



Albania  
Investment  
Council

Improving Transparency and Investment Climate

# RECOMMENDATIONS MONITORING REPORT

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January-December 2021



**THE INVESTMENT COUNCIL** is a platform set up by the Albanian authorities with support from the European Bank for Reconstruction and Development (EBRD) to intensify the dialogue between the government and the private sector, improve the business climate and promote good governance. The work of the Council is supported by a Secretariat, an independent body of professionals selected and contracted by the EBRD to directly engage with the business community. The current funding for the Secretariat is provided by the Swiss State Secretariat for Economic Affairs (SECO).

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The information presented in this report has been compiled based on the monitoring activities and does not necessarily reflect the views of the EBRD or SECO. The material (text or image) may not be used for any purpose other than that specified in it.

**TIRANA, JANUARY 2022**

## RECOMMENDATIONS MONITORING REPORT

JANUARY-DECEMBER 2021

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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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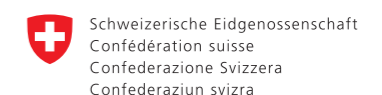
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## ACRONYMS

**EBRD** – European Bank for Reconstruction and Development  
**AIC** – Albanian Investment Council  
**MFE** – Ministry of Finance and Economy  
**SECO** – Swiss State Secretariat for Economic Affairs  
**EU** – European Union  
**GoA** - Government of Albania  
**MIE** – Ministry of Infrastructure and Energy  
**MARD** –Ministry for Agriculture and Rural Development  
**AIDA** –Agency for Investment Development in Albania  
**MSS** – Ministry of State for Standards and Services  
**CoM** – Council of Ministers  
**ICT** – Information and Communication technology  
**DCM** - Decision of the Council of Ministers  
**GDC**– General Directory of Customs

## EXECUTIVE SUMMARY

**A**lbanian Investment Council during 2021 hosted three plenary meetings. Although still under social distancing conditions, it managed to interact and coordinate with many stakeholders. Led by the Minister of Finance and Economy and based on the analytical work undertaken by the Secretariat, the IC members discussed on:

- (i) Entrepreneurship in innovation, as a challenge to increase competitiveness and promote economic growth;
- (ii) Recommendations on the strategic country document - the draft Business and Investments Development Strategy (BIDS)
- (iii) Debating the necessity of the internationalisation of micro, small and medium enterprises with the aim of increasing their added value in the country.

Concerning the above topics, the IC Secretariat prepared and presented 27 recommendations based on:

- (i) research on national and international reports,
- (ii) inputs from working groups and meetings with private sector representatives and experts,

(iii) relevant AIC survey data,

(iv) team analysis, and

(v) member's comments and suggestions that proposed 2 additional recommendations during the plenary meetings, for a total of 29 recommendations issued and approved by the IC chair, members and responsible institutions.

In more than six years of its functioning, the IC has issued in total 274 recommendations, 40.5% of them actually implemented (at a level of 70-100%), 15% in the process of implementation and the rest 44.5 % still to be implemented. The interventions proposed under the "institutional improvements" category have the highest share of the total recommendations (40% of the total). The other two categories with the highest share are recommendations focused on actions at the "strategic level" with 24% and "legal improvements" with 23%.

The monitoring activities conducted show that in 2021, 21 recommendations were implemented, and 13 are currently under implementation (out of which<sup>1</sup> 9 were proposed during the meetings held in 2021, the others were recommendations from previous years).

Out of these 34 recommendations implemented and under implementation during 2021, 44% were endorsed in the meetings on "Innovation in Entrepreneurship" and on "Economic Recovery" mainly related to digitalisation and the ICT sector, reflecting the priority issues highlighted during the pandemic. Another 30% are recommendations directed to improvements of customs' procedures, and the remaining 26% address interventions at the **local government level**.

Compared to previous years, we noticed a faster response from public institutions regarding mobilisation toward recommendations' implementation during the last two years. This year, 69% of the recommendations in the process of implementation are from the topic Innovation in Entrepreneurship discussed at the beginning of 2021. The main areas of intervention where the implemented recommendations stimulated concrete actions from the competent institutions during 2021 are:

- 1) **Advancement in access to ICT and Electronic Business for MSMEs**, through (a) consideration of alternative forms of clearing for local transfers in Euro, (b) promotion of e-commerce, model for providing services/products in a sustainable way, (c) harmonisation of national statistical data referring to the level of use and accessibility in ICT by businesses, (d) prioritisation of digitalisation and acceleration of the national broadband coverage.
- 2) **Strengthening of the interaction business – Municipalities** though (a) improvement of the transparency of Municipalities, (b) facilitation of access to information through a dedicated section on administrative appeal, (c) strengthening the capacities of the Municipalities on the efficient periodical preparation of the financial reports.

1

9 recommendations in progress

- 3) **Improvement of Access to funds for MSMEs**, through (a) simplification and better coordination of the information on financial supporting projects/programmes for MSMEs, (b) targeted support for the process of internationalisation of enterprises from AIDA, (c) financial support for start-ups from AIDA's increased budget, (d) oil subsidy for the farmers as an instrument to encourage their formalization and investments.
- 4) **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.

Since 2015, there are currently 122 recommendations (out of 274 total recommendations) yet unfulfilled from the institutions in charge.

More information and specific details are presented in the following sections of this report.

## RECOMMENDATIONS MONITORING REPORT

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# METHODOLOGY

**T**his monitoring report aims to evidence the status and progress during 2021 of the IC recommendations issued during 2015-2021. Its content is based on the qualitative and quantitative data gathered throughout 2021 from the below methodological tools:

## I - MONITORING ACTIVITIES INTERACTING WITH THE RESPONSIBLE INSTITUTIONS

- (i) Formal information exchange through written correspondence after each IC meeting addressing the specific recommendations to be implemented; and
- (ii) Follow-up activities with the institutions tasked with the implementation of recommendations, performed every quarter.

Due to the COVID-19 pandemic, the direct follow-up meetings were limited, and the communication was mainly done through written correspondence, e-mails and frequent calls through the Zoom platform and over the phone or WhatsApp. The list of the institutions that formally reported their feedback on fulfilment (or not) of the respective recommendations assigned to them is recorded in Annex 1.

## II – DESK RESEARCH

Consultation of different documents was undertaken to identify recent changes related to the progress of IC recommendations. More specifically, the documents consulted were (1) Decisions of Council of Ministers (DCMs), (2) Ministers' decisions, (3) laws, by-laws (and amendments), (4) other legal acts, (5) action plans, (6) strategies, (7) EU progress reports, (8) and international reports (In Annex 1 there is a list of the main documents reviewed).

### III – SECONDARY SOURCES

Web and social media platforms were explored daily to assess the promotion of the actions taken from public institutions in relation to recommendations’ execution, in consultation platforms, newspapers articles, press releases, etc. This tool is also essential to measure the transparency of these institutions and their level of engagement with the targeted beneficiaries. Some of the consulted sites are listed in Annex 1.

### IV – DATA ELABORATION

The inputs from the feedback communications were recorded in the recommendations database in specific sections, discussed within the Secretariat team and agreed for the respective status of implementation. This status was updated every quarter.

### V – REPORTING

The reflection of the findings from the follow-up activities was presented to the IC members on a semi-annual basis. Moreover, the yearly monitoring results were presented to IC members and partners in the last IC meeting for 2021. A summary of the recommendations’ implementation status was also published on the IC website and social media semi-annually. Moreover, the monitoring records are also published in the media interview in Monitor Magazine.

### MONITORING PRINCIPLES<sup>2</sup>

The monitoring process was guided mainly by the following values:

- (i) working in close collaboration with all stakeholders, partners and government institutions
- (ii) transparency of data and information to IC members
- (iii) consulting of at least two independent sources to cross-check the information received
- (iv) continuous feedback on content within the Secretariat team and agreement on the final recommendation’s status
- (v) basing results mainly on formal evidence

## RECOMMENDATIONS MONITORING REPORT

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## CONTEXT

The Investment Council is a public-private dialogue platform, with the objective of giving the private sector a meaningful voice in the economic and structural reform process, in an effort to develop a favourable, transparent and investment-friendly business environment across all economic sectors and country-wide. Its expected outcomes are:

- 1) IC as a **trust builder**: A regular, facts-based dialogue between the public and the private sector builds mutual trust between key stakeholders and strengthens Albania’s economic institutions.
- 2) IC as an **effective reform tool**: The Government and the Albanian business community see and use IC as an effective tool for sustainable, pro-growth (policy) reform.
- 3) **Strengthened reform implementation**: Implementation of IC recommendations is strengthened and more effective due to support to follow-up projects.
- 4) A **lower administrative burden** reduces compliance costs for business, and improved economic governance triggers more investment.

The key performance indicators of output “IC as an effective reform tool” are:

- (i) Number of issued recommendations adopted by the Government
- (ii) Number of proposals on improvement of investment climate accepted by the relevant authorities.

Therefore, the IC monitoring activities were centred on the data collection and information analysis related to the first component of the logical framework – “Investment Council (Secretariat)”, on outcomes 3 & 4 and specifically to the above-cited indicators, aiming through this report:

(i) to inform stakeholders and update them on the status of implementation of the recommendations issued during IC meetings

(ii) to notify on the progress made in terms of outputs from recommendation implementation noted from the monitoring of the IC work during 2021

(iii) to ensure that what is proposed is achieved

(iv) to support donors and ICS management decisions

## MONITORING SCOPE

The report covers the entire period of IC activity 2015-2021 due to the fact that some recommendations issued in previous years take time to be accomplished, while recommendations given during the last year mainly require at least 6 months or more to be endorsed and processed by the responsible institutions. Therefore, in the following sections is presented a summary of the six years results and a specific part with the results of 2021.

## RECOMMENDATIONS MONITORING REPORT

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# HIGHLIGHTS OF RECOMMENDATIONS PROGRESS

## 4.1 – RECOMMENDATION OVERVIEW 2015-2021

**S**ince 2015, the Investment Council has held 25 meetings that addressed specific business issues. It is essential to mention the engagement of the IC members in sharing their perspectives, business problems identified, possible solutions and their specific suggestions during the plenary meeting. We highlight that 16% of the 274 total recommendations (2015-2021) are proposed by IC members during their discussions in the plenary meetings. The other 84% of recommendations are issued based on a thorough prior analysis prepared by the IC Secretariat team after a careful (i) research on national and international reports, (ii) inputs from direct meetings with private sector representatives and experts, (iii) relevant IC survey data, (iv) team analysis, (v) focus groups to validate preliminary findings before the plenary meetings<sup>3</sup>. To date, all the recommendations have been endorsed by the IC chair, members, and responsible institutions.

*Profile of issued recommendations by topic.* From the total IC recommendations, the highest number of recommendations is issued during two specific meetings: 29 recommendations “On the economic model, investment potential and priority sectors (2019)” and 23 on the plenary meeting “On economic recovery after the Covid-19 pandemic”, enforcing the importance of these topics while aligned with country’s developments context.

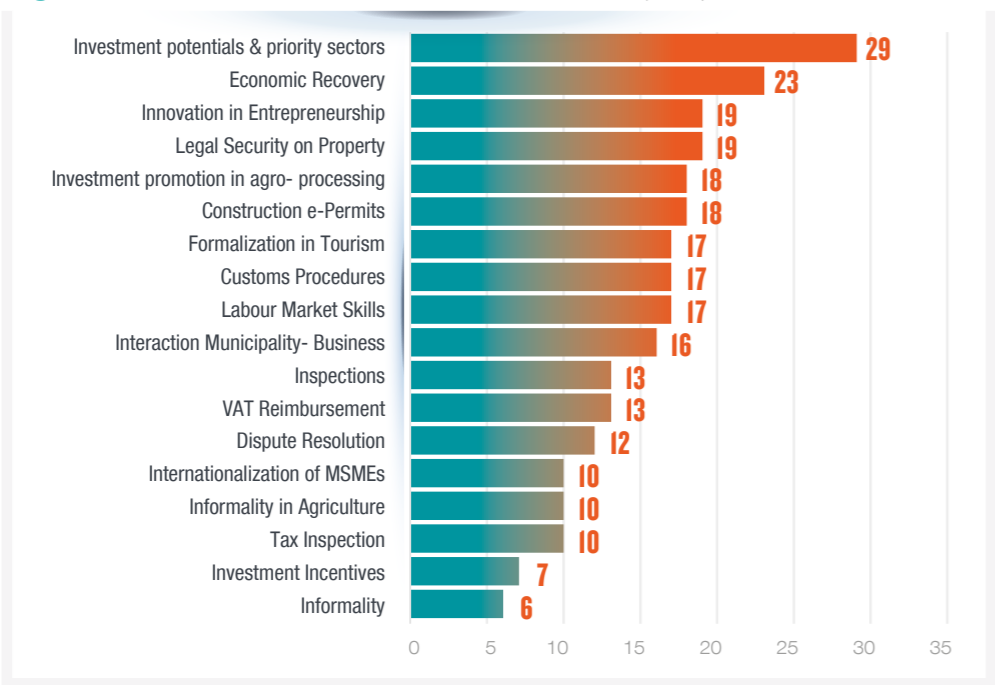
Broken down by topics, the number of recommendations issued and endorsed is as follows:

3

Limited or held in virtual formats during the last 2 years, due to covid restrictions.

13

**Figure 1.** Number of recommendations by topic 2015-2021

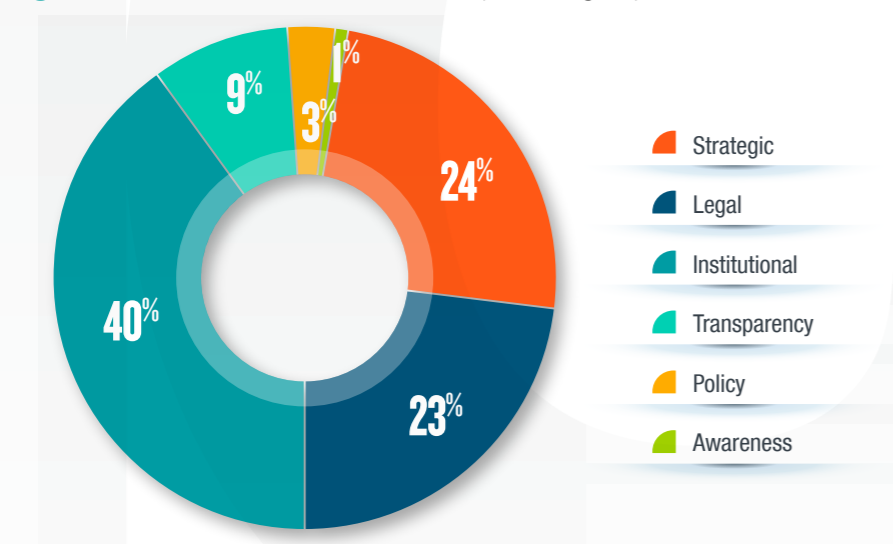


For monitoring purposes, the total recommendations (2015-2021) are categorised into these pillars: (i) Strategic, (ii) Institutional, (iii) Legal, (iv) Transparency, (v) Policy, and the sixth one added this year, (vi) Awareness.

The interventions proposed under **Institutional improvements** have the highest share of the total recommendations (40% of the total), with an emphasis mainly on:

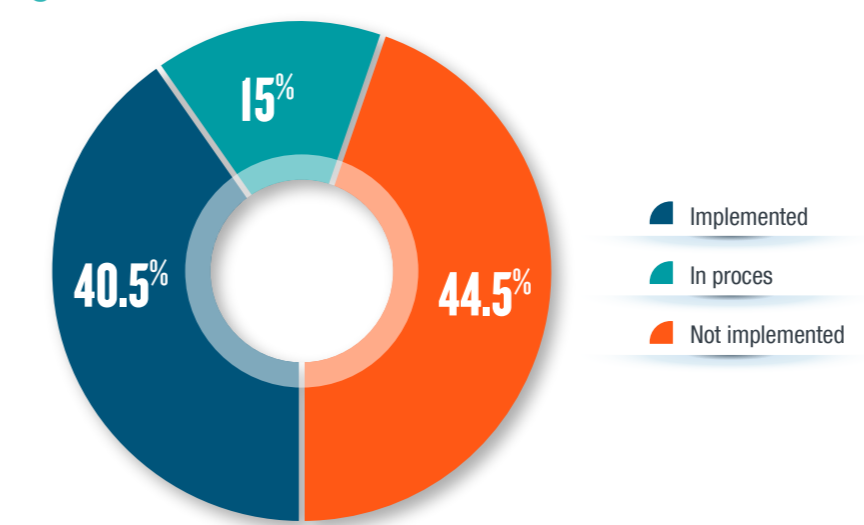
- (i) Inter-institutional collaboration
- (ii) Capacity building of the operational structures
- (iii) Sustainability of the institutions
- (iv) Improvement of the standards and the quality of services

**Figure 2.** Recommendations by category 2015-2021 (in %)



In overall figures, based on the issued recommendations, 40.5 % of them are implemented, and 15% are in the process of implementation, the rest still uncompleted.

**Figure 3.** Status of recommendations 2015-2021 (in %)

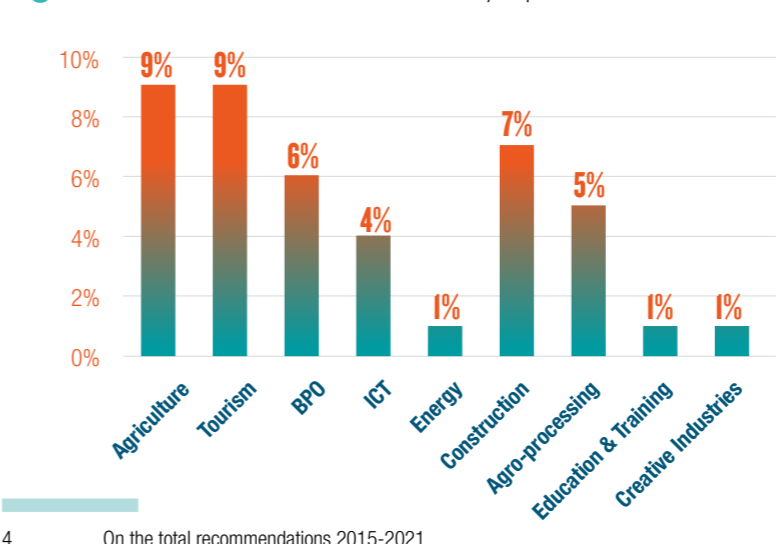


Regarding sectorial approach, 54% of recommendations address issues related to all the business sectors. On a specific sectorial level, the below figure shows the figures, where the highest volume of the total IC recommendations (24%) address interventions in **Tourism** and **Agriculture**, including **Agri-processing** sectors aiming:

- (i) Increased level of formalisation of sectors
- (ii) Incentives for strengthening the sectors
- (iii) Legal interventions that would facilitate doing businesses in these sectors
- (iv) Incentives to increase the Agri-processing sector added value for investments

Actions toward the improvements of the functionality of the online construction platform e- Permits count for 7% of the total recommendations. The BPO sector, which has undergone many changes toward its formalisation and structuring during the last two years, accounts for 6% of recommendations<sup>4</sup>.

**Figure 4.** Recommendations by specific sector 2015-2021 (in %)



4 On the total recommendations 2015-2021

4.2 FURTHER INTERVENTIONS NEEDED

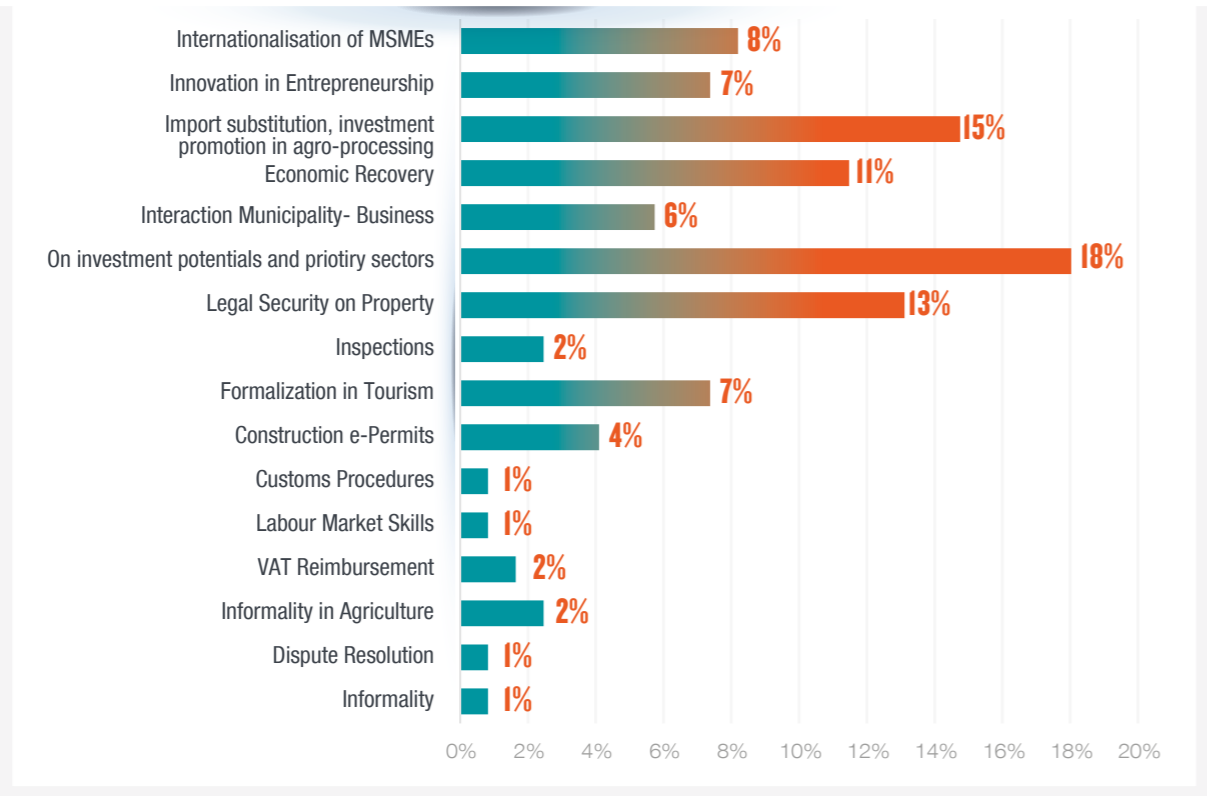
There are currently 122 unfulfilled recommendations from the institutions in charge. Among the most important ones and where most of the efforts should be put from the governmental institutions, we can mention:

- (i) Preparation and adoption of a comprehensive Strategy against informality
- (ii) Stabilization of the legal and sub-legal fiscal framework
- (iii) Digitisation of the registers of some key institutions (e.g. ASHK) would decrease the administrative burden
- (iv) Strengthening of cooperation between inspectorates and undertaking of joint inspections

The recommendations issued during the most recent seven meetings (2019-2021) account for 64% of the total **unfulfilled ones**, stressing the fact that the **public institutions need longer time to endorse and take measures toward the implementation process**. The meeting on **Investment potentials and priority sectors** accounts for the highest number of not implemented recommendations with 18% of the total unimplemented recommendations.

Broken down by topics discussed, we present the number of recommendations not implemented in the below chart.

Figure 5. Total Recommendations not implemented by topic 2015-2021 (in %)



4.3 FOLLOW-UP INITIATIVES UNDERTAKEN FROM IC SECRETARIAT

During 2021, the Secretariat standardised:

- (i) the formalisation of monitoring activity reporting to the plenary meeting,
- (ii) setting up of a specific system (MIS) to support efficient data analysis, and
- (iii) the transparency process through more frequent publishing of monitoring results.

The number of recommendations has increased, and the follow-up process is streamlined, resulting in a higher volume of comments from the responsible institutions, more detailed analysis of figures, more interest from the IC chair and IC members on the monitoring results. Therefore, it was indispensable building an information system that facilitates the analysis and database maintenance of recommendations. With the support of the EBRD and SECO, we started the elaboration of an MIS system, currently under process of completion, to be operable as soon as possible.

Furthermore, during the last quarter of the year the Secretariat team were actively involved through consultations and exchange of information in the prioritisation of IC recommendations and their institutional alignment. Frequent consultations were carried out with the responsible advisor of the MFE cabinet in the frame of preparation of the National Plan for European Integration 2021-2023, prioritising the recommendations to be implemented during this period in order to speed up the EU integration and doing business improvements. **More concretely, we managed to include in the plan, as priority interventions, 26 IC recommendations, mainly related to Informality reduction, public services improvements, Digitalisation enhancement, E-commerce facilitation, inspections simplification processes and Human capital skills improvements.** This collaboration is still ongoing, with the IC Secretariat being one of the main actors proposing concrete interventions and member of the working group in support of recommendations implementation.

In the first half of 2021, the projects undertaken by end 2020 with the support of EBRD and SECO<sup>5</sup> were finalised and from these **projects, 4 recommendations were implemented** as detailed in the sections below.

4.4 PROGRESS OF RECOMMENDATIONS DURING 2021

Three IC plenary meetings were held in 2021. The Secretariat prepared and presented 27 new recommendations, and in addition, the IC members proposed 2 recommendations during the meetings. The recommendations introduced were mainly focused on: (i) accelerating the national agenda for entrepreneurial innovation to maximise the impact of strategic initiatives in the process (national or regional) and the support that the country has undertaken in the meantime. (ii) Export Promotion and Integration of MSMEs in the global value chain.

5 Reference Monitoring report 2020, section 4.3: (a) Technical Assistance for the Agency of Territorial Development aiming the improvement of functioning and effectiveness of the e-Permits platform (b) Technical Assistance for the digitalisation of SMEs

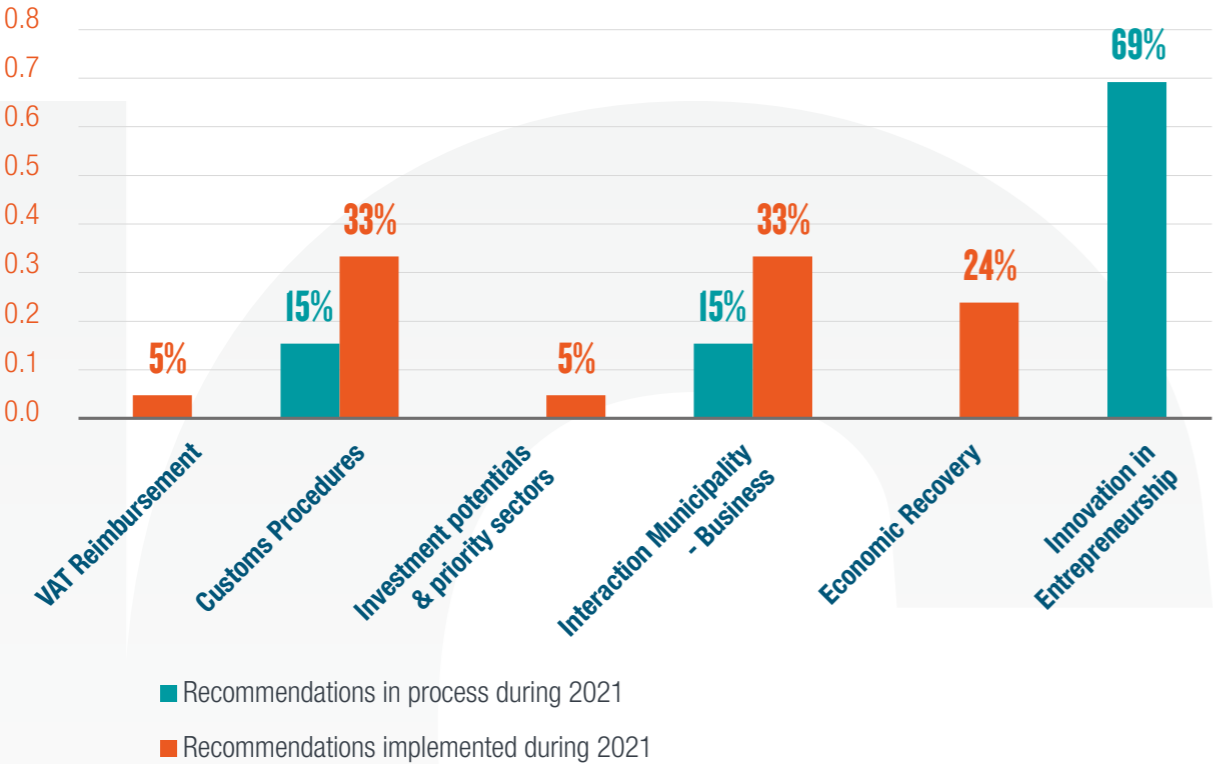
The monitoring activities evidence that, during 2021, there were 21 recommendations implemented and 13 in process, out of which 9<sup>6</sup> were proposed during the meetings held in 2021, the others were recommendations from previous years.

From the total implemented recommendations during 2021, 33% are recommendations from the meeting on Interaction Business- Municipality, 33% from the meeting on Customs Procedures, 24% recommendations from the meeting on Economic Recovery and 10% from the Investment Potential & Priority Sectors as well as on VAT reimbursement.

Positive steps were also taken in the direction of the recommendations issued in the meeting on Innovation in Entrepreneurship (69% of recommendations were in process<sup>7</sup> during 2021).

In the below picture, are shown the recommendations completed and in the process during this year:

**Figure 6.** Recommendations implemented & in the process by topic during 2021



6 From the recommendations in process  
7 From 13 recommendations in process during 2021

Some areas of intervention where the implemented recommendations stimulated concrete actions from the competent institutions during 2021 are:

- 1) **Information on supporting projects/programmes for MSMEs**
- 2) **Assistance for the process of internationalisation of enterprises**
- 3) **Financial facilities for Start-Up**
- 4) **Fiscal Incentivizing for farmers**
- 5) **Digitalisation and broadband network**
- 6) **Accessibility of ICT by businesses**
- 7) **E-commerce and its acceleration**
- 8) **Improving the Municipalities capacities and transparency**
- 9) **Improvement of the customs procedures and transparency**

The most relevant IC recommendations and the specific actions taken during 2021 for their completion are detailed in the table below:

1) ACCESS TO FUNDS IMPROVEMENTS FOR MSMEs		
Recommendation	Achievement	Actual / Expected Impact
Simplification and better coordination of information on financial supporting projects/ programmes for MSMEs.	<p>Setting up a unified platform with centralised information on all funding schemes for MSMEs, provided by donors and the government: <a href="https://aida-smefinance.gov.al/">https://aida-smefinance.gov.al/</a></p> <p>Thus, a simplified and easy access of information on potentials for business financial support including establishment of bridges of communication/ help/service business – institutions</p>	<p>This platform is live since May 2021 and has facilitated the MSMEs in finding the financing tools needed for their expansion and growth. The platform is monitored and updated by a unit in AIDA. From the last monitoring in December 2021, it results that the level of its usage has increased.</p> <p>For the period May - December 2021, a total of 64 new calls for applications (grants and loans) have been published, and the platform has been visited 15, 590 times by a total of 2768 users. On average, 4 new calls are published on monthly bases on the platform. The most frequently visited calls are those focused on innovation and technology. From a gender perspective, the platform is visited by 54.15% men and 45.85% women. The platform’s visitors are mostly from Albania, the United States of America, Italy and Germany.</p> <p>The interest on the platform has continuously increased and so far, a total of 142 entities (72 SMEs and 70 individuals) have been registered to receive the electronic bulletin with the news on calls.</p>

Recommendation	Achievement	Actual / Expected Impact
<b>Institutional-ized targeted support for the process of internationalisation of enterprises</b>	<p>In the framework of international projects with donors, AIDA manages the European Enterprise Network for Albania (EEN-Albania) in the role of the main partner. The European Enterprise Network (EEN) is the largest network in the world in support of SMEs (small and medium enterprises), which assists companies to develop innovation and expand their activity in the international market.</p> <p>AIDA, through the implementation of EEN-Albania, provides support for Albanian business in 3 main pillars:</p> <ul style="list-style-type: none"> <li>• International agreements (expertise, contacts, activities to connect Albanian companies with potential partners to grow their business);</li> <li>• Advice on international markets expansion from experts;</li> <li>• Business Innovation (solution-oriented services to help companies turn their innovative ideas into international commercial successes).</li> </ul>	<p>18 business contracts have been assisted and signed so far between Albanian and foreign companies.</p> <p>Thus, resulting in a better alignment of priority areas at strategic level and institutions delivery services facilitating SME access in international markets.</p>
<b>Financial Support for Start-Up</b>	<p>Timely alignment between domestic budget allocation and priority SME interventions at the strategic level speeding the process of the SME internationalisation.</p> <p>Projected and approved the medium-term budget plan (MTBP) of AIDA 2022 where 10 million ALL are foreseen in the form of grants for start-ups.</p>	<p>The fund in support of new enterprises "Start-Up" has been created to serve Micro and Small Enterprises that operate in:</p> <p>Manufacturing and service sectors.</p> <p>Light industry sector.</p> <p>Tourism sector.</p> <p>The field of research and development.</p> <p>Agri-processing process.</p> <p>The field of design, modelling, handicrafts.</p>

Recommendation	Achievement	Actual / Expected Impact
<b>Oil subsidy for the farmers as an instrument to encourage the formalisation of farmers and supporting the investment of farmers</b>	<p>Decision of Council of Ministers no. 1142 dated 24.12.2020 "On determining the basic criteria, the amount of benefit and the manner of using the fund for the oil support scheme for agriculture, for 2021." was approved and started implementation in January 2021, with 20,600 farmers benefiting from the scheme through an online application for all farmers with farmer NIPT or entities with commercial NIPT (natural or legal persons) with agricultural production activities, who own or use/rent agricultural land, have farms in size not less than 0.4 Ha, consisting of plots with an area of not less than 0.1 Ha each, as well as working the land and serving agricultural crops with mechanised tools.</p> <p>Through this support, farmers benefited on average from 70-100 L of free oil per hectare of land planted, depending on the crops.</p>	<p>33% more farmers formalised and equipped with NIPT, while the beneficiaries by regions are: In Berat region 1705 beneficiaries; in Dibër region there are 984 beneficiaries; in the region of Durrës 639 beneficiaries; in Elbasan region there are 1557 beneficiaries; in Fier there are 5186 beneficiaries; in Gjirokastra region there are 520 beneficiaries; in Korça region there are 5802 beneficiaries; in Kukës region there are 78 beneficiaries; in Lezha region there are 258 beneficiaries; in Shkodra region there are 882 beneficiaries; in the district of Tirana there are 915 beneficiaries; in Vlora region there are 687 beneficiaries.</p> <p>The area of planted land for which free oil was obtained is 56,500 ha, while after the application each beneficiary was provided with an oil card.</p> <p>Further analysis would be needed in regard to impact on farmers formalizations.</p>

## 2) ACCESS TO ICT AND ELECTRONIC BUSINESS FOR MSMEs

Recommendation	Achievement	Actual / Expected Impact
<b>Prioritisation of digitalisation and acceleration of national broadband coverage</b>	<p>(a) Feasibility study supported by WBIF and MIE detailed the regions based on the concentration of MSMEs and priority areas for broadband coverage.</p> <p>(b) A specific budget was approved for MIE to speed up the broadband coverage process.</p>	<p>Enabling timely cross regional IT granulated data facilitates regional investment decisions, thus maximising their investment potentials. Additionally, state budget reallocations, allows a better country's support to the strategic SME priorities at regional context</p> <p>In 2021, a budget of 20 Mln All was allocated under the budget line "Support for Communication Networks" for Ministry of Infrastructure and Energy to speed up the broadband coverage. The goal was the expanding of high-speed broadband infrastructure at the most cost-effective way, to cover throughout the country, and in particular to shift more attention to rural and remote coverage without neglecting the development of broadband infrastructure in urban areas. As of now MIE is advocating for an increased budget during 2022-2025 for broadband coverage.</p> <p>Based on the INSTAT data for the "Use of Information and Communication Technology in Enterprise, 2021", some relevant data show progress:</p> <p>A) companies with 250+ employees use 100% computer with internet access. In these enterprises, 29.9% of employees use computers with internet access.</p> <p>B) 13.3% of enterprises have sold products / services through the website, applications Dedicated, e-commerce websites and applications used by various companies for trade of products.</p> <p>C) The automatic sharing of information within the enterprise, which is used for planning and enterprise resource management, sharing information between different functional areas is used by 35.8% of enterprises (compared to 35.1% that resulted in 2020).</p> <p>D) The use of customer relationship management (CRM) software was used by 24.8% of enterprises during 2021 (from 22.5% that resulted in 2020)</p> <p>E) Cloud services which refer to services used on the Internet to access software, storage capacities, etc. are used by 20.7% of enterprises with internet access (from 18.2% that resulted in 2020)</p>

Recommendation	Achievement	Actual / Expected Impact
<b>Accuracy and harmonisation of national statistical data referring to the level of use and accessibility in ICT by businesses</b>	<p>With the support of EBRD for MFE, was implemented a study that provided data on the use of ICT by MSMEs in Albania and models from developed countries and the region to be considered for implementation. The study "Support for the Digitalisation of SMEs in Albania" was implemented by IDRA research &amp; consulting.</p>	<p>To be continued as a yearly assessment also based on international indicators comparing the Albanian results with those of other regional or European countries. Based on the data, new policies on the field should be elaborated.</p> <p>From this study, it results that</p> <p>A) Albanian MSMEs are not fully benefiting from the digital transformation processes that can boost the development of new and trustworthy technologies, thus speeding up the SMEs integration in international value chains.</p> <p>B) Considering the basis of digitalization, internet connection, Albanian SMEs are performing at a satisfactory level. However, Albania ranks the last in terms of usage of the computer and internet from the employees ((in Europe and in WB Region)</p> <p>C) Enterprises are performing quite well in terms of selling online across borders as well as in terms of the adoption of social media in the promotion of their products and services. Compared to e-commerce adoption, regarding e-commerce turnover, for Albanian enterprises, there is still progress to be done in terms of scaling it to the total sales.</p> <p>D) Although there is a general interest in the importance of having an e-mail account, company websites, cloud computing services, finance or accounting software applications or Customer Relationship Management (CRM) application, mostly the large companies are the ones benefitting from them, while MSMEs still need to catch up.</p>

Recommendation	Achievement	Actual / Expected Impact
<b>Promotion of e-commerce as a concrete model for providing services/ products in a sustainable way</b>	(a) Completed the study "Diagnosis of e-commerce in Albania using digitalisation" through MFE-World Bank cooperation. (b) Drafted a specific action plan for the period 2021-2024 with concrete deadlines (c) Established a technical working group "Digital connections/activities" with the participation of WB, MFE and MEI experts.	<p>Provision of ICT data from the study, followed by proposals for instruments that formalise and speed the process enables MSMEs of the sector to consolidate their view on ecosystem thus positioning better within local and international market /linkages.</p> <p>Based on the study and the work of the technical group, the Action Plan for the period 2021-2024, is structured in 5 Pillars and 66 Action Measures, divided into:</p> <p>(1) Digital Connections,  (2) Customs logistics and procedures,  (3) Online payments,  (4) Private sector capacities, and  (5) Regulatory framework and consumer protection</p> <p>The medium-term measures mainly concern to:</p> <p>A) Expanding internet coverage in rural areas as well  B) Increasing high speed internet usage  C) Offering 5G technology  D) Creating a regional e-commerce market  E) Payment service</p> <p>Recently has been established the Albanian E-Commerce Association, which is expected to be an important factor in the field and facilitate the process in regard.</p>
<b>Supporting of E-commerce through the consideration of alternative forms of clearing for local transfers in Euro</b>	Bank of Albania confirms that after completing the feasibility study and the procurement of the clearing system for Euro payments, they are actually in the testing phase, trying to make the system operational as soon as possible.	<p>The implementation of Instant Payment infrastructure operation speeds up the E-commerce channel due to lower costs for payments within Albanian banks. Based on the action plan for E-commerce, it aims to create the conditions for online payments to be secure but also simple for every user.</p> <p>Another measure expected to have impact in regard, is also the development of an Action Plan to reduce the costs of using virtual POS</p>

3) STRENGTHENING THE INTERACTION BUSINESS – MUNICIPALITIES		
Recommendation	Achievement	Actual / Expected Impact
<b>Improving the transparency of Municipalities</b>	<p>Improved transparency and response of local government institutions toward business expectations and a better strategic alignment at local level, has been verified through the formal responses from the responsible institutions.</p> <p>Moreover, from the monitoring of the municipalities websites, it results that are constantly done (a) Regular publication of VKBs on the website and in Decisions.AL, (b) Publication of PPV/Territorial Development Strategies, (c) Publications of consultations/links for sending comments from businesses/ citizens/publication of consultation dates.</p>	<p>A considerable number of businesses have attended the consultations based on the frequent publications on the Municipalities websites and the unified portal: <a href="https://portavendore.al/">https://portavendore.al/</a></p> <p><a href="https://portavendore.al/dialogmeqytetarin/">https://portavendore.al/dialogmeqytetarin/</a></p> <p>Further analysis is needed to measure the performance of the interaction business-municipalities (piloting).</p>
<b>Facilitation of access to information through a dedicated section on administrative appeal procedures in local self-government units</b>	<p>Actually, the elements of the administrative complaint are part of the standard Transparency program for Local Government Units. The Structures and Competencies of Local Self-Government Units are part of the "Transparency Program for Local Self-Government".</p> <p>Moreover, the "<u>Strong municipalities</u>" project has assisted the municipalities on the elaboration of the</p> <p>1. Register of Complaints, Requests, Citizen initiative (e-registers), Templates</p> <p>2. Guideline of consultation and related Templates</p>	<p>From the formal comments of the contacted institutions, 52 Municipalities already have online registers, being more transparent with the businesses operating in their territory. The information is easily found in the municipalities' websites and in <a href="http://portavendore.al">portavendore.al</a> or <a href="http://juristi.al">juristi.al</a></p>

Recommendation	Achievement	Actual / Expected Impact
<b>Strengthening the capacities of the Municipalities on the efficient preparation of the financial reports periodically</b>	Actually, there are some donors supported projects working in this field. Concretely, (A) Star 3 (B) Municipalities4Europe (C) EU4municipalities (D) Local Finances (E) Strong Municipalities. They are all dealing with the strengthening of the capacities of the Municipalities, through targeted trainings and other interventions.	From the formal exchange of information based in our monitoring, it results that some early impact of the activities performed from the donor supporting projects, is measured through (a) the assistance of 35+ municipalities for the implementation of friendly reporting formats (b) 40 municipalities have been trained and provided technical assistance for the use of performance indicators in their financial reporting.
<b>Implementation of the legal obligation according to article 25 paragraph ç) of the law “On local self-government finances”</b>	Confirmed from the MFE, it is implemented the allocation of 2% of personal income tax revenues for local self-government units.	From the 2022 budget report, Municipal revenues from shared taxes will also increase by about ALL 1 billion for 2022, including the distribution of personal income tax for local self-government units, compared to 2015, before the administrative-territorial reform.

#### 4) IMPROVEMENT OF THE CUSTOMS PROCEDURES

Recommendation	Achievement	Actual / Expected Impact
<b>Increase transparency and trust with the business by publishing the reference price list updates history and how they are implemented</b>	Available data on the reference price list updates history and how they are implemented, are published on the official website of the General Directorate of Customs. Moreover, they are included in its Customs Administration Reports data on the implementation of alternative customs value assessments for Superior Institutions.	The data are updated in the GDC website in <a href="https://dogana.gov.al/dispouneshme/">https://dogana.gov.al/dispouneshme/</a>
<b>Establishment of a dedicated structure to provide assistance and ongoing communication with economic operators and business associations.</b>	The GDC provides dedicated service through the helpdesk as well as several other directories according to the nature of the assistance needed on a case-by-case basis.	A better interaction business – customs institutions, more responsible institutions toward business issues.
<b>Build suitable facilities for physical control near the customs branches</b>	From the customs, it is stated that this is a priority of the daily activity of the customs branches.	Enabling better infrastructure to accomplish inspections in line with aligned business standards.
<b>Publishing a consultation plan with representatives of the business and possibly sectoral community</b>	Publication and consultation are published regularly. The website has announcements on various consultations.	Easy information for businesses and increased transparency.

## ANNEX 1

### LIST OF MAIN DOCUMENTS CONSULTED:

- » “Program for remittances and payments - National strategy for small value payments in Albania”
- » (2018-2023), World Bank
- » US Department of State- “2021 Investment Climate Statements: Albania”
- » “Albania E-Commerce diagnostic leveraging the digital trade opportunity”, WB
- » STAR 2 – “Catalog of decentralisation indicators” March 2020
- » AIDA – “Financing schemes managed by AIDA”
- » MFE – “Performance monitoring compliance report at the municipal level December 2020”
- » “On the use of the Register of Requests / Complaints / Remarks as well as the Register of Petitions / Civic Initiatives by the Municipal Council” - MFE
- » Law no. 55-2020 Date 30.04.2020, For Payment Service
- » DCM No. 434, dated 3.6.2020 “On the approval of the national plan for sustainable development of broadband digital infrastructure 2020-2025”
- » EC Communication on Enhancing the accession process - A credible EU perspective for the Western Balkans, 2020
- » Review of the regulation of the National Committee of the Payment System
- » “Strategic Investment Manual”, AIDA
- » “Innovation Fund”, AIDA
- » “Albania Country of opportunities” AIDA

### LIST OF INSTITUTIONS FORMALLY CONTACTED ON THE PROGRESS OF RECOMMENDATIONS:

- » MFE
- » MIE
- » AIDA
- » MARD
- » BoA
- » General Directorate of Customs

- » Local Self-Government Support Agency
- » Strong Municipalities Program
- » STAR 2 Program (UNDP)
- » Association of Albanian Municipalities
- » The Banks Association
- » Association for local autonomy
- » Minister of State for Standards
- » List of secondary data searched:
- » <https://www.konsultimipublik.gov.al/>
- » <https://kryeministria.al/>
- » [www.akademi.al,](http://www.akademi.al/)
- » <https://qbz.gov.al/>
- » <http://aida.gov.al/sq/> (and FB, Instagram platforms)
- » <https://www.parlament.al/Projektligje/IndexList>
- » <https://invest-in-albania.org/>
- » <https://www.ashk.gov.al/> (and FB, Instagram platforms)
- » <http://www.azht.gov.al/> (and FB, Instagram platforms)
- » <https://globaldigitalcity.com/>
- » <https://www.financa.gov.al/> (and FB, Instagram platforms)
- » <https://www.infrastruktura.gov.al/> (and FB, Instagram platforms)
- » <https://arsimi.gov.al/> (and FB, Instagram platforms)
- » <https://bujqesia.gov.al/> (and FB, Instagram platforms)
- » <https://shendetesia.gov.al/> (and FB, Instagram platforms)
- » <https://turizmi.gov.al/> (and FB, Instagram platforms)
- » <https://www.al.undp.org/content/albania/en/home/projects/star-3---consolidation-of-the-territorial-and-administrative-ref.html>
- » <https://bit.ly/3aB5f47>
- » <https://eu4municipalities.al/fillon-zyrtarisht-projekti-be-per-bashkite-per-mbeshtetjen-e-bashkive-shqiptare-dhe-komuniteteve-lokale-ne-procesin-e-integritet-evropian/>
- » <https://financat-lokale.al/sq/node/89>

### DIFFERENT ARTICLES IN MONITOR, BUSINESS MAGAZINE, EXIT.AL, BALCAN WEB, NEWS 24, EXIT.AL ETC SUCH AS:

- » <https://www.monitor.al/banka-e-shqiperise-sistemi-pagesave-ne-euro-vihet-ne-zbatim-kete-vit/>
- » Artikull\_CBPN\_ALB\_LEDIA\_BREGU\_Shqip\_Final\_17504\_1\_converted\_3\_17542%20(2).pdf
- » [https://www.shav.al/pdf/katalogu\\_i\\_treguesve\\_te\\_decentralizimit.pdf](https://www.shav.al/pdf/katalogu_i_treguesve_te_decentralizimit.pdf)
- » [https://drive.google.com/file/d/1-jpUn6Bhy0tEkHALQuiJ\\_dMMbIBhlydt/view](https://drive.google.com/file/d/1-jpUn6Bhy0tEkHALQuiJ_dMMbIBhlydt/view)
- » <https://www.epoka.edu.al/news-tirana-inc-mou-signing-ceremony-epoka-a-founding-partner-first-multi-university-incubator-5560.html>
- » <https://www.tirana-inc.al/services-5>
- » <https://exit.al/rama-premton-hartimin-e-nje-platforme-me-universitetet-gjate-mandatit-te-trete>
- » <https://www.bkt.com.al/lajme/marreveshje-bashkepunimi-bkt-fakulteti-i-ekonomik-universiteti-i-tiranes>
- » <https://www.epoka.edu.al/news-epoka-university-signs-mou-with-albanian-association-of-banks-5717.html>
- » <https://www.monitor.al/bursa-e-energji-se-rihapet-per-se-dyti-tenderi-per-platformat-e-elektronike-te-tregtimit/>
- » <https://www.monitor.al/bursa-e-energji-se-hapet-gara-per-perzgjedhjen-e-platformat-e-elektronike-te-tregtimit/>



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# RECOMMENDATIONS MONITORING REPORT