

PROGRESS OF RECOMMENDATIONS INVESTMENT COUNCIL

January – June 2024

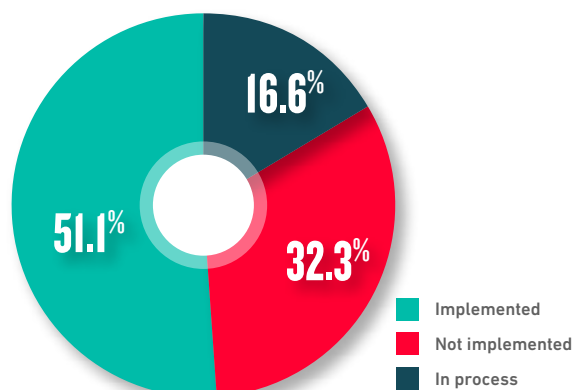
This material is prepared by the experts of the Investment Council Secretariat, Ms Xaira Shurdha, Liaison and Monitoring Expert, under the advice of the Head of IC Secretariat, Ms Diana Leka (Angoni), with the support of Mr Elvis Zerva, Legal and Regulatory Expert and Ms Elida Fara, Economic Expert. The material was edited by Ms Elisa Lula, Administrative and Communications Officer, providing support also in the design preparation. The information presented in this report has been compiled based on 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, June 2025

KEY HIGHLIGHTS

Since April 2015, the Investment Council has approved 350 recommendations across 35 meetings. Currently, 51.1% of the total recommendations are considered implemented, with an additional 16.6% in progress.

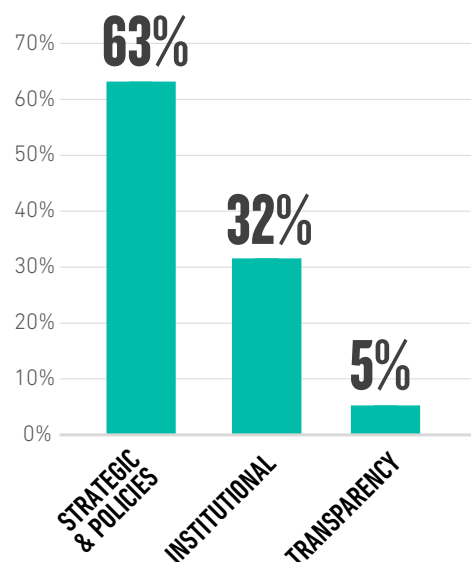
Figure 1. Status of IC recommendations, June 2025



From the latest update in June 2025, we observe an acceleration in the engagement of public institutions and business associations in addressing challenges related to access to finance, the promotion of innovation and digitalization of Micro, Small and Medium Enterprises (MSMEs), as well as the operationalization of the Technological and Economic Development Areas (TEDAs). These interventions also reflect the institutional commitment to accelerate structural reforms and consolidate the business climate in line with European standards and the requirements of the negotiating chapters in the areas of economic development, competition, and a conducive environment for investment.

There are 17 recommendations reported with progress by the institutions, out of these 14 have been fulfilled, and 3 are still in an ongoing process of implementation. Of these recommendations, 63% address interventions at the strategic and policy level, while 32% pertain to the institutional level.

Figure 2. Progress of IC recommendations by category, June 2025



In reference to the legal developments that contributed to the advancement of six recommendations during this six-month period, the following are particularly noted:

- o Decision No. 13, dated 09.01.2025, on the transfer to the Albanian Investment Corporation (AIC) of the state-owned properties no. 336, no. 338/1, no. 318, no. 310, no. 324/2, and no. 324/4, cadastral zone 3852, located in Xhafzotaj, Municipality of Shijak, and on certain amendments to Decision No. 185, dated 27.03.2024, of the Council of Ministers, "On the transfer from Albanian Radio Television to the administrative responsibility of the Ministry of Economy, Culture and Innovation of the state-owned properties no. 336, no. 338/1, no. 318, in cadastral zone 3852, Xhafzotaj, Municipality of Durrës, and on the approval for the establishment of the Technology and Science Park 'Durana Tech Park'".
- o Draft agreement between Ministry of Economy, Culture, and Innovation (MEKI) and Durana Tech Park under Decision No. 73, dated 29.01.2025, "On the approval of the detailed development plan and the draft agreement between the MEKI and the developer, AIC, on mutual commitments for the construction, administration, management, functioning, operation, and monitoring of the technology and science park 'Durana Tech Park'".
- o Decision No. 260, dated 07.05.2025, "On the declaration of the Technology and Economic Development Zone and the designation of the developer of the zone located in Xhafzotaj, Shijak".
- o Decision No. 77, dated 05.02.2025, "On the establishment of the state database – the database of official statistical indicators".

47% of the recommendations¹ impact all business sectors, and the main pillars where progress has been observed are outlined below:

¹ Out of the 17 recommendations that saw progress during the first half of the year.

PROGRESS OF RECOMMENDATIONS

INVESTMENT COUNCIL

JANUARY – JUNE 2025

A. New Schemes, Strategic Partnerships, and Increased Engagement of the Banking Sector to Improve Access to Finance and Innovation for MSMEs in Albania.

In February 2025, the **Bank of Albania introduced a new financing scheme² worth 25 billion Albanian Lek (ALL), dedicated to supporting MSMEs operating in agriculture, agrotourism, and the small-scale economy.** The scheme aims to ease access to finance for these businesses through favourable lending conditions, offering reduced interest rates ranging from 2% for loans covered by sovereign guarantees to a maximum of 3.5% for those backed by second-tier banks' risk assessments. Loans are provided exclusively in ALL and intended solely for investment purposes, supporting the long-term development of businesses. The scheme is currently being implemented through commercial banks. In parallel, several agreements have been undertaken to strengthen access to finance for MSMEs with the support of international institutions. **Union Bank has signed a cooperation agreement³ with the European Bank for Reconstruction and Development (EBRD) and the European Union (EU), establishing a dedicated fund to support SME digitalization through two programs: (1) “Go Digital,” aimed at modernization and green investments, and (2) “Youth in Business,” which facilitates access to finance for small businesses owned or managed by young entrepreneurs, helping improve their technological capacities and competitiveness. Meanwhile, ProCredit Bank has consolidated its partnership with the EBRD to provide sustainable financing for MSMEs under the “Sustainable Reboot Programme for SMEs in the Western Balkans,”⁴ an initiative that promotes green investments, energy efficiency, and sustainable development for businesses in Albania.** In January 2025, the **Bank of Albania and the European Investment Bank (EIB) signed a strategic agreement to advance green finance in the country. The agreement foresees the development of a Green Taxonomy⁵ to classify sustainable economic activities, support for banks in mobilising funds for green projects, capacity-building for climate risk management, and preparation for alignment with EU standards in this area. However, a significant gap persists in the lack of dedicated financial products for women entrepreneurs, an issue not addressed by the Bank of Albania's new scheme or existing commercial agreements, highlighting the need**

2 <https://shorturl.at/ln5hJ>
3 <https://shorturl.at/faXcd>
4 <https://shorturl.at/NgYKE>
5 <https://shorturl.at/34NeT>

Program/Agency	Launch Date	Funding Amounts
Startup Albania Agency – 2025 Grant Program	December 2024	Up to 100% of project costs
AIDA & Ministry – Business Development Support	February, 2025	Up to 2.5 million ALL (~€25,000)
Innovation Challenge Fund – Phase 2	April, 2024	Not specified
EU for Innovation – Innovation Challenge Fund	February, 2025	Not specified
EBRD & EU – “Go Digital in the Western Balkans”	April, 2025	€377 million (regional program)

for increased attention in line with gender-inclusive financial recommendations. Toward the end of 2024 and into early 2025, several new financial initiatives were also launched to strengthen MSMEs and innovation throughout 2025. **In the absence of a comprehensive national strategy for financial education led by the Bank of Albania or the Albanian Association of Banks (AAB), several commercial banks⁶ have undertaken individual initiatives in promoting financial literacy and entrepreneurship.** Union Bank of Albania (UBA) has raised awareness among students on financial risk management through open lectures, while it has also partnered with the EBRD and the EU to support digitalisation and youth entrepreneurship via a €5 million fund. Similarly, ProCredit Bank has integrated financial education into national fairs and offered practical guidance to employed women during Global Money Week. These actions reflect a decentralised effort by the banking sector to advance financial literacy and formal market inclusion. However, the lack of a unified and inclusive national platform limits the overall impact and cohesion of these initiatives. **To foster innovation and digitalisation among MSMEs, concrete steps have been taken to build a supportive infrastructure through the development of innovation centres, which serve as key platforms for enhancing innovation capacity and improving access to finance dedicated to technology and sustainable development.** Five such centres have been established and integrated into the European Digital Innovation Hubs (EDIH) Network, becoming part of the EU's official platform and providing direct services for the digital transformation of MSMEs, while also strengthening collaboration between the private sector, academia, and public

6 <https://shorturl.at/bDy4m>

institutions. In parallel, through the Research Expertise from the Academic Diaspora (READ) Program supported by the Albanian-American Development Foundation (AADF), the engagement of the academic diaspora has been promoted in research and innovation projects, creating effective cooperation channels that bring international expertise, advanced knowledge, and best practices to support the sustainable growth of MSMEs.

B. Efforts Toward Economic Formalisation and Support for MSMEs

The adoption of the Medium-Term Revenue Strategy 2024–2027 (Decision of the Council of Ministers No. 847, dated 26.12.2024) marks an important step toward the formalisation of the private sector, as it aims to improve tax collection and strengthen fiscal administration. The strategy was developed in alignment with other national strategic documents and incorporates public consultations. It seeks to establish clearer and more transparent conditions for business operations, thereby encouraging the registration and full reporting of their activities. However, some of its longer-term objectives, particularly those related to increased productivity and competitiveness, will require further assessment to determine their feasibility and implementation in practice. In March 2025, the **Albanian Association of Banks (AAB), in cooperation with the Minister of State for Entrepreneurship and Business Climate and the international company Mastercard, launched the National Program for Accelerating Electronic Payments⁷ (POSI), with a direct focus on formalising the private sector. The program aims to significantly expand the use of**

7 <https://shorturl.at/jlqhC>

POS devices across the country by offering selected businesses a 12-month commission-free usage period. Targeting small businesses such as accommodation providers, restaurants, and transport services, this initiative intends to accelerate the shift toward **electronic transactions, reduce the use of physical cash, and enhance economic traceability**. Through this mechanism, the goal is to lower informality and promote a more responsible fiscal culture, supported by awareness campaigns in the media.

The approval of Decision No. 77 of the Council of Ministers dated 5.2.2025, for the establishment of the state database of official statistical indicators, aims to improve the availability of detailed information on MSMEs. This database will enable public institutions to access more accurate and up-to-date data essential for monitoring developments in the private sector and designing more effective policies.

C. Targeted Interventions to Support Financing, Insurance, and Export in the Agricultural Sector

At the beginning of 2025, **the sovereign guarantee scheme⁸ for agriculture was introduced as a practical instrument to improve access to finance for farmers and agribusinesses.** The scheme aims to facilitate lending by offering subsidised interest rates ranging from 2% to 3.5% and coverage of up to 70% of the loan amount without collateral, through the state guarantee fund. The program, valid until the end of 2025, is designed to stimulate investments in rural areas, increase the level of formalisation, and enhance the competitiveness of the targeted sectors. According to the Ministry of Agriculture and the Agricultural and Rural Development Agency, farmer interest in the scheme has been high, reflecting the need for appropriate and affordable financing tools for agricultural development. Concrete steps have also been taken toward establishing agricultural insurance schemes through inter-institutional and international cooperation. **In December 2024, Albania launched a partnership with the Government of Turkey to share experiences and develop coverage schemes for agricultural products. This cooperation was formalised in March 2025 with the signing of an Action Plan for the Development of Agricultural Insurance,** which includes the expansion of partnerships, exchange of expertise, strengthening of institutional capacities, and financial support for farmers.

In parallel with institutional developments, **academic research⁹ has intensified, focusing on farmers' willingness to pay for agricultural insurance and the assessment of risks in the sector.** Studies conducted by Albanian and international academics, including within the READ project financed by AADF, have contributed to building a technical foundation for designing insurance schemes. Although these initiatives are not entirely government-led, the creation of an analytical base and increased awareness can be considered partial progress in this area.

In line with the recommendation to establish a Sectoral Export Portal, the creation of the “Export Albania” platform developed by the Albanian Investment Development Agency (AIDA) in cooperation with MEKI and the German Agency for International Cooperation (GIZ), has been assessed as a positive step. The platform aims to support the internationalisation of Albanian MSMEs by providing information on foreign markets, preparation for participation in international fairs, technical assistance, export guides, and opportunities for networking with foreign companies through integration with the international Kompas platform. It includes key components such as customs regulations (albeit based on a 2018 orientation manual), selected analytical reports on market trends, a calendar of events and fairs, and the possibility to create company profiles. Additionally, export guides for five partner countries and a self-assessment tool for export readiness have been developed. However, the lack of regular and in-depth updates to some modules limits the platform's full functionality as a dynamic and comprehensive tool for Albanian exporting businesses.

In this context, **the intervention is grounded in a clear institutional and structural framework, but it requires further improvement in content, regular updating of information, integration of foreign trade statistics, and the development of personalised services tailored to the specific needs of exporters.** Meanwhile, the National Export Strategy (Programme) remains unfinished, despite the forecasts outlined in the Business and Investment Development Strategy (BIDS), 2021-2027.

⁹ “Risk Analysis and Premium Assessment in Albanian Agricultural Insurance” 2025 https://www.researchgate.net/publication/389396202_Risk_Analysis_and_Premium_Assessment_in_Albanian_Agricultural_Insurance

Study by Edvin Zhllima and Ardian Harri (2025), “Assessing Farmers' Willingness to Pay for Agricultural Insurance in Albania,” highlights the financial readiness and attitudes of farmers toward insurance schemes.

The research “Farmers' Awareness and Approach to Agricultural Insurance as a Risk Mitigation Strategy” (September 2024), published in the European Journal of Business and Management Research, sheds light on farmers' perceptions and the informational gaps that still hinder wider uptake. <https://www.ejbm.org/index.php/ejbm/article/view/2469>

D. Operationalising TEDAs – Turning the Concept into a Practical Platform for Attracting Foreign Investment and Promoting Innovation and Technology at the National Level

In line with the Investment Council's recommendations for leveraging Free Economic Zones (TEDAs) as hubs for technology development and training, the year 2025 has seen concrete developments marking a renewed strategic focus on these zones. **At the beginning of the year, an agreement was signed for TEDA Tirana (Kashar) with the Israeli company “H.A.P.I Advanced Technologies LTD,” enabling a significant investment in technology and innovation.** The zone, covering 35 hectares, aims to attract advanced industries such as automotive, information and communication technology, electronics, pharmaceuticals, and agro-processing. In its second phase, the zone is expected to generate around 7,000 high-paying jobs in a modern working environment. Additionally, **the official launch of the “Durana Tech Park” Science and Technology Park was approved in early 2025** (Decision No. 13, dated 09.01.2025). Further, with Decision No. 73, dated 29.01.2025, an agreement was approved between MEKI and AIC for the construction, administration, and operation of the park. This development represents a key step toward establishing a specialised zone for technology and innovation, with strong potential for investment attraction and capacity building in strategic sectors.

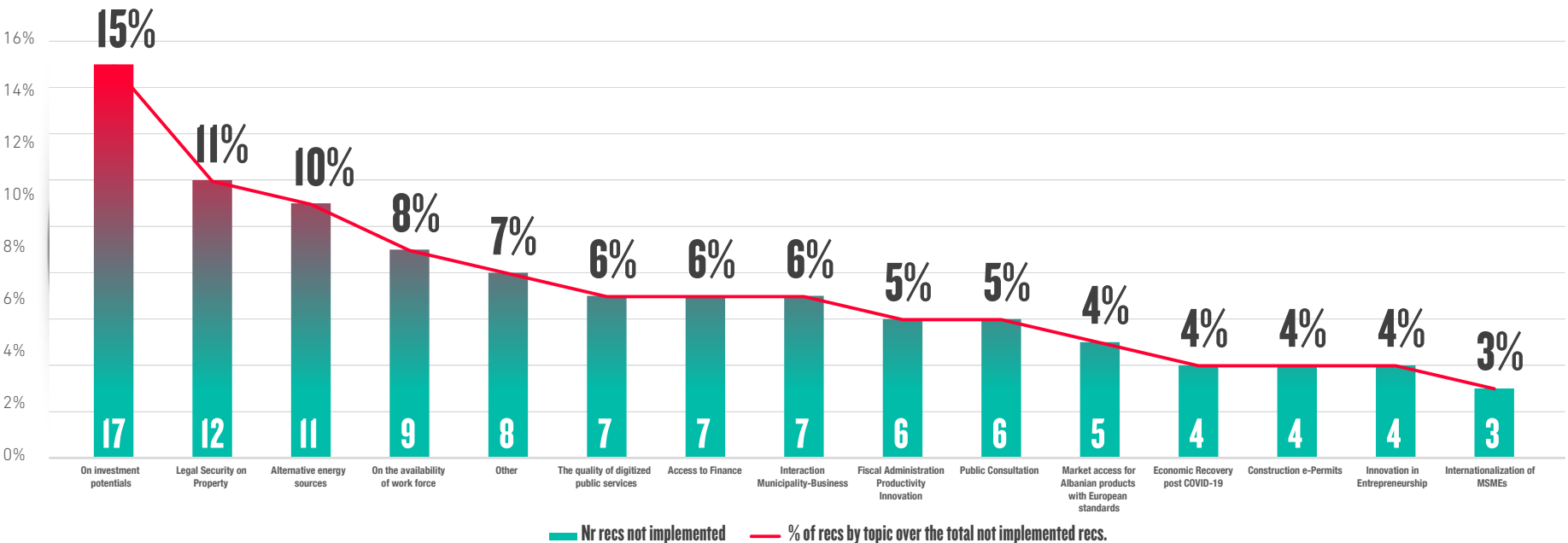
Moreover, **with Decision No. 260, dated 07.05.2025, the Technology and Economic Development Zone in Xhafzotaj, Shijak, was officially declared, including formal recognition of its developer.** The zone is designed to serve as a centre for investments in manufacturing industries, ICT, electronics, energy, agro-processing, import-export, and related services, in full compliance with national legislation.

Beyond the positive progress of the above-mentioned recommendations, there are still 113 unfulfilled recommendations, which are detailed by thematic area in the chart below¹⁰.

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JANUARY – JUNE 2025

Figure 3. Not implemented recommendations by topic, June 2025¹



Recommendations related to “Investment Potentials” and “Legal Security on Property” remain among the least advanced in terms of implementation, highlighting persistent challenges in establishing a more attractive and trustworthy framework for investors. Progress in these areas is crucial to improving the investment climate, enhancing property legal certainty, and contributing to a more sustainable and competitive economic environment.

Some of the unfulfilled recommendations considered important for implementation include:

- o **Anti-informality strategy:** Drafting and adopting a comprehensive strategy with an action plan, time-

line, and designated institutions, in consultation with the business community.

- o **Public property:** Registration and publication of municipal assets in the State Cadastre Agency (ASHK); use of these assets for local economic development and revenue generation.
- o **Transparency and data access:** Online and unrestricted access to a Digital Cadastre for the public; publication of the property fund available for strategic investments.
- o **Coordination of public investments:** Monitoring of central and local investment projects to ensure alignment with priority strategies.
- o **Empowerment of business associations:** Enhancing capacities for representation, advocacy, and effective participation in public policy consultations.
- o **Cultural shift in human resource management:** Training for MSME leaders on recognising human capital as an asset rather than a cost.
- o **Investment in technology:** Support for automation and collaboration with training centres for staff re-skilling.
- o **Fiscal incentives for R&D:** Fiscal policies that encourage enterprises to allocate resources to research and development.
- o **Data sharing with municipalities:** Real-time updates on business obligations and status; standardisation of formats for cooperation with second-tier banks.

ACRONYMS

CoM	Council of Ministers
IC	Investment Council
MEKI	Ministry of Economy, Culture and Innovation
MF	Ministry of Finance
AKPA	National Employment and Skills Agency
AKSHI	National Agency of the Information Society
AIDA	Albanian Investment Development Agency
ASHK	State Cadastre Agency
AZHBR	Agency for Agricultural and Rural Development
MBHR	Ministry of Agriculture and Rural Development
MTE	Ministry of Tourism and Environment
MSHMS	Ministry of State of Entrepreneurship and Business Climate

¹¹ “Others” include unfulfilled recommendations given in the meetings: “From wages to productivity at work”, “Inspections”, “Informality”, “Informality in Agriculture”, Administrative Appeal”, “Workforce – BPO”, “Customs Procedures”.

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 engage directly with the business community. The current funding for the Secretariat is provided by the Swiss State Secretariat for Economic Affairs (SECO).