

An Overview of Albania's Economic Development Indicators

Secretariat of the Investment Council

July 2022

This is a summary of the main macroeconomic indicators in Albania published by official sources or international organizations.

This document does not represent the views of the Secretariat or the Investment Council.



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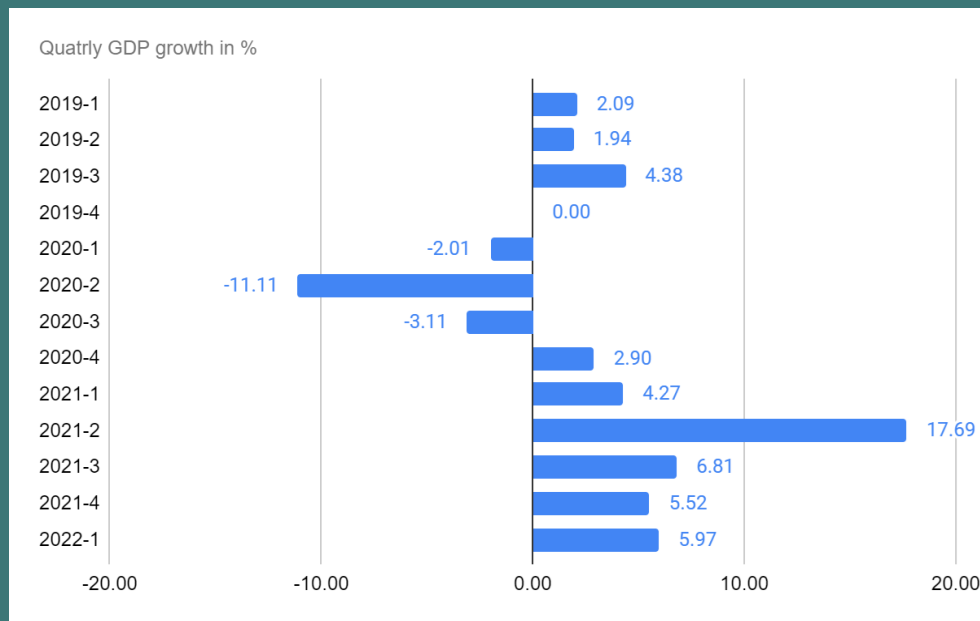


Main Macroeconomic Indicators

- ❖ During 2021, the economy grew by 8.4% compared to the previous year, while during Q1 2022 **the economy grew by 5.97%**, mainly from the impact of the construction and trade sectors.
- ❖ **Inflation** during 2021 remained below the Bank of Albania's target of 3%, registering an average annual value of 2.1% but with increasing trends, and during 6M 2022 it **reached the value of 5.6%**.
- ❖ During Q1 2022, the **FDI inflow increased by 16.7%** compared to the previous year, meanwhile, the **FDI stock increased by 11.7%** compared to the same period of last year, reaching 9,762 million Euros. **Germany is the country with the highest FDI inflow** for Q1 of 2022, 33 million Euros, meanwhile, **Switzerland continues to lead the stock of FDI** in the country even for the first quarter of 2022, with 1.755 million Euros.
- ❖ In 2021, the official unemployment rate recorded 11.6% with a 0.1 p.p. decrease compared to the previous year. In Q1 2022, the **unemployment rate reached 11.3%** lower than the previous quarter.



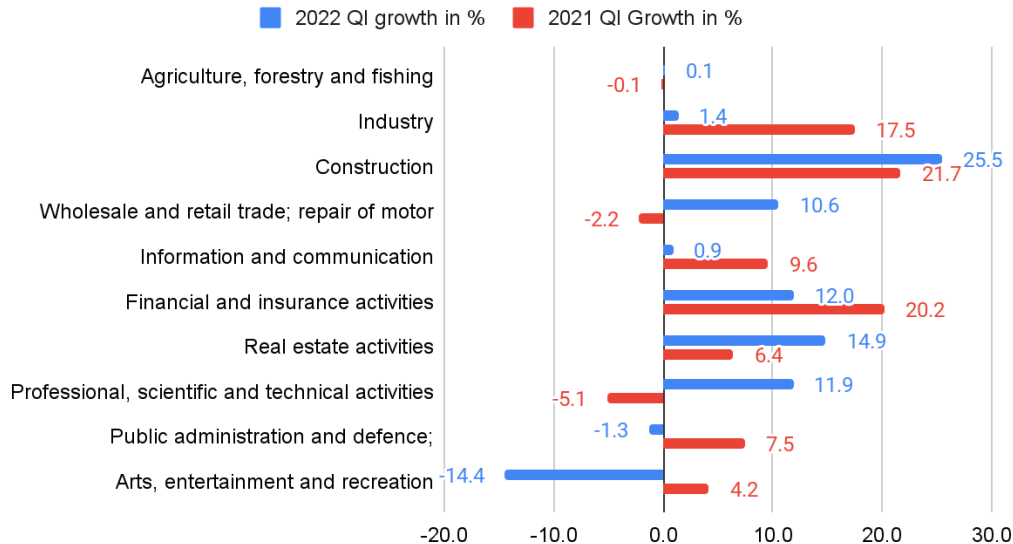
Economic Growth Performance



The Gross Domestic Product (GDP) in the first quarter of 2022 is **estimated to increase by 5.97%**, compared to the first quarter of 2021. A year ago, this increase was 4.27%.

Economic Growth (Quarterly)

Quarterly annual growth according to economic activities

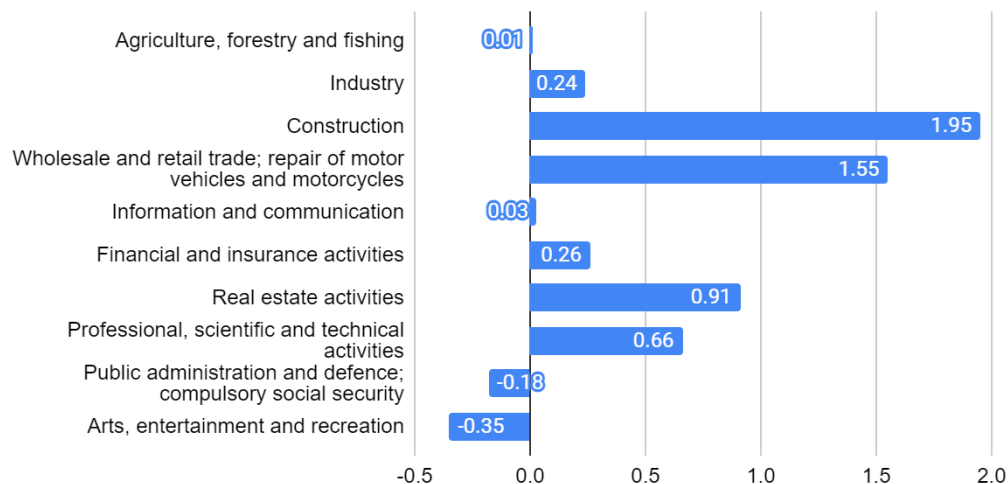


During Q1-2022, the following activities experienced growth: Construction, Real Estate Activities, Trade, Transport, Accommodation and Food Services, Information and Communication, Financial and Insurance Activity, the group of Professional Activities and Administrative Services, Industry Energy and Water and Agriculture, Forestry and Fisheries.

Public Administration, Education and Health as well as Arts, entertainment and recreation appeared with a decrease.

Economic Growth (Quarterly)

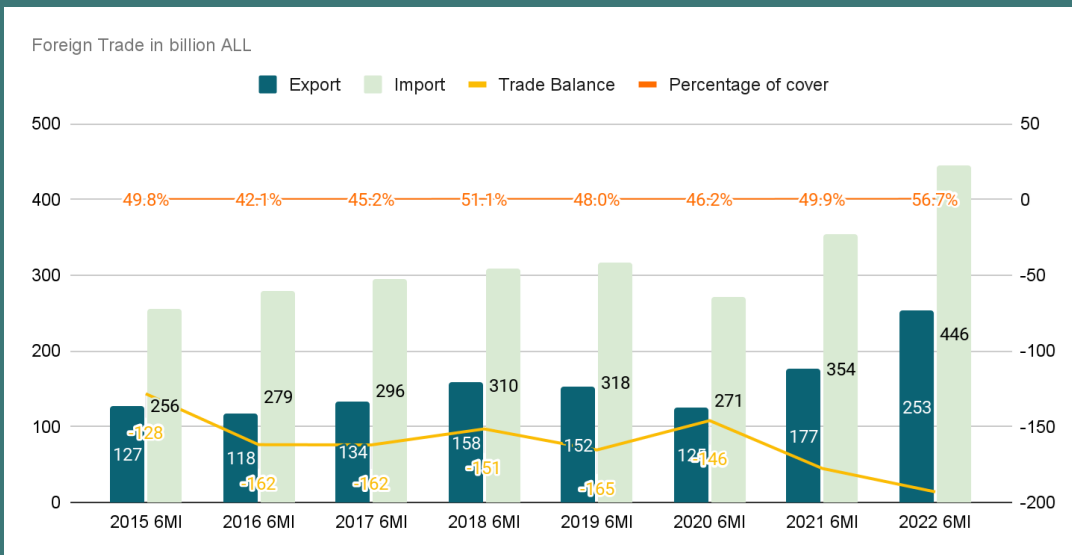
2022-T1 Contribution to growth p.p. according to economic activities



The main positive contribution to the growth of Q1 2022 was given by the activities: Construction with **+1.95 p.p.**, Trade, Transport, Accommodation and Food Service with **+1.55 p.p.**, Real Estate Activities with **+0.91 p.p.**, Activities professional and administrative Services with **+0.66 p.p.**

Activities that contributed negatively: Arts, entertainment and relaxation; other service activities with **-0.35 p.p.**, Public Administration, Education and Health with **-0.18 p.p.**

Circulation of Goods in Foreign Trade



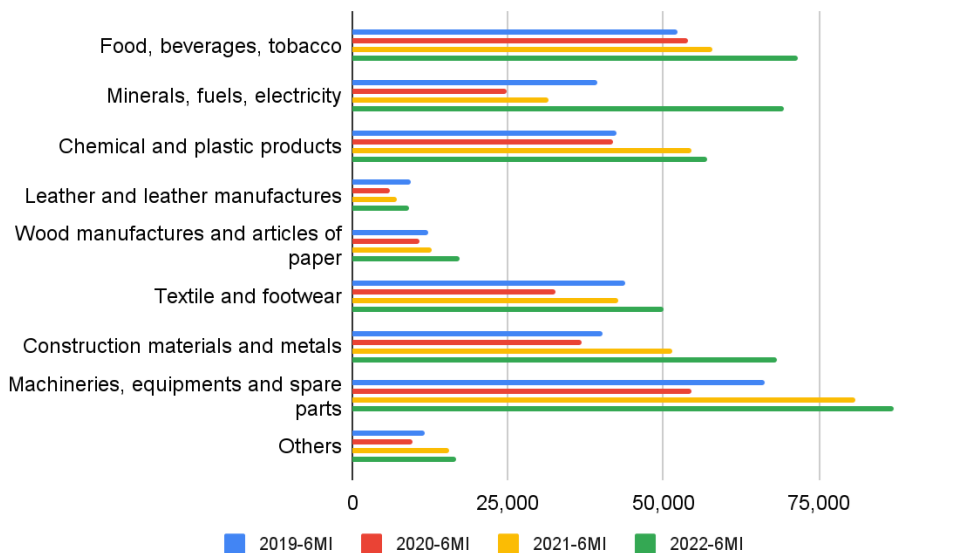
During the 6M of 2022, **exports of goods** reached the value of 253 billion ALL, **increasing by 43%**, while **imports of goods** reached the value of 446 billion ALL, **increasing by 26%**, compared to the previous year.

The **trade deficit** reached the value of 193 billion ALL, **increasing by 8.7%**, compared to the same period of 2021.

The coverage percentage of exports to imports **increased to 56.7%**.

Circulation of Goods in Foreign Trade

Imports (in million ALL)

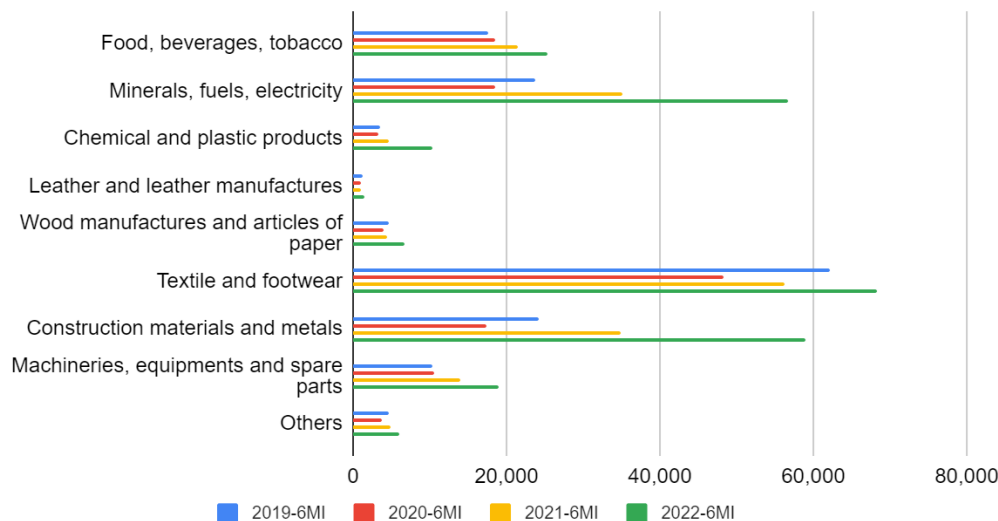


Imports in 6MI 2022 have **increased by 25.9%**, compared to the first half of 2021.

The groups that have positively influenced the annual increase in imports are: "Minerals, fuels and electricity" with **+10.7 p.p.**, "Construction materials and metals" with **+4.8 p.p.** and "Food, beverages, tobacco" with **+3.9 p.p.**

Circulation of Goods in Foreign Trade

Exports (in million ALL)



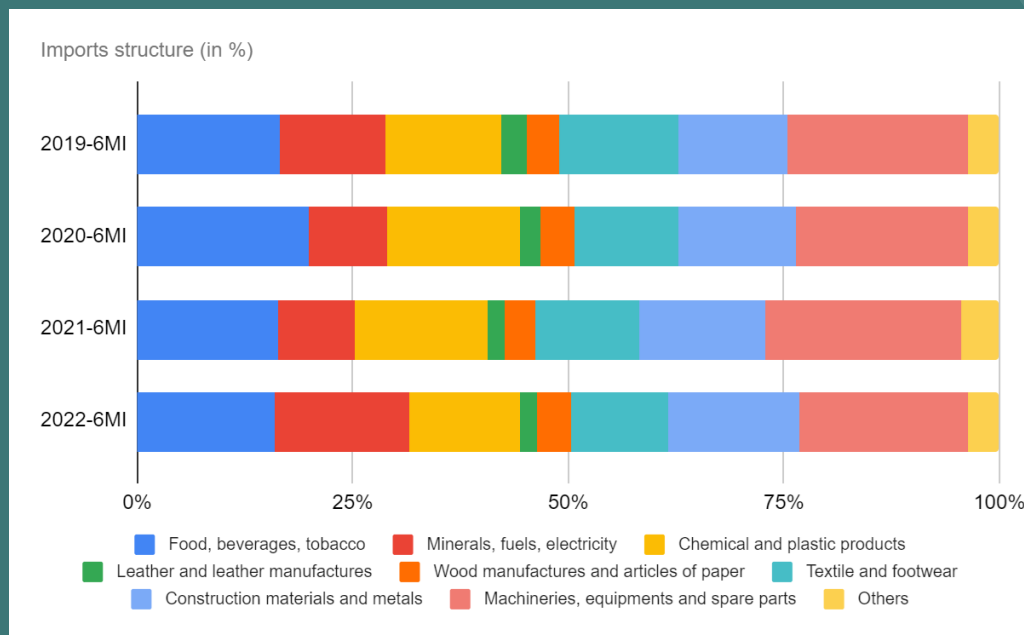
Exports, during 6MI 2022, have **increased by 43.3%**, compared to a year ago.

The groups that have positively influenced the annual growth of exports are: "Construction materials and metals" with **+13.7 p.p.**, "Minerals, fuels and electricity" with **+12.2 p.p.**, and "Textiles and shoes" with **6.9 p.p.**



Imports of Goods

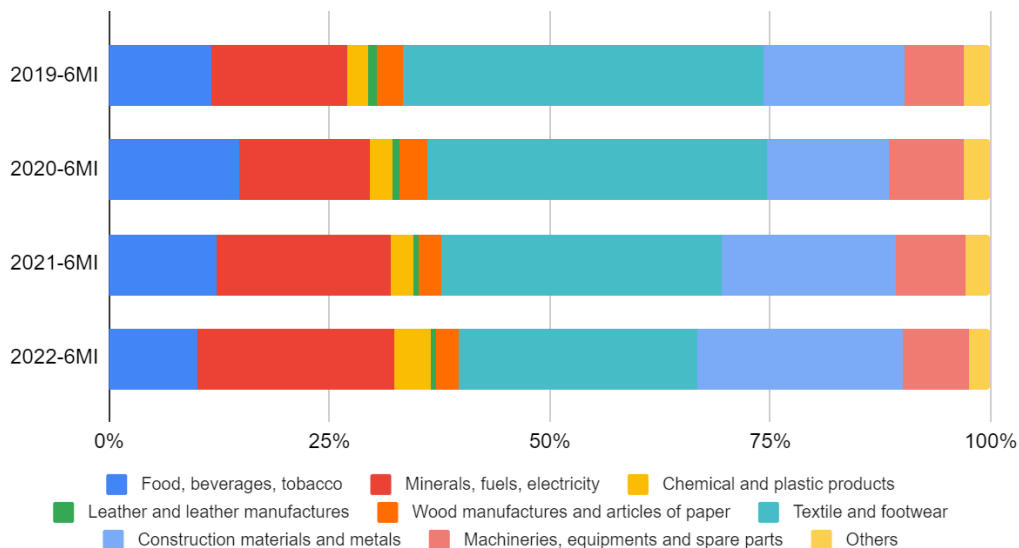
The structure of goods imports continues to be dominated by imports of machinery, equipment, food, beverages, tobacco, construction materials and metals.





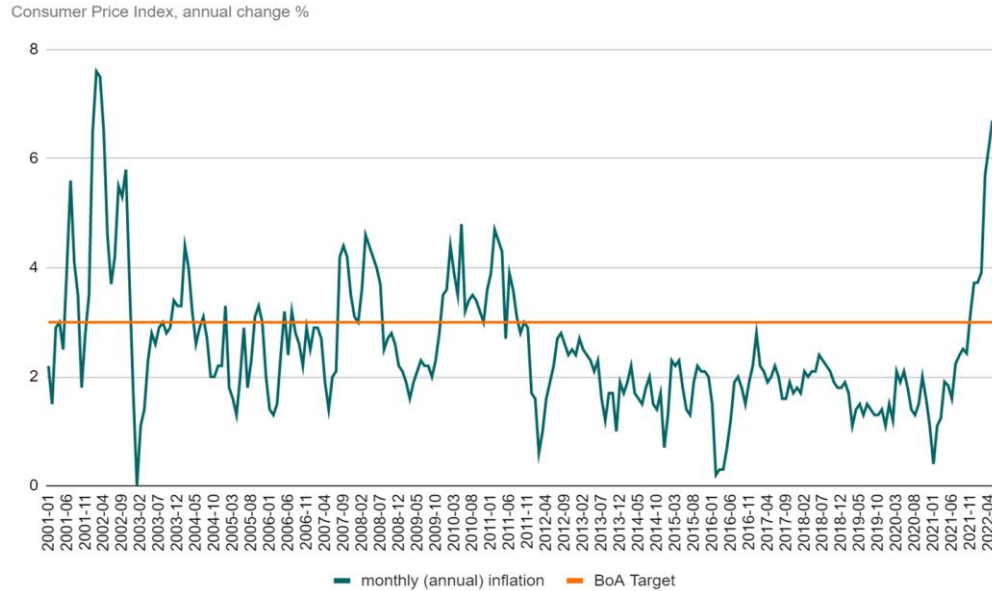
Exports of Goods

Exports structure (in %)



Exports according to products continue to maintain their structure, where the majority are Textiles and Shoes, followed by Construction Materials and Metals and Minerals, fuels, and electricity.

Consumer Price Index

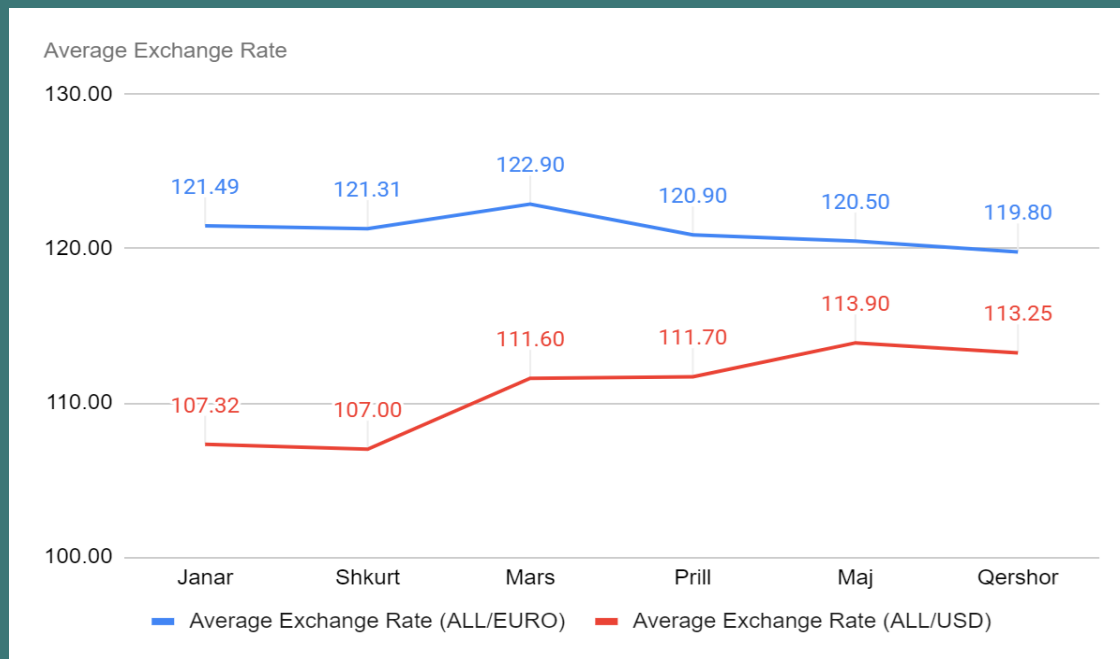


During 6MI 2022, the **average inflation** on an annual basis recorded a value of **5.6%**, higher than in the same period of the previous year, where inflation recorded a value of 1.4%.

Based on the chart data, starting from the end of 2011, monthly inflation on an annual basis has been consistently below the Bank of Albania's target of 3%, but upward trends have been noticed starting from November 2021, where the recorded inflation exceeded the BSH target at high rates.

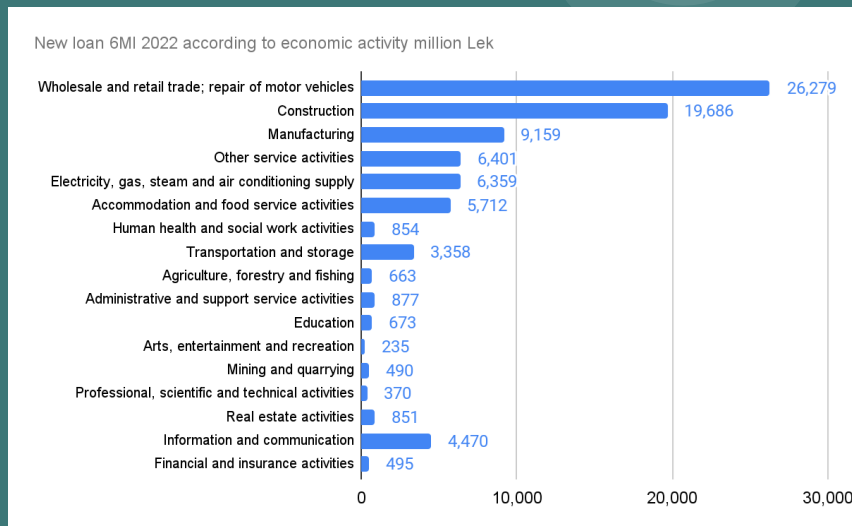
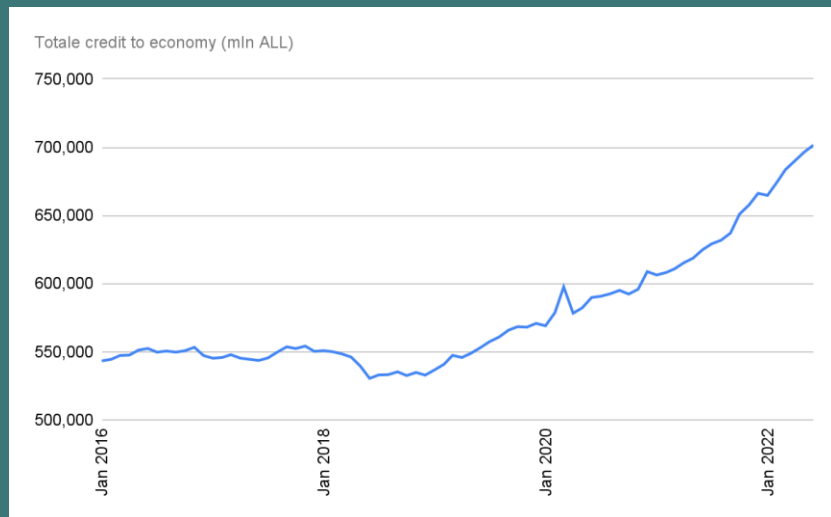


Exchange Rate



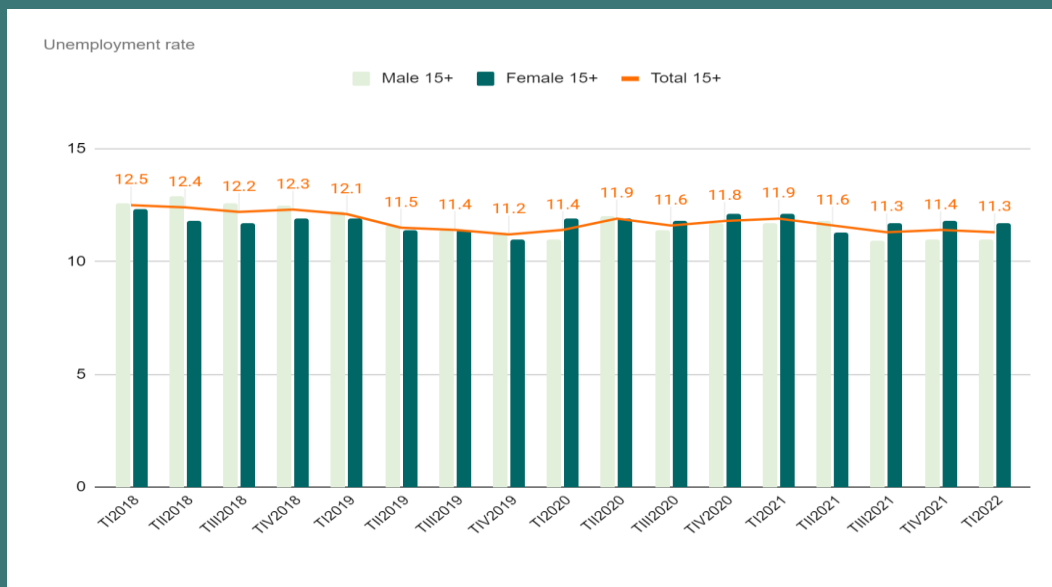
During the first 6M of 2022, the average exchange rate of Lek/Euro was 121.15, while Lek/USD was 110.79

Credit to Economy



Total credit to the economy in June 2022 reached **701 billion ALL** while most of the new credit during the first 6M of 2022 went to **wholesale and retail trade, construction and manufacturing industry** continuing the same trend of the previous year.

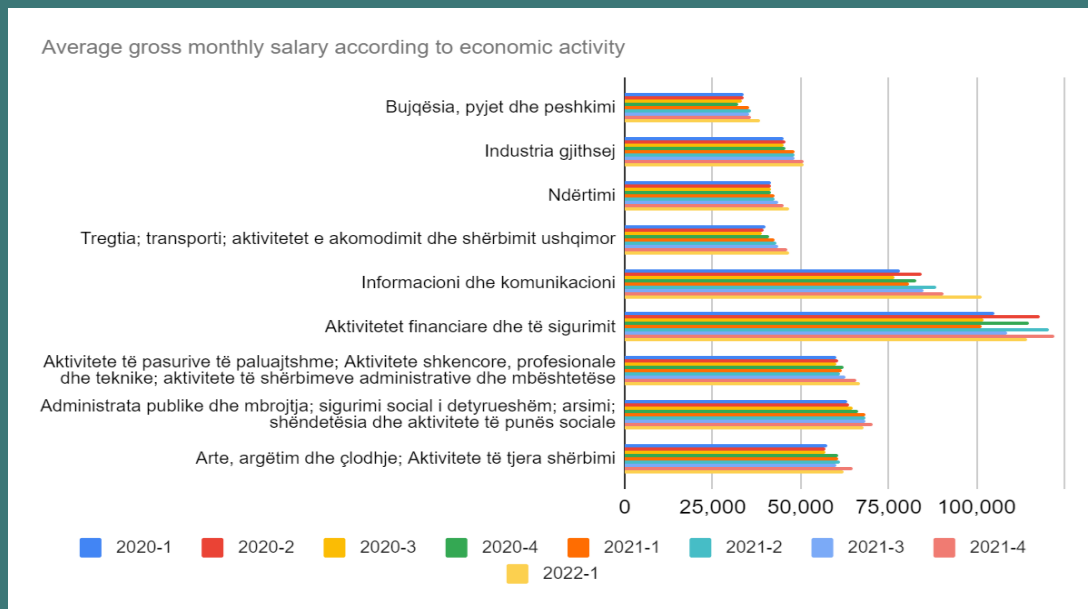
Labor Force



In Q1 2022, based on published data, the **unemployment rate decreased by 0.1 p.p.** compared to the previous quarter.

Referring to INSTAT data in Q1 2022, the **number of employees increased** by about **2,268 people** compared to the previous quarter.

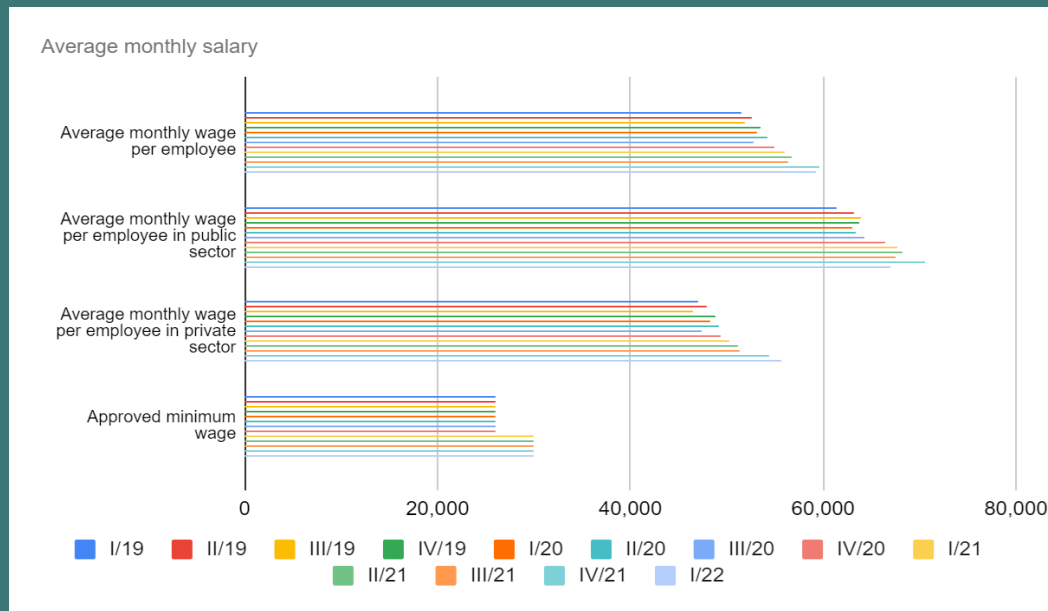
Average Salary by Sectors (In ALL)



During Q1 of 2022, the highest salaries continue to be recorded in the "Financial and insurance activities" sector, followed by "Information and Communication". The lowest salaries were reported in the "Agriculture, Forestry and Fisheries" sector.

Average monthly salary - is the gross salary that an employee receives for the work he has done

Average Wage and Minimum Wage

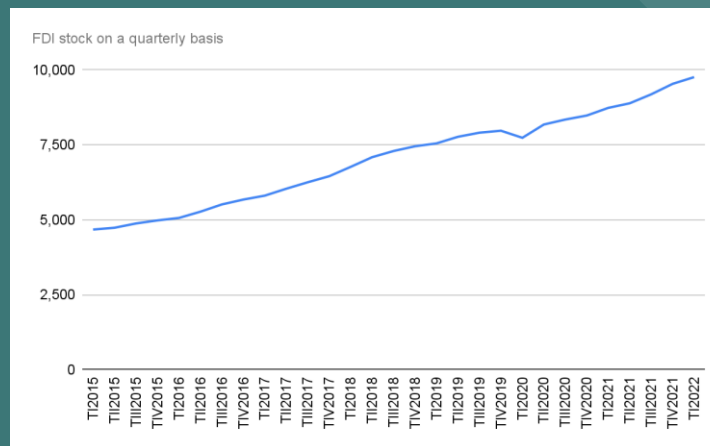
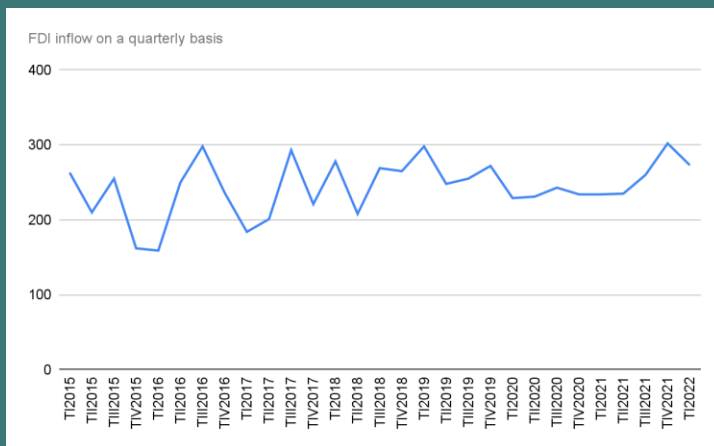


The average salary during QI 2022 (referring to officially published data) was reported at **57,242 ALL** with a decrease from the previous quarter.

The average monthly salary for an employee in the private sector was ALL 55,638 with a 2.1% increase compared to a year ago; Meanwhile, the average monthly salary for an employee in the state sector was ALL 67,045, with a 5% decrease compared to Q IV 2021.

Note: data are averages of quarterly figures published by INSTAT

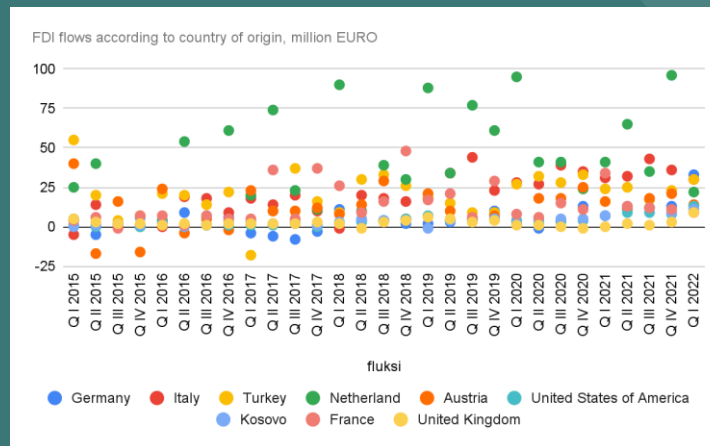
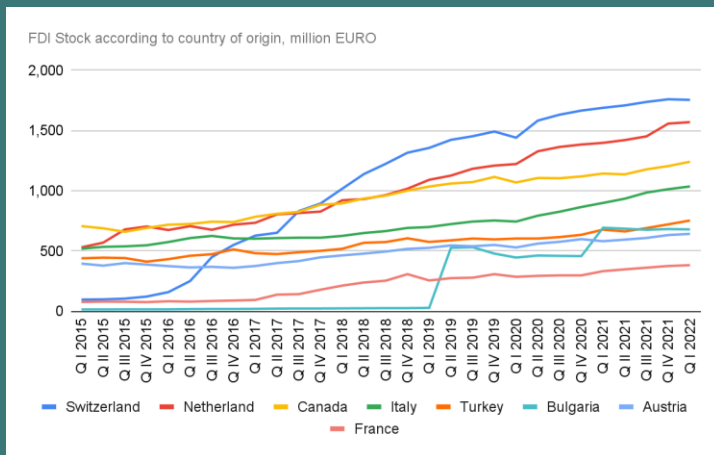
Foreign Direct Investments



During Q1 2022, FDI inflows increased by 16.7% compared to the previous year, and decreased by 9.6% compared to the previous quarter.

Meanwhile, the FDI stock increased by 11.7% during Q1 2022, compared to the previous year reaching 9.762 million Euros and 2.3% more than the Q4 of 2021.

Foreign Direct Investments

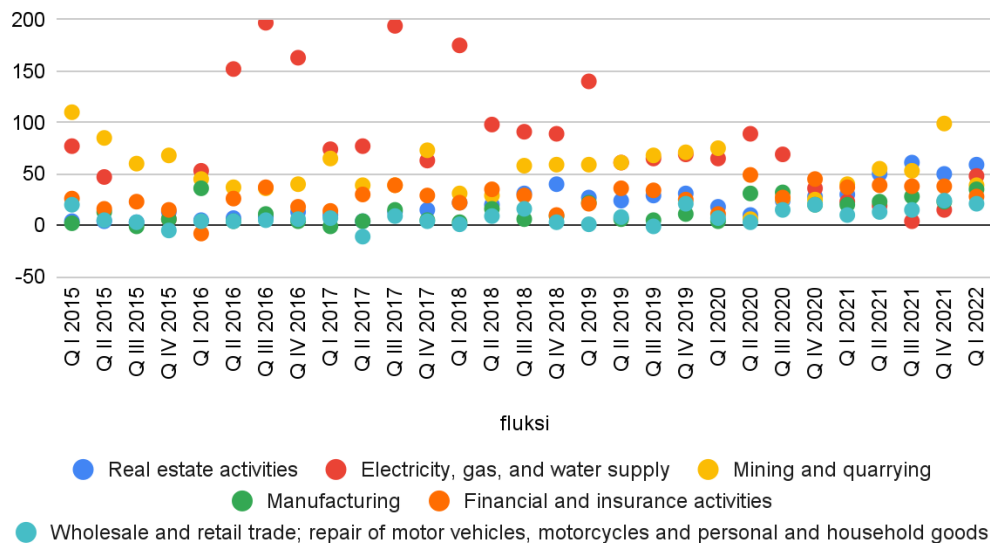


Germany is the country with the highest FDI inflow for Q1 2022, 33 million Euros followed by Italy with 30 million Euros and Turkey with 30 million Euros. The Netherlands, as the country with the highest flows throughout 2021, have decreased in Q1 2022 to 22 million Euros.

Meanwhile, **Switzerland** continues to lead the stock of FDI in the country for the first quarter of 2022, with 1,755 million Euros down from Q4 of 2021.

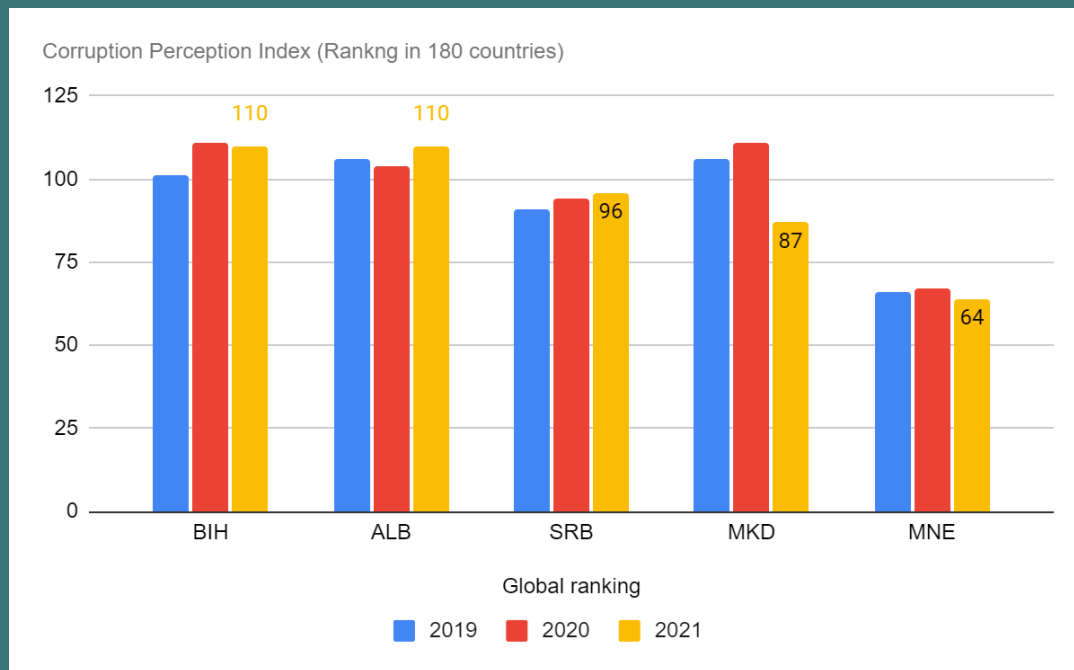
Foreign Direct Investments

FDI flows according to economic activity, million EURO



During QI of 2022, the most attractive sector for FDI is **Real Estate Activities** followed by Electricity and Extractive Industries.

Corruption Perception Index (ranking of 180 countries)



Albania ranks **110/180** in the world, deteriorating its position from last year.

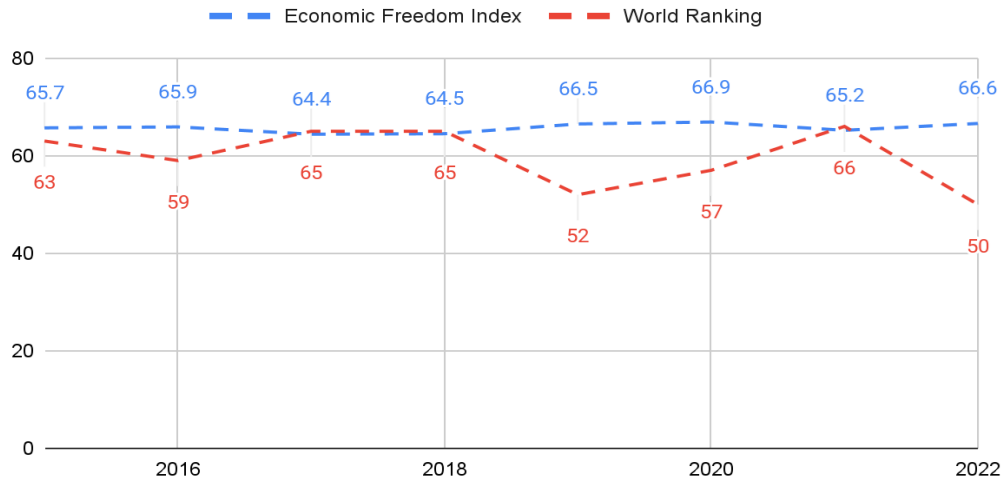
Albania's score for 2021 is 35 lower than the previous year (36).

Montenegro has the best ranking among all six regional countries (64/180).



Economic Freedom

Economic Freedom Index and World Ranking

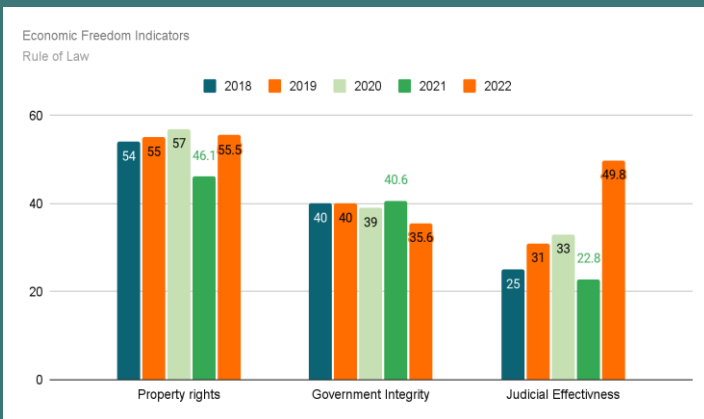


Albania ranks **50th** in the world and is considered moderately free, improving its position from last year

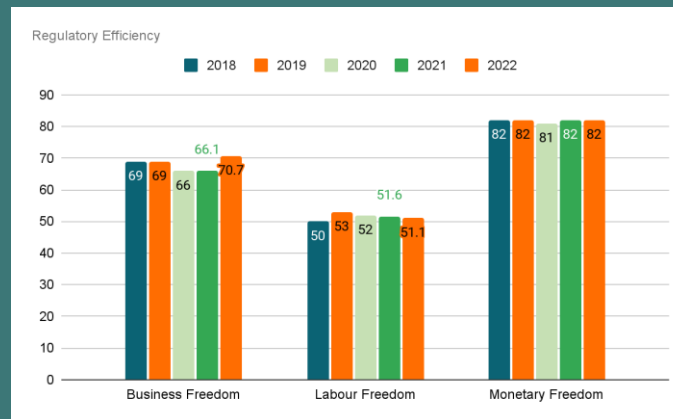
At the regional level, Albania is ranked **30th** out of 45 European countries

The country is below the European average (**69.5**) but is above the world average (**60**)

Indicators of Economic Freedom

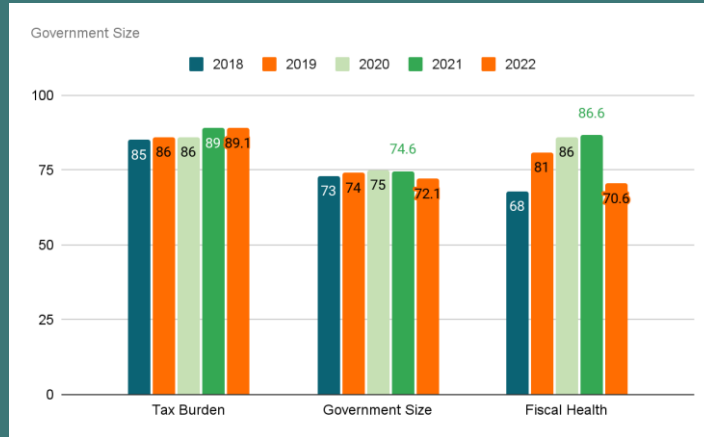


In Rule of Law, Albania has improved its score in Property Rights, and Judicial Effectiveness, while there is deterioration in Government Integrity score

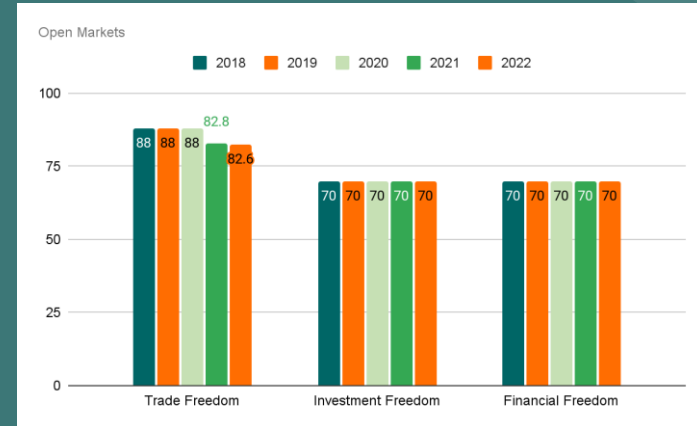


As per Regulatory Efficiency, Albania has improved its score in Business Freedom, while there is no improvement in Labour Freedom and Monetary Freedom

Indicators of Economic Freedom



As per Government Size, during 2022, there is no major change in the Index of Tax Burden, while there is a deterioration in the Index for Fiscal Health and there is no change in Government Size score.



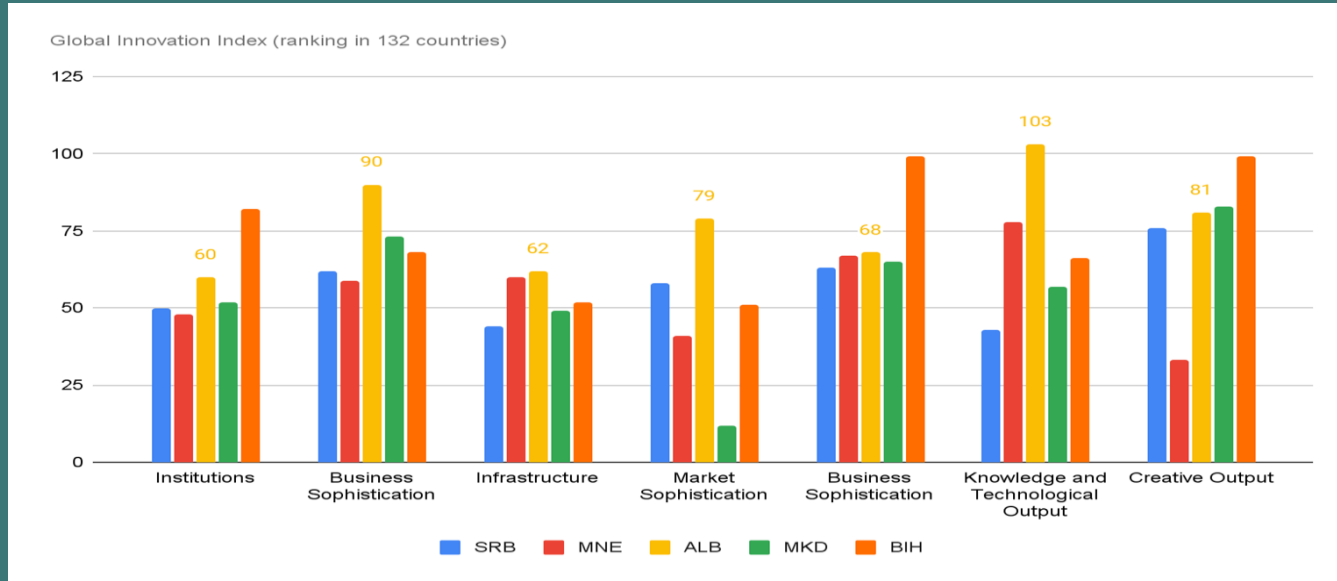
No major change in Open Markets for year 2022. No change in Investment Freedom and Financial Freedom Index, while Trade Freedom Index is 82.6 from 82.8 in 2021

Global Innovation Index

	2015	2016	2017	2018	2019	2020	2021
SRB	70	65	58	56	57	53	54
MNE	40	46	52	55	45	49	50
ALB	112	71	115	83	70	83	84
MKD	55	62	63	84	59	57	59
BIH	122	104	86	68	71	74	75

Albania ranks **84th** in the Global Innovation Index for the year 2021, last in the region; Montenegro leads the region in Innovation according to the last GII report

Global Innovation Index 2021 - Ranking in 132 economies



Albania ranks lower in Knowledge and Technology Production, Human Research and Capital, Creative Production and Market Sophistication

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.

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