



Albania
Investment
Council

Improving Transparency and Investment Climate

ACTIVITY REPORT 2021

MARCH 2022

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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 of representatives from Government, the private sector and partners for development.

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



“Personally, as a minister, I am very committed to holding detailed and specific roundtables with the business to jointly make progress on implementing those reforms that the government has undertaken and has the vision to undertake in the future. In this context, the Investment Council has played and continues to play a key role in enhancing the spirit of cooperation between the public and private actors.”

Minister of Finance and Economy, Ms Delina Ibrahimaj
Chair of Albania Investment Council
Tirana, 12 November 2021

SCOPE OF WORK DURING 2021

In line with IC’s main objective of 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:

ALIGN THE IC AGENDA TO KEY BUSINESS PRIORITIES AND REFORMS,

not only in its plenary meetings but also through the organisation of technical round tables and consultations to clarify key business concerns on new reforms or draft laws.

PROVISION OF UPDATED DATA ON BUSINESS PERCEPTIONS

for stimulating focused debates through a second survey “On the Impact of COVID-19 on the Business” to systematically update the impact of the pandemic

on businesses, and through other ad-hoc questionnaires / analyses.

CONSULTATION OF IMPORTANT LEGISLATION AND STRATEGY DOCUMENTS

by preparing dedicated pieces of technical readouts for the business representatives and establishing a constructive and sustainable business dialogue with government agencies to make all the phases of consultations transparent.

INCLUSION AND CONTRIBUTION OF

THE INVESTMENT COUNCIL IN POLICYMAKING

through stimulating the engagement of IC members representing businesses to provide written comments/ suggestions to national strategic documents; and inclusion of the Secretariat’s experts as members of the relevant inter-institutional working groups.

**RAISING
TRANSPARENCY** through the timely presentation of the progress of IC recommendations in the plenary meeting, as well as other relevant publications.

INTRODUCTION

In 2021, the Investment Council (IC) enabled evidence-based systemic discussions by organising 3 plenary meetings and 4 technical round tables with the participation of 157 businesses—stimulating thus the inclusiveness, awareness and active engagement of all stakeholders.

Despite the political elections (April 2021) and the Covid-19's impact, there was full commitment and availability of both outgoing and new IC Chairs for the plenary meetings, followed by a high level of IC members' participation (94%), and an increased number of observers, thus re-affirming their engagement to the platform.

KEY PROGRESS

of IC recommendations in 2021 has been evidenced in the area of businesses-municipalities interaction, investment incentives, access to funds for MSMEs, access to ICT and electronic services for MSMEs, and customs procedures.

In 2021, the Secretariat prepared in total 8 technical analyses with relevant input from its members.

- » 2 technical working documents
- » 3 surveys with 580 surveyed companies
- » 3 notes with written suggestions on the Business and Investment Development Strategy 2021-2027, on the draft Law on MSMEs, and an updated summary of Covid-19 Measures (WB & Croatia) to feed the debate under a regional context.

During this year, the IC delivered **29 recommendations**, tackling priority interventions on:

- » Speeding up reforms in **Innovation in Entrepreneurship** with concrete recommendations regarding consolidation of the innovation ecosystem, increasing access to finance, building and empowering the ecosystem with equity and

investments mechanisms through business angels, venture capital and equity funds.

- » The new **Business and Investments Development Strategy** (BIDS) for 2021-2027, with recommendations for more transparency on the public infrastructure investment plans and on incentivized sectors for mitigating the cost of new investment, increased budget for the implementation of the strategy, increased attention to the reduction of education inequality among districts to leverage unused labour force throughout the country, etc.
- » The **draft law “On the Development of Micro, Small and Medium Enterprises**—calling business associations to provide timely suggestions, while the Secretariat prepared its own legal feedback, all submitted formally to the Ministry.
- » The **Internationalisation of Albanian MSMEs**—recommending measures to improve entrepreneurship skills and models; improve financing mechanisms for this category; establish networks and platforms to support internationalisation and exports, and introduce good governance standards and practices in MSMEs operations.

In addition, the effectiveness of the IC's work as a reform tool was demonstrated in:

1 The involvement and contribution in the preparation of the National Plan for European Integration 2021-2023, in collaboration with the MFE's cabinet, prioritising the recommendations to be implemented during this period to speed up EU integration and enable business improvements.

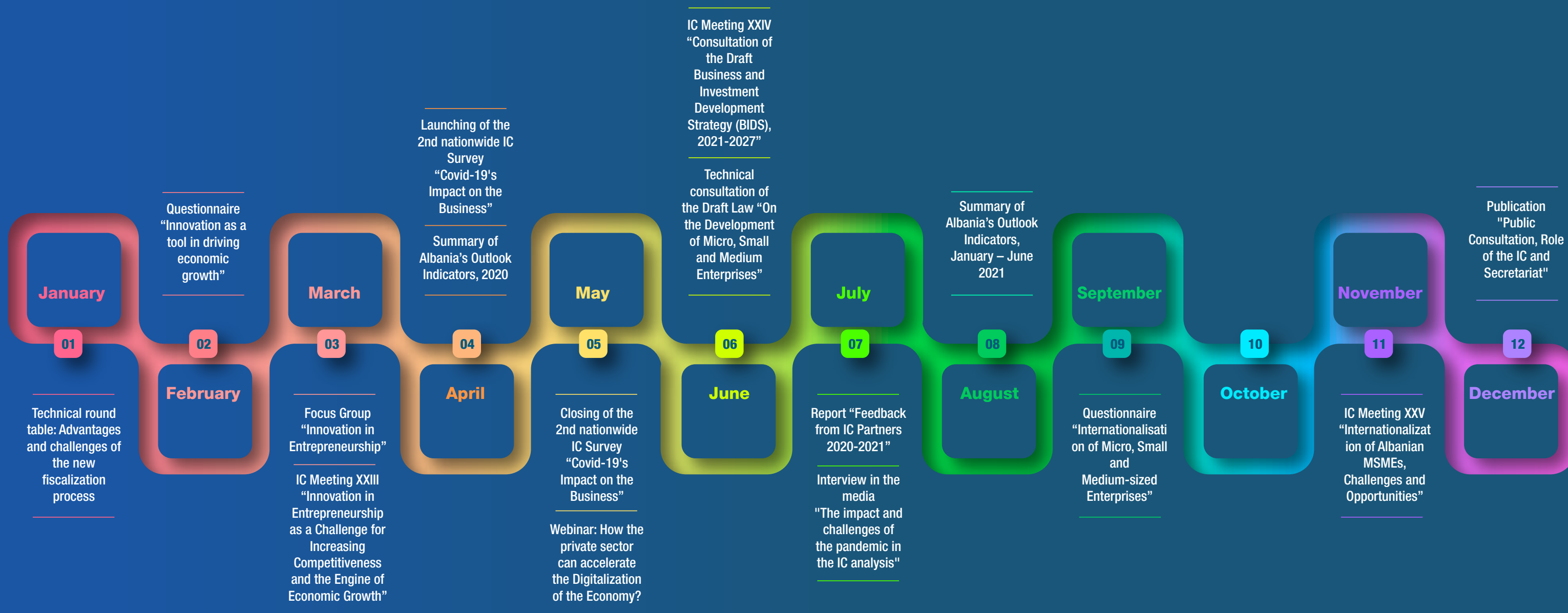
2 Better synergy between the 2021 IC Agenda and new instruments such as the Regional Economic Agenda (MAP REA, etc.) as part of the Balkan Regional investment policy instrument.

The flexibility to rely on the Secretariat's core skills and products to respond promptly to dynamic requests remains a crucial strength of the IC. It has helped to yield impact and re-affirm trust.



TIMELINE

of main activities during 2021



INVESTMENT CLIMATE

P olitical: National general elections took place in April, followed by the establishment of the new Government in September 2021, with few changes in the central institutional structure. At the same time, the political environment continued to be marked by intense polarisation.

Covid-19 crisis: The government continued to react to the Covid-19 pandemic, focusing on the vaccination campaign initiated in early 2021. Vaccination of medical staff started on 11 January, while mass vaccination started in April. Since the reopening of the economy in June 2020, no specific stringent measures were adopted during 2021.

Legal/Regulatory Dynamics: The legal framework for businesses during 2021 did not undergo substantial changes. It was characterised by acts supporting the small business as the most affected by the Covid-19 pandemic and by acts issued in the function of the reforms launched in previous years that are still in process (*fiscalization, declaration of beneficial owners*). Normative acts emerged during 2020 as the main legal interventions were also considered during 2021 as the preferred instruments to address legal interventions in due time. Additionally, the *Business and Investments Development Strategy (BIDS) for 2021-2027* and the draft law “On the Development of Micro, Small and Medium Enterprises” were approved after being discussed with groups of interest through public consultation meetings organised and facilitated by the Investment Council Secretariat.

Economic growth for 2021 is estimated at 8.54% according to preliminary data (INSTAT)

Economic: After the decline experienced during 2020, due to the severe consequences of the earthquake at the end of 2019 and the Covid-19 pandemic, the Albanian economy seems to be recovering, demonstrating positive economic growth. Expected economic growth for 2021, as per the preliminary data from INSTAT, was 8.54%. In general, the business and investment climate in the country continued to suffer the pandemic consequences in 2021, but with a positive economic growth rate, with a decrease in unemployment (around 11.4% in 2021 compared to 12.2% in 2020) and much less stoppage of business activity. Reconstruction programs continued with several partners, and their impact influenced the expected 2021 economic growth.

Since the reopening of the economy in June 2020, **no specific stringent measures were adopted during 2021.**

PLENARY MEETINGS

How is Albania supposed to build an inclusive digital economy in the wake of COVID-19? How are we going to react since not everyone can go “fast digital”?

The ecosystem of innovation in Albania is considered at a very early stage with numerous actors operating with overlapping activities and no clear vision. There are ongoing projects aiming to support companies in the different stages of innovation. These initiatives should be transferred and capitalised by local institutions or sustainable instruments as knowledge corners that could support future innovation efforts. There is a lack of consolidated information on donor mapping in terms of available funds for innovation financing. Universities are not playing a proactive role to ensure a secure link between the labour force and the business – to ultimately build sustainable systems.

- » **How** to accelerate the speed of the national agenda on business innovation to timely maximize the impact of the current country's intervention and received support?
- » **How** can Albanian businesses (especially SMEs) be also “producers” of innovation in the context of the digital economy and not just “consumers”?

MAIN RECOMMENDATIONS

- Empowering the innovation ecosystem and linkages among stakeholders through a comprehensive legal and regulatory framework
- Consolidation and harmonization of government initiatives related to digital, technological and innovation transformation by a leading institution responsible for the coordination of sectoral policies
- Establish linkages between academia/businesses and financial institutions to find ways to finance student's ideas on start-ups based on identified SME needs
- Supporting the digital economy (economy of the internet) by establishing legal & regulatory measures that facilitate doing business on digital platforms and the internet environment
- Further increase the fight against informality by limiting and discouraging cash payments.

“The Achilles heel for Albanian entrepreneurship is the fight against informality and the lack of standards, i.e., the lack of fair competitiveness in the market. The cost of innovation is highly increased due to the informal market. Fighting informality is very important and if this is not possible, then we should choose the sectors/products/services with less informality, where we can foster the development of innovation by focusing on finding funding resources and undertaking pilot projects which will then surely be followed by other companies.”

Nikolin Jaka,

Chamber of Commerce and Industry of Tirana, 23 March 2021



How is BIDS intended to address at a hierarchical level the need for institutional coordination and the sustainability of the institutions envisaged to pursue its implementation?

Business and Investment Development Strategy (BIDS) is the central orientation of the Albanian Government for medium-term economic development focusing on SMEs and investments. It is aligned with the overarching strategies and programmes at the national and international level (e.g., National Strategy for Development and Integration, MAP REA). It forms a central link within the strategic framework focusing on the horizontal and national level. The draft has been developed in a collaborative process involving thematic working groups and stakeholder consultations.

- » **Will** BIDS include any plans to revitalize new industries or certain sectors?
- » **How** will BIDS address the challenge of workforce reduction due to the ageing of the people and the emigration of the young population?

GENERAL SUGGESTIONS

- **Good governance and the sustainability of institutions** should be considered as a specific objective of BIDS. Institutional sustainability and good governance or inter-institutional coordination are essential elements for achieving the objectives and action plan of the strategy.
- **Sustainability, harmonization and simplification of fiscal policy measures** towards investments and SMEs - may be the moment to think about a "guillotine / substantial fiscal reform". Stabilization of the fiscal legal and sub-legal framework.
- **Standardisation of (central and local) government consultation/dialogue process** with stakeholders (private sector) based on concrete results by avoiding overlapping "ad hoc" platforms and increasing process transparency as a basic prerequisite in conveying the voice of the private sector to all government initiatives.
- **Clearly identify the risks associated with the strategy** and design their mitigation plan.

"The strategy describes a largely positive picture for foreign investments, but the reality is not so positive for existing and future foreign investors. FIAA's Manifesto (February 2021) stresses the need to finish the work on justice reform to ensure the rule of law for any foreign investor. This is not only important for attracting new foreign investment. It is equally important for keeping existing foreign investors within Albania, and to ensure that existing foreign investors at all times give positive testimonials about Albania when they are called from abroad."

Constantin Von Alvensleben,
Foreign Investors Association in Albania (FIAA), 21 June 2021



Can Albania take advantage of the moment created by the COVID-19 pandemic and become a potential market for European companies that are already looking to bring closer their supply markets?

According to the EU 2021 progress report, Albania's competitiveness is hindered by a lack of entrepreneurial and technological know-how, significant levels of informality, unmet investment needs in human and physical capital, and low spending on R&D. Regional integration and exports increased but remained below potential. The lack of product and geographical diversification in Albania's exports compound its vulnerability to external shocks.

- » **How** ready are the Albanian MSMEs to integrate into the global value chain?

- » **What** are the external and internal factors that condition export expansion and full integration into value chains?

MAIN RECOMMENDATIONS

- Adaptation of qualification programs – AIDA/MFE, in collaboration with donors, business associations, and chambers of commerce to assess exporting MSMEs and MSMEs with potential and readiness to approach foreign markets as per priority sectors. On this basis to consolidate the national/sectoral database for better adaptation of training programs, focus on export strategies, market information, partnership.
- Support for improving business processes and management culture – Accelerate institutional support in implementing programs to improve the business processes and management culture of MSMEs in internationalization training, through partnerships between government/KPA/industries/vocational schools/universities/donors.
- Market research support for MSMEs – To facilitate decisions and reduce costs of entering foreign markets, through grants awarded or public tenders to support any stage of internationalization activity, for example as part of the competition fund already operating at AIDA, tied to a budget special dedicated to this initiative.

"Lack of human resources in tourism has become the main problem of the sector, especially after the pandemic. A strategy is needed for the education of young people in this sector, and the possibility of opening a 3–4-year public university for tourism should be considered. Market standardization by:

- *Revising the Tourism Law that is over 6 years old that does not meet the totality of the dynamic needs of the sector;*
- *Minimizing the unknown expenses of tourism businesses. Support in various forms to combat seasonality in tourism, which especially harms employment."*

Kliton Gërxfhani, ATOA, 12 November 2021

CONSULTATIONS

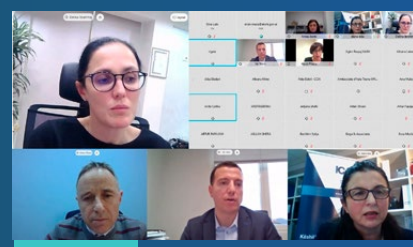
Advantages and challenges of the new fiscalization process – discussion with the business in collaboration with the General Tax Directorate

The new fiscalization process started implementation on 1 January 2021, and besides the numerous advantages it brings, businesses perceived several challenges during the first phase of implementation. The topic of fiscalism was tackled by the Investment Council (IC) in August 2019, during the consultation phase of the respective draft law. IC members at the time proposed a postponement in the initiation

of the fiscalization process, starting first with businesses providing goods and services to government agencies (B2G), then with B2B companies, and in the end with B2C companies—a suggestion that was taken into account by the government.

MAIN BUSINESS CONCERNS During this meeting, business representatives expressed great interest in raising questions and

comments of technical and general nature, which were mainly related to i) the use and manuals of the Selfcare platform; ii) corrections needed in the terminology used on the platform; iii) how the agro-business sector will be treated—being also the least formalized sector of the economy; iv) the additional and “hidden” costs of doing business (administrative, current software integration, new set up), etc.

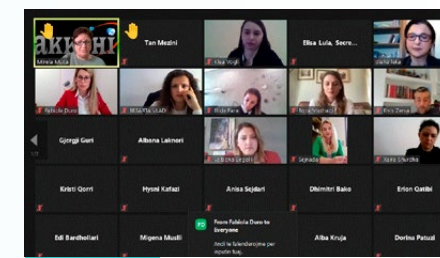


Technical discussion: Time to quickly react and accelerate the business innovation process

New business challenges raised during the Covid-19 pandemic were also proving how this moment could turn them into business opportunities, especially for leading digital platforms. During this meeting, the participants (from the public and private sector, as well as academia) emphasized the need for prioritization of the innovation agenda and current challenges

from a business perspective, the need for a mechanism to coordinate all the actors and serve as a focal point for the consultation and dissemination of the right information. The discussions in the meeting highlighted the need to accelerate the setup of sustainable cooperation between the public institutions, universities and the business, as well as to promote

the collaboration of the business with the regional institutions. In this context, participants asked for better regional coordination, reiterating that innovation should be promoted throughout Albania (not only in the capital).



Technical discussion: Draft law “On the development of micro, small and medium enterprises”

The debate centred on constructive comments and suggestions regarding:

- The need for improvement in some definitions in the law;
- The need to establish effective coordination mechanisms between institutions at the central and local level for MSME support measures and programs;
- Sharing information to MSMEs about their classification and

dedicated support programs;

- Reshaping the proposal for the establishment of the Enterprise Advisory Council, to establish partnerships between institutions and executive agencies on the one hand and enterprises or business associations/chambers on the other;
- Clarification of whether or not farmers are included in the sup-

port schemes formalized, including Agricultural Cooperation Societies;

- The need to consolidate the administrative capacity of institutions to enable the requirements provided by law, etc.

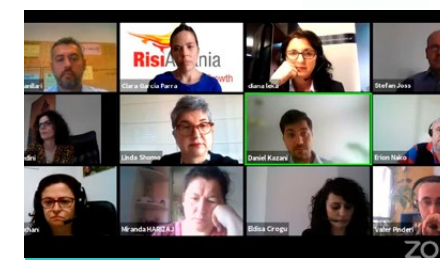


Webinar: How the private sector can accelerate the digitalization of the economy?

Virtual roundtable in collaboration with RisiAlbania to explore and discuss with the private sector, the arising challenges and opportunities of doing business in a new digital era (post-Covid-19)—characterized by rapid technological change. During discussions, Albanian companies acknowledged that digitalization has brought huge benefits in terms of making it easier to approach international clients. But to keep up with the

international trends, the companies need to become more professional and provide better training and better conditions for their employees, improve their services and continuously disrupt themselves with new technologies. While some might argue that the customers are not yet ready to engage in e-commerce, the companies are now reflecting internally whether they are enough developed

to comply with the “new rules” of the game. Albanian companies are realizing that they need to improve their capabilities and knowledge to offer qualitative service to their customers to make them willing to start buying online from domestic websites.



FULFILLED RECOMMENDATIONS DURING 2021

Through effective public-private dialogue and full involvement of its members, the Investment Council has analysed and approved **274 recommendations** for the improvement of the investment climate in Albania (2015-2021), out of which **40.5%** are already implemented (at a level of 70-100%), **15%** in the process of implementation and the rest **44.5 %** still to be implemented. The Secretariat is also vocal and transparent, continuously publishing and raising awareness on the endorsed recommendations, aiming to impose some accountability on the governmental counterparts.

Key areas impacted through the implementation of IC recommendations during 2021 are mainly related to the:

- » **Simplification and better coordination of information on financial supporting projects/programmes for MSMEs** - A unified platform with centralised information on all funding schemes for MSMEs, was set up at AIDA with support provided by EBRD and the Ministry of Finance.
- » **Targeted support for the process of internationalisation of enterprises** - AIDA manages, in the role of the main partner, the European Enterprise Network for Albania (EEN-Albania), through which 18 business contracts have been assisted and signed so far between Albanian and foreign companies.
- » **Financial Support for Start-Ups** - through the medium-term budget plan (MTBP) of AIDA 2022, where 10 million ALL are foreseen in the form of grants for start-ups.
- » **Oil subsidy for farmers as an instrument to encourage the formalisation of farmers and support the farmers' investments** was approved and started implementation in January 2021, with 20,600 farmers benefiting from the scheme.
- » **Prioritisation of digitalisation and acceleration of national broadband coverage** – through (a) a feasibility study supported by WBIF and MIE, detailing the regions based on the concentration of MSMEs and priority areas for broadband coverage, and (b) a specific budget approved by the MFE to speed up the broadband coverage process.
- » **Promotion of e-commerce as a concrete model for providing services/products in a sustainable way** – through (a) a study “Diagnosis of e-commerce in Albania using digitalisation” completed through MFE-World Bank co-

operation, (b) a specific action plan for the period 2021-2024 with concrete deadlines adopted by the MFE, and (c) a technical working group on “Digital connections/activities” created with the participation of WB, MFE and MIE experts.

- » **Supporting e-commerce through consideration of alternative forms of clearing for local transfers in Euro** – Bank of Albania confirms that after the completion of the feasibility study and the procurement of the clearing system for Euro payments, the system is currently operational.
- » **Improved transparency of Municipalities** – through (a) regular publication of VKBs on the website and on vendime.al (state portal on official decisions), (b) publication of PPV/Territorial Development Strategies, and (c) publication of consultations/links for sending comments from businesses/citizens.
- » **Facilitation of access to information through a dedicated section on administrative appeal procedures in local self-government units** (52 of the Municipalities already have online registers).
- » **Strengthening capacities in Municipalities on efficient preparation of periodical financial reports** – through (a) the assistance from ‘Bashki të Forta’ to 35+ municipalities for the implementation of friendly reporting formats, (b) 40 municipalities have been trained and received technical assistance for the use of performance indicators in their financial reporting.
- » **Improvement of customs procedures** - through (a) publication of the reference price list, updates history and how reference prices are implemented, (b) establishment of a dedicated structure to provide assistance and ongoing communication with economic operators and business associations, (c) building suitable facilities for physical control near the customs offices, (d) publishing of consultations with representatives of the business.

Strengthening reform implementation

Implementation of IC recommendations

is facilitated and strengthened due to support projects led by EBRD and supported by Swiss State Secretariat for Economic Affairs (SECO).

Completed technical assistance to improve the functioning and effectiveness of the e-permits platform

Following up on IC recommendations to ease doing business in the area of construction permits, the EBRD discussed and agreed with the Territorial Development Agency (TDA) on a Technical Assistance project to provide support to improve and streamline the processes and interactions in the online e-Permits platform, in order to speed up the application for construction permits and decision-making process for awarding them. The project started implementation in September 2020 and was completed by December 2021.

Major accomplishments and output:

- » A unified Operational Manual was prepared to unify processes and procedures of some 140 institutions involved in the online process of applying for and awarding construction permits, thus simplifying the process; decreasing the number of documents and time needed; defining roles of employees involved in the process; helping better institutional coordination.
- » A roadmap for further digitalization was endorsed by the TDA.
- » A communication strategy for raising awareness and usability of the platform amongst all stakeholders was delivered to and approved by the TDA.

New technical assistance project to strengthen institutional capacities of the Albanian Rural Development Agency (ARDA) and establish a Farmers' Online Portal

Following up on IC recommendations for the stimulation of investments in the agriculture sector, the overall objective of the project is to enable easier and more efficient access to finance and services to agribusinesses and farmers, through the simplification of procedures and reduction of administrative costs, and enhanced information and advice. To meet this objective, this project will provide technical assistance to:

- » Strengthen Institutional capacities of ARDA – providing institutional support for strengthening operational, administrative and professional capacities of ARDA both through improving its legislative and regulatory framework, and its organisational structure in line with EU directives and other peer IPARD agencies.
- » Develop e-Farmer - an online portal, easily accessible, depository of all information relevant and necessary for agribusinesses and farmers.

The project will start implementation in 2022.



Documents



Click on the document title to download.

MARCH 2021

- ↓ IC Meeting XXIII - Agenda
- ↓ IC Meeting XXIII – PPT Presentation
- ↓ IC Meeting XXIII – Working Document
- ↓ IC Meeting XXIII – Matrix of Recommendations
- ↓ IC Meeting XXIII – Minutes

JUNE 2021

- ↓ IC Meeting XXIV - Agenda
- ↓ IC Meeting XXIV – PPT Presentation
- ↓ IC Meeting XXIV – Comments on BIDS
- ↓ IC Meeting XXIV – Comments on draft law on MSMEs
- ↓ IC Meeting XXIV – Minutes

NOVEMBER 2021

- ↓ IC Meeting XXV - Agenda
- ↓ IC Meeting XXV – PPT Presentation
- ↓ IC Meeting XXV – Working Document
- ↓ IC Meeting XXV – Matrix of Recommendations
- ↓ Reporting on Progress of IC Recommendations
- ↓ IC Meeting XXV – Minutes

PUBLICATIONS

- ↓ 2020 IC Activity Report
- ↓ Investment Optimisation in the Agro-processing
- ↓ Questionnaire's Findings "Innovation as a Tool in Driving Economic Growth" (2021)
- ↓ 2021 IC Survey Findings "Covid-19's Impact on the Business"
- ↓ Albania Economic Outlook Indicators, January-December 2020
- ↓ Albania Economic Outlook Indicators, January-June 2021
- ↓ Progress of IC Recommendations Status (June 2021)
- ↓ Questionnaire Findings "Internationalisation of MSMEs" (2021)
- ↓ Feedback from IC Members 2020-2021
- ↓ Public Consultation, Role of IC & Secretariat
- ↓ Support Measures in the Frame of Covid-19, WB and Croatia
- ↓ Covid-19 and enterprises, comparative analysis 2020-2021
- ↓ 2021 IC Monitoring Report

Communication and visibility

IC WEBSITE:

- » An increase of 18% in website users (10,358 users in 2021 vs. 8,790 users in 2020)

SOCIAL MEDIA:

- » Active in 3 platforms: Facebook, Twitter, LinkedIn
- » An increase of 30% in the number of followers: (2,763 in 2021 vs 2,128 in 2020)

QUARTERLY E-NEWSLETTERS

- » Distributed electronically to all IC stakeholders and shared on social media.

INTERVIEWS IN THE PRINT MEDIA

- » The impact and challenges of the pandemic in the IC analysis Monitor Magazine (July 2021)
- » IC Survey: 89% of companies were affected negatively by the pandemic; more than half, a sharp fall in income (in Albanian) – Monitor Magazine (8 August 2021)

APPEARANCE IN THE NATIONAL TV MEDIA

- » **Report TV**
 - Denaj at Investment Council: Support to Foster the Development of Innovative Companies – 24 March 2021
 - 17 months in the pandemic, businesses "do not take lessons", 48% of them without a contingency plan – 29 August 2021

- The Garment Sector has not reached the pre-crisis numbers yet; in 11 months imports increased while exports came down – 21 December 2021

» Klan TV

- Albanian enterprises use limited innovation – 23 April 2021
- 100-million-euro sovereign guarantee for the manufacturing and tourism sectors – 21 June 2021

» BalkanWeb

- Investment Council/Denaj: We will support at maximum the business. Implementation of technology... – 21 June 2021

» News24 Albania

- Denaj in the Investment Council: Implementation of technology in the tourism sector – 21 June 2021

» Top Channel

- Covid-19 Pandemic: 23% of companies say "Employees Adapted Working from Home" (in Albanian) – 22 August 2021

E-MAIL MASS MARKETING (CAMPAIGNS UPON PUBLISHING NEWS ON THE WEBSITE)

- » 944 subscribers
- » 7 campaigns in English and Albanian
- » Average opening rate 29%

Stakeholder Engagement

Both Government and the private sector trust the platform and its Secretariat in the role of honest broker in identifying priority issues to the businesses as well as to the economic development agenda in the country and to address them with concrete, fact-based recommendations. That is proved by consistent gathering/ chairing of the Council meetings by the Minister, significant participation, especially through contribution, by the private sector, and an increasing rate of implementation of recommendations (currently more than 40%).

The Secretariat has increased its publications to raise awareness among all stakeholders of the authority about the platform's impact while enlarging networks and contributing to other initiatives or forums of communication.

Inclusion in the policy consultation and draft laws – The strong communication lines with the Government, and continuous efforts from the Secretariat, became very relevant in driving consultation processes and delivering results. On the other side, continuous communication and trust built in the private sector ensured its engagement and contribution.

Due to the COVID-19 restrictions, consultation in the field remained challenging. Partnering with other institutions or projects/associations remained crucial to mitigate costs and assume equal business inclusiveness.

In 2021, the IC partnered with various stakeholders to advocate for the IC work, mostly in the organisation of joint technical round tables with the state institutions (GTD, MFE) for the consultation of new digitalization reform and some draft legislative pieces, and with business associations/donor projects (INNVEST, RisiAlbania) to advocate among the busi-

ness community regarding the need to speed their efforts for innovation.

KEY FIGURES IN 2021

- » **157 business representatives** participating in IC activities (plenary meetings, working groups and other roundtables)
- » **3 plenary IC meetings** with a **94% participation rate**
- » **4 technical meetings** (focus group/ roundtables/webinar)
- » **63 individual consultations** with various stakeholders for the validation of findings and recommendations before the plenary meetings
- » **3 surveys with the participation of 574 companies:**
 - Questionnaire on access to innovation (75 companies)
 - Survey "Impact of the Covid-19 on the Business" (417 companies)
 - Questionnaire on the internationalisation of MSMEs (82 companies)
- » **21 written summaries of comments** submitted formally by IC members & stakeholders
- » **21 IC partners/stakeholders interviewed to evaluate the IC work**
- » **Gender participation rate in IC activities:** 42% men, 58% women
- » The business associations and chambers, part of the IC, represent the interests of **1,000 companies**, as per updating carried by the Secretariat (late 2021) on the membership level of its current business members.



OTHER

Advocating and Awareness-Raising

CONTRIBUTING TO THE ECONOMIC DIPLOMACY

Advocating IC mission in the roundtable organised by the British Embassy in Tirana on “Albania’s Economic Development: Challenges and Opportunities” and raising awareness regarding main impediments in the Albanian economy as per IC analyses and recommendations. Key priority sectors where the UK can play a unique role such as education, tourism, or other specific sub-sectors within the services sector.

DRAWING ATTENTION DURING WEEK OF INTEGRITY

In collaboration with the Academy of European Integration and Negotiations (AIEN), a project supported through the Jean Monnet Program—European Commission, and in the frame of the week of integrity, the Secretariat delivered a lecture, attended mainly by public administration representatives, regarding the need for formalisation as a precondition for market well-functioning relying upon Investment Council’s work on the identification of the private sector challenges.

SPEEDING UP IC RECOMMENDATIONS’ IMPLEMENTATION

Special attention is being put on the prioritisation of IC recommendations and their institutional alignment. Several consultations during November - December 2021 between the Secretariat and the cabinet of the IC Chair (MFE), aimed to clarify and speed up the recommendations’ implementation process as well as accelerate business climate improvements in terms of the EU integration process. An ad-hoc group was set up with MFE to closely streamline and prioritise IC recommendations and other local business associations’ suggestions on investment climate MFE’s Agenda 2022. In addition,

commenting on the Economic and Reform Program (ERP 2021-2023) as per MFE’s request.

AWARENESS-RAISING AMONG THE DONOR COMMUNITY

- » Member of the Steering Committee in other Swiss projects such as RisiAlbania and Skills for Job, actively contributing to the strategic directions by bringing attention and alignment to the relevant IC recommendation.
- » Actively Commenting on the EU progress report 2020, WB Country Strategy, Potentials to Albanian Nearshoring investment
- » Suggestions in the consultative meeting with Sigma-OECD on the monitoring report on the public administration reform 2020

PARTNERING WITH EBRD ON SEVERAL INITIATIVES

IC Secretariat cooperated with EBRD’s Legal Transition Team (LTT) for finalising the EBRD Assessment on Business Restructuring. The role of the Secretariat was crucial in identifying and facilitating cooperation with national businesses and relevant authorities with a specific interest in completing the EBRD questionnaire, following up on a good rate of questionnaire completion by the selected sample. EBRD’s countries of operations profiles (including Albania) are published [here](#). Cooperation with EBRD on the completion of “Survey on the readiness for digitalisation in trade finance”. The questions covered the following key areas: (i) electronic signatures and e-commerce, (ii) digital negotiable instruments, (iii) digital trade finance processing and cloud-based computing, and (iv) other relevant questions on the legal and regulatory environment.

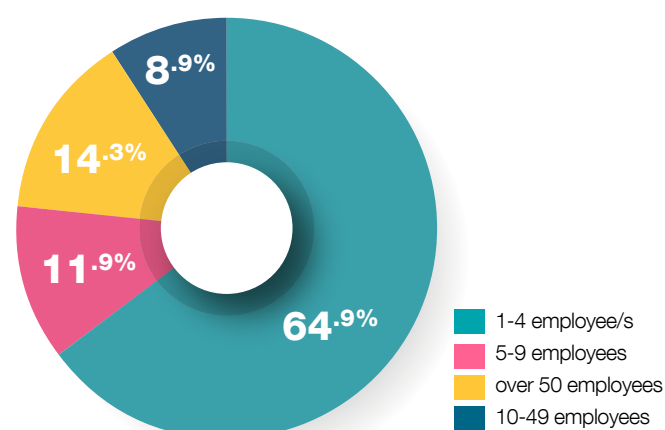


2021 IC Survey on Covid-19's Impact on the Business

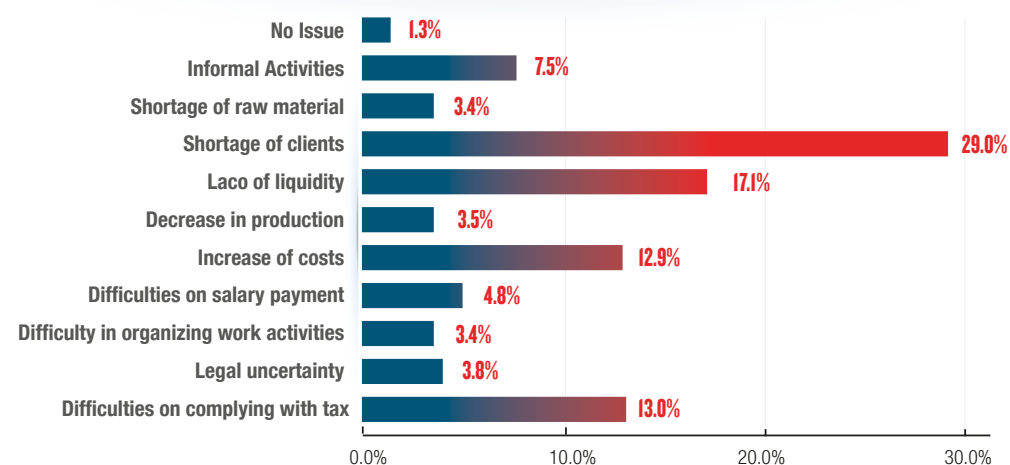
- » **How** businesses are responding to the unprecedented situation caused by Covid-19 pandemic and what challenges they are facing in terms of liquidity, lack of production, lack of customers, increase of costs, etc.
- » **What** is their estimation on the Covid-19's impact on their business turnover?
- » **How** can the central and local government better assist businesses' specific needs during this phase?

Surveys are valid tools for bottom-up engagement of the business, already part of IC work methodology since 2015. 2021 IC Survey was conducted in the form of a structured questionnaire prepared by the Secretariat and completed online randomly by 417 companies throughout Albania. The objective of the survey was to collect perceptions among businesses about the possible effects of Covid-19 on their business activity one year after the start of the pandemic. Out of the 417 surveyed companies, 64.9% were companies with up to 4 employees, whereas the exporters accounted for 12% of the survey sample.

Sample distribution as per employees



Key challenges faced by the companies in the last 12 months



What's next?

Looking ahead, the IC is expected to continue to play a central role in facilitating dialogue between the Government and private sector, which will contribute to restoring confidence in the economy for investors, strengthening the business environment and addressing medium and longer-term challenges faced by businesses.

2022 IC Agenda was voted by the IC Members based on a list of prominent business issues identified and investigated by the Secretariat to be prioritised during the upcoming year. One of the four most voted topics was "The consultation and transparency of the government acts and initiatives towards business and interested actors"—which will be the first item to be analysed and

consulted by the Secretariat. During 2022, the IC is expected to be convened in 4 plenary meetings, while the Secretariat will continue with the organization of several consultation meetings and advocating in other technical working groups to ensure a proper voice of the private sector—especially in the three WGs set up by the MFE in the area of Fiscal Framework, Education and Employment and Economy, which will also tackle IC recommendations. Surveys with the business community will continue to be part of the Secretariat's work while it will continue to monitor diligently the implementation of the recommendations approved by the IC as well as continue to raise awareness about the IC activities and impact.

2021 Key Numbers

3

PLENARY IC MEETINGS

29

APPROVED RECOMMENDATIONS

21

IMPLEMENTED RECOMMENDATIONS (2021)

8

ANALYTICAL OUTPUT: TECHNICAL NOTES (2021)

written comments submitted directly to the Secretariat by business community

BRIEFING NOTE ON THE IC ROLE ON THE PUBLIC CONSULTATION

1

AT LEAST 20

ENGAGED BUSINESS ASSOCIATIONS/ CHAMBERS

3

SURVEYS/ QUESTIONNAIRES

157

PARTICIPATION OF BUSINESS IN IC MEETINGS, WORKING GROUPS AND OTHER ROUNDTABLES

21

INCOMING CORRESPONDENCES

4

CONSULTATION ROUNDTABLES

944

SUBSCRIBERS IN IC WEBSITE

1

ANNUAL MONITORING REPORT ON THE IMPLEMENTATION OF IC RECOMMENDATIONS

21

IC PARTNERS/ STAKEHOLDERS INTERVIEWED TO EVALUATE THE IC WORK

19

FORMAL SUBMISSION OF IC RECOMMENDATIONS

INSTITUTIONS

94%

PARTICIPATION RATE IN IC MEETINGS

417

2021 IC SURVEY "COVID-19'S IMPACT ON THE BUSINESS"

RESPONDENTS NATIONWIDE

12

institutions - Formal follow up on recommendations implementation with responsible (public and non-public) institutions

18%

INCREASE IN WEBSITE USERS 2021 VS 2020

2763

Followers in social media

IC Membership during 2021

Member, State Institution

Ministry of Finance and Economy

Minister of State for Protection of Entrepreneurship

Bank of Albania

Albanian Investment Development Agency (AIDA)

Albanian Fund for Development of Diaspora Member

Member, Development Partner

World Bank

EU Delegation in Albania

European Bank for Reconstruction and Development (EBRD)

International Finance Corporation (IFC)

Business Members with Permanent Mandate

Chamber of Commerce and Industry Tirana

Union of Chambers of Commerce and Industry (UCCIAL)

Albanian Chamber of Diaspora Business

Members with 2-Year Mandate

Foreign Investors Association of Albania (FIAA)

American Chamber of Commerce (AmCham)

German Chamber of Commerce (DIHA)

Confindustria Albania

Ad-Hoc Business Members

Auleda Viora

Vodafone Albania

Balfin Group

AIMS Albania & Kosovo

PROEKSPORT

Union of Producers

ACTIVITY REPORT 2021



Secretariat of Albania Investment Council – Team

The work of the Investment Council is supported by the Secretariat, an independent body of professionals selected and contracted by the EBRD to directly engage with the business community.

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