



Annual Report

**National Council for
Economy and Investment
Kosovo**

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Introduction

The NCEI Secretariat has begun a new strategy and program with the support of the European Bank for Reconstruction and Development (EBRD). This program has been launched on the basis of a Memorandum of Understanding between the Government of Kosovo and the EBRD (Signed by the Prime Minister of Kosovo) to improve the climate for doing business, investment and good governance in Kosovo.

In this Memorandum, the EBRD has undertaken to support the strengthening of the impact and efficiency of public-private dialogue through support to the National Council for Economy and Investments in Kosovo.

The Secretariat of the NCEI aims to provide strong analytical support on the work of the Council, as well as to monitor the implementation of the Council's recommendations and conclusions and to take action when not implemented in a timely manner.

Based on the EBRD's experience in establishing and financing the Secretariat of similar public-private dialogue platforms in all its countries of operation and recognizing the true commitment of the government to investment climate reform and its strong foundations The National Council for Economy and Investments, EBRD has pledged to support an independent professional Secretariat to assume these functions. EBRD will closely monitor progress in the country and make changes/enhancements where possible, to secure the effective functioning of National Council for Economic Development.

The NCEI (National Council for Economy and Investments) is the inclusive platform for high level dialogue between government and the business community, where the members are also international representatives (active donors in economic development). NCEI aims to address the priorities and all the main challenges, to implement all the inclusive reforms with the intention to protect the environment of doing business, eliminate barriers, strengthen the private sector of Kosovo and seek foreign investment in the country.



Members are representatives from the relevant Ministries and Chambers or key business associations in Kosovo. The platform is designed for inclusive access in order to ensure fully coordination between the parties.

The councils strengthen the role of the private sector and business associations in monitoring the effectiveness of the government reforms.

To increase the effectiveness of the Council's work and make it a constructive

platform for public-private dialogue, the European Bank for Reconstruction and Development (EBRD) has agreed to support the Council, based on a Memorandum of Understanding signed with the Government of Kosovo (signed by Mr. Isa Mustafa, the former Prime Minister of Kosovo), to improve the climate of doing business, investments and good governance in Kosovo. EBRD Support to the Council has to do with the creation and the financial support of a Council made of independent professionals.

NCEI 2019–2020

The Professional Secretariat of the NCEI aims to offer analytical support for the Councils work, oversee the implementation of the recommendations and conclusions of the Council, and also follow when the recommendations are not implemented in a timely manner. EBRD will closely review the progress made in the country and will make changes/improvements where is needed, to ensure effective functioning of the National Council for Economy and Investments.



Results achieved:

- ✓ **The team of impartial experts has been completed through a transparent process with the aim of raising the Council to a professional and analytical level;**
- ✓ **The NCEI regulation has been re-drafted based on changes of the Law on Government and other related changes;**
- ✓ **The re-activation of the working groups on thematic basis.**
- ✓ **Constructive work meetings have been held with the private sector representatives/ NCEI members;**
- ✓ **It has been drafted the document with the requests/priorities by the private sector for the following year;**
- ✓ **Meetings are being held continuously with the working subgroups in regard to the working skills in the labour market and administrative barriers;**
- ✓ **We have designed a new website and activated social pages to increase transparency on decisions and the work of the council;**
- ✓ **Strengthened collaboration with the cabinet of the Prime Minister.**
- ✓ **Presenting the Councils role and influence in the country's good governance to new members.**
- ✓ **Networking with various NCEI stakeholders.**
- ✓ **Conducted analysis of some of the priority topics in order to facilitate decision making.**
- ✓ **Criteria on membership and the members from the private sector are reviewed and updated.**

Details on EBRD-supported Investment Councils:

Over the past decade, the EBRD has supported the creation and strengthening of the platforms for public-private dialogue, where business and policymakers can come together to address climate investment challenges in a systematic and results-oriented way.

In some countries, the EBRD has supported the establishment of Investment Councils (ICs) by electing senior officials, business associations and multilateral agencies, establishing the Secretariat for Investment Councils which provide organizational, analytical and professional support to their members.

The EBRD established the First Investment Councils in 2007 as part of its Central Asian Country Initiative. These councils do not have the intention to replace the activity of a specific government ministry, agency or institution. On the contrary, they are designed to provide a platform for dialogue between the private sector and the authorities, in order to use the private sectors experience to improve the content and benefits of government policy reforms.

Investment Councils also strengthen the role of the private sector and civil society in monitoring the effectiveness of the government activity in governance reforms.

The President or Prime Minister is the one who chairs the Investment Council.



Investment Councils are not just for supporting the private sector, they are only part of a complex set of institutions, policies and reforms. For the public-private dialogue these types of platforms can play a vital role in contributing to a sustainable economic situation.

The first step to identifying concrete potential for business is, of course, entering into dialogue. For the partnership to be truly developed, listening, making good policy choices, and planning for the long run should be on the top priorities of the government.

- In one of the states, the Council has contributed to the adoption and amendment of more than 100 critical laws and regulations since its completion in 2007.
- In one of the countries, the country platform for the public-private dialogue, supported the authorities in the process of reforming the inspection system which led into the improvement of the country performance in the doing business ranking of the World Bank.
- In one of the state, the Council created a forum in which authorities and private businesses agreed on reforms to simplify procedures for registering business and obtaining permits and licenses.
- In another country the Economic Council has been successful in securing approval by a government in a number of regulatory arrangements, including here the facilitation of the export/import licensing requirements.

Investment Councils promote corporative governance, those improve the quality of advices given to the government by the private sector. However, this remains true only while these platforms remain transparent, independent and inclusive.

Economic situation in Kosovo

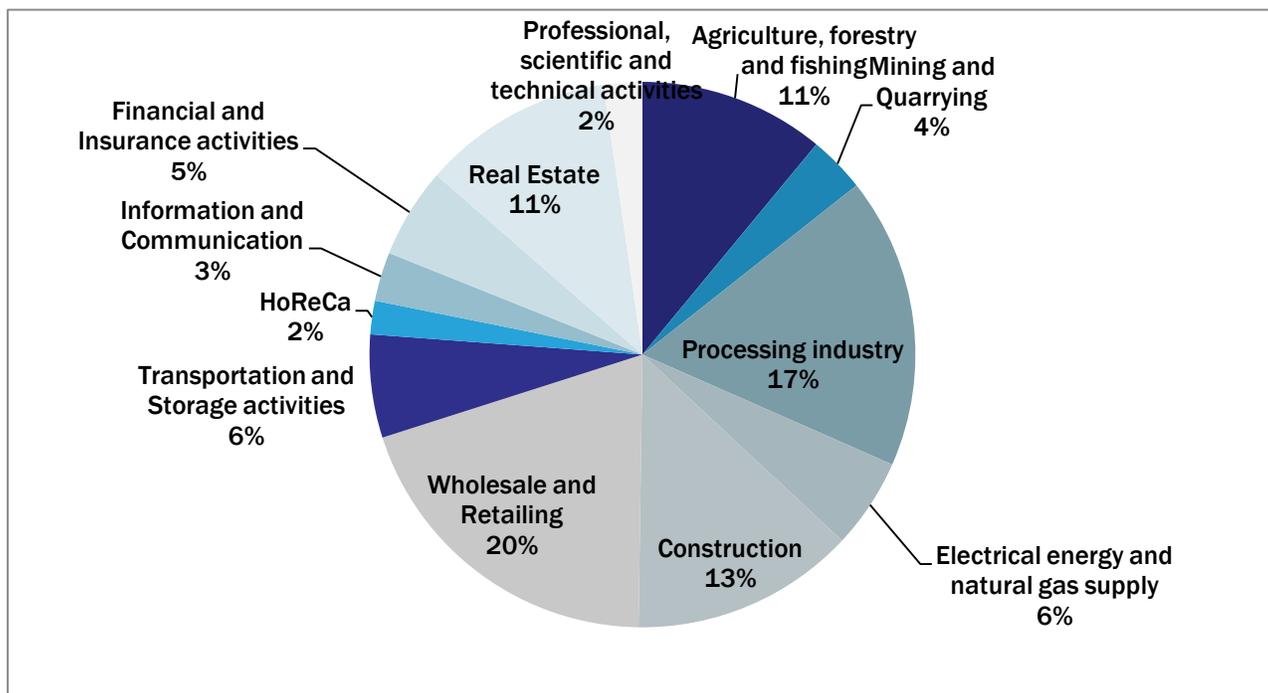
Kosovo is a lower-middle-income country which has experienced solid economic growth over the last decade. Kosovo is one of only four countries in Europe to experience growth in every year since the onset of the global financial crisis in 2008.

The growth model relies heavily on remittances to fuel domestic consumption but has recently shifted toward more investment- and export-driven growth. Kosovo currently has annual growth averaging 4% over the past decade and unemployment rate is currently at 27.5%. The most important issues for the people living in Kosovo are: healthcare, education, unemployment and the fact that too many young people want to leave the country. With regards to the economic criteria, Kosovo is at an early stage and has made some progress in developing a functioning market economy. Economic growth was robust but the very challenging labour market situation remains a concern.

Based on quarterly data for 2019, the provisional estimate of annual GDP growth is 4.2%, mainly driven by private investment in the construction sector. In the third quarter, there was some improvement in the labour market, but started deviating towards the end of the year. On the investment side, total net FDI inflows stood at 3.8% of GDP in 2019, covering more than half of the current account deficit. Before the outbreak of Covid-19, the financial sector was considered to be liquid and well capitalised. Financial soundness indicators in the banking sector remained satisfactory throughout 2019.

The budgetary expenditure for the year 2020 was projected at EUR 2.3 billion, which is slightly above the public spending of 2019, assuming real GDP growth of 4.2%. The outbreak of Covid-19 and the related crisis made these projections obsolete. The first evidence shows that a 60% loss in customs revenues in March. The latest IMF forecasts expect real GDP contraction to be in the 6%-7.5% range and public revenue is expected to decrease by EUR 200 million (2.8% of 2019 GDP) in 2020. Kosovo has applied for Macro-Financial Assistance from the EU, which would complement the IMF emergency liquidity loan of EUR 51.6 million.

Sectors Contribution to GDP in Kosovo



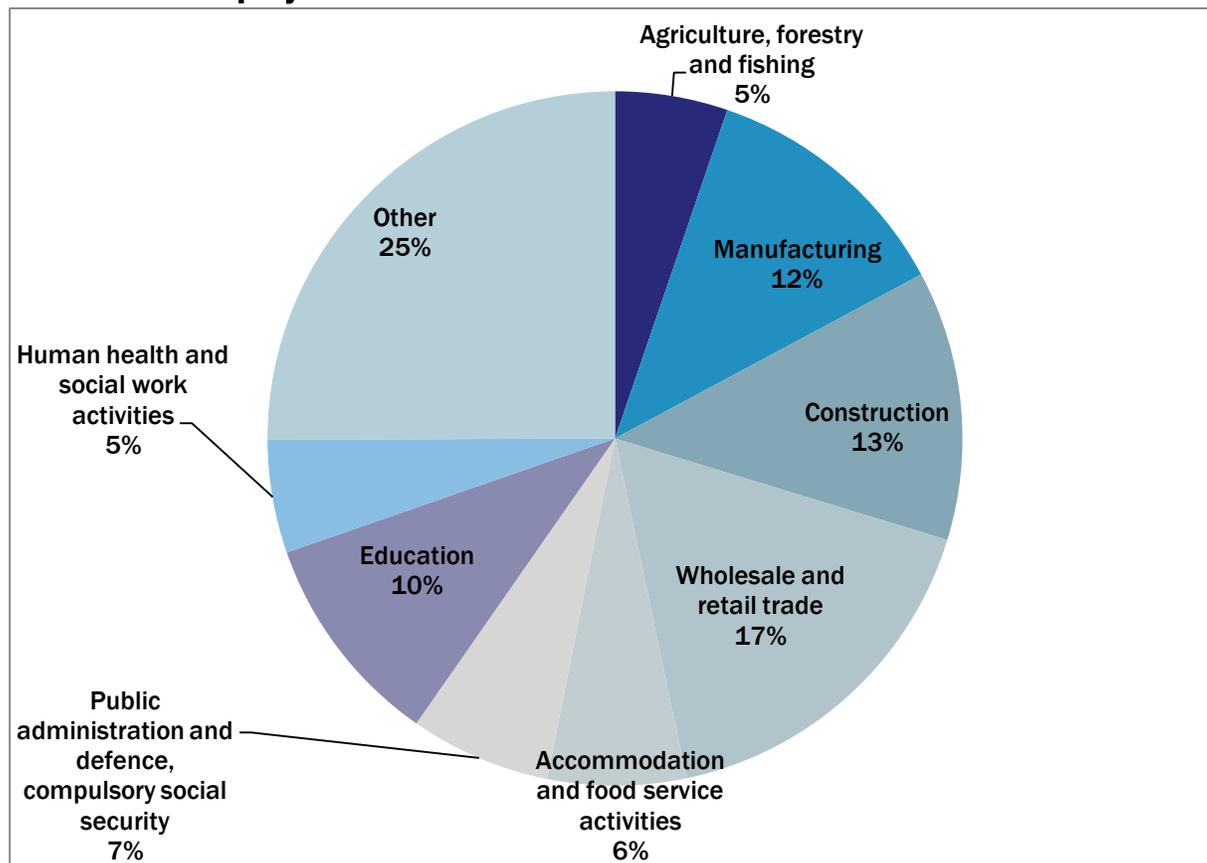
Source: Kosovo Agency of Statistics, 2019

Little progress has been made on improving the quality of education and addressing skills gaps in the labour market. Structural changes are emerging only slowly and the economy remains highly reliant on the domestic trade sector. Export growth is driven mainly by service exports to the diaspora, while the lack of product diversification hinders the growth of goods exports.

In terms of alignment with European standards, Kosovo has some level of preparation, some progress was made in the area of free movement of goods, services and capital, as well as on financial services, public procurement and competition. Good progress was made in the areas of statistics and financial control. In the area of taxation and customs, some progress was made in collecting tax revenues, reducing the grey economy, or enforcing customs measures for the protection of intellectual property rights. Kosovo made some progress as regards the digitalization of the economy.

Overall, Kosovo needs to improve its administrative capacity and coordination, across all sectors, to ensure effective implementation of the acquis.

Sectors as Employers in Kosovo



Source: Kosovo Agency of Statistics, 2019

Latest Activities

The National Council for Economy and Investment is working closely with the Government, and Private Sector representatives of business association to find the best policy solutions for economic recovery. Moreover, the Secretariat of NCEI is intensively working on the part of re-organisation and other regulatory issues to make the Council fit in the best practices existing globally as fast as possible.

The Secretariat of NCEI is currently engaged in the issues pertaining to the situation created to economic recovery conducting necessary analytical work on the main issues such as economic impact in Kosovo, legal implications for businesses and also employment impact. On the other hand, the Secretariat of NCEI is gathering and reviewing recommendations and requests pertaining to businesses sent by the representatives of the private sector.

Re-organization of NCEI- the Secretariat of NCEI in close cooperation with the Prime Minister of Kosovo has made the necessary regulatory changes by including best practices into the new decision of the Government in order to ensure a better functioning and efficiency of the meetings of NCEI.

The Secretariat of NCEI with the lead of Prime Minister of Kosovo, Mr. Hoti has organized the 1st meeting in a re-organized format, on 20 August 2020. Majority of members were present and there was a quorum during the meeting. The Prime Minister Hoti clearly emphasized the key role of the business associations during the recovery package process.

Visibility and Transparency

Alongside with the re-organization, the Secretariat of the National Council for Economy and Investments in Kosovo, The Secretariat has also re-branded the Council, by changing the name, logo and website for the purpose of better outreach to the right audience.

NCEI Website:

- Built a website for the first time for the Council and continuously populated the website with data and documents from the very beginning of the Council's establishment
- Published key activities of the Council and its Secretariat on timely manners

Social Media:

- Active in three platforms; Facebook, Twitter and LinkedIn
- Continuously updated and informed the audience on the ongoing activities of the Council and its Secretariat

Publications:

- Annual Report
- Quarterly Newsletters
- Press release's after each meeting



Meetings of the Council

NCEI meeting chaired by PM Hoti – 20 Aug 2020

The National Council for Economy and Investments (KKEI) has held its 1st meeting (with re-organized membership), chaired by the Prime Minister of the Republic of Kosovo, Mr. Avdullah Hoti. The NCEI meeting was held in a re-organized setup, with the initiative of the EBRD supporting the Council and its Secretariat. KKEI as a key platform for public-private dialogue gathered Ministers and institutions related to economy and investments as well as representatives of business associations. The main topic of this meeting was the economic recovery as well as the necessary steps to facilitate the functioning of businesses during the challenging situation created due to the pandemic. Further, representatives of the Secretariat presented the re-organization of the National Council for Economy and Investments.

In his speech in front of the members of the Council, the Prime Minister of Kosovo, Mr. Avdullah Hoti, respectively the Chairman of the National Council for Economy and Investments, expressed his gratitude to the EBRD for its generous support to the NCEI Council and its Secretariat in preparing the needed reports and needed information about businesses and the economy of the country.

Further, the Prime Minister stressed the need for cooperation between public and private institutions in the implementation of the economic recovery package and the drafting of a new development strategy for Kosovo in the long run. He stressed that this plan will last at least 5 years, and the same will reach the figure of nearly 6 billion Euros as an assistance aid to the economy of the country.

Deputy. Minister of the Ministry of Economy and Environment, Mr. Muharrem Nitaj, expressed the position of this ministry, by emphasizing that the main pillars for sustainable economic development remains the supply of affordable electricity-always taking into account the obligations to environmental protection, implementation of reforms in the economy, development of mineral resources, as and creating appropriate conditions for private sector development, based on innovation and the transformation of the economy towards digitalization.

Deputy. Minister of the Ministry of Trade and Industry, Mr. Nexhat Ramadani, stressed the need to subsidize small and medium-sized businesses and strategic investments as part of the plan for economic recovery. Whereas, the Minister of Agriculture, Forestry and Rural Development, Mr. Besian Mustafa, spoke about the importance of subsidizing essential agricultural products to ensure food sustainability. Further, the Minister of Local Government, at the same time the Deputy Prime Minister Mr. Goran Rakic, emphasized that an allocated amount of 39 million Euros in total, will be available to municipalities in the fight against the pandemic, which will also be used as financial assistance for local businesses.

Private Sector Recommendations

The President of the KCC Mr. Berat Rukiqi and Mr. Arian Zeka, Executive Director of the Am Cham in Kosovo emphasized that this whole situation is a new opportunity for transformation of the economy. They expressed concern about the situation of tourism and presented their recommendations for encouraging foreign investments, as well as recommendations for supporting the production and the gastronomy sector, such as: reduction of VAT to 8% for soft drinks and companies in HoReCa, programming of tax liabilities in a period of 24 months, as well as compensation of salaries to be at the rate of 35%. Mr. Panxha called for an amendment to the law on public procurement, while Mr. Ardian Shehu also supported the digitalization process.



NCED activity and re-organization



After these discussions, Mrs. Lindita Daija, Head of the Secretariat of the National Council for Economy and Investment, presented the initiatives of the NCED Secretariat regarding the recovery package, analytical reports related to the economic impact of the pandemic and the legal implications for businesses. At the same time, Mrs. Daija presented the re-organization of the NCED, made in close cooperation with the Prime Minister and his Cabinet, in order to better reflect the changes and best practices of the Economic and Investment Councils at global levels supported by the EBRD.

Finally



Prime Minister of Kosovo, Mr. Avdullah Hoti pledged that the private sector will be involved in designing criteria for the distribution of funds and to distribute them as soon as possible.

The recovery package will be part of the 2021 budget, use the situation to transform the country's traditional economy into digital economy. The procurement law will be implemented during the pandemic, enabling local companies to have easier access to public tenders and unreserved support for women's businesses.

The meeting of the National Council for Economy and Investment was organized in close cooperation between the Cabinet of the Prime Minister and the Secretariat of the NCEI supported by the EBRD.

NCED Meeting with additional private sector representatives

Prime Minister of Kosovo, Mr. Avdullah Hoti on the 8th of June, 2020, invited the members' of the Council and additional representatives from the private sector in a consultative meeting with Minister of Finance, Minister of Trade and Industry, Minister of Economy and Environment and Ministry of Agriculture and Rural Development on the issues related to the government program and economic recovery of the Covid-19 pandemic. He noted that their focus is compensating businesses and families at latest by the autumn and creating a long term strategy in economic recovery.

NCED Meeting- Extraordinary Session Pandemic Covid-19 – April 14, 2020

The NCED Secretariat prepared and held the 11th virtual extraordinary meeting of NCED On April 14, 2020 – Chaired by Prime Minister, seven related Ministers- Minister of Economy, Employment, Trade, Industry, Entrepreneurship, Strategic Investment, Minister of Finance and Transfers, Minister of Agriculture and Rural Development, Minister of Health, Minister of Infrastructure, Minister of Education, and Minister of Justice, CEO of TAK (Tax Administration of Kosovo), CEO of Kosovo Customs, Office of the EU Special Representative, European Commission, US Office, USAID, EBRD, WB, 10 main of business associations and Association of Municipalities of Kosovo. The meeting was moderated by the Head of NCED Secretariat. The NCED secretariat presented the reports prepared on the economic impact

of the COVID-19 pandemic, as well as the recommendations that can be used to design the subsequent package and the economic recovery strategy.

At this exceptional meeting, further steps were discussed in order to mitigate the negative impact on the country's economy caused by the COVID-19 pandemic. In this meeting, which also aims to encompass the public-private dialogue, the main priorities and challenges related to the situation created by the COVID-19 pandemic, that will affect the management of the economic situation created in Kosovo were identified. The Head of NCED Secretariat presented recommendations from the analysis on the economic impact of COVID 19 pandemic, and emphasized the importance of the cooperation with private sector to the government. The Chamber representatives, through their presentations presented their requests and their suggestions for the best possible design of the subsequent package.



The outgoing Prime Minister of the Republic of Kosovo, Albin Kurti, stressed the importance of the National Council for Economic Development platform for constructive dialogue between the private sector and the incumbent government. However, the Government of the Republic of Kosovo, in addition to measures to help public health, has already taken

measures to help economic health. The Emergency Fiscal Package drafted by the Ministry of Finance and Transfers and approved by the Government of the Republic of Kosovo, the acting Prime Minister Kurti described as first aid. In this regard, Prime Minister Kurti said that the government is planning the second package - that of economic recovery, which "will be much larger than the emergency package and will have a much longer duration.

As the conclusion of this meeting, after the vote, the proposal for the establishment of the Coordination Group for COVID-19 was approved. This coordination group aimed to pinpoint and address the economic issues and problems facing the private sector as a result of coping with COVID-19 pandemic. This group was headed by the incumbent Minister of Economy, Employment, Trade, Industry, Entrepreneurship and Strategic Investments, Ms. Rozeta Hajdari. This group worked expeditiously to make well-deserved decisions based on inter-institutional constructive analysis and discussions, to contribute to the drafting of measures that respond to the needs of the private sector.

The meeting of the National Council for Economic Development was organized in close cooperation between the Cabinet of the Prime Minister of the country, the Cabinet of MEETIESI and the NCED Secretariat.

The 9th meeting of the NCED-14th of January 2019

On this meeting of the National Council For Economic Development, the Prime Minister of the Republic of Kosovo, Mr. Haradinaj, noted that this year will be the year of the economy and their focus will be on economic development, the fully activation of the National Council for Economic Development and giving more space to the private sector in expressing their concerns and suggestions towards the economic development. Furthermore, during his speech, prime minister thanked the international partners for their cooperation and for sharing their experience and knowledge with the country of Kosovo.

Moreover, it was mentioned the need for the foreign investments attraction and the progress of the upcoming economic projects and strategic investors such as the “Contour Global”, Innovation Park in Prizren and the Special American Economic Zone in Gjakove.



During the meeting the participants of the National Council presented their ideas and their work which they have done since the last meeting. As mentioned by the representatives of the respective institutions, a large number of laws and regulations addressing economic barriers, employee issues etc., had been addressed. Therefore the private sector representatives told that they were happy with the fiscal reforms which was an actual help for them. Finally, all agreed that it is crucial for the stakeholders to send in their recommendations so the government can address these issues and to have these meetings more often.

Working Groups and Technical Meetings

High level meeting with Ministry of Justice and Judge of Commercial Court – May 28, 2020

It was held on May 28, 2020 with the Ministry of Justice and The Judge from Court of Appeal, respectively the Commercial Department, jointly with representatives of business associations. The meeting was moderated by the Head of NCED Secretariat.



The Secretariat of the National Council for Economic Development (NCED) has held a meeting today regarding the impact of COVID-19 pandemic on businesses and the legal perspective of their protection in cases of non-performance of contracts. The meeting was attended by representatives of the private sector, NCED member ministries and international partner organizations of the NCED such as: US Embassy, EBRD, USAID, European Union Office in Kosovo,

etc. The meeting discussion was about the potential measures that can be taken by the Ministry of Justice, the work of the relevant courts and suggestions were given from the Secretariat and the chambers for the current Government regarding the topic.

NCED Secretariat report, titled "COVID-19: Legal Implications for Businesses", highlighted some issues that businesses in the country should be aware of or take into account in case of arising disputes as a result

of non-fulfilment contract obligations, as a result of pandemics. After a detailed presentation of specific cases related to the impact of pandemics on businesses and the legal perspective of their protection in cases of non-fulfilment of contracts, the NCED Secretariat pointed out a significant number of recommendations for the current Government and other state institutions for example: regarding contract expiration dates and the possibility of reviewing the terms and conditions of public procurement contracts by contracting authorities and economic operators. Consequently, also it is of the importance the process of mediation in resolving disputes between businesses. Recommendations that should be considered by the Government of Kosovo to help local businesses which are going through such a process with financial difficulties.

The Ministry of Justice has instructed the offices of bailiffs, notaries and other legal offices to consider opportunities to facilitate payments from accounts that are currently blocked by debtors through temporarily unblocking these accounts or reducing monthly instalments. The Ministry of Justice has guidelines to comply with the law currently and annulled mediation activities in the field as well as other eventual sessions, until a further decision is made. Furthermore, the Ministry had been asking from the bailiffs not to debit citizens' salaries and pensions until June 2020 or even longer, depending on of the pandemic development.

One of the main problems that could arise with time is the issue of deadlines and the only way to prevent the damage that can be caused to contracting parties is to try to make an adequate interpretation of the institutes, such as clauses regarding the change of contractual conditions or the raise the issue of pandemics as a cause of non-fulfilment of contractual obligations. The meeting clarified the contractual situations, and The Judge of Commercial Court stressed the vital importance for the creation of an economic court and increasing its capacity, especially in this post-pandemic period, which is also a written proposal in the report prepared by the NCED Secretariat.

For all the meetings press releases were issued, in Albanian and English language. Also the minutes of the meeting were kept in both languages.

High level meeting Coordination Group on economic issues related to Covid-19 – May 05, 2020

The NCED Secretariat held the first meeting of the Coordination Group was organised and held on May 05, 2020. The Coordination Group was set up for treating and addressing economic matters of the private sector as a result of dealing with COVID-19 pandemic, in order to further design policy interventions.

The members of the Coordination Group held the first meeting where they addressed the issues related to the economic recovery of our country and the problems that the private sector is facing as a result of the Covid-19 pandemic. This Coordinating Group was established at the 11th meeting of the National Council for Economic Development (NCED), under the leadership of Prime Minister Kurti held on 14 April 2020, supported by the Secretariat of this Council.

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To ensure adequate cooperation by the Government of Kosovo, members of this group were: Ministry of Economy, Employment, Trade, Industry, Entrepreneurship and Strategic Investments; Ministry of Finance and Transfers; Ministry of Agriculture, Forestry and Rural Development; Ministry of Infrastructure and Environment; Ministry of Health and Ministry of



Internal Affairs and Public Administration. Moreover, member were also Kosovo Customs and Kosovo Tax Administration. The first meeting was to structure the continuous work in cooperation with the relevant actors and asked that all requests of business associations be addressed through the NCED Secretariat, in order to enable inclusion of all relevant market sectors in the economic recovery package. The NCED Secretariat continued to provide professional and analytical support to the Coordinating Group in carrying out its duties.

The meeting concluded with the consent of all members for the continuation of these meetings, on a regular basis and close reporting to the Prime Minister of Kosovo, until the completion of the Economic Recovery Package. Also, in this meeting it was agreed that from this platform of the coordination group to create professional groups for addressing sectoral issues in economics / industry, financial issues and other issues to bring the analysis with the most relevant conclusions for the design of the Package for Economic Recovery.

High level Consultation Meeting – Ministers of MEETIESI, MFT and MH – April 28, 2020

The NCED Secretariat organised a consultative meeting on April 28, 2020 with the Minister of Economy, Employment, Trade, Industry, Entrepreneurship and Strategic Investments, the Minister of Finance and Transfers, and the Minister of Health with representatives of the private sector on initial opening staged post Covid-19 for businesses.

During the meeting, the Minister of Health, Mr. Arben Vitia presented the opening phases which are scheduled to take place in two week increments. Every opening stage foresees additional easing of restrictive measures to allow businesses and the citizens to return to normalcy. However, as per the WHO recommendations and the protocols followed by the Ministry of Health, all businesses are required to follow specific protective measures, to ensure the safety of the citizens and to limit the possibility of the virus spreading.

Private sector representatives, including all members of the NCED, as well as representatives of the sectors hardest hit by the restrictive measures, those of the HoReCa sector and the Retailer's Association, were present in the meeting. Some of the most pressing issues stated by the private sector representatives included high cost of operating under the required measures, especially the need to hire additional staff to ensure the number of customers inside the business remains at the required levels.

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The meeting concluded that during every opening stage the progress will be monitored and evaluated, and if there are reverse effects, the Government will revert back to a previous stage of higher restraining measures. While the business community reiterated the high economic cost of the restrictions on doing business, both the government and the private sector representatives agreed on the importance of cohabiting with the virus and taking all necessary measures to reduce the cost to human life.



High level Group Meeting with the Minister of Finance and Transfers and the Governor of Central Bank of Kosovo – April 16, 2020

It was held on April 16, 2020 with all representatives of business association. In order to discuss in more detail the Emergency Business Package and the developments in the financial sector from the COVID-19 pandemic, the NCED Secretariat has held a discussion with the acting Minister of Finance and Transfers, Mr. Besnik Bislimi and the Governor of the Central Bank of Kosovo, Mr. Fehmi Mehmeti. The meeting was moderated by the Head of NCED Secretariat.

The meeting with the lead of Minister Bislimi clarified that the package can only cover the emergency needs and not all the damages that businesses face as consequence of pandemic measures. The emergency package, compared to the alternatives that have been offered and the steps that have been taken by the countries of the region, is significantly more complete. The Minister



further clarified the four categories of the Emergency Package, which are the protection of citizens, workers, businesses and municipalities, giving for each brief explanation of how it is intended to be realised. The Minister noted that those businesses that have fired employees instantly after the initiation of the measures taken by COVID-19, will not be privileged for the Recovery Package, where the conditions for debt borrowing will be much affordable for those who continue to have the same number of employees. The

Governor of the Central Bank of Kosovo (CBK), Fehmi Mehmeti, communicated the steps taken by the institution he represents in support of decisions taken by the Government, respectively, Ministry of Health, The meeting through Mr. Mehmeti also presented CBK decisions, such as the loan moratorium until April 30 with the possibility of extension for up to 3 months. The CBK has considered steps that can be taken and the opportunities for the future after COVID-19, in order to support businesses in overcoming losses as a result of pandemics.

In order to clarify which segments of the economy will be most affected during the Covid-19 pandemic, the NCED Secretariat had prepared an economic impact report. Based on the analysis, the most probable impact of the decline in GDP is expected between 2-4% and in the most severe cases up to 5% decrease. Regarding the employment sector, there is a decrease in the time of pandemics, but this occurrence is seen with optimism due to the possibility of their revival after the reactivation of economic activity.

Working Group Meeting on Internal Trade Law with Ministry of Trade and Industry

The Secretariat reactivated and organized its first meeting of the working group. After the very first meeting with the presence of the Head of the NCED Secretariat, the Government supported the proposal of the Head to start with the working group meetings. The first group that was activated was the Working Group on Trade Issues and Addressing Trade Barriers.

The timing was convenient, since it took place after the meeting of the NCED and the round table with private sector representatives. One of the key topics identified at these meetings has been as a unified request of private sector actors in the field of trade: domestic trade law and the payment issues during contractual agreements. This meeting was held on April 24, 2019.

At this meeting the EU expert who has drafted the law on internal trade was invited and key issues were presented along with major challenges. In depth discussions took place on internal trade specific topics. More than 20 people were present, from all private sector members and from related government Ministries and departments, such as: Ministry of Finance, Ministry of Economic Development, Ministry of Agriculture, Forestry and Rural Development, Kosovo Customs, Tax Administration of Kosovo, food and Veterinary Agency of Kosovo, Ministry of Trade and Industry – Department of Trade and Department of Industry, etc.

Meetings with the private sector

Round Table with Private Sector – November 14, 2019

The Secretariat of NCED organized a roundtable discussion to finalize a detailed outline of Private Sector priorities. The event was decided upon completing a full round of individual meetings with representatives of Private Sector members of NCED. During these individual meetings, discussions took place on the main priorities based on their membership and the way forward. The main points of interest were included in the agenda of the event.

During the event, The Head of Secretariat of NCED presented the main priorities for the economic development agenda, a document prepared based on policy analysis, one to one meetings with Private sector representatives and the recommendation of other stakeholders. Policy recommendation were categorized in

four pillars, the annual work plan of the council was updated with priority areas of the private sector. This helped set the Government agenda for the NCED upcoming meetings with pre-defined priorities with the key themes to be discussed for the year ahead, action plan was also updated as per issues discussed up to date. This was the second meeting held in the same arrangement, after the first one that was held on April 2019.

There was full participation and intensive discussions took place, which contributed to defining the key priorities for economic development. The main outcome from this meeting was to have a unified stand among all business associations, and to come to a final draft of the main pillars. After the round table meeting and in-depth discussions, it was recommended to have two working group meetings, respectively on administrative barriers for businesses and on vocational training.



Round Table with Private Sector – April 24, 2019

Economies are mainly divided into three sectors of activity: extraction of raw materials (primary), manufacturing (secondary), and services (tertiary). And it is well known that main factors that drive economic growth are accumulation of capital stock, increases in labour inputs, and technological advancement. Thus it is important also for Kosovo to define its main priorities, in order to better define also the sectors where the Kosovo's economy must be focused in order to achieve higher growth.

The main priority of the National Council for Economic Development is to move toward the direction of building an agenda for developing the economy of the country. In order to obtain as much as possible a unified view from the private sectors side, the Secretariat of NCED organized and chaired the first round table meeting with private sector representatives.

The meeting took place in Prishtina on April, 24th, 2019 from 9:30 to 12:30, and it was concluded with a working lunch. The meeting aimed to establish key priorities and unified positions as a private sector. The structure of the meeting was be in key areas such as: legislative issues, trade barriers, business-to-business issues, and issues related to facilitating investment and FDI attractiveness in the country. The end goal was to define the key priorities for their business members which can be translated into topics for the next NCED meeting of 2019 and further more into a full yearly agenda. Their contribution as key stakeholders during the meeting was essential to define the initial economic development priorities as per their current needs.

The main recommendation was that it is crucial to continue this particular kind or round table for the very simple reason – to keep the private sector representatives unified in terms of their approach and synchronised in terms of their agendas.

Analytical reports of NCED Kosovo – Sep 2019 – March 2020

The team of NCED Secretariat continued to perform analysis on main priorities of private sector while meeting and consulting relevant stakeholders. In this way issues are better analysed in a thorough manner and potential solutions are proposed for the consideration of government leaders.

The NCED team produced the following analytical reports:

1. Analytical report on the new draft law on Internal Trade;
2. Analytical report on new draft law on inspections;
3. An updated draft of the matrix of Private Sector Priorities for the upcoming year for the new government relevant for priorities of economic development, based on the their last governmental legislative plan and private sector priorities;
4. Analytical report on the implications for Kosovo of the World Bank new country classifications by income level;
5. Analytical report on Late Payments in Commercial Transactions;
6. Analytical report on new draft of the Law on External Trade;
7. Analytical report on Labour Law and the Law on Maternity and Parental Leave
8. Analytical report on the Labour Market Skills Gap.

These reports are shared with EBRD internally only. The plan is once there is a Government in place first to be shared with the assigned and responsible authorities in the Government of Kosovo. These reports are drafted after consultations with all relevant stakeholders, respectively with the representatives of business associations and relevant government officials. Then these reports will be uploaded in the website. These documents are prepared in both languages: Albanian and English.

Other Analytical Reports

The team of NCED Secretariat continued to perform analysis on main priorities of private sector focusing on issues related to pandemic Covid-19. During this process numerous stakeholders were consulted and data were obtained from several partners. In addition there were many virtual meetings held with relevant stakeholders. In this way issues are better analysed in a thorough manner and potential solutions were clarified and verified and presented to relevant government leaders.

The NCED team produced the following analytical reports and documents:

1. Proposed measures to the Government of Kosovo – The NCED Secretariat recommendations jointly with all recommendations of business associations – members and other partners of NCED;
2. Economic impact on the Covid-19 pandemic in Kosovo
3. Legal Implications for businesses – Covid -19
4. The NCED Secretariat prepared the listing the decisions issued by the Government, Ministries and Public Authorities related to the Pandemic COVID - 19.

5. The NCED Secretariat drafted the new regulation on the work of the NCED Kosovo, regarding the new setup of the government, structured membership procedures, reflecting latest practices and experiences of Investment Councils Supported by EBRD.
6. NCED Secretariat prepared the matrix of all issues raised from the representatives of businesses associations and followed up with all relevant Ministries and periodically during two months resend it back with answers, actions/activities from relevant institutions.
7. The NCED Secretariat drafted the government decision on establishing the Coordination Group – Covid-19 and suggested the most active members to the Minister of Economy & ETIESI

All the reports were prepared in languages: Albanian and English. These were uploaded in the website and shared in social pages as well.

Going Forward

In the upcoming meetings, the Council will address issues related to the investment climate in the context of reducing barriers of attracting foreign direct investments. The Secretariat in cooperation with relevant Ministries and other institutions and also business chambers will continue to organize relevant consultative roundtables. The topics that are expected to be tackled by the Council will be amendment of the particular related laws, economic transformation, digitalization of the economy and also mediation as an alternative dispute resolution mechanism.

One of the main activities will be setting the economic agenda for 2021 in very close cooperation with NCEI members with a document with proposal prepared by the Secretariat, and the most voted topics will be outlined in the 2021 economic agenda.





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Address:

Ministry of Economy and Environment

Phone Number:

[038 200 365 25](tel:03820036525)

Email:

info@nced-ks.com