

MATRIX OF RECOMMENDATIONS ON INVESTMENT POTENTIALS AND PRIORITY SECTORS		INVESTMENT COUNCIL SECRETARIAT OCTOBER 2019	
PILLAR	RECOMMENDATION	RESPONSIBLE INSTITUTION	
I. STRATEGIC	<p><b>Recommendation 1.</b> Initiating the debate on Albania’s economic model and the priority sectors that enable sustainable development that can be considered as a “unique niche” for the country in the next 10-15.</p> <p>We emphasize due to the specifics of the Albanian economy:</p> <p>a) SME support should be the main focus of the sustainable development model and policies;</p> <p>b) Good fiscal management as an essential factor in improving the business climate in the country.</p>	<p>KM/KoM/MFE/ MSHMS/ MIE MTM/MBZHR/  BUSINESS ASSOCIATIONS  CHAMBERS OF COMMERCE  ACADEMIA</p>	Short term
	<p><b>Recommendation 2.</b> Specify the vision on the priority focus (at the central and local level). For example, Vision “Albania 2030” - to define sectors that are considered as unique potentials and engines of growth.</p> <p>a) Specific country context (transparency and finalization of major infrastructure projects / EU integration); Regional countries are consolidating efforts in the regional market / Aggressive Competition;</p> <p>b) A strategic approach to attracting FDI in coherence with priority sectors and developing an economic model of measuring FDI impact to create added value in the country and integrating it into the modern digital technology market; Identification of targeting opportunities e.g. service</p>	<p>KM/KoM/MFE/ INSTAT/MSHMS</p>	Long term

	<p>sectors (as property issues remain a major obstacle to attracting serious investment);</p> <p>c) Lack of coherent and aggregated data, human and financial capacity for in-depth analysis and impact measurement. It is therefore recommended to create an experts platform, with a concrete plan of action to identify missing data, enable detailed analysis of Investment Impact (such as substitution or reduction options for key imports, options for export growth and diversification, etc.), in key economic indicators in coherence with priority sectors.</p>		<b>Mid term</b>
<b>I. STRATEGIC</b>	<b>Recommendation 3.</b> Consolidation and de-politicization of institutions <i>in coherence with priority sectors</i> to ensure "institutional memory" and achieve sustainable development potential. E.g.: AKBN, NFA, AIDA (capacity / expansion), MIAP (merging).	<b>KM/KoM MINISTRIES</b>	<b>Long term</b>
	<b>Recommendation 4.</b> Monitoring and transparency of Public Investment Coordination (central and local) in line with the requirements of priority sector strategies, to enable investment optimisation.	<b>MFE/MIE/MBZHR/MTM /MEPJ/ MSHMS INSPECTORATES, MUNICIPALITIES/ADF</b>	<b>Long term</b>
	<b>Recommendation 5.</b> Increase business cooperation at the sectoral level to enable applications in innovation and information technology funds, research and development in development partner funds such as. COSME etc. New project generation (in national and international level) that impact in stimulating investment and increasing the absorption capacity of funds from EU, WBIF, etc.	<b>MFE/MIE/MBZHR/MTM /MEPJ/ MSHMS BUSINESS ASSOCIATIONS CHAMBERS OF COMMERCE</b>	<b>Long term</b>

	<p><b><i>Recommendation 6.</i></b> Preparation and Publication of the State Real Estate Fund (According to Article 31 of Law No.55 / 2015 “On Strategic Investments” and DCM No.1030 dated 16.12.2015).</p>	ASHK/AIDA	Long term
II. SECTORIAL	<p style="text-align: center;"><u><b>Energy</b></u></p> <p><b><i>Recommendation 7.</i></b> Completion of the legal framework on the renewable energy sector (Adoption of the Methodology of determining the purchase price of energy produced by photovoltaics as per the MIE Instruction No. 3, dated 20.6.2019).</p> <p><b><i>Recommendation 8.</i></b> Making effective the liberalization of the energy market and the Energy Stock Market. Investing in power distribution network to improve technology access for local solar and wind producers.</p> <p><b><i>Recommendation 9.</i></b> Establishment of joint MIE-MFE-Business Working Groups to debate on the sector challenges in coherence with the Energy Strategy 2018-2030.</p>	<p style="text-align: center;"><b>MIE/MFE BUSINESS ASSOCIATIONS CHAMBERS OF COMMERCE</b></p>	Long term
	<p style="text-align: center;"><u><b>Agriculture</b></u></p> <p><b><i>Rekomandim 10.</i></b> Incentive measures on the de-fragmentation of agricultural land and promoting the competitiveness of domestic production;</p> <p><b><i>Rekomandim 11.</i></b> Transparency on:</p> <p>a) Information and progress on donor support policies for the agricultural/agro-processing sector;</p> <p>b) Performance of investments under public-private contracts in the sector.</p> <p>.</p>	<p style="text-align: center;"><b>MBZHR/MFE/ DONORS</b></p>	Long term
	<p style="text-align: center;"><u><b>Digital</b></u></p> <p><b><i>Recommendation 12.</i></b> Creating regulatory conditions for quality services in the field of electronic communications (broadband/5G).</p>		

	<p><b>Recommendation 13.</b> Completing the <b>regulatory framework</b> and promoting <b>FINTECH</b>.</p> <p><b>Recommendation 14.</b> Establishment of a central policy-making institution/platform to enable cross-sectoral coordination and to push forward the digital agenda, research and development, as well as capacity building toward business sophistication (e.g. North Macedonia, Germany, Ireland). This platform to:</p> <p>a) Consist of experts in the field, adopt an ecosystem or value chain philosophy (have interactions between telecommunications, media, IT industry, infrastructure, usability);</p> <p>b) Interact with a network of actors: academia, business, civil society, start-up, government, media focusing on the impact of digitalization in Albania on education, economics, employment, social aspects, etc.</p> <p><b>Recommendation 15.</b> Set up concrete <b>incentive policies on vocational education with a focus on IT</b> and digital skills.</p>	KoM/MIE/MFE	Long term
	<p style="text-align: center;"><b><u>TEDA</u></b></p> <p><b>Recommendation 16.</b> From face-to-face consultations, it turns out that there is an interest from various businesses in the processing sector (e.g. sectors such as agro, semi-finished products, or even information and digitalization technologies, etc.) to exploit the potential offered by TEDAs. Consequently, it is highly suggested that TEDAs become functional as soon as possible to exploit the potentials they can provide.</p>	KM/KoM MINISTRIES	Long term

	<p align="center"><b><u>Education and Employment</u></b></p> <p><b><i>Recommendation 17.</i></b> A strategic approach based on adapting employment policies and improving the skills of the workforce towards priority sectors for sustainable economic development. This should be done through:</p> <ul style="list-style-type: none"> <li>a) a clear regulatory framework but also by setting standards and criteria for implementation, as well as through incentives;</li> <li>b) Creating a systematic collaboration platform between schools and businesses to create clusters of business actors - professional service providers - civil society, employment offices, career offices etc. operating in priority sectors.</li> </ul> <p><b><i>Recommendation 18.</i></b> Government to enable the leasing of state-owned buildings to support the creation of training centers to re-dimension the workforce skills as per market requirements.</p>	<p align="center"><b>KoM/MFE/MASR/ BUSINESS ASSOCIATIONS CHAMBERS OF COMMERCE</b></p>	<p align="center"><b>Long term</b></p>
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<b>OTHER SUGGESTIONS</b>	<b>ENTITY</b>
To attract foreign investors in the country we should focus on medium-sized businesses, which usually tend to be the first victims of corruption by the administration. Micro businesses need to be helped to grow up and not remain a family business - this is the first step in accessing finance.	<b>EBRD</b>
The incentives in the agriculture sector should be focused in its formalization.	<b>MBZHR</b>
Selection of seeds for planting should be one of the priorities of the state and this should be done in a controlled manner. The Ministry of Agriculture should work with Albanian farmers to provide appropriate	<b>“TEUTA” LTD</b>

recommendations according to market needs. There is also interest in getting involved in the agro-tourism sector using the country's raw materials. This is possible if the state creates incentives to promote this.	
<p>In the context of economic diplomacy, DHTI TR proposes to take three concrete actions:</p> <ol style="list-style-type: none"> <li>1. to create a new dynamic model of communication with measurable indicators (eg a study on the number of foreign investors coming to Albania is missing);</li> <li>2. opening pavilions for the promotion of Albanian products, perhaps in the form of an "info date" dedicated to Albania - to include identifying and promoting the Diaspora's potential for investment;</li> <li>iii) integration of the Albanian economy into the regional market</li> </ol>	<b>DHTI TR</b>
Creating a development bank for businesses, while the property legal uncertainty remains a major problem.	<b>DHTI TR</b>
<p>The chambers of commerce should bring not only problems to the table but also concrete proposals at the level of strategy, policies and procedures within a three-month deadline for all the elements mentioned. For example, more specifically:</p> <ol style="list-style-type: none"> <li>1. work to implement the digital signature, to increase the effectiveness of the e-Albania platform - where businesses can benefit from around 90% -93% of services available without contact with administration and at reduced costs;</li> <li>2. Vocational schools (54% covered by MFE) focus on what business really needs.</li> </ol>	<b>MFE/MIE/MSHMS</b>
<p>Giving natural resources (hydrocarbons) could not be more fragmented as it has been to date. We are in the process of undergoing a profound change in the law of hydrocarbons which in the current format does not result in favor of the Albanian state, like many laws or concessionary contracts. The support of international financial partners and strong business voices is required.</p>	<b>MIE/ DHTI TR</b>
Finalizing the project for supplying farmers with electronic cards, the realization of which would bring very positive results, while also formalizing the process	<b>KASH</b>
Need for change of the organization form in the agricultural sector, it is necessary to encourage medium-sized enterprises, which is enabled through the change of current legislation such as law on agricultural cooperation companies.	<b>KASH</b>

Organize promotional activities for tourism and collaborate with other associations to organize a large business forum (instead of the small forums usually held). In addition to government, associations and chambers of commerce should also play a role in attracting foreign investors. Foreign companies, despite their primary goal of earning, must simultaneously help the country grow economically.	<b>DIHA</b>
Establishment of three technical level working groups for three priority sectors with representatives of each relevant ministry (including MFE), where the discussion of this meeting is translated into something more concrete.	<b>MFE</b>

Matrix of Recommendations ON INVESTMENT POTENTIALS AND PRIORITY SECTORS is the outcome of the Technical Note drafted by the Investment Council Secretariat. The purpose of the Matrix is to provide a summary of the proposed Recommendations and Solutions. Besides, the Matrix serves as the Secretariat's Internal Monitoring Plan so that it follows up on the implementation of Recommendation:

#### **ABBREVIATIONS:**

**KM – Prime Minister office**

**CoM-Council of Ministers**

**MFE- Minister of Finance and Economy**

**MSHMS-Minister of State for Entrepreneurship Protection**

**MIE – Ministry of Infrastructure and Energy**

**MBZHR- Ministry of Agriculture and rural development**

**MTM- Ministry of Tourism and Environment**

**MASR – Ministry of Education, youth and sports**

**MEPJ- Ministry for Europe and external affairs**

**ASHK – State Agency of cadastre**

**AIDA – Albanian Development Investment Agency**

**INSTAT – Albanian statistics Institute**

**DHTI TR – Chamber of Commerce and Industry of Tirana**

**KASH- Albanian Agrobusiness Council**

**DIHA- German association of industry and trade in Albania**

**ADF – Albanian Development Fund**

**TIMETABLE:**

**Short-term-** from 1 month to 6 months.

**Mid-term** – from 6 months to 1 year

**Long-term** - over one year.