IC | Albania Investment Council

Improving Transparency and Investment Climate

ACTIVITY REPORT 2019

ENABLING EFFECTIVE DIALOGUE THROUGH ACTIVE ENGAGEMENT OF STAKEHOLDERS

Contents

CHAIR OF INVESTMENT COUNCIL

"Platforms of communication with stakeholders, such as the Investment Council are efficient tools with an influence on policymaking and economic development."

Anila Denaj, Minister of Finance and Economy, 15 November 2019

Objectives for 2019

Maintain **established trust among** stakeholders on the effectiveness of the platform

Remain an **effective reform tool**

Advocate for resolving business impediments through inclusive recommen-dations

Increase **stakeholder engagement** and ownership

Improve the **monitoring process** on the implementation status of IC recommen-dations

Influence on lowering **adminis-trative burden** and compliance cost for the business

Speed up reforms by **proposing interventions** to facilitate the implementation of IC recommen-dations

Prepare **inclusive IC agenda** through careful voting and consultation process to structure policy dialogue & tackling new priority areas

Timely and **transparent publication** of IC materials **Increase visibility** about IC work and activities.

Increase visibility about IC work and activities.

Investment Council is supported by the Ministry of Finance and Economy, the EBRD and the Swiss State Secretariat for Economic Affairs (SECO).

The Investment Council (IC) facilitates the development of mutual trust between the business community and government in Albania and contributes to an incremental institutionalization of effective policy dialogue.

It contributes to the national reform and economic transition process by enhancing institutions, laws and policies that promote market functioning and efficiency.

IC is chaired by the minister responsible for the economy and is composed by representatives from Government, private sector and partners for development.

Introduction

This report presents an overview of the main activities performed by the Investment Council (IC) as well as the results of its respective work in tackling various investment climate issues of high interest to the government and private sector, bringing forward new unexplored areas of intervention by the IC. Having consolidated its position as a structured platform, the IC was chosen by the Government to discuss and consult important policy decisions with the business community, beyond the established agenda of the Council, while the Secretariat was trusted for professional briefings beyond the topics discussed in the IC meetings.

During 2019, the IC membership went through some important alternations. In January 2019, due to the changes in the government's composition, Ms Anila Denaj, was appointed as the new Minister of Finance and Economy, becoming new IC Chair. The IC underwent other major changes in its membership, concluding the year with **17** members in its composition:

5 representatives from the Government *(including for the first time the Minister of State for Protection of Entrepreneurship)*,

3 development partners,

3 business members with permanent status *(for the first time with such status upon business request),*

4 business members with a two-year mandate *(status changed from previously 1-year mandate to 2-year mandate—to ensure adequate relevance and continuity of the discussions),*

2 ad-hoc companies per each meeting *(with high relevance to the subject being tackled)* could be part of the IC table.

In addition, as per the new government decree issued in May 2019, the IC reduced the annual frequency of plenary meetings to 4.

In line with its main objective on building trust among main stakeholders and institutionalising the policy dialogue on the investment climate in the country, the **work of the Secretariat was based on the following pillars**:

» **Analysing imminent investment climate issues** – based on countrywide consultations, desk research, technical meetings, surveys, etc.

» **Enabling conditions for a structured dialogue** – through careful selection of public and private sector representation for constructive and engaging discussions, as well as ensuring inclusive IC agenda setting;

» **Advocating for undertaking policy actions -** by elaborating priority actions/recommendations to support necessary policy improvements related to investment climate, and diligently monitoring the implementation of these recommendations and follow up with the relevant authorities.

In line with the above pillars, **main activities and deliverables** during the reported period are:

» **4 IC meetings**

» **3 focus groups meetings and 5 roundtables** with businesses in Tirana, Korça, Elbasan

» **3 technical notes** for the IC meetings and **2 briefing notes** requested by the IC Chair

» **80 direct interviews** with various stakeholders *(out of which 48 with business community members and 28 government representatives)*

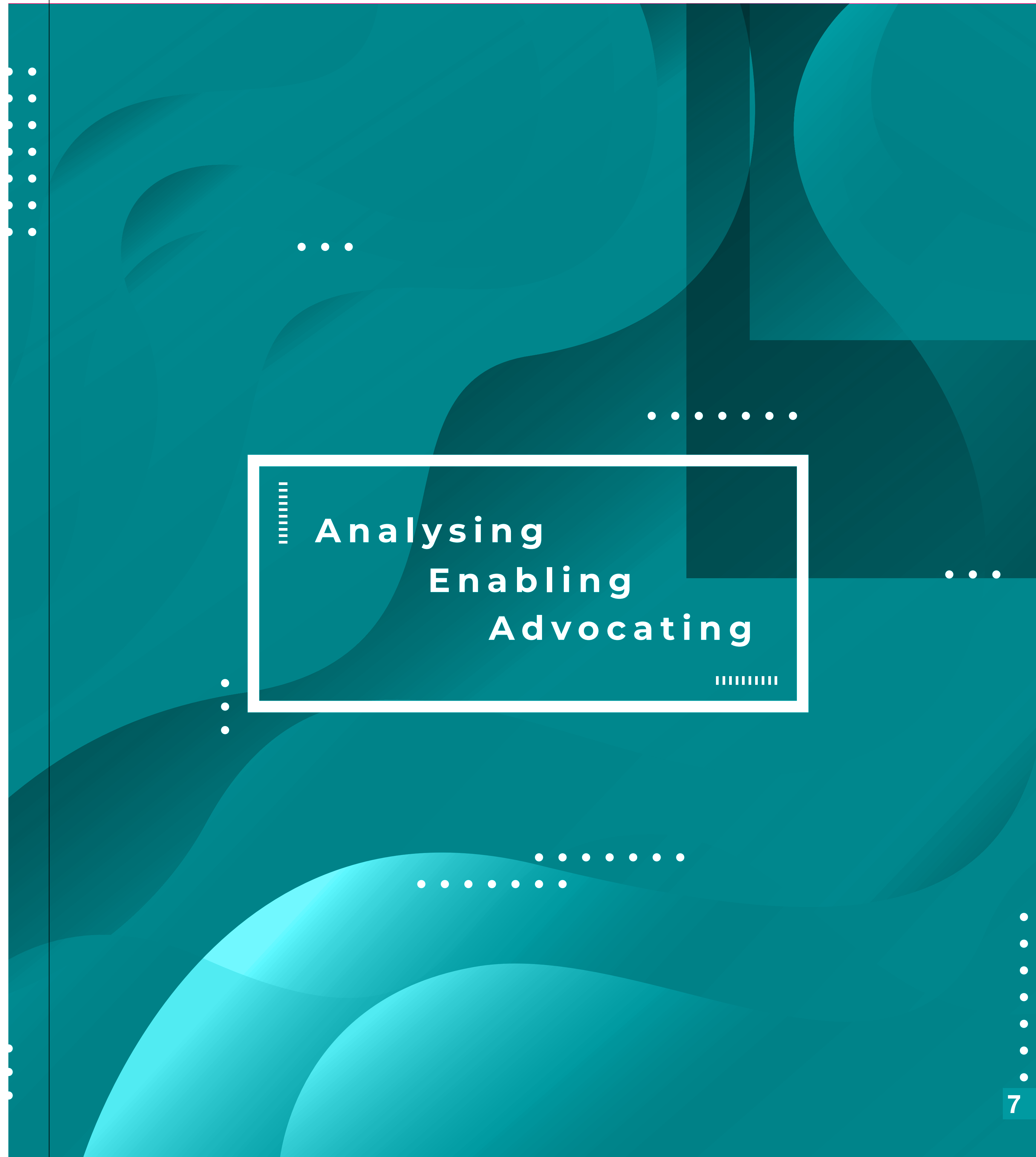
» **First monitoring report** on the implementation of IC recommendations from 2015-2019.

» Collaboration with at least **20 business associations** (local & foreign) during the consultation of legal and economic-related issues.

» **Consolidation of cooperation with the National Economic Council** (NEC) by creating synergies when addressing investment climate issues.

IC Members acknowledge the IC platform as the most structured advisory body in the country for conveying true messages on investment climate issues. Impact measurement remains difficult, but sharing messages is very important

All information in this document reflects the activities for the reporting period only.



Timeline
of main activities during 2019

January

Meeting XV
On Inspections
29 January 2019

February

March

April

Roundtable
on VAT
Reimbursement

May

Meeting XVI
Legal Security on Property
30 May 2019

June

Roundtable
On Consultation
of Unified
Investment Law

July

IC Survey
On Investment
Climate

August

Meeting XVII
Consultation of
New Draft Law
on Fiscalization
29 August 2019

September

October

Meeting XVIII
On Investment Potentials
and Priority Sectors
15 October 2019

November

December

Regional Meetings
With Local
Municipalities,
Chambers of Commerce

Investment Climate

According to INSTAT, the Albanian economy grew with 2.9% during January – September 2019, marking a slowdown in growth rates after the increasing trend started in 2013. Despite lower growth rates, employment, wages, and FDI inflows have increased. According to recent data from INSTAT, the unemployment rate fell to 11.4% in the third quarter of 2019, from 12.2% in the third quarter of 2018, while the average wage marked an annual increase of 3.7% during the same period. According to Bank of Albania, FDI flows, during January - September 2019 reached 810 Mln EURO, with an annual increase of 7%.

According to the EBRD's Albania Country Strategy (2020-2025), to speed up convergence to EU income levels, Albania needs to increase productivity, shifting the growth model away from consumption to investments and exports, especially in view of unfavourable demographic developments, both in terms of emigration and rapid urbanization in Tirana. Improved business climate is needed to support diversification and attraction of FDI, particularly in sectors like tourism, manufacturing, and agribusiness to enable sustainable economic growth.

Several initiatives were taken by the Government in its continuous efforts since 2015 to address informality in the economy and boost investment climate.

In 2019, MFE launched for consultation a new initiative on fiscalization which aims at establishing a new system of invoicing and monitoring of transactions carried out by the business in the country. The draft law "On Invoices and The System for Monitoring Transactions" was subject to a wide consultation through round tables including a dedicated IC meeting. The main purpose of this draft law is to reduce the level of informality in the economy, by fighting unfair competition and increasing the efficiency of tax administration. The draft-law was finally approved by the Albanian Assembly with a new deadline on the start day of the fiscalization process in Albania, September 1st, 2020, thus endorsing businesses scepticism on the readiness of the technical solutions to be implemented earlier.

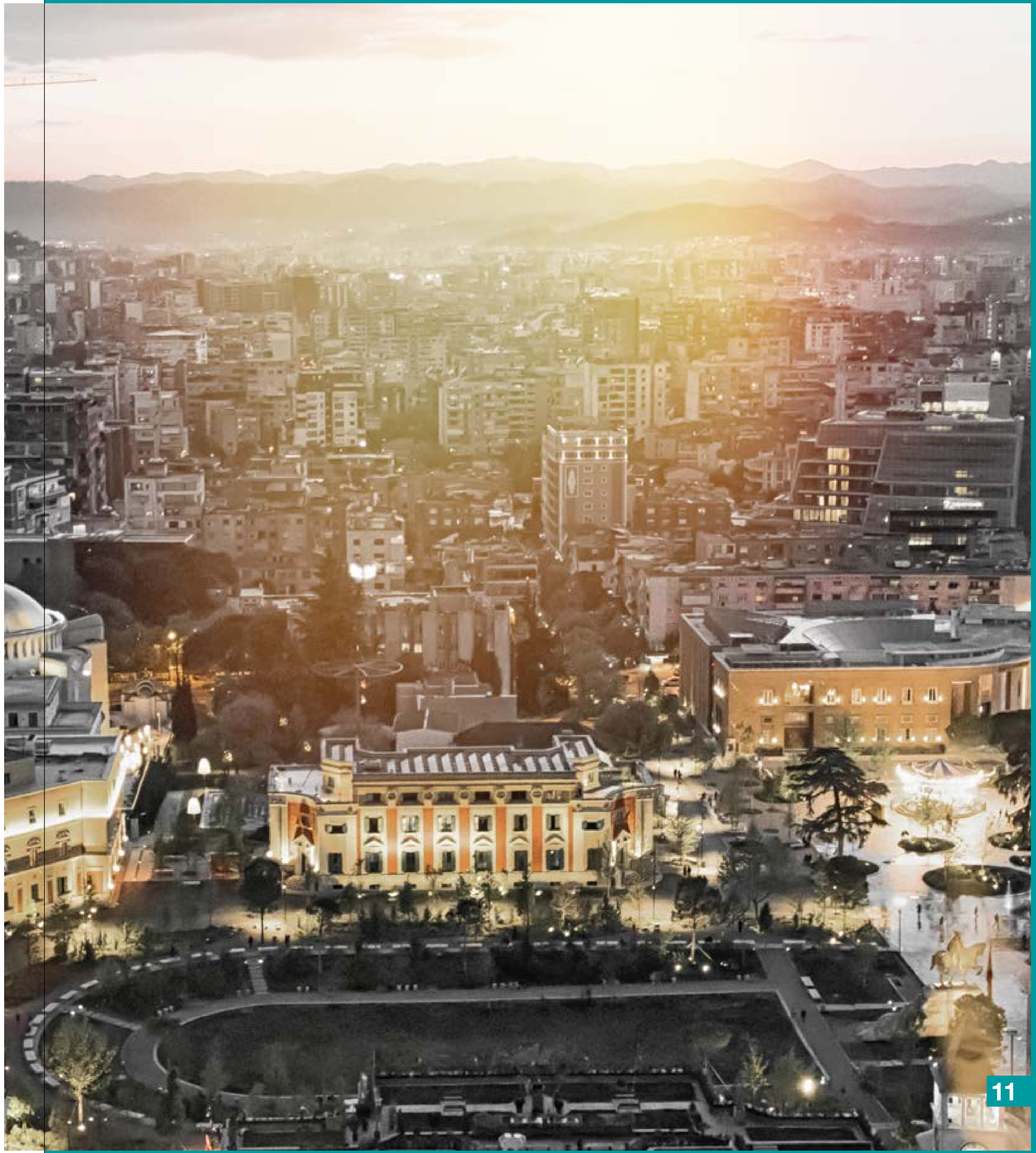
annual increase of 3.7%

Despite lower growth rates, employment, wages, and FDI inflows have increased.

Law 71/2019 "On Albanian Investments Corporation" was finally approved and published in the official gazette after being vetoed by the President. The purpose of the law is to promote economic development through investment projects at the central, local and regional level, by making use of state properties more efficient and by mobilizing state and/or private capital.

Corruption perception remains still high while Albania lost 7 positions comparing to 2018 (TI Corruption Perceptions Index 2019) ranking in the 106th position from 180 countries included in the report. Additionally, there are a lot of improvements to be done in the frame of doing business indicators (WB Doing Business Index 2020).

Finally, the EU Commission gave a positive opinion as regards to the opening of accession negotiations by reemphasizing the same positive opinion given earlier in 2018 for Albania, underlining milestone achievements of the Judicial Reform.



Plenary Meetings

How improvement of inspections would reduce the administrative burden to the businesses?

Business inspections are key mechanisms for the practical implementation of laws in the country. If implemented well, they are expected to reduce the "administrative burden" to the businesses, boost exports and job creation, and offer other benefits deriving from the establishing of the rule of law.
The main objective of the IC discussions was to analyse issues related to and impact of business inspections as important means in formalizing the economy, guaranteeing equal rules in the market, and protecting fair competition as well as consumers and the environment.

MAIN RECOMMENDATIONS

- Preparation of a detailed matrix with all the inspection functions, highlighting overlapping therein, as an initial stage of drafting a concrete timeline plan, clear methodologies in relation to revision of the sectoral legal framework by the line ministries, in cooperation with Central Inspectorate and State Inspectorates.
- Full inventory of the legal and regulatory inspection framework and its easy access to all stakeholders to improve the efficiency of inspections.
- Free legal and in-distance assistance for inspection entities by inspection bodies through the preparation of simple manuals for specific sections, according to the typologies of inspection and business characteristics.
- Preparation/updating of risk methodologies to increase the efficiency of inspections and reduce the burden on businesses.
- The preparation/improvement and disclosure of the methodologies applied by inspectors for the establishment of appropriate and proportionate administrative measures, as a means of limiting arbitrary and selective decisions.

» **Has** the e-inspection portal increased the transparency of the inspectorates?

» **Is** the online inspection adequately implemented in practice by all the inspectorates?

» **Do** businesses have a good understanding of the administrative appeal mechanisms?

> Secretariat's analysis conveys clearly the message that formalisation, fair competition, inspections, but also institutional coordination and interaction are equally important links of the chain that defines properly the investment climate.

Edmond Spahiu, Albstar shpk, 29 January 2019

Why property-related issues remain so problematic in Albania?

The situation with property rights remains challenging in the country with numerous problems, ranging from inaccuracies and lack of initial registration of land and property rights and successive institutional failures to the high level of corruption.
A coherent, non-fragmented approach for addressing property-related issues is considered crucial for the well-functioning of the market and it is a prerequisite for investment promotion. Any progress in this area increases legal security for investors, enhances transparency, good governance, and the fight against corruption.

» **What** is the government's current vision and level of political will for resolving property registration issues?

» **What** does the business suggest for the prioritisation of interventions?

Lack of legal security on the property has affected the development of the agricultural sector due to the fragmentation of the land, whereas it has penalised the tourism sector due to the lack of large-scale investments. Property issues have driven fraud in the real estate market and have sparked social conflicts thus affecting the individuals, the business as well as the state itself.

MAIN RECOMMENDATIONS

- Drafting of an action plan specifying the activities/deadlines/costs/responsibilities/indicators for monitoring, interventions at all levels for the consolidation of the property registry and its digitalization
- Drafting of a priority list of state property registration (part of the proposed action plan).
- Digital Cadastre for state properties to be online and with free access for the general public.
- Establish a working group among municipalities in relation to the progress made on the transferring, mapping, and full registration of their properties.
- A modern vision for a new standard on the registration of property which takes into account private sector priority interventions.
- Monitoring the progress of property reform-developing instruments for the monitoring, publication of monitoring reports.
- Public Consultation with parties and interest groups on the Draft Law "On the Finalization of Transitory Processes on Property".

> Two aspects would deserve particular focus: i) making sure resources are available to provide the support and guidance business will need, ii) target a fair cost-benefit balance for the business as well.

Matteo Colangeli, EBRD, 29 August 2019

Is the country ready for a new fiscalization system?

The draft Law "On Invoices and the System for Monitoring Transactions" (July 2019) brings some novelties in the fiscal system, such as the creation of a register of taxpayers issuing invoices and real-time control of the content of invoices and monitoring disbursement status (cash or non-cash).

» **What** are the costs for the business?

» **Are** all technical elements in place to ensure seamless functioning?

MAIN SUGGESTIONS

- Allowing for adequate deadlines and stages, and some flexibility in the implementation timelines;
- Sharing details in determining the cost-benefit analysis for both public administration and businesses;
- Education campaign to encourage people to conduct online transactions and use credit cards, with a focus on the positive outcomes that derive from the implementation of this law;
- Extensive consultation with stakeholders is particularly important given the breadth of the changes envisaged;
- Ensure resources are available to provide the support and guidance businesses will need;
- The fiscalization process should start with the public procurement transactions (B2G transactions), continue with large businesses (B2B segment) and then medium and small ones (B2C segment);
- The instructions to follow this law should be consulted with the business, to properly clarify the implementation part of this law;
- Start as a pilot project for a given sector of the economy and in a specific important city;
- The interaction between this draft law with other laws, such as the Law 'On VAT' and the Law 'On Tax Procedures,' needs to be better studied, to avoid ambiguities or additional interventions.





How to stimulate the debate on economic development options? Energy, Tourism, Agro-processing, Digitalization —*proposed as priority sectors.*

From the desk research work and consultations with the CEOs of 17 (local & foreign) companies operating in Albania, the Secretariat observed that the factors that need improvement in the framework of improving investment climate in the country were:

- Lack of consistency of maintaining the necessary focus on policies as per the declared vision of the decision-makers;
- Lack of data or even impact assessments of strategies such as those on Business Development and Investment Strategy;
- Challenges faced with the availability and quality of workforce vis-à-vis market demands;
- Access to land issues are significant impediments for attracting investments in strategic sectors;
- Difficulties in materializing the approved legislation into concrete measures and activities.

» **Is it** the right moment to discuss whether the Albanian economy needs a new model of development? Some of the most important strategies for economic development are coming to an end, what should we do next?

» **Do** we need a strategy for attracting foreign capital into the country in the priority sectors?

» **Is** there a need for re-prioritization considering the country's positioning in the regional, European and wider markets?

MAIN RECOMMENDATIONS

- SME support should be the main focus of the sustainable development model and policies.
- The Government should make more clarity on its vision on priority issues (at the central and local level).
- Consolidation and depoliticization of institutions in coherence with priority sectors to ensure "institutional memory" and achieve sustainable development potential.
- Establishment of a central policy-making institution/ platform to enable cross-sectoral coordination and to push forward the digital agenda, research and development, as well as capacity building toward business sophistication.
- Incentive policies on vocational education with a focus on IT and digital skills.
- Government to enable the leasing of state-owned buildings to support the creation of training centres to re-dimension the workforce skills as per market requirements.

> "AmCham expresses readiness to be part of a working group through the IC or MFE and contribute to the materialization of relevant ideas in a potential strategy to make Albania competitive in the region."

Enio Jaço, AmCham, 15 October 2019

Round tables

Round table on VAT Reimbursement Procedures - what can be further improved?

As relates to the anti-informality fight, companies said that the compliant business is the best ally to the government. They requested the creation of a working group, perhaps through the IC Secretariat or MFE, to raise issues in a structured way as per sector specifics.

OUTPUT

Increased awareness and understanding by the SMEs on the new VAT reimbursement strategy from MFE.

MAIN BUSINESS SUGGESTIONS

- Fundamental prerequisite – timely VAT reimbursement to avoid bottlenecks within the companies in the execution of other payments;
- For the fason sector to be considered compensation with the tax on personal income and compensation with social insurance in case of delays in the VAT reimbursement;
- Economic impact due to the depreciation of euro currency;
- Industry of aromatic and medicinal plants to be re-included in the national and international financing schemes (such as IPARD Like, IPARD 2, Agriculture and Rural Development Agency);
- Some options on the stipend taxation and level in the sector; more subsidies from the state, etc.;
- Other non-fiscal issues, such as payments for additional tariffs (staff training, environmental permit, drinking water testing, electric system, etc.).

Round table on the Consultation of the draft Unified Investment Law

The discussion was held in general terms on the principles of this draft Unified Investment Law (UIL) but also at the technical level. Most of the participants were in favour of a better clarification of procedures by the law itself in order to leave less room for their definition through respective by-laws.

OUTPUT

Structured dialogue based on preliminary written comments by the business to the working group & the Government with concrete recommen-dations.

MAIN SUGGESTIONS

- A better definition of the proposed draft law;
- Preparation of a comprehensive law with a full package of by-laws; clear drafting of legal provisions, particularly those related to incentives, strategic sectors;
- Minimum treatment standards and investor grievance mechanism;
- More attention with the expropriations of properties for the sake of strategic investments;
- Careful with the prevailing of other sectorial laws;
- Careful with the monitoring of strategic investments.

Fulfilled recommen-dations during 2019

34 fulfilled recommendations in various areas of intervention

REFORMS CONTINUITY

Inspection reform progressed toward the unification of administrative practices on inspection at the central and local level. Furthermore, verification lists were produced for all State inspectorates.

Setting of the relevant ***policy goals in the tourism sector*** through approval of the "National Strategy for Sustainable Tourism Development 2019 – 2023" that paves the way toward the formalization and the sustainable development of this sector.

Fight against Informality: A new decision taken by the Council of the Ministers to enforce formalization of the tourism structures. The Ministry of Finance and Economy presented a mobile app, "Stop Informality" used from around 13,800 registered users that were made aware of their impact in the fight against informality.

Deregulation reform had a positive development this year, through the simplification of procedures from General Directorate of Customs with the implementation of the "Paperless Customs" procedure which affects 93% of all the entities operating with the custom. Moreover, it was noted an increase in the number of applications and certifications issued totally online from the General Tax Directorate – 12 types of documents used by around 90,000 users.

FISCAL INCENTIVES

Legal changes leading to simplification of the ***VAT compensation scheme*** for agricultural producers and VAT rate reduced from 20% in 6% for this category. Moreover, the suppliers of agricultural inputs (such as fertilizers, pesticides, seeds, seedlings, etc.), became VAT exempt since January 2019.

SKILLS AND INNOVATION SUPPORT

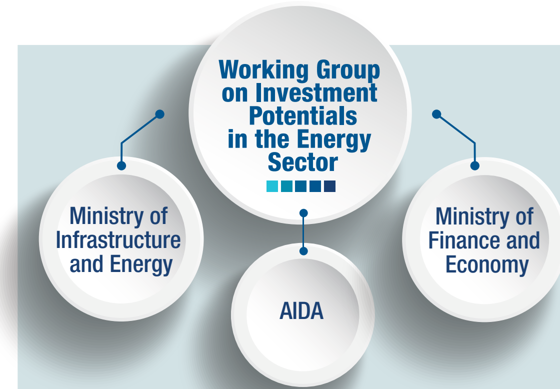
Quality of skills – During 2019, most of IC Chair public interventions, followed by relevant government/MFE actions were focused on the partnership university-government-business, as a priority for investments in the country. These interventions consist of support to innovation hub and tech hub through the setup of new instruments (work - fairs at universities with the cooperation of chambers of commerce, support and employment for students of excellence, career offices through an increased collaboration of universities with businesses).

HUMAN RESOURCES CAPACITY BUILDING

Capacity building at the Tax administration and helpdesk for taxpayers' education on tax procedures and requirements

New Working Groups to Follow up IC Recommendations and Discussions

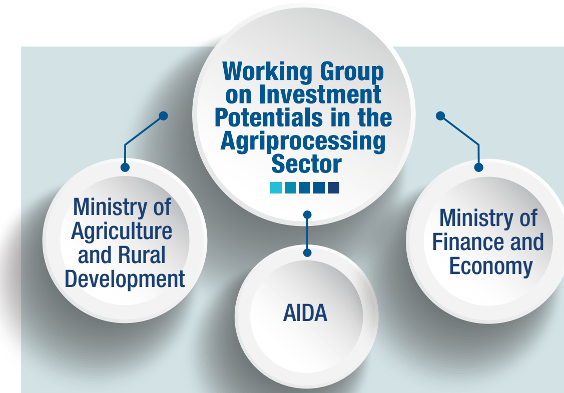
Four important recommendations delivered by IC in 2019 have already been accepted and implemented by the Government, such as setting up and formalising three working group with participation from various Ministries and governmental institutions, as a direct follow up of the IC recommendations on the development of specific sectors considered with high potential for generating new investments and growth.

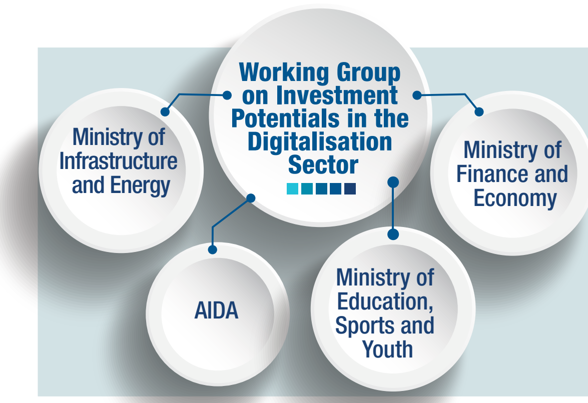


MAIN OBJECTIVE: Discussion on concrete measures to be followed for achieving the objectives of the 2018-2030 Energy Strategy and the 2019–2020 National Consolidated Action Plan for Renewable Energy Sources in terms of promoting and supporting sustainable investment in the country.
OTHER OBJECTIVES: Discussion of IC recommendations "On investment potentials and priority sectors" (4 October 2019)

MAIN OBJECTIVE: Propose a coordinated work plan with all involved parties with the ultimate goal of creating favorable conditions for sustainable investment in the agro-processing sector.

OTHER OBJECTIVES: Discussion of IC recommendations "On investment potentials and priority sectors" (4 October 2019)





MAIN OBJECTIVE: Evaluate and propose a coordinated work plan with all parties involved with the ultimate goal of stimulating the digital agenda and creating favorable conditions for investment in the sector.

OTHER OBJECTIVES: Discussion of IC recommendations "On investment potentials and priority sectors" (4 October 2019)

Documents

Click on the document title to download.

JANUARY 2019

- 2018 IC Recommendations
- IC Meeting XV - Agenda
- IC Meeting XV - PPT Presentation 'On Inspections'
- IC Meeting XV - Technical Note 'On Inspections'
- IC Meeting XV - Matrix of Recommendations
- IC Meeting XV - Minutes

APRIL 2019

- Minutes - Round table "On VAT Reimbursement" (Albanian)

MAY 2019

- IC Meeting XVI - Agenda
- IC Meeting XVI - PPT Presentation 'On Investments and Legal Security on Property'
- IC Meeting XVI - Technical Note 'On Investments and Legal Security on Property'
- IC Meeting XVI - Matrix of Recommendations
- IC Meeting XVI – Minutes

JUNE 2019

- Summary of comments in the round table on the consultation of draft unified law

AUGUST 2019

- IC Meeting XVII - Agenda
- IC Meeting XVII – Executive Summary
- IC Meeting XVII – Minutes

OCTOBER 2019

- IC Meeting XVIII - Agenda
- IC Meeting XVIII – Discussion Paper "On Investment Potentials and Priority Sectors"
- IC Meeting XVIII – Matrix of Recommendations
- IC Meeting XVIII – PPT Presentation "On Investment Potentials and Priority Sectors"
- IC Meeting XVIII – Minutes

PUBLICATIONS

- 2018 IC Newsletter
- 2018 IC Activity Report
- 2018 IC Survey Findings 'On Some Aspects of the Investment Climate'
- 2019 IC Survey Findings 'On the Investment Climate'
- 2019 IC Survey Findings 'On the Interaction between Business and Municipalities'
- Albania, Economic Outlook Indicators, January-June 2019
- 2019 IC Monitoring Report
- 2019 Feedback from IC Members
- 2019 IC Facts and Figures
- Comparative matrix on investment incentives in Western Balkans (2019)

Communication and visibility

Being a tripartite public-private dialogue platform, the IC has attracted audiences from the government, business community, and development partners. When asked about IC visibility and influence, the IC members acknowledged its influence in the increase of transparency and consultation dialogue in the country. Compared to 2018, the IC notably increased its online visibility during 2019, as shown in the figures below.

IC WEBSITE

» Increase of 59% in website users vs. 2018
» Increase of 48% in page views vs. 2018
» 680 subscribers
» 9 information campaigns (upon publishing of news on the website) with an average opening rate of 37%.

SOCIAL MEDIA

» Active in 3 platforms: Facebook, Twitter, LinkedIn
» Total number of followers: 1,140

INTERVIEWS IN THE MEDIA

Interview of Head of Secretariat on Albanian Business Magazine "*IC Efforts on Improving Policy Dialogue on Country's Investment Climate: Main Challenges and Key Priorities*"

Events and other networking activities

The Secretariat established and maintained contact with a high number of stakeholders, spreading also awareness about IC work and achievements outside the capital.

IC acknowledged as a valuable supporter for the improvement of business conditions by other partners

Helvetas/Risi Albania, IFC, central government institutions, local municipalities, etc. have occasionally informed their audiences on mutual activities held with the IC, increasing thus the base of the IC audience.

IC technical documents becoming reference source by economic researchers

Technical materials produced by the Secretariat are being noted by various research institutions and mentioned in their respective papers.

PRESS RELEASES

- IC Meeting XV 'On Inspections'
- Round table on VAT Reimbursement Strategy and Informality
- Focus Group 'On Investment Promotion and Legal Security on Property'
- IC Meeting XVI 'On Investment Promotion and Legal Security on Property'
- On Draft Unified Investment Law, Consultation with Business Stakeholders
- IC Meeting XVII 'Consultation of the draft Law on Fiscalisation'
- Are businesses consulted on New Taxes and Tariffs imposed by municipalities? What is their view on the balance between local services and tariff payments?
- Focus Group "On investment promotion and sources of economic growth"
- IC Meeting XVIII 'On Investment Potentials and Priority Sectors'

All information related to IC activities and achievements is transparently published on the IC website in two languages: Albanian and English.

Stakeholder Engagement

The **engagement of private sector stakeholders** was achieved through participation:

- in the consultation of legal changes related to investment climate,
- in the IC online survey,
- in the consultation and validation of findings and recommendations, etc.

The collaboration was further strengthened with the main business associations through the organization of specific sector-based consultation meetings with their members or with the collection of written comments (e.g. FIAA, AmCham, Confindustria Albania, DIHA, CCI Albania etc.).

While the **engagement of public sector stakeholders** was achieved in the form of:

- co-organization of round tables with the business community,
- participation of government ministers/deputy-ministers/heads of institutions (non IC members) in the discussions of IC plenary meetings (e.g. Minister of Energy, Deputy Minister of Tourism, Deputy Minister of Agriculture, Head of State Agency of Cadastre),
- consultation of findings and recommendations during preparatory consultation phases,
- reporting implementation status of IC recommendations, etc.

For the first time, the newly-established working groups (December 2019) include representatives of academia, representatives of other line ministries such as Ministry of Infrastructure and Energy, Ministry of Education and Sports, Ministry of Agriculture, etc., which is expected to increase the scope of IC work and impact

Other

Advocating and Awareness-Raising

STRENGTHENED COLLABORATION WITH FOREIGN ATTACHES IN ALBANIA
This year, the IC strengthened its collaboration with foreign attaches (from Italian Embassy, Greek Embassy, Hungarian Embassy, UK Embassy, French Embassy, etc.), especially as relates to the draft unified investment law and promotion of investments in the country.

INTRODUCING IC ROLE & INFLUENCE IN THE COUNTRY'S GOOD GOVERNANCE TO NEW MEMBERS
Upon nomination of new IC business members 2019-2021, the Secretariat held introductory meetings to ensure the engagement and commitment of the new business members in the upcoming IC plenary meetings.

NETWORKING AND ADVOCATING WITH VARIOUS IC STAKEHOLDERS
During 2019, the Secretariat participated and contributed to several conferences and technical meetings to advocate and urge follow up on IC recommendations, as well as raise awareness on various business impediments reported to the Secretariat during numerous consultations.

2019 IC Survey on **Investment Climate**

Surveys are valid tools for bottom-up engagement of the business, already part of IC work methodology since 2015.
2019 IC Survey was conducted in the form of a structured questionnaire prepared by the Secretariat and completed online randomly by 300 companies in all 12 counties of Albania.
The objective of the survey was to encourage inclusive and evidence-based dialogue on business concerns related to investment climate:

» **Tax Inspection, Transparency, and Communication with Tax Administration**

» **VAT Reimbursement**

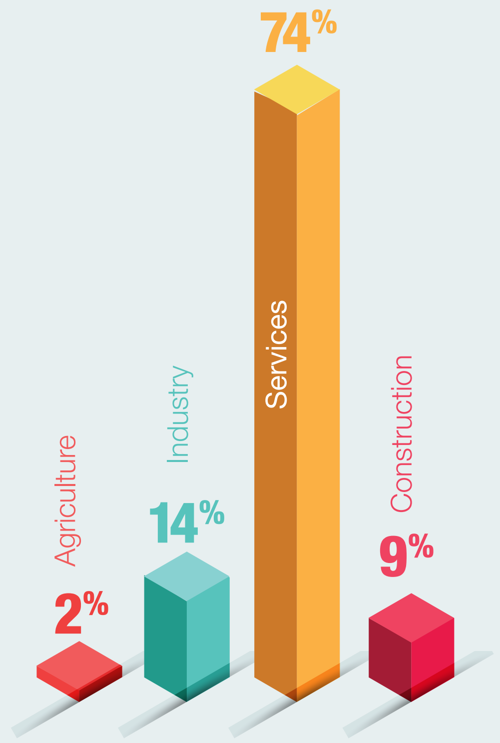
» **Informality**

» **Interaction of Business and Local Self-Government**

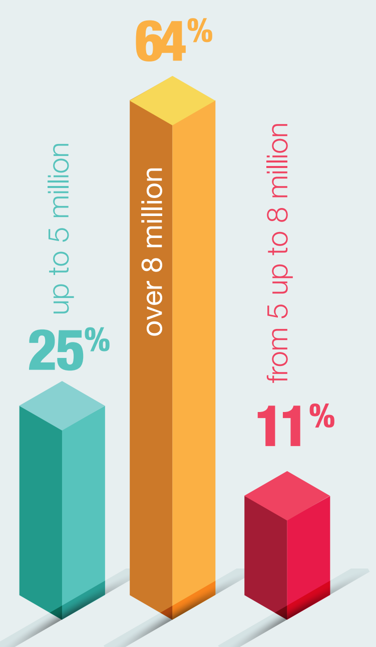
In the last section of the survey, the questions were designed to collect information on the *transparency of municipalities* toward the businesses, *service delivery* by the municipalities vis-à-vis the tariffs paid by businesses, and provision of *electronic services* by municipalities and respective usage by the businesses.

This year, the survey was completed in the majority by large companies, companies operating in the services sector, and companies located in the county of Tirana.

The Secretariat collaborated with Epoka University for assistance in promoting survey completion, statistical processing, and validation of the survey's findings.



Profile of surveyed companies by sector



Profile of surveyed companies by turnover (4% skipped)

2019 **Internship** Programme

For the third year, the Secretariat successfully collaborated with reputable universities in Tirana, and in particular with the University of Epoka, which work was also based on a Memorandum of Understanding between the two institutions.
In 2019, the Secretariat was supported by 8 students for **promoting among business community the completion of 2019 IC Survey,** as well as to **support the preparation of spreadsheets for data elaboration for monitoring purposes** on the implementation status of previous IC recommendations.

“Participation at IC internship programme was my first professional experience outside of an academic setting. During this program, I began to understand how an institution works in reality, a requisite experience for any young person who is planning to adapt better to the job market.
Secretariat staff was very supportive of any problems we encountered and willing to teach us every step in the long and complicated process of successfully completing a survey of this size, involving thousands of businesses in Albania.”

Tomas Muça,
Intern, July-August 2019

What’s next?

How municipalities can help local economic development - next IC meeting agenda

In its first meeting for 2020, the Investment Council will address issues related to the investment climate in the context of reducing local administrative barriers to business. Preliminary data were also collected from the 2019 IC Survey.

During December 2019, in cooperation with the Association for Local Autonomy, the Secretariat organized regional consultative roundtables with representatives from the Municipalities of Tirana, Elbasan Korça, and Shkodra. Round tables were held also with the business community in collaboration with the Municipality of Korça and Chamber of Commerce and Industry Tirana.

This topic is expected to be tackled by the IC at the end of January 2020.

2020 IC Agenda

The agenda for next year was settled through the voting of IC Members from a list of proposals prepared by the Secretariat. Two most voted subjects, which will be part of IC agenda for 2020, are:

- » **Products “Made in Albania” and respective competitiveness in the region**
- » **TEDA as economic free zones – Comparative approach Albania vs North Macedonia vs Serbia**

2019 Key Numbers

4 PLENARY IC MEETINGS

61 APPROVED RECOMMENDATIONS

34 PREVIOUS RECOMMENDATIONS IMPLEMENTED

3 ANALYTICAL OUTPUT: TECHNICAL NOTES

2 ANALYTICAL OUTPUT: BRIEFING NOTES

INTERVIEWS AND FACE-TO-FACE MEETINGS **80** STAKEHOLDERS (OUT OF WHICH 48 BUSINESS COMMUNITY MEMBERS AND 28 GOVERNMENT REPRESENTATIVES)

AT LEAST **20** ENGAGED BUSINESS ASSOCIATIONS/ CHAMBERS

COLLABORATION WITH LOCAL GOVERNMENT **4** munici-palities (Tirana, Elbasan, Korça, Shkodra)

152 PARTICIPATION OF BUSINESS IN IC MEETINGS, FOCUS GROUPS AND OTHER ROUNDTABLES

3 FOCUS GROUP MEETINGS

2 CONSULTATION ROUNDTABLES

Written comments submitted directly to the Secretariat by business community with concrete issues/ impediments **27** INCOMING CORRESPONDENCES

85% PARTICIPATION RATE IN IC MEETINGS

FORMAL SUBMISSION OF IC RECOMMENDATIONS **23** institutions/embassies

680 SUBSCRIBERS IN IC WEBSITE

2019 IC SURVEY **300** RESPONDENTS NATIONWIDE

48% INCREASE IN PAGE VIEWS, 2019 VS. 2018

1 Annual Monitoring Report on the Impleme-ntation of IC Recomme-ndations

58% INCREASE IN WEBSITE VISIBILITY 2019 VS. 2018

TOTAL MINUTES OF MEETINGS **5** meetings (plenary meetings & round tables) - 82 pages

1140 Followers in social media

IC MEMBERS FEEDBACK REPORT **1** (with the participation of 12 members)

IC Membership
during 2019

Member, State Institution	Ministry of Finance and Economy
Member, State Institution	Minister of State for Protection of Entrepreneurship
Member, State Institution	Bank of Albania
Member, State Institution	Albanian Investment Development Agency (AIDA)
Member, State Institution	Albanian Fund for Development of Diaspora
Member, Development Partner	World Bank
Member, Development Partner	EU Delegation in Albania
Member, Development Partner	European Bank for Reconstruction and Development (EBRD)
Member, Development Partner	International Finance Corporation (IFC)
Business Members with Permanent Mandate	Chamber of Commerce and Industry Tirana
Business Members with Permanent Mandate	Union of Chambers of Commerce and Industry (UCCIAL)
Business Members with Permanent Mandate	Albanian Chamber of Diaspora
Business Members with 2-Year Mandate	Foreign Investors Association of Albania (FIAA)
Business Members with 2-Year Mandate	American Chamber of Commerce (AmCham)
Business Members with 2-Year Mandate	German Chamber of Commerce (DIHA)
Business Members with 2-Year Mandate	Confindustria Albania
Ad-Hoc Business Members	Albanian Agribusiness Council (KASH) A.E.Distribution sh.p.k. Vodafone Albania Teuta sh.p.k.

Albania Investment Council
Improving Transparency and Investment Climate

Graphic Design: **Eduard Bujari**

ACTIVITY REPORT 2019

Published by: Secretariat of Investment Council (SIC), Dëshmorët e Kombit, Tiranë, Shqipëri / T. +355 692631300
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Albania Investment Council   ALInvestCouncil   Albania Investment Council

REPUBLIKA E SHQIPËRISË
MINISTRIA E FINANCAVE DHE EKONOMISË

European Bank
for Reconstruction and Development

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

State Secretariat for Economic Affairs SECO

Investment Council is supported by the Ministry of Finance and Economy, the EBRD and the Swiss State Secretariat for Economic Affairs (SECO).