



Albania
Investment
Council

Improving Transparency and Investment Climate

IMPACT ASSESSMENT OF COVID19 ON BUSINESS ACTIVITY IN ALBANIA

This survey is based on the first survey conducted by the Secretariat during April 2020 and aims to collect data for the period of 12 months (April 2020 - April 2021)

Tirana, June 2021

Companies

417 companies responded to an online questionnaire with 30 closed and opened questions

The chosen method is the Simple Random Method. The survey was distributed **via email** sent to 10,000 companies.

Data were collected **anonymously and randomly**. The survey includes data from April 19 - May 5, 2020

Context

The survey “**Assessment of the impact of the COVID-19 pandemic on business in Albania**”, an initiative of the Secretariat of the Investment Council and the Ministry of Finance and Economy, was undertaken in April-May 2020 with the aim of gathering evidence on the effects of the COVID-19 pandemic on its business and activity.

After 1 year, the Secretariat undertook a **similar survey (70% are same questions)** to assess the **business challenges and real effects** of the COVID-19 pandemic.

Problem

COVID-19 impact on:

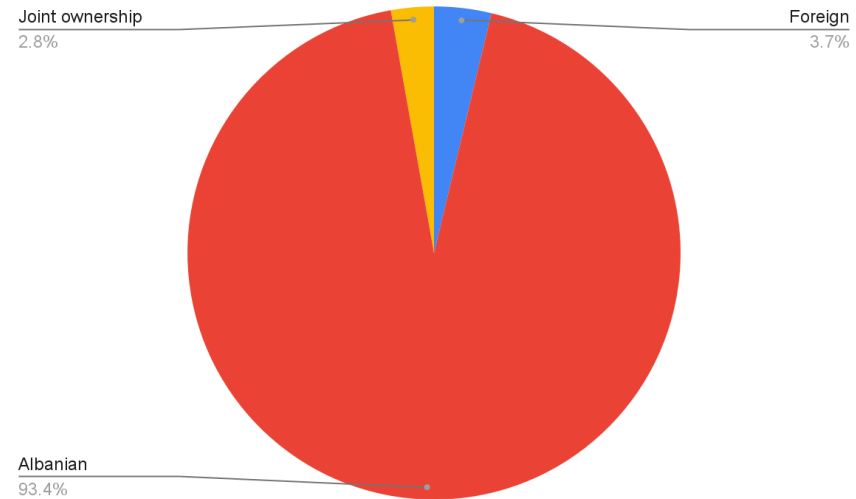
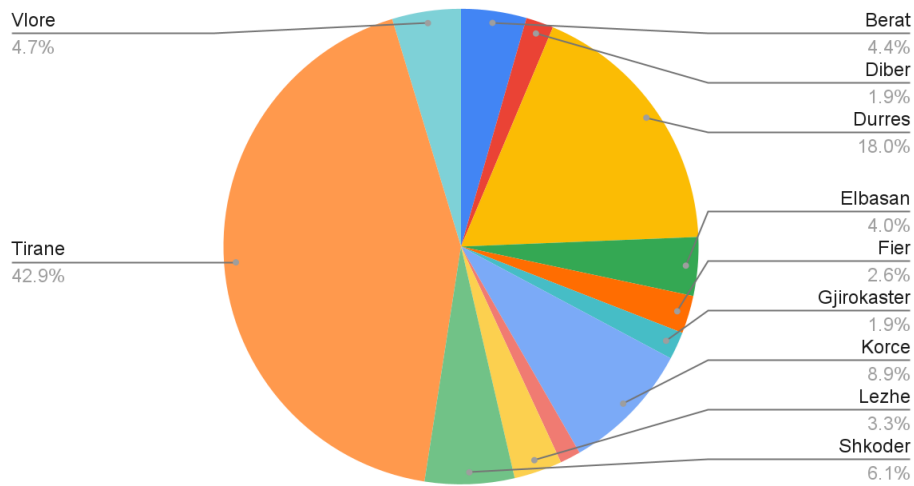
Economic growth

Work force

Innovation

Sample Profile

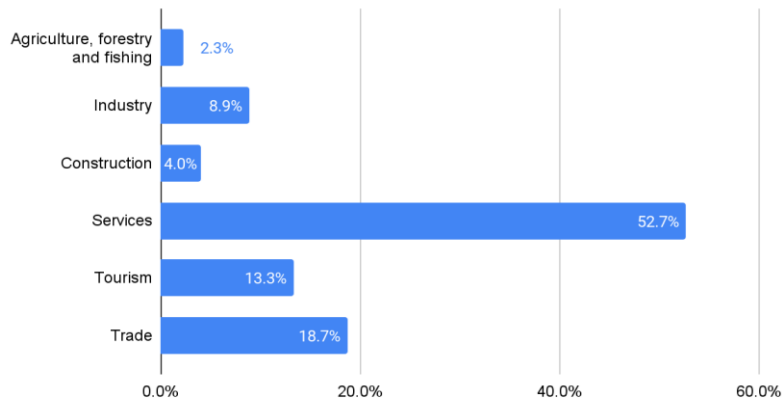
Location of your business



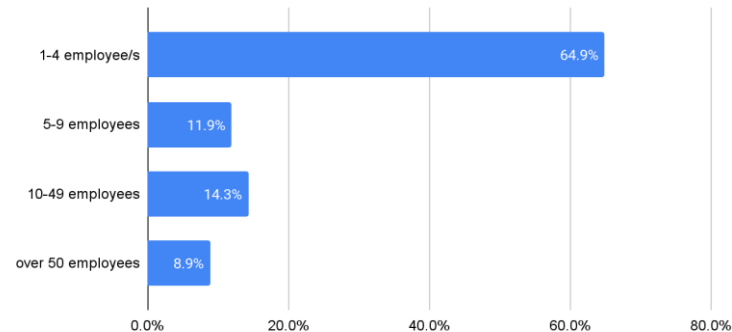
The sample includes companies from every region of the country, mainly Albanian-owned companies

Sample Profile

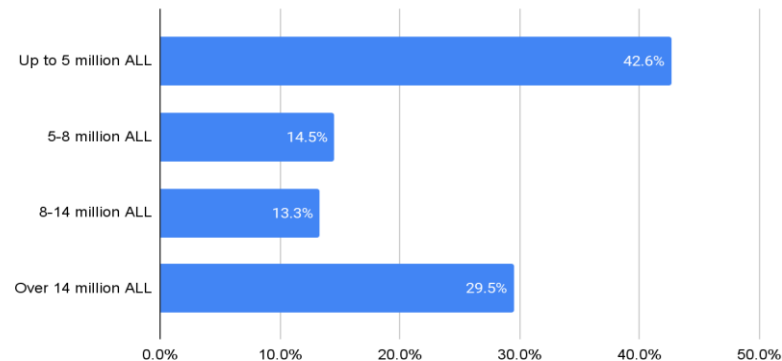
Sector that defines the main economic activity of your company



What is the average number of staff currently employed at your company?



The annual turnover of your company for the last year





Economic Growth and COVID-19

*The effects of COVID-19
and expectations for the
future*

How do you assess COVID19 impact on your business activity, one year after COVID19 pandemic start?

During **April 2020**, **97% of respondents** estimated that COVID-19 would have a negative / very negative impact;

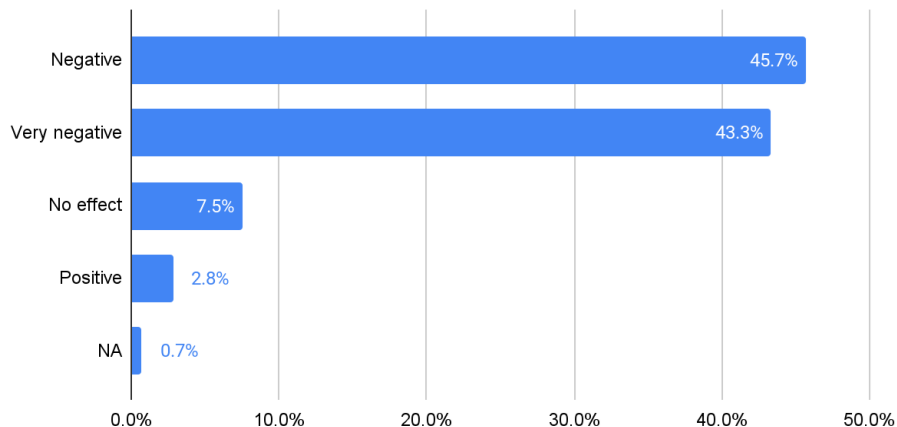
One year later, **89% of companies** confirm the negative / very negative effect of the pandemic on their activity

All sectors assessed a **negative impact** which is confirmed by the data of 1 year later;

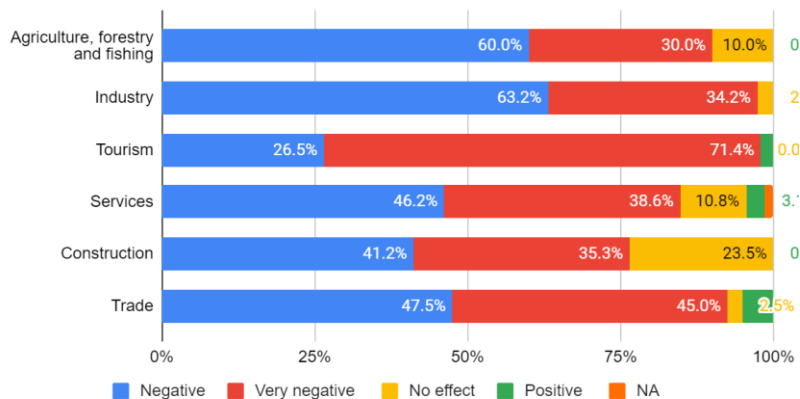
Tourism, Industry and Trade are the most affected sectors by the COVID-19 pandemic; **Construction and Agriculture** are the sectors least affected by the pandemic

98% of exporters declared the negative/very negative effect (32% considered it as very negative)

How do you assess COVID19 impact on your business activity, one year after COVID19 pandemic start?



How do you assess COVID19 impact on your business activity, one year after COVID19 pandemic start?

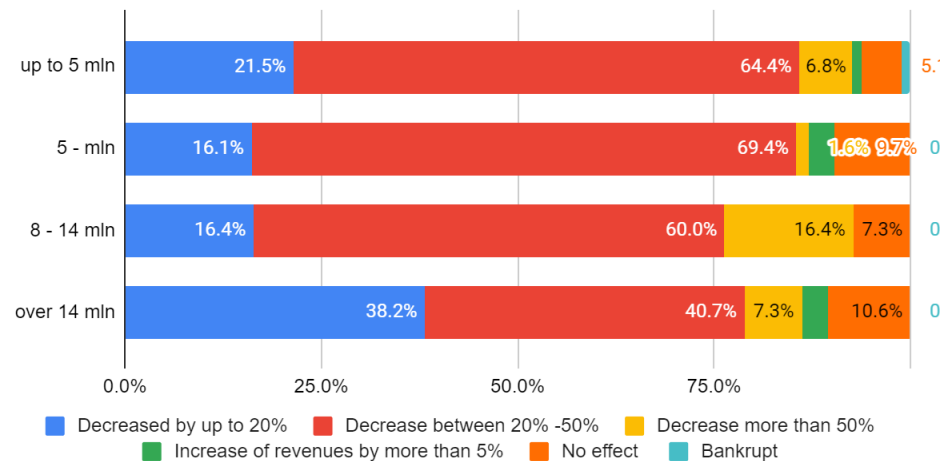


How do you assess COVID19 impact on your business activity, one year after COVID19 pandemic start?

*Despite the size **over 80% of companies** estimate the **negative / very negative impact** of the COVID-19 pandemic*

The most negative impact of the Pandemic is estimated in companies up to 5 million ALL annual turnover and with 8 - 14 million ALL annual turnover

How do you assess COVID19 impact on your business revenues (turnover) during year 2020?



Did you close down your activity during period April 2020 - April 2021?

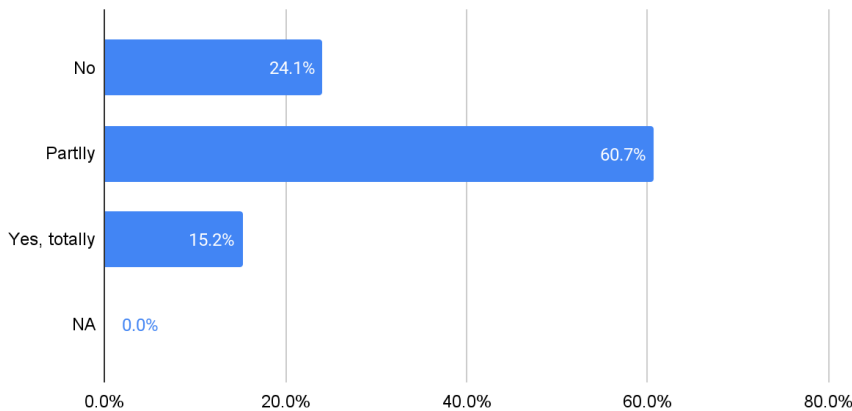
75% of surveyed companies continued to operate partially / totally during the pandemic;

88% of companies stated that the closure lasted up to 6 months; **only 12% of companies declared a closure of over 6 months mainly in Tourism**

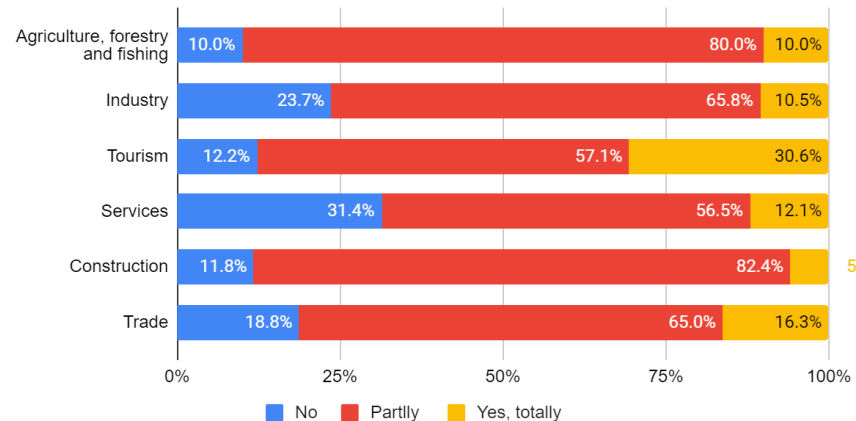
In the **highest percentage**, companies operating in the **Tourism sector** are those that declare the **total closure of the activity**;

while **Services, Industry and Trade** have the highest percentage in terms of **non-interruption of activity**

Did you close down your activity during period April 2020-April 2021?



Did you close down your activity during period April 2020-April 2021?



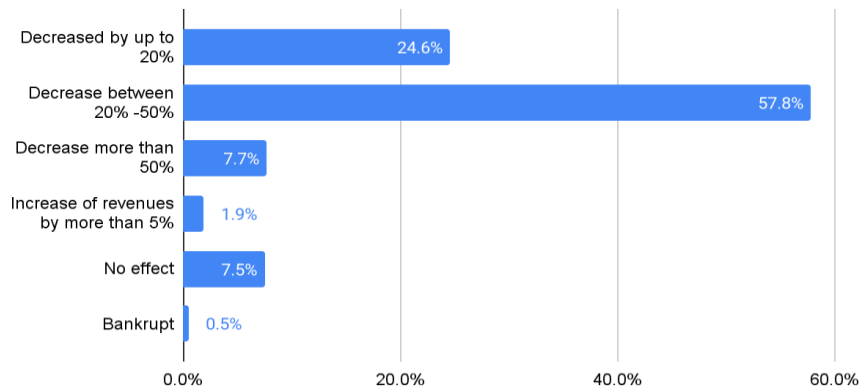
How do you assess COVID19 impact on your business turnover during 2020?

80% of respondents on April 2020 expected a reduction of **more than 20% of annual income** and only 3% of them thought that COVID19 would not affect their annual income

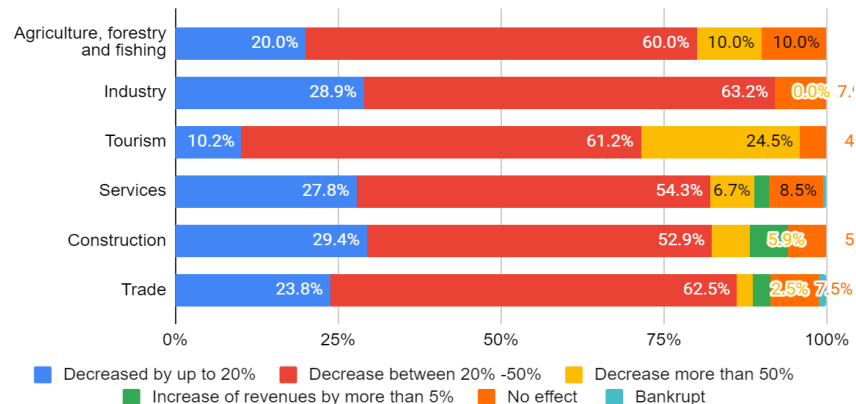
1 year later, 65% of respondents stated a decrease of more than 20% in activity and **8% of them stated that COVID-19 did not affect them**; Meanwhile 1.9% of companies experienced an increase of more than 5%

Tourism, Industry and Agriculture declare the biggest loss

How do you assess COVID19 impact on your business revenues (turnover) during year 2020?



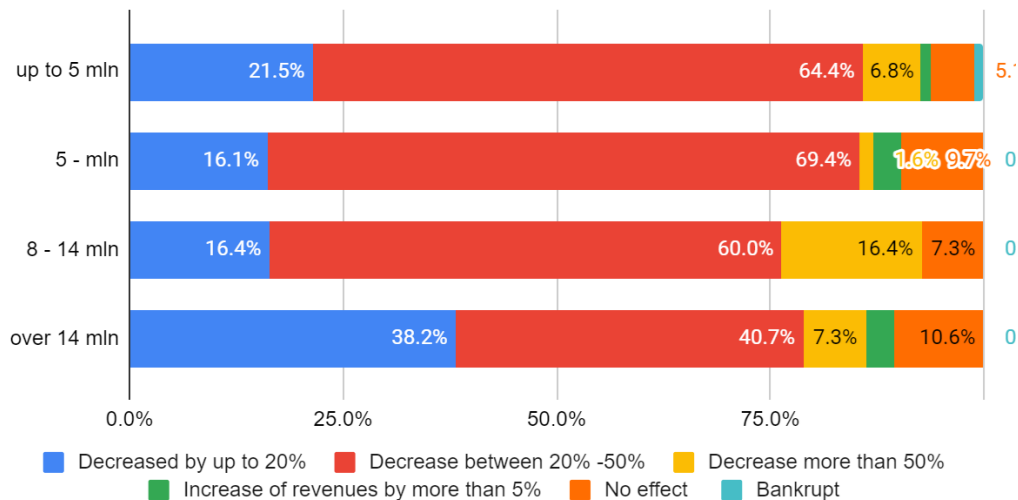
How do you assess COVID19 impact on your business revenues (turnover) during year 2020?



How do you assess COVID19 impact on your business turnover during 2020?

*In the largest percentage companies estimate a reduction in their revenues from **20% to 50%** during 2020*

How do you assess COVID19 impact on your business revenues (turnover) during year 2020?

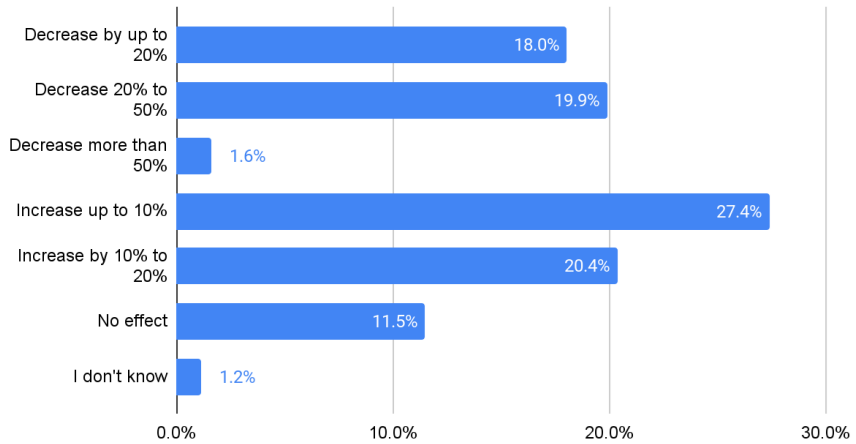


What are your expectations for 2021?

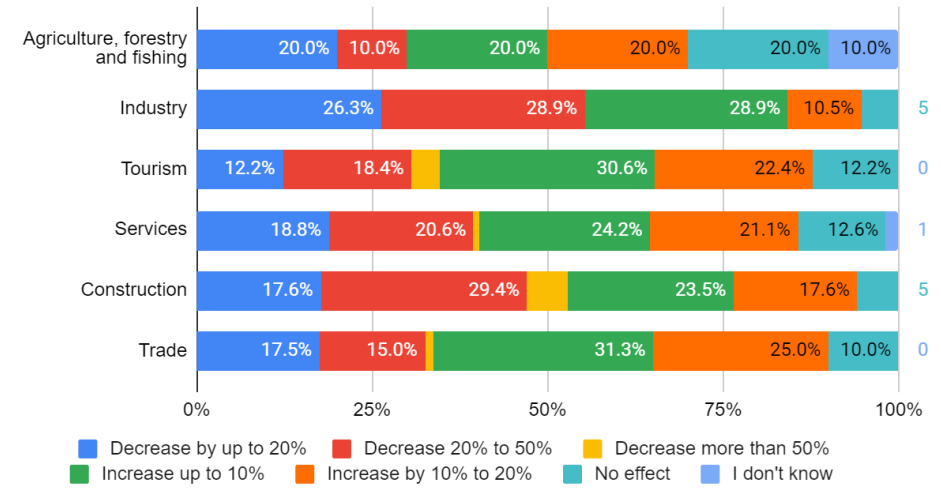
40% of respondents expect a decline in their income during 2021, mainly in the **sectors of Industry, Construction and Services**

47.5% of respondents expect **an increase** in their income during 2021, mainly in the **Tourism and Trade sector**

What are your expectations for year 2021?

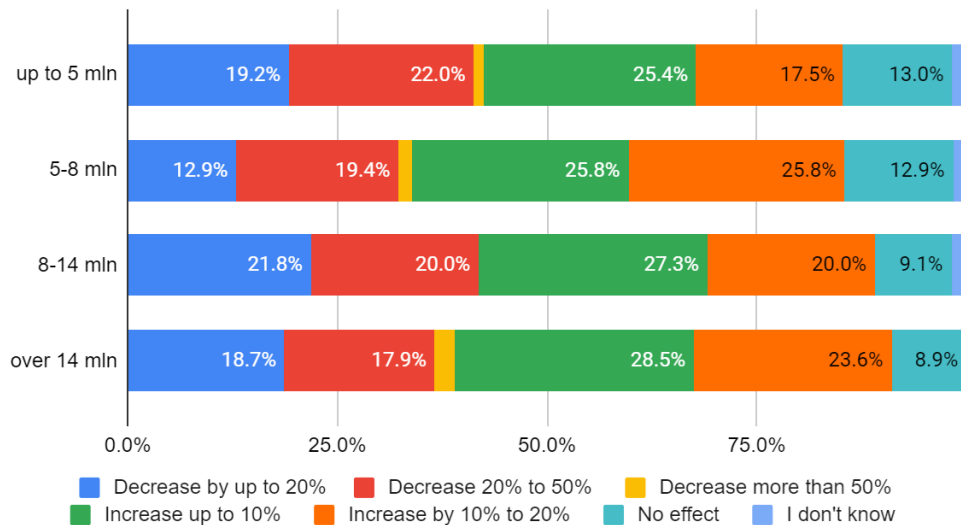


What are your expectations for year 2021?



What are your expectations for 2021?

What are your expectations for year 2021?



Companies up to 5 million estimate a reduction of up to 50% in 41% of them, while about 43% of them expect an increase of up to 20%

For companies 5 - 8 mln, about 32% of them expect a reduction of up to 50% and 52% expect an increase of up to 20%

Companies estimate 8-14 million annual turnovers in 42% of them decrease up to 50%, while 47% of them increase up to 20%

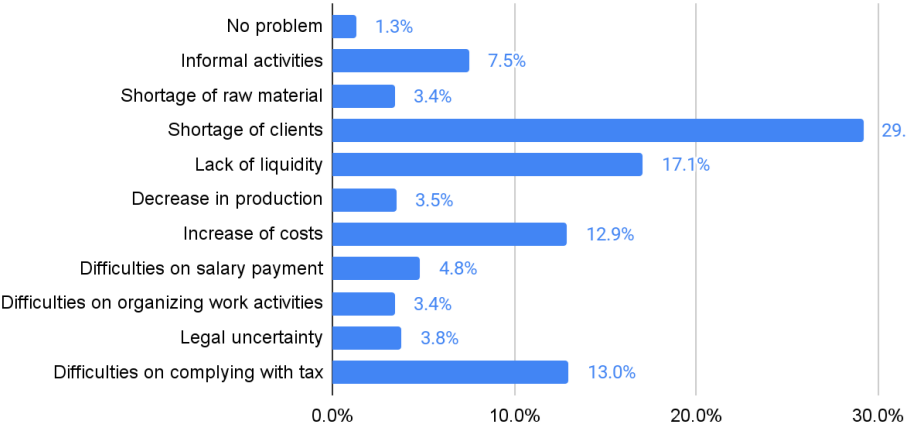
Companies with a turnover of over 14 million estimate in 37% of them a reduction of up to 50%, while 52% of them expect an increase of up to 20% during 2021

Please, specify 3 key challenges that you faced in the last 12 months

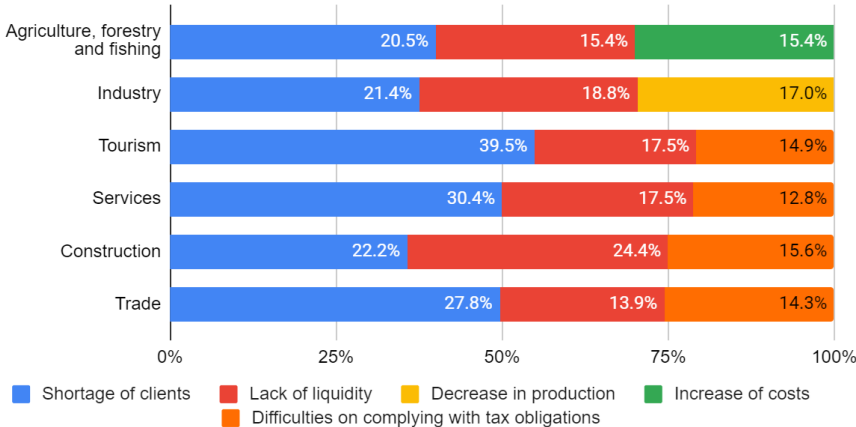
*If we compare answers on the main problems encountered by the business, we see that the **lack of customers and the lack of liquidity continue to be at the top**; while 1 year ago companies were concerned about the inability to pay salaries, after a year this has been replaced by the inability to pay taxes; the picture is more or less the same between different sectors of the economy*

"Wage subsidy" has addressed business concerns about the inability to pay wages

Please, specify 3 key challenges that you faced in the last 12 months



Please, specify 3 key challenges that you faced in the last 12 months

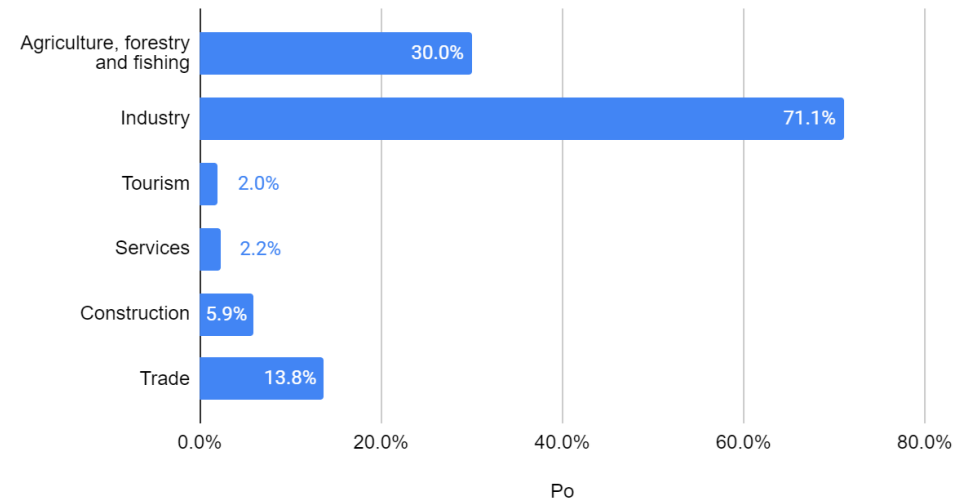


Do you Export?

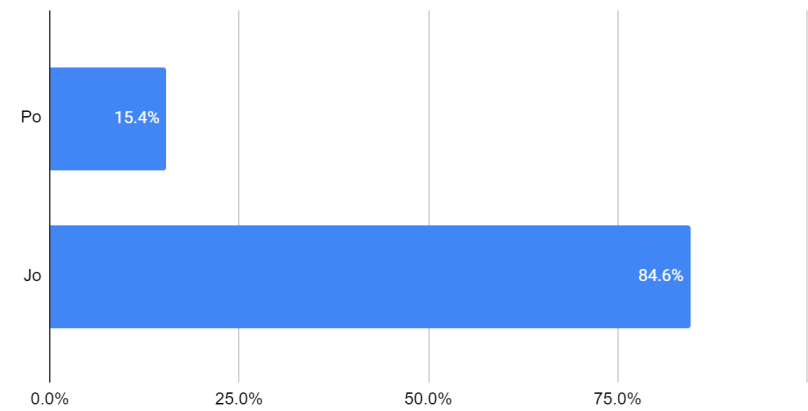
12% of respondents are exporters, mainly Industry, especially Manufacturing and Agriculture

85% of exporters declare a decrease in their exports in the last 12 months

Are you an Exporter?



Did your exports increased during these 12 months period compared to the same period of previous year?

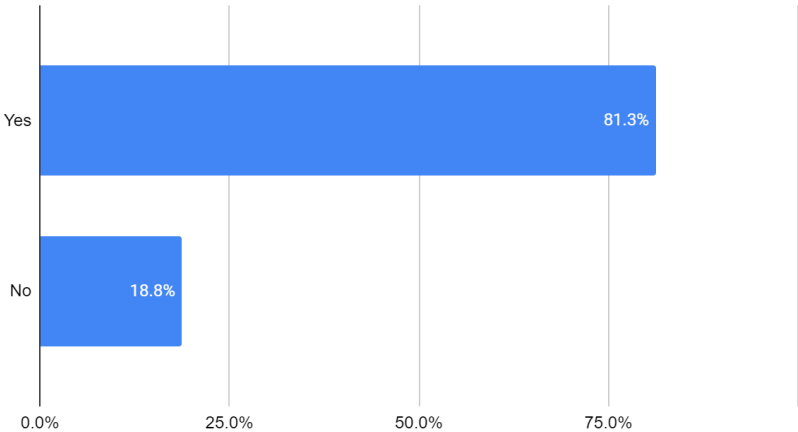


Do you export?

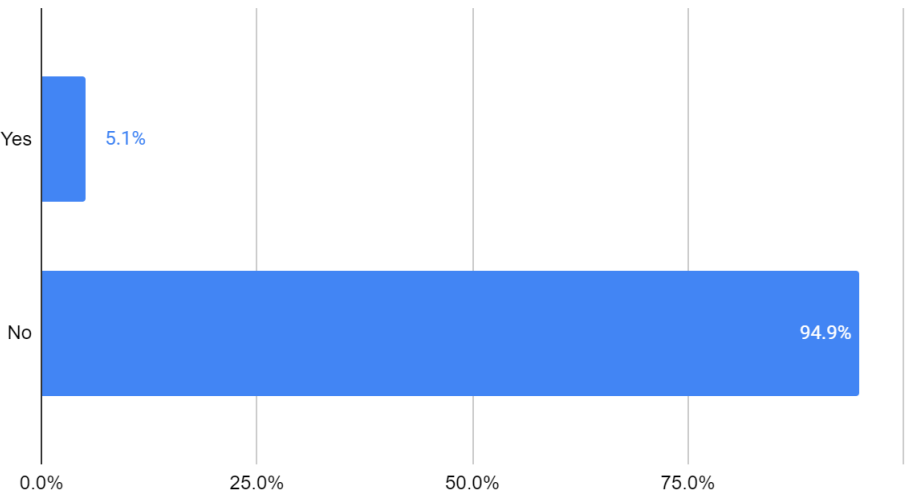
81.3% of exporters have continued their activity during the last 12 months;

Despite the pandemic the exporters have not changed their export destinations

Have you exported in the last 12 months?



If you exported, has your export destination changed?



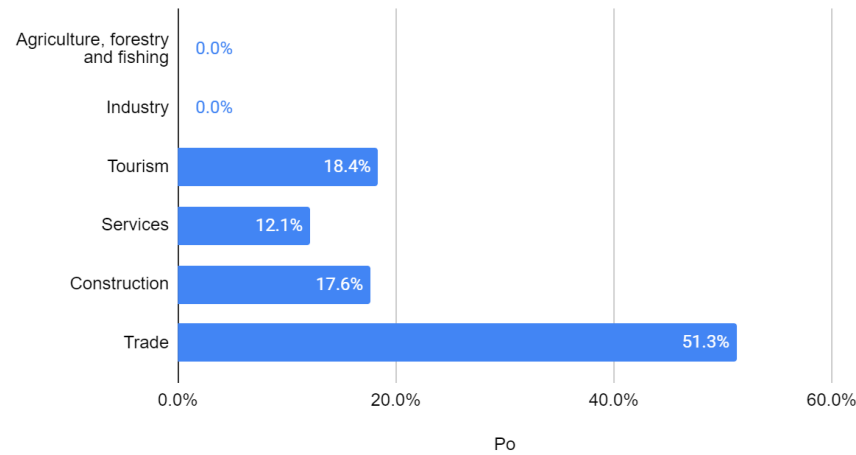
Do you import?

25% of respondents import from different countries of the world, mainly in **Trade, Tourism and Construction**

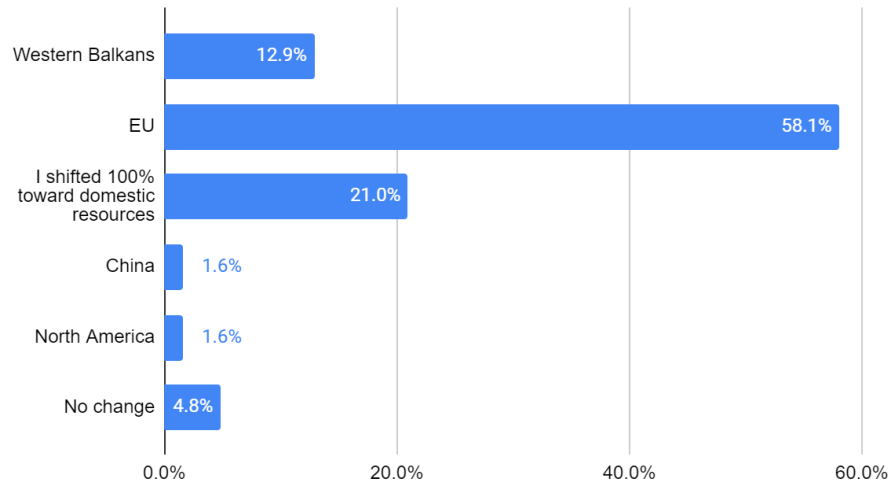
57% of respondents stated that they have changed import countries, focusing **mainly on the EU and WB**;

and 21% of them state that they **have replaced imports with domestic products**, mainly in **Services and Trade**

Do you Import?



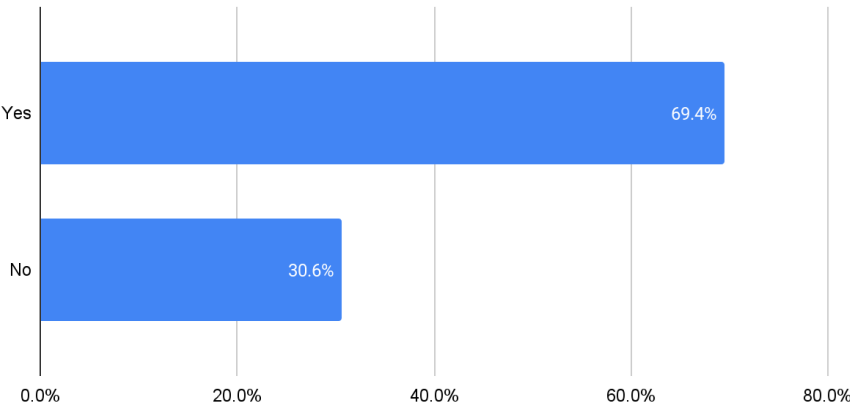
If you shifted resources, please specify new import sources:



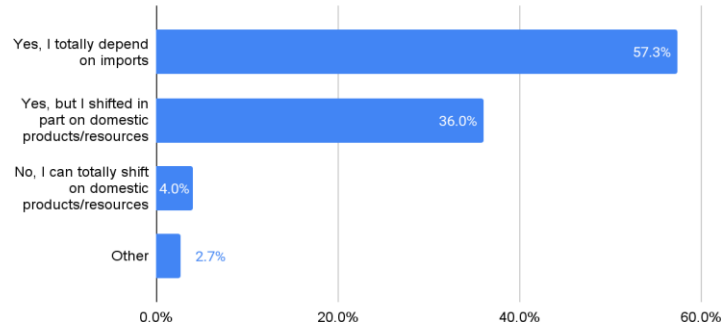
Do you import?

Importers **have encountered** problems during import which affected the continuity of their activity, mainly in **Industry, Trade and Tourism** who declare for the most part that they are totally dependent on Imports

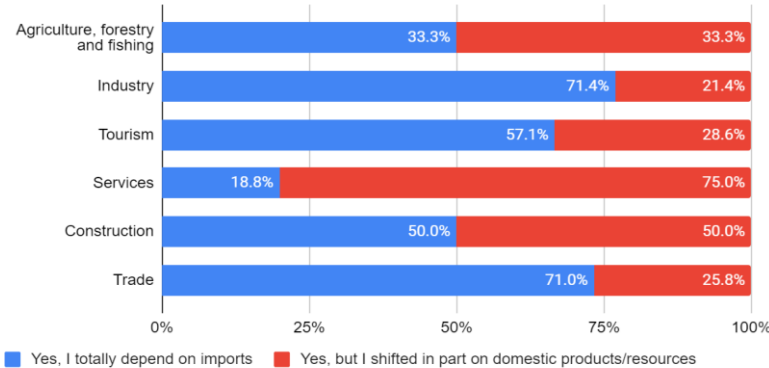
Have you encountered any issues (disruption) with the supply of raw materials from imports during 2020?



If yes, do you think your business continuity is seriously damaged:



If yes, do you think your business continuity is seriously damaged:





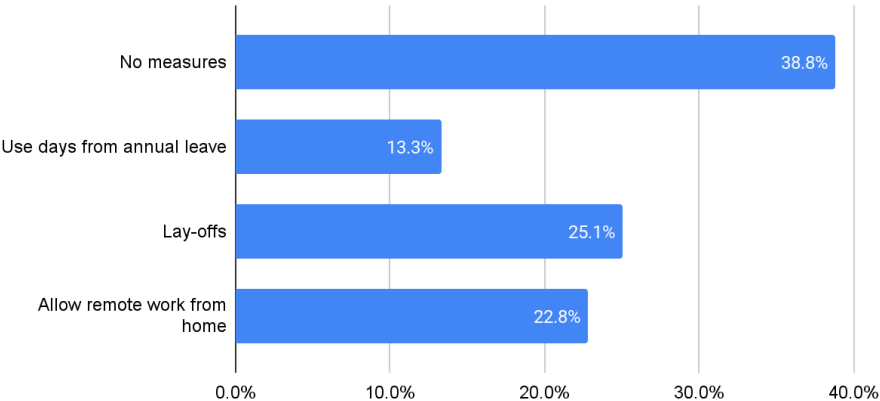
Work Force and COVID-19

What measures did you take to address worker inability to present to work?

39% of respondents took no measures to address the inability to report for work;

the figures are similar to the responses of respondents a year ago

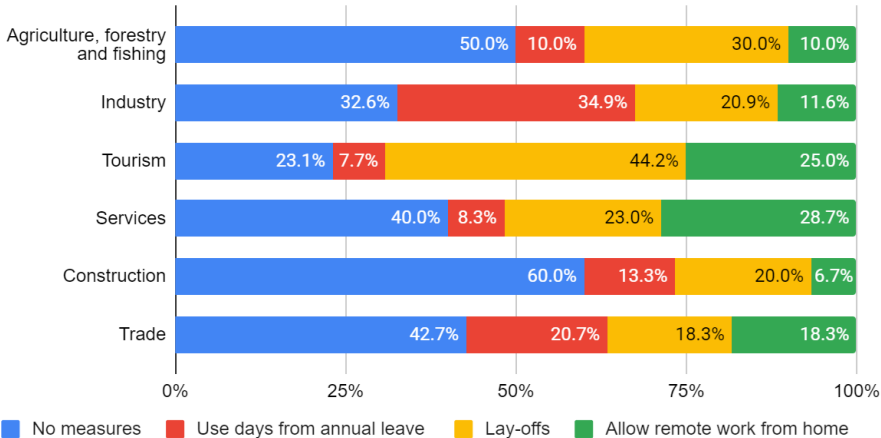
What measures did you take to address worker inability to present to work?



Tourism has suffered the most from dismissal;

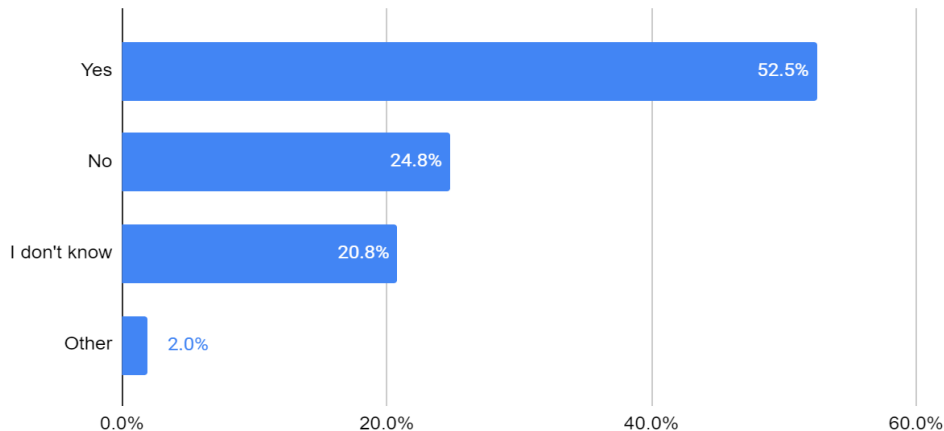
Online work has been largely exploited by the Services sector

What measures did you take to address worker inability to present to work?



In the future, will you consider online working as an alternative to office work?

In the future, will you consider online working as an alternative to office work?



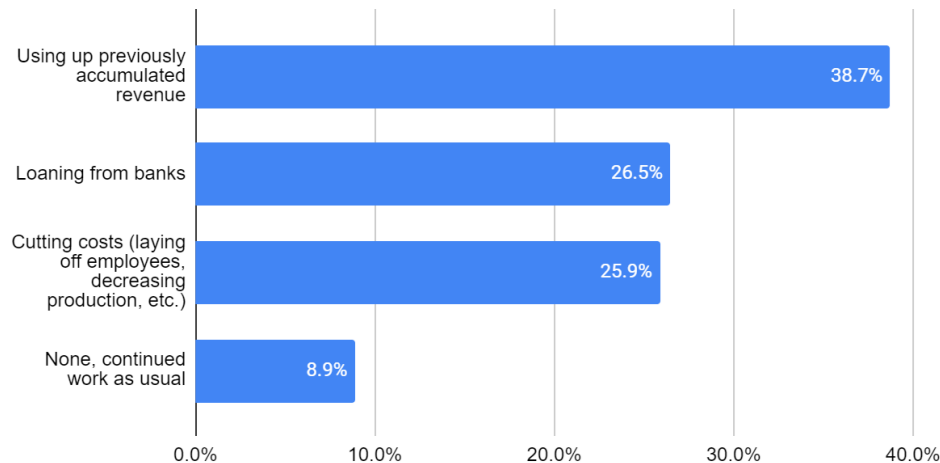
*Of the 23% of companies that used online work, **more than half** say they **will use this alternative in the future***

What measure have you taken to ensure continuity of your business activity?

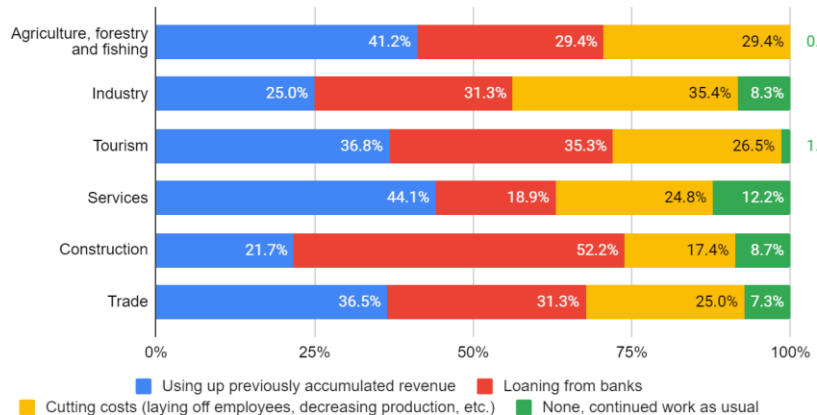
Company savings are again considered as **a first measure to ensure continuity**;

A year later, bank loaning has moved into second place and cost reduction the third place

What measures have you taken to ensure continuity of your business activity



What measures have you taken to ensure continuity of your business activity



Have you used government support schemes?

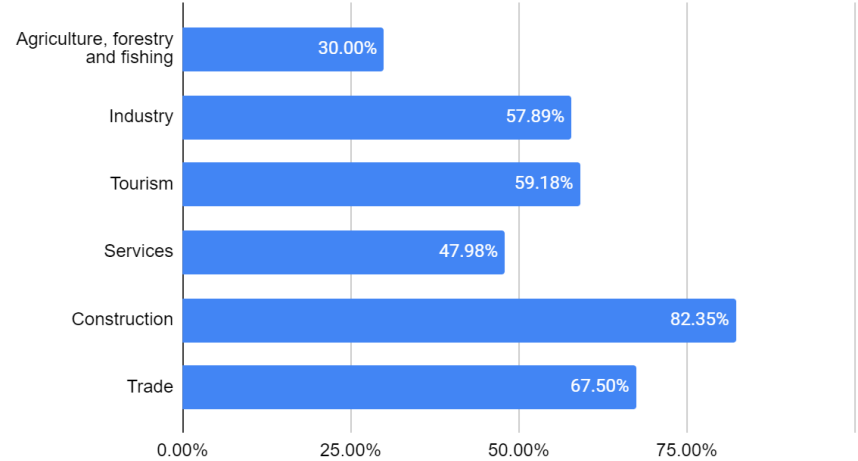
55% of respondents state that **they have benefited from government support schemes** applied after the COVID-19 pandemic;

The **sectors** that have benefited **the most** are the **Construction, Trade, Industry and Tourism sectors**

Have you use government support scheme?



Have you use government support scheme?



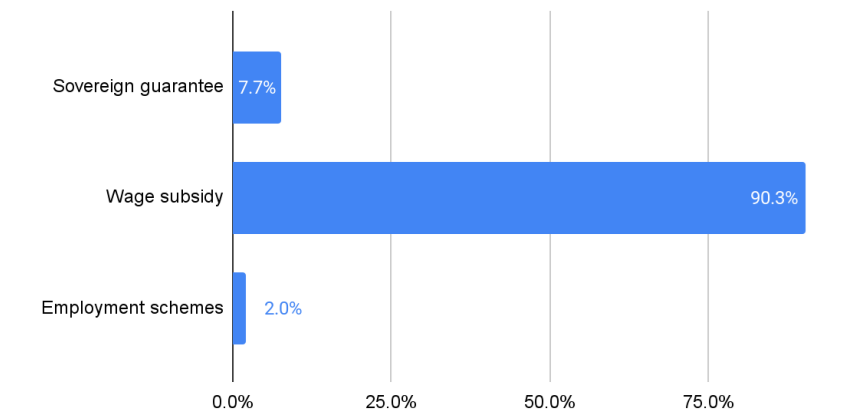
Which government support scheme presented during 2020 did you use?

Wage subsidy has been the most **benefited instrument by the surveyed companies**, in all sectors of the economy;

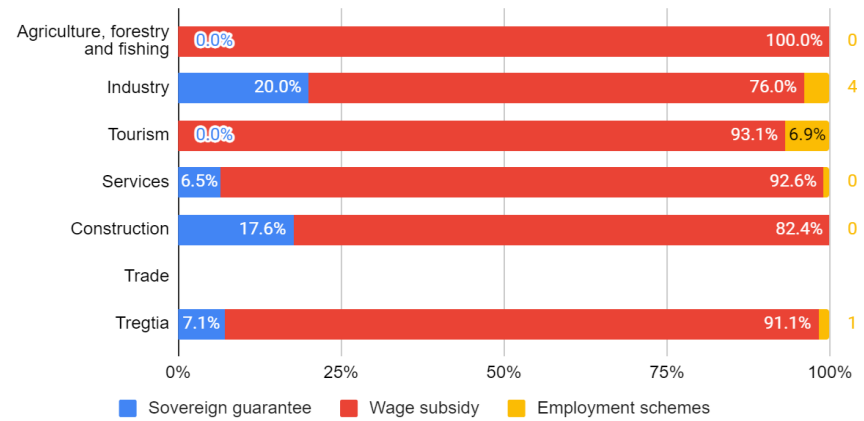
Industry and Construction have made the most of the Sovereign Guarantee

Tourism is the sector that has **benefited the most from Employment Schemes**

Which of the following government support scheme presented during 2020 did you use?



Which of the following government support scheme presented during 2020 did you use?



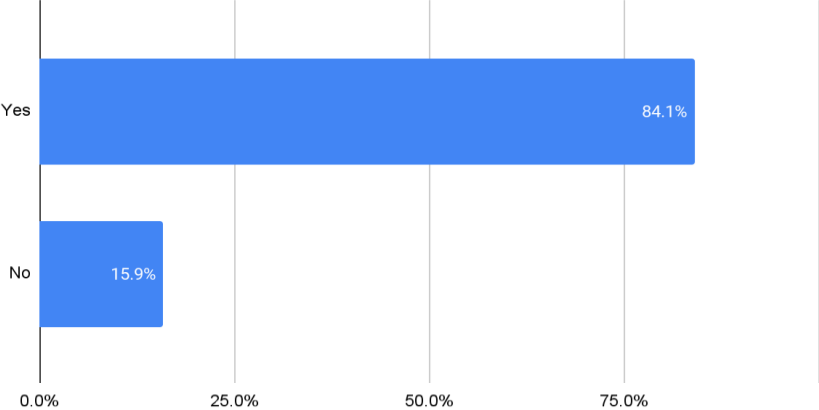


Innovation and COVID-19

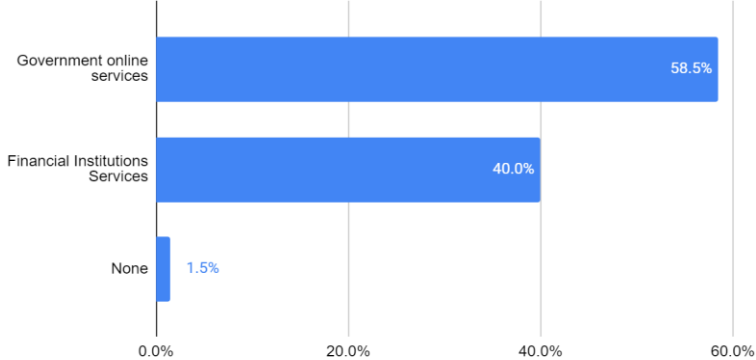
Have you used online services during this period?

Companies have **continued to use online services**, mainly **government services** and to a lesser extent the online services of financial institutions

Have you used online services during this period?

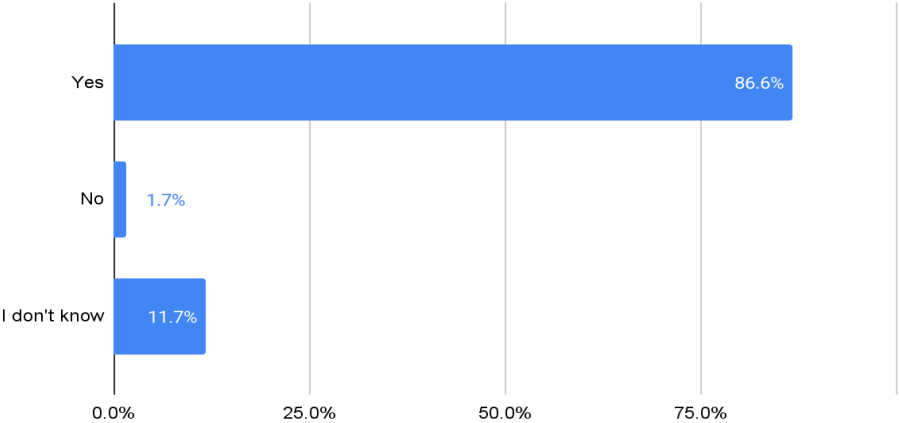


If yes, please specify which online services have been more useful:



Do you intend to re-use online services in the future?

Do you intent to re-use online services in the future:



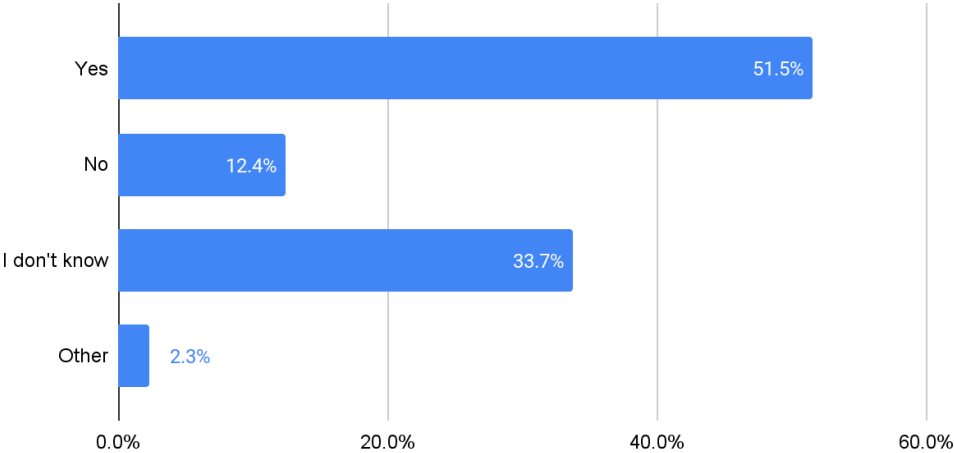
*Companies that have stated that they have used the online services, **in 86% of them state that they will continue to use them in the future***

Given the COVID-19 pandemic, do you intend to adopt an emergency plan/strategy?

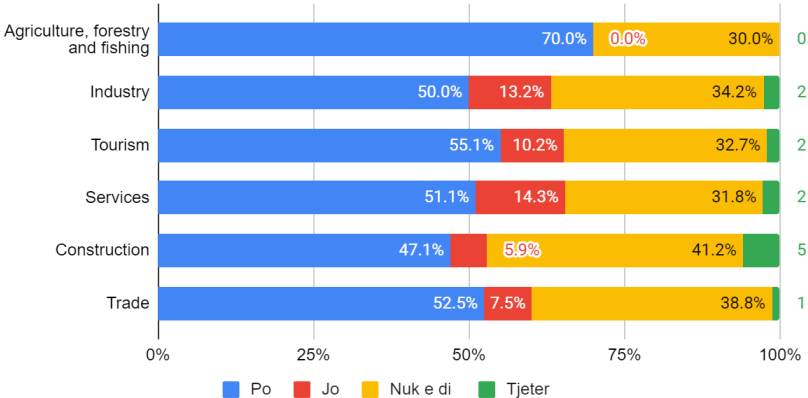
86% of interviewed companies at the beginning of the pandemic stated that they **did not have an emergency strategy**

Today, a year later **52% of companies declare** that they **will adopt an emergency plan**, **Agriculture, Trade and Tourism** are more predisposed.

Given the COVID19 pandemic, do you intend to adopt an emergency plan/strategy?



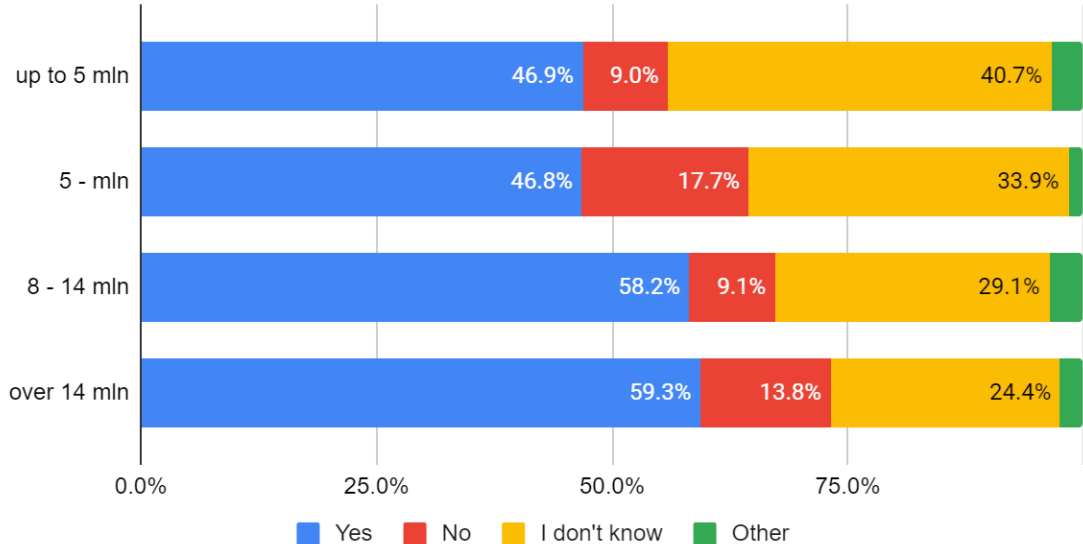
Given the COVID19 pandemic, do you intend to adopt an emergency plan/strategy?



Given the COVID-19 pandemic, do you intend to adopt an emergency plan/strategy?

60% of companies over 14 mln estimate that they will adopt emergency plans, while only 47% of companies up to 5 mln confirm this

Given the COVID19 pandemic, do you intend to adopt an emergency plan/strategy?

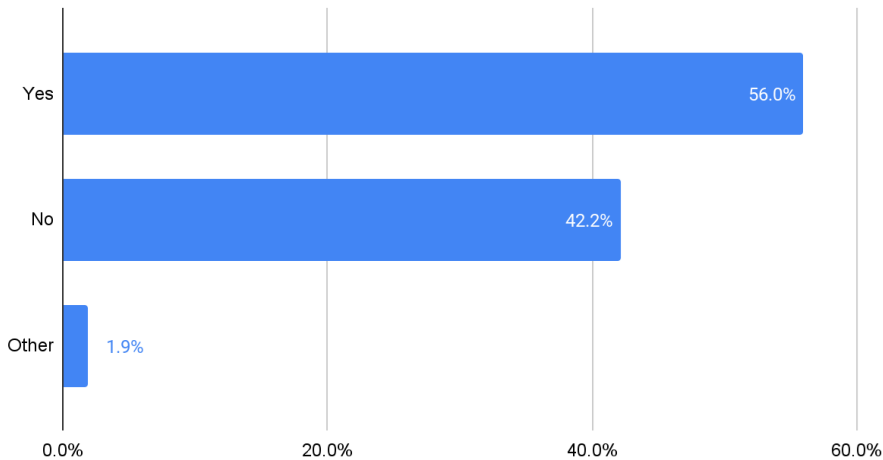


Did your investment plan change in the direction of innovation?

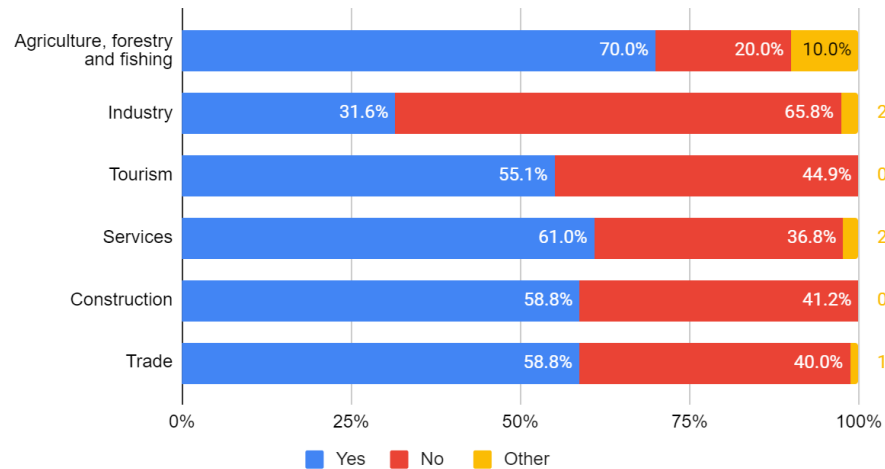
The pandemic seems to **have accelerated the need for companies to focus on Innovation, 57% of respondents** say they **changed their investment plans towards Innovation**, mainly new technologies and risk management

Agriculture is the sector with the highest desire to orient towards Innovation

Did your investment plan change in the direction of Innovation?



Did your investment plan change in the direction of Innovation?

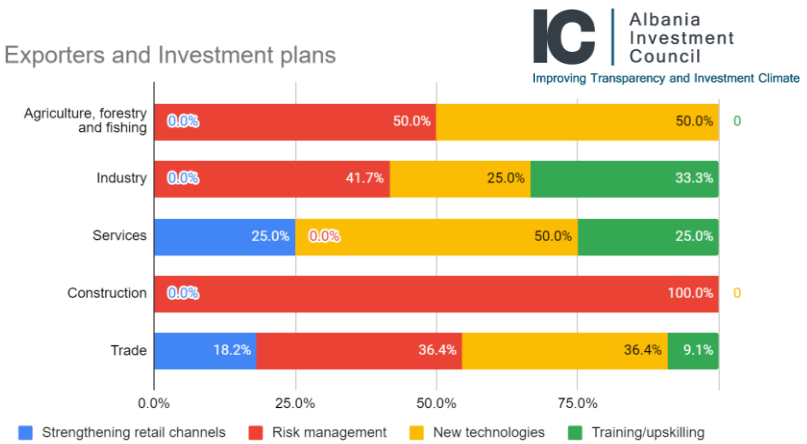
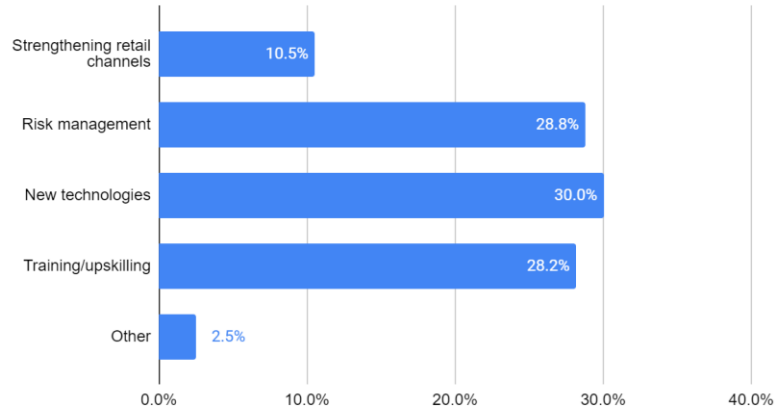


Did your investment plan change in the direction of innovation?

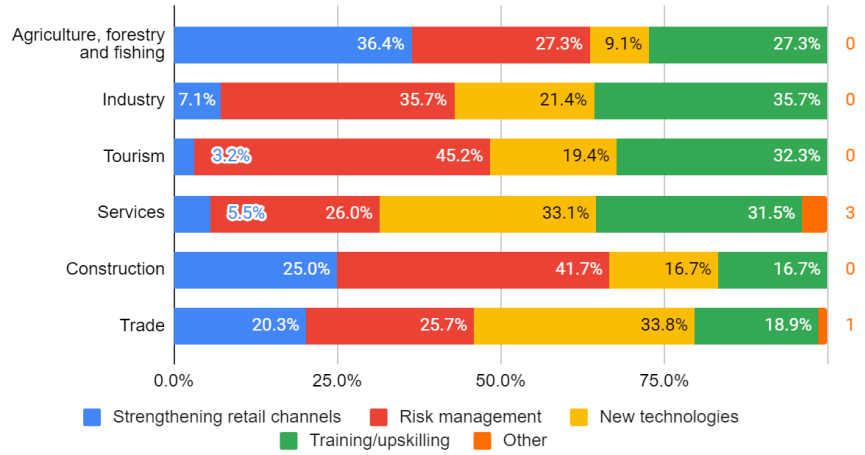
Agriculture will invest more in strengthening trade channels, risk management and new technologies

Tourism in risk management and vocational training

If yes, investment will be focused on:



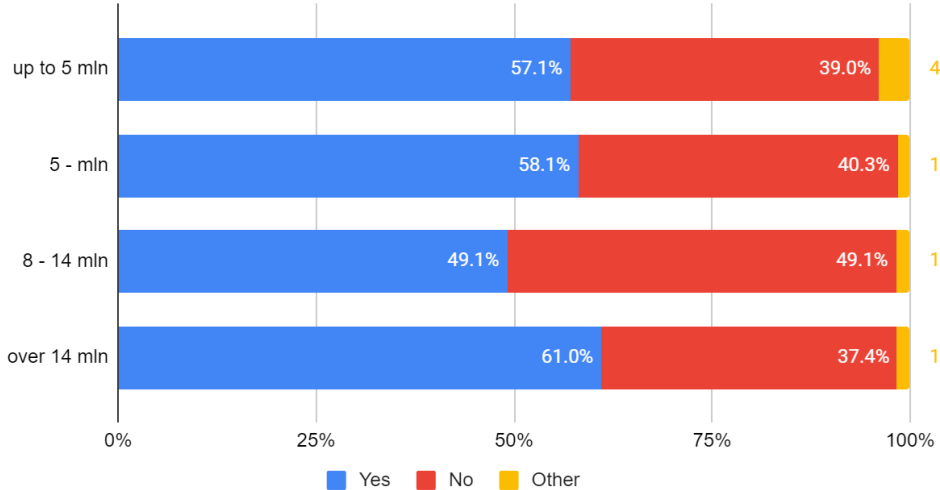
If yes, investment will be focused on:



Did your investment plan change in the direction of innovation?

Despite the size, the declaring companies have changed their investment plans towards Innovation, mainly risk management and professional training.

Did your investment plan change in the direction of Innovation?



If yes, investment will be focused on:



About Investment Council in Albania

The Investment Council facilitates the development of mutual trust between the business community and the government in Albania and contributes to an incremental institutionalization of effective policy dialogue. It contributes to the national reform and economic transition process by enhancing institutions, laws and policies that promote market functioning and efficiency.

Secretariat of Albania Investment Council – Team

The work of the Investment Council is supported by the Secretariat, an independent body of professionals selected and contracted by the EBRD to directly engage with the business community.

Dr. Diana Leka (Angoni)

Head of Secretariat
lekad@investment.com.al

Elvis Zerva

Legal & Regulatory Expert
zervae@investment.com.al

Elida Fara

Economic Expert
farae@investment.com.al

Xaira Shurdha

Liaison and Monitoring Expert
shurdhax@investment.com.al

Elisa Lula

Administrative and Communications Officer
lulae@investment.com.al

Published by the Investment Council Secretariat (ICS), Dëshmorët e Kombit, Tiranë, Shqipëri
info@investment.com.al / www.investment.com.al / ICS is responsible for the content of this publication.

 Albania Investment Council  ALInvestCouncil  Albania Investment Council



REPUBLIKA E SHQIPËRIE
MINISTRIA E FINANCËVE
DHE EKONOMIË



European Bank
for Reconstruction and Development



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

State Secretariat for Economic Affairs SECO

Investment Council is supported by the Ministry of Finance and Economy, the European Bank for Reconstruction and Development (EBRD) and the Swiss State Secretariat for Economic Affairs (SECO)