

Summary of Minutes of Meeting

FORTH MEETING OF INVESTMENT COUNCIL

2 March 2016, 15:00 – 17:00

Tirana, 2nd March 2016

The Meeting took place in the premises of the Ministry of Economic Development, Tourism, Trade and Entrepreneurship (MEDTTE), and was chaired by Ms. Milva Ekonomi, Minister of MEDTTE.

I. Opening of the meeting

The newly appointed Minister of MEDTTE, and at the same time Chair of the Investment Council, Ms. Milva Ekonomi, welcomed the participants, and opened the meeting mentioning that this was the first anniversary of the Investment Council, an important platform for establishing a real dialogue between the Government and the business focused on investment climate. The chair expressed her appreciation for being part of the Investment Council and thanked the Investment Council for the work done so far.

II. Progress on the Recommendations from the Previous Meetings

Head of the Secretariat, Ms. Diana Leka briefed on the status and progress of the recommendations from previous IC meetings, such as:

- i) Deregulation reform - the law approved, a new Director of NBC is appointed, a draft of authorisation for review from the KPS is already prepared*
- ii) Tax Inspection - many efforts are going on, including a proposal for Business Ombudsman*
- iii) Draft Law on the Bankruptcy - an improved version is sent from the Ministry of Justice to the line ministries for final comments, and most probably will be soon sent to the CoM*
- iv) Informality - a draft of action is prepared by the government and most probably will be approved in the upcoming weeks.*

III. Main Findings on Dispute Resolution Mechanisms between the Business and the Public Administration

Head of the Secretariat, Ms. Diana Leka delivered a presentation on the main pillars of the analysis conducted by the Secretariat, focusing on the context, methodology (consultation), and eventually on the main findings and recommendations.

Main comments delivered in the Meeting are summarized below:

- Mr. Nikolin Jaka, Chair of Tirana Chamber of Commerce and Industry, stated that most of the businesses are not fully aware of their rights, how to be protected

against institutions and public administration. He supported the findings and recommendations of Secretariat as accurate. Mr. Jaka emphasized the business community concerns on the lower number of decisions in favour of the business with regard to administrative appeals, both from public administration and administrative courts. He pointed out some key issues such as: 1) strengthening of the institutional independence of the appeal structures, by focusing on reorganisation of Tax Appeal Directorate according to the model of Public Procurement Commission; 2) reorganisation of the administrative courts by setting up administrative courts of appeal for every appeal instance, 3) implementation into practice of the provisions of the Law "On Public Notification and Consultation", emphasizing the need to consult with the business all the draft laws before they are passed by the Albanian Assembly. In addition Mr. Jaka made a concrete proposal related to the establishment of Business Ombudsman institution. Mr. Jaka proposed that Chair of this institution to be proposed by the business community (chambers of commerce) and approved by the Albanian Assembly via a specific law.

- Ms. Elira Sakiqi, Representative from IFC, supported the recommendations provided by Secretariat and CCI Tirana and recommended to be grouped per topic, in order to properly assist the business and the IC focus more at key recommendations. Additionally, Ms. Sakiqi stressed out the necessity of following what happens next with the status of recommendations.
- The IC Chair, informed that the Delivery Unit established in the Prime Minister Office must be informed and follow the priorities set out by the Meeting. Instead of having problem resolving person to person is demanded to have resolution through systems and especially aiming their digitalisation of information as a very important step. Institutional trust that things are being taken seriously is also important, and the Government should alleviate the business administrative burden. In the tax system, there are improvements in past years such as the reporting online of all the fiscal liabilities. What is a real concern is whether physical and judicial entities are acknowledgeable of the services offered by the system and are capable to be in line with the modernisation. There are cases in the administrative court and other tax issues which seem like primitive issues, therefore it is need not only to resolve those issues that deal with the business, but to bring a model where the problems are resolved as soon as possible in collaboration with the business.
- Minister Çuçi, emphasized that the Council is the will expressed by the Albanian Government to share with the business all the concerns and impediments which have been raised and damaging the investment climate. Regarding the proposed recommendations, a good part of them have been exchanged with all the stakeholders, but it is important to release a package of recommendations which are worth implementing by suggesting also the reduction of some of the recommendations and afterwards to turn them to regulatory acts.

- Mr. Christoph Denk, Director of EBRD RO, thanked the Secretariat for the concise and insightful and well-structured note. Mr. Denk shared the opinion to hear the voice of the institutions involved in the matter, especially of the General Tax Directorate, which seems to not have been able to participate in the meeting, on their thoughts about these findings.
- Mr. Gazmend Kadriu, Vice Chair of Management Board of AAB and UNION Bank's CEO, made a comparison of the relations of banks (as business) with their main regulatory body which is Bank of Albania (BoA). Within BoA there is no regulated infrastructure of administrative appeal, however this doesn't make any difference as the relations of Banks with BoA are very professional and satisfactory. The administrative bodies should become aware that there is room for improvement with their clients, i.e. in our case are the businesses, because the administrative appeal is a very beneficiary tool which assists the administration to understand where problems and gaps are and where the system fails. The high number of fines from an administrative body such as the tax administration is a proof of failure of administrative bodies to ensure a compliance by the businesses. Therefore these institutions should look further to improve the quality of their work, including understanding their objectives and vision in meeting the expectations of businesses.
- Ms. Natasha Ahmetaj, Deputy Governor of Bank of Albania, agreed that digitalisation produces efficiency, however it should not be neglected the legal authority of the document produced by the public administration because a good part of the administrative appeals comes out exactly from the lack of accountability of documents issued electronically, as for example the property titles issued by the Immovable Property Registration Office.
- Ms. Sagita Muço, Operations Officer at World Bank, highlighted the discussions within the inter-ministerial group for the Doing Business Report, especially regarding enforcement of contracts as one of the most problematic indicators. The WB is ready to assist the Minister of Justice in this regard. Another aspect that WB is working on is the International appeals to Arbitrage Courts. Albania has the highest number of appeals, compared to the other countries in the region, from foreign investors, which causes a high cost to the state and investor but affects also the perception of the foreign investors on investment climate in the country.
- Mr. Juraj Strasser from EBRD, presented the concept idea of EBRD for the establishment in Albania of the institution of business ombudsman, which has already been discussed with the Albanian Government and World Bank. The purpose of the Business Ombudsman as an independent body, will be to go through individual cases to be investigated to address such cases and make recommendations on systemic change.
- Mr. Jan Rudolph from EU Delegation in Albania highlighted the EU assistance to the country on public administration, anti-corruption and justice reform that will directly

impact the business climate in Albania, the attraction of investments and the generation of more jobs and growth.

- Mr. Luan Muça from Delta Group stated that the administration has to understand the core of the problems where a dispute starts. As an example, Mr. Muça mentioned the customs actions when businesses are penalised for discrepancies of the custom code/invoice of Albanian with EU countries. There is a need for the administration to address these problems and be concrete with recommendations in order to find adequate solutions.
- Altin Bozgo from General Directorate of Taxes stressed out the need of digitalisation of appeal system for ensuring a fast track and adequate solution. The customs decisions have to be electronic together with the online notification of the businesses. This process will facilitate also the work of the courts to review cases and speed up the decisions. Another aspect mentioned was the need to have dedicated appeal structures within public institutions as the case of Customs to follow the business cases thoroughly.

IV. Approval of the Recommendations

It was agreed that Secretariat to give time to the members to vote online the recommendations and agree on the options of timeframe (short/medium/term) of each of them. In addition, Head of Secretariat recommended to better use and communicate through the IC website as an efficient tool in this regard.

V. Closing of the Meeting

The meeting was closed at 17:00. The next meeting will be on 28 April 2016.

List of Participants

Government Representatives

1. Ms. Milva Ekonomi, Chair of the Investment Council/Minister of Economic Development, Tourism, Trade and Entrepreneurship
2. Ms. Natasha Ahmetaj, Deputy Governor of Bank of Albania, in absence of Mr. Gent Sejko, Governor of Bank of Albania
3. Mr. Bledi Çuçi, Minister of State for Local Government/National Coordinator of the Anticorruption Strategy
4. Mr. Genti Beqiri, Executive Director of AIDA
5. Mr. Altin Bozgo, Legal Director at General Customs Directorate, in absence of Ms. Pranvera Behushi (Fagu), General Director of Customs.

International Partners

1. Mr. Jan Rudolph, Head of Political, Economic and Information Section at EU Delegation in Albania
2. Mr. Christoph Denk, Director, Head of EBRD RO in Albania
3. Ms. Elira Sakiqi, Senior Country Officer at IFC
4. Ms. Hilda Shijaku, Country Economist and Ms. Sagita Muço, Operations Officer at World Bank, in absence of Ms. Tahseen Sayed, Managing Director of WB Office in Albania

Business Community

1. Mr. Nikolin Jaka, Chairman of Chamber of Commerce and Industry of Tirana
2. Mr. Silvio Pedrazzi, President of FIAA
3. Mr. Gazmend Kadriu, Deputy Chair of Management Board of AAB, in absence of Mr. Christian Canacaris, Chairman of Albanian Association of Banks
4. Mr. Luan Muça, President of Delta Group

Absent:

1. Ms. Ermonela Felaj, Minister of State for Relations with the Parliament
2. Ms. Brisida Shehaj, General Tax Director
3. Ms. Lindita Legisi, President of Omega shpk
4. Mr. Adamantios Frantzis, General Manager of TITAN ANTEA CEMENT

Special Guests:

1. Mr. Franklin Steves, Senior Counsellor – Investment Climate and Governance, EBRD
2. Mr. Juraj Strasser, Senior Counsellor – Investment Climate and Governance, EBRD
3. Ms. Anastasia Rodina, Principal Counsellor at EBRD
4. Lorenc Gjoni, Executive Director of American Chamber of Commerce & Industry
5. Ilir Zela, Director at Central Inspectorate
6. Ministry of Justice

