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Analysis of current investment projects and their economic justification

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Abstract. The purpose of this study was to analyse existing investment projects in Albania and assess their economic feasibility to determine their impact on the country's economic growth and development. The study examined 30 major investment projects in key sectors such as energy, infrastructure, and tourism. The study showed that the main investors in Albania are the Netherlands, Switzerland, Canada, Italy, Turkey and Austria, which are actively investing in the development of renewable energy sources, transport infrastructure and light industry. The analysis confirmed that the volume of investment, macroeconomic stability and government support are key factors in the successful implementation of projects. The SWOT analysis showed that Albania has significant potential to attract foreign investment due to its favourable geographical location, political stability and natural resources, but faces challenges such as underdeveloped infrastructure and high levels of bureaucracy. Investment projects have had a positive economic and social impact, including reducing energy dependence, developing tourism infrastructure, and improving logistics capabilities. Recommendations were made to optimise state support for investors, invest in infrastructure, improve the skills of the workforce, and support small and medium-sized businesses. The proposed recommendations will help improve Albania's investment climate and ensure further growth in foreign investment, which will have a positive impact on the country's economic development. At the same time, these recommendations may also be useful for other countries with similar economic levels of development seeking to attract foreign investment and stimulate their economic growth

Keywords: investment; foreign financing; financial initiatives; sustainable development; country's profitability

Introduction

Investments play a crucial role in driving economic growth in any country. They contribute to the development of infrastructure, job creation, welfare, and technology. In modern globalised world, where countries compete to attract foreign capital, the analysis of investment projects and their economic justification is extremely important. The need for such an analysis becomes apparent due to the growing number of investment projects in various sectors of the economy,

which have a heterogeneous impact on the economic development of countries. The study of investment projects allows determining the efficiency of the invested resources, the degree of their impact on the economy and the feasibility of their implementation.

The global scientific literature has already accumulated a significant amount of research on investment projects and their impact on economic development. Many authors focus on foreign direct investment

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(FDI) as an essential factor in stimulating economic growth. For example, J.G. Djokoto *et al.* (2023) studied the impact of FDI on the development of low- and middle-income countries, emphasising that attracting investment funds significantly contributes to the productivity of these countries' economies through access to advanced technologies and management practices. R. Kastratović (2023) also studied the impact of FDI, but specifically on agricultural exports in developing countries. The author concluded that FDI can have a greater effect on economic growth if the country adopts comprehensive reforms to improve the business environment and infrastructure.

M. Jaworek *et al.* (2019) emphasised that for the successful development of investment projects, it is important to create a transparent legal environment and minimise risks for investors. In their research, they proved that countries with more developed legal institutions and stable economies have a higher chance of attracting large investment flows. At the same time, they pointed out the importance of long-term investment attraction policies that support local enterprises and promote employment.

The authors J. Minović *et al.* (2020) studied the impact of investment projects on the economies of Central and Eastern Europe, pointing out the importance of FDI for the growth of countries' competitiveness in the global economy. Their work showed that the effective attraction of foreign capital depends not only on the country's economic performance, but also on political stability and the ability of the state to create an infrastructure that attracts investors. They also emphasised that investment projects in the energy and infrastructure sectors are key for regions seeking to modernise their economies.

Researchers B. Deng *et al.* (2023) studied the impact of infrastructure investment on economic growth in Africa and Latin America, noting that these projects not only contribute to economic growth but also help reduce poverty and inequality. Their research indicates that investment projects aimed at developing transport networks, energy, and water supply have a lasting positive effect on low-income countries. A. Gu & X. Zhou (2020) analysed the environmental impacts of investment projects in their research, emphasising that projects that do not take into account environmental factors can have a negative impact on the environment and create additional socio-economic problems. Their work highlights the importance of applying sustainable development approaches that balance the economic benefits of investments with their environmental impact.

The study of regional peculiarities of investment projects was also carried out by A. Maček *et al.* (2020), who investigated how local characteristics can affect the success of investments in European countries. Their research has shown that different countries have their own institutional and cultural differences that can

either facilitate or hinder the implementation of investment projects. For example, the success of projects in Southern Europe, in their opinion, depends on political stability, the level of corruption and the effectiveness of government institutions.

Many studies focus on general trends in investment, without adequate consideration of the specific characteristics of developing countries. The academic literature often lacks detailed studies of the impact of investment on specific sectors of the economy of particular countries, such as tourism, energy or agriculture, which are important components for the development of the economy of many countries, including Albania. In addition, there are gaps in the study of the relationship between investment and socio-economic impacts, such as increased employment, and reduced inequality in access to education and health-care. Studies by authors such as M.O. Faruque (2021) and R. Merino & A. Chinchay (2022) emphasise that investment projects often do not take into account long-term social impacts, which leads to an uneven distribution of economic benefits among the population.

The purpose of this article is to analyse the current investment projects in Albania and their economic justification in the light of current global challenges, in particular, for developing countries. In accordance with the goal, the objectives of the study were:

- ▣ analysing existing investment projects;
- ▣ studying the efficiency and economic justification of investment projects;
- ▣ studying challenges and risks, and formulating recommendations for improving investment policy.

Materials and Methods

The study used combined methods to analyse investment projects in Albania for 2020-2024 and their economic justification. The main focus was on collecting and analysing statistical data related to investment flows, project implementation efficiency and risks associated with investment processes in the country. The analysis was carried out using the standard Ordinary Least Squares method, which allowed to assess the relationship between variables and measure the effectiveness of project implementation based on such key financial indicators as return on investment (ROI), socio-economic indicators and contribution to gross domestic product (GDP) growth. Secondary data collected from official sources, such as analytical reports of international organisations, including the World Bank Group (2024) and the European Bank for Reconstruction and Development (2024) (EBRD), were used. These data provided a comprehensive picture of the investment environment in the country and its key characteristics.

The sample for the analysis included the 30 largest investment projects in Albania, which were selected based on their importance to the national economy, investment volume and socio-economic impact. The

projects in the sample covered key sectors such as infrastructure, energy, tourism, and agriculture. The selected projects were characterised by a significant amount of investment (at least EUR 10 million), making them strategically important for the country's economic development. An additional selection criterion was the availability of data on the economic feasibility of the projects, which ensured the comprehensiveness of the analysis.

In addition, multiple regression analysis was used to simultaneously take into account several factors affecting the success of investment projects. This method made it possible to determine the impact of such variables as investment volume, macroeconomic stability and the availability of supportive government policies on project performance. In particular, the indicators of project profitability, job creation and socio-economic impact on regional development were studied.

A SWOT analysis was conducted to assess Albania's investment environment and policies. This method allowed to identify the country's strengths and weaknesses in the context of attracting investment, as well as to identify the main threats and opportunities that affect the success of projects. The SWOT analysis was based on data from analytical reports of international organisations such as the EBRD and the World Bank Group, as well as information from national sources on Albania's economic development and political stability. This helped to create an objective picture of the strengths and weaknesses of the country's investment climate.

The study also examined the challenges and risks that arise during the implementation of investment projects. These include both macroeconomic and political risks, as well as problems associated with insufficient infrastructure development and labour force qualifications. For a more in-depth analysis, recommendations for improving the country's investment policy were formulated. These recommendations are aimed at increasing the stability and attractiveness of the investment environment by strengthening the legal framework, developing infrastructure, improving the skills of the workforce and stimulating entrepreneurial activity.

Results

The state of investment projects in Albania in 2020-2024 shows significant activity from several key investor countries, which are actively investing in various sectors of the economy. The main investors that continue to support the country's economic growth in 2023 are the Netherlands, Switzerland, Canada, Italy, Turkey, and Austria. These countries make a significant contribution to the development of infrastructure, energy, real estate, and the banking sector. Based on the collected data, a chart was created, which visualises the percentage distribution of investments from these countries in various sectors of the Albanian economy (Fig. 1).

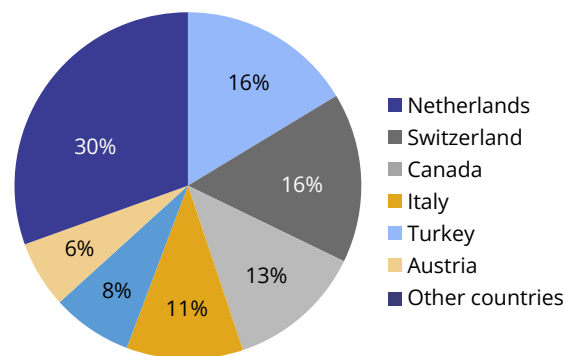


Figure 1. Distribution of investments

from major investor countries in Albania in 2023

Source: created by the authors based on data from Bank of Albania (2024), Albania Foreign Direct Investment (2024), Albania: Investing in Albania (2024)

The Netherlands is the largest investor, accounting for 16.5% of total FDI. Dutch investments are mainly directed to the extractive industry and energy projects, including the development of renewable energy sources. Dutch companies are playing a key role in the development of hydroelectric power plants and solar energy projects, which is helping Albania to reduce its dependence on energy imports.

Switzerland, with a share of 16.0%, is also a major investor, with capital mostly invested in the banking and insurance sectors. Swiss banks are active in Albania, providing financial services and support to local businesses. In addition, Swiss investors are involved in social projects related to environmental sustainability and healthcare.

Canada owns 12.8% of the investment portfolio, mostly investing in the mining industry and information technology. Canadian investors are also interested in developing innovative projects aimed at digitalising Albania's economy. Italy, with 11.0% of investments, focuses on light industry and manufacturing. Its companies are active in the textile, footwear and trade sectors. Italian investors are also involved in projects related to the modernisation of the country's transport infrastructure.

Turkey, with 7.6% of investments, is an important partner in the energy and construction sectors. Turkish companies are investing in residential complexes, hotels, and infrastructure projects. Turkish capital is helping Albania develop its urban environment and improve living standards.

Austria, with a 6.3% share in investments, focuses its investments on the development of transport infrastructure and banking services. Austrian investors are actively involved in projects to expand transport corridors in the country, which contributes to improving Albania's logistics capabilities.

In addition to the main investor countries, a significant share of investments (approximately 30.8%) comes from other countries. This group includes investors from various countries that actively support Albania's

development through projects in various sectors of the economy, such as information technology, energy and real estate. Although the share of these countries is not as large as that of the leading investors, their contribution is crucial for ensuring sustainable economic growth.

Based on this data, investments in 2023 continue to grow, especially in strategically critical sectors such as energy, infrastructure and financial services. Total FDI in the first three quarters of 2023 was EUR 1.08 billion, representing a 10.6% increase year-on-year (Bank of Albania, 2024).

The study conducted a detailed analysis of current investment projects in Albania to assess their economic

efficiency and justification based on available statistics and analytical reports. The main focus was on projects that have a significant impact on the country's economy, particularly in the energy, infrastructure, tourism, and agriculture sectors. The selected projects cover key sectors of the Albanian economy, including energy, infrastructure, tourism, and agriculture. This allowed to provide a comprehensive overview of investment activity in the country, as well as assess their impact on various aspects of the economy. Below is an overview of the main investment projects by economic sector included in the analysis (Table 1).

Table 1. Overview of major investment projects in Albania by economic sector (2023)

Industry	Number of projects	Total investment (EUR million)	Impact on the economy
Energy	12	150	Increasing energy independence, developing renewable energy sources
Tourism	5	60	Creation of new jobs, development of tourism infrastructure
Infrastructure	8	100	Improvement of transport and logistics infrastructure, integration with the EU
Agriculture	5	35	Improvement of transport and logistics infrastructure, integration with the EU

Source: created by the authors based on data from World Bank Group (2024)

All the projects have a significant impact on the Albanian economy, including increased employment, improved infrastructure and national GDP. Investment activity in different sectors of the Albanian economy shows significant differences in terms of both volume and performance. The main areas of investment are energy, infrastructure, and tourism. During 2020-2024, there was a steady increase in investment in these sectors, which demonstrates their importance for the country's economic development. Below is a graph showing the volume of investments by year in the energy, tourism, and infrastructure sectors (Fig. 2).

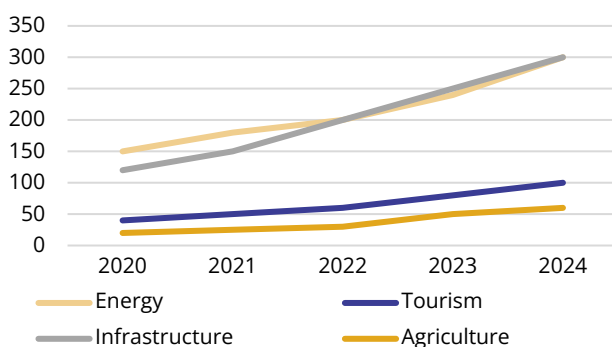


Figure 1. Dynamics of investments in key sectors of the Albanian economy (2020-2024)

Source: created by the authors based on data from 2024 Investment Climate Statements: Albania (2024)

The graph shows that the largest investment flows are directed to the energy sector, due to the strategic importance of developing the country's energy independence. In particular, projects related to renewable energy

sources, such as hydroelectric power plants and solar power plants, receive significant support from both the government and international donors.

Infrastructure projects also play a pivotal role in Albania's investment strategy. They are aimed at improving transport and logistics infrastructure, which is important for the country's economic integration with the EU. Tourism is the third most relevant sector for attracting investment. Albania is actively developing its tourism potential, and investments in tourism infrastructure have created new jobs and increased the inflow of foreign tourists.

The investment projects analysed in this study have a significant impact on the economic and social life of the country. They contribute to increased employment, higher incomes, and the development of new sectors of the economy. Particular attention should be paid to energy projects that aim to ensure Albania's energy security and reduce dependence on energy imports. The economic benefits of these projects include lower energy costs and the creation of new jobs in the production and maintenance of new energy facilities.

One of the key aspects of the study was to determine the effectiveness of investment projects in Albania. The assessment was based on the following key financial indicators: ROI; socio-economic indicator; contribution to GDP growth.

The results of the analysis of the efficiency of 30 major investment projects showed that most of them have high profitability and have a positive impact on the country's economic development (Table 2). In particular, projects in the energy and infrastructure sectors demonstrate the highest profitability due to long-term investments and stable profits.

Table 2. Investment project implementation efficiency indicators

Industry	ROI (%)	Number of jobs created	Contribution to GDP (%)
Energy	15-20	500-600	2.5-2.8
Tourism	10-12	300-400	1.2-1.5
Infrastructure	18-20	600-800	3-3.5
Agriculture	10-12	200-250	1-1.2

Source: created by the authors based on data from International Labour Organization (2024), World Bank Group (2024)

Energy projects have the highest profitability due to their long life and stable energy revenues. Infrastructure projects also have high performance indicators due to their impact on the country's transport and logistics system.

Multiple regression analysis was used to comprehensively assess the factors influencing the success of investment projects. This method allowed to assess the impact of independent variables, such as: investment volume, macroeconomic stability, government support and policies. The dependent variable is project success, which is measured as a percentage and reflects the level of success in project implementation. The data for

the analysis included indicators of investment volume, macroeconomic stability and government support for each investment project. A total of three observations were used. The standard least squares method was used for the calculation. In the analysis, each variable was considered as a contribution to the overall success of the project.

The results of the regression analysis showed that the key factors for the success of investment projects are economic stability and the existence of effective government initiatives that facilitate the attraction of foreign capital and simplify conditions for investors (Table 3).

Table 3. Influence of key factors on the success of investment projects

Factor	Statistical indicator	Impact on project success (%)
Investment volume	0.85	40
Macroeconomic stability	0.8	35
Government support	0.75	25

Source: created by the authors

According to the results, the amount of investment is the most important factor affecting the success of projects (40%), but macroeconomic stability and government support also play a major role. This suggests that to achieve maximum results, Albania needs to not only attract investment, but also ensure a stable macroeconomic environment and support from the government.

To assess Albania's investment climate, a SWOT analysis was conducted, which identified the country's strengths and weaknesses in terms of attracting foreign investment, as well as key opportunities and threats affecting investment processes (Table 4). The SWOT analysis was based on data from international organisations such as the EBRD and the World Bank Group, as well as national statistics.

Table 4. SWOT analysis of the investment environment in Albania

Strengths	Weaknesses
1. Albania's geographical location – proximity to the EU. 2. Political stability and aspirations for integration with the EU. 3. Availability of natural resources, especially in the energy sector. 4. High potential for tourism development. 5. Developed agricultural sector with high potential for the production of environmentally friendly products.	1. Low level of infrastructure development. 2. High level of bureaucracy. 3. Insufficient involvement of technological innovations. 4. Limited access to finance for small businesses. 5. Limited mechanisation and technological upgrading in agriculture, which hinders productivity growth.
Opportunities	Threats
1. Attracting international investors through EU support programmes. 2. Development of renewable energy sources. 3. Investments in infrastructure projects and logistics network. 4. Development of the IT sector and digital infrastructure. 5. Increase exports of environmentally friendly products.	1. Economic instability in the Balkans region. 2. External economic risks (rising cost of resources, currency fluctuations). 3. Changes in global markets that affect foreign trade. 4. Competition from other countries with more developed tourism and agricultural infrastructure.

Source: created by the authors

The results of the SWOT analysis showed that Albania has significant potential for attracting investment, which is an essential factor for the country's economic development. The main strengths are Albania's geographical location, which provides favourable conditions

for integration with the EU and neighbouring markets. This allows the country to act as an important logistics centre in the Balkans, which is especially critical for the development of infrastructure projects and facilitating trade with EU countries. In addition, political stability

and a commitment to EU integration create a predictable environment for investors, which helps to increase confidence on the part of international companies.

Another significant strength of Albania is the availability of natural resources, particularly in the energy sector. The development of renewable energy sources, such as hydro and solar power, is an attractive area for investment, especially given the global trend towards clean energy. Environmentally friendly projects can attract foreign investment from companies seeking to comply with international environmental standards.

At the same time, the country's tourism potential plays a pivotal role. Albania's natural and cultural resources, especially the Adriatic and Ionian coasts, make it attractive for tourism development (Choi & Minondo, 2019). The sector is seeing growing interest from foreign investors as Albania becomes an increasingly popular tourist destination in Europe. This creates new opportunities for investment in the development of tourism infrastructure, hotels, resorts and related services.

However, along with significant opportunities, the country faces serious challenges that may hinder the development of investment projects. One of the main disadvantages is the insufficient level of infrastructure development, especially in the transport and logistics sectors. This increases project implementation costs and makes it difficult to implement projects in remote regions of the country where access to infrastructure is limited. Improving infrastructure could significantly increase Albania's competitiveness in the international market and ensure more efficient implementation of investment projects.

Another significant problem is the high level of bureaucracy, which complicates the process of obtaining project permits and investors' interaction with government agencies (Rrapaj Kolasi & Kolasi, 2023). This can deter potential investors and create delays in project implementation, which negatively affects their profitability. Simplification of administrative procedures and increased transparency in the interaction between public authorities and investors are necessary to attract more investment.

In addition, limited access to finance, especially for small enterprises, is another factor that hinders business development and project implementation. Small and medium-sized enterprises (SMEs) often do not have sufficient resources to attract investment or expand their capabilities, which can slow down the country's economic growth (Rrapaj Kolasi & Kolasi, 2023). Increased access to credit and financial support, including through international institutions such as the EBRD, can help address this problem.

Threats, such as economic instability in the Balkans region and external economic risks, may also negatively affect Albania's investment attractiveness. Rising resource costs, currency fluctuations and changes in global markets may pose additional challenges for investors.

In addition, competition from other countries with more developed infrastructure, such as Croatia or Greece, may draw investors away from Albania in favour of more stable and predictable markets.

Therefore, in order for Albania to realise its investment potential, the country needs to overcome these challenges. This includes improving infrastructure, reforming the administrative system, simplifying bureaucratic procedures and providing more support to small businesses. Only then will Albania be able to take advantage of its geographical location, natural resources and tourism potential to attract significant investment and ensure sustainable economic growth.

Investments in key sectors of Albania's economy, such as energy, tourism and infrastructure, make a strong economic case for their impact on national economic growth. The energy sector, in particular renewable energy, is a priority for the country. In particular, hydroelectric and solar power projects are significantly reducing Albania's dependence on energy imports. For example, hydroelectric power plants provide a reliable domestic energy supply, while solar energy projects, such as the Karavasta plant, help to increase the share of electricity production from clean sources, which is in line with Albania's long-term climate goals. These projects are expected to not only generate stable income but also create new jobs (especially in construction and operation) (Dedi, 2024).

The tourism sector also shows significant potential for growth, contributing to infrastructure development and attracting foreign tourists. Investments in this sector increase the country's regional attractiveness and stimulate economic development through increased tourism revenues and the creation of jobs in the service sector.

Infrastructure projects, such as road modernisation and port infrastructure development, are strategically important for Albania's economy. They facilitate the country's integration with European markets and improve the business environment. In particular, projects such as Porto Romano will have a significant impact on regional trade and economic growth by improving logistics capabilities (Rrapaj Kolasi & Kolasi, 2023).

Investment in rural tourism is another critical component of Albania's economic development. This segment of the tourism industry contributes to the development of remote regions of the country, attracting both internal and foreign tourists to authentic rural locations. Rural tourism creates new jobs in the areas of hospitality, local crafts and agritourism, which has a positive impact on the living standards of the rural population.

One of the key aspects of the sector's development is investment in improving infrastructure, including access routes to tourist attractions, as well as creating conditions for recreation and accommodation in rural areas. Programmes to support rural tourism often receive funding from international organisations

such as the EBRD, which helps to ensure sustainable development of regions and promote economic diversification. The inclusion of rural tourism in the investment strategy also supports the preservation of the country's cultural heritage and natural resources, which increases its attractiveness to tourists.

The implementation of investment projects in Albania faces a number of challenges that affect their efficiency, speed, and profitability. One of the most significant challenges is the underdevelopment of infrastructure, including transport and logistics. This complicates the delivery of inputs and materials, which increases logistics costs, especially for projects in remote regions of the country where infrastructure is limited.

Another challenge is the high level of bureaucracy. Administrative procedures take a long time to obtain construction and project permits, which can reduce the attractiveness of Albania's investment climate. These processes often delay the launch of new projects by several months or even years. In addition, the shortage of skilled labour in some sectors of the economy, such as technology and innovation, is a significant problem. This reduces the efficiency of projects, as companies have to invest significant resources in training employees or attracting foreign specialists.

There are also external economic challenges, including currency fluctuations and volatility in global markets. These factors may have a significant impact on the financial stability of investment projects, particularly those that depend on imports of materials and technology or are financed by international loans.

The risks faced by investment projects can be classified into internal and external. Internal risks include political instability and financial instability. Although Albania is showing progress in strengthening political stability, any internal political conflicts or changes in government could lead to a revision of investment policy, which could negatively affect the implementation of ongoing projects. Financial instability, such as problems in the banking sector or budgetary shortfalls, could also limit the availability of public financing for projects.

External risks include fluctuations in global markets and the geopolitical situation in the Balkans region. Changes in global markets, in particular fluctuations in energy and other commodity prices, could have a significant impact on projects, particularly those that are import-dependent. Geopolitical risks also remain relevant due to the unstable situation in some countries in the region. Several strategies can be applied to minimise these risks. First, simplifying administrative procedures and reducing bureaucracy will speed up project implementation and make the investment climate more attractive to foreign investors. Another important strategy is the development of infrastructure, including transport and logistics, which will facilitate the country's better integration into international economic processes and facilitate the delivery of goods and services.

Another essential step is to invest in the training and development of the workforce. The development of educational programmes, especially in the industries that attract the most investment, will help to improve the skills of workers and reduce the cost of training specialists. In addition, ensuring macroeconomic stability through inflation control, exchange rate stabilisation and strengthening the financial system will help create a predictable environment for investors. Government investment support programmes, such as tax incentives and financial support for foreign and local investors, can also significantly improve the investment environment. The introduction of such programmes will help attract more capital and stimulate economic growth.

In the longer term, risks such as bureaucracy and a lack of skilled labour may be mitigated by the government's ongoing reforms. However, external risks, such as fluctuations in global markets and geopolitical factors, will remain critical elements to consider when planning investment projects. Therefore, to ensure stability and successful investment attraction, the government should continue to strengthen macroeconomic policies and create a favourable environment for investors.

Based on the analysis of investment projects in Albania and the assessment of their economic impact, a number of recommendations can be made that will help improve the country's investment policy and attract more foreign investment. These recommendations are based on the research findings and take into account the challenges, risks, and opportunities identified in the previous sections.

One of the main recommendations is the need to optimise the state investment policy. Albania should more actively implement programmes to support foreign investors, including tax incentives, simplification of regulatory procedures and transparency of administrative processes. It is especially important to focus on facilitating the obtaining of permits for investment projects and reducing the time for approving documents. This will increase the country's attractiveness to international investors and stimulate foreign capital inflows.

To attract more investment, it is relevant to continue developing infrastructure, including transport and energy. Investments in infrastructure projects, such as the modernisation of the road network, port infrastructure and transport corridors, will help to better integrate Albania into the international economy. Improved infrastructure will facilitate the implementation of investment projects in various sectors, as it will reduce transport and logistics costs. In particular, it is worth investing in energy projects aimed at developing renewable energy sources. This will not only ensure the stability of energy supplies, but also help reduce dependence on imported energy, which is a critical factor for the country's long-term economic security.

The development of a skilled workforce is an essential aspect for the successful implementation of investment

projects, especially in technologically sophisticated sectors such as energy, tourism, and infrastructure. Albania should focus on implementing vocational training and retraining programmes. Such programmes could be implemented in cooperation with international organisations and private investors, which would increase employment and productivity. Investing in labour force training will not only improve the quality of investment projects, but also reduce the need to engage foreign specialists, which will lower project implementation costs.

SMEs are a critical element of the economy, and their support should be a priority for the Albanian government. Providing tax incentives, access to finance and simplified administrative procedures for SMEs can help create new jobs and stimulate economic growth. In addition, SMEs can play a significant role in regional development, especially in the tourism and agricultural sectors. Government support programmes should be focused on creating favourable conditions for the development of local entrepreneurs, which can also increase the interest of foreign companies in investing in the economy, which will cooperate with local partners.

Macroeconomic stability is one of the key factors for a positive investment climate. Albania should continue its efforts to maintain low inflation, exchange rate stability and reduce external debt. This will create a predictable environment for investors and reduce the risks associated with economic instability. In addition, the country's financial system should be developed to ensure access to credit and financing for SMEs. A sound banking system and transparent financial mechanisms will also increase investor confidence in the country's economy.

To stimulate economic growth, Albania could focus on supporting innovative projects and digitalisation of various sectors of the economy. The development of the IT sector, the introduction of digital solutions in public administration and the business environment can significantly increase the efficiency of the economy and create new opportunities for investors. The government can support innovative projects through special grants, tax incentives, and the creation of technology parks that will provide opportunities for start-ups and technology companies. This will help to develop new industries and diversify the economy, making Albania more competitive on the international stage. Albania should continue to strengthen its international relations, in particular with the EU and international financial institutions such as the World Bank Group and the EBRD. Cooperation with these organisations can help attract investment, access international markets, and adopt advanced technologies. International partnerships can also be useful in implementing reforms aimed at improving the investment climate and obtaining technical assistance for the development of key sectors of the economy.

A long-term assessment of the impact of investment projects on the national economy is an important aspect of investment policymaking. Conducting regular

analyses and monitoring of implemented projects will allow the Albanian government to better understand the economic effects of the investments attracted and identify the most promising areas for further development. Such assessments can help identify projects that have the greatest economic and social impact and direct resources to their further support. This will contribute to the formation of a long-term development strategy for the country, based on effective investment and sustainable economic growth.

Discussion

The study analysed investment projects in Albania to assess their effectiveness and economic feasibility. The results of the study show the activity of key investor countries in 2023, including the Netherlands, Switzerland, Canada, Italy, Turkey, and Austria. This is in line with the findings of R. Grieveson *et al.* (2020), who also noted the activity of foreign investors in the Western Balkans, especially in the infrastructure and energy sectors.

The Netherlands is a leader in renewable energy investments, which is in line with global trends in the transition to green energy. P. D'Orazio & P. Löwenstein (2020) noted that such investments are crucial for economic stabilisation, which is also confirmed in Albania. Swiss investments focused on the banking and insurance sectors play a key role in supporting local enterprises, as confirmed by R. Venkataramani & P. Kayal (2021), who compare systematic investment plans with investments made in a market environment. They emphasised the importance of the banking sector in attracting capital in transition economies.

Canadian investments in the extractive industry and IT sector contribute to the modernisation of the economy, which is consistent with the research of M.O. Faruque (2021). Italian investments in light industry stimulate exports and job creation, which is consistent with the results of A. Matuka & S.S. Asafo (2021), who noted that manufacturing development contributes to economic growth. Turkey and Austria are also actively investing in transport infrastructure and energy, which underscores the importance of infrastructure modernisation for trade efficiency, as noted by O. Alp & M. Ajam (2024).

The results of the analysis of investment projects in Albania show a significant impact on the development of key sectors of the economy, such as energy, infrastructure, tourism, and agriculture. The projects contribute to economic growth and address social issues, including employment and improving living standards. The focus on energy projects is in line with global trends towards renewable energy sources, which is important for Albania's energy independence.

According to P.T. Fliers (2024), investments in energy have a long-term positive effect, reducing dependence on energy imports. The study confirms that a significant portion of investments is directed to the development

of hydro and solar energy, which contributes to job creation. However, unlike N.G. Paterson-Jones (2019), who sees the European Strategic Investment Fund as a mechanism to meet the needs for large infrastructure projects in Europe, the study found that employment in other sectors remains unsatisfactory.

Investments in infrastructure, especially transport, are critical for improving logistics and the country's integration into the EU, as confirmed by K.-I. Inaba (2020). At the same time, the effectiveness of these projects is hampered by administrative obstacles. Investments in tourism have a positive impact on employment and infrastructure development, as evidenced by A.A. Erakhtina (2022). However, this study indicates that tourism does not provide a quick economic impact due to the need for long-term investment. Agriculture, although receiving less investment, plays a pivotal role. According to J.C. Sharmiladevi (2023), foreign investment can increase productivity and exports, which is supported by the study. However, the findings of this study do not necessarily imply that the agricultural sector will become the main driver of the economy without significant reforms.

An analysis of the effectiveness of investment projects in Albania has shown that most of them have high profitability and a positive impact on the economy. Energy and infrastructure projects are the most profitable due to their stable income and long service life. This is confirmed by research by J. Merlin *et al.* (2021), who emphasise that investments in renewable energy sources are not only economically viable but also strategically important for achieving energy independence.

Infrastructure projects also demonstrate high profitability, improving the transport system and facilitating economic integration with the EU. This is in line with the findings of P.B. Kodali (2023), who noted the importance of infrastructure for access to international markets and export growth. Investments in tourism and agriculture have lower rates of return but play a major role in regional development and job creation. S. Mora (2023) notes that although these sectors do not have an immediate impact, their socio-economic impact is significant due to the employment of local people.

However, the results of this study do not coincide with the findings of A. Sahab *et al.* (2024), who find a greater impact of foreign investment on reducing unemployment in other regions. In Albania, new investment has a lower impact on job creation, which may be related to the lower unemployment rate. The findings highlight the importance of investment volume and macroeconomic stability for the success of projects, which is in line with the research of J. Minović *et al.* (2020), who noted that macroeconomic conditions are a key factor in the success of investments.

The results of the SWOT analysis of Albania's investment climate show great potential for attracting foreign investment, but also point to challenges that hinder this

process. Among the country's strengths is its geographical location, which makes it strategically crucial for infrastructure and logistics projects. This is confirmed by the study by B. Ramasamy & M. Yeung (2020), which notes that the Balkans region has advantages for investment due to its proximity to the EU and stable political situation.

Albania also has natural resources, especially in the field of renewable energy, which attracts investors. As noted by E.P. Lopes Júnior *et al.* (2024), investments in environmental projects such as hydroelectric power plants are important for energy independence. The country's tourism potential is also attractive to foreign investors, as confirmed by S. Er *et al.* (2024), which emphasises the role of investment in the development of tourism infrastructure.

Challenges include insufficient infrastructure development, which increases project implementation costs, especially in remote regions. This is confirmed by the findings of O. Jacques (2020), who notes that weak transport infrastructure complicates integration with the EU and hinders competitiveness. High levels of bureaucracy and corruption are also a serious problem that delays project implementation, as noted by G. Petersen (2020).

Access to finance for SMEs is also limited, which hinders the development of innovative projects. The research by O. Mikheeva (2023) confirms that access to finance is critical for the development of entrepreneurial activity. Economic instability in the region and external risks, such as currency fluctuations, also pose threats to investors, as noted by A. Maček *et al.* (2020).

The results of the study confirm that investments in the energy sector of Albania, in particular in renewable energy sources, have a positive impact on economic growth and energy independence. This is in line with the findings of M. Kim *et al.* (2020), who emphasise the importance of such projects for the country's development strategy. In the tourism sector, there is a gradual economic effect of investment, which is consistent with the views of X. Zhao & D. Lin (2020), but differs from the findings of J.G. Djokoto *et al.* (2023), which noted the rapid impact of tourism on the economy. In this case, tourism development requires longer-term infrastructure investment. Infrastructure investments in ports and transport routes are also important for increasing export potential, as confirmed by J. Yfantopoulos (2023). However, unlike B. Ramasamy & M. Yeung (2020), this study found that the long-term benefits of infrastructure upgrades are significant. Investments in rural tourism and agritourism contribute to regional development and improve living standards, which is supported by the research of L.F.C. da Costa & J.P. Kropp (2019). Nevertheless, unlike other authors, this study noted that the economic effect is slower to manifest.

Investment projects in Albania face a number of challenges that affect their efficiency and profitability. This study confirms that one of the main challenges is the underdeveloped infrastructure, including transport,

which increases logistics costs. This is consistent with the findings of S. Ağazade & B. Karasakaloğlu (2022), who emphasise the importance of infrastructure investment to reduce logistics costs and improve economic integration. The lack of developed infrastructure reduces the investment attractiveness of regions, especially remote ones.

In terms of bureaucracy, this study agrees with S. Engler (2020), who notes that lengthy administrative procedures delay project implementation and reduce their attractiveness to investors. It was also noted that these delays can significantly affect the overall profitability of projects by delaying their launch. In order to reduce these challenges, it was suggested that the Albanian government should simplify bureaucratic procedures, invest in infrastructure and develop training programmes to improve project implementation and attract more investment.

Based on the analysis of investment projects in Albania, several recommendations have been developed to improve investment policy. One of the key ones is to optimise support for foreign investors through tax incentives and simplification of administrative procedures. This recommendation coincides with the opinion of J. Rrapaj Kolasi & K. Kolasi (2023), who note that reducing bureaucracy stimulates investment inflows.

Infrastructure development, especially transport and energy, is also important. As noted by M.Y. Toh *et al.* (2023), the infrastructure investment helps to reduce logistics costs and improve international integration, which is fully consistent with the results of this paper. At the same time, this study does not fully coincide with the findings of K. Shanmugam *et al.* (2022), who argue that energy investments bring economic benefits quickly. It was found that in the initial stages, profitability may be limited due to high costs.

Improving the skills of the workforce through vocational training programmes is also an essential step, and this is in line with the findings of W. Atilaw Woldetensaye *et al.* (2022), who examine the impact of foreign investment on unemployment in East African countries and highlight the importance of training for sustainable economic growth. Supporting small and medium-sized businesses, especially in tourism and agriculture, is also critical for the economy, which is consistent with the findings of K. Shanmugam *et al.* (2022). Macroeconomic stability, as noted by H. Li *et al.* (2021), is a crucial condition for attracting investors. This study supports this finding and adds that controlling inflation and the exchange rate creates a stable environment for investment.

In general, the results of this study coincide with the opinions of the scholars whose work was analysed. They emphasise that investments in key sectors of the economy, such as energy, infrastructure, agriculture and tourism, have a significant impact on a country's economic growth. As many other studies have shown, the implementation of effective measures to attract investment,

such as optimising regulatory processes and developing infrastructure, is important for increasing the profitability of projects and creating new economic opportunities.

Thus, the results of the study deepen the understanding of the effectiveness of investment projects not only in Albania, but also in countries with similar economies. They offer specific recommendations for improving the economic efficiency of such projects, in particular through optimising regulatory processes, developing infrastructure and supporting key sectors of the economy.

Conclusions

The status of investment projects in Albania in 2020-2024 shows significant activity from several key investor countries, such as the Netherlands, Switzerland, Canada, Italy, Turkey and Austria, which are actively investing in the development of energy, infrastructure, banking, and other strategic sectors. The largest investments are in renewable energy sources, transport infrastructure and light industry, which support the country's economic growth. This study confirms the importance of investment projects in Albania, particularly in the energy, infrastructure and tourism sectors, which play a key role in the country's economic growth. The investment projects analysed in this study have shown a significant positive impact on the Albanian economy and social sphere. The results of the regression analysis indicate that the key success factors for investment projects are the volume of investment, macroeconomic stability and government support.

The SWOT analysis showed that Albania has the potential to attract foreign investment due to its favourable geographical location, political stability and natural resources, especially in the energy and tourism sectors. However, the country faces challenges such as insufficient infrastructure development, high levels of bureaucracy and limited access to finance for small businesses. Despite these obstacles, opportunities in renewable energy, tourism infrastructure and the IT sector could significantly increase the country's competitiveness. To succeed, Albania needs to reform its administrative system, simplify bureaucratic procedures, and improve infrastructure to attract more investment and ensure economic growth.

Investments in Albania's key economic sectors play a critical role in ensuring sustainable economic growth. Renewable energy projects reduce dependence on energy imports and support the country's climate goals. Tourism, particularly rural tourism, contributes to regional development, job creation and the country's attractiveness to foreign investors. Infrastructure projects facilitate integration with European markets, further boosting trade and economic activity.

Investment projects in Albania face a number of challenges that reduce their efficiency and profitability. The main problems include the lack of transport and

logistics infrastructure, which increases the cost of delivering materials, and the high level of bureaucracy, which delays the launch of projects. A shortage of skilled labour in the technology sectors also hampers project implementation. In addition to internal challenges, external risks, such as currency fluctuations and volatility in global markets, can affect the financial stability of projects. Statistics for 2019-2023 reflecting the dynamics of tourist flows may be distorted by the impact of the COVID-19 pandemic.

Based on the analysis of investment projects in Albania, several essential recommendations can be made to improve investment policy. It is necessary to optimise government support for investors by simplifying administrative procedures and introducing tax incentives.

Investments should also be made in infrastructure and renewable energy development to reduce energy dependence. Developing a skilled workforce through vocational training programmes is key to the successful implementation of projects. It is important to support small and medium-sized businesses by providing access to finance. Macroeconomic stability and the development of the IT sector should also be priorities to attract investment and stimulate economic growth.

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Conflict of Interest

None.

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Аналіз поточних інвестиційних проєктів та їх економічне обґрунтування

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Анотація. Метою цього дослідження був аналіз наявних інвестиційних проєктів в Албанії та оцінка їх економічної доцільності для визначення їх впливу на економічне зростання та розвиток країни. У дослідженні було розглянуто 30 великих інвестиційних проєктів у таких ключових секторах, як енергетика, інфраструктура та туризм. Дослідження показало, що основними інвесторами в Албанії є Нідерланди, Швейцарія, Канада, Італія, Туреччина та Австрія, які активно вкладали кошти в розвиток відновлюваних джерел енергії, транспортної інфраструктури та легкої промисловості. Аналіз підтвердив, що обсяг інвестицій, макроекономічна стабільність та державна підтримка є ключовими факторами успішної реалізації проєктів. SWOT-аналіз показав, що Албанія має значний потенціал для залучення іноземних інвестицій завдяки своєму вигідному географічному розташуванню, політичній стабільності та природним ресурсам, але стикається з такими проблемами, як недостатньо розвинена інфраструктура та високий рівень бюрократії. Інвестиційні проєкти мали позитивний економічний та соціальний вплив, включаючи зменшення енергетичної залежності, розвиток туристичної інфраструктури та покращення логістичних можливостей. Були надані рекомендації щодо оптимізації державної підтримки інвесторів, інвестування в інфраструктуру, підвищення кваліфікації робочої сили та підтримки малого і середнього бізнесу. Запропоновані рекомендації допоможуть покращити інвестиційний клімат Албанії та забезпечити подальше зростання іноземних інвестицій, що позитивно вплине на економічний розвиток країни. Водночас ці рекомендації можуть бути корисними для інших країн зі схожим рівнем економічного розвитку, які прагнуть залучити іноземні інвестиції та стимулювати своє економічне зростання.

Ключові слова: гральний бізнес; азартні ігри; законодавство; бюджет; фінансування