



SPECIAL STUDY

The EBRD's Investment Climate Support Activities Case study: Albania

Regional

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Abbreviations

ABI	Annual Bank Investment
AIDA	Albanian Investment Development Agency
ASB	Advice for Small Businesses
BAS	Business Advisory Services
BEEPS	Business Environment and Enterprise Performance Survey
CEI	Central European Initiative
CESEE	Central, Eastern and South-Eastern Europe
CSEU	Civil Society Engagement Unit
DPL	Development Policy Loan
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EPG	Economics, Policy and Governance Department
EU	European Union
EvD	Evaluation Department
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ICGI	Investment Climate and Governance Initiative
IPF	Investment Policy Framework
KESH	Korporata Elektroenergjitike Shqiptare
LC	Local Currency
LTP	Legal Transition Program
LTT	Legal Transition Team
MoU	Memorandum of Understanding
NATO	North Atlantic Treaty Organization
NPL	Non-Performing Loans
OECD	Organisation for Economic Co-operation and Development
OSCE	Organization for Security and Co-operation in Europe
PFI	Participating Financial Intermediaries
RSF	Risk-Sharing Framework
SBI	Small Business Initiative
SME F&D	SME Finance & Development Department
SMEs	Small and medium-sized enterprises
SOEs	State-owned enterprises
TAP	Trans Adriatic Pipeline
TFP	Trade Facilitation Programme
WBIF	Western Balkans Investment Framework

EBRD Investment Activities in Albania

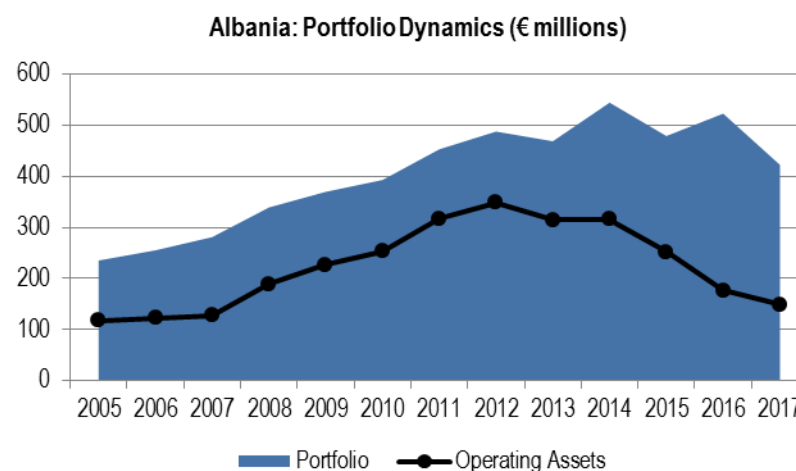
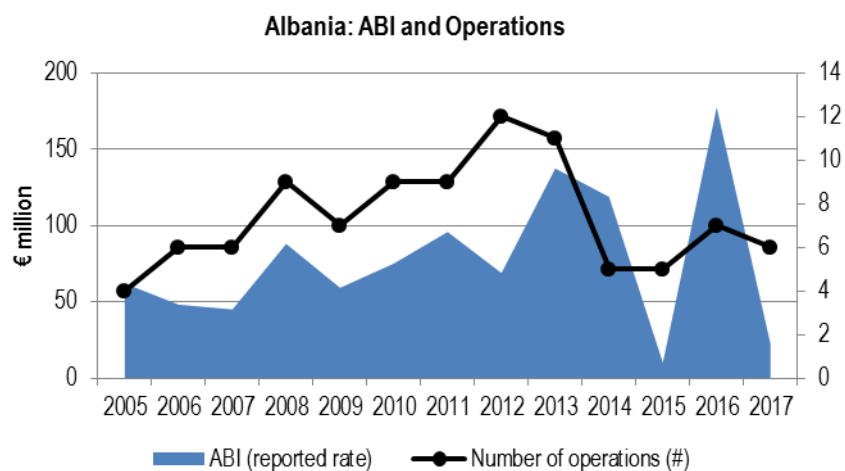
EBRD Investment Activities in Albania (February 2018)

Cumulative Activity

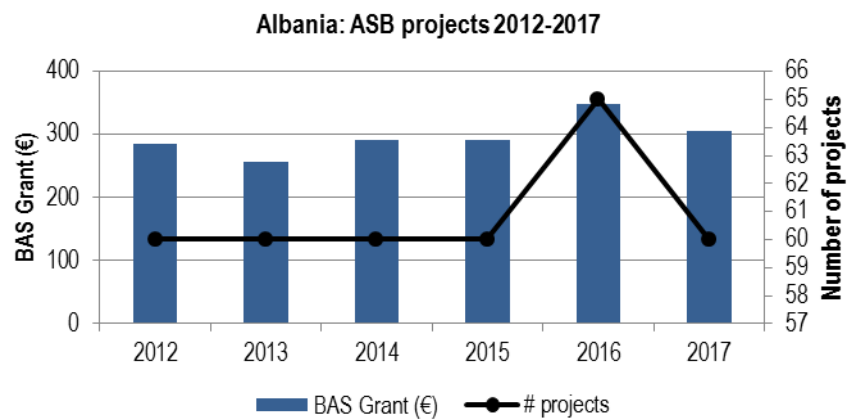
# of projects to date	81
Net Bank investment	€1,003m
Private sector share of investment	46%
Cumulative disbursements	€695m
Transition	
Expected Transition Impact	60.0
Portfolio Transition Impact	72.6 (72.6)

Portfolio and Operating Assets

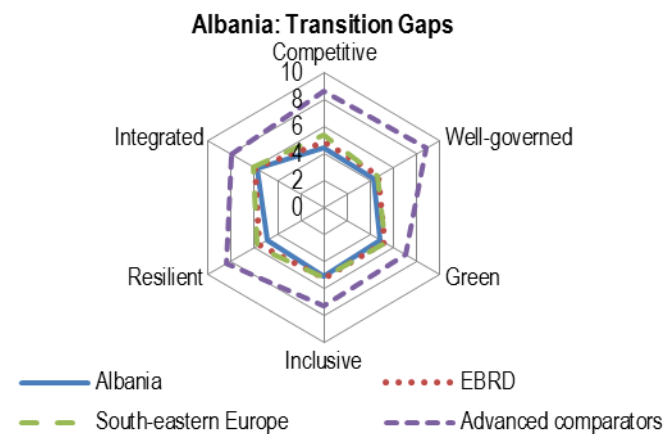
Portfolio	€427m
Number active portfolio projects	41
Operating assets	€144m
Private sector share of portfolio	20%
Equity share of portfolio	4%
NPL Ratio (Non Sovereign)	37.2%



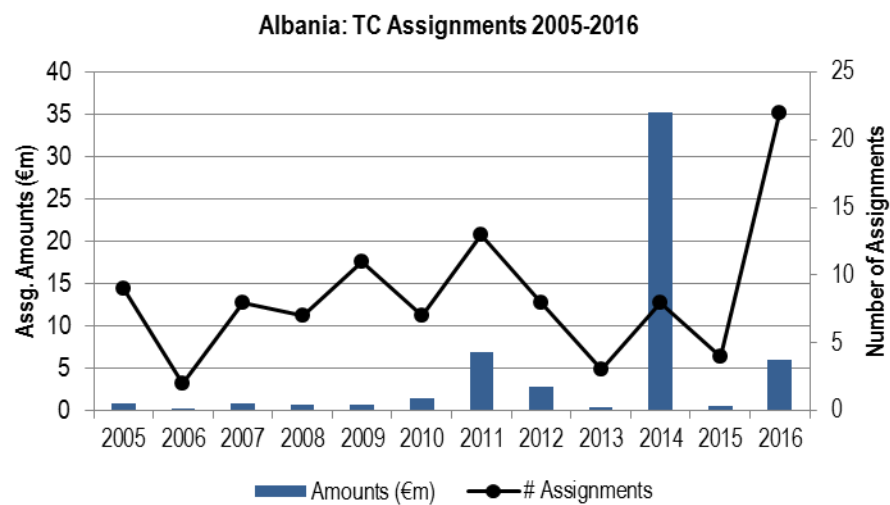
Source: Business Performance Navigator



Source: ASB MIS

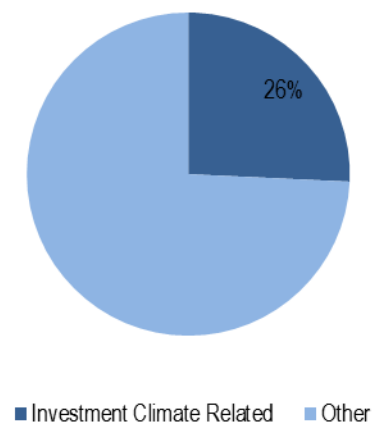


Source: Transition Report 2017-2018



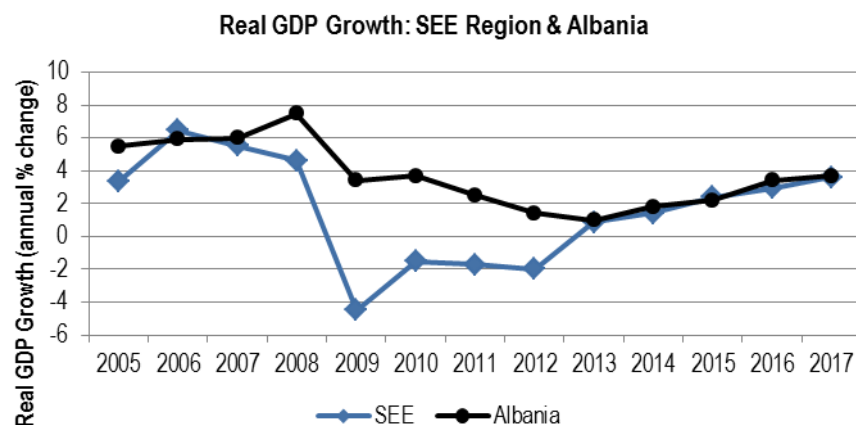
Source : TCRS

Albania: TC Assignments 2005-2016

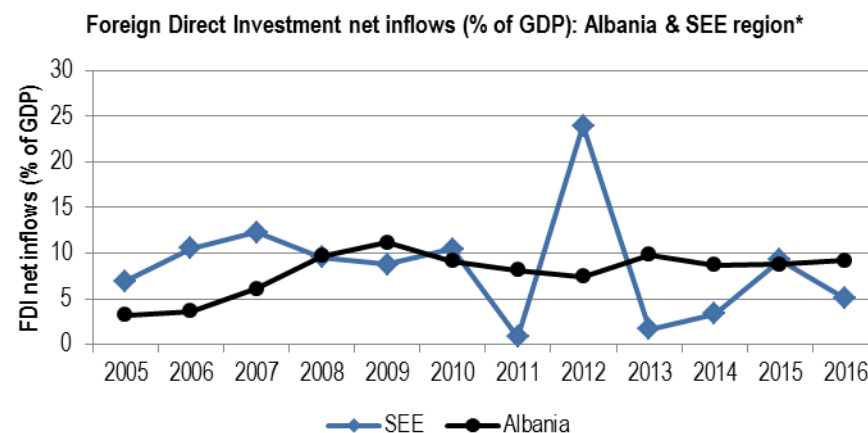


Albania context figures

Population	3m	Est. July 2017
GDP per capita, PPP (const. 2011 int. USD)	11,359	2016
Global Competitiveness Index WEF (out of 137)	75	2017
Corruption Perception Index Transparency International (out of 100)	83	2016
Ease of Doing Business(DB) ranking (out of 190)	65	2018
DB 2018 Distance to Frontier (0 to 100)	68.70	2018
Youth unemployment (ILOSTAT estimate)	33.6%	2017
Ratio of female to male labor participation rate (ILO)	72.8%	2017

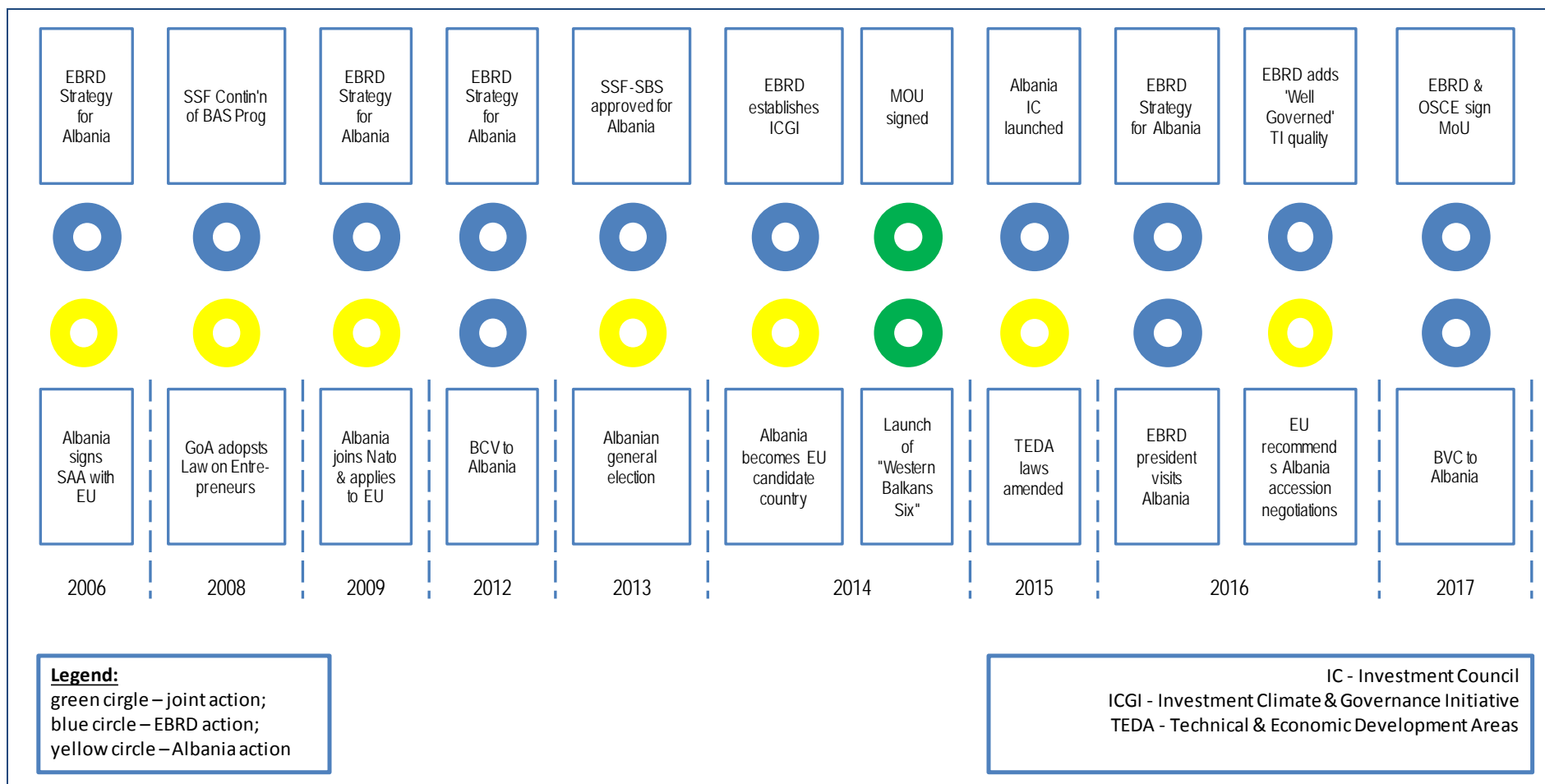


Weighted averages, based on the countries' nominal GDP values in PPP US dollars.
 Sources:
 IMF
 World Economic Outlook Database, October 2017 (2017 figures are IMF staff estimates)
 Regional Economic Prospects in EBRD Countries of Operations (November 2017)
 OCE



*Simple average
 Source: World Bank

Timeline



1. Approach

This case study report contributes to a larger evaluation of the EBRD's activities in supporting improvements to the investment climate in its countries of operation and contains the results of the evaluation of relevant EBRD activities in Albania for the period 2005-2017. The report is based on the analysis of internal and external documents and semi-structured interviews with EBRD colleagues, government officials, donors, clients and other key stakeholders in the country. A full list of interviews conducted is presented in Annex VI. A local consultant prepared a background report on the evolution of the Albanian investment climate in 2005-2017 which was used in the preparation of this case study report.¹

For the purpose of answering the evaluation questions, EvD used a logical framework that was built around the EBRD's inputs and activities and the results emanating from those: outputs (resulting from specific activities), outcomes (from the set of activities at the sectoral level) and impact (country level long-term changes) (see Annex VII). The operational focus of the analysis encapsulates two transition qualities, well-governed and competitive, which in EvD's opinion constitute the core of the efforts aimed at improving the country's investment climate. The "what" part of the analysis sums up the key projects and policy engagement activities which are significant for the improvement of the investment climate. The "how" analysis briefly describes the delivery mode and the level of collaboration across the Bank's streams of work and administrative matrix.

The country's investment climate is a complex framework and its analysis requires a nuanced approach. Only some of its elements are relevant for the EBRD's strategic fit. For the purpose of answering the evaluation questions EvD used the EBRD's transition qualities in combination with the OECD's Investment Policy Framework (IPF). This Framework is a widely used tool for benchmarking countries' policies and identifying the needs for national governments to undertake further reforms. Not all of those policies are relevant for the EBRD as they might be outside the mandate of its activities, however, it helped to define EBRD activities that are focused on/relevant to improving the country's investment climate. The EBRD's three Strategic Priorities, specific activities and suggested indicators are presented in the country strategy for Albania. Annex VIII presents the intersection of the EBRD transition qualities and the policy areas as per the OECD IPF that were targeted in the EBRD's 2016 Strategy for Albania.²

This report is not intended to be an evaluation of the Albanian investment climate and should not be treated as such. It is an evaluation of the Bank's activities in relation to improving the country's investment climate.

2. Economic and Political Context

Albania joined the EBRD in 1991. It has been a NATO member since 2009, and became an EU candidate in 2014. The country successfully concluded an IMF Program in February 2017, with dynamic growth and fiscal consolidation as key elements³. Albania has almost three million inhabitants and is a small consumption-based economy. Unemployment is high, reaching 15% in

¹ Gavril Lasku "Investment Climate in Albania", Internal Report, May 2017

² Strategy for Albania (BDS/AL/15-1(Final))

³ EBRD Board Consultation Visit (BCV) to Albania (2017)

2017⁴ and emigration represents a constant threat for a country of its size. In macroeconomic terms, Albania's economy is on an upward trend. Its real GDP growth reached 3.8% in 2017 compared to 3.4% in 2016, however it is lower than 2005-2009 growth which averaged 6% per annum. Over the last decade Albania has performed better in terms of GDP growth than other SEE countries and was one of the very few European countries that experienced no GDP decline in the aftermath of the 2008 global financial crisis (largely due to its weak integration into the global markets). Recent growth has been driven by strong investment, mainly related to the construction of the gas Trans Adriatic Pipeline (TAP). The short-term outlook remains positive, and the EBRD's forecast for overall 2018 growth is 3.8%, on the back of private domestic demand and further major construction work on large energy-related foreign direct investment, including the TAP⁵.

In politics, Albania is a fairly new democracy which is still developing, "all fundamental institutions had to be created as completely new, compared with other countries in the Region"⁶. The centre-left Socialist Party headed by Edi Rama returned to power following the 2013 general elections, after eight years in opposition, and Prime Minister Rama's government was established in September 2013. He drafted a programme of modernisation based on governance reform, solidification of the rule of law and combatting corruption. The main foreign policy challenge is the EU accession process, where improving the business environment is an explicit requirement. The Albanian government also considers it an essential condition for increasing the volume of foreign investments and promoting growth. In June 2017 the Socialist Party secured a second consecutive mandate after winning a majority of seats in parliament.

In terms of investment climate, efforts to protect and stimulate domestic and foreign investment have taken place over the last ten years in the form of developing legislation and making strides towards elaborating the appropriate institutions to implement it. In 2014, the government approved the new Business and Investment Development Strategy for the Period 2014-2020 which included several important objectives and activities aimed at improving the business and investment environment. Some of the laws which regulate investors' activities and have gradually been taking form include: Law on Foreign Investments, Law on Free Trade Economic Zones, Law on Entrepreneurs and Commercial Companies, and Law on Strategic Investment.

In November 2017, the EU-Albania Stabilisation and Association Council underlined Albania's continued commitment to the reform agenda and noted that judicial reform remained critical for the country's progress on the EU path and could be transformative for other reforms. The EU High Representative Federica Mogherini, chair of the Council, stated that the judicial reform "*would contribute to positive aspects in other fields, in particular in creating a more predictable and transparent environment for business and investors*".⁷

Investment Climate Challenges

For historical reasons the Albanian population has very little trust in public institutions, with family and close circle (clan) enjoying the highest degree of trust. This societal characteristic has significant implications for the business environment and standards/principles of business behaviour. The informal economy is rampant and illegal activities represent a substantial share

⁴ World Bank, Unemployment, total (% of total labour force) (modelled ILO estimate)

⁵ EBRD Albania Overview.

<http://www.ebrd.com/cs/Satellite?c=Content&cid=1395237165246&d=Mobile&pagename=EBRD%2FContent%2FContentLayout>

⁶ EBRD Board Consultation Visit (BCV) to Albania (2017)

⁷ https://eeas.europa.eu/headquarters/headquarters-homepage/35666/mogherini-2018-unique-opportunity-albania-and-western-balkans-whole_en

of national economy.⁸ The sectors that are identified as having the greatest potential (including by the EBRD) are also the sectors that suffer the most from informality – agribusiness and tourism. Additionally, the political scene is very fragmented and co-operation among political blocks is almost non-existent, meaning that with a change of ruling coalition not only are the policy and the laws changed, but there is a reshuffle in all public agencies, down to the middle level, which disturbs the continuity of reforms and legacy of commitment. These features define many challenges and many actions required from the Government to improve the investment climate.

Albania, as well as other Western Balkan countries remains characterised by weak institutions and an unfavourable business environment, which undermine its economic performance. The EBRD's Transition Report 2013 *Stuck in Transition* pointed to the importance of improving institutions and producing an enabling business environment in this region in order to generate better long-run growth.⁹ The European Commission (EC) *Albania 2016 Report*¹⁰ indicated that the country needs to engage in an overhaul of the judicial system, improve the business environment, and develop a culture of political dialogue between the government and the opposition.

The EBRD's Transition Report 2017-2018 *Sustaining Growth* indicates that additional business environment reforms are needed. For instance, even though the fight against the informal economy has brought about important results, further efforts are needed to address deep-seated problems such as getting electricity, registering property and enforcing contracts. In addition, the EU-oriented reforms should be stepped up. The momentum in the process of approximating local legislation and regulations to EU standards needs to be sustained and accelerated. Efforts made in the areas of public administration reform and rule of law, among others, should also continue in order to meet EU requirements for the opening up of accession talks. Finally, the reform impetus in the power sector should be maintained to address the need for additional improvements in governance and operational practices of the state-owned enterprises (SOEs) in this sector, in order to make their improved financial positions sustainable.

Albania's Business Environment and Enterprise Performance Survey (BEEPS) V Country Profile presented the top three business environment obstacles identified by Albanian firms: electricity issues; competitors' practices in the informal sector; and corruption. Chart 1 shows the business environment obstacles by their perceived severity. These are obstacles that result from wider governance failures and deep-rooted phenomena which are at the forefront of the current government's reform efforts¹¹. Large firms found corruption more problematic while SMEs were more affected by the unfair competitor practices in the informal sector. For younger firms, tax administration and access to land were the main obstacles.

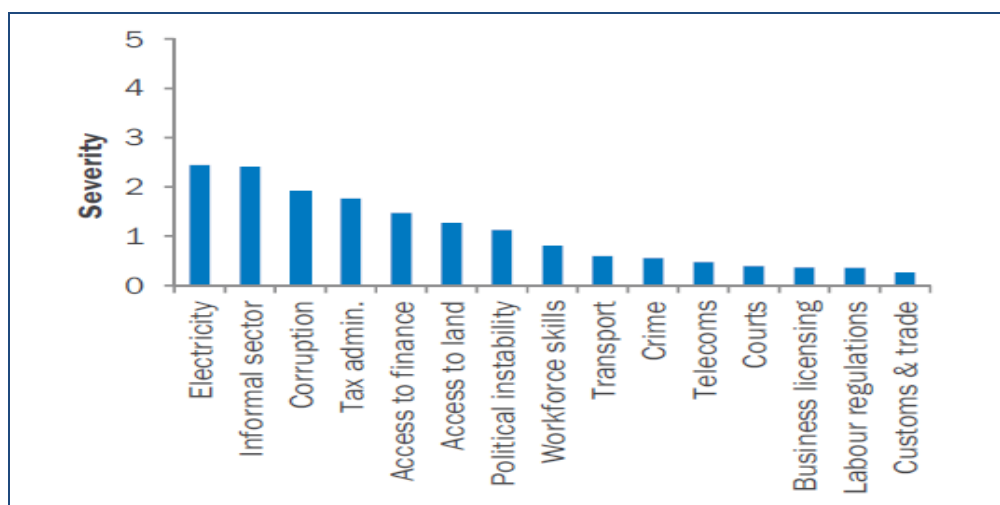
⁸ Anecdotal evidence from multiple sources suggests that the cannabis growing industry represents 20% of national GDP.

⁹ Krešić, Milatović and Sanfey. 2017. *Firm Performance and obstacles to doing business in the Western Balkans*, Evidence from the BEEPS. Working Paper No. 200, EBRD, London.

¹⁰ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_albania.pdf

¹¹ EBRD Strategy for Albania 2016 (BDS/AL/15-1(Final))

Chart 1. Albania: Business Environment Obstacles



Source: Business Environment and Enterprise Performance Survey (BEEPS) V Albania Country Profile

For SME development, the OECD urged the government to provide more sophisticated support for innovation to help SMEs move into knowledge-intensive sectors¹². There is also an insufficient stock of quality skills, particularly for growing enterprises and export-oriented companies in Albania and the Western Balkan countries. This stems from the weak response from the education and training community to the interests and demands of SMEs¹³.

3. Evolution of engagement in the area of investment climate support

The EBRD has operated in Albania since its inception and the nature of its engagement has evolved dramatically, particularly in the last decade. A range of crises – global and domestic – has offered many opportunities for the Bank to engage on a “reactive basis” – helping to address pressing problems – and to consider more proactive initiatives and policy dialogue, which would ideally eliminate some of the preconditions for future crises. The dashboard presented at the start of this report provides a summary of the Bank’s investment activities in Albania. During the 2005-2017 period, the Annual Bank Investment (ABI) (reported rate) in Albania totalled €1,009 million, and the number of operations reached 96. Currently¹⁴, the portfolio composition in € million at reported rates, has 39% invested in the Infrastructure sector, followed by Energy with 35%, 18% in Financial Institutions and 7% in Industry, Commerce and Agribusiness.

As for technical co-operation projects and assignments, between 2005 and the first quarter of 2017 there were 103, for a total value of just under €57 million. According to EvD’s investment climate classification¹⁵, one fourth of TC assignments over this period were related to investment climate support activities. These are mainly projects implemented by LTT team, as well as some CSEU, ASB and banking team projects, and finally, governance projects. The launch of the

¹² OECD (2016), SME Policy Index, Assessing the implementation of the small business act for Europe OECD Paris

¹³ Gribben (2014), Enterprise skills policy brief- working document, European Training Foundation Turin Italy.

¹⁴ February 2018

¹⁵ Assignments from TCRS and classified following the methodology presented in the main report

Investment Climate and Governance Initiative (ICGI) in 2014 coincided with a peak in the number and volume of TC assignments.

Prior to the establishment of the ICGI, the EBRD had a record of promoting good governance through varied activities in Albania¹⁶. Some examples include:

- Intensive policy dialogue with government authorities. This was usually performed in cooperation with other IFIs with the objective of safeguarding the rights of clients facing difficulties with uneven tax administration, arbitrary interpretations of the law and other problems in the business environment.
- Technical co-operation projects supported the development of secondary and tertiary legislation to back public procurement reform in the utilities sector. The operations enabled new public procurement legislation on framework agreements, qualification systems and e-catalogues.
- Legal training. The EBRD and the Albania School of Magistrates supported a judicial training programme to cover priority areas of commercial law such as company law, concessions, enforcement of arbitral awards, decision-writing methodology and interpretation skills.

Stakeholders

In terms of influencing the regulatory environment, the EBRD tends to engage with the right counterparts, in particular with the Ministry of Energy and Industry. Additionally the Bank is in close dialogue with the Secretariat of the European Energy Community, as most of the legal/regulatory work in power and energy sector is related to Albania's commitments to EEC.

The main stakeholders in the realm of investment climate in Albania include at the time of this evaluation¹⁷, the newly restructured Ministry of Finance and Economy (formerly the Ministry of Economy Trade, Entrepreneurship and Tourism, and the Ministry of Finance); and the Albanian Investment Development Agency AIDA. There is also a Coordination Unit at the Prime Minister's Office. This Unit provides coordination support for all government and other institutions engaged in the government programme for investment climate and is responsible for streamlining various investment climate activities and initiatives in alignment with government goals and objectives. The evaluation team noted that the Unit's coordination role may perhaps interfere with the functions and tasks of directorates in the Ministry of Finance and Economy but it plays an important role as an internal office.

The institutional structure, though looking diverse and robust, and aligned with key European standards and requirements, has one major weakness which undermines most of the Bank's activities in Albania. Many interviewees confirmed to the evaluation team that the very low capacity of the government counterparts, especially in the implementation of public sector projects and enforcement of policies, creates most of the problems for international counterparts and businesses.

Strategic priorities

The country strategies for Albania over the last decade show a consistent effort to improve the conditions for enhancing private sector competitiveness, mainly through supporting value chains, trade relations and access to finance. The investment climate is consistently characterised as

¹⁶ Information Session: Investment Climate and Good Governance Initiative – Slide Presentation (2014). SGS14-011 (Addendum 1)

¹⁷ Note that almost all of Albania's Ministries changed as of September 2017

challenging for both domestic and international companies. In particular, the 2009 Strategy states that *“The business environment however continues to suffer from a high level of corruption, serious shortcomings in the judiciary and weak institutional and law enforcement capacity.”* Later, the 2012 Strategy states that *“Further challenges include the reduction of the administrative burden facing businesses, the completion of privatisation and greater enforcement of the rule of law.”*¹⁸

The latest EBRD country strategy for Albania was approved in January 2016 (BDS/AL/15-1 (Final)). At that point, it was considered that the country was benefiting from a renewed reform momentum, mainly in regards to an improvement of the overall business environment, as well as tackling challenges in the energy sector and streamlining the municipal organisation. In addition, the prospect of EU accession was considered to be a strong incentive for continuing in that direction. However, the strategy indicated that the country still faced significant challenges, for instance the competitiveness of the private sector is constrained due to low value added production accounting for much of the economy, and the very high level of non-performing loans (NPLs), which limit financial intermediation.

The strategic orientations proposed in the latest country strategy are:

1. Support private sector competitiveness by enhancing value creation, facilitating SME access to finance and fostering an enabling business environment: This includes: leveraging the authorities' renewed reform momentum, expanding activities under the ICGI.
2. **Expand markets by strengthening regional linkages:** This includes supporting foreign investors in Albania and facilitating trade by providing financing and capacity building for export-oriented SMEs.
3. Promote sustainability of public utilities through commercialisation and private sector participation: This includes engagement in the restructuring of the state-owned electricity companies.

It is the first priority that encapsulates the bulk of EBRD activities aimed at improving the investment climate and enhancing well-governed and competitive transition qualities.

Presence on the ground

Albania has one Resident Office in the capital city of Tirana, with five bankers, including an ENEF banker, of which 3 Principal bankers, and 5 staff members of ASB. The Head of Office reports to the Western Balkans Director and then the Central and South Eastern Europe Managing Director, both based in London. The scale of office is adequate for the scale of the country and portfolio size, and core HQ teams engaged in current operations visit the country regularly. As with other countries analysed, the link with the sector teams is adequate but sometimes is not strong enough and more regular meetings between sector and regional MDs were mentioned as one way of improving the situation. Equally, the RO team should always receive advance information on planned missions from all HQ teams in order to ensure proper co-ordination and alignment with other activities and contacts, although it was noted by the Head of Office that unfortunately, that is not always the case.

Thanks to its status as an ICGI focus country, Albania enjoys the on-the-ground presence of the governance adviser (as a representative of the Governance team in RO, CCT position), who recently also became responsible for the governance projects and initiatives in Kosovo and

¹⁸ Strategy for Albania 2012, BDWS/AL/12-1 (Final)

Macedonia. The evaluation team received universally positive feedback regarding the effectiveness and efficiency of this recently introduced expertise and its high additionality for mainstream banking business operations. The Head of Office particularly benefits from this proximity as it allows him to be informed not only about the present and imminent activities, but future plans. It also offers an opportunity for synergy with other teams. For example, LTT colleagues noted the support provided by the local governance adviser on several occasions, and locally based bankers appreciate the support in launching and maintaining contact with government counterparts.

Private sector counterparts and government officials were extremely positive about the RO's pool of expertise and dedication, although there were some negative remarks about the "secrecy" in sharing some information, which upon investigation appeared to be a fair and valid practice aimed at protecting the confidentiality of client information. At the same time, other donors and business associations noted that the enhanced presence of governance expertise on the ground substantially contributed to building the EBRD's status as one of the key international partners in the area of private sector development and investment climate improvement in Albania (see more below).

Donor support

Donor funding is essential for the delivery of all investment climate related activities, as usually these are stand-alone TC projects and initiatives led by the Bank staff. Albania is well-endowed with donor resources, as confirmed by both data and feedback from country team and counterparts. Significant share of TC contributions are spent on blended financial products, for example to support SME activities, or enhance energy efficiency. Therefore the lion share of the donor funding is spent on infrastructure TC, and advisory support to SMEs. Among key donors in this area is the EU, particularly Western Balkans Investment Facility. For example as of December 2016, the WBIF has allocated €600 million in grants to Western Balkans, out of which €492 million represent EU contribution. The grant allocation is matched by €5 billion in signed loans.¹⁹

However the budget for governance-related initiatives is growing and LTT budget was traditionally substantial. In the period of 2009-2011 the total donor commitments to TC project in Albania reached €5.6 million out of which 527,225 thousand were dedicate to LTP and 2.6 million to SBS. In the period 2011-2014 the total commitment increased to €7.9 million with LTP amount being €374,681 and SBI €2.382 million (this includes IC funding). The structure of TC donor commitments by donor and sector is presented in table 1 below.

Table 1: TC commitments by donor and sector through EBRD, 2009-2014

Donor	2009-2011, €	2011-2014,*
Central European Initiative	45,000	-
EBRD Shareholder Special Fund	1,587,268	2,958,463
EU	1,136,347	414,353
Italy	270,680	816,015
Luxembourg	1,044,707	1,597,825
Netherlands	244,172	-
Norway	650,000	-
Slovak Republic	405,225	-
Western Balkans Fund	274,950	1,952,000

¹⁹ <https://www.wbif.eu/wbif-projects?countries=AL>

Czech Republic	-	224,681
Grand total	5,658,349	7,963,337
Sector	'09/'11 €	'11/'14* €
SME Development**	2,607,994	-
Environment	49,800	-
Financial Institutions	242,000	719,610
LTT	527,225	374,681
Infrastructure	2,186,330	4,481,600
Other	45,000	-
Small Business Initiative**	-	2,382,445
Sustainable Energy Initiative***	-	5,000
Grand total	5,658,349	7,963,336

Note: Commitment values based on year end or period end data for each year.

* Reflects commitments status as of 31 December 2014

** This sector category encompasses direct assistance to SMEs and indirect assistance through policy dialogue between the EBRD, the authorities and commercial/business associations (e.g. Investment Councils)

*** This sector includes Energy Efficiency and Climate Change (E2C2) TC project

4. EBRD Activities and their operational results

Investment Climate and Governance Initiative (ICGI)

The ICGI was launched in response to the 2013 Transition Report (in which many EBRD countries of operation were described as being “stuck in transition” due to the pace of transition slowing down or even reversing), and was also derived from the EBRD’s increased focus on governance. In 2016, the EBRD notion of transition was refined and focused on the desirable qualities of market economies²⁰. Well-Governed eventually became one of the Bank’s six new transition qualities under this transition concept review process.

At the time, Albania and other less advanced COOs were ranked at the lowest levels of global league tables on business environment and corruption, which affects investor perceptions and slows growth. The rationale for the ICGI was that the EBRD was one of the major investors in the countries and had the ability to influence policy and the business environment. The Bank was already active in promoting a better investment climate, but could go further in concentrating its efforts. The EBRD had strengths relating to economic governance issues such as business regulation, legal frameworks, procurement policies and practices, and incentives to reduce corruption²¹.

Albania and three other countries were selected as ICGI focus countries at inception. Behind this decision was a range of serious governance problems and challenges faced by the business community, which were reflected in a low ranking in the corruption perception index (CPI), high rates of bribery, declining Doing Business ranking scores, large share of informal economy, weak rule of law, and low capacity at the courts. A window of opportunity was harnessed, as the newly elected Prime Minister Edi Rama’s government was committed to reform, and EU accession became a consistently strong anchor for improvements. As new institutions were being created and IFIs were engaging in a wider range of initiatives, there was a niche for the EBRD to get involved in strengthening the country’s private sector and improving its investment climate. The

²⁰ <https://intranet.ebrd.com/refining-our-transition-concept-the-story-so-far>

²¹ Information Session: Investment Climate and Good Governance Initiative – Slide Presentation (2014). SGS14-011 (Addendum 1)

history of investments in relevant sectors and good relations with the authorities became a solid base for a new level of engagement and trust.

In February 2014 the Government of Albania and the EBRD signed the Memorandum of understanding (MoU) in respect of Co-operation in Support of the Investment Climate and Good Governance.²² By the end of the first quarter of 2018 the Governance team at GPA department, which is responsible for IGCI implementation, had undertaken eight TC donor-funded projects in Albania²³.

The establishment of the Investment Council in 2015 and the ongoing support of its Secretariat was the governance team's first project in the country and remains its flagship initiative.²⁴ Its aim, as in other countries where the EBRD provides similar support²⁵, is to facilitate a systematic reform dialogue between the private sector and the government²⁶. The Ministry of Finance and Economy (formerly the Ministry of Economy) is an important counterpart of the initiative, it plays an active role in the Investment Council and the minister chairs most of the meetings.

The Council's Secretariat is physically based in the Ministry's premises. The head of the Secretariat has previously worked in the Government of Albania and this background helps to build relationships with the authorities. The Secretariat comprises a small team: the head, the legal and economic experts (the latter position is currently vacant), and an administrative assistant. The governance team's local governance expert (CCT) provides support and ensures close collaboration with the RO and HQ teams.²⁷ The Albanian IC Secretariat is funded by the Italian Cooperation Fund at the EBRD and the Central European Initiative.²⁸

Albania's Investment Council is a platform aimed directly at improving the country's investment climate. The Investment Council serves as a dialogue platform between the government and the business community. It organises meetings four to five times a year and the topics are agreed by a consensus of the participants at the beginning of each year. Topics for discussion are usually concrete and technical, and the Secretariat's experts perform in-depth research before they are discussed. The EBRD is a permanent member of the Council, alongside the World Bank, IFC and EU delegation. A number of observers also participate in the meetings on a rotation basis depending on the topic discussed. It is one of the means for businesses to express the changes they would want to see.

The Council has been proven to yield high impact at low cost, contributing to notable policy reforms like those adopted in the tax administration area. Among other activities carried out under the agreement are:²⁹

- Implementation of investment climate and governance projects
- Mobilisation of €1.1 million in donor funds as of mid-2017
- Appointment of a Regional Governance Specialist based in the Tirana RO
- Appointment of the EBRD as lead donor coordinator on the business environment by the EU and the Albanian Government.

²² www.ebrd.com/documents/corporate-strategy/icg-mou-albania.pdf

²³ A detailed portfolio for IGCI activities is presented in Annex III

²⁴ EBRD Strategy for Albania 2016 (BDS/AL/15-1(Final))

²⁵ EBRD established the first Investment Councils in 2007 as part of its Early Transition Country Initiative. EBRD has mobilised donor funds to support Secretariats of Investment Councils, independent professional secretariats that identify constraints and help to broker solutions, in Armenia, Kyrgyz Republic and Tajikistan. More recently, EBRD has helped to establish new Investment Councils in Moldova, Albania and Georgia. <http://www.ebrd.com/what-we-do/sectors-and-topics/investment-councils.html>

²⁶ EBRD Strategy for Albania 2016 (BDS/AL/15-1(Final))

²⁷ <https://www.investment.com.al/team/>

²⁸ Legal Transition Programme. Law in Transition 2017.

²⁹ Information Session – Investment Climate and Governance Initiative (ICGI) (2017). SGS17-098 (Addendum 1)

The Governance team provides systemic inputs to other EBRD teams for the preparation of the Albania Country Strategy or Country Diagnostics, enabling it to mainstream the Initiative into the Bank's strategic orientation. In terms of horizontal linkages and internal learning, the Governance team organises regular conferences for the EBRD-Supported Investment Councils and their government counterparts. Albanian stakeholders take an active part in these meetings – the Minister of Economy was a key speaker at the London conference in 2017 which was opened by the EBRD President. The event promoted the work of the Investment Councils through the sharing of best practices in the development and promotion of policy dialogue in support of the investment climate; it took stock of achievements and discussed the challenges ahead. The sessions provided an opportunity for staff of the Secretariats of six EBRD-supported Investment Councils and for the EBRD core policy teams to discuss the role of platforms for public-private dialogue in promoting and supporting investment climate reform. Participants also included representatives from the business community, civil society, international development partners and bilateral and multilateral donors.³⁰

Results

This evaluation concludes that the governance team in Albania is strongly present on the ground and substantially advanced in terms of activities and follow-up investments. Having a framework of engagement with the Government (MoU), committed funds (€1.1 million), dedicated expert capacity and political will has contributed to the achievement of substantial results in a relatively short period of time. Support to the Investment Council and its Secretariat is particularly successful and its systemic effect is already tangible in some segments, although it is too early to estimate its impact. Among the core results are:³¹

- Out of 93 recommendations proposed by the Council, 25 were adopted and 15 are under evaluation by the Government of Albania ³²;
- Reforms advanced in the areas of dispute resolution mechanisms; measures to address informality, including in the agribusiness sector; VAT refunds; and simplifying tax administration and inspections, especially for SMEs;
- Greater visibility of the Investment Council and appreciation of its expert activities by the business community (as suggested by the results of an online survey conducted by the Secretariat).

The other three priorities presented in the MoU are at an earlier stage of implementation, although the process is very dynamic and this evaluation might not capture the most recent advancements in these three areas.

1. Strengthen the rule of law and functioning of the judiciary: A project on building judicial capacity through training for judges in commercial law, including the recently adopted Law on Bankruptcy, has been ongoing since end 2016, with training courses on accounting skills for judges in insolvency matters carried out in June 2017, both through live seminar and e-learning format, in collaboration with the School of Magistrates in Albania. The next phase will be a training course for judges in implementation and enforcement of tax legislation.
2. Improve the functioning of the business registry: Restructuring the National Registry Centre. The emphasis has shifted to the incorporation of Albania into the Western

³⁰ <http://www.ebrd.com/cs/Satellite?c=Content&cid=1395255104393&d=Mobile&pagename=EBRD%2FContent%2FContentLayout>

³¹ Policy Dialogue – Lessons Learned: Albania - Investment Climate and Governance Initiative (January 2017)

³² Albania Investment Council. Annual Activity Report January-December 2017. January 2018

Balkans Regional Business Registry and the project of establishing Helpdesks for taxpayers at ADISA (the Agency for Delivery of Integrated Services in Albania).

3. Assisting the government in designing an effective consumer credit bureau: A scoping report was completed as result of a project undertaken by GPA in 2016. Currently, a new project has been approved, and funds have been secured, to support the Albanian Banking Association (AAB) in the preparation phase of establishing a private credit bureau. The TC project foresees mobilizing an international expert and two local legal experts to advise AAB on the legal and operational framework of the credit bureau.

The Investment Council has been an effective platform for exchanges between the government and the business community, and it has acquired both good visibility and reputation. Its professional Secretariat has come to be considered a stage for structured and systematic dialogue between the public and private sectors which contributes to the improvement of the investment climate³³. It provides unbiased expertise on specific regulatory topics, which is difficult to achieve in a country with a traditional clan system and a multitude of vested interests in play. A snapshot of the Council's results and achievements prepared by the Secretariat is presented in Annex II.

The status of the Council's decisions is elevated as the minutes of the discussions and the agreed recommendations are signed by the Minister of Economy, in its role as Chair. These are sent to the respective ministries and public agencies which are responsible for specific issue/policy areas. Even though the Council's recommendations are not mandatory, they have been endorsed by the Ministry of Economy and the rate of their execution has been substantial (see above). The business community appreciates the work of the Council - as one of the largest business associations noted, *"the Council produces excellent results, and two-thirds of their recommendations are incorporated into policies"*.

Looking forward, the Council might face a challenge in sustaining its effects due to the highly fragmented political landscape and potentially competing platforms that bring together the government and the business community. Although at this stage they are not particularly active or effective (for example National Economic Council), it is important to factor in the potential fluctuations in the politico-economic environment and the possibility of the Council losing its leading position if and when the MoU commitments expire. Financial sustainability might also be an issue, as local co-financing looks problematic from both the government and business perspectives, including the issue of influence/capturing influence.

Engagement in policy dialogue has been fruitful beyond the remit of the Council and according to the Governance team, other reported results include³⁴:

- Excellent collaboration with the Government leading to additional ICGI projects : (i) enhancing civil society's capacity to monitor corruption - led by CSEU; (ii) strengthening tax compliance by enhancing information provided by the General Directorate of Taxation, National Business Centre - led by GPA; (iii) enhancing capacity in government institutions through the placement of economic experts;
- IFI coordination on competitiveness/investment climate became a core element, with the EBRD leading at request of the EU and the Government of Albania
- Ongoing engagement: Interest and support from the EU, however so far there is no donor support due to the 2-3 year lead time required to fit in with EU programming cycles.

³³ EBRD Strategy for Albania 2016 (BDS/AL/15-1(Final))

³⁴ Policy Dialogue – Lessons Learned: Albania - Investment Climate and Governance Initiative (January 2017)

Support to Legal Reforms

This strand of work is led by the LTT with some contributions from the OGC, bankers and specialist teams on specific issues (energy efficiency, NPLs etc.). LTT has six current and anticipated country projects in Albania³⁵ and five more have been completed since 2005³⁶, details of which are presented in Annex IV. These operations are generally legislative reform projects and institution-building work, provision of training and capacity building, for example training on commercial law matters to mediators and judges in the country. These also include corporate governance reviews of EBRD investee companies and supporting banking operations in the preparation of corresponding Corporate Governance Action Plans.³⁷

The specificity of LTT projects is that their scope is often tied to the needs of banking. The team gets ideas on gaps in financial legislation from banking lawyers who work in the relevant countries and these gaps also provide ideas for launching policy dialogue activities. At origination, potential EBRD clients have to close any corporate governance gaps that were identified at due diligence stage.

In January 2013, the LTT produced Albania's Country Law Assessment. The report was the product of legal assessment work and was last updated during the preparation of the 2012 EBRD Strategy for Albania. It sought to reflect the situation at the time and was also grounded in the experience of the Office of the General Counsel in working on legal reform and EBRD investment activities in Albania.³⁸ This work informs the Albania Country Strategy and ongoing policy dialogue with the country's authorities.

The LTT led the project to develop a corporate governance action plan for Korporata Elektroenergjitike Shqiptare (KESH), a state-owned electricity generation company that provides 70% of total generation in the country. In 2016, the Bank approved a €218 million loan to support the restructuring and modernisation of the company. The LTT worked on building a comprehensive reform package agreed with KESH, including improvement of corporate governance practices. It carried out a comprehensive review of the company's corporate governance and the applicable regulatory regime, including benchmarking to the best international standards and practices. The review resulted in concrete recommendations for improvements presented in a Corporate Governance Action Plan which covered areas of the state's role as a shareholder, board independence and effectiveness, management oversight, risk management and internal audit. In mid-2017, KESH and the Government of Albania committed to implementing the actions proposed in the Action Plan.

The LTT supported the Bank of Albania to improve its capacity to evaluate corporate governance in the banking sector. This assignment was launched in 2016, and included a review of the corporate governance legislation and practices of banks and an evaluation of the Bank of Albania's supervisory framework and methodology. Advice on practices was provided to the institution by selected banking supervisors in EU countries and the team presented recommendations on the enhancement of corporate governance standards in Albanian banks. It is also assisting the Bank of Albania to draft a new supervisory methodology and will train staff to help implement it. This project is based on earlier LTT action – in 2010 it prepared reports on corporate governance in the banking sector for 16 COOs. Albania was one of very few countries where both the authorities and the banking team took the recommendations seriously and jointly

³⁵ Legal Transition Programme 2017 Report and 2018 Operational Plan (SGS18-055). February 2018.

³⁶ Legal Transition Programme – Legal Reform Projects 1996 to March 2017

³⁷ Information Session: Legal Transition Programme 2016-2018 Operational Plan. SGS16-221 (Addendum 1). September 2016

³⁸ Commercial Laws of Albania. An assessment by the EBRD. January 2013

implemented a range of reforms in the banking sector that contributed to improving standards and enhancing risk mitigation.

Albania has a significant problem with non-performing loans (NPL) and takes an active part in the activities of the Vienna Initiative, particularly in its NPL related strand of work³⁹. The EBRD is leading this work in close co-operation with the World Bank and central banks across the CEE region. The new NPL Initiative website provides stakeholders with up-to-date information on national reform commitments, support from international institutions and the most recent industry publications. The EBRD publishes a biannual NPL Monitor for Albania⁴⁰ which provides the latest available data on NPL ratios and summarises efforts to resolve barriers to NPL resolution.⁴¹ The LTT's legal reform work and activities supporting NPL resolution contribute to the recovery of the financial sector.

LTT work is broadly successful and in some areas has delivered substantial results (banking sector reform), while in others it is still not mature enough to evaluate (KESH corporate governance reform).

Small Business Support

The majority of Albanian companies are SMEs and there are not that many large corporate clients to finance directly. Therefore, like in many other smaller economies, the role of the Small Business Initiative in Albania is crucial and systemic, as it brings together the products and initiatives of various teams, such as agribusiness, E2C2, FI, etc. The EBRD's Small Business Initiative (SBI) aims at improving the integration of the tools the Bank offers to smaller enterprises⁴² and offers indirect financing through financial institutions as well as direct financing or assisting them to find advice. In Albania, the SBI's intention has been to combine the instruments to support businesses' sustainable growth. Between 2012 and 2017⁴³ a steady number of advisory projects (ASB) were approved in Albania, reaching 365 in number and amounting to almost €1.8 million in BAS grants (see graph in the section on the EBRD's Investment Activities in Albania).

In 2016, the EBRD launched the Albania Agribusiness Support Facility (AASF), a framework operation of up to €100 million, where the Albanian Government contributes €36 million of its own funds to finance grants for first-loss risk cover. The fourth component of this initiative was a technical assistance programme consisting of two elements, the second of which constitutes a sector-specific technical assistance for agribusiness. This programme is led by the EBRD's Advice for Small Businesses (ASB), and comprises a comprehensive assessment of potential sector bottlenecks hindering access to finance and advisory services to PFI actual and potential sub-borrowers.⁴⁴

Another important but niche approach to expanding SME access to finance is the EBRD's participation in exposure taken by Participating Financial Intermediaries (PFIs) when financing local enterprises through its Risk-Sharing Framework ("RSF"). Under the RSF, the EBRD had

³⁹ Other partner countries of the Initiative are Croatia and Montenegro.

⁴⁰ It covers the economies of central, eastern and south-eastern Europe (CESEE).

⁴¹ Law in Transition Journal 2017.

⁴² [https://intranet.ebrd.com/home/departments-and-groups/client-services-group/banking/sme-finance-and-development-\(sme-fandd\)#overview](https://intranet.ebrd.com/home/departments-and-groups/client-services-group/banking/sme-finance-and-development-(sme-fandd)#overview)

⁴³ A presentation of a longer timeframe is not possible as the data is not as reliable for the years prior to 2012, due to migration of older data into a new database.

⁴⁴ <http://www.ebrd.com/cs/Satellite?c=Content&cid=1395251573934&d=Mobile&pagename=EBRD%2FContent%2FContentLayout>

active agreements with 20 PFIs, of which 18 were in the Early Transition Countries, one in Albania and one in Turkey⁴⁵.

The distribution of the SBI portfolio in Albania and the Western Balkans as of December 2016 was as follows:

Table 2: Distribution of the SBI portfolio, € million

Operating Assets	SBI Pillar 1	SBI Pillar 2 and 3	Total
Albania	8.5	27.7	36.3
Bosnia and Herzegovina	46.2	3.7	49.9
FYR Macedonia	14.1	26.9	40.9
Kosovo	11.5	4.0	15.5
Montenegro	13.3	10.0	23.3
Western Balkans Total	93.6	72.3	166.0

Source: Regional Small Business Initiative – Annual Review for 2016 and Strategic Priorities for 2017. BDS15-050 (Addendum 49). 19 April 2017

Participating Albanian MSMEs have greatly benefitted from the advisory services, which have resulted in increased turnover, productivity, and job creation.⁴⁶ The outcomes of SBI efforts have been deemed successful as funding has been applied from the European Union (EU), Luxembourg, the USA and several other donors. As of 2016, the SBI reported the following results from its activities in Albania⁴⁷:

- Number of MSMEs reached (annually): 6,600
- Financing through financial institutions: €62.9 million
- Direct financing (currently): €29.2 million
- Number of advisory projects with SMEs: 546
- Total donor contribution: €7.9 million

Enhancing Transparency, Integrity, and Reducing Corruption

As identified above, Albania is facing substantial challenges in the area of transparency, integrity and compliance, and combatting corruption, and the EBRD has a multi-pronged approach to these issues. At the corporate level OCCO ensures all operations in country are in line with the best international standards and comply with the Bank's Integrity Risks Policy. Furthermore the Bank performs a range of initiatives that are aimed at changing the behaviour of the business community and the perception of corruption.

Specifically, through its Civil Society Engagement Unit (CSEU), the Bank collaborates with the Organization for Security and Co-operation in Europe (OSCE) Presence in Albania to:

- build the capacity for good governance of the Albanian School of Public Administration,
- draft a code of conduct for businesses, and

⁴⁵ Regional: Small Business Initiative – Annual Review for 2016 and Strategic Priorities for 2017. BDS15-050 (Addendum 49). April 2017

⁴⁶ EBRD Strategy for Albania 2016 (BDS/AL/15-1(Final))

⁴⁷ <https://intranet.ebrd.com/SME-F-and-D/albaniasbi.pdf>

- increase civil society's oversight of public and corporate governance in collaboration with the National Coordinator for Anti-Corruption.

For this anti-corruption project in Albania, the EBRD contributed €195,000 and the OSCE Presence in Albania provided co-funding of US\$ 220,000⁴⁸. The OSCE Presence concluded the 2015-2017 project, which was implemented in conjunction with the EBRD and the Italian School of Public Administration in December 2017, with a no-cost extension of several activities through 2018.

Looking forward, the OSCE and the EBRD agreed in December 2017 to strengthen their cooperation and establish a strategic partnership to promote good governance, connectivity and economic development. This was formalised in a Memorandum of Understanding (MoU) signed by the EBRD's Managing Director for Economics, Policy and Governance and the Coordinator of OSCE Economic and Environmental Activities. The MoU builds on previous joint work aimed at improving anti-corruption measures in Albania through the project components (capacity-building, mobilisation of the business sector to strengthen anti-bribery practices as well as enhance the capacity of civil society actors with regard to their public oversight role).⁴⁹ Some of the axes of cooperation included in the MoU are:

- fostering transparency and accountability to improve the investment climate,
- promoting the fight against corruption, and
- supporting the economic empowerment of vulnerable groups, including women and youth.

In 2016, the EBRD tried to launch a Business Ombudsman institution in Albania, similar to the Ukrainian initiative. The project's focus shifted on empowering the Taxpayers' Advocate⁵⁰, however it was discontinued since there was no real political will within the Government to grant additional powers to the Taxpayers' Advocate. The EBRD could not commit to support a Taxpayers' Advocate that would be unable to effectively investigate and, in particular, meaningfully address legitimate complaints from the taxpayers.

Access to Finance

Access to finance is traditionally one of the crucial dimensions of the Bank's work in the country and it is closely engaged in policy reform dialogue in that respect, particularly in local currency (LC). It provided a number of substantial support packages that include finance, guarantee facility, TC and capacity building. For example a €100 million guarantee facility for the Albanian Deposit Insurance Agency resulted in the development and launch of an automated pay-out system to depositors in the case of bank liquidation. A number of risk sharing facilities are also extremely additional for the liquid market of Albania, as they help partner banks to improve the risk profile of their financial products, particularly those aimed at smaller and inexperienced clients.

In 2014 the LC2 team conducted an initial assessment of Albania's capital markets development and shared the report with the Ministry of Finance and Bank of Albania. The report's recommendations included⁵¹:

⁴⁸ The EBRD's Engagement with Civil Society: Roadmap (2017-2020). 14 December 2016

⁴⁹ <http://www.ebrd.com/news/2017/osce-and-ebrd-to-deepen-cooperation-on-promoting-good-governance-connectivity-and-economic-development.html>

⁵⁰ Strengthening Taxpayers' Advocate in Albania (TCRS project 7416)

⁵¹ EBRD Strategy for Albania 2016 (BDS/AL/15-1(Final))

- support the use of local currency (LC) and continue to reduce euroisation through regulatory measures on banks,
- improve liquidity in the LC interbank money market and develop a reliable money market benchmark index, boost LC bond issuance either through interested counterparties
- take on measures to develop the secondary market in LC debt
- augment foreign participation in LC government bond markets
- ensure that the regulations governing investment funds allow for adequate differentiation between fund investment and bank deposits before fostering more funds to enter the market
- provide investor education on the potential risks related to investments in funds and clarify that these funds are not covered by deposit insurance.

In 2017, Albania's Union Bank joined the Bank's Trade Facilitation Programme (TFP). An agreement was signed under which the Union Bank became an issuing bank, allowing it to issue trade finance guarantees to support the import and export activities of local companies. The €5 million trade finance line will enable the Union Bank to issue guarantees in favour of confirming banks. The focus is on importing higher-performance technologies and services to support Albania's transition to a green economy, which is aligned to the Bank's Green Economy Transition (GET) approach. Included in this effort is EBRD technical assistance to support the training of Union Bank staff working in trade finance, expanding access to trade finance for Albanian businesses. The project aims at facilitating trade and cross-border economic integration⁵² and businesses will have access to bigger markets through this Programme.⁵³

In February 2018, during the third EBRD Western Balkans Investment Summit held in London, the Bank and Albania joined efforts to promote local currency lending in the country, supporting SMEs by offering an alternative to foreign-currency financing. The agreement was formalised in a Memorandum of Understanding signed by Albania's Minister of Finance and Economy Arben Ahmetaj, Bank of Albania Governor Gent Sejko and EBRD President Suma Chakrabarti.

This milestone is considered to contribute to the development of a sustainable local capital market and the domestic SME sector. Supporting transactions in local currency is expected to reduce risk and volatility and result in more stable conditions for the real economy, conducive to long-term growth⁵⁴ and responds to the Stuck in Transition Report's call to produce an enabling business environment to generate better long-term growth. It is also aligned with the de-euroisation efforts by the Bank of Albania as per the initial assessment report on Albania's capital markets recommendations. In addition, the MoU also incorporates plans for the Bank to work with the Albanian Ministry of Finance and Economy and the Bank of Albania on an action plan for capital market development.

High Level Regional (integrated) Western Balkans Regional Platform

In 2014, under the leadership of President Chakrabarti, the EBRD initiated regular meetings of the Prime Ministers of Western Balkan countries in London with the aim of reinforcing regional cooperation, increasing the region's visibility and attractiveness and promoting investment. The original initiative came from the leaders of the different Western Balkans' chambers of commerce. In February 2014, the Bank hosted the Western Balkans Summit, which brought together for the first time under this format, the Prime Ministers of all six countries, launching a

⁵² This is one of EBRD's strategic priorities for the Western Balkans

⁵³ <http://www.ebrd.com/news/2017/albanias-union-bank-joins-ebrds-trade-facilitation-programme.html>

⁵⁴ <http://www.ebrd.com/news/2018/ebd-and-albania-to-boost-local-currency-finance.html>

new format of regional cooperation: “Western Balkans Six at the level of Prime Ministers”. The Summit promoted the region as an investment destination, and highlighted the need to better prioritise and coordinate key regional connectivity projects among the beneficiaries, and between the European Commission, international financial institutions and bilateral donors. It also advocated the significance of inclusive partnerships and the need to bring the Bank and other IFIs on board at the earliest possible stage when considering and designing major regional projects.

During the more recent EBRD Western Balkans Investment Summit, which took place in London in February 2018, an additional theme was introduced: the “soft connectivity agenda”. This agenda includes a component that calls for the creation of a single investment space, to cover harmonising legislation, removing nontariff barriers, improving both the depth and horizontal links of capital markets, strengthening the business environment in the region, and facilitating foreign investment.⁵⁵

This Bank initiative has already contributed to enhanced regional cooperation, and during the recent Summit it was repeatedly stated that the EBRD contributed to the strengthening of regional stability and improving regional cooperation. The extension of the Trans-European Network⁵⁶ to the region was one of the major results of this regional cooperation and coordination and was agreed in Brussels in April 2015 at a high level meeting between the EC and Western Balkans Prime Ministers. This agreement ensures tighter integration between the region and the EU, and is considered as the basis for leveraging investment in infrastructure⁵⁷.

In February 2018, a new electronic tool was launched at the EBRD Western Balkans Investment Summit in London. The platform facilitates access to the market and increases the countries’ attractiveness to foreign direct investment, which in turn drives growth in the emerging markets. The online Regional Investment Platform will offer a one-stop shop for foreign investors who are interested in the Western Balkans. The platform was developed by the Chamber Investment Forum which was established in July 2017 and is the regional chamber of commerce. The Forum brings together the national chambers of the six Western Balkans countries including Albania. The platform was launched by EBRD President Suma Chakrabarti along with Marko Cadez, Chairman of the Chamber Investment Forum.⁵⁸

5. Engagement and Alignment with the donors and IFI’s

For the purposes of EBRD’s strategic Theme 1 in Albania, Support private sector competitiveness by enhancing value creation, facilitating access to finance and fostering an enabling business environment, the Bank works closely with other IFIs and donors on improving the investment climate. The WB’s new Country Partnership Framework includes a focus area on building

⁵⁵ EBRD (2018). The Western Balkans in transition: diagnosing the constraints on the path to a sustainable market economy.

⁵⁶ The Trans-European Network (TEN-T) policy supports the completion of 30 Priority Projects, representing high European added value, as well as projects of common interest and traffic management systems that will play a key role in facilitating the mobility of goods and passengers within the EU (EC Mobility and Transport).

⁵⁷ EBRD (2018). The Western Balkans in transition: diagnosing the constraints on the path to a sustainable market economy.

⁵⁸ <http://www.ebrd.com/news/2018/regional-investment-platform-for-western-balkans-launched.html>

conditions for accelerated private sector growth. This incorporates support to reforms in the area of the business environment which will be at the heart of a new development policy loan.⁵⁹

The EU, UNDP, Cooperazione Italiana, USAID, GIZ and the Swiss Development Cooperation (SDC) have a programme to promote SME development. In the financial sector, the Bank works closely with its Vienna Initiative partners on a region-wide initiative to address the issue of NPL's and other countries in the South-eastern Europe (SEE) region. The IMF leads this effort, supported by the IFC and the EBRD, by mutual agreement of the partners. The EIB/EIF works on regional funds such as the Green for Growth Fund, the European Fund for South East Europe and the Enterprise Expansion Fund. The WB is implementing a project to modernise the property registration office and USAID and other partners are working on enhancing property rights. Given the active efforts of other partners in this sphere and the EBRD's limited internal expertise, its engagement in this area is, and is likely to remain, limited.

Donor coordination is challenging in Albania, and the Government has not invested sufficient efforts to steer this work coherently so it is left to the donors themselves to take the initiative. At the national level, donor coordination is conducted via regular meetings of the Development and Integration Partners (DIP), which is led by the EU Delegation. There are formally recommended mechanisms of donor co-ordination in place, but their effectiveness is not optimal. One of the elements created was the establishment of four Integrated Policy Management Groups (IPMGs) with a number of sub-groups within them. As line ministries are not very active in donor co-ordination, the parallel structures were established by the donors themselves.

The EBRD co-chairs the competitiveness and innovation group jointly with the Italian Agency for Development Cooperation, where the EBRD covers the areas of business environment, innovation, tourism and agriculture. The idea is to gather all donors working in this field and share experiences. The group has had meetings and endeavours to continue with regular gatherings in the future. Initial discussions demonstrate that some areas are covered by several donors with overlapping activities, while others are not covered at all. The additional value of these meetings is that they help EBRD staff with networking.

Coordination is also done through project-specific meetings and frequent bilateral contacts. The EBRD cooperates with Albania's international partners in order to utilise scarce resources as efficiently as possible⁶⁰:

6. Outcomes and impact

Even though progress (or regress) on macro indicators cannot be directly attributed to the EBRD's investment climate support activities since 2005, these measures are used as proxies of the achievements of these efforts. Albania ranked 58th on the 2017 ease Doing Business Index, up from the 90th position in 2016 and the 145th position back in 2005. Its distance to frontier score improved from 61.69 in 2010 to 68.7 in 2018 – the highest among four countries featuring in this evaluation. Most of the year-on-year difference between 2017 and 2016 is attributed to the lift of a moratorium on building permits, which the government froze in 2013 with the aim of tackling illegal construction. Albania scored favourably in the “Dealing with

⁵⁹ In March, 2017, the WB's Board of Executive Directors approved the Albania Financial Sector Development Policy Loan (DPL) for US\$100 million (IBRD Loan). The policy operation supports reforms aimed at strengthening the resiliency of the banking sector and the regulation and supervision of nonbank financial institutions in Albania. <http://www.worldbank.org/en/news/loans-credits/2017/03/13/albania-financial-sector-development-policy-loan>

⁶⁰ EBRD Strategy for Albania 2016 (BDS/AL/15-1(Final))

Construction Permits” category, rising 80 spots from 2016, and lost points or improved only marginally in every other variable measured by the index. The country continued to score poorly for enforcing contracts and registering property, ranking 116th and 106th, in the overall global rankings.⁶¹ Current sector details and comparators for Albania are presented in Annex I.

In terms of FDI inflows as a percentage of GDP, Albania has been faring better since 2005, increasing from 3.2% to 9.2% in 2016. The trend has on average been above that of the EBRD SEE region, and also has remained more stable.

With regards to progress against the Bank’s six transition qualities, Albania’s overall average trails behind that of the South Eastern Europe region and the EBRD region overall. It lags the most in both competitive and well-governed dimensions, even though the gap between the Western Balkans and the EBRD region is quite consistent across qualities, ranging from 0.3 to 0.5 points on a 1 – 10 scale. Countries in the Western Balkans lack competitiveness, mainly due to difficulties in the business environment. These economies usually score lower than EU countries on annual cross-country measures of competitiveness and the business environment, including the World Economic Forum’s perceptions-based Global Competitiveness Index and the World Bank’s Doing Business report⁶².

	Competitive	Well-governed	Green	Inclusive	Resilient	Integrated	Average
Albania	4.4	4.3	4.9	5.1	4.9	5.8	4.9
Bosnia and Herz.	4.7	3.7	4.8	4.8	5.3	5.5	4.8
FYR Macedonia	5.4	5.2	4.9	4.7	5.3	6.0	5.3
Kosovo	3.4	3.7	3.8	4.7	5.1	4.9	4.3
Montenegro	4.9	5.1	5.2	5.6	5.9	5.6	5.4
Serbia	4.9	4.4	5.8	5.2	5.6	6.4	5.4
WB-6	4.6	4.4	4.9	5.0	5.3	5.7	5.0
EU-11	6.5	5.7	6.3	6.3	7.3	7.5	6.6
EBRD	4.9	4.8	5.4	5.4	5.7	6.0	5.4

Source: EBRD (2018). The Western Balkans in transition: diagnosing the constraints on the path to a sustainable market economy.

Overall the country has been through a steep transformation and has achieved many successes in building crucial institutions that did not exist before. However it is the culture and behaviour of the business community that still needs to be improved, and unfortunately no fast remedies are available. Albania’s culture of entrepreneurship and its middle class suffered dramatically during the communist period of its history and at the beginning of 1990 they were non-existent. Only now, after almost three decades of engagement, are there emerging signs of a revival. EU accession is a strong anchor for structural reforms in Albania, and significant EU funding is the main source of transformations and know how. The EBRD remains a relatively small player at the country level, but it is a significant counterpart in areas where it has the greatest expertise (power and energy, infrastructure, financial markets) and where it can confidently play the role of honest broker (public-private dialogue platform, such as investment council).

⁶¹ Bureau of Economic and Business Affairs. Albania’s 2017 Investment Climate Statement. June 29, 2017.

⁶² EBRD (2018). The Western Balkans in transition: diagnosing the constraints on the path to a sustainable market economy.

Conclusions

Effectiveness of the Bank's activities in the area of investment climate support.

In Albania, the Bank's investment climate activities have been effective across all analysed streams of work. The EBRD has a long history of engagement in Albania, and in the past it has tended to direct its attentions to specific clients or issues, acting mainly in its own interests. Nowadays, the EBRD plays a more holistic role, engages with the various government agencies and often performs the function of an honest broker. This different approach is particularly visible in relation to the governance team's activities, where its efforts address broader issues that are of concern for the entire business community. One private sector stakeholder judged the presence of the EBRD in Albania to be crucial for the improvement of the investment climate and stated that the Bank "is the point of reference for the business community, a relevant voice among partners", which provides discipline and guidelines.

Albania was chosen as one of the focal countries when the ICGI was launched in 2014 since the country faced particular governance challenges and dramatic problems with corruption. The MoU on Co-operation in Support of the Investment Climate and Good Governance, signed in 2014, includes a range of activities and initiatives that have contributed to the well-governed transition quality by supporting reform-minded government as well as corporate clients. It has improved governance standards by increasing transparency and accountability as evidenced by the results of its activities so far. The governance team catalysed the EBRD's policy reform dialogue initiatives directed at the private sector, and its products support the partnership between the public and private sectors. Selecting Albania as an ICGI focal country and establishing an Investment Council has yielded one of the Bank's most visible programmes and its successes have in turn raised the visibility of the EBRD's activities both outside and within the Bank⁶³. The Investment Council was the right initiative for the Albanian Government and the EBRD to undertake, and it is institutionalising 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."⁶⁴

The EBRD supports Investment Councils in six countries, and the demand for replication is high in some other COOs. However, the Albanian case demonstrates that replication might not be so straightforward. Government support was a prerequisite for the Council's success in Albania. Also due to the fact that a number of other PPD platforms have existed for some time but their efficiency and effectiveness was low due to either dominance of certain vested interests, or the under-funding of implementation mechanisms/activities. The Investment Council remains highly exposed to various influences, and to be successful it needs to be shielded from those, mostly through collaborative actions, which is challenging. Initially, the level of trust in the IC was very low but it is increasing as the private sector sees that the Council's priorities and actions are led by technical experts, and not by government officials. To maintain the trust in the institution it needs to remain independent, and must not be politicised.

⁶³ Information Session – Investment Climate and Governance Initiative (ICGI) (2017). SGS17-098 (Addendum 1)

⁶⁴ Quote from the interview with the private sector partner

In terms of the Council's sustainability, the idea was that the business community would appreciate the endeavour and its impact, and eventually fund it, although this has not yet come to fruition. Currently there are enough funds to sustain the work of the Investment Council and its Secretariat through 2018, but the future appears uncertain.

The outlook for the EBRD's involvement in policy dialogue related to improving the investment climate in Albania is positive. The shift from transactions-led dialogue to a stand-alone policy dialogue meant that the Bank's position transformed from that of an interested party to an honest broker, as mentioned earlier. The Bank engages in addressing wider issues that are relevant for the entire business community in Albania.

The EBRD's intended role and operational priorities for investment climate improvement

In terms of the EBRD's intended role and strategic priorities for investment climate improvement, the Bank has delivered a number of targeted interventions to help address Albania's business environment obstacles identified as suitable for the Bank's expertise and volume of resources. Efforts have gone beyond responding to the EBRD's strategic priorities and governance objectives but have gone one step above. For instance, the MoU with the Albanian government is a joint action and adds local buy-in and commitment to the formula, therefore representing an important anchor for governance-related initiatives that require time to deliver results. As stated by a top level management representative *"in the area of investment climate, the EBRD's activities are aligned with its mandate, and the Bank is in touch with the private sector on the ground"*.

As the president of one of the most important business associations stated, *"Albania is not looking for funding, the Banks are liquid. What it needs is risk sharing, expertise, and discipline"*. Another stakeholder noted that the EBRD's activities deliver *"the best results in the public sphere rather than the private sector"*. One of the Bank's clients indicated that it went to the EBRD because it *"wanted support beyond the money. The EBRD has world-wide experience in different fields. The company based its trust on the Bank's experience – It was not about the loan, but about experience and support"*. In this respect, the LTT has been successful at yielding results in the form of responding to the demand for Bank's experience and expertise.

Effectiveness of the Bank's use of internal and external resources to design and deliver investment climate support activities

There is room for improvement in how the EBRD uses internal and external resources to design and deliver investment climate support activities. Resources could be invested in securing crucial roles such as that of an Investment Climate coordinator on the ground. The GPA and the LTT appear to have established a proper way to interact with each other and there is a clear delineation of responsibilities, however, the two teams appear to be following their own projects, when better synergies could be realised. The role of an Investment Climate coordinator could also promote and improve said synergies. Lastly, a dedicated person on the ground could leverage the LTT's inputs and activities in-country, as the team is largely London-based, and the same can be applied to projects managed by bankers from London. As a government representative highlighted, *"it is very helpful to have an Albanian person to talk to, and even better to have her in-country"*. Other partners also expressed their high satisfaction with the collaboration with the local governance expert, who is one call away, knows, and lives in the Albanian context. Funding and sharing this resource more flexibly could enhance the Bank's delivery of investment climate activities.

The RO has been assessed as well-provisioned without any severe deficits. The report on the EBRD Board Consultation Visit (BCV) to Albania in 2017 states that there is a “*well-tailored and dynamic Representative Office with the willingness to achieve positive results in the short run*”. It also noted that the EBRD’s contribution to improving the business climate by supporting the creation of the Investment Council, as well as other initiatives with international donors and/or stakeholders (e.g. cooperation with the OSCE in the fight against corruption, MoU with USAID, UNDP) are highly valued. The main problem when working to improve the investment climate is the low capacity of the government counterparts, especially in the implementation of public sector projects and enforcement of policies. The majority of obstacles that the Bank and entire business community face in Albania derive from these issues.

Evidence of an effective internal learning process with regard to investment climate support activities

As per the question of effective internal learning processes and operational experience, the evidence varies across teams. For instance, the LTT, pursuant to the Bank’s systematic approach to collecting, preparing and sharing of the knowledge, organises several public events a year, as well as presentations and panel discussions in London under the general theme of Law, Finance and Development. The team also disseminates their lessons learned via their annual Law in Transition journal, and through the development and delivery of the Bank’s Policy Academy modules.⁶⁵ On the other hand, among the Bank teams who participated in ICGI’s Investment Councils’ conference, some noted that they did not use the Councils’ platforms effectively and that much more could be learned and done.

⁶⁵ Legal Transition Programme 2017 Report and 2018 Operational Plan. SGS18-055. February 2018.

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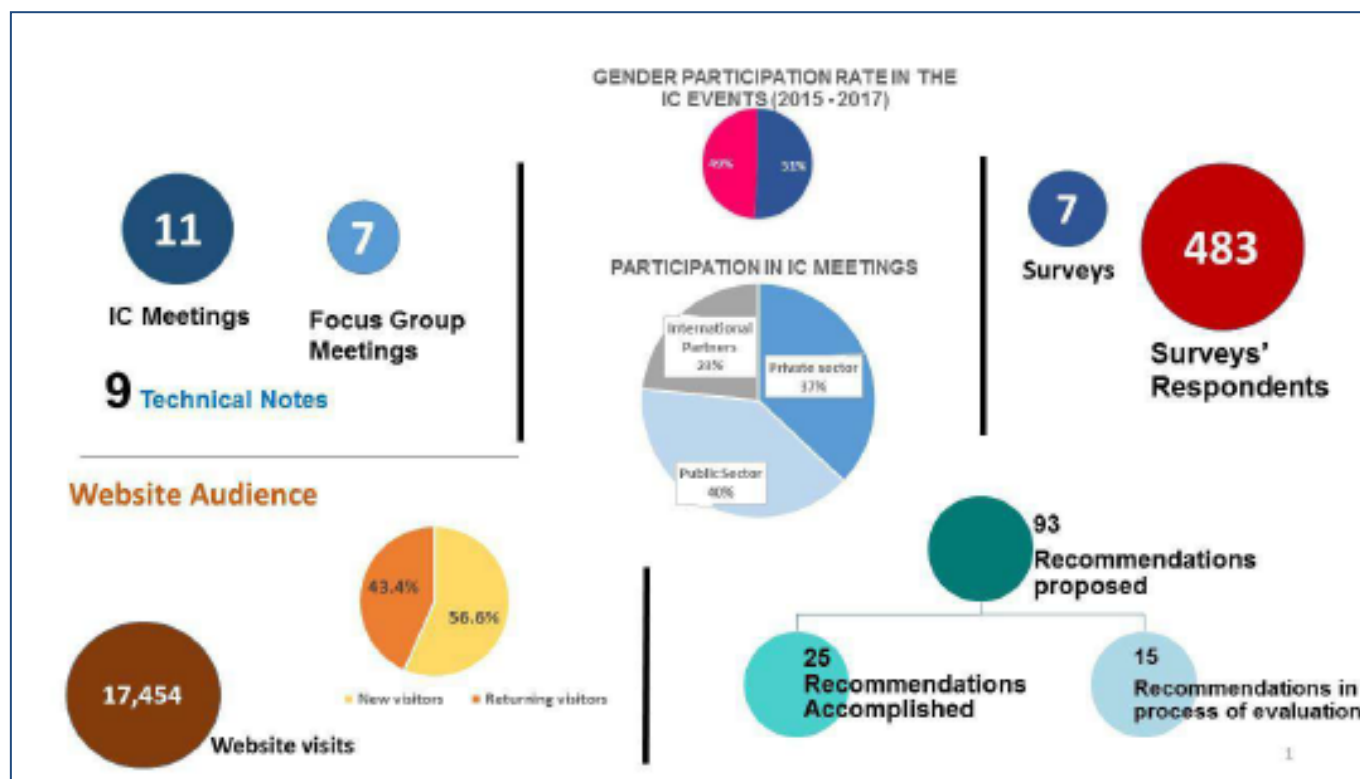
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Annex I: Albania: Sector Details and Comparators

	Albania	Region Avg.	Income Group Avg.	World Avg.
Regulatory & Business Environment				
Doing Business: Distance to frontier: trading across borders (higher is better)	96.3	93.1	70.2	69.1
Doing Business: Getting credit: strength of legal rights index (0 to 12)	8	6.13	5.42	5.41
Doing Business: Trading across borders: time to import, documentary compliance (hours)	8	7.67	75.8	68.7
Index of Economic Freedom: Trade Freedom component (0-100, least to greatest freedom)	87.7	85.1	75.1	76
International Logistics Performance Index: Customs score (1-5, higher is better)	2.23	3.12	2.52	2.67
International Logistics Performance Index: Ease of shipment score (1-5, higher is better)	2.48	3.22	2.74	2.83
International Logistics Performance Index: Infrastructure score (1-5, higher is better)	1.98	3.24	2.59	2.72
International Logistics Performance Index: Logistics competence and quality score (1-5, higher is better)	2.48	3.24	2.67	2.79
International Logistics Performance Index: Overall index score (1-5, higher is better)	2.41	3.31	2.72	2.85
International Logistics Performance Index: Timeliness score (1-5, higher is better)	3.05	3.7	3.1	3.23
International Logistics Performance Index: Tracking and tracing score (1-5, higher is better)	2.15	3.32	2.67	2.82
Tariff rate, applied, weighted mean, all products (percentage)	1.11	1.79	5.39	5.46
Trade and Investment Statistics				
Current account balance (BoP, current \$US)	-1.1b	9.7b	1.5b	585m
Current account balance (percentage of GDP)	-9.58	0.22	-5.03	-4.3
Energy imports, net (percentage of energy use)	13.8	26.1	-24.6	-25.3
Foreign direct investment (FDI) inflows (\$US millions)	1.1k	14k	7.2k	8.9k
Foreign direct investment (FDI) outflows (\$US millions)	64.2	12k	5.1k	8.4k
High-technology exports (percentage of manufactured exports)	1.49	11.5	8.06	9.23
Merchandise exports (current \$US)	2.0b	143b	82b	85b
Merchandise imports (current \$US)	4.7b	139b	72b	86b
Trade (percentage of GDP)	74.3	116	83.7	88.1
Trade in services, exports: Total services (\$US millions)	2.7k	53k	14k	26k
Trade in services, imports: Total services (\$US millions)	1.8k	47k	19k	26k

Source: International Data and Economic Analysis (IDEA) as of January 2018.

Annex II: Albania's Investment Council 2015-2017 Figures



Source: Albania Investment Council. Annual Activity Report January-December 2017. January 2018

Annex III: ICGI Portfolio in Albania up to Q1 2018

Title	Amount
Support to the Albanian government institutions: a partnership with the Overseas Development Institute (ODI)	€ 199,800
Investment Council in Albania	€ 499,100
Strengthening Taxpayers' Advocate in Albania	€ 24,710
Establishing a Credit Bureau in Albania: Scoping, Feasibility Study and Recommendations	€ 36,000
Support for the Development of a Private Credit Bureau in Albania	€150,000
Helpdesk platform for taxpayers	€110,000
Support Anti-Corruption Measures in Albania (with OSCE)	€190,000
Technical Assistance to the Competition Authority of Albania	€275,000

Source: TCRS System & governance team input

Annex IV: LTT Portfolio in Albania

Name	Budget €/source	Description	Status
Utilities Public Procurement Law Reform in Albania	Slovak Government	The Project objective is to assist with reform of the utilities of public procurement sector in Albania, including development of eProcurement procedures for framework agreements and qualified suppliers lists for contracting entities in utilities sector.	Underway
Assistance to the Bank of Albania on selected Corporate Governance Issues	€242K Luxembourg Fund	The project will seek to assist the Bank of Albania (BoA) in strengthening its supervisory function and align it with the practice in place in the EU. The project will consist of reviewing the relevant Albanian legislation on corporate governance of banks and the BoA's supervisory framework and practices, and developing a new methodology, taking into account the recent international and European developments, in particular the new ECB SSM Supervisory Manual.	Underway
Accounting skills for Judges in Insolvency Matters	€50K Luxembourg Fund	The project aims to deliver a practical, vocationally-oriented module of judicial training on accounting skills for judges in Albania in live seminar and e-learning format, so as to enable judges to deal more effectively with insolvency matters.	Underway
KESH Restructuring – Operational Organisational Improvement	€121K Luxembourg Fund €650K SSF	The EBRD is providing finance to the Albanian state-owned power-generation utility company Korporata Elektroenergjitike Shqiptare ("KESH Sh.A") to refinance its financial exposure. The Bank's involvement supports the liberalization of the power sector, and bring forth improvement of corporate governance and operational performance of KESH (including env.and social practices),	Underway
Insolvency and Company Law Training	Czech Government	The project involved a judicial training programme to cover priority areas of commercial law that were not covered in the Albanian judicial training schedule (company law, decision-writing methodology and interpretation skills).	Completed
Review Commission on Public Procurement	€120K Slovak Government	Project strengthened the newly created Review Commission on Public Procurement, established in 2010 to hear and determine complaints about public procurement. It provided Commission members with training on core tribunal competencies essential for fair and effective review of public procurement complaints.	Completed
Advisory Support to the Albanian Financial Supervisory Authority	€160K Greek Government	The former Albanian Securities Commission (now Financial Supervisory Authority) requested technical assistance from the EBRD to improve the Albanian legal and regulatory framework governing corporate governance and finance particularly for issuance of bonds by municipalities and corporate entities. The law was prepared and finally approved by the Parliament on 15 October 2009. A commentary of the law has also been prepared	Completed
Communications Regulatory Development Phase 1	European Commission	This project, requested by Minister of Public Works and Agency for Communications and Postal Regulation, assisted the Ministry of Public Works (subsequently transferred to the Ministry for State Reforms and Parliamentary Relations) and the regulator (AKEP) with revision of policy and law, institution building and technical implementation of an EU consistent regulatory framework.	Completed
Regulatory Impact Analysis on the Draft Law on Corporate and Municipal Bonds	Italian Government	The EBRD assisted the Albanian Financial Supervision Authority in the development of a new law on Corporate and Municipal Bonds. In order to understand the possible impact of the new regulation within the Albanian framework, anticipate and correct possible implementation problems, the EBRD conducted a Regulatory Impact Analysis in order to assess the potential impact that the new law will have on the Albanian market.	Completed

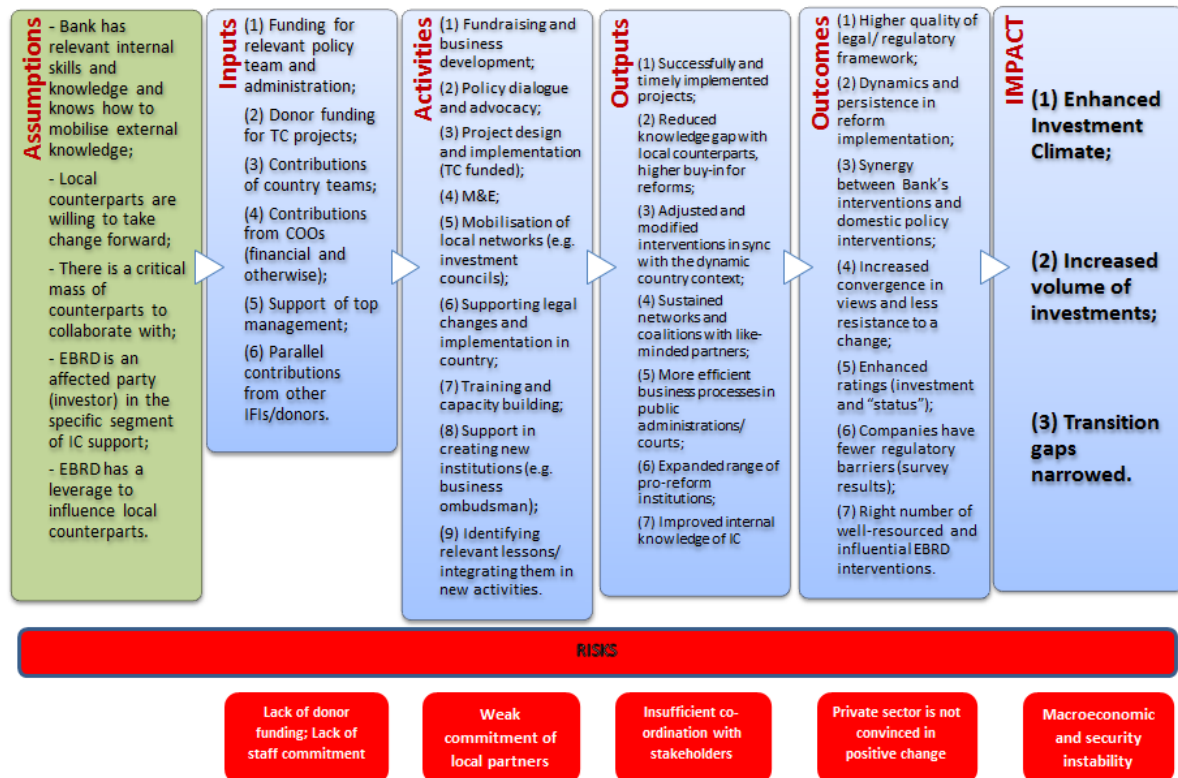
Annex V: Extended Timeline

2006	2008	2009	2012	2013	2014	2015	2016	2017	2018
Albania signs Stabilisation and Association agreement with EU.	SSF-Continuation of BAS Programme in Albania	Albania officially joins NATO and formally applies for EU membership	EBRD approves Strategy for Albania	Albanian Center-left Socialist Party headed by Edi Rama returned to power following general elections	Albania Becomes EU candidate country	Launch of Albania's Investment Council	EBRD approves four-year Strategy for Albania		Launch of online Regional Investment Platform
EBRD approves the Strategy for Albania	Albanian Government adopts Law on Entrepreneurs and Commercial Companies	EBRD approves Strategy for Albania 2009 - 2012	EBRD Board Consultation Visit to Albania	Regional: SSF – SBS services in Albania (€400,000) approved.	EBRD establishes the Investment Climate and Governance Initiative (ICGI)	Albanian Government approves new law on strategic investments	Well-Governed becomes one of the Bank's new six transition qualities	OSCE & EBRD sign MoU to support OSCE-participating states & partners for cooperation, to deepen cooperation on promoting good governance, connectivity & economic development	MoU signed to boost local currency lending, supporting SMEs.
					MoU was signed between Albania's Prime Minister and the EBRD President (cooperation in support of Investment Climate & Good Governance.	Gov't amends Law on the Establishment & Operation of Technical & Economic Development Areas (TEDA), legal framework for establishment of TEDAs (free trade zones)	Albania's parliament approved a judicial reform package - meeting a condition of the EU for accession talks.	EBRD Board Consultation Visit to Albania	
					Albanian Government approves the new strategy on business and investment 2014-2020		EBRD President's second visit to Albania - as part of a wider regional tour of the Western Balkans.		
					Launch of new format of regional cooperation: "Western Balkans Six at the level of Prime Ministers"		Albania rec'd EC recommendation to open EU accession negotiations (conditioned)		

Annex VI: List of counterparts interviewed

No	Name	Position	Organisation/Unit
1	Matteo Colangeli	Head of Albania, Associate Director	Western Balkans, Tirana RO
2	Endrita Xhaferaj	Consultant, CCT	ICG, GPA, Tirana RO
3	Dorina Peristeri	Associate Banker	Tirana RO
4	Diana Leka Elvis Zerva Ermelinda Xhaja	Director Legal expert Economic expert	Secretariat of the Investment Council
5	Entela Cipa	Advisor to the Minister	Ministry of Energy and Industry
6	Enfrid Islami Jorida Narazani	National Project Officer, Governance in Economic and Environmental Issues Department	OSCE Office in Albania
7	Silvio Pedrazzi	President (Also CEO on Intensa San Paolo Bank in Albania)	Foreign Investors Association
8	Agron Shapilo Elton Beqi	CEO Project Manager	GSA
9	Giacomo Pides	PSD Programme Officer	Italian Agency for Development Cooperation, Albania Office
10	Adrian Kamenica	Director	Strategic Business Investment Unit, PM's office
11	Nevila Como	Expert, Support to Donor Co-ordination	EU Delegation (based in PM's Office)
12	Edlira Muka	CEO	BALFIN
13	Enida Bezhani Brikena Kamenica	Executive Director PR and Publications	AmCham
14	Bakshim Sykja	Adviser to the Minister, Directorate of Entrepreneurship Support	Ministry of Economic Development, Tourism, Trade and Entrepreneurship
15	Arben Shkodra	Board member (also CEO of Tirana CCI)	Union of Chambers of Commerce
16	Deniz Deralla	Director, Supervisory Department	National Bank of Albania
17	Lindita Legisi	General manager	OMEGA
18	Katja Rockel Raimonda Nase	ProSEED Programme Director ProSEED Project Manager	GIZ
19	Spiro Brumbulli	Secretary General	Albanian Association of Banks
20	Erjon Luci	Deputy Minister of Finance	Ministry of Finance
21	Genti Beqiri Genc Celi	Executive Director Investment Director	AIDA, Albanian Investment Development Agency

Annex VII: Results Framework for the Investment Climate Study



Annex VIII: OECD Policy Framework, EBRD Transition Qualities & EBRD Operational Objectives

Policy Areas of the OECD Policy Framework								
	Trade Policy	Competition policy	Financing investment	Investment Policy	Corporate Governance	Developing Human Resources for Investment	Investment in Infrastructure	Investment Framework for Green Growth
EBRD Transition Qualities	Competitive			Well Governed		Inclusive	Integrated	Green
EBRD Operational Objectives under each of the Strategic Priorities	Competitiveness		1.2 Support access to finance to the private sector by contributing to restarting lending by banks		1.1 Strengthen enterprise competitiveness through improved skills, new technology, governance practices & standards	1.1 Strengthen enterprise competitiveness through improved skills, new technology, governance practices & standards		
		1.3 Address legal & regulatory obstacles to private sector development & facilitate public/private sector dialogue to improve investment climate		1.3 Address legal & regulatory obstacles to private sector development & facilitate public/private sector dialogue to improve investment climate				
	Regional Linkages	2.3 Support trade & investments flows with the extended region					2.1 Support the expansion & rehabilitation of regional transport infrastructure to facilitate cross-border trade & lower transport costs	
							2.2 Contribute to enhancing energy interconnections with neighbouring countries to improve energy security	
	Public Utilities							3.1 Working with WB & other IFIs, contribute to enhancing sustainability of the power sector
								3.2 Assist territorial reform & promote commercialisation of municipal services

- The OECD PFI considers 12 policy dimensions in an integrated manner, drawing on global good practices including: 1) investment policy; 2) investment promotion and facilitation; 3) trade policy; 4) competition policy; 5) tax policy; 6) corporate governance; 7) policies for enabling responsible business conduct; 8) human resources development; 9) investment in infrastructure; 10) financing investment; 11) public governance; and 12) investment framework for green growth.⁶⁶
- The EBRD's six Transition Qualities are: 1) competitive; 2) well-governed; 3) inclusive; 4) integrated; 5) green; and 6) resilient.
- EBRD's three strategic orientations in Albania in the current strategy period are: 1) Support private sector competitiveness by enhancing value creation, facilitating SME access to finance and fostering an enabling business environment; 2) Expand markets by strengthening regional linkages; and 3) Promote sustainability of public utilities through commercialisation and private sector participation.

⁶⁶ OECD (2015), Policy Framework for Investment 2015 Edition, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264208667-en>