



# Weekly Briefing

**Albania political briefing:**  
**Albania's 2024 – outlook and expectations**  
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## **Albania's 2024 – outlook and expectations**

### **Introduction**

*In 2024, the pathway and trajectory of Albania shall be charted and steered by the political class, as has been the norm for decades. The quality of life for the Albanian people shall be determined, to a large extent, by the critical decisions made at the upper echelons of the political hierarchy. They significantly affect the nation's future, whether toward growth, stagnation, or regression. Drawing from the events that transpired in 2023, it is highly likely that 2024 will be hectic for Albania's political landscape. It is believed that factions will engage in heated conflicts, openly disputing and vying for power, controversies might be rampant, and antagonism will characterize the year. This situation could significantly affect the country's stability and development, as it may hinder progress. Albania's leaders will face their own set of challenges, while the country's citizens must come to terms with the challenging economic conditions that lie ahead.*

### **Official projections (or lack thereof)**

There are a multitude of factors that can impact a government's decision to make political projections or not. Typically, governments who feel confident in their grip on power tend to steer clear of making commitments. This is because the fewer their commitments, the more advantageous it is for them as they can sidestep being held responsible for fulfilling those pledges while minimizing criticism. In Albania, the end-of-year speeches coming from government officials and leaders are primarily protocol-driven, with well-wishing generic sentences but no clear projection and tracking of national priorities. The Parliament is in a non-leadership position; the government manages the day-to-day action, the parties think about the next elections, the President and the Security Council move away from a caretaker role, and other structures still need to be included. Having no projections, there are no promises and, consequently, no measurable balance and accountability.<sup>1</sup> In a country where the political scenario is quite unpredictable, the priorities and plans of the government can change without much notice, making it challenging to forecast the future landscape. This is common to Albania, as it is generally difficult to make projections in societies undergoing significant changes due to the complex and dynamic nature of developing/transitional nations. Institutional instability

is feared the most for the year, which could contribute to further social and economic uncertainties. When uncertainties arise, they can create a volatile environment and further polarization. However, it is projected that there will be two trajectories in 2024: the average citizen's versus political leadership dynamics, and their priorities and goals will not intersect.

### **The opposition leader under house arrest**

2024, one way or another, will be the year with Sali Berisha on the headlines. The Albanian opposition has identified in him, and he identifies himself as the real opposition. In the 12 months to come, his destiny will probably be sealed. The end of 2023 was a rollercoaster of despair for Sali Berisha; on December 30<sup>th</sup>, the Special Court of First Instance against Corruption and Organized Crime (GJKKO) sentenced Berisha to house arrest.<sup>ii</sup> The legal downfall started in October when the court announced the corruption charges against him and ruled that he must report to prosecutors and not leave the country (while his case is under investigation). He did not appear three times before the judge, ignoring the decision; thus, the court took measures. In December, prosecutors asked lawmakers to strip Berisha of his parliamentary immunity because he did not abide by their previous decision to report regularly while he is being investigated for corruption.<sup>iii</sup> On December 21<sup>st</sup>, the parliament voted to lift Berisha's immunity after his indictment on corruption charges, a decision expected to lead to his arrest.<sup>iv</sup>

Whether Berisha should be considered a historical figure with all the necessary attributes is a topic of daily debate in Albania, but political biases are always present when describing him. Despite his accomplishments, his moral decisions and political actions have been questioned. From his involvement in the 1996 elections and the bloodshed that followed, the almost Civil War of 1997, the financial pyramids of the '90s, and the tragic events of January 21<sup>st</sup>, 2011, where four citizens were killed during a protest in front of his office, there are many to count.<sup>v</sup> Berisha's current situation requires facing justice and confronting his legacy. Once a prominent political figure, he finds himself in a precarious position, politically isolated and, for many, a disgraced leader. The more days go by, the smaller the number of supporters around him; it serves as a poignant indicator of his waning influence, and for many analysts in Albania, it will be extinct in 2024. Berisha has lost favor among politicians, the international community, and, more significantly, the Albanian citizens. In his earlier political career, he was accustomed

to leading large crowds; in 2024, it is just close family and friends. In his earlier career, he had the full support of the United States (US), but lately, the same has caused his political downfall.

In 2024, the public and the justice system will reexamine historical events, particularly referencing the ones in which Berisha and his families are involved. Berisha's diminishing influence and the call for accountability underscore the need for a transparent and just resolution to navigate Albania through these tumultuous times. The outcome of these events will undoubtedly shape the trajectory of Albanian politics and the principles the nation aspires to uphold.<sup>vi</sup>

By 2024, Berisha's greatest weapon - crowds and loud popular support – has deserted him. The leader who once used together hundreds of thousands of Albanians under his command in one single setting in his most difficult days can barely gather hundreds, and this says a lot. A populist leader without the people is a very vulnerable creature, and this vulnerability will demonstrate its extent in the year ahead. People's lack of support is just the first problem; his age is problematic because in 2024, he is eighty, and the party he created is divided. After 11 years without power, pessimism is rampant in the base, and his opponent, Rama, is overwhelmingly powerful. His political and personal drama will be consumed in the public domain but without public interest.

Besides being under house arrest, Berisha is deprived of communication with the public; of course, he disobeyed this order and spoke to the small crowd in front of his apartment. Yet, in Berisha's words, *“Even if I was on the moon, I will continue to lead the Democratic Party,”* implying that the house arrest will not impede him from being the leader.<sup>vii</sup>

### **The fate of the opposition**

Can the opposition rise above and beyond Berisha? What is left of the party that Berisha created is a torn-apart conglomerate of people with different allegiances and interests. The Democratic Party (PD) has been embroiled in a protracted internal struggle for the past two years. It has been a time of conflicting factions, with Sali Berisha on one side and Lulzim Basha on the other. This conflict has not been limited to political maneuvering but has also spilled into legal disputes. The Civil Court of Tirana has suspended the review of Lulzim Basha's request to approve changes to the PD statute. This suspension adds another layer of complexity, highlighting the intertwining of legal and political challenges faced by the party. As the

Supreme Court takes center stage in resolving this intricate matter, the repercussions of its decisions will undoubtedly reverberate through the Albanian political landscape, shaping the future trajectory of the opposition. Albania's PD is at a critical juncture, grappling with internal strife, legal battles, and leadership uncertainties.<sup>viii</sup> Lulzim Basha is not viewed as a factor for unification in 2024; he is unreliable, and for most, he is incapable of leading the opposition's largest party.

The PD and Freedom Party (PL) parties face significant leadership challenges due to ongoing investigations against their respective leaders, Berisha and Meta. As a result, the opposition might see a decrease in activity as it needs to establish a cohesive structure. In light of these challenges, Berisha's allies have proposed the formation of an opposition federation. However, the opposition faces a daunting task with both major parties in turmoil. Some argue that Berisha's daughter's unrevealed protagonism is a sign that the power will have to stay in the family; this suggests a continuation of power within the Berisha clan and a lack of potential successors within the party. Indeed, since her father was placed under house arrest, Berisha's daughter is the spokesperson of the leader and perhaps the party.<sup>ix</sup>

There is the other faction of the opposition, the PL, whose leader and his wife are under investigation. Ilir Meta, former president, prime minister, and current leader of the PL, has been unusually quiet. There are many speculations on his fate for 2024, comprising the fate of his party and wife. For most of the analysis, either Meta or his wife will have to face the justice authorities in one way or another. Whether it will be with jail time or home arrests remains to be seen. Ilir Meta is under investigation by the Special Anti-Corruption Structure (SPAK) for a possible corrupt practice concerning the sale of shares of the Albanian government's electrical energy supplier and distributor company (CEZ-DIA), a deal of 2009, which is estimated to have cost the state coffers 414 million euros in damage.<sup>x</sup> Monika Kryemadhi, Meta's wife, is under investigation for another case regarding former party lobbying in the US. The object of this investigation is the payments made of 300 thousand US dollars by the former party for the visit of Ilir Meta to the inauguration of Donald Trump as president in 2017.<sup>xi</sup> Meta has called these investigations "telenovelas," he is dismissing them altogether, but during the next 12 months, everything can happen. It is not a comfortable position for him and his party. Meta and Kryemadhi display a carefree attitude for the entire ordeal. Still, some claim that their wealth is under investigation, and there are speculations that they are hiding them in panic.<sup>xii</sup> Whether the justice authorities will find anything to make them culprits is likely to be done this year

(2024) because the next one (2025) is an election year, and it is unlikely that opposition leaders will be indicted in an election year.

For some, the opposition is beyond repair since their internal divisions are too deep to overcome; for others, the most optimistic ones, 2024 will be the year when the opposition will come together. The latter is an unlikely scenario, but this year has to determine what the opposition will stand for; otherwise, they will be obliterated.

### **The political power and the socialists**

Albania's current government, led by Edi Rama, is in the third year of its third term. Throughout its tenure, the Albanian government has built a robust support base capable of weathering the challenges of political competition. The government's primary objective is to maintain the unity of its political structure, which has a substantial support base of approximately 700,000 votes. The government's ultimate goal is to ensure victory in upcoming elections (2025), necessitating a vigilant focus on the coming months of 2024. This focus fosters the need for a cohesive political structure that can withstand the challenges of electoral competition.

The Socialist Party (PS) resembles an organization and does not appear to possess any viable plans for reform, nor does it operate in a manner befitting of a political party. The group seems to wield its own power, demonstrating a need for more regard for the citizenry's concerns. Indeed, it is expected that in 2024, they will continue to exude an air of arrogance, which implies that those in power believe themselves to be imbued with an eternal mandate. Their vision of Albania is markedly divergent from that of the ordinary citizen and the "democratic" culture within the party and affiliated institutions. <sup>xiii</sup>

In his meeting with the media, precisely when his adversary (Berisha) was being notified of being under house arrest, Rama stated that 2023 had been the best year ever in any aspect. <sup>xiv</sup> Indeed, it was an excellent year for those in power and close to Rama since they mastered the art of retaining power perfectly. However, 2024 will be intense for them, especially from within their ranks. Despite being in power for over a decade, the PS is grappling with internal struggles, with various factions and individuals vying for prominence. Within the party and the country, there is a sense that the only constant is its leader, Edi Rama. He is seen as the one with an unwavering hold on power, while all others are replaceable, interchangeable, and often

irrelevant. While the opposition poses no significant threat to the PS, their internal issues might be causing the most problems. Nevertheless, with Rama's steadfast grip on the party and the backing of Western allies, noteworthy changes in the foreseeable future appear unlikely.

In January 2024, the government underwent unexpected changes when Rama announced the Ministry of Economy, Culture, and Innovation formation. Minister Blendi Gonxhe, previously Director of Road Transport Services, was appointed to head the newly formed ministry. Rama emphasized the need for cross-sectorial coordination in the new phase of development that the country has entered, stating that Culture can no longer remain a separate ministry. Additionally, the portfolio of the Minister of Finance was reduced. Innovation was also reintroduced as a ministerial department in the latest change.

Overall, there were no precise projections from the PS; even the first government meeting for 2024 seemed more like a company retreat by the seaside than a meeting of officials. It was all generic, and the principal, practical points were kept secret.

### **Albania's economy vs. the economy of Albanians in 2024**

If we analyze the available data for 2023 and base projections for the Albanian economy in 2024 on that data, the overall outlook is positive. However, the situation could change significantly if we examine the data in detail by category and social strata, considering who benefits and who loses.

Firstly, any analysis and projections on the Albanian economy must combine this analysis with the impacts of external shocks. As a small and open economy, the Albanian one is quickly affected by the turbulence of global, European, and regional changes. Geopolitical factors will remain an essential source of risk and uncertainty around economic forecasts, potentially exacerbated by essential elections in many countries. Election campaigns will set the policy agenda in several significant emerging economies.

There are several points to be considered that will impact 2024, first and foremost, inflation. Usually, the average inflation in the data does not reflect the most critical details for Albanian households. Food inflation increases poverty and inequality, even among the middle class; it dramatically affects economic, social, and political developments. Keeping inflation at low levels is about retaining the actual value of wages, pensions, social support, and any other income. The Bank of Albania (BoA) aims to achieve 3% inflation within the second half of

2024.<sup>xv</sup> If it increases, it will be in the case of the increased or expanded current conflicts (in Ukraine and Israel).

Economic growth is a crucial indicator for diagnosing the state of the economy. According to the OECD, in 2023, the global Gross Domestic Product (GDP) is at 2.9% forecast, followed by a slight slowdown to 2.7% in 2024 and a slight improvement to 3% in 2025.<sup>xvi</sup>

The Ministry of Finance and Economy of Albania expects the country's GDP to increase by 3.7% in 2023 and 3.8% in 2024. As the yearly data from INSTAT are unavailable, if we analyze the first three quarters, it is seen that growth was led by increased wages in public administration and government investment, wealth from construction, real estate, and information and communication agencies.<sup>xvii</sup> This trend is expected to deepen in 2024 because the PM has announced wage raises for government employees, and construction is high on the agenda. On the other hand, Albanian economists are showing a cautious approach to the forecasts of economic growth declared by the government, deeming them quite optimistic.

However, According to the European Commission (EC), after solid expansion in 2022, Albania's economic growth is expected to moderate to 3.5% in 2023 and 3.1% in 2024 as private consumption is expected to slow due to high food prices and weaker employment.<sup>xviii</sup> If the growth comes from construction, another element must be considered: the real estate market is deformed by a high demand fueled by unclear sources and with the risk of the mortgage bubble bursting. Tighter credit conditions and rising borrowing costs will continue to depress prices in 2024.

Another hot point is that the Albanian economy in 2023 faces a 9-15% overvaluation of the national currency. Overvaluation can help the Central Bank to maintain control of inflation because imports become cheaper, help the government to reduce the foreign debt where the euro dominates, relieve creditors with income in Lek, and devalue liabilities in euros and dollars to pay off their obligations more efficiently. However, the overvaluation of the national currency has also brought extremely negative consequences. The first is for exporters/producers because Albanian exports are becoming more expensive and less competitive in foreign markets. If this leads to a decline in activity due to the loss of markets, the country will face increased unemployment and poverty.<sup>xix</sup>

Another hot point is the influence of demographic changes on the labor market demand in 2024. Young people will continue to target foreign labor markets. In contrast, those targeting the domestic market will face hindrances due to the non-implementation of decent work



legislation in the private sector and the lack of implementation of meritocracy under the civil service law. Meanwhile, retirees and low-income households will be under increased pressure of insufficient living standards.

As we look towards 2024, the economic outlook remains uncertain. Albania's trading partners are facing significant challenges, with major European economies grappling with systemic crises and political instability affecting countries worldwide. Should the government persist in prioritizing its political agenda above the improvement of the economy, there is a possibility that economic growth in 2024 may not meet expectations due to insufficient focus on expanding economic activity.<sup>xx</sup>

Recent projections show that the economic outlook is quite challenging for 2024. Although it might still be good for the state coffers, households and individuals will encounter severe financial difficulties. This is particularly true for the most vulnerable groups, who comprise a significant portion of the population. Experts have predicted that the economy's expansion in 2024 will be driven primarily by the construction and tourism industries, indicating a continuation of the trend from the previous year.<sup>xxi</sup> The state employees are the only category expected to have a good year in economic terms from the citizens. Indeed, the government has estimated that 2024 the average salary will be 900 Euros.<sup>xxii</sup> However, this is for only the category that works for the government, which is gross before taxes. Even if it happens, it will affect an average of one out of six Albanians in the working force. The ones in the private sector and the self-employed must manage independently.

Last but not least, according to a recent survey, when asked about their expectations for 2024, a substantial number of Albanians expressed pessimism about their economic prospects. Most respondents feel uncertain, believing things will remain unchanged, while only a minority hold out hope for improvement.<sup>xxiii</sup>

## Conclusion

In 2024, Albania will have to face several challenges; political interests might inflate some, and some will be real with significant repercussions. Going into this year, the struggles ahead might hit new records in economic terms. At the same time, the political scene will impact society as a whole and will likely pose significant hurdles for the country. It is unlikely that a concerted effort from all stakeholders to address these issues will be present. Navigating through difficulties has become a lifestyle for Albanians. However, there comes a point where the damage is too severe, and finding a way out becomes the only option. As the different segments of society will be barricaded in their own turfs, the divisions between the same will be more accentuated.

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