

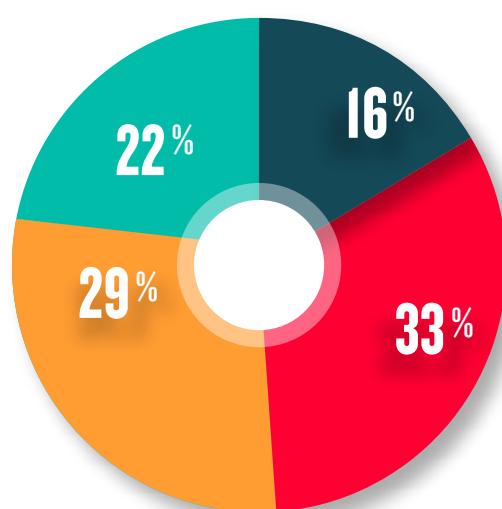
PROGRESS OF RECOMMENDATIONS INVESTMENT COUNCIL

January – June 2026

KEY HIGHLIGHTS

Across the 38 meetings held since the start of its activity, the Investment Council (IC) has adopted a total of 367 recommendations. As of the end of June 2026, 29% of the recommendations were classified as implemented, 22% as partially implemented and 16% as in process. Unimplemented recommendations account for 33% of the total.

Figure 1. Status of IC Recommendations, June 2026



- Implemented 70-100%
- In process 30-50%
- Not implemented 0-30%
- Partially implemented 50-70%

Progress during this six-month period focused on the developments identified between January and June 2026 across 13 recommendations: 4 are in process, 6 are considered partially implemented and 3 implemented. Overall, progress during the period was positive, although uneven. Results were achieved where legal changes established clear obligations or procedures, including electronic payments, net billing and electricity quality indicators. In areas dependent on institutional effectiveness, system integration, meaningful consultation with businesses or measurement of results, progress remains largely partial and requires further follow-up.

By intervention category, IC recommendations remain concentrated on institutional (40.1%), legal (25.3%) and strategic (21.3%) measures. Together, these three categories account for 86.7% of all recommendations, indicating that most issues raised by businesses require action in institutional arrangements, the regulatory framework and the medium-term direction of policies. Recommendations on transparency account for 7.1%, policy measures for 4.6%, awareness for 1.1%, and combined transparency and awareness interventions for 0.5%.

With regard to legal interventions, developments were identified in four main areas: the continuation of the inspection reform; ensuring the quality and transparency of energy supply; the formalisation of electronic payments; and the consolidation of the fiscal cadastre. This assessment is based primarily on the monitoring of the following laws and secondary legislation that contributed to progress on the recommendations during this six-month period:

1. Law No. 79/2025 "On Some Amendments and Additions to Law No. 9920, dated 19 May 2008, 'On Tax Procedures in the Republic of Albania', as amended", effective from 30 January 2026.

2. Law No. 80/2025 "On Some Amendments to Law No. 92/2014, 'On Value Added Tax in the Republic of Albania', as amended", effective from 30 January 2026.
3. Law No. 81/2025 "On Some Amendments and Additions to Law No. 29/2023, 'On Income Tax', as amended", effective from 30 January 2026.
4. Decision of the Council of Ministers (DCM) No. 56/2026 "On the Establishment of the State Database 'Central Register of the Immovable Property Database (Fiscal Cadastre)'", dated 2 February 2026.
5. DCM No. 9, dated 15 January 2026, "On the Approval of the Macroeconomic and Fiscal Framework for 2027-2029".
6. DCM No. 516, dated 30 June 2026, "On Some Amendments to Decision No. 9, dated 15 January 2026, of the Council of Ministers, 'On the Approval of the Macroeconomic and Fiscal Framework for 2027-2029'".
7. Law No. 59/2026 "On the Electricity Sector", dated 18 June 2026.
8. DCM No. 368/2026, dated 20 May 2026, "On the Approval of the Rules and Procedures for Connection to the Distribution Network for Renewable-Energy Self-Producers and Their Compensation Scheme, Based on the Net-Billing Methodology".
9. DCM No. 318/2026, dated 6 May 2026, "On Some Amendments and Additions to Decision No. 398, dated 9 June 2022, of the Council of Ministers, 'On the Treatment of Imbalances Caused by Priority Electricity Producers'".
10. ERE Decision No. 156, dated 28 May 2026, "On the Approval of ERE's Assessment of the

Readiness of the Day-Ahead Market in Albania”.

11. ERE Decision No. 346, dated 29 December 2025, “On the Initiation of the Procedure for Some Amendments to the Indicators of the Standard Service-Quality Criteria in the Electricity Distribution System”.
12. Regulation “On Standard Criteria for the Quality of Supply Service and the Security Performance of the Electricity Distribution Network”.
13. Decision No. 490, dated 26 June 2026, “On the Establishment, Organisation and Functioning of the Central Market Surveillance Inspectorate”.
14. DCM No. 491/2026, dated 26 June 2026, “On Determining the Composition and Manner of Operation of the Board of Inspections”.
15. DCM No. 511, dated 30 June 2026, “On the Establishment, Organisation and Functioning of the Central Labour Inspectorate”.
16. Decision No. 171, dated 19 March 2026, “On the Approval of the General Rules for Inspection Programming, the Risk-Assessment Methodology, the Maximum Duration of Annual Inspections and the Method for Calculating Them”.

The main areas in which progress was recorded are:

Formalisation and fiscal incentives: mandatory electronic payments, restrictions on cash transactions, and improved mechanisms for agriculture and innovation

Electronic payments in the tourism sector: With reference to the recommendation on promoting the use of POS terminals by tourism establishments as a means of reducing informality and increasing tax compliance, the entry into force of Law No. 79/2025 during this six-month period transformed the use of POS/POI terminals from an encouraged measure into a legal obligation. Accommodation establishments, including guesthouses, hotels, motels and resorts, were required to install terminals by 30 May 2026, while the deadline for other taxpayers is 31 December 2026, subject to the exemptions established by law.

Restrictions on cash payments: The IC recommendation called for stronger formalisation of the economy by restricting and discouraging cash transac-

tions. Law No. 79/2025 addresses this request by prohibiting cash payments above ALL 100,000 for business-to-business transactions and above ALL 500,000 for transactions between businesses and individuals. Together with the mandatory use of POS/POI terminals, the new thresholds provide a stronger basis for payment traceability and the reduction of informality.

VAT compensation scheme for agricultural producers: The IC recommendation sought to clarify the agricultural formalisation process, link farmers to tax identification numbers (NIPTs), and establish an efficient VAT compensation system. Law No. 80/2025 set the compensation rate at 10% of the value of agricultural products and services supplied, introduced calculation over six-month periods, and required payment by the tax administration within 30 days of submission of the claim. The Tax Administration has also published the application procedures and deadlines. However, because the first cycle of claims and payments has not yet been completed, the scheme’s operation and actual effectiveness remain to be verified.

Fiscal incentives for research and development: One IC recommendation called for fiscal instruments to promote business innovation, including accelerated depreciation and the recognition of sponsorships and donations for research and development as deductible expenses. Law No. 81/2025 recognised sponsorships for R&D activities as deductible expenses up to 5% of profit before tax. This amendment fulfils part of the recommendation and introduces a direct fiscal incentive for innovation. However, accelerated depreciation and the treatment of donations have not yet been addressed.

B. Improvements to the legal and regulatory framework for renewable energy and quality of supply, with implementation still partial

Promoting SME consultation in network investment planning. To improve quality of supply and network security, the IC recommended the practical implementation of ERE Regulation No. 135/2017 so that the investment plans of the Transmission System Operator (TSO) and Distribution System Operator (DSO) are consulted with SMEs and other stakeholders before being submitted to ERE for approval. Law No. 59/2026 “On the Electricity Sector” requires the ten-year transmission network development plan to be prepared following stakeholder consultation and mandates ERE to conduct an open and transparent

process with current and potential users, publish the results, and assess the investment needs identified. For the distribution network, the law provides for consultation with users, publication of the results and their submission to ERE together with the plan. Nevertheless, during the monitoring period no concrete consultations on new TSO or DSO plans were identified that documented SME participation or explained how comments had been reflected. The development is therefore assessed as normative progress that remains in the process phase.

Participation of self-producers in the energy market. Another IC recommendation proposed to amend the renewable-energy framework so that active self-producers in the unregulated market can sell the electricity they generate to the Renewable Energy Operator, under a pricing methodology approved by the Council of Ministers. Law No. 59/2026 “On the Electricity Sector” recognises the concept of the “active customer” and the right to produce, store and sell energy from renewable sources. In parallel, DCM No. 318/2026 further regulates the treatment of imbalances caused by priority producers within the balancing group of the Renewable Energy Operator. These amendments create a more complete basis for market participation, but no methodology was identified for the price at which active self-producers may sell energy to the Operator. Full and distinct operationalisation of the REO also remains to be confirmed, as some functions appear to continue to be performed through the Free Market Supplier within the OSHEE Group structure.

Compensation for surplus energy generated by self-producers. In this area, the IC called on the Ministry of Infrastructure and Energy/Council of Ministers to approve a methodology for determining the price at which surpluses are sold to the Universal Service Supplier, followed by ERE’s approval of the corresponding price. Actual developments have been based on Law No. 24/2023 “On Promoting the Use of Energy from Renewable Sources” and DCM No. 368/2026 “On the Approval of the Rules and Procedures for Connection to the Distribution Network for Renewable-Energy Self-Producers and Their Compensation Scheme, Based on the Net-Billing Methodology”, which approved the network-connection rules and the net-billing compensation scheme. Surplus energy injected into the network is purchased by the supplier with which the self-producer has a contract; where the value of injected energy

PROGRESS OF RECOMMENDATIONS INVESTMENT COUNCIL

January - June 2026

exceeds that of energy consumed, the difference is carried forward as a monetary credit to the next billing period. This addresses the recording and financial compensation of surpluses.

Connection procedure for small wind self-generation projects. The IC suggested to the Ministry of Infrastructure and Energy to approve a simplified authorisation procedure for connecting small renewable energy projects for wind self-producers to the distribution system. DCM No. 368/2026 “On the Approval of the Rules and Procedures for Connection to the Distribution Network for Renewable-Energy Self-Producers and Their Compensation Scheme, based on the Net-Billing Methodology” establishes general rules for connecting renewable energy self-producers to the distribution system and provides for the electronic administration of applications. In principle, it also covers wind energy and therefore addresses the core of the IC recommendation. Practical implementation remains to be monitored and confirmed through the operationalisation of the electronic portal, publication of the forms and technical requirements for small wind installations, and processing of actual applications under the new procedure.

Formalisation of service quality, safety, and transparency standards. The IC recommendations placed emphasis on ERE’s approval of indicators for standard supply-quality criteria and network-security performance, beginning in 2023 and continuing for each calendar year. ERE completed the process initiated in December 2025 by adopting, through Decision No. 165 of 5 June 2026, performance indicators for 2026–2028. The revised framework includes indicators such as energy not supplied, the average duration and frequency of interruptions, repair time following faults, and other technical and procedural indicators. The DSO is also required to publish actual results quarterly and annual indicators in January of the following year.

Compensation of consumers for failure to meet quality standards. Another issue raised by the IC, concerns ERE’s determination of the compensation payable to consumers when standard service-quality criteria are not met, conceived as an automatic penalty in favour of the consumer. The amended Regulation provides that the Distribution System Operator (DSO) compensates the supplier and the supplier passes the compensation on to the customer in the following bill; it also addresses the consequences of unplanned interruptions. However, no fixed amount or specific formula has been established for calculating compensation, as its amount is linked to

the agreement between the DSO and the supplier. Furthermore, the procedure requires the customer to submit a request, which does not fully align with the IC’s recommendation for automatic penalty.

C. Consolidation of the institutional architecture and risk-based inspections, with practical implementation still in transition

Strengthening market surveillance and improving the inspection process. To increase the competitiveness and market access of Albanian products, the IC called for stronger enforcement by market surveillance institutions, improvements in the selection, integrity and competence of inspectors, application of the risk-based model, regular training and performance assessments, and a procedure for anonymous reporting and impartial review of reported cases. Law No. 99/2024 “On Inspection in the Republic of Albania” and its implementing acts establish rules on the selection and appointment of inspectors, mandatory training and testing, periodic assessment, disciplinary responsibility, and risk-based inspection programming. During the six-month period, DCM No. 171, dated 19 March 2026, “On the Approval of the General Rules for Inspection Programming, the Risk Assessment Methodology, the Maximum Duration of Annual Inspections and the Method for Calculating Them”, operationalised the risk-based inspection methodology.

Meanwhile, DCM No. 490, dated 26 June 2026, “On the Establishment, Organisation and Functioning of the Central Market Surveillance Inspectorate”, reorganised the authority responsible for market surveillance. The adoption of DCM No. 491 dated 26 June 2026, “On Determining the Composition and Manner of Operation of the Board of Inspections”, creates a permanent coordination mechanism and enables the establishment of binding general standards for inspectorates. Nevertheless, the institutional reorganisation is still in transition, and the results of practical implementation cannot yet be fully assessed. Nor was a dedicated procedure identified that guarantees anonymous reporting and independent review of allegations of corruption, lack of competence or inspector bias.

Clarifying inspection functions and eliminating institutional overlaps. Another IC recommendation concerns the preparation of a detailed matrix of inspection functions and overlaps between institutions, intended to serve as the basis for an action plan with deadlines, institutional responsibilities and a clear methodology for reviewing sectoral legislation. In this regard, DCM No. 491, dated 26 June 2026,

“On Determining the Composition and Manner of Operation of the Board of Inspections”, operationalises the Board as a permanent interministerial body with powers to set general policies and standards, coordinate inspection activity, assess reporting and support line ministries. The Board’s decisions and recommendations are binding on inspection institutions.

In parallel, DCM No. 490, dated 26 June 2026, “On the Establishment, Organisation and Functioning of the Central Market Surveillance Inspectorate”, and DCM No. 511, dated 30 June 2026, “On the Establishment, Organisation and Functioning of the Central Labour Inspectorate”, reorganise market surveillance and labour inspection respectively in accordance with the architecture established by Law No. 99/2024 “On Inspection in the Republic of Albania”. Despite this institutional progress, no published matrix was identified that comprehensively maps inspection functions and institutional overlaps, nor was there a comprehensive plan setting out deadlines, responsible institutions and a methodology for reviewing the sectoral legal framework.

D. Operationalisation of the Fiscal Cadastre and institutional cooperation consolidation

To accelerate progress on the Fiscal Cadastre, the IC has highlighted the need to complete the property register, verify data in the field by municipalities, strengthen local capacities, and improve coordination between institutions. An important development in this area was the adoption of Council of Ministers Decision No. 56, dated 28 January 2026, “On the Establishment of the State Database ‘Central Register of the Immovable Property Database (Fiscal Cadastre)’”. The decision establishes the central register, administered by the General Directorate of Property Tax, and requires municipalities to use it for the administration of the building tax from 10 February 2026. It also defines the responsibilities of municipalities for registering, updating, and correcting data; the support and monitoring functions of the General Directorate of Property Tax; and data exchange, through the Government Interoperability Platform, with the registers of the State Cadastre Agency, Civil Status Registry, Address Registry, National Business Centre, e-Tax system, e-Permits system, and other state databases.

However, the full population of the register is still in progress. It also remains to be confirmed whether all technical connections are operational, systematic field verification has been completed, and the capacity limitations of municipalities have been addressed.

PROGRESS OF RECOMMENDATIONS INVESTMENT COUNCIL

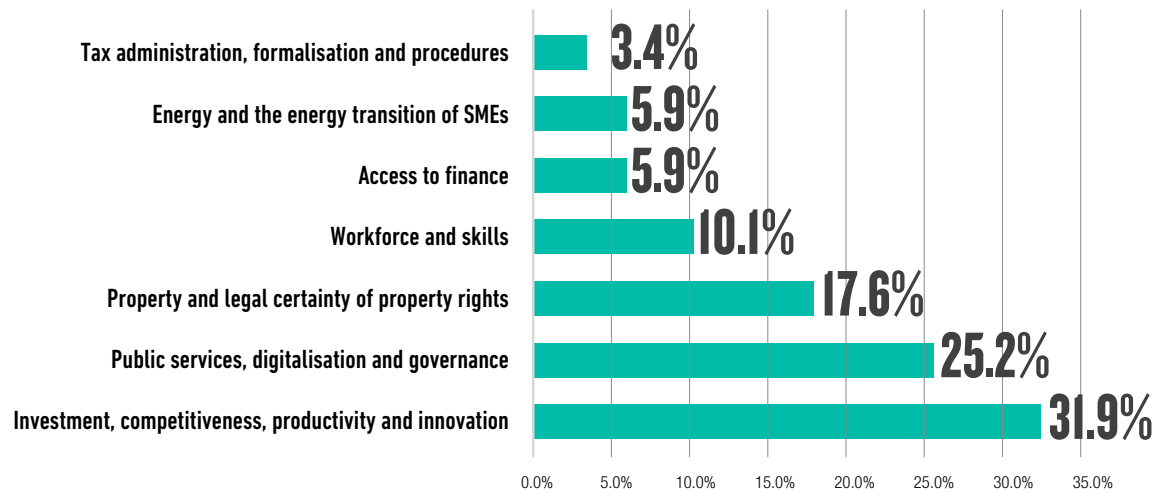
January - June 2026

UNIMPLEMENTED RECOMMENDATIONS

Despite the progress recorded during the monitoring period, 119 recommendations remained unimplemented at the end of June 2026. Their distribution by sector shows that approximately 78.2%, are cross-sectoral and have a horizontal impact on the business environment. A considerable number of recommendations addresses systemic issues, such as legal certainty of property rights, the quality and digitalisation of public services, access to finance, skills development, and improvement of the investment climate. Among the recommendations with a direct sectoral focus, energy accounts for the largest share at 7.6%, followed by agriculture at 4.2% and construction at 3.4%. The remaining recommendations are distributed across tourism, agro-processing, education and employment, digitalisation, and the BPO sector.

By category, 41.2% of the unimplemented recommendations are institutional in nature, while 25.2% relate to the development or implementation of strategies. Recommendations requiring legislative intervention account for 22.7% of the total, while the remaining relate to policies, trans-

Figure 2. Unimplemented Recommendations by Thematic groups, June 2026



Source: Investment Council recommendations monitoring database. Individual topics have been consolidated into broader thematic groups for analytical and presentation purposes.

parency, and awareness raising. To a considerable extent, the non-implementation of recommendations is linked to institutional capacities, inter-institutional coordination, the operationalisation of existing mechanisms, and the translation of strategies into concrete and measurable measures for businesses.

At the thematic level, unimplemented recommendations continue to be concentrated in areas with structural and long-term implications. Invest-

ment potential and priority sectors account for the largest share, at 12.6% of the total, followed by property issues at 9.2%, legal certainty of property rights at 8.4%, and workforce availability and skills at 7.6%. Another significant group in which each topic represents 5.9% includes access to finance, municipality-business interaction, the improvement of digitalised public services, and the transition of SMEs towards alternative energy sources

ABBREVIATIONS

CoM	Council of Ministers
IC	Investment Council
MEI	Ministry of Economy and Innovation
MIE	Ministry of Infrastructure and Energy
ERE	Energy Regulatory Authority
TSO	Transmission System Operator
DSO	Distribution System Operator
REO	Renewable Energy Operator
USS	Universal Service Supplier
NBC	National Business Centre
R&D	Research and Development
MSMEs	Micro, small and medium-sized enterprises
POS/POI	Electronic payment terminals at the point of sale or interaction

The Investment Council is a platform established by the Albanian authorities with the support of the European Bank for Reconstruction and Development (EBRD), with the aim of intensifying dialogue between the Government and the private sector, improving the business climate and promoting good governance. The platform is supported by a Secretariat composed of a group of independent professionals selected and contracted by the EBRD to engage directly with the business community. The current funding of the Investment Council Secretariat is provided by the Swiss State Secretariat for Economic Affairs (SECO).

This report was prepared by the experts of the Investment Council Secretariat: Ms Xaira Shurdha, Liaison and Monitoring Expert, under the guidance of the Secretariat Director, Ms Diana Leka (Angoni), with the support of Mr Elvis Zerva, Legal and Regulatory Expert, and Ms Elida Fara, Economic Expert. The report was edited by Ms Elisa Lula, Communications Specialist at the Secretariat, who also supported its design and layout.

The information summarised in this report has been compiled on the basis of monitoring activities and does not necessarily reflect the views of the EBRD or SECO. The material, whether text or images, may not be used for any purpose other than that specified herein.

Tirana, July 2026