



Annual Progress Report 2016

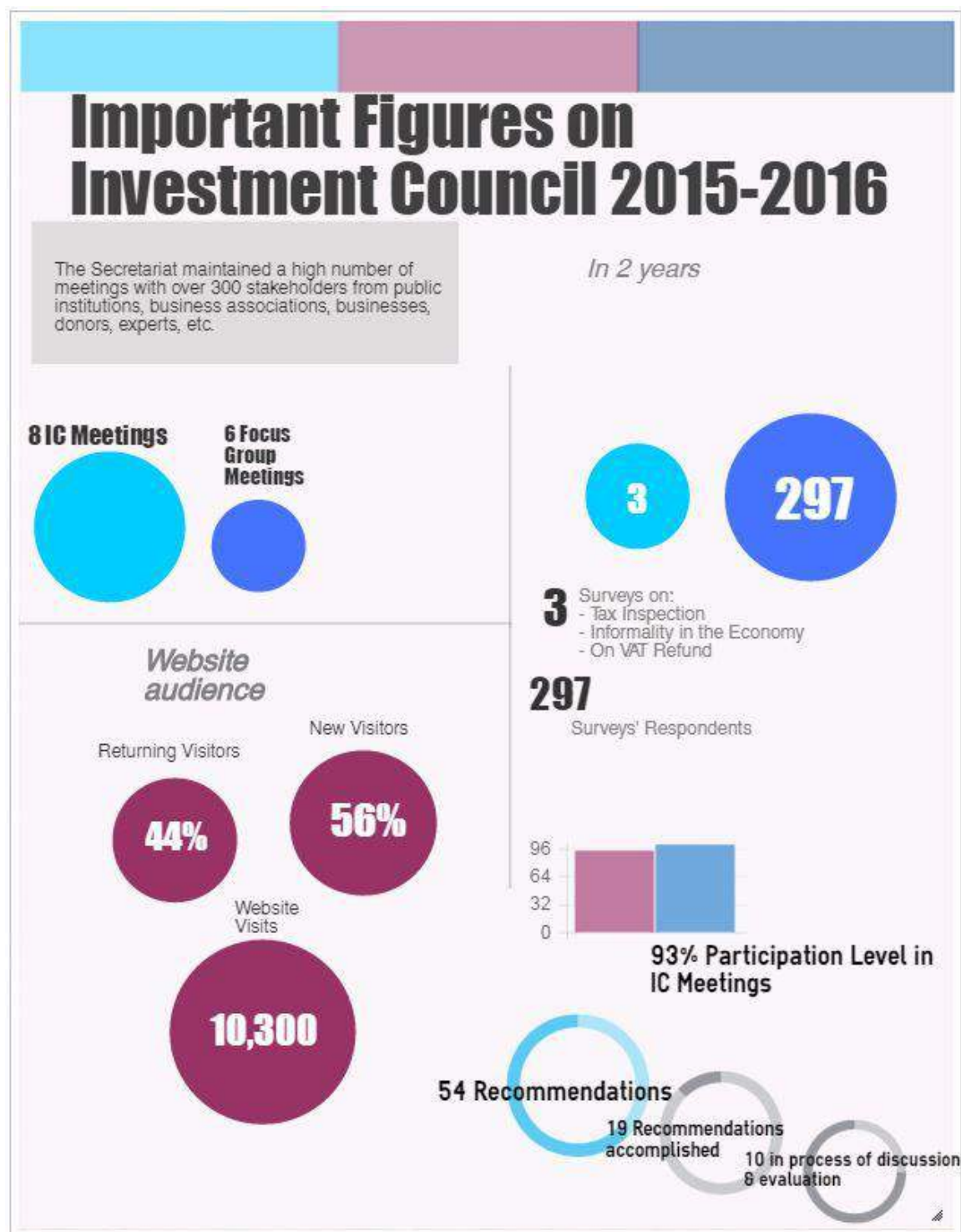
JANUARY – DECEMBER 2016

Investment Council Secretariat | Tirana, Albania | December 2016

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IMPORTANT FIGURES ON IC, 2015 -2016



I. INTRODUCTION

The main objective of this report is to present an overview of the overall work performed by the Secretariat of the Investment Council in Albania during January – December 2016 in view of the accomplishment of the duties as specified in:

- The Memorandum of Understanding signed between the Government of Albania and EBRD in February 2014;
- Terms of Reference regarding the Secretariat of the Albania Investment Council;
- The Decision of the Council of Ministers No. 294 dated 8.4.2015 “On the Establishment of the Investment Council in Albania.”

During 2016, our main objective has been to consolidate the constructive dialogue between government and business which was successfully set-up during 2015 and embraced by all the stakeholders, government agencies, private companies and donors.

Additionally, the core objective has been to provide feasible recommendations to the Albanian Government in the topics suggested by the business and approved by the IC members as well as advocate for the recommendations approved by the IC in 2015.

During the reported period have been conducted five IC meetings, proceeded by eight focused/expert group meeting by tackling the following topics:

1. Dispute Resolution Mechanisms between the Business and Public Administration - 2nd March 2016;
2. Incentive Investment Promotion Policies: Albania against Western Balkans Countries, - 27th April 2016
3. For Formalization of the Agriculture Sector: The well-functioning of the VAT Compensation Scheme and Promotion of Investments - 29th June 2016.
4. Access to Finance in Agro processing sector - bottlenecks and constraints in key Albanian value chains and options for support
5. On VAT Refund (2015-2016) - 23 November 2016

As relates to the recommendations, IC has approved in total 59 recommendations, out of which 42 belong to year 2016 mainly focused on the above areas of investment climate. All these recommendations have been officially submitted by the Secretariat to the Prime Minister’s Office and relevant Albanian authorities for further action (Annex 1).

It has been a huge advance by the Government in recent endorsements of IC recommendations 2015-2016, like recommendations on tax and fiscal procedures, endorsed by the Ministry of Finance and Government in the amendment of Tax

Procedure Law, and also approved by the Albanian Assembly in December 2016. More specifically, 12 out of 37 improved tax procedures, reflects the recommendations of IC which were detailed in advance by Secretariat.

As in the previous year, Secretariat's work continued to rely on its main principles – transparency, inclusion and protection of the business rights and support to the many initiatives undertaken by the government to enhance the investment climate and business environment in the country.

II. OBJECTIVE AND MANDATE OF INVESTMENT COUNCIL

2.1 Overall Objective

According to Government Decision, the objective of Investment Council is to promote constructive dialogue and the exchange of views between the Government and the private sector, with the purpose of:

- a) Development of the private sector and improving the business climate and fostering domestic and foreign investments;
- b) Identifying the main impediments in the business environment in different sectors of the economy and formulating intervention strategies to reduce administrative impediments;
- c) Identifying main impediments to foreign direct investments and setting up a platform of objectives, initiatives and mechanisms necessary to attract more investments, both foreign and domestic;
- d) Develop methods that facilitate access to finance for new and existing businesses.
- e) Reviewing and evaluating draft legislation affecting business and proposing relevant changes to the existing regulatory framework regarding the impediments to starting, operating, growing or closing a business.
- f) reviewing, analysing and reporting on incidents of unfair and abusive practices against business and facilitation of dispute resolution procedures;
- g) Developing best practices in the prevention of and fight against corruption for issues related to the private business, while supporting the National Strategy of the Fight against Corruption.
- h) Facilitating the exchange of experiences and best practices from other countries in the regulatory reform promotion process

2.2 Mandate

The Investment Council is to act as an advisory body with the mission to facilitate dialogue between representatives of the business community and Government in an

effort to develop a favourable, non-discriminatory, transparent and investment-friendly business environment.

III. ACCOMPLISHMENT OF THE ACTIVITIES TO DATE (December 2016)

Key Functions (as per Government Decree)	Accomplishment	Comment
Develops and proposes the agenda for the Investment Council's meetings, based on propositions made by the Investment Council's members.	✓	Accomplished for all the meetings.
Organizes the Investment Council's meetings and invites non-permanent members in the Investment Council's meetings as per Council's needs.	✓	Non-permanent members are assigned annually upon Decision of the Chair following IC Meeting 1 (Jul 2015)
Informs the Investment Council's members and guests 10 days in advance about the date and the agenda of the Investment Council's meeting and the materials to be considered in this meeting.	✓	Accomplished for most of the meetings.
Coordinates the Investment Council's activity including preparation of meetings, drafting proposals for interventions, consultation with the business community, providing training technical session.	✓	Accomplished for all the meetings (all the relevant documents published on IC webpage www.investment.com.al).
Assists the Investment Council in discussing and reviewing specific sectorial cases, legal and administrative procedures which have been brought to the Secretariat, as well as specific complaints from the businesses regarding untrustworthy and discriminating practices.	✓	Identified and collect factsheet on sectorial cases (i.e. case related to milk industry - Informality in Agriculture; case related to hydrocarbons industry or banks issue on write-off, dispute resolution, late refund of VAT). Handled business complains from Raiffeisen Bank, Delta Group, Tik-Tik, Energy Companies etc. An IC

		database of business issues/concerns which evidence the issues is already set up by Secretariat. As of today Secretariat has listed about 57 business issues).
Organizes economic researches and analysis according to the Investment Council's objective and reports the findings to the Investment Council.	✓	Accomplished for all the meetings.
Prepares detailed agenda, with the respective reports and minutes of Investment Council's discussions.	✓	Accomplished for all the meetings.
Supports and monitors the implementation process of the Investment Council's propositions, evaluates the results and the impact on investment climate's effectiveness.	Ongoing	Ongoing process. Recommendations are published in IC web site and monitored annually.
Reports to the Investment Council members, as well as to other stakeholders about the achieved progress.	✓	Status of previous IC recommendations is being reported in the beginning of each IC Meeting.
Informs the public about the Investment Council's activity.	✓	Ongoing update through the IC Website, publications in the media, etc.
Develops the internal draft regulation of the Investment Council's function.	✓	Approved in the first IC Meeting (1 July 2015)

IV. MONITORING OF PREVIOUS IC RECOMMENDATIONS

1. Government has endorsed 19 IC recommendations (7 fully implemented, 12 partially implemented), while 10 other recommendations are under ongoing discussion. The endorsed recommendations addresses 37 specific measures covering legal, regulatory and administrative pillars. For the reporting period the achievements can be summarized as following:
 - *Enforcement of Public Consultation.* As of October 2016, Government has adopted an obligatory template on public consultation of government acts for all the public institutions, an initiative of Minister of State member of IC. Moreover, Ministry of Economy has started to

share with Secretariat for comments, draft-laws subject to public consultation like for example; Draft-Law On “Some Additions and Changes to Tax Procedures Law”, Draft-Law “For the Recovery and Extraordinary Intervention in Banks” etc.

- *Influencing the Government actions - like “Using Incentives as an instrument in the fight against Informality”.* During the second phase of the campaign against informality, the Government has continuously referred to the IC’s advice where the main focus of the proposed reform was “*incentivize rather than punishing actions towards businesses.*” (Ref: Ministry of Finance, reform on Simplification of Tax Procedures, published during June 2016).
- *Fair and independent administrative appeal models/functions within the Government mainly for tax, custom, inspection and procurement issues are precondition to efficiently resolve disputes between businesses and public and bring more investment to the country.* A very important debate has been generated in the media based on the findings of the IC paper especially on the efficiency of the Dispute Resolution Mechanisms (e.g. on Top News, Monitor Magazine, Ekonomia Magazine, TV Scan, Top Channel TV, etc.)
- *Transparency and Publication of government Incentives on investment - while confirming that Albania remains quite competitive on FDIs (inflow) in the region, IC recommendations on publication of a map of incentives, map public properties, preparation of prefeasibility projects for AIDA, etc. – has already been initiated and published by the Government. See here the online database.*
- *IC Advocacy on the approach how to reduce informality in agriculture and increase the access to finance in Agro processing* have been in the priority actions of the government and replicated through many public speeches in considering fragmentation of agricultural land, construction permits in the agro-industry, quality control of agriculture inputs, markets monitoring, sharing of competencies in the frame of local government reform, etc.
- IC is considered as one of the main sources to the new reforms undertaken by the government institutions like for example the new strategy 2017-2021 of the General Directory of Taxation, etc.
- *Development of a helpdesk platform – an IC proposal is currently considered by EBRD and the Government in a new technical assistance project, to be located at the National Business Centre, to*

provide the registering businesses, especially the small and medium enterprises, with all the relevant information necessary for the full compliance with the requirements of the fiscal legislation in the country.

4.1 Meeting IV - Dispute Resolution Mechanisms between Business and Public Administration

The IC Meeting IV was held on March 2nd, 2016 at the Ministry of Economic Development. Main objective of the meeting was to analyse and evident business concerns toward public institutions set up to provide services. Based on previous meetings held with businesses, including two surveys conducted by the Secretariat (in September & November 2015), companies have emphasized that: *“budgetary institutions and their relevant staff often ignore or do not know the laws and rules pertaining to their operations and take decisions that are arbitrary and incompliant with effective laws*



Picture 1. Investment Council Meeting IV, March 2nd, 2016

Preparatory phase

Several articles and reports published in the media claimed the high workload of the administrative courts in Albania. While a total of about 12,000 cases were pending only in the Tirana Administrative Court of Appeal, subject to judgment by only 7 judges. Thus, the Secretariat looked more in depth the functioning of the appealing systems in the following institutions:

1. Tax Appeal Directorate
2. General Directorate of Customs
3. Appeal Commissions (Inspectorates)
4. Public Procurement Commission

Methodology & Consultation

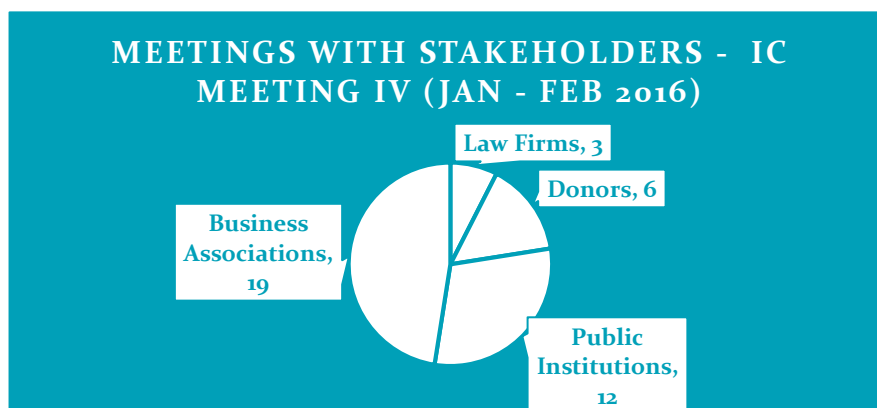
Data from the Ministry of Justice, Administrative Court of First Instance in Tirana and the Administrative Court of Appeal were collected on judicial cases of businesses for 2014 and 2015. The analysis was also based on the statistics of the Central Inspectorate, General Tax Directorate (GTD), General Customs Directorate (GCD), Public Procurement Commission (PPC), National Agency of Natural Resources (NANR) and the National Registration Centre (NRC) for cases of administrative appeals and their progress in these institutions.



Picture 2. Meeting with, Tax Appeal Director

The Secretariat also analysed data on cases filed by businesses to administrative courts, with the intention of having a profile of institutions to address and of making the relevant analysis. For purposes of recommendations, reference was made to models of different countries such as Kosovo, Macedonia, Lithuania, etc.

Interviews were conducted (about 40, predefined questions) with legal firms, lawyers, experts, businesses, as well as representatives of the administrative courts and above-mentioned institutions.



Graph 1. Consultation with Stakeholders in the framework of IC Meeting IV

The recommendations provided by the Secretariat, were later prioritised considering the urgency of problems from the point of view of an investor. Elements pertaining to practical aspects relating to principles, procedures and deadlines for the review of administrative complaints, particularly those

of institutions the decisions of which have a considerable financial impact for the business, such as tax and customs institutions.

Organization of the IC Meeting

The Meeting took place in the premises of the MEDTTE and was chaired by Ms. Milva Ekonomi.

Attended the Meeting, 13 members (5 government representatives, 4 international partners, and 4 members from the business community), while absent 4 (Minister of State for Relations with the Parliament, General Tax Director, and 2 companies). In addition, attended the meeting a delegation from EBRD London, from ICGG Department, led by Mr. Franklin Steves, Senior Counsellor.

Approved Recommendations

13 recommendations in total were elaborated for the government bodies and approved by the IC Members. The recommendations were divided in three main pillars:

I. For an efficient access to administrative appeal:

- a) Facilitation of access for businesses in exercising the right to administrative appeal in fiscal cases. Although that some improvements in this perspective have been done (i.e. Banking Guarantee as an alternative to prepayment has been stipulated under the Law 9920), further improvements are requested.
- b) Decisions of TAD, as the upper administrative unit that decides on Appeal matters, should be automatically binding for the Regional Tax Directorates.
- c) To effectively increase the independence of TAD and separation of its functions from the structure of General Tax Directorate (GTD).

II. For the substantial efficiency and independency of appeal structures within public administration:

- a) Merge and centralize Inspectorates' appeals at the Central Inspectorate, in order to enhance the professionalism, independence and trust regarding the appeal in the State Inspectorates.
- b) To draft/ include in the internal administrative acts (NANR, State Inspectorates, Tax Administration, Custom Administration) the procedures on mechanisms of prior constructive consultation with businesses for discussing the problems and potential solutions (referring to the Law 146/2014)

- c) Informatisation (e-filing, online statements, online exchange of information, etc.) of systems between institutions of the administration such as for instance among the tax administration, customs administration, IPRO, transport directorates, etc.
- d) Interpretation through a special Instruction of Council of Ministers to public administration bodies for procedures to be followed regarding recommendations reported by Supreme State Audit.
- e) Unification of the timelines for exercising the right of the administrative appeal is deemed necessary.
- f) Staff sustainability and continuous professional advancement of appeal structures in institutions.
- g) The unification of practices and preparation of commentaries for similar cases, especially in Tax, Customs and Inspectorates, possibly in the sectoral viewpoint, such as banking, agro-industry, natural resources, etc.
- h) Establishment of one stop shop for informing and raising awareness of the business to be compliant with the legislation (efficiency of structures that serve to the business in Tax/Customs/NBC).

III. For the transparency of appealing structures:

- a) The decisions of TAD/Inspectorates/GCD must be made public systematically.
- b) Publication of annual reports of GTD, GCD and special Inspectorates as well as the inclusion in this annual reports the outcome of administrative appeals and their progress in Court.

Follow-up with the State Institutions

As a standard procedure, recommendations, minutes of the meeting drafted by the Secretariat and other related materials were sent to the Prime Minister Office. Moreover, the corresponding recommendations were forwarded to the relevant authorities (10 institutions (public, donor, School of Magistrate, etc

Click on the following, for more information:

[Agenda of the IC Meeting IV](#)

[PPT Presentation by Head of the Secretariat](#)

[Summary Report on Dispute Resolution prepared by the Secretariat](#)

Working Document on Dispute Resolution prepared by the Secretariat

Matrix of Recommendations on Dispute Resolution

PPT - Data on Administrative Appeal

Minutes of the IC Meeting IV

Decision of the IC Chair

4.2 MEETING NO. V - INCENTIVE POLICIES FOR INVESTMENT PROMOTION: ALBANIA VS. WESTERN BALKANS COUNTRIES

The IC Meeting V held on April 27th, 2016, at the premises of Tirana Business Park, where the new offices of the AIDA are now located in. Main objective of the analysis was to highlight investment incentives in Albania and compare with other Balkan countries in the region, to bring the investors' perspective, their concerns and recommendations on business climate in the country.



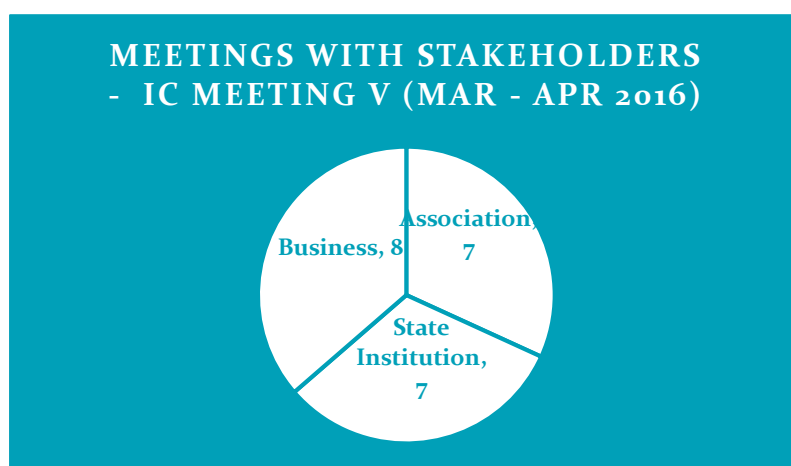
Picture 3. Investment Council Meeting V, April 27th, 2016

Preparatory phase

After a preparatory analysis and discussions held with different partners, the Secretariat looked at the main macro picture of the country, and found that Albania ranked second in the region regarding the amount of FDI flow (behind Serbia). In order to evaluate advantages in terms of concrete incentives offered by the Western Balkan countries, a matrix of incentives was prepared for each country. Concretely, some aspects such as fiscal burden, fiscal relief, economic zones, other non-fiscal incentives, or incentives provided to certain sectors were taken into account and summarized to stimulate the debate.

Methodology & Consultations

The Secretariat consulted the most updated international assessment reports on the performance of FDIs on the Albanian economy and Balkan countries. Additionally, based on a structured questionnaire, several consultations were held with more than 20 business representatives operating in Albania and in the region too. It helped to get their views on main incentives that an investor is provided in Albania and other countries of the region. In addition, the Secretariat cooperated closely with AIDA, as the main investment promotion agency in the country.



Graph 2. Consultation with Stakeholders in the framework of IC Meeting V

On April 19th, 2016, the Secretariat of Investment Council organised a Focus Group Meeting in the framework of the analysis “Incentives for investment promotion: Albania compared to Western Balkan Countries”, In the meeting participated experts from public institutions dealing with investment policies, statistics and entrepreneurship from MEDTTE, Bank of Albania, Albanian Investment Development Agency (AIDA), National Business Centre (NBC) and INSTAT.



Picture 4. Focus Group Meeting, April 19th, 2016

Issues raised during the meeting were related to concrete incentives included in the IC analysis, mainly focused on : implementation progress of the

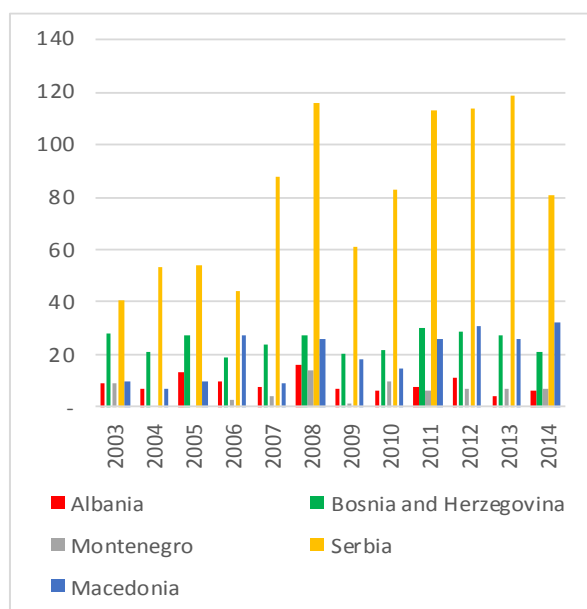
pertinent legislation such as TEDA Law, Law on Strategic Investment, verification/accuracy of data on foreign investment flow for 2015, interest of re-investment of current foreign investors during the last year and pertinent sectors, registration of foreign companies and reflection in the official statistics, average salary in the private sector in Albania and region, etc.

Organisation of the IC Meeting V

The meeting took place at the new premises of AIDA and chaired by Ms. Milva Ekonomi, Minister of Economic Development, Tourism, Trade and Entrepreneurship. In the meeting, there were present 13 IC members (6 government representatives, 4 international partners, and 6 members from the business community), while absent Minister of State for Local Government/National Coordinator of the Anticorruption Strategy, Mr. Bledi Çuçi.

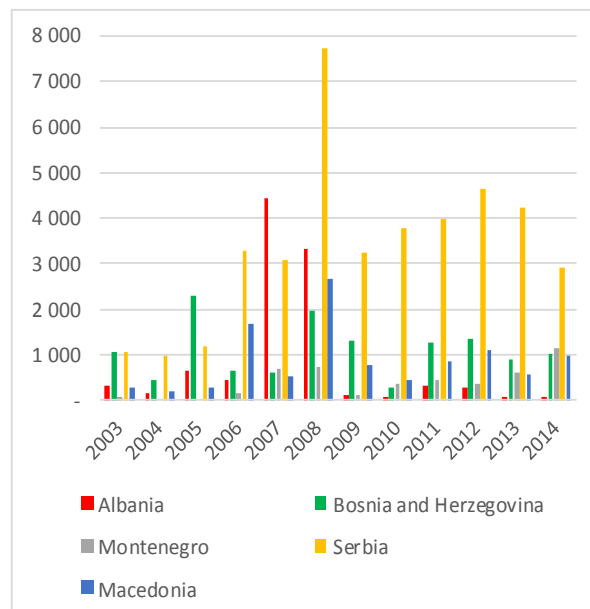
A presentation on the main pillars of the analysis conducted by the Secretariat and AIDA was delivered by Head of the Secretariat, focused on the context, methodology, and eventually on the main findings and recommendations deriving in close consultation with business community. In addition, Mr. Genti Beqiri, Head of AIDA, delivered a brief presentation on investment in Albania and the implementation of strategic investments law by presenting four concrete projects applying for special status as foreseen by the law.

a) Number of announced Greenfield projects



Source: UNCTAD

b) Value of announced greenfield projects (mln USD)



Source: UNCTAD

Approved Recommendations

Six recommendations in total were elaborated for the government bodies such as Ministry of Economy, Ministry of Finance, Ministry of State for Local Issues, and Ministry of State for Social Affairs etc. The recommendations were divided in two main pillars:

- I. **Concrete Incentives**, such as:
 - a) Support to AIDA in offering promotional products for investors.
 - b) The provision of tangible incentives to investors and businesses as well as publication of an [incentive map](#) for investors online, including public properties.
- II. **Investment Climate**, such as:
 - a) Government and business should work more to establish a competitive workforce that is qualified and certified on specific technological processes on a regional and global context.
 - b) A better inter-institutional coordination to allow flexibility in communications with the business, as well as transparency by early inclusion in the drafting of acts that have an impact on the business
 - c) An essential review of the tax legislation to reduce bureaucracies and to ultimately stabilize it
 - d) The establishment of pilot zones for investments in tourism based on economic and urban development plans is recommended.

Submission of the Recommendations to the State Institutions

As by standard procedure, all related materials were submitted to the Prime Minister's Office. Moreover, the corresponding recommendations were forwarded to the relevant authorities including Strategic Business Investment Unit, Prime Minister's Office, Head of Cabinet, Minister of Finance, Minister of Social Affairs and Youth. This meeting, has generated a lot of debate among the business and government, especially as relates to the *incentive options offered by some neighbouring countries such as tax on re-invested earnings, or preparation of prefeasibility projects for AIDA, etc.*

Visibility

The opening of the meeting was followed by media and broadcasted in national Albanian televisions. A press release from the Minister of MEDTTE was issued in the ministry website and shared to the media. Previously, another press release on the expert group was published in the IC web site. All materials of the Meetings were published in the IC website. This event has been quite lengthy debated in the written media and TV due to the

sensitive subject and benchmarking exercise. Also, other donor reports made reference to IC, such as “The assessment of investment policy and investment support programs in Albania and benchmark countries (Serbia, Former Yugoslav Republic of Macedonia, Croatia, and Slovenia) commissioned by the GMBH (GIZ) under the ProINVEST project.

Click on the following, for more information:

[Agenda of the IC Meeting V](#)

[PPT Presentation by Head of the Secretariat](#)

[Technical Note prepared by the Secretariat on Incentives for Investments](#)

[Annex 2. Comparative Matrix of Incentives for Investments](#)

[Annex 3. Legal Framework on Investments in Albania](#)

[Matrix of Recommendations on Incentives for Investments](#)

[Minutes of the IC Meeting V](#)

[Visibility](#)

MEETING VI – FOR FORMALISATION OF AGRICULTURE: THE WELL-FUNCTIONING OF THE VAT

Main objective of the analysis was to highlight main problematic issues for the well-functioning of the VAT Compensation Scheme, in the framework of promoting investments in the sector of agriculture.



Picture 5. Investment Council Meeting VI, June 29th, 2016

Preparatory phase

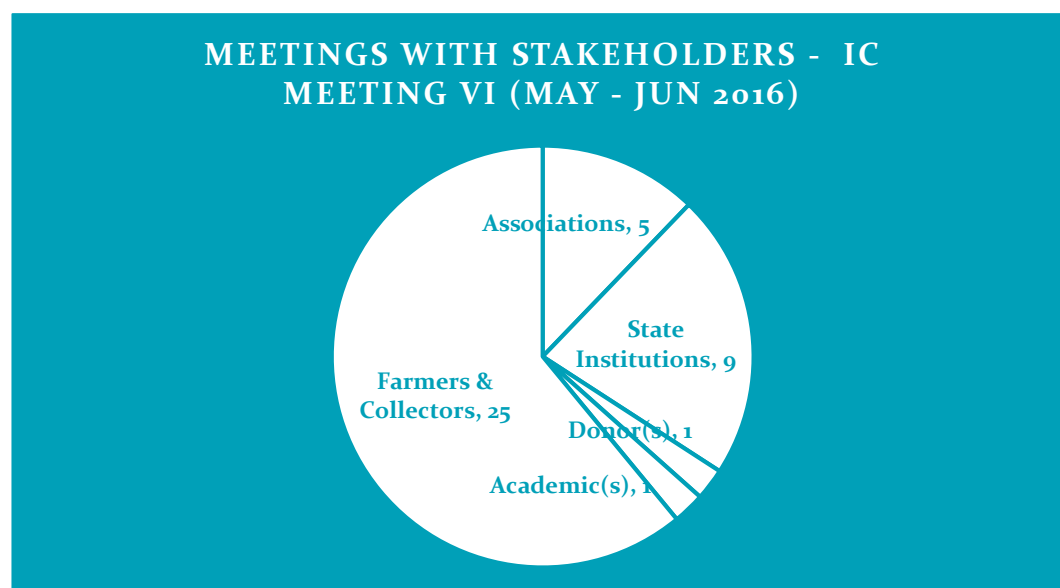
The analysis of the Secretariat was focussed on the impact of the last Government initiatives for the provision of Taxpayer's Identification Number (TIN) to the farmers and the refund of 20% VAT compensation scheme for agricultural producers. The aim was to understand the impact of such measures in formalizing the sector and contributing to real investments,

including generation of constructive dialogue among government officials and business community on the effectiveness of anti-informality campaign in the sector.

Methodology & Consultations

A number of legal and political documents of the Government on Agriculture were reviewed, including statistical data from official sources on the agriculture sector production. Moreover, about 30 meetings were held during May – June 2016 with businesses, business associations, government institutions, donors through semi-structured interviews. Two focus groups meetings were organized: one meeting with farmers and collectors of vegetables (22 participants) in Samatica, Berat, and another meeting with fiscal and agriculture experts (12 participants) in Tirana.

Additionally, the Secretariat took part in a discussion meeting on the formalization problems in agriculture, organized by the Albanian Agriculture Council and attended by circa 25 farmers and relevant associations in Saranda, in the presence of the Minister of Agriculture and representatives of structures of agriculture and taxation.



Graph 3. Consultation with Stakeholders in the framework of IC Meeting VI



Picture 6. Secretariat participates in a meeting with farmers in Saranda, June 4th, 2016



Picture 7. Secretariat meets farmers in the village of Samatica (Berat), June 6th, 2016



Picture 8. Focus Group Meeting, June 17th, 2016

Organization of the IC Meeting

The meeting took place on 29th June 2016 in Hotel Tirana International, and was chaired by the Head of the IC, Minister of Economic Development, Tourism, Trade and Entrepreneurship. Present in this meeting was also the Deputy Minister of Agriculture, Rural Development and Water

Management, Mr. Roni Telegrafi, as well as a group of representatives from associations of agribusiness sector.

In the meeting, were present 15 IC members (5 government representatives, 4 international partners, and 5 members from the business community), while absent Minister of State for Local Government/National Coordinator of the Anticorruption Strategy, General Customs Director and Chairman of Albanian Association of Banks.

It was generally agreed that TIN serves as a useful tool to help farmers during “formalisation” process. Additionally, a close cooperation and coordination with relevant government bodies at central and local level remain essential for the success of the formalization process and respect of food safety standards.

Approved Recommendations

In total, 16 recommendations were elaborated for the government bodies such as Ministry of Agriculture, Ministry of Finance, National Food Authority, General Directorate of Taxes, Minister of State for Local Issues, INSTAT, etc. The recommendations were divided in three main pillars:

I. Decision making/policy actions

- a) Connection of the Farmers Register with TIN and with an efficient system of VAT compensation
- b) Simplification of subsidy schemes for farmers enabling access through submitting the auto-invoice
- c) Verify, after a period of 1-2 years, the effectiveness of the current threshold for cash transactions.
- d) Simplification of procedures and online verification for farmers among the governmental agencies

II. Administration

- a) Formalization to be closely linked to traceability, from final products to inputs and services
- b) Enforcement of the regulatory and monitoring functions, coordination among the relevant institutions
- c) Active role and cooperation of responsible actors to accelerate the process of land registration

III. Awareness

- a) Set up a special platform (window) of assistance and information to agricultural sector (clarification and awareness on the TIN).

Increase dissemination of information and raise awareness among the farmers

Submission of the Recommendations to the State Institutions

Upon official Decision by the Head of IC, recommendations along with other related materials were sent to the Prime Minister's Office. As well as to the relevant state authorities targeted by the recommendations.

Visibility

The opening of the meeting was followed by local media and broadcasted in Albanian televisions. The findings of the Secretariat generated live discussions not only by members of the IC from private and public sector, but also the international organizations and the invited business agriculture associations, resulting in some additional recommendations aside from those provided by the Secretariat. A press release on the IC Meeting VI was shared in the national media. Additionally, the materials of the Meetings were published in the IC website. It is noted that written media as well as main TV (Top Media, Klan, etc.) channels made reference quite frequently to the IC documents and its main recommendations. Additionally, the issue of the TIN issuance became one of the main topics of the political campaign in the country.

Click on the following, for more information

[Agenda of the Meeting VI](#)

[PPT Presentation by Head of the Secretariat](#)

[Technical Note on the Well-functioning of the VAT Scheme](#)

[Matrix of Recommendations on the Well-functioning of the VAT Scheme](#)

[Minutes of the IC Meeting V](#)

[Decision of the IC Chair](#)

4.3 MEETING VII – ACCESS TO FINANCE IN AGRIBUSINESS

Organization of the IC Meeting

The Meeting was chaired by Minister Milva Ekonomi, with the special participation of the Minister of Agriculture, Rural Development and Water Management, Mr. Edmond Panariti, Deputy Minister of Finance, Mr. Ervin Mete, as well as business associations and international organisations operating in the agriculture sector. The meeting was attended by 14 IC

members (six government representatives, 3 international partners, and 5 members from the business community).



Picture 9. Investment Council Meeting VII, 29 September 2016

During the meeting, a presentation was delivered on the preliminary findings of a study financed by the European Bank for Reconstruction and Development (EBRD) on capacity gaps in the agribusiness sector in Albania. The objective of the study was to identify gaps and bottlenecks in the sector to inform EBRD regarding its future decisions on the provision of technical assistance and prospective activities.

According to the study, Albanian agriculture and the agribusiness sector have shown further growth tendencies and enhanced efficiency successfully achieving *stabilisation of the trade deficit* but still are some bottlenecks hindering access to finance in the Agribusiness Sector. The expert highlighted the general and unresolved problems affecting the agriculture development in Albania as following:

- extreme defragmentation of production as well as the low capitalisation of the main production;
- incapacity of the consolidators to provide further secure sources of standardised products;
- lack or not enough orientations of the market, thus making it more difficult the assessment of investments;
- limited agriculture services and technical assistance for farmers.



Picture 9. Mr. Luciano Leonetti delivering a presentation during IC Meeting VII

During the meeting, the IC Members discussed on the concrete opportunities for investments and further improvements in specific agribusiness value chains, as well as the barriers and impediments to such investments, with the aim to address them within the institutional framework, through further actions of the Government in consultation with the business community.

Click on the following, for more information:

[Minutes of the Meeting](#)

[PPT Presentation by the expert contracted by EBRD](#)

4.4 MEETING VIII – ON VAT REFUND

The object of the Meeting was to discuss on the performance of the current VAT refund model, considering recent legislative changes by the Government and businesses' experience, especially during 2015-2016.



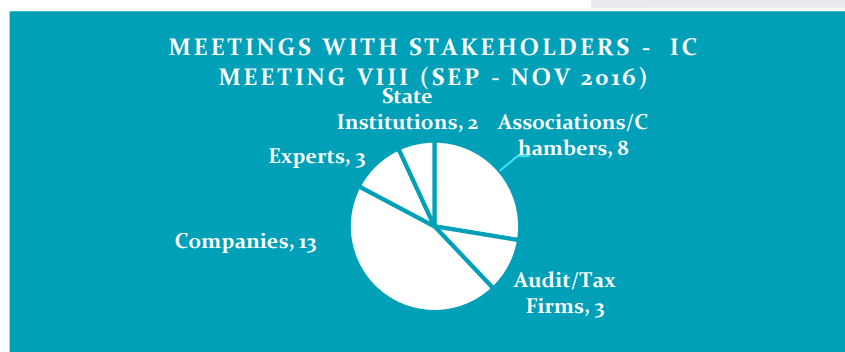
Picture 10. IC Meeting VII “On VAT Refund”, 23 November 2016

Preparatory phase

Non-timely VAT refund has been one of the main concerns raised by the business during 2015, creating difficulties in liquidity for companies in export and investment. The aim was of the analysis provided by the Secretariat was to assess the performance of the current VAT refund model, considering recent legislative changes and businesses' experience, especially during 2015-2016.

Methodology & Consultations

- *Desk research* on the applicable legislation on VAT refund and its dynamic, as well as models set forth in the legislation of some EU countries. This was done to identify qualitative changes adopted for purposes of easing the VAT refund process.
- *Online Survey for VAT taxpayers.* The Survey was filled in anonymously by businesses which shared their actual experience with the tax administration in relation to VAT refund procedure. The Survey contained close and open questions to be answered during September 5 – October 31, 2016. The Survey was advertised also on Facebook, in order to increase its visibility, reaching an audience of about 20,000 people.
- *Individual meetings* were held with the Chambers of Commerce and Industry across the country. In total, held 30 consultation meetings.



Graph 4. Consultation with Stakeholders in the framework of IC Meeting VIII

- *Two Focus groups with businesses (Elbasan) and fiscal experts (Tirana).* Two meetings were held to: one with the business community (12 businesses) in cooperation with the Chamber of Commerce and Industry in Elbasan and a joint meeting with fiscal experts and business associations in Tirana. Consultations with businesses were held in cooperation with the Chamber of Commerce in Gjirokastra, Durrës, Fier, Shkodër, associations and both, independent and administration's fiscal experts.



Picture 11. Focus Group with Businesses in Elbasan, 27 October 2016



Picture 12. Focus Group with Fiscal Experts in Tirana, 7 November 2016



Picture 13. Meeting with businesses at FIAA, 11 November 2016



Picture 14. Meeting with businesses in Gjirokastra, 26 October 2016

Organization of the meeting

The meeting took place on 23 November 2016 in the premises of the Ministry of Economy. Attended the meeting 13 IC members (4 government representatives, 3 international partners, and 6 members from the business community). Special guest in the meeting was Mr. Ervin Mete, Deputy Minister of Finance, who also presented to the attendees the government achievements about the VAT refund.

Almost all business representatives in the meeting agreed that the procedure of VAT refund is simplified and there are improvements in the time frame of refunding, but still the deadlines especially for exporters over 50% are often not met and the tax audit burden remains high.

Approved recommendations

In total, 14 recommendations were elaborated for the government bodies (10 of which as prepared by the Secretariat and 4 as suggested by the members during the Meeting) such as General Directorate of Taxes and Ministry of Finance. The recommendations were grouped in three main pillars:

- 1. Time terms & procedures on VAT refund. Risk system**
 - a) Respect by tax administration of the deadlines set forth in the applicable legal framework.
 - b) Relief of the procedural burden for tax administration and businesses.
 - c) Further simplification of procedures on VAT refund. Real-time exchange of information between institutions.
- 2. Improve Administration –Business Relation**
 - d) An internal Regulation “Rules of procedure for the VAT refund” should be prepared by General Tax Directorate (GTD).
 - e) Improve information offered by GTD through an interactive website (including a helpdesk or hub).
 - f) Businesses need to further build “their capacities” in terms of receiving timely and accurate information regarding any changes that affect the environment they operate in.
 - g) State budget plans should not determine the tax administration’s decision-making for refund delays on recoverable VAT.
 - h) Increase tax administration capacities through continuous and tailored training on specific procedures including the VAT refund.
 - i) Integration and consolidation of the government agencies' services in e-Albania Portal.
- 3. On Investment Climate**
 - j) The reform on anti-informality measures should be improved.
 - k) Increase the number of human resources of tax administration
 - l) If the taxpayer has been subject of a full and deep tax-audit during the last year and not subject to the tax re-assessment, tax administration should consider this fact by proceeding with automatic VAT refund for the taxpayer without any further tax audit.
 - m) Increase fiscal education of taxpayers, aiming to increase their compliance with tax system.

- n) Secretariat to perform periodic assessments i.e. Surveys with businesses on procedures, time terms and issues on VAT refund.

Submission of recommendations

Following official Meeting's Decision by the IC Chair, recommendations along with other related materials (minutes, status of recommendations and technical note) were sent to the Prime Minister's Office as well as to the relevant state authorities targeted by the recommendations such as Ministry of Finance, General Directorate of Taxes, etc. while various main embassies were keep on the loop.

Visibility

The opening of the meeting was followed by media and broadcasted in national Albanian televisions. A press release from the Minister of MEDTTE was issued in the ministry website and shared to the media. Additionally, the materials of the Meetings were published in the IC website. It is noted that written media as well as main TV channels made reference quite frequently to the IC documents and its main recommendations.

Click on the following, for more information:

[Agenda of the IC Meeting No. VIII](#)

[PPT by Legal Expert "Status of Previous IC Recommendations"](#)

[PPT by Head of Secretariat "On VAT Refund"](#)

[Technical Note prepared by the Secretariat "On VAT Refund"](#)

[Matrix of Recommendations "On VAT Refund"](#)

[IC Topics for 2017 presented by Economic Expert](#)

[Minutes of Meeting VIII](#)

[Decision of IC Chair VIII](#)

V. ROTATION OF IC MEMBERS FROM BUSINESS COMMUNITY, 2016-2017

Following IC Meeting of 29 June 2016, as per IC Regulation, it was followed with the rotation of the six IC members from the business community during 2015-2016 with 6 new Members for the upcoming period 2016-2017. The new members were selected by the IC Chair based on a list of businesses/associations proposed by the Secretariat.

Leaving IC Members for Business Community, 2015-2016:

- ☐ Mr. Silvio Pedrazzi, Chairman of Foreign Investors Association in Albania (FIAA) and CEO of Intesa SanPaolo Bank in Albania
- ☐ Mr. Christian Canacaris, Chairman of Association of Banks in Albania and CEO of Raiffeisen Bank in Albania.
- ☐ Mr. Luan Muça, President of Delta Group.
- ☐ Ms. Linda Legisi, President of Omega shpk
- ☐ Mr. Adamantios Frantzis, Managing Director, TITAN – Antea Cement
- ☐ Mr. Nikolin Jaka, Chamber of Commerce and Industry of Tirana

New IC Members for Business Community, 2016-2017:

- ☐ Mr. Shkelqim Bozgo, Country Representative – Trans Adriatic Pipeline AG, Albania
- ☐ Mr. Luan Leka, CEO of EHW GmbH
- ☐ Mr. Samir Mane, President, Balfin Group
- ☐ Mr. Arben Shkodra, Chair of Producers' Association
- ☐ Mr. Luan Bregasi, President of BiznesAlbania Association
- ☐ Mr. Mark Crawford, President of American Chamber of Commerce

During this process, the Secretariat met individually each leaving IC Members to hear their thoughts about their experience in the IC, their suggestions for the improvement of the IC & Secretariat's work as well as suggestions regarding investment climate in the country. For more, please read Annex 1.

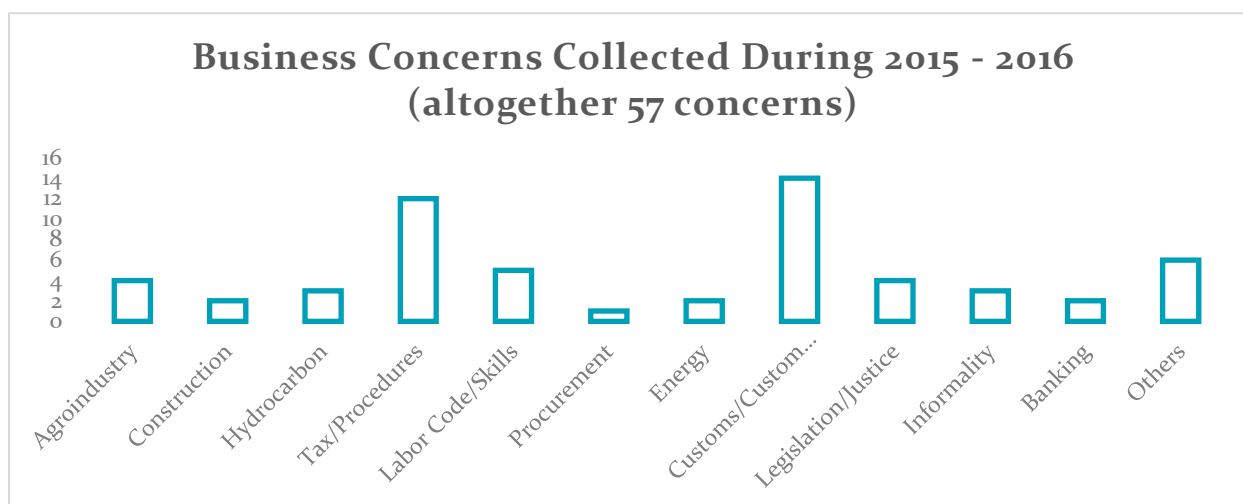
VI. CONCERNS COMING FROM THE BUSINESS

As part of its work, the Secretariat collected and elaborated main concerns arriving from the business regarding investment climate in Albania. In total until the end of December 2016, the Secretariat has identified, gathered and summarized about 57 business concerns, which serves as an “inventory” for elaborating a realistic and sustainable agenda for IC Meetings for 2017.

Many of the business concerns for 2017 relates to the working force skills, tax & customs procedures, unfair competition, energy sector, or specific concerns related to the role of the recommendations of the State Supreme Audit Institution to administration which serves to the business.

It is worthy to mention that business concerns related to sectors such as agroindustry, banking or hydrocarbons have already been analysed and brought under IC attention in previous meetings (i.e. Meeting No.3, Meeting No.5)

Below it is a chart which shows in specifics the data related to the concrete business concerns;



Graph 4. IC Database on Business Concerns aggregated by area/sector, elaborated by the Secretariat during 2015-2016

VII. SPECIAL EVENTS

7.1 PRESENTATION IN THE IV FINANCIAL FORUM OF BANK OF ALBANIA

On 23 June 2016, it was held in Tirana, the IV Financial Forum organised by the Bank of Albania and International Monetary Fund, mainly focused on the revitalization of crediting, to support the sustainable economic growth. In this Forum, the Secretariat of Investment Council was represented by Ms. Diana



Leka, who delivered a presentation on main problematic issues for the business that relates to access to finance as provided by IC surveys and analyses.

Picture 15. Participation in the Albanian Financial Forum IV, 23 June 2016

7.2 EBRD'S PRESIDENT SIR CHAKRABARTI MEETS ALBANIAN BUSINESS COMMUNITY

On 26 July 2016, EBRD's President, Sir Chakrabarti, visited Albania, and met some representatives from the Albanian Business Community, in a round table organised by the Secretariat of the Investment Council. Main debates were focused on taxes, regulatory framework, infrastructure, fiscal policies, fiscal amnesty, fight against informality, frequent changes of public administration, trade deficit, NPLs, etc.



Picture 16. Meeting between EBRD's President and Business Community in Albania, 26 July 2016 (Tirana)

VIII. OTHER

Other important contributions

Study on Trade Facilitation

In line with a request submitted to the Investment Council by an IC business representatives (subsector of construction), and with the approval of the IC Chair, the Secretariat engaged during February – April 2016, a short-term expert to identify opportunities regarding the current potentials of investment in the local construction sector and opportunities for free trade in Arab markets. As of today, the relevant recommendations are included in the work plan of the Trade Committee for 2017 as part of the policy instrument and connectivity.

IC Secretariat Appointed in the Working Group of ‘Single Sector Pipeline’ for Business & Competitiveness Development

Upon Decision of the Minister of Economy, No. 5008, dated 16.06.2016, the IC Secretariat was appointed to be part of the working group, for identifying pipeline projects for business and competitiveness assisted by EU/WBIF/IFICO.

Evaluation about IC work 2015-2016 from its Leaving business members

The Secretariat undertook a series of individual meeting with the six non-permanent IC Members from the Business Community, whose mandate terminated in June 2016. The aim of the meeting was to get feedback on their experience as member of IC as well as suggestions for the improvement of the IC & Secretariat’s work and investment climate topics to be tackled by IC. The questions of the Secretariat focused mainly on the format of the council, approach, impact, visibility and sustainability along with concrete concerns raised for doing business in Albania. A report was prepared with feedback from meetings and shared with the Chair of IC and EBRD HQ.

Secretariat Discusses Investment Climate in Albania with a Delegation of EU Business Associations

On 27 September 2016, the Secretariat hosted a meeting with a group of around 20 European Associations, as part of the study visit on “Economic governance and rule of law – enhancing a conducive business environment and opportunities”, organized in Albania during 26-28 September 2016 by the European Commission’s Directorate-General for Neighborhood Policy and Enlargement Negotiations (DG NEAR).

The focus of discussions was on the current investment climate issues in Albania, investment opportunities and key economic sectors. Members of the delegation had the opportunity to hear about the Investment Council’s role and also ask questions related to specific business concerns, main competitive sectors and potentials for investments in Albania.



Picture 17. Meeting with the Delegation of EU Business Associations, 27 September 2016 (Tirana)

Participation in “Strengthening stability and security through co-operation on good governance”, Prague

On 14-16 September 2016, in Prague (Czech Republic), Secretariat’s Economic Expert, Ms. Ermelinda Xhaja, was invited to participate in sessions related to corporate governance based on integrity systems and responsibility as essential in promoting sound investment climate as well as innovative business and entrepreneurship, start up and SME.

Participation in “A Day on the Albanian Market”, Paris

Business France, in collaboration with AIDA and CCIFA, organized on 20th October 2016, an “One Day on Albanian Market”, in Paris. Purpose of the event was to provide information and promote Albania to the French investors interested in development opportunities in the country. The Secretariat was also invited and represented by Ms. Diana Leka, who learnt about potential investors’ perceptions and interest on Albanian market, as well identify potential areas of work for the IC by focusing as well in the sectors where French investors are interested in. Their main interest in Albania was related to the cost of labour, incentives as well as competitive language skills of the Albanian young generation.

Regional conference: Better Regulation and Competitiveness in Western Balkans – 1-2 December, Serbia

On 1-2 December, in Belgrade (Serbia) – Regional Cooperation Council (RCC), Regional School of Public Administration (ReSPA) & relevant USAID’s Projects held a two-day regional conference on Better Regulation and Competitiveness in the Western Balkans in Belgrade. Topics of the Conference were related to better regulation in the context of EU accession, trends in this area in the European Union and in the Western Balkans, including planning and consultations within governmental institution and highlighting the best practices in the WB. The IC Secretariat was also invited due to the contribution it gave to the final USSAID’s report presented in this event by the Albanian delegation.



Picture 17. Ms. Diana Leka, in the Conference on Better Regulation and Competitiveness in the Western Balkans in Belgrade, 1-2 December 2016 (Belgrade, Serbia)

Participation in the “Anti-corruption Day” Organised by OSCE Presence in Albania

The OSCE Presence in Albania in collaboration with the National Coordinator against Corruption and the European Union Delegation organised a high level forum to mark the International Anti-corruption Day, which took place in Tirana on 9 December. The Secretariat participated in the discussion “Combating Corruption in the Private Sector”, where the Secretariat’s views were related to the importance of engaging the business community in the fight against corruption. During her presentation, Ms. Leka presented some of the findings of IC Analysis & Survey’s Results on The Fight against Informality (October – November 2015) with the participation of 110 businesses, as well as findings on the dispute between Business –Public Administration relations.



Picture 18. Participation of the Secretariat in the Anti-Corruption Day, 9 December 2016

Secretariat as “observer” at the Reforming Committee of GTD

Due to the proactive role that IC Secretariat played in the last months, especially through consistent recommendations on tax administration, the Secretariat was invited by Tax authorities and MoF to participate in the consultation process during the drafting of the new 2017 – 2021 Strategic Plan for GTD, December 2016. Other participants in this committee were IMF, HARVARD & USAID expertise and Prime Minister’s Office.

Secretariat awarded CCI Award 2016 - by CCI Tirana

On 19 December 2016, Tirana Chamber of Commerce and Industry held its annual end-of-the year Dinner Gala, where awards were given to Albanian personalities, leaders, but also to important businesses and entrepreneurships. Attended the event President of Albania, Chair of the Albanian Parliament, and many other celebrities. Albanian Investment Council and its Secretariat were awarded and appreciated for the work provided in 2016:

“CCI Award 2016 - to the Investment Council, and Ms. Leka as its Secretary for the contribution provided in raising the concerns of the business and the standard established in the approach to address these concerns.”

Summary on applicable legislation for construction permits in Albania

As of September 1st, 2016 any application, review and approval on construction permits will be performed exclusively through the electronic platform. Electronic platform enables the realization of one-stop service for construction permits (One Stop Shop). In order to provide some basic information on the procedures and rules applied with this regard, the Secretariat(Legal Expert) of Investment Council has prepared a Summary of the applicable legislation related to the Construction Permits (31 July 2016).

The Summary gives an overview on the main laws, regulations and the basic rules and procedures to be followed by the applicants since from the moment the application is filed, until the decision is taken by the competent authority. It aims to be of help especially for the businesses which have been contacted in the past months by the Secretariat and which were interested to have a picture of the adopted legislation. The Summary was also shared via e-mail with Minister of Economy Ms. Milva Ekonomi and Minister of Urban Development Ms. Eglantina Gjermeni.

Download: [Summary on Applicable Legislation for Construction Permits \(in Albanian\)](#).

Follow up with Ministry of Economy on Transparency of Publication of Public Properties

In the IC Meeting No.5 held on 27th April 2016 and Meeting No.6 held on 29 June 2016, it was recommended that:

“MEDTTE should prepare and make available for potential investors an inventory of buildings-public properties to be used for brownfield investments. This information might be also used by the Municipalities in order for the latter to offer such buildings to investors in agriculture with the purpose of facilitating the establishing of collections and trading points in the areas where these do not exist or their number is limited”.

Based on the above, Secretariat followed up with Minister Ekonomi, who appointed a representative from the MEDTTE and Head of AIDA to discuss the required actions. Accordingly, on September 1st, 2016 Secretariat organised a meeting with the above representative to discuss on:

1. Offer and making available public owned buildings for use by businesses for example public assets as collections and/or trade points;
2. Preparing and making public available for potential investors a consolidated list of buildings- public assets, suitable for brownfield investments.

In October 2016, AIDA published and made transparent in its website the public property profile of assets to be considered by investors (<http://aida.gov.al/pronat/qytete>).

Overview on Albanian Economic Development Indicator

Since 2015, the Secretariat (Ms. Ermelinda Xhaja, Economic Expert) regularly updates and publishing on IC website a standard presentation on the main economic indicators of Albania on semi-annual or annual basis. The document is aimed for those interested in investing in Albania to have some preliminary macroeconomic information in a consolidated format. It includes an overview of the main trends of macroeconomic developments in the country in the recent years as well as a summary of the international reports rankings related to the competitiveness and business climate. Data used in the presentation have been generated from the databases of the official websites of Albania Institute of Statistics, Bank of Albania, World Bank, International Monetary Fund, etc.

Download: [An Overview on Albanian Economic Development Indicators, August 2016](#).

Secretariat Provides Feedback to Various Reports from Government and Non- Public Institutions

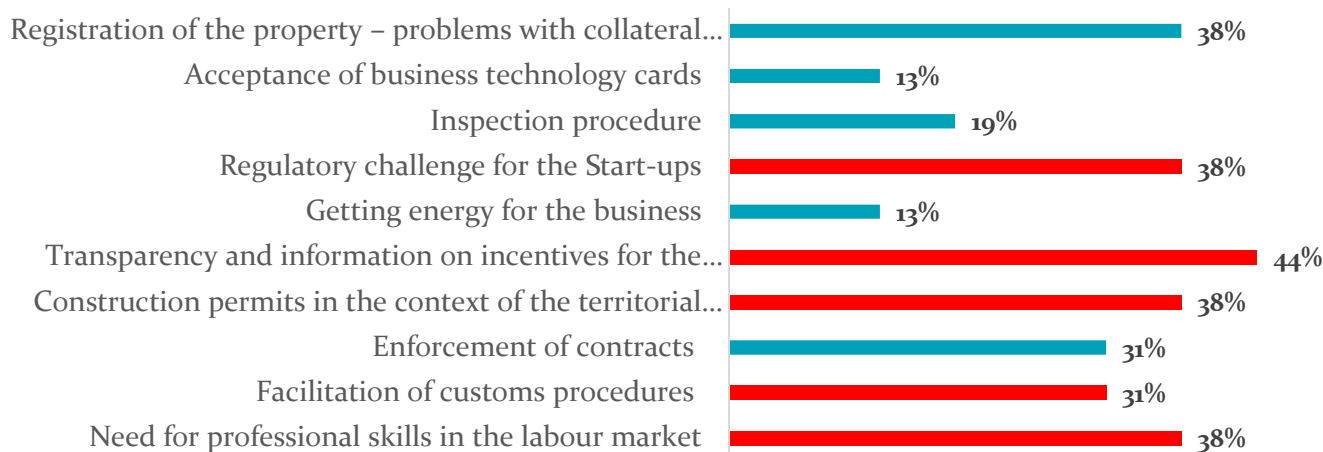
During the reported period the Secretariat has been consulted by the government institutions as well as other non-governmental on some draft documents tackling investments climate. As such, to be highlighted the feedback provided on the following documents:

- Assessment on the current situation and challenges in the area of public – private dialogue, drafted by IP3 with the USAID funds;
- Albanian National Action Plan on CSR 2016 – 2020;
- 2015-16 Monitoring Round of the Global Partnership for Effective Development Co-operation(IC is quoted in the final factsheet on Albania);
- Albania Economic Reform Programme for 2016;
- Tax Administration Strategic Action Plan 2017-2021;
- SME Policy Index: Western Balkans and Turkey 2016

IX. VOTED IC TOPICS FOR 2017

In November 2017, the Secretariat organised online voting of IC Subjects for 2017 by IC Members, proposing a list of 10 topics. Topics were picked from a database of business concerns prepared by the Secretariat, in line with problems pointed out directly by businesses, but also as found by the Surveys, meetings and international reports. Then, the list was sent to the members for voting on five priority topics. The voting results were made available at Meeting VIII (23 November 2016) as shown in the graph below.

It was agreed that the first topic for 2017 (February/March) would be analysing problems related to workforce capacities from a sectorial viewpoint the case of businesses in the Business Processing Outsourcing (BPO), to be elaborated in cooperation with RISI Albania project.



Graph 4: Voted Topics by IC Members for 2017

The other four topics for IC during 2017, as per voting will be:

- **Facilitation of customs procedures** - *Assessment from the businesses on the possibilities for the facilitation of procedures especially for the sector of agro-industry, reference prices, inspection procedures, import of machineries and equipment, etc.*
- **Construction permits in the context of the territorial reform** - *Albania has started the online application from construction permits. It will be observed the application of the system with other public services such as energy, water and registry of property. Meanwhile urbanistic plans have not been approved in all the municipalities causing impediments in the online issuance of permits in some cases.*
- **Transparency and information on incentives for the business** - *Preparation of a list of sectorial incentives has been one of the IC recommendations in the Meeting IV. It will be observed how accessible would be these sectorial incentives to the business and their harmonisation in one single access window.*
- **Regulatory challenge for the Start-ups** - *The Government has designed support programmes for the opening of start-ups, evident main regulatory problems encountered by those who have already benefitted from these schemes.*

X. OPERATIONS OVERVIEW

Little resources while important activities, and producing a great number of documents remained quite challenging for the IC in 2016.

SUBCONTRACTING OF SHORT-TERM EXPERTS

Remains unclear the subcontracting procedure of short-term experts as the Secretariat is not a legal entity with the right to enter into any kind of contractual agreement. Some assistance is required from EBRD procurement office.

INTERNS

In order to cover the high volume of the logistical work, especially during the organisation of the IC meetings, including timely translation and publication, Secretariat has initiated a process of engaging interns. So far, three interns are engaged in supporting our work focusing more in logistics, data entry, public relation, and extraction of survey's data. Based on the positive experience, and including the affirmative feedback from EBRD HQ, the Secretariat intends to open a call for interns which will be displayed under IC web site. This could serve as a base, for any upcoming collaboration opportunities with Universities and think tanks in 2017.

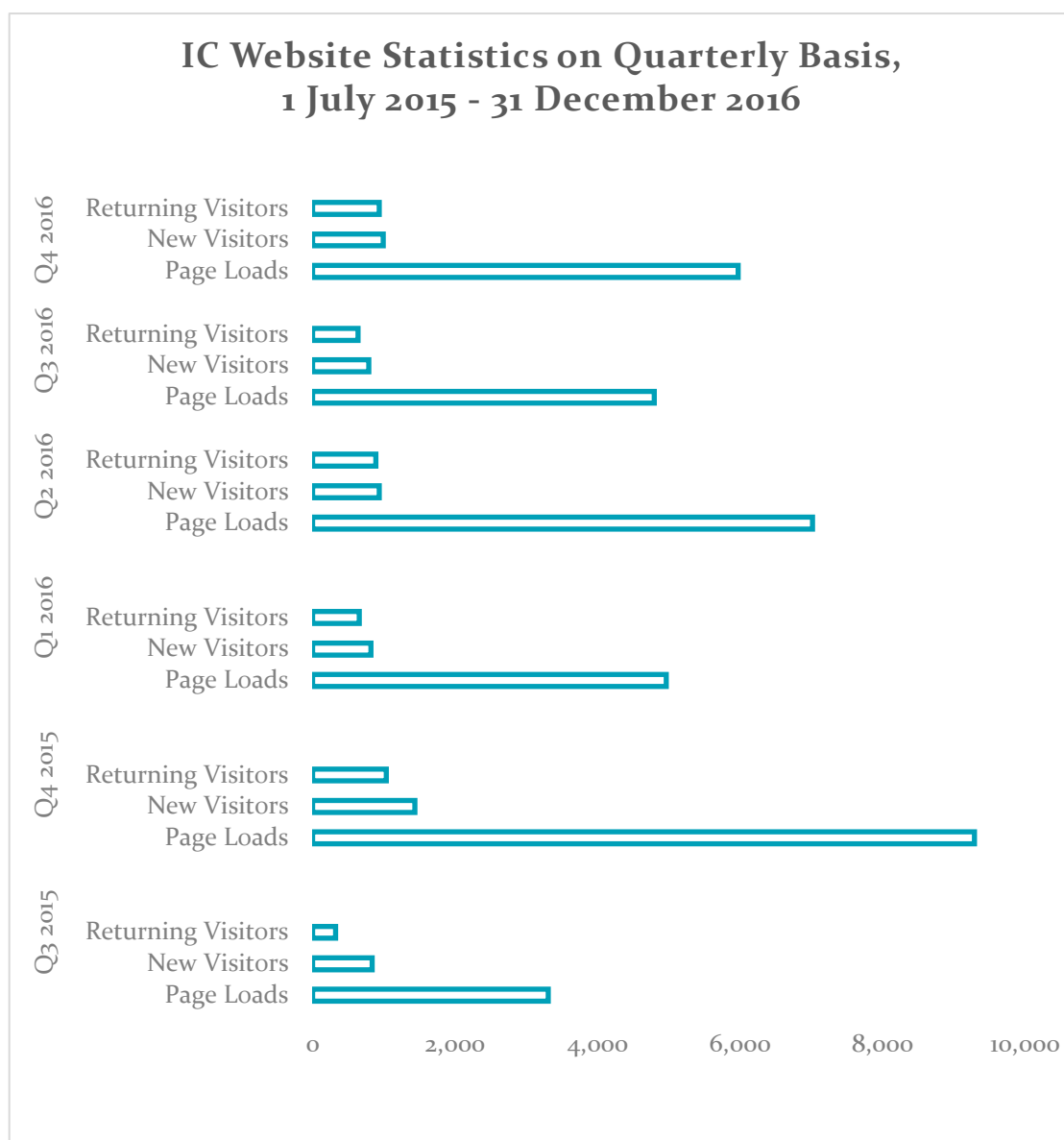
KEY REPORTING MILESTONES

We are working on a more detailed work program for 2017, aiming to identify annual needs, costing and then moving on with procurement and recruitment.

XI. COMMUNICATION AND PUBLICITY

INVESTMENT COUNCIL WEBSITE

The IC Website has been managed by the Secretariat since its launch in July 2015. The website provides essential information about the Investment Council such as IC meetings (agenda, minutes of meeting, PPT presentations, technical notes etc.), press releases after every IC Meeting, IC & Secretariat's activities such as important meetings with stakeholders and focus group meetings, publications in the media, etc.



The main audience of the IC website seems to have been already established, as many institutions and stakeholder often visit the website, especially regarding the IC Meeting's materials. In addition, it is to be noted the improved website SEO.

2015 IC NEWLETTER

The 2015 IC Newsletter was distributed to over 150 stakeholders by mail and post. It had a big outreach and many good comments were received on the content and transparency of the work. The newsletter raised substantially the visibility of the IC, and in the following the Secretariat was invited to meet with important foreign embassies, institutions, etc.



XII. WORK PROGRAMME FOR THE FIRST HALF OF 2017

1. Business Process Outsourcing Sector in Albania – opportunities for more foreign investments and employment.

Finding professional skills at the labour force in Albania - an important element in promoting business.

Action	Aimed Results	Institution/Organization Responsible for Coordination	Other Related Inst./Org.	Proposed Calendar
a) Meetings with stakeholders; b) Technical Note; c) Recommendations for possible regulatory changes as incentives for foreign investors	Outsourcing for foreign investments and employment in Albania. The presentation includes: 1) Global trend of BPOs, 'Value Proposition' and 'Business Case' which Albania offers in this sector; 2) Plan for attracting foreign investors; 3) Identification of business sectorial needs for labour force; 3) Recommendations for potential incentives and enhance competitiveness of labour force.	Ministry of Economic Development, Trade, Tourism and Entrepreneurship; Ministry of Labour and Social Well-fair; National Employment Service; RISI Albania	Albanian Outsourcing Association, Foreign Investors Association in Albania (FIAA)	17-Feb-2017

2. Ease customs procedures from a sectorial point of view

Action	Aimed Results	Institution/Organization Responsible for Coordination	Other Related Inst./Org.	Proposed Calendar
a) Technical Note; b) Concrete Recommendations for Improvement Presentation of Survey results	Assessment from businesses on the opportunities for easing procedures especially in regards to agro-industry sectors, reference prices, inspection procedures, import of machineries and equipment, etc.	Ministry of Economy, Ministry of Finance, Ministry of Agriculture	General Customs Directorate, Business Associations	March-June 2017

3. Inspection Procedure (TBD)

Action	Aimed Results	Institution/Organization, Responsible for Coordination	Other Related Inst./Org.	Proposed Calendar
a) Technical Note; b) Recommendations for legal and institutional improvements	The analysis will aim: 1) Review of current legislation and including policies and procedures also from the point of view of deregulation reform; 2) Assessment of thoughts and concerns of the business on inspections in some sectors; 3) Addressing institutionally the concerns from the business.	Central Inspectorate	Business Associations/Ministry of Economy	March-June 2017

ANNEXES

Annex 1 – Feedback from Leaving IC Members from Business Community, 2015-2016

October 17, 2016

After finishing their mandate as non-permanent IC Members from the Business Community for the period 2015 – 2016, the Secretariat met individually each leaving IC Members to hear their thoughts about their experience in the IC, their suggestions for the improvement of the IC & Secretariat's work as well as suggestions regarding investment climate in the country.



Mr. Silvio Pedrazzi, Chairman of Foreign Investors Association in Albania (FIAA) and CEO of Intesa SanPaolo Bank in Albania



Mr. Christian Canacaris, Chairman of Association of Banks in Albania and CEO of Raiffeisen Bank in Albania.



Mr. Luan Muça, President of Delta Group.



Ms. Linda Legisi, President of Omega shpk.



*Mr. Adamantios Frantzis, Managing Director,
TITAN – Antea Cement*



Mr. Nikolin Jaka, CCI Tirana

Experience being part of the Investment Council

How was your experience as a member of the Investment Council?

- ✚ Positive step for the public – private dialogue in Albania;
- ✚ A platform for dialogue and professional follow-up;
- ✚ Discussions in the meetings based on real situations/cases and technical analysis
- ✚ The most efficient structure in tackling problems. In the quality of the Chair of the Chamber of Commerce and Industry (CCI), as well as a member of the Investment Council, I was satisfied with the preliminary consultation and the way the problems and concerns that the CCI Tirana put forward as a member of the Council were tackled by the Council.

Format of the Council

What do you think on the format and organization of the Investment Council meetings? Do you see IC as the proper format focused on investment climate issues, considering the triangle of members: national institutions; donors and international institutions; businesses and business associations?

- ✚ Format is acceptable and a well-designed platform

- ✚ Potential upgrade to the Prime Minister Office
- ✚ Participation of Foreign Investors Associations from countries with the highest contribution such as Italy, Greece, Austria.
- ✚ The format creates lack of continuity of the debate and information because the rotation procedure interrupts the continuous communication with the members leaving the council. Regarding the raised issues and focus in my judgment, also based on my experience, I think that the Council performed well.

Approach of the Council

Please provide your evaluation regarding the approach used in addressing the subjects tackled by the IC.

- ✚ Providing technical notes and business voice is the right approach;
- ✚ The IC need to focus more on specific issues and concerns as the capacities are limited;
- ✚ Generate debate on business/investors issues related to investment climate;
- ✚ The Government to use IC agenda to discuss its priorities, initiatives and reforms.
- ✚ The Secretariat of IC to remain as technical, unbiased and convey the concerns of the businesses to the government and vice versa. Use of a bottom up approach;
- ✚ Regarding the approach and methodology in tackling the problems, I give my maximal assessment for the objective and professional way in handling all the issues and problems.

Impact of the Council

Do you think that the work of the Investment Council has provided an impact and it has made some difference from similar public - private dialogue formats?

- ✚ IC Recommendations should be endorsed by the Government;
- ✚ Expectations on the IC were higher at the beginning in terms of being an inductive platform to government decisions;
- ✚ There are some results but is still early to assess;
- ✚ More commitment by the Government members in the IC as well as EBRD to further advocate the endorsement of recommendations;
- ✚ IC brought the best model of dialogue in the country.

Suggestions for Improvement

Do you have any suggestions for the improvement of the Secretariat's work as regards to the consultation process, analysis provided, the nature of recommendations, organization of meetings, members voting, the process of monitoring the recommendations, etc.?

- ✚ Monitoring the consideration of IC recommendations;
- ✚ Pay attention to the monitoring of recommendations as well as to the sustainability of the IC members based on the role that an IC Member of public or private interest plays. CCI Tirana as one of the most important institutions in the country, in the protection of private entrepreneurship's interests, should have been a permanent member of this Council.

Visibility

In relation to the visibility of the work of Investment Council do you think it has been made enough known to the business community?

- ✚ The IC work should be more visible especially on the results endorsed by the Government;
- ✚ IC Platform to be used more by the Government when launching initiatives with impact on businesses;
- ✚ The Secretariat to remain a technical body;
- ✚ There is still room for the entrepreneurship to be informed regarding the work and role of the Council.

Areas to Focus

- ✚ Working force skills
- ✚ Attraction of FDIs
- ✚ Energy sector
- ✚ Unfair competition
- ✚ Exports related sectors such as BPO, manufacturing, etc.
- ✚ Permits
- ✚ Tax Issues

Sustainability

Do you see the Investment Council as a self-sustainable and long-term platform? Do you think that the business should contribute in such initiatives?

- ✚ Platform needed for the country in a long term;
- ✚ Although a consultative body, it will help in structuring the debate, opinions and analysis;
- ✚ To be considered in the future, paying a membership fee by the businesses for continuing this platform.

- ✚ The number of endorsed recommendations and actions proposed will determine the sustainability of the initiative.

On Investment Climate

How do you see your collaboration in the future with the Investment Council and its Secretariat? Any suggestions for the topics to be tackled in the future by the Investment Council?

- ✚ Implementation of justice reform
- ✚ Capacities and education of fiscal administration
- ✚ Education of farmers to cooperate together
- ✚ Getting energy and private investments in energy sector
- ✚ Investments products for potential investors
- ✚ Labour market not meeting the needs of businesses
- ✚ Implementation of construction permits legislation