

Growth and Competitiveness in Albania

June 12, 2018
Joint Vienna Institute





The Role of IMF in Albania

Outlook

Medium-term Challenges

Growth

Competitiveness

Recommendations

The IMF has been engaged with Albania since 1991, in all core areas:

SURVEILLANCE

The IMF has conducted **Article IV Consultations** and numerous missions to provide tailored policy advice. Albania is currently under intensive surveillance.

LENDING

The IMF has supported Albania's reform agenda with seven **programs**. Albania's current credit outstanding to the Fund is €355 million.

CAPACITY DEVELOPMENT

The IMF has provided TA in all core areas of expertise:

- **Central bank:** institutional framework, emergency liquidity assistance, banking and insurance supervision
- **Fiscal policy:** fiscal rule, tax administration, public investment, social protection
- **Macroeconomic statistics**

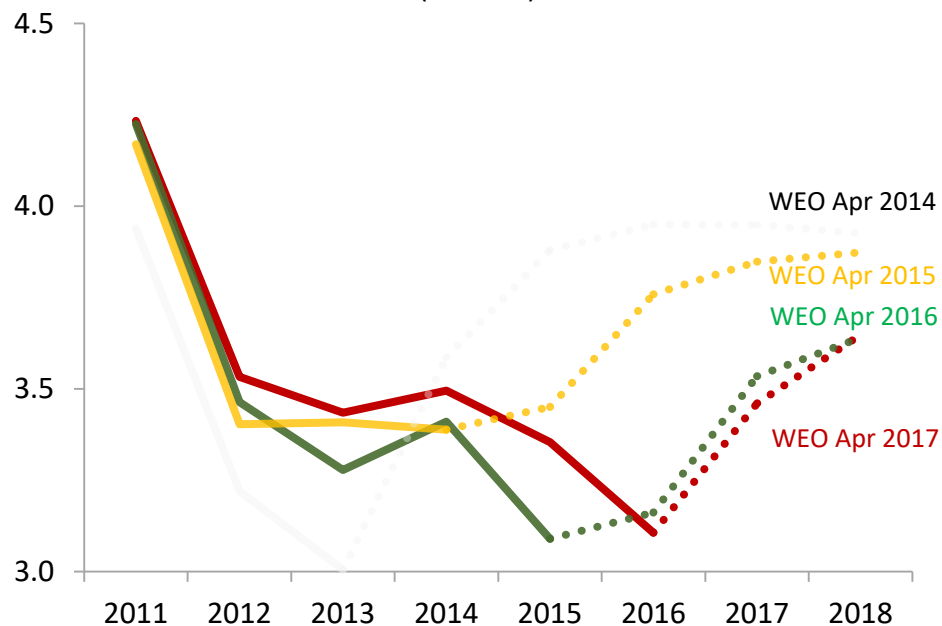


Global and Regional Economic

Outlook



Global Real GDP growth according to various WEO vintages
(Percent)

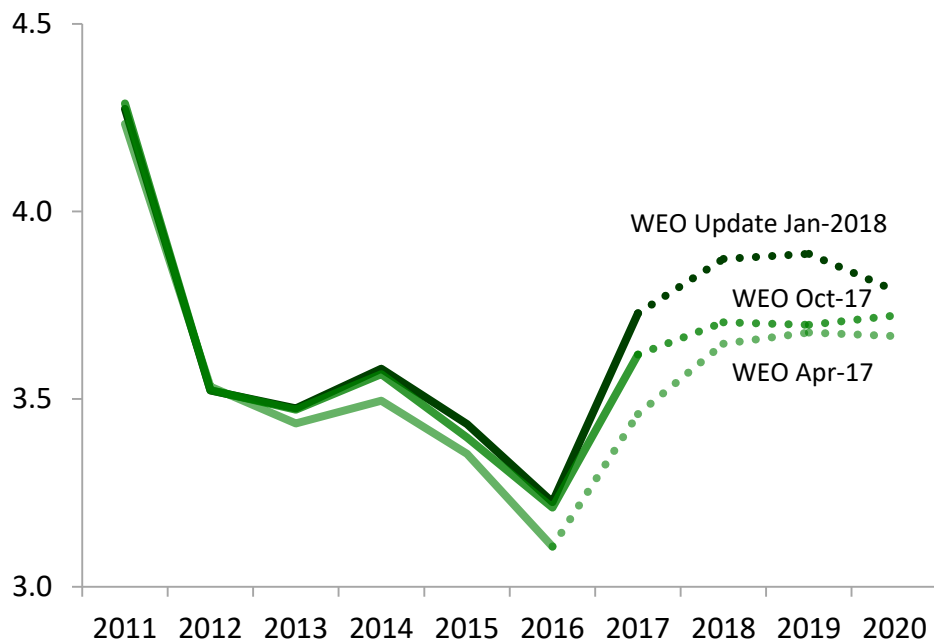


From gloom...

- Global output growth continued to disappoint, as an expected pickup in activity did not materialize.
- The Fund thus repeatedly revised its projections down in the past years.



Global Real GDP growth according to various WEO vintages
(Percent)

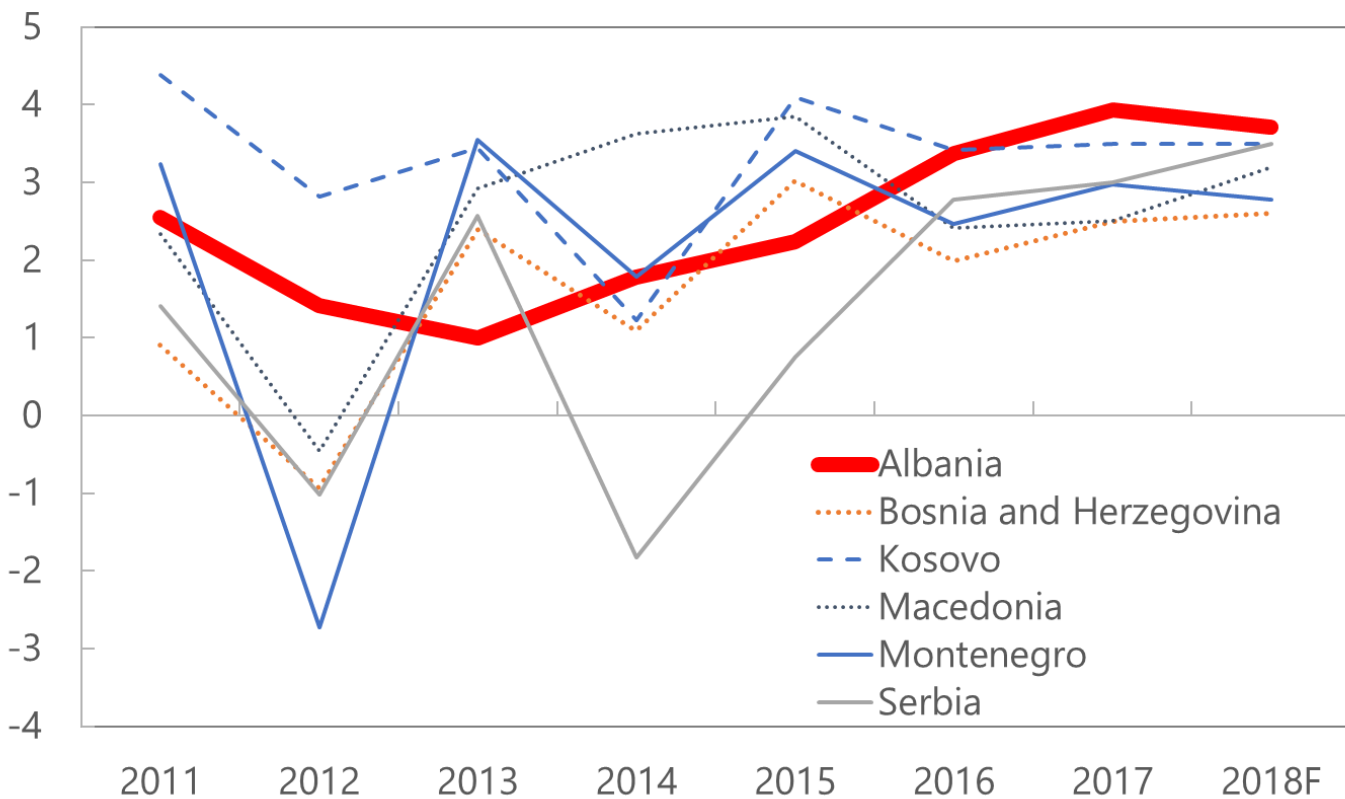


... to boom?

- The recovery in growth is **gathering strength** and is broad-based across the major economies.
- But the **medium-term outlook remains subdued** for advanced economies.

Real GDP Growth

(Percent)



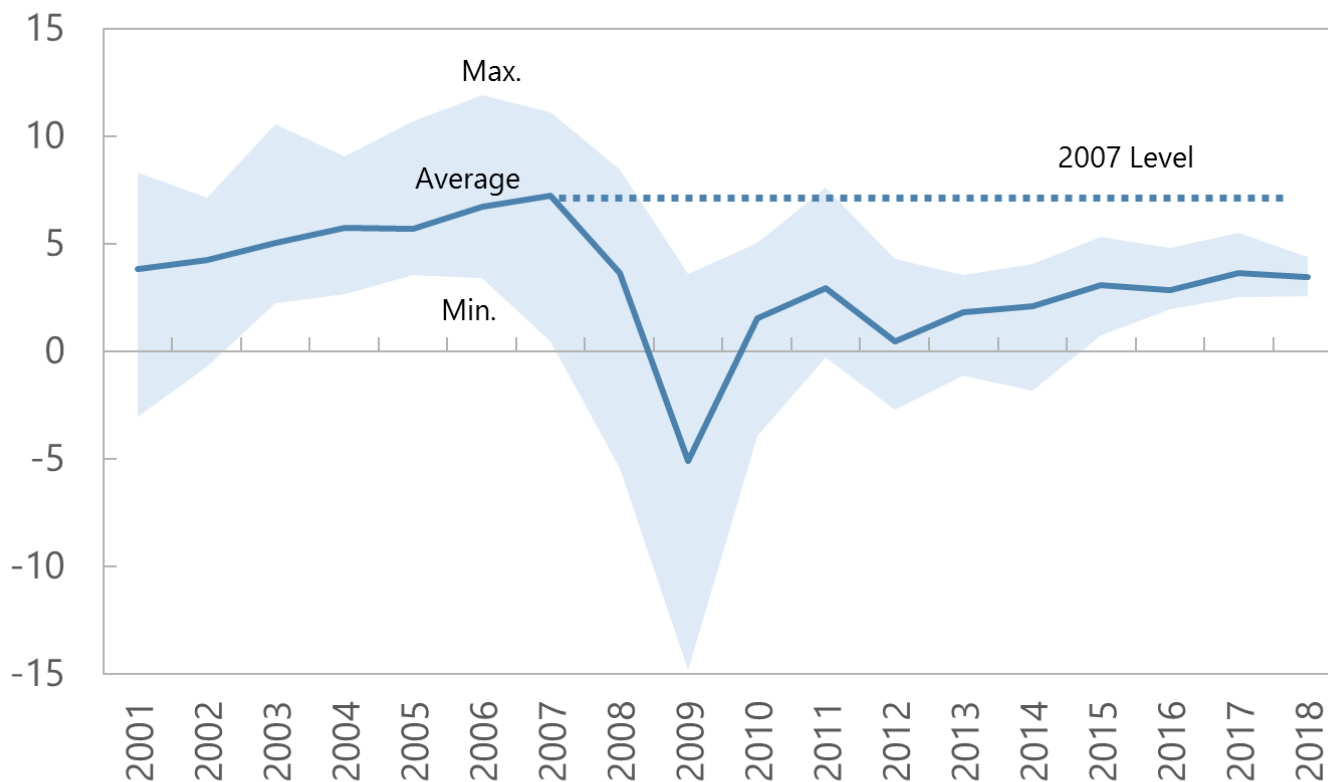
Source: IMF, WEO database.

...but not as high as in the past.



Real GDP Growth

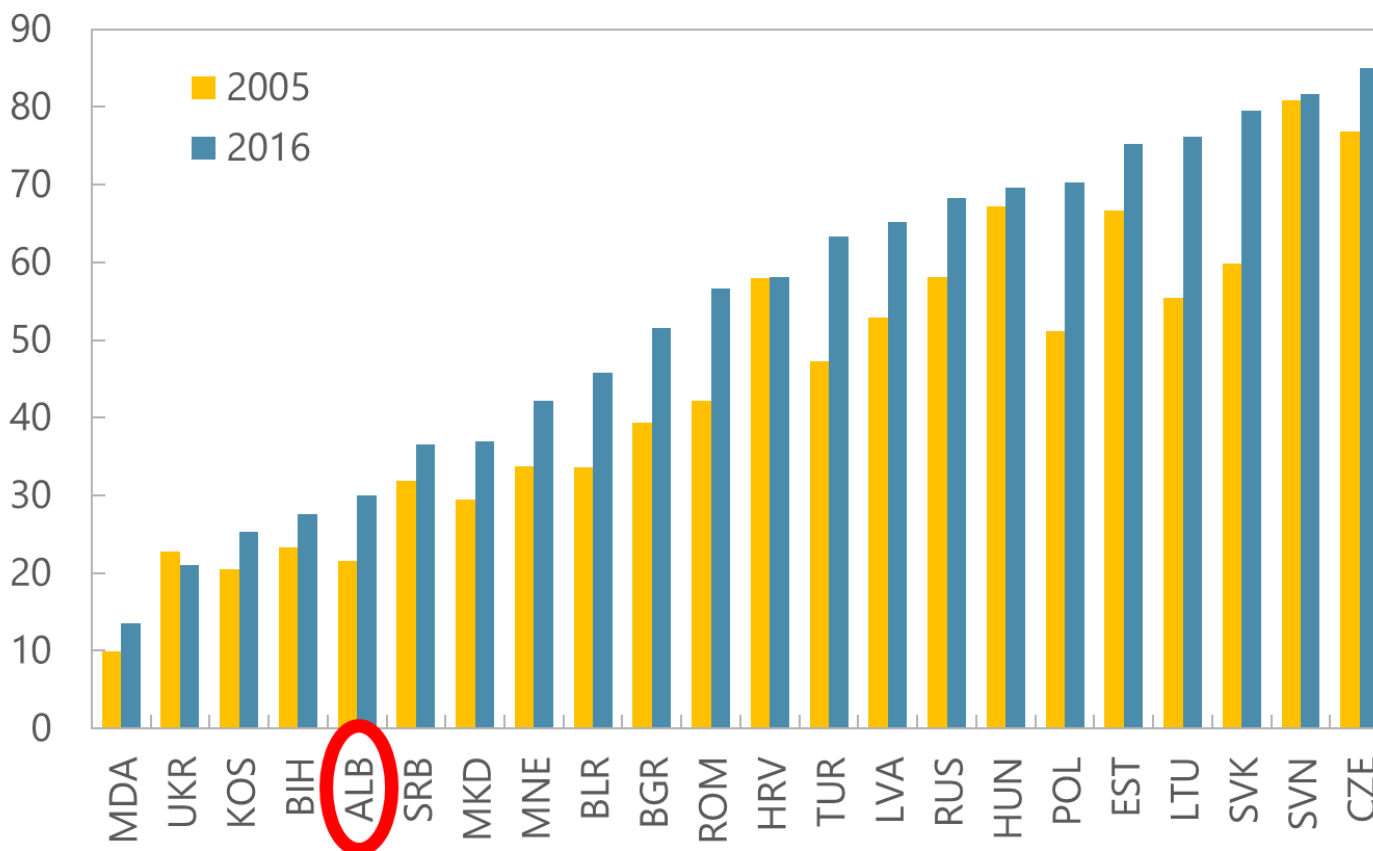
(Percent)



Sources: IMF, WEO database.

GDP per Capita in PPP relative to EU

(Index, EU = 100)



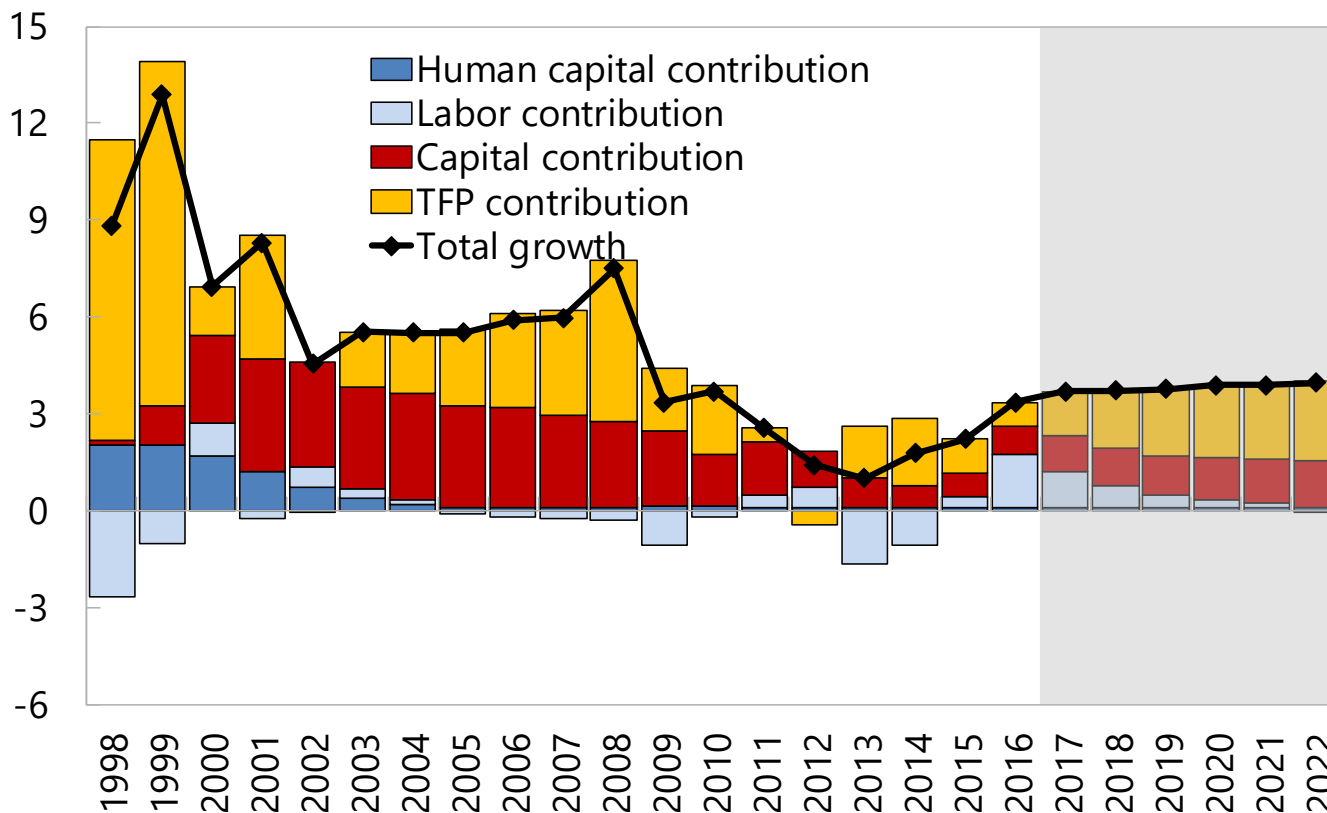
Source: IMF, WEO database.

Medium-Term Challenges

- Growth
- Competitiveness

Growth Accounting

(In percent)

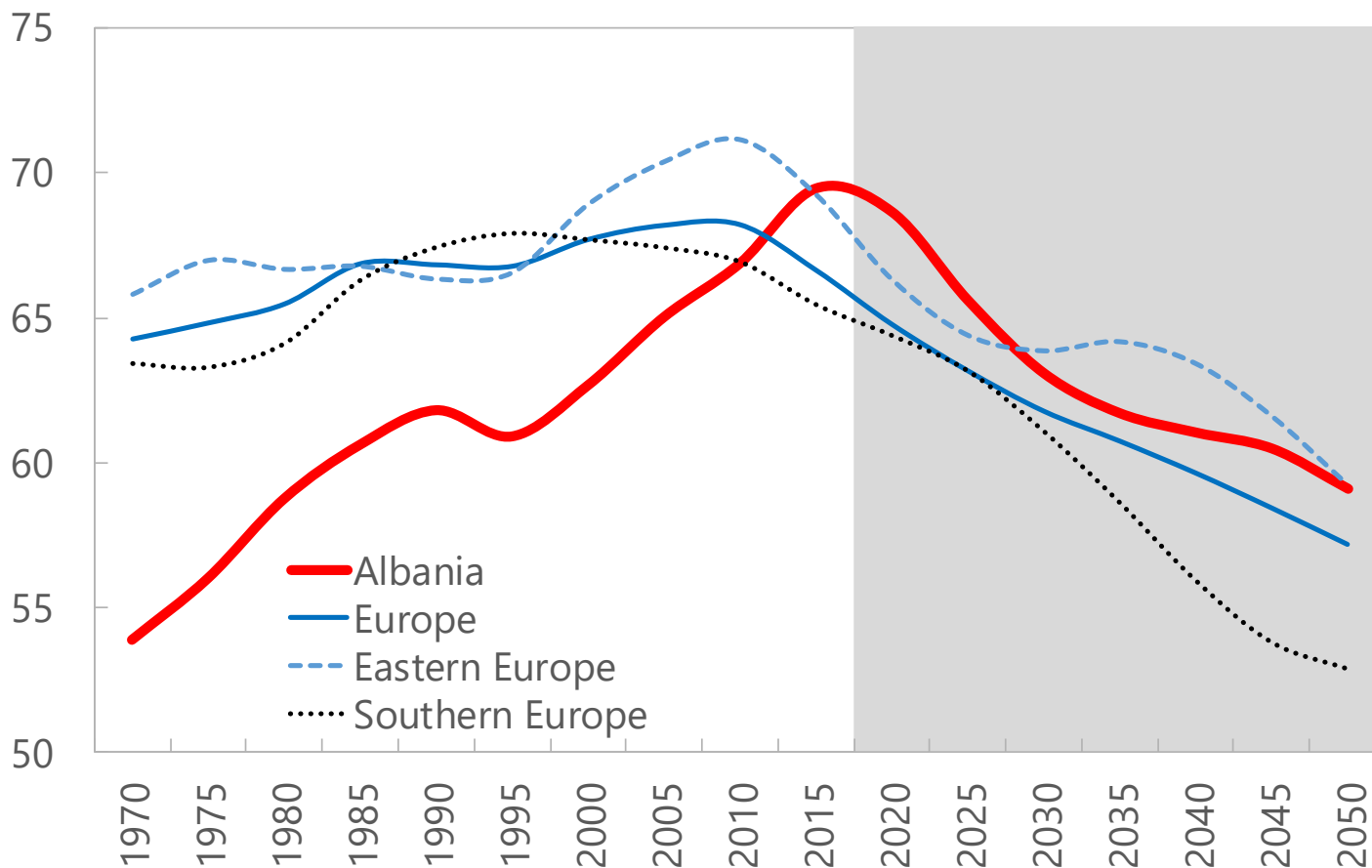


Source: IMF Staff estimates.



Population 15-64 Years Old

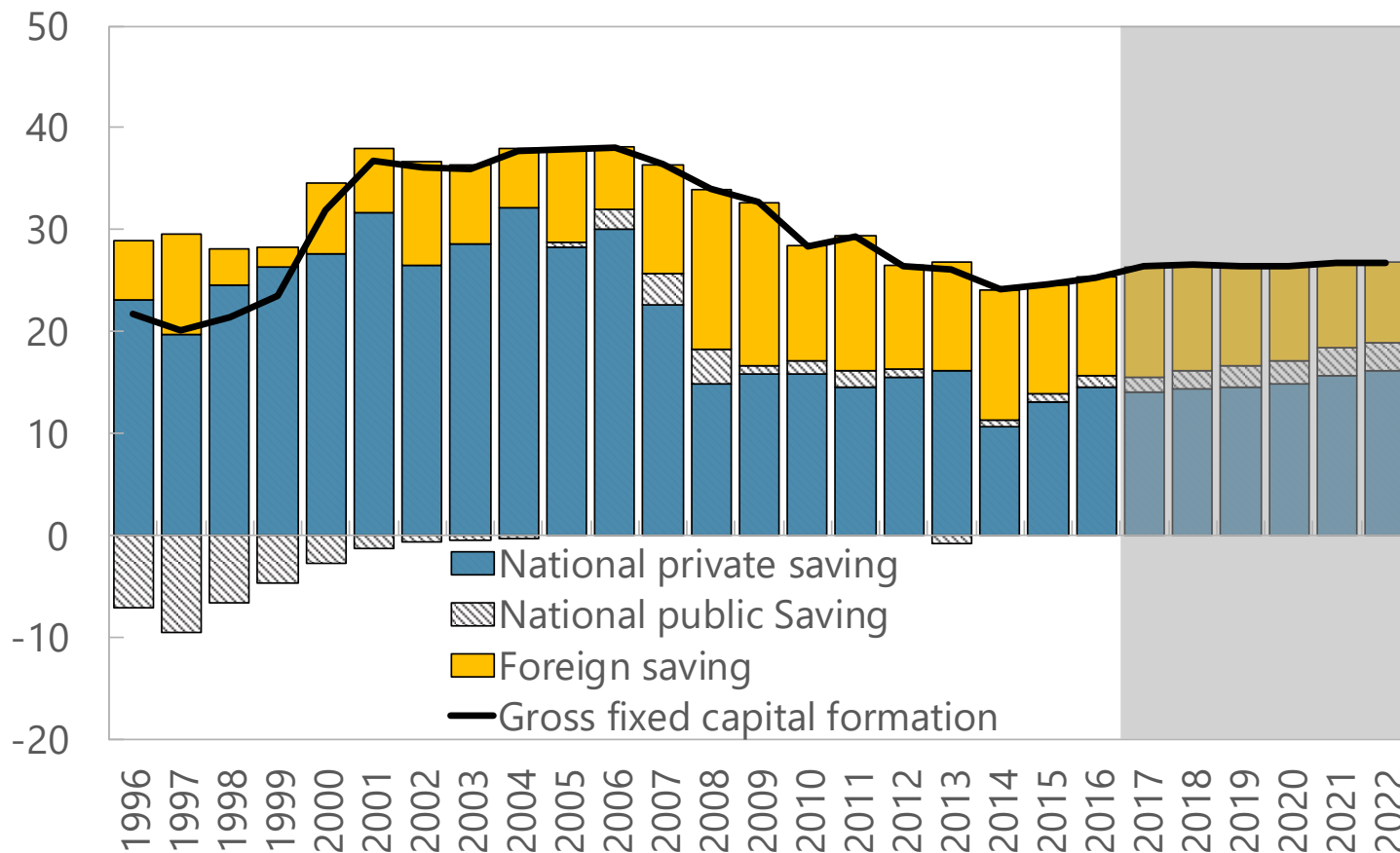
(Percent)



Source: UN Population Prospects, Revision 2017.

National Saving

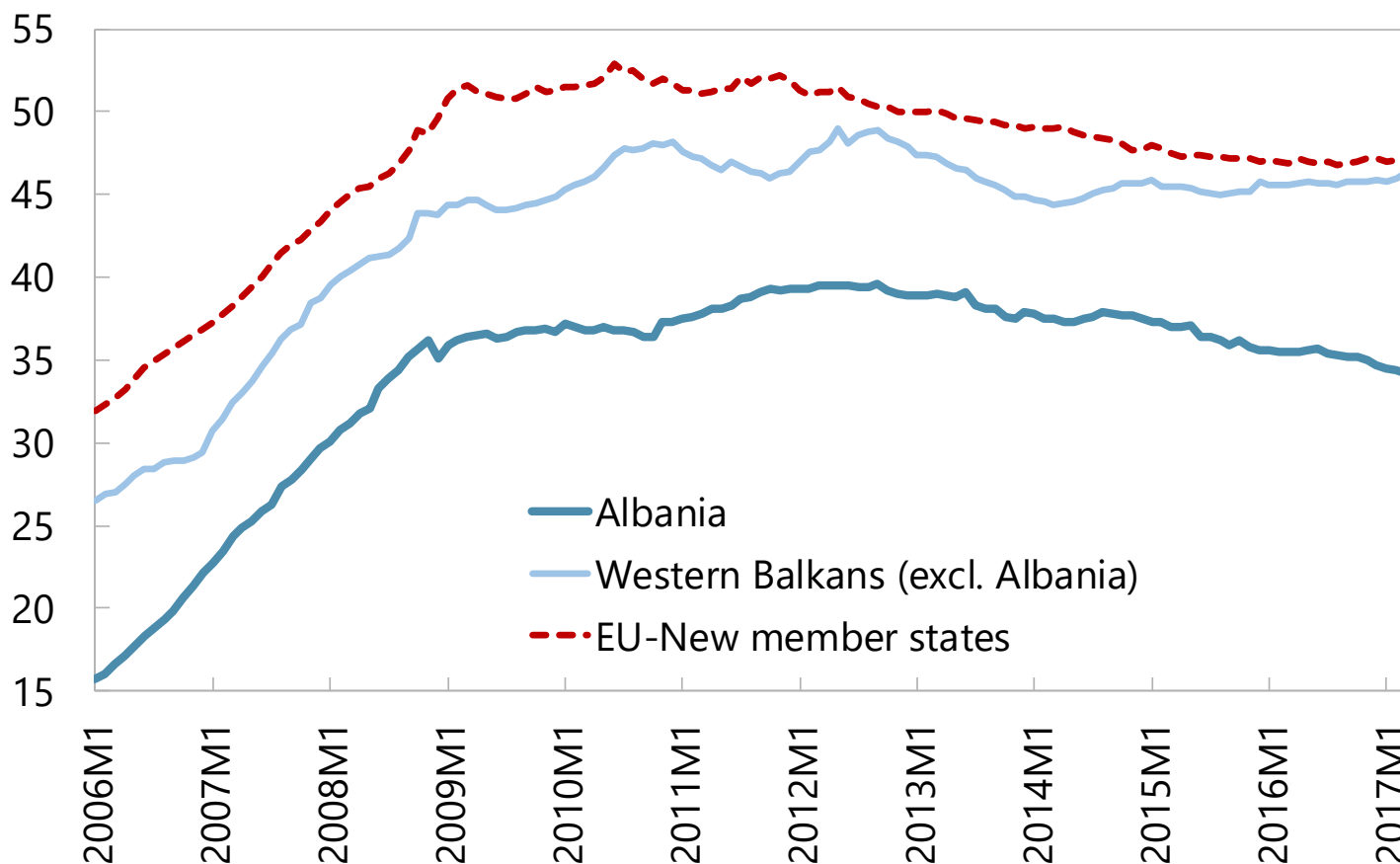
(Percent of GDP)



Sources: INSTAT; and IMF staff estimates.

Credit to the Domestic Private Sector

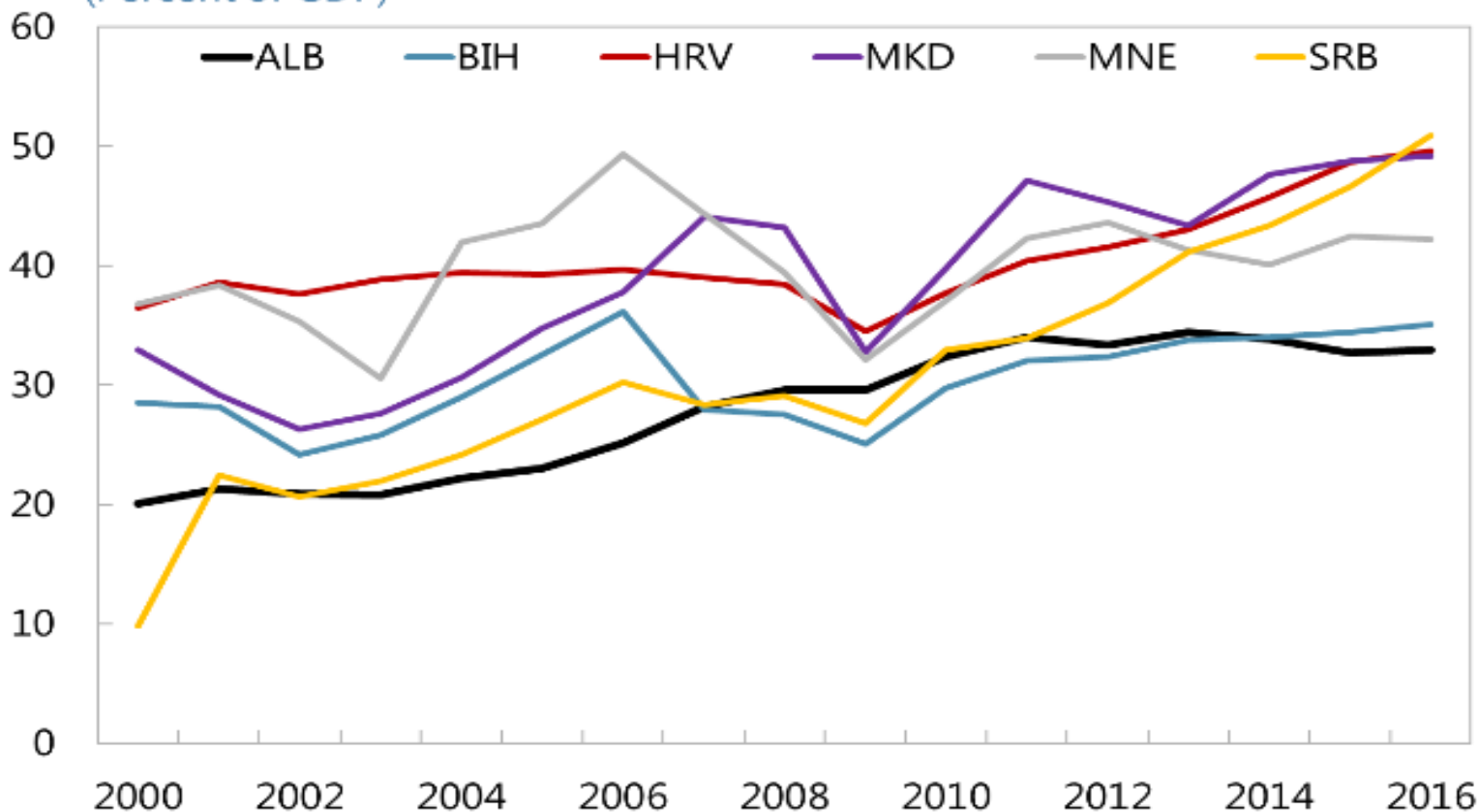
(Percent of GDP)



Sources: HAVER; IMF, IFS; and IMF staff estimates.

Exports

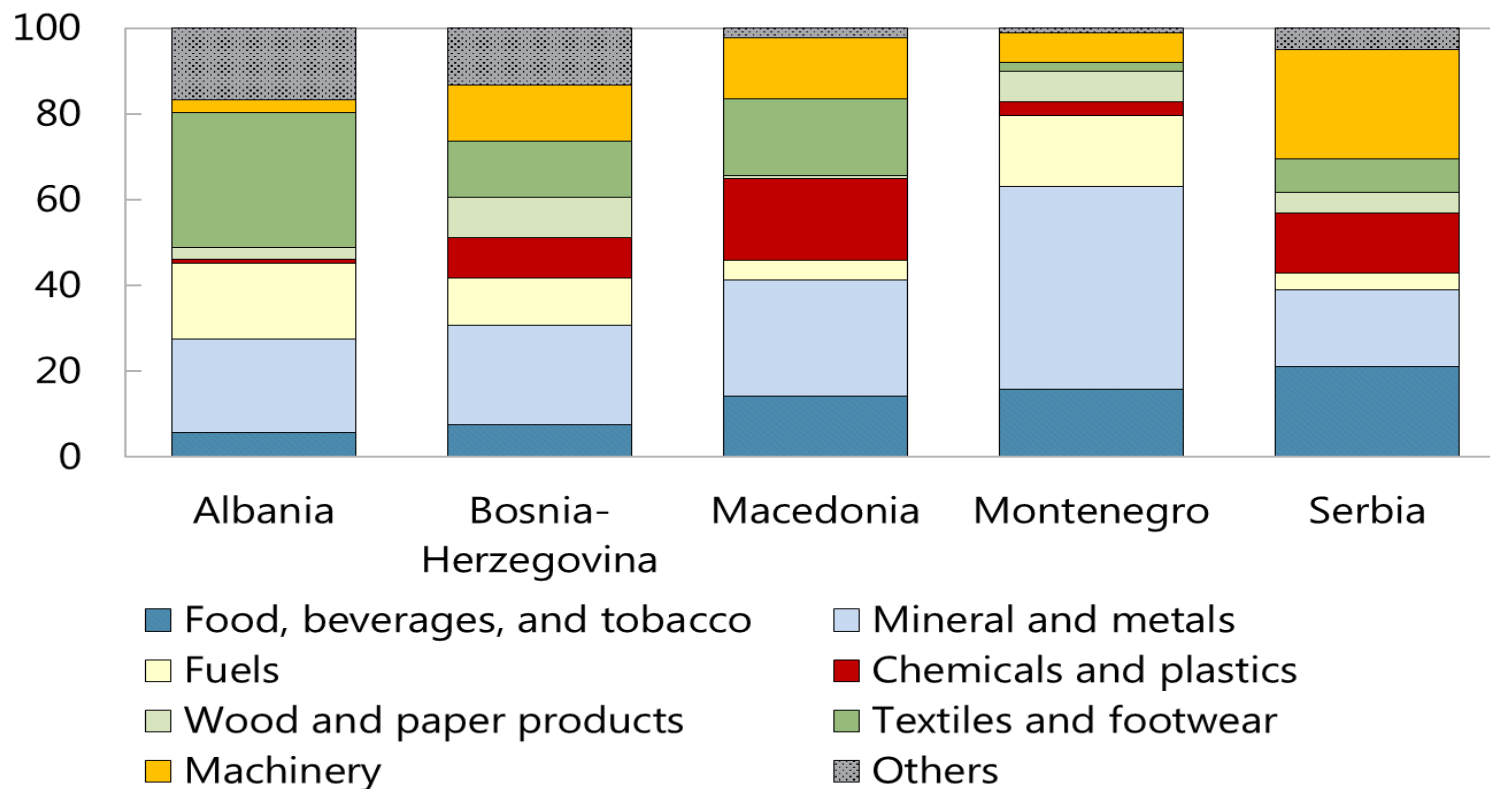
(Percent of GDP)



Source: WEO database.

Western Balkans: Structure of Goods Exports

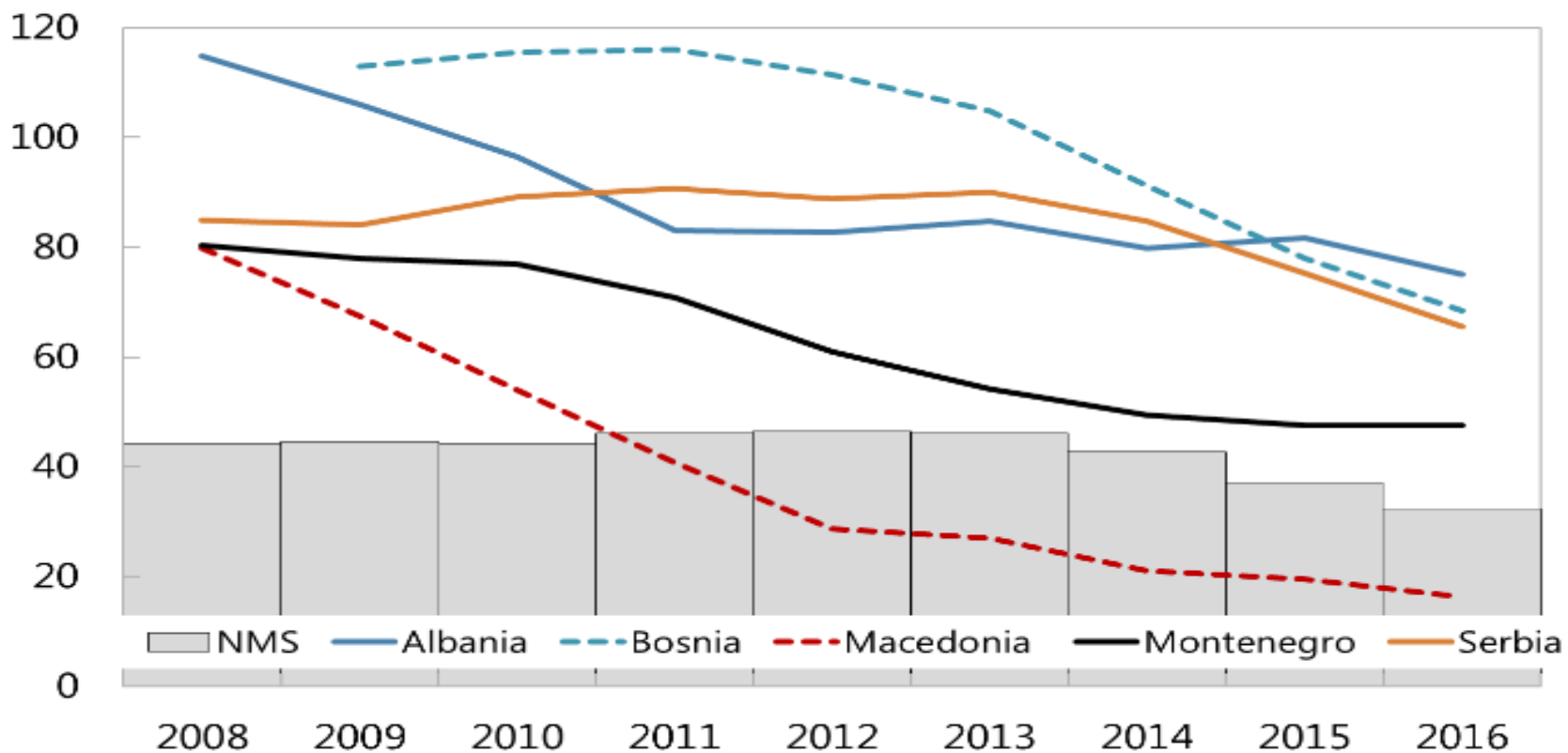
(Percent; 2010-15)



Sources: World Bank, WITS database; and IMF staff estimates.

Doing Business Indicators

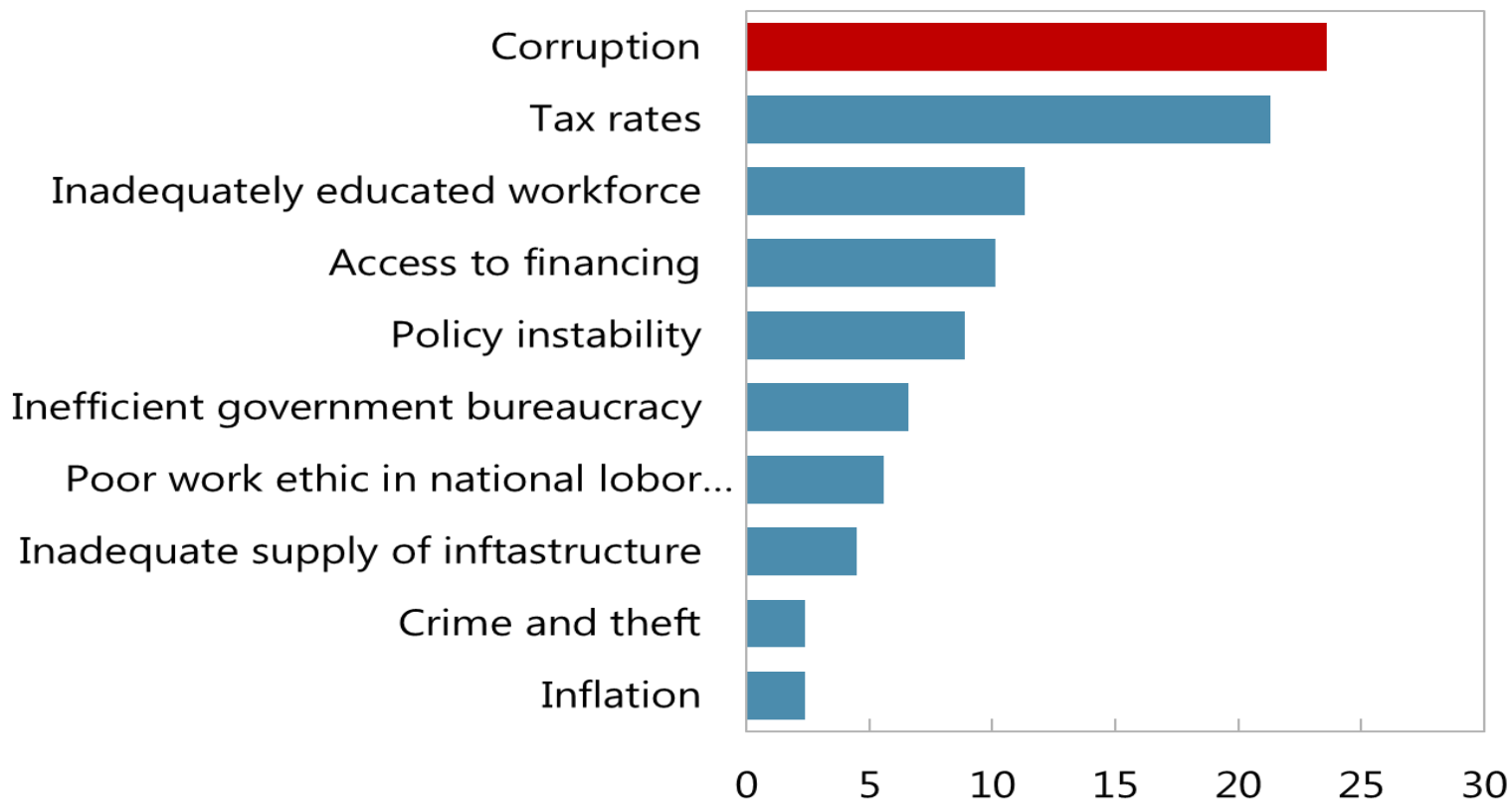
(Ranking; 5-years moving average)



Source: World Bank, Doing Business Reports.

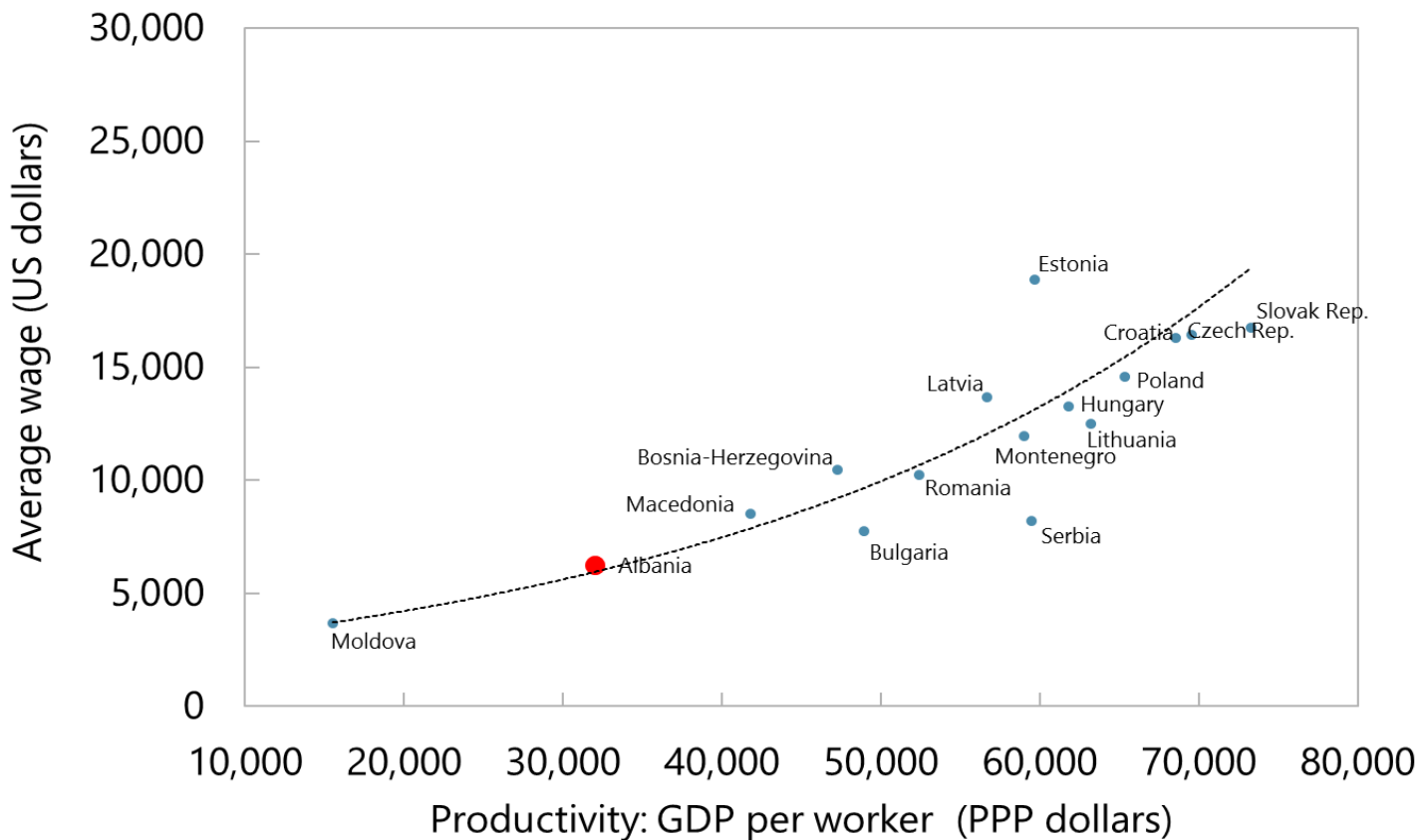
Top Ten Problematic Factors for Business in 2016

(Weighted scores)



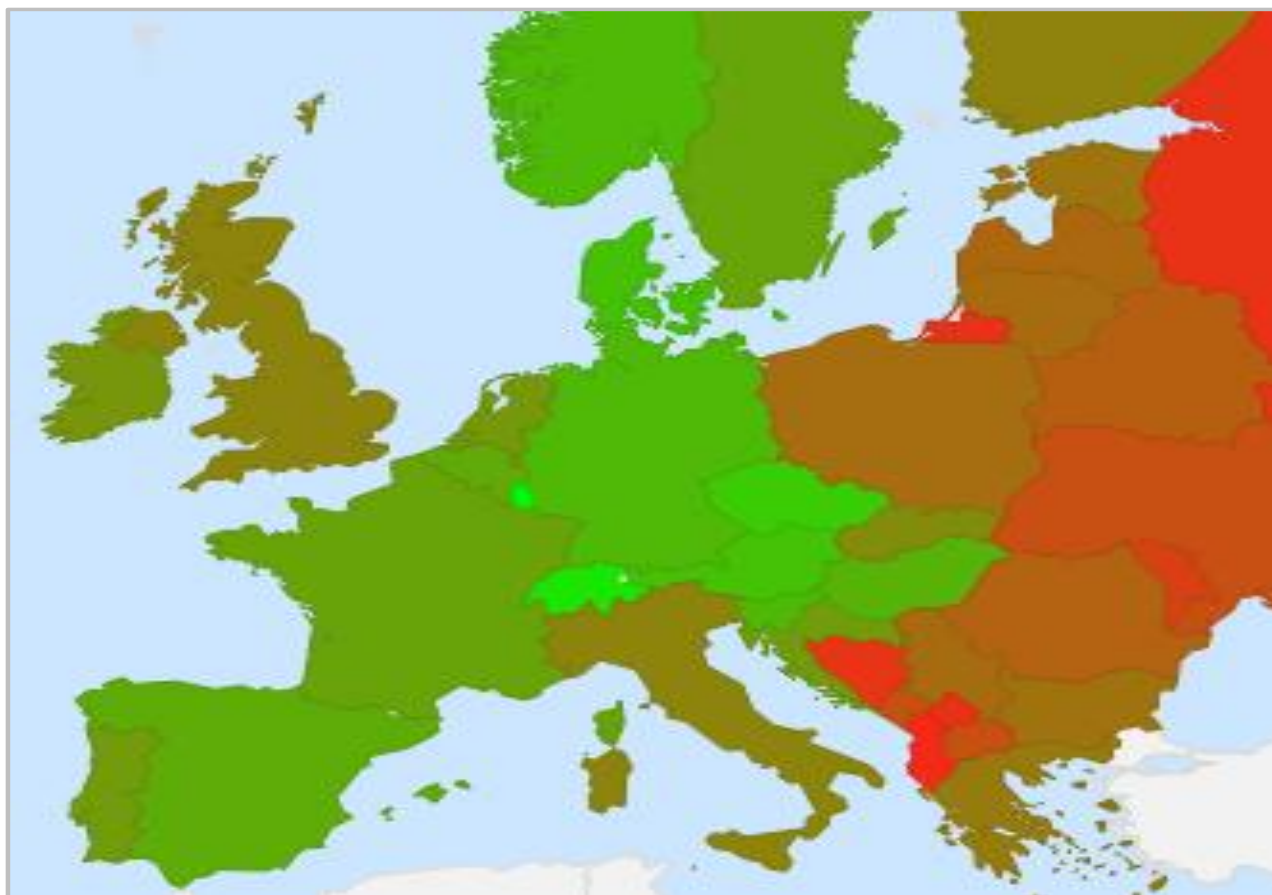
Source: Global Competitiveness Report, 2016-2017.

CESEE: Average Wages and Productivity, 2016



Sources: Haver Analytics; OECD; IMF, WEO database; and IMF staff estimates.

Infrastructure Gap Index, 2015 1/



-66  51

- To close Albania's competitiveness gap and strengthen its external position, the authorities should:
 - improve governance and the rule of law;
 - raise labor market efficiency by reducing skills shortages;
 - complete key infrastructure projects to improve transport connectivity and address energy sector reliability;
 - And increase domestic savings and advance financial deepening.