



Albania – Germany, EU Integration

Countdown to EU membership moves closer

Designated a priority country of German development cooperation, Albania has made significant strides to stamp out corruption and improve transparency in recent years that have helped it secure substantial foreign direct investment (FDI) ahead of the countdown to closer integration with the EU.

Germany is the sixth largest investor in the country of 3.2 million people with annual direct investment in the lower double-digit million euro range. German investment and activity is concentrated on many sectors, including banking and financial services, transport and logistics, retail and mobile communications, textiles, automobiles, chemicals and pharmaceuticals.

During German Chancellor Angela Merkel's historic visit to Tirana in July 2015, - the first bilateral meeting of a German chancellor to Albania – Prime Minister Edi Rama gave a passionate speech about the reforms and progress achieved as his country strives for EU membership.

“Albania is more determined than ever before to continue on the path of real reform for the modernisation of the state, for which our country has deserved congratulations from the European Commission and enhanced respect of the EU countries,” he said. In response, Chancellor Merkel noted it was “widely recognised Albania is taking big steps forward”.

“I want to thank Chancellor Merkel with deep gratitude for our partnership and for Germany being our number one donor,” PM Rama added. “We’ll never forget your outstretched hand of friendship and partnership ... while Albania is in a moment so crucial on its path towards the EU.”

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Edi Rama, Albanian Prime Minister

During three sets of talks in 2015, the two leaders pledged to reduce corruption, improve transparency and work to ensure Albania adhered to the Berlin Process (the framework which will coordinate the pace of Balkan integration). In addition, the pair discussed large scale infrastructure projects, mainly in the transport, energy and water management sectors.

Education remains a key development pillar, with Minister of Education



Edi Rama
Prime Minister



University of New York, Tirana.

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and Sports, Lindita Nikolla assuring students at the beginning of the 2015/2016 academic year they will benefit along a path of knowledge based on merit and preference. She added the government and ministry structures will support scientific research.

“The government is shaping the economy and, dare I say, they are doing it by respecting the German model,” says Shkëlqim Cani, Minister of Finance. “German businesses that come here will find a climate which aims to meet their precise needs and they can help us shape the economy.”

Banking and financial services lubricate the cogs of Albania's economy, with the Albanian Association of Banks (AAB) representing 16 commercial banks that have combined assets of around nine billion euros and almost 7,000 employees. Meanwhile parts of the steadily-growing financial services industry are supported by the Albania Financial Supervisory Authority (AFSA), whose Executive General Director, Enkeleda Shehi, explains its role.

“We supervise and regulate three very important sectors: the insurance sector; capital markets, including investment funds; and also the private pension markets. There has been very good growth recently and this is mainly because of the fast growth in the investment fund market.”

A prominent name in the sector, Alpha Bank's wholesale banking business includes a wide range of financial services like trade finance, cash management, foreign exchange, risk management and corporate finance solutions to medium, large private and government entities.

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"Albania is a potential and good destination for investments, especially greenfield investments," says Alpha Bank CEO, Periklis F. Drougkas. "There are strategic sectors like energy, agriculture and mining that all banks, but especially Alpha Bank, include in their lending strategy. Our firm belief is long-term sustainable economic growth and job creation will be achieved through the development of a vivacious entrepreneurial sector."

With an enviable reputation for reliability and professionalism, Eurosig is at the forefront of Albania's booming insurance sector with a range of policies available for businesses and individuals to cover many eventualities.

The enterprise is headed by well-known philanthropist Kadri Morinaj, who hails the current government of Edi Rama for educating people and enterprises about the importance of insurance in everyday life and business.

"We have done our part in trying to educate people, two years ago insurance was just for cars. Life insurance in Albania doesn't exist because most can't afford house insurance to protect it from a fire today. If people don't insure their house, how are they going to insure their life?"

The dynamic senior executive cites the way Eurosig handled a major claim for an Italian investor in 2015 as the industry benchmark for trust, professionalism and customer service. "There was a flood in Vlora and all the equipment was damaged," he explains. "The evaluation was done in one month and I provided a check for two million euros. This trust should be taken into consideration by German companies to understand how seriously we take our clients. We are the only company that pays like this, since Eurosig is competent and able to pay back this amount."

Part of Vienna Insurance Group (VIG), a leading insurance group in Austria and central and eastern Europe and with a presence in 25 countries, Intersig is a growing presence in the Albanian insurance market through products like motor, property, liability, health and bonds insurance.

"Government attention has increased significantly and the insurance market has taken up a position as one of the important players in the financial industry," explains Gentian Sula, Intersig CEO. "Albania is a country with high potential and a young and active population. More and more foreign investors are arriving and more and more visitors are coming. Intersig, as representatives of a group as important as VIG,



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believe in this market. The market will develop further with stable and solid growth. "We strongly believe in the prosperity of our company along with the development of Albania."

With the help of foreign partners from the public and private sectors, Albania is embarking on a major transport infrastructure construction programme that will see the creation and upgrade of roads, railways, airports and ports. "Our infrastructure needs are immense, we are a developing country, and there is still a lot of room for many foreigners to come with their own money, or to bring money from financial institutions, which can be implemented in partnerships or other forms of cooperation," says Edmond Haxhinasto, Minister of Transport and Infrastructure.

"Albania has invested massively in works to improve its road network and continues to do so," says Dashamir Xhika, General Director of the Albanian Road Authority. "This will guarantee improvements in the economy, quality of life and the tourism sector."

In recent years, officials have improved planning and urban development legislation and introduced building controls in three major historical and cultural areas. Two years ago, ministers adopted three main planning initiatives to design, for the first time, a General Territorial Plan, Integrated Intersectorial Coastal Plan and Integrated Intersectorial Plan for the Tirana – Durres economic zone.

"This is a historic moment for Albania and will shape the social and economic sustainable development of the country in the future," says Eglantina Gjermeni, Minister of Urban Development. "These planning initiatives will lay the ground for a harmonized territorial development and provide social cohesion."

Construction group Gjoka Konstruktion is literally laying the foundations for Albania's brighter future through the building of modern



Shkëlqim Cani
Minister of Finance



Gentian Sula
CEO, Intersig
Vienna Insurance Group



Kadri Morinaj
President, Eurosig
Insurance Company

highways, bridges, buildings, offices, power plants and waterways, among other projects. The company is now seeking foreign partners as it looks to increase its portfolio of projects.

"We are very experienced and one of top of the companies in the construction sector," says Rrok Gjoka, Administrator of Gjoka. "Foreign investors are coming here and opening new possibilities for us. There are several major projects that will enable companies to work like a subcontractor. We are present in the energy sector through our work on power plants and are one of the biggest companies investing in this kind of business."

Civil engineering group GECI Ltd is a construction giant with an excellent track record in the transport and utilities infrastructure construction industry. Since 2011, GECI has been owned the largest hotel and conference centre in Albania: Tirana International Hotel & Conference Centre.

In recent years, the group has constructed more than 400kms of new



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roads, several bridges of various sizes, with such transport infrastructure projects contributing to its annual turnover of more than €100m. GECEI owns and operates a vast amount of modern machinery and equipment, which guarantees the successful completion of every project on time and to budget.

Overlooking the capital's main square, the luxury hotel showcases the best of Albanian hospitality to foreign businessmen and tourists during their visits to the bustling city, with the group expanding their hotel offerings in other parts of the country.

"We have taken part in the reconstruction of the most important works in the country, including: the Durres-Morine highway that connects Kosovo with the southern Albania, the Durres-Tirana highway and the Fushe Kruje-Milot highway, among others," says Ram Geci, General Director of GECEI Ltd.

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Rrok Gjoka, Administrator of Gjoka

AlbStar Ltd is one of the biggest companies in Albania in the engineering services service, with its comprehensive operations including water supply, sewerage, transport infrastructure and mechanical works for the oil and gas industry. High specialised and technology driven, they perform to the highest standards and win most large scale tenders.

"We've learned much from working on projects with European companies and that has brought us up to international standards. We are now knowledgeable about international ways of doing business and are used to applying various international structures and standards. This is now our way of doing business," states Idajet Ismailaj, AlbStar

Administrator.

Hygeia Hospital Tirana is a world-class private hospital and the first fully comprehensive private hospital to operate in Albania. Fitted with state of the art medical equipment, the hospital is manned by with experienced and qualified medical and paramedical staff. "Our main focus is to give high quality services, offering A to Z in medicine and in the solutions we apply to our patients," says Stavros Krasadakis, CEO of Hygeia Hospital Tirana.

In January 2016, the World Bank organised a high-profile seminar in Tirana at which the opportunities and challenges for Albania to accelerate an inclusive and equitable growth for its citizens were discussed in depth.

The event was chaired by the Deputy Prime Minister Niko Peleshi, with World Bank presentations by Ellen Goldstein, Regional Director for Southeast Europe and Ana Revenga, Senior Director of the Poverty and Equity Global Practice. Representatives from the government, ministers, parliamentarians, development partners, Institute of Statistics, academia, civil society, and media also attended the seminar.

The World Bank currently supports nine projects in Albania with a total fiscal commitment of \$544 million and the key message of the event was that to combat poverty and boost prosperity the country requires an economic strategy that is equitable and generates long lasting economic and employment gains.

"Albania needs to rekindle and rebalance economic growth, moving from a past growth model led by consumption, to a new one driven by investment and exports; reforms in this direction are starting to pay off," commented Ms Goldstein.

She highlighted how the Albanian economy is recovering and is expected to grow at 3.5% per year in 2016-17. Key reforms in the areas of energy, pensions and public arrears clearance are starting to deliver positive results, she noted. With the fiscal deficit narrowing and public debt is on a stabilizing path. Declining losses and improved collection rates in the energy sector as well as pension reforms have enhanced Albania's social and fiscal stability.

Ms Revenga added: "Alongside efforts to accelerate and sustain economic growth, reforms should also aim at accentuating its inclusiveness and poverty reduction impact."

In November 2015, Albania Country Manager for the World Bank, Tahseen Sayed, attended the launch of a health sector improvement project aimed at improving access, equity and quality of public health services for people of all ages in all parts of the country.

"This project is an important part of the World Bank Group's Country Partnership Framework and we look forward to its effective implementation in order to bring the anticipated results to the citizens," she commented to an audience gathered in the capital.



Edmond Haxhinasto
Minister of Transport



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