

Guidelines and Best Practices for Micro-, Small and Medium Enterprises in Albania in Delivering Energy-Efficient Products and Providing Renewable Energy Equipment

Tirana, January 20, 2022

Training course/webinar organized by UNECE Sustainable Energy Division

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1. Analysis of the environment that MSMEs working in the area of energy efficient products and services and renewable energy equipment in Albania face as a result of the Covid-19 crisis (1)

The methodology used in this study includes the following tools and approaches:

- Collection of primary data through an “MSME COVID-19 effects” survey;
- Collection of primary data through interviews with selected MSMEs;
- Collection of secondary survey data; and
- Desk analysis.

21 responses surveys were carried out for companies classified as MSMEs in Albania. The share of MSMEs surveyed consists of 100% of industrial EE/RE producer enterprises related with EE/RE materials/ products/ parts/ equipment. At the same time the Consultant contacted more than 10 service companies dealing with trading of EE/RE materials/technologies, 6 intellectual/knowledge providers and 5 associations/civil society organizations.

21 in-depth interviews were conducted, with a wide spectrum of companies in manufacturing, energy, industry, transport, service, agriculture, residential, intellectual services and tourism sectors. Along with the questions pertinent to the represented sector, interviewees were also asked about the additional financial needs imposed by the broader effects of the Covid-19 crisis and about potentials in investments in EE and RE during/post-crisis period.

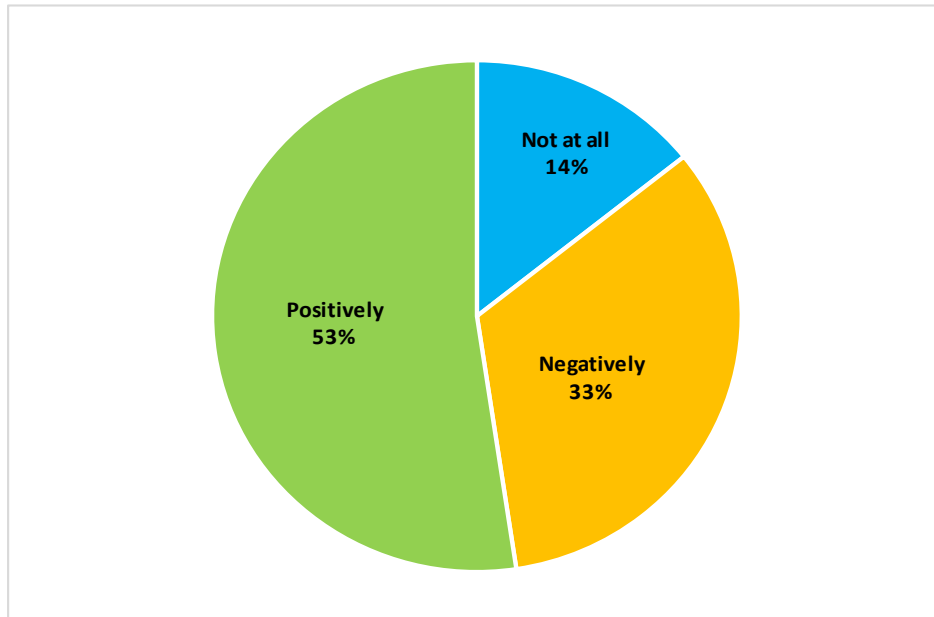
1. Analysis of the environment that MSMEs working in the area of energy efficient products and services and renewable energy equipment in Albania face as a result of the Covid-19 crisis (2)

Secondary survey data were collected from the following sources:

- World Bank in Albania 2021;
- BTI Transformation Index. 2020. Albania Country Report 2020;
- Santander Trade. 2021. Albanian Economic Outline;
- Statista. 2021. Albania: National Debt from 2015-2025;
- Trading Economics. 2021. Albania-Credit Rating;
- Bank of Albania. 2021;
- European Commission. 2019 Economic Reform Programmes of Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina and Kosovo. Institutional Paper 107, July 2019;
- International Monetary Fund. 2020. IMF Executive Board Concludes 2020 First Post-Program Monitoring with Albania;
- CIA.2021: Albania;
- EBRD. 2019. Albania Diagnostic 2019;

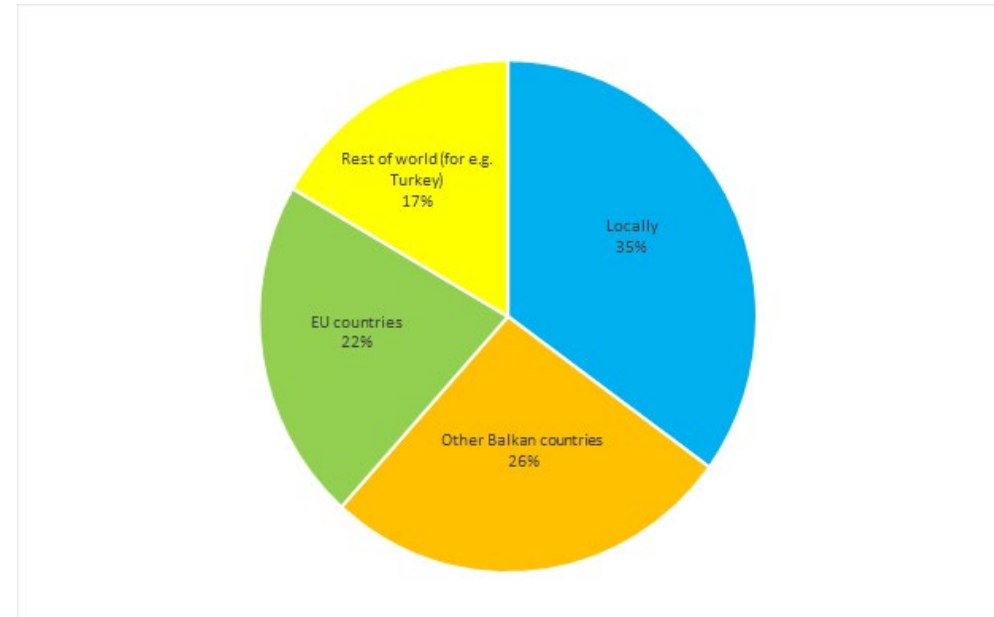
While at present the global, let alone domestic, literature is yet scarce in a rigorous assessment of Covid-19's impact on the investment environment of MSMEs with regards to EE and RE investments, the few available governmental reports are used throughout the desk analysis either to compare the global and local expectations or to cross-reference expected effects in Albania.

1. Analysis of the environment that MSMEs working in the area of energy efficient products and services and renewable energy equipment in Albania face as a result of the Covid-19 crisis (3)



Impact of COVID-19 on enterprise revenues

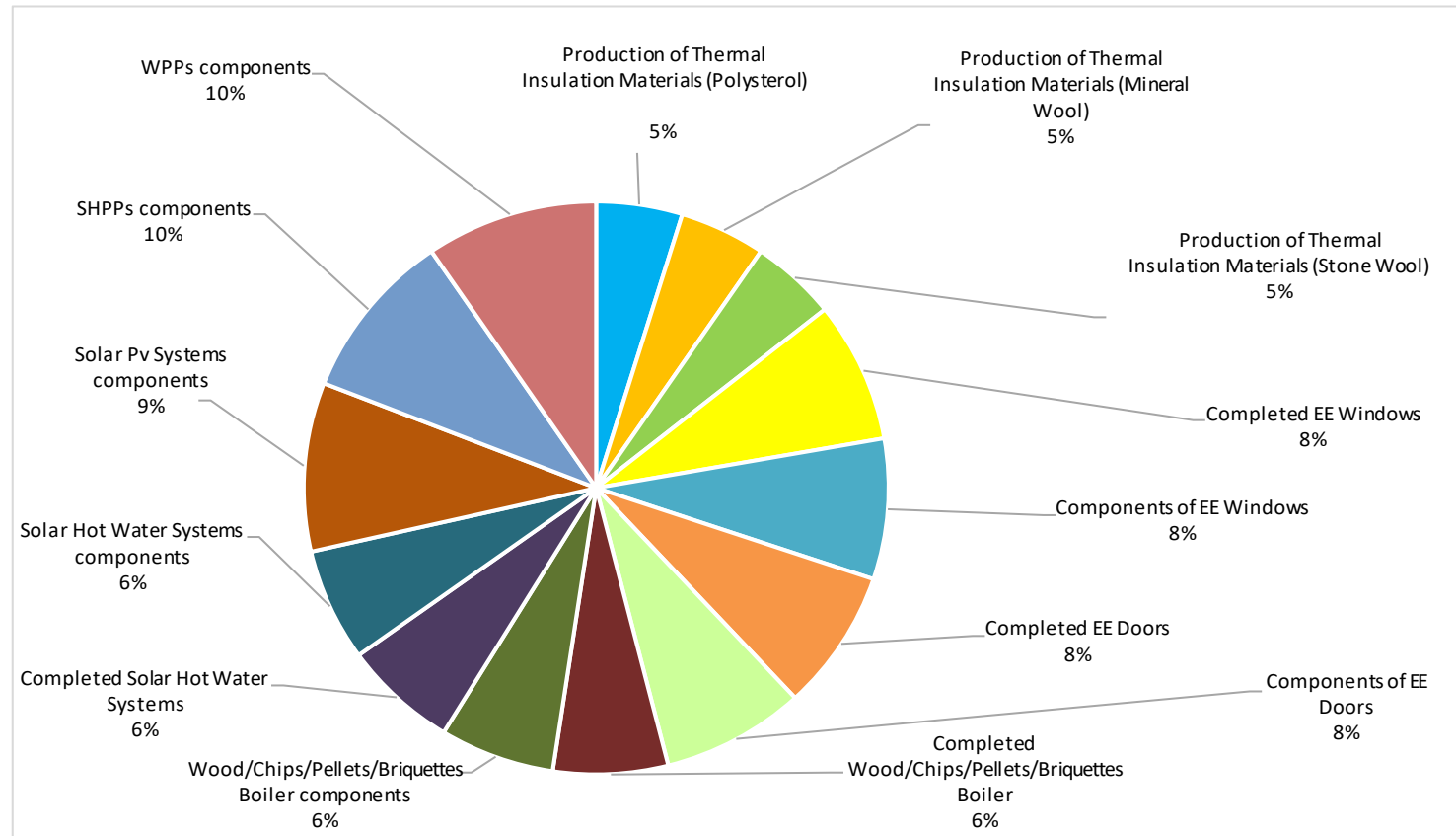
Source: Data from the Survey-MSMEs COVID-19 effects



Regions where enterprise are actually operated and were they are interested for exploring export possibilities

Source: Data from the Survey-MSMEs COVID-19 effects

1. Analysis of the environment that MSMEs working in the area of energy efficient products and services and renewable energy equipment in Albania face as a result of the Covid-19 crisis (4)



Kinds of EE products or RE equipment produced by Albanian MSMEs

Source: Data from the Survey-MSMEs COVID-19 effects

1. Analysis of the environment that MSMEs working in the area of energy efficient products and services and renewable energy equipment in Albania face as a result of the Covid-19 crisis (5)

Based on different publication of INSTAT, Ministry of Finance, Monitor Newspaper the pandemic crisis significantly affected the manufacturing of metal products, followed by transport and hospitality; construction sector reported the most closures, with 19% stated they were not operating during the period.

More than two-thirds of the energy efficiency industry and one-third of the renewable energy companies are intrinsically linked with the construction sector, it can be assumed that the effects of the crisis are being observed in these sectors as well.

Only two sectors - manufacturing of food, beverages, clothes, tobacco and wood and paper, and wholesale and retail trade - are reporting increased revenues (7.5% and 5.9%, respectively). This is expected due to increased demand for the products because of the anti-COVID measures and lockdowns imposed throughout the period.

2. Impact of working environment on MSMEs in Albania as a result of the Covid-19 crisis (1)

Typical difficulties:

- Unprecedented operation challenges;
- Serious threats to sustainability;
- Falling consumer demand and disrupted supply;
- High reliance on loans, grants and savings;
- Workers dismissed and time needed for recovery;

Recommendations that stem from the survey (1):

- The interest rate must be 0 (zero) per cent in the first year and the payment of the loan principal must be postponed for one year. Agreements with the banks should be reviewed given the hesitation of the banking sector to provide loans for employees' wages.
- The second sovereign guarantee fund should be used for the gradual activation of the economy and granting loans to enterprises that resume work.
- The deadline for tax payment should be extended for three months for enterprises in sectors that are most affected, including hospitality and tourism, construction, textiles and leather.
- In the tourism sector, each accommodation unit must establish a Covid-19 coordinator, who will be trained by competent authorities on all procedures and preventive measures to be undertaken.
- In the agriculture sector, the Government of Albania must significantly increase grant funding for all Albanian farmers who have suffered high losses as a result of the pandemic.

2. Impact of working environment on MSMEs in Albania as a result of the Covid-19 crisis (2)

Recommendations that stem from the survey (2):

- In the transportation sector, import-export procedures must be accelerated.
- In the textile sector, all orders for the production of clothes and shoes for administrative employees who wear a uniform should be given to the fashion manufacturers.
- In the information and communication sector, enterprises should conduct Covid-19 awareness raising campaigns. Subsidies should be granted to students who cant pay for their internet.
- In the public transport sector, measures should be taken to manage another crisis that may arise.
- The public and private sector should discuss with each other a financial aid package to address the specific needs of all sectors.

3. Overview of specific conditions MSMEs in Albania face in the new working environment (1)

The government has provided help for the most affected categories families with social assistance and MSMEs. Total additional help for families with social assistance and MSMEs was in the amount of 12.7 billion ALL.

From these funds have benefited the categories in most need such as unemployed people, people receiving economic assistance, employees of businesses closed because of COVID-19, small businesses with a turnover of up to 14,000,000 ALL etc.

The second package was adopted on 19 March 2020 consisting of 23 billion ALL whereas the third package was adopted on 15 April 2020 consisting of 22 billion ALL and lasting until 13 August 2020, when a fourth smaller package of 135 million ALL was adopted for public transport workers. 65,469 people have benefited from the first package while 172,172 people have benefited from the second one. 38,829 businesses have benefited from the first package while 47,388 businesses have benefited from the second one.

On 25 March 2020, BoA decided to reduce the policy rate from 1.0% to 0.5%, reduce the interest rate for the overnight lending facility from 1.9% to 0.9%, and maintain the interest rate for the overnight deposit facility unchanged at 0.1%.

BoA has adopted the operational strategy of unlimited liquidity into the banking system. Through this strategy, the banking sector, businesses, households and the public sector will have the possibility to withdraw at the BoA all the necessary liquidity required by them.

3. Overview of specific conditions MSMEs in Albania face in the new working environment (2)

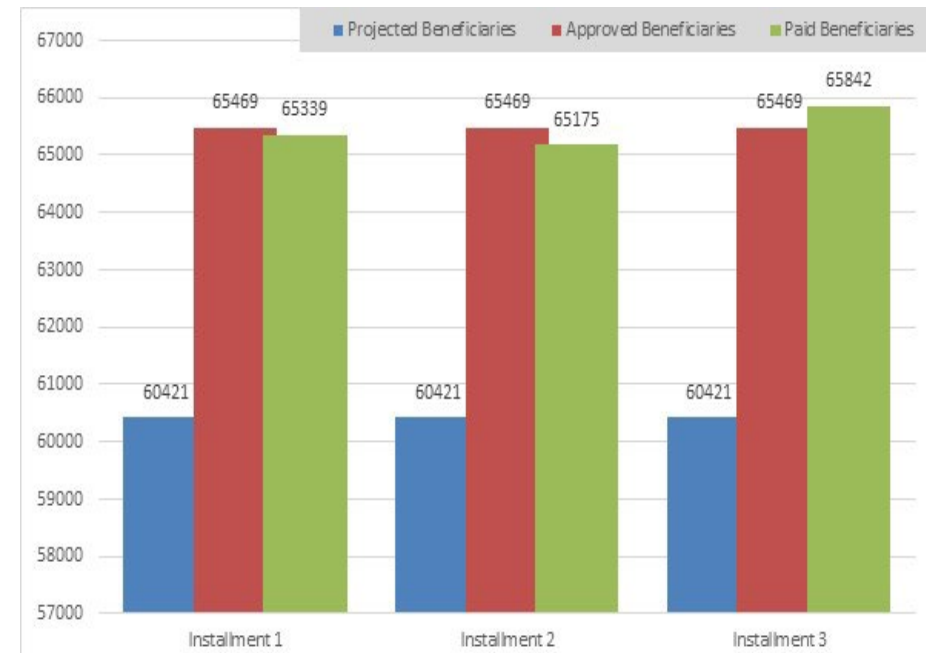
The distancing rules created reorganization of the workspaces. Teleworking is one of the safest ways to respond to the crisis, but in the case of production processes, it reduces the capacity of the companies to respond to the ongoing contractual obligations.

Many of the companies are focusing only on the most important projects which results can be achieved through working from home.

With the implementation of advanced energy efficiency products and improvements of the production processes, the companies can respond to the new working environment.

Due to the financial problems as well, companies need help to redesign their work environment and tailored governmental programmes are necessary to help the MSMEs through the crisis.

The total amount of financial support from the GoA has been 103.45 MEUR, which has been distributed to approximately 200,000 inhabitants and 88,000 MSMEs.



Financial Assistance Installments

Source: Ministry of Finance

4. Best practices in the area of energy efficiency relevant to MSMEs response to the Covid-19 crisis and post-crisis recovery in Albania (1)



Energy efficiency calculation for **introduction of thermal insulation of outside walls (Ramizi Hotel)** shows the following results: **total investment needed for this EE measure is 19,578 EUR**; payback period is 7 years, internal rate of return (IRR) is 11.5%, energy savings are 33,000 kWh/year and energy saving costs are 0.0521 EUR/kWh.

Energy efficiency calculation for **introduction of EE windows and outside doors for Hotel Freskia** shows the following results: **total investment needed for these EE measures are 47,307 EUR**; energy savings are 54,108 kWh/year, payback period equal to 8 years, IRR is equal 12.5%, and energy saving cost is 0.0768 EUR/kWh.



“Bruka Seedling” shpk invested in a greenhouse since the demand for vegetable seedlings is increasing year by year not only in Lushnja area but also in other agriculture areas around. The company increased its production since demand in this area is very high and at the same time they reduced total unit cost of production due to saving in many directions, including energy savings. **Total Investment=130,000 Euro**. It also invested in a new Disinfection EE system, which brought energy savings of 86,966 kWh/year equal to 32% of the actual consumption with an IRR=32%, and in a new Irrigation EE system, which brought energy savings of 12,000 kWh/year equal to 21.37% of the actual consumption with an IRR=24%.

4. Best practices in the area of energy efficiency relevant to MSMEs response to the Covid-19 crisis and post-crisis recovery in Albania (2)



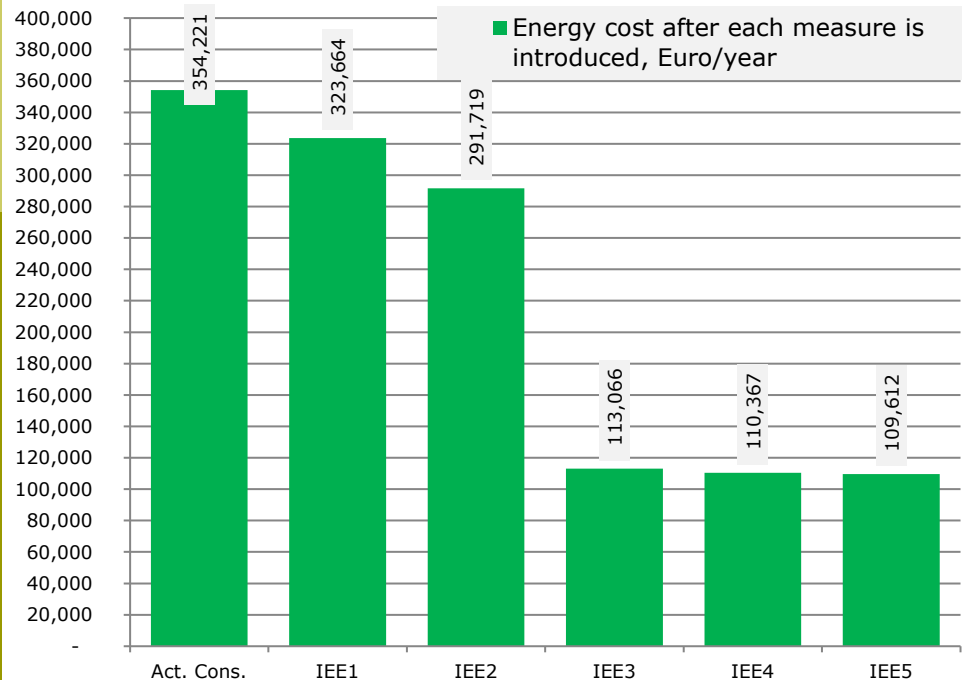
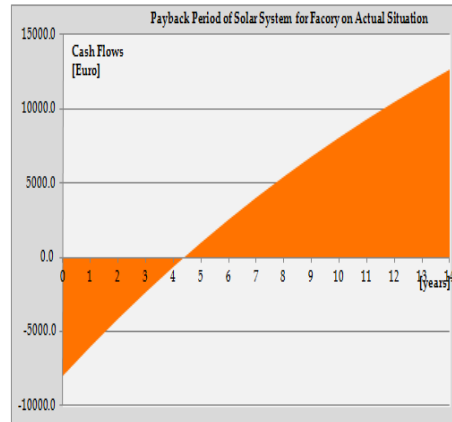
In June-August 2020 Anita shpk, a milk processing factory, invested in the thermal insulation of the envelope of its cooling chamber, which was almost 30 years old and totally depreciated. The enterprise also bought a new machine for yogurt production with the same capacity as before, but with increased quality and much higher efficiency than the previous one. **These EE investments have been implemented by the support of a BKT loan equal to 43,572 EUR.**

Thermal insulated cooling chamber has the following parameters: Power installed capacity = 6 kW; Cooling chamber capacity = 50 ton; Daily average working hours calculated based on the old production = 24; Working days per month = 25; Electrical efficiency = 90%.

New yoghurt-producing machine has the following parameters: Power installed capacity = 8 kW; Thermal installed capacity = 10 kW; Production capacity = 2000 kg/day (monthly average production 43,846 kg/month); Daily average working hours calculated based on the old production = 10; Working days per month = 22; Electrical efficiency = 92%; Thermal efficiency = 85%.

Final energy consumption calculated after implementation of both EE measures is 60,232 kWh/year with an IRR of 24%.

4. Best practices in the area of energy efficiency relevant to MSMEs response to the Covid-19 crisis and post-crisis recovery in Albania (3)



Erzeni shpk is a milk factory operating in Berat with a production capacity of 2,000 liters of milk per hour, which invested in two EE measures: Solar Hot Water System (SHWS) and LED technology. Hot water was prepared through a SHWS, since the requirement for hot water temperature is about 50°C and Berat is one of the regions with the highest solar radiation in Albania.

Energy efficiency calculation for introduction of SHWS shows the following results: **Total investment needed for this EE measure is 10,008 EUR**; Energy savings are 24,064 kWh/year, Payback period is 4.85 years and IRR is 28.58%.

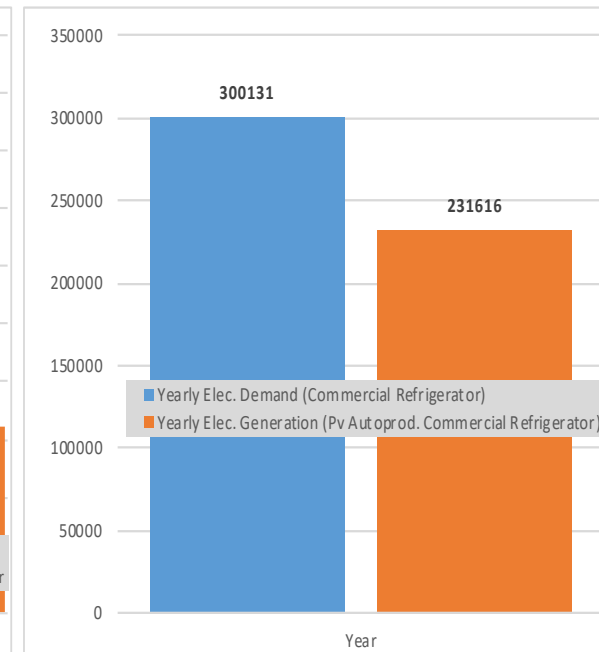
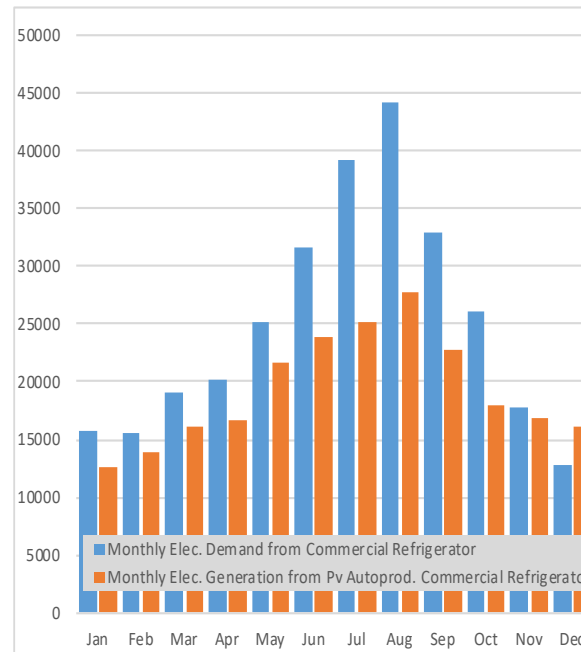
For lighting, the company used to use different types of old fluorescent bulbs with low efficiency and installed power capacity of about 5.5 kW. Replacing these bulbs with new efficient LED ones will help increase the quality of lighting for workers and at the same time reduce electricity consumption.

Energy efficiency calculations for introduction of LED technology show the following results: **Total investment needed for this EE measure is 3,450 EUR**; Energy savings are 6,312 kWh/year, PBP is 4.08 years and IRR is 37.7%.

4. Best practices in the area of energy efficiency relevant to MSMEs response to the Covid-19 crisis and post-crisis recovery in Albania (4)



Kamela sh.p.k a fruit processing factory who built Photovoltaic (Pv) panels on the roofs of its buildings with an installed capacity of 150 kW.



Demand and supply (from the PV) in the fruit processing factory (kWh/month)

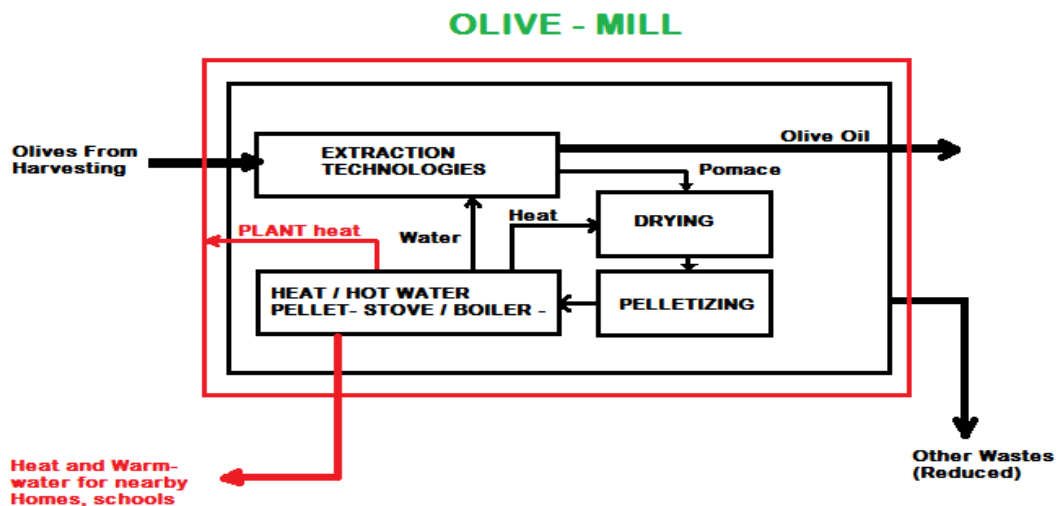
Source: Source: Consultant's own calculations for this case study

Demand and supply (from the PV) in the fruit processing factory (%/year)

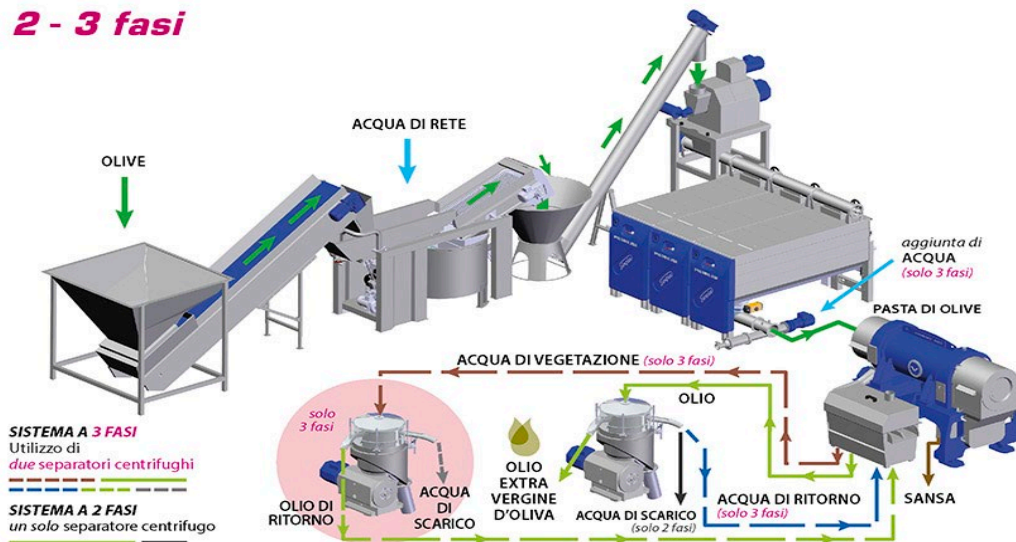
Consultant's own calculations for this case study

Detailed calculations for introduction of PV Autoproducer shows the following results: **Total investment needed is 161,929 EUR**; RE contribution was 24,064 kWh/year; Payback period is 5.86 years; and IRR is 17.06%.

4. Best practices in the area of energy efficiency relevant to MSMEs response to the Covid-19 crisis and post-crisis recovery in Albania (5)



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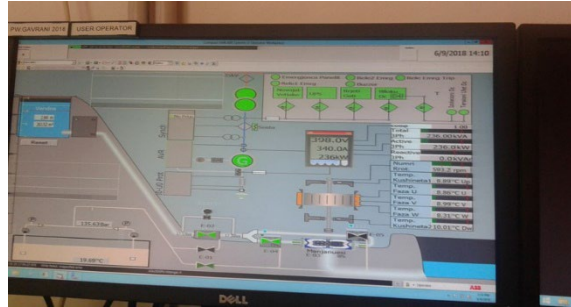


Subashi Sh sh.p.k. invested in an olive pomace EE boiler with a capacity of 2 tons/hour, which was installed successfully in September 2020 before olive oil production started in October 2020.

Average CO₂ equivalent emission reduction calculated by introduction of EE boiler is 18.78 ton/year. Average SO₂ equivalent emission calculated by introduction of EE boiler reduction is 129.6 ton/year. Payback period is 5.5 years and Internal Rate of Return (IRR) equals to 28.34%.

Final conclusion of the above-mentioned analysis is very clear: financial parameters are very positive for all sensitivity cases so it was good for investor and the bank to finance the olive pomace boiler for Olive Oil Production Company Subashi Sh sh.p.k..

4. Best practices in the area of energy efficiency relevant to MSMEs response to the Covid-19 crisis and post-crisis recovery in Albania (6)



Albania is very rich in hydropower potential where Gavrani 1 and Gavrani 2 are two SHPPs built during 2015-2017 to contribute in meeting the national RE targets. Their multiyear average electricity generation for the period 2017-2019 was 9.145 GWh/year.

During the period of June-September 2020 investor of Gavrani 1 and Gavrani 2 SHPPs carried out rehabilitations of the following elements based on the following recommendations of the above mentioned Technical and Financial Due Diligence:

- 1) Full rehabilitation of all gates for three water intakes, two desanders and two forebays (transforming them from mechanical operation to fully automatic electrified ones);
- 2) Full rehabilitation from construction point of view for three desanders; and
- 3) Rehabilitation of three runners of turbines.

These rehabilitations, have been carried out during the period June-July 2020 and they have increased the availability factor for each plant from 75% to 90% and for the first year of operation (August 2020-June 2021) this has increased the electricity generation by 18% to 10.8 GWh/year. This increase was mainly due to the increase of availability factor of each plant because of above-mentioned investments, with an IRR of 16.5% and PBP of 6.4 years.

5. Potential Market for EE/RES for MSMEs delivering energy-efficient products and providing renewable energy equipment in Albania (1)

Gross final energy consumption for the year 2020 was 2,450 ktoe and Gross Final Energy Consumption forecasted for the year 2030 is 3,650 ktoe. Both are real values against the Albanian energy balance for the year 2009 and energy forecast for 2030, which are based on various reports including the Updated National Strategy of Energy (2018); the document for the Albanian Integration into EU (Energy Chapter) approved by Decision of the Council of Ministers on March 2015); and the 1st, 2nd, and 3rd NEEAP (approved by the Council of Ministers Decisions). EE targets for the year 2030 are approved to be 15% under the Strategy of Energy (approved by the Albanian Council of Ministers on July 2018). RE target for Albania for 2030 is 42.5% of total final energy demand forecasted for the same year. MIE is in the final stage of preparing Energy and Climate Change Document.

The main steps of the methodology in performing the market analysis related to the EE/RE technologies have been:

- 1) Contacting main EE/RE MSMEs;
- 2) Gathering information;
- 3) Detailed analysis of collected information based on the above mentioned questionnaire;
- 4) Detailed analysis of collected information based on NEEAP/NREAP for the respective investment required for the period 2020-2030;
- 5) Evaluation of the EE/RE investment potential for main technologies, which might be produced by the Albanian MSMEs; and
- 6) Summarizing and presenting the results.

5. Potential Market for EE/RES for MSMEs delivering energy-efficient products and providing renewable energy equipment in Albania (2)

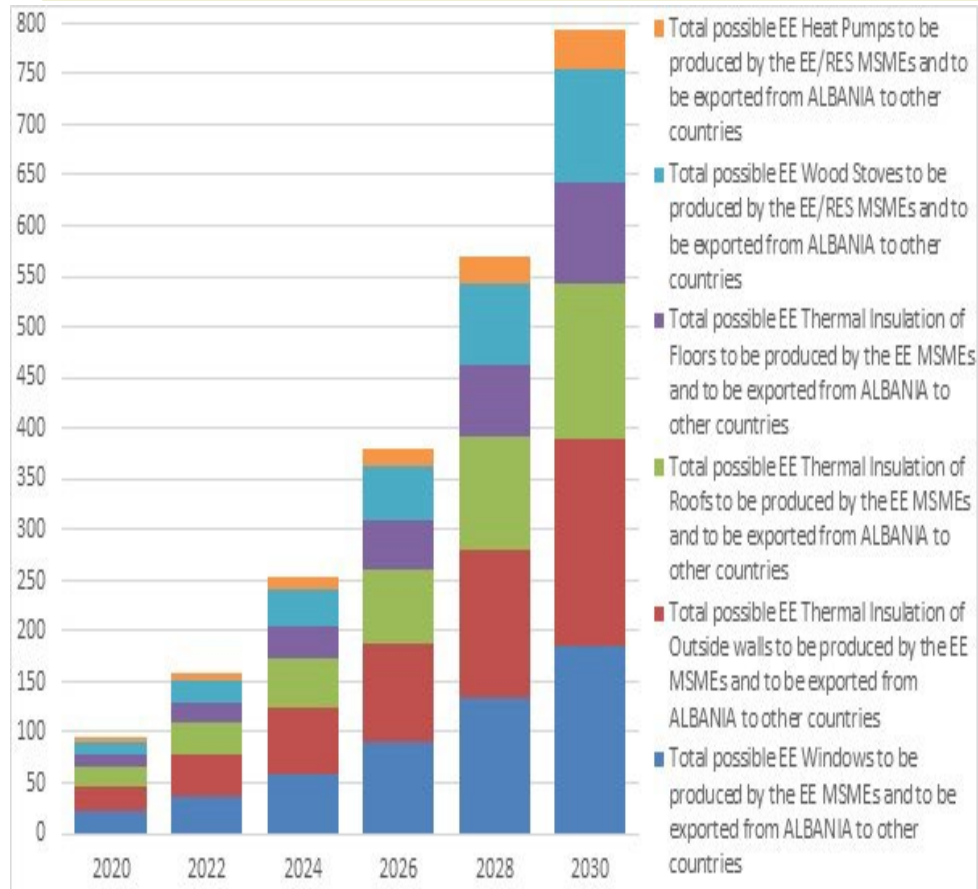
Technologies for the EE market:

- Energy efficient windows
- Cooling and heating pump systems
- Heat-exchanger stations and building installations
- Balanced mechanical ventilation with heat recovery
- Increased use of pellets/wood fuel in order to reduce electricity demand, and enforcement of electricity bill payment
- Promotion of central and district heating schemes to reduce electrical demand for space heating and hot water, especially on new blocks and multi-storey dwellings
- Promotion of energy efficient stoves that use biomass, etc.

Technologies for the RE market:

- SHPPs
- SPVPPs
- WPPs
- Biomass PPs
- Solar Hot Water Systems
- Biogas Systems

5. Potential Market for EE/RES for MSMEs delivering energy-efficient products and providing renewable energy equipment in Albania (3)



Cumulative EE elements market and elements, which could be produced by EE MSMEs (million EUR)

Source: Consultant's own calculations for EE technologies/materials

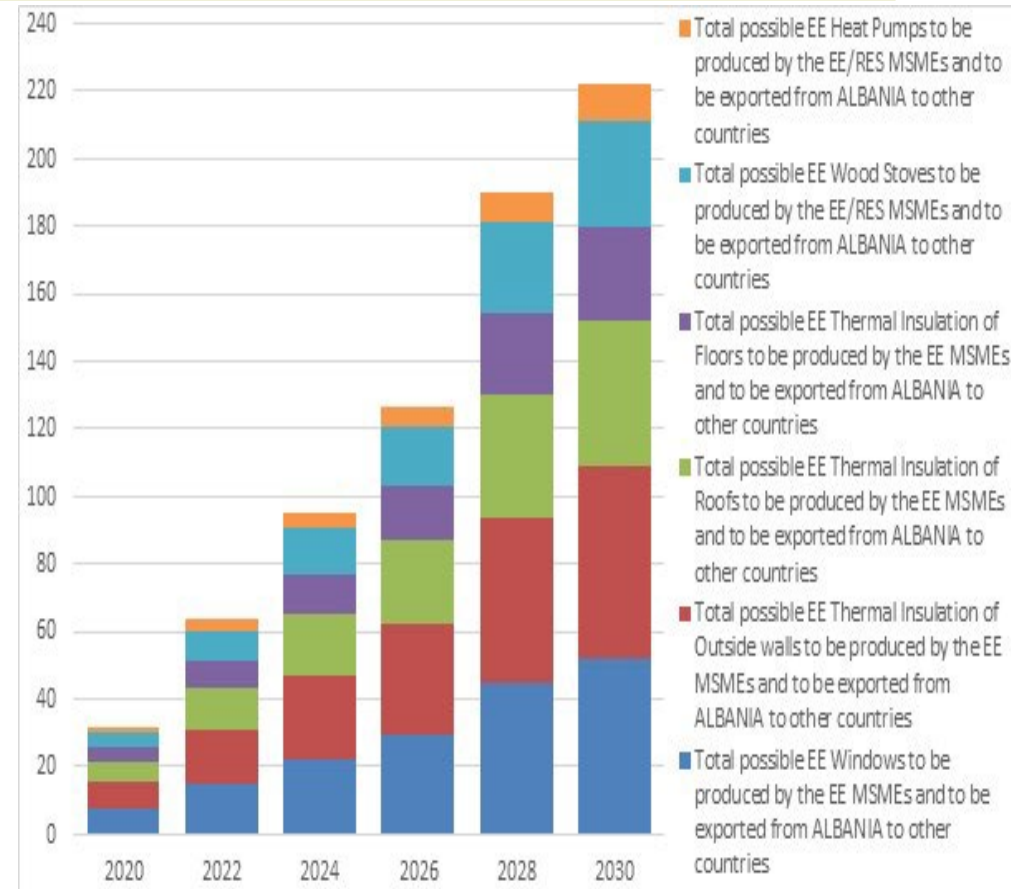
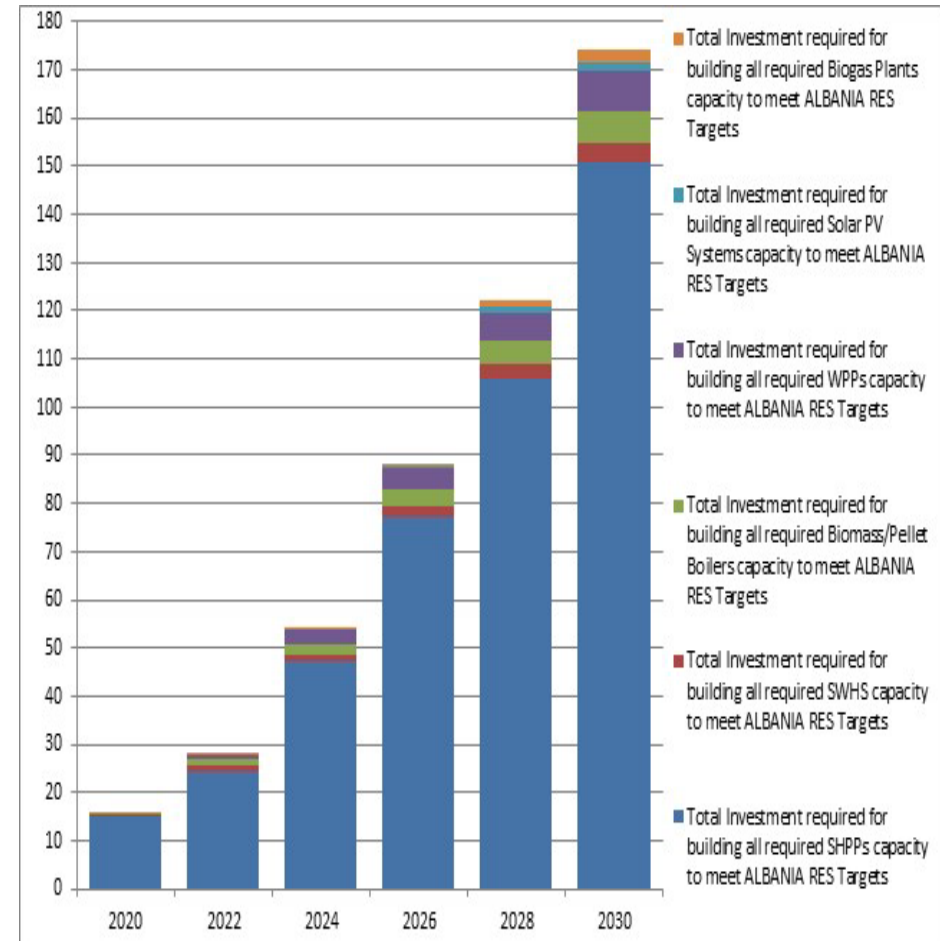
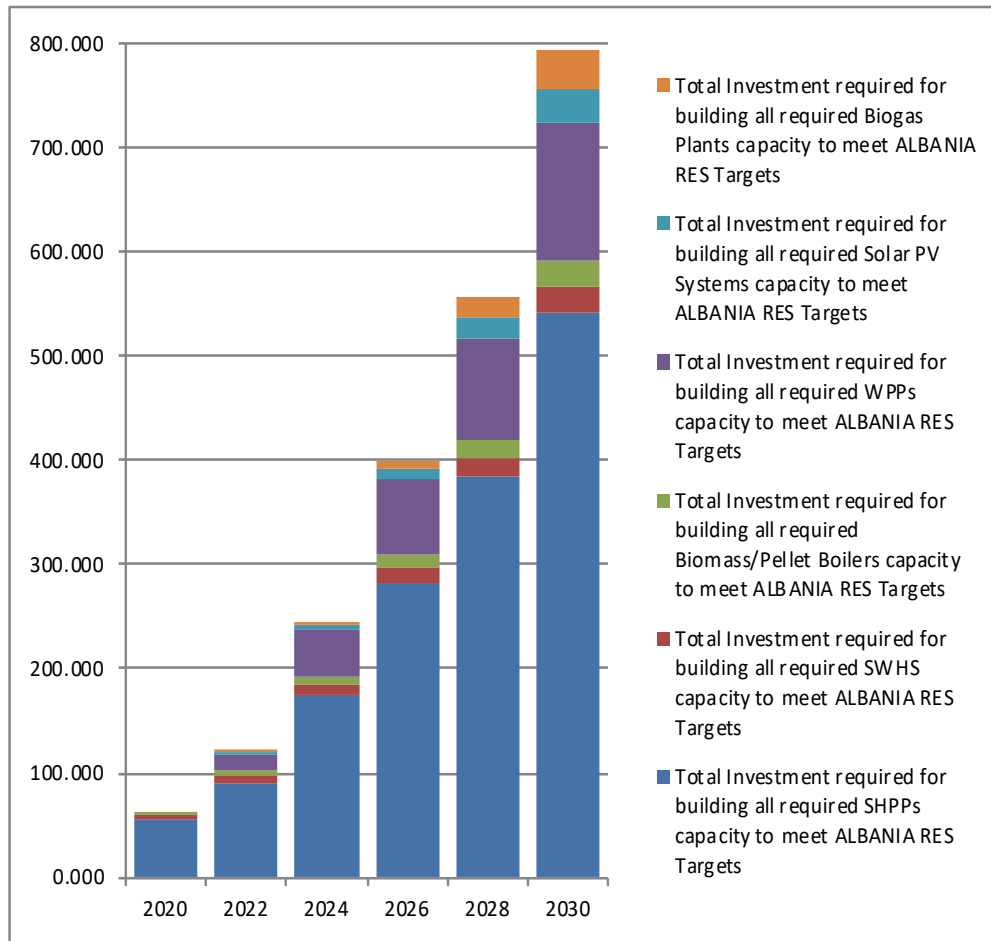


Figure 7-19: Yearly EE main elements that EE MSMEs are and will be producing in the future (million EUR)

Source: Consultant's own calculations for EE technologies/materials

5. Potential Market for EE/RES for MSMEs delivering energy-efficient products and providing renewable energy equipment in Albania (4)



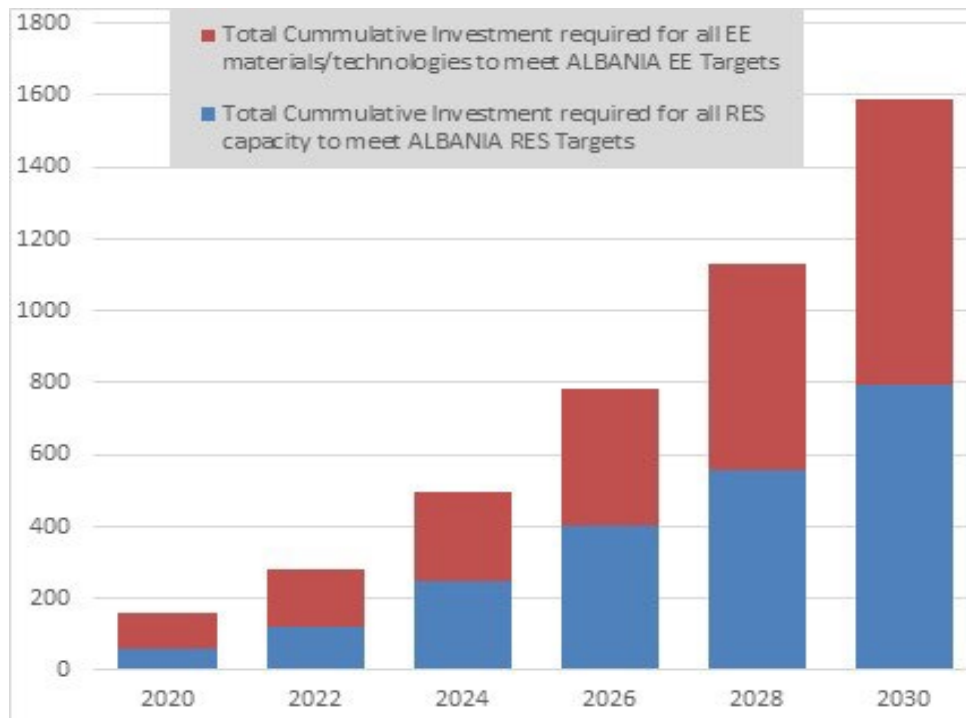
Cumulative RE elements market and elements, which could be produced by EE/RE MSMEs for biomass boilers (MEUR)

Source: Consultant's own calculations for RE technologies

Yearly RE main elements that EE/RE MSMEs are and will be producing in the future (million EUR)

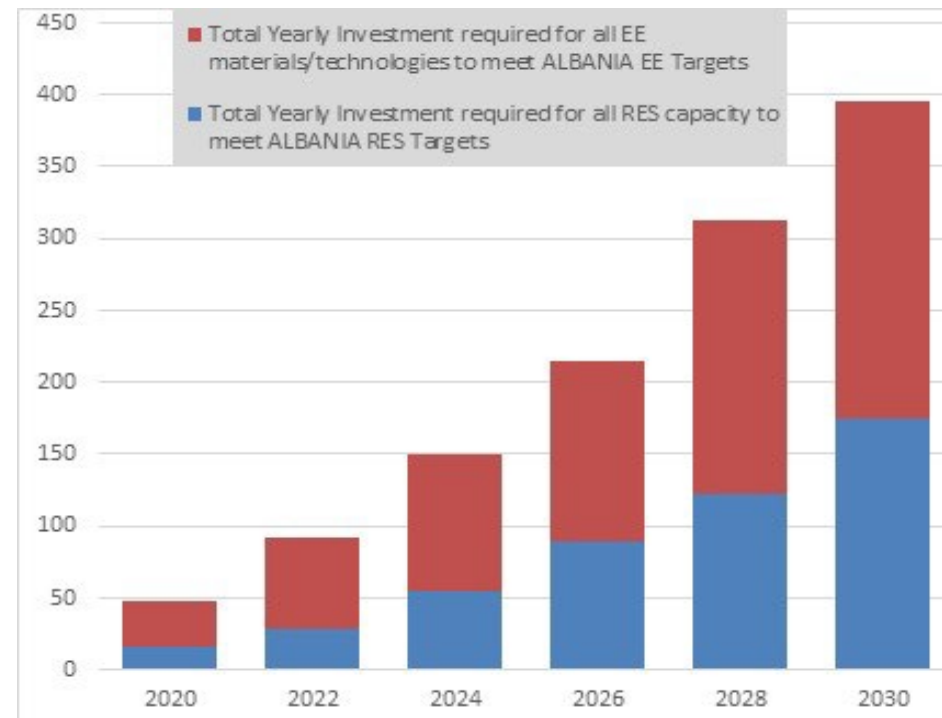
Source: Consultant's own calculations for RE technologies

5. Potential Market for EE/RES for MSMEs delivering energy-efficient products and providing renewable energy equipment in Albania (5)



Cumulative EE and RE elements market and the elements, which could be produced by EE/RE MSMEs (million EUR)

Source: Consultant's own calculations for EE/RE technologies/materials



Yearly EE and RES main elements that EE/RE MSMEs are and will be producing in the future (million EUR)

Source: Consultant's own calculations for EE/RE technologies/materials

5. Potential Market for EE/RES for MSMEs delivering energy-efficient products and providing renewable energy equipment in Albania (6)

Strengths:

- Geographic proximity to Europe makes Albanian EE/RE manufacturing enterprises a relatively strong production base;
- Lower labor costs compared with EU countries;
- Actual experience as exporters, reflecting the importance of the Albanian EE/RE producer's industry to the economy;
- Customs Union with the EU reduces tariffs on exports;
- Utilization of the already gained R&D experience based on EU experience.

Weaknesses:

- Low level of expertise, especially about engineering;
- Low level of expertise, especially for different professions, as will be described in more details in the following session;
- Access to market;
- Access to cheap finance;
- Absence of production certificates and quality standards.

Opportunities:

- Ambitious targets for the near future have been set for the Albanian EE/RE producer's industry, including achieving 1,600 million EUR for reaching internal market, and an export volume amounting to 400-500 million EUR;
- Expected increase in per capita income will boost consumer spending, especially investing into the EE/RE equipment in all economic sectors;
- The opening of EU with an opportunity to become a major supplier and increase exports;
- Further incentives, including different tax exemptions, which need to be discussed in more detail with the Ministry of Finance.

Threats:

The transfer of production, which could be expected from high-cost EU countries to Albania is resisted by the strong labor unions in EU countries;

Dependence on EU markets;

Rapid growth of EE/RE MSMEs in all EU countries.

6. Practical measures, opportunities, and guidelines for MSMEs delivering EE products and providing RE equipment on access to financing, markets, and advanced technologies (1)

Total public building stock in Albania is 9500 buildings and total area equal to 6.8 million m². Total investment required, according to the WB estimation are 600 million USD and first phase of Revolving EE/RE Mechanism for retrofitting Municipal Public Buildings will be 150 million USD for the period 2022-2025.

Parameters	Residential	Industry	Service	Agriculture	Total
Approx. Number of Customers	865,000	10,270	119,649	49,931	1,044,850
Maximum Penetration Rate of PV Autoproducers	7.50%	15.00%	10.00%	10.00%	7.98%
Total Potential Number of Solar PV Autoproducers to be installed	64,875	1,541	11,965	4,993	83,374
Average Capacity of Solar PV Autoproducers	1.10	24.81	3.55	1.36	1.90
Total Potential Installed Capacity of Solar PV Autoproducer, MW_{peak}	71.33	38.21	42.46	6.79	158.80

Potential number of Solar PV Autoproducers and their potential installed capacity

Source: Consultant's own analysis

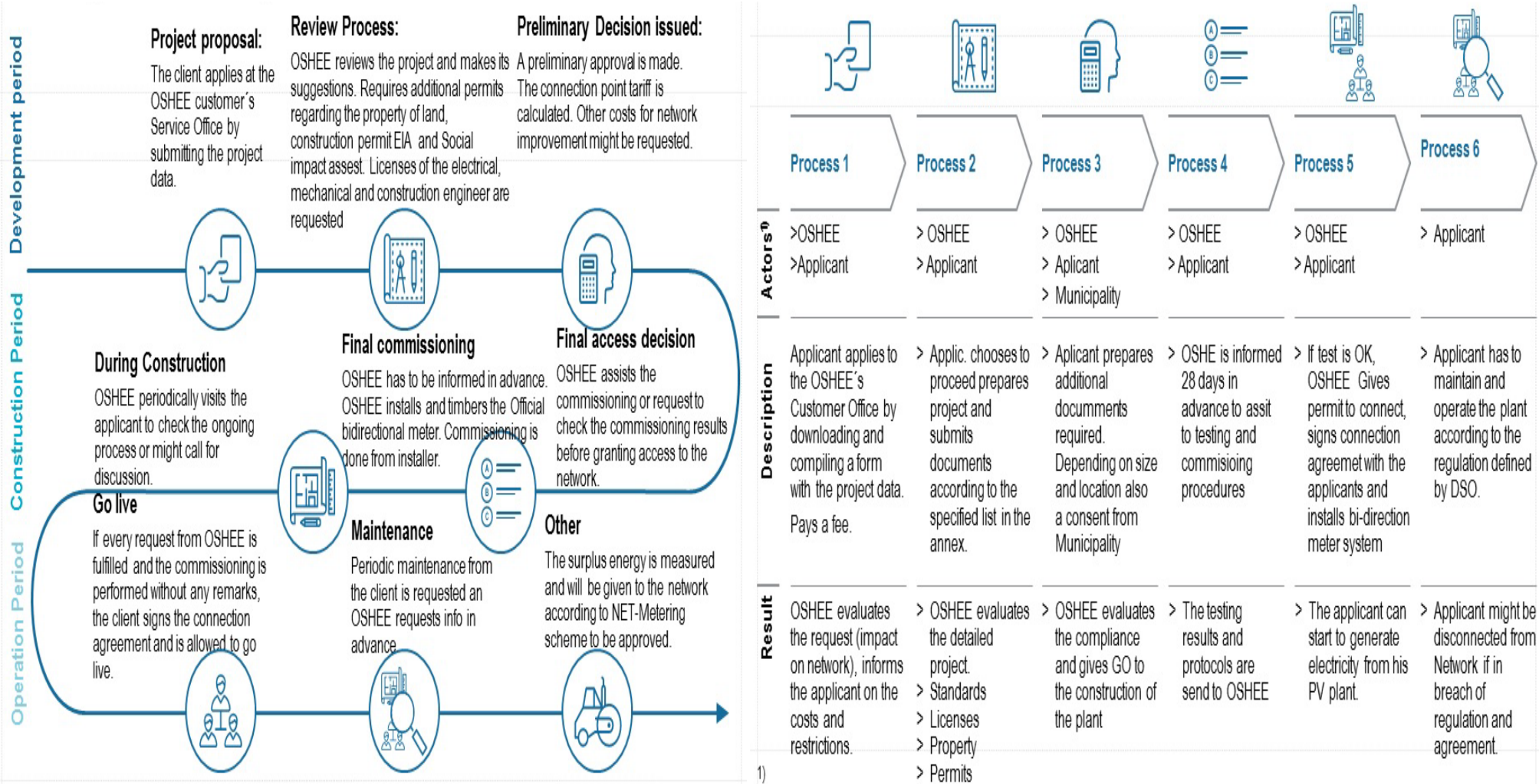
6. Practical measures, opportunities, and guidelines for MSMEs delivering EE products and providing RE equipment on access to financing, markets, and advanced technologies (2)

PPP and ESCO models are possibilities for changing the way companies work, as well as a possible market for services that are defined with the Law on Energy Efficiency. Increasing utilization of PPP agreements can create benefits for the companies, the Government, and for the general public. In a situation when several companies have problems with lowered demand, this will incentivize increased trade activity. Implementation of ESCO concept for financing EE LED street lighting in 61 Albanian municipalities has a large potential and MSMEs delivering products (poles, wiring, lighting heads, construction works) and installation of this technology will have a large market up to 250 million EUR for the next several years in Albania.

The company Algrafika sh.p.k. decided to repurpose its activities towards R&D by preparing standard PV Autoproducer packages for 5 kW_{peak}, 10 kW_{peak} (for residential customers), 50 kW_{peak} (motels, restaurants and micro- and small enterprises customers), 100 kW_{peak} (medium hotels and medium enterprises) as well as 500 kW_{peak} (large hotels and large enterprises).

They created 5 dedicated PV Autoproducers packages to deliver them immediately based on the customer's request. In order to successfully implement the project, the company even created several additional jobs, a success that should be highlighted, especially during a crisis. It is a clear direction for MSMEs towards providing RE equipment during COVID-19 – it shows that the company can repurpose its activities (towards R&D and standardization) and grow. The solution is still at an initial phase of development and up to now they have installed first 15 PV Autoproducer packages. In a condition of lowered demand for services due to the pandemic, R&D is an option for MSMEs to grow safely, with great conditions for work from home.

6. Practical measures, opportunities, and guidelines for MSMEs delivering EE products and providing RE equipment on access to financing, markets, and advanced technologies (2)



Description of PV Autoproducer grid connection procedure

Source: Consultant's own analysis

RE Independent Power Producers (IPPs) proposed grid

connection procedure with OSHEE Source: Consultant's own analysis

6. Practical measures, opportunities, and guidelines for MSMEs delivering EE products and providing RE equipment on access to financing, markets, and advanced technologies (3)

Energy efficiency and renewable energy can play a vital role in post-Covid-19 economic recovery. Implementing EE measures and installing RE equipment can improve drastically the economic competitiveness of the companies and reduce their operating costs (energy costs are around 10-30% for MSMEs based on the surveys carried out from AKBN).

- Repurposing of MSMEs towards highly demanded services in the new working environment because of the Covid-19 crisis. The practical examples showed that repurposing of MSMEs towards EE products and RE equipment projects can be an important measure to mitigate the influence that the pandemic had on the day-to-day operations of MSMEs. New services can be created to respond to the new highly demanded products.
- MSMEs should be aware of and benefit from different programmes, which are and will be led by the Energy Efficiency Agency and AKBN according to the Strategy of Energy, NEEAP and NREAP.
- MSMEs should nominate a focal point in their company to follow all EE/RE programmes with financial support from the following donors: EU, EU Instrument for Pre-Accession Assistance (IPA), EBRD, KfW, WB, EIB, SECO and the UN System organizations: UNECE, UNDP, UNIDO, UNOPS. These programmes support EE/RE projects and are a good opportunity for the companies to gain access to financing and improve their services.
- MSMEs can apply for IFIs programme (EBRD and GGF) with grants and preferential loans for EE and RE programmes. In the situation that was created because of the crisis, these grants and preferential loans are important for MSMEs to gain financing towards the implementation of the measures to reduce the effects of the pandemic, like repurposing of the activities or R&D of innovative EE products and RE equipment;
- Creating partnerships for easier access to supplies, resources, and markets. Creating partnerships can widen market possibilities and the ability to access financing for MSMEs in the EE and RE sectors, due to the combination of capacities and access to shared technology from the various partners.
- MSMEs can prepare PPP/ESCO proposal in order to benefit from the above-mentioned government instruments to boost the economy. MSMEs can take advantage of ESCO schemes for increased utilization of energy efficient products, for example in the public building and street lighting sectors.
- Chambers of Commerce and Industry should organize online trainings for MSMEs to present NEEAP, NREAP, investment opportunities, new EE/RE possibilities as well as all possible programmes and financial schemes to expand their business for EE/RE producers.
- Chambers of Commerce and Industry should organize trainings for MSME employees in order to support MSMEs.
- MSME staff should carry out online training for their staff in order to use the Covid-19 time for capacity building and design of new EE/RE products.

7. Conclusions and Recommendations (1)

The pandemic and economic shutdown are hitting the poor and vulnerable the hardest, through job and income losses, food supply disruptions, school closures and lower remittance flows. Despite the best efforts of the authorities, lasting damage seems unavoidable. The biggest challenge will be how to finance increase in expenditures when the revenues are dropping constantly. And the key solution is to push MSMEs towards new EE/RE products, including engineering design companies, developers, installers, and energy auditors by preparing a clear plan towards a sustainable green economy for the Albanian needs and for exports.

The government should continue to help MSMEs EE/RE producers through concrete policies and measures. Many of the measures concern companies' finances and liquidity, for example, by offering low interest loans (e.g. with assistance from IFIs) as well as tax reductions. These measures aim to prevent companies from collapsing, but on the other hand, there is a lack of measures that will help companies that stopped their operations to overcome the crisis and to resume working soon after the pandemic.

Through an extensive survey and research of available best practices of MSMEs in delivering EE finished products or their components, providing renewable energy components/systems/equipment, it was concluded that MSMEs including EE/RE producers need to reshape their business model and understand market development related to EE/RE trends and targets in Albania. MSMEs including EE/RE producers need to increase the utilization of various funds, programmes and preferential loans, extend their partnership and networking in order to overcome the issues of supply and product placement, reorganize their schedule and capabilities (through trainings). MSMEs including EE/RE producers need to increase their outreach towards customers in a safe manner, e. g. through digital stores, online support, social media presence, and if possible, try to repurpose their activities towards the new highly demanded products on the market due to the changes in the working environment.

Some of the recommendations towards policies and measures that the government could implement include increased utilization of PPP, tax reduction for all MSMEs including EE/RE producers, and introduction of “green” procurement and development of EE/RE programmes with support of various international organizations and IFIs (e.g. EU, IPA, EBRD, KfW, WB, EIB, SECO, UNECE, UNDP, UNIDO, and UNOPS).

7. Conclusions and Recommendations (2)

It would be very important for the Government to:

- Support vulnerable individuals that are hit by the crisis. Unemployment benefits or other categories of economical support should be expanded in categories and extended in time.
- Support vulnerable EE/RE producers by including them in the recovery Governmental programmes for the period 2021-2022.

To achieve this economic recovery as fast and smooth as possible, both the national economy in general and EE/RE sector (including MSMEs) in particular, the following specific policy measures are recommended:

- The government has already provided wage subsidies, agreeing with banks for loan installments postponement and in many cases rescheduling loan repayment programmes, training employment programmes, and tax cuts.
- The Government should encourage and financially support new EE/RE investments and projects by establishing long-term programmes for implementation of NEEAP and NREAP, especially since these programmes are helping in creating new jobs, implementing modern technologies, reducing the need for imports, and thus reducing the trade deficit of the country.
- The transparency of the Government is a key step in creating an attractive investment environment, especially with EE/RE measures implemented, which have a direct impact on the meeting the GHG mitigation targets according to NDC.
- Introducing e-Albania not only in e-procurement (which is implemented successfully since the middle of 2019 for public procurement of goods and services), but also applying the same e-platform for all procedures for issuing the permits for RES IPPs.
- Develop policies to adapt the work force to new post-COVID 19 professions by carrying out the respective training programmes through the specialized Agencies and Chambers of Commerce and Industry.
- Secure grants and soft loans for MSMEs, EE/RES producers by making them aware and assisting them to participate in EE/RE programmes already in operation by EBRD and GGF.
- Allow well-performing municipalities to contract MSMEs EE/RE producers and installers to propose public-private partnership (PPP) and ESCO financing for different municipality services (improving EE for public buildings and public street lighting) based on long-term contracting and a sovereign guarantee if needed for large projects.

7. Conclusions and Recommendations (3)

To achieve this economic recovery the following specific policy measures are recommended:

- Scale up existing instruments to support the new and innovative business. One such example Municipality of Tirana has started to support of start-ups for innovative ideas and technologies through small grants by the Municipality of Tirana.
- Introduction of tax reduction for MSMEs working in the area of energy efficiency and renewable energy. Reducing the tax burden for EE and RE MSMEs will increase the demand and utilization. It would help set up favorable market conditions for these products, and also help companies increase their competitiveness and reduce their cost of services.
- The Government should be focused on the implementation of NEEAP and NREAP and give some degree of priority under public procurement, by introduction of “green aspects” as part of the already established e-Albania procurement platform. By choosing EE and RE products it would make an important contribution towards sustainable consumption and production.
- When developing short-term planning and long-term vision for the growth of the EE and RE sectors, the Government should also envision how MSMEs would benefit from EE/RE measures and should incorporate them in the strategic vision.
- Establishing EE and RE programmes with support of donors and IFIs. These EE/RE programmes will support promoting the strategic vision of the country moving towards sustainable energy and climate initiatives.
- The Government should increase transparency of the process of application for subsidies. As the survey demonstrates, a significant number of the MSMEs do not know how to apply for no-interest/low-interest loans.
- The Government should create clear guidance on available measures and solutions that the EE/RE producers can implement to endure the crisis and the short-term and long-term impacts of the pandemic.
- Government could support the laid-off workers and create a conducive environment for start-ups that will focus on the opportunities derived from the changes in the work environment (online businesses, medical research, etc.).

MANY THANKS FOR YOUR ATTENTION!

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