



# Annual Activity Report

January – December 2017

Investment Council Secretariat | Tirana, Albania |  
January 2018

*For a “Systemic Change” in the Albanian Investment Climate*

*“Investment Council is the right initiative undertaken by the Albanian Government and EBRD that is institutionalizing communication and cooperation with investors through a concrete platform. After three years, we can conclude that it has functioned as a real instrument not only for investors but for the government too.”*

**Mr. Arben Ahmetaj**  
**Chair of Investment Council**  
*6<sup>th</sup> December 2017*

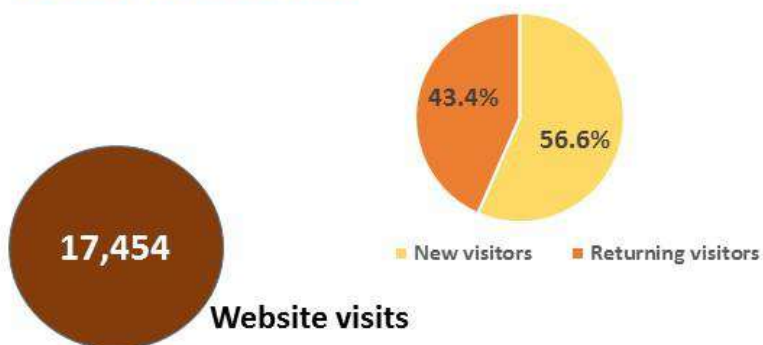
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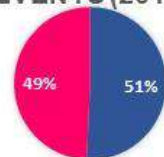
## IMPORTANT FIGURES ON IC, 2015 -2017



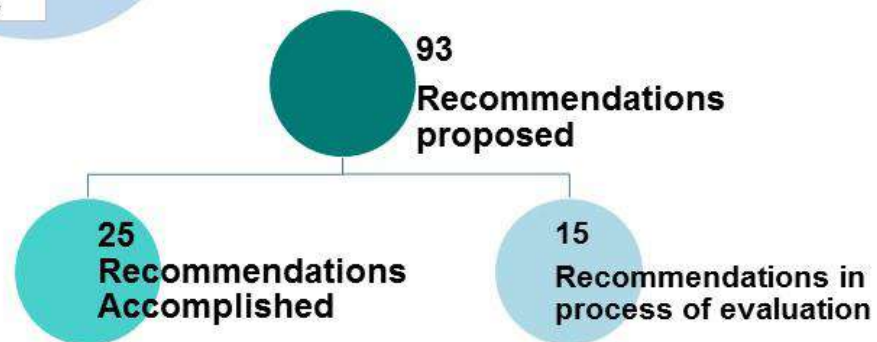
### Website Audience



### GENDER PARTICIPATION RATE IN THE IC EVENTS (2015 -2017)



### PARTICIPATION IN IC MEETINGS



## I. INTRODUCTION

This report provides an overview of the activities performed by the Albanian Investment Council, supported by the EBRD technical Secretariat during January – December 2017. The purpose of the Secretariat work has been threefold:

- i. To identify and highlight main business issues on investment climate and submit feasible recommendations consulted with stakeholders;
- ii. To further consolidate the constructive dialogue between government and businesses;
- iii. To advocate for the endorsement by the government of the approved recommendations by the IC,

As in the past years, Secretariat's work continued to rely on its main principles – *transparency, inclusion and protection of the business rights*, and *support to the initiatives undertaken by the government* to improve the investment climate in the country. *Timely publication and dissemination of the working materials to the relevant partners remains one of the main advantages of this platform.*

National political elections took place on 25 June 2017. The new government took office in September 2017 accompanied by major institutional restructuring such as the Ministry of Economy and Ministry of Finance merged in one Institution, or a new institution such as Ministry of State for Entrepreneurship or others being created. Somehow, the political campaign before the elections, and the process of constituting the new government affected the work of the IC in both terms of holding IC plenary meeting as well as implementing the IC recommendations. On the operational side, Secretariat worked with experts and business partners, to comply with its tasks through the provision of expert's group meeting and Technical Notes on "Survey on Some Aspects of the Investment Climate" and "On the Functioning of e-Permits Portal."

*Upon the successful conclusion of the first three-year term (2015-2017), the new Government of Albania requested to EBRD to extend its support to the Investment Council.*

## *On the Albanian Investment Climate*

*Over the last years the key economic indicators on the Albanian economy have been encouraging to investors. Economic Growth is projected to reach 3.8 percent in 2017. Albania received EU candidate status in June 2014, while a National Strategy for Development and Integration 2015-2020 was approved in May 2016.*

Law No.55/2015 “On Strategic Investments” seems to have provided real contribution while attracting new investments especially in potential sectors for growth such as tourism. Since the above law was implemented, Investment Strategic Committee in AIDA has approved 5 Strategic Investors/Investments while 7 additional requests for such status are under the evaluation process. The incentives of this law have also been combined with other incentives such as the lease to strategic investors of the agricultural land with 1 Euro/sq.

Following the Government Decree No.579/2016, “On the Approval of the Guide on Investment Policy”, the new Law “On Investments” it is expected to be approved by the Government within 2018. The new law will consolidate in one the provisions of the old Law “On Foreign Investments” and Law “On Strategic Investments”.

Government launched in 2017, “one billion euro plan”, as the investment plan for the next mandate. The one billion euros of investments would include a major renovation of infrastructure, more than hundred schools, and a hospital, all of which would be developed through new public-private partnerships (PPP).

The new Government is working on the reform agenda, focusing on addressing the five key priorities for the opening of accession negotiations. *The territorial and administrative reform and the Law on Local Self-Governance* represent an important milestone of the country reforming process, while there is a need for better administrative services (EU Report 2015) to guarantee the access to all citizens/business regardless of their geographical distance from the new municipalities. In this regard, a positive achievement is *the establishment of one-stop shop electronic system, introduced under the territorial planning framework.*

In November 2016, Albania received a recommendation by the European Commission (EC) to open EU accession negotiations conditioned primarily upon implementation of a judicial reform package, which was recently approved by the Parliament and just started to be implemented. Albania path to the EU has proved to be long and difficult as *to rebuild not just roads and institutions, but first and foremost the culture of the “Rule of Law and Accountability”*. In April 2018, the EC will present a report where it is expected a recommendation to open accession talks.

According to the World Investment Report 2017, Albania remains one of the main players in the Balkans regarding the flow for Foreign Direct Investments (FDIs), **ranking second in the region**, by attracting both traditional and new

investors. Interest from Chinese investors is mounting, through both FDI and other forms of involvement.

According to *Doing Business 2018* the most problematic indicators for the country are considered: *getting energy, construction permits, fiscal procedures and property registration* while there is a notable improvement on protection of minority investors, registering a business and trading across borders indicators.

According to the last EBRD Transition Report 2017-2018 - *further business environment reforms are needed - the campaign against informality has yielded important results but extra efforts are needed to tackle deep-rooted problems* such as getting electricity, registering property and enforcing contracts.

### ***Accomplishments of the IC activities to date - December 2017***

As previously mentioned, one of the main IC objective was to set up and sustain a real dialogue between Government and the business community and provide recommendations for further improvement on business impediments in Albania. Through the last months, this was accomplished by setting up a system that takes into account: a) listening and identifying the business concerns, b) developing the agenda through a structured and consultative process, c) providing recommendations. One of the main challenges, especially during 2017, due to political elections, has been the work to ensure engagement of the Chair (two different Ministers) as well as other IC Government members for the IC meetings, including also support for the timely preparation, delivering through the submission of technical notes, including advocacy through national and international meetings or interviews.

In 2017, the IC has held three plenary meetings and four focus group meetings tackling the following topics:

- *Quality of workforce - an opportunity for new investment in the Business Processing Outsourcing (BPO) sector*, 13 February 2017
- *Facilitation of Customs Procedures*, 9 May 2017
- *Survey "On some Aspects of Investment Climate - Tax Administration, VAT Refund and Informality,"* 6 December 2017

Additionally, as per 2017 IC Agenda, the Secretariat has conducted an analysis on "*On the functioning of the "e-Permits Platform and Its Impact on the Improvement of the Investment Climate"*" to be discussed in early 2018. Also, a preliminary work regarding "Business Inspection" has been initiated.

During the 2017, the Secretariat cooperated with many actors and held consultations (*online surveys and direct consultation meetings*) with 178 businesses,

14 public institutions (4 municipalities) and 15 business associations. The work of the Secretariat has been also expanding through a new network of stakeholders such as cooperation with academic institutions (signing of the Memorandum of Understanding with two non-public universities in Albania, respectively Epoka University and European University of Tirana).

Key Functions (as per Government Decree)	Accomplishment by December 2017	Comment
<b>Develops and proposes the agenda for the Investment Council's meetings, based on propositions made by the Investment Council's members.</b>	✓	Accomplished for all the meetings. In addition, Secretariat initiated as a new instrument, an online voting process of IC members for prioritization and analyses of main concerns. This is already formalized for all the IC meetings.
<b>Organizes the Investment Council's meetings and invites non-permanent members in the Investment Council's meetings as per Council's needs.</b>	✓	Non-permanent members are assigned annually upon Decision of the Chairs following IC Meeting 1 (Jul 2015 - 2017)
<b>Informs the Investment Council's members and guests 10 days in advance about the date and the agenda of the Investment Council's meeting and the materials to be considered in this meeting.</b>	✓	Accomplished for all IC meetings.
<b>Coordinates the Investment Council's activity including preparation of meetings, drafting proposals for interventions, consultation with the business community.</b>	✓	Accomplished for all the meetings (all the relevant documents published on IC webpage <a href="http://www.investment.com.al">www.investment.com.al</a> ).
<b>Assists the Investment Council in discussing and reviewing specific sectorial cases, legal and administrative procedures which have been brought to the Secretariat, as well as specific complaints from the businesses regarding untrustworthy and discriminating practices.</b>	✓	Secretariat identified and collected facts on sectorial cases (i.e. case related to milk industry - Informality in Agriculture; case related to hydrocarbons industry, banks issue on write-off, dispute resolution, late VAT refund for service sector or exporters (RPAs), construction permits delays for agro sector or energy investors, etc.)  Handled business complains. An IC database of business

		issues/concerns is already set up and consolidated by Secretariat experts. As of today Secretariat has listed about 88 business issues).
<b>Organizes economic researches and analysis according to the Investment Council's objective and reports the findings to the Investment Council.</b>	✓	Accomplished for almost all the IC meetings. For the BPO sector, it is completed in close cooperation with RISI Swiss project.
<b>Prepares detailed agenda, with the respective reports and minutes of Investment Council's discussions.</b>	✓	Accomplished for all the meetings.
<b>Supports and monitors the implementation process of the Investment Council's propositions, evaluates the results and the impact on investment climate's effectiveness.</b>	Ongoing	Ongoing process. Recommendations are published in IC web site and monitored annually.
<b>Reports to the Investment Council members, as well as to other stakeholders about the achieved progress.</b>	✓	Status of previous IC recommendations is being reported in the beginning of each IC Meeting.
<b>Informs the public about the Investment Council's activity.</b>	✓	Ongoing update through the IC Website, publications in the media, etc.
<b>Develops the internal draft regulation of the Investment Council's function.</b>	✓	Approved in the first IC Meeting  (1 July 2015)

## II. IC Contribution to the National Reforming Progress

Some of the key IC contributions are related to:

1. ***A better prior Public Consultation of Governmental acts – via a new specific consultation section on the ministries' website. It has created an improved quality of public private dialogue.*** Following last year improvements with the adoption by the government of the “*obligatory template on public consultation of government acts for all the public institutions,*” most of the Ministries **now** started to share the draft-laws in their official websites in a specific section dedicated to transparency and prior consultation.” Additionally, as of November 2017 the *Electronic Register of*



*Public Notifications and Consultations is fully implemented from the technical point of view (in 2015, none of the above was functional, while the law was approved in late 2014). The Secretariat is closely monitoring this consultation process as relates to the relevant business laws/acts published in the Platform.*

2. ***Increased inclusiveness by bringing forward main business concerns through the use of evidence - based instruments (such as online surveys)*** in the areas of *tax administration, VAT reimbursement and informality*. The Secretariat conducted in 2017 four surveys: i) “On the Available Working Force in the BPO Sector” (17 respondents), ii) “On the Facilitation of Customs Procedures” (23 respondents); iii) “On Some Aspects of the Investment Climate” (146 respondents); iv) “On the well-functioning of the e-Permits Platform” (10 respondents). Last online survey (2017) completed by 146 companies, proved an increased trust on the IC work and its approach on addressing business climate issues. Another channel of identification of concerns is direct consultation with relevant stakeholders.
3. ***Advocate for a systemic reform against informality – enforced the need for drafting a comprehensive anti-informality strategy (IC recommendation)***. Although, recommended in 2015, only in the last IC Meeting for 2017 (6 December 2017), the IC Chair agreed on the development of a long term strategy with the involvement of all actors.
4. ***Influencing Government actions on transparency regarding investment incentives***. There are ongoing actions that follow recommendations raised by the Investment Council such as:
  - a. ***Increased information*** on “the application procedures related to 1 Euro rent contract to the business – through several initiated amendments (IC Recommendation in Meeting V). It is *set up a new portal [pronat.al](http://pronat.al)*, now administered through the website of the Ministry of Finance and Economy. The portal (*set up in June 2017 still under construction*) provides relevant and public information to potential business interested for renting state and private properties, although still needs improvement. The legal package (DCM 54/2014,) was mainly delayed due to Government’s restructuring.
  - b. ***A national debate on “using” competitive transparent package of incentives as an instrument for attracting more investments to the country, not as a subsidy for inefficiency*** (IC Meeting 4 –April 2016). Since 2016, a focused debate on potential incentives, including prioritisation of sectors, and benchmarking with other Balkan countries is initiated with some real actions in regard (last fiscal package).

- ✓ At the policy level, the 2018 fiscal package, foresees clear fiscal incentives for Tourism and IT sectors, while previous consultation about the implementation modalities needs to be further followed up.
  - ✓ A new harmonised law on investment is initiated by IFC (a working group is set up by the GoA and IFC). The IC proposal regarding the above is being considered as part of the new FDI investment Law. *The Secretariat is invited as “expert observer” of the WG set up by the Government and will potentially lead the consultation process.*
  - ✓ *Transparency on incentives* - A map about the incentives of investment in the Balkans and Albania, is almost finalised with the help of GIZ.
- c. *Advocacy for better matching skills of working force with the business sector needs and potentials for new investment (BPO sector).* The issue remains a real concern of the private sector for the competitiveness of the Albanian economy. One IC recommendation was to analyse the bridge of youth to the labour market through the establishment of new collaboration platforms or forums. “Advanced skills” are critical elements for the performance of the sector, while there is a gap in the quality of the curricula at certain levels of education with focus on: analytical skills (problem solving) foreign languages, computer skills, communication skills. As of today, a new national skills matching study by sector is initiated by the government and UNDP/SWISS Contact and will be soon launched. More on <https://www.investment.com.al/5124/>.
5. *Consolidation of the role of the Secretariat as a reliable and balanced platform on monitoring the perception of taxpayers and providing relevant recommendations on various issues of tax administration - confirmed by different stakeholders including last IMF experts (two missions) who approached the Secretariat on a consultation on tax administration/informality/VAT issues. It has been suggested by stakeholders to continue with perception surveys while the new GDT strategy has already included some of recent IC recommendations.*
6. *Contribution on the improvement of the transparency & accountability of governmental agencies mainly working with business community as relates to:*
- a. Tax and Customs Administration have implemented (2015 IC recommendations) new **official websites** with interactive information, well-structured and easy access for business community, both in

Albanian and English language. General Directorate of Taxes has adopted also *online chat* and help desk for assisting businesses. Additionally, **tax helpdesks** are now being established also in the National Business Centre and the integrated service centres of ADISA where the business is initially registered (2015 IC recommendations). Following the Deregulation Reform principles, Tax and Customs Directorates have simplified the procedures for businesses related to issuance of Attestations/Authorizations and Certificates. 9 Attestations related to taxes and 2 Attestations related to Customs are now issued to businesses via *electronic means* and in line with IC recommendations to these directorates for improving electronic services towards businesses and consolidating their databases.

- b. *Increased access of information for SMEs* through the EBRD's support in establishing a helpdesk, for taxpayers to provide information. For more, click [here](#). [Memorandum of understanding, GTD, EBRD and ADISA](#).
  - c. Secretariat in collaboration with the General Directorate of Customs, Chamber of Commerce and Industry of Tirana and the Association of Producers organised *a consultative meeting with the business on the novelties and advantages of the New Customs Code*. As per conclusions of that meeting the Secretariat was suggested to set up and propose a consultation plan with GCD for 2017-2018. Following these consultations, the Government finally approved in November 2017 the Decree "On the Rules for Implementation of the Customs Code".
7. **IC advocacy and [specific recommendations on Agriculture 2015-2017](#)** are now part of the new government reforming - formalisation program, with elements such as facilitation of VAT refund scheme, easing the farmer's access to the subvention scheme of Agricultural and Rural Development Agency (ARDA), clarifying the farm definition (recent DCM, January 2018), monitoring of Agro inputs as part of formalisation and traceability to assume regulatory state function, or even considering Agro-tourism as a potential subsector for investment and subject to fiscal incentives. Also, new farmer's information platforms (Agropika) are being set up to provide farmers with all the information on supporting and financing schemes – a previous IC recommendation.

#### Feedback by one company on the IC Secretariat work

*"I take the opportunity to thank you for your assistance and also to express our appreciation for your institution as there is a real need in the entrepreneurial environment for platform of this format."*

*DBS company, 3 April 2017*

### III. IC MEETINGS, JANUARY – DECEMBER 2017

#### 3.1 Meeting IX - Readiness of the Labour Market vis-à-vis the Investment Potential in the Business Process Outsourcing (BPO) Sector

The IC Meeting IX was held on 13 February 2017, at the Ministry of Economic Development. *The aim of the meeting was to look into the challenges of skills in the view of potentials for new investments or improve the productivity of current investments.* The BPO sector has been targeted for the analysis as one of the activities with large increment in the last years and exporting services in EU countries, mainly Italy. Additionally, during the IC meeting, it was also presented a study on the sector potentials prepared by AVASANT Company, contracted by RISI Albania project supported by the Swiss Government.



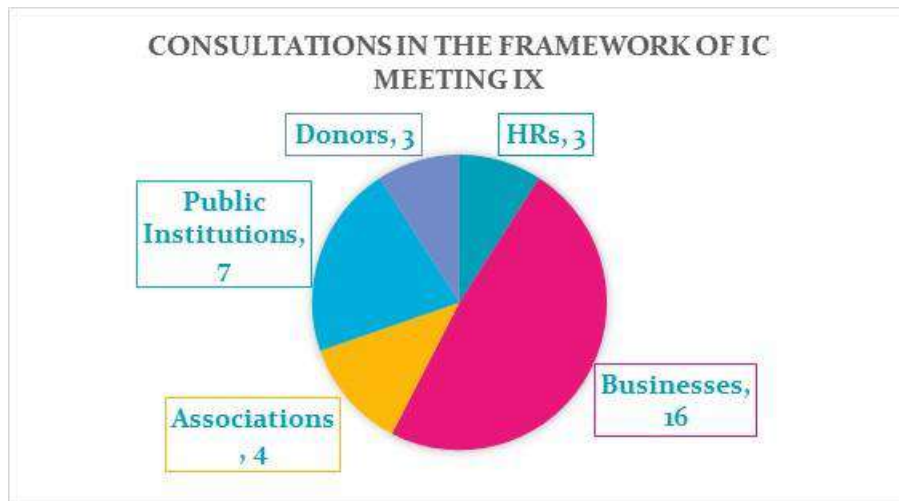
Picture 1. Investment Council Meeting IX, 13 February 2017

#### **Preparatory phase**

Matching skills of working force with the business sector needs remain a concern for the competitiveness of Albanian economy. The topic of skills analysis had been voted by the IC members as one of the topics to be tackled for 2017. The Secretariat targeted the service sector as one of the main contributors to the Albanian economy, in particular looking to the BPO sector that has experienced a substantial growth in the recent years. BPO companies hire relatively young people, mostly students or recently graduated. It is roughly estimated that the sector employs 25,000 – 30,000 persons, but it has potential to go up to 50,000 employees. The number of registered companies as call centres reported by INSTAT for 2016 is 804.

## Methodology & Consultation

The Secretariat had intensive discussions with RISI Albania and AVASANT regarding their study and the interaction with the skills topics, and conducted some depth interviews with 33 stakeholders (see Graph 1) based on a detailed questionnaire posted also online. 17 CEO of BPO companies (circa 10,000 employees) completed the questionnaire.



Graph 1. Consultation with Stakeholders in the framework of IC Meeting IX

Some of the main findings of the BPO Skills analysis relate to the fact that market does not solve the problem of "quality" but only makes it visible, while "suffering" from it. Focus of the analysis:

- *Informality* is an issue of the sector that hampers the image of the sector;
- The *lack of a systematic analysis* on the current and future needs of business (sector) about the "skills" and the necessity *for a vision* and platform which establish a sustainable cooperation between business and State.
- No *structured cooperation* between University-Business,
- Missing information on practical skills gap between curricula and market needs, especially in IT. Low implementation of internships model: mandatory practices (internships) are considered as formal from both businesses and students.
- *Lack of incentives for certain professions, such as in the field of IT.*
- Frequent employee turnover, high training costs for BPO sector

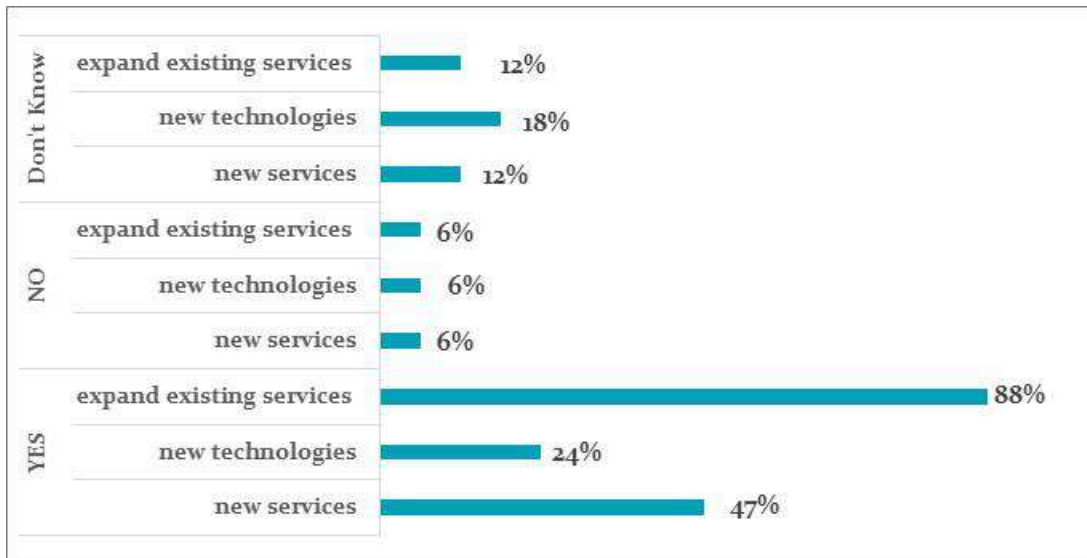
The sector has potentials for investment (that can turn into a success story) but limited to the "size". It is need to invest in the quality that creates "added value" in certain segments or professions such as IT. Low labour cost should not be a "factor" in the decision making. As relates to potentials for new investment, key groups of export-oriented FDI in services, where Albania could potentially compete, BPO analyses suggests that customer support centres and shared service centres (data processing), are likely to offer the best opportunities for Albania. Further research – in particular a detailed location benchmarking of cities in Albania against competitor locations for different service functions – is needed to establish which segments Albania should target.

### Organization of the IC Meeting

The Meeting took place in the premises of the MEDTTE and was chaired by Ms Milva Ekonomi. The Meeting was attended by all 16 members (6 government representatives, 4 international partners, and 6 members from the business community). Present in the meeting as observer were also over 30 participants representing business associations as well as private companies in the sector.

### Approved Recommendations

13 recommendations in total were elaborated for the government bodies, academic institutions and private sector and were approved by the IC Members. The recommendations were focussing on two main pillars: i) at BPO sector level to expand and provide more qualified services; ii) at firm level for BPO companies to enable their growth. *As relates to the investment plans, the survey and consultation found that most of companies intend to expand their investments in the sector (see Graph 2) instead of investing in new market opportunities.*



Graph 2. Responses on investments planning for the next 12 month, ICS Survey – February & March 2017

Some of the main recommendations were the following:

- *Informality* - Strengthening the role of Albanian Outsourcing Association and other associations in the fight against informality;
- *Gap of Data for the sector* - To establish a working group (INSTAT, AIDA, BPO Association, MES etc.) to *scan* the sector, its statistics, cooperation model with VET (Vocational Educational Trainings) and business.
- *Establishment of new platforms of cooperation*. Increase of *partnership among universities*, private sector and Labour Offices through strengthening of Career Offices in internships, practices and students hiring; early career counselling in Universities.
- University curricula to consider the specific industries- *practical examples* through the implementation of projects and subjects to development by the local business environment.
- Support to business initiatives for the *creation of continuous training centres* in technology and innovation (Digital Academy), as well as a software house "for the creation of a pool of certified IT experts.

Following the IC Chair Decision on the approval of the recommendations, they were officially submitted to the Prime Minister's Office, Ministry of Education, Ministry of Social Affairs, Ministry of Finance, etc.

**Click on the following, for more information:**

[Agenda of the IC Meeting IX](#)

[PPT Presentation by Head of the Secretariat](#)

[PPT Presentation by AVASANT/RisiAlbania](#)

[Technical Note "Roadmap for Integrated Investment Promotion of BPO sector in Albania" by AVASANT/RisiAlbania](#)

[Matrix of Recommendations](#)

[Minutes of the IC Meeting IX](#)

[Decision of the IC Chair](#)

### 3.2 Meeting X – On the Facilitation of Customs Procedures

The IC Meeting X was held on 9 May 2017 on the premises of the MEDTTE. The topic of the Meeting X was on the Facilitation of Customs Procedures. The purpose of the Meeting was to bring into the attention of decision-makers some of the most sensitive problems businesses face – related to import or export

customs practices – as well as to offer recommendations resulting from consultations, in an effort to **concretely** facilitate procedures. Although Albania has made progress regarding *further facilitation of trade and customs procedures* to reduce the time and cost of the import and export procedures however, businesses expect from the public administration, *to respond to opportunities for further growth and to address procedural aspects that relieve the administrative burden and the related, direct or indirect costs.*



Picture 2. Investment Council Meeting X, 9 May 2017

### Preparatory phase

Since April 2015, the Secretariat has consulted with circa 400 businesses (an internal Secretariat data base is already set up) and numerous concerns have been put forth regarding a number of customs procedures mainly related to: *use of available data for the determination of the customs value (hereinafter referred to as “reference prices”); high number of controls; unjustified bureaucracies related to the physical submission of a number of documents (lack of a single window); tariff classification of goods; non-release of customs guarantees within the legal deadline, lack of an efficient mechanism for addressing administrative appeals at the GCD; the scanning fee, or implementation of different practices by customs for the same business concern etc.*

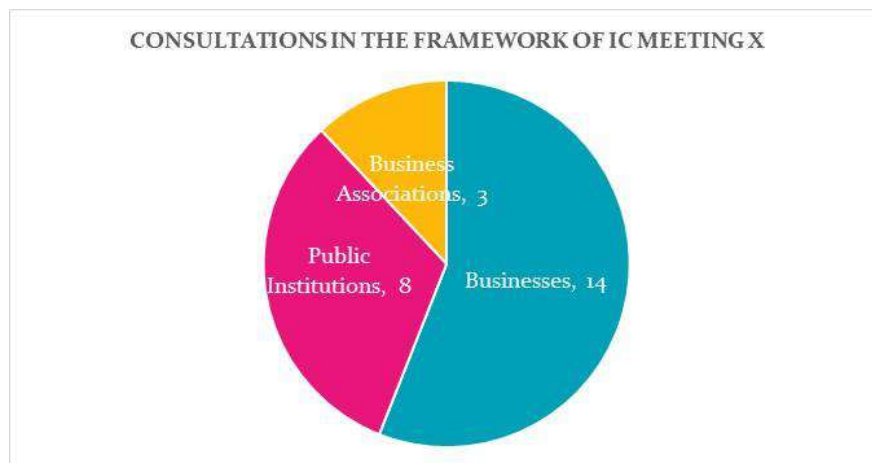
### Methodology & Consultations

The steps taken by the Secretariat to identify the business reaction on customs procedures and draft the relevant consolidated recommendations with a group of actors were as below:

- Desk-research of the legislation, strategic documents and reports of international institutions such as the EU, OECD, UNECE, RCC, etc.



- Review of the import/export data by sector published by INSTAT and Customs Office, to better identify and present the relevance of customs issues and also identify major business representatives.
- Based on the above and Secretariat data-base of issues, preparation of a list of open questions, uploaded online and discussed during face-to-face interviews with the businesses.
- Carrying out of around 25 meetings (36 people) with importing and exporting companies, consulting firms, customs administration, Ministry of Finance and the Ministry of Economy. Meetings were also held with businesses in the districts of Korca, Durrës and Tirana.
- 23 companies answered the questions via the IC website.
- Organised the Expert group consultations with customs, tax and business administration experts (18 participants) in a roundtable meeting to discuss in preliminary findings and potential recommendations to be submitted to the Investment Council.
- Also, aiming at a sector-specific identification of problems, the Secretariat considered both, the agro-industry and construction sector in particular, for the weight they bear at the level of commercial exchanges in either export or import and contribution to the domestic industry. Based on a list, import and export companies in these sectors were notified and asked by e-mail to fill in an online questionnaire on the IC website.



**Graph 3.** Consultation with Stakeholders in the framework of IC Meeting X, March-April 2017



**Picture 3.** Focus Group Meeting, 19 April 2017

### **Organisation of the IC Meeting X**

The Meeting took place in the premises of the MEDTTE and was chaired by Ms. Milva Ekonomi, Minister of MEDTTE. Present in the meeting were 11 IC Members, Additionally, the meeting was attended by around 20 observers representing domestic and foreign business associations, as ICC Albania, Durrës Chamber of Commerce and Industry, Economic Office of Greek Embassy, SECO – Swiss Embassy, Shteti Web, etc. The meeting was reported in various visual and written media as well as news item in the MEDTTE and IC website.

### **Approved Recommendations**

The Findings and Recommendations presented in the IC Meeting reflect most important aspects regarding reference prices, customs controls, tariff classification, and were grouped into recommendations that:

- a) Require the enhancement of secondary legal framework;
- b) Do not require legal and sub-legal amendments, but require that customs administration rigorously enforces customs provisions in force;
- c) Require investment and operational/technical changes.

In total, 17 recommendations were submitted for approval to IC members, addressing mainly the following:

- urgent consultation of secondary legislation on customs and timely harmonisation;
- Clearly record and trace in the GCD internal system how the customs value is calculated, minimise the use of available data, update frequently the list of available data.
- The Compulsory Tariff Information guidelines should be more visible at the GCD website and publish all decisions taken on such requests by the business for obligatory information. Cooperation with business associations should be enhanced as their role to encourage the use of this tool (*a new GIZ project is now supporting on that*).
- Consider the possibility of reducing the percentage of physical inspections through the continuous update of risk indicators, investment in Intelligence and IT systems and coordination of inspections with the General Tax Directorate (use of blue channel).
- Standardization of communication between the Customs Administration and the business, including the IC Secretariat, to enable fast and efficient communication between the parties.

### **Submission of the IC Recommendations to the State Institutions**

All the recommendations were approved by IC members and agreed to send to relevant authorities such as Office of the Prime Minister, Ministry of Finance, General Directorate of Customs.

**Click on the following, for more information:**

[Agenda of the IC Meeting X](#)

[PPT Presentation by Head of the Secretariat](#)

[Technical Note prepared by the Secretariat on the Facilitation of Customs Procedures](#)

[Matrix of Recommendations](#)

[Minutes of the IC Meeting X](#)

[On the Labour Code](#)

### **3.3 Meeting XI – Survey on Some Aspects of Investment Climate**

On December 6th, 2017, it was held the 11<sup>th</sup> IC Meeting chaired by the Minister of Finance and Economy, Mr Arben Ahmetaj. In the agenda of the meeting was the presentation and discussion of the IC Survey conducted by the

Secretariat with 146 companies, in collaboration with University of Epoka, during July – September 2017. The objective of the survey “On Some Aspects of the Investment Climate” was to identify the progress on main business concerns on three main pillars: i) Tax Inspection and Relations with Tax Administration; ii) VAT Refund, and iii) Informality. These issues were already tackled during 2015 – 2016 in dedicated IC Meetings where concrete recommendations were delivered to relevant institutions. It has been a recommendation of IC Members to follow a periodic monitoring and evaluation of business concerns on various issues tackled by this platform. In the past two years, there has been a proactive approach by the Ministry of Finance to transpose in concrete measures some of the business recommendations raised by the Investment Council for the facilitation of tax procedures.

### **Preparatory phase**

Based on the above, the Secretariat reviewed online surveys, on: i) Tax Inspection, ii) Informality, and iii) VAT Reimbursement (2015-2016) for analysis purposes, as well as the groups of respondents to the surveys. A semi-structured questionnaire was drafted to obtain as much as possible qualitative data. The questionnaire was consulted with the General Tax Directorate and tested with some companies. It was decided to issue the new questionnaire online anonymously, and advertise the link through social media as well as through personalized emails to around 8,000 businesses and 20 business associations.

### **Methodology & Consultations**

The Survey was conducted by the Secretariat through the IC website and was filled in randomly and anonymously by businesses. All the duplicate responses were removed by tracking the IP addresses of all the survey responses. Purpose of this Survey was to generate more qualitative results rather than quantitative ones.

The Survey was online during 15 July – 15 September 2017. In cooperation with Epoka University were contacted by phone around 1,000 businesses to increase the participation in the survey, while the University also supported in the generation and processing of quantitative and qualitative data and on some particular issues comparison with the previous IC surveys’ results. In addition, through statistical models it was tested also the reliability of the qualitative data of findings.

On 5 October 2017, it was held a Focus Group Meeting with fiscal experts and business associations’ representatives to consult the preliminary survey’s findings of the survey. Raised comments and suggestions were also considered during the processing of the survey’s findings. In addition, 5

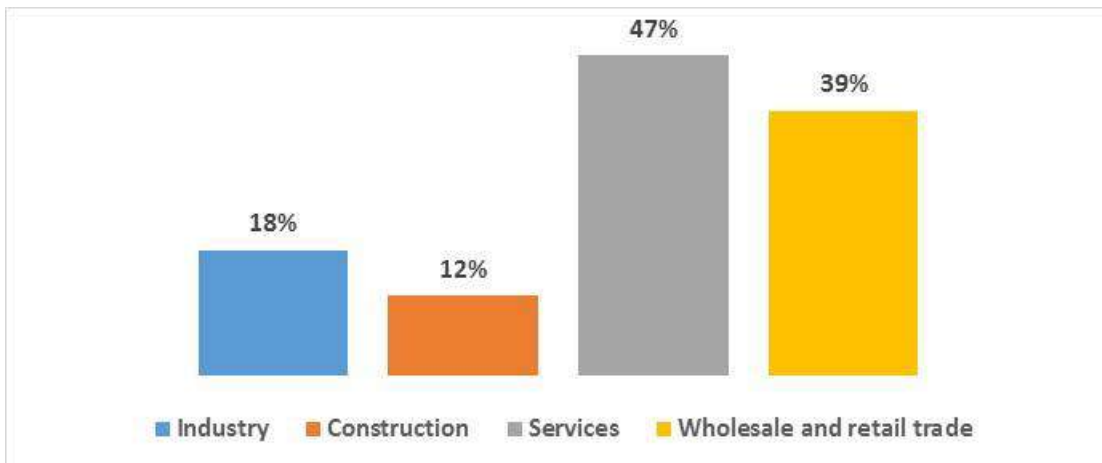
directs consultation meetings were held with companies in Tirana and districts to consolidate the survey’s findings.



Picture 4. Focus Group Meeting, 5 October 2017

78% of respondents represent businesses with an annual turnover of over 8 million ALL. Domestic businesses provided 74% of responses and 32% of the respondents declare being exporting companies, whereas 54% of them exporting over 70% of their sales.

The respective Technical Note was shared as a draft with all IC Members and EBRD for comments prior to the Meeting.



Graph 4. Representing Sectors in the Survey (Data processed by the Secretariat)

### Organisation of the IC Meeting XI

The meeting was held at the Ministry of Finance and Economy (MFE) and was chaired by Mr Arben Ahmetaj, Minister of Finance and Economy. Present in the meeting were 13 IC Members. In addition, the meeting was

attended by observers representing domestic and foreign business associations, such as Confindustria Italia, Italian Chamber of Commerce, the chambers of commerce and industry of Tirana and Durrës, DIHA, etc. In his speech, Minister Ahmetaj appreciated the achievements of the Investment Council in tackling the business concerns as well as acknowledged the continuous efforts made by the tax administration in intensifying the communication with the taxpayers and citizens in the framework of the fight against informality and in simplifying further the procedures in the context of the deregulation reform.



Picture 5. Investment Council Meeting XI, 6 December 2017

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*The Council has functioned as a supporting instrument for the business but also for the government to see its work reflected, where it should be improved and where it did wrong. The IC has always been the right initiative of the Albanian government and EBRD, to institutionalise the communication and collaboration between the government and investors within a concrete platform, of another level beyond the National Economic Council. The Investment Council was established to further detail the macro work of the National Economic Council and the records of this Council, the detailed work, raised subjects, have been exceptionally in compliance with the market's needs from the point of view of the entrepreneurship and the government. Today, after a few years, we may have a simple, but important conclusion, that the Council has functioned as a supporting instrument for the business but also for the government to see its work reflected, where it did wrong and where it really improved.*

Arben Ahmetaj, IC Chair/Minister of Finance and Economy, 6 December 2017

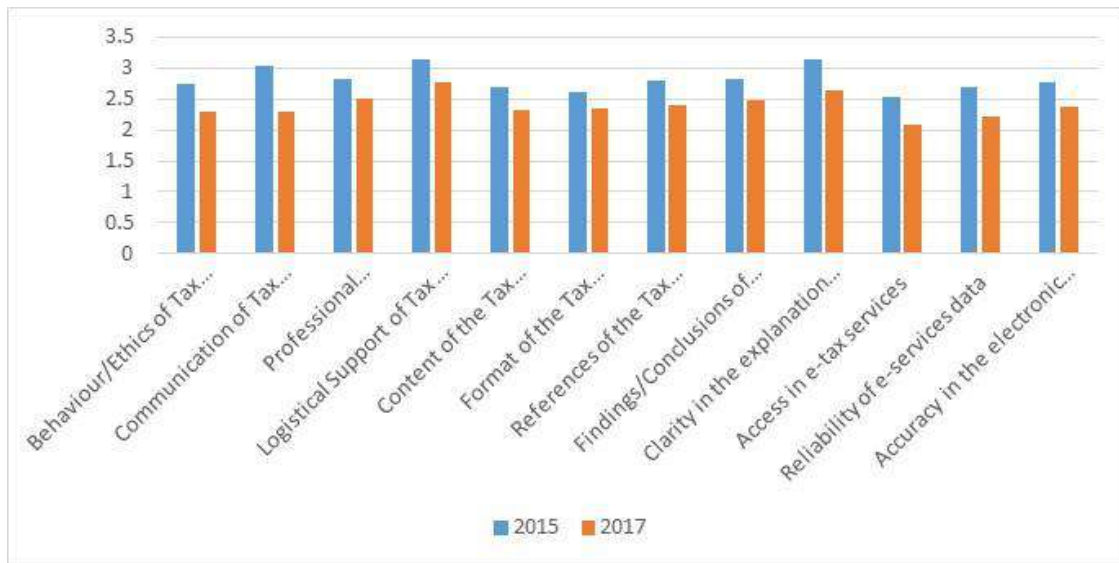
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The Secretariat presented the main findings of the survey, summarized below:

- Increase in the number of inspections, mainly for businesses with an annual turnover of over 8 million ALL, identified more in the form of

fiscal visits and onsite visits rather than full inspections, especially in the sectors of trade and services.

- Improvements in the Tax Inspector's Professionalism, especially in regards to the communication, behaviour, and ethics toward the business. However, the business still perceives that there is a need for investing in the capacity building of the tax inspectors to better respond to its needs.
- A significant increase in the overall assessment of the tax inspection report, although problems are reported especially in regards of the content of the report and its findings/conclusions.
- Significant improvements in respecting the VAT refund deadlines especially for companies exporting over 70% of sales, where the number of refunds is reported to have been increased considerably within 60 days as well as automatic refund, while there are still reported cases of refund beyond 90 days.
- An improvement is identified in the transparency and communication with the business through e-tax service and information provided by the Tax Administration, as well as awareness on the application of the risk system in the selection for tax inspection. It is very important to continue with the digitalization of services for the taxpayers.
- It remains a challenge the education of taxpayers on the dynamics of fiscal legislation, but also to raise the professionalism of tax administration in providing better clarifications to the taxpayers.
- There is a decline in the perception of the business regarding the extent of the informality compared to 2015, meanwhile, the income tax/VAT threshold, the relationship with the administration and enforcement of law remain main factors which encourage informality.



Graph 5: Mean of business perception On Tax Administration, 2015 – 2017 (Data processed by the Secretariat)

## Recommendations

Main focus of the meeting was to introducing and discussing the survey results aiming to sustain the focus of the debate on main business issues as evidenced during 2015-2017 for a systemic change. Some steps agreed to be undertaken as the following:

- i) To consider the preparation of an Anti-Informality Strategy with the cooperation of the Ministry of Finance, EBRD and the Investment Council.
- ii) The Ministry of Finance and Economy and the General Tax Directorate in cooperation with the business community to intensify the awareness raising campaigns for citizens and businesses regarding anti-informal measures.
- iii) The Ministry of Finance and Economy to prepare and disseminate to the business community an open letter on deregulation asking enterprises to provide comments and suggestions regarding this reform.

**Click on the following, for more information:**

[Agenda of the IC Meeting XI](#)

[PPT Presentation – Survey Findings](#)

[PPT Presentation by Head of the Secretariat](#)

[Technical Note prepared by the Secretariat on the Survey Findings](#)

[Minutes of the IC Meeting XI](#)



### 3.4 Construction e-Permits portal – Its impact in raising the transparency and the improvement of the investment climate in the country

In parallel with the process of finalizing the materials for Meeting No. XI, Secretariat has been engaged in an intensive process related to the topic “Construction e-permits Portal – Its impact in raising the transparency and the improvement of investment climate in the country”, subject for the upcoming IC Meeting XII planned to be held in February 2018. In this perspective the following activities have been performed.

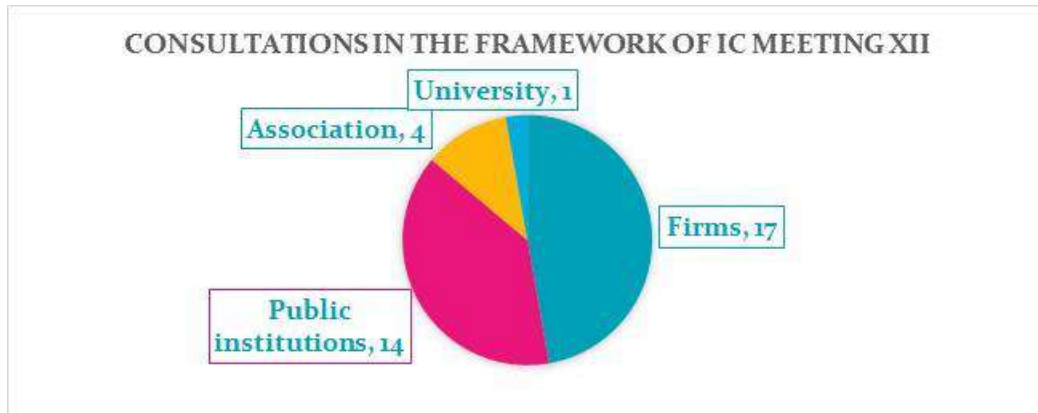
#### **Preparatory phase**

##### **Desk research on the following pillars:**

- a) Applicable legislation for construction permits focused on the following:
  - Time-terms & procedures to be followed for construction permits;
  - Regulatory bodies responsible for e-permit system-administration capacities;
  - Transparency and information of the business on E-Permit System.
- b) Identification of findings and summarising of issues in 3 pillars: 1) Legal aspects; 2) Institutional aspects; 3) Technical aspects;
- c) Identification of partners (businesses, business associations, experts, institutions and donors interested in the topic) and gaps encountered in the legislation/institutions. Summarising of recommendations for improving any current procedure.

#### **Methodology & Consultation**

After the identification of the partners, Secretariat organised more than 36 face-to-face meetings, with more than 65 actors/individuals from the private sector and public institutions both at central and local administration levels, including 3 Municipalities.



**Graph 6.** Consultation with Stakeholders in the framework of IC Meeting XI, August-September 2017

### Focus Group Meeting

A Focus Group Meeting was held on 25 October 2017. The meeting was attended by more than 20 representatives from architectural studios, Agency of Territory Development (ATD), National Agency of Territory Planning (NATP), National Agency for Information Society (NAIS), Ministry of Finance and Economy, Ministry of Agriculture, Municipality of Tirana, investors, experts as well as other representing organizations/associations of the local and foreign businesses. Purpose of the meeting was to discuss the preliminary findings and recommendations drafted by the Secretariat on the performance and impact of the e-permits portal for the relevant stakeholders as well as facilitation of investments promotion.



Picture 6. Focus Group Meeting, 25 October 2017

### Drafting of the Technical Note on Construction e-Permits

Draft of the Technical Note (TN) has been almost finalized. Note that the Secretariat’s analysis on e-Permits prepared in consultation with the business, ATD and others, is the first one of its kind to be submitted to the government and the public. The reform initiated in September 2016 due to

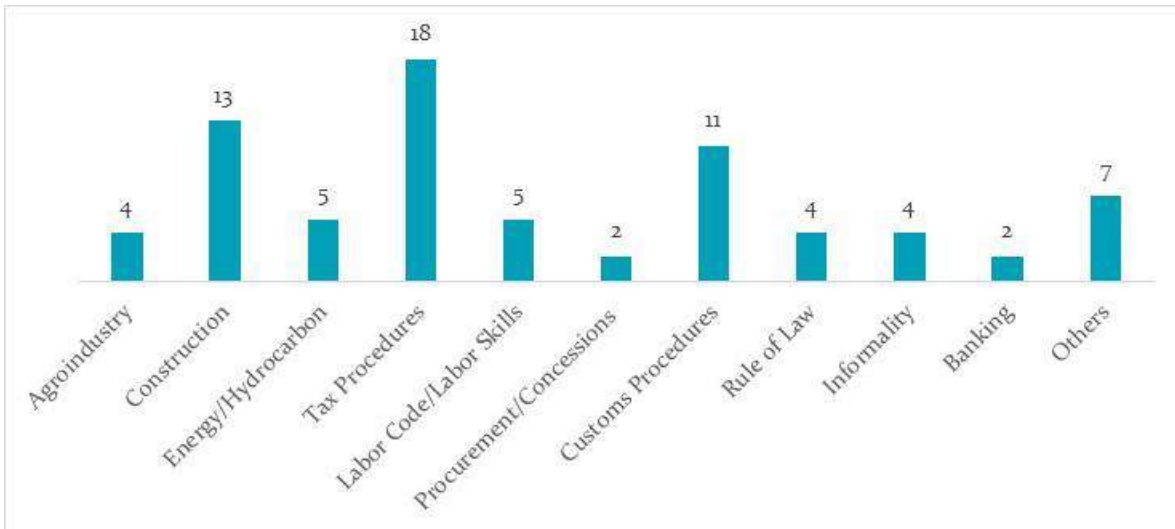
the low ranking of Albanian in DB 2015 as relates to the timing of ‘Getting a Construction Permits’. So far, the main findings and recommendations tackle the deadlines for the approval of the construction permits and their implementation into practice, the required documentation, issues related to institutional coordination and other technical aspects for the well-functioning of the portal and other issues related to the construction sector. During January 2018, the TN will be revised and updated before being sent to the IC Members for further comments.

#### IV. UPDATING OF THE DATABASE OF MAIN CONCERNS COMING FROM THE BUSINESS

As part of its work, the Secretariat collects and elaborates concerns arriving from the business regarding investment climate in Albania. In total until the end of June 2017, the Secretariat has identified, gathered and summarized about 88 concrete business concerns. These concerns have been directly submitted to IC Secretariat by the businesses, or identified as such by the Secretariat during meetings and interviews. *All business concerns have been subject to a preliminary verification from both legal and economic perspective and impact.* The list of business concerns serves as an “inventory” for elaborating a realistic and sustainable Agenda for the upcoming IC Meetings during 2018. To date, many of the business concerns relate to:

- tax administration & implementation of customs procedures,
- problems related to construction sector (agro as well as energy sector),
- workforce skills, unfair competition, informality, administration etc.

Below it is a chart which shows in specifics the data related to the concrete business concerns:



**Graph 7.** IC Database on Business Concerns aggregated by area/sector, elaborated by the Secretariat during 2015-2017

## V. SPECIAL EVENTS

### 5.1 The Secretariat attends the Conference of EBRD-Supported Investment Councils

Secretariat of Albania Investment Council attended the Conference of EBRD-supported Investment Councils in London on 2 – 3 March 2017. The objective of this conference was to present Key Achievements of 2016 of these Investment Councils, and the challenges for 2017, but also to discuss ways to strengthen the investment climate through effective public – private dialogue.



**Picture 7.** Albania IC Chair, Ms. Milva Ekonomi delivering a speech at the Conference of EBRD-Supported Investment Councils, London (UK), 2 March 2017

Invited to the opening plenary session “Strengthening the Investment Climate through Effective Public-Private Dialogue,” was also Albania’s IC Chair, Minister of Economic Development, Tourism, Trade and Entrepreneurship, Ms Milva Ekonomi. In her word, Minister Ekonomi said that “EBRD has played an important role in Albania, amongst other also with the support provided to the Secretariat of Albania Investment Council. Minister Ekonomi emphasised that the main challenges faced by the country are related to attracting foreign investments and the Investment Council, through the ***continuous communication with the business, has contributed to the improvement of the business climate***. “Investment Council assists the government in the dialogue with the business, listens, analysis and recommends solutions to their problems. But on the other side also the government supports the work of the Investment Council by considering and addressing business concerns,” said Ms Ekonomi.

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*“Public-private dialogue can take various forms. However, in order to have a systemic impact, such dialogue needs an established, trusted platform. That platform should be a forum for regular meetings between the authorities and the business community, one at which businesses can air their concerns and the government can respond in a credible way.”*

EBRD’s President, Sir Suma Chakrabarti, London,  
2 March 2017

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## 5.2 Secretariat contributes to the Civil Society Forum Tirana under the Berlin Process (April & November 2017)

The Secretariat is invited to contribute to the Civil Society Forum Tirana under the Berlin Process, held in Tirana during April 26-28 2017, in cooperation with CDI (Cooperation Development Institute).

In the working session “Business Environment & Innovation Potential in WB6”, Head of IC Secretariat, stressed that “young businesses/start-ups have great creative ideas but do not have sufficient info on incentives, and platforms of cooperation are needed for sharing updated and relevant information.” While at the Regional Conference “From Trieste to London: Stocktaking and future scenarios for the Berlin Process” organised in Tirana, on 10<sup>th</sup> November 2017, Ms Leka pointed out that: “*Stimulation of new investments, private or public, remain*

*crucial for assuming a sustained growth in Albania/versus Balkan. In this context, a special attention could be provided to the formulation of policies on stimulating investment as well as increase of access, consultation and transparency of information to the private sector in order to maximise benefit in considering also the timetable of the political mandate.”*



**Picture 8.** Contribution of the Secretariat, represented by Ms Diana Leka, in the Civil Society Forum Tirana under the Berlin Process, 27 April 2017

## A special contribution to the CCI Durrës on Consultation Meeting on “Business Concerns regarding VAT refund and Tax Inspection procedures

The meeting was held on 5 May 2017, organised by the CCI Durrës on “Business Concerns regarding VAT reimbursement and Tax Inspection procedures”. Head of the Secretariat, was invited by the Chamber of Commerce Durres, as a panellist together with GTD experts to facilitate the dialogue and communication with the business on clarity regarding VAT reimbursement and other relevant tax inspection issues.



**Picture 9.** Consultation meeting organised by CCI Durres with the business community (Durrës, 5 May 2017)

### 5.3 Consultation Meeting between the Business and Customs Administration on the New Customs Code

The Secretariat of Investment Council in collaboration with the General Directorate of Customs, Chamber of Commerce and Industry of Tirana and the Association of Producers organised a consultative meeting with the business on the novelties and advantages of the New Customs Code. This meeting was proposed by the business in the Investment Council Meeting “On the Facilitation of Customs Procedures” (9 May 2017). While the new Code has been drafted in compliance with the EU directives, providing a range of simplified procedures for exporting and importing, relevant secondary procedures were not previously consulted or even shared with the business partners (a finding discussed at the [IC Meeting X](#), 9 May 2017).

Head of the IC Secretariat, highlighted the importance of prior consultation to increase the transparency and easy access as well as the role that the Investment Council has played in this direction.



**Picture 10.** Consultation meeting between the business and customs administration, (Tirana, 31 May 2017)

## 5.4 Participation of the Secretariat at the NEC Meeting

On 26 October 2017, it was held the first meeting of the National Economic Council in the second mandate of the government. Mr Edi Rama, who chaired the meeting, stated that dialogue with entrepreneurs is one of the priorities of the government in its second mandate, and this would be the task of the Ministry of the State for the Protection of the Entrepreneurship. The Council was gathered to discuss with the business, the 2018 State Budget and the facilitation of the administrative procedures for the entrepreneurship which in fact had not been previously consulted with partners.

## 5.5 Advocating in cooperation with other donors on investment climate

On 17 November 2017, the World Bank held a meeting for the dissemination of the 12<sup>th</sup> “World Bank Western Balkans Regular Economic Report (WB RER),” where the business community was invited to speak about the challenges and priorities that lead Albania towards convergence with EU standards. Head of Secretariat raised specific issues on access to finance, procurement law and delivery, etc to the representatives of the BoA, Mayor of Tirana as well as to the Deputy Minister of Finance.



## VI. OTHER IMPORTANT CONTRIBUTIONS

### **Linking Academia with Entrepreneurship – two MoUs signed with universities**

One of the IC recommendations in 2016, was to foster cooperation on policy advocacy and debate between IC and academia through Memorandums of Understanding. In this framework, two MoUs have been already signed with [Epoka University](#) and [UET](#), in March and June 2017 respectively, with the objective to closely cooperate for the exchange of statistical data, debate opinions and potential recommendations including economic analysis; provide exchange and internship opportunities for students and exchange technical and professional assistance as well as best practices. As a concrete step of setting up cooperation platforms/forums among relevant stakeholders, including youth, on 6 April 2017, the Secretariat in close cooperation with the [Innovation Hub](#), organised a first consultation meeting focused on *how to make legally sustainable the innovation hub* as well as make it a real benchmarking model when youth, business and universities cooperate.

A first output of the MOU with EPOKA University was the conducting of the survey on some aspect on investment climate during July – September 2017. A specific action plan was agreed that consisted on: the dissemination of the survey link to the business collaborators of Epoka University as well as sharing of the news in website and social media of the university; Engagement of students to assist in reaching the businesses by phone and assist in data processing; and Delivering of statistical tests to confirm the significance of survey quantitative results.

Following this successful cooperation, in December 2017, the IC Chair requested to the Secretariat and EPOKA to consolidate the activities through open lecturing on main investment climate issues as well as further academic research.

### **A closed consultation meeting on the impact of the new Italian law on call centres in Albania**

As a follow up of the Meeting on BPOs in February, Head of the Secretariat was asked by the IC Chair to facilitate a specific meeting on the impact of the Italian law on the BPO sector employment in Albania. The event, was facilitated by the IC Chair and helped to create a better picture of the situation and potential government influence.

### **Preparatory work on facilitating Inspection Procedures to Reduce Administrative Burden for Businesses**

Inspection Procedures has been one of the topics voted by IC members to be tackled during 2017. The Secretariat started the work on July 2017 by reviewing the legal and institutional framework as well as have meetings with various stakeholders

such as Central Inspectorate and Inspectorate of Market Surveillance, GIZ and IFC. It was prepared a list of businesses to be contacted and the relevant talking points. Additionally, an overview of the institutional inspection models in the Balkans was drafted by the Secretariat. Whereas, with the establishment of the new government in September 2017 was initiated the discussions on the restructuring of inspectorates as well as the amendment of the existing law on inspections. In this regard, the Secretariat considered relevant to continue the analyses of the topic when the institutional situation would be clarified for all stakeholders. Inspection Procedures has been voted again by IC members to be analyzed in 2018 and already included in the related IC agenda.

### **A Note on Application of penalties during labour inspections**

IC business members raised some concerns on the high penalty margins and ranges foreseen in the Albanian Labour Code and the arbitrarily related to their implementation by the Labour Inspectors. Following the decision of the IC chair to investigate and analyse such concerns the Secretariat prepared short reports in the Meetings No. 9 and Meeting No. 10 related to: The legal provisions of Albanian Labour Code in comparative approach to other Balkans and EU countries; The approach of Labour Inspectors when imposing fines and the steps followed by the regulatory bodies (General Inspectorate & Labour Inspection Inspectorate) to impede the arbitrary decisions. Main [outcomes of the legal analysis were](#) shared with IC.

### **Economic Outlook 2017**

The Secretariat has monitored the economic performance of the country for the last two years in some of the main macro-economic indicators. An updated overview of the indicators is prepared on 6-months basis and published in both Albanian and English languages in the IC website. Some of the indicators included are: GDP growth, FDI's sectors contribution, statistics on enterprises, etc. Some indicators are given also in comparison with other Western Balkan Countries. The report is aimed for interested investors to have some insights on economic progress of Albania as well as the relevant technical notes prepared by the secretariat on specific issues. The data used are generated from the databases of the official websites of Albania Institute of Statistics, Bank of Albania, World Bank, International Monetary Fund, etc. The report will continue to be updated in the IC website with the same frequency – click [here](#).

### **Internship Opportunities**

Due to positive the recent experience, the Secretariat launched this year a [call on the website](#) to attract young people with a school background in business, economics, law, informatics or other related fields. A high interest has been shown in gaining a professional experience.

## VII. Setting of 2018 IC AGENDA

In December 2017, the IC Members voted online the IC Agenda for 2018.

### Voting of IC Agenda for 2018

No.	Subject	Voting
1	Draft Law on Investments	8
2	Informality in Tourism	7
3	Inspections	7
4	Agriculture investment	7
5	Lack of qualified working force	7
7	Registration of property -collateral for banks.	6
6	Transparency on incentives and support to start-ups	5
8	Enforcement of contracts	5
9	Incentives for local and foreign companies.	5
10	Assessment on the VAT Refund	4
11	Getting energy	2
12	Assessment of the Administrative Appeal	2

*Participated in the voting 12 IC Members.*

The following two subjects will be discussed by the Investment Council in the first half of 2018.

#### **1. Deregulation - Construction Permits in the Context of the Local Reform – voted in December 2016.**

*As part of deregulation reform, Albania has started the online application for construction permits. It will be observed the business problems as relates to the application of the system with other public services such as energy, water and registry of property. Meanwhile urbanistic plans have not been approved in all the municipalities causing impediments in the online issuance of permits in some cases.*

## **2. Consultation in the IC of the New Draft Law on Investments – voted in December 2017.**

*Following the Investment Policy Guide of Albanian Government approved in 2016, a unified Law “On Investments” should be prepared. The new Law shall integrate the provisions of the Law “On Foreign Investments” (1993) and the provisions of the Law “On Strategic Investments” (2015) into force until 31 December 2018. The new integrated Law is being drafted with the support of IFC. The initiative of drafting this integrated Law “On Investment” was brought under the attention of IC Council Members in the Meeting No. XI dated 6 December 2017. Due to the high interest of members showed also during the voting process for the topics to be discussed in the IC during 2018, the new draft Law “On Investment” is planned as a topic for a dedicated IC Meeting in May 2018. The role of the Secretariat will be to organise consultation meetings with involved actors and to bring in the IC table the novelties of the new law.*

## VIII. COMMUNICATION AND PUBLICITY

### Investment Council Website

The IC Website has been managed by the Secretariat since its launch in July 2015. The website provides essential information about the Investment Council such as IC meetings (agenda, minutes of meeting, PPT presentations, technical notes etc.), press releases after each IC Meeting, IC & Secretariat's activities such as important meetings with stakeholders and focus group meetings, publications in the media, etc.

The main audience of the IC website seems to have been already established, as many institutions and stakeholder often visit the website, especially regarding the IC Meeting's materials. However, it is noted a slight reduction in the number of page views in the second quarter of 2017, due to the political elections.

### Investment Council on Facebook

The IC page on Facebook is managed by the Secretariat and it currently has an audience of around 915 followers (December 2017). The page is continuously updated on the activities of the Council and articles of interest on investment and business climate, economic growth etc. from reputable portals. In addition, Facebook communication has been a useful tool for advertising Secretariat's Survey on different subjects. During 2017, around 25,000 Facebook users were reached on two Surveys: 1) "On the Facilitation of Customs Procedures", March-April 2017, 2) "On Some Aspects of the Investment Climate," July 2017.



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Sekretarati i Këshillit të Investimeve ka hapur një anketim për bizneset shqiptare mbi problematika që ato hasin, kryesisht në lidhje me: i) Kontrollin Tatimor; ii) Rimbursimin e TVSH-së; dhe iii) Informalitetin. Qëllimi i anketës është përditësimi i progresit mbi gjetjet e anketave të mëparshme të kryera nga Sekretarati gjatë 2015-2016. Anketimi ofron gjithashtu mundësinë për të shprehur mendime dhe rekomandime mbi problematika të tjera që vazhdojnë të mbeten shqetësim i sektorit privat.

**ONLINE SURVEY**

» ANKETË MBI KONTROLLIN TATIMOR, RIMBURSIMIN E TVSH-SE DHE INFORMALITETIN  
ANKETË MBI KONTROLLIN TATIMOR, RIMBURSIMIN E TVSH-SE DHE INFORMALITETIN Ky anketim vjen si propozim i anketave të Këshillit të...

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15,812 people reached [Boost Post](#)

## 2016 IC Newsletter

The 2016 IC Newsletter is the second one produced in print and electronically by the Secretariat. It was distributed to over 100 stakeholders by regular post and to over 300 by e-mail. It served as a very good instrument to inform all the stakeholders on the main outputs of the Council, and to reach audiences with little information on the Council. This publication contains more information compared to the one of the previous year due to the higher number of IC meetings and consultations with the business.

## Publications in the Written Media

**Several interviews of the Head of the Secretariat have published on the media and delivered to business associations**

***“How to Promote the Sector to reach 50,000 Jobs”***



An interview of the Head of Secretariat, Ms. Diana Leka, on the future labour market perspectives of the BPO sector was published in Monitor Magazine on 3 April 2017. For more, click [here](#).

***Interview to FIAA Newsletter, June 2017***

*“As a small economy, although quite strategically located, stability remains crucial in all aspects, but more specifically as relates to laws and institutions”* is the main message of the interview of the head of Secretariat, published in the FIAA newsletter of June 2017. For more, click [here](#). This interview was published also on Monitor Magazine with some minor additions. For more, click [here](#).



## IX. WORK PROGRAMME FOR THE FIRST HALF OF 2018

### 1. Construction e-Permits in The Frame Of Territorial Reform

Action	Aimed Results	Institution/Organisation, Responsible for Coordination	Other Related Inst./Org.	Proposed Calendar
<p>a) <b>Technical Note;</b></p> <p>b) <b>Recommendations for legal and institutional improvements</b></p>	<p>The analysis will aim to:</p> <p>1) Analyse the impact of E-Permit Portal in facilitation of investment at the national and local administrative level (i.e. Municipality of Tirana) through:</p> <p>a) gather of information on: No. of permits, average of days for permit, types of permits per sector (i.e. agroindustry, agriculture, warehouses), no. of expected employees or investment plan if any, area where the permit is provided etc.</p> <p>b) Municipality/Ministries considerations on the on-line application, and procedures to be followed, gaps encountered and recommendations for improving any current procedure.</p> <p>c) review of current legislation (including policies and procedures) from the point of view of administrative and territory reform;</p> <p>2) Assess of thoughts and concerns of the business on construction permits procedures in some sectors;</p> <p>3) Address institutionally the concerns of the business.</p>	<p>Municipality of Tirana, Ministry of Urban Development, Ministry of Local Issues, Donors (USAID &amp; GIZ) construction Association and Private Companies as per the list to be provided by Municipality of Tirana.</p>	<p>Albanian Builders Associations</p>	<p>February 2018</p>

## 2. Consultation of the Consolidated Law “On Investments”

Action	Aimed Results	Institution/Organisation, Responsible for Coordination	Other Related Inst./Org.	Proposed Calendar
<b>Action</b>	Lead the consultation process in cooperation with IFC and MFE(TBD) and other.	Institution/Organization, Responsible for Coordination	Other Related Inst./Org.	Proposed Calendar
<b>c)Recommendations of provisions to be included in the Law</b>	<p>The Summary will aim to bring:</p> <ol style="list-style-type: none"> <li>1) Review of current Albanian legislation on investments and its gaps on the policies and procedures which focus new investments.</li> <li>2) Experience of other Western Balkans countries that have addressed new investments and grievance mechanisms in their respective Laws.</li> <li>3) Best practices from EU models.</li> <li>4) Assessment of thoughts and concerns of the business on the issues which have not been addressed in the current legislation.</li> <li>5) Addressing institutionally the concerns from the business aiming to reflect them in the new Law, and other concerns stored by the IC Secretariat during 2015-2017.</li> <li>6) Ensuring widest possible public consultation.</li> </ol>	Ministry of Finance and Economy	Business Associations/Ministry of Finance and Economy/AIDA/IFC	March - May 2018



## ANNEXES

### Annex 1. Concrete IC Measures/Recommendations of Legal Nature to end of 2017

In the following, we present concrete measures/recommendations of legal nature, included in the facilitation of tax procedures (37 in total) undertaken by the Government mainly in the Law No. 9920 dated 19.05.2008 and secondary legislation. Of course, there are also other recommendations fulfilled, in the ratio 12 out of 37, we have considered these tax procedures.

1. Increase transparency for the main indicators of risk used by the electronic system to identify business of risk which are subject of inspection. (*Annual Administrative Report for Compliance Risk Management 2016- pg. 12-14*)
2. Prior notification of taxpayers for the execution of tax inspection. The legislation should provide a minimum of 10 calendar days to notify in advance the taxpayer for thorough tax inspections (except for cases of inspections onsite, which may be carried out without prior notification or notice). (*Addressed entirely with a higher standard from 10 days as previously recommended to 30 days of notice of prior notification. Article 81 of Law No. 9920 dated 19.05.2008 and Instruction No. 24 of MF*)
3. The tax inspection notice sent to taxpayers should be more detailed (*Partially addressed by the Law – in the notice about the inspection will be foreseen also the completion date and time of the inspection. Law No. 9920 dated 19.05.2008 and Instruction No. 24 of MF*)
4. The right of taxpayers to appeal effectively – guarantee the independence of Tax Appeal Directorate (TAD) – structural changes in the tax appealing (*Law No. 9920 dated 19.05.2008; DCM No. 11 dated 11.01.2017 and Instruction No. 24 of MF*)
5. Establishment of a collegial body instead of TAD via a special law, in the form of a “quasi court,” also in the framework of the plans for the unification of the tax administration with customs administration to review administrative appeals (starting with a certain amount) (*Law No. 9920 dated 19.05.2008; DCM No. 11 dated 11.01.2017 and Instruction No. 24 of MF*)
6. Repeal of point 3, Article 109, of Law No. 9920. Decisions of the Tax Appeal Directorate (TAD), in the quality of higher administrative unit to take decisions about cases of appeal, should be automatic binding to the Regional Tax Directorates (RTDs). (*Law No.9920 dated 19.05.2008, Instruction No. 24 of MF and DCM No. 11 dated 11.01.2017*)

7. Tax Appeal Decisions should not be subject of further appeal to the Administrative Court by the RTDs (*Law No.9920 dated 19.05.2008, Instruction No. 24 of MF and DCM No. 11 dated 11.01.2017*)
8. Strengthening of the role of Taxpayers' Advocate (*changes in the positioning of TA in relation to Tax Administration - DCM, No.10, dated 11.01.2017*)
9. GTD and TAD should consider to increase the capacities for legal analysis and unification of their practices and to reflect final decisions of the courts and the unification of their practices, as well as reflect final decisions of the courts for similar cases (*Law No. 9920 dated 19.05.2008 - Article 10 and Article 28 point 3*);  
Unification of interpretations by the tax administration – tax precedent (*Law No. 9920 dated 19.05.2008 - Article 10 and Article 28 point 3*)
10. GTD should prepare and publish the Annual Commentary of treated cases in its official website (*Law No. 9920 dated 19.05.2008 Article 10 point 3 and Article 28 paragraph 1*).
11. Amendment to the legal provisions related to the time deadlines for tax on profit and simplified tax on profit (*Law No.9920 dated 19.05.2008 - Article 114/1*).
12. Approval of the draft law on Insolvency – Initiate the process of insolvency at court by the tax administration only in compliance with the law for insolvency (*Law No.9920 dated 19.05.2008 Article 104*).

While, so far under discussion and considered during the reporting time as end of 2017:

1. The Government should guarantee an entirely transparent system of tax inspection by publishing main indicators of risk used by the electronic system of risk to identify businesses of risk which undergo a tax inspection.
2. The indicators used should be adapted and adjusted per industry (tourism, services, banking sector, clothing, etc.) and the size of the business. Meanwhile, it is clear that the formula used by the system for their selection should be strictly kept confidential. (*This has been discussed and there have been publications/interviews with over 6 categories of businesses identified of risk*).

3. Planning and approval should be at the highest level of around 90% of the electronic system of risk, for all kinds of inspections, and not only for the VAT refund. For the automatic selection, the electronic system of risk should not be focused only for VAT, but also on other types of taxes (e.g. tax on the revenues and tax on profit).
4. Tax inspectors should be appointed according to the profile of the taxpayers (small, medium and big taxpayers) and as per sectorial specifics (restructuring of the GTD organigram).
5. The threshold for cash transactions for the VAT refund scheme for farmers remains still object of discussion and debate among stakeholders, institutions and private sector.
6. Unification of investigating structures and inspection of Tax and Customs Administration.
7. Computerisation (e-filing, online statements, exchange of information etc.) of systems between the administration institutions and online exchange of information, such as Tax, Customs, IPRO, Directories of Transport etc.
8. Organisation of mutual training programmes between the business and administration in preventing disputes. In the meantime, it is suggested continuous training and common between the Administrative Courts, Tax and Customs Administration via the school of Magistrate with the support of business associations such as Albanian Association of Banks. This would help also in the unification of practices for the administration and the Judicial. To be foreseen in the annual work programmes of the School of Magistrate and GTD and GCD (*Common discussions in continuity Business – Central Inspectorate-GTD*)
9. State Advocate Office, through its active role with interpretations for legal matters of general character for the entire public administration. For this purpose are necessary also legal amendments to the Law No. 10018 dated 13.11.2008 “For the State Advocate Office” (*pending draft*).

Provision of tangible incentives for investors and businesses (*Approved with DCM No.579 dated 03.08.2016, Guide of Investment Policies – with the objective, the development of unified law for investments which will have also the list of incentives for the local or foreign businesses until February 2018.*)



*IN 30 MONTHS, CONSULTED:*

- *53 Laws + Codes,*
- *8 National Strategies,*
- *78 By-laws*

*IC recommendations tackle:*

- *17 Laws,*
- *13 by-laws*

## OTHER PERFORMANCE INDICATORS 2015-2017

Description	Number
Presentations in public events	15
Consultations with Companies & Associations	188
Consultations with state institutions	93
Participation in Focus Group Meetings	118
Interviews in the media	7
Website news on IC & Secretariat activities	50
Website views	54,748
Website users	9,874
Award(s)	1
Audience in e-newsletter	430
Business reached by e-mail	Around 10,000