

# **Albania Investment Council - an instrument to enhance investment climate in the country**

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# Main Objective:

- ❑ To promote and structure the debate on investment climate based on direct consultations with the business sector;
- ❑ To submit to the relevant government bodies concrete and constructive recommendations (informality, dispute resolution, incentives for investment, tax inspections etc.).

# Investment Council and Secretariat

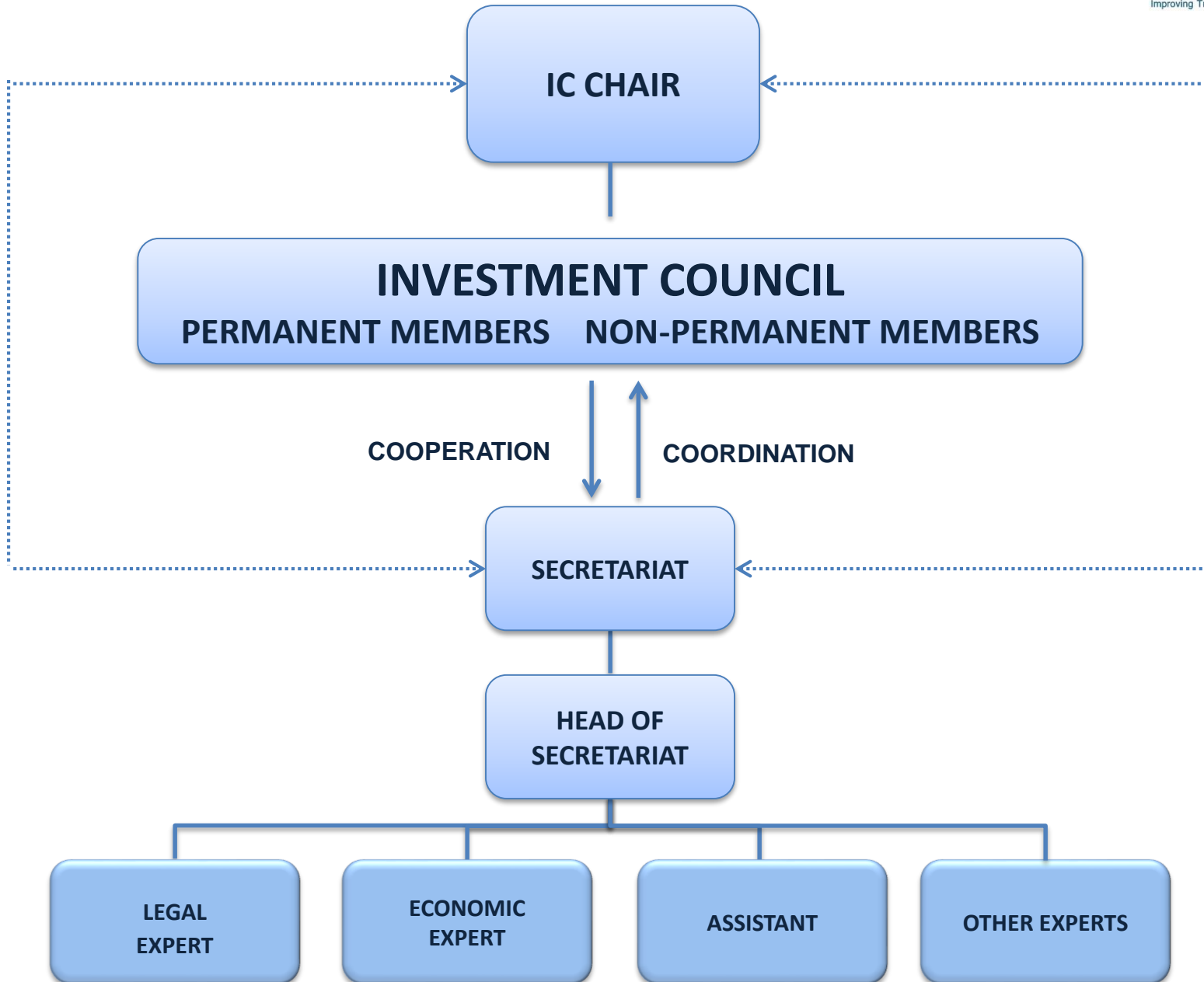
## Investment Council

- Helps to accelerate investment climate reforms with concrete proposals to the Government, as well as recommendations for the line ministries to initiate normative acts;
- Proposes joint initiatives and working groups with the private sector and the line ministries in order to prioritize economic policies;
- Encourages the business community and government to engage in a constructive dialogue.

## Secretariat

- Responsible for the organisation of the Investment Council's activities;
- Provides and mobilizes expertise on legal, financial and technical issues, as well as other areas of investment climate;
- Responsible for maintaining regular communication with business associations, businesses, IFIs, donors and commercial attachés from foreign embassies.

# IC ORGANIZATIONAL CHART



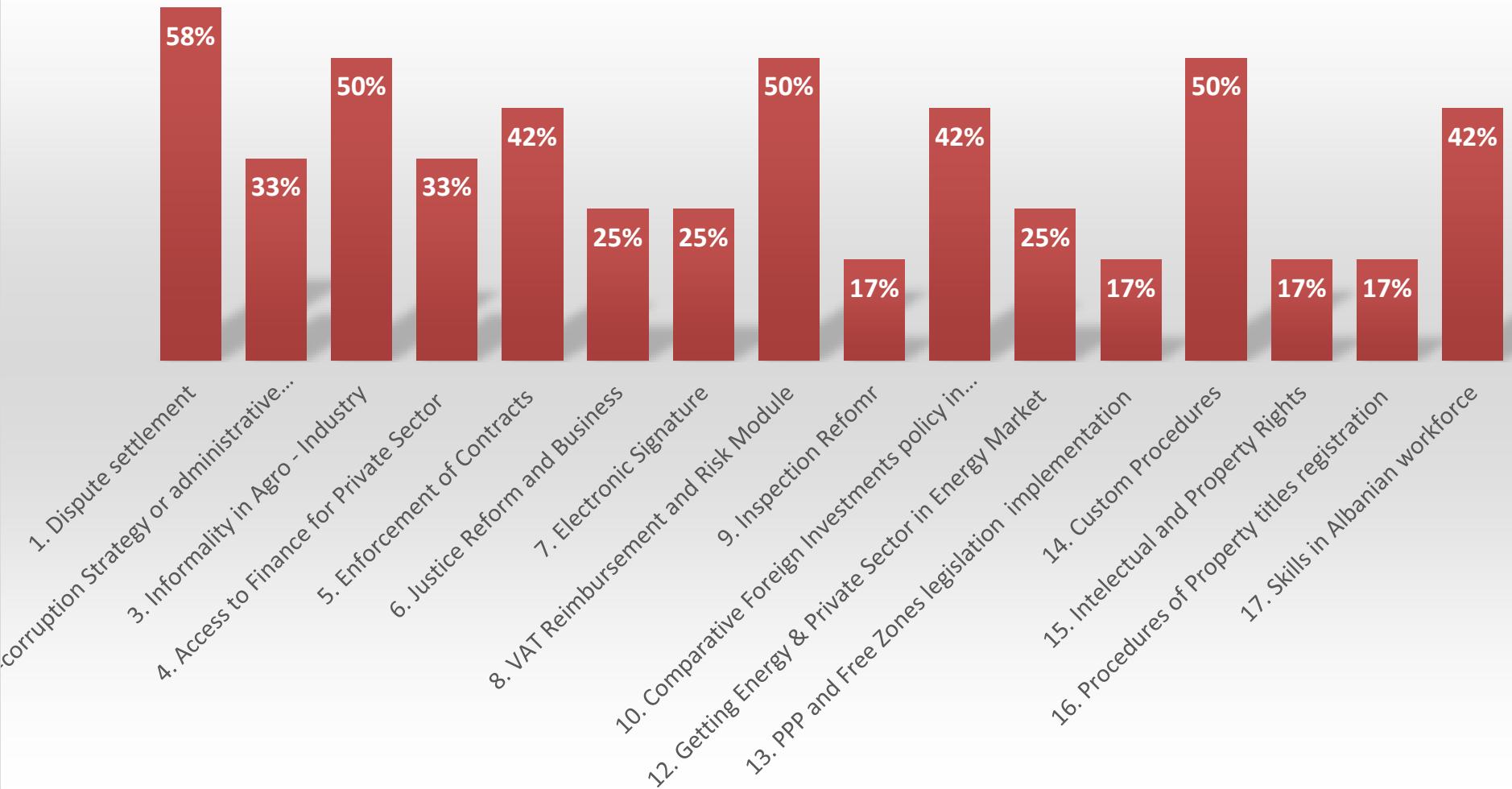
# IC Approach – Bottom up

- ❑ Endorsed principles of work such as transparency and inclusiveness have been ***evidenced*** in intensive consultations with business community (through meetings held with more than 100 stakeholders, experts and focus group work and two online surveys).
- ❑ Organization of six IC meetings and development of four analytical reports on some key issues, problematic to investment climate such as tax inspection, informality, administrative appeals, investment incentives - have enhanced the role and the profile of the IC.
- ❑ All the IC work including reports, agendas, minutes, decisions and recommendations have been made public through IC website.

# IC Recommendations so far

- ❑ Continuously raise the awareness of the IC to the business community on the need to enforce the **Notification and Public Consultation Law**. The Government has adopted recently a template on public consultation of government acts.
- ❑ The IC has provided a set of recommendations on **Informality** to the Government based on businesses inputs.
- ❑ The recently announced amendments to the **Tax Procedures Law** by the Ministry of Finance have included a series of recommendations provided by IC on the facilitation of tax procedures.
- ❑ The IC has strongly emphasized the **importance of fair and independent administrative appeal models/functions** within the Government mainly for **tax, custom, inspection and procurement** issues to efficiently resolve disputes between businesses and public

# Main Investment Climate Issues voted by IC, 2015-2016



*Note: Selection of items has been subject of discussion and voting by the Investment Council Members. Main proposed items have been highlighted by the Secretariat during consultations and interviews with stakeholders, through online surveys conducted with at least 300 companies, as well as based on focus group meetings and latest international reports (2014-2016).*

# Investment climate in Albania – most severe obstacles

In BEEPS V - the three most severe obstacles are - the lack of electricity, informality and corruption while according to findings of IC survey online (October – November 2015 on informality - access to credit, fiscal package and number of taxes

Chart 1. Business environment obstacles

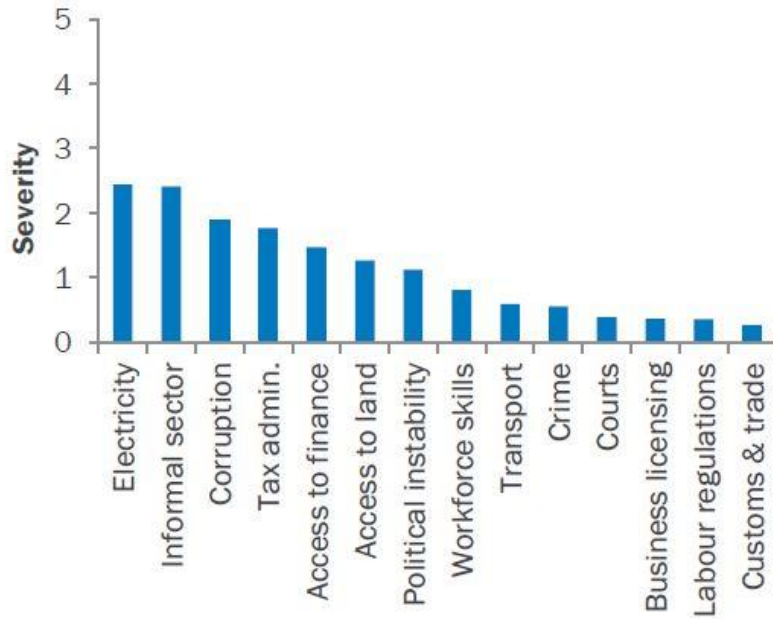
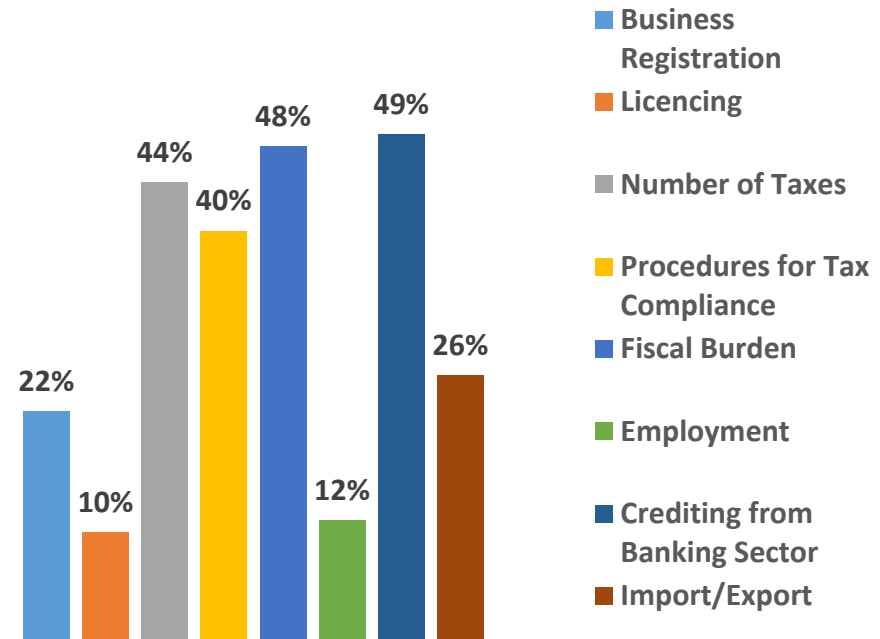


Chart 2. Survey Results, Business Perception – The Most Problematic Factors in Doing Business

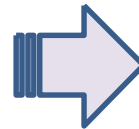
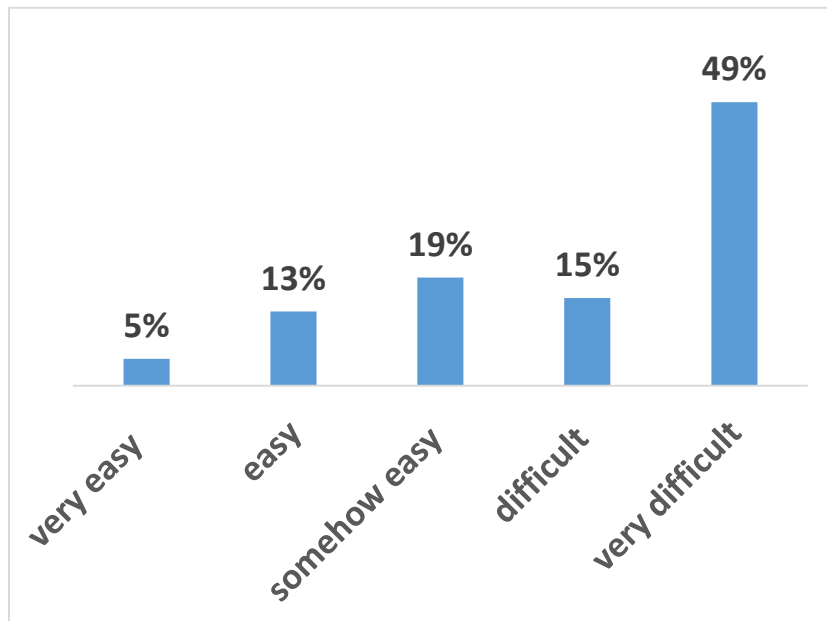




# For Example 1: Access to Finance – an Incentive for Formalization

The Secretariat held a survey among 100 companies (October – November 2015) concerning the difficulty to access crediting. 49% of respondents considered it very difficult. Why?

## Accessibility to Crediting



- The businesses are not asking for credit because they feel is not the appropriate time to invest.
- The businesses are not asking for credit because the cost of the financing at the moment is high and/or there is no access to financing.
- To be considered the cost of getting credit.

# SOME IC BUSINESS KEY MESSAGES

• There is a political will, legislation with ambitious objectives for attracting more investment such as *Law on Strategic Investments, TEDA, Tourism, Concessions & PPP, etc.*

• Fiscal legislation instability and institutional bureaucracy create uncertainty for incentives success and sustainable incentives, (e.g. changes to the tax on infrastructure – *construction sector*).

• Immediate need for preparation of products to be promoted for investments in priority and competitive sectors, as a real opportunity for application of policies (*automotive industry, tourism, etc.*).

• Political commitment for professional institutions and administration as main preconditions for incentives efficacy.

# CONCLUDING THOUGHTS ON CREDIT GROWTH

- If businesses are suffering from lack of credit, is there any good business climate to stimulate the growth?
- Is there enough information about options of financing?

**THANK YOU!**  
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