Good Economic Governance for Improving the Investment Climate in Albania (ProINVEST)

The challenge

Investments – both public and private – are key to the development of an economy. In the case of Albania, foreign direct investments are potentially the most important catalyst of growth. However, foreign direct investments fell by a total of 8% in the period from 2008 to 2012 (source: Bank of Albania). The decline in investments may partly be attributed to the global economic and financial crisis. However, the main reason is the Albanian business and investment climate: High bureaucratic hurdles as well as tedious application and approval procedures pose huge challenges to investors. Institutional structures and administrative procedures need to be strengthened so that they have the capacities to attract, accompany and even fast-track private investments. In addition, currently public investments are not steered into sectors and areas, where they provide the highest potential benefit to private investments.

The approval of the Strategic Investment Law in June 2015 shows, that the attraction of (large-scale) foreign direct investment is one of the key priorities for the Albanian government.

Our approach

GIZ has been commissioned by the German Federal Ministry for Economic Cooperation and Development to implement a project to strengthen good economic governance, a key ingredient for the business and investment climate. To do so, the project works with Albanian government institutions, namely the Prime Minister’s Office (PMO), the Ministry of Economic Development, Tourism, Trade and Entrepreneurship (MEDTTE) and the Albanian Investment Development Agency (AIDA). Collaborating closely with these institutions, the project aims to strengthen coordination among the government entities and to strengthen capacities at the systemic, institutional and individual level.

The benefits

With the support of the project, key actors at national level have a common understanding of the reform needs regarding the business and investment climate and the next steps to be undertaken. This is a precondition to ensure that the public sector can design the Albanian business and investment climate in a coordinated and coherent way. Moreover, the GIZ-project will support the implementation of the Strategic Investment Law, contributing on the one hand to a legal environment conducive for international investors and on the other hand to the implementation of this very ambitious government program.

In following this approach, the GIZ-intervention aims to contribute to improving the Albanian business and investment climate. The development of the business and investment climate will be tracked by an annual investor’s survey to be implemented by GIZ-ProINVEST together with its Albanian partners.