

MATRIX OF RECOMMENDATIONS ON INSPECTIONS			INVESTMENT COUNCIL SECRETARIAT JANUARY 2019
PILLAR	RECOMMENDATION	RESPONSIBLE INSTITUTION	TIME-TERM
I. STRATEGIC APPROACH	<p><i>Recommendation 1.</i> <i>Further progress, as part of the deregulation reform, requires a moment of reflection and to_date impact assessment, by highlighting successes and prioritizing integrated reform interventions with other structural reforms such as public administration and civil service.</i></p> <p>The persistence of the focus of the reform and political engagement remain a prerequisite given the complexity of deepening the reform on its content, the complexity of the technical aspect of the inspection, the alignment of legislation with that of the EU, the qualitative growth of human resources capacities, and accreditation of technical-laboratory capacities at the respective costs. The business consultation mechanism should be structured integrally and be part of the RIA to clarify the expected effects of regulatory changes for affected parties, especially for business. This should be a must for draft-laws and strongly recommended for by-laws.</p>	Deputy Prime Minister	Short-Term

	<p>Recommendation 2. <i>Consolidation of inter-institutional co-ordination and cooperation is of paramount importance for the success of this reform, particularly in terms of enforcing regulatory requirements that ensure fair competition between market operators and formalization of the sectors of the economy.</i></p> <p>This cooperation takes special importance also in the framework of the fight against informality where the role of the inspection functions such as GCD, GTD, SILSS, NFA, STII and SMSI etc. has an impact on the functioning of the market. For this reason, clear institutional commitment of the line ministries (existing or new directorates), as responsible for drafting and monitoring the policies and legislation to be further implemented by the inspectorates, it is a must. Such commitment is an essential part of cooperation among the Ministries, the Central Inspectorate and State Inspectorates and a preconditions for the success of the reform.</p>	<p>Deputy Prime Minister/Ministries/SI /CI</p>	<p>Short-Term</p>
	<p>Recommendation 3. <i>Preparation of a detailed matrix with all the inspection functions and overlaps as an initial stage of a drafting a concrete timeline plan, responsible institutions, clarified methodologies in relation to revision of the sectoral legal framework by the Line Ministries, in cooperation with Central Inspectorate and State Inspectorates. Progress of the reform in terms of improving sectoral legislation serves to the EU integration agenda.</i></p> <p>Avoiding overlapping of inspections as a result of revising sectorial laws and clarifying competencies at the level both of national inspectorates and local inspectorates as well, will increase the efficiency of inspection to the optimal degree. <i>The eventually decrease of the number of inspectorates and merging of their functions as per their object, should not condition the enforcement of the monitoring and regulatory functions which foresee the protection of consumers and fair competition environment for the businesses.</i></p>	<p>Deputy Prime Minister</p>	<p>Short-Term</p>

<p>II. LEGAL PROVISIONS</p>	<p>Recommendation 4. <i>Full inventory of the legal and regulatory inspection framework and its easy access to all stakeholders (businesses, associations, and inspectors) will improve the efficiency of inspections, strengthen the regulatory/oversight role of inspections by reducing the compliance costs of the business.</i></p>	<p>CI/SI</p>	<p>Short-Term</p>
	<p>Recommendation 5. <i>Free legal and in-distance assistance for inspection entities by inspection bodies through the preparation of simple manuals for specific sections, according to the typologies of inspection and business characteristics.</i></p> <p>Inspection Reform has been dynamic, procedures and practices have been revised and standardized. These changes are easily followed by large companies, but with difficulty by small and medium businesses. The structure of our economy is dominated by small and medium-sized businesses, with limited capacities, for which assistance and counselling is needed. Also, legal assistance in the form of a call centre/green number for inspection entities would facilitate the compliance process of businesses with the laws/regulatory framework.</p>	<p>CI/SI</p>	<p>Short-Term</p>
	<p>Recommendation 6. <i>Improvement (preparation in those cases of lacking) and updating of risk methodologies on the latest sector-based monitoring database will increase the efficiency of inspections and reduce the burden on businesses.</i></p> <p>The business structure in the country is segmented with typologies of small business units or in the service area. Meanwhile administrative capacity is both limited in human and financial resources. For this reason, the preparation of sectoral databases by each inspectorate and the risk identification of any activity on the basis of objective criteria would enable effective inspections and their reasonable distribution within a certain period. Risk criteria should be set out in sectoral legislation, while public institutions should keep systemic and structured statistics.</p>	<p>CI/SI</p>	<p>Short-Term</p>

	<p>Recommendation 7. <i>The preparation/improvement and disclosure of the methodologies applied by inspectors for the establishment of appropriate and proportionate administrative measures is considered as a mean of limiting arbitrary and selective decisions.</i></p> <p>The standardization of inspection procedures makes it necessary to draft and standardize the methodologies for setting administrative measures, using the principle of proportionality in relation to the economic damage/consequence caused by the violation. <i>To meet this purpose, on the basis of legal obligations deriving from the provisions of the Article 7 and 8 of Law No.10433, Council of Ministers/ CI need approve the General Regulation on the Methodology for Imposing Administrative Sanctions, while state and local inspectorates need to approve their respective Methodologies for administrative sanctions in their field of inspection.</i></p>	CI/SI	Short-Term
	<p>Recommendation 8. <i>Finalization of check-lists of verifications of inspection's function in local level inspectorates and performing of such inspections on-line, as in the cases of inspections performed by national inspectorates.</i></p>	CI/MUNICIPALITIES	Short-Term
	<p>Recommendation 9. <i>Increase of the number of planned inspections during 2019, with the objective of reaching a ratio 85% with 15% between planned inspections and non-planned inspections.</i></p> <p>Focus of the inspections should aim to advise and assist businesses to meet the compliance with the sectoral standards, while administrative sanctions should be considered as the last mean to meet the inspection objectives.</p>	CI/SI	Short-Term
	<p>Recommendation 10. <i>Unification of administrative practices through publication of commentaries.</i> From the business's viewpoint, experts and stakeholders contacted by the Secretariat, consider the unification of consolidated practices as one of the most essential elements that would considerably reduce the number of complaints against administration decisions and improve business perception indicators related to it. A very important role in unification can also be played by State Advocacy through its active role with interpretations of legal issues of general character for all public administration. For this, legal changes are required in Law no. 10018 dated 13.11.2008 "On State Advocacy".</p>	CI/SI	Short-Term

	<p>Recommendation 11. <i>As relates to the appeal, it is suggested that there is a unification and centralization of the appeal of the Inspectorates at the Central Inspectorate. It could be considered as an option to increase the professionalism, independence and trust of complaints at the State Inspectorates as well as the conduct of hearings during the examination of administrative complaints.</i></p> <p>The committees responsible for the review of the complaints shall be composed of experts of the actual field of inspection and representatives of the SI which has established the administrative measure. Modalities and procedures followed are to be set out in a separate regulation and be public on the website of CI and of any SI. For this, it is necessary to make changes to Law no. 10433 dated 16.06.2014 "On Inspection".</p>	CI/SI	Short-Term
III. INSTITUTIONAL CAPACITIES	<p>Recommendation 12. <i>Sustainability and training of the staff of the inspectorates. Motivation of the inspections bodies, their periodic testing and performance evaluation on the basis of well-defined criteria. Consolidation of staff training programs for inspectors and in particular for complaints review committees related to the inspection functions and sectoral standards required by the legislation.</i></p>	CI/SI	Short-Term
	<p>Recommendation 13. <i>Strengthen and structure communication with the business in the function of transparency and compliance with sectoral compliance standards and inspection procedures.</i></p> <p>The lack of prior consultation with businesses in a series of initiatives has become the source of administrative disputes that have been addressed by the appeals structures of the institutions themselves or the Administrative Court. It is estimated that the existence of these mechanisms would help in raising business awareness, enable the promotion of dialogue between the parties and the reduction of business costs. Also, economic operators would become more aware on the challenges related to the compliance with the obligations and standards deriving from the alignment of the legislation with <i>acquis</i> and should be proactive in adoption and discussion of the sectoral legislation.</p>	CI/SI	Short-Term

Matrix of Recommendations On Inspections (The Matrix) is the outcome of the Technical Note drafted by the Investment Council Secretariat. The purpose of the Matrix is to provide a summary of the proposed Recommendations and Solutions. Besides, the Matrix serves as the Secretariat's Internal Monitoring Plan so that it follows up on the implementation of Recommendations as per the following terms:

- **Short-term** – period up to 6 muaj.

ABBREVIATIONS:

CI-Central Inspectorate

SI-State Inspectorate

STII - State Technical and Industrial Inspectorate

SMSI-State Market Surveillance Inspectorate

NFA-National Food Authority

SILSS-State Inspectorate of Labor and Social Services

GTD-General Tax Directorate

GCD-General Customs Directorate