

Achievement of the Investment Council, 2019-2020

Since its beginning, IC has approved 204 recommendations¹ on investment climate improvement, out of which 34% actually result implemented. During 2019 and first months of 2020, 48 IC recommendations were taken in consideration from the responsible institutions and through their activities and initiatives, positive steps were taken in regard to:

Informality Reform, where we emphasize the DCM No. 415, dated 19.6.2019 “*On approval of the regulation for the conditions, criteria, fees, deadlines and procedure for the classification of accommodation structures*”, that aims to formalize the tourism sector through the imperative categorization of the tourist structures operating in this sector. Furthermore, the operational plan against informality undertaken by the Ministry of Finance and Economy and the presentation of the innovative application "Stop Informality" are as well evaluation tools in regard. Beyond these positive measures, *the preparation and adoption of a well defined strategy against the informal economy*, would have a long-term effect. This strategy should be accompanied by an action plan, sectoral approach, timelines and responsible institutions, consulted and coordinated with business representatives.

Deregulation Reform, through the *simplification of procedures* by the General Directorate of Customs with the implementation of the procedure "Customs without papers". Moreover, during this year there has been an increase in the level of use of the number of applications and certificates issued completely online by the General Directorate of Taxes. E-services have continued to increase through the e-Albania portal in 2020, facilitating access to services during the Cov19 period. Not implemented IC recommendations in terms of this reform are related to the *digitalization of the registers of some key institutions that would facilitate the administrative burden through the online transfer of services of these institutions*.

Reform on land – *Speeding up the solutions on land property problems*, through the approval of the law no. 20/2020 “On the completion of the transitional ownership processes in Republic of Albania”, which determines the norms on the registration of property titles, the completion of the transfer process agricultural land to their users, the regulation of property relations in the territories designated as “priority areas development of tourism”, inventory of state immovable properties, updating of real estate inventories of central and local government, etc. Reliability of the success of the reform will also depend on monitoring its performance and not only on the laws and regulations set out in the paper, so it *would be very effective to establish monitoring instruments for reform and compliance with deadlines*, such as setting up a Monitoring Committee, with the participation of business representatives (e.g. in the banking sector), BoA, business associations, and civil society to enable not only the transparency of funds, but also providing suggestions on how to meet the challenges of such a critical reform of the country's economy

Inspections Reform, mainly in terms of *unifying administrative practices on central and local inspections processes*. Furthermore, verification lists have been prepared for all inspectorates and inspectors have undertaken training on the online inspection process. It remains a challenge (1) *to strengthen cooperation between inspectorates and undertake joint inspections* by reducing the number of inspections in businesses, and (2) *improving the appeal process that needs to be unified for all inspectorates*.

¹ IC has held 20 meetings (April 2015- April 2020) on priority importance topics for the facilitation of doing business and improvement of investment climate.

Publication of vision, mission, objectives and policies in the tourism sector, through the approval of the "National Strategy for Sustainable Tourism Development 2019 - 2023". This strategy paves the way for the formalization and development of this sector. Quite important for the development of this sector would be the consideration of the IC recommendations such as (1) *the facilitation of the legal framework for interns and seasonal employees* that should be adapted to the nature of this employment scheme, (2) *staff training packages in the tourism sector* may be part of a special program in the Government Active Employment Scheme, (3) *professional preparation of the tax administration*, but also for various inspectorates at the central and local level, that monitor compliance with regulatory and fiscal requirements.

Strengthening cooperation between public institutions regarding the implementation of recommendations, followed by the formalization of three working groups between the Ministry of Finance and Economy (MFE) and the Ministry of Agriculture and Rural Development, the Ministry of Infrastructure and Energy, and the Ministry of Tourism and the Environment. So far, continuous *meetings have been organized with a focus on three sectors such as Agriculture and Agro-Processing, Energy and ICT*. Furthermore, meetings were coordinated on the issue of *blocking and unblocking taxpayers' bank accounts* by second-tier banks, as well as consultative meetings on some *concerns raised by businesses regarding the imposing of local taxes and fees by five municipalities*.

Legal changes that promote fiscal incentives in terms of VAT simplification for agricultural sector operators such as VAT compensation scheme for agricultural producers that was revised from 20% to 6% for this category or exemption from the VAT scheme of companies that supply agricultural inputs (fertilizers, pesticides, seeds, seedlings, etc.). A constant challenge that has been addressed to us by communication with business in all IC meetings, is *the need to stabilize fiscal legislation and reduce frequent changes in the legal framework*.

Support on innovation for youth and start-ups in the ICT sector through the promotion of new investments in information technology centers (IT Hubs) such as "Tech Hub" etc. Some recommendations to draw attention to are related to the BPO sector, where (1) *a sustainable State-Business vision regarding the sector* remains very important, (2) *structuring the cooperation Minister-Universities-Business*, (3) *improving quality of curricula*.