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30th OSCE Economic and Environmental Forum
“Promoting security and stability in the OSCE area through sustainable economic recovery from the COVID-19 pandemic”
CONCLUDING MEETING

Prague, 08-09 September 2022

Address by

Minister of State for Service Standards
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Mrs. Milva Ekonomi

Thank you very much.

It is with a great pleasure that I address this meeting of the 30th OSCE Economic and Environmental Forum focused on the sustainable economic recovery from the COVID-19 pandemic of the OSCE countries.

In fact, when the COVID-19 pandemic started in early 2020, Albania was already facing a very difficult, not only economic, situation due to the devastating earthquake of November 2019.

Therefore, we had to face and recover from the consequences of the earthquake and the pandemic.

Our Government continued the support to all the families who lost everything from the earthquake and to everybody who lost their jobs and businesses from the pandemic. And this support continued with the reconstruction of the houses, schools and support to business.

The Earthquake Recovery Package budget was of a total of over 750 million dollars, 200 thousand Albanian families were influenced directly or indirectly by this package and over 15 thousand families received a new or reconstructed house from the state, receiving a rent bonus during the period of the reconstruction.

To mitigate the effects of the COVID-19 pandemic the Government of Albania created the **Financial Anti-Covid Packages**.

300.000 Albanian citizens and 86,500 businesses were supported through 3 stages of the budget allocated from the supporting packages, the total social support was equal to 2,8% of GDP.

Our measures have supported many employees to survive and this has been possible thanks to their determination, resilience and adaptability which has helped them to succeed. It is our obligation to support not only through fiscal and liquidity measures, but also to build towards future economic support schemes.

There are two elements that are seen as the key to economic recovery, such as **digital transformation** and **international cooperation**.

Technology has played an essential role in keeping our economy and society functioning during this two crisis and it can play an even bigger role in driving a sustainable economic recovery.

Digitization is already an irreversible process of every Albanian institution. During the pandemic, starting from 2020, the public services, for citizens and businesses are offered only online. Citizens and businesses apply only through the government platform e-Albania. Only in 2021 the number of transactions carried out through the platform was 198 000 000 (One hundred and ninety-eight million).

Digitalization also opens new opportunities for businesses to grow and create value. Not only the public institutions adopted to the new reality thanks to the digitalization, but also the businesses followed this new path offering always more and more e-services and operating with e-commerce.

Due to all measures undertaken economic recovery in 2021 according to the World Bank, Albania had a growth of 7.4% and in the first semester of 2022 estimated by 5.97%.

As the Glasgow summit concluded last November, as we live in a globalized world, all the effects of the global economy are felt nearly immediately in the local economy.

The Albanian energy production is based 100% on hydropower sources, and not in fuels as the largest part of the countries. Nowadays we face the problem of lack of water collection capacities needed to produce the hydropower. Our vision, is to diversify the energy portfolio by introducing in the generating system solar and wind energy, today are under construction two 240 mw photovoltaic stations.

While Albania's economy was recovering from the consequences of the earthquake and the pandemic, the war in Ukraine started. A war that is a shock for every person who watches the images of devastated human lives and cities.

It is a war that we did not start, nor can we stop it, and neither we nor anyone else knows how long it will last.

But in fact, the war has come to Albania with the with the oil price bill and with the impact on all prices.

The government immediately drafted the **Social Resistance Package 2.0**, against the consequences of the global energy crisis, as well as the war in Ukraine, on prices.

The very important decision taken by the Albanian Government was, and continues to be, that the crazy increases of the prices of the energy market will not be a burden the families and small businesses. Nowadays the energy prices are still unchangeable, with the same level as last year. Through this package the Government enables financing 280 million dollars as a shield for the energy price for households and small business.

We also intervened in the transport area by covering for the citizens the increase of the prices of the tickets due to the increase of the prices of the oil and diesel (5 million dollars), and also compensated the transportation companies of their increased costs.

Another important measure of the package is the fiscal intervention: we reduced the taxation for salaries and eliminated the taxation for minimum salaries, which means, 56% of those who live and work in Albania pay 0 salary tax. We also increased the minimum wage in Albania.

The effects of the Russian invasion of Ukraine have caused further, deeper shocks. The war has disrupted energy markets and the food chain in ways that highlight the need for broader-based supplies. The war has also made visible the geopolitical dangers of dependence on an autocracy with aggressive ambitions.

But not all the needs are met in a single market. Many countries feared they wouldn't be able to secure wheat and corn and food supplies due to the Ukraine conflict. And countries should cooperate and join forces to face these new realities the crisis are showing us: **we are doing so with the Open Balkan Initiative**: we will join forces so that Albania is made available what Serbia and North Macedonia can offer and vice-versa. We know that Serbia and North Macedonia are dependent on thermo-power, whereas Albania is dependent on hydropower. In order to help ourselves by helping each other we can sign agreements to exploit thermo potentials and secure more electricity.

We have agreed to create synergies to attract some of the biggest investment projects in the region but taking advantage and making use of Serbia's excellent experience in attracting foreign investments.

It would suffice considering what has happened in terms of the trade exchanges volume between the three countries in the last seven months. It would suffice considering significant growth of Albania's agricultural and fertilizers exports to both Serbia and North Macedonia. It would suffice considering growth in influxes for us to figure out how much time we have wasted and the tremendous potential still there to be exploited if we were to consider the data, which are still ridiculous compared to how high such figures should be. Yet they are very encouraging compared to the modest data on trade exchanges between our countries in the past.

Meanwhile, with all is happening in the world, the digital transformation continues in its path.

As of first of May 2022, in Albania 95 % of the administrative public services are offered online, the remained 5% are only services that need the in person interaction. Also Albanian public agencies are using the digital signature and digital stamp in delivering public documents.

The significant increase in the electronic services provided by Albanian public institutions in recent years have saved Albanian citizens 766 years of queuing and about Euro 6.5 million. Thanks to the digital transformation, Albania has also saved 160 million A4 sheets, 800 tons of paper, 16 thousand trees, 68 million litres of water and 5500 MWh of electricity, positively affecting the environment. The large-scale increase in e-services provided has significantly reduced bureaucracy and laid the groundwork for changing the culture of communication between service providers on the one hand and citizens and businesses on the other.

Development through digital transformation is a complex issue and touches on many enablers, from broadband availability to policies and sectoral e-strategies, as well as specific programs fostering digital inclusion or the development of innovation communities.

For this to happen is very important to have all the territory covered with internet and the population enabled with the necessary competencies needed in this digital revolution.

In 2021, Albania had 99.86% of the population covered with internet mobile broadband and 80% of the population aged 14-80 years know how to use it, from which 92% of them use it every day.

But is this enough to face all the consequences the digital transformation brings?

Of course not. The digitalization transformation should continue in its path. That is why, our government is looking at the future of the digitalization in two prospective:

-Regarding the youngest generation: in our educational system we have introduced, since the first grade, the learning of a foreign language (primary English) and coding (yes there are a lot of experimental classes about coding since first grade). In the government's vision for Albania 2030, young people are not only seen through the development of service infrastructure in their care and growth. The focus is placed on the development of new policies for better health, better quality education and alternative spaces that promote the formation and talents of young people.

-Regarding businesses and inclusive entrepreneurship , in March 2022, the Albanian Parliament approved the Law on the Support and Development of Start Up, the purpose of this law is to create a favorable regulatory and institutional framework for the creation and development of startups and the support of their ecosystem, for the promotion of research, realization and the use of innovative ideas, as well as new models, products and processes, which bring innovation in every field for economic development. The law was accompanied by a financial package of 30 million USD for 2022, which may seem small but is a very good start for a small country such as Albania, especially in time of crisis.

Ladies and gentlemen,

The ongoing digital transformation affects every aspect of our lives. We should embrace it and make sure it has a positive effect on productivity, growth, employment and well-being – while meeting our ambitious sustainability goals.

Thank you very much.