

DRAFT SUMMARY OF MINUTES
INVESTMENT COUNCIL (IC)
MEETING XXXI

“For Improving the Quality of Digitalised Public Services Provided to the Business”

Tirana, 6 October 2023, 11:00 – 12:30

The meeting was chaired by the Minister of Finance and Economy and IC Chair, Mr Ervin Mete. The meeting was attended by 14 IC members and around 30 observers - representatives of local and foreign business associations and state institutions in Albania.

Opening of the Meeting by Minister Ervin Mete – IC Chair

In his opening speech, Minister Mete expressed his appreciation for the work of the Investment Council over the years, describing it as a successful tripartite platform for discussion and exchange of ideas. Minister Mete thanked Minister Ibrahimaj and the Secretariat of the Council for their work and expressed gratitude to the EBRD for the support provided. Then, Minister Mete mentioned the positive results of a survey conducted by the Secretariat related to digitalisation, emphasising that businesses express awareness and satisfaction with online services due to the reduction of administrative burden and abusive practices. He confirmed the Albanian Government’s commitment to improving digitalisation and promised to give due consideration to the Council’s recommendations for the improvement of the business climate. Minister Mete thanked for the wide participation in the Council and emphasized the belief that mutual communication will serve all parties. Furthermore, he urged IC members to actively engage in the budgeting and drafting process of the fiscal package for 2024.

Presentation of the Secretariat’s analysis

Ms Diana Leka (Angoni), IC Secretariat, briefly presented the findings of the study prepared through consultation with important representatives of the public and private sector, three consultative meetings at the technical level with 55 participants, desk research and an online survey with 324 companies. The study offers 11 recommendations that address areas such as the responsibility of institutions for re-engineering services, business education and awareness, the digital capacity of public administration, security, assistance, complaints, online payments and other technicalities.

Summary of key discussions

Minister Ervin Mete, MFE, emphasized the significance of data-driven discussions with businesses, highlighting the unique aspects of the Investment Council compared to similar platforms. He positively assessed the recommendations outlined in the Secretariat’s technical note and emphasized that these recommendations are in line with the government’s program and the Albania 2030 Strategy, recently approved. Minister Mete further stated that all comments arising from the discussions in this table will be documented and appended to the recommendations. He also stated that he has requested from the Secretariat an inventory of all unimplemented recommendations to evaluate progress and determine a realization coefficient.

Mr Ervin Prençe, Pro Eksport Albania, highlighted two significant issues during the discussion:

- First, *the issue of costs* associated with digital signature renewal and fiscalization. Preņçe suggested that these costs should be determined using a standardized methodology, as applied in other countries. He proposed that the fees be based on the average salaries of employees who utilize these services, emphasizing that the current fees are disproportionately high compared to reality, bringing as an example the cost of 4000-4800 ALL for the renewal of the electronic certificate for fiscalization.
- Secondly, the *technical difficulties* encountered during bank payments, due to the lack of a proper terminology. For example, in cases where the company pays from the business account, the application is rejected because it is not specified that the payment was made from the business account, forcing the business to restart the payment process from the beginning and miss the deadlines. Preņçe suggested that this situation can be handled with clarifications and cooperation between the involved authorities and businesses. He proposed to consider the possibility of creating an express service for those businesses who wish to receive the service faster, even at an additional cost, in order to mitigate delays and enable businesses not to be negatively affected by these challenges.

Mr Enio Jaço, American Chamber of Commerce, appreciated the work of IC and the significant role played by AmCham within it. He went on to share some general remarks concerning digital services, emphasizing that AmCham has already put forth specific recommendations for digitalization. He stressed the importance of digitalization in the modernization of the Albanian economy, aiming to reduce informality and combat money laundering. Additionally, he expressed appreciation for the Investment Council's initiative to track unimplemented recommendations as a means to enhance the Council's effectiveness.

Mr Ardian Lekaj, Diaspora Business Chamber, underscored a notable issue in Albania regarding the lack of follow-up actions, meaning that no measures are taken after the respective analyses, which is crucial for implementing the Council's recommendations. He also raised two specific concerns:

- Firstly, he emphasized the need to *facilitate the procedure for issuing residence permits for foreigners*, especially when the administrator is a foreigner. The current procedure is complex and poses significant challenges for foreigners, and opening a bank account adds to these difficulties.
- The e-Albania platform is a success, but *user profiling is needed* to distinguish whether those who use this service are Albanians or foreigners. This information is important to create a better investor profile and improve the utilization of diaspora funds for the country's economic development.

Minister Ervin Mete, MFE, expressed his appreciation for the presence of diaspora representation in the Investment Council. He shared the opinion that it is important to reconceptualize the connection between the Albanian economy and the diaspora and exchange flows with the diaspora community. He proposed a transition from simple remittance formats ("one-way street") to more advanced investment formats ("two-way streets"), where capital funds are invested in the country and contribute to the country's development. This process would have two-way benefits, as it would not only affect the economic development of the country but would also be profitable for those who invest these funds. In this spirit, he suggested the organization of a special meeting, which could be organized either through the IC or the Diaspora Chamber, to explore more sophisticated economic, financial, and investment exchanges with the diaspora.

Ms Natasha Ahmetaj, Bank of Albania, acknowledged the importance of the discussion topic and emphasized the critical role of education and innovation in driving economic growth and development in the country. She highlighted the proactive role of the Central Bank in addressing

issues before they escalate, citing the significance of the Payment Service Law, which has made advanced and high-quality payment services similar to those in developed European countries a possibility. This law has enabled the implementation of an advanced payment system and improved payment services' quality.

The adoption of this law has also paved the way for Open Banking and the addition of payment service agents, expanding payment services into areas not efficiently covered by the banking system. She also said that, although there is no exact information on the matter, it may be that in order to facilitate the process, AKSHI is exploring the possibility of creating a single interface platform with the payment service for online payments of public services.¹

She also discussed the forthcoming implementation of Open Banking in January 2024, highlighting its potential to enhance competition in the payments sector and reduce cross-border payment costs through integration into the SEPA payment platform, benefiting both businesses and individuals.

Minister Ervin Mete, MFE, emphasized the significance of the SEPA initiative, highlighting that it is already a regional effort within the "Open Balkan" framework. He also mentioned that support for this initiative has been discussed at a recent meeting of finance ministers in the region with the World Bank. Mr Mete stressed that Albania is in an advanced position in this regard and can swiftly progress to take advantage of cost reductions and integration with other regional systems.

Regarding the opening of bank accounts for non-residents, he emphasized that this will require a detailed analysis due to the connection with elements of money laundering. He proposed a discussion between the Central Bank and the Anti-Money Laundering Agency (under the MFE) to address this issue and expressed his desire for this issue to be a point of discussion at the next meeting of the Investment Council.

Ms Ines Muçostepa, Union of Chambers of Commerce, highlighted the significance of two high-level meetings held within a week to enhance public services, signalling an opportune moment for taking significant steps to improve the business environment in Albania. She pointed out several key challenges:

1. The establishment of a "single window" for import and export is crucial for businesses engaged in international trade. However, she noted that the World Bank project in this area may not have been as successfully implemented in Albania compared to other regional countries. Ms Muçostepa called on relevant institutions, including the Ministry of Finance and Economy, to take measures to achieve this goal and assist businesses in obtaining licenses for international trade.
2. Many businesses continue to face challenges in obtaining "authorized exporter" status. She requested training support and more detailed information on the procedure.
3. Regarding electronic commerce, Ms. Muçostepa emphasized the need for facilities to develop electronic documents, digital signatures, and online payment solutions.

She also acknowledged some achievements in the field of procurement while expressing the importance of addressing business demands to further streamline this essential process. Ms. Muçostepa concluded by thanking the Secretariat for its efforts.

Minister Ervin Mete, MFE, provided an update on the progress of the World Bank's trade facilitation project, which is in its first phase and approaching completion. Discussions regarding the second phase of the project are underway, with plans to address challenges at border points

¹ Clarification of the Albanian Association of Banks (October 18, 2023): Banks are working to implement the digitization of public service payments, even though the project is beyond the foreseen time limits. It is intended to be tested with one bank first, and then with other banks. As a "pilot project" it is close to completion.

and certification laboratories. These interventions are aimed at overcoming trade and export impediments that have persisted. The project is not limited to Albania and regional countries; it is expected to extend to countries bordering the Western Balkans, offering access to the European Union market.

Mr Mete stressed Albania's readiness to explore additional interventions that would enhance connections with regional and European markets. He referenced the World Bank's economic growth projections for Albania, highlighting the need for improved connectivity with the European market. In this context, Mr Mete invited organizations and chambers of commerce to provide suggestions and collaborate, with the goal of enhancing trade relationships and exchanges. The proximity to the European market has played a positive role in the growth of the Albanian economy.

Mr Arben Shkodra, Union of Producers, highlighted two important issues that need to be analysed and discussed more broadly:

1. *Closed cycle of digitization of services*: While acknowledging improvements in the digitization of incoming services, Mr Shkodra stressed the importance of evaluating these advancements and establishing a plan for closing the entire digitization cycle. This should encompass data processing, which continues to rely on manual processes within state administration. Given that a significant portion of entrepreneurship in Albania comprises small and medium-sized businesses with limited digitalization knowledge, he underscored the need for a collaborative plan between the government and donors to facilitate the digital transformation of these businesses.
2. *Digital security*: There is a perception among businesses that digital security might be inadequate. He recommended taking measures and developing a transparent plan to enhance digital security.

Minister Ervin Mete, MFE, acknowledged the significance of the challenges presented by Mr Shkodra concerning service digitization and the digitalization of businesses. He emphasized that one of the primary challenges is boosting productivity, which hinges on factors such as skill alignment, infrastructure, and a favourable business environment, with technology and digitization being central to these considerations. Mr Mete expressed his alignment with these concerns and demonstrated a readiness to engage in discussions and explore European models for devising and implementing reforms to enhance business digitalization.

Minister Delina Ibrahimaj, Ministry of State for Entrepreneurship and Business Climate, expressed appreciation for the open and recurrent dialogue provided by the Investment Council (IC) for addressing business-related matters. She underscored the significance of deregulation and the digitization of services in Albania. She provided insights into the government's efforts to streamline processes, reduce timelines, and enhance the efficiency of service delivery through digital means. Ms Ibrahimaj also touched upon the state of cybersecurity, indicating that measures have been implemented to fortify protection and oversee cyber activities. Moreover, she highlighted the importance of training public sector employees and fostering collaboration with businesses to ensure that end-users possess the skills and knowledge necessary for the successful utilization of digital systems.

Mr Artan Xhiani, Confindustria Albania, commended the discussion on business challenges related to digital services and stressed the importance of broad business involvement in addressing these issues. Mr Xhiani highlighted some concrete issues for consideration and improvement:

- *Self-Care*: He acknowledged the efforts made for self-care services but proposed several enhancements. These included the need for a second user to safeguard sensitive data, a shorter window for closing self-care books, revising invoice dates for the previous month, and improving platform usability. Mr Xhiani also emphasized the importance of streamlining VAT amendments in purchase books.
- *National Business Centre (NBC)*: He raised concerns regarding applications to the NBC, pointing out issues such as unclear instructions for each application, template responses that don't aid users in understanding the problems, and various technical and administrative challenges. He suggested the establishment of a helpline for addressing unresolved issues.
- *e-Albania*: He advocated for creating a second user with administrator-adjusted rights to enhance access and control.
- *Taxes*: He highlighted difficulties related to tax liabilities and certifications for their repayment, emphasizing the need for improvements to facilitate reporting and processing by companies.

Mr. Xhiani called for increased cooperation and communication with institutions to resolve these issues and expedite responses to businesses.

Minister Ervin Mete, MFE, requested the Secretariat to include representatives of the respective platforms (NBC, AKSHI, etc.) in other meetings.

Minister Delina Ibrahimaj, explained that regarding the first issue, steps have already been taken to simplify and streamline services. They have identified around 64 institutions and 750 procedures that require intervention to reduce administrative burdens and documentation for service provision. They have also engaged with businesses through a questionnaire conducted by Confindustria Albania to identify specific areas that need improvement. The approach involves analyzing business-provided data, and forming teams with representatives from relevant industries and line ministries, ensuring efficiency and continuity in the process.

Ms Ekaterina Solovova, EBRD, congratulated Minister Mete on his new role and extended her best wishes for his success as the chair of the Investment Council. She also thanked Minister Ibrahimaj for her dedicated two-year tenure as the IC chair. Appreciation was extended to the Swiss Government/SECO for their continued support for the Secretariat and commitment to implementing specific IC recommendations. Ms Solovova also thanked all IC members for their active participation, acknowledging their collective efforts in making this platform highly effective.

Regarding digitalisation, Ms Solovova noted that this is one of EBRD's strategic priorities on a global scale, particularly in terms of assisting the private sector. The Bank has offered such assistance through advisory services aimed at enhancing SMEs' digital capabilities, as well as through support to improving the e-Permits platform, establishing an e-Farmer portal, etc.

She highlighted that in most countries where EBRD operates, the private sector tends to be more advanced in digitalisation compared to the government. In contrast, Albania has demonstrated a unique advancement, with almost all public services being available online. However, there are areas for improvements, for example with the Cadastre where issues that delay and impede transactions have been reported by partner banks.

Considering the discussions during the meeting as highly productive and the recommendations particularly noteworthy, Ms Solovova emphasised EBRD's willingness to support the implementation of certain recommendations.

Mr Hubert Perr, EU Delegation, congratulated for the discussions between the public and private sectors at this round table. He highlighted several key points:

1. *New EU Progress Report*. In this report, the EU evaluates the progress in the field of digitization, emphasizing its role in improving efficiency, effectiveness and transparency. Digitization is seen as essential for the provision of digital services, the formalization of the economy, the increase of transparency and the fight against corruption.
2. *Cooperation*. Cooperation is a fundamental aspect of the EU Delegation's work, with a focus on leveraging digitalization to achieve objectives. They are actively engaged in various programs aimed at promoting digitalization. Ongoing studies conducted by the EBRD and World Bank are assessing broadband coverage in Albania, which will benefit businesses. Additionally, there is a study by the European Commission aimed at investing in laptops for schools to teach IT skills to children from a young age. Collaboration with the Cadastre is ongoing, although it presents challenges. Efforts are being made to identify the best ways to provide support in this regard. Another significant initiative is the development of an integrated case management system for the justice sector. Enhancing efficiency, effectiveness, and transparency in the justice system directly impacts the business environment.
3. *Accelerating integration*, especially in areas such as SEPA payments and reducing roaming charges, is essential for economic development. In terms of economic development, the EU is working on a growth plan. In order to accelerate the integration, there will be accelerated support for the Balkan countries in this process.

Mr Agim Rrapaj, KASH, expressed his appreciation for one of the Secretariat's agriculture-related recommendations. He emphasized the need for courage in making such recommendations and expressed support for the Minister's suggestion to make an inventory of the Investment Council's recommendations. This inventory would provide insights into the progress of recommendations and the platform's success both now and in the future.

1. Mr. Rrapaj noted *dissatisfaction with the services provided by the National Business Centre (NBC)*, particularly citing issues related to the efficiency of Farmer's NIPT at the Industrial Directorate. He suggested that a review of these services should be considered.
2. He highlighted that the private sector has already started using electronic platforms, and it's crucial to emphasize the use of the EBRD's portal for farmers. Additionally, he stressed the importance of *collaboration between these platforms* to address a gap in the sector related to data collection and dissemination, which private platforms are best suited for.
3. Mr Rrapaj underscored the need for a dedicated budget for maintaining these platforms. He mentioned that the Ministry of Agriculture has a specific budget and urged the Ministry of Finance and Economy to monitor it to ensure sufficient funds for the digitization process. Misunderstandings have arisen regarding the budget allocated by the World Bank for digitizing the livestock sector. Without a designated budget, the system will continue to operate with limitations.

Minister Ervin Mete, MFE, expressed the need to organize a special meeting with the Ministry of Agriculture to address agricultural-related issues, including budgetary matters, the fiscal package, and the ongoing Census conducted by INSTAT, which is expected to yield crucial data for the agricultural sector. Emphasizing the significance of agriculture as a substantial contributor to the Gross Domestic Product (GDP), Minister Mete proposed a collaborative meeting with development partners, including the EBRD, the EU Delegation, and the World Bank, to discuss and tackle agricultural issues.

Ms Diana Leka, IC Secretariat, explained that the monitoring of IC recommendations has been a proper function in the Secretariat for 4 years, where IC members are systematically informed on the progress of the recommendations. The IC Recommendations Progress report highlights areas where progress has been made and identifies ongoing work to implement the recommendations. Recently, at the request of the new IC Chair, an in-depth analysis was conducted on unimplemented recommendations, with four priorities identified:

1. Informality – The need for designing a strategy against informality and its impact.
2. Stability of fiscal legislation – Continuous changes and their impact on companies and the state budget.
3. Export strategy and the possibility of creating an export portal – Current situation and steps to be taken in this direction.
4. Draft unified investment law.

Also, Ms Leka informed that, at the request of the new IC Chair, the topic for the next meeting for 2023 was put to a vote among the members and the two most voted topics were:

1. Stability of fiscal legislation – Impact analysis and changes in fiscal legislation.
2. Maximizing investment potential – Investments from local, foreign and diaspora investors & their impact on increasing the added value in the country.

Minister Ervin Mete, MFE, thanked for the information provided and stressed the need for more detailed recommendations from the Investment Council. He noted that some of the topics in the recommendations are too broad, such as informality and fiscal legislation stability. To address these issues effectively, the minister highlighted the importance of examining them in greater detail. For example, in the case of informality, it is crucial to identify specific aspects that can be addressed and outline concrete recommendations, along with an assessment of how they have been addressed. Similarly, regarding the stability of fiscal legislation, a comprehensive analysis should be conducted to determine which changes have occurred more frequently, which have been less effective, and which aspects should remain stable or undergo limited alterations. This detailed examination would help refine the recommendations and provide a clearer path for action.

Closing of the meeting

At the end of all discussions, Minister Ibrahimaj thanked the participants for their contribution and declared the meeting closed.

List of participants

Government representatives

1. Mr Ervin Mete, Minister of Finance and Economy/IC Chair
2. Ms Delina Ibrahimaj, Minister of State for Entrepreneurship and Business Climate
3. Ms Natasha Ahmetaj, Deputy Governor of the Bank of Albania
4. Ms Laura Plaku, CEO, AIDA

Business representatives

1. Mr Loritan Prespa, Deputy Chair, delegated by Mr Nikolin Jaka, Chair, Tirana Chamber of Commerce and Industry
2. Ms Ines Muçostepa, Chair, Union of Chambers of Commerce and Industry
3. Ms Antonela Hako, Chair, Women's Economic Chamber (WECA)
4. Mr Arben Shkodra, General Secretary, Union of Albanian Producers
5. Mr Enio Jaço, Chair, AmCham Albania
6. Mr Ardian Lekaj, Chairman, Albanian Diaspora Business Chamber
7. Mr Doranin Agalliu, Institute of Authorized Accounting Experts (IEKA) (*ad-hoc*)
8. Mr Agim Rrapaj, Chair, Albanian Agricultural Council (*ad-hoc*)

International partners

1. Ms Ekaterina Solovova, Head of the EBRD Resident Office in Albania
2. Mr Hubert Perr, Head of Cooperation, EU Delegation

Absentees:

1. Mr Emanuel Salinas, Country Manager, World Bank Albania
2. Ms Laura Qorlaze, Country Representative, IFC
3. Mr Bilal Kara, Chair, Chamber of Commerce and Industry Albania - Turkey (ATTSO)

Special guests:

1. Ms Vasilika Vjero, Deputy Minister of Finance and Economy
2. Mr Endrit Yzeiraj, Deputy Minister of Finance and Economy
3. Mr Philipp Arnold, Deputy Chief of Mission, Embassy of Switzerland in Albania

Other participants:

Former IC business members

1. Mr Artan Xhiani, Board Member/Expert, Confindustria Albania
2. Ms Gerta Bilali, CEO, Confindustria Albania

Other representatives

3. Mr Edvin Preçe, Chair, Pro-Eksport Albania (PEA)
4. Mr Neritan Mullaj, CEO, AmCham Albania
5. Ms Linda Shomo, Chair of Digitalisation Committee, AmCham Albania
6. Ms Alda Bakiri, Secretary General, Italian Chamber of Commerce and Industry
7. Ms Marlinda Zotaj, CEO, Advantage Austria
8. Ms Ardita Seknaj, Secretary General, ICC Albania

9. Mr Denald Tafani, Chair, Hellenic Business Association
10. Ms Esmeralda Ballesha, Center for International Private Enterprise (CIPE)
11. Mr Bashkim Sykja, Chief of Cabinet, Tirana Chamber of Commerce and Industry
12. Ms Albana Laknori, Secretary General, Tirana Chamber of Commerce and Industry
13. Ms Adelinda Farriçi, Secretary General, Association for Local Autonomy
14. Mr Aleko Proko, CEO, Union of Manufacturers
15. Mr Gledis Shehu, Independent Expert
16. Ms Nuriona Bërdica, Independent Expert
17. Mr Reinaldo Pipiria, Chair, National Albanian Real Estate Association (NAREA)
18. Mr Dritan Mezini, Chair, AITA
19. Ms Brunilda Kostare, Legal Advisor, Association of Banks
20. Mr Ervin Avrami, Deputy Board Chair, Association of Builders
21. Ms Soana Jaupllari (Teka), CEO, Albanian Diaspora Business Chamber
22. Ms Tiziana Domi, Project Coordinator, SWISSA
23. Mr Keler Gjika, Senior Financial Sector Specialist, World Bank
24. Ms Desarta Rapushaj, Head of SME Department
25. Ms Sigita Stafa, Programme Manager, Embassy of Switzerland in Albania
26. Ms Ledia Muço, Economic Affairs Advisor, EU Delegation
27. Ms Endrita Xhaferaj, Principal Counsellor, Governance and Political Affairs, EBRD