

MATRIX OF RECOMMENDATIONS INCENTIVIZING POLICIES TO ENCOURAGE INVESTMENTS: ALBANIA AND THE WESTERN BALKANS COUNTRIES			SECRETARIAT OF THE ALBANIA INVESTMENT COUNCIL APRIL 2016
PILLAR	RECOMMENDATION	RESPONSIBLE INSTITUTION	TERM
I. CONCRETE IN- CENTIVES	1. Support to AIDA in offering promotional products for investors. With the support of the Ministry of Economic Development, Tourism, Trade and Entrepreneurship (MEDTTE) and in coordination with line ministries, AIDA shall prepare an inventory of all incentives that the Albanian legislation offers on investment and sectors, to be published on its webpage.	AIDA MEDTTE (for coordination with line ministries)	Short-term
	1.1 To materialize the contribution of the Ministries in order to periodically put resources at the disposal of AIDA: Concretely: <ul style="list-style-type: none"> a) To prepare an inventory of all incentives that the Albanian legislation provides for on investments and sectors, to be published on its webpage. b) MEDTTE should make available the integrated data source of public assets that it administers, in order for AIDA to promote investment opportunities. c) Line ministries should make sectoral data available, so that AIDA can compile sectoral informative and promotional brochures. d) Line ministries should make information available on concrete investment projects that they have initiated or are responsible for, for 		

	<p>purposes of promoting these projects to investors who do not present with concrete investment plans.</p> <p>e) According to the sector they are competent for, each ministry (or competent subordinate institutions) should provide to AIDA detailed information on all administrative steps and links (permit/licence/authorizations) necessary to realize an investment.</p> <p>1.2 AIDA should design sectoral promotional products with the support of MEDTTE, starting with pilot zones or pilot sectors during the preparatory stage. A sector of particular interest that requires the engagement of many institutions for the preparation of a full promotional product is the automotive industry.</p> <p>1.3 To enhance information provided by AIDA through the webpage for investors and, if possible, to provide sectoral data and a database with the list of concrete sites/places for concrete investments. To increase resources at the disposal of AIDA for purposes of meeting the obligations that stem from the law “On strategic investments”.</p> <p>2. The provision of tangible incentives to investors and businesses</p> <p>2.1 The Ministry of Finance through discussions with interest groups to consider the option to not apply tax on the part of profits to be re-invested, as a measure requested by businesses to incentivize domestic and foreign investors. it is suggested a deep discussion among public administration and business on the impacts, application and capacities of both parties to monitor the accurate destination of re-investments.</p>		
		MoF	Short-term

	2.2	The Ministry of Finance, through discussions with interest groups, to consider to extend the tax losses carry forward term beyond 3 (three) years.	MoF	Short-term
	2.3	The Ministry of Social Welfare and Youth to consider the possibility of having the State, not the entrepreneur, provide for the social and health insurance contributions for the first month of work (training period) of newly hired staff in <i>labour intense and in-development sectors</i> such as BPO (<i>companies that operate activities for services outsourcing & call centres</i>).	MSWY MoF	Short-term
	2.4	Legal provisions to enable new Municipalities with an effective opportunity to create and develop their economic zones depending on assets and resources that they possess.	MEDTTE	Mid-term
II. ON THE IN- VESTMENT CLIMATE	3.	To establish a workforce that is qualified and certified on specific technological processes.	MSWY	Long-term
	4.	Inter-institutional coordination to reduce the businesses' administrative burden, to allow flexibility in communications with the business, as well as transparency and early inclusion in the drafting of acts that have an impact on the business.		
	5.	An essential review of the tax legislation to reduce bureaucracies and to ultimately stabilize it.		
	6.	The establishment of pilot zones for investments in tourism based on economic and urban development plans is recommended.		

The Matrix of Recommendations on Incentivizing Policies to Encourage Investments: Albania and Western Balkan countries (the Matrix), is the outcome of the Technical Note prepared by the Secretariat of the Investment Council during March – April, 2016. The purpose of the Matrix is to summarize the Recommendations and Solutions proposed in the Technical Note. The Matrix also serves as the Secretariat's Internal Monitoring Plan so that it follows up on the implementation of Recommendations as per the following terms:

- **Short-term**- from 1 month to 6 months.
- **Mid-term** – from 6 months to 1 year.
- **Long-term**- over 1 year.

Recommendations 4, 5 and 6 are of general nature and aim at tackling problems in many sectors, including Foreign Direct Investments. The Secretariat has divided these recommendations in sectoral aspects with respect to the concrete matters that have been analysed in previous meetings.

Acronyms:

AIDA - Albanian Investment Development Agency.

MoF - Ministry of Finance.

MEDTTE – Ministry of Economic Development, Tourism, Trade and Entrepreneurship.

MSWY- Ministry of Social Welfare and Youth