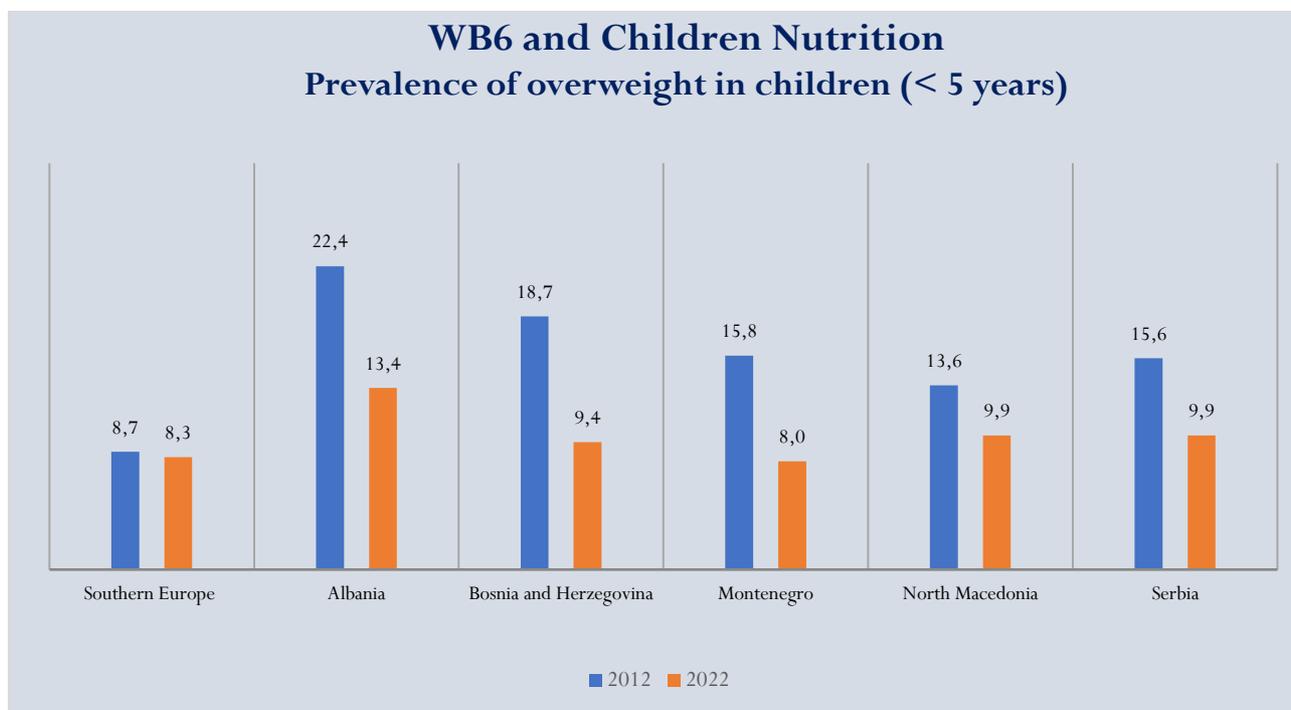


Chart 1313

Charts 12 and 13 present data concerning children's nutrition in the WB6 countries. Regarding stunting in children under the age of 5, all WB6 countries present figures significantly above the Southern Europe average,

despite showing improvements in the indicator. From 2012 to 2022, Albania experienced a reduction of 8.1%, reaching 8.3% in 2022. However, this percentage remains considerably higher than the regional average of 3.9%. Slight improvements have been recorded in all WB6 countries between 2012 and 2022. Specifically, Bosnia and Herzegovina recorded a reduction of 0.8 percentage points, Montenegro of 0.2, and Serbia of 1.3. The most significant improvement was observed in North Macedonia, which exhibited a reduction in the aforementioned indicator from 5.8% in 2012 to 3.7% in 2022, falling below the Southern Europe average of 3.9% in 2022. Regarding overweight in children under the age of 5, all WB6 countries exhibit significant improvement. From 2012 to 2022, the prevalence of overweight children in Albania reduced by 9 percentage points, Bosnia and Herzegovina by 9.3, North Macedonia by 3.7, and Serbia by 5.9. Despite these improvements, the prevalence of overweight children in all these countries remains above the Southern Europe average of 8.3%. The only country that falls below the Southern Europe average is Montenegro, where the indicator decreased from 15.8% in 2012 to 8% in 2022. This substantial reduction indicates a positive trajectory in addressing overweight issues in young children in Montenegro, surpassing the regional benchmark.

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#### 4. *Freedom in the World*

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

According to *Freedom in the World 2023*, global freedom has been on a continuous decline for the 17<sup>th</sup> consecutive year. The conflict initiated by Moscow in Ukraine resulted in severe human rights violations. Several countries experienced coups and attempts to undermine representative government, leading to destabilization in Burkina Faso, Tunisia, Peru, and Brazil. Repressive actions and ongoing political turmoil in Guinea, Turkey, Myanmar, and Thailand, among others, further eroded basic liberties. The struggle for democracy seems to be reaching a critical juncture, as the gap between countries showing improvements in political rights and civil liberties and those facing declines is the narrowest in 17 years. While 34 countries demonstrated improvements, only 35 experienced declines. These positive changes were driven by more competitive elections and the easing of pandemic-related restrictions that hindered freedom of assembly and movement. Although authoritarians continue to pose significant challenges, they are not invincible. Recent events revealed their vulnerabilities and showcased openings for democratic forces. Autocrats’ focus on political control at the expense of competence exposed the limitations of their authoritarian models. In contrast, democratic alliances demonstrated resilience and solidarity.

In the 2023 edition, Albania maintains its status as “Partly Free”. In the 2023 edition, Albania maintains its classification as “Partly Free,” with an unchanged Freedom Score of 67 out of 100. Chart 14 illustrates the trajectory of sub-indicators during the period from 2019 to 2023. A comparison between 2023 and 2022 indicates no alterations. Notably, the declines observed in the Political Pluralism and Participation domain in 2020 and the Associational and Organizational Rights domain in 2021 have not been reversed as of the latest evaluation in 2023.

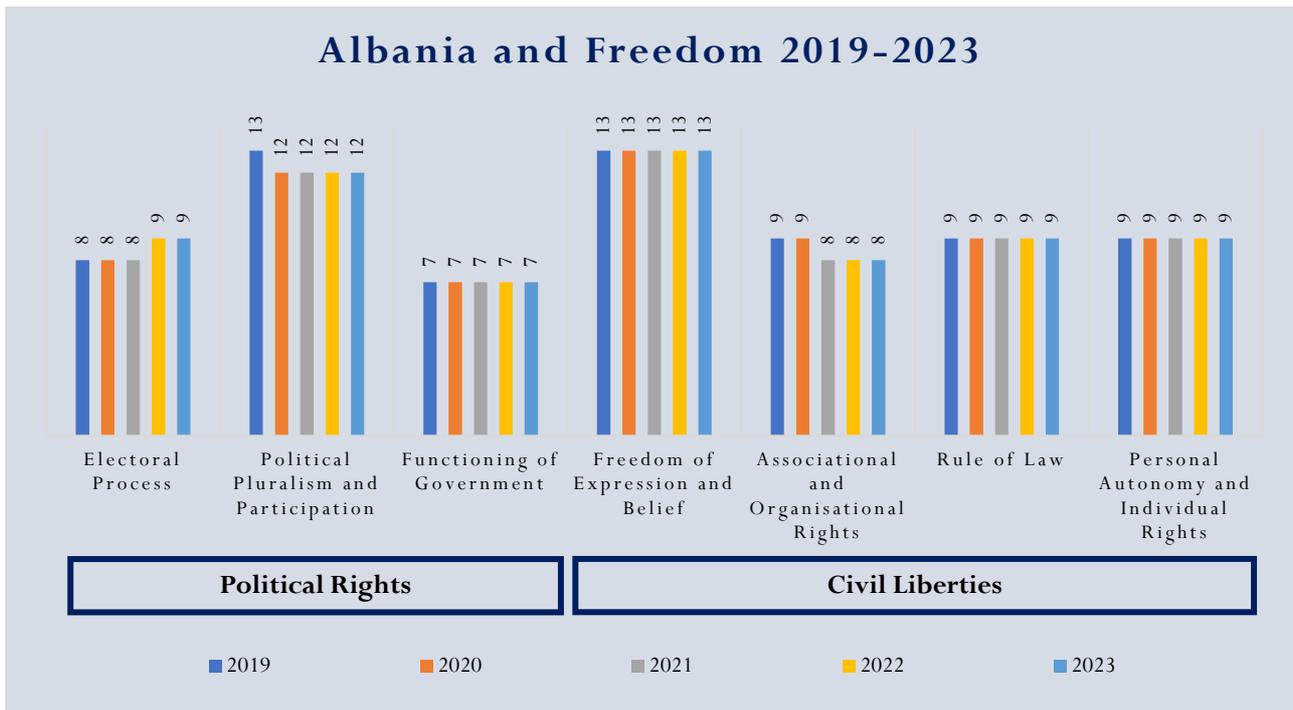


Chart 1414

Chart 15 presents a comparative analysis between 2023 and 2018 for all WB6 countries. Upon examination, it is evident that Albania experienced a marginal decline in its freedom level in 2023, scoring 67 out of 100, compared to 68 out of 100 in 2018. This decrease can primarily be attributed to a slight reduction in the Civil Liberties domain, which obtained a score of 39 out of 60 in 2023, as opposed to 40 out of 60 in 2018. The minor fluctuations observed in the freedom level had no bearing on the overall classification of the country, which remained consistent as “Partly Free” in both 2018 and 2023. In 2023, Serbia experienced the most significant decline in its freedom level when compared to 2018, as evidenced by a decrease in its freedom score from 73 out of 100 to 60 out of 100, leading to a shift in classification from “Free” to “Partly Free.” This deterioration can be attributed to reductions in both the Political Rights and Civil Liberties domains. The former decreased from 28 out of 40 in 2018 to 20 out of 40 in 2023. Notably, Serbia exhibited reductions across all indicators within the Political Rights domain during the considered period: the Electoral Process decreased from 9 to 6, Political Pluralism and Participation decreased from 12 to 9, and Functioning of Government decreased from 7 to 5. Within the Civil Liberties domain, the sub-indicator Freedom of Expression and Belief decreased from 13 to 12 from 2018 to 2023, Associational and Organizational Rights decreased from 10 to 7, Personal Autonomy and Individual Rights decreased from 13 to 12, while the Rule of Law remained stable at 9. Montenegro maintains its classification as “Partly Free” in 2023, consistent with its status in 2018. The overall score remained unchanged at 67 out of 100 for both years. Notably, there was a marginal improvement in the Political Rights domain, with a score of 26 out of 40 in 2023 compared to 25 out of 40 in 2018. However, a slight decline was observed in the Civil Liberties domain, with a score of 41 out of 60 in 2023 compared to 42 out of 60 in 2018. The situation in Bosnia and Herzegovina is comparable, with a slight decrease in its score to 52 out of 100 in 2023, as opposed to 55 out of 100 in 2018, while maintaining its status as “Partly Free.” The reduction in the Freedom score can primarily be attributed to contractions in the Political Rights domain, which decreased to 18 out of 40 in 2023, compared to 21 out of 40 in 2018. On the other hand, the Civil Liberties domain remained stable at 34 out of 60 for both years, with no significant changes observed. Conversely, North Macedonia exhibits a notable improvement in its Freedom score. The score, which was 58 out of 100 in 2018, increased significantly to 68 out of 100 in 2023, although the country’s status remains classified as “Partly Free.” Notably, both domains experienced growth. The most substantial increase was observed in the Political Rights domain, with the score advancing from 21 out of 40 in 2018 to 29 out of 40 in 2023. Furthermore, the Civil Liberties domain also exhibited a slight increase, rising from 37 out of 60 in 2018 to 39 out of 60 in 2023. Finally, Kosovo also demonstrates a positive trend, with its Freedom score increasing from 52 out of 100 in 2018 to 60

out of 100 in 2023. Similar to North Macedonia, improvements have been observed in both the Political Rights and Civil Liberties domains. Specifically, the Political Rights domain score increased from 24 out of 40 in 2018 to 28 out of 40 in 2023, while the Civil Liberties domain score increased from 28 out of 60 in 2018 to 32 out of 60 in 2023. These advancements indicate positive developments in the overall freedom status of Kosovo during the evaluated period.

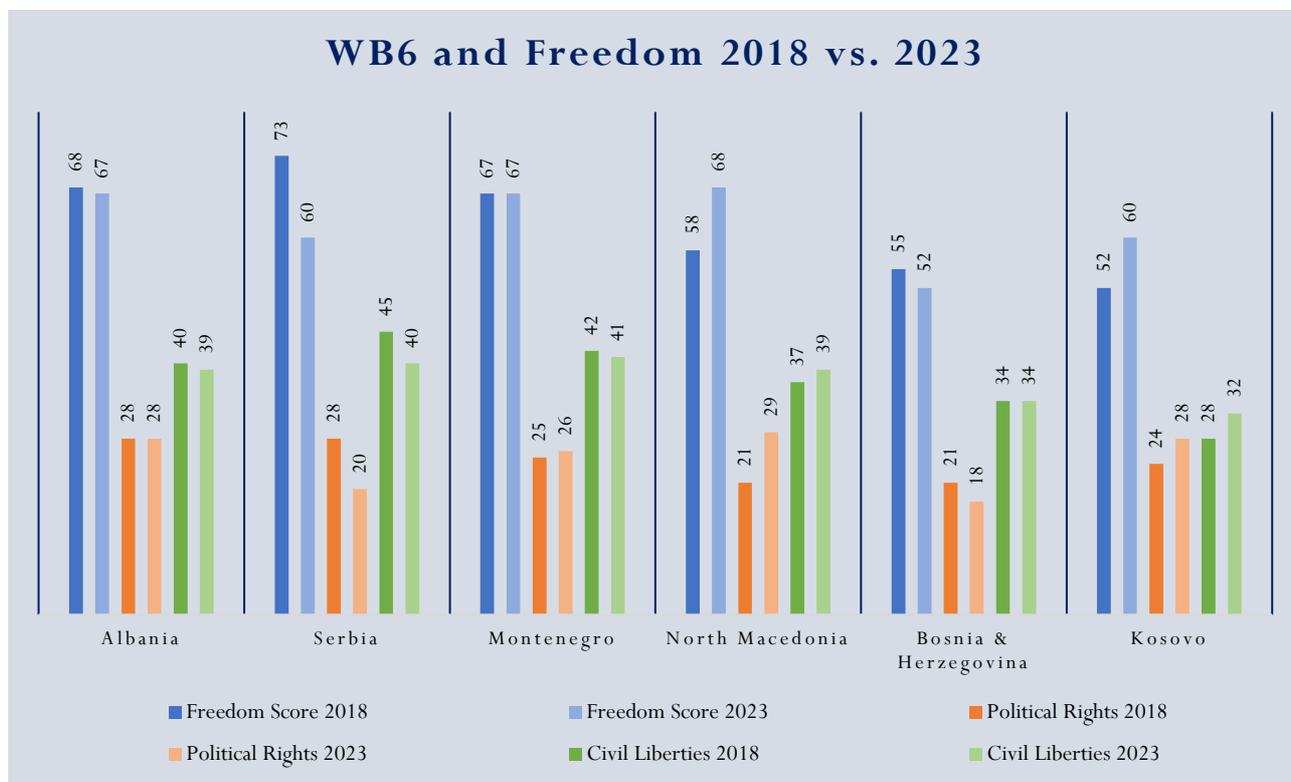


Chart 1515

## 5. Economic Freedom

The *Economic Freedom of the World* is a report published by the *Fraser Institute*, a research and educational organization focusing on best practices about public policies worldwide. The report covers 165 territories and states and measures to what extent countries' policies and institutions are conducive to economic freedom. According to the Fraser Institute, the fundamentals of economic freedom are "personal choices, voluntary exchange, open markets, and clearly defined and enforced property rights". In line with the definition, the measurement of economic freedom is based on 5 main areas: (i) Size of Government: it measures the government's decision-making role in the market. The larger it is, the lowest is economic freedom; (ii) Legal System and Property Rights: it measures to what extent a government is able to protect individuals and their property rights. Each score is adjusted by a Gender Legal Rights Adjustment to measure disparities in economic freedom between men and women; (iii) Sound Money: it measures to what extent a government is able to protect savings and incomes are protected from volatile and high inflation rates; (iv) Freedom to Trade Internationally: it measures the degree to which national business and investors are entitled to forge economic ties with actors abroad and vice-versa; (v) Regulation: it measures to what extent regulations limit personal choices and voluntary exchange.

The 2022 *Economic Freedom of the World*, in 2020 the average rating of economic freedom experienced a decline, falling from 7.00 in 2019 to 6.84—a reduction that erased approximately a decade's worth of previous improvement. The response to the coronavirus pandemic played a significant role in contributing to this erosion of economic freedom for the majority of the population in 2020. Despite the recent downturn, it is noteworthy that between the years 2000 and 2020, the average economic-freedom rating still exhibited an increase, rising

from 6.59 to 6.84. The 2022 *Economic Freedom of the world* shows that in 2020, the average per-capita GDP for countries in the top quartile stood at \$48,251, while in the bottom quartile, it was only \$6,542 (PPP constant 2017, international \$). Furthermore, the average income of the poorest 10% in the top quartile was \$14,204, whereas in the bottom quartile, it was merely \$1,736 (PPP constant 2017, international \$). Notably, the average income of the poorest 10% in the most economically free nations exceeded the average per-capita income in the least free nations by more than two times. Moreover, extreme poverty, defined as living on less than US\$1.90 per day, affected only 2.02% of the population in the top quartile, while a significantly higher 31.45% faced extreme poverty in the lowest quartile. Additionally, life expectancy was markedly different between the top and bottom quartiles. In the top quartile of economic freedom, the average life expectancy reached 80.4 years, while in the bottom quartile, it was notably lower at 66.0 years. These findings highlight the substantial impact of economic freedom on various socio-economic indicators and the well-being of populations in different countries.

In the context of Albania, the country achieved an overall Economic Freedom Score of 7.64 in the scale of 0 to 10, securing the 26<sup>th</sup> position in the global rankings for the year 2020. Despite a slight decline in the Economic Freedom Score from 7.81 in 2019, Albania’s performance can be considered commendable, given that it rose in its ranking from the 31<sup>st</sup> position in 2019 to the 26<sup>th</sup> position in 2020. Additionally, Albania maintains its status as the economically freest country among the Western Balkans six (WB6) nations. Chart 16 provides an insight into Albania’s economic freedom profile, utilizing data from the years 2010, 2015, and 2020.

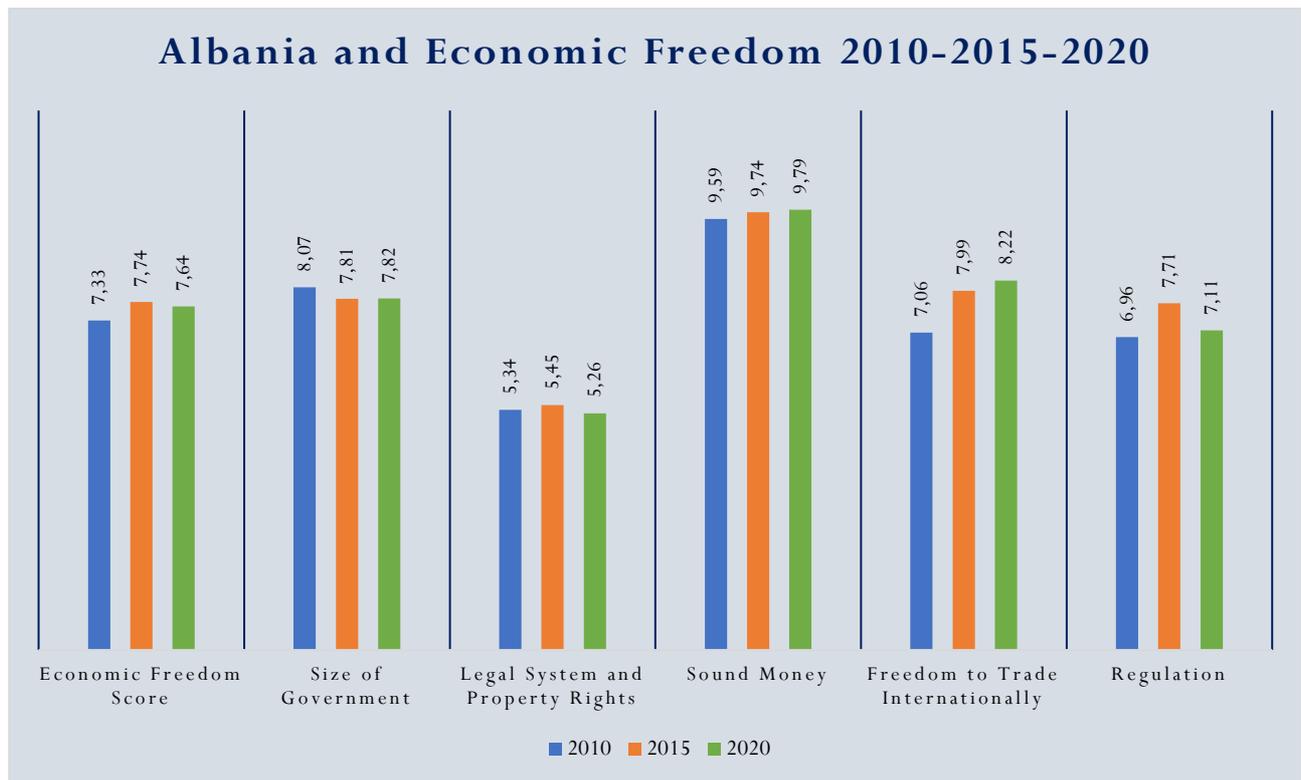


Chart 1616

During the assessed timeframe, Albania exhibited an improvement in certain indicators such as Sound Money, Freedom to Trade Internationally, and Regulation in 2020 compared to the data from 2010. Conversely, there were marginal declines observed in the Size of Government and Legal System and Property Rights indicator in 2020 compared to 2010. When comparing data from 2020 and 2015, a slight increase was recorded in the Size of Government (7.82 in 2020 compared to 7.81 in 2015), Sound Money (9.79 in 2020 compared to 9.74 in 2015), and Freedom to Trade Internationally (8.22 in 2020 compared to 7.99 in 2015). On the other hand, the report highlights a deterioration in the Legal System and Property Rights (5.26 in 2020 compared to 5.45 in 2015) and Regulation (7.11 in 2020 compared to 7.71 in 2015), which are areas where Albania exhibited its weakest performance. In the year 2020, a comparison with 2019 data revealed slight decreases in various indicators. The Size of Government indicator decreased from 7.91 in 2019 to 7.82 in 2020, mainly due to

reductions in Government Consumption (8.16 in 2019 to 8.03 in 2020) and Transfers and Subsidies (7.33 in 2019 to 6.98 in 2020). However, there were no changes recorded in the Legal System score between the two years. The slight decrease in the Sound Money indicator (9.83 in 2019 to 9.79 in 2020) can be attributed to three out of four of its sub-indicators: Money Growth, Standard Deviation of Inflation, and Inflation (most recent year). Regarding the Freedom to Trade Internationally indicator, a minor decrease (8.23 in 2019 to 8.22 in 2020) was noted, which was solely due to a decline in the Tariffs sub-indicator (9.01 in 2019 to 8.98 in 2020). The most substantial decline in 2020 compared to 2019 was observed in the Regulation area, with the score dropping from 7.7 to 7.1. This decline was primarily driven by a decrease in Credit Market Regulation (9.53 in 2019 to 7.92 in 2020), specifically in the Private Sector Credit sub-indicator, which scored 3.77 in 2020 compared to 8.6 in 2019.

Charts 17 and 18 present the data for the WB6 countries.

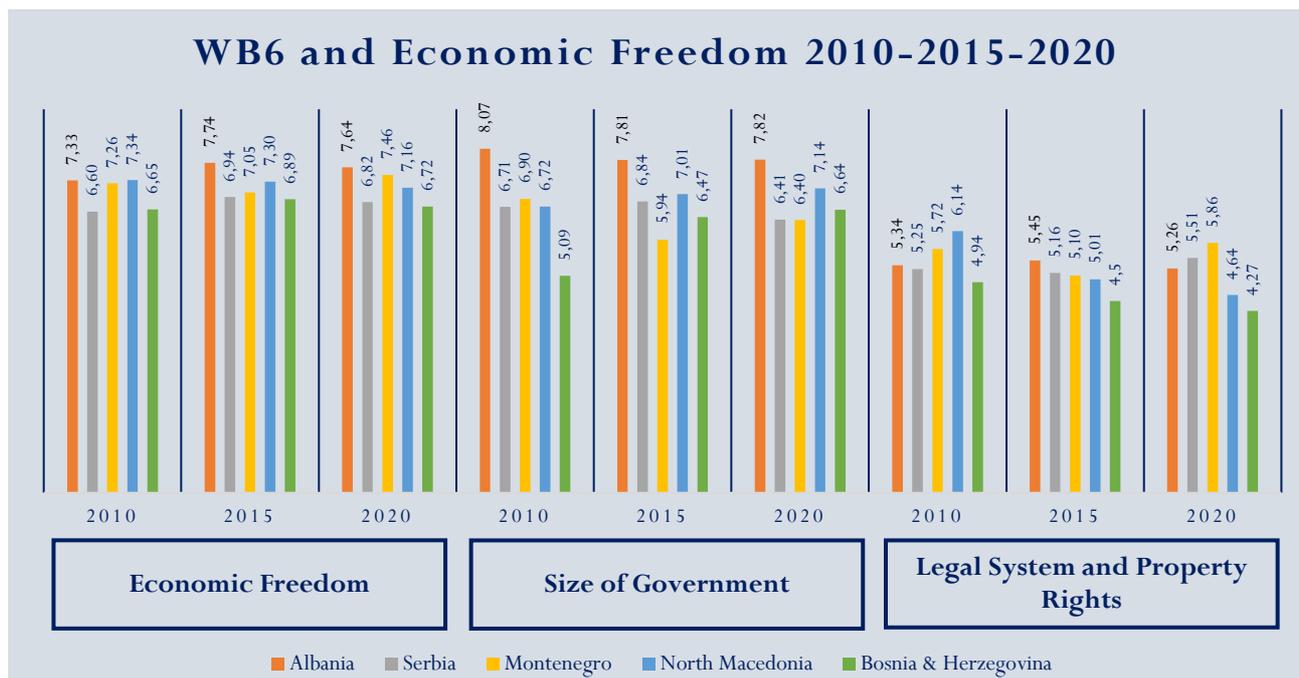


Chart 1717 [Kosovo has not been assessed by the Economic Freedom of the World]

In 2020, Albania maintains its position as the freest country among WB6 with a score of 7.64, followed by Montenegro (7.46), both falling within the first quartile. North Macedonia (7.16) ranks in the second quartile, while Serbia (6.82) and Bosnia and Herzegovina (6.72) fall into the third quartile. It is worth noting that Kosovo has not been included in the assessment of Economic Freedom of the World. Regarding the Size of Government indicator, only Serbia exhibits a decrease in 2020 compared to 2015, with a score of 6.41 in 2020 compared to 6.84 in 2015. North Macedonia performs better in this area in 2020 with a score of 7.01, surpassing Montenegro's score of 6.40, although Montenegro ranks higher in the overall Economic Freedom Ranking. Notably, Montenegro demonstrates the highest increase in this indicator (+0.46) between 2015 and 2020. Regarding the Legal System and Property Rights indicator, all WB6 countries do not exhibit high performances. However, among them, Montenegro shows the highest increase in 2020 compared to 2015 (+0.76), and it is also the country that performs better among WB6. It is followed by Serbia, which also shows an increase in the indicator (+0.35). In terms of the Legal System and Property Rights in WB6, Albania ranks 3<sup>rd</sup>, but it also exhibits a deterioration of the indicator in 2020 compared to 2015 (-0.19). On the other hand, North Macedonia shows a constant decrease over time. The score for Legal System and Property Rights was 6.14 in 2010, the best performance among WB6 in that year, but it decreased to 5.01 in 2015 and 4.64 in 2020, demonstrating a continuing deterioration. A similar pattern, albeit with a lower magnitude, appears to interest Bosnia and Herzegovina, which recorded a score of 4.27 in 2020, showing a continuing decline since 2010. Regarding the Sound Money area, Albania confirms its primacy among WB6 with a score of 9.79 in 2020. It is followed by Montenegro, which scored 9.73 in 2020, confirming a positive trend over time (the score was 8 in 2010 and

## WB6 and Economic Freedom 2010-2015-2020

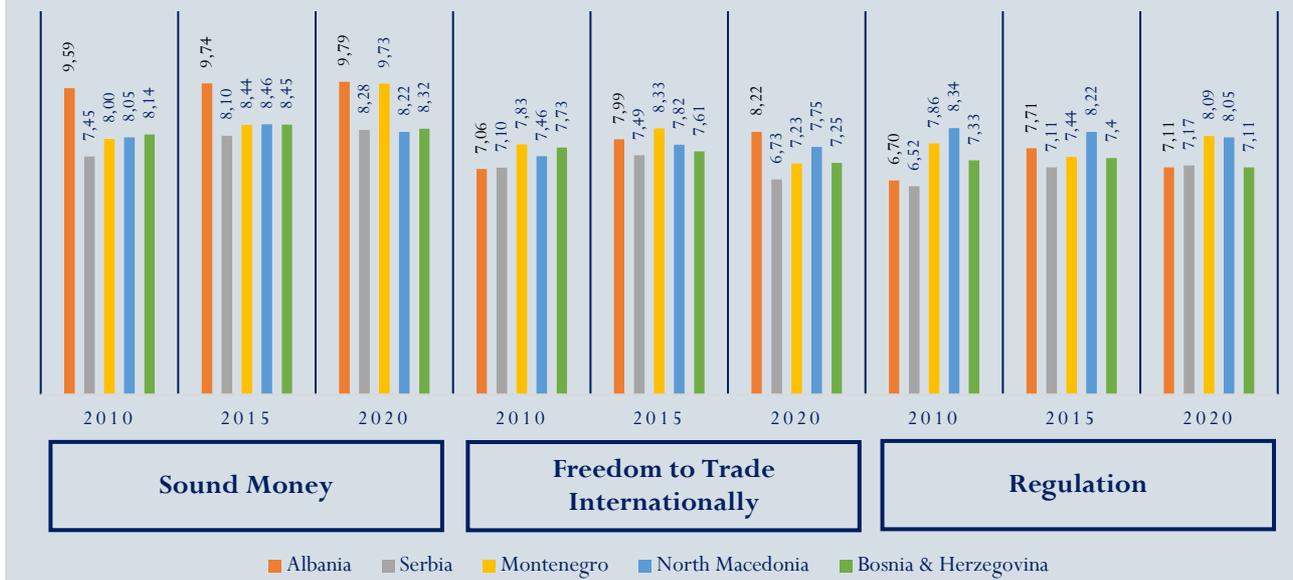


Chart 1818 [Kosovo has not been assessed by the Economic Freedom of the World]

8.44 in 2015). Serbia also shows a positive trend over time. Its Sound Money score was 7.45 in 2010, 8.10 in 2015, and 8.28 in 2020. On the other hand, North Macedonia and Bosnia and Herzegovina show a slight decline in the Sound System indicator when comparing 2020 data with 2015 data, with a decrease of -0.24 and -0.13, respectively, although the 2020 levels are higher compared to 2010 levels. Concerning the Freedom to Trade Internationally indicator, Albania ranks as the freest among WB6 in 2020 with a score of 8.22, showing a consistent improvement over time since 2010. However, the rest of the WB6 countries exhibit a different pattern, with an improvement between 2010 and 2015, followed by a deterioration of the indicator. With the exception of North Macedonia (7.75 in 2020), all other countries' scores have fallen below the levels of 2010. Specifically, Serbia's Freedom to Trade Internationally Score was 6.73 in 2020 compared to 7.10 in 2010; Montenegro recorded a score of 7.23 in 2020 compared to 7.83 in 2010; and Bosnia and Herzegovina exhibited a score of 7.25 in 2020 compared to 7.73 in 2010. Regarding the Regulation indicator, Montenegro stands as the freest country among the WB6 in 2020 with a score of 8.09, representing an improvement of +0.65 compared to 2015. North Macedonia ranks second with a score of 8.05. However, it is the only country that exhibits a continuous deterioration of the indicator since 2010. Serbia ranks third with a score of 7.11, showing a slight improvement of +0.06 compared to 2015. Both Albania and Bosnia and Herzegovina rank fourth in 2020 with a score of 7.11. Unfortunately, both countries recorded a deterioration of the score compared to 2015 levels, with Albania experiencing a decrease of -0.6 and Bosnia and Herzegovina a decrease of -0.29.

## 6. Globalisation Index

The Globalisation Index is compiled and published by KOF – *Konjunkturforschungsstelle*, a branch of the Federal Polytechnic School of Zurich. This index provides ongoing data on the levels of globalization across countries worldwide since 1970, with the latest update referring to the year 2022 (using data from 2020). Each globalization variable assessed by the index is measured on a 0-100 scale and carries a specific weight in the calculation, contributing to the overall globalization score. These variables are categorized into 12 sub-indices or indices, such as Economic Globalisation (*de facto* and *de jure*), Social Globalisation (*de facto* and *de jure*), and Political Globalisation (*de facto* and *de jure*). Each of these three domains is combined with an equal weight of 33.3% to derive the Globalisation Index. It is important to note that *de facto* globalisation measures actual flows and activities, while *de jure* globalisation evaluates policies, conditions, and institutions responsible for facilitating these activities.

The COVID-19 pandemic has had a substantial dampening effect on globalisation, as evident from the recent KOF Globalisation Index. The crisis and subsequent restrictions led to an unprecedented decline in international flows, with economic globalisation being notably adversely affected. However, there were minimal changes observed in the top ten most globalised countries, with Switzerland reclaiming its position as the foremost globalised nation. Historically, the trajectory of globalisation has been influenced by significant events, and the financial crisis of 2007 had already impeded economic globalisation. The pandemic further exacerbated this trend, particularly impacting international trade, especially in service sectors such as tourism and transport. Social globalisation also suffered due to reduced personal contacts, including tourism and migration, while cultural globalisation exhibited a slight decline. On the other hand, political globalisation demonstrated moderate growth. Switzerland, the Netherlands, and Belgium continued to be the most globalised countries, with Switzerland particularly excelling in economic, social, and political dimensions. European countries tend to exhibit high levels of globalisation due to their robust political integration and free trade agreements. China also ascended in the ranking, as its production swiftly adapted to the pandemic's impact, resulting in marginal trade restrictions in 2020. Looking ahead, it is important to note that the KOF Globalisation Index only extends until 2020 and does not consider the implications of the war in Ukraine and its aftermath. The pandemic-induced supply shortages are expected to manifest in the subsequent year's publication. Nevertheless, the progress in vaccination efforts has initiated positive trends in social globalisation.

Regarding Albania, Charts 19 and 20 depict the evolution of Globalisation, Economic Globalisation, Social Globalisation, and Political Globalisation, both *de jure* and *de facto*, from 2016 to 2020. In Albania, the positive trend observed in the Globalisation Index from 2017 was interrupted in 2020. Specifically, the Globalisation Index decreased from 66.10 in 2019 to 64.20 in 2020. Additionally, Albania, which held the 77th position in the Globalisation Index in 2019, experienced a decline in its ranking, moving down three positions to 80th in 2020. The decrease in the Globalisation Index occurred in both *de jure* and *de facto* aspects. More precisely, Globalisation *de facto* decreased from 55.51 in 2019 to 54.10 in 2020, while Globalisation *de jure* declined from 76.69 in 2019 to 74.30 in 2020.

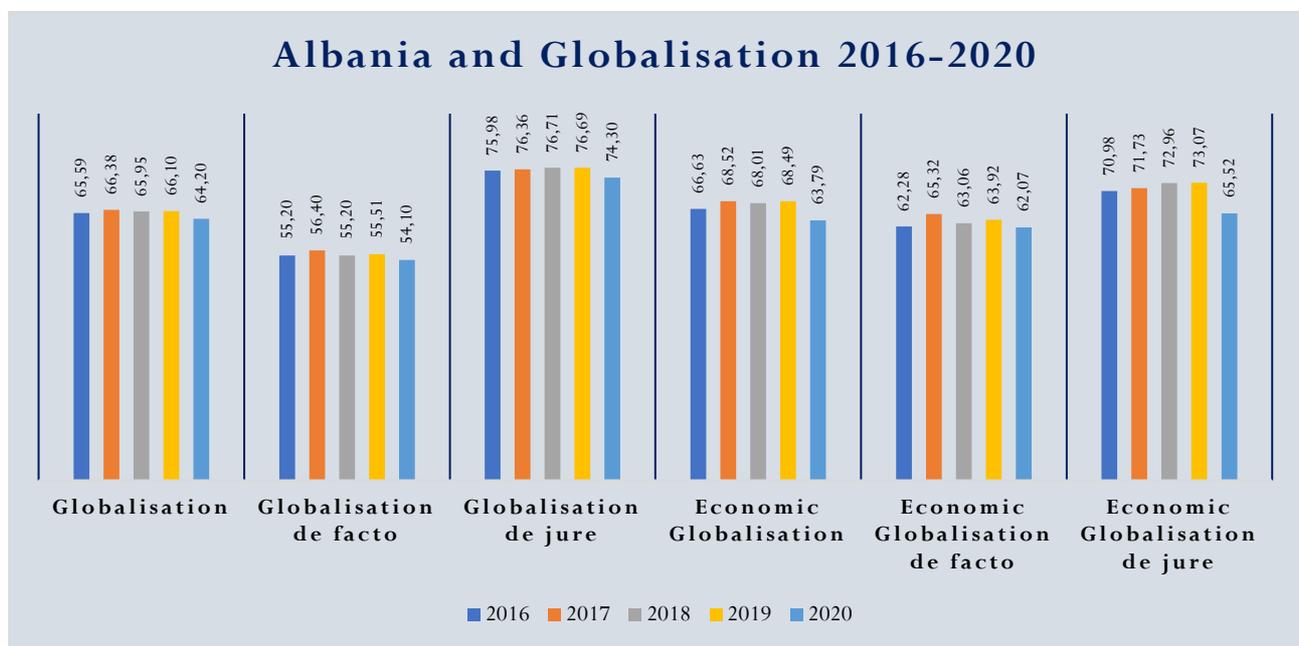


Chart 1919

In 2020, Albania experienced a decline in economic globalisation, with a score of 63.79 compared to 68.49 in 2019. This decrease resulted in a drop of 10 positions in the ranking of Economic Globalisation, with Albania ranking 57th in 2019 and 67th in 2020. Similar to the Globalisation Index, the deterioration in Economic Globalisation was evident in both *de jure* and *de facto* aspects. Specifically, Albania's score in Economic Globalisation *de jure* decreased by -7.55 in 2020 compared to 2019, putting an end to the steady increase

observed since 2016. Additionally, Economic Globalisation *de facto* dropped from 63.92 in 2019 to 62.07 in 2020.

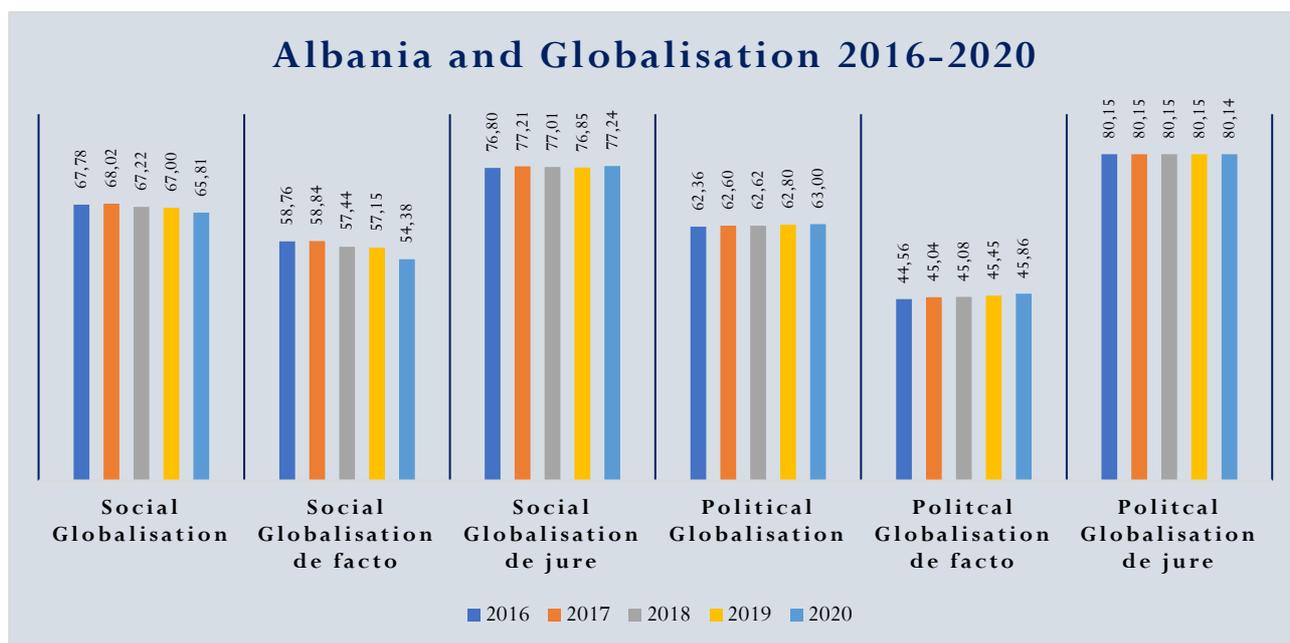


Chart 2020

In Social Globalisation, the trend in Albania has been consistently negative since 2018. Specifically, the Social Globalisation Index decreased from 67 in 2019 to 65.81 in 2020. This decline is primarily attributed to Social Globalisation *de facto*, which experienced a continuous decrease of -2.77 from 2019 to 2020. However, there was a slight increase in Social Globalisation *de jure*, which rose from 76.85 in 2019 to 77.24 in 2020. On the other hand, Political Globalisation is the only area in which Albania showed an increase, with the index rising from 62.8 in 2019 to 63 in 2020. More specifically, Political Globalisation *de facto* increased from 45.45 in 2019 to 45.89 in 2020, while Political Globalisation *de jure* exhibited a very slight decrease from 80.15 in 2019 to 80.14 in 2020.

Charts 21 and 22 present the same indicators for all WB6 countries for the years 2015 and 2020. Upon observation, it is evident that Albania's Globalization Index was lower in 2020 (64.20) compared to 2015 (68.04). Conversely, Serbia experienced an increase (+2.23) in its Globalization Index, which was attributed to rises in both Globalization *de facto* (+3.46) and Globalization *de jure* (+0.92). Notably, Serbia exhibited the highest level of globalization among the WB6 countries. Montenegro's Globalization score slightly decreased in 2020 (69.41) compared to 2015 (69.77). The decline was predominantly due to Globalization *de facto* (-0.9), while Globalization *de jure* increased marginally (+0.3). In the case of North Macedonia, there was a slight increase in its score in 2020 compared to 2015 (+0.29), which was mainly driven by an increase in Globalization *de facto* (+1.04), whereas Globalization *de jure* was slightly lower in 2020 compared to 2015 (-0.5). Bosnia and Herzegovina also exhibited a lower Globalization score in 2020 (66.65) compared to 2015 (68.47), and like Albania, this negative trend was due to both lower scores in Globalization *de facto* (-1.97) and Globalization *de jure* (-1.67). Regarding the Economic Globalisation Indicator, Albania experienced a decrease of -1.32 in its score between 2020 and 2015. This reduction can be attributed to declines in both Economic Globalisation *de facto* (-0.57) and Economic Globalisation *de jure* (-2.36). In contrast, Serbia exhibited a better performance compared to Albania, as its Economic Globalisation score increased from 70.20 in 2015 to 72.35 in 2020, driven by improvements in both Economic Globalisation *de facto* (+2.07) and Economic Globalisation *de jure* (+2.24). Montenegro's Economic Globalisation score was lower in 2020 (74.84) compared to 2015 (75.70). The decline in the score was primarily due to a decrease in Economic Globalisation *de facto*, which dropped from 80.25 in 2015 to 77.89 in 2020, while Economic Globalisation *de jure* exhibited a slight increase of +1.43 in 2020 compared to 2015. In the case of North Macedonia, its Economic Globalisation score was slightly higher in 2020

(69.95) compared to 2015 (69.41). The slight increase can be attributed to a substantial improvement in Economic Globalisation *de facto* (+2.26), while the score for Economic Globalisation *de jure* decreased (-1.19). Among the WB6 countries, Bosnia and Herzegovina showed the highest deterioration in the Economic Globalisation score. Its score dramatically decreased in 2020 compared to 2015 (-4.64), which was mainly due to significant declines in both Economic Globalisation *de facto* (-4.11) and Economic Globalisation *de jure* (-5.16).

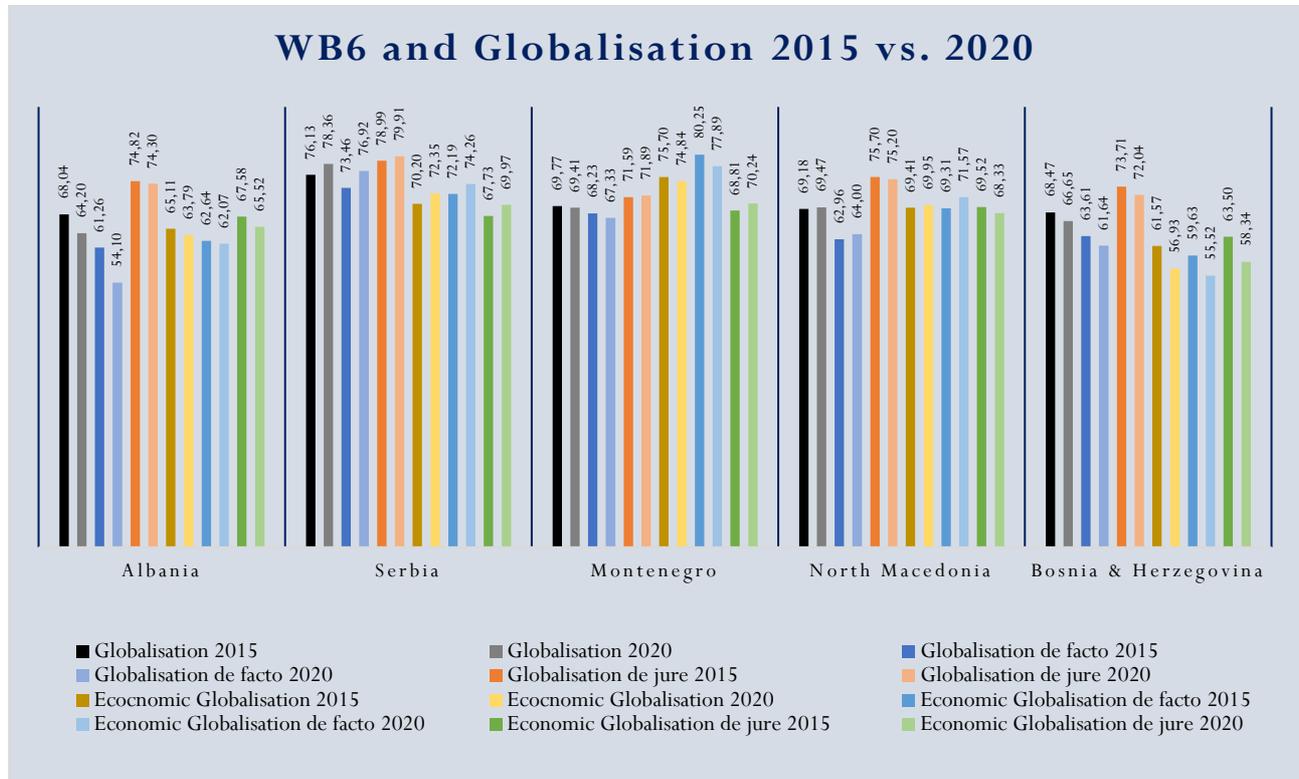


Chart 2121 [Kosovo has not been assessed in the Globalisation Index]

Regarding Social Globalisation, Albania experienced a decrease in its score in 2020 (65.81) compared to 2015 (68.29), primarily due to a dramatic decrease in Social Globalisation *de facto* (-5.15), while Social Globalisation *de jure* exhibited a slight increase (+0.19). In contrast, Serbia showed an increase in Social Globalisation in 2020 (76.82) compared to 2015 (73.80), mainly due to a significant increase in Social Globalisation *de facto* (+5.89) and a slight increase in Social Globalisation *de jure* (+0.13). Montenegro's Social Globalisation score was slightly lower in 2020 (77.46) compared to 2015 (78.64). Both Social Globalisation *de facto* and Social Globalisation *de jure* scores were lower in 2020 compared to 2015, with decreases of -0.33 and -2.14, respectively. Similarly, North Macedonia exhibited a lower score in 2020 (67.29) compared to 2015 (68.48), due to decreases in both Social Globalisation *de facto* (-1.68) and Social Globalisation *de jure* (-0.62). Likewise, Bosnia and Herzegovina exhibited a deterioration in Social Globalisation in 2020 compared to 2015 (-1.09), primarily due to a reduction in Social Globalisation *de facto* (-2.09), while Social Globalisation *de jure* recorded a slight increase (+0.19). Finally, in regard to the Political Globalisation score, Albania exhibited a significant reduction, with the score declining dramatically from 70.72 in 2015 to 63 in 2020. This substantial decline is solely attributed to the significant deterioration in Political Globalisation *de facto* (-15.75), while the score for Political Globalisation *de jure* exhibited a slight increase (+0.32). On the other hand, Serbia showed a good performance, as the increase in the Political Globalisation indicator in 2020 compared to 2015 (+1.53) was due to both increases in Political Globalisation *de facto* (+2.41) and Political Globalisation *de jure* (+0.67). Similarly, Montenegro's Political Globalisation score in 2020 (57.41) was slightly higher compared to 2015 (56.58), thanks to an increase in Political Globalisation *de jure* (+1.69), while Political Globalisation *de facto* remained relatively stable (-0.02). North Macedonia also showed a slightly higher score in 2020 (71.03) compared to 2015 (69.6), thanks to slight increases in both Political Globalisation *de facto* (+2.09) and *de jure* (+0.32). Likewise, Bosnia and Herzegovina exhibited the same trend, with the Political Globalisation score increasing from 74.28 in 2015 to 74.59 in 2020, thanks to both increases in Political Globalisation *de facto* (+0.3) and *de jure* (+0.32).

## WB6 and Globalisation 2015 vs. 2020

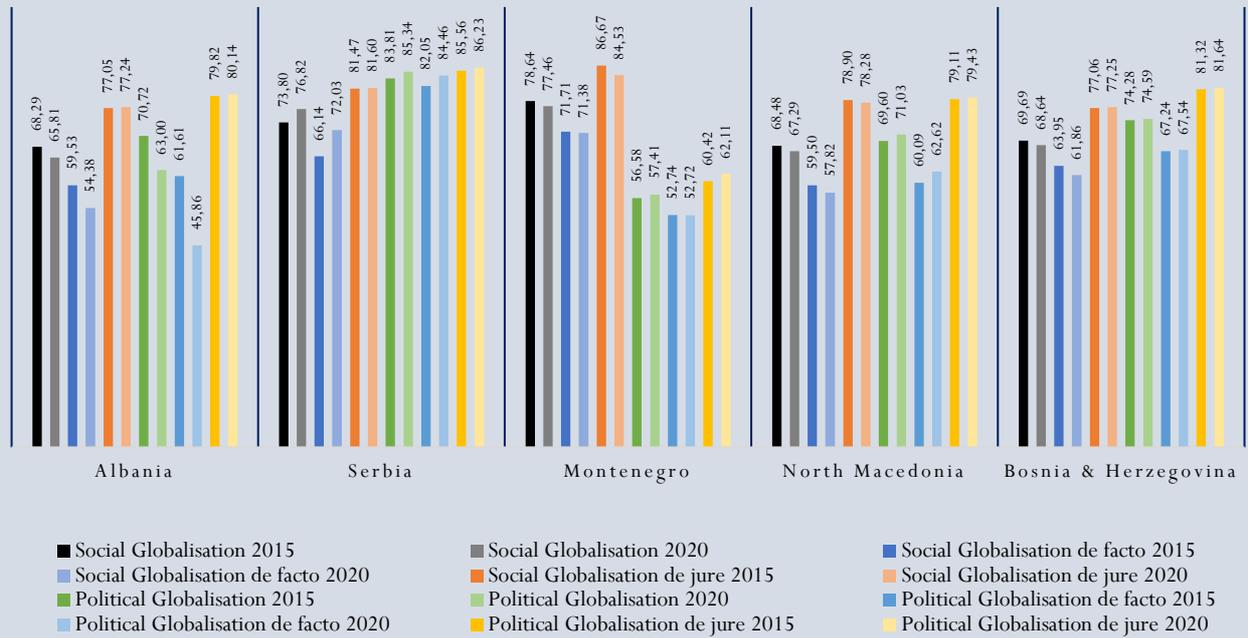


Chart 2222 [Kosovo has not been assessed in the Globalisation Index]

## 7. Press Freedom

The *World Press Freedom Index*, compiled by RSF, compares the freedom enjoyed by journalists and media in 180 countries and territories. Press freedom is defined as the ability of journalists to select, produce, and disseminate news independently, without interference, and without threats to their safety. The Index evaluates five categories: political context, legal framework, economic context, sociocultural context, and safety. Each country or territory is assigned a score ranging from 0 to 100, with 100 being the highest level of press freedom. The score is based on quantitative data of abuses against media and journalists and qualitative analysis from press freedom specialists who respond to a questionnaire in 24 languages. The political context indicator assesses media autonomy and acceptance of journalistic approaches. The legal framework indicator evaluates freedom to work without censorship, access to information, and impunity for violence against journalists. The economic context indicator examines constraints linked to governmental policies, non-state actors, and media owners seeking to promote their interests. The sociocultural context indicator evaluates social and cultural constraints on the press. The safety indicator concerns journalists' ability to work without unnecessary risks to their physical, mental, and professional well-being. The Index provides a snapshot of the situation in the previous calendar year and is updated when major events impact press freedom.

Based on the 2023 *World Press Freedom Index*, the situation is deemed "very serious" (0-40 points) in 31 countries, "difficult" (40-55 points) in 42, "problematic" (55-70 points) in 55, and "satisfactory" (70-85 points) or "good" (85-100 points) in 52 countries. In other words, seven out of ten countries have a "bad" environment for journalism, while only three out of ten are considered "satisfactory." The Index highlights the significant impact of the digital ecosystem's fake content industry on press freedom. In a majority of countries (118 out of 180), respondents reported that political actors were involved in disinformation or propaganda campaigns, blurring the lines between truth and falsehood and threatening the right to information. The rapid development of artificial intelligence further exacerbates the challenges faced by the media, already undermined by Web 2.0. Elon Musk's payment-based approach to information on Twitter adds to the complexity of the landscape. Russia's propaganda efforts have intensified, with Moscow creating a new media arsenal to spread its message in occupied

territories while suppressing independent Russian media outlets. This has resulted in a decline in Russia's press freedom ranking, with its war crimes in Ukraine contributing to a poor security score.

In the 2023 World Press Freedom Index, Albania is ranked 96th with a score of 57.86. The country falls under the classification of "problematic," although it has shown improvement compared to its score in 2022 (56.41), allowing it to ascend 7 positions in the ranking compared to 2022. Chart 23 presents the data for Albania in 2023 and 2022, depicting the Press freedom score and its individual components. As evident from the data, the *Press Freedom Index* in 2023 has increased compared to the previous year, but not all areas have shown improvement. Specifically, there has been a decline in both the Political Context (-2.79) and Legislative Framework (-1.06) domains. Journalists in Albania face political pressure, exacerbated in 2021 during parliamentary elections and the Covid-19 pandemic. Editorial independence is limited by politicized media regulators and appointments in the public media by politicians. Critical journalists often face political attacks to discredit them, while access to state-held information is challenging. Centralization of government communication may further restrict access to such information. Although the constitution and international commitments guarantee press freedom, protection for source confidentiality is inadequate. An anti-defamation bill dropped from the parliament's agenda in 2022 would have given the state disproportionate control over online media content, reinforcing self-censorship. Controversial decisions have led to media bans on covering repercussions of a 2022 cyberattack on state institutions. On the other hand, there have been increases in the Economic Context (+5.74), the most critical domain for Albania, as well as in Sociocultural Context (+1.77) and Safety (+3.7). Organized crime poses a significant threat to journalists' safety, and though the police have initiated investigations into attacks against journalists, impunity for such crimes, coupled with political attempts to discredit them, fosters an environment likely to encourage further attacks. In March 2023, an unprecedented attack on the Top Channel headquarters involving automatic weapons resulted in the death of one of its security guards.

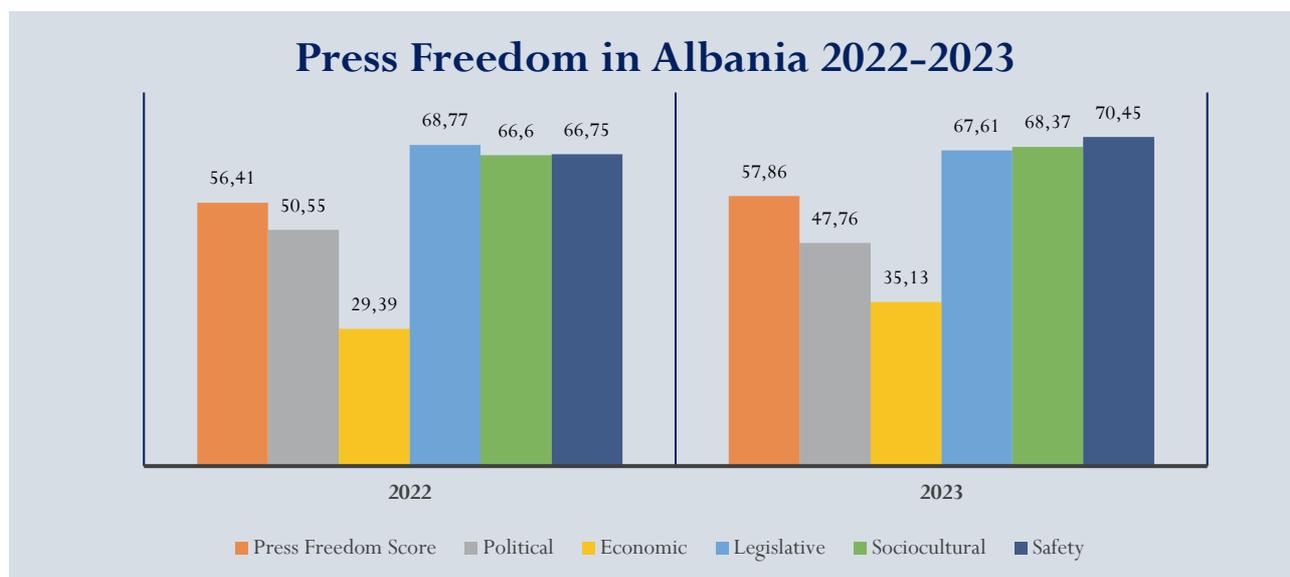


Chart 2323

Charts 24 and 25 present the Press Freedom Index and its sub-indicators for all WB6 countries in the years 2022 and 2023. As previously mentioned, Albania experienced a rise in its Press Freedom Index in 2023 (+1.45) attributed to advancements in the Economic Context (+5.74), Sociocultural Context (+1.77), and Safety (+3.7) domains. Despite this improvement, Albania remains the least free country in terms of press freedom among the WB6 nations.

In contrast, Serbia experienced a decline in its Press Freedom Index in 2023 (-2.35), resulting in a drop of 12 positions compared to 2022, and it currently ranks 91st. Specifically, this deterioration can be attributed to declines in the Political Context (-0.2), Legislative Framework (-2.74), and, most significantly, the Sociocultural Context (-14.35). The country's highly polarized political climate fosters regular political attacks against journalists, often amplified by certain national TV networks, particularly those aligned with the ruling

elite. Neither politicians nor institutions, including the Regulatory Authority of Electronic Media (REM), composed mainly of government appointees, have taken adequate steps to address this situation. Moreover, journalists critical of the ruling party face restricted access to interviews with government officials and public information. Although Serbia has media legislation that safeguards freedom of expression, journalists frequently operate in a restrictive environment marked by self-censorship. While certain regulations have led to positive outcomes in some cases of attacks on journalists, the judiciary, responsible for handling media-related matters, including strategic lawsuits against public participation (SLAPPs), is yet to demonstrate its independence and effectiveness in protecting press freedom. Female journalists are particularly vulnerable, facing both gender-based and reporting-related targeting. Far-right groups also target the media that provides favorable coverage of refugees and migrants. On the other hand, in 2023, compared to 2022, Serbia showed improvements in the Economic Context (+4.23) and Safety (+3.28) domains. Efforts have been initiated to enhance journalists' security and combat impunity for crimes committed against them, including the establishment of two working groups and the introduction of an SOS line for media. However, many serious attacks on journalists, such as the 1999 assassination of Slavko Ćuruvija, remain unresolved, indicating that Serbian journalists still do not feel adequately protected.

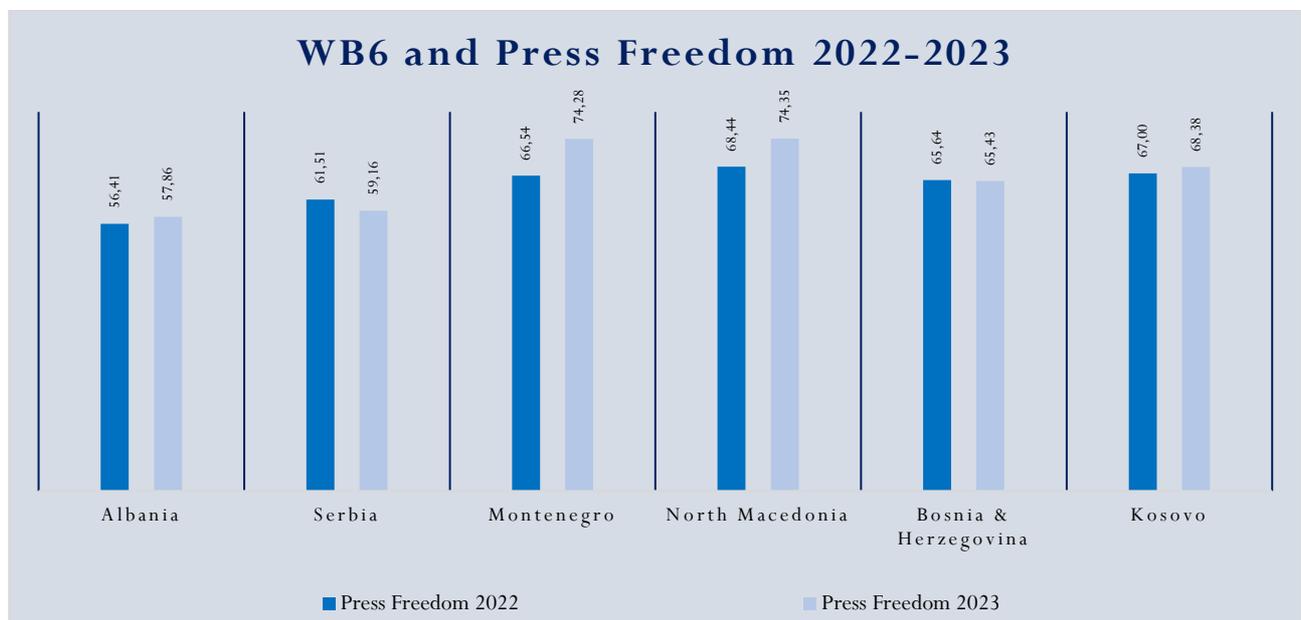


Chart 2424

In 2023, Montenegro's Press Freedom Index exhibited a significant increase compared to 2022 (+7.74), leading to a notable improvement in its ranking, where it gained 24 positions and now stands at 39th. This positive change in the Press Freedom Index can be attributed to advancements in all sub-indicators. Specifically, the Political Context experienced an increase of +9.62, the Economic Context increased by +10.37, the Legislative Framework improved by +4.32, Sociocultural context increased by +5.48 and the Safety domain witnessed an increase of +8.92. Despite its relatively small population of 620,000 inhabitants, Montenegro boasts a considerable number of registered media outlets, surpassing 150, which includes three dailies, five TV broadcasters with national frequencies and one press agency. Notably, three out of the five television networks with national coverage are partially or wholly foreign-owned, predominantly by companies from neighboring Serbia. This raise concerns that foreign ownership of certain media outlets may influence editorial policies to serve the interests of other governments, such as Serbia, or cater to local political preferences. Regarding safety, the majority of attacks on journalists that occurred within the last year have been resolved. However, a significant number of previous attacks remain unpunished, despite assurances from the government, which assumed power in 2020, to address these cases. One such unresolved case is the assassination of editor-in-chief Dusko Jovanovic and the attempted murder of investigative journalist Olivera Lakić. Additionally, after a prolonged seven-year legal process, journalist Jovo Martinovic was eventually acquitted of baseless charges of belonging to a criminal group in 2023.

## WB6 and Press Freedom 2022-2023

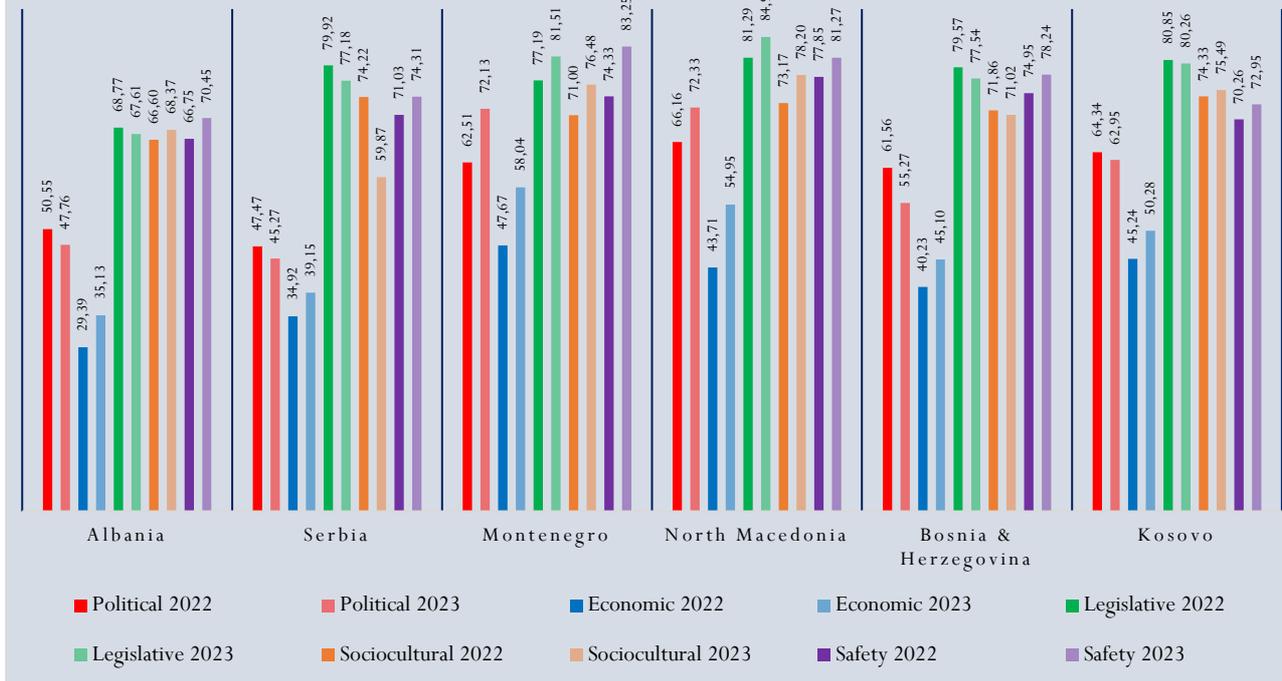


Chart 2525

In 2023, North Macedonia exhibited an increase in their Press Freedom scores compared to 2022 (+7.74 and +5.91, respectively). Among the Western Balkans 6 (WB6), North Macedonia emerged as the freest country in terms of press freedom, ranking 38th and gaining 19 positions compared to the previous year. Notably, North Macedonia demonstrated improvements across all domains: Political context increased by +7.07, Economic context by +11.24, Legislative framework by +3.7, Sociocultural context by +5.07, and Safety by +3.42. Despite journalists not operating in a hostile environment, the prevalence of misinformation and lack of professionalism contribute to the erosion of societal trust in the media. This exposes independent outlets to threats and attacks. Moreover, government officials display demeaning attitudes towards journalists. While television remains the primary source of information, online media also play a significant role. However, it is essential to differentiate between professional online newsrooms with original content and individual portals that plagiarize and copy-paste material. The media landscape is marked by a substantial usage-trust gap, with highly-watched TV stations scoring low in reliability. The presence of strong political polarization exposes the media to pressures from authorities, politicians, and business figures. The two major political parties in power and opposition have established parallel media systems to exert political and economic influence. Additionally, the public broadcaster lacks editorial and financial independence. Journalists frequently face verbal attacks and may encounter legal pressure and abusive prosecution (gag proceedings or SLAPPs) under the pretext of protecting state secrets and personal data. Nonetheless, the courts tend to uphold freedom of the press and protect journalists.

In 2023, Bosnia and Herzegovina experienced a slight decrease in its Press Freedom Index compared to 2022 (-0.21). This decline was primarily attributed to deterioration in the domains of Political context (-6.29), Legislative framework (-2.03), and Sociocultural context (-0.84). However, there were improvements in the domains of Economic context and Safety, with increases of +4.87 and +3.29, respectively. The media in Bosnia and Herzegovina operate in a relatively favorable legal environment but face challenges in an extremely unfavorable political and economic milieu. Journalists do not feel adequately protected while performing their work. Notably, there are significant differences in media freedom and journalistic quality across the country, influenced by the distinct political structures of its entities. The capital, Sarajevo, generally provides a better environment for media work compared to the majority-Serbian entity Republika Srpska and the western part of the entity Federation of Bosnia and Herzegovina. Politicians in the country frequently target journalists and exert

influence over public media and regulatory bodies. Bosnia's post-conflict society is characterized by deep divisions, with opposing factions advocating either reconciliation and cooperation or conflict and divisions. The societal preference for ethnic and religious identity tends to overshadow concerns for individual liberties and freedoms, including press freedom. In the media landscape, reflecting broader societal patterns, women face greater challenges than men. Journalists are frequently subjected to verbal threats, attacks, and occasional physical assaults. They generally do not feel sufficiently protected while performing their job and lack confidence in the police's ability to provide adequate protection.

In 2023, Kosovo witnessed an increase in its Press Freedom score compared to 2022 (+1.38), resulting in a ranking of 56th and a gain of 5 positions compared to the previous year. This improvement was primarily driven by increases in the domains of Economic context (+5.04), Sociocultural context (+1.16), and Safety (+2.69), while Political context and Legislative framework exhibited deterioration, with decreases of -1.39 and -0.59, respectively. The media market in Kosovo is diverse, but its development is constrained by the small size of the country and the strict separation along ethnic lines. Media independence faces threats due to inadequate regulation and dependence on partisan distribution of public funds. Despite the media's efforts to hold politicians accountable, journalists remain targets of political attacks. The media regulator has proven ineffective and has recently been involved in a corruption case. The independence of the public broadcaster has also been questioned following the appointment of a director with ties to the ruling party. Serbian-language media have raised concerns about discrimination in accessing public information, particularly with regards to the language of the constitutional minority. While freedom of speech, protection of journalists' sources, and the right to information are legally guaranteed, defamation and libel have been decriminalized. However, journalists have increasingly faced SLAPPs initiated by business groups and politicians. Additionally, the Copyright Law is not consistently upheld in practice. Journalists investigating drug trafficking or environmental pollution have been subjected to physical attacks, and their reporting has been hindered by criminal networks. Despite investigations by the police and prosecutor's office, these attacks rarely lead to legal proceedings. Furthermore, attacks against journalists in the north of Kosovo increased during a period of political tension between Pristina and Belgrade in late 2021.

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## 8. Rule of Law

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The World Justice Project defines the rule of law as the cornerstone of just, peaceful, and prosperous communities, promoting development, accountable governance, and the protection of fundamental rights. While traditionally associated with lawyers and judges, the rule of law encompasses everyday issues of safety, rights, justice, and governance, making it relevant to all individuals as stakeholders. The *Rule of Law Index*, an annual publication by the World Justice Project, aims to assess and rank countries and territories based on their adherence to and implementation of specific standards within regulatory, judiciary, institutional, and legal frameworks. Evaluating 139 countries, the index utilizes scores and rankings derived from eight key factors: Constraints on Government Powers, Absence of Corruption, Open Government, Fundamental Rights, Order and Security, Regulatory Enforcement, Civil Justice, and Criminal Justice. Scores range from 0 to 1, with 1 indicating the strongest adherence to the rule of law. This comprehensive evaluation is conducted through surveys administered to households, legal practitioners, and subject matter experts to compile the index and provide a comprehensive overview of each country's rule of law performance.

According to the Rule of Law Index 2022, globally, the rule of law has faced significant challenges, with rising violence, corruption, and impunity affecting numerous populations. Simultaneously, an increasing number of governments are exhibiting authoritarian tendencies, indicating a weakening of the institutional mechanisms required to uphold accountability, enforce laws justly, and protect human rights. In light of these issues, especially exacerbated by the COVID-19 pandemic and ensuing economic slowdown, there is a pressing need for a comprehensive and actionable assessment of countries' adherence to the rule of law. This necessitates identifying both strengths and weaknesses in order to track progress and setbacks accurately. The findings of this report reveal that 61% of countries experienced a decline in rule of law adherence over the past year. While these declines are less widespread and severe than the disruptions caused by COVID-19, they are still concerning, with scores in seven of the eight factors falling in most countries for two consecutive years. On a positive note, some countries have demonstrated progress after recent elections and changes in administration, indicating that

authoritarian tendencies can be reversed. However, overall, the state of the rule of law remains vulnerable and warrants serious attention and efforts towards improvement.

Chart 26 presents the trajectory of Albania's Rule of Law Index from 2019 to 2022. The data illustrates a consistent deterioration in Albania's Rule of Law, with all but one factor exhibiting lower scores in 2022 compared to 2019. In 2022, the Rule of Law score was 0.49, remaining steady compared to 2021 but lower than the score of 0.51 recorded in 2019. In the global ranking, Albania ranked 89th in 2022, experiencing a decline of four positions compared to the previous year. Among the sub-indicators, Constraints on Government Powers showed a steady decrease from 2019 (0.49) to 2022 (0.43). The Absence of Corruption domain also exhibited a slight decrease in 2022 (0.36) compared to 2021 (0.37), although it was slightly higher than the score in 2019 (0.35). The Open Government domain reverted to its 2019 level (0.46) after experiencing a slight increase in 2020 and 2021 (0.47). The Fundamental Rights domain showed a declining trend from 2019 (0.61) to 2022 (0.59), while the Order and Security domain remained stable at 0.79 in 2019 and 2020 and declined slightly to 0.78 in 2021 and 2022. The Regulatory Enforcement domain also experienced a decline over the years, decreasing from 0.44 in 2019 to 0.42 in 2022. The Civil Justice domain showed an initial increase from 2019 (0.44) to 2020 (0.48) but started to decrease again, reaching 0.46 in 2022. Similarly, the Criminal Justice domain displayed a decreasing trend over time, decreasing from 0.47 in 2019 to 0.40 in 2022.

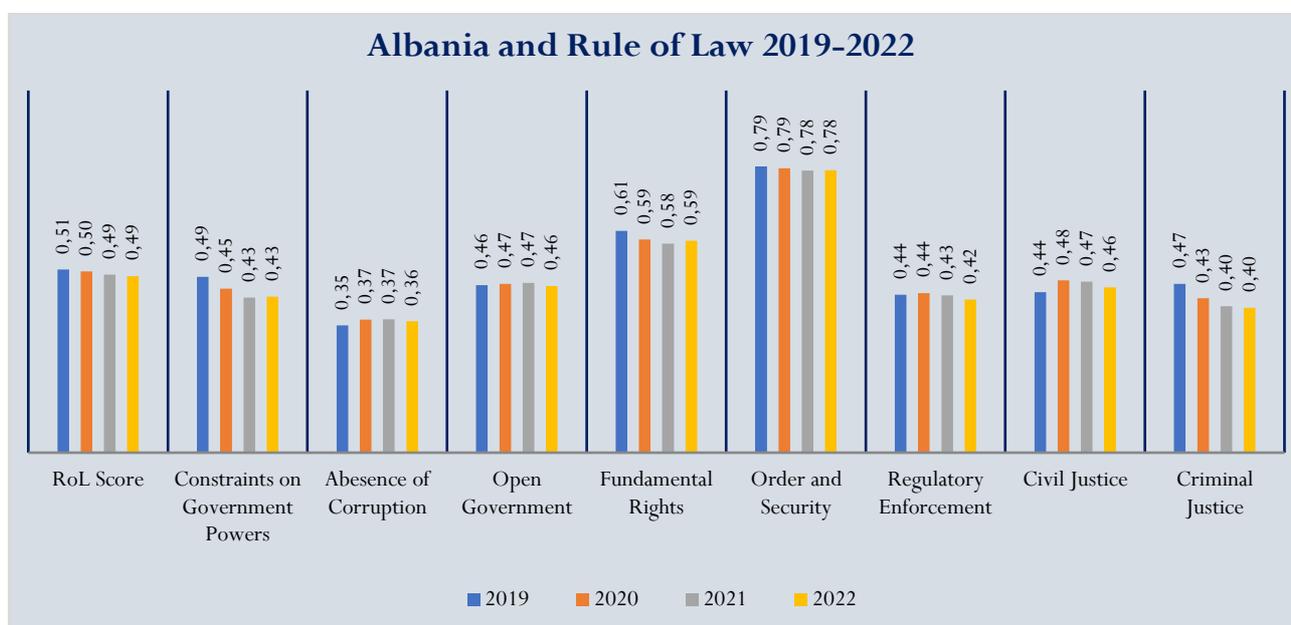


Chart 26/26

Chart 27 displays the scores for the Rule of Law Index and its sub-indicators for all WB6 countries in 2022. Among them, Kosovo holds the highest position with a score of 0.56 and ranks 57th globally. Following closely is North Macedonia with a score of 0.53, ranking 63rd globally. In the next position, we find Bosnia and Herzegovina with a score of 0.52, ranking 70th in the global index. In contrast, both Albania and Serbia demonstrate the lowest performance with a score of 0.49, and they ranked 87th and 83rd, respectively, in the global ranking.

In the Constraints on Government Power domain, Kosovo takes the lead among WB6 countries with a score of 0.56, positioning itself at 60th place in the global ranking. North Macedonia follows with a score of 0.47, securing the 93rd position in the global index. Next in line among WB6 countries is Bosnia and Herzegovina, obtaining a score of 0.46 and ranking 96th globally. Subsequently, we find Albania with a score of 0.43, placing 105th in the global ranking, and Serbia with a score of 0.37, occupying the 120th position in the global index.

In the Absence of Corruption domain, Kosovo emerges as the leading country among WB6 nations, achieving a score of 0.48 and positioning itself at the 61st place in the global ranking. Following closely is North Macedonia with a score of 0.45, securing the 73rd position in the global index. Next in line among WB6

countries are Bosnia and Herzegovina and Serbia, both obtaining a score of 0.42, ranking 85th and 86th globally, respectively. Subsequently, we find Albania with a score of 0.36, placing 107th in the global ranking.

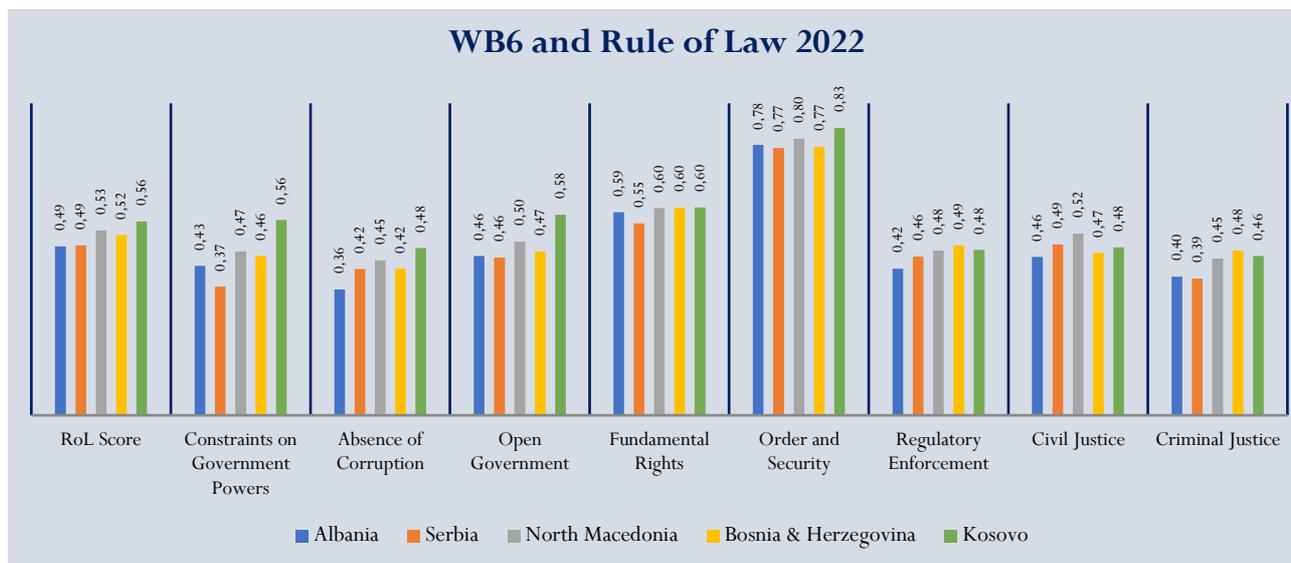


Chart 2727 [Montenegro has not been assessed in the Rule of Law Index]

In the Open Government domain, Kosovo stands out as the leading country among WB6 nations, achieving a score of 0.58 and positioning itself at 46th place in the global ranking. Following closely is North Macedonia with a score of 0.5, securing the 70th position in the global index. Next in line among WB6 countries is Bosnia and Herzegovina, obtaining a score of 0.47 and ranking 81st globally. Subsequently, we find Albania and Serbia with a score of 0.46, placing 84th and 91st, respectively, in the global ranking.

In the Fundamental Rights domain, Kosovo, North Macedonia, and Bosnia and Herzegovina emerge as the leading countries among WB6 nations, achieving a score of 0.6 and positioning themselves at the 56th, 57th, and 58th place, respectively, in the global ranking. Following closely is Albania with a score of 0.59, securing the 63rd position in the global index. Next in line among WB6 countries is Serbia, obtaining a score of 0.55 and ranking 71st globally.

In the Order and Security domain, Kosovo stands out as the leading country among WB6 nations, achieving a score of 0.83 and positioning itself at the 33rd place in the global ranking. Following closely is North Macedonia with a score of 0.8, securing the 41st position in the global index. Next in line among WB6 countries is Albania, obtaining a score of 0.78 and ranking 50th globally. Subsequently, we find Bosnia and Herzegovina and Serbia with a score of 0.77, placing 52nd and 53rd, respectively, in the global ranking.

In the Regulatory Enforcement domain, Bosnia and Herzegovina stands out as the leading country among WB6 nations, achieving a score of 0.49 and positioning itself at 71st place in the global ranking. Following closely are Kosovo and North Macedonia with a score of 0.48, securing the 81st and 85th positions, respectively, in the global index. Next in line among WB6 countries is Serbia, obtaining a score of 0.46 and ranking 93rd globally. Subsequently, we find Albania with a score of 0.42, placing 112th in the global ranking.

In the Civil Justice domain, North Macedonia stands out as the leading country among WB6 nations, achieving a score of 0.52 and positioning itself at 69th place in the global ranking. Following closely is Serbia with a score of 0.49, securing the 82nd position in the global index. Next in line among WB6 countries is Kosovo, obtaining a score of 0.48 and ranking 84th globally. Subsequently, we find Bosnia and Herzegovina with a score of 0.47, placing 92nd in the global ranking. Lastly, we find Albania with a score of 0.46, placing 98th in the global ranking.

In the Criminal Justice domain, Bosnia and Herzegovina stands out as the leading country among WB6 nations, achieving a score of 0.48 and positioning itself at 61st place in the global ranking. Following closely is Kosovo with a score of 0.46, securing the 63rd position in the global index. Next in line among WB6 countries is North Macedonia, obtaining a score of 0.45 and ranking 68th globally. Subsequently, we find Albania with a score of 0.40, placing 81st in the global ranking. Lastly, we find Serbia with a score of 0.39, placing 84th in the global ranking.

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## 9. Corruption

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

According to the 2022 Corruption Perception Index (CPI), corruption levels remain stagnant in 124 countries, while the number of countries experiencing a decline in corruption is increasing. This trend has serious consequences, as corruption and conflict are interconnected and threaten global peace. Conflict creates an environment conducive to corruption, while corruption can fuel social grievances and lead to violence even in peaceful societies. Moreover, corruption poses a threat to global security, as countries with high CPI scores have been implicated in enabling transnational corruption and fostering geopolitical ambitions. To avoid further conflict and sustain peace, it is crucial to combat corruption, promote transparency, and strengthen institutions. Despite concerted efforts and some progress, the CPI for 2022 indicates that corruption remains pervasive, with a global average score of 43 out of 100 for the eleventh consecutive year. More than two-thirds of countries score below 50, indicating significant challenges in addressing corruption worldwide. Countries with strong institutions and well-functioning democracies tend to rank higher in the index, with Denmark, Finland, and New Zealand topping the list. Conversely, countries facing conflict or severe restrictions on personal and political freedoms tend to score lower in the index, with Somalia, Syria, and South Sudan ranking at the bottom.

Chart 28 presents the Corruption Perception Index (CPI) data for Albania spanning the years 2012 to 2022. The chart shows a notable trend in the scores over this period. From 2013 to 2016, there was a steady increase in the CPI score, rising from 31 in 2013 to its highest point of 39 in 2016. However, following this peak, the score experienced a slight decline and has since settled between 35 and 36. Despite the CPI score fluctuating within the range of 35 to 36 since 2018, the country's ranking has experienced a decline. In 2018, Albania held the 99th position in the global ranking. However, its ranking further deteriorated, reaching a lower point in 2021 at the 110th position. In the most recent data available for 2022, Albania's ranking improved slightly to the 101st position. This indicates that although the CPI score has been relatively stable in recent years, Albania's standing in the global ranking has seen some setbacks, reflecting possible challenges in addressing corruption perceptions.

The Corruption Perception Index for all Western Balkan Six countries from 2012 to 2022 was presented in Chart 29. Albania's CPI has remained largely stagnant during this period, despite some advancements in areas like judicial vetting and anti-corruption measures. However, the country faces challenges related to weakened media independence, limited civil society engagement in decision-making, and ongoing smear campaigns and intimidation against journalists. Additionally, proposed changes to the freedom of information law may further hinder independent oversight of public institutions.

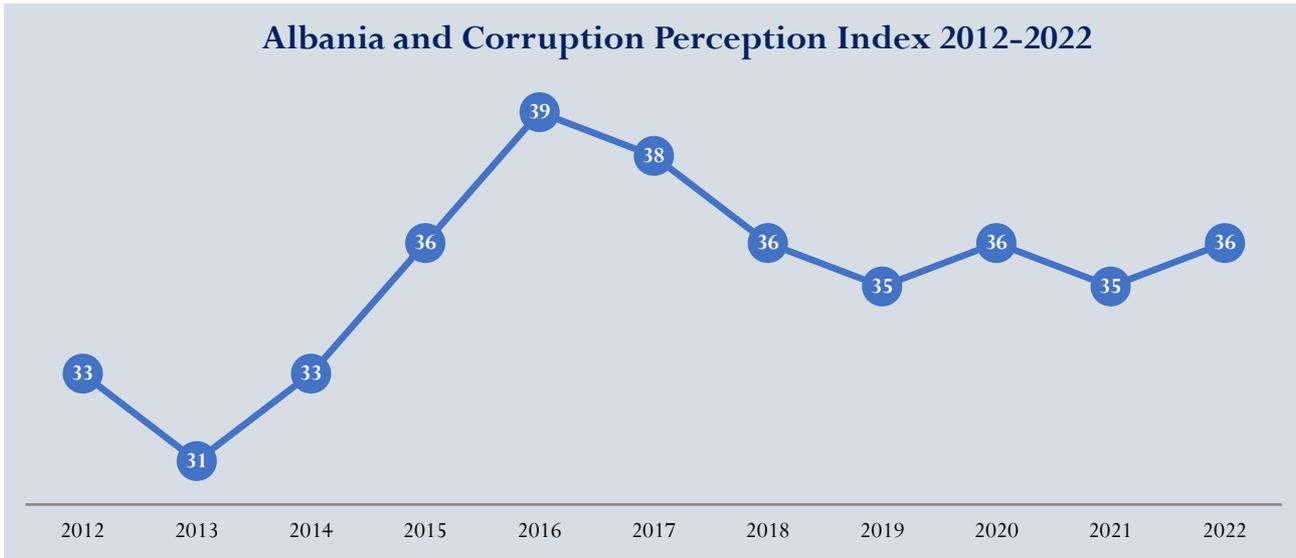


Chart 2828

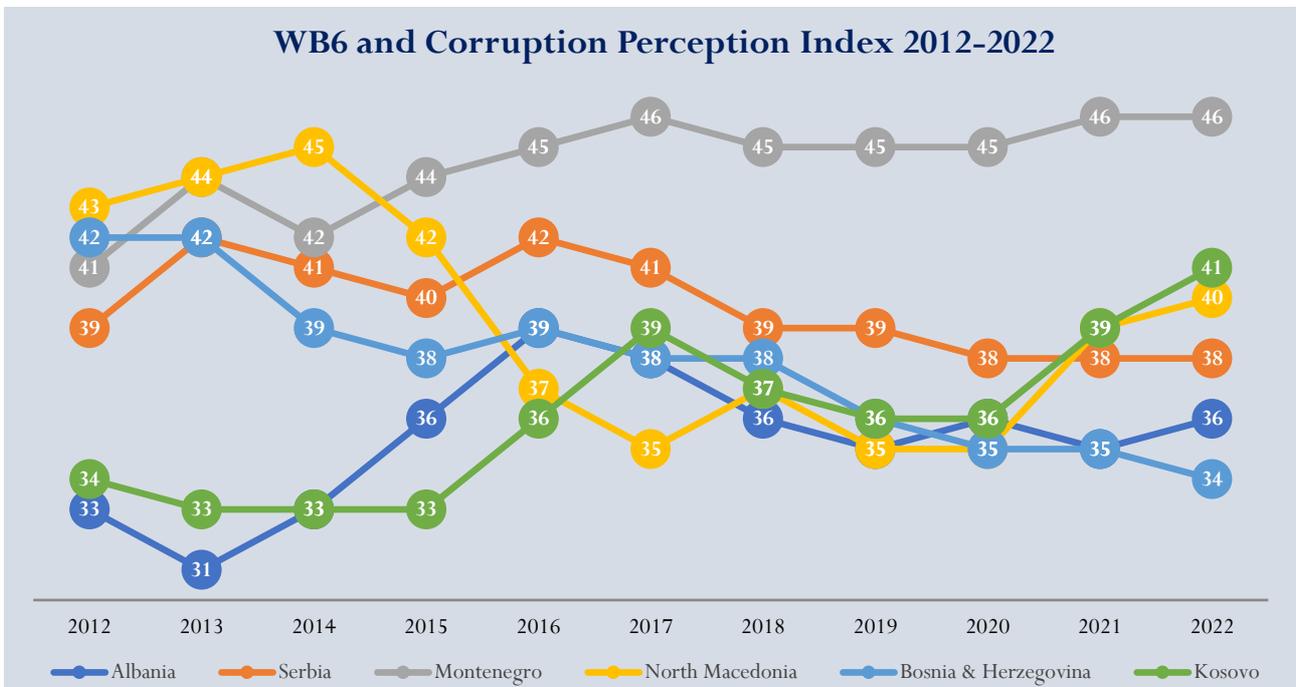


Chart 2929

Serbia has experienced a steady decline in its Corruption Perception Index since 2016, reaching a historic low of 38 in recent years. The decline is attributed to the weakening rule of law and increasing autocratic tendencies in the country. Problematic policies, lack of transparency in public contracting, and political influence over the judiciary have contributed to the deterioration. Additionally, individuals who exposed potential corruption have faced pressure from state institutions, further undermining anti-corruption efforts.

Montenegro's CPI score showed growth from 2014 to 2017, reaching 46. However, from 2017 to 2022, the score remained stagnant at 46. Despite scoring higher than its neighbors, Montenegro has struggled to make significant progress in combating corruption. The new government has not met expectations in improving anti-corruption measures and continues to withhold information from the public. While some arrests have been made for corruption-related offenses, challenges persist in maintaining judicial independence and effectively combating corruption.

North Macedonia experienced a significant decline in its Corruption Perception Index between 2014 and 2017 but has shown improvement since 2019. The score increased from 35 in 2019 to 40 in 2022, although it remains below the levels of 2014. While new corruption cases have been initiated, challenges persist in efficiently

handling ongoing cases and ensuring integrity in the judiciary. Adequate resourcing and independence for anti-corruption institutions are crucial for effective accountability and combating corruption.

Bosnia and Herzegovina experienced a steady decline in the Corruption Perception Index score from 2012 to 2022, reaching its lowest value of 34. The country faces challenges due to increasing political divisions along ethnic lines, hindering the development of democratic institutions and anti-corruption efforts. Concerns arise regarding the prosecutorial office's ability to combat corruption effectively. Additionally, the leader of Republika Srpska's stance on criminalizing defamation raises further concerns about freedom of expression and independent criticism.

Kosovo's Corruption Perception Index score showed fluctuations over the years. After a slight decline between 2017 and 2019, the index started to increase again, reaching its highest value since 2012 in 2022 (41). Kosovo has made progress in implementing legal reforms for political and election campaign finance. However, effective implementation and improvements in transparency and judicial independence are necessary. Despite no major corruption scandals recently, continued efforts are needed to control corruption effectively. Reduced capital investment budget spending has limited corruption opportunities in public contract distribution.

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## 10. *Human Trafficking*

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

The 2022 UNODC *Global Report on Trafficking in Persons* represents the seventh report mandated by the General Assembly following the 2010 United Nations Global Plan of Action to Combat Trafficking in Persons. This edition of the report focuses on the trafficking patterns and flows observed during the COVID-19 pandemic, covering 141 countries. It presents an overview of global, regional, and national responses to trafficking in persons by analyzing detected cases between 2018 and 2021. Notably, the report places a significant emphasis on trends in detections and convictions, which have shown noteworthy changes compared to historical trends since UNODC began collecting data in 2003. The report's findings are enriched through the analysis of summaries from 800 court cases adjudicated between 2012 and 2020, providing deeper insights into the nature of the crime, the victims and perpetrators involved, and the processes through which trafficking in persons comes to the attention of authorities.

The 2022 *Global Report on Trafficking in Persons* highlights key shifts in trafficking, such as a decline in the number of victims detected globally, particularly in low- and medium-income countries. Trafficking for forced labor has increased, equalling trafficking for sexual exploitation in 2020. The report reveals changes in the victim profile, with a decrease in detected victims of trafficking for sexual exploitation and a rise in victims trafficked for criminal activity. Criminal justice responses have weakened globally, especially in low- and medium-income countries, resulting in more impunity for traffickers and fewer convictions. Conflict areas have seen increased vulnerability to trafficking, with displaced populations becoming easy targets for traffickers. Convicted traffickers often operate in small groups, while larger criminal organizations with territorial control engage in more violent and extensive trafficking. Climate change-induced disasters have contributed to increased vulnerability to trafficking in some regions. Most victims identified in adjudicated cases were "self-rescued," indicating limited effectiveness in proactive identification by authorities. The report also highlights gender disparities in trafficking, with females and children at higher risk of experiencing physical violence during trafficking. Girls and women are more likely to suffer extreme violence compared to boys and men. However, women are more frequently convicted when investigated and brought to trial compared to men.

In Central and South-Eastern Europe<sup>2</sup>, key developments in 2020 regarding trafficking in persons include a continued increase in the detection of trafficking victims, a slight change in victim profiles, and an uptick in the

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<sup>2</sup> Central and South-Eastern Europe includes Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia.

criminal justice response to trafficking. The region experienced a notable increase in identifying trafficking victims, with a 13% increase in 2019 compared to the previous year's four per cent increase. In 2020, a larger proportion of trafficking victims were trafficked for forced labor compared to previous years. However, trafficking for sexual exploitation remains the primary form of trafficking uncovered by national authorities in the region. Compared to the previous year, there was a higher prevalence of foreign nationals, as well as male victims, detected in 2020. This indicates an increasing trend in the detection of male victims of trafficking in recent years. Nonetheless, domestically trafficked women continue to be the majority of victims detected in the region. Remarkably, there was an increase in the number of prosecutions and convictions in 2020, despite the expected pandemic-related slowdown in justice observed in other regions of the world.

Albania ratified the UN *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children* in 2002. The current legislation on trafficking in persons in Albania covers all forms of trafficking indicated in the Protocol. Chart 30 presents data on trafficking in persons in Albania for the period 2017-2020, including the number of cases, the number of persons prosecuted, and the number of victims. The data reveals a steady decrease in the number of trafficking cases and persons prosecuted over the years, from 80 cases and 80 persons prosecuted in 2017 to 27 cases and 24 persons prosecuted in 2020. Similarly, the number of trafficking victims has also decreased, although to a lesser extent compared to the number of cases. In 2017, there were 105 victims, whereas in 2020, the number decreased to 85, representing a reduction of 20%. Notably, the majority of trafficking victims are female, with a significantly higher proportion compared to male victims. In 2017, 76% of victims were female, and among them, 59% were girls under the age of 18. In 2020, approximately 73% of victims were female, and among them, 56% were girls under 18. Regarding the forms of exploitation, more than 50% of victims in each year were exploited for sexual reasons, making sexual exploitation the primary form of human trafficking in Albania. Specifically, in 2020, 56% of victims were sexually exploited. The second most common form of exploitation was labor exploitation, accounting for approximately 30% of victims during the considered period, increasing to 32% in 2020.



Chart 3030

Chart 31 provides data on trafficking in persons in the Western Balkans (WB6) countries, where available. A comparison of the data reveals that Albania has the highest number of cases and victims of human trafficking among the WB6 nations. In Serbia, there was an increase in both cases and victims from 2017 to 2018, with relatively stable trends observed in the following years until 2020. The majority of victims in Serbia are women, accounting for 58% of all victims in 2020. Sexual exploitation is the primary form of human trafficking in Serbia, representing 50% of cases in 2020. Montenegro has the lowest number of human trafficking cases among the

WB6 countries, although there was a slight increase in 2020. However, specific figures on victims are only available for 2020, with 55 victims reported. North Macedonia shows a similar performance in terms of trafficking cases, with 2 cases in 2017, 4 in 2018, and 2 in 2019. However, more recent data on cases and victims in North Macedonia are not available in the report. In Bosnia and Herzegovina, the number of trafficking cases increased from 27 in 2017 to 41 in 2018, and then remained stable around 40 cases. Notably, the majority of victims in Bosnia and Herzegovina are minors, representing 56% of total victims in 2020. Interestingly, sexual exploitation and labor exploitation do not appear to be the predominant forms of human trafficking in Bosnia, as 27% of victims were trafficked for sexual exploitation, while the remaining 73% were categorized as "Other" in 2020.

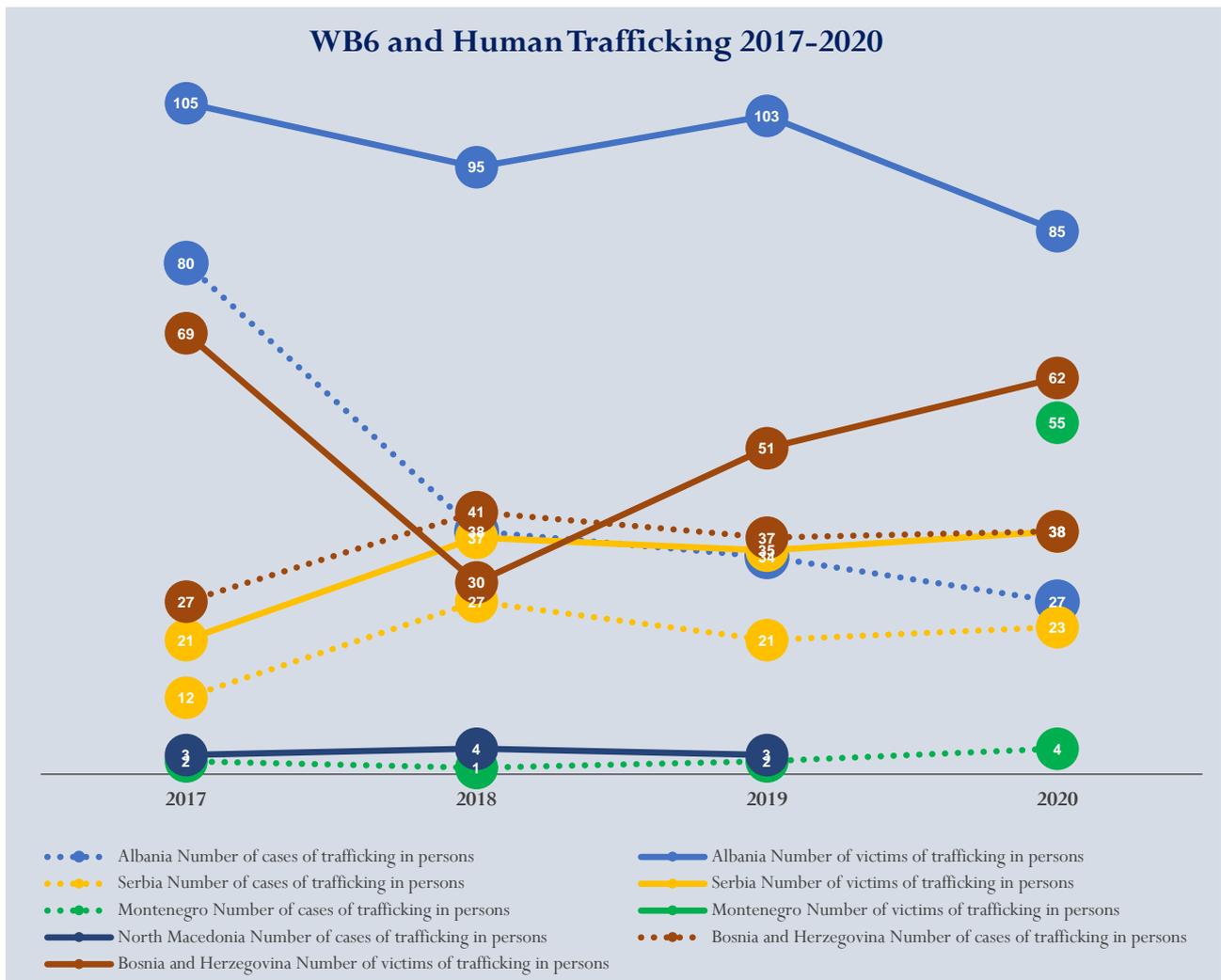


Chart 3131 [Kosovo has not been assessed in the Global Report on Trafficking in Persons]

## 11. Gender Equality

According to UNICEF, gender equality encompasses the equal enjoyment of rights, resources, opportunities, and protections by both women and men, as well as girls and boys. This principle does not imply that girls and boys, or women and men, should be identical or treated exactly the same. The concept of gender equality holds significant importance for the international community, evident in the inclusion of Sustainable Development Goal (SDG) number 5 dedicated to gender equality and women's empowerment. The United Nations recognizes gender equality not only as a fundamental human right but also as a crucial basis for fostering a peaceful, prosperous, and sustainable world.

The Global Gender Gap Report is a publication by the World Economic Forum (WEF) that assesses gender disparities and inequalities in various countries and regions around the world. It measures gender equality across four key areas: Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment. The report provides rankings and scores for each country, indicating their progress or challenges in achieving gender parity. The aim of the Global Gender Gap Report is to raise awareness about gender inequalities and to promote policies and actions that can lead to greater gender equality and empowerment worldwide. The 17th edition of the Global Gender Gap Index, presented by the World Economic Forum, evaluates the progress of gender equality across 146 countries. It also includes a subset of 102 countries that have been consistently included in every edition of the index since 2006, providing a basis for in-depth time-series analysis. The Global Gender Gap Index measures gender parity using a 0 to 1 scale, where higher scores indicate greater advancement towards equality. The scores can be interpreted as the percentage of the gender gap that has been closed, allowing for cross-country comparisons to identify effective policies for closing gender gaps. The report highlights several key findings in 2023. The overall global gender gap score for all 146 countries in 2023 stands at 68.4% closed. This score reflects an improvement of 0.3 percentage points compared to the previous year's edition. When considering the constant sample of 102 countries covered since 2006, the gender gap is 68.6% closed in 2023, recovering to the level reported in the 2020 edition. However, at the current rate of progress, it would take 131 years to achieve full gender parity. Europe surpasses North America to rank first in gender parity among eight geographic regions, with a score of 76.3%. Latin America and the Caribbean closely follow with 74.3% parity. Sub-Saharan Africa ranks 6th (68.2%), while Southern Asia (63.4%) and the Middle East and North Africa (62.6%) have the lowest levels of parity. At the current rate of progress, Europe is projected to attain gender parity in 67 years, while the Middle East and North Africa would take 152 years. Women's participation in the labor market has slightly improved, with parity in the labor-force participation rate increasing from 63% to 64% between 2022 and 2023. However, women still face higher unemployment rates than men globally. Women continue to be underrepresented in the science, technology, engineering, and mathematics (STEM) workforce, with only 29.2% of all STEM workers being women. The gender gap in skills development also persists, especially in technology-related skills. While there has been progress in the number of women holding political decision-making posts worldwide, achieving gender parity remains a distant goal. As of 2022, approximately 27.9% of the global population lives in countries with a female head of state. The share of women in parliaments has increased to 22.9% globally, but significant disparities exist among regions.

In the 2023 edition of the index, Albania attains a score of 0.791, positioning itself as the 17th country among 146 nations. Chart 32 offers a depiction of the Gender Gap score and its components for editions spanning from 2018 to 2023. It is worth noting that the edition for the year 2019 is not available. A discernible trend emerges in Albania's gender gap score over these years, demonstrating a gradual enhancement. Specifically, in 2023, the score reaches 0.791, marking an increase of 0.057 from its value of 0.734 in 2018. Analyzing the Health and Survival indicator reveals that its peak within the considered timeframe occurred in 2018, achieving a score of 0.963. However, a marginal decline is observable in 2020, with a value of 0.958, and further decreases were registered in 2021 and 2022, recording scores of 0.956. Encouragingly, the index experiences an ascension in 2023, reaching a value of 0.960, albeit still remaining below the 2018 level. Turning to the Education Attainment domain, gender parity is pronounced, with a perfect score of 1 indicating full parity. Since 2020, Albania achieves this parity with a consistent score of 0.999. In the domain of Economic Participation and Opportunity, Albania exhibits commendable performance. Over the years, the indicator demonstrates a steady augmentation, progressing from 0.701 in 2018 to 0.786 in 2023, representing a notable increase of 0.085. This improvement in performance is reflected in the global ranking, as Albania advances from the 56th position in 2018 to the 18th position in 2023 within the Economic Participation and Opportunity category. However, Albanian performance in the domain of Political Empowerment remains relatively weaker. Despite this, there has been a consistent positive trajectory since 2018, with the indicator rising from 0.284 to 0.419 in 2023, signifying an increase of 0.135.

Chart 33 in the 2023 edition of the Global Gender Gap report presents the Global Gender Gap scores and indicator scores for the Western Balkans Six (WB6) countries. As delineated by the chart, Albania emerges as the most gender-equal nation among the WB6, boasting a score of 0.791. Notably, Albania's performance is either superior to or at least on par with the other WB6 countries across three out of the four indicators:

Educational Attainment, Economic Participation and Opportunities, and Political Empowerment. However, in the Health and Survival indicator, alongside North Macedonia, Albania exhibits the weakest performance within the WB6, both recording a score of 0.96.

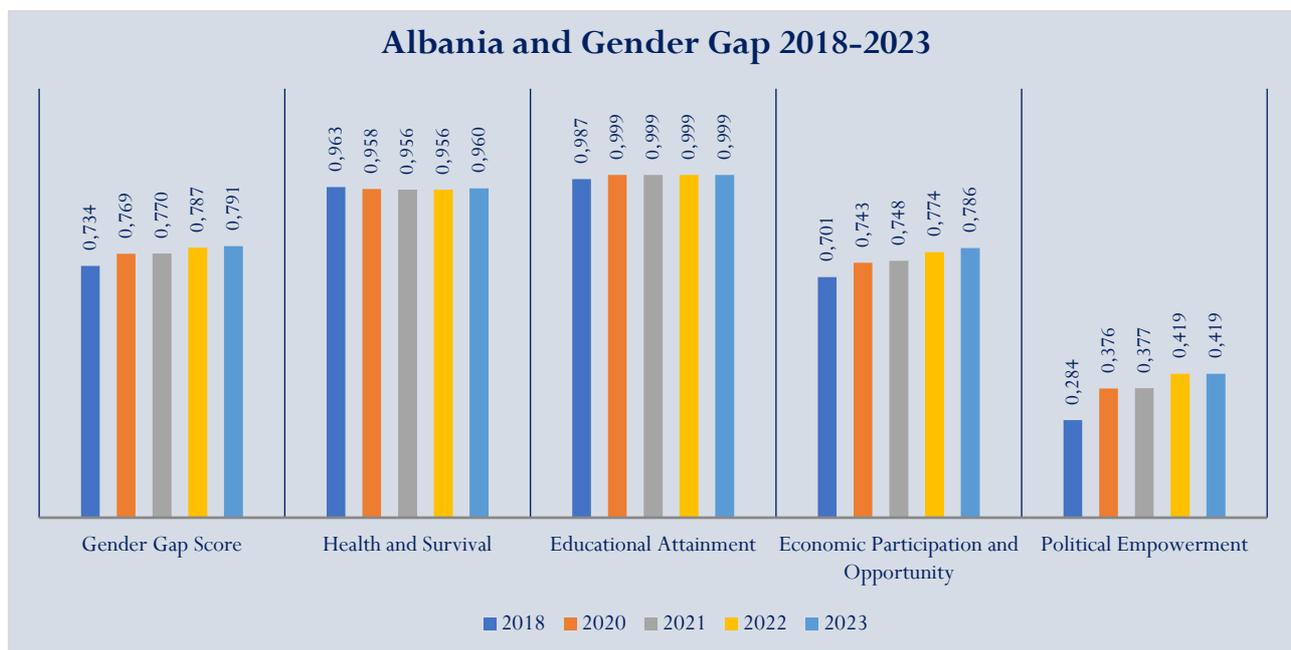


Chart 3232 [The Gender Gap Index Edition 2019 is not present]

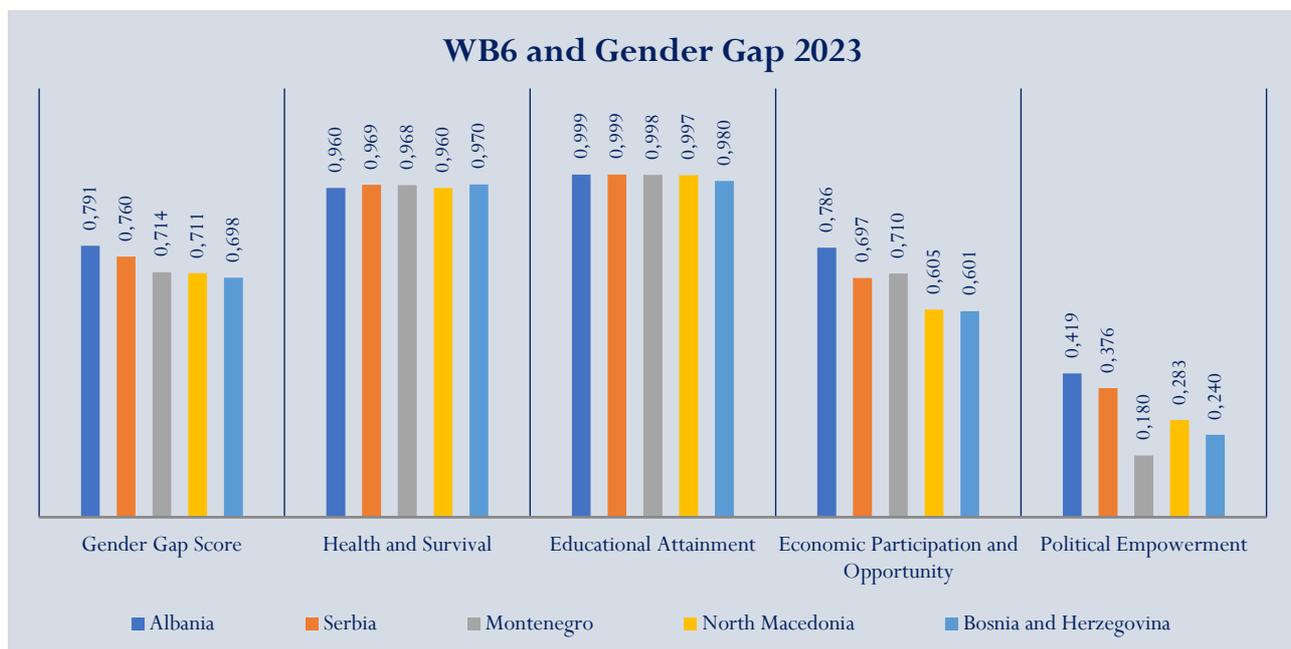


Chart 3333 [Kosovo has not been assessed in the Gender Gap Index]

Serbia follows Albania with a score of 0.76, positioning it at the 38th rank globally. Notably, Serbia's performance surpasses that of Albania in the Health and Survival indicator, achieving a score of 0.969 for the year 2023. Additionally, its performance matches Albania's in the Educational Attainment domain, as its score closely approaches parity with a value of 0.999. In terms of the Economic Participation and Opportunity domain, Serbia secures the third position among the WB6 countries with a score of 0.697. Furthermore, Serbia attains the second position in the Political Empowerment domain. However, its score of 0.376 is notably lower than Albania's score of 0.419, indicating a significant difference in political empowerment between the two countries within the WB6 context.

Montenegro follows as the third-ranked WB6 country with a score of 0.714, positioning it 69th in the global ranking. Its performance aligns with other WB6 nations in Health and Survival (0.968) and Educational Attainment (0.998). In terms of Economic Participation and Opportunity, Montenegro's score stands at 0.710, signifying a distance of 0.076 from Albania, the most gender-equal country within this domain. Notably, Montenegro lags behind the WB6 in the Political Empowerment domain, marked by a score of 0.180, substantially below the WB6's average score of 0.3.

North Macedonia follows Montenegro in gender gap score ranking, attaining a score of 0.711 and ranking 73rd globally. Notably, North Macedonia, alongside Albania, demonstrates the weakest performance among WB6 countries in the Health and Survival indicator, both recording a score of 0.96. In Educational Attainment, North Macedonia's score slightly trails that of previous countries, standing at 0.998, yet remains proximate to parity. Concerningly, North Macedonia displays subpar performance in the Economic Participation and Opportunity and Political Empowerment domains compared to other WB6 countries, recording scores of 0.605 and 0.283, respectively, ranking among the lowest within the WB6.

Bosnia and Herzegovina emerges as the least gender-equal nation among the WB6, with a score of 0.698 and a global rank of 86 out of 146. However, Bosnia and Herzegovina exhibits the most robust performance within the WB6 in the Health and Survival indicator, attaining a score of 0.97. In terms of Educational Attainment, its performance is slightly lower compared to other WB6 nations, standing at 0.980. The most notable disparities arise in the Economic Participation and Opportunity and Political Empowerment domains, where Bosnia and Herzegovina demonstrates its weakest performances, recording scores of 0.601 and 0.240, respectively. This substantiates its standing as the least gender-equal country among the WB6 in both domains.

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## 12. *Climate Change*

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The Global Adaptation Initiative score, created by the University of Notre Dame's Global Adaptation Index (ND-GAIN), is a comprehensive measurement that evaluates the readiness and vulnerability of countries in terms of their ability to adapt to the impacts of climate change. The ND-GAIN score takes into account various factors, including environmental, social, and economic indicators, to provide a holistic understanding of a country's adaptation capabilities. These indicators encompass areas such as food security, water availability, infrastructure, governance, healthcare, and economic resources. By analyzing these dimensions, the ND-GAIN score offers insights into a country's strengths and weaknesses in adapting to the challenges posed by climate change. The scoring system operates on a scale from 0 to 100, where a higher score indicates a greater level of preparedness and resilience. A higher score suggests that a country has taken proactive measures to address climate-related risks, has effective policies in place, and is capable of responding to and recovering from climate-induced disruptions. The ND-GAIN Country Index comprises two fundamental dimensions pertaining to adaptation, namely: (i) Vulnerability and (ii) Readiness. In the context of vulnerability, the term pertains to the measurement of a nation's susceptibility to, exposure to, and its capacity for adapting to the adverse ramifications of climate change. This holistic assessment of vulnerability by ND-GAIN incorporates six pivotal sectors integral to sustaining life, encompassing food security, water availability, healthcare, ecosystem services, human habitation, and infrastructure. Indicators of vulnerability are calibrated on a scale ranging from 0 to 1, where lower values signify enhanced performance. On the other hand, the dimension of readiness, as articulated by ND-GAIN, is concerned with evaluating a nation's adeptness in leveraging investments and translating them into effective adaptation measures. The readiness component is gauged by ND-GAIN through the evaluation of three central constituents, namely economic readiness, governance readiness, and social readiness. The quantification of readiness takes place within a scale extending from 0 to 1, where higher values denote a superior level of preparedness. The ND-GAIN score provides valuable information for both developed and developing countries. For developed nations, it highlights areas where improvements can be made to further enhance resilience and adaptive capacity. For developing countries, the score can aid in identifying critical areas that require immediate attention to reduce vulnerabilities and enhance their ability to manage climate risks.

Regarding Albania, Chart 34 provides an overview of the trajectory of vulnerability and readiness pillars during the period of 2017-2021. It is noteworthy that in vulnerability indicators, a lower index value indicates a higher level of performance. Across various domains, Albania demonstrates a mix of incremental enhancements

and relatively stable outcomes within the mentioned timeframe. In terms of Food vulnerability, Albania displays a marginal advancement from 2017 to 2021. The score for 2017 was 0.42, while it slightly improved to 0.415 by 2021. However, it's essential to acknowledge that food vulnerability remains notably high. Contrarily, Water vulnerability emerges as an area where Albania showcases comparatively improved performance. Although the period of 2017-2021 did not yield significant changes, with only a minute decrease of -0.001, the Water vulnerability indicator attains the most favorable standing among the vulnerability metrics. The Health domain exhibits modest yet consistent enhancements in Albania's performance over time. Specifically, the Health indicator illustrates a decline from 0.368 in 2017 to 0.345 in 2021, indicating an improvement of 0.023. Conversely, with regards to the Ecosystem, the span between 2017 and 2023 witnesses negligible changes, and the Ecosystem scores maintain a relatively elevated status. A parallel situation is evident in the Habitat indicator, which demonstrates sustained stability throughout the considered years, albeit with elevated scores. Concluding the analysis of vulnerabilities, the Infrastructure indicator underscores an improvement from 2017 to 2018, transitioning from a score of 0.442 to 0.406, followed by a subsequent decline to 0.437 by 2021.

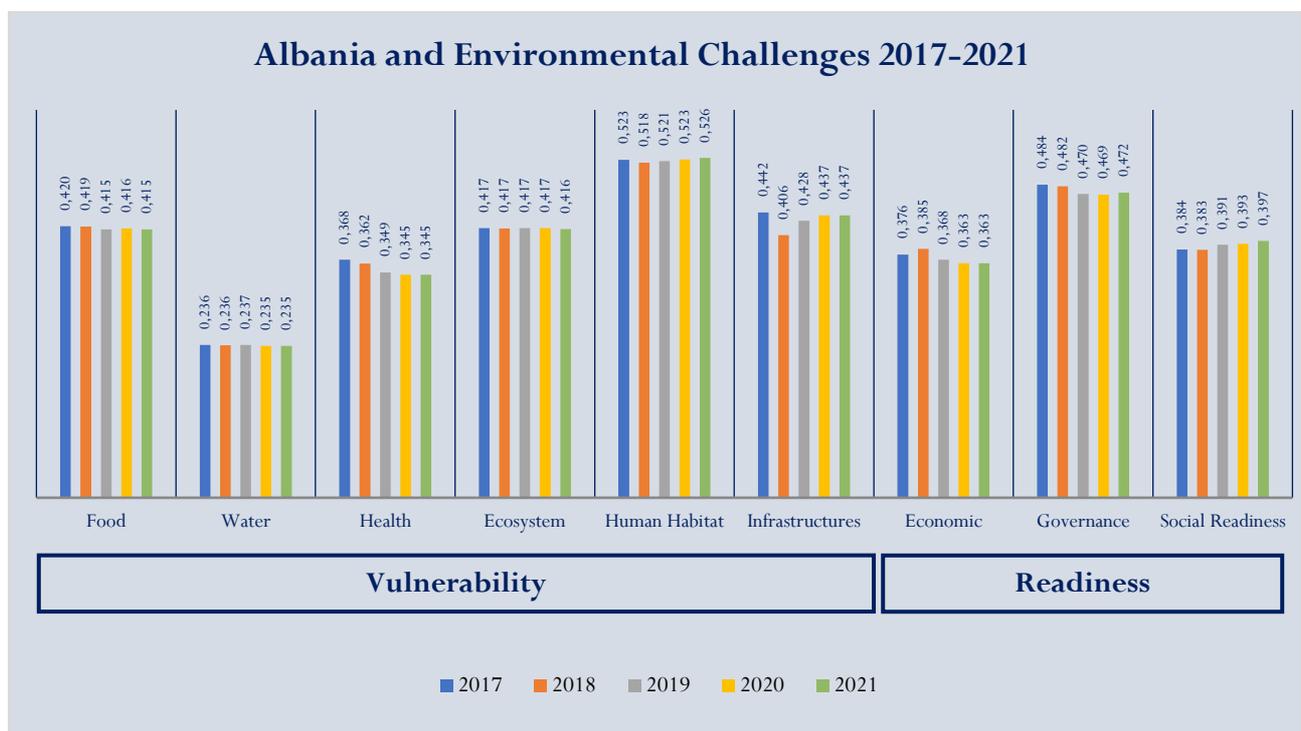


Chart 3434

Shifting the focus to the Readiness domain, wherein higher scores correspond to superior performance, Albania experiences a gradual decline in Economic readiness. The Economic readiness indicator reveals a decrease from 0.376 in 2017 to 0.363 in 2021. A similar pattern is mirrored in Governance readiness, as its score drops from 0.484 in 2017 to 0.472 in 2021, with a minor decrease in performance observed in 2021 compared to the preceding year. In contrast, Social readiness emerges as the sole Readiness domain manifesting a gradual, yet consistent, amelioration. Specifically, the indicator ascends from 0.384 in 2017 to 0.397 in 2021.

Charts 35 and 36 depict the Global Adaptability Index and the Vulnerability and Readiness scores for the Western Balkan 6 (WB6) countries during the period spanning 2015 to 2021. These visual representations offer insights into the trends of these metrics over the specified timeframe. It is evident from Chart 35 that Montenegro has achieved the highest Global Adaptability Index score among the WB6 nations since 2018, reaching its peak. However, following its peak in 2019 at a score of 55.4, Montenegro's Global Adaptability Index experiences a gradual decline, with scores of 55.1 and 54.9 recorded in 2020 and 2021, respectively. Regarding Vulnerabilities, it is important to bear in mind that lower scores indicate superior performance. In this context, Montenegro secures the second position among the WB6 nations, trailing Bosnia and Herzegovina. Montenegro's vulnerability score of 0.37 underscores its adeptness in managing vulnerabilities throughout the given period. In contrast, the realm of Readiness, alongside North Macedonia, demonstrates the most

commendable performance across the WB6 countries. Specifically, their readiness scores consistently hover around 0.46, culminating in a score of 0.47 by 2021. This performance underscores the adeptness of these nations in effectively utilizing investments and translating them into impactful adaptation measures.



Chart 3535 [Kosovo has not been assessed in the Global Adaptation Index]

Subsequent to Montenegro's position, we turn our attention to North Macedonia, whose Global Adaptability Index is approximately 54 during the examined timeframe. A comparative analysis between 2015 and 2021 reveals a marginal decrease in the Global Adaptation Index, transitioning from 54.9 to 54.5. In the domain of Vulnerability scores, North Macedonia demonstrates a minor deterioration over the temporal span, shifting from 0.37 in 2015 to 0.38 by 2021. However, it is important to note that this performance is among the most favorable within the context of the WB6 countries. As for Readiness, the scores oscillate around the range of 0.46 and 0.47. To elaborate, a period of stagnation at the score of 0.46 persists from 2016 to 2019. In the subsequent years, 2020 and 2021, there is a more gradual increment observed in the score, reaching 0.47.

In the year 2021, Serbia attained the third position in the Global Adaptation Index among the WB6 countries, achieving a score of 51.6. This marked a notable increase from its 2016 score of 50.2, demonstrating an upward trend in adaptation. Subsequently, the score remained relatively constant, hovering around 51 until the aforementioned year. This increase in the Global Adaptation Index for Serbia was not attributed to changes in the Vulnerability score, which exhibited stability over time, maintaining a consistent value of approximately 41. However, between 2016 and 2017, the Readiness score for Serbia experienced a positive shift, rising from 0.42 to 0.45. This enhancement in Readiness was sustained in the subsequent years, with the score remaining relatively stable around the value of 0.45, albeit with a minor decline to 0.44 observed in both 2020 and 2021.

In the year 2021, Bosnia and Herzegovina occupies the 4th position among the WB6 countries, achieving a Global Adaptation Index score of 50.9. Over the period from 2015 to 2018, the Global Adaptation Index experienced a modest increase, rising from 50.9 to 51.5, followed by a subsequent decline that brought Bosnia and Herzegovina's score back to the level observed in 2015, which is 50.9. These changes in the Global Adaptation Index for Bosnia and Herzegovina are not attributed to the Vulnerability score, as this domain

## WB6 and Environmental Challenges 2015-2021

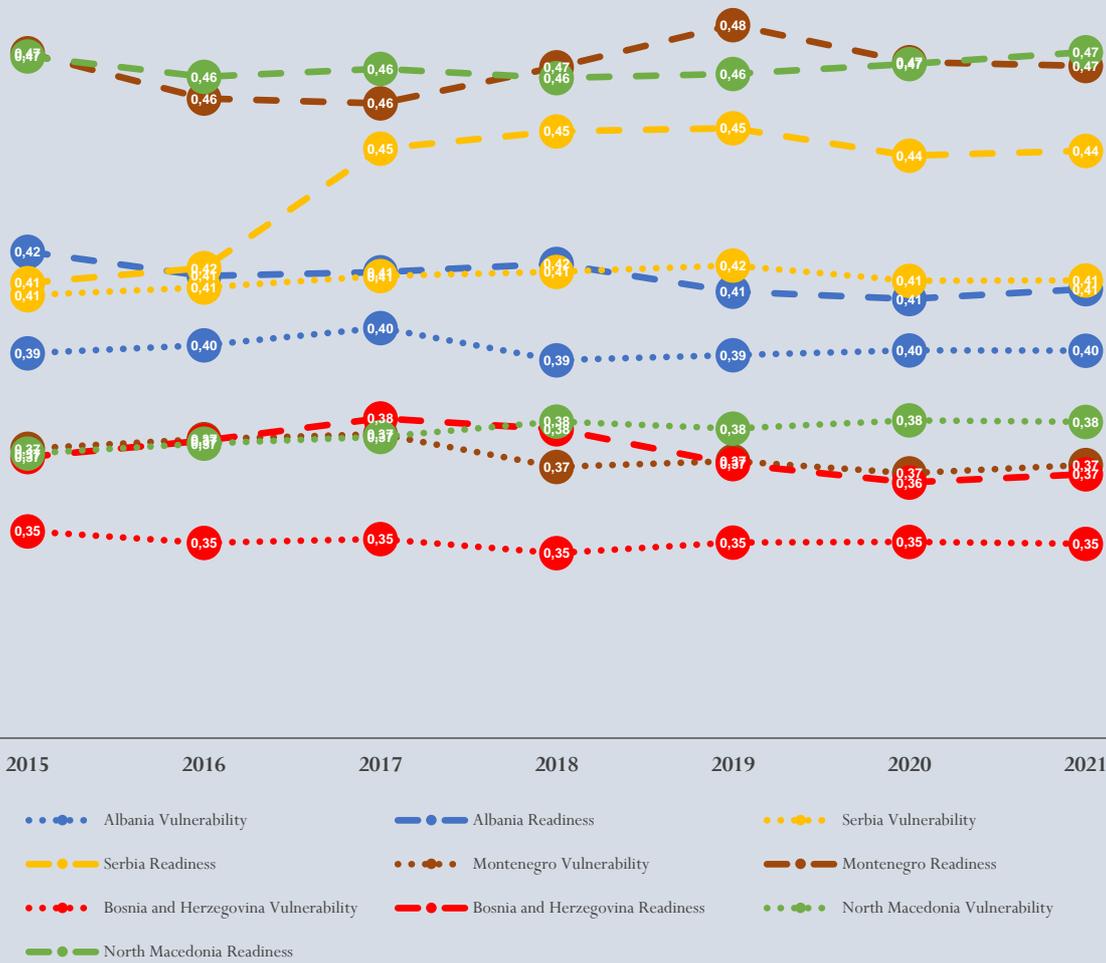


Chart 3636 [Kosovo has not been assessed in the Global Adaptation Index]

demonstrates the highest performance among the WB6 countries and remains relatively stable, maintaining a consistent value of around 0.35 over the considered timeframe. Conversely, when examining the Readiness dimension, Bosnia and Herzegovina presents the lowest values among W6 over the same period. More specifically, the Readiness index moved from 0.37 in 2015 to its peak of 0.38 in 2017, after which it began a gradual decline, returning to levels comparable to those observed in 2017.

Finally, it is noteworthy that Albania demonstrates the least favorable performance among the WB6 countries when considering the Global Adaptability Index, with a recorded value of 50.8 in the year 2021. This level is comparable to that observed in 2016, which was 0.59. Over the specified period under analysis, Albania's Global Adaptation Index shows relatively minor fluctuations, ranging from a minimum of 50.7 to a maximum of 51.2. These subtle changes in the Global Adaptation Index for Albania cannot be attributed to the Vulnerability score, as it remains relatively stable, oscillating between the values of 0.39 and 0.4. It is pertinent to note that among the WB6 countries, Albania possesses the second-highest Vulnerability scores after Serbia, indicating the second least favorable performance within the WB6 group in this regard. Similarly, the Readiness scores for Albania also exhibit a stable pattern between the years 2015 and 2021, fluctuating within the range of 0.41 and 0.42. In terms of Readiness, Albania ranks second lowest among the WB6 countries, trailing behind Bosnia and Herzegovina in this dimension.

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## 13. Energy Transition

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The Energy Transition Index, developed by the World Economic Forum serves as a comprehensive tool for assessing countries' energy systems performance and their preparedness for energy transition. This index provides a structured framework to assist countries in formulating long-term energy transition strategies, taking into account their current energy system performance and identifying essential factors that enhance their readiness for energy transition. Over the preceding years, progress made in the three fundamental dimensions of the energy triangle, namely economic development and growth, energy security and access, and environmental sustainability, has highlighted the complex interplay within the energy system and emphasized the pressing need to accelerate the energy transition process. The Energy Transition Index involved an assessment of 115 countries, evaluating their performance across two primary dimensions: System Performance, which carries a weight of 60%, and Transition Readiness, with a weight of 40%. The System Performance dimension encompasses three sub-dimensions: Equitable, which assesses aspects like energy access, affordability, and the economic development of the energy sector; Secure, which evaluates energy supply, reliability, and resilience; and the Sustainable dimension, based on a composite measure of energy efficiency, decarbonization efforts, and progress towards cleaner energy systems. On the other hand, the Transition Readiness dimension consists of two components: Regulatory Framework and Investments, which gauge the stability of policy environments, the level of political commitment, the investment climate, and access to capital; and Enabling Factors, which assess aspects like consumer engagement, the development and adoption of new technologies, and other external factors that extend beyond the energy system itself. These factors, such as skills and the quality of transport infrastructure, nonetheless play a significant role in determining the effectiveness and future trajectory of energy transition within a given country. Notably, the 115 countries under scrutiny collectively represent a substantial portion of the global population (90%), total energy supply (93%), and global nominal gross domestic product (98%).

According to the *Energy Transition Index 2023*, Global ETI scores have increased by 10% since 2014, but recent years have seen only marginal growth. In 2023, just 18% of countries have managed to balance the energy triangle's imperatives. Equity has been somewhat compromised, as the transition mainly focused on security and sustainability. Interestingly, the top 10 countries, which include Sweden, Denmark, and Norway, account for only a small fraction of global CO<sub>2</sub> emissions and energy supply. While 41 countries have made steady progress over the past decade, 113 have shown some improvement, with 55 enhancing their scores by over 10 percentage points. Notably, significant progress has been observed in emerging demand centers like China, India, and Indonesia. However, sustaining momentum is critical for long-term energy transition goals. Currently, only India and Singapore maintain consistent momentum in building energy equity, sustainability, and security. For the rest, the window of opportunity to address this issue is closing as ETI scores plateau. The absence of balanced progress poses challenges for many countries navigating the complexities of the energy transition. Countries need to assess their readiness for transition and develop robust plans for resolution. Effective policies and strategic partnerships will be crucial, encouraging clean energy investments, promoting innovation, enhancing energy efficiency, and ensuring equitable distribution of transition benefits across society.

Chart 37 illustrates Albania's trajectory in the Energy Transition Index and its sub-components from 2019 to 2023. During this period, the overall ETI score exhibited a notable increase, rising from 60.2 in 2019 to 63.7 in 2023, marking a positive change of +3.5. However, it's worth noting that the 2023 score was slightly lower than that of 2022, which stood at 64.1.

Within the specific sub-components, Albania's trajectory displayed a fluctuating pattern. The System Performance domain demonstrated a consistent upward trend. In particular, the Equitable indicator displayed an increase from 65.2 in 2019 to 67.9 in 2023, reflecting a gain of +2.7 during the timeframe. The Secure domain exhibited a substantial improvement, with the score rising from 49.4 in 2020 to 60.3 in 2023, indicating a noteworthy increase of +8.9 when compared to 2019. Similarly, the Sustainable domain demonstrated positive performance across the considered period. The score for this domain reached 86.7 in 2023, marking an increase of +4.9 compared to 2019 (81.8).

However, the Transition Readiness dimension exhibited more fluctuating performance. The Regulation & Political Commitment sub-component experienced a decline over time, recording a score of 51.5 in 2023, down from 61.2 in 2019, representing a decrease of -9.7. The Infrastructure domain also exhibited highly fluctuating scores, with a decline from 72.6 in 2019 to 55.2 in 2020, followed by an increase to 72.1 in 2022, but ultimately experiencing a decline to 65.8 in 2023, a decrease of -6.8 compared to the initial score in 2019. Similar fluctuations were observed in the Education and Human Capital sub-component, which scored 48.7 in 2019, increased to 69.4 in 2020, decreased to 49.1 in 2021, and significantly rose to 73.6 in 2023. The comparison between the 2023 (73.6) and 2019 (48.7) figures revealed a substantial improvement of +24.9. In contrast, the Innovation indicator, which oscillated between 45 and 52 during the period 2019-2022, experienced a severe decline in 2023, recording a score of 16.7. This represented a reduction of -24.8 compared to the initial score of 41.5 in 2019. Finally, the Finance and Investment Indicator, after a slight decline from 2019 (35.5) to 2021 (34.9), exhibited a dramatic increase in 2022 (44.6) and 2023 (51.8), showing an overall increase of +16.3 over the considered timeframe.

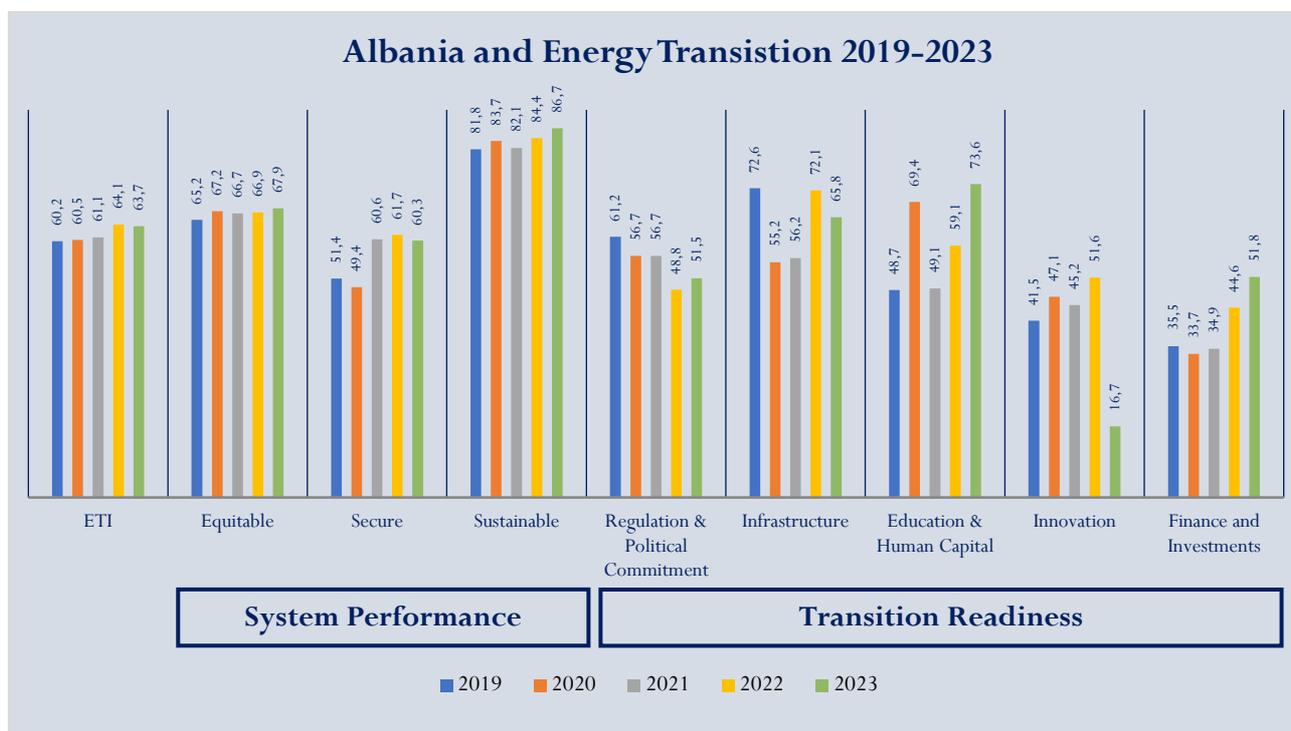


Chart 3737

Chart 38 presents the Energy Transition Index, along with the scores for the System Performance and Transition Readiness domains, for all countries within the WB6 over the period from 2014 to 2023. An initial observation reveals a consistent trend across all countries, where the System Performance domain consistently exhibits higher scores compared to the Transition Readiness domain.

Starting from 2016, Albania emerges as the leading performer in ETI among the WB6 countries. Specifically, Albania demonstrates superior performance in the System Performance domain, with scores fluctuating between 61 and 71 throughout the entire period under consideration. These scores represent the highest values among the WB6 countries, and they display a positive upward trajectory over time. Regarding Transition Readiness, Albania remains one of the top-performing countries among the WB6. The Transition Readiness score for Albania experienced steady growth from 40.2 in 2016 to 51.3 in 2019, indicating a notable improvement. However, a slight decline is noted in 2021, with a score of 48, followed by a subsequent recovery, leading to a score of 51.8 in 2023. This trend suggests Albania's ongoing commitment to enhancing its readiness for energy transition, positioning it favorably within the WB6 context.

In the context of the WB6 countries, Bosnia and Herzegovina secures the second rank in the 2023 Energy Transition Index with a notable score of 56.7. A striking observation concerning Bosnia and Herzegovina's ETI trajectory is its stability during the period spanning 2014 to 2020, where the score gradually increased from 47.6

in 2014 to 50.2 in 2020. However, a remarkable shift is witnessed from 2020 to 2023, as the score experiences a significant surge, reaching 56.7 in 2023. Specifically focusing on the System Performance domain, Bosnia and Herzegovina portrays an interesting trend. Between 2015 and 2020, a gradual decline is observed, with the score declining from 59.6 to 57.5. However, a subsequent reversal in this trend is recorded from 2020 to 2023, witnessing a score increase from 57.5 to 60.3. Contrasting with the steady System Performance trend, Transition Readiness in Bosnia and Herzegovina has undergone a remarkable improvement. In 2014, the country exhibited

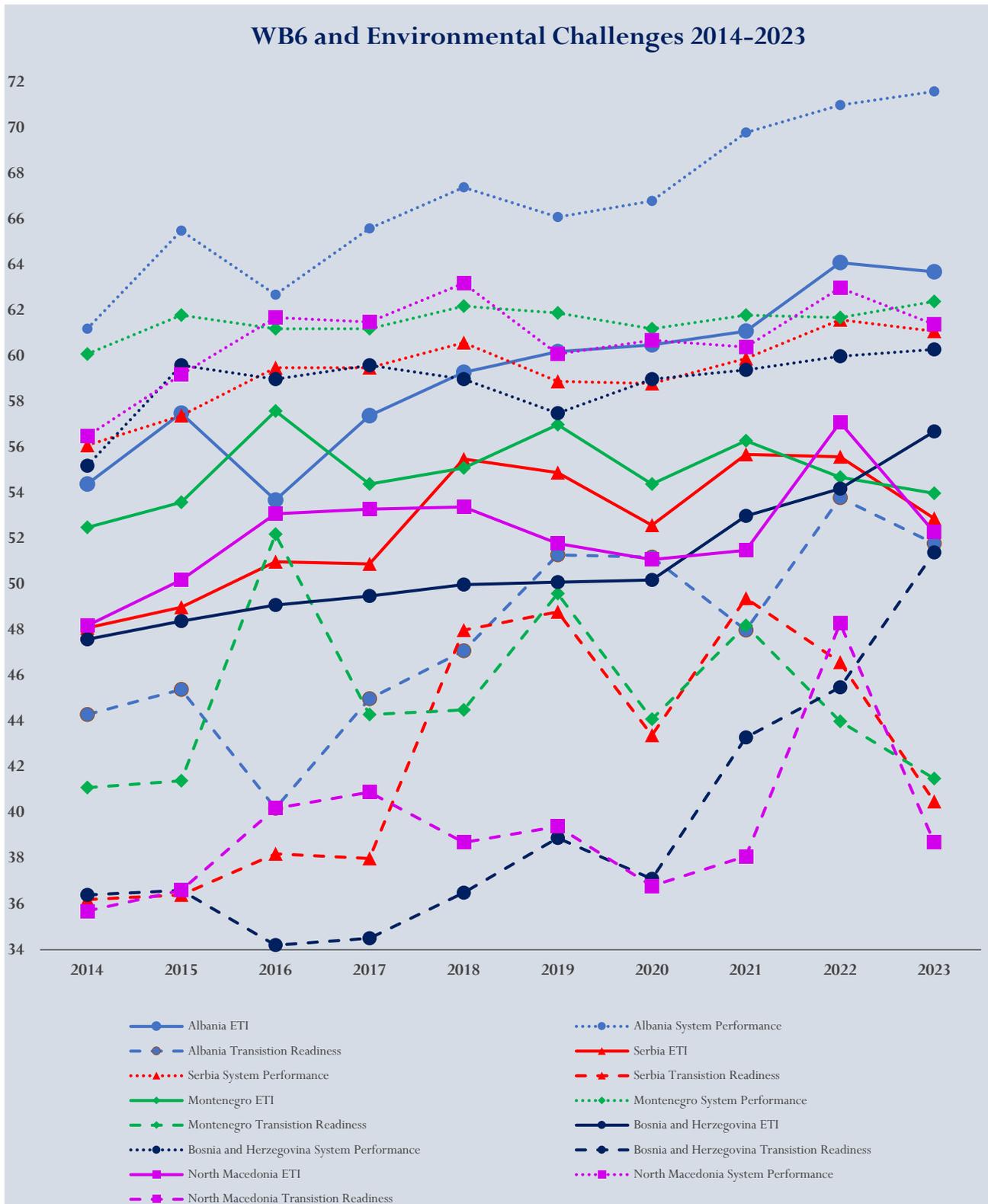


Chart 3838 [Kosovo has not been assessed in the Energy Transition Index]

one of the weakest performances in the Transition Readiness domain among WB6 countries (alongside Serbia and North Macedonia), registering a score of 36.4. Subsequently, from 2015 to 2020, the performance remained less impressive in this domain. However, a pivotal shift occurred since 2020, leading to a substantial increase from 37.1 in 2020 to 51.4 in 2023. This significant improvement places Bosnia and Herzegovina among the top performers in Transition Readiness, ranking second only to Albania in the 2023 assessment.

In the realm of the WB6 countries, Montenegro secures the third position in the 2023 Energy Transition Index with a score of 54. Montenegro's ETI trajectory has shown remarkable stability over time, registering a modest increase of +2 in 2023 as compared to the score recorded in 2014. This stability is punctuated by two notable peaks, one in 2016 with a score of 57.6 and the other in 2019 with a score of 57.5. The System Performance domain of Montenegro, akin to the ETI, demonstrates limited variability over the considered timeframe. The score oscillates within a narrow range between 60 and 62, depicting an incremental increase of +2.3 in 2023 when compared to the score of 2014. This stability in the System Performance dimension showcases Montenegro's consistent performance. On the contrary, the Transition Readiness domain exhibits more fluctuating values. Specifically, three significant peaks stand out: 52.2 in 2016, 50.1 in 2019, and 48.2 in 2021. In the remaining years, the indicators display fluctuations ranging between 41 and 44. Notably, when comparing the year 2023 with the baseline year of 2014, there is a slight increase of +0.4 in the Transition Readiness domain. Overall, Montenegro's performance in the Energy Transition Index and its respective domains indicates a stable trajectory in System Performance and a more fluctuating trend in Transition Readiness, with a modest yet discernible improvement in 2023 compared to the initial benchmark year.

In the realm of the WB6 countries, Serbia secures the fourth position in the 2023 Energy Transition Index (ETI) with a commendable score of 52.9. The ETI trajectory of Serbia showcases a compelling pattern over the considered timeframe. Initially, the index demonstrates a steady increase from the baseline year of 2014, where it stood at 48.1, reaching its peak in 2018 with a score of 55.5. Subsequently, there is a noticeable decline to 52.6 in 2020, followed by an upward trend to 55.6 in 2022. However, in 2023, the score experiences a decline to 52.9, although this still represents a positive overall improvement of +4.8 when compared to the initial score in 2014. An in-depth examination of the System Performance Indicator reveals a more consistent trajectory. The indicator displays a steady increase from 2014 (56.1) to 2018 (60.6), followed by a slight decrease to 59 in 2020, and subsequently recovering in the following years. This overall trend indicates an increase of 13.3 when comparing the figures of 2023 with those of 2014. In contrast, the Transition Readiness indicator manifests a more fluctuating behavior. It remains relatively stable between 2014 (36.2) and 2017 (38), experiencing a noteworthy and sudden increase in the subsequent years: 2018 (48), 2019 (48.8), and 2021 (49.4). However, there is a decline in the years 2022 (46.6) and 2023 (40.5). An overall comparison of the performance at the end and the beginning of the considered period reveals an improvement of +5.3 in the Transition Readiness indicator. In summation, Serbia's performance in the Energy Transition Index and its respective indicators signifies a mixed trajectory with a steady improvement in the System Performance domain, while the Transition Readiness indicator exhibits more fluctuations, showcasing both progress and periods of decline over the analyzed period.

Among the countries in the WB6 region, North Macedonia demonstrates the lowest performance in the 2023 Energy Transition Index (ETI), with a score of 52.3 out of a total of 100. The ETI trajectory of North Macedonia reveals noteworthy patterns over the considered timeframe. Initially, the North Macedonia ETI score displays a consistent increase from the baseline year of 2014 (48.2) to 2016 (53.1), followed by a period of stagnation until 2018 (53.4). Subsequently, there is a gradual decrease until 2021 (51.5). In 2022, there is a dramatic surge in the score (57.1), but it is followed by a significant decline in 2023 (52.3). An in-depth examination of the System Performance Indicator showcases a steady increase from 2014 (56.5) to 2018 (63.2). Subsequently, it initiates a gradual decline until 2021 (60.4). Similar to the ETI, the System Performance indicator exhibits a dramatic surge in 2022 (63), followed by a decline (61.4). Overall, comparing the System Performance indicator's score of 2023 with the baseline year of 2014 reveals a noteworthy increase of +4.9. Conversely, the Transition Readiness indicator experiences slight oscillations between 35 and 38 between 2014 and 2021. However, it reaches a peak in 2022 (48.3) and experiences a sharp decline in 2023 (38.7). In terms of the Transition Readiness indicator, a comparison between 2023 and the baseline year of 2014 indicates an overall increase of +3. In summary, North Macedonia's performance in the Energy Transition Index highlights

a dynamic trajectory, with shifts in both ETI and System Performance scores. The Transition Readiness indicator also showcases fluctuations, with notable peaks and declines, indicating the country's ongoing efforts to enhance its energy transition readiness.

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## 14. *Human Development*

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The *Human Development Report* (HDR) is an annual publication released by the United Nations Development Programme (UNDP). First introduced in 1990, the report serves as a comprehensive analysis of global human development trends, challenges, and achievements. Its primary focus is on measuring and assessing the well-being of people in different countries, aiming to provide a broader understanding of development beyond traditional economic indicators. The Human Development Index (HDI) is a composite metric established by the UNDP in 1990 to evaluate the overall well-being and developmental status of nations. It comprises three fundamental dimensions: (i) health, (ii) education, and (iii) standard of living. Health is assessed by life expectancy at birth, education involves indicators of mean years of schooling and expected years of schooling, and the standard of living is measured by Gross National Income (GNI) per capita. The HDI assigns equal weight to these dimensions, and scores range from 0 to 1, with higher values indicating greater levels of human development. This index provides a comprehensive view of development, going beyond economic indicators, and is valuable for comparing countries and tracking changes in human development over time. The Human Development Index Inequality-adjusted and Gender Development Index (GDI) represent refinements in the realm of human development measurement, aimed at providing a more comprehensive understanding of the multifaceted dynamics present in a country's developmental achievements. The HDI Inequality-adjusted index goes beyond the traditional HDI by not only considering the average attainments in health, education, and living standards, but also incorporating the distribution of these attainments among the population. This index takes into account disparities within each dimension, thus offering a more accurate depiction of the overall state of human development by factoring in the level of inequality present within different societal segments. Conversely, the Gender Development Index focuses specifically on exposing gender-based disparities within human development achievements. While the conventional HDI offers a holistic perspective, the Gender Development Index disaggregates the HDI based on gender, highlighting the differences in achievements between men and women across metrics such as life expectancy, education, and income. This index serves to illuminate gender-related inequalities, thereby identifying areas of progress and challenges, and offering insights into the status of gender equity.

The UNDP has expressed a critical perspective on the current global situation, emphasizing a recurring cycle of crises and an inability to address the fundamental issues at hand. The *Human Development Report 2021/22* titled "*Uncertain Times, Unsettled Lives: Shaping our Future in a Transforming World*" highlights the accumulation of uncertainties that are interacting in unprecedented ways, leading to widespread disruption in people's lives. The past two years have been particularly challenging, with global crises such as the COVID-19 pandemic and the conflict in Ukraine occurring in rapid succession. These crises have intertwined with significant social and economic shifts, environmental changes, and increased polarization, resulting in a devastating impact on billions of individuals worldwide. Disturbingly, for the first time in the 32-year history of calculating the Human Development Index (HDI), which assesses health, education, and living standards in nations, there has been a consecutive decline on a global scale. Human development has regressed to levels observed in 2016, erasing much of the progress toward achieving the Sustainable Development Goals. The decline in HDI is widespread, with over 90 percent of countries experiencing a drop in their HDI scores in either 2020 or 2021, and more than 40 percent experiencing declines in both years. This decline indicates that the crisis is deepening for many countries. While some nations are beginning to recover, the process is uneven and partial, exacerbating inequalities in human development. Regions such as Latin America, the Caribbean, Sub-Saharan Africa, and South Asia have been disproportionately affected by these challenges. The report underscores the urgency of making necessary systemic changes rather than relying on short-term fixes or immediate relief tactics. These temporary measures, such as subsidizing fossil fuels, may delay the essential long-term transformations needed to address interconnected global challenges. The report calls for a renewed sense of global solidarity to confront these shared challenges effectively. The analysis in the report highlights the barriers preventing necessary

changes, including insecurity and polarization, which are reinforcing each other and hindering the collective action required to tackle crises at all levels. The report notes that those feeling the most insecure are more likely to hold extreme political views, illustrating a complex interplay of factors shaping current societal dynamics.

In the case of Albania, Chart 39 provides a depiction of the Human Development Index, the Inequality-Adjusted Human Development Index, and the Gender Development Index over the period spanning from 2017 to 2021. Upon examination, it becomes apparent that the HDI experiences a modest upward trend between 2017 and 2019, advancing from 0.802 to 0.81, denoting an incremental improvement of 0.008. However, a noteworthy decline of -0.016 is observed in 2020, as compared to the 2019 level, followed by a slight recovery in 2021, resulting in a score of 0.796. When focusing on the Inequality-Adjusted HDI, we discern lower values, particularly notable in the years 2017 and 2018, where the slight increase in HDI is not paralleled by a corresponding rise in the Inequality-Adjusted HDI; instead, the latter remains constant at 0.720 for both years. Conversely, the decline observed in 2020 (-0.015) bears a comparable magnitude to the decrease in HDI. On a different note, the Gender Development Index displays a gradual and consistent increase throughout the specified timeframe, progressing from 0.991 in 2017 to 1.007 in 2021, representing a positive change of +0.016.

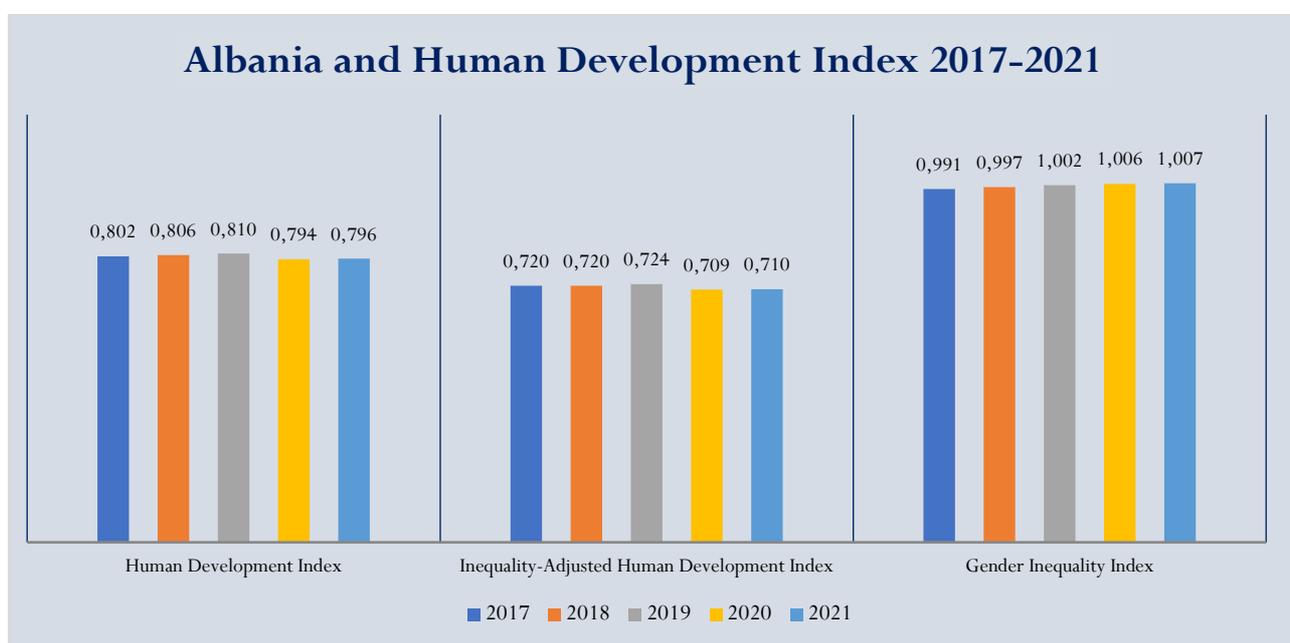


Chart 3939

Chart 40 illustrates the Human Development Index (HDI) and the Inequality-Adjusted Human Development Index for all the Western Balkan Six (WB6) countries during the time span of 2012 to 2021. Among the WB6 nations, Montenegro stands out with the most commendable performance, achieving an HDI score of 0.832 in 2021. This score exhibits a gradual and consistent increase throughout the period from 2012 to 2021. In contrast, the Inequality-Adjusted HDI shows a more stable behavior in comparison to the standard HDI, fluctuating within the range of 0.746 and 0.763. On average, the Inequality-Adjusted HDI remains at approximately -0.657 in relation to the regular HDI.

In 2021, Serbia secures the second position in the Human Development Index (HDI) rankings among the Western Balkan Six countries, attaining a score of 0.802. The HDI in Serbia demonstrates a continuous upward trend from 2012 (0.78) to 2019 (0.811), indicating an improvement of +0.031 over this period. However, similar to the other WB6 nations, Serbia experienced a slight decline in HDI in both 2020 (0.804) and 2021 (0.802). In terms of the Inequality-Adjusted HDI, after witnessing a decrease from 2016 (0.701) to 2017 (0.688), there was a subsequent gradual increase until 2022, when the score reached 0.72. On average, the Inequality-Adjusted HDI was approximately -0.235 lower compared to the regular HDI score in Serbia.

In 2021, Albania holds the third position among the Western Balkan Six (WB6) countries, achieving a Human Development Index (HDI) score of 0.796. Albania's HDI performance closely resembles that of Serbia from 2012 to 2019, with oscillations ranging between 0.778 and 0.81. However, the decline in HDI observed

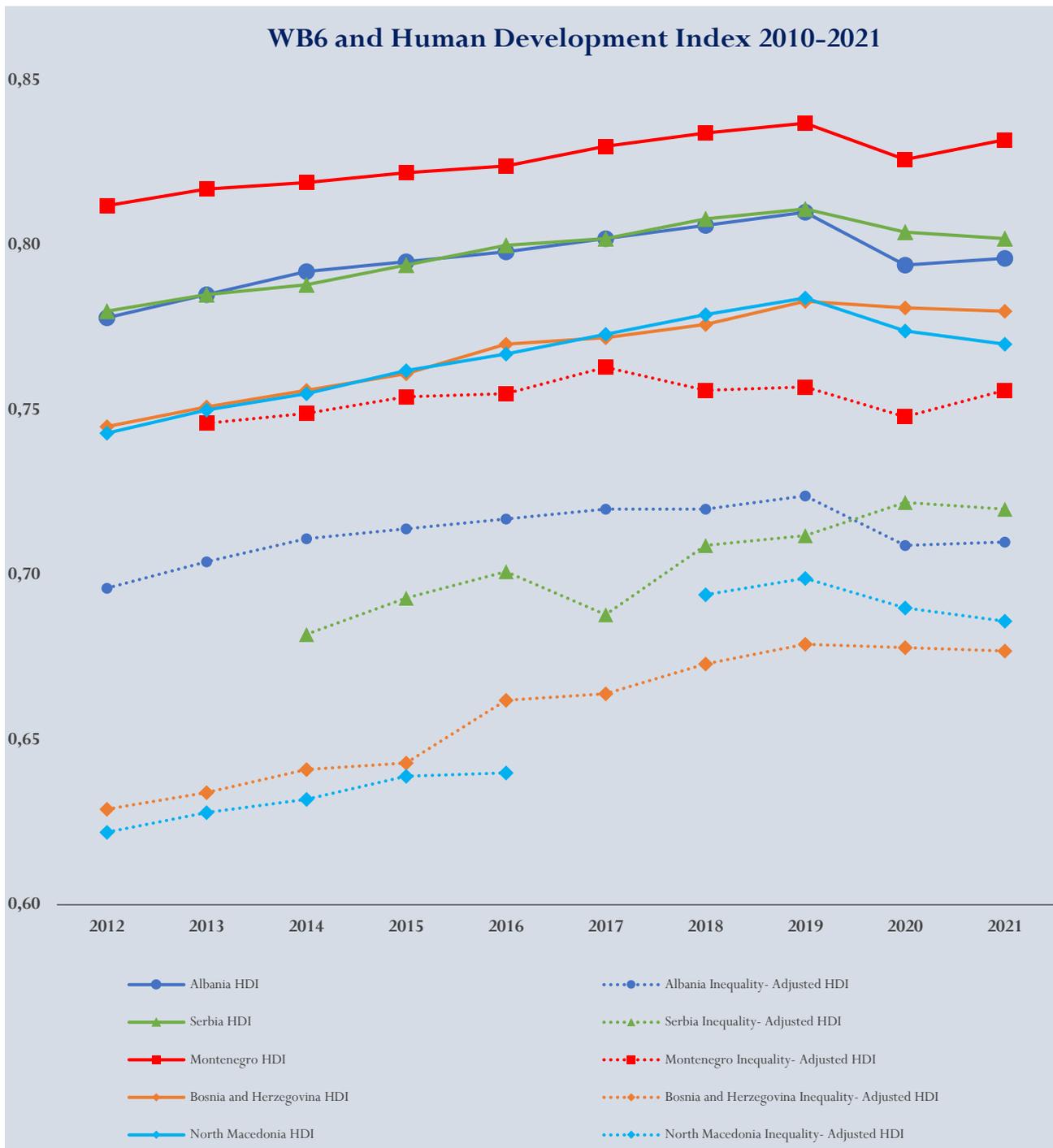


Chart 4040 [Kosovo has not been assessed in the Human Development Index]

in 2020 was more pronounced in Albania, as the score dropped from 0.81 in 2019 to 0.794 in 2020, followed by a very slight increase to 0.796 in 2021. Comparatively, the Inequality-Adjusted HDI in Albania was noticeably higher. It followed a similar pattern to the HDI, ranging from 0.696 to 0.724 between 2012 and 2019. The score decreased to 0.709 in 2020 and experienced a slight increase in 2021, reaching 0.71. On average, the Inequality-Adjusted HDI was approximately -0.083 lower compared to the HDI, a value notably lower than that observed in Serbia.

In 2021, Bosnia and Herzegovina holds the fourth position among the WB6 countries in the Human Development Index, achieving a score of 0.78. The HDI in Bosnia and Herzegovina shows a consistent upward trend from 2012 to 2019, with an increase from 0.745 in 2012 to 0.783 in 2019. Notably, unlike other countries, the HDI in 2020 and 2021 did not exhibit a decrease but remained stagnant around 0.78. Regarding the Inequality-Adjusted HDI, the index demonstrates a gradual increase over the considered period, moving from

0.629 in 2012 to 0.677 in 2021, representing an increase of +0.048. Nevertheless, Bosnia and Herzegovina displays the lowest average disparity between the HDI and the Inequality-Adjusted HDI across the considered period, which is equal to -0.11.

In 2021, North Macedonia exhibits the weakest performance among the WB6 countries in the Human Development Index (HDI), with a score of 0.77. The HDI trajectory in North Macedonia from 2012 to 2019 is similar to that of Bosnia and Herzegovina, ranging from 0.743 in 2012 to 0.784 in 2019. However, unlike Bosnia and Herzegovina, North Macedonia experienced a decline in HDI in both 2020 and 2021, achieving scores of 0.678 and 0.677, respectively. Regarding the Inequality-Adjusted HDI, North Macedonia had the weakest performance among WB6 in the period from 2012 to 2016, with the score fluctuating between 0.622 and 0.64. The data for the year 2017 is missing. On the contrary, in the period from 2018 to 2021, North Macedonia ranks second lowest among WB6 in terms of Inequality-Adjusted HDI and also underwent a two-year decrease. Specifically, the decline was -0.009 in 2020 compared to 2019, followed by a decrease of -0.004 in 2021 compared to 2020. On average, the disparity between the HDI and Inequality-Adjusted HDI is -0.106 from 2012 to 2021.



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