

The National Economic Council of Albania

by
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1- Background and Context

The NEC functions according to Law no. 57/2014, dated 17 July 2014, "On the establishment and operation of the National Economic Council". Article 1 of Law Nr. 57/2014 "For the establishment and operation of the National Economic Council", affirms that The National Economic Council (NEC) is created to guarantee institutional cooperation and public-private partnership, ensuring dialogue and consultation between the government and the private sector to guarantee the rule of law, transparency of public decision making and the representation of each and every individual in this process.

The National Economic Council is a process of consultation between the business community and the government (with comments, observations and suggestions coming from the business community to the government). The consultation process takes place through the exchange of comments, suggestions or proposals through the official website of the NEC, the high representation periodic meetings and other forms of organization (upon request the NEC has the right to set up temporary sub-committees for specific issues). The period of consultation of draft proposals or new policies between the government and the stakeholders is 60 (sixty) days from the day following the publication of the draft.

The Council has also an advisory function to the Government with recommendations for economic policy decisions and practices. The principal function of the Council applies to recommendations and practices to improve the legal and institutional framework which would impact the economy as well as projects for influential policy change in areas of investment, trade, taxation and fiscal packages, business climate, arbitrariness and bureaucratic practices etc.

With the support of the European Bank for Reconstruction and Development, the Albanian Government will establish the Investment Council, as part of the National Economic Council. It will support the NEC with studies and reports compiled for the Economic Council and together with presentations given by experts in the field will provide the basis for discussion during the

meetings. This entity will provide an institutionalized and sustainable platform of collaboration with the investors in our country and the region.

2- Partnership, Structure and Processes

The Prime Minister of Albania is the chairman of the National Economic Council. The National Economic Council permanent members are:

- A. The Minister of Economy;
- B. The Minister of Finance;
- C. The Governor of the Bank of Albania;
- D. NEC's Secretary General
- E. 6 (six) personalities of national and world economy;
- F. 6 (six) largest taxpayers of the business community, domestic or foreign, represented by their legal representatives;
- G. 4 (our) business organizations, represented by their legal representatives;

Besides the entities referred above, the NEC meetings others are invited to participate as permanent members, including, but not limited to, the International Monetary Fund (IMF), International Finance Corporation (IFC), World Bank (WB), European Bank for Reconstruction and Development (EBRD), and the Director General of Taxation and the Director General of Customs.

Currently, the 6 members of NEC are representatives of the main taxpayers of private businesses, are companies in the field of Import/Export, Processing Industry, Bank, Financial Consulting etc. NEC members also include 4 business organizations: Business Albania, Chamber of Commerce and Industry, American Chamber of Commerce, Albanian Association of Banks.

The Council temporary members to be invited on case by case basis are line ministers or representatives of ministries and other central institutions covering areas whose issues are discussed at a particular meeting: academics, domestic and/or foreign, in the field of economy, or other personalities and business organizations.

The NEC organizes periodic meetings every month led by the Prime Minister of Albania. Once in three months, special meetings are conducted with the participation of foreign representatives and academics with an economic background.

The Secretariat of the National Economic Council performs administrative and supporting functions. The Secretariat prepares meetings of the Economic Council and assists the Council in carrying out its duties. It also organises and, in part, produces reports and analyses for use by the Council. It maintains contacts with authorities, institutions and organisations involved in economic issues. The Secretariat is headed by the Secretary General who directs and supervises



the work to monitor and mediate the dialogue between the state and the private sector, considers arbitrary practices or other concerns identified by the business community. Through the Secretariat the NEC may arrange meetings concerning concrete problematic and unsolved issues between stakeholders and various institutions of the government. In addition, the Secretariat monitors economic policy developments and performs other duties assigned to it by the Chairperson of the National Economic Council.

3- Results so far

The National Economic Council has held 11 monthly meetings as of January 27th, 2015. The NEC has 26 registered business associations with access to the website of NEC - interest groups that are affected by legislative initiatives of state bodies, may submit comments, suggestions or comments directly to this official website.

Members of the National Economic Council have had an active involvement with comments and suggestions for many economic matters, such as the yearly budget and the fiscal package through the NEC website as well as through direct consultation with the chambers of commerce.

During the 11 monthly meetings of NEC, many issues of importance to businesses were discussed and consulted:

- The Agreement of Albania with the World Bank and IMF
- The payment of arrears to private businesses
- EU negotiation process
- New VAT law
- Structural reforms
- Pension reform
- Reduction of Informal Economy
- Challenges in the Energy Sector
- Tourism
- The draft budget for the year 2015
- Fiscal package

Many of the activities organized by NEC since its creation are as below:

- A Forum presenting the New Customs Code project.
- A Forum organized between private producers and the Minister of Energy and Industry on the problems the sector encountered, market perspectives and forms of cooperation (with support from the Italian Chamber of Commerce and the European Bank for Reconstruction and Development (EBRD).
- A Round table on "The Role of the Taxpayer Advocate: Challenges and the Future". (organised in cooperation with the Chamber of Commerce and Industry of Tirana CCI)

- A Business Forum for the “Pharmaceutical market in Albania” concerning the new law on drugs, by-laws and problems with the National Agency for Medicines and Medical Devices (in cooperation with the American Chamber of Commerce and the Association of Pharmaceutical Representatives).
- The National Economic Council attended the “UK-Albania Trade and Investment Fom 2014” held on 4 November, in London, England.
- The National Economic Council in collaboration with the Albanian Association of Renewable Energy, the Chamber of Commerce and Industry France-Albania, the Foreign Investors Association of Albania and the Italian Chamber of Commerce and Industry organized a roundtable “On the unpaid energy bills the State owes to Private Producers”.
- The National Economic Council in collaboration with the Albanian Association of Banks organized a roundtable on “The potential involvement of banks in financing the Albanian Power Corporation”.
- The National Economic Council was present at the forum “A day on the Albanian Market” held on 20 November 2014, in Paris, France.
- Consultative meetings with the business community on the draft Action Plan against corruption 2014-2017- Anti-Corruption Action Plan 2014-2017

4- Expected Results

The NEC aims to provide an institutional framework which has a direct impact on the business climate:

- promote dialogue as a means to achieving consensus
- help address economic matters the business community is facing
- The National Economic Council acts as a forum for dialogue and consensus between the Government and the business community.
- Provide representation to a wide range of national associations , different socio-professional organisations and entrepreneurs
- Express its opinions, and make appropriate recommendations to the Government

While the ratification of the law and the its establishment were a step forward towards the creation of a more efficient, effective, and accountable government, the NEC aims to continue the efforts to further these directions.

The NEC faces many challenges associated with its efficiency of and the quality of the dialogue to be guaranteed between the government, international institutions and the business community.

5- Private Sector Growth Component

The National Economic Council can and should take the role of a mediator with various interest groups, as well as an important monitoring role regarding the government's commitments and understanding about the economy. The NEC is the only institutional meeting-place and forum for dialogue at governmental level that enables a consensus to be reached between diverse interests.

Members of the NEC have expressed their appreciation for the scope of the National Economic Council and its support as an important institution of partnership and dialogue between the government and businesses and it represents a fundamental turning point in relations between the two. Representatives of the Business community not only discuss the concerns of their businesses but also learn from the best practices of each other while sharing their experiences.

Biographies of Authors:

Elona Varfi is Chief of Office of the Secretary General of the National Economic Council. She has worked as Economic Policy Advisor at the Ministry of Agriculture, engaged with various tasks as policy development, EU integration and trade policies. She has experience as a lecturer of Economics and International Trade at the European University of Tirana and the Mediterranean University of Albania.

She has also worked with various NGOs and international organizations and as a consultant at the Albanian Center for Competitiveness and International Trade (ACIT).

She is a member of the European Institute at LSE, member of the European Fund for the Balkans, and holds a certificate in “Leadership and Excellence in Governance” from the University of Potsdam. She has participated in various seminars and international conferences with certificates of recognition from the World Trade Organization (WTO) in Economic Trade and Intellectual Property Rights.

Elona Varfi holds a Master of Science in European Political Economy from the London School of Economics and Political Science (LSE), where she graduated with Merit, and received the title of valedictorian after graduating with the highest distinction at the American University of Athens.

She speaks very well English, French, Italian and Greek.