

Improving the Business Climate – Boosting Investment- Proposals from International Investors in Albania

by Alina Kunde, Felix Schwickert, Elvis Zerva and Dr Ricardo Giucci

NO 01 | FEB 2025

POLICY STUDY
ALBANIA

About the German Economic Team

Financed by the Federal Ministry for Economic Affairs and Climate Action, the German Economic Team (GET) advises the governments of Ukraine, Belarus*, Moldova, Kosovo, Armenia, Georgia and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.

**Advisory activities in Belarus are currently suspended.*

CONTACT

Felix Schwickert, Project Manager Western Balkans
schwickert@berlin-economics.com

German Economic Team

c/o BE Berlin Economics GmbH
Schillerstraße 59 | 10627 Berlin
Tel: +49 30 / 20 61 34 64 0
info@german-economic-team.com
www.german-economic-team.com

Our publications are available under
<https://www.german-economic-team.com/aktuelles/>

Implemented by



About the Foreign Investors Association of Albania (“FIAA”)

The Foreign Investors Association of Albania (“FIAA”) is a member-driven business association that is dedicated to working towards the enhancement of Albania’s investment climate by facilitating dialogue and cooperation between investors and public institutions in the country. It has over 25 years of experience in acting as a supporter and advocate of foreign investors in Albania and in delivering professional services to them. It is the largest active institution representing foreign investors in Albania.

CONTACT

Marinela Jazoj, Executive Director
contact@fiaalbania.al

Foreign Investors Association of Albania

Str. Themistokli Gërmenji, Building No.8, 2nd floor, Ap.9
Tirana, Albania
Tel: +355 4 222 555



Content

- 1. Introduction 1**
- 2. Approach and methodology 2**
- 3. Recommendations in the field of taxation..... 3**
 - Tax-1: Legal uncertainty and tax compliance 3
 - Tax-2: Tax audits 5
 - Tax-3: Prepayments of corporate income tax (CIT) 6
 - Tax-4: Tax appeal mechanism..... 8
- 4. Recommendations related to private sector development..... 10**
 - Private sector development-1: Financial support schemes..... 10
 - Private sector development-2: AIDA as the main partner of foreign investors 11
 - Private sector development-3: Export promotion..... 13
- 5. Recommendations in the field of data privacy and cybersecurity 15**
 - Data privacy & cybersecurity-1: Implementation of data protection regulation 15
 - Data privacy & cybersecurity-2: Security of Albania’s broadband network 17
- 6. Recommendations concerning general law 19**
 - General-1: Property rights and land ownership 19
 - General-2: Public consultation..... 21
- 7. Conclusion 23**

1. Introduction

The Albanian economy has been growing steadily since 2021, with real GDP increasing by 3.4% in 2024.¹ This growth is mainly driven by a robust tourism sector and a rapidly expanding construction industry. Foreign direct investment (FDI) also plays an important role in Albania's economic development. Throughout the last 10 years, Albania has consistently attracted high FDI inflows. This has led to a significant increase in the FDI stock from 32.5% of GDP in 2014 to 60.3% in 2022. Thanks to this positive development, Albania today has one of the highest FDI stocks in the region. The importance of FDI from the European Union has increased substantially, accounting for 53% of the FDI stock in 2022.² Key sectors for foreign direct investment are real estate, extractive industries, banking and insurance, and energy. However, despite these positive trends, there is still considerable room for larger flows and more diversified FDI, given that several barriers continue to affect the business climate in the country.

This study aims to identify the main challenges faced by investors in Albania and to provide concrete recommendations for improving the business climate. To this end, we identify some of the concrete challenges faced by investors, as well as suggestions on how to address these challenges. Both are based on in-depth interviews with business representatives in Albania, which were conducted by the German Economic Team and resulted in a set of proposals for improving the business climate in Albania.

Fundamental issues such as a large informal sector and weak rule of law negatively affect the investment climate in Albania and were discussed prominently in the interviews we conducted. While tackling these issues is of paramount importance, in this study we focus on specific problems which can be readily solved by the Albanian government.

The report is structured as follows: Chapter 2 presents the methodological approach, Chapter 3 discusses specific proposals in the area of taxation, Chapter 4 focuses on private sector development, Chapter 5 covers data protection and cybersecurity, and Chapter 6 formulates recommendations for changes in general law. The final chapter presents overall conclusions.

¹ IMF (2025). Albania: 2024 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Albania. Link:

<https://www.imf.org/en/Publications/CR/Issues/2025/01/24/Albania-2024-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-561199>

² F. Schwickert & R. Giucci. (2024). 10 years Berlin Process. Economic development in the Western Balkans since 2014s. Link: <https://www.german-economic-team.com/publikation/10-years-berlin-process-economic-development-in-the-western-balkans-since-2014/>

2. Approach and methodology

This study presents recommendations to improve the business climate in Albania, derived to address problems identified by international companies operating in the country. The primary objective was to develop recommendations that tackle problems which businesses consider essential for their daily operations. To achieve this, the study followed a bottom-up approach, using a questionnaire prepared by the German Economic Team (GET). The questionnaire was distributed to member companies of FIAA (Foreign Investors Association of Albania), DIHA (German Business Association in Albania) and the German AHK.

The recommendations and problems identified by the companies were subjected to a thorough review process. While some of the feedback provided straightforward ideas for reform, others highlighted more complex challenges that required deeper analysis. To address these, we conducted face-to-face interviews with selected respondents during a fact-finding mission in Dec-24, allowing for in-depth discussions on their challenges and proposed solutions. Following these interviews, we involved GET experts, external specialists, and local partners to ensure the proposals were aligned with broader reform goals, such as promoting competitive markets, advancing EU integration, and supporting sustainable growth.

3. Recommendations in the field of taxation

Recommendations in the field of taxation	
Tax-1	Legal uncertainty and tax compliance
Tax-2	Tax audits
Tax-3	Prepayments of corporate income tax (CIT)
Tax-4	Tax appeal mechanism

Tax-1:

Legal uncertainty and tax compliance

Responsible government institutions: Ministry of Finance; General Tax Directorate

Legal act concerned: law 9920/2018 “On Tax Procedures”, law 29/2023 “On Income Tax”

Problem for companies

Companies in Albania find that tax compliance is very costly in terms of time and money. They find tax procedures unpredictable due to frequent changes in legislation and legal inconsistencies. They claim grey areas lead to unfair tax assessments by the authorities, accompanied with penalties and interest for late payments.

A clear example is law 9920/2008, which, along with its instruction (24/2008), has been amended over 25 times, introducing hundreds of material changes. These constant revisions have altered the law’s original principles, creating confusion and unpredictability for taxpayers. Similarly, law 29/2023 “On Income Tax” illustrates the lack of stability in tax regulations. Despite input from taxpayers, academia, and business groups, the law has widened the gap between tax authorities and businesses. In its first year alone, it underwent three amendments and was partially invalidated by the Constitutional Court (Decision 52, dated 27.06.2024). While the court ruled certain provisions unconstitutional, businesses still lack clarity on whether these rules will apply in 2025.

Past reform measures and achievements

- » **Amendment to the Article 10 of law 9920/2008 in 2016:** to increase accountability, an amendment to law 9920/2008³ in 2016 required the tax administration to publish any technical decisions (specific rulings based on taxpayer requests) within 5 days from date of issuance as precedents on the General Tax Directorate’s website. Furthermore, the General Tax Directorate should publish in its website twice a year (respectively in July and December) the commentary on technical decisions issued grouped as per matters of concern.
- » **Medium-Term Revenue Strategy (2024–2027):** in response to challenges in Albania’s tax system, the Ministry of Finance introduced the Medium-Term Revenue Strategy (2024–2027) and its Action Plan, approved on 26.12.2024.

³ Article 10 of the law 9920/2008 “On Tax Procedures”.

The strategy aims to improve revenue mobilization through sustainable fiscal policies, administrative reforms, and combating tax evasion, with support from international partners such as the IMF and SIDA. However, it fails to address the need for a new tax procedures law, leaving the core issues of legislative unpredictability and inconsistent application unresolved.

Remaining issues

While the 2016 Amendment to the Article 10 of law 9920/2008 was initially effective, this measure has not been properly enforced. The General Tax Directorate is delaying response to ruling requests submitted by businesses and often it is reluctant to issue any technical decision. As a result, no updates on technical decisions have been published for 2022, 2023, and 2024, reducing transparency and leaving taxpayers without clear guidance.

Recommendations

While misalignments and contradictions in tax laws are common, especially in rapidly developing economies, Albania must take steps to improve legal clarity and predictability for businesses. These inconsistencies often cannot be fully foreseen during the law-making process, but they should be recognized and addressed systematically. A key instrument in this regard is the issuance of binding decisions⁴ by the tax administration. Additionally, introducing a tax code could help standardize and consolidate tax procedures, bringing Albania in line with international best practices.

1. Enforce the publication of technical decisions

- » Enforce the provisions of Article 10 of law 9920/2008 to ensure the regular and systematic publication of technical decisions by the tax administration. These decisions should be accessible on the official website of the General Tax Directorate, providing businesses with transparent and reliable precedents for specific tax scenarios.
- » Publish relevant technical decisions from Jan-22 to Dec-24, as binding information to help clarify uncertainties in tax norms. This measure can help to:
 - Gradually clarify uncertainties in the interpretations in tax norms
 - Enables to recognise contradicting norms for certain cases, that were not foreseen during the law-making process. Of course, in the case of conflicting norms for certain cases, the legislator is asked to amend the legislation accordingly.

2. Introduce a tax code

- » Introduce a new law on tax procedures, which should preferably be incorporated into a tax code. A tax code aligns with international best practices and would standardise and consolidate tax procedures accumulated over years in a predictable framework.

⁴ This concept works well in other countries, such as Germany, where it is called “verbindliche Auskunft”.

Tax-2:

Tax audits

Responsible government institutions: Ministry of Finance; General Tax Directorate

Legal act concerned: law 9920/2008 “On Tax Procedures”

Problem for companies

Companies struggle with tax audits, due to delays in audit timelines, inconsistent application of the risk-based framework, and the inability to file objections for desk audits. In addition, tax administration is seen as slow to respond, with unclear communication.⁵

Past reform measures and achievements

The tax administration has been a priority for policymakers and the business community in the last years to improve efficiency, reduce compliance costs, and build trust:

- » **Legislative Reforms (2016):** In 2016, the Ministry of Finance adopted a legal package with amendments to the law 9920/2008 “On Tax Procedures” to improve the relationship between the tax administration and businesses. The main changes included a clear definition of tax audit deadlines and reporting rules, as well as taxpayers' rights, a mandate for the tax administration to standardise tax practices and make them publicly available. A self-correction mechanism was also introduced, allowing taxpayers to self-correct tax returns without incurring penalties. The Tax Appeals Directorate has also been restructured, and appeal procedures have been improved to ensure fairness and efficiency. These changes, coupled with greater transparency (e.g., publication of FAQs, booklets, and annual reports), initially created a more business-friendly environment during 2016–2017.
- » **Digitalization initiatives (2019–2020):** Later, the focus shifted to improving the tax system via the fiscalization system consisting of introduction of e-invoicing during 2019–2020. The fiscalization system and e-invoicing was introduced to further streamline tax declarations, enhance efficiency, fight informal economy and minimize face-to-face interactions between taxpayers and administrators. However, frequent legal amendments have complicated the system, making it difficult for the tax administration to keep e-filing processes aligned with current rules.
- » **Medium-Term Revenue Strategy (2024-2027):** The current Medium-Term Revenue Strategy 2024-2027 acknowledges the challenges of tax administration and outlines several key initiatives to address them in the upcoming years, such as: (i) Designing a strategy for taxpayer service; (ii) Reduction of the average VAT refund time; (iii) Setting up a more structured framework for ensuring the integrity; (iv) engaging with taxpayers to consult on processes and services provided by the General Tax Directorate. While some of these activities are already underway, others remain in the planning or implementation phase.

⁵ This is also highlighted by the EU Progress Report 2024 for Albania, which noted 164 vacancies in the tax administration as of June 2024 (down from 181 in March 2023).

Recommendations

To address these issues, tax audits must be conducted strictly within legal frameworks and tax administration must improve its responsiveness by higher efficiency.

1. Ensure fair and efficient tax audits

- » The risk-based audit framework should be applied consistently. Existing framework should be updated with modern methodologies to ensure transparent approach for business. This approach minimizes unnecessary audits and also reduces administrative burdens for both taxpayers and administration.
- » If desk audits are conducted, objection procedures should be the same for both in-office and field audits.
- » Consider amending the law 9920/2008 on “Tax Procedures” in order to introduce penalties or administrative measures for tax inspectors conducting audits that are not based on legislation, lack proper justification, or contain significant errors.
- » Ensure full synchronization of deregistration processes between the National Business Centre (NBC) and the Regional Tax Directorates (RTD). When a business is deregistered by the NBC, this status should immediately update in the RTD's records to avoid unnecessary tax obligations or audits for businesses that are no longer operational.
- » If necessary, enhance the capabilities of technical professionals within the General Tax Directorate and tax inspectors within Regional Tax Directorates, by providing ongoing trainings and also perform regular internal assessments.
- » While the Medium-Term Revenue Strategy is a step in the right direction, sufficient resources must be allocated for its timely execution. Regular progress reports should be published to enhance transparency.

Tax-3:

Prepayments of corporate income tax (CIT)

Responsible government institutions: Ministry of Finance; General Tax Directorate

Legal act concerned: law 29/2023 “On Income Tax”, instruction 26/2023 “On Income Tax”, law 9920/2008 “On Tax Procedures”

Problem for companies

Under current tax rules, companies are required to make monthly or quarterly corporate income tax advance payments based on the two previous year's profits⁶. Companies complain that requests for reductions due to lower profits are often delayed and, in most cases, denied.⁷ While these prepayments are essential for the government's budget, they also present significant challenges for businesses. If not properly adjusted to reflect the current financial situation, these prepayments can lead to liquidity shortages, disrupt operations, or, in extreme cases, contribute to business closures.

⁶ As per a specific formular.

⁷ In contrast, increases in advance tax payments by the tax administration are nearly automatic if authorities estimate that the following tax period's income will exceed the prior period by more than 10% each month based on the first nine months.

Past reform measures and achievements

Article 63, paragraph 4 of law 29/2023 “On Income Tax”, provides the legal framework for reducing advance tax payments. It allows taxpayers to request a reduction if they can prove that their current-year profit will be significantly lower than in the preceding year. Instruction 26/2023 further outlines the arguments taxpayers can present, such as:

- » Decline in sales: A reduction in declared sales of over 20% in the last three months compared to the average monthly sales of the previous 12 months before those three months. Instalment reductions are made proportionally to the decline in sales.
- » Decline in purchases: A reduction in declared purchases of over 30% in the last three months compared to the average monthly purchases of the previous 12 months before those three months. Instalment reductions are made proportionally to the decline in purchases.
- » Significant reductions in business activity and income due to shortages of sales or work contracts, as well as the completion of contracts or public works that previously contributed to income.
- » Unforeseen disasters or damages causing a significant reduction in economic activity.
- » Closures of business lines or activities accompanied by substantial workforce reduction.

While these guidelines clarify the grounds for requesting reductions, they lack procedural specifics, such as submission formats (written or electronic) or evaluation timelines. In addition, companies claim that tax authorities often disregard the right to appeal CIT prepayment assessments.

Recommendations

To address these issues, instruction 26/2023 must be strengthened to establish a clear and efficient submission process, ensuring businesses know exactly when and how to request reductions and when to expect a response. Secondly, companies must have the right to appeal unfair rejections. Moreover, it may be worth considering greater flexibility in tax prepayments to better reflect the actual financial situation of businesses.

1. Strengthen Article 63.3 of instruction 26/2023

- » The submission procedure should be clearly defined. Ideally, these requests should be handled through the e-filing system.
- » The guideline should include clearly defined timelines for submitting, evaluating, and approving requests.
- » If a reduction request is denied, tax authorities should be required to provide a clear explanation for their decision.

2. Clarify right to appeal

- » The law 9920/2008 “On Tax Procedures” should explicitly clarify that companies have the right to appeal CIT prepayment assessments.
- » Appeals against CIT prepayment instalments should follow simplified procedures with shorter deadlines than general tax appeals, ensuring quick resolutions and reducing financial strain on companies.

Tax-4:**Tax appeal mechanism**

Responsible government institutions: Ministry of Finance

Legal act concerned: law 9920/2008 “On Tax Procedures”

Problem for companies

Companies complain that they have no real way to challenge tax decisions because the appeal process is slow and unfair. Many feel forced to take their cases to the overburdened Administrative Court, adding to delays and reinforce the problem, even though a Tax Appeal Directorate (TAD) exists. If TAD does not function effectively, it risks becoming more of an administrative burden than a practical solution, leading to inefficiencies and tied up resources for both companies and government.

Past reform measures and achievements

In 2016, Albania restructured the Tax Appeal Directorate through amendments to law 9920/2008 “On Tax Procedures” to address business concerns about its lack of independence and transparency. At the time, TAD used to decide on 96% of the cases in favour of tax administration. Key reforms included:

- » Reorganizing TAD as an independent entity under the Ministry of Finance, separate from the General Tax Directorate.
- » Two levels of appeals:
 - Level 1: Independent decisions for appeals up to ALL 20 m
 - Level 2: A collegial Commission for appeals over ALL 20 m, composed of representatives from the Ministry of Finance, General Tax Directorate, the State Advocate, and the Tax Appeal Director.
- » Ensuring decisions are binding on the tax administration, with only taxpayers having the right to appeal further to the Administrative Courts.⁸
- » TAD and Commission decisions to be publish online to serve as precedents.
- » Introducing a two-year rotation for Commission members to reduce entrenched interests and ensure impartiality.
- » Adoption of principles from the Code of Administrative Procedures, focusing on transparency, taxpayer hearing rights, and a structured and accountable process.

⁸ Code of Administrative Procedures and law 49/2012 “On Administrative Courts and Judgment of Administrative Disputes”.

Remaining issues

Following the restructuring of the Tax Appeal Directorate, the reforms had a positive initial impact by removing TAD from the forefront of business concerns. However, companies argue that the quality of proceedings remains insufficient⁹, with 63–73¹⁰ of decisions between 2020–2023 favouring the tax administration. In addition, TAD and Commission decisions are not published on the official website¹¹ as required by law, making it harder for both the tax administration and companies to interpret tax laws consistently. Moreover, the expected rotation of commission members has not taken place. Hearings, especially in the Tax Appeal Commission, do not always follow the Code of Administrative Procedure as required by law, which can weaken the right to be heard. In some cases, hearings feel more like formalities.

Recommendations

While the legislation is in place, the enforcement needs to be improved to make the appeal mechanism more efficient for both TAD and companies:

1. Enforce the current legal provisions for TAD

- » Systematically publish TAD and Commission decisions on the official website.
- » Implement the regular rotation of Commission members.
- » Publish annual reports, including quantitative and qualitative data on decisions and final administrative court outcomes to ensure that TAD and the Commission follow up with the cases.
- » Ensure that TAD and Commission members are well-informed and prepared for appeal cases and stick to the Code of Administrative Procedure. This can be supported by distributing minutes of hearing sessions to all attending members, serving as potential evidence in further court appeal proceedings.

⁹ FIAA, White Book 2021-2025 <https://fiaalbania.al/wp-content/uploads/2021/10/WhiteBook202-2025.pdf>

¹⁰ Investment Council.

¹¹ <https://arkiva.financa.gov.al/drejtoria-e-apelimit-tatimor/> or <https://financa.gov.al/apelimitatimor/>

4. Recommendations related to private sector development

Recommendations related to private sector development	
Private sector development-1	Financial support schemes
Private sector development-2	AIDA as the main partner of foreign investors
Private sector development-3	Export promotion

Private Sector Development-1:

Financial support schemes

Responsible government institutions: Albanian Investment Development Agency

Problem for companies

Several companies stated that not enough public promotional financing schemes, such as investment, innovation or digitalization grants or promotional loans are available to MSME in Albania. In addition, they criticized that applying for the support schemes available is often excessively complicated and that eligibility criteria as well as selection processes oftentimes seem obscure to them.

Past reform measures and achievements

To address these issues, the Government of Albania introduced law 43/2022, "For the Development of Micro, Small, and Medium Enterprises," as part of the "Business and Investments Development Strategy 2021–2027¹²". This law focuses on improving access to finance and fostering MSME growth through its Investment Attraction and Internationalization Framework. Under this law:

- » The Enterprise Development Fund (EDF) was established, financed annually by the state budget and administered by the Albanian Investment Development Agency (AIDA). Grants are accessible through clear, non-discriminatory criteria.
- » AIDA, with support from development partners such as the European Bank for Reconstruction and Development (EBRD), has developed a broader platform called "Access to Finance"¹³. This electronic portal aggregates financial support schemes and resources from a variety of sources, not limited to the EDF. It serves as a "one-stop-shop" for MSMEs, offering comprehensive information on financial opportunities provided by private and public, national and international institutions, organizations, and companies. Article 7 requires any institution providing financial support to MSMEs to notify AIDA at least five days before implementing their schemes, ensuring the portal's information remains up-to-

¹² Approved with Council of Ministers no. 466 dated 30.07.2021.

¹³ <https://aida-smefinance.gov.al>

date. The platform also features an e-newsletter subscription service to provide users with regular updates and news. Yearly calls for applications and ad-hoc notifications¹⁴ about financial schemes are published on AIDA's website.

Recommendations

Despite the successful launch of the "Access to Finance" platform, a lack of awareness remains among companies about the financial instruments available to them. In addition, many companies are not able to absorb the existing financial support because they still lack the capacity to manage the application processes. While in principle companies themselves are responsible to build up the capacities needed to benefit from financial support schemes, AIDA can also play a positive role in this regard.

1. Bring more attention to existing financing schemes

- » Popularise AIDA's success stories using traditional and digital tools. In such a way, awareness about promotional financial schemes can be raised among companies.
- » Deepen the cooperation with chambers of commerce and business associations to disseminate information about existing financial and other support programmes available to companies. For example, the "Consultative Council for MSMEs" could be used more extensively. It is a collegial body that was introduced in the above-mentioned law for the development of MSMEs and it serves as a platform for exchange between state institutions like AIDA and the business community.
- » Develop a detailed database of MSMEs, including profiles and contact points. This database would enable AIDA to better assess the specific needs, constraints, and opportunities of these companies regarding grant applications. It would also allow for better programming of budget funds. Additionally, information from the database could be used to individualize the existing notification-service for application openings and updates on the status of submitted applications, enhancing efficiency and outreach.

2. Support companies in absorbing existing financial instruments

- » Foster a private industry offering specialized consultancy services to help companies apply for grants and navigate the competitive application process.

Private Sector Development-2

AIDA as the main partner of foreign investors

Responsible government institutions: Albanian Investment Development Agency; Ministry of Economy, Culture and Innovation; Prime Minister's Office

Problem for companies

Foreign investors have indicated that in practice Albanian Investment Development Agency (AIDA) is not functioning as a main point of contact for them. AIDA currently does

¹⁴ <https://aida-smefinance.gov.al/testimonials>

not communicate efficiently enough with other government bodies on the behalf of investors. Instead, companies frequently have to navigate multiple other state institutions, have to resolve disputes with public administration on their own and need to turn to the Prime Minister's Office to obtain governmental decisions.

Past reform measures and achievements

AIDA operates under law 10303/2010, and its mandate is specified in a robust legislative framework. It is the main institution responsible for attracting foreign direct investment in Albania and is mandated to act as an intermediary between foreign investors and the Government of Albania. Specifically, AIDA is entrusted with the following tasks:

- » Supporting investors throughout the investment process.
- » Offering guidance and assistance to navigate regulatory and procedural requirements.
- » Providing access to up-to-date information.
- » Efficiently communicating with other government bodies on behalf of investors.

Recommendations

While AIDA is mandated by law to be a strong partner to foreign investors and their main point of contact, the institution is in practice not able to fulfil its mandate sufficiently. It is crucial to strengthen AIDA to enable it to execute its duties. At the same time, it is important that all institutions strictly adhere to their respective mandates and cooperate closely together, such that AIDA can efficiently coordinate on behalf of investors and can provide them with the information they need. Companies need a permanent contact point that is depersonalized, politically independent and equipped to swiftly provide support.

1. Improve the cooperation between AIDA and other public & private entities

- » Improve inter-agency coordination and centralize processes through a unified digital platform, enabling seamless communication and streamlined administrative procedures for investors.
- » Build stronger working relationships with other public and private entities, such as chambers of commerce and business associations, to enhance AIDA's ability to assist investors comprehensively.

2. Strengthen AIDA's institutional base

- » To effectively function as a strong partner to investors, AIDA needs greater decision-making authority. The Ministry of Economy, Culture and Innovation and potentially the Prime Minister's Office need to ensure that AIDA has the authority to make commitments to investors that are respected by other governmental institutions.

Private Sector Development-3

Export promotion

Responsible government institutions: Ministry of Economy, Culture and Innovation; Albanian Investment Development Agency

Problem for companies

Firms that produce goods for export stated that it is challenging to penetrate foreign markets because of a lack of governmental export promotion activities. They claimed that Albania lacks institutions like foreign trade chambers or dedicated foreign trade agencies and a comprehensive approach to economic diplomacy. Furthermore, firms complained that existing efforts focus too heavily on tourism promotion.

Past reform measures and achievements

- » The Albanian Investment Development Agency (AIDA) increased its collaboration with donors (e.g., German GIZ) and improved export-related information dissemination through its website.¹⁵
- » The Albania Business and Investment Development Strategy (BIDS) 2021–2027 prioritizes export promotion, aligning with EU frameworks¹⁶ like the SME Strategy and the Common Regional Market Action Plan.
- » The Ministry of Economy, Culture and Innovation (MEKI) committed to adopting the Export Promotion and Facilitation Programme by December 2025, following the subsequent timeline:
 - Assessment of the growth potential of industries/sectors/products and corresponding prioritisation (March 2025)
 - Programme design and business consultation (June 2025)
 - Adoption of the Export Promotion and Facilitation Programme (December 2025)

Recommendations

To more effectively promote the export of Albanian goods, MEKI and AIDA need to follow a comprehensive plan or programme that is in line with private sector needs, offer more export promotion services and need to closely coordinate with the Ministry for Europe and Foreign Affairs to make the best use of all structures available for export promotion.

1. Extend the current scope of export promotion services

- » AIDA should offer additional information, training and advisory materials for exporters, to help firms penetrate foreign markets. Updating and extending the existing export guide from 2017 would be a suitable initial step.

¹⁵ See for example: <https://aida.gov.al/en/?s=EXPORT+PROMOTION> ; <https://aida.gov.al/en/nmvm-eksporte/>

¹⁶ National Plan for European Integration (PKIE), the Economic Reform Program (ERP), the Common Regional Market (CRM) 2021-2024 Action Plan for the Western Balkan Six and the new EU SME Strategy.

- » AIDA should increase the Albanian presence in trade fairs for manufacturers by organising more Albanian pavilions and jointly marketing Albanian products within the existing “Made in Albania” campaign. It is also important to clearly outline to firms the selection criteria for participation in promoted trade fairs or to introduce a rotational system to give more firms the opportunities to participate.
- 2. Ensure the upcoming export promotion programme is in line with companies’ needs**
- » MEKI should ensure the finalisation and approval of the Export Promotion and Facilitation Programme within 2025 as per the updated timeframe. It is crucial that the programme includes input from businesses and foreign investors through comprehensive public consultations, in order to create a transparent and predictable export environment.
- 3. Cooperate closely with the Ministry of Europe and Foreign Affairs**
- » AIDA and MEKI need to cooperate closely with the Ministry for Europe and Foreign Affairs to increase the effectiveness of economic diplomacy and to efficiently use the Albanian embassies to promote the exports of Albanian goods.

5. Recommendations in the field of data privacy and cybersecurity

Recommendations in the field of data privacy and cybersecurity	
Data privacy & cybersecurity-1	Implementation of data protection regulation
Data privacy & cybersecurity-2	Security of Albania's broadband network

Data privacy & cybersecurity-1

Implementation of data protection regulation

Responsible government institutions: Information and Data Protection Commissioner

Problem for companies

So far, Albania's data protection laws were insufficiently enforced by the Information and Data Protection Commissioner (IDP).¹⁷ Poor implementation of data protection regulation has led to major personal data breaches in the past, which have deteriorated trust by international investors and business partners and have earned Albania an unfavourable reputation. This reputation makes it challenging for companies that handle sensitive data, especially those operating in the business process outsourcing (BPO) sector, to find international customers. Additionally, the currently weak enforcement of data protection regulations deters foreign investment and discourages incumbent companies to invest in compliance with data protection regulation, as it would result in a cost-disadvantage over non-compliant peers.

Past reform measures and achievements

To address the issue, Albania adopted law 124/2024 "On the Protection of Personal Data" in December 2024, replacing the outdated law 9987/2008. The new law aligns with GDPR and Directive (EU) 2016/680, introducing modern protections such as data portability, the right to be forgotten and privacy by design and by default. The law mandates comprehensive compliance measures for public and private entities, including risk assessments, certifications, and regular training. While it represents a significant step forward, many provisions will only enter into force two years after publication, leaving a window of opportunity to address existing enforcement weaknesses and raise awareness.

¹⁷ For reference, see e.g. the findings of the EU Progress Report for Albania (2024), which call to the government to improve the protection of fundamental rights, in particular, by fully aligning the current law 9987/2008 "For the Protection of Personal Data" with the EU acquis and enhancing institutional capacities as related to the monitoring, data collection, and empower the role of Office of the Information and Data Protection Commissioner.

Recommendations

Aligning Albania's legal framework to that of the GDPR has been an important step towards creating a better reputation when it comes to data protection. However, given the weak implementation of the previous law on data protection, it is obvious that creating the legal framework is by itself not enough. To ensure a decent level of data protection and to thereby earn a better reputation, more work needs to be done. We recommend further refining the legislative framework with suitable by-laws, strengthening the capacity of IDP to ensure it can enforce new legislation and taking initiative, together with the private sector, to enable companies to comply with the new legislation.

1. Strengthen the capacities of IDP

- » Strengthen IDP's skills and resources to enable it to effectively enforce the law, keeping pace with technological developments.

2. Further refine the legislative framework

- » Draft by-laws that provide a clear roadmap for enforcement. These by-laws should establish transparent methodologies for imposing penalties and clarifying compliance expectations.
- » Ensure broad stakeholder consultation, particularly by private-sector representatives, before adopting by-laws, to make certain that all provisions can be implemented in practice.

3. IDP and private sector representatives need to collaborate more closely to ensure successful implementation of new regulations

- » Chambers of commerce and business associations can serve as intermediaries and support businesses with guidance about the practical implementation of data protection regulations. Such guidance can be tailored to specific industries like BPO, banking and retail and may include the provision of templates, timelines and practical examples. Specifically, chambers and associations, in collaboration with the IDP could offer templates for
 - Creating impact assessments for data protection
 - Drafting data breach response plans
 - Drafting company-wide data privacy policies
- » IDP, in collaboration with chambers and business associations, could offer training sessions to companies to build up the necessary capacity for complying with the new law on data protection. Such trainings should inform participants about
 - Roles and responsibilities of data controllers and processors
 - Obligations of data protection officers (DPOs)
 - Legal requirements for obtaining and documenting consent
 - The purpose, scope and content of data protection impact assessments (DPIAs)

Data privacy & cybersecurity-2

Security of Albania's broadband network

Responsible government institutions: Ministry of Infrastructure and Energy; Electronic and Postal Communications Authority

Problem for companies

Albania's broadband network has been erected rapidly to connect Albanian residents to the internet. However, according to the companies we interviewed, the quality of the grid varies significantly across the country, with parts of the network using outdated and inadequate technology that poses risks to data protection and cyber security. The heterogeneous quality of Albania's broadband network stems from the fact that it is operated by over 200 small internet service providers (ISPs), some of which operate without proper permits (e.g. using aerial cabling without construction approvals). The multitude of smaller operators makes it necessary to define and strictly enforce minimum standards for grid operation. A secure and well-regulated broadband network is an essential cornerstone for creating a reliable digital infrastructure needed by all international investors, but first and foremost by companies from sectors that handle sensitive data, such as the banking, BPO and tech-sector.

Past reform measures and achievements

- » **Law 54/2024 "On Electronic Communications"**: adopted in 2024, aims to improve broadband infrastructure, align with EU standards¹⁸, and encourage investment in "very high-capacity networks" (VHCN), which include both fibre and advanced wireless technologies like 5G. The law creates a new framework in relation to the frequency spectrum, universal service regime, consumer protection rules, numbering and emergency communications, rules for access and market regulation.
- » **Western Balkan Investment Framework (WBIF) (2020-2022)**: supported by the Western Balkan Investment Framework (WBIF), a pre-feasibility study for the development of a broadband atlas was concluded in December 2022. The project created methodologies for the development of several maps, that give a territorial overview over broadband infrastructure design, services offered, internet demand, and broadband investment. However, the broadband atlas was not created so far.
- » **Establishment of a BCO (Broadband Competence Office)** as part of the Ministry of Energy and Infrastructure in 2024 to help achieve the EU Gigabit society objectives. The BCO acts as a national point of contact, providing technical support to local and regional authorities in the deployment of broadband networks.

¹⁸ Directive (EU) 2018/1972 of the European Parliament and of the Council "For the creation of the European Code of Electronic Communications".

Recommendations

So far, the Electronic and Postal Communications Authority (AKEP) was directed to adopt open licensing policies and technological neutrality, to enhance competition in mobile and fixed broadband. While this approach increased market participation, it might have contributed to market fragmentation and inconsistent service quality. It is beyond the scope of this study to assess whether some grid operators do not adhere sufficiently to cybersecurity standards, as our interview partners have warned. We therefore recommend that AKEP, as well as the Ministry of Infrastructure and Energy should closely investigate whether parts of the Albanian broadband network indeed pose risks to data protection and cyber security. Proceeding with the development of a broadband atlas as initiated by the Western Balkan Investment Framework would represent a tangible step in this direction.

6. Recommendations concerning general law

Recommendations concerning general law	
General-1	Property rights and land ownership
General-2	Public consultation

General-1:

Property rights and land ownership

Responsible government institutions: Prime Minister’s Office; State Cadastre Agency

Problem for companies

Companies report delayed projects and lost investment opportunities due to unclear land ownership and weak property rights. This issue is particularly critical in coastal areas for tourism projects and infrastructure developments, where disputes are common.

Companies claim that property records maintained by the State Cadastre Agency (SAC) are often inaccurate or outdated, with discrepancies between physical land boundaries and what is registered in cadastral records. A promised 3D cadastre has not been implemented and other digitalization efforts¹⁹ have not fully materialized. Additionally, many ownership disputes remain unresolved.

Albania's low ranking in the 2024 International Property Index²⁰ (82nd out of 125 globally, and 20th out of 25 in Central Eastern Europe and Central Asia) highlights the persistent problems.

Past reform measures and achievements

- » **Law 111/2018 “On Cadastre”:** established the State Cadastre Agency as the central institution for property registration, merging functions from three separate entities. The law aimed to harmonise procedures for registration, compensation, and legalisation while addressing inaccuracies in property records.
- » **Law 20/2020 "On the finalization of the transitory processes on property":** repealed seven prior laws to streamline property-related processes, addressing issues such as legitimising ownership titles, completing inventories of government-owned properties, regulating ownership in priority tourism areas, and registering illegal constructions.

¹⁹ European Commission (2024). Albania 2024 Report. Link:

https://enlargement.ec.europa.eu/document/download/a8eec3f9-b2ec-4cb1-8748-9058854dbc68_en?filename=Albania%20Report%202024.pdf

²⁰ <https://internationalpropertyrightsindex.org/>

- » **E- Albania platform:** in late 2023, the Government of Albania transitioned 71 SAC services online, utilising a FIFO methodology to process applications to reduce corruption. A fast-track channel was also introduced to expedite business and individual applications requiring urgent attention.

Recommendations

To address the main problem of insecure property rights, two key actions are proposed. First, preventing future disputes by ensuring all property records are registered, digitized and aligned with SAC. Second, resolving existing conflicts efficiently and in a timely manner.

1. Digitalise the cadastre

- » Conduct a nationwide audit of cadastral records to identify gaps, errors, and inconsistencies. Prioritize economically significant regions, as outlined in the National Reform Agenda for Growth Plan (e.g. tourism areas).
- » As this is a complex task, a comprehensive roadmap for digitization should be developed, including:
 - Assessing and securing the necessary infrastructure and technology (e.g. GIS systems and 3D mapping) before starting a full-scale digitization.
 - Allocate sufficient financial and human resources, if necessary, through technical assistance (TA).
 - Introducing tracking mechanisms to monitor SAC's performance, deadlines, and progress in resolving property-related issues. Private-sector stakeholders (e.g., chambers of commerce, business associations) and public-private dialogue platforms can also play a role in this process.
 - Prioritizing the digitalisation of the state property inventory and ensuring the information is published first to enhance transparency and facilitate brownfield investment.

2. Resolve overlapping and disputed ownership claims

- » Audit unresolved property disputes, focusing on restitution claims and overlapping titles.
- » Allocate specialized units within the SAC to mediate disputes, leveraging fast-track judicial processes where appropriate.
- » Provide regular updates on progress to the public, enhancing transparency and trust.

General-2:

Public consultation

Responsible government institutions: Prime Minister Office; Ministry of Economy; Culture and Innovation; Ministry of State for Public Administration and Anticorruption

Legal act concerned: law 146/2014 “On the Notification and Public Consultation”

Problem for companies

Businesses claim that laws often ignore their input, resulting in costly and impractical regulations. They argue that public consultations are inconsistent, draft laws are published late, and feedback is rarely acknowledged or integrated. This discourages further participation and creates a perception that consultation is a formality.

Past reform measures and achievements

- » **Law 146/2014 “On the notification and public consultation”:** established a framework for public consultation, covering draft laws, policies, and strategic documents.
- » **Establishment of the electronic register on notification and public consultation²¹:** Operational since 2018, improved accessibility by requiring ministries to upload draft acts, consultation plans, and reports in the Electronic Register.
- » **Open Government Partnership Action Plan 2023-2025²²:** with the approval of the Action Plan 2023–2025, the Government of Albania reaffirmed its commitment to the principles of open government. The plan recognizes issues related to the efficiency of public consultation. It proposes technical improvements (e.g. automatic notifications), but did not introduce legal amendments to fix structural issues.

Remaining issues

Although law 146/2014 aligns with EU recommendations for legislation on public consultation, there are shortcomings in both the law itself and its enforcement.

- » The law mandates consultations for draft laws and national/local policies of high public interest, however the law does not define what qualifies as “strategies and policies of high public interest” allowing ministries to selectively determine which policies require consultation, potentially excluding draft laws having an impact on business.
- » The law does not cover Council of Ministers decisions, which often have a direct and immediate impact on businesses (e.g., taxation, investment policies, procurement rules).
- » The law allows early-stage consultations (before a draft law is prepared), but does not specify when they should occur, leaving it to the discretion of ministries.

²¹ <https://konsultimipublik.gov.al/>

²² <https://ogp.gov.al/>

In practice, early consultations are rare, limiting businesses' ability to shape policies before they are finalized.²³

- » The law provides a grievance mechanism for consultation violations but fails to stipulate clear sanctions for non-compliance. As a result, ministries can bypass consultation obligations without consequences.
- » While the electronic register is widely used, businesses remain sceptical about its effectiveness due to weak interaction with feedback²⁴ - ministries rarely justify why stakeholder input is accepted or rejected, leading to low confidence in the consultation process.

Recommendations

Two things should therefore be done. Firstly, to optimise law 146/2014 in order to close the legal gaps, and secondly, to better enforce law 146/2014.

1. Optimize law 146/2014

- » Provide orientation on what are “strategies and policies of high public interest” (Article 2) to prevent selective exemptions and ensure business are consulted on policies affecting them.
- » Expand consultation requirements to Council of Ministers’ decisions and ministerial instructions (Articles 1, 4, and 15) affecting taxation, customs and procurement, ensuring businesses can provide input on financial and regulatory decisions impacting their operations.
- » Specify criteria for early-stage consultations (Article 12) to guarantee business engagement for laws with high financial impact on business and economy, ensuring early engagement in policy development.
- » Introduce administrative sanctions for non-compliance (Article 21) to enforce consultation rules and hold ministries accountable.

2. Strengthen enforcement of current provisions of law 146/2014

- » Ensure ministries publish Annual Public Consultation Plans and Public Consultation Reports in the electronic register and on their official websites in a timely manner²⁵ giving businesses advance notice of upcoming regulations.
- » Publish not only a summary of stakeholders' comments but also provide a clear rationale for accepting or rejecting their suggestions.

²³ The Ministry of Justice has set good examples, but these are not applied consistently across the government.

²⁴ As of today, the electronic register is used in around 95% of the cases as the primary instrument for public consultation.

²⁵ 31 Jan of the successive year for Annual Reports and 25 July for Semi-Annual Reports.

7. Conclusion

Businesses highlighted several areas for improvement, including the need for clearer tax legislation and procedures, as well as more effective public support through financial assistance and export promotion. Data protection, cybersecurity, and broadband network security were also identified as ongoing issues. Additionally, businesses emphasized the importance of improving the public consultation process, integrating businesses earlier, and addressing land ownership and property rights issues that affect many firms.

What many of these issues have in common is that they do not necessarily relate to the legislation itself, but mainly to its enforcement and to the level of involvement of the private sector in the process of drafting new legislation. This was also highlighted during our meetings with companies. Many firms acknowledged that Albania has made significant progress in recent years, particularly in improving its regulatory framework as part of the EU accession process. This impression is supported by international assessments, such as the OECD's "Competitiveness in South East Europe: A Policy Outlook"²⁶, which highlights that Albania now outperforms the average of the six Western Balkan economies in 13 policy areas. However, the speed of Albania's legislative reforms brings challenges in terms of involving the private sector in the creation of new legislation and ensuring the adequate enforcement of regulations. The enforcement of new legislation often lags behind, creating uncertainty for businesses. While the government moves quickly, many MSMEs struggle to keep up with regulatory changes and feel left out of the process. This was also seen in the interviews. To fully capitalize on the successful legislative reforms, the government must ensure not only stronger enforcement but also more effective communication with the business community.

²⁶ OECD (2024), Western Balkans Competitiveness Outlook 2024: Albania, Competitiveness and Private Sector Development, OECD Publishing, Paris, <https://doi.org/10.1787/541ec4e7-en>