

# Public-Private Dialogue

## The Role of National Economic Council in Albania

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### 1- Background and Context

PPD has been considered a power tool in Albania since the change of the system in 1990. But on national level and as an institutionalized body it has only started for the first time in 2006 with the establishment of the Business Advisory Council. This was the highest-level public-private dialogue mechanism where the business community could represent and voice its concerns regarding private sector policies affecting business interests. Last year, the new government emphasized the strengthening of the PPD and transformed the Business Advisory Council into the National Economic Council. This Council is now chaired by the Prime Minister and works based on a law passed by the parliament.

The *National Economic Council (NEC)* has as primary objective the provision of concrete recommendations for the Government to improve the legal and institutional framework that has a direct impact on the business climate. These recommendations have an effect on:

- The strategies and programmes of business development;
- The fiscal and customs policies;
- The privatisation policies;
- The public procurement policies;
- The investment promotion policies;
- The trade development policies;
- The competition, market supervision policies and consumer protection;
- The employment and wage policies
- The education and scientific research policies

Therefore, the Government-business dialogue has been institutionalised and this round table is playing an even greater role for the improvement of the business climate in the country. This form of communication is expressed not only in the increased intensity of the dialogue, but also in its quality, that is, the treatment of the fundamental problems that concern the business community.

The role of the NEC has become very obvious in the growing authority of the business institutions. Thanks to this dialogue and the constant consultations, improvements have been made in the field of legislation, which have a direct impact on the business climate.

## **2- Partnership, Structure and Processes**

In accordance with the law, the NEC is chaired by the Prime Minister and its members are:

- The Minister of Economic Development, Trade and Entrepreneurship
- The Minister of Finance
- The relevant line Minister
- 6 (six) personalities from the global economy
- 6 (six) representatives from the big private taxpayers (domestic or foreign companies)
- The Governor of Bank of Albania
- Leaders of Business Associations
- A representative from the Chamber of Commerce
- A representative from the American Chamber of Commerce
- A representative from the Bankers' Association
- Academics
- Representatives from consulting firms

The Council is a decision-making body. It consists of permanent members (as mentioned above) and temporary members who belong to the central or local institutions, as well as organizations that want to be represented for different issues. The Technical Secretariat is represented by three people nominated by the Chairman of the NEC.

In order to ensure a wholesome representation, including small and women businesses, a platform for these groups to voice their opinion on law initiatives of the government will be offered. A website is under construction where opinions on draft-laws will be available for everyone to read for a period of two months – draft-laws will not pass for parliament approval unless such opinions are considered. The Secretariat then collects and follows up with the line ministries and the Prime Minister – its location by the PM's office will help in maintaining direct contact with the executive. The website will also serve as a platform to help tackle other negative phenomena such as the malfunctioning aspects of the government, unlawfulness, and even corruptive practices. There will also be a specific methodology on how the information will be processed or how to guarantee anonymity. The NEC aims at being the primary filter for everything that the business community pretends is not going right when it comes to law enforcement, being existing laws or even laws drafted currently by the government. The information gathered via the website will then serve as a basis for the monthly and tri-monthly meetings of the NEC. Hence, essentially there will be a three-leveled consultative process and engagement between the business community and the government, with the NEC serving as the guarantee of such a relationship.

### **3- Results so far**

There have been notable results since NEC's creation. The NEC served as a round table where the budget for the year 2014 was discussed and debated. A number of government decrees and bylaws have been discussed by the government and business representatives. Some concrete proposals of business representatives related to the garment industry, personal income tax, and corporate tax have been introduced during the recent months and they were approved by new the government. Moreover, there are other issues on the table:

- The Agreement of Albania with the IMF
- The strategy for economic development of the new government
- The procedures for the payment method of outstanding obligations to private businesses. (This was a promise of the government during the 2013 elections campaign.)
- Good governance (the fight against corruption and the improvement of business environment), etc.

#### The Establishment and Functions of the National Economic Council

NEC meets once in a month. Once in three months it is an expanded Meeting with the participation of foreign academics in the field of economy.

Advisory commissions are internal structures of the NEC and are focused on specific areas or sectors. There are permanent and temporary commissions and are set up with the approval of the Council. They are composed by the NEC membership, from business associations, technical working groups' consultants and other interest groups.

The advisory commission has the responsibility to:

- analyze the drafts sent by the relevant institutions, prepare draft opinions and draft recommendations and submit them for approval to the Council
- prepare draft reports and analyses for the NEC

### **4- Expected Results**

As it was mentioned above, the Business Advisory Council played an active role in representing the interests of the business community, but the results were insufficient, and there was a need to empower and revitalize its functions and results. There were many difficulties in improving the consultation process in the BAC:

- establishing a mechanism to raise the substantial number of acts to be consulted in the BAC;

- the time required for consultation in BAC of the legal acts coming from the government was very limited, maximum in 10 working days;
- the lack of the so-called 'bottom-up' initiative, with proposals and alternatives coming from the business community to the BAC;
- the functioning of the BAC was considered as a top-down initiative;
- difficulties in the technical operation of the BAC Secretariat with a single person who performed the role of the technical secretariat paid for by contributions from business organizations that were members of the BAC.

In this situation, the new Government replaced the Business Advisory Council with the National Economic Council (NEC), adjunct to the Prime Minister. In compliance with the Economic & Financial Program of the Albanian Government, which was adopted by the Parliament on 15.09.2013, it is also a priority of the government to have a permanent dialogue with the business community, domestic and foreign, as well as ask for prominent foreign and domestic expertise. Such a dialogue required good institutionalization and for this reason the creation and operation of a National Economic Council/NEC became necessity.

NEC is building up a reliability relationship between the government and the business community by having a common structure. The presence of the private sector is increased in this Council and the range of issues discussed has broadened remarkably. The business community is participating actively through their representatives in the strategy for economic development of the new government and is also having a more powerful voice on issues that concern the business on the relevant sectors.

This Council has as an advisory function to the Government and the Parliament to help find appropriate ways to accelerate economic growth and create a legal framework that stimulates the economy, businesses, investment and employment. As a special and common structure, it has the power to give opinions and recommendations for the development of the country's economic sectors, promote investment and strengthen cooperation by facilitating communication between the government and the business community.

With the objective of becoming a place where seemingly minor and individual problems are treated, the Council can help in resolving not just those specific problems but also other problems, including: the improper behavior of the tax administration against the businesses; the inadequate way government officials pursue solutions to problems of the business community; the corruption in the tax administration and public administration; and other problems existing wherever there is a point of contact between businesses and the public sector. The Council will aim to help build a transparent, institutionalized and systematic relationship between the public and the private sector in order for grieving problems related to arbitrary practices, abuse of power, and misuse of public office are not ignored - such burdensome obstacles for the business community need to be discussed in the forum and the government will not be able to justify inaction with misinformation.