



EmpowerMed

# National Policy Recommendations

*Albania*





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# 1 National context

Energy poverty definition is still not determined and adopted in Albanian public policies and it is still related to the category of vulnerable consumers.

## National legislative and strategic framework

**The Constitution of Albania** doesn't provide the right to housing in the catalogue of the rights but in the article 59 under the section "Social objectives", is written that the state, within its constitutional powers and the means, and to supplement private initiative and responsibility, aims the fulfillment of the housing needs of its citizens", as well as "the highest possible standard of physical and mental health." Also, the same provision stipulates that "the law defines under what conditions and to what extent the realization of these objectives can be claimed".

So, the special objectives to be achieved need the adoption of special laws, which in their provisions also recognize rights that become binding to implement. The Albanian Parliament has approved Law no 22/2018 "On social housing" which has defined the concept of 'adequate housing', which should guarantee a private, safe, peaceful, and dignified life. One of the essential conditions for a suitable housing, according to this law is the access "to public services, such as: supply to drinking water and electricity, disposal of polluted water and waste management".

The **Law for the Electricity Sector** amended in 2018 guarantees a stable and secure supply of power (electricity) for customers. The law takes into consideration the interests of customers, the safety and quality of power supply service and environmental protection requirements. The law acknowledges the concept of "**customer in need**" – a customer and/or a household entitled to power supply rights due to social status. The term includes different categories in need such as: families receiving economic assistance, heads of households with a disability, retirees, people with disability, and those with a salary below 35,000 ALL per month, all benefit energy compensation. The state budget provides financial support for customers in need to cope with energy related expenditures. A household "in need" receives on average 1,288 ALL (Euro 10.56) per month budget subsidy for energy bill. Less than 37% or 24,445 families in need benefit the energy subsidy per year out of 66,269 families receiving economic aid. Yet, civil society activists and advocates of vulnerable categories urge the government and responsible institutions (ministries) to regulate the existing instruction, so more families and individuals benefit from the energy subsidy.

The law provides the obligations of the CoM to issue decisions regarding the aspects, criteria, and procedures on how the categories included in the customer in need, will profit. Law 43/2015 has adjusted this relationship in its respective articles 95 and 96. According to the provisions of the art. 95, the Ministry responsible for drafting the criteria, procedures of obtaining the status of customers in need and their treatment, which are approved by the DCM, is the Ministry of the Health and Social Protection, as the responsible ministry for social issues. The Law stipulates that the drafting of these criteria and procedures by this ministry should be completed in cooperation with the Ministry responsible for Energy and the Ministry of Finances as well as with Energy Regulatory Entity (ERE) and stakeholders.

The essential criteria for obtaining this status are determined by law of the low-income customers. But to apply the right, it should be developed sublegal acts, determining the modalities and procedures. Within June 2016 the DCM should have been approved,

enabling individuals and low-income families to benefit from Universal Supply Service.

The DCM nr 246/2018 of the Board of ERE, approved the regulation "On specific conditions for interruption of electricity supply to 'customers in need'". According to this regulation Electricity Supply Interruption cannot be possible to 'customer in need' due to non-payment of electricity bills, except when in the previous 12 months, the supplier has twice offered a payment plan that is suited to the client's income or payment assistance, within the status of 'customer in need' and it is rejected by the last one. It should be noted that although this regulation is still in power, it remains ineffective as it requires as a precondition the approval of the sub legal act by the CoM for the 'customer in need'.

Based on what it has been said, it is obvious that the absence of such a sublegal act seriously affects not only meeting the minimum needs of a normal life of this category of beneficiaries but even their dignity.

In **March 2021 an amendment to the Energy Efficiency law set** up new mandatory targets for public, private and large consumers. From September 1<sup>st</sup>, the public sector must renovate at least of the total stock of public buildings annually to meet the minimum requirements for energy performance. The law obliges municipalities to prepare local action plans for energy efficiency. Not long ago, EU funding channeled through a GIZ regional program is expected to support few municipalities in developing and instigating sustainable energy and climate-action plans at local level.

With the approval of the Law on Climate Change in 2020, Albania has **developed as well the National Energy and Climate Plan**. The draft integrated "energy poverty" as a new policy and measure (PaM). Here, the objective is to define the concept of energy poverty, set up a national mechanism for systematic monitoring, and recommendation of measures for the elimination of energy poverty, including a study on population challenged by energy poverty and its causes. Unfortunately, the plan does not anticipate any state budget to support this PaM. Implementation responsibility is vested to Ministry of Infrastructure and Energy and local government units.

**Reporting on social statistics:** Data released by INSTAT<sup>1</sup> show that employment rate differ for women and men aged 15-64. Less women, 61.2% are employed compared to 77.1% for men. Women are less likely to work fulltime – more likely employed in lower-paid occupations.

According to INSTAT, housing, water, electricity, gas and other fuels make up to 10% (or 8,357 ALL) of the monthly consumption expenditures of the households<sup>2</sup>. This is actually the second largest group<sup>3</sup> of household expenditure after food.

Since early October 2021, for six weeks, INSTAT carried out the pilot population and housing census in 9 (out of 61) municipalities. The pilot module under "Section 2 Information on Household" includes questions about: electricity supply; heating system; type of energy used for heating. Yet, the draft module doesn't provide sufficient information and/or disaggregation to be able to assess the use and access to energy by gender. The law on population and housing census has been adopted (Source: Albania 2021 Report). Yet, the challenge is to ensure funding for the full implementation of the census in 2022.

The European Commission progress report for Albania acknowledges that Albania made some progress on the legal framework for Energy Efficiency (EE) while the implementation of the Energy Efficiency plan remained slow. The report recommends the complete

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<sup>1</sup> INSTAT. Women and men in Albania, 2021

<sup>2</sup> INSTAT. Household Budget Survey, 2020

<sup>3</sup> This group includes expenditures for electricity, water, fuel, rent and small repairs

unbundling of energy companies, as well as the abolishing of all legal obstacles on the right of customers to change their electricity supplier and ensure full access to the liberalized market for all customers connected to 20kV.

Women continue to carry most of the unpaid domestic work. Women were affected by loss of jobs and income during the COVID-19 pandemic lockdown period. The effect was severe for many women, in particular the most vulnerable like women head of families, women living in poverty and rural areas. Many vulnerable women have been obliged to work in unsafe work conditions and have risked their health as they could not risk losing their jobs. (Source: Albania 2021 Report)

## 2 Data and conclusions from pilot sites

The target area of the projects is Vlora Municipality. The municipality has 202.000 inhabitants. Traditionally, the site economy was based on agriculture, but in the last years the services sector has experienced a boom due to tourism, which has also put a lot of stress on the housing market. Only 64% of the HH can pay the energy bills, and the average monthly energy consumed per household (168 kWh) in Vlora is 23% lower than the minimum at national level. Some specific challenges of the city are the age of the buildings (some of which are even 60 years old, are really difficult to heat and have mould), or the use of a large fraction of the energy consumed to heat water. In addition, electricity is also used for water-pumping, increasing the energy bills. Besides, the presence of mould affects air quality, and in addition to cold temperatures in the dwelling, contributes to long-term illnesses or chronic disabilities.

Goal of the survey conducted within the project area was to map the energy poverty in Vlora municipality. The EmpowerMed results on 100 household visits implemented between December of 2020 and March of 2021. In total, 112.426 kWh/y energy savings have been achieved, as well as 9.922 Eur. The intervention of energy efficiency measures will bring reduction of 51 ton/year CO<sub>2</sub>.

Most households achieved energy savings between 867 and 1.210 kWh/y. In economic terms it means savings between 17 and 79 EUR/y, which may seem a small quantity. Even though the economic profit at the HH level is small, the improvement in the living conditions thanks to the materials provided during the HH visit is significant.

In the case of total CO<sub>2</sub> savings, the majority of HH (31 out of 100) achieved savings between 96 and 292 kg CO<sub>2</sub>/y.

Water savings showed that 46 out of the 100 HH achieved savings between 17 and 79 m<sup>3</sup>/y.

58% of energy savings were achieved by reducing electricity expenditure, while the remaining 42% was achieved by reducing heat energy consumption.

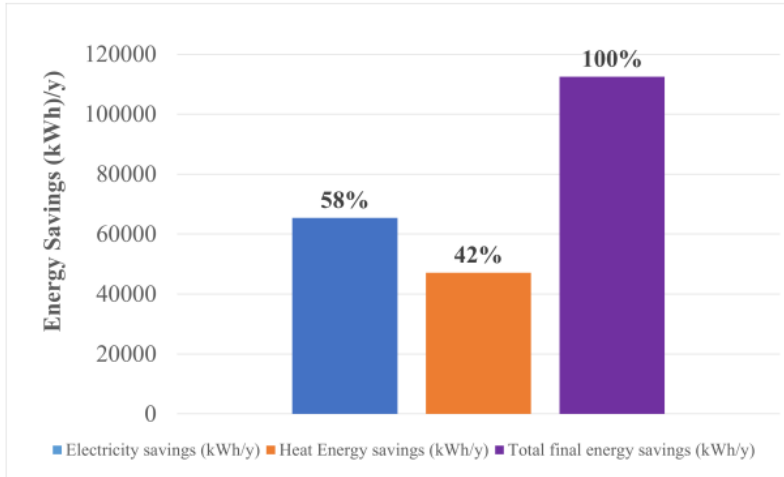


Figure 1 Electricity Saving, Heat Energy Saving and Total Final Energy Saving

49% of participants were women, which is slightly lower than expected given the campaigns in place that specifically target women (Figure 2). Out of all participants receiving assistance, 60% of the bills were directed to women, while only 35% of the participants are the women in charge of paying the bills, and decisions on basic supplies. The 55% of total savings achieved have been received by women-led HH, as well as 49% of energy savings, which is consistent with 49% female participation.



Figure 2 Summary of gender related indicators

The level of energy quality of the internal space of the house (windows/doors) resulted to be low, as 89% of the households have draught at the window, 83% of draught at the doors and 80% of the households have problems with mould (table 1).

| Housing conditions  |     |
|---------------------|-----|
| Problems with mold  | 80% |
| Draughts in door    | 83% |
| Draughts in windows | 89% |

Table 1 Housing conditions

In terms of health, 23 people state that their health is poor or very poor, which is slightly lower than the number of people who say that they have a longstanding illness or health problem. In any case, 32 out of 100 people saying they have health issues is a high value that indicates again that people in EP often cope with health issues at the same time (Table 2).

| Chronic health issues                   |     |
|---|-----|
| Chronic lumbar or dorsal back pain      | 22% |
| Osteoarthritis, arthritis or rheumatism | 17% |
| Depression and/or anxiety               | 39% |
| Chronic bronchitis                      | 11% |
| High blood pressure                     | 50% |

Table 2 Summary of chronic health issues

1. Even if health issues are present in the household, still the energy consumption remains very low considering that the prices are very high. 35% of the respondents have great difficulty to make ends meet, meaning that the incomes still are not enough to cover the energy due to the high price of energy.

Most of the households (76%), stated that they have poor summer comfort while 24% of them stated that they have good summer comfort. All of the households (100%), answered that they do not feel comfortable in their homes during the winter time (table 3).

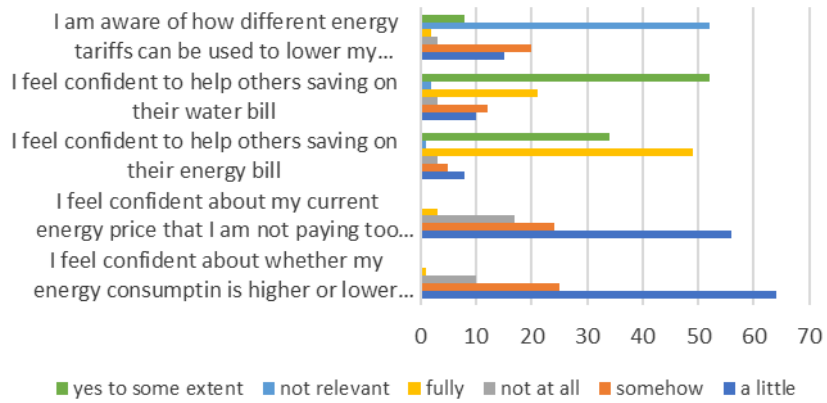
| Thermal comfort              |      |
|------------------------------|------|
| No thermal comfort in winter | 100% |
| No thermal comfort in summer | 76%  |

Table 3 thermal comfort in homes

Regarding the confidence for the energy situation in the future, 64% of households feel a little confident about whether their energy consumption is higher or lower than normal for their type of household, 56% of households feel a little confident about their current energy price that they are not paying too much, half of them feel confident to help others save on their energy and water bill (Figure 3).



## Confidence for the future



## Key recommendations

### **1. Clear definition and just criteria for energy poverty on a national level**

Energy poverty is still not defined in Albania. National criteria should be compatible and adjustable for the local context. Criteria should include a strong gender perspective and be oriented toward different vulnerable subgroups (elderly; people with disabilities; workers living just above the poverty line; beneficiaries of the welfare system etc.)

### **2. Establishment of a national mechanism for systematic monitoring, and recommendation of measures.**

A monitoring system for energy savings should be established on the national level.

There still isn't clear data on the number of citizens in the risk of energy poverty nor is there a clear idea on the impact of so far implemented measures on the decrease of the energy poverty risk or increase of general well-being.

### **3. Information Package on EP and its impact on social and health aspects.**

There is no data on the number of citizens in the risk of energy poverty. Establish Info Centre to help energy poor citizens but also collect data. Energy poverty is perceived as an energy issue while its social dimension is often neglected.

### **4. Baseline Gender Disaggregated Data collection of nationally relevant data on EP should be established.**

Energy poverty is a much wider category than the groups defined under 'consumers in need'. For this reason, a gender disaggregated data collection system on energy poverty should be established on the national level.

### **5. EP citizens should not be disconnected from the power grid.**

Provide available funds to invest in energy efficiency, to improve citizens' heating systems or buy new household appliances. Broaden the scope of measures for protection of the vulnerable consumers to include energy efficiency measures, such as free of charge tips on saving energy, increasing comfort in the home and other information relevant for households.

Poor households are forced to give up on aspects of their basic living standards and are forced to deal with the 'heat or eat' dilemma.

## 2. CONCLUSION

The integration of gender equality considerations within the framework of energy, energy efficiency, **energy poverty is still in early stages** in Albania. Also, **addressing energy poverty in health, economic and social welfare** policies and legislation and its relation with gender equality is lacking behind.

The lack of focus on gender and energy poverty, including and correlation between them in policies and pertinent actions (dealing with gender equality, climate change, energy, health and social welfare) seems to be a consequence of both the **lack of knowledge** and possibly the **understanding of gender equality and energy poverty interrelation**.

To ensure **mainstreaming of gender within the energy sector** more emphasis should be put on enhancing gender relevant **data collection** (administrative data and specific surveys by INSTAT, e.g., household survey, balance of electricity power, income and living conditions, household budget survey,). **Census 2022** is an opportunity to explore further data and information on households, including access and use of energy and dimensions of gender and energy poverty. Gender may be a **determinant** of energy access and use given household consumption patterns.

Any present and **future sectoral programming needs to include gender dimension** and technical assistance should focus on supporting institutions in collecting, administering and reporting data on a regular basis. **Gender-based analysis** should be encouraged and supported across the policy and actions within the energy sector, including in the design, implementation, monitoring and evaluation stages.


The ongoing **energy reform** has embarked on a number of amendments to national policy and legislation in accordance with the EU acquis, in particular with regards to the energy efficiency, action plan on energy and climate, strategy on energy, etc. Yet the implementation practice requires **gender sensitive monitoring**, supported by solid data and evidence, to be able to measure different impacts on women and men, if relevant.

Any future **bylaws, policy and legal amendments** should be scrutinized from a gender perspective – a practice that is currently underestimated, assuming gender neutrality of policy and legislation. Including a gender perspective in policy and law-making is strongly recommended. **Gender specific policies and plans** must be revolutionized (modernized). Likewise social inclusion ones.

Simply, policies and legislation do not improve unless **information and data** are provided, **training and capacity of institutions** is expanded and gender and energy poverty issues are **advocated**. Technical preparation and ongoing training and guidance to build further capacities of responsible institutions is required. Likewise, the ability to adopt new and innovative measures to track down impact factors of gender and energy poverty.

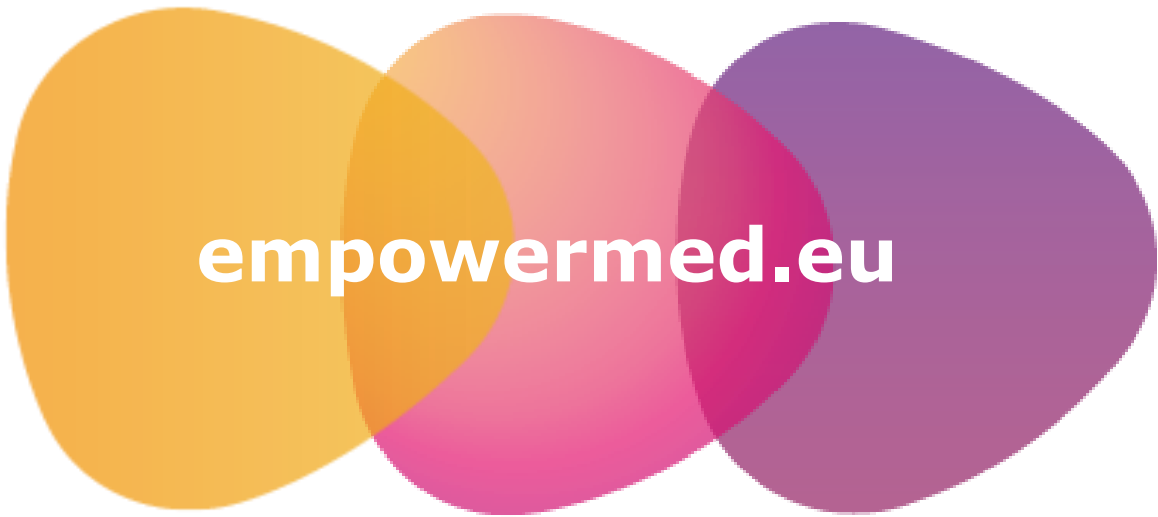
Ongoing **consultations, effective participation** and involvement of key stakeholders and partners is fundamental, and easing access to information as well, – at both national and local levels. Partnership, in particular with gender advocates, leads to improved knowledge and technical expertise to mainstream gender within the energy sector.

Last, but not least, financial resource commitment is crucial to eradicate the negative impact of various factors of energy poverty. Whereas, **gender responsive budgeting** is crucial within the energy sector, so that action plans (NREAP, NECP) be budgeted and



executed taking into consideration the different needs and priorities of energy producers and users.

**Is not what you plan, it's what you give!** The Ministry of Finance and Economy shall apply gender responsive budgeting accountability. Budget allocations have to be linked clearly with national priorities, in terms of policies and with national action plans in particular. Budget institutions should arrange consultative meetings with all possible stakeholders during the preparation phase of MTBP, including gender advocates.



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