

MATRIX OF RECOMMENDATIONS ECONOMIC RECOVERY

Albania post-COVID-19

INVESTMENT COUNCIL SECRETARIAT
JUNE 2020

Matrix of Recommendations ECONOMIC RECOVERY Albania post COVID-19, 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 and serves as the Secretariat's Internal Monitoring Plan so that it follows up on their implementation.

The following recommendations reflect the approach to identify the three sectors on which the economic recovery can be enhanced. This does not include those recommendations and measures previously adopted by KI in order to improve the business climate and aimed at: simplifying administrative procedures, stability of the legal and sub-fiscal framework, reducing fiscal fragmentation, formalizing the economy, efficient use of natural resources and attracting new investment.

SECTOR	RECOMMENDATIONS	RESPONSIBLE INSTITUTION	TERM
Agro-processing	<p>1. Recommendation 1. To optimize the potential that exists in the agricultural sector, agro-processing (increasing figures of fruit/vegetable exports, medicinal plants, etc.) as well as agritourism, <i>to prepare an in-depth study aimed at giving specific recommendations that stimulate domestic production with the objective "import substitution"</i>. More specifically, the product of the study will be the identification of at least 3 specific products that are produced and have the potential to be processed locally at all stages of the chain, and perhaps even to be branded as an Albanian brand and exported to global markets (short term). For this, within the technical working group MFE & MARD to work with experts and analyse as follows:</p> <p>a. Yearly trends of exports, data on ARDA investments, exemptions from customs duties on machinery and equipment, sector support from IPARD, national schemes, local schemes, AIDA's funds, etc.</p>	MBZHR/MFE	Short term

	<ul style="list-style-type: none"> b. inventory of projects (including forms of support such as guarantees, etc.) and studies in this regard as well as funds provided by the (central and local) Government and donors. c. to show graphically and transparently the steps to be followed starting from the production, transport, collection and marketing of products as well as the responsible structures. d. list of procedures easily accessible to a local or foreign investor interested in investing in agro-processing or production. e. Information tailored for these products regarding food safety and access to certifications such as GAP (especially for bio or organic products). f. potential to promote local processing, including livestock products and fishing through TEDAs, to switch to industrial production as well as investments in refrigeration rooms, to optimize the chain, etc. g. any other relevant information for achieving the objective of the working group 		
	<p>Recommendation 2. <i>Oil subsidy for the farmer.</i> Preparing a cost-benefit analysis for the state budget and the farmer, in relation to subsidizing the price of oil. The argument for support in this regard is related to (i) the use of this instrument to encourage the formalization of farmers, (ii) supporting the investment of farmers, (iii) fishing example where the use of this instrument has yielded results in formalizing and increasing processing of fish and on the other hand budget expenditures have been minimal, (iv) almost all countries in the region replicate such an instrument.</p>	MBZHR/MFE	Short term
	<p>Recommendation 3. <i>Timely update and transparency in regard to the completion of the agricultural land map and clarification of ownership in areas with greater economic potential, where production and impact is greater (e.g. Fieri, Lushnja and the southeast of the country, the area of Korça).</i></p>	MBZHR/ ASHK	Middle term
	<p>Recommendation 4. Referring to the very strict requirements that IPARD schemes have, the problem remains the classification of all farms to benefit from them, so <i>the negotiation by the institutions responsible for the inclusion of all farmers in these schemes remains a challenge and task to be followed with priority to negotiations</i> for IPARD3.</p>	MBZHR/AZHBR	Longterm

	Recommendation 5 Monitoring and coordination between MARD and DPD, and supervision of agricultural pharmacies in order <i>to limit the uncontrolled and dangerous use of pesticides and to simultaneously deter informality.</i>	MBZHR/DPD	Short term
	Recommendation 6 Analysis of the forms of organization of farmers so that access to finance can be facilitated in some categories. BoA and representatives from international development partners, MFE and MARD to analyse the problems to increase the loan portfolio in this sector and to consider lending policies and to find innovative forms of financing for this sector that is considered risky.	MFE/MBZHR/BOA/ BANKS ASSOCIATION	Middle term
TURIZWM	Recommendation 7: Diversification of the tourist offer, <i>through integration in wider (global) tourist chains</i> to be associated with the reduction of the level of informality in the sector. From a strategic point of view, the dependence of tourism revenues on other sectors should be reduced, increasing the added value of tourist services provided, creating diversified destinations/packages in addition to the sea and the sun, extending this way also the tourist season	MTM/NATIONAL AGENCY OF TOURISM/NATIONAL AGENCY OF SEASIDE / ALBANIAN ASSOCIATION OF TOURISM	Middle term
	Recommendation 8 <i>Incentivize the sector towards the extension of the tourist season</i> , e.g. through the provision of subsidies in the amount of 10-20 Euros a day/tourist for holidays longer than 3 days, during April-May and September-October. This would increase the tourist flow in non-peak periods, which enables the engagement of the employees of this sector for a longer season	MTM	Short term
	Recommendation 9: <i>Quality of service in tourism.</i> More than expansion, the sector needs to raise the standard and quality of the product it offers, expanding the package. <i>For this, a regulatory requirement by the licensing state agency, mandatory to allow entry into the industry, would probably be effective.</i> The state agency should play the role of trainer, informant and coordinator at the national level	MTM	Short term

	<p>Recommendation 10: Special priority and timely harmonization, transparency and consultation of local and national plans for public investment in infrastructure in the tourism sector. Businesses need to know what will be done and when it will be done in national public investment strategies (water, sewerage, energy, etc.). For example, if it is a national priority as a sector, hotel construction can begin when the tourism area itself has access to water and electricity to afford new investment in capacity. This also helps the business to advance its feasibility and investment plans. More specifically, public investment should aim at a) <i>Shortening travel time to tourist destinations</i>, especially sea routes, through major infrastructure projects (highways/airports); b) <i>building a quality system of hotel schools</i>, especially for coastal areas with flexible curricula that provide a quality long-term hotel service for the preparation of young people to serve in this industry; c) <i>creation of regional plans</i> for specific tourist areas with a focus on maintaining ecological and environmental standards.</p>	MTM/MFE/AIDA	Middle term
	<p>Recommendation 11 Implementation of the “travel bubble” initiative, which consists of opening the borders between the countries of the Western Balkans, excluding the obligation of a 14-day quarantine, which would be an incentive for the tourism sector at current situation</p>	MTM	Short term
TIK & INNOVATION	<p>Recommendation 12: Prioritize digitalization and accelerate national broadband coverage with broadband and secure Cloud platform - initiate intervention for those areas of the country where we currently have a high presence of SMEs or the ones with a considerable population (especially of young people), as they carry the potential to improve the productivity and efficiency of industries and SMEs. To achieve this, it is necessary to start preparing regional maps to give the level of concentration of SMEs to enable the optimization of investments in infrastructure and to increase the competitiveness of these businesses</p>	MFE/MIE	Short term
	<p>Recommendation 13: Accuracy and harmonization of national statistical data referring to the level of use and accessibility in ICT by businesses. The data should be elaborated and monitored based on clear indicators such as services used by businesses, areas covered, coverage speed, etc. and published so that businesses / investors adopt their investment plans. Furthermore, monitoring the quality of service (AKEP) for a high-speed broadband internet would enable quality services such as businesses / citizens, as well as schools, universities, health centres, financial institutions, etc.</p>	MIE/MFE/INSTAT/ AKEP	Longterm

	Recommendation 14: <i>Coordinate models (e.g. Kosovo) of government-business-international partnership cooperation to finance investment costs in the sector as it remains a challenge for the state budget, after the earthquake and COVID-19. Further consolidated support in terms of technological developments and innovation through grants or subsidy schemes</i>	MIE/MFE/ DONORS	Longterm
	Recommendation 15: <i>Increasing the access of SMEs to ICT, through the drafting of specific government policies with a focus on the specific needs of SMEs. Simplification and better information coordination on European projects (possibly focus on a single portal) with the needs of local SMEs - to increase the level of information, timely accessibility, and the quality of business applications in EU funds agency</i>	MIE/BUSINESS ASSOCIATIONS AND CHAMBERS OF COMMERCE /DONORS	Short term
	Recommendation 16: <i>Stimulating the exposure of the population to ICT potentials through collaborations with businesses to subsidize the costs of digital devices such as laptops, smartphones, etc. as the first devices with which people access the internet</i>	MINISTRIES/ BUSINESESS/ BUSINESS ASSOCIATIONS AND CHAMBERS OF COMMERCE /	Short term
	Recommendation 17 <i>Aiming improved quality skills in this sector, are needed free online training packages and relevant certifications in digital training, entrepreneurship, financial education, youth, and women, etc. One form of incentive could be the creation of an online government platform (e.g. Albania Digital Solidarity) listing companies that offer such online services at (1) reduced prices or (2) for free. (e.g. Poland/Italy</i>	MFE/AIDA/ DONORS/AKSHI	Short term
	Recommendation 18: <i>Utilizing the potentials offered by free economic zones (TEDAs) as an opportunity where companies can be placed both for training and for the development of technologies related to the ICT sector</i>	MFE/AIDA/MIE/ BUSINESESS	Longterm
	Recommendation 19: <i>Stimulation of e-commerce - its legal formalization, as a potential model of providing sustainable services/products</i>	MFE/BOA/DONORS/ BUSINESESS	Longterm

OTHER SUGGESTIONS	SUBJECT
<i>A public investment strategy publication is needed</i> (by AIDA or other digital channels) to clarify and serve as a clear roadmap (roads, water, sewers, ports, airports), with deadlines when they will be implemented by the state, so that investors can present concrete interests for investments in specific sectors.	Balfin Group
<i>Develop a better and more efficient policy towards the use of public funds in the medium and long term in order to stimulate sustainable employment.</i>	Confindustria Albania
Simplifying the country's digital ecosystem by <i>simplifying long-established rules</i> . There is still a debate about <i>the law on digital signature</i> , but if this issue is resolved, transactions will become cheaper, faster, better and in the event of a second wave of crises customers would not be forced to visit stores to make any kind of transaction. The digital signature requires very little investment, but offers a big difference.	Vodafone Albania,
<i>Banks should start thinking about diversifying the traditional way of financing, remove the fear and intertwine the adoption of information technology with their risk policy plans</i> , expand this as in relation to agriculture with value chains and not leave it. a bank guarantee of four years without being used (not less than 180 million euros with 40 miles used in four years), using the maximum guarantees. The main problems are related to the institutions, the approach of the policies and their interweaving at the same time.	IC Chair

ABBREVIATIONS:

MFE- Minister of Finance and Economy

MIE – Ministry of Infrastructure and Energy

MBZHR- Ministry of Agriculture and rural development

MTM- Ministry of Tourism and Environment

DPT- General directory of Taxes

ASHK – State Agency of cadastre

AIDA – Albanian Development Investment Agency

AKEP – The Authority of electronic and postal communications

AZHBR – The Agency of rural development

AKSHI – The National Agency of Information Society

INSTAT – Albanian statistics Institute

BOA – Bank of Albania

DIHA- German association of industry and trade in Albania

Sam WEAR – private company of clothes production

TIMETABLE:

Short-term- from 1 month to 6 months

Mid-term – from 6 months to 1 year

Long-term - over one year