



MANIFEST

Challenges for bringing Albania's Economy forward in the next four years

FIAA acknowledges that during the past four years Albania had to meet major challenges and at the same time has initiated important steps to prepare the country for the future.

The unexpected pandemic lockdown imposed since March 2020 and the consequential economic damage, has impacted the economic development severely. The Government has responded with two aid packages addressing the most urgent needs of the economy. However, now Albania faces the need to stimulate growth and to attract foreign investment to make Albania fit for EU accession.

The Government of Albania has also brought forward the justice reform to some extent. However, looking at the state of the judicial system of Albania with the eyes of foreign investors, the remaining deficits continue to be a major problem. Foreign Investors Association appeal that the investment Climate in the country remains a key element to get improved. Legal certainty and tax clarity remain serious challenges, in particular to foreign investors. There is need for significant legislative and procedural improvements.

FIAA requests all major political parties to voice their positions on the major challenges for Albania:

1. Need for immediate action on improving the Albanian judicial system, in particular

- Efficient start of the Constitutional Court as early as possible, ensure the proper staffing of all other courts, in particular the Supreme Court, the Courts of Appeal and the Courts of First Instance with judges who have passed the vetting and with young judges who ensure independence and impartiality.
- Aggressively pursue the fight against corruption on all levels of Government.

2. Need for improved tax procedural rules, ensuring in particular

- Binding framework for obtaining advance tax rulings, making obligatory for the tax administration to respond within a reasonable time frame to requests for advance rulings.
- Publish all tax rulings issued so that other taxpayers may follow the same treatment.
- Respect the deadlines for VAT reimbursement to allow for reliable cash planning of all businesses, and obliging the Government to pay interest in case of late payment (automatic interest to be calculated from e-tax system with no need for a request from the taxpayer).
- Ensure Alignment of position within the government agencies (there are conflicting positions between ministries or agencies, (ie AKBN rulings are challenged by tax rulings).

- 3. Improve permitting process to reflect needs of specific industries** and reduce the delays for obtaining construction permits by streamlining the procedures of the National Council of Territory Adjustment and all other authorities of national and local government responsible for granting construction permits. Definition of binding timelines for granting permits.
- 4. Ensure better coordination between local authorities and central government to avoid arbitrary actions against businesses located in different administrative areas of Albania.**
- 5. Improve the dialogue with Business and ensure proper responsiveness of the responsible institutions with whom foreign and domestic investors work in Albania.**
- 6. Support the further digitalization of the public administration and in particular, in terms of data sharing with private entities for faster, safer and higher service delivery towards Albanian businesses and citizens.**
 - Invest in e-signature capacities, let it be physically in terms of public technological infrastructure, or legally in terms of its recognition from tribunals;
 - Digitize but also optimize: invest in faster and safer delivery of public certificates (tax, property, penal etc.) that are already digitalized, but not sufficiently efficient yet to deliver them to the final beneficiary;
 - Support the rapid deployment of digital biometric ID-s as a mean to lower risks in the eve of the rapid increase of digital transactions including the activation of the digital options that the ID has (code, reading of the biometric data from third parties, etc);
 - Invest in the creation of a Private Credit Data Bureau, thus increasing the access to finance for population and small entrepreneurs, but also allowing for a higher & safer cross-check by private institutions of the data of those businesses and individuals that are mostly exposed to financial risks but also other risks, such as fraud, criminal or other illicit risks.
- 7. Create a “Fund of funds” (Guarantee scheme) in order to ensure a higher protection level for businesses in cases of environmental disasters or widespread crisis such as the one we are living currently under the Covid19 pandemic.**
 - In regard to environment hazards and earthquakes, the further expansion of insurance products, for businesses and farmers, appears to be the right way forward.
 - The guarantee scheme, should be inclusive, generalized and covering all financial intermediaries serving in particular farmers and small businesses that are vulnerable to crises.

8. **Support economies of scale by combining public grants and private funds so more impact can be achieved, with a special focus the rural economy/agriculture, considering the challenging period Albanian economy is currently undergoing.**
9. **Increase public investment on professional education and with the objective to spread the entrepreneurial culture among young generation by boosting incentives, supporting schemes, educational instruments etc.** Beyond the innovation spectrum, professionalism, employment at home and entrepreneurship should be promoted as a clear alternative to illicit rapid gains and immigration.
10. **Ensure high focus on competitiveness to promote investments.** Introduce clear provisions in the law stating that new projects are granted through a competitive process rather than through direct negotiations with the new investor.

***On Behalf of the Foreign Investors Association in Albania
The Board of Directors***



***Dr. Constantin Von Alvensleben
President of FIAA***

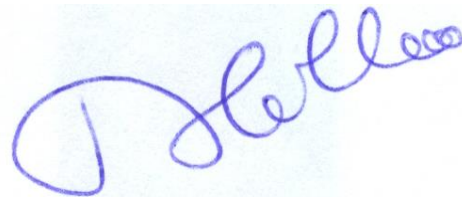


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