



ACTIVITY REPORT 2023

The Investment Council (IC) facilitates the development of mutual trust between the business community and government in Albania and contributes to an incremental institutionalisation 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 composed of representatives from the government, the private sector, and development partners.

IC is supported by the Ministry of Economy, Culture and Innovation (MEKI), the European Bank for Reconstruction and Development (EBRD), and the Swiss State Secretariat for Economic Affairs (SECO).





CONTENTS

Introduction	6
Investment Climate	10
Plenary Meetings	12
Consultations	20
Fulfilled Recommendations During 2023	22
Strengthening Reform Implementation	24
Communication and Visibility	25
Stakeholder Engagement	26
Advocating and Awareness Raising	28
2023 IC Surveys	30
Documents	31
What's Next?	33
2023 Key Numbers	34
IC Membership during 2023	35



“ I am honoured to have been involved in the establishment of the Investment Council in 2015, and I am delighted to witness its development into a significant platform for discussion, idea exchange, and recommendations. IC stands out as one of the most effective tripartite forums, engaging institutions such as the government and the Bank of Albania, businesses (including those representing the diaspora), and international actors, with the EBRD playing a crucial role. I firmly believe that it serves as an excellent forum for exchanging perspectives and insights, addressing both business challenges and governmental initiatives impacting the business climate and economy.

Mr Ervin Mete
Minister of Finance and Economy,
Chair of Albania Investment Council (2023)
6 October 2023



SCOPE OF WORK

DURING 2023

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:

ALIGNING THE IC AGENDA TO LOCAL BUSINESS CONCERNS AND ANALYSING INVESTMENT CLIMATE ISSUES

Achieved through conducting annual surveys, focused consultations, desk research using national and international reports, providing semi-annual updates on the country's economic outlooks, and holding focus group meetings to gather insights.

COORDINATING INCLUSIVE BUSINESS ASSOCIATION REPRESENTATION IN THE IC

Implemented through a rotation system for business representative members to ensure diverse representation.

ENABLING CONDITIONS FOR STRUCTURED DIALOGUE

By preparing an inclusive and aligned agenda of topics for IC meetings through a careful voting and consultation process, organising plenary meetings with inclusive and constructive representation, and distributing well-consulted technical documents and follow-up minutes in a timely manner, all of which were made transparently available to the public on the IC website.

ADVOCATING FOR PRIORITY POLICY ACTIONS

Publishing relevant investment climate news on social media, contributing to various business associations' events focusing on

investment climate, and cooperating with universities and other platforms.

ALIGNING WITH NATIONAL PRIORITIES AND SUPPORTING THE EU APPROXIMATION PROCESS

Consulting on structural reforms, contributing to the EU screening process and key economic policies and ensuring that the Council's work is aligned with national agendas and EU approximation processes.

SYSTEMIC MONITORING OF IC RECOMMENDATIONS PROGRESS

Ensuring periodic follow up with responsible institutions on recommendations implementation, maintaining and updating a result-measuring database and publishing reports on yearly progress.



INTRODUCTION

Welcome to the Annual Activity Report of the Investment Council (IC) in Albania for the year 2023. This report provides a comprehensive overview of the IC's initiatives, achievements, and ongoing efforts in facilitating communication between the government and the private sector, enhancing the business environment, and addressing key challenges faced by businesses in Albania.

KEY HIGHLIGHTS

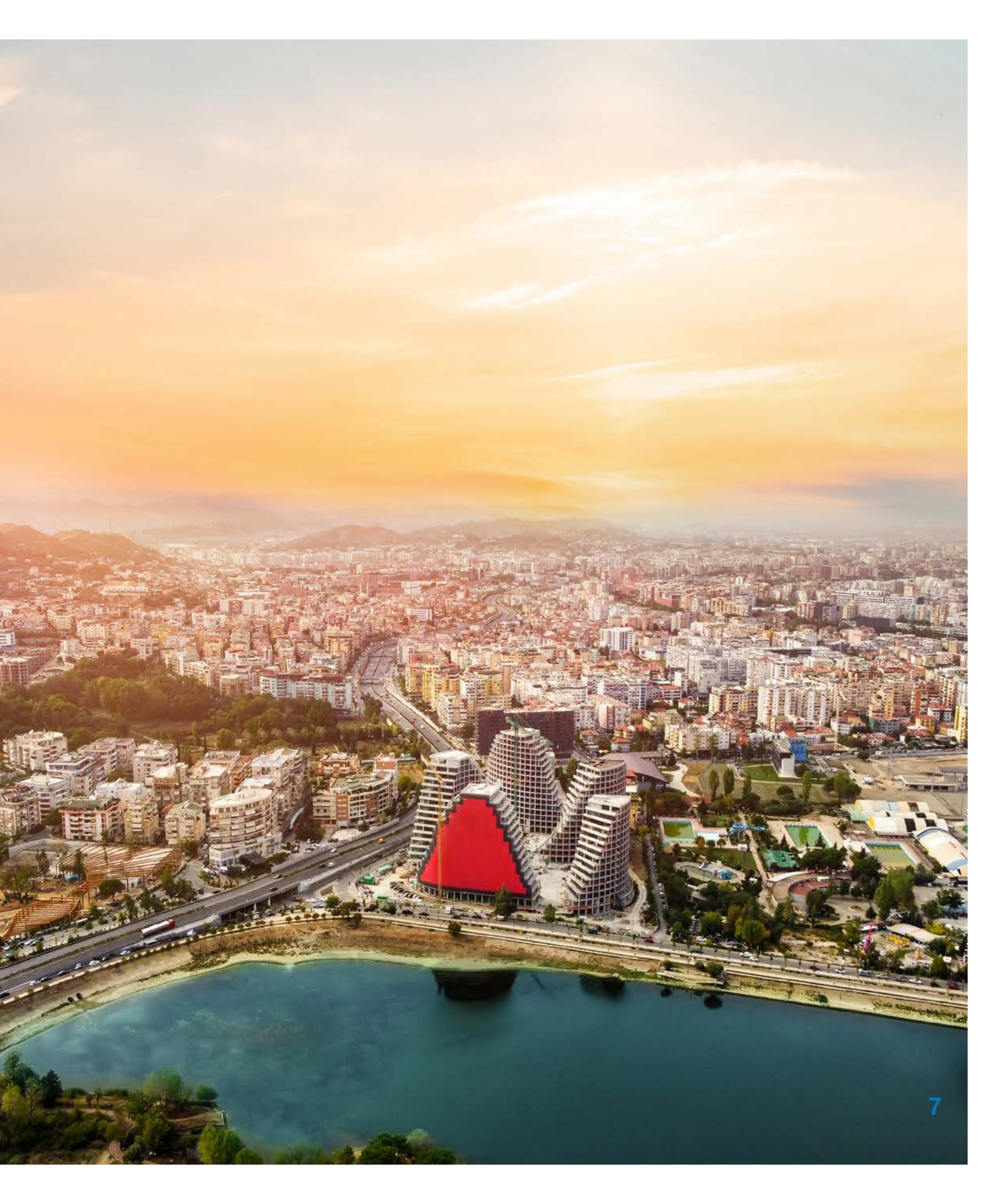
- Throughout 2023, the IC facilitated evidence-based discussions through **4 plenary meetings and 4 technical roundtables**, engaging with 155 businesses and formulating **31 new recommendations**.
- Since 2015, the Investment Council has endorsed 326 recommendations. In 2023 alone, 44 recommendations have been taken into consideration by the institutions with a steadfast commitment to their implementation. Already, 24 recommendations have been successfully fulfilled, with 20 more are actively advancing towards realisation.
- The IC's commitment to inclusivity sparked heightened interest from business associations, leading to a government amendment to the Decision of Council of Ministers (DCM) 294/2015, "On the Establishment of the Investment Council." This amendment **doubled the number of non-permanent**

business association members from four to eight, each with a two-year mandate.

- Leveraging an innovative approach initiated in 2022, the **IC's agenda-setting process broadened with participation beyond its core members**. This approach ensured comprehensive input through voting in January and October, effectively identifying business priorities and partners' expectations and ensuring a comprehensive understanding of prevailing challenges and aspirations.
- During the initial nine months, the Council was chaired by Ms Delina Ibrahimaj, Minister of Finance and Economy, later succeeded by Mr Ervin Mete who replaced her in that position.
- Furthermore, the IC Secretariat conducted **10 technical analyses**, including surveys involving input from 905 companies, providing valuable insights for recommendations.
- The Secretariat also made significant contributions to **high-level national and international events**, serving as a panellist in various forums and reinforcing the IC's credibility.

Overall, the IC's progress underscores its effectiveness in promoting evidence-based policy-making, fostering inclusiveness, and enhancing the country's business environment, reaffirming its important role in government efforts to promote economic growth and development.





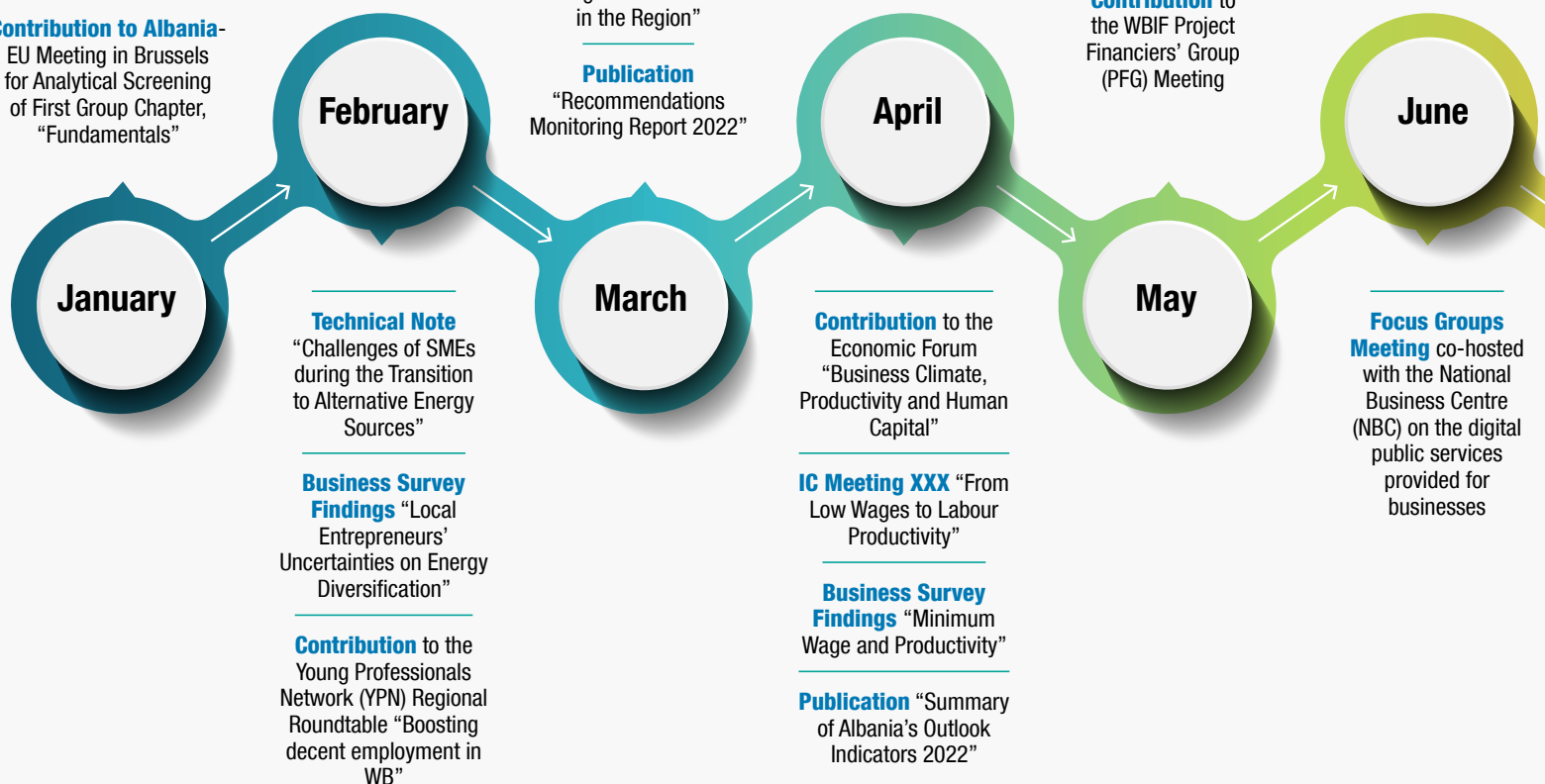
TIMELINE OF MAIN ACTIVITIES during 2023

Focus Group Meetings
with Businesses co-hosted with the Women's Economic Chamber (WECA) on Business Challenges to Transitioning to Alternative Energy Sources

Publication "Assessment from Investment Council's Members and Associates 2022"

IC Meeting XXIX "SMEs Challenges to Transitioning to Alternative Energy Sources"

Contribution to Albania-
EU Meeting in Brussels for Analytical Screening of First Group Chapter, "Fundamentals"



Focus Group Meeting
co-hosted with WECA on
the digital public services
provided for businesses

**Two Focus Group
Meetings** with experts and
businesses on the digital
public services provided for
businesses

**Business Survey
Findings** "Business
Perspectives on the Quality
of Digital Public Services"

Participation in the First
Inter-Institutional Working
Group for the Preparation
of the Roadmap for the
Achievement of the
Sustainable Development
Objectives (hosted by
SASPAC)

Contribution to the
4th Albanian Diaspora
Women Summit "With
Mind and Heart to
Albania"

Publication of the
Technical Note
"For Improving the
Quality of Digitalised
Public Services to
Business"

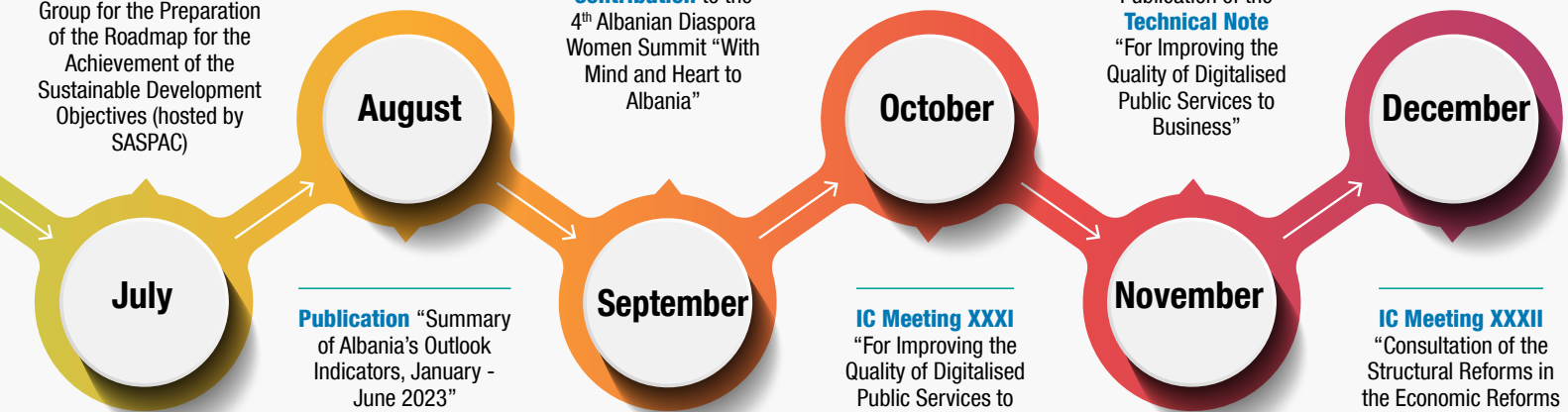
IC Meeting XXXII
"Consultation of the
Structural Reforms in
the Economic Reforms
Programme (ERP) 2024-
2026"

Provision of official
comments to the draft
ERP 2024-2026

IC Meeting XXXI
"For Improving the
Quality of Digitalised
Public Services to
Business"

Publication "Summary
of Albania's Outlook
Indicators, January -
June 2023"

MoU signed with the
Albanian Institute of
Statistics (INSTAT)



INVESTMENT CLIMATE

A **LBANIA'S ECONOMY:** Economic growth reached 3.4% in 2023, according to INSTAT estimations influenced by both domestic economic developments and expectations regarding the global economy, particularly within the European Union. Looking ahead to the medium-term period of 2024-2027, official forecasts suggest an average annual growth rate of around 4%. According to the latest data from INSTAT, the official unemployment rate for individuals aged 15+ stood at 10.7% in the fourth quarter of 2023, down with 1.2% during the same period in the previous year. Foreign Direct Investments during year 2023 amounted to Euro 1,492 million, reflecting a notable increase of 8.7% compared to 2022, primarily focused on tangible assets, the hydrocarbons sector, financial intermediation, and the energy sector. In 2023, the average annual price increase decreased to 4.8% from 6.7% in 2022. Since the end of 2011, monthly inflation rates on an annual basis have consistently remained below the Bank of Albania's target of 3%. However, upward trends were observed starting from November 2021, where inflation surpassed the BoA target and peaked in October 2022 at 8.3%. Despite subsequent downward trends, inflation has persisted above the BoA target of 3%.

POLITICAL DEVELOPMENTS: In November 2023, Albania completed the analytical review of its legislation, known as the "screening process," assessing its alignment with the acquis. Approximately 1000 experts from various sectors,

including public administration, independent institutions, civil society, and the business community, were involved in this comprehensive review. Earlier in the year, the IC Secretariat advocated for the IC platform before the EU Commission in Brussels, emphasising the importance of public consultation and business inclusiveness in such processes. In October, Tirana hosted both the

Foreign Affairs Ministerial and the Berlin Process Summit for the first time outside the EU area. These significant events reaffirmed the European perspective of the region and discussed a Growth Plan to accelerate regional economic integration, potentially paving the way for Western Balkan countries to gradually integrate into the EU Single Market before accession. Furthermore, the end of 2023 marked the conclusion of Albania's two-year term in the UN Security Council. Additionally, Albania's candida-

cy in the Human Rights Council and the Executive Board of UNESCO received substantial support through votes, highlighting international recognition and endorsement.

INSTITUTIONAL CHANGES: In September 2023, the Chair of the IC changed following a reshuffle of the Government Cabinet, with Mr Ervin Mete assuming the role of Minister of Finance and Economy. Mr Mete chaired two meetings of the IC and endorsed the working plan and list of topics for discussion in 2024, as voted by the members. Concurrently, Ms Laura Plaku was appointed the new Director of the Albanian Investment Development Agency (AIDA) – a permanent member of the IC.

The National Economic Council (NEC) was reactivated by the Government by the end of 2023,

Economic growth reached 3.4% in 2023, according to INSTAT estimations.



triggering further need for cooperation and exchange of information between it and the IC. The two councils offer complementary approaches: the IC's bottom-up method, gathering business concerns, complements the NEC's top-down decision-making, which involves consulting government economic strategies and policies with the private sector.

SOME KEY LEGAL & REGULATORY DYNAMICS

At the close of 2023, Albania's removal from the grey list of FATF/MONEYVAL marked a significant achievement attributed to the fulfilment of several recommendations. This milestone is expected to enhance the country's reputation and reduce both domestic and international financial transaction costs through banks. Additionally, the launch of the Economic Reform Programme (ERP) for Albania, 2024-2026, during a dedicated meeting of the IC, outlined crucial structural reforms for economic development and associated measures. In a bid to stimulate market competition and en-

courage salary increases in both the public and private sectors, the government unveiled a plan for a substantial rise in public sector salaries. This initiative targets a projected average salary increase of 67% in 2024 compared to 2022. Despite political tension during Albanian Assembly sessions, the budget and fiscal package received approval in December 2023. However, the proceedings were marred by disruptions, diverting attention from substantive discussions. The fiscal package retained the Ministry of Finance's focus on legislative predictability and good fiscal administration without significant alterations. Concerns raised by professionals and experts regarding the readiness and implications of the new "Income Tax Law" (enacted in 2023, effective from 1 January 2024) were not addressed through amendments. Instead, the primary by-law was approved late in December, accompanied by a Normative Act granting the tax administration additional time to familiarise themselves with the law, confirming lingering apprehensions about full implementation readiness.

PLENARY MEETINGS



1.

How can enhancing local SME knowledge and skills in energy diversification help reduce the initial costs of renewable energy projects? Who are the key stakeholders that could promote and facilitate this process?

Albania's vast renewable energy resources position it as a potential 'green battery' for the Balkan region. However, despite this potential, the local private sector expresses concern regarding the efficiency of these 'new energy sources' and remains hesitant to invest in this direction. Are there clear plans in place for developing the energy market to address these business concerns and encourage investment?

Albania holds significant potential in renewable resources, positioning itself as a key player in the Balkan region's transition towards sustainable energy. However, challenges such as fluctuating hydrological conditions and limited resource diversification pose risks to energy security. To overcome these challenges, it's essential to encourage local businesses to adopt new models centred around green entrepreneurship, sustainable investments, and circular design. Additionally, advocating for sustainable product policies, extending producer responsibility, and preventing the proliferation of environmentally harmful products in the Western Balkan market are imperative. Recognising the uncertainties small and medium-sized enterprises (SMEs) face during the energy transition, providing them with enhanced insights and support becomes crucial. To effectively navigate this transition and align with the objectives outlined in Albania's National Energy Sector Strategy 2030, concerted efforts from both central and local institutions are necessary.

MAIN RECOMMENDATIONS

- **Assessment of the current instruments at the disposal of SMEs:** Ministry of Finance and Economy (MFE) and Ministry of Infrastructure and Energy (MIE) to evaluate existing instruments available to SMEs, especially in priority sectors like tourism and construction. This includes developing a national priority intervention list focusing on green SME plans and funding uncertainties.
- **Centralised Information Hub:** A centralised platform to be established and managed by MIE to disseminate information and best practices related to renewable energy.
- **Business Engagement:** A proactive engagement needs to be developed between business chambers, universities, and knowledge centres to enhance SME awareness and management capacities on energy.
- **Legal Interventions:** MFE and MIE should introduce legal amendments to promote renewable energy adoption, including measures to increase the capacity of producers.

In addition to the new strategies and laws being adopted, it is necessary to set up working groups and a proactive approach between institutions and business chambers to enable information sharing, not only on the fiscal incentives offered in the energy sector but also as regards to the technical terms and their practical implementation. Although SMEs may have financial resources to invest and they do need to invest, many do not understand this type of investment and do not have information about the right model.

Klodiana Ajazi,
Women's Economic Chamber, 31 January 2023

PLENARY MEETINGS



2.

Is it time for entrepreneurs to shift their attention towards enhancing workplace productivity as a critical measure for ensuring business sustainability and fostering enduring growth within the country?

Given the limited capacity of companies to upgrade technology and enhance competitiveness on a broader scale, is there an urgent need for additional support from financial institutions and the implementation of state-backed instruments?

The current approach of unsustainable wage increases, without concurrent improvements in productivity and quality, could lead to competitiveness challenges and potentially pose structural risks for businesses, which may take considerable time to overcome:

Despite advancements in digitisation and other macro indicators, Albania faces challenges in its economy, marked by low levels of business sophistication, innovation, and entrepreneurial knowledge compared to its Western Balkan counterparts. The impact of minimum wage laws on the economy and employment is complex and depends on factors like the minimum wage level, economic resilience, and industry competitiveness. From the perspective of the domestic private sector, a higher minimum wage could be seen as a positive step amid labour market shortages. However, what do local entrepreneurs think? The effect of wages on the competitiveness of Micro, Small, and Medium-sized Enterprises (MSMEs) depends on factors like industry dynamics and business strategies. Addressing these issues may require combining minimum wage policies with measures to promote modern entrepreneurial practices and facilitate training and development programs. This ensures employees have the necessary skills for sustainable economic growth.

MAIN RECOMMENDATIONS

- **Local Interventions for Work Culture and Employment:** MFE and employment offices should prioritize local interventions aimed at improving work culture and providing decent employment opportunities. This includes educating both prospective employees and employers about labour legislation and employment contracts, focusing on their rights and obligations.
- **Wage indexation:** The Government of Albania, in collaboration with social partners, should engage in a comprehensive consensus-building process to evaluate the adoption of a wage indexation mechanism for both the public and private sectors annually.
- **Proportional Social Security Contributions and Fair Wages for Part-Time Employment:** It is recommended that MFE, the General Tax Directorate (GTD), and the Social Insurance Institute (SII) implement proportional social security contributions for part-time employees and advocate for fair hourly wages. Part-time workers should receive wages equivalent to full-time employees, calculated based on labour laws for monthly, weekly, or daily rates. In addition, overtime pay should not factor into minimum wage calculations, as it violates regulations to require overtime work to meet the legal minimum wage. Instead, part-time employees should be guaranteed a minimum wage proportional to their working hours.



It is crucial to establish a national package or action plan aimed at increasing productivity and competitiveness. It falls upon all interest groups and economic operators to contemplate salary increases rather than pressuring the private sector through public sector salary indexation. Regrettably, this phenomenon has already materialised. In discussing productivity, several key elements must be addressed: First, labour availability presents a significant challenge. The producer's sector remains unaffected by minimum wage increases, as these levels were surpassed four years ago, encompassing both minimum and average wages. Currently, 99.8% of enterprises in the country are micro and small businesses and individual entities, signalling a need for more producers and service providers. Secondly, employees must possess the requisite skills deserving of their claimed salary. Challenges arise with the influx of underqualified labour. Vocational education poses a challenge, as new employees often lack sufficient qualifications but demand non-proportional salaries. Lastly, Albania has become part of the global circulation of employees, with foreign workers staying in the country for a mere five days.

Arben Shkodra, Producers' Union, 18 April 2023



PLENARY MEETINGS



3.

Should entrepreneurs

now embrace digitalisation to achieve economic integration, considering its proven positive impact on enterprise productivity and competitiveness?

Should digitalisation

be viewed not as an end goal but rather as a means to enhance the efficiency of public administration in delivering public services at an optimal cost?

Business perceptions concerning data security, platform usability, complaint channels, and the accuracy of institutional responses continue to pose challenges. Additionally, despite public evaluations, maintaining institutional stability, coordination, and providing adequate digital training and continuous education for administrative staff remains problematic:

The reduction of administrative burdens and corruption is increasingly recognised as crucial in discussions aimed at enhancing the quality of the country's business environment. Efforts to digitise public services, particularly those catering to businesses, have been intensified and coordinated with re-engineering and deregulation measures. The objective is to simplify service provision, reduce processing time, and streamline procedures. Amid the COVID-19 crisis, investments in improving ICT infrastructure and electronic interaction platforms, such as the e-Albania platform, have greatly facilitated the efficient functioning of public services, benefiting businesses as well. However, despite notable progress, significant challenges persist. These range from technical issues to more fundamental concerns, including missed deadlines, vague administrative responses, inconsistent issue handling, and ambiguity surrounding administrative appeals. Addressing these challenges requires focused attention and alignment with ongoing efforts to enhance deregulation and re-engineering processes.

MAIN RECOMMENDATIONS

- **Support for Digitalisation and Digital Education for SMEs:** The Minister of State for the Protection of Entrepreneurship (MSPE), the National Agency of Information Society (NAIS), AIDA, chambers of commerce, business associations, and development partners should provide robust support for the digitalisation and digital education of businesses, with a particular focus on SMEs.
- **Enhancement of Online Payment Systems for Central Administrative Services:** The Deputy Prime Minister, MSPE, NAIS, the Agency for Dialogue and Co-Governance (ADB), Agency for the Delivery of Integrated Services (ADISA), the Bank of Albania, and the Banks' Association should collaborate to improve the online payment systems, at least for central administrative services.
- **Re-engineering Administrative Practices for Financial Statement Filing:** The Deputy Prime Minister, MSPE, NAIS, GTD, NBC, ADB, and the Institute of Authorized Chartered Auditors (IEKA) should collaborate to re-engineer administrative practices and procedures for filing financial statements. Leveraging digitisation, these efforts aim to reduce the administrative burden on both businesses and public administration.



There are several key challenges that the business faces today. Firstly, the establishment of a 'single window' for import and export is paramount for businesses engaged in international trade. I call upon relevant institutions, including the Ministry of Finance and Economy, to take decisive measures to achieve this goal and assist businesses in obtaining licenses for international trade. Secondly, many businesses encounter obstacles in obtaining 'authorised exporter' status. For this reason, training support is needed and more detailed information on the procedure. Thirdly, concerning electronic commerce, there is an urgent need for infrastructure development to facilitate electronic document processing, digital signatures, and online payment solutions. While acknowledging some progress in procurement, I emphasise the importance of addressing business demands to further streamline this essential process.

Ines Muçostepa,
Union of Chambers of Commerce and Industry, 6 October 2023



PLENARY MEETINGS



4.

The ERP focuses

on promoting renewable energy, digital infrastructure, and sustainable transport. It addresses economic integration, research and innovation, the fight against informality, and support for startups.

Measures include improving access to e-services, increasing digital skills, and developing a legal framework for startup businesses.

The Economic Reform Programme (ERP) for 2024-2026, prepared by the Government of Albania, serves as a guide for the government to prioritise and implement essential economic reforms. The ERP 2024-2026 outlines updates in three thematic groups: human capital, sustainability & recovery, and competitiveness. The proposed structural reforms encompass education, social protection, renewable energy, digital transformation, and business climate improvement. This document is crucial for the European Commission's New Growth Plan, which includes a EUR 6 billion fund for the Western Balkans.

MAIN SUGGESTIONS RAISED IN THE DISCUSSION

- **Private Sector Involvement:** Reforms should be designed with active participation from the private sector, providing them with a platform like the Investment Council to voice their concerns. This involvement offers opportunities for the private sector, particularly in terms of direct access to the Single Market and regional market integration.
- **Alignment with the Reform and Growth Facility:** It is crucial to align the reform areas under the Reform and Growth Facility with the ERP to avoid conflicting messages and ensure a cohesive approach. Although the ERP may have specific nuances, especially on the social front, there is considerable overlap. Using the ERP as a foundational document to integrate into the Reform and Growth Facility is recommended. While the ERP does not include financial aspects, the disbursement of the Reform and Growth Facility depends on the implementation and realisation of the reforms.
- **Capacity for Implementing Large-Scale Infrastructure Initiatives:** Consideration must be given to the capacity for implementing large-scale infrastructure projects that adhere to international and EU standards. Delays often occur due to compliance with EU standards related to environmental and social impacts, procurement, and more. To address this, it is important to unlock access to technical assistance at the earliest opportunity. As an integral part of the project, timely access to such assistance enhances the feasibility of implementing it within the designated timeframe.
- **Reform on Land Ownership:** The ongoing reform on land ownership remains an obstacle to investment in key sectors such as agriculture, tourism, and energy. To facilitate development in these areas, measures to resolve this issue should be taken promptly.



The proposed chain of activities and indicators for measurement in the draft ERP are adequate, rendering it a comprehensive document. However, it would be beneficial to include the diaspora, given its significant impact on human capital and potential investment. I suggest fostering competitiveness through a coordinated approach between the concepts of 'Made in Albania' and 'Made by Albanians'. This aims to encourage diaspora consumers to support local products and nurture partnerships with the private sector to enhance the country's image and attract investment.

Regarding the issue of 'skilling', there is a pressing need for the implementation of a specialised 're-skilling' policy for sectors facing crises. Additionally, strategic collaboration at the local level with municipalities can enhance the quality of the workforce.

Concerning the private sector, collaborative efforts in improvement, automation, standardisation, and digitisation are imperative to compete effectively in international markets. Therefore, it is recommended to include SMEs in initiatives such as Intelligent Albania and the Agency for Innovation and Excellence. This approach aims to foster innovation and equip them to address international challenges.

Elisabeta Katiaj,
Albanian Diaspora Business Chamber, 15 December 2023



CONSULTATIONS





Tackling Concerns of Local SMEs on Alternative Energy Resources through Consultation to Gather Timely Relevant Evidence

The Secretariat conducted consultations with public and private stakeholders on the challenges small and medium enterprises (SMEs) face in transitioning to alternative energy resources. The process involved:

- Four focus group meetings with 46 companies
- 15 face-to-face interviews with public and private sector stakeholders
- A survey with 75 companies

These consultations provided valuable insights and recommendations, which were presented in the Secretariat's technical note and discussed at the IC meeting. Key findings included specific challenges and proposed solutions for SMEs adopting alternative energy.

Consultations Regarding Business Challenges in Digital Public Services

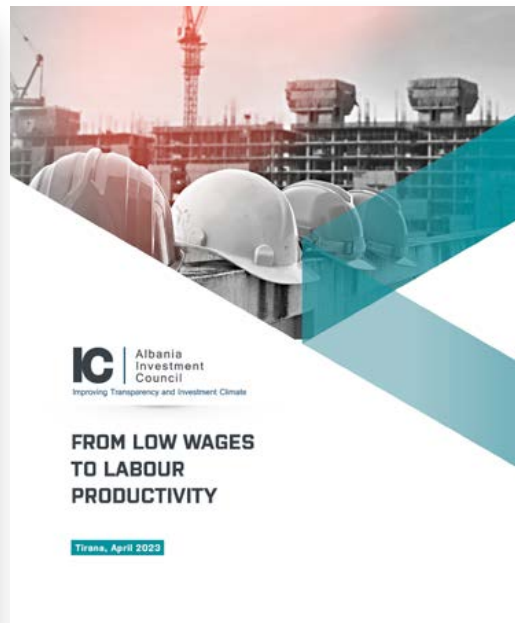
The Secretariat collaborated with the Women's Economic Chamber, the National Business Centre, and independent experts to host three focus group meetings. These sessions were dedicated to discussing the preliminary findings of a survey on the quality of digital public services conducted with 324 companies in the private sector. These sessions featured active participation from:

- 50 private sector representatives
- The National Agency of Information Society

Participants noted that while digital services have reduced administrative costs, several issues with the e-Albania platform persist. Recommendations included:

- Improvements to the current e-Albania platform
- Development of separate e-Albania platforms for citizens and businesses to ensure a more streamlined and efficient user experience.

FULFILLED RECOMMENDATIONS DURING 2023



The IC has analysed and approved 326 recommendations for improving the investment climate in Albania (2015-2023) by involving its members in effective public-private dialogue. The Secretariat has maintained a transparent approach by continuously publishing updates on progress and raising awareness to ensure accountability on the part of government counterparts and other stakeholders. There is a clear acceleration in the responsiveness of public institutions concerning the implementation of recommendations, although the response quality remains limited.

Implementation Status:

- » 47.5% of recommendations have been fully implemented (70-100%)
- » 16.6% are currently in progress
- » 35.9% are pending implementation

Impact on Key Areas:

- » **Impact on Key Areas:** Addressing various sectors, including Energy, Agriculture, Tourism, Employment, and Innovation through nine legislative initiatives. These changes consider 11 recommendations in progress during 2023.
- » **Tourism Promotion:** Active promotion of tourism investments aligned with economic and urban development plans, focusing on National Priority Development Zones. Efforts also include the management and development of protected areas like Vjosa National Park.
- » **Agriculture Sector:** Initiatives to enhance precision in land mapping and clarify ownership rights. Efforts to integrate the value chain and ensure a stable supply of raw materials for agro processing have been supported through ARDA under the IPARD II programme.
- » **Renewable Energy:** Significant advancements include the implementation of a liberalised energy market and energy exchange. Provisions to encourage renewable energy sources have been strengthened, including

enhancements to the net metering scheme.

- » **MSMEs Education Support:** Training programs for MSMEs to enhance capacities in various areas, including waste management, utilisation of photovoltaic systems, energy efficiency, and financial management foundations.
- » **Business Community Involvement:** Inclusion of business associations and trade unions as part of the National Labour Council to enable influence in decision-making.
- » **Wage Adjustments:** Adoption of a wage indexing mechanism and initiation of a plan for wage re-adjustments in public administration. Significant salary increases observed in the public sector.
- » **Tax Compliance Monitoring:** Establishment of a Risk Committee for monitoring market compliance by the tax administration.
- » **Quality of Public Services:** Establishment of the "Innovation and Excellence Agency" to consistently suggest and oversee the execution of innovative solutions for enhancing public services.
- » **University-Business Collaboration:** Strengthening relationships between universities and businesses through cooperative agreements, fostering increased interest and awareness in this direction.

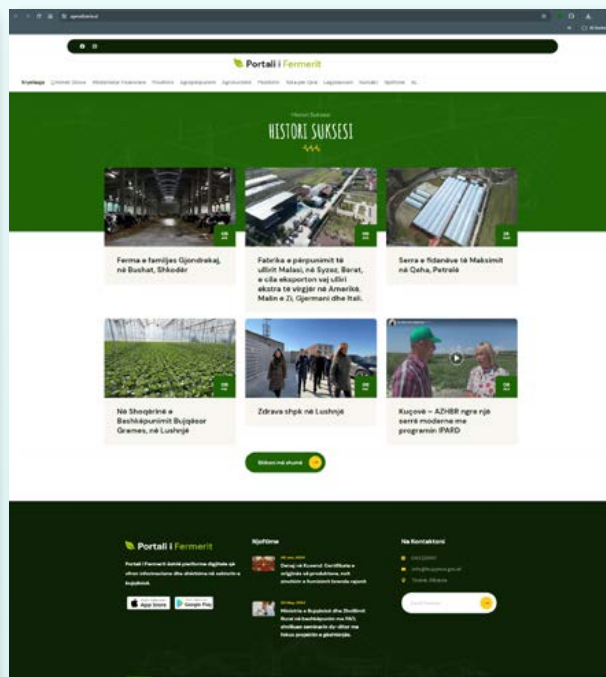
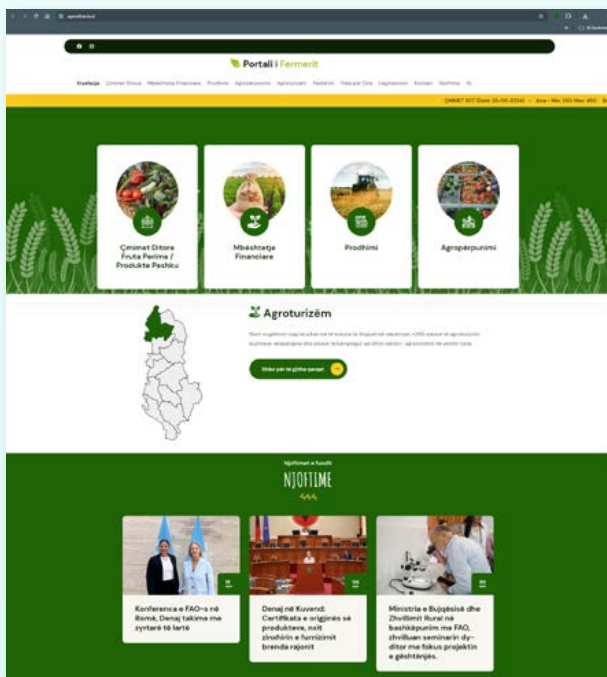
Read more, [IC Recommendations Monitoring Report 2023](#).

Strengthening Reform Implementation

The **implementation of IC recommendations** has been strengthened and made more effective with the support of follow-up projects led by the European Bank for Reconstruction and Development (EBRD) and supported by the Swiss State Secretariat for Economic Affairs (SECO)

The Investment Council of Albania has reinforced the execution of its recommendations with assistance from the EBRD through subsequent projects. One such initiative focused on addressing a 2020 recommendation to the Ministry of Agriculture and Rural Development (MARD) and the Agriculture and Rural Development Agency (ARDA) regarding updated market information on fresh and processed products. In response, the EBRD provided tangible technical

support to implement this proposal. Over the year, significant progress was made: (1) the launch of the user-friendly e-Farmer platform, offering comprehensive and up-to-date information crucial for agribusinesses and farmers, and (2) the completion of ARDA's capacity-building efforts, enhancing its institutional capabilities in alignment with EU directives and IPARD agencies. These efforts aimed to streamline the processing of farmers' financing applications for quicker and more efficient outcomes.





Communication and Visibility



IC Website:

- » +20,000 users in 2023

Social Media:

- » Active in 3 platforms: Facebook, Twitter, LinkedIn
- » 19.4% increase in the number of followers: (4,013 in 2023 vs 3,360 in 2022)

Quarterly e-Newsletters

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

- [Newsletter, January-March 2023](#)
- [Newsletter, April-June 2023](#)
- [Newsletter, July-September 2023](#)
- [Newsletter, October-December 2023](#)

Articles in the print media

- Interview of Ms Diana Leka, Head of Secretariat “The vision of the future should be toward investments that positively impact the economy” – Monitor Magazine, 13 January 2023 (in Albanian)
- Self-producers of photovoltaics, IC recommends an increase of capacity to 1 MW – Monitor Magazine, 6 March 2023 (in Albanian)
- Investment Council’s Report on Implementation of Recommendations – Monitor Magazine, 5 April 2023 (in Albanian)
- The Investment Council gathers! Minister Mete invites businesses to engage in consultations on the 2024 Draft Budget and Fiscal Package – TopChannel, 6 October 2023 (in Albanian)

Appearance in the national TV media

- » **Top Channel**
 - [Top News – Two laws about energy/Two different capacity limits for the self-producers](#) – Top Channel, 7 March 2023 (in Albanian)

- [Top News – Businesses Support Wage Increase/Ibrahimaj presents the IC Survey Results](#) – Top Channel, 18 April 2023 (in Albanian)

» RTV Klan

- [Pro Business – SMEs challenges toward alternative energy sources](#) – RTV Klan, 6 February 2023 (in Albanian)
- [Ibrahimaj: The Business Supports the Wage Increase](#) – RTV Klan, 18 April 2023 (in Albanian)

» Scan TV

- [Investment Council Convened, the Business in favour of Wage Increase](#) – Scan TV, 18 April 2023 (in Albanian)
- “Business should be involved in economic reforms” - Mete: Albania benefits 1 billion euros from the EU – Scan TV, 15 December 2023 (in Albanian)

» National Radio Television (RTSH)

- Ibrahimaj at the Investment Council: The Business Supports the Minimum Wage Increase – RTSH, 18 April 2023 (in Albanian)
- The Investment Council Convenes: Initiation of Consultations for the Economic Reforms Program 2024-2026 – RTSH, 15 December 2023 (in Albanian)

» BalkanWeb

- [Minister Mete in the Investment Council: Businesses, part of the consultations on the fiscal package](#) – BalkanWeb, 6 October 2023 (in Albanian)
- [Mete convenes the Investment Council: Commencement of consultations on the Economic Reforms Program 2024-2026](#) – BalkanWeb, 15 December 2023 (in Albanian)

E-mail Mass Distribution (website news)

- 1,100 subscribers
- Distribution in English and Albanian
- Average opening rate 22%

STAKEHOLDER ENGAGEMENT

Throughout 2023, the IC witnessed active participation from 155 businesses in various activities, including IC meetings, working groups, and roundtable discussions facilitated by the Secretariat. These engagements were marked by focused technical discussions among experts and increased survey responses, demonstrating heightened awareness and active involvement. Beyond plenary meetings, these collaborations played a crucial role in raising stakeholder awareness about the IC's initiatives and fostering communication across various forums. A notable innovation was the IC's partnership with institutions such as the National Business Centre (NBC) for organizing a focus group meeting on digital public services. Additionally, expert group discussions were conducted to explore and validate technical aspects and gather specialised insights.

KEY FIGURES IN 2023

- » **155 business representatives participated in IC activities**, including plenary meetings and technical sessions
- » **4 IC meetings** were chaired by the Minister of Finance and Economy with **an 85% overall member participation rate**
- » **4 technical meetings (focus group meetings) with the participation of 63 business representatives and independent experts**
- » **3 surveys:**
 - Survey "On Local Entrepreneurs' Uncertainties on Energy Diversification" (75 companies)
 - Survey "Minimum Wage and Productivity" (506 companies)
 - Survey "Business Perspectives on the Quality of Digital Public Services" (324 companies)
- » **Gender participation rate in IC activities:** 57% women, 43% men
- » Business associations and chambers, members of the IC, represented the interests of 1,319 companies, as per the Secretariat's review of updated public information on membership levels.







ADVOCATING AND AWARENESS RAISING

Contribution to the National Plan on Open Government Partnership (OGP) 2022-2023 16 January 2023

The Secretariat was invited by the Prime Minister's Office to help finalize commitments in the National Plan on Open Government Partnership (OGP), involving various stakeholders, including civil society. The plan's commitments focused on effective policymaking through data-driven methods like legislation planning and Regulatory Impact Analysis (RIA), as well as fostering transparent and accountable governance via public consultation mechanisms. During discussions, the Secretariat emphasized public consultation's role in enhancing transparency and regulatory efficiency. It also advocated for the endorsement of recommendations from Investment Council Meeting XXVII, which supported improvements in notification and public consultation processes, aligning with the OGP National Plan's goals.

Advocating for Addressing Labour Market Challenges for Young People 27 February 2023

The Secretariat participated in a Regional Round Table hosted by the Young Professionals Network (YPN) to address challenges faced by young individuals in the labour market. During the discussion, the Secretariat emphasized the importance of EU, World Bank, and government-led initiatives in tackling these issues and highlighted the critical role of youth engagement in overcoming barriers and shaping policies. Additionally, the Secretariat showcased the collaborative efforts between the IC, YPN, and the Faculty of Economy at the University of Tirana (FEUT) to identify and address key concerns of young professionals, promoting constructive dialogue between the public and private sectors for their smooth integration into the labour market.

Contribution to the Economic Forum: "Business Climate, Productivity, and Human Capital" 24 April 2023

The Head of the Secretariat participated as a panellist in the plenary session titled "Sustainable Growth and Favourable Business Climate" at the Economic Forum. This invitation, extended by the State Minister for Standards and Services, Ms. Milva Ekonomi, provided a platform for the Secretariat to highlight the significant work undertaken by the IC from 2015 to 2023. During the session, the Head of Secretariat emphasized the IC's role in supporting entrepreneurs in reducing costs associated with their integration into the global value chain and fostering innovation to tackle prevailing uncertainties. Despite expanded global market opportunities and recent advancements in local digital public services, the Secretariat's analysis indicates persistent challenges. Factors such as small firm size, low productivity levels, and limited access to finance continue to hinder the inclusive expansion of local SMEs into global chains and export markets.

Advancing Private Sector Support: Insights from WBIF Project Financiers' Group Meeting 24-25 May 2023

The Western Balkans Investment Framework (WBIF) Project Financiers' Group (PFG) convened in Brussels. At the suggestion of the Government of Albania, the Head of the Secretariat contributed to a dedicated session focusing on potential support to the private sector through the forthcoming WBIF instrument. During her participation, the Head of the Secretariat presented evidence gathered by IC concerning the perspectives of local entrepreneurs on innovation, access to finance, institutional coordination, and alignment with education. She emphasised that aligning the



EU Green and Digital Agenda with the views of local entrepreneurs could optimise benefits and aid in the absorption of upcoming assistance in the Western Balkans.

Secretariat Appointed by Prime Minister's Decree as an Observer in SDG Roadmap Preparation Working Group 12 July 2023

The Head of the Secretariat participated as an observer in the inaugural meeting of the inter-institutional working group tasked by the Prime Minister to develop a roadmap for achieving the Sustainable Development Goals (SDGs) within the year. This group, chaired by the General Director of the State Agency for Strategic Programming and Aid Coordination (SASPAC), comprises representatives from various ministries and key institutions. Their objective is to identify and formulate tools for implementing measures aimed at realising the SDGs.

Collaborative Efforts Between IC and IN-STAT to Enhance Business Climate 18 August 2023

The IC and the Albanian Institute of Statistics (INSTAT) signed a Memorandum of Understanding aimed at improving the business climate in Albania through data-driven initiatives. This MoU establishes a comprehensive framework

for cooperation between the two institutions, encompassing the exchange of information, technical expertise, and professional knowledge. Additionally, it outlines plans for joint activities and forums and sets up a monitoring mechanism to track and implement IC recommendations.

Empowering Women Entrepreneurs: IC's Contribution to the Albanian Diaspora Women Summit 15 September 2023

The Head of the Secretariat participated in the Fourth Albanian Diaspora Women Summit, a significant event organised by the Albanian Diaspora Business Chamber (ADBC), a business member of the IC. Themed "With Mind and Heart to Albania," the summit fostered collaboration among esteemed partners such as the Center for International Private Enterprise (CIPE), German Cooperation (GIZ), and various national and international organisations. The event convened over 130 women, including high-level representatives from Albania and Kosovo, professionals, business leaders, academics, and international organisations, with an additional 450 participants joining online. During the "Digital Economy Panel," the Head of the Secretariat, highlighted the challenges encountered by local women entrepreneurs, particularly in acquiring digital skills and effectively utilising digital platforms. She also advocated for sustainable diaspora support in addressing these challenges.

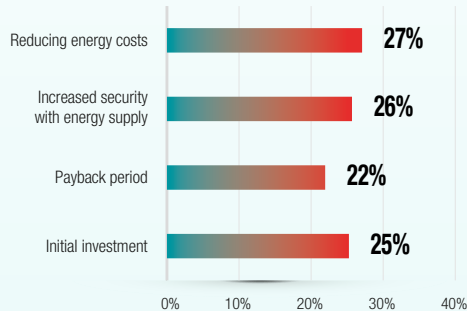
2023 IC SURVEYS

Business Insights on Energy Diversification, Wages-Productivity, and Digital Public Services

Surveys have become integral tools for engaging businesses from the ground up, aligning with the IC's methodology since 2015. In 2023, the Investment Council conducted three surveys, collecting responses from 905 companies through structured questionnaires developed by the Secretariat. The surveys revealed the following insights:

Energy Diversification: Companies are most influenced by saving money on energy and ensuring a reliable energy supply when deciding to invest in efficiency or alternative energy sources. Seemingly, the time it takes to recover the investment (payback period) matters less in this decision-making process.

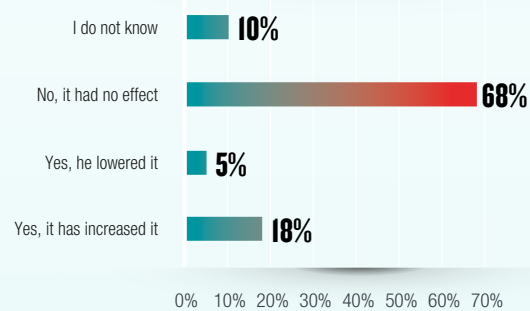
Which of the factors would most influence your decision **to invest in energy efficiency** and/or alternative sources of energy production?



Secretariat's Survey "Local Entrepreneurs' Uncertainties on Energy Diversification" (2023)

Minimum Wage and Productivity: Companies don't see their productivity going up when the minimum wage goes up. Only 18% of them think their productivity gets better, mostly in industries like services and tourism.

Do you think the increase in the minimum wage has affected the productivity of the workforce?

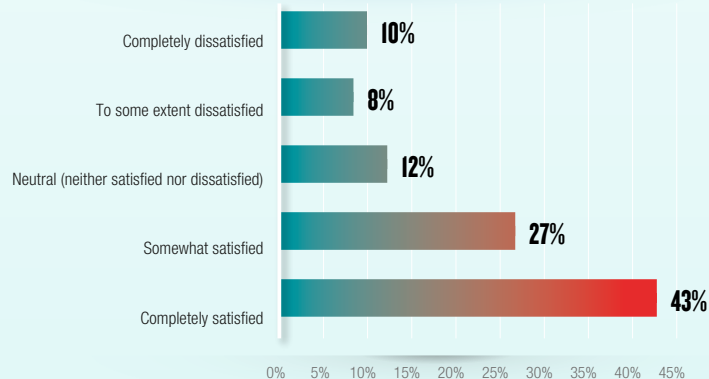


Secretariat's Survey "Minimum Wage" (2023)

Quality of Digital Public Services:

Businesses generally express satisfaction with electronic public services, citing their role in reducing administrative burdens and corrupt practices. However, concerns linger regarding the lack of digitisation at the local level, with local electronic services perceived as basic by enterprises.

Reflecting on your recent visits, how satisfied were you with the whole experience?



Secretariat's Survey "Business Perspectives on The Quality of Digital Public Services (2023)



DOCUMENTS

JANUARY 2023

- » IC Meeting XXIX - Agenda
- » IC Meeting XXIX – PPT Presentation
- » IC Meeting XXIX – Working Document
“Challenges of SMEs during the Transition to
Alternative Energy Sources”
- » IC Meeting XXIX – Matrix of
Recommendations
- » IC Meeting XXIX – Minutes

APRIL 2023

- » IC Meeting XXX - Agenda
- » IC Meeting XXX – PPT Presentation
- » IC Meeting XXX – Working Document
“From Low Wages to Labour
Productivity”
- » IC Meeting XXX – Matrix of
Recommendations
- » IC Meeting XXX – Minutes

OCTOBER 2023

- » IC Meeting XXXI - Agenda
- » IC Meeting XXXI – PPT Presentation
- » IC Meeting XXXI – Working Document
“For Improving the Quality of Digital
Public Services to Businesses”
- » IC Meeting XXXI – Matrix of
Recommendations
- » IC Meeting XXXI – Minutes

DECEMBER 2023

- » IC Meeting XXXII - Agenda
- » IC Meeting XXXI – Minutes

PUBLICATIONS

- » Guide - Renewable Energy Licensing
Procedures and Investment Scenarios
(For Prosumers)
- » 2023 IC Survey Findings “Local
Entrepreneurs’ Uncertainties on Energy
Diversification”
- » 2023 IC Survey Findings “Minimum Wage
and Productivity”
- » 2023 IC Survey Findings “Business
Perspectives on the Quality of the Digital
Public Services”
- » Albania Economic Outlook Indicators,
January-December 2022
- » Albania Economic Outlook Indicators,
January-June 2023
- » Reporting on Progress of IC
Recommendations (August 2023)
- » 2022 IC Activity Report
- » 2022 IC Monitoring Report



Click on the document
title to download.





WHAT'S NEXT?

Looking ahead, the IC remains a key instrument in fostering dialogue between the government and private sector in Albania to rebuild investor trust, strengthen the business environment, and tackle medium to long-term challenges. The 2024 IC Agenda, determined through member voting, prioritises:

- Addressing Private Sector Challenges: Informality, Productivity, and Innovation
- Improvement of the Competitiveness for Non-Food Products in the Albanian Market and their Access to the EU Market – Challenges and Opportunities
- Addressing Business and Banking Challenges for Access to Finance—Focusing on Reducing Administrative Burdens and Expanding Financ-

ing Options for MSMEs while Ensuring Transparency in Incentive Programs.

- Conducting Public Consultations on Draft Legislation Aligned with the Ministry of Economy, Culture, and Innovation (MEKI) Work Plan (EU Growth Plan, Unified Investment Law, Export Promotion Programme).

Additionally, the IC will convene four plenary meetings throughout the year to assess agenda progress and discuss the business climate. The Secretariat will continue organising consultation sessions, advocating for private sector representation in roundtables and working groups, conducting business community surveys, monitoring recommendation implementation, and raising awareness of the IC's activities and impact.

2023 Key Numbers

4 IC MEETINGS

31 APPROVED
RECOMMENDATIONS

24 RECOMMENDATIONS
IMPLEMENTED,
20 IN PROGRESS

10 ANALYTICAL
OUTPUTS

+20 BUSINESS ASSOCIATIONS
/ CHAMBERS ACTIVELY
ENGAGED WITH THE IC

1,475 COMPANIES
REPRESENTED
BY IC'S BUSINESS
ASSOCIATIONS AND
CHAMBERS

3 SURVEYS/
QUESTIONNAIRES

905 COMPANIES
PARTICIPATED IN
THE SURVEYS

155 BUSINESS PARTICIPATION IN
IC MEETINGS, TECHNICAL
MEETINGS, AND OTHER
ROUNDTABLES

4 TECHNICAL
MEETINGS
(focus groups)

1 MEMORANDUM OF
UNDERSTANDING SIGNED
(with INSTAT)

1,100 SUBSCRIBERS
ON THE IC
WEBSITE

1 ANNUAL MONITORING REPORT
ON THE IMPLEMENTATION OF
IC RECOMMENDATIONS

55 INSTITUTIONS - FORMAL
SUBMISSION OF IC
RECOMMENDATIONS

85% PARTICIPATION RATE
OF MEMBERS IN IC
MEETINGS

43% MEN
57% WOMEN
GENDER
PARTICIPATION
RATE IN IC
ACTIVITIES

4,013 FOLLOWERS IN
SOCIAL MEDIA (an
increase of 19.4% from
the previous year)



IC Membership during 2023

Members, State Institutions	Ministry of Finance and Economy
	Minister of State for Entrepreneurship and Business Climate
	Bank of Albania
	Albanian Investment Development Agency (AIDA)
	Albanian Fund for Development of Diaspora
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
Business Members with 2-Year Mandate	Women Economic Chamber (WECA)
	American Chamber of Commerce (AmCham)
	Turkish Chamber of Commerce and Industry in Albania (ATTSO)
	Union of Albanian Producers
Ad-Hoc Business Members	Fix Pro sh.p.k.
	Lufra sh.p.k.
	Hotel Mondial
	Proeksport Albania (PEA)
	Institute of Authorized Accounting Experts (IEKA)
	Albanian Agricultural Council (KASH)
	Albanian Association of Bank (AAB)



Improving Transparency and Investment Climate

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.

Dr. Diana Leka (Angoni)

Head of Secretariat
lekad@investment.com.al

Elvis Zerva

Legal & Regulatory Expert
zervae@investment.com.al

Elida Fara

Economic Expert
farae@investment.com.al

Xaira Shurdha

Liaison and Monitoring Expert
shurdhax@investment.com.al

Elisa Lula

Administrative and Communications Officer
lulae@investment.com.al

Published by the Investment Council Secretariat (ICS), Dëshmorët e Kombit, Tiranë, Shqipëri
info@investment.com.al / www.investment.com.al / ICS is responsible for the content of this publication.

Albania Investment Council ALInvestCouncil Albania Investment Council



Schweizerische Eidgenossenschaft
 Confédération suisse
 Confederazione Svizzera
 Confederaziun svizra

State Secretariat for Economic Affairs SECO