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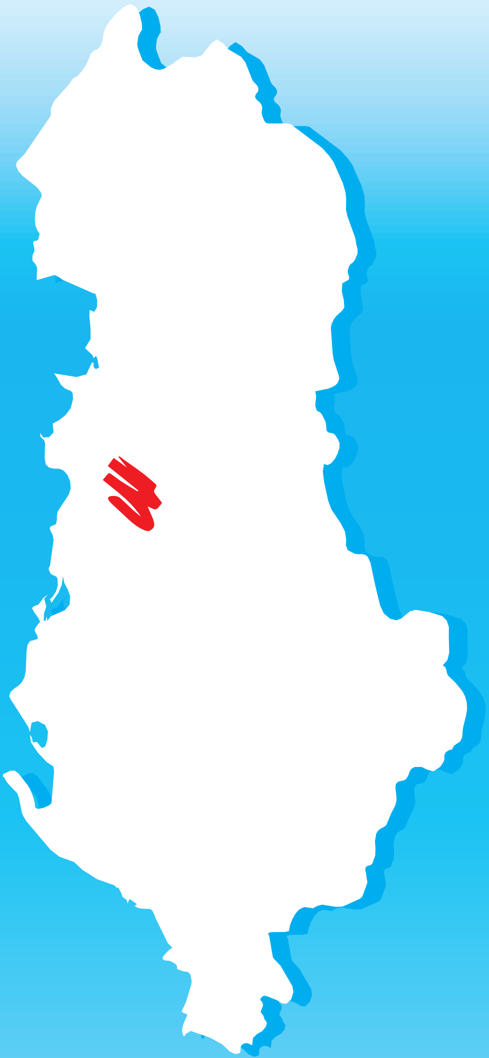

ALBANIA IN THE EYES OF THE WORLD 2024/2025

REPORT

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

The European Centre of Peace Science, Integration, and Cooperation (CESPIC) is a research center affiliated with the Catholic University "Our Lady of Good Counsel". Its primary mission is to develop, disseminate, and strengthen the field of peace science. Peace science has been gaining prominence across leading universities, research centers, and think tanks, drawing insights from disciplines such as economics, international relations, political science, sociology, anthropology, religious studies, and psychology. Peace science encompasses both positive and normative dimensions, analyzing the underlying causes of conflict while also formulating policies to foster lasting peace. CESPIC's approach to peace rests on three core conceptual pillars: (i) Peace "from within"; (ii) Peace among states, polities, and communities; (iii) Peace as a global public good.

First, CESPIC promotes activities focused on the micro-foundations of peace within societies. These include local development, the fight against poverty and inequality, conflict prevention and resolution among ethnic and religious minorities, social justice, the empowerment of civil society, and economic policies aimed at building peace.

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Foreword

Albania in the Eyes of the World is an annual publication that compiles and analyzes a wide range of socioeconomic indicators drawn from international reports and studies. The core purpose of this report is to illustrate Albania's trajectory across social, economic, and political domains.

Conceived as a guiding instrument, Albania in the Eyes of the World provides valuable insights to inform the country's development path. The merits of this approach are clear: it consolidates a broad array of information into a single, highly valuable document, serving the needs of students, scholars, journalists, policymakers, entrepreneurs, and investors alike.

This year marks the 7th edition of the report. Readers will find analyses on these topics, as well as others related to Albania's socioeconomic development and, to a lesser extent, that of the Western Balkans Six — Serbia, Montenegro, North Macedonia, Bosnia and Herzegovina, and Kosovo.

Raul Caruso
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Catholic University "Our Lady of Good Counsel"

Contents

List of Figures

Sources

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List of Abbreviations

CoHD	Cost of a Healthy Diet
CPI	Corruption Perceptions Index
ETI	Energy Transition Index
EU	European Union
FAO	Food and Agriculture Organization
GDI	Gender Development Index
GDP	Gross Domestic Product
GPI	Global Peace Index
HDI	Human Development Index
IEP	Institute for Economics and Peace
IFAD	International Fund for Agricultural Development
IHDI	Inequality-adjusted Human Development Index
ND-GAIN	Notre Dame Global Adaptation Initiative
NGO	Non-Governmental Organization
NIT	Nations in Transit
NRM	National Referral Mechanism
PPP	Purchasing Power Parity
RSF	Reporters Sans Frontières
SDG	Sustainable Development Gaol
SPAK	Special Anti-Corruption Structure
TIP	Trafficking in Persons
TVPA	Trafficking Victims Protection Act
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WB6	Western Balkan Six
WEF	World Economic Forum
WFP	World Food Programme
WHO	World Health Organization
WJP	World Justice Project

Key Findings

Albania

Albania has maintained internal stability and a constructive regional role, contributing to peace and cooperation across the Western Balkans. Its Euro-Atlantic orientation and engagement with international institutions strengthen resilience and external credibility. Yet democratic consolidation remains incomplete. Political polarization, institutional fragility, and limited accountability continue to challenge governance. Justice reform and anti-corruption initiatives have produced visible results — notably through SPAK and the vetting process — but implementation gaps persist, and public trust remains modest.

Human development has advanced steadily, placing Albania among high human development countries. Education, health, and gender equality have improved social outcomes, though regional and income disparities endure. Migration continues to shape labour markets and demographics, while social protection systems require stronger inclusiveness.

Economically, Albania benefits from market reforms, monetary stability, and growing integration into global and European markets. However, weak property rights, regulatory uncertainty, and overreliance on tourism and construction constrain productivity and diversification. Greater innovation, investment, and institutional efficiency are essential for sustainable growth.

Social cohesion remains strong, though civic trust and media independence face pressure from political and economic interests. Ownership concentration and limited financial autonomy restrict the media's watchdog role.

Environmentally, Albania performs well in renewable energy and sustainability, driven by its large hydropower base. Yet dependence on hydrological conditions exposes the system to climate volatility. Expanding energy diversification, strengthening climate governance, and mobilising green finance remain priorities.

Overall, Albania demonstrates a trajectory of stability and gradual modernization. Sustained progress will depend on consolidating governance reforms, diversifying the economy, and ensuring that growth and stability translate into inclusive and resilient development.

Key Findings

Western Balkans Six

The Western Balkans have maintained relative peace and stability, with EU integration remaining the central anchor for cooperation and reform. Regional initiatives have strengthened dialogue and economic ties, yet political polarization and governance fragility continue to hinder deeper reconciliation and institutional trust.

Democratic governance shows uneven progress. Judicial reforms, anti-corruption frameworks, and public administration modernization have advanced, but implementation remains inconsistent. Political influence, limited rule of law, and restricted media independence constrain accountability.

Human development indicators have improved gradually across the region, supported by better access to education, healthcare, and gender equality. However, youth unemployment, income disparities, and persistent outmigration limit inclusive growth and social mobility.

Economic transformation is ongoing. Most WB6 economies have strengthened trade openness and regulatory frameworks but still face structural barriers: low productivity, limited innovation, and dependence on remittances and traditional sectors. Deeper integration into European value chains and greater investment diversification are essential for sustained convergence.

Environmental and climate performance is improving slowly. Renewable energy potential is expanding, yet heavy reliance on fossil fuels, weak financing, and institutional inertia impede transition readiness. Building climate resilience and accelerating green investment remain shared challenges.

Overall, the WB6 demonstrate steady progress toward peace, development, and integration. Yet weak governance and institutional inertia continue to slow transformation. Consolidating reforms, empowering independent institutions, and linking stability to tangible social and economic benefits will be critical for the region's sustainable future.

1. Global Peace Index

The **Global Peace Index (GPI)**, , published annually by the Institute for Economics and Peace (IEP), provides a comprehensive assessment of peace levels worldwide. Drawing on 23 quantitative and qualitative indicators, it evaluates three core domains: (i) Societal Safety and Security, (ii) Ongoing Domestic and International Conflict, and (iii) Militarisation. The index covers nearly the entire global population, offering a comprehensive and representative assessment of global peace dynamics. The GPI is graded on a scale from 1 to 5, functioning as an inverted measure of peace: scores closer to 1 indicate higher levels of peace, while scores closer to 5 reflect lower levels.

The 2025 Global Peace Index, the 19th edition of the report, reveals a continuing decline in global peacefulness. The average level of peacefulness declined by 0.36 percent, marking the sixth consecutive year of deterioration. Produced by the Institute for Economics & Peace (IEP), the GPI ranks 163 independent states and territories, covering 99.7 percent of the world's population, making it the most comprehensive measure of global peacefulness. This year's results show that 87 countries experienced deteriorations, compared with 74 that improved. Two of the three domains measured by the index — *Ongoing Conflict* and *Militarisation* —worsened, while *Safety and Security* recorded a slight improvement. Of the 23 indicators, 13 deteriorated, eight improved, and two remained unchanged. The sharpest decline was in external conflicts fought, while the perceptions of criminality indicator showed the greatest improvement. Four indicators—external conflicts fought, deaths from internal conflict, military expenditure as a share of GDP, and weapons imports—each deteriorated by more than 2 percent.

Russia ranks as the least peaceful country in the world for the first time, followed by Ukraine, Sudan, the Democratic Republic of the Congo, and Yemen. By contrast, Iceland remains the most peaceful country, a position it has held since 2008, joined in the top five by Ireland, Austria, New Zealand, and Switzerland. Western and Central Europe continues to be the most peaceful region overall, although its peacefulness has declined for four consecutive years. The Middle East and North Africa remains the least peaceful region globally, while South Asia recorded the largest regional decline, driven by rising repression in Bangladesh and intensifying unrest and cross-border tensions in Pakistan. In contrast, South America was the only region to improve in 2024, with notable gains in Peru and Argentina following recent political changes.

The report underscores that conflict dynamics are worsening. There are now 59 active state-based conflicts—the highest number since the end of the Second World War. Seventeen countries recorded more than 1,000 conflict-related deaths in 2024, the most since 1999, while the resolution of conflicts has become increasingly rare: both decisive victories and peace agreements have fallen to their lowest levels in 50 years. Conflicts are also becoming more internationalised, with 78 countries engaged beyond their borders.

The long-term trend is equally sobering. Since the GPI's inception in 2008, the average level of peacefulness has declined by 5.4 percent. *Ongoing Conflict* and *Safety and Security* have worsened by 17.5 percent and 2.5 percent, respectively, while *Militarisation*, the only domain to improve in the long term, has begun to reverse over the past five years. Peace inequality is also widening, with the gap between the most and least peaceful countries growing significantly.

The economic impact of violence in 2024 was estimated at $19.97 trillion in purchasing power parity (PPP) terms—equivalent to 11.6 percent of global GDP, or $2,455 per person. Military and internal security expenditures accounted for more than 74 percent of this figure, with military spending alone exceeding $9 trillion. The costs were particularly severe in Afghanistan and Ukraine, where violence consumed more than 40 percent of GDP. Despite these enormous costs, global spending on peacebuilding and peacekeeping represented just 0.52 percent of total military spending, and the number of peacekeeping troops has declined sharply over the past decade.

The report warns that the international order is approaching a tipping point. Rising geopolitical fragmentation, accelerating rearmament, mounting debt burdens in developing countries, and the growing involvement of external actors in conflicts are creating conditions for large-scale instability.

Regarding Albania, from 2016 to 2024, there has been a modest improvement in the overall level of peace, with lower scores indicating higher levels of peace. In 2024, the peace score was 1.81 compared to 1.87 in 2016 (see Figure 1). However, the 2024 score represents a marginal deterioration compared to the previous year (1.81 in 2024 versus 1.81 in 2023). This long-term positive trend can be attributed primarily to the *Societal Safety and Security* domain, which has consistently improved since 2017, declining from

2.54 in 2017 to 2.04 in 2024. By contrast, the *Ongoing Domestic and International Conflict* domain remained relatively stable, moving slightly from 1.50 in 2023 to 1.40 in 2024. The *Militarisation* domain continues to deteriorate, with the score rising steadily from 1.64 in 2020 to 2.02 in 2024, marking the sharpest deterioration among the three domains.

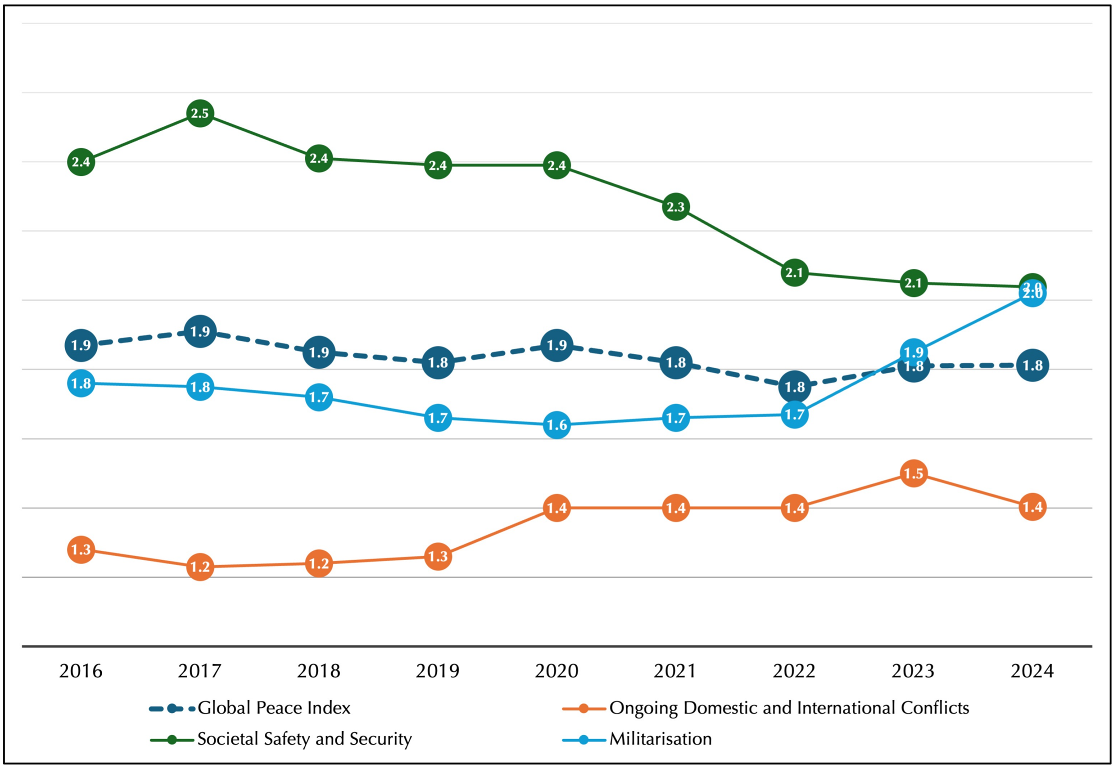

Figure 1: Albania – Global Peace Index, 2016–2024

Among the Western Balkan region, Albania ranks 3rd in 2024. The most peaceful country is Montenegro, with a score of 1.69, while the least peaceful countries are Serbia and Kosovo, both with a score of 1.91. Looking at medium-term performance, Albania, Montenegro, North Macedonia, and Kosovo have all improved their peace levels since 2016. In contrast, Bosnia and Herzegovina and Serbia remain slightly less peaceful in 2024 compared to their 2016 performance (see Figure 2). Comparing 2024 with 2023, the picture is mixed. Montenegro recorded the largest improvement, strengthening its position as the most peaceful country in the region with a score of 1.69 in 2024, down from 1.75 in 2023. Bosnia and Herzegovina also improved, with its score declining from 1.96 in 2023 to 1.90 in 2024. North Macedonia deteriorated slightly, moving from 1.76

in 2023 to 1.80 in 2024. Albania's score remained unchanged at 1.81, keeping it in mid-ranking within the region. Serbia improved modestly from 1.93 in 2023 to 1.91 in 2024, while Kosovo's score also declined from 1.95 to 1.91, placing them jointly as the least peaceful countries in the region. Overall, Montenegro remains the most peaceful among the Western Balkan Six (WB6), followed by North Macedonia, Albania, Bosnia and Herzegovina, with Serbia and Kosovo tied as the least peaceful in 2024.

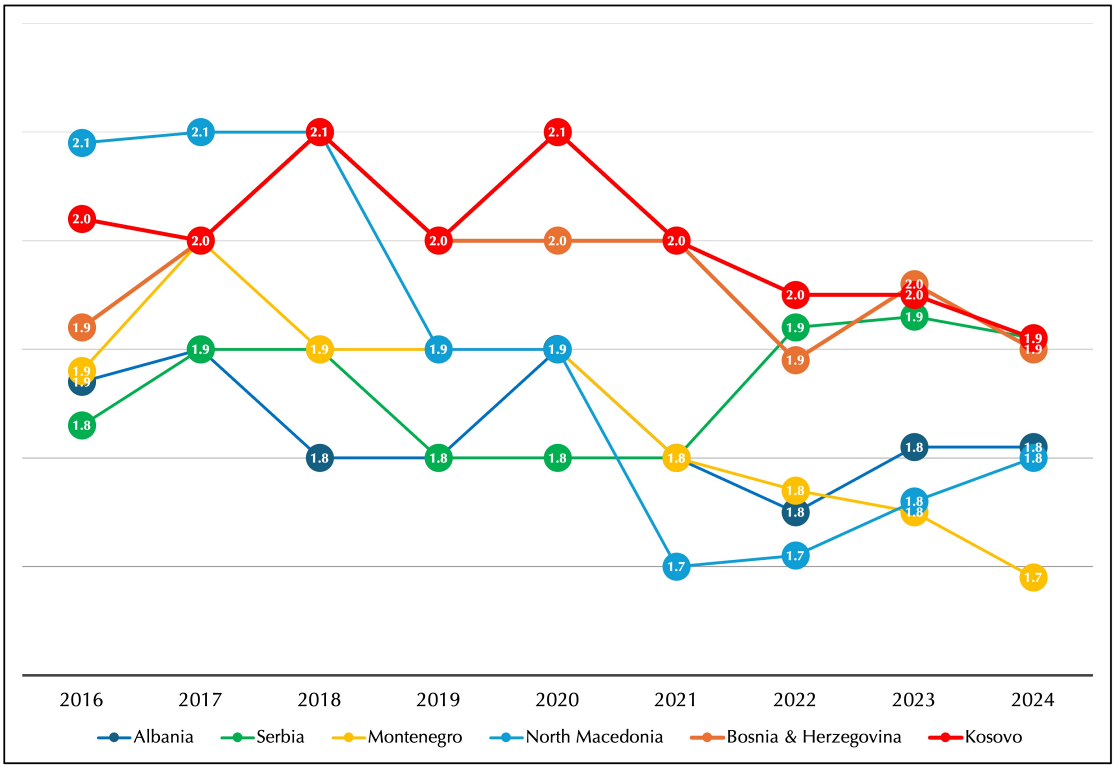

Figure 2: WB6 – Global Peace Index, 2016–2024

Figure 3 show the trend in GPI sub-indicators for the WB6 from 2016 to 2024. In the *Societal Safety and Security* domain, most countries have experienced steady improvements since 2016, averaging a gain of 0.36 points. The highest improvement was recorded by North Macedonia, with its score improving from 2.36 in 2016 to 1.97 in 2024. Compared to 2023, the results were mixed: Montenegro recorded the largest improvement, with its score decreasing from 2.07 to 1.96, while North Macedonia worsened slightly, moving from 1.81 to 1.97. Albania improved marginally, from 2.05 to 2.04, while Serbia deteriorated from 1.82 to 1.92. Bosnia and Herzegovina also worsened from 2.08 to 2.16, while Kosovo showed a slight improvement from 2.15 to 2.14. In 2024, Albania ranks 4th among the WB6 in this domain with a score of 2.04. The best performance is from Montenegro with 1.96, while the weakest is from Bosnia and Herzegovina with 2.16. In the *Ongoing Domestic and International Conflict* domain, which measures the extent to which countries are involved in internal and external conflicts, as well as their role and duration of involvement in conflicts, conditions improved slightly in 2024 compared to 2023. Albania, North Macedonia, and Montenegro remained the most peaceful in this domain, with scores of 1.40, 1.40, and 1.44, respectively. Kosovo also improved, decreasing from 2.06 in 2023 to 1.81 in 2024. Bosnia and Herzegovina improved from 2.06 to 1.83, while Serbia recorded the largest gain, moving from 2.12 in 2023 to 1.92 in 2024. In the *Militarisation domain*, nearly all WB6 countries have deteriorated since 2016, with notable increases in recent years. North Macedonia has shown the sharpest rise, from 1.94 in 2016 to 2.10 in 2024, while Albania also recorded a steady deterioration, from 1.76 in 2016 to 2.02 in 2024. Serbia's score rose from 1.68 in 2016 to 1.94 in 2024. By contrast, Bosnia and Herzegovina remains the least militarized, with its score only slightly higher in 2024 (1.51) compared to 2016 (1.59). Compared to 2023, Montenegro and Bosnia and Herzegovina were the only countries to improve, with Montenegro's score remaining stable at 1.56 and Bosnia and Herzegovina improving from 1.63 to 1.51. Albania's score increased from 1.85 in 2023 to 2.02 in 2024, Serbia's fell slightly from 1.97 to 1.94, Kosovo's rose from 1.62 to 1.67, and North Macedonia worsened further from 2.06 to 2.10. Overall, while the WB6 countries have made progress in the *Societal Safety and Security* domain, both the *Ongoing Conflict* and *Militarisation* domains continue to weigh on regional peacefulness. *Militarisation*, in particular, remains the weakest and most deteriorated domain, reflecting the broader trend of rising defence expenditure and regional security concerns.

In conclusion, the 2025 Global Peace Index underscores the persistence of a fragile international environment, where deteriorations in *Ongoing conflicts* and *Militarisation* outweigh modest gains in safety and security. For the Western Balkans, the evidence is mixed: while Albania and several neighbors have achieved gradual improvements in societal safety, progress has been offset by increasing militarisation and sustained regional tensions. Albania's long-term trajectory remains positive overall, yet its stagnation between 2023 and 2024 highlights the difficulty of sustaining momentum.

The findings suggest that peace cannot be taken for granted, even in relatively stable regions. Escalating defence expenditures and unresolved conflicts pose significant risks to long-term stability. At the same time, the economic costs of violence continue to rise, diverting resources away from development priorities. For Albania and the WB6,

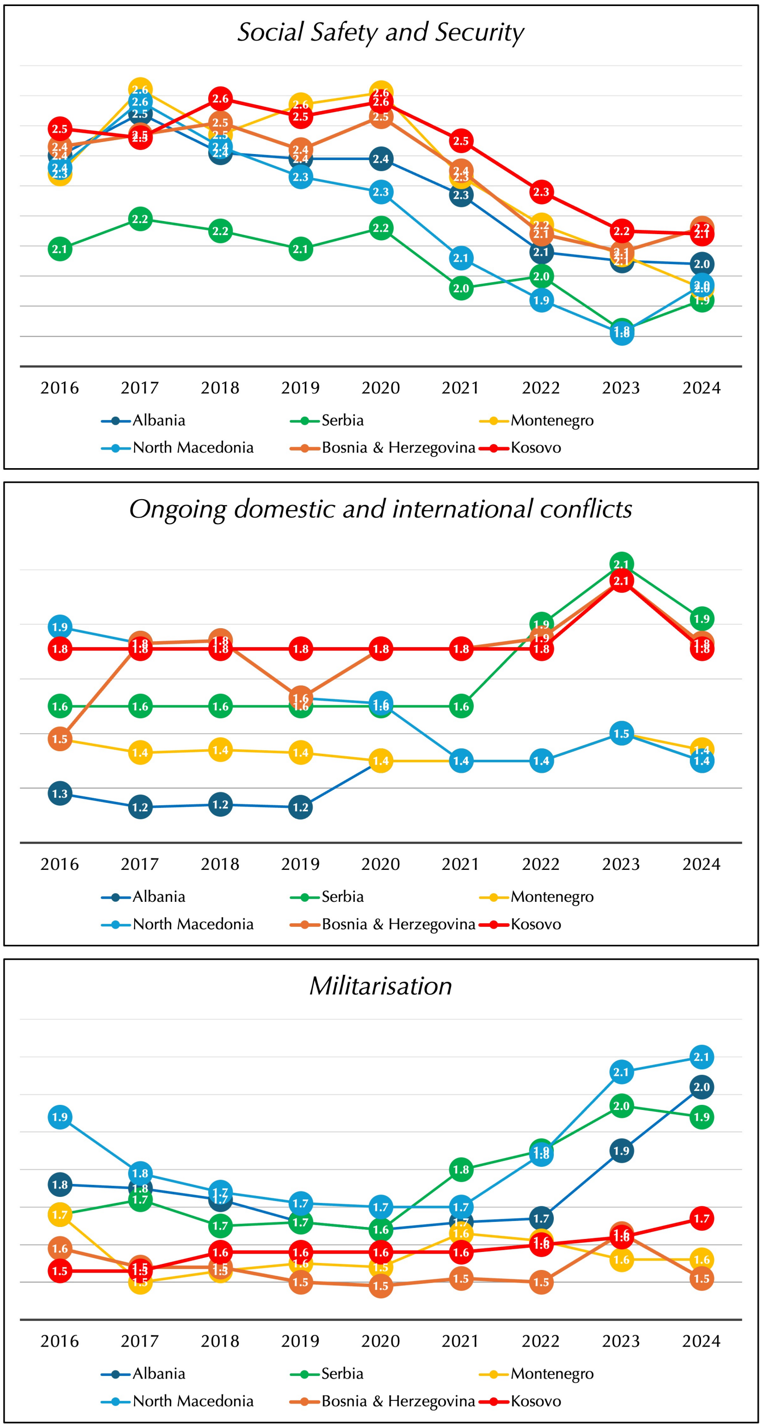

Figure 3: WB6 – Global Peace Index, Societal Safety and Security, 2016–2024

investing in conflict prevention, regional cooperation, and balanced security strategies will be crucial to consolidate the gains of the past decade and to safeguard peace in an increasingly unstable global context.

2. Freedom in the World

Freedom in the World is the flagship annual publication of the US-based NGO *Freedom House*, which since 1973 has assessed the state of political rights and civil liberties across countries and territories. Countries are evaluated across two main domains—*Political Rights* (electoral process, political pluralism and participation, and functioning of government) and *Civil Liberties* (freedom of expression and belief, associational and organizational rights, rule of law, and personal autonomy and individual rights). Each country receives a rating from 1 ("Most Free") to 7 ("Least Free"), and an aggregate status of *Free*, *Partly Free*, or *Not Free*.

According to *Freedom in the World 2025*, global freedom declined for the 19th consecutive year in 2024. Sixty countries saw deterioration in political rights and civil liberties, compared to just 34 that registered improvements. Widespread elections in 2024 often failed to strengthen democracy: in over 40 percent of the countries and territories that held national votes, elections were marred by violence, intimidation, or manipulation designed to limit genuine competition. Authoritarian governments in places such as El Salvador, Kuwait, and Tunisia were among those registering the steepest declines, while Bangladesh, Bhutan, Sri Lanka, and Syria recorded some of the largest gains, the latter following the sudden collapse of the Assad regime after more than a decade of conflict. Ongoing wars and violent nonstate actors—such as militias, mercenaries, and criminal organizations—also undermined freedom and security, leaving roughly 42 percent of the world's population living in countries where freedom declined in 2024. At the same time, a number of democratic breakthroughs offered hope: Senegal and Bhutan advanced to *Free* status thanks to competitive elections and strengthened institutions, while reformist governments emerged in countries such as Guatemala and Bangladesh. The report underscores that despite nearly two decades of democratic backsliding, pluralism and democratic resilience remain sources of strength. Sustained and coordinated action—by governments, civil society, and citizens—is deemed essential to halt and reverse the global decline of freedom.

According to *Freedom in the World 2025*, Albania remains classified as *Partly Free*, with a score of 68/100, unchanged from 2024 and only slightly higher than in 2023 (67/100). Its *Political Rights* score stands at 28/40, while *Civil Liberties* remain at 40/60, confirming relative stability over the past decade. Freedom House highlights persistent challenges: corruption, weak rule of law, and concentration of political power. While elections are generally competitive, ruling parties continue to dominate public resources and media narratives, blurring the line between state and party. On the positive side, Albania shows improvements in associational rights and civic participation, underpinned by a dynamic civil society. The *Nations in Transit 2024* report also emphasizes gradual institutional reforms tied to the EU integration process but stresses that judicial independence and anti-corruption efforts remain fragile. The combined picture suggests a country with moderate stability in democratic freedoms but at risk of stagnation without deeper structural reforms.

In the Western Balkans, democratic trajectories remain uneven, with countries showing both long-term improvements and worrying declines (see Figure 4. Montenegro continues to hold the highest score among the WB6, at 69 out of 100 in 2025. Although this places it ahead of its neighbors, the country has not returned to the levels observed a decade ago, as recurring problems such as corruption and restrictions on media freedom weigh on civil liberties. Albania and North Macedonia form the second tier of performers, with scores of 68 and 67 respectively. Albania's performance has been marked by stability over the past decade, reflecting gradual but modest reforms linked to its EU accession process. North Macedonia, meanwhile, has seen slightly more dynamic change. Its score in 2025 is three points higher than in 2014, signaling progress in electoral competitiveness and governance, although the country remains vulnerable to political pressures and institutional fragility. Kosovo presents the most striking case of improvement. Its score rose from 43 in 2014 to 60 in 2025, representing the sharpest positive trajectory in the region. These gains are mainly the result of stronger political pluralism and more competitive elections. Nonetheless, persistent obstacles related to judicial independence, governance, and inter-ethnic relations continue to prevent further consolidation. In contrast, Serbia and Bosnia and Herzegovina have moved in the opposite direction. Serbia has undergone the steepest decline, dropping from 78 in 2014 to just 56 in 2025. Once considered the strongest democracy in the Western Balkans, Serbia now struggles with mounting government influence over the media, the misuse of state resources, and the weakening of judicial independence. Bosnia and Herzegovina has also seen substantial deterioration, with its score falling from 61 in 2014 to 52 in 2025.

Deep-seated ethnic divisions, institutional gridlock, and systemic corruption remain the central barriers to progress. Overall, the region portrays a fragmented picture. While Kosovo, North Macedonia, and to a lesser extent Albania, have improved their standing, Serbia and Bosnia and Herzegovina illustrate serious democratic backsliding. Montenegro, although still the formal leader in numerical terms, shows signs of stagnation rather than genuine democratic consolidation. The contrast among these trajectories underlines the structural diversity of political development in the Western Balkans and highlights the persistent fragility of democratic governance across the region.

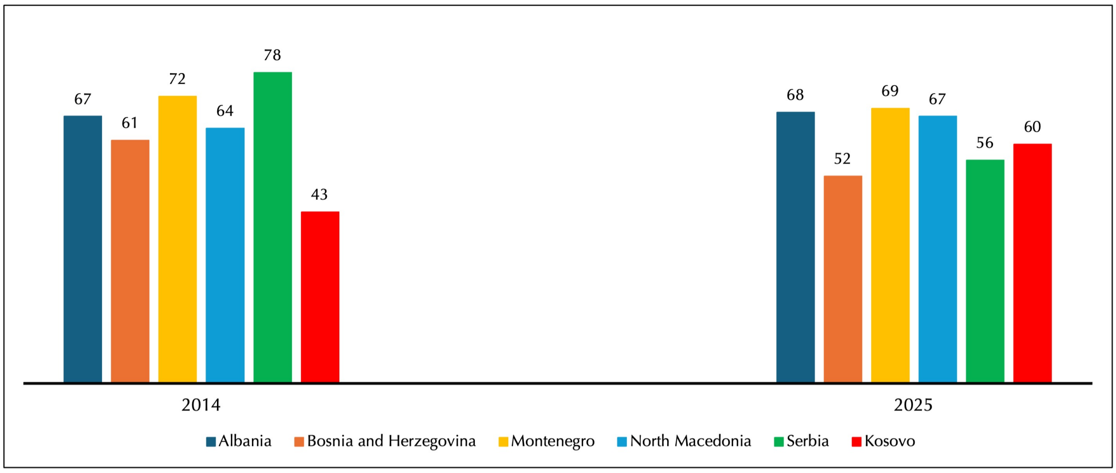

Figure 4: WB6 – Freedom House Score, 2014 and 2025 Editions

The *Nations in Transit* (NIT) dataset, last updated in 2024, complements the *Freedom in the World assessment* by offering a more detailed institutional perspective. It evaluates governance and democratic development in post-communist Europe and Eurasia using a scale from 1 to 7, where 1 represents the lowest level of democratic consolidation and 7 the highest. To make comparisons clearer, these scores are converted into percentages: lower percentages indicate weaker democratic performance, while higher percentages signal stronger institutional and democratic quality. On this basis, countries are classified into regime types ranging from *Consolidated Democracy* to *Consolidated Authoritarian Regime*.

Figure 5 presents the Nations in Transit (NIT) democracy scores for the Western Balkans, allowing for a comparison between 2014 and 2024.

The comparative data between 2014 and 2024 highlight the diverging democratic trajectories of the Western Balkans. Albania has remained relatively stable over the past decade, with only a slight shift in its democracy score from 3.82 in 2014 (47%) to 3.79 in

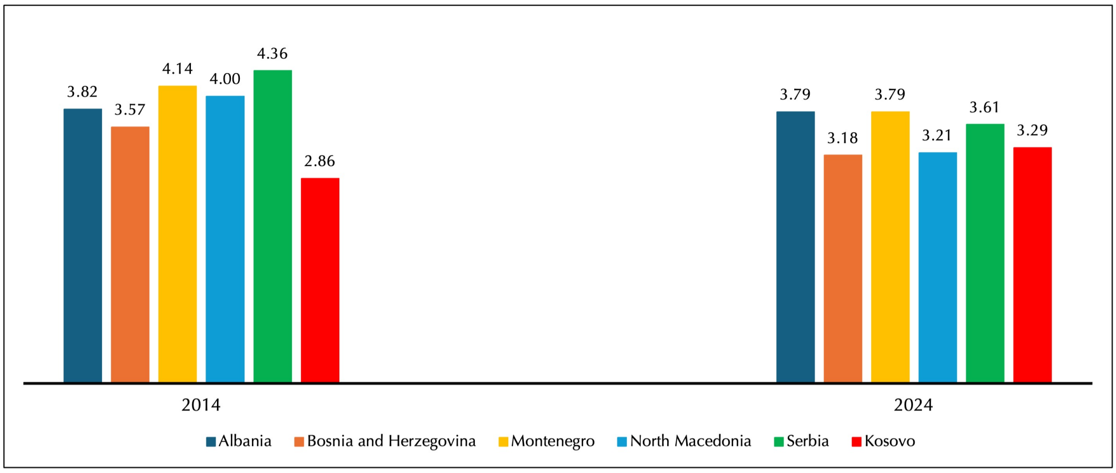

Figure 5: WB6 – Nations in Transit Democracy Score, 2014 and 2024 Editions

2024 (46%), leaving it within the *Transitional/Hybrid Regime* category. Small improvements in the electoral process and anti-corruption efforts have been offset by modest declines in civil society and independent media. Overall, Albania's record reflects resilience but also a lack of significant democratic progress. Bosnia and Herzegovina has registered a more visible decline, moving from 3.57 in 2014 (43%) to 3.18 in 2024 (36%). This deterioration is linked to weaker governance, reduced judicial independence, and persistent problems with corruption. Even civil society and the electoral process, which once appeared relatively stronger, show slight declines. The country remains in the *Transitional/Hybrid Regime* category but with lower overall performance than a decade ago. Kosovo shows an upward movement, improving from 2.86 in 2014 (31%) to 3.29 in 2024 (38%), shifting from the *Semi-Consolidated Authoritarian* category to the *Transitional/Hybrid Regime*. Gains are visible in governance, independent media, and local democracy, while civil society has strengthened further. Corruption, however, continues to lag behind other areas. North Macedonia has experienced a marked decline in democratic performance. Its democracy percentage fell from 50% in 2014 to 37% in 2024, keeping it within the *Transitional/Hybrid Regime* category but at a weaker position than a decade earlier. The data suggest deterioration in governance, judicial independence, and the fight against corruption, while civil society has remained stable. Independent media and local governance also show lower scores compared to 2014. Overall, North Macedonia has moved further away from semi-consolidated democratic standards, underscoring the persistence of institutional fragilities. Montenegro, once among the stronger performers, has seen a deterioration in its democratic standing. Its score declined from

4.14 in 2014 (52%) to 3.79 in 2024 (46%), marking a shift from the *Semi-Consolidated Democracy* category into the *Transitional/Hybrid Regime*. The data point to weakening in judicial independence, local governance, and civil society, alongside stalled progress in addressing corruption. Serbia has undergone the sharpest reversal in the region. In 2014, it stood at 4.36 (56%), ranked as a Semi-Consolidated Democracy. By 2024, its score had fallen to 3.61 (43%), placing it in the Transitional/Hybrid Regime category. The decline is visible across multiple areas: governance, elections, and media freedom have weakened considerably, while corruption and judicial independence also show regression. Although civil society continues to perform comparatively better, it has not been sufficient to counterbalance the broader erosion of democratic standards.

Overall, the *Nations in Transit* data confirm that democratic development in the Western Balkans is uneven and fragile. Kosovo is the only country in the region to have improved its score over the past decade, moving closer to the hybrid threshold. Albania has remained relatively stable but stagnant, while Montenegro, North Macedonia, Bosnia and Herzegovina, and especially Serbia have all experienced declines. The region continues to be dominated by hybrid regimes, where limited progress in some areas is offset by persistent institutional weaknesses and democratic backsliding in others.

3. Human Development

The **Human Development Index**, developed by the *United Nations Development Programme* (UNDP) and first introduced in 1990, is a composite measure designed to capture the broader dimensions of human well-being beyond purely economic performance. It combines three fundamental aspects of development: (i) health, (ii) education, and (iii) standard of living. Health is assessed through life expectancy at birth, education through average and expected years of schooling, and standard of living through Gross National Income per capita, adjusted for purchasing power parity. Each dimension is normalized on a scale from zero to one, and the overall HDI score represents the geometric mean of these indices, where higher values correspond to greater levels of human development. The HDI provides a multidimensional perspective on progress, allowing for comparison across countries and over time, and highlighting disparities in how economic growth translates into human welfare. Complementary measures such as the Inequality-adjusted Human Development Index (IHDI) and the Gender Development Index (GDI) further refine this picture. The IHDI accounts for inequalities in health, education, and income, showing how the average level of human development would decline if inequality were taken into account, while the GDI disaggregates the HDI by gender, exposing gaps between women and men in key dimensions of well-being. Together, these indices offer a more comprehensive understanding of the social and economic conditions that underpin sustainable human progress.

The 2025 Human Development Report, titled *"A Matter of Choice: People and Possibilities in the Age of AI"*, marks a pivotal moment in the global discussion on human progress. It shows that, while the world has reached a record level of human development, this progress is increasingly fragile and uneven. Global HDI levels have now recovered from the declines recorded during the COVID-19 pandemic, but the distribution of these gains is highly unequal. Wealthier countries have surpassed pre-pandemic levels, while many developing economies continue to lag behind, with the gap between high and low HDI nations widening for the first time in decades. According to UNDP, the current phase of human development is defined by deep structural shifts — technological transformation, economic fragmentation, and geopolitical instability — that are reshaping opportunities and vulnerabilities worldwide. Artificial intelligence, in particular, stands at the center of this transition. It has the potential to accelerate innovation, expand access to education, and improve health systems, but also to exacerbate inequalities if its benefits remain concentrated among a few. The report warns that without deliberate policies to ensure inclusion, technological progress may reinforce existing social and economic divides rather than bridge them. The 2025 findings indicate that global progress in human development has slowed markedly, representing one of the smallest annual increases in HDI since its inception. Many low- and middle-income countries have yet to recover fully from the setbacks of recent years, as ongoing conflicts, inflationary pressures, and climate shocks continue to undermine development gains. At the same time, high-income countries are seeing diminishing returns in human development due to demographic changes and political polarization. UNDP calls for a renewed focus on human agency, emphasizing that sustainable progress depends on people's ability to exercise real choices and influence their societies. The report stresses the need to strengthen education systems, enhance digital and technological literacy, and expand social protection mechanisms to ensure that innovation serves human development rather than displacing it. It also argues for renewed global cooperation and investment in public goods that foster resilience and inclusiveness. Ultimately, the 2025 report highlights that the next frontier of human development will be defined not only by economic or technological progress but by societies' capacity to align innovation with human values.

Albania's long-term human development trajectory reflects steady and sustained progress over the past three decades, driven by structural improvements in education, health, and income. The country's Human Development Index (HDI) rose from 0.654 in 1990 to 0.81 in 2023, positioning it firmly within the *high* human development category according to the UNDP classification. This upward trend underscores a significant expansion of life expectancy, educational attainment, and per capita income since the early post-transition years. From a long-term perspective, Albania's progress between 1990 and 2015 was particularly pronounced, as the HDI advanced by more than 0.14 points — a reflection of the country's rapid social and economic transformation during its EU integration process. Since then, the pace of improvement has moderated, mirroring broader global trends. The HDI increased marginally from 0.794 in 2020 to 0.81 in 2023, suggesting relative stability but also signaling that much of the country's earlier development momentum has plateaued. This recent pattern of modest growth aligns

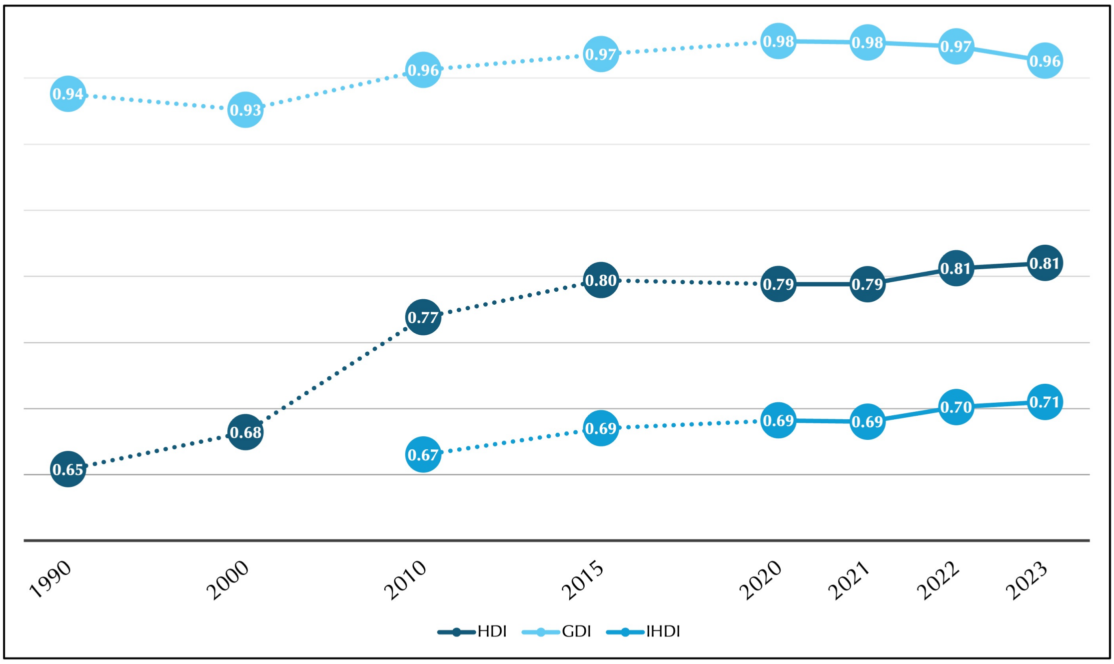

Figure 6: Albania – Human Development Index, 1990–2023

with the challenges identified in the 2025 Human Development Report, including economic vulnerabilities, governance constraints, and external shocks such as the pandemic and inflationary pressures.

The Gender Development Index (GDI), which measures gender-based disparities in human development, has remained consistently high, ranging between 0.963 and 0.978 in recent years. This indicates a relatively small gender gap compared to regional averages, reflecting broad equality in educational attainment and health outcomes, though women's economic participation and representation in leadership remain below parity.

When adjusted for inequality, Albania's Inequality-adjusted Human Development Index (IHDI) paints a more nuanced picture. The IHDI improved from 0.665 in 2010 to 0.705 in 2023, suggesting gradual progress in ensuring that human development gains are more evenly distributed across the population. However, the difference between the HDI and IHDI values still points to persistent disparities in income and access to opportunities, particularly across urban and rural areas.

In summary, Albania's HDI profile reveals substantial advances in human development over the long term, accompanied by a period of slower but stable progress in recent years. The country's high GDI and improving IHDI indicate that development gains have been broadly inclusive, yet structural inequalities—especially in income distribution and labor market participation—continue to temper overall performance. Sustaining further progress will depend on maintaining inclusive economic growth, strengthening institutional capacity, and aligning social policies with the evolving challenges of digitalization, demographic change, and climate resilience.

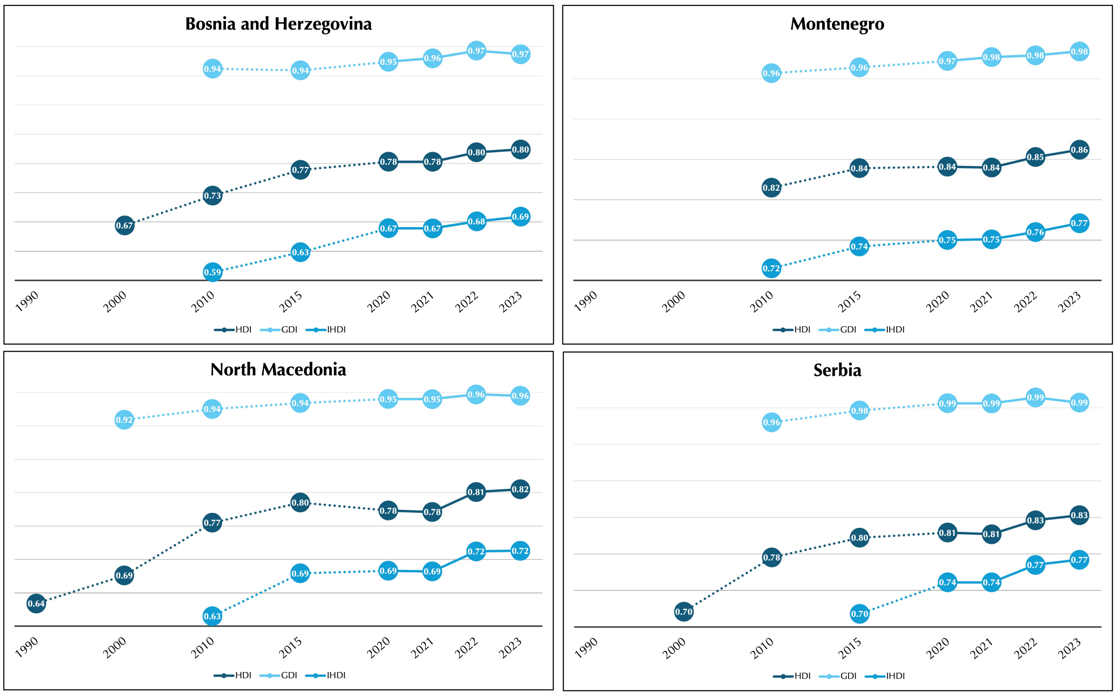

Figure 7: WB6 – Human Development Index, 1990–2023

Figure 7 compares the evolution of the Human Development Index across the Western Balkans over the long term, highlighting gradual but steady convergence toward higher levels of human development. Since 1990, all WB6 economies have made substantial progress, though the pace and composition of this progress differ across countries.

Long-term trends show that the region as a whole has transitioned from medium to high human development levels, driven by improvements in life expectancy, education, and income. Between 1990 and 2023, HDI values increased by more than 0.15–0.20 points in most countries, underscoring structural progress despite economic shocks, political transitions, and external vulnerabilities. The gap between the WB6 average and EU member states remains, but it has narrowed considerably over the past two decades.

In 2023, Montenegro recorded the highest HDI in the region at 0.862, reflecting strong outcomes in education and income per capita. Serbia followed closely with 0.833, supported by gains in health and living standards. Albania, at 0.81, and North Macedonia, at 0.815, also fall within the high human development category, showing sustained improvements in education and health but slower progress in income growth. Bosnia and Herzegovina, at 0.804, remains slightly below the regional average but continues to improve steadily.

Short-term developments (2020–2023) suggest that all countries have recovered from the temporary decline associated with the pandemic years, though the speed of recovery varies. Montenegro and Serbia recorded the strongest momentum in this period, each gaining around 0.02–0.03 points, driven by increases in Gross National Income per capita and steady educational attainment. Albania's HDI improved more modestly, indicating resilience but also persistent structural limitations in labor productivity and income distribution. Bosnia and Herzegovina and North Macedonia posted slower growth, reflecting lingering economic and governance constraints.

When adjusted for inequality, Inequality-adjusted HDI (IHDI) values reveal a more complex picture. Across the region, inequality reduces the effective level of human development by around 10–15 percent, indicating that not all citizens benefit equally from development gains. In 2023, Serbia achieved the highest IHDI at 0.772, followed by Montenegro at 0.771, while Albania (0.705), North Macedonia (0.723), and Bosnia and Herzegovina (0.689) lag slightly behind, suggesting persistent disparities in income and access to quality services.

Gender equality patterns, captured by the Gender Development Index (GDI), show that all Western Balkan economies perform relatively well compared to global averages. GDI values above 0.95 in most cases signal near parity in education and health outcomes, though women's participation in political and economic decision-making remains limited. Serbia and Montenegro report the highest gender parity, with GDI scores close to 0.99, while Albania and Bosnia and Herzegovina show minor fluctuations around 0.96–0.97.

Overall, the Western Balkans' HDI profiles reflect a region of steady convergence but uneven inclusiveness. While human development levels are now broadly comparable across the six economies, the persistence of inequality, gender gaps in economic participation, and differences in institutional effectiveness continue to shape the pace and quality of progress. Strengthening education, healthcare, and social protection systems, alongside fostering inclusive growth, remains crucial to ensuring that the region's human development gains translate into sustainable and equitable well-being for all citizens.

4. Gender Equality

According to UNICEF, gender equality refers to the equal enjoyment of rights, resources, opportunities, and protections for women and men, as well as for girls and boys. This principle does not imply that women and men, or girls and boys, must be treated identically, but rather that everyone should have fair access to opportunities and outcomes based on their specific needs and circumstances. Gender equality is widely recognized as both a fundamental human right and an essential pillar of sustainable development. It is enshrined in Sustainable Development Goal 5, which calls for achieving gender equality and empowering all women and girls as a precondition for inclusive and resilient societies.

The **Global Gender Gap Report**, published annually by the *World Economic Forum* (WEF), serves as the most comprehensive international benchmark for assessing progress toward gender parity. It evaluates gender disparities across 146 countries in four key dimensions: (i) Economic Participation and Opportunity, (ii) Educational Attainment, (iii) Health and Survival, and (iv) Political Empowerment. Each country receives a score ranging from 0 to 1, where 1 represents full equality. These scores are used to measure progress over time and to identify structural and policy gaps that continue to limit women's economic, social, and political participation.

The 2025 edition of the Global Gender Gap Report shows that the global gender gap has closed by 68.7 percent, representing only a slight improvement from 68.5 percent in 2024. At the current rate of progress, the world is projected to reach full gender parity in approximately 133 years, well beyond the 2030 Sustainable Development Goal target. Despite slow overall progress, notable regional and national variations persist. Iceland remains the most gender-equal country in the world, having closed more than 91 percent of its gap for the sixteenth consecutive year. It is followed by other Nordic countries such as Finland, Norway, and Sweden, as well as New Zealand and Nicaragua, all of which demonstrate strong institutional frameworks and consistent political representation for women. Regionally, Europe continues to lead with an average parity score of 75.1 percent, followed by North America at 74.9 percent and Latin America and the Caribbean at 74.4 percent. Central Asia and East Asia and the Pacific show moderate but uneven progress, reaching 70.9 and 70.2 percent respectively, while Sub-Saharan Africa (69.3 percent), Southern Asia (65.2 percent), and the Middle East and North Africa (62.1 percent) remain the regions with the largest remaining gender gaps. When broken down by dimension, the report finds that Educational Attainment (96 percent closed) and Health and Survival (96.1 percent closed) are nearing full parity worldwide. However, significant gaps persist in Economic Participation and Opportunity, where parity remains at just 60.5 percent, reflecting wage inequality, low female labor participation, and underrepresentation in managerial and leadership roles. Political Empowerment remains the weakest dimension globally, with only 22.7 percent of parliamentary seats and 26.5 percent of ministerial positions held by women. The report also highlights that the global recovery in gender equality, following the setbacks of the COVID-19 pandemic, has been slow and uneven. Technological transitions — particularly in the fields of artificial intelligence, renewable energy, and digital finance — pose both opportunities and risks, as women continue to be significantly underrepresented in emerging industries, where their participation averages below 30 percent. Without targeted action, these gaps could further entrench structural inequalities. Nevertheless, the 2025 edition identifies some positive developments. Countries that have expanded childcare infrastructure, reformed parental leave systems, and introduced pay transparency mechanisms have shown more rapid progress toward economic parity. Similarly, increased representation of women in national parliaments and leadership positions has driven measurable advances in political empowerment, particularly in low- and middle-income economies that have adopted gender-sensitive policy frameworks. Overall, the 2025 Global Gender Gap Report underscores that gender equality remains a long-term global challenge, requiring sustained public commitment and policy innovation. Despite modest gains, persistent disparities in economic participation and political representation continue to limit progress. Achieving gender equality is not only a question of justice and human rights but also a key driver of innovation, productivity, and sustainable economic growth worldwide.

According to the World Economic Forum's Global Gender Gap Report 2025, Albania has made notable progress in gender equality over the past decade, though recent data point to a moderate reversal after several years of steady improvement. The country's overall Gender Gap Index score rose from 0.67 in 2012 to a peak of 0.79 in 2022–2023, before slightly declining to 0.76 in 2025 (Figure 8). This long-term increase reflects substantial structural progress in women's economic participation and political representation, but the more recent decline suggests challenges in maintaining these gains

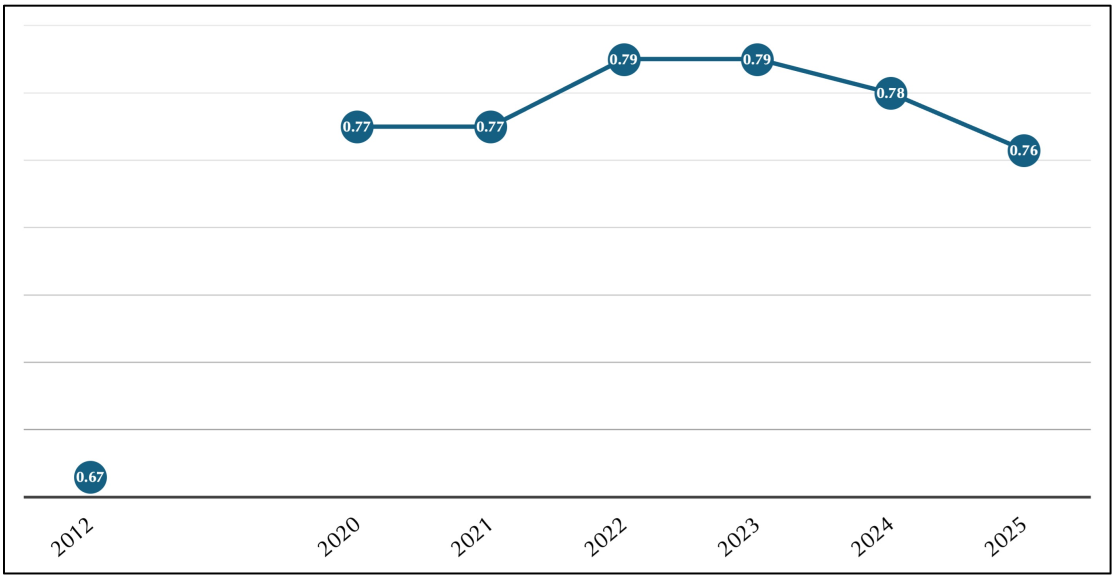

Figure 8: Albania – Global Gender Gap Index, 2012–2025

amid broader political and institutional volatility. In the long term, Albania has nearly closed the gap in Educational Attainment and Health and Survival, maintaining scores of around 0.96–1.00, consistent with most European countries. These areas have shown stable parity since 2012, confirming the country's sustained progress in access to education and healthcare for women. The most significant long-term improvement occurred in Political Empowerment, which increased from a very low 0.08 in 2012 to 0.35 in 2025. This rise corresponds to Albania's increased female parliamentary and ministerial representation, placing the country 42nd out of 146 in 2025, compared to 105th (out of 135) in 2012. Nevertheless, the recent decline from 0.42 in 2022–2024 to 0.35 in 2025 reflects reduced female presence in high-level political positions, showing that these advances remain fragile. Economic Participation and Opportunity also improved substantially, rising from 0.67 in 2012 to 0.79 in 2025, placing Albania 16th globally, one of the best rankings among upper-middle-income economies. This improvement indicates a closing wage gap and higher rates of women's labour-force participation, partly driven by progress in entrepreneurship and access to managerial roles. However, short-term data (2022–2025) reveal mixed trends. While economic participation remained robust, the decline in political empowerment has slowed overall progress, and educational parity slightly weakened following methodological adjustments. Despite these fluctuations, Albania remains among the leading performers in the Western Balkans in terms of gender equality, though its recent loss of momentum highlights the need for stronger institutional measures to sustain women's political and economic inclusion.

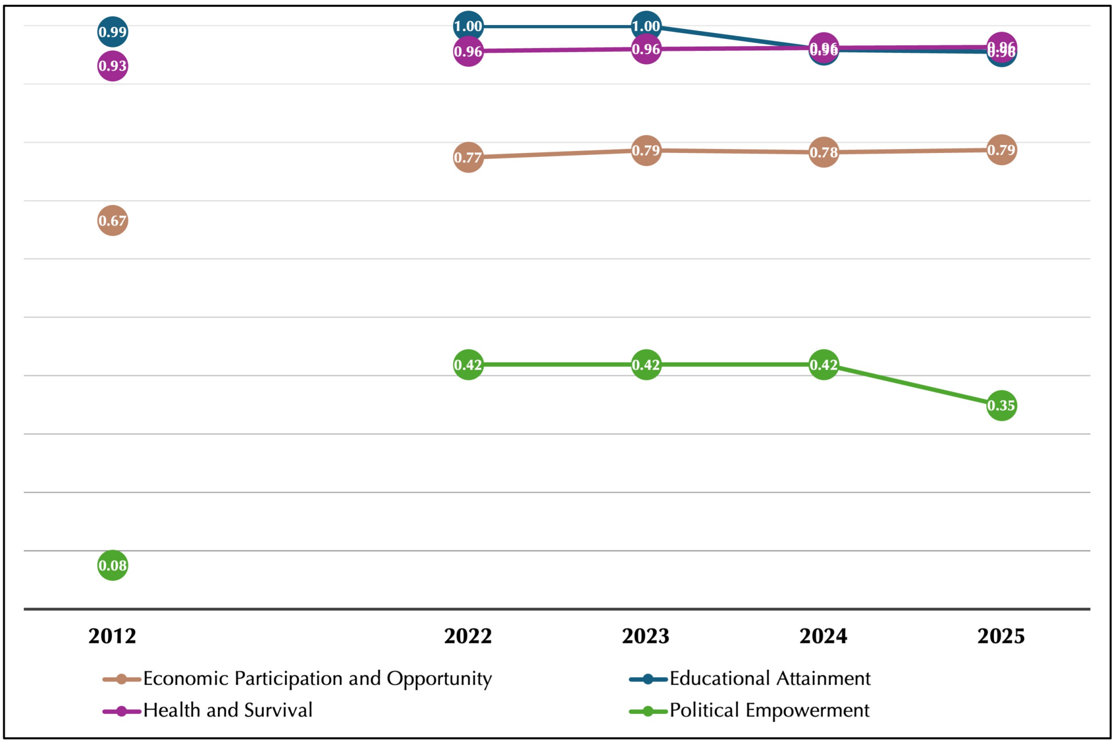

Figure 9: Albania – Global Gender Gap Index, Components, 2012–2025

Figure 10 illustrates the evolution of the Gender Gap Index across the Western Balkan 6 from 2016 to 2025. The data show that all countries have made measurable progress over the past decade, yet the pace of improvement has slowed in recent years, with slight reversals in 2025. The WB6 countries generally perform above the global average (68.5% in 2024), but below the leading European economies, which maintain gender parity levels exceeding 80%. Albania and Serbia remain the regional frontrunners in 2025, with gender parity scores of 0.76 and 0.77 respectively, both higher than their 2016 values (0.70 and 0.72). Albania's progress has been steady since 2016, supported by advances in women's labor market participation and education, though a mild decline in 2025 reflects slower progress in political empowerment. Serbia shows consistent improvement, particularly in women's representation in leadership and political positions. Bosnia and Herzegovina (0.72) and Montenegro (0.71) exhibit moderate parity, while North Macedonia, at 0.70, trails slightly behind due to limited political inclusion and labor market gaps. The long-term trend reveals convergence within the

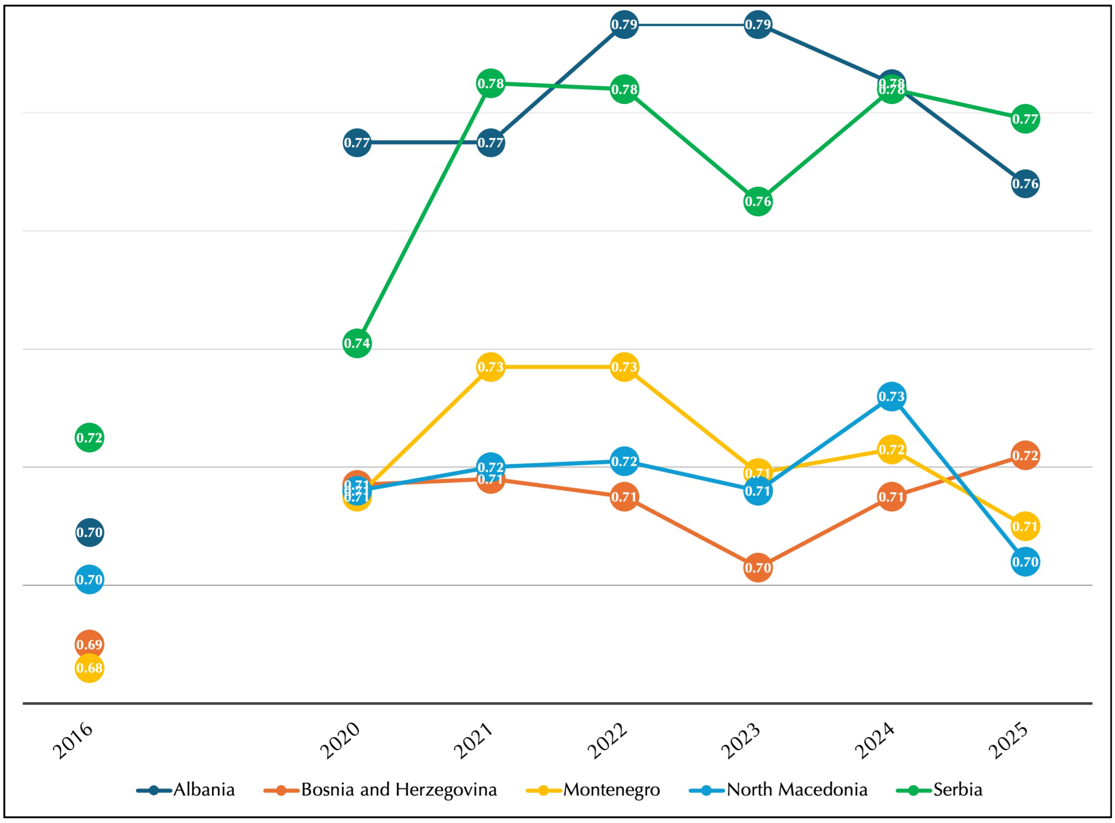

Figure 10: WB6 – Global Gender Gap Index, 2016–2025

region, as most countries have narrowed their gender gaps by 5–8 percentage points since 2016. However, the short-term trend between 2022 and 2025 suggests a mild stagnation or decline, especially in Albania, North Macedonia, and Bosnia and Herzegovina, reflecting the challenges of translating policy frameworks into tangible outcomes for women's participation in decision-making and equal pay.

Figure 11 breaks down the index into four key components: Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment. In Economic Participation and Opportunity, Albania leads the region with a 2025 score of 0.79, marking strong progress since 2016 (0.67). This reflects greater female participation in the labor force and a gradual reduction in wage inequality. Serbia follows with a score of 0.71, showing continued gains in women's employment and leadership roles. In contrast, Montenegro (0.67), Bosnia and Herzegovina (0.63), and North Macedonia (0.59) lag behind, constrained by persistent structural barriers such as occupational segregation, limited access to managerial positions, and gendered disparities

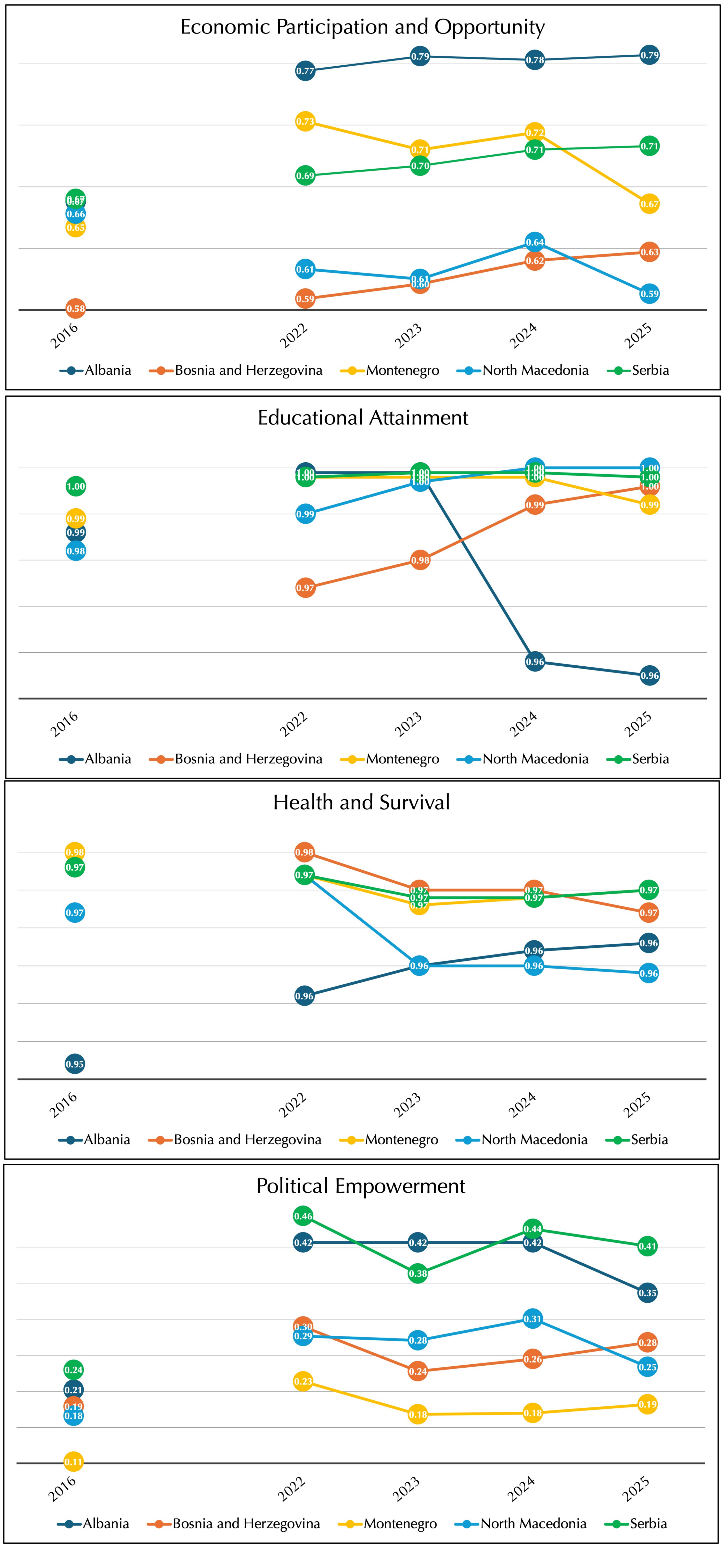

Figure 11: WB6 – Global Gender Gap Index, Components, 2016–2025

in economic opportunity. Educational Attainment shows near-complete parity across all WB6 economies, with most countries achieving or maintaining scores around 1.00 since 2016. This demonstrates universal access to education for women and men alike, though the transition from education to employment remains a major challenge. Health and Survival indicators have remained stable and nearly equal since 2016, with values between 0.96 and 0.97 across all countries. This dimension shows minimal disparity in life expectancy and health outcomes, consistent with the global trend of near parity in this area. The most critical gap persists in Political Empowerment, which continues to weigh heavily on overall scores. Serbia stands out as the regional leader in 2025 (0.41), showing improvement from 0.24 in 2016 thanks to enhanced female representation in parliament and government. Albania follows with 0.35, despite a recent decline from 2022–2024 levels. Bosnia and Herzegovina (0.28) and North Macedonia (0.25) record modest progress, while Montenegro (0.19) remains the lowest in the region, reflecting limited female political participation and leadership at the national level. Overall, the WB6 region has advanced substantially over the past decade in closing gender gaps in education and health, while progress in economic participation and political empowerment remains uneven. Continued improvement will depend on translating legal and institutional reforms into effective policies for female leadership, equitable pay, and social inclusion.

5. State of Food Security and Nutrition in the World

The **State of Food Security and Nutrition in the World** is a publication released by the Food and Agriculture Organization (FAO) in collaboration with the International Fund for Agricultural Development (IFAD), the United Nations Children's Fund (UNICEF), the World Food Programme (WFP), and the World Health Organization (WHO). This annual flagship report aims to provide insights into the progress made in eliminating hunger, achieving food security, and improving nutrition. Additionally, the report offers a comprehensive analysis of the significant challenges faced in reaching these goals, particularly within the framework of the 2030 Agenda for Sustainable Development. According to *The State of Food Security and Nutrition in the World 2025*, the world remains far from achieving Sustainable Development Goal 2 (Zero Hunger), although there are signs of recent improvement. An estimated 8.2% of the global population faced hunger in 2024, down from 8.5% in 2023 and 8.7% in 2022. This corresponds to 638–720 million people (point estimate 673 million), a decrease of about 15 million from 2023 and 22 million from 2022. Progress was driven by notable improvements in South-eastern Asia, Southern Asia and South America, in contrast to a continuing rise in hunger across most sub-regions of Africa and in Western Asia. In 2024, hunger affected about 307 million people in Africa (20.2%), 323 million in Asia (6.7%) and 34 million in Latin America and the Caribbean (5.1%). On current trends, 512 million people are still projected to face hunger in 2030, nearly 60% of whom will be in Africa. Progress towards ensuring regular access to adequate food remains fragile. About 2.3 billion people were moderately or severely food insecure in 2024; the global prevalence declined gradually to 28.0%, but food insecurity is rising in Africa, falling in Latin America and the Caribbean, and decreasing steadily in Asia. It remains more prevalent in rural than urban areas and affects women more than men, with the global gender gap widening again between 2023 and 2024. Economic access to nutritious foods is still a key constraint. The average cost of a healthy diet rose to $4.46 PPP per person per day in 2024 (from 4.30$in2023and$4.01 in 2022). Despite higher prices, the number of people unable to afford a healthy diet fell to 2.60 billion in 2024 (from 2.68 billion in 2022 and 2.76 billion in 2019), reflecting income gains in several regions. However, affordability worsened in Africa—where those unable to afford a healthy diet exceeded 1 billion—and in low-income countries, where 72% of the population (about 545 million) could not afford a healthy diet in 2024. There have been mixed results on malnutrition. The prevalence of stunting among children under five fell from 26.4% (2012) to 23.2% (2024), but wasting (6.6%) and overweight (5.5%) remained largely unchanged. Exclusive breastfeeding rose markedly to 47.8% in 2023. At the same time, anaemia in women (15–49 years) increased from 27.6% to 30.7% (2012–2023), and adult obesity rose from 12.1% (2012) to 15.8% (2022). Food price dynamics remain central. Global food price inflation surged through 2022, eased through 2023, and by 2024 had returned to pre-pandemic (2019) levels, yet the earlier spike eroded purchasing power—especially in low-income countries, where food inflation peaked near 30% in May 2023. A 10% rise in food prices is associated with a 3.5% increase in moderate or severe food insecurity and a 1.8% rise in severe food insecurity. Structural and gender inequalities amplify these effects, with women and rural populations disproportionately affected. Policy lessons from 2021–2024 point to the value of targeted, time-bound fiscal measures, stronger social protection calibrated to inflation, credible monetary–fiscal coordination, and structural and trade-related reforms that avoid persistent market distortions. Investments in market information systems, agricultural R&D, storage and transport infrastructure are critical to build resilience and make healthy diets more affordable. While the global picture shows tentative recovery in hunger and food insecurity, divergent regional trends and persistent cost pressures underline the need for sustained, well-coordinated action to get back on track for SDG 2.

Concerning Albania, progress in addressing food insecurity remains mixed (see Figure 12). In the biennium 2014–2016, the estimated prevalence of severe food insecurity in the total population was 10%. According to the UN, severe food insecurity refers to situations where people have run out of food at times during the year and, at worst, gone an entire day or more without eating. This indicator improved to 7.5% in the biennium 2020–2022 but then worsened again, reaching 8.2% in 2021–2023 and 8.4% in 2022–2024. By comparison, the regional average for Southern Europe[1] fell from 2.3%

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

in 2020–2022 to 1.3% in 2022–2024. As a result, the gap between Albania and the region, which had narrowed from 8.6 percentage points in 2014–2016 to 5.2 points in 2020–2022, widened again to 7.1 percentage points in 2022–2024. This underlines that Albania's trajectory does not align with broader regional progress. A similar divergence is observed for moderate food insecurity, which refers to situations where people did not have regular access to adequate food. In the biennium 2014–2016, the prevalence in Albania was 38.8%. This improved to 30.2% in 2020–2022 but has since deteriorated, rising to 32.2% in 2021–2023 and 33% in 2022–2024. In contrast, Southern Europe saw a steady decline from 9.9% in 2014–2016 to 5.9% in 2022–2024. Consequently, the gap between Albania and the region, which narrowed from 28.9 percentage points in 2014–2016 to 21.7 in 2020–2022, has widened again to 27.1 percentage points in the most recent biennium. In conclusion, while Southern Europe has consolidated progress in reducing food insecurity, Albania shows a concerning reversal, with both severe and moderate food insecurity indicators drifting further away from regional trends.

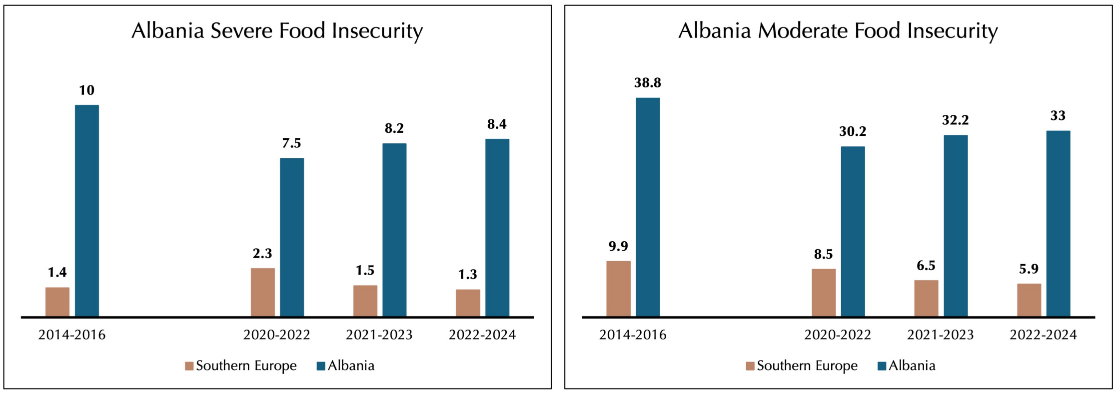

Figure 12: Albania – Food Insecurity

Concerning the Western Balkans Six, Figure 13 shows that, with the exception of Albania and North Macedonia, other countries have a performance closer to the regional average of Southern Europe. Specifically, in the biennium 2014–2016, Bosnia and Herzegovina (1.5%) and Serbia (1.7%) were very close to the regional prevalence of severe food insecurity (1.4%). By the biennium 2020–2022, all countries registered increases in this indicator, followed by improvements in 2021–2023 and further declines in 2022–2024. In the most recent biennium, Serbia recorded the best performance, with a prevalence of severe food insecurity of 1.5%, only 0.2 percentage points higher than the Southern Europe average of 1.3%. Following very closely were Montenegro (1.6%) and Bosnia and

Herzegovina (1.9%). North Macedonia also improved significantly, with its indicator declining from 6.9% in 2020–2022 to 3.4% in 2022–2024. By contrast, Albania continued to record the worst performance among the WB6, with 8.4% of the population experiencing severe food insecurity, well above both the regional average and the other WB6 countries.

The same figure also shows the prevalence of moderate food insecurity, where the gap with the regional average is even more accentuated. While the Southern Europe average declined steadily from 7.4% in 2014–2016 to 5.9% in 2022–2024, the WB6 countries maintained significantly higher levels. In the latest biennium, Serbia (9.5%), Bosnia and Herzegovina (9.9%), and Montenegro (10.4%) performed best, though still several percentage points above the regional average. North Macedonia, despite improving compared to 2020–2022, recorded 15.2% in 2022–2024, more than double the regional figure. Once again, Albania registered the weakest outcome, with 33% of the population

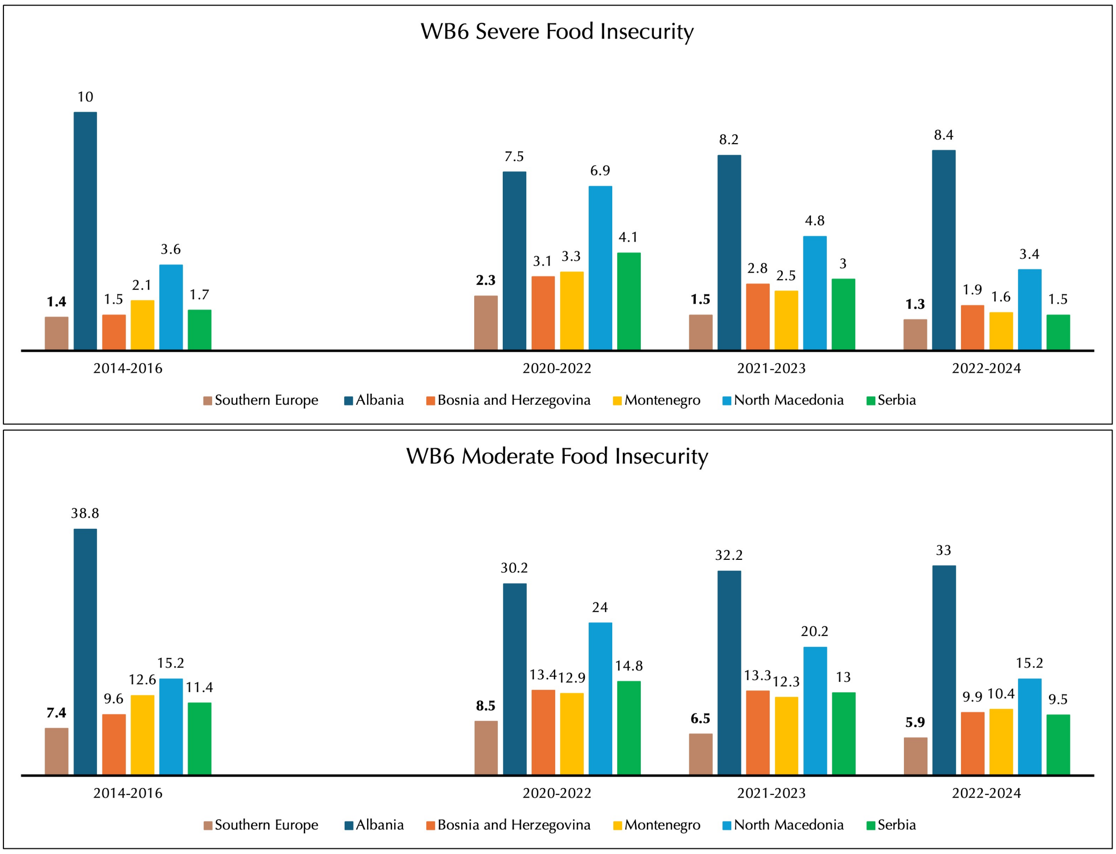

Figure 13: WB6 – Food Insecurity

experiencing moderate food insecurity, representing a gap of 27.1 percentage points compared to the Southern Europe average.

In summary, while most WB6 countries have made progress in aligning more closely with regional trends, Serbia emerges as the best performer in severe food insecurity, while Albania remains a clear outlier, with both severe and moderate food insecurity indicators significantly higher than its neighbors and Southern Europe as a whole.

Figure 14 presents the prevalence of child wasting and stunting among children under five years of age in 2024 WB6 countries. Wasting, which reflects acute malnutrition, occurs when a child's weight is too low for their height, usually as a result of recent and severe weight loss linked to food shortages or illness. Stunting, by contrast, captures chronic malnutrition and is measured when a child's height is too low for their age, reflecting prolonged nutritional deprivation or repeated infections during early growth.

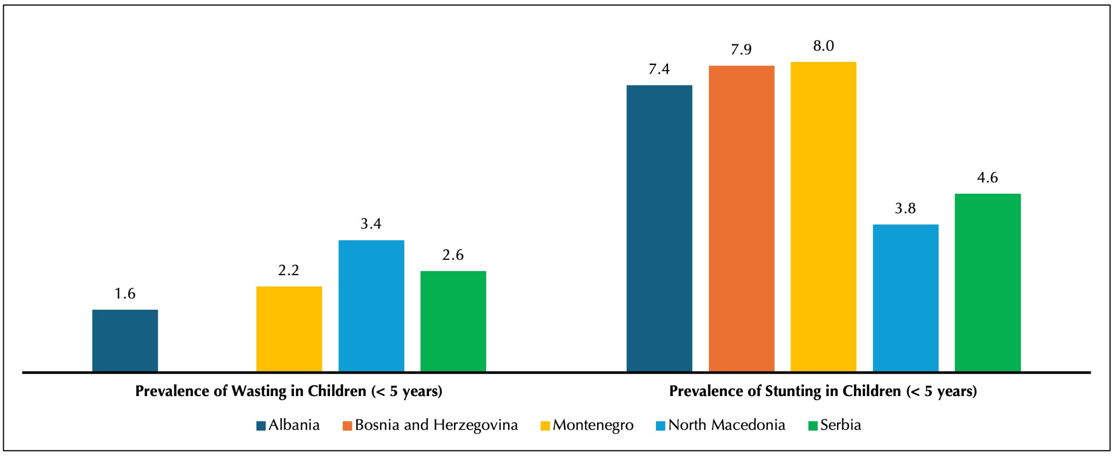

Figure 14: WB6 – Child Wasting and Stunting, 2024

In 2024, wasting prevalence in the region ranged from 1.6% in Albania to 3.4% in North Macedonia, with Serbia (2.6%) and Montenegro (2.2%) in between. All of these values are well below the global average of 6.6%, pointing to relatively low levels of acute malnutrition in the Western Balkans. Stunting showed greater disparities: North Macedonia recorded the lowest rate (3.8%), while Bosnia and Herzegovina (7.9%), Montenegro (8.0%), and Albania (7.4%) reported nearly double that level. Serbia, at 4.6%, stood closer to North Macedonia. Still, all countries performed substantially better than the global average of 23.2%, which highlights the overall favorable standing of the region. Despite this positive comparison at the global level, the intra-regional picture is uneven. North Macedonia and Serbia stand at the lower end of the stunting distribution, while Albania, Bosnia and Herzegovina, and Montenegro face markedly higher rates. This pattern aligns closely with earlier findings on food insecurity (Figure 13), where Albania in particular emerged as an outlier: its higher prevalence of severe and moderate food insecurity is mirrored in elevated stunting rates, underlining persistent structural challenges in ensuring adequate child nutrition.

According to the United Nations, the Cost of a Healthy Diet (CoHD) indicator provides national-level estimates of the minimum cost of acquiring the cheapest possible healthy diet in a country. This diet includes a variety of locally available foods that meet both energy and nutrient requirements. The CoHD is then compared with national income distributions to estimate the prevalence of unaffordability, namely the share and number of people unable to afford such a diet. Figure 15 shows the trend of the CoHD and the proportion of the population unable to afford a healthy diet in Albania and Southern Europe between 2017 and 2024. Concerning the cost of a healthy diet, Albania has followed a trajectory broadly in line with the regional average. The CoHD in Albania increased steadily from 3.0 PPP dollars in 2017 to 4.8 PPP dollars in 2024, marking a cumulative rise of 57% over the period. The steepest increase was observed in 2022, when the cost jumped by 17% compared to the previous year. Despite these rising costs, the prevalence of unaffordability of a healthy diet in Albania has declined consistently, mirroring the trend in Southern Europe. In 2017, 24.3% of Albanians were unable to afford a healthy diet, 10.3 percentage points higher than the regional average of 14%. Since then, the gap has narrowed substantially. By 2020, the difference between Albania and Southern Europe had fallen to just 2.6 percentage points (14.1% versus 11.5%). In 2024, the indicator for Albania stood at 10.7%, compared to 8.5% for Southern Europe, reducing the gap to 2.2 percentage points. In short, while the cost of a healthy diet has risen markedly in both Albania and the wider region, affordability has improved. Albania still lags behind Southern Europe, but the gap is now considerably smaller than in 2017, suggesting gradual convergence.

Figure 16 presents the cost of a healthy diet and the prevalence of people unable to afford it in the Western Balkans Six compared with Southern Europe, for the period 2017–2024. In terms of the cost of a healthy diet, Albania remains the best performer in the region, with values consistently in line with or slightly below the Southern Europe average. In 2024, the CoHD in Albania was 4.8 PPP dollars per person per day, compared with 4.6 PPP dollars in Southern Europe. Among the WB6, only Montenegro (4.8 PPP dollars) and North Macedonia (4.9 PPP dollars) showed similar values, while Serbia recorded a higher cost of 5.3 PPP dollars. Bosnia and Herzegovina stands out as the

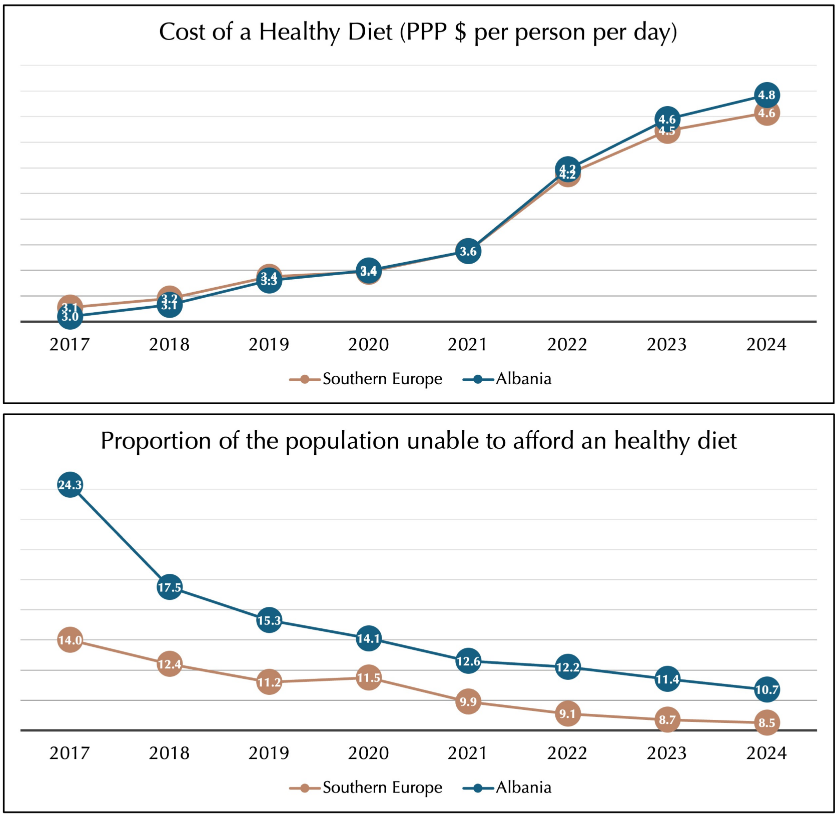

Figure 15: Albania – Cost and Unaffordability of a Healthy Diet, 2017–2024

most expensive country, with the CoHD reaching 6.2 PPP dollars in 2024—about 1.6 PPP dollars above the regional average and 1.4 dollars higher than Albania. Overall, all WB6 countries experienced steady increases in the cost of a healthy diet over the period, with the sharpest rises recorded after 2021.

The picture changes when examining the proportion of the population unable to afford a healthy diet. Here, Bosnia and Herzegovina, despite having the highest cost, consistently reported the lowest prevalence of unaffordability, at 5.3% in 2024, well below the Southern Europe average of 8.5%. Serbia also performs strongly, with only 7.4% of its population unable to afford a healthy diet in 2024, marking a dramatic improvement from 24.2% in 2017. Montenegro shows a steady reduction, from 17.4% in 2017 to 9.2% in 2024. By contrast, Albania, although showing progress, still lags behind most of its neighbors: in 2024, 10.7% of the population could not afford a healthy diet, down from 24.3% in 2017 but still above the regional average. The weakest performance is observed in North Macedonia, where 16.5% of the population was unable to afford a healthy diet

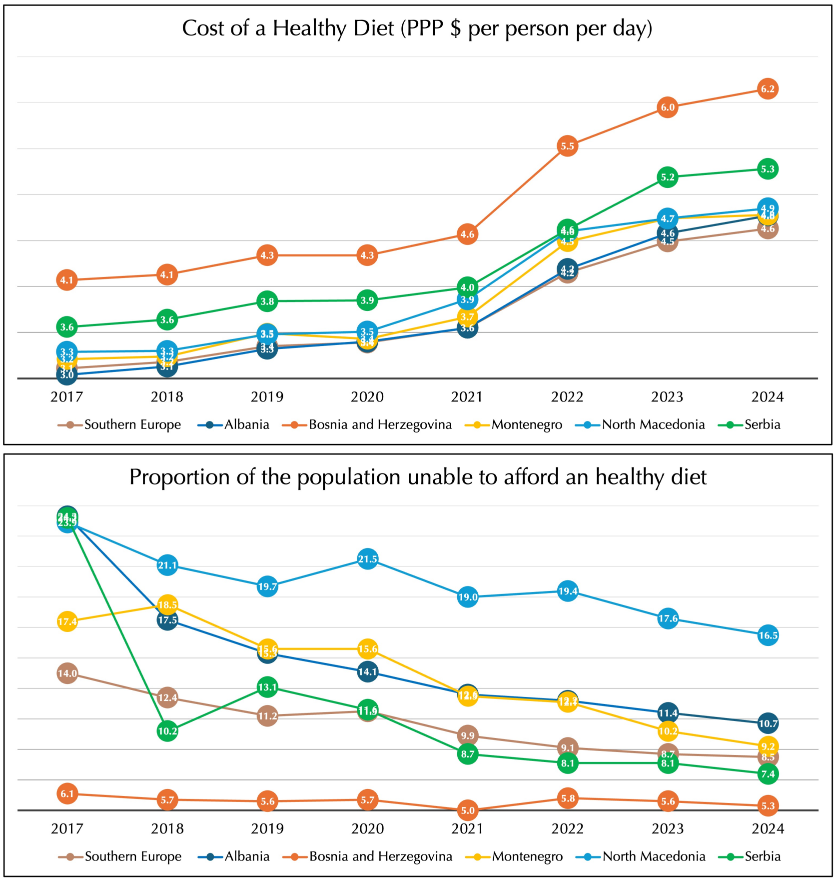

Figure 16: WB6 – Cost and Unaffordability of a Healthy Diet, 2017–2024

in 2024, only a modest reduction compared with 23.9% in 2017. In conclusion, Albania presents a mixed picture. On the one hand, the cost of a healthy diet is relatively low and close to the regional benchmark, which suggests favorable price conditions compared with some WB6 peers, particularly Bosnia and Herzegovina. On the other hand, the share of the population unable to afford this diet remains comparatively high, second only to North Macedonia. When viewed together with earlier results on food insecurity and child nutrition (Figures 12 and 14), the evidence highlights persistent vulnerabilities in Albania: despite improving affordability, the country still faces significant challenges in translating relatively low food costs into better nutrition outcomes. Across the WB6, large intra-regional disparities remain — most notably in Albania and North Macedonia—underscoring structural gaps in access to adequate and nutritious food.

6. Economic Freedom

The **Economic Freedom of the World** report, published each year by the *Fraser Institute*, provides a comparative assessment of how far policies and institutions across the globe enable or restrict economic freedom. In the view of the Institute, people are considered economically free when they can make personal choices, engage in voluntary exchange, compete openly in markets, and enjoy the protection of clearly defined property rights. Restrictions on these freedoms — whether through excessive state intervention or structural barriers — limit opportunities for prosperity.

The report measures economic freedom through forty-five indicators grouped into five broad areas: (i) the size of government, (ii) the strength of the legal system and protection of property rights, (iii) the soundness of money, (iv) the degree of openness to international trade, and (v) the regulatory environment in labor, credit, and business markets. Each country is assigned a score ranging from 0 (least free) to 10 (most free). Importantly, the findings are retrospective: the 2025 edition is based on data for 2023, reflecting the inherent lag in the collection and harmonization of global statistics.

According to the latest edition, the global situation remains one of uneven recovery. After two decades of gradual improvement, which saw the average world score rise steadily until 2019, the onset of the COVID-19 pandemic triggered a sharp reversal. Emergency restrictions, expanded government spending, and monetary interventions contributed to a notable fall in global economic freedom, and the average has not yet returned to pre-pandemic levels. In 2023, the unweighted global mean stood at 6.37, while the population-weighted average was even lower, around 6.2, reflecting the influence of large economies such as India, China, and Brazil, where freedom scores remain comparatively weak. The global ranking shows continuity at the very top, where small, open economies dominate. Hong Kong and Singapore remain in the lead, despite the former's long-standing decline in legal system and regulatory scores under tighter political control from Beijing. They are closely followed by New Zealand, Switzerland, the United States, Ireland, Australia, Taiwan, Denmark, and the Netherlands, all of which combine relatively restrained governments with strong protections for property rights and international openness. At the other end of the spectrum, countries marked by conflict or entrenched authoritarianism occupy the lowest positions. Venezuela, Zimbabwe, Sudan, Algeria, Iran, Myanmar, and Syria continue to rank among the least free, joined by fragile states such as Libya and Chad. Large economies fall across a wide range. Canada, the United Kingdom, and Germany remain in the top twenty, while Japan and South Korea sit in the upper middle tier. France and Italy are ranked lower, in the mid-forties, and emerging economies such as Mexico, India, and Brazil are placed much further down. China, despite its growing global influence, is ranked 108th, while Russia, whose invasion of Ukraine has profoundly undermined property rights, trade, and monetary stability, has fallen to 148th place. Beyond the rankings, the report stresses the implications of these trends. Comparative analysis confirms once again that higher levels of economic freedom are associated with better human development outcomes. People living in the freest quartile of countries enjoy incomes more than six times higher than those in the least free quartile, life expectancy that is on average 17 years longer, and far lower rates of poverty and infant mortality. The persistence of these gaps underscores that economic freedom is not an abstract measure, but one with tangible consequences for everyday well-being. The 2025 edition also highlights areas of particular vulnerability. Restrictions on international trade and increasingly complex regulatory frameworks are seen as major sources of strain. Protectionist policies have eroded openness even in advanced economies, while fragile legal systems and inflationary pressures weigh heavily on emerging markets. Conflict has added further risks: Russia's war in Ukraine and instability across parts of Africa and the Middle East have translated directly into weaker property rights, unstable currencies, and collapsing trade flows.

In sum, the report presents a mixed picture. The global economy remains freer than it was two decades ago, but the gains of the early 2000s have been partly rolled back, leaving scores at their lowest sustained level since the aftermath of the global financial crisis. The data confirm that economic freedom and prosperity reinforce one another, but they are also fragile and vulnerable to political shocks, populist pressures, and geopolitical disruptions. The message of the 2025 edition is therefore both cautionary and forward-looking: sustaining recovery and strengthening resilience will require renewed commitments to sound monetary policy, open markets, and the rule of law.

In the Economic Freedom of the World 2025 report, which evaluates data up to 2023, Albania records an overall economic freedom score of 7.56, ranking 35th globally and placing within the top quartile of countries. This reflects relative stability compared to

2020, when the score stood at 7.61 (rank 27), and an improvement over the medium and long term. In 2010, Albania's score was 7.32 (rank 43), while in 2000 it was 6.43 (rank 70), highlighting a steady upward trajectory in economic freedom over the past two decades.

Figure 17: Albania – Economic Freedom Score, 2000–2010–2020–2023

Breaking down the components, Albania performs strongest in *Freedom to Trade Internationally* (8.54 in 2023) and *Sound Money* (8.95). Both areas reflect significant progress compared to earlier years. International trade freedom improved by nearly two points between 2000 (6.75) and 2023 (8.54), aligning Albania more closely with regional and global market standards. *Sound Money* also shows marked improvement: from a low 6.91 in 2000 to above 9.0 in 2010 and 2020, before moderating to 8.95 in 2023, reflecting macroeconomic stability but also some volatility in recent years. The *Regulation* area has registered consistent long-term progress. From 5.87 in 2000, it increased to 6.20 in 2010, 6.90 in 2020, and 7.11 in 2023. This trend highlights improvements in market regulations and the business environment, although Albania's regulatory score remains below its strongest performing categories. By contrast, *Size of Government* has remained broadly stable. Its score of 7.64 in 2023 is comparable to 7.52 in 2020 and 7.95 in 2010, showing little net change across the long term. This suggests that Albania continues to balance between market reliance and government intervention, with no major shifts in fiscal or public expenditure policy. The *Legal System and Property Rights* dimension remains Albania's weakest area. Despite slight fluctuations, the 2023 score of 5.55 is lower than the 5.61 recorded in 2010 and only marginally above the 2000 level of 4.76. This reflects ongoing institutional weaknesses in judicial independence, protection of property rights, and rule of law, which continue to act as a structural constraint on Albania's overall economic freedom. In summary, Albania's performance over the long run is characterized by a clear upward trend in economic freedom, particularly driven by improvements in monetary stability, trade openness, and regulatory reforms. However, persistent shortcomings in the legal and judicial framework prevent further advancement and remain a critical area for reform. The 2023 data therefore reinforce the dual picture of Albania as a country that has achieved meaningful progress in market-oriented reforms over the past two decades but still faces structural challenges in institutional quality.

Bosnia and Herzegovina records an overall score of 6.40 in 2023, ranking 93rd globally and placing in the third quartile of countries. This represents almost no change compared to 2020, when the score was 6.42 (rank 92), but marks a slight decline over the longer term. In 2010, Bosnia and Herzegovina's score was 6.31 (rank 98), while in 2000 it stood at just 5.47 (rank 110), showing some long-term improvement despite stagnation in more recent years.

Examining the components, Bosnia and Herzegovina's strongest performance is in *Freedom to Trade Internationally*, which reached 7.72 in 2023, up from 7.33 in 2020 and 7.51 in 2010. This steady upward trend indicates gradual integration into international markets, though the level remains below regional peers. *Regulation* is another area of relative strength, improving from 6.60 in 2010 to 6.85 in 2023, reflecting modest progress in easing administrative and regulatory barriers. By contrast, the *Legal System and Property Rights* dimension remains the country's weakest area, scoring 4.55 in 2023, down from 4.64 in 2010 and only marginally higher than 4.37 in 2000. This underlines persistent institutional weaknesses, especially in judicial independence and protection of property rights. Similarly, *Sound Money* shows a concerning decline in recent years. From 7.84 in 2010 and 6.94 in 2020, the score fell further to 6.18 in 2023, signaling growing macroeconomic instability relative to the past decade. The *Size of Government* indicator has improved substantially in the long run, rising from 3.88 in 2000 to 6.71 in 2023. However, the indicator has remained essentially unchanged since 2020, suggesting that the fiscal structure has reached a plateau in its contribution to economic freedom. Overall, Bosnia and Herzegovina shows modest long-term progress in economic freedom

Figure 18: Bosnia and Herzegovina – Economic Freedom Score, 2000–2010–2020–2023

compared to its position in 2000, but the 2023 results highlight stagnation in the past three years and persistent structural weaknesses. Improvements in trade openness and regulation have been offset by deteriorations in monetary stability and continued institutional fragility, particularly in the legal system. This combination places Bosnia and Herzegovina among the weaker performers in the Western Balkans.

Montenegro records an overall score of 7.16 in 2023, ranking 53rd globally and placing in the second quartile. This represents a decline compared to 2020, when the score stood at 7.29 (rank 48), but it remains higher than in 2010 (6.74, rank 70) and significantly above its 2000 level (4.81, rank 134). Thus, while the country has made substantial long-term gains in economic freedom, the most recent results point to stagnation and modest backsliding.

A closer look at the components shows a mixed picture. *Sound Money* illustrates the clearest deterioration in recent years: Montenegro scored 9.64 in 2020 (ranking 8th globally), but fell to 8.28 in 2023 (rank 74), reversing earlier monetary stability advantages. Similarly, *Freedom to Trade Internationally* rose steadily in the long run, from 7.92 in 2010 to 8.29 in 2023, but progress has slowed and remains below regional leaders. *Size*

Figure 19: Montenegro – Economic Freedom Score, 2000–2010–2020–2023

of Government has remained fairly stable over time, scoring 6.65 in 2023 compared to 6.50 in 2020 and 7.00 in 2010, suggesting no major fiscal restructuring in recent years. The *Legal System and Property Rights* score, at 5.67 in 2023, reflects slight improvement from 5.41 in 2010, but has essentially stagnated compared to 2020 (5.72). Weak judicial independence and rule of law continue to weigh on overall economic freedom. In contrast, *Regulation has gradually improved over the long run*, increasing from 6.35 in 2010 to 6.88 in 2023, although little has changed compared to 2020. In summary, Montenegro has made clear long-term progress since 2000, moving from the fourth to the second quartile of global performers. However, recent data highlight a slowdown and partial reversal, particularly in monetary stability. Improvements in trade openness and regulation have been offset by stagnation in governance and legal institutions, leaving Montenegro in a position of relative mid-level performance compared to other Western Balkan countries.

North Macedonia records an overall score of 6.76 in 2023, ranking 78th globally and falling within the second quartile of countries. This marks a decline compared to 2020, when the score was 6.94 (rank 66), but it remains close to levels observed in 2010 (6.91, rank 61) and above its position in 2000 (6.60, rank 61). The data therefore suggest that while North Macedonia has achieved some long-term stability in economic freedom, the most recent years indicate stagnation and modest deterioration.

Figure 20: North Macedonia – Economic Freedom Score, 2000–2010–2020–2023

Across the five components, performance is uneven. *Size of Government* has been broadly stable, with a score of 6.85 in 2023, compared to 6.83 in 2020 and 6.68 in 2010. By contrast, the *Legal System and Property Rights* dimension remains a persistent weakness. At 4.76 in 2023, it is lower than in both 2020 (4.91) and 2010 (5.23), reflecting ongoing institutional fragility and limited judicial independence. *Sound Money* shows a downward trend in recent years, falling from 8.12 in 2020 to 7.18 in 2023, though it remains close to its 2010 level (7.70). Meanwhile, *Freedom to Trade Internationally* has gradually improved over the long run, from 7.37 in 2010 to 7.72 in 2023, though the pace of progress is modest. *Regulation* scores 7.29 in 2023, slightly higher than in 2020 (7.15) and broadly in line with 2010 (7.56). Overall, North Macedonia has demonstrated resilience in maintaining a mid-level performance in economic freedom over the past two decades. However, the most recent data underline vulnerabilities, particularly in legal institutions and monetary stability. Gains in regulatory quality and trade openness have not been sufficient to offset these weaknesses, leaving the country in a position of relative stagnation compared to regional peers.

Serbia registers an overall score of 6.56 in 2023, ranking 88th globally and falling into the third quartile. This represents a slight decline compared to 2020, when the score was 6.65 (rank 82), though the country remains above its 2010 level of 6.23 (rank 104) and well ahead of its much weaker performance in 2000 (4.17, rank 148). In the long term, Serbia has thus made substantial gains in economic freedom, but recent years suggest stagnation and mild deterioration.

Figure 21: Serbia – Economic Freedom Score, 2000–2010–2020–2023

Looking at the components, Serbia's strongest area is *Freedom to Trade Internationally*, which rose from 7.35 in 2010 to 8.06 in 2023, indicating a continued expansion in trade openness. By contrast, *Sound Money* has weakened significantly in recent years. From 8.11 in 2020, the score fell to 6.54 in 2023, close to the levels seen in 2010 (6.77), signaling renewed macroeconomic instability. The *Size of Government* indicator has improved gradually in the long run, rising from 5.32 in 2000 to 6.36 in 2023, though it remains modest compared to regional peers. *Legal System and Property Rights* shows some gradual strengthening, with the score reaching 5.40 in 2023, up from 5.14 in 2010 and 4.19 in 2000, but little progress has been made since 2020 (5.39). Meanwhile, *Regulation* has improved substantially over time, from 5.23 in 2010 to 6.44 in 2023, though its trajectory since 2020 has been slower. Overall, Serbia has made significant advances in economic freedom over the past two decades, particularly in trade liberalization and regulatory reforms. However, the 2023 results highlight short-term setbacks, notably in monetary stability, alongside enduring structural weaknesses in governance and property rights. These dynamics place Serbia among the mid-range performers in the Western Balkans, but with persistent vulnerabilities that weigh on its overall competitiveness.

Taken together, the Economic Freedom of the World 2025 results show a diverse but uneven picture across the Western Balkans. Albania stands out for its relatively strong and stable performance, maintaining a place in the first quartile globally, while Montenegro also performs in the upper-middle range despite some recent setbacks. North Macedonia and Serbia occupy mid-level positions, with improvements in regulation and trade offset by weaknesses in monetary stability and legal institutions. Bosnia and Herzegovina remains the weakest performer in the region, with limited progress and persistent institutional fragility. Kosovo is not covered by the index, leaving a gap in the regional picture. Overall, while most Western Balkan countries have made notable long-term gains since 2000, the past few years highlight stagnation or mild deterioration, underlining the fragility of reforms and the need for more sustained progress in strengthening institutions, ensuring monetary stability, and consolidating the rule of law.

7. Globalisation

The **KOF Globalisation Index**, published annually by the *KOF Swiss Economic Institute* in Zurich, tracks the extent of global interconnectedness across 195 countries since 1970. It measures globalisation on a 0–100 scale, based on 42 variables that are aggregated with statistically determined weights. These variables are grouped into three main dimensions: *economic globalisation*, *social globalisation*, and *political globalisation*, each contributing equally (33.3%) to the overall index. Each of the three domains is further divided into *de facto* and *de jure* measures. De facto indicators capture actual flows and exchanges, such as trade in goods and services, cross-border investment, migration, tourism, or the presence of embassies and NGOs. De jure indicators reflect the institutional and policy framework that makes these exchanges possible, such as tariff levels, visa requirements, international treaties, and capital account openness. By combining both aspects, the index allows for a nuanced view of how countries are positioned in the global system, not only in terms of outcomes but also in terms of institutional readiness.

According to the 2024 edition of the KOF Globalisation Index, which reports data for 2022, globalisation is approaching its pre-pandemic level after the sharp contraction caused by COVID-19. The recovery has been uneven across dimensions. The strongest momentum came from *economic globalisation*, where the easing of pandemic restrictions revitalised international trade. Goods trade remained robust, supported by the resolution of supply-chain bottlenecks and sustained global demand, while services trade — especially tourism — benefited from the lifting of travel restrictions. However, *financial globalisation* weakened, as foreign direct investment, portfolio flows, and international debt all declined relative to GDP. This suggests that trade flows, rather than financial integration, were the main drivers of recovery. *Social globalisation* showed its first signs of recovery in 2022, supported by improvements in international agreements (*de jure*) and a rebound in personal mobility and cultural exchange (*de facto*). Nonetheless, levels remain below those observed in 2019, reflecting the lingering effects of mobility restrictions. *Political globalisation*, in contrast, almost stagnated. While memberships in international organisations and treaties expanded slightly, actual cooperation through diplomatic missions and NGOs declined. Geopolitical tensions and the resurgence of national interests continue to weigh on international political interdependence.

At the country level, the Netherlands tops the 2022 ranking, followed by Switzerland and Belgium. The Netherlands benefits from its role as a major European trade hub centred around the Port of Rotterdam, while Switzerland combines strong export performance with high integration into international organisations. Belgium ranks third due to its dense network of international institutions and EU integration. On the other hand, Russia recorded one of the steepest declines, as sanctions and the withdrawal of foreign companies sharply reduced its economic and social ties. The KOF Swiss Economic Institute notes that the 2023 data, which will be included in the next index, are expected to reflect further challenges from inflation, the energy crisis, and shifting global trade patterns. Goods trade has weakened, while services continue to recover, highlighting a reconfiguration of globalisation under the influence of geopolitical uncertainty.

Figure 22 tracks Albania's performance in the KOF Globalisation Index between 2000 and 2022. Over the long term, Albania has made significant progress in integrating into the global system: its overall score increased from 49 in 2000 to 66 in 2022, a gain of 17 points. This reflects Albania's gradual opening to the global economy and its efforts to align with international standards, particularly in the context of EU integration.

A closer look at the sub-indices shows that this long-term rise has been driven primarily by *de jure* globalisation — the institutional and policy framework for global integration. Albania's *de jure score* rose steadily from 52 in 2000 to 77 in 2022, underscoring reforms in trade policy, international cooperation, and regulatory alignment. By contrast, *de facto* globalisation, which captures the actual cross-border flows of trade, investment, people, and information, has been more volatile. It improved from 47 in 2000 to 60 in 2010, but has since stabilized at lower levels, reaching 54 in 2022. This divergence illustrates that while Albania has laid down a strong formal framework for global integration, actual flows remain more constrained. In the short term, trends appear less dynamic. Between 2020 and 2022, Albania's overall score rose modestly from 63 to 66, recovering the ground lost during the COVID-19 pandemic. The rebound is largely attributable to slight improvements in *de jure* indicators (from 74 to 77), while de facto indicators remained unchanged at 52–54, pointing to persistent challenges in translating institutional progress into tangible international flows. Overall, Albania's trajectory demonstrates long-term convergence toward higher levels of globalisation, though the recent stagnation in *de facto* integration underscores the need to translate

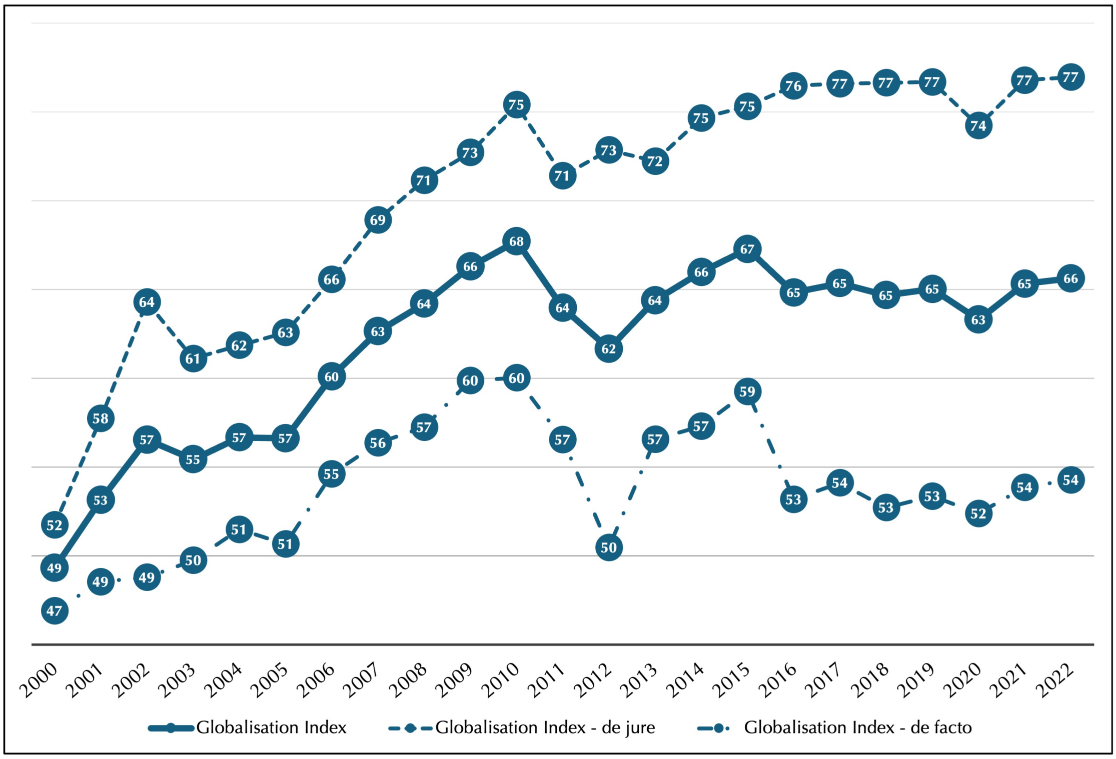

Figure 22: Albania – KOF Globalisation Index, 2000–2022

formal commitments into deeper participation in global economic and social networks.

Figure 23 presents Albania's Globalisation Index disaggregated into its three dimensions: economic, social, and political. This breakdown helps clarify which areas have driven Albania's integration into the global system and how trends differ over time.

Economic globalisation has been the strongest driver of Albania's overall score. Over the long term, the index rose from 41 in 2000 to 70 in 2022, marking a gain of 29 points. This steady increase reflects growing trade openness, financial integration, and alignment with international markets. In the short term, the trend also points upward: after dipping to 63 in 2020 during the COVID-19 shock, the indicator recovered sharply to 70 by 2022, confirming that economic linkages have been central to Albania's post-pandemic rebound. Social globalisation shows a different trajectory. Between 2000 and 2022, the score increased from 50 to 64, but most of this improvement occurred before 2010. Since then, the trend has flattened, with the score oscillating between 64 and 66. In the short term, social globalisation has been broadly stable, standing at 64 in both 2020 and 2022. This suggests that while Albania has integrated socially through

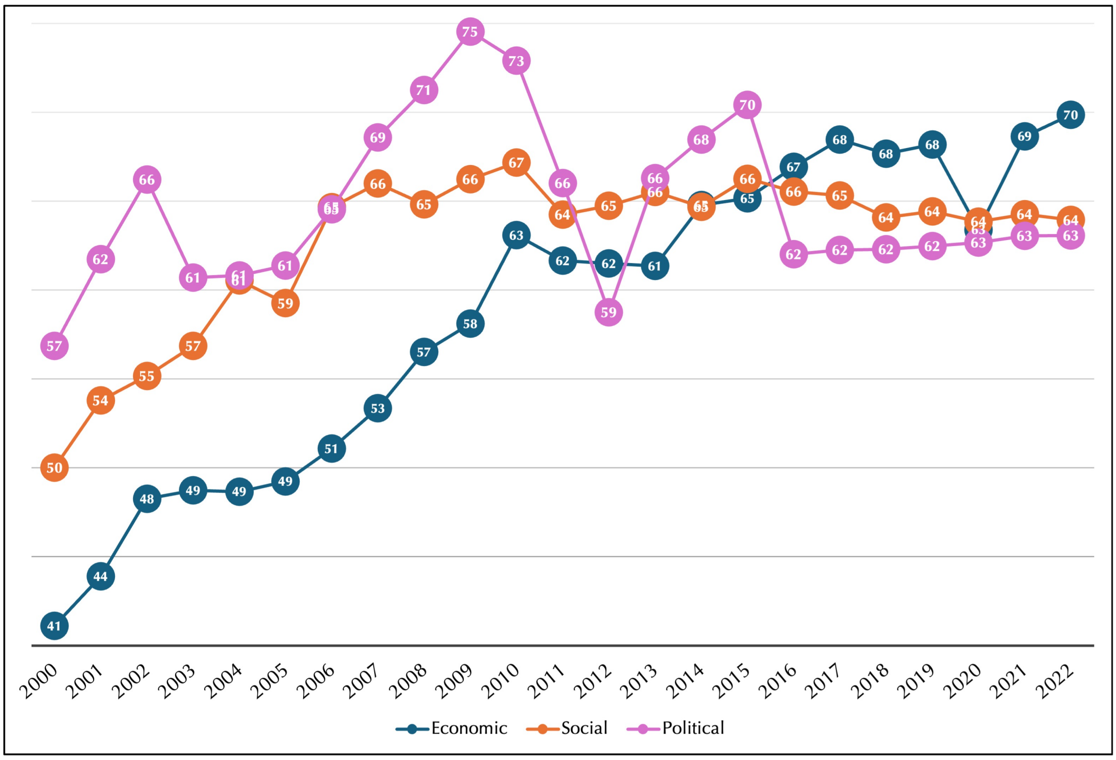

Figure 23: Albania – Economic, Social, and Political Globalisation, 2000–2022

migration, cultural exchange, and information flows, progress has stalled in recent years. Political globalisation presents the most striking contrast. In the long term, the index rose initially, peaking at 75 in 2009, before declining steadily to 63 in 2022. This means that Albania's political integration into international networks —such as membership in international organisations and treaties — has weakened compared to its pre-2010 high point. Over the short term, political globalisation has remained flat, holding at 63 in both 2020 and 2022, showing no recovery similar to the economic dimension. Taken together, Albania's trajectory highlights clear asymmetries: economic globalisation has advanced steadily and recovered quickly after the pandemic, social globalisation has plateaued, and political globalisation has declined from its earlier peak and remains stagnant.

Figure 24 shows the long-term evolution of the KOF Globalisation Index for the Western Balkans (excluding Kosovo). Since 2000, all countries in the region have recorded significant increases in their levels of globalisation, although trajectories differ. Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia all started from relatively low scores (around 48–51 points in 2000), but by 2022 had converged into the mid-to-high 60s and 70s. Serbia clearly outperformed its neighbours, rising from 49 in 2000 to 78 in 2022, the highest level of globalisation in the region. Montenegro follows at 70, while Albania and Bosnia and Herzegovina show slightly lower integration levels at 66 points. North Macedonia has also made steady progress, reaching 69 points. This convergence reflects the broader regional trend of progressive integration into global economic and political structures, though Serbia's trajectory stands out as the most pronounced. Short-term dynamics between 2020 and 2022 reveal a recovery from the pandemic-related dip of 2020, when most countries saw a decline of 1–2 points. By 2022, all had regained lost ground. Serbia and North Macedonia, in particular, maintained strong momentum, while Albania and Bosnia and Herzegovina showed more modest gains.

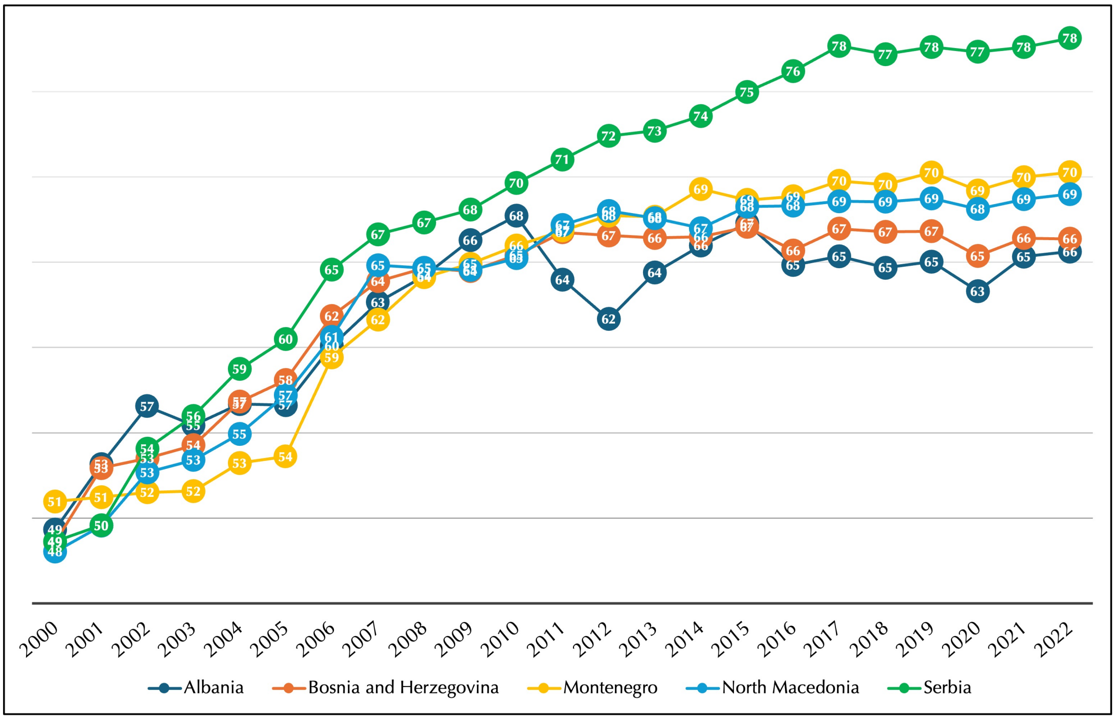

Figure 24: WB6 – KOF Globalisation Index, 2000–2022

Figure 25 provides further insights by distinguishing between economic, social, and political globalisation. Economic globalisation is the strongest driver of integration across the WB6 and the dimension that has contributed most directly to the steady upward trajectory observed in the overall Globalisation Index (Figure 18). Over the

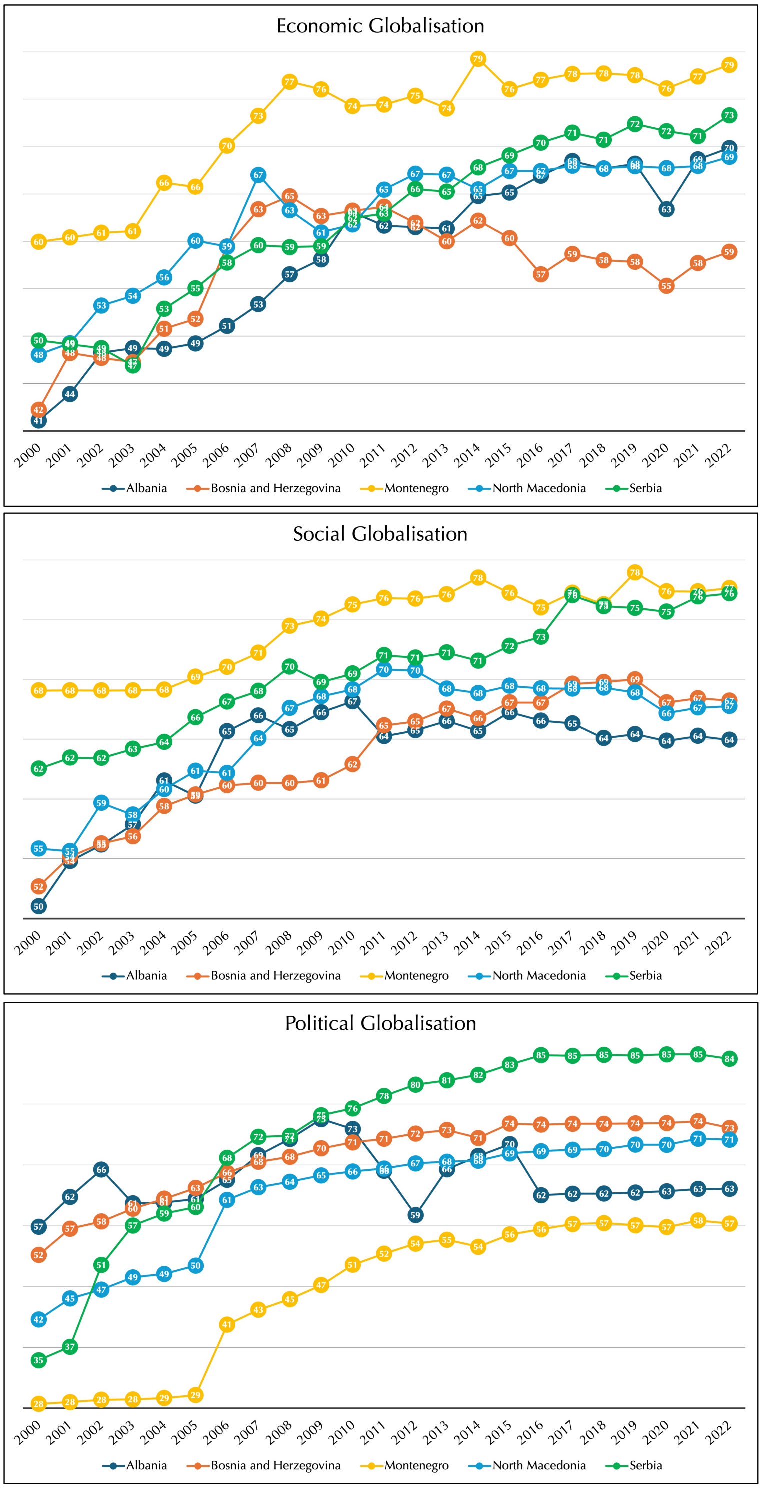

Figure 25: WB6 – Economic, Social, and Political Globalisation, 2000–2022

long term, all countries have improved substantially since 2000, when Albania, Bosnia and Herzegovina, and Serbia each scored below 50. Albania illustrates this trend particularly well: its score rose from just 41 in 2000 to 70 in 2022, reflecting its gradual opening to international markets and a stronger presence in global trade networks. Montenegro and Serbia now lead the region with scores of 79 and 73, respectively, indicating sustained trade openness and integration into global flows of goods, services, and capital. Bosnia and Herzegovina, however, has lagged behind, with its economic globalisation score stagnating in the high 50s for over a decade. In the short term, the 2020 dip caused by the pandemic affected all countries, but by 2021–2022 most had regained momentum, with Albania showing one of the clearest rebounds. Social globalisation, by contrast, has followed a steadier and more gradual path, without the sharp fluctuations seen in economic indicators. North Macedonia and Montenegro are the most socially globalised, each reaching 77 and 76 points in 2022, levels they have maintained since the mid-2010s. These high values underline their relative openness to migration, cultural exchanges, and flows of information and ideas. Serbia and Bosnia and Herzegovina also perform strongly, around 75–76 points, reflecting dense diasporic networks and growing cross-border linkages. Albania, however, remains an outlier, with only 64 points in 2022, the lowest in the region despite progress since 2000 when it stood at 50. Over the past decade, Albania's stagnation in this dimension has slowed its overall convergence in the Globalisation Index, helping to explain its lower ranking compared to Serbia and Montenegro. Political globalisation is the domain where the WB6 countries display the widest disparities, and its contribution to the overall index varies sharply across the region. Serbia is by far the most politically globalised, with a score of 84 in 2022. This long-term rise—from 35 in 2000—reflects its active participation in international organisations, bilateral agreements, and diplomacy. Bosnia and Herzegovina follows with 73 points, underlining a relatively strong presence in political networks despite weaker economic integration. North Macedonia is close behind with 71, maintaining stability since the early 2010s. Albania, at 63 points, has remained broadly flat since 2010, after an earlier phase of growth in the 2000s. Montenegro shows the lowest score at 57, despite some improvements from its very low base of 28 in 2000. In the short term, most countries' scores have levelled off since 2016, pointing to structural limits in further international embedding. Taken together, these results show that the Western Balkans are deeply engaged in globalisation processes, but in an uneven way. Economic globalisation has been the main engine of long-term convergence, driving the overall upward movement of the index shown in Figure 24. Social globalisation has progressed more steadily but reveals persistent differences, with Albania clearly behind its neighbours. Political globalisation remains fragmented: while Serbia has advanced furthest, Montenegro lags significantly, and others show only moderate progress. The post-2020 recovery demonstrates resilience, but persistent disparities underline that while the region has become more integrated into global systems over the past two decades, it continues to do so unevenly across the three dimensions.

8. Corruption

The **Corruption Perceptions Index** (CPI), produced annually by *Transparency International*, serves as the most widely recognized global measure of perceived corruption in the public sector. Rather than quantifying corruption directly — which is inherently difficult to observe — the CPI aggregates expert assessments, business surveys, and institutional evaluations to gauge how corrupt a country's public institutions are perceived to be. The index captures issues such as bribery, embezzlement, abuse of office, nepotism, and undue influence over policymaking, while also considering the robustness of anti-corruption mechanisms, transparency standards, and the independence of oversight bodies. Each country receives a score between 0 and 100, where 0 corresponds to a perception of very high corruption and 100 to a perception of a very clean public sector. Because it reflects perceptions, short-term score changes should be interpreted cautiously, while long-term trends provide more meaningful insight into institutional trajectories. The index covers 180 countries and territories and is widely used to compare governance quality, identify corruption risks, and monitor progress in transparency and accountability.

The 2024 edition of the CPI reveals that corruption remains a pervasive challenge across all regions. The global average stands at 43 points, the same level as in 2023, indicating broad stagnation in efforts to strengthen integrity in governance. More than two-thirds of countries score below 50, meaning that nearly seven billion people live in states where corruption is perceived to be widespread. The persistence of low scores points to enduring institutional weaknesses and a lack of effective accountability mechanisms. As in previous years, Denmark (90), Finland (88), and Singapore (84) top the 2024 rankings, reflecting their strong institutions, independent judiciaries, and high levels of transparency. At the opposite end of the spectrum, South Sudan (8), Somalia (9), Venezuela (10), Syria (12), Libya (13), and Yemen (13) occupy the bottom ranks, illustrating the deep connection between corruption, conflict, and fragile governance. The data further show that over a quarter of the assessed countries — 47 in total —

recorded their lowest scores ever in the 2024 edition. This group includes both authoritarian regimes and long-standing democracies such as Austria, France, and Germany, confirming that corruption pressures are not confined to less developed or politically unstable states. Only a handful of countries have registered significant improvements over the past five years. Among them are Kosovo, Moldova, Zambia, and Côte d'Ivoire, each benefiting from targeted reforms to enhance judicial independence and public oversight. In contrast, Belarus, El Salvador, Russia, and France have seen notable declines linked to political interference, weakened rule of law, or erosion of civil freedoms. The report also draws attention to the growing nexus between corruption and the climate crisis, emphasizing that environmental funds and regulatory decisions are increasingly vulnerable to capture by vested interests. Almost all recorded killings of environmental defenders since 2019 have occurred in countries scoring below 50 on the CPI, underscoring the broader governance implications of corruption. The relationship between corruption and political systems remains strikingly clear. On average, full democracies score 73, flawed democracies 47, and authoritarian regimes 33, illustrating how pluralism, institutional checks, and civic freedoms contribute to corruption control. The 2024 results thus confirm that corruption continues to erode trust in institutions and impede equitable development. Despite ongoing global awareness, anti-corruption progress remains limited, and many justice systems lack the independence, resources, or political will to ensure accountability. Strengthening transparency, judicial autonomy, and civic participation therefore remains central to reversing this entrenched global trend.

Figure 26 traces Albania's trajectory in the Corruption Perceptions Index from 2012 to 2024. Over the long term, Albania has recorded a gradual improvement in its perceived levels of corruption. The country's score increased from 33 points in 2012 to 42 points in 2024, representing its best performance to date. This long-term trend suggests slow but steady progress in strengthening institutional integrity, transparency, and accountability mechanisms. In the short term, Albania's CPI performance has also improved. After several years of stagnation between 2018 and 2022, when the score remained at around 35–36 points, the country registered a mild increase to 37 points in 2023 and then a sharper rise to 42 points in 2024. This five-point improvement in just one year points to a growing perception of progress in anti-corruption reforms and governance standards. According to Transparency International, the broader Eastern Europe and Central Asia region remains caught in a "vicious cycle" where weak democratic institutions and high corruption reinforce one another. Many governments in the region continue to face structural challenges — including limited judicial independence,

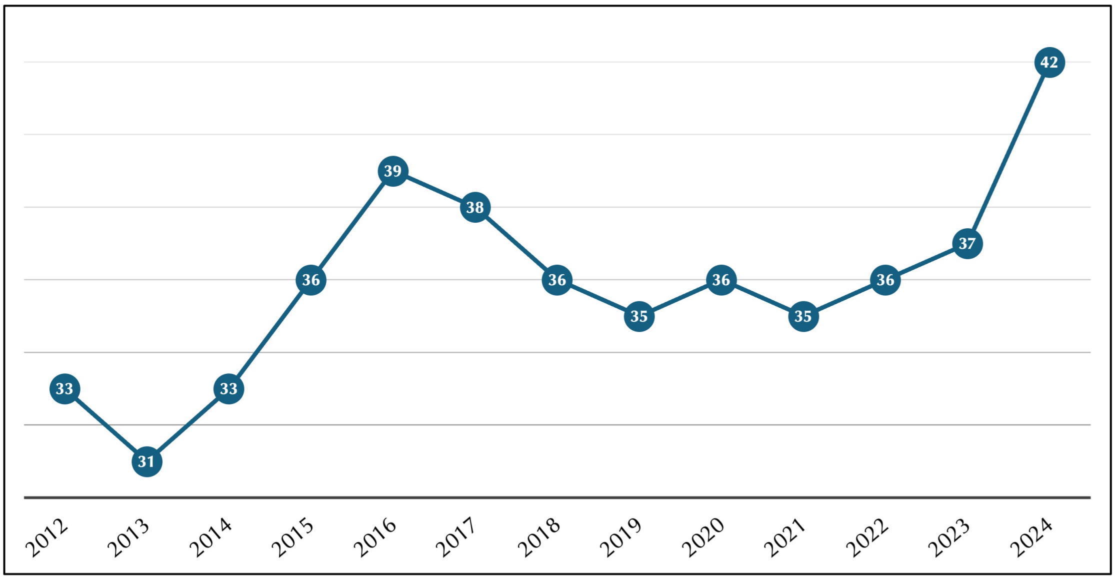

Figure 26: Albania – Corruption Perceptions Index, 2012–2024

weak transparency, and insufficient accountability — that allow corruption to persist and erode public trust. Within this context, Albania's latest improvement is a positive signal, though vulnerabilities remain — particularly regarding political integrity, judicial independence, and transparency in public procurement. In Albania's case, the 2024 increase may reflect selective progress, notably through high-profile corruption prosecutions led by the Special Anti-Corruption Structure (SPAK). These cases demonstrate growing institutional assertiveness against impunity at the highest levels. However, the improvement must be viewed within the broader environment of continued susceptibility to political influence, state capture, and opacity in public contracting. The 2024 commentary from Transparency International also emphasizes that corruption and governance are deeply intertwined with democratic quality in the region, creating feedback loops in which weak oversight fosters corrupt practices, which in turn further undermine institutional resilience. Overall, Albania's 2024 CPI results mark a notable short-term improvement within a broader pattern of gradual progress. Yet sustained advancement will depend on consolidating judicial independence, enhancing political accountability, and increasing transparency in governance to prevent backsliding and ensure that anti-corruption progress translates into durable institutional change.

Figure 27 shows the evolution of the Corruption Perceptions Index in the Western Balkans from 2012 to 2024. Over the long term, all WB6 economies have displayed

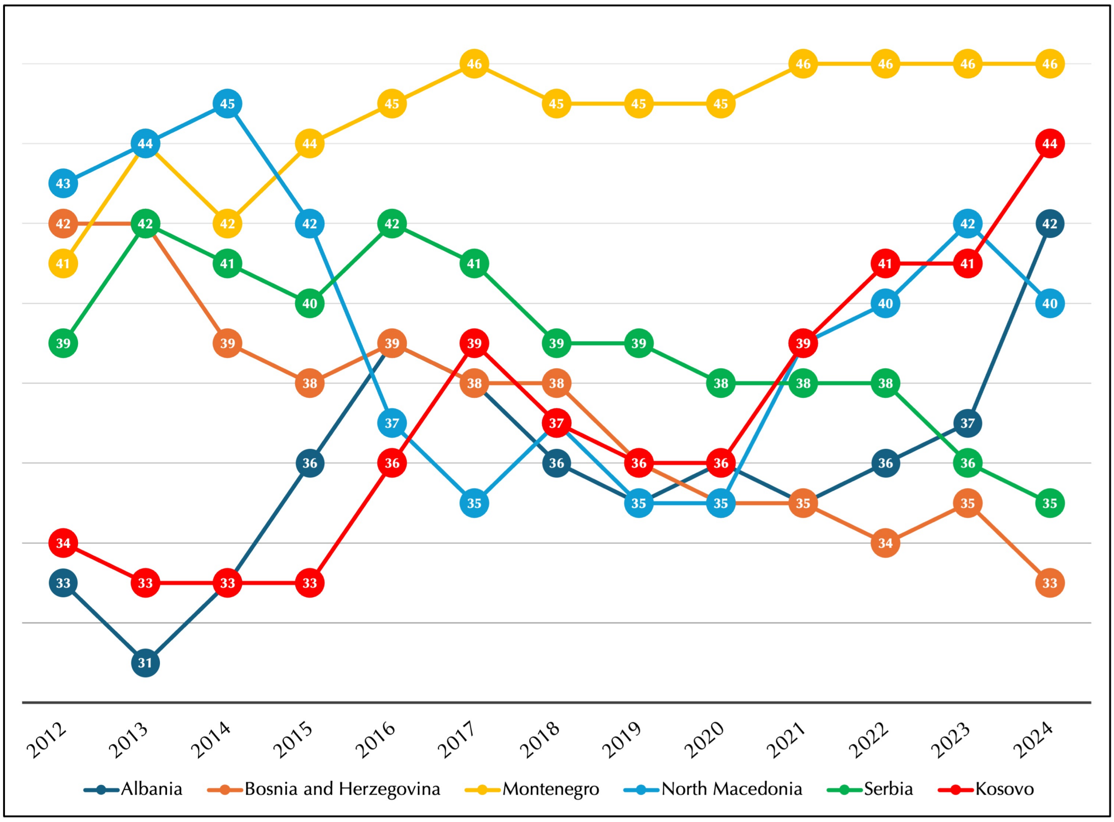

Figure 27: WB6 – Corruption Perceptions Index, 2012–2024

persistent governance weaknesses, with only sporadic and uneven progress in reducing perceived corruption. Despite some improvements in 2024, the region continues to score well below the EU average of 65 points. The WB6 average of around 40 points in 2024 reflects moderate yet insufficient progress toward EU governance standards.

From a long-term perspective (2012–2024), the Western Balkans as a whole have moved from the low 30s to the low 40s in CPI scores, signalling gradual but fragile progress. Albania's trajectory is emblematic: after fluctuating between 33 and 39 points during the 2010s, it reached 42 in 2024, marking its best performance to date. Montenegro remains the best performer in the region, consistently scoring 46 points since 2021. Its stability suggests relative continuity in institutional performance and anti-corruption frameworks, though stagnation in recent years points to limited reform momentum. Kosovo (44) has registered gradual improvement over the last decade and now ranks among the top WB6 performers, reflecting ongoing efforts to strengthen justice institutions and transparency. In contrast, North Macedonia (40) shows mixed dynamics: after steady improvement up to 2023, it experienced a modest decline in 2024, suggesting lingering governance fragilities. Serbia (35) has followed a downward trajectory since 2016, dropping to one of the lowest positions in the region. The country's stagnation reflects continued concerns about political interference, shrinking media freedom, and erosion of institutional independence. Similarly, Bosnia and Herzegovina (33) has deteriorated sharply over the long term, now ranking last among the WB6 and below the regional average. Transparency International attributes this to endemic patronage networks, limited judicial accountability, and persistent ethnic fragmentation in governance. In the short term (2020–2024), the data show a modest recovery in several countries following a period of stagnation during the pandemic years. Albania's and Kosovo's 2024 gains contrast with the continued stagnation of Montenegro and the deterioration observed in Serbia and Bosnia and Herzegovina. Overall, the region remains trapped in a pattern of slow convergence and uneven progress, where isolated institutional improvements coexist with enduring governance deficits. Although the 2024 CPI highlights some encouraging national developments, Transparency International stresses that the Western Balkans continue to face entrenched political capture, weak judicial independence, and opaque public administration, which collectively hinder sustained anti-corruption progress. Bridging the gap with EU standards will therefore require not only technical reforms but also deeper political commitment to integrity, accountability, and civic oversight.

9. Rule of Law

The *World Justice Project* defines the rule of law as the cornerstone of just, peaceful, and prosperous communities, underpinning development, accountable governance, and the protection of fundamental rights. Far from being confined to lawyers and judges, the rule of law shapes everyday experiences of safety, justice, and governance, making it relevant to all individuals. The WJP publishes the annual **Rule of Law Index**, which assesses and ranks 142 countries and jurisdictions according to their adherence to specific standards across regulatory, judicial, institutional, and legal frameworks. Scores range from 0 to 1, with 1 representing the strongest adherence to the rule of law. The Index is based on surveys of over 214,000 households and 3,500 legal experts worldwide, covering eight key dimensions: (i) Constraints on Government Powers, (ii) Absence of Corruption, (iii) Open Government, (iv) Fundamental Rights, (v) Order and Security, (vi) Regulatory Enforcement, (vii) Civil Justice, and (viii) Criminal Justice. Together, these provide a comprehensive picture of how the rule of law is perceived and implemented in practice.

The 2024 edition of the Index confirms that the rule of law continues to weaken globally, marking the seventh consecutive year of decline. In 57% of countries, scores fell, compared with 43% where improvements were registered. This represents over 6 billion people now living in countries where rule of law standards are deteriorating. The most widespread declines were recorded in Constraints on Government Powers, which eroded in 59% of countries, Fundamental Rights, which fell in 63%, and Civil Justice, which weakened in 56%. These areas reflect the global challenges of reduced checks on executive authority, shrinking civic space, weaker guarantees of freedom of expression and association, and worsening access to timely, impartial justice. At the same time, there were some positive developments. The Absence of Corruption indicator improved in 59% of countries, showing progress in addressing one of the most persistent challenges to governance. Moreover, the pace of global deterioration has slowed compared with the sharper declines seen between 2017 and 2021, suggesting that resilience is possible when reforms are implemented consistently. In terms of rankings, Denmark (0.90), Norway (0.89), and Finland (0.87) remain the world's top performers, while Venezuela (0.26), Cambodia (0.31), and Afghanistan (0.32) recorded the lowest scores. Notable improvements were observed in Poland (+3.2%), Vietnam (+2.1%), and Sri Lanka (+1.6%), while the steepest declines came in Myanmar (-3.8%), El Salvador (-3.3%), and Nicaragua (-2.8%). Importantly, the 2024 Index also highlights a link between stronger rule of law and democratic change: in countries with higher rule of law scores, voters were more likely to support political alternation, whereas weaker systems tended to entrench incumbents. Overall, the 2024 Index paints a mixed picture: the erosion of rule of law continues, particularly in government accountability, human rights, and justice systems, but there are also encouraging signs of progress in tackling corruption and strengthening governance in some regions.

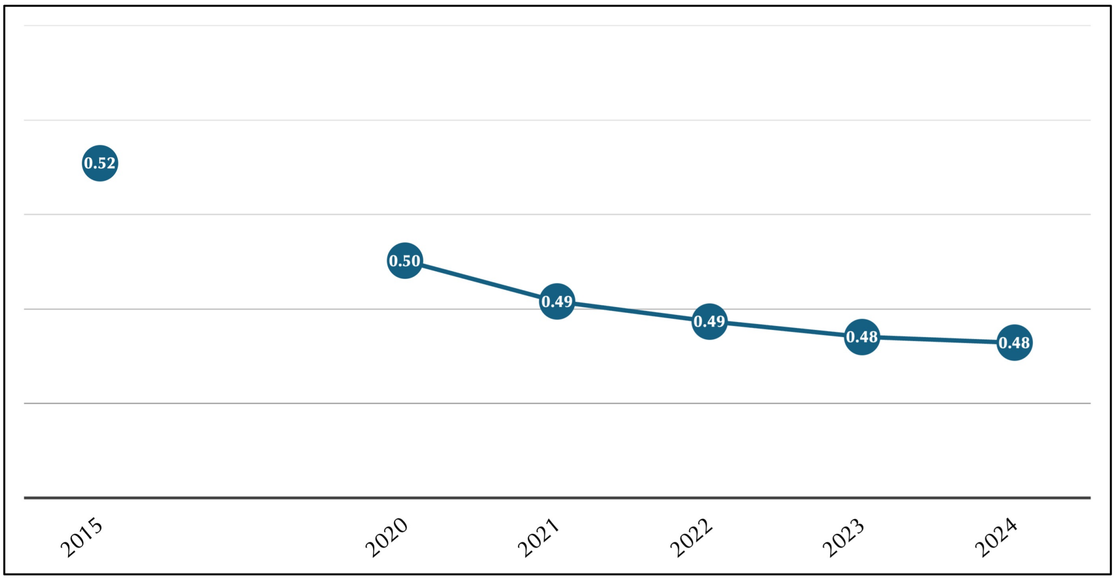

Figure 28: Albania – Rule of Law Index, 2015–2024

Figure 28 shows Albania's overall performance in the World Justice Project Rule of Law Index. Albania's overall score has gradually weakened over the past decade, moving from 0.52 in 2015 to 0.48 in 2024. This long-term decline highlights persistent challenges in the functioning of checks and balances, judicial independence, and protection of rights. Looking at the short-term trend (2020–2024), the country's score decreased from 0.50 in 2020 to 0.48 in 2024, underscoring a modest but steady erosion. The decline has been particularly visible in the justice system, where criminal justice fell from 0.43 in 2020 to 0.38 in 2024, and civil justice dropped from 0.48 to 0.45. These changes point to ongoing problems with due process, efficiency, and citizens' trust in the courts.

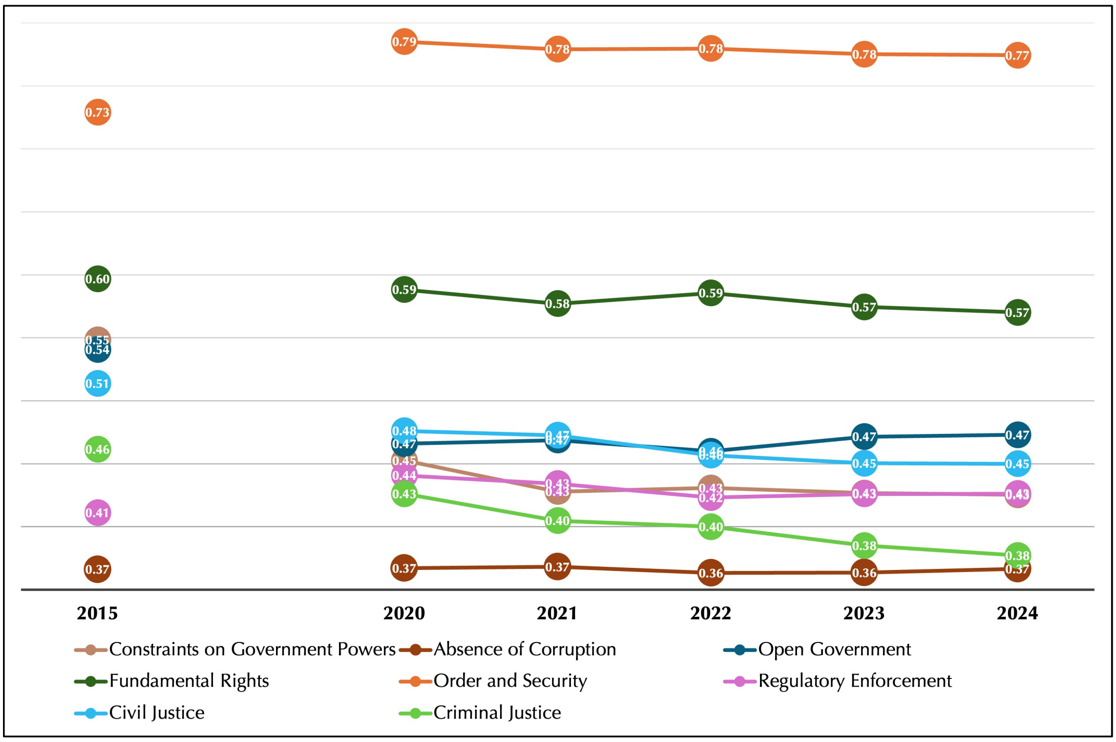

Figure 29: Albania – Rule of Law Index, Components, 2015–2024

Figure 29 provides a breakdown of the index into its eight sub-components, offering further insights. In 2015, Albania scored relatively higher in Constraints on Government Powers (0.55) and Fundamental Rights (0.60), but both dimensions have since declined to 0.43 and 0.57 respectively in 2024. Open Government followed a similar downward trend, from 0.54 in 2015 to 0.47 in 2024, signaling persistent issues with transparency and access to information. Some areas have shown greater resilience. Order and Security, one of Albania's strongest dimensions, improved between 2015 (0.73) and 2020 (0.79) before slightly declining to 0.77 in 2024. Regulatory Enforcement also rose modestly from 0.41 in 2015 to 0.43 in 2024, though it remains weak in comparative terms. The absence of corruption remains one of Albania's weakest areas. Its score stagnated at 0.37 between 2020 and 2024. This lack of progress underscores the entrenched nature of corruption across political, administrative, and judicial structures, and explains why governance reforms have yielded limited improvements in public trust. Overall, Albania's declining trajectory reflects gradual institutional erosion rather than sudden shocks. The persistent weakening of checks on government power and the justice system weighs heavily on the overall score, while stability in security and incremental regulatory improvements have prevented a sharper drop. The data suggest that Albania's rule of law remains fragile, requiring structural reforms to rebuild accountability and strengthen trust in public institutions.

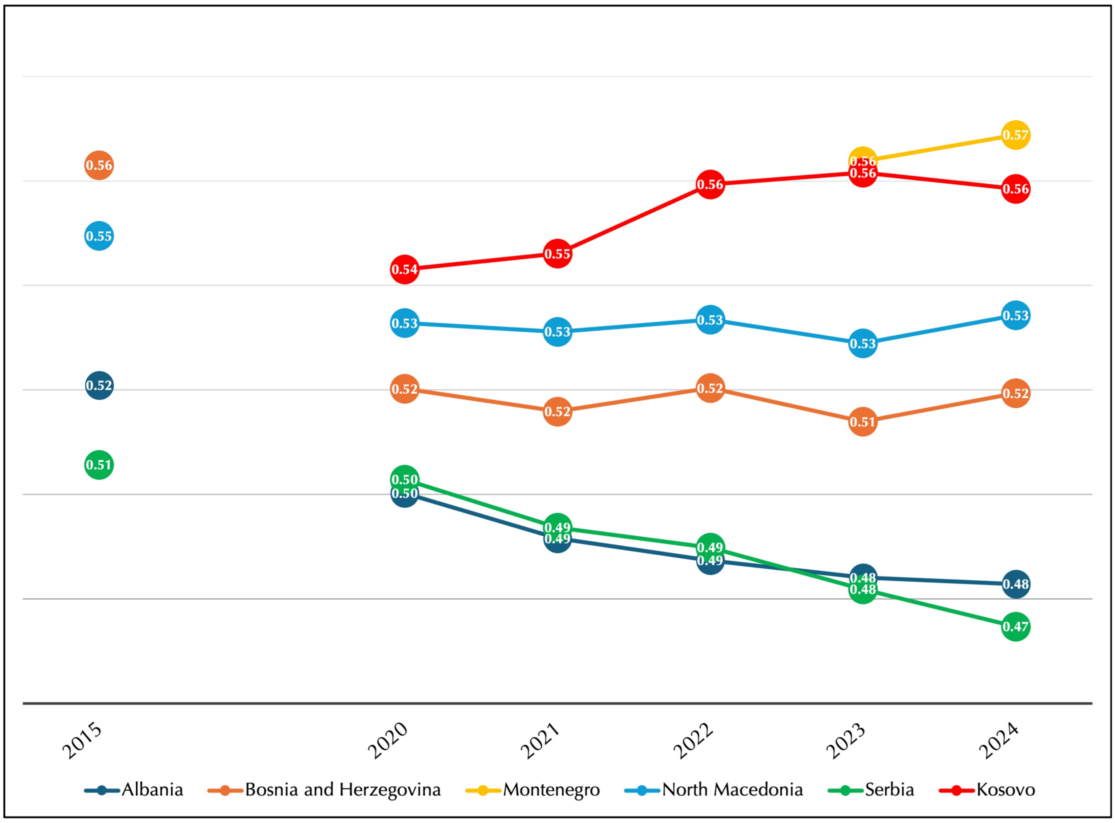

Figure 30: WB6 – Rule of Law Index, 2015–2024

Figure 30 shows the evolution of the Rule of Law Index across the Western Balkans. Since 2015, the WB6 economies have exhibited moderate yet persistent weaknesses in the rule of law, with varied trajectories across countries. In the long term (2015–2024), the general regional pattern is one of slow deterioration or stagnation, rather than significant progress. Despite targeted reforms, most countries have failed to strengthen institutional independence, judicial efficiency, and corruption control in a sustained manner. Albania has experienced a gradual decline in its overall Rule of Law Index score, from 0.52 in 2015 to 0.48 in 2024. This long-term deterioration reflects persistent challenges in corruption control and judicial effectiveness, although scores have stabilised in recent years, indicating short-term stagnation since 2022. Bosnia and Herzegovina displays a pattern of long-term stability, maintaining values between 0.52 and 0.56 since 2015. The absence of significant change suggests that structural barriers—particularly political fragmentation and limited institutional capacity—continue to prevent further progress. In the short term, the country has remained broadly stagnant, with no meaningful variation since 2020.

Montenegro, by contrast, shows long-term improvement. From below 0.55 in earlier editions, it has risen to 0.57 in 2024, making it the regional leader. This increase reflects advances in judicial efficiency, public order, and government transparency, even if progress has been uneven across subcomponents. North Macedonia demonstrates remarkable stability in both the long and short term, maintaining a consistent score of 0.53 from 2020 to 2024. While the absence of decline is notable compared to some neighbours, the country's inability to advance beyond this plateau signals institutional stagnation, especially in corruption control and justice delivery. Serbia, conversely, has faced sustained long-term deterioration. Its score decreased from 0.51 in 2015 to 0.47 in 2024, positioning it as the weakest performer in the region. This decline is primarily linked to concerns over political influence in the judiciary and the erosion of institutional checks and balances. The short-term trend also shows further weakening, indicating that reforms have not yet reversed the negative trajectory. Kosovo stands out for its consistent and gradual improvement since entering the index. From 0.54 in 2020, it climbed to 0.56 in 2024, reflecting growing institutional consolidation and improved public security. The short-term trend is positive, though progress remains fragile and dependent on the continued strengthening of judicial independence and anti-corruption mechanisms. Taken together, the data reveal a region that remains trapped between incremental progress and structural inertia. While some countries—particularly Montenegro and Kosovo—have made gains, others, like Albania and Serbia, show ongoing deterioration. Overall, the WB6 remain below the European average, underscoring the slow pace of rule-of-law convergence in the Western Balkans.

Figure 31 breaks down the 2024 Rule of Law Index into its eight dimensions, illustrating the specific areas where WB6 countries diverge. The strongest results across the region are found in Order and Security, where all countries score above 0.75. Kosovo (0.84) and Montenegro (0.82) stand out as the most secure environments, while even the lowest performers — Serbia (0.76) and Albania (0.77) — remain above the global median. This indicates relatively stable public order compared to weaknesses in other areas. By contrast, the weakest dimensions are Absence of Corruption and Criminal Justice. Corruption control remains a pervasive challenge: Albania (0.37) and Serbia

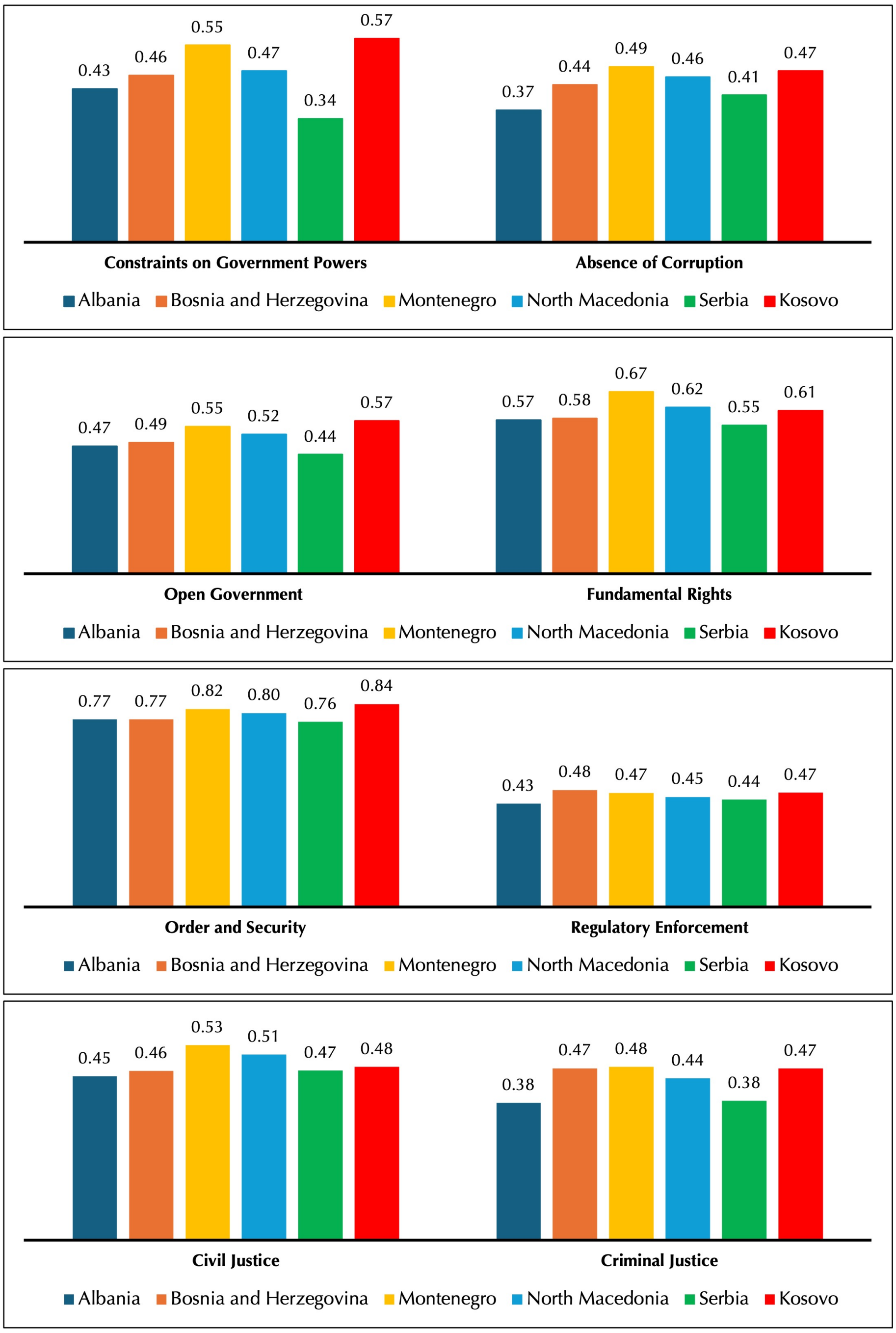

Figure 31: WB6 – Rule of Law Index, Components, 2024

(0.41) record the lowest scores, while Bosnia and Herzegovina (0.44) and Montenegro (0.49) perform slightly better but still below global averages. This persistent gap between governance and enforcement mechanisms explains much of the stagnation in overall scores. On Constraints on Government Powers, a key indicator of democratic accountability, Montenegro (0.55) and Kosovo (0.57) lead the region, whereas Serbia's score (0.34) highlights continuing concerns over political interference and limited institutional checks. Albania (0.43) and Bosnia and Herzegovina (0.46) remain in the middle range, reflecting gradual but incomplete reform processes. Fundamental Rights also reveal notable variation—from 0.55 in Serbia to 0.67 in Montenegro—suggesting differing levels of respect for civil liberties and access to justice. Similarly, Open Government is strongest in Montenegro (0.55) and Kosovo (0.57), while Albania (0.47) and Serbia (0.44) still lag, pointing to limited transparency and citizen participation. In Civil Justice, Montenegro again performs best, reflecting better enforcement and procedural reliability. Serbia and Albania remain constrained by systemic inefficiencies and public trust deficits.

Taken together, these results show a mixed and uneven picture for the Western Balkans. Improvements in security and administrative transparency have not compensated for persistent weaknesses in corruption control, judicial independence, and government accountability. The region's overall stagnation underscores the fragility of rule of law reforms and the need for sustained institutional strengthening, particularly in the justice and anti-corruption domains.

10. Human Trafficking

Human trafficking, as defined by the *Palermo Protocol* (Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children), refers to the recruitment, transportation, transfer, harbouring, or receipt of persons through means such as force, coercion, abduction, fraud, deception, abuse of power, or exploitation of vulnerability for the purpose of exploitation. The consent of a victim is rendered irrelevant where any of these means are employed, and in the case of children, the element of "means" is not required.

The Trafficking in Persons Report (TIP Report), published annually by the U.S. Department of State, evaluates global government efforts to meet the minimum standards established under the Trafficking Victims Protection Act (TVPA) of 2000. It classifies countries into four tiers according to their level of compliance. *Tier 1* includes countries that fully meet the TVPA standards, while *Tier 2* covers those that do not yet meet them but are making significant efforts to do so. The *Tier 2 Watch List* identifies countries showing efforts but also serious deficiencies — such as declining victim identification or insufficient progress — placing them at risk of downgrade. Finally, *Tier 3* countries neither meet the minimum standards nor demonstrate meaningful efforts to improve. The rankings are based on outcomes in prosecution, protection, and prevention rather than the scale of the trafficking problem itself.

The 2025 Trafficking in Persons Report highlights that global progress in combating human trafficking remains uneven, with more than 27 million people estimated to live in conditions of forced labour or sexual exploitation worldwide. The report underscores how conflict, weak governance, and corruption continue to fuel human trafficking, while digital technologies increasingly facilitate both exploitation and law enforcement detection. Traffickers use encrypted apps, social media, and online job platforms to recruit victims, whereas governments are turning to artificial intelligence and data analytics to identify trafficking networks. Nevertheless, institutional and judicial capacity gaps remain significant in many countries, limiting accountability and victim protection. The report calls for sustained international cooperation, improved law enforcement training, and stronger victim-centred legal frameworks to ensure lasting progress.

In the 2025 Trafficking in Persons Report, Albania remains classified as a *Tier 2* country. The government increased efforts to identify and assist victims, working closely with NGOs and expanding funding to shelters. In 2024, authorities officially identified 73 trafficking victims (compared to 69 in 2023), including 25 children, most of whom were exploited for sex trafficking and forced labour within Albania and abroad. Albanian women and girls remain vulnerable to sexual exploitation in neighbouring EU countries, while men and boys are often subjected to forced labour in construction and agriculture. The government continued to implement the National Referral Mechanism (NRM) and operated three state- and NGO-run shelters. However, prosecution outcomes remain weak: only two traffickers were convicted in 2024, and most cases were prosecuted under lesser offences. Law enforcement agencies still lack specialised capacity, and victim reintegration services are underfunded. Roma and Balkan Egyptian children remain disproportionately affected by forced begging and domestic servitude.

Across the Western Balkans, the 2025 TIP Report depicts a mixed picture of gradual institutional strengthening tempered by persistent structural weaknesses. All WB6 countries remain classified between *Tier 2* and the *Tier 2 Watch List*, reflecting some progress but also continued shortcomings in enforcement and protection.

Bosnia and Herzegovina remains on *Tier 2*, showing moderate improvement in victim protection and judicial outcomes. The country recorded 34 victims in 2024, compared to 30 the year before, and convicted 12 traffickers across the Federation and Brčko District. Despite improvements in legal guidance and compensation for victims, the Republika Srpska entity once again failed to secure any convictions. Victims are primarily Bosnian and Romani women and children, trafficked for sex work, forced begging, and domestic servitude, both domestically and abroad. Migrants and refugees transiting through Bosnia are increasingly exploited in labour trafficking, particularly in agriculture and informal construction. The closure of a major NGO shelter early in 2024 significantly reduced access to victim care, underscoring financial instability in the protection system.

Montenegro also remains on *Tier 2*, having consolidated its 2024 upgrade through higher numbers of investigations and victim identifications. In 2024, the government identified 17 victims, up from 11 in 2023, and convicted three traffickers. The establishment of a new child victim shelter and the licensing of an NGO-run centre for adult victims mark notable progress. However, Montenegro's Anti-Trafficking Unit, with only five officers, remains under-resourced, and case classification inconsistencies persist. Women and girls from Montenegro and neighbouring Balkan countries are exploited for sexual trafficking, particularly in the hospitality and tourism sectors, while children from Roma and Balkan-Egyptian communities are subjected to forced begging and early marriage. Labour trafficking among migrant workers — particularly in construction and hospitality — has also emerged as a growing concern.

North Macedonia maintains its *Tier 2* ranking, supported by ongoing cooperation between the Ministry of Interior and the State Labour Inspectorate and improvements in shelter services. In 2024, the authorities identified 30 victims (down from 33 in 2023) and prosecuted eight suspected traffickers, securing five convictions. While cooperation between the Ministry of Interior and the State Labour Inspectorate improved joint inspections, local-level screening and referrals remain inconsistent, leading to unreported cases among migrants and refugees. North Macedonian women and children are trafficked for sexual exploitation and forced labour, while foreign victims—especially from Eastern Europe and the Western Balkans—continue to be exploited domestically. Romani children remain among the most vulnerable groups, often trafficked by relatives or acquaintances.

Serbia remains on the *Tier 2 Watch List*, reflecting continuing concern about insufficient progress. While the number of prosecutions and convictions rose slightly, total investigations fell, and several high-profile labour trafficking allegations were not adequately pursued. The government identified 53 victims in 2024 (up from 44 in 2023), including 19 children, and initiated 21 prosecutions. However, only two convictions were secured, and many cases were reclassified under lesser offences. Labour exploitation of migrant workers, including in Chinese-owned factories and PRC-funded infrastructure projects, remains a major concern. Roma children and women are particularly vulnerable to forced begging and sexual exploitation, while Serbians are trafficked for forced labour across Europe. Despite renewed funding for the Centre for Protection of Trafficking Victims, NGO shelters received no state support for a third consecutive year, limiting recovery services.

Kosovo continues to be classified as *Tier 2*. In 2024, authorities identified 41 victims, most of them women and minors trafficked for sex work and forced labour. The government maintained strong penalties for traffickers, and all five convicted offenders received prison sentences rather than fines. However, forced child begging—often by parents—continues to be misclassified as neglect, and insufficient screening at borders leads to the deportation of potential victims. Marginalised communities, including Roma, Ashkali, and Egyptian children, as well as migrants, asylum-seekers, and LGBTQI+

persons, remain highly vulnerable to exploitation.

Taken together, the 2025 TIP Report confirms that all Western Balkan economies have maintained or slightly improved their performance in the fight against human trafficking. No country in the region has fallen below *Tier 2*, and several — particularly Montenegro and Kosovo — demonstrate institutional strengthening and more consistent victim identification. However, the persistent absence of *Tier 1* countries illustrates enduring structural challenges. Law enforcement and judicial bodies across the region continue to underperform in securing convictions, and the reclassification of trafficking under lesser offences remains common. Trafficking patterns in the Western Balkans share striking similarities: sexual exploitation, forced labour, and child begging remain the dominant forms of trafficking, with Roma and Balkan Egyptian communities disproportionately affected. Vulnerabilities are further compounded by migration pressures, poverty, and gender-based violence. Despite ongoing improvements in prevention and cross-border cooperation, sustainable progress will require better funding of protection services, greater independence of anti-trafficking bodies, and stronger enforcement of victim-centred legal frameworks.

11. Press Freedom

The **Press Freedom Index**, produced annually by *Reporters Sans Frontières* (RSF), measures the degree of freedom available to journalists across 180 countries and territories. It evaluates five dimensions: political context, legal framework, economic context, sociocultural environment, and safety. Scores range from 0 to 100, with higher scores indicating greater press freedom, and are derived from both quantitative data on abuses and qualitative assessments by experts. This allows the Index to capture the complexity of the media environment and provide a comparative annual snapshot.

According to the 2025 World Press Freedom Index, the global state of press freedom has entered what RSF classifies as a “difficult situation” for the first time since the Index began. The principal driver of this deterioration is economic fragility, which has dragged the economic indicator to its lowest level in history. Financial pressures — stemming from concentrated media ownership, dependence on opaque or politicized subsidies, and the dominance of digital platforms siphoning advertising revenues — are forcing news outlets into precarious conditions. In nearly one-third of the countries assessed, media closures have accelerated, leading to the erosion of pluralism and, in some cases, the exile of journalists. The global pattern shows that economic constraints are undermining editorial independence, with journalists increasingly vulnerable to political manipulation and disinformation. While physical attacks remain a visible threat, the 2025 World Press Freedom Index underlines that impoverished or financially dependent newsrooms are less able to resist pressures from governments, oligarchs, and online platforms. This is visible not only in authoritarian regimes, such as Russia, Iran, and Myanmar, but also in democracies like the United States, where financial strain has created “news deserts” and accelerated the decline of local journalism. Europe continues to perform better than other regions, maintaining the highest regional scores, but even there press freedom faces pressures linked to ownership concentration and political interference. In regions marked by instability — such as the Middle East, North Africa, and parts of the Americas — the combination of violence, political control, and financial fragility has produced severe repression of independent journalism. Overall, the 2025 Index signals a turning point: while political attacks on the press remain severe, it is economic fragility that now constitutes the leading threat to free, independent, and reliable journalism.

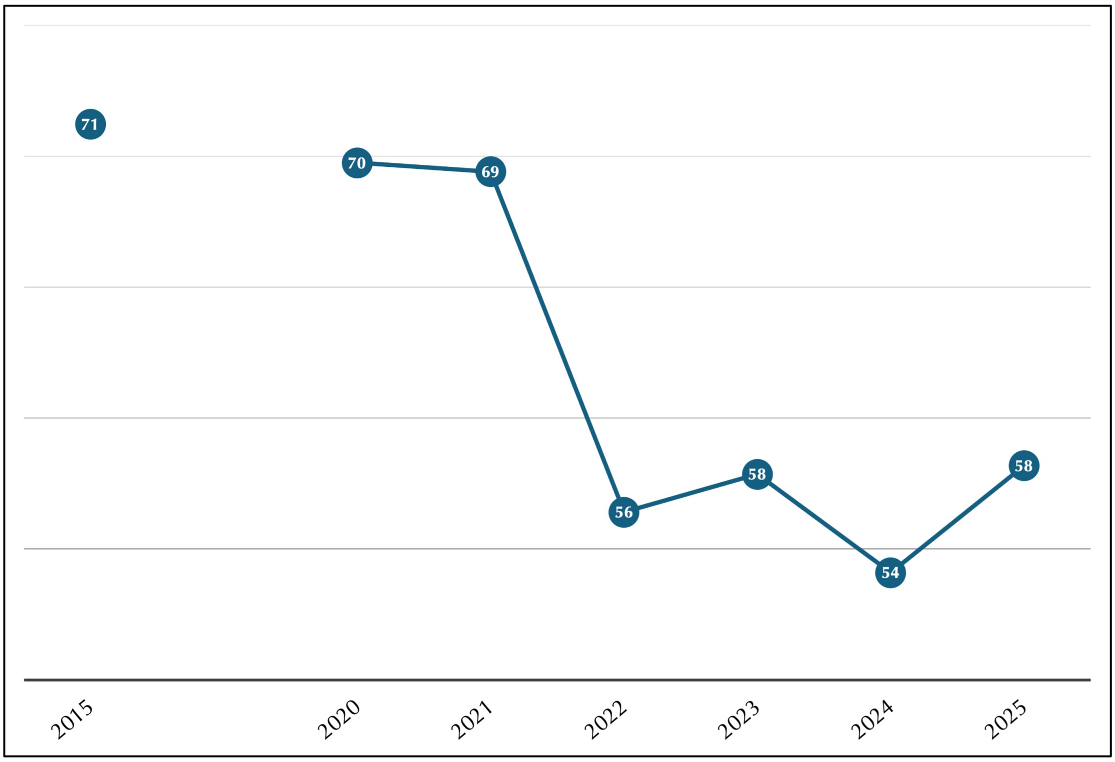

Figure 32: Albania – Press Freedom Index, 2015–2025

Figure 32 illustrates the long- and short-term trajectory of Albania's press freedom as measured by RSF. In 2015, Albania's Press Freedom Score stood at 71 points, with a global rank of 82nd. Since then, the country has experienced a marked decline. By 2020–2021, the score had only slightly decreased to 70 and 69 points, showing relative stability. However, beginning in 2022, a sharp deterioration occurred: the score fell to 56 points and Albania dropped to 103rd place worldwide, its lowest rank of the decade. In the years that followed, the situation fluctuated modestly, with scores oscillating between 54 and 58 points, but never recovering to earlier levels. By 2025, Albania registered 58 points and improved its rank to 80th place, largely due to relative movements in other countries rather than structural domestic improvements. Taken over the long term, Albania has lost more than 13 points in its Press Freedom Score since 2015, signalling persistent challenges to media independence and journalistic safety.

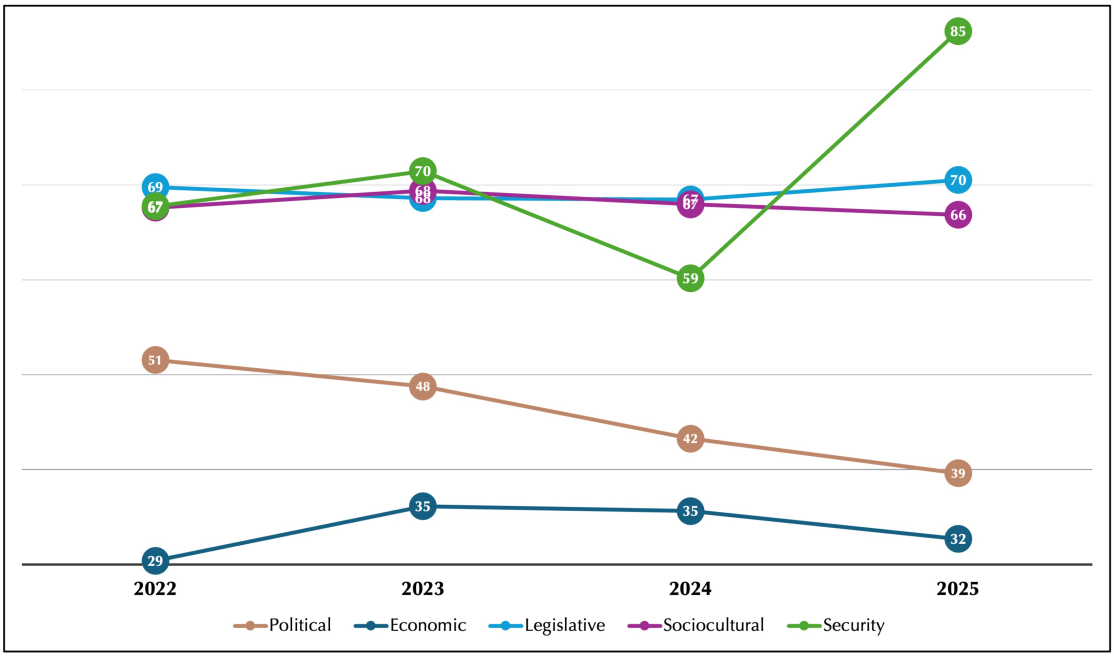

Figure 33: Albania – Press Freedom Index, Subcomponents, 2022–2025

Figure 33 provides greater detail by breaking down Albania's press freedom performance into five sub-components between 2022 and 2025. The political context shows a continuous decline, from 50.6 in 2022 to 38.6 in 2025, reflecting growing concerns over political interference, media autonomy, and pressures on editorial independence. Similarly, the economic context remains one of Albania's weakest areas. Despite a slight improvement in 2023, the score fell again to 31.7 in 2025, underlining the vulnerability of Albanian media to ownership concentration, financial dependence, and pressures from advertisers and political actors. In contrast, the legislative framework has remained relatively stable, hovering between 67 and 70 points, with Albania ranking 53rd in 2025 in this dimension. This indicates that legal guarantees for media exist on paper, though their implementation continues to face challenges. The sociocultural context has shown modest resilience, moving from 66.6 in 2022 to 65.9 in 2025, suggesting that societal pressures and stigmas against journalists persist but have not significantly worsened. The most striking changes appear in the safety dimension. After declining from 66.8 in 2022 to 59.2 in 2024, the score rebounded strongly to 85.2 in 2025, driving much of Albania's recent improvement in overall rank. This jump reflects a reduction in physical threats and attacks against journalists, though it remains uncertain whether this improvement will be sustained. Taken together, Albania's press freedom remains fragile. While recent improvements in safety have helped the country regain ground in the global rankings, persistent political and economic vulnerabilities continue to weigh heavily on media independence. The long-term comparison underscores that Albania's press freedom has deteriorated significantly since 2015, with only partial recovery in recent years.

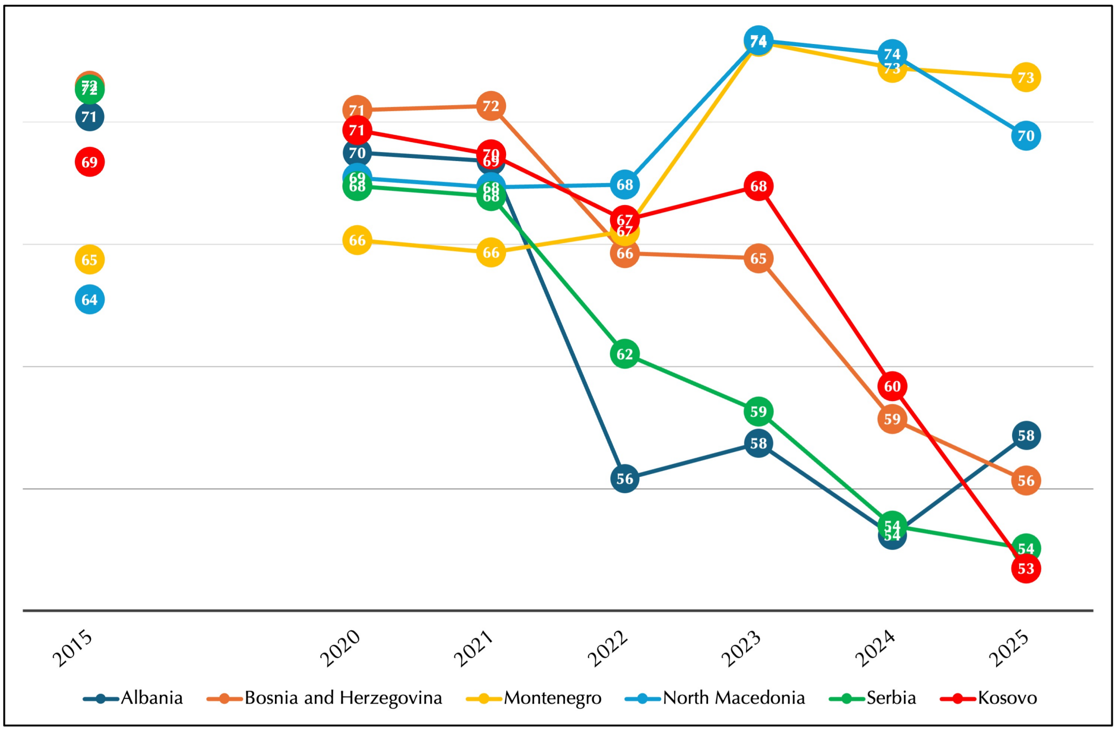

Figure 34: WB6 – Press Freedom Index, 2015–2025

Figure 34 compares the evolution of Press Freedom scores for the six Western Balkan countries between 2015 and 2025. The data reveal divergent trajectories across the region, with some countries showing modest resilience and others experiencing substantial setbacks. In 2015, scores for the WB6 were broadly clustered between 64 and 72 points, placing the region in the middle tier of the global rankings. Bosnia and Herzegovina and Serbia recorded the highest scores at 72, while North Macedonia stood at the lowest with 64 points. Albania (71), Montenegro (65), and Kosovo (69) occupied the middle ground. At that time, Albania ranked 82nd, Serbia 67th, and Bosnia and Herzegovina 66th, suggesting relatively more favorable positions compared to their neighbors. Over the past decade, however, patterns have diverged. Montenegro and North Macedonia have made the most visible advances. By 2023–2024, both countries had climbed into the top 40 worldwide, with scores of 73–74 points, reflecting improvements in media pluralism and reduced political interference. According to RSF, North Macedonia's progress stems from stronger alignment with EU standards and an easing of political pressures on media outlets. Montenegro, despite persistent ownership concentration, has also benefited from reforms in recent years that strengthened the media environment. In contrast, Serbia has seen a notable decline. From a score of 72 in 2015, it dropped to 54 points in 2025, ranking 96th globally. RSF points to political pressures, smear campaigns against independent journalists, and the capture of public media as key drivers of this deterioration. Bosnia and Herzegovina shows a similar downward trajectory: once among the region's best performers, its score fell from 72 in 2015 to 56 points in 2025, placing it 86th worldwide. Fragmented institutions and politicized regulatory frameworks continue to undermine media freedom. Kosovo presents a mixed picture. With a score of 69 in 2015, it ranked 87th, but by 2025 it had fallen to 53 points, ranking 99th. RSF highlights growing concerns over political interference and threats to journalists' safety, even as the country maintains a relatively pluralistic media environment compared to its neighbors. Albania, as shown earlier, has also faced sustained challenges. Its score dropped from 71 in 2015 to 58 points in 2025, though its ranking improved to 80th globally due to shifts in other countries' performance. RSF underscores the persistent weaknesses in political and economic independence of the media, coupled with widespread disinformation and pressures from both government and business actors.

Overall, the WB6 region remains deeply fragmented in terms of press freedom. While Montenegro and North Macedonia now stand out as relative leaders, Serbia, Bosnia and Herzegovina, and Kosovo have experienced significant deterioration. Albania remains in between, showing some recent recovery in safety but still struggling with entrenched political and economic pressures. The regional picture underscores that, while press freedom remains a cornerstone for democratic development, it is highly vulnerable to political interference, fragile economic structures, and weak institutional guarantees across the Western Balkans.

12. Energy Transition

The **Energy Transition Index** (ETI) — developed by the *World Economic Forum* — is a comprehensive benchmarking tool that assesses how well countries perform in their current energy systems and how prepared they are for the transition to cleaner, more sustainable energy futures. The ETI covers 115 economies, collectively representing roughly 90% of global population, 93% of total energy supply, and 98% of global GDP. The index is built on two overarching dimensions. *System Performance* (60% weight) captures how equitable, secure, and sustainable a country's existing energy system is. Its subdimensions evaluate energy access, affordability, reliability of supply, resilience to shocks, energy efficiency, carbon intensity, and progress toward renewables. *Transition Readiness* (40% weight) examines a country's enabling environment — regulatory certainty, policy stability, investment climate — and the supporting infrastructure needed for transition, including innovation capacity, skills, consumer adoption, and institutional frameworks.

According to the 2025 Fostering Effective Energy Transition digest, the global energy transition continues to inch forward, although the pace varies widely across regions. Since 2015, the global average ETI score has improved modestly — by approximately 7%. This trajectory underscores meaningful collective progress, but also reveals widening divergence: some countries are racing ahead, while many others are struggling to keep up in the face of structural constraints. Northern European nations continue to dominate the top ranks, combining low-carbon infrastructure, robust regulation, and strong social systems, thereby offering models of systemic balance. Large emerging economies — China and Brazil in particular — have made noticeable leaps in readiness and performance, primarily by expanding renewables, strengthening grids, and mobilizing capital. Still, many economies are grappling with the trade-offs between energy security, affordability, and decarbonization, especially under pressure from volatile fossil fuel markets and international disruptions. A striking insight is that only 18% of the assessed countries improved in all three subdimensions (equity, security, sustainability) of *System Performance* in the past year, signaling that balanced progress remains rare. Regions facing the steepest challenges include parts of Sub-Saharan Africa, South Asia, and Latin America, where infrastructure gaps, institutional weakness, and external constraints (financing, supply chain) slow momentum. The digest also emphasizes that policy coherence, domestic capital markets, and institutional capacity make the difference between incremental change and lasting transformation.

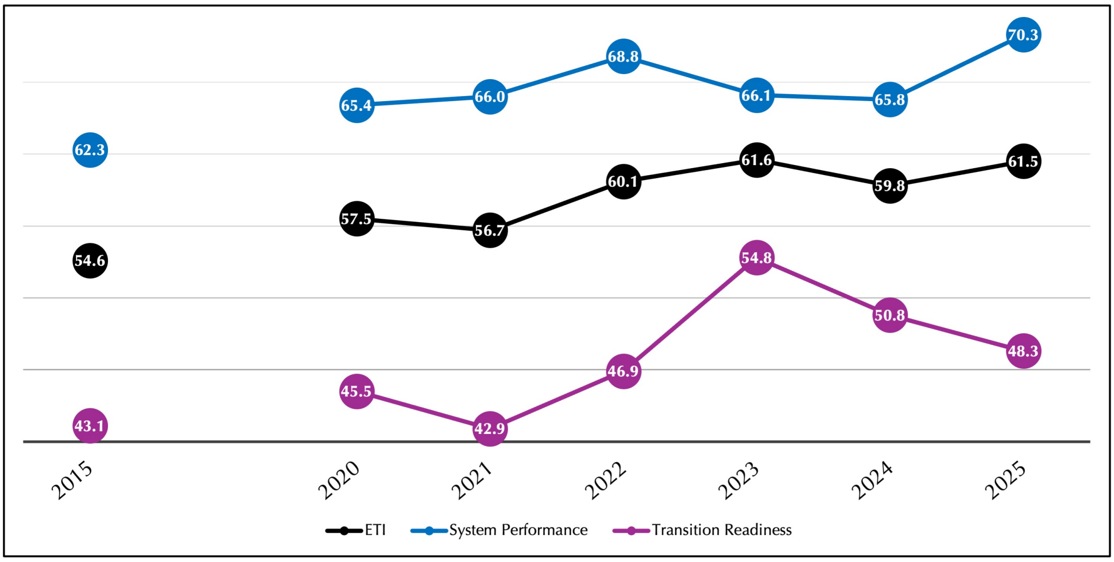

Figure 35: Albania – Energy Transition Index, 2015–2025

Over the long term, Albania's Energy Transition Index trajectory has shown steady yet uneven progress. From a score of 54.6 in 2015 to 61.5 in 2025, Albania has consolidated moderate gains in energy *System Performance* and partial improvements in *Transition Readiness*. The 2025 result marks a return to its pre-2024 level, after a temporary decline linked to short-term disruptions in investment and infrastructure development. *System Performance* has strengthened markedly, rising from 62.3 in 2015 to 70.3 in 2025, underscoring improvements in energy sustainability and supply resilience. By contrast, Transition Readiness — which reflects institutional, regulatory, and investment frameworks — has fluctuated and remains relatively weak at 48.3 in 2025, only modestly above its 2015 baseline (43.1). This imbalance points to a structural gap between Albania's operational energy performance and the institutional capacity required to sustain long-term transition momentum. A closer look at *System Performance* components reveals that sustainability remains Albania's strongest dimension, improving from 74.6 in 2015 to 78.8 in 2025, driven by the country's large hydropower base and the

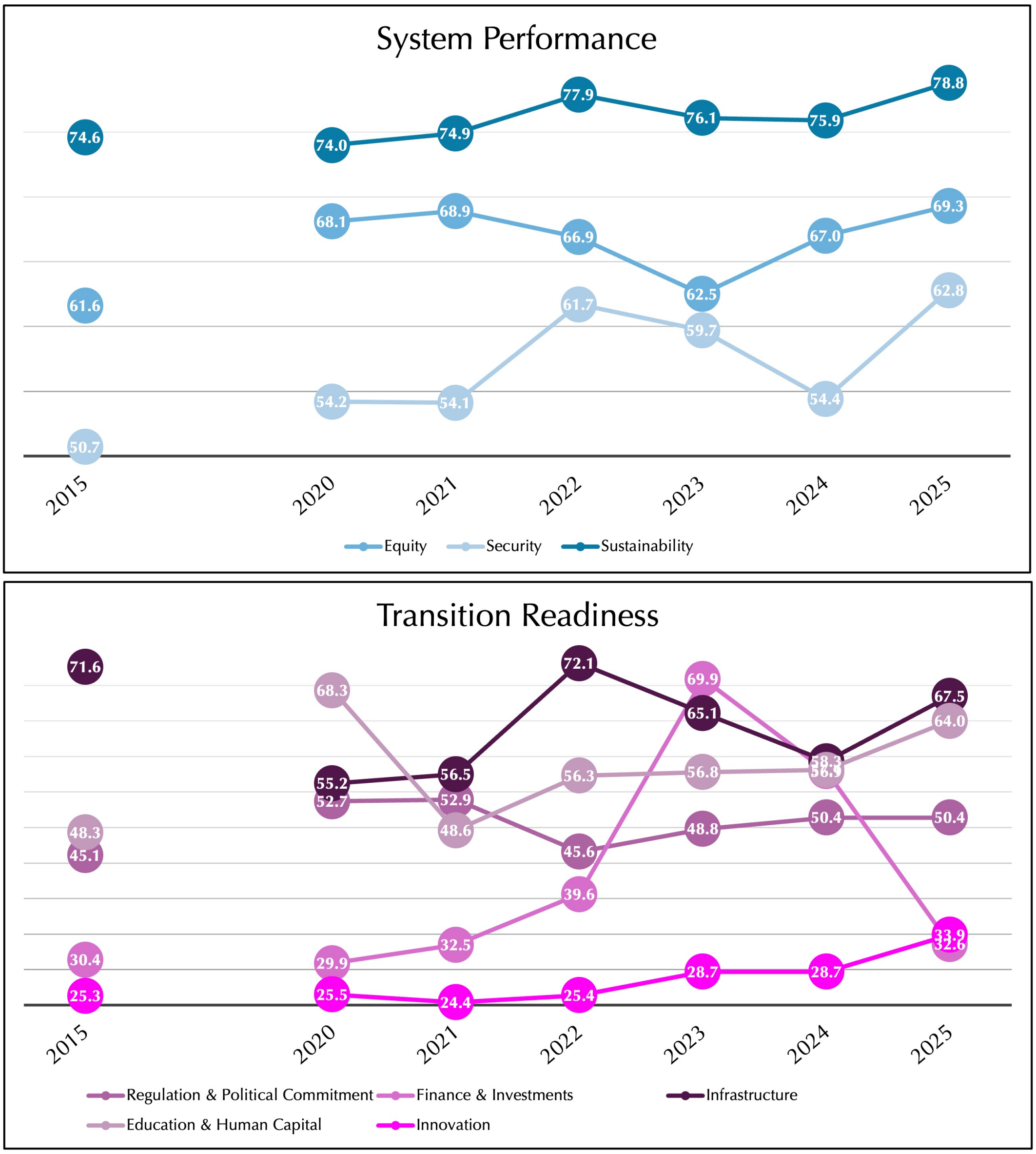

Figure 36: Albania – Energy Transition Index, Subcomponents, 2015–2025

gradual diversification toward other renewable sources. Equity, which measures energy access and affordability, also advanced significantly (from 61.6 to 69.3), reflecting improved reliability and lower costs relative to income levels. Conversely, energy security — historically Albania's weakest sub-dimension — has made progress only in recent years, reaching 62.8 in 2025 after several fluctuations. Despite this improvement, dependence on hydrological conditions continues to expose the system to climate-related volatility, highlighting the need for diversification and regional interconnections. Within *Transition Readiness*, results are more uneven. Regulation & Political Commitment have strengthened moderately since 2015 (from 45.1 to 50.4), reflecting progress in aligning domestic energy legislation with EU frameworks and national decarbonization goals. Education & Human Capital (64 in 2025) and Innovation (33.9 in 2025) show encouraging advances, suggesting growing technical capability to support the transition. However, Finance & Investments — a critical enabler — declined from 69.9 in 2023 to 32.6 in 2025, indicating persistent challenges in mobilizing private capital and sustaining project pipelines. Infrastructure performance remains solid at 67.5, reflecting gradual modernization of transmission networks and regional interconnectors. In short, Albania's energy transition remains on an upward but fragile path. Over the long term (2015–2025), progress has been driven by improved sustainability and energy access, while short-term fluctuations (2022–2025) highlight vulnerabilities in financing and regulatory coherence. The gap between system strength and readiness underscores the need to reinforce governance, deepen market reforms, and attract long-term investment to ensure a resilient and inclusive energy future.

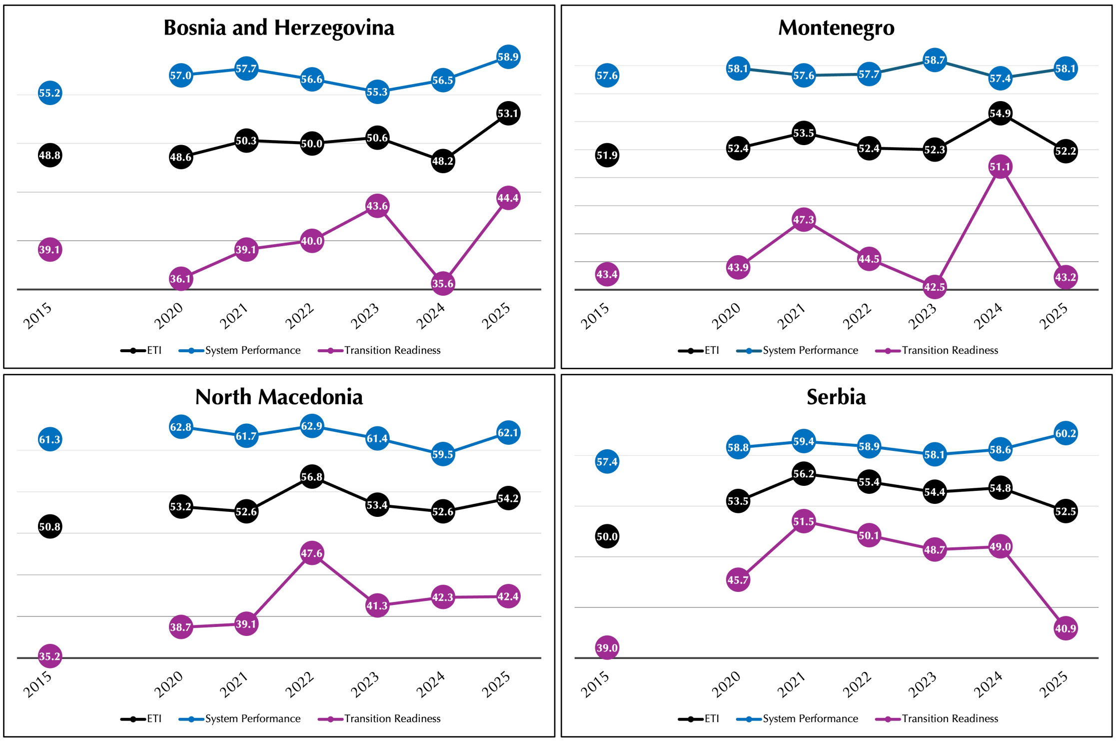

Figure 37: WB6 – Energy Transition Index, 2015–2025

Figure 37 illustrates the evolution of the Energy Transition Index across the Western Balkans from 2015 to 2025. Overall, the region demonstrates gradual but uneven progress, with all economies improving moderately over the long term yet showing signs of stagnation or volatility in recent years. ETI scores in 2025 range between 52.2 and 61.5, confirming persistent gaps in both energy system performance and transition readiness compared to the European average. Over the long term (2015–2025), all WB6 countries recorded incremental gains. Albania, the regional leader, improved its ETI from 54.6 in 2015 to 61.5 in 2025, driven primarily by advances in renewable energy integration and sustained performance in energy sustainability. North Macedonia follows at 54.2, reflecting gradual efficiency improvements and regional grid alignment. Bosnia and Herzegovina and Serbia achieved similar progress, reaching 53.1 and 52.5 respectively, both benefiting from modest institutional strengthening but still constrained by heavy reliance on coal and limited investment diversification. Montenegro, with a 2025 score of 52.2, shows relative stability but limited momentum following earlier progress. In the short term (2020–2025), country trajectories diverged more visibly. Albania consolidated its gains in *System Performance*, which rose sharply to 70.3, though its *Transition Readiness* (48.3) remains modest, reflecting slow improvements in policy and investment frameworks. Bosnia and Herzegovina rebounded after earlier stagnation, increasing its ETI to 53.1, supported by stronger coordination between energy institutions. North Macedonia's ETI remained broadly stable, while Montenegro and Serbia experienced mild declines in 2025 after previous gains, largely due to slower inflows of investment and limited diversification away from fossil fuels.

Across the region, *System Performance* continues to outpace *Transition Readiness*, underscoring a structural imbalance between operational energy outcomes and the underlying policy and financial frameworks needed to sustain transformation. Albania performs best on sustainability and access to reliable electricity, while Bosnia and Herzegovina and Serbia lag on readiness due to weaker regulatory and innovation ecosystems. The declines in readiness in Serbia (from 51.5 in 2021 to 40.9 in 2025) and Montenegro (from 51.1 to 43.2) illustrate how institutional and financing constraints hinder consistent progress. Taken together, the WB6's performance reveals an incomplete and fragile energy transition, where improvements in infrastructure and system reliability have not yet translated into long-term transformation capacity. Bridging the gap between policy readiness and energy performance—through stronger governance, regional integration, and targeted investment—remains critical for aligning the Western Balkans with broader European energy transition pathways.

13. Climate Change

The **Notre Dame Global Adaptation Initiative (ND-GAIN) Index**, developed by the *University of Notre Dame's Environmental Change Initiative*, is an internationally recognized composite indicator that measures countries' vulnerability to climate change and their readiness to improve resilience and adaptive capacity. The index provides a comprehensive framework to evaluate how nations manage climate risks and the extent to which they are prepared to adapt to a changing environment. It balances two fundamental dimensions: (i) vulnerability, which captures exposure, sensitivity, and adaptive capacity across key life-supporting sectors such as food, water, health, ecosystem services, human habitat, and infrastructure; and (ii)nreadiness, which assesses the institutional, social, and economic conditions that enable effective adaptation. Each country receives a score between 0 and 100, with higher values reflecting greater climate resilience and adaptive readiness. The index integrates over forty indicators drawn from major international sources such as the World Bank, FAO, and UNEP, allowing for consistent cross-country comparisons and temporal analysis. By combining structural and institutional metrics, the ND-GAIN Index provides both a snapshot of a country's current adaptive performance and a diagnostic tool for identifying policy priorities.

According to the 2025 ND-GAIN Global Adaptation Country Index, global progress in climate adaptation remains uneven. While average readiness levels have shown moderate improvement over the past decade, reflecting increased investment in climate governance, infrastructure resilience, and green finance, vulnerability continues to pose a significant challenge, particularly in developing and transition economies. Persistent gaps in institutional capacity, access to financing, and dependence on climate-sensitive sectors constrain many countries' ability to respond effectively to climate risks. High-income economies in Northern and Western Europe remain the most resilient globally, benefiting from well-developed governance frameworks, strong regulatory systems, and sustained public investment in adaptation. Conversely, countries in Sub-Saharan Africa, South Asia, and parts of Eastern Europe face higher exposure and sensitivity to climate impacts, combined with weaker readiness indicators. These disparities underscore the global adaptation divide between regions with robust institutional systems and those still struggling to integrate climate resilience into broader development agendas. Overall, the ND-GAIN Index highlights that climate adaptation is not solely an environmental or technical challenge, but fundamentally a question of governance, equity, and development. By linking vulnerability and readiness, it emphasizes that building resilience requires sustained policy coherence, institutional strengthening, and social inclusion. The index thus serves as both a benchmark for progress and a guide for targeted action, reinforcing the imperative for countries to translate adaptation readiness into tangible outcomes that safeguard livelihoods, ecosystems, and economic stability.

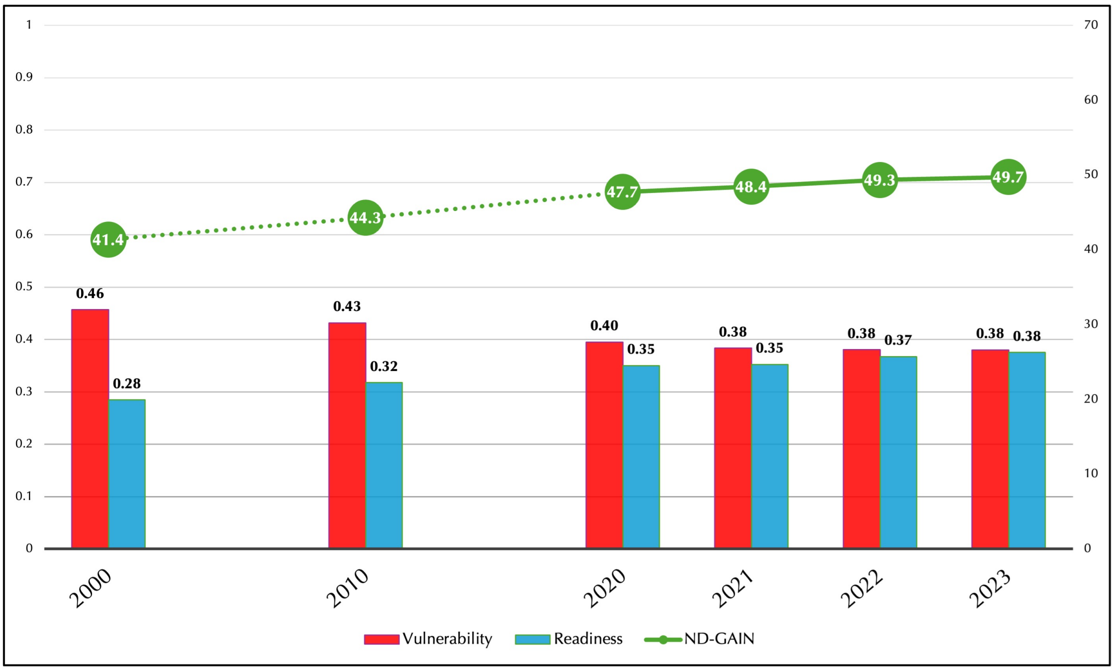

Figure 38: Albania – ND-GAIN Index, 2000–2023

Albania's performance in the Notre Dame Global Adaptation Initiative (ND-GAIN) Index demonstrates steady, long-term improvement in climate resilience and adaptive capacity. The country's overall ND-GAIN score increased from 41.4 in 2000 to 49.7 in 2023, underscoring gradual progress in both reducing vulnerability and enhancing readiness for climate adaptation. The pace of advancement has been modest but consistent, particularly since 2020, when Albania's readiness scores began to strengthen. In the Vulnerability dimension, where lower values indicate stronger resilience, Albania's score

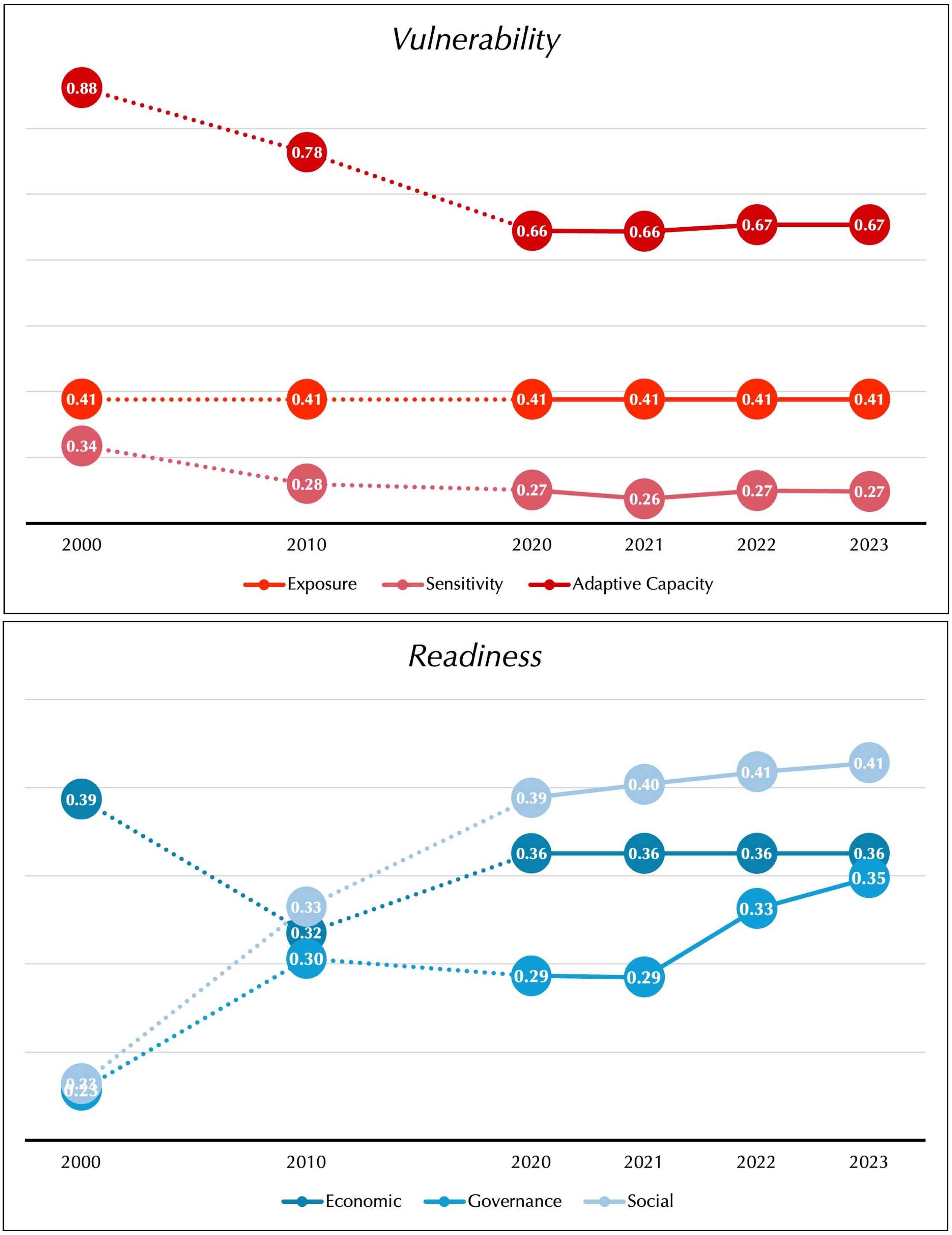

Figure 39: Albania – ND-GAIN Subcomponents, 2000–2023

fell from 0.457 in 2000 to 0.380 in 2023, confirming a sustained reduction in climate-related fragility. This improvement reflects better management of climate-sensitive sectors and stronger social and infrastructural buffers. Within its subcomponents, Exposure remained unchanged at 0.408, pointing to persistent geographic risks associated with floods, droughts, and other natural hazards. Sensitivity improved markedly, declining from 0.34 in 2000 to 0.27 in 2023, highlighting reduced dependence on climate-sensitive livelihoods and improved public services. Adaptive Capacity, by contrast, decreased from 0.88 to 0.67, which — given that lower scores represent improvement — suggests moderate progress in institutional and technological ability to respond to climate impacts, though further advancement remains needed. On the Readiness side, where higher scores denote stronger adaptive capacity, Albania rose from 0.285 in 2000 to 0.375 in 2023, indicating meaningful but uneven institutional development. Among the subcomponents, Economic readiness weakened slightly in the long term (from 0.39 to 0.36) and has stagnated in recent years, reflecting structural reliance on traditional sectors and limited access to green investment and finance. Governance readiness improved notably, from 0.23 in 2000 to 0.35 in 2023, driven by enhanced policy frameworks, better coordination with international climate commitments, and the gradual strengthening of institutional capacity. Social readiness saw the largest gains, increasing from 0.23 to 0.41 over the same period, reflecting rising public awareness, educational improvements, and a growing societal capacity to engage with adaptation and resilience initiatives. Overall, Albania's ND-GAIN trajectory reflects steady but moderate progress toward climate resilience. The country has reduced its overall vulnerability and improved readiness, though gaps persist in economic diversification, infrastructure investment, and the long-term integration of climate priorities into development planning. Sustained efforts in governance reform and targeted financial support will be crucial to further enhance Albania's adaptive capacity in the coming decade.

The Western Balkans Six countries show gradual progress in climate resilience and adaptive capacity over the past two decades, as reflected in the Notre Dame Global Adaptation Initiative (ND-GAIN) Index. Since 2000, all economies in the region have improved their overall scores, though the pace of progress remains moderate and uneven across countries. In 2023, the regional ND-GAIN values ranged between 48.9 in Bosnia and Herzegovina and 53.3 in Montenegro, with most WB6 economies positioned within a narrow band of 48–53 points.

In the long term, the region's performance reflects a steady reduction in Vulnerability and gradual strengthening of Readiness. Compared to 2000, Vulnerability scores across

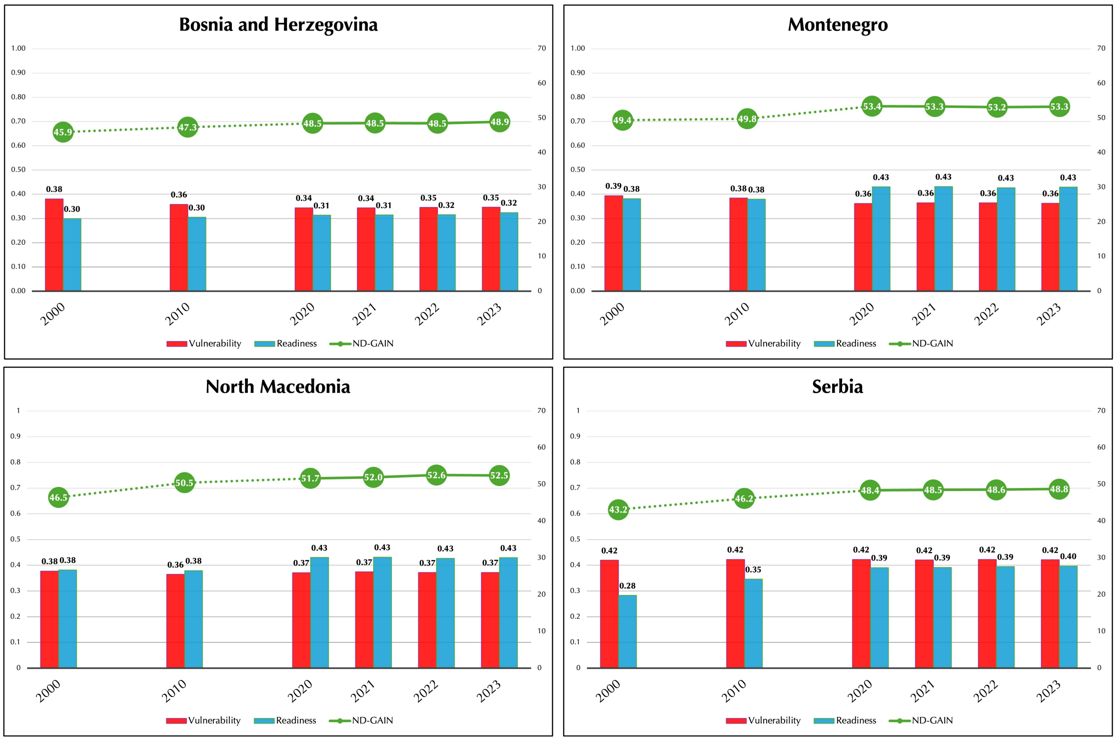

Figure 40: WB6 – ND-GAIN Index, 2000–2023

the WB6 have declined by roughly 8–10%, indicating increased capacity to manage exposure and sensitivity to climate risks. At the same time, Readiness levels — while still low compared to EU standards — have improved, showing enhanced institutional capacity, governance coordination, and social awareness of adaptation challenges.

Montenegro stands out as the most advanced in the region, with a 2023 ND-GAIN score of 53.3, supported by sustained improvements in readiness (rising from 0.38 in 2000 to 0.43 in 2023) and declining vulnerability (from 0.39 to 0.36). The country demonstrates consistent policy commitment and institutional progress in energy transition and climate adaptation. North Macedonia follows closely (52.5), showing balanced progress across both dimensions, particularly in Readiness, which increased from 0.38 in 2000 to 0.43 in 2023. Bosnia and Herzegovina and Serbia exhibit similar overall trends, with modest gains in Readiness and gradual declines in Vulnerability. Serbia, in particular, achieved the strongest improvement in readiness (from 0.28 in 2000 to 0.40 in 2023), reflecting expanding governance and social capacity, though its Vulnerability reduction has been slower. Bosnia and Herzegovina, by contrast, remains one of the more vulnerable systems, with only marginal Readiness gains and persistent governance constraints.

In the short term (2020–2023), progress across the WB6 has largely plateaued. ND-GAIN values have stabilized, and changes in both vulnerability and readiness have been minimal. For instance, Vulnerability scores remained virtually unchanged in Bosnia and Herzegovina (around 0.34) and Serbia (0.42), while Readiness in most countries improved by less than one percentage point per year. Montenegro and North Macedonia have sustained their leadership positions, maintaining relatively higher Readiness and lower Vulnerability levels, while Albania and Bosnia continue to trail in institutional preparedness.

Overall, the ND-GAIN data reveal a region that is advancing, but slowly, in building resilience to climate change. The Western Balkans continue to face structural challenges, including limited access to climate finance, fragmented governance frameworks, and dependence on climate-sensitive sectors. Nonetheless, steady improvements in readiness indicators—particularly in governance and social awareness—suggest that the foundations for more robust adaptation pathways are gradually taking shape across the region.

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