

MEETING MINUTES OVERVIEW

NATIONAL COUNCIL FOR ECONOMY AND INVESTMENT (NCEI)

1st REGULAR MEETING

Pristina, February 20, 2024, 09:00 – 14:00

The meeting was moderated by Artan Mehmeti, Head of the Secretariat of the National Council for Economy and Investment. The meeting was attended by 29 members and approximately 30 observers. Participants were representatives of local business associations, international organizations, and public institutions in Kosovo.

Opening remarks

Artan Mehmeti, NCEI Secretariat, in his opening address, thanked Prime Minister Kurti, members of the Government cabinet and staff, local institutions, representatives of the international community, chambers and representative associations of local businesses for participating in the NCEI meeting, and for the general cooperation in the public-private dialogue. He further emphasized the purpose of the meeting, which serves to bring the public institutions and the private sector closer, and thus enable facilitation of investment climate and doing business environment related reforms in Kosovo. The Head of the Secretariat added that this meeting also enables better diagnosis of recommendations, drafting of policies and reforms.

Mr. Mehmeti also informed that the NCEI Secretariat is supported by the Swiss state through EBRD, and that work has begun in October 2023. He also recalled that in November 2023, the Secretariat had organized separate discussions with the private sector, structured in 10 sectoral forums.

Prime Minister Albin Kurti, Chairperson, NCEI, thanked the participants for attending the meeting. Regarding foreign investments and exports, he explained that both have doubled over the past three years. He said that the ratio between exports and imports has increased from 1 to 9 (as it used to be), to even better than 1 to 6.

He emphasized that reforming the legal and regulatory framework, in order to minimize administrative burden and create an equal environment for all, is a priority of the Government.

In the spirit of the technology boom, the Prime Minister added that Kosovo is positioned as the main BPO (*business process outsourcing*) services, as a sector that has shown significant growth since 2015.

Regarding the promotion of energy through renewable sources, he mentioned the completion of the first auction for 100MW solar energy production, where 6 serious international corporations are competing for energy production from renewable sources. Another 150 MW will be auctioned in lots of 75 MW during 2024. Also, with 2022 – 2031 Strategy the government aims to add 1200 MW of electricity production through renewable sources.

Further, he said that the aim is to have Kosovo become a desired destination for the production of electric vehicles, importing only raw materials, and then exporting it as a final product, due to a dynamic and competitive cost workforce. He expressed commitment to forming a strong platform for public-private dialogue that enables the identification of possibilities and effective addressing of challenges.

The Government, in close cooperation with the private sector, business associations, and international partners, together with the Chief of Staff, Luan Dalipi, has developed an ambitious annual plan for 2024, supported by the Independent Secretariat of the Council, funded by Swiss SECO, and managed by the EBRD in Kosovo. This plan encourages investment and exports and deepens dialogue between the Government and the private sector.

Luan Dalipi, Chief of Staff to the Prime Minister, expressed gratitude for cooperation with 16 business associations in 2023, as well as other relevant governmental departments.

He, also, emphasized that the government's approach to cooperation between the Government and the private sector was based on three words, which are: values, systems, and results. The values that the Government highly values are: communication, cooperation, and coordination with bilateral and sectoral associations in Kosovo. To conclude, he added that he has collaborated with the NCEI Secretariat to define a calendar for the entire 2024 and the coming years of public-private dialogue, which has already been shared with the participants.

Summary of main discussions

Deputy Minister Hysen Durmishi, MESPI, regarding current projects of the MESPI that contribute to the doing business environment in Kosovo, among others listed the following:

- Adopting the intelligent transport system strategy that will address the current challenges of the transport sector in Kosovo, which will enable the integration of the ICT system into road traffic, to achieve more advanced traffic, mobility and traffic incident management;
- In cooperation with AIS, the launch of the project regarding the application and allocation of appointments for theoretical and practical exams for driver's license, which contributes to transparency in this area;
- Realization of digital payments through the e-Kosova platform;
- Unlocking the project of the Pristina-Mitrovica Road, with the contract for this project being signed. Work regarding this project has started as this meeting is taking place;
- Starting of works on Pristina-Podujeva and Pristina-Gjilan roads;
- Works will begin soon on Kijeve-Dolc and Gadov-Zahaq roads;

- Preparation of technical documentation to begin work on Bresalc-Dheu i Bardhë segment;
- Preparation of the application for technical assistance for drafting the main project and updating the feasibility study for the Durë-Banullë highway connecting all highways in Kosovo and facilitating the circulation of vehicles and goods.

Speaking on behalf of MESPI, Deputy Minister Durmishi expressed commitment to invest in national projects, such as the modernization of roads and railways. We, on behalf of the two countries, have agreed to talk about the trajectory of the railway that will connect Kosovo with Albania. Intensive works for the Pristina-Durres Railway, as a major infrastructure project, will begin after the completion of the process of feasibility study.

Regarding the Prizren-Tetova Road, the co-financing agreement has been signed for the design of the main project for the construction of the tunnel for this road, which is an important corridor for regional transport.

Meanwhile, a very important development in the field of aviation is the opening of air corridors with the Republic of Albania. This makes Kosovo more competitive compared to other countries in the region. Reducing flight costs not only affects airlines' costs but also contributes to reducing emissions.

In the end, Deputy Minister Durmishi stated Government's commitment to strong and efficient infrastructure, giving priority to transport and infrastructure projects for the improvement of living standards of the citizens of Kosovo.

Deputy Minister Getoar Mjeku, ME, emphasized that they are supplementing the strategy with a new law on promotion and use of renewable energy sources. The main element is the setting of a mandatory national and state target for the share of energy from renewable sources to gross final consumption for 2030.

We are encouraging consumers to produce, store and sell the surplus electricity in RES, establishing basic principles for network access and regulating the issuance of the origin guarantees from RES.

The new law and recent changes in legislation pave the way to raise the production capacity threshold, the criteria for authorization of consumers to produce electricity are being clarified. In this regard, the law will enable:

- Setting criteria and conditions for installation of equipment;
- Implementing the net billing scheme for consumers;
- Setting the threshold for qualification for customer support schemes and methodology for determining the monetary value that is reviewed every two years;
- Installation of renewable technology in multi-apartment buildings, enabling the residents of buildings to produce electricity for their own consumption, then the possibility to sell or share it;
- Simplification of procedures for production capacity up to 50KW and shortening of deadline for connection permit to 30 days. This reduces the administrative burden on producers, serves as an incentive for the use of renewable energy.

The amendment of the relevant by-law will enable self-consumers to put solar photovoltaic panels with a capacity up to 7 kW on the roof, without requiring to be equipped with construction permit.

The Deputy Minister informed that the Regulator sets the necessary criteria for installing units of consumers in buildings, including multi-apartment complexes.

The advantages of this law include the obligation of network operators to be open to enable connections to producers using renewable resources, and self-consumers.

In this regard, it is worth mentioning the call for support of micro, small, and medium-sized businesses with a budget of 5 million Euros, including support for the installation of heating devices, installation of solar photovoltaic systems for self-consume and installation of solar systems for sanitary water heating.

The first phase of the selection is completed for a company, through an auction, a competitive scheme, to build the first solar park with a capacity of 100 MW. It will bring to Kosovo 950MW of generating and accumulating capacity worth 1,2 billion Euros.

Deputy Minister Mjeku invited participants to check the website www.resksovo.rks-gov.net for all current projects related to renewable energy. Among other things, this website includes maps with capacity for solar and wind energy, as well as medium-term projects.

Sergiy Maslichenko, EBRD, pointed out that in 2023 the EBRD has signed 16 projects, worth 18 million Euros, 15 of which have been in the private sector and one in the public sector.

Director Maslichenko said that the importance of the private sector is multiple, it creates connections, helps in Kosovo's integration into the European market, in the exchange currency, helps businesses in moving services and goods, and citizens, creates jobs, business opportunities for small companies. Investments in railways, roads and municipal services help develop the economy.

Mr. Maslichenko also informed that the signing of a Memorandum of Understanding with Prime Minister Kurti at the Western Balkans Summit is planned, which as a target has the 400 million euros worth of investment in the infrastructure sector for the next three years.

The EBRD's priorities are: transition to green energy is a very important priority. Kosovo already has 140MW wind power projects in the private sector. There was a direct investment that was made five years ago in the amount of 250 million euros. Local companies have expressed interest to build small solar panels with a production capacity of 20MW as well as larger ones with a production capacity of 100MW. These companies are facing difficulties due to delays in space for renewable energy due to regulatory barriers, and this issue needs to be fixed.

Auction is a good instrument but it is not a solution for everything. There are other competitive methods at good prices and there are developers around and EBRD is ready to help the Government improve legislation on these private sector projects. Albania should be seen as a role model, which over the course of four years, with the help of the EBRD, has conducted solar auctions for 800 MW.

The Ministry needs to intensify efforts in this area. The government should announce another round of auction, as soon as possible, for which EBRD is willing to provide technical and financial assistance.

Regarding transport, Mr. Maslichenko expressed disappointment with the works on the connecting road of the road Gjilan with that to Fërizaj, because it was a major project, which was reviewed and delayed for 2-3 years. The other EBRD grant project was the 18 million worth Pristina-Podujeva Road, which was cancelled. Also, the Kijeva-Zhahaq road has been cancelled. We are ready to cooperate with our partners and donors and the EU to complement these projects through donor funding.

Regarding the railways, he expresses satisfaction with the progress of Railway 10, and is also pleased and honored to have opened the tunnel last year together with Prime Minister Kurti and wishes that this project be completed next year, if not this year. Again, the EBRD expresses readiness to assist the Government with the roads connecting Pristina to Peja, and then to Albania, which is strategically important.

In terms of services, the wastewater treatment plant, public transport, and also the roundabout in Pristina for which we have spent 1 million euros on preparation, and it is very important to continue. Last year we communicated 15 projects to the Ministry of Economy, the Ministry of Infrastructure, and other relevant ministries.

Lulzim Rafuna, OEK, stressed the importance of the public-private dialogue and the readiness for cooperation between the private sector and the government for economic development and to increase citizen welfare. He expressed the requirement for a complete and more qualitative legislative framework. Among other things, Mr. Rafuna expressed the need for reform of fiscal policies because there is a need to exempt raw materials from customs taxes, semi-products that directly affect the production process need to be exempted from value-added tax. It is worth reviewing value-added tax, to go down from the 18% to 8% level. He requested to increase lobbying in order to increase foreign investment, taking the example of Croatia, where, through the state Chamber of Commerce, the private sector advocates for attracting foreign investment. Mr. Rafuna explained that the Chamber of Commerce of the Austrian Federation has offered the KCC assistance in drafting the Memorandum of Cooperation, which speaks of the importance of cooperation with the Ministry of Foreign Affairs. He also asked the Government to assist KCC in eliminating some barriers that are encountered when domestic products are exported.

Arian Zeka, AmCham in Kosovo, stressed the importance of the Public-Private Dialogue. Requested that a relevant Law on Losses, Theft, and Damages be adopted. In this regard, he announced that the American Chamber of Commerce has proposed two alternative options in 2015, so he proposes these be revised. These options include, 1) issuing a bylaw under the Customs and Excise Code, or 2) adopting a special law on this issue, an alternative that AmCham preferred.

Nora Hasani, GKCC, says that the GKCC has sent a summary document with recommendations emanating from the clusters, which requires a quicker response from the NCEI Secretariat, but also from Mr. Dalipi (Prime Minister's Chief of Staff) regarding recommendations from the private sector. She added that vocational education and training is important and that faster steps are needed in implementing the dual system for different sectors. She hopes to move forward with the Law on Sustainable Investment as soon as possible, as Kosovo is now in a momentum to attract strategic investments. This helps attract

investors to the manufacturing sectors and the renewable energy sector. Furthermore, she emphasized the need for Kosovo to have a top-level domain and IP address, which are important to protect against cyber attacks. Therefore, she said that Kosovo needs more economic diplomacy.

On the occasion of the 10th anniversary of the Berlin process, Mrs. Hasani said that through NCEI, the GKCC will address these issues even beyond the summit.

Emrush Ujkani, EIC, asked for more work to be done to move forward the European agenda. He offered to help the government in this regard. He requested that all economic chambers and representatives of the Government participate in the European Sustainable Energy Conference.

Linda Shala, G7 Women's Chamber of Commerce, requested the amendment of the Law on Labor, because there are several categories that would create better preconditions for women's participation in the labour market and the economy of the country, but also the amendments that are necessary for the modernization of the Law and adjustment to modern times. Although we have been asking for this law to be amended since six to seven years, it has not been included in the 2024 legislative plan.

Artan Mehmeti, NCEI Secretariat, asked to start discussing about recommendations from sectoral forums, and emphasized that 10 such forums were held in 2023.

Among other things, Mr. Mehmeti mentioned three private sector concerns related to the Law on VAT: the removal of VAT 8% for public procurement contracts in the field of health, the removal of VAT on export of transport services, in order to increase competitiveness with the region; and the removal of VAT for pure gold sold, so that only the added hand labor is taxed.

On the energy sector issues, Mr. Mehmeti expressed private sector concerns over liberalisation of the electricity market, which could cause significant price increases. The private sector has requested to find a strategy or a way to either delay liberalization or find an alternative method to prevent drastic price increase. Another concern was the request for obtaining authorization from ERO, and the treatment of these requests within 30 days from ERO.

In this regard, he stressed the request of manufacturers to increase the 200 KW limit for the installation of solar panels for production companies that connect to the medium voltage system.

Moreover, for a while, producers have not been able to buy the coal from “Kosovo Thengjill”, but are obliged to get the coal from Serbia at double price, while they do not know the reason for this shortage.

Albin Kurti, The Prime Minister of Kosovo, once again stressed that the Government has the will and interest to put Kosovo on the map of investments and strategic expansions of foreign corporations. The Ministry of Foreign Affairs and Diaspora will become a powerful agency that strengthens economic diplomacy. He further stressed that internal reforms are being made, among other things, the establishment of the Agency for Investment and Export, and a kind of dynamization of the Ministry of Foreign Affairs in this regard. The growth of Kosovo businesses will run parallel to external market research, as there is interest in Kosovo

businesses to export as much as possible, considering their potential. CBK, TAK, ERO, businesses through their associations, and the Government, although they are different, have common goals.

Prime Minister Kurti indicated the government's interest in increasing salaries in the private sector, to have safety at work, career training and promotion, increased social welfare. The Prime Minister asked to, through the public-private dialogue, better understand what can be done in this regard, being aware of some of the difficulties faced by businesses. He stressed that the human factor is very important, therefore the Government is ready to be dedicated to increase the wages in the private sector. He added that in addition to the energy sector, the loan taking from workers, they will work towards increasing the average wage, as this helps indirectly in the public sector.

Lulzim Rafuna, KCC, proposed to reform the value added tax legislation, as the same is for the consumer and not the undertaking, so that the collection is postponed. This would help businesses by creating opportunities for liquidity creation, and opportunities for business expansion. Furthermore, he said it would save businesses from needing to borrow. In this respect, he proposed that phases be implemented, so that there are 60 days for the collection of value added tax. This would be a very convenient reform, which would make the business environment more attractive and favorable for foreign investors.

Nora Hasani, GKCC, asked for clarification on the non-incorporation of the new Labour Law into the legislative agenda for 2024.

Minister Rozeta Hajdari, MIET, said that the legislative plan for 2024 is updated periodically, and that the Minister of Finance, Labor and Transfers also reviews it in due course.

Artan Mehmeti, NCEI Secretariat, on behalf of the Secretariat, offered readiness and assistance in reviewing these issues, or even conducting a feasibility study, in order to make a recommendation according to the discussions in the meeting. Mr. Mehmeti announced that once the issues for discussion are decided, they will be taken forward through the Secretariat.

Arjeta Pozhegu, AWPK, expressed concern about the difficulties in transporting goods from Kosovo to EU countries, as a result of the presence of trucks with foreign number plates from Serbia and Bosnia. Also, Mrs. Pozhegu requests that this issue be resolved through the institutions that are responsible, so that there are facilities in transport. She stressed the need to speed up the work of the spediteurs removing administrative barriers, and mentioned Sweden as a model. Further, she announced the need for export subsidies and the creation of an export agency. She also requested exempting from taxes and duties the workers of domestic and foreign investors for the first two years of work, especially when they are start-up companies.

Vjollca Cavolli, STIKK, highlighted the lack of implementation of strategies, such as the strategy on digitalization of education, which is very important for Kosovo and knowledge development. She said that the number of 200 digital services provided in e-Kosova should be greatly increased, compared with the 2000 services that the equivalent platform provides in Albania. Mrs. Chavolli calls on the Government to apply smart systems for renewable energy use in government institutions.

Artan Mehmeti, NCEI Secretariat, asked if any of the attendees were interested in discussing the 7 kW issue and asked about the possibility of this request not being processed through ERO.

Ymer Fejzullahu, ERO, stressed that construction permits are not needed for businesses or household consumers who install up to 7 kW, thanks to the cooperation with the Government. However, there is still a law requiring authorization from ERO for every kilowatt that is connected to the network, for which reason the rule requires to apply for authorization, and it takes up to 30 days for issuance of authorization. He added that, in accordance with the request of businesses, the regulation was revised and they have cut the deadline from 90 days to 30 days for applications of prosumers. ERO supports the proposal that there should be no need for authorization for household consumers, especially for small business customers. He said he hopes this matter will be addressed in the law on renewable resources.

In relation to the 200 kW charge, the restriction is only for those who are supplied with regulated tariffs, while for consumers who are supplied with market fees or market prices, this limit does not apply. He further said that contractors who see interest in moving at market prices can install solar panels based on the capacity they possess or have from DSO. There are no restrictions on consumers who are supplied with unregulated tariffs and this restriction applies only to consumers who are supplied with regulated tariffs. In the restriction for 200 kW are included 90 percent of businesses. The methodology for the connection tax has been approved, which provides for facilities that were not contemplated in the 2005 AI that was under UNMIK.

Anyla Beqa, ME, stressed that inputs from the private sector are an impetus for the Ministry of Economy to work on the energy transition in Kosovo, which is also part of their strategy. Mrs. Beqa said that ME, in its legislative plan includes the complete review of the energy package, which includes the Law on Energy, The Law on Electricity, the Law on Renewable Resources, the Law on Energy Efficiency, the Law on ERO. The priority of ME is to promote the Law on Renewable Resources and the Law on Electricity, to enable facilitation of the integration of renewable resources into the power system and enable the possibility of integration of battery systems.

For the main objectives of the new law, she said that consumers who make self-production installations of capacity up to 1 MW will not need authorization, but it suffices to notify the ERO within a certain time frame. Consumers in multi-apartment buildings will have the right to produce renewable energy for their own consumption, where they will be allowed to organize energy separations from renewable sources produced at their location or common location. The regulator is the one who sets the criteria necessary for the installation of the facilities. The law provides that network operators are obliged to take appropriate steps to allow access and create the right conditions for network connections with a capacity up to 50KW. A simplified network connection procedure is implemented for this, where the distribution system operator is obliged to refuse or approve the network connection within 30 days.

In terms of the open energy market or liberalization, Mrs. Beqa said that it has derived as a result of the obligations they have from the Energy Treaty Community, which dates back to 2005 and which was carried into Kosovo laws. She added that they are working on

identifying the barriers of the energy market that make such opening impossible, which would bring competitiveness and would enable KEK to participate in the market.

She also stressed that the merger of the Kosovo-Albania national market would provide additional liquidity to the Albanian energy exchange ALPEX, which enables transparency between prices in the wholesale market. In the end, she added that KOSTT together with Albania should make preparations to join the Pan-European market.

Ymer Fejzullahu, ERO, stressed that there should be retail price liberalization and not wholesale only with unregulated prices in ALPEX.

All local and international producers can trade in the wholesale market in ALPEX at unregulated prices, but the tendency is to liberalize retail prices at the same time. Mr. Fejzullahu calls for a joint discussion that is foreseen for this year with the chambers of commerce to overcome the misunderstandings that occurred in 2017. He further stresses the need to create the Albanian stock exchange, which is a prerequisite for bringing new investments within the framework of renewable resources. Furthermore, the EBRD's prerequisite for financing these investments is to guarantee the purchase of that energy. He reminded that it is the obligation of institutions to, in relation to the EU, from now on move to competitive prices through premium profit or auctions. He also added that with the support of USAID they have signed a Memorandum of Understanding between regulators of Albania, Kosovo and North Macedonia, respectively four DSO and four ALPEXes, and that Kosovo is the leader of this group. And finally, he stressed the importance of Kosovo's inclusion in the Greek stock exchange *EnEx* by which Kosovo automatically joins the European market.

Arian Zeka, AmCham in Kosovo, relates to comments made by Mrs. Beqa and Mr. Fejzullahu, and offers to collaborate to discuss the misunderstandings that have occurred between businesses and the ERO. He also asked to discuss the demand of businesses for liberalization of market energy before the next licensing for liberalization occurs. He also asks Mr. Fejzullahu to discuss with licensed supply companies and to see why those companies do not start with offering and promoting their services to all companies.

Minister, Rozeta Hajdari, MIET, expressed the need for NCEI to function at the macro level, and recommends to reflect the changes according to this discussion in the NCEI Rules of Procedure.

The Industrial Council, established by the Government Decision no. 06/159 of 13 September 2023, aims to develop dialogue between the Government and the private industrial sectors, which aims to increase transparency in public decision making, and in drafting recommendations for the Government of the Republic of Kosovo. Minister Hajdari recommends that the work of that Council can be coordinated through the NCEI. This is because each sector has its own councils and can bring them to this forum from where they will then be proceeded to the Government. She stressed the importance of the implementation of KIESA. She requested for coordination from other ministries at national level, on three main objectives, which are macro level, in the digital circular and competitive economy, to contribute to the inclusive market and clean environment and sustainable use of natural resources. Further, she added that they are in cooperation with MESTI and the Government commission for vocational training to match the needs of the market. Then she added that the Chamber of Commerce has the role to contribute to dual learning, so that human resources are matched to market demands. She requested assistance in the form of inputs to help the Government.

Minister Hajdari announced that the Law on Internal Trade is in the process of finalization, while they are waiting to finalize the part of e-commerce. Also, contributing to innovation and entrepreneurship, the Innovation Fund is being established as the main instrument for developing the innovation ecosystem in close coordination with all other stakeholders.

Nora Hasani, GKCC, said that the German Government has contracted a governmental consulting company with the German Economic Team (GET) to advise the Government of Kosovo in various fields. She added that GET has compiled a report on the current obstacles for which it has proposed solutions and presented them to the Government in close circles. Also, Mrs. Hasani took the opportunity to announce that the head of GET will be in Kosovo in the second week of March, whereby she invited the business associations and the relevant institutions to meet and discuss openly the proposed alternatives from GET. She added that the importance of this field is reflected in the fact that 200 million euros per year comes out of Kosovo for consulting services on transport matters.

Finally, Mrs. Hasani stressed the importance of the existence of a *top-level domain* in Kosovo, which contributes to cyber security, which she proposes to be put as a priority on the government agenda.

Artan Mehmeti, NCEI Secretariat, said that they can facilitate this topic in the future forums of the Secretariat.

Ramize Ramadani, CBK, stressed that the reason behind Kosovo's non-membership in the green card system and the bureau system is political in nature. Although this issue is not under the CBK mandate, CBK has engaged in this issue, with all government institutions in order to find a solution due to the weight this has in the economy of Kosovo, in the insurance sector.

She added that as an institution they have been in contact with GET regarding the alternatives they have presented in their report and which are very difficult to address, for example the Green Card to be issued by another country for Kosovo, which is difficult to implement.

Speaking of the CBK's commitment to this matter, Ms. Ramadani informed about the alternatives that are being discussed in this regard, mentioning as an option the expansion of bilateral agreements with EU countries, but which is difficult to achieve. To illustrate the obstacles in this regard, she mentioned the fact that although there are bilateral agreements with the region - with Serbia, Montenegro, North Macedonia and Albania - additional insurance is required for all (except for Albania).

She said that more serious engagement is required between CBK, government institutions and the Bureau, in order to address this issue and to be successful in finding a temporary solution until Kosovo is a full member with equal and full rights in the Council of Bureaus. Only by amending the Statute of the Council of Bureaus can a solution be made.

Arjeta Pozhegu, AWPK, wants to know what solution will be made about green card and the Council of Bureaus so that Kosovo trucks do not run into problems when traveling outside Kosovo.

Ramize Ramadani, CBK, informed that there are several solutions, but that are very difficult to implement and with a more serious engagement and lobbying an intermediate solution can be made.

Arjeta Pozhegu, AWPK, said that it was in procedure through the KIB and that there is a payment that needs to be made there.

Ramize Ramadani, CBK, stressed that the obstacle is not the monetary and technical aspect, because there have been positive changes in this regard, but the only official reason of the Council of Bureaus is that Kosovo is not a member of the UN.

Illir Murtezaj, TAK, stated that according to the official data, there is an increase in market formalisation. Mr. Murtezaj stressed that with the growth of the economy about 10.7 percent there is a decrease of informality. Further, he said that, the issues raised in sector forums regarding changes in the Law on VAT will be taken into account and discussed within TAK, as well as the best opportunities for implementation.

Regarding the issue raised by the Association of Goldsmiths, Mr. Murtezaj added that VAT is not the only factor that has led to extreme informality in this field, but that other factors also influence. He said TAK is working on the formalization of this field.

The issue of VAT related to international transport of passengers, he considered valid, explaining that the current VAT law does not provide for the exemption of this category of business revenues from VAT. However, since the EU directives recognise this vat exemption, there is room for this provision to be revised in order for this sector to be more competitive in the market. He said the VAT Law is in the government's legislative plan.

Finally, he expressed satisfaction with the level of digitalization of TAK services, not only in the business field, but also in the process of declaring tax payments.

Artan Mehmeti, NCEI Secretariat, said that the next meeting of the NCEI, which will be held on February 7th, will be a good opportunity to address these issues in more detail and to find concrete solutions. The VAT Law may be a topic to be discussed in more detail.

Agron Llugaliu, KC, expressed satisfaction with the expansion of the communication of Kosovo Customs with the business community, as customs achievements resulted from inputs from the business community itself. As one of these achievements, Mr. Llugaliu listed the exemption of three categories of products used in manufacturing, including all spare parts for machinery used for manufacturing, exemption of bicycles, spare parts of bicycles, and products used for packaging and not produced as packaging in Kosovo. This has put the local producers in a more favorable position.

Regarding the issue of gold, he informed about the policy implemented by Kosovo Customs, under which gold is considered as capital, applying a tax at the border only for the part of gold that is processed, not pure gold. He informed that he was recently notified of the problem of the industry's businesses for insurance in case of international transport, in the absence of a company that performs this service. When processing is made abroad, it can be done through procedures without problems and are exempt from tax.

55 percent of shipments have passed through terminals managed by customs, meaning these shipments, if we speak in exact terms, over 200 thousand shipments didn't have to make payment that was applicable in the past, for access to terminals at the amount of 40 euros.

Mr. Llugaliu informed about some ongoing facilitations and processes in which Kosovo Customs was engaged recently:

- Customs clearance at the port of Durres from October 2022. As a result, approximately 15 per cent of our foreign trade is implemented through this supply line via shipping. This has resulted in savings of 9 million euros per year for Kosovar businesses that trade through this line. After engagement in this field, Albania has decided that, based on the common assessment, a layer of control - the National Food Agency – has been waived for all goods destined for Kosovo. Also, the transfer of our authority, which is the Veterinary Agency, based in Durres, has affected the reduction of the cost and time of clearance.
- Accelerating the customs clearance process, especially in export procedures, despite an increase of 13% of foreign transactions during 2023. Illustrating it with figures, Mr. Llugaliu compared the clearance times of 0-30 min for 89% of shipments in 2022, up to 92% in 2023, this is due to data in the electronic system. He said a similar dynamic has followed import procedures.
- Waiving bank guarantees for businesses that carry out internal processing (63 entities), resulting in suspended tax value of 5 million
- Collaborate with the World Bank on preparing a guide for a *single window*. This platform aims to place all stakeholders with control regime in import-export, in a single window. In addition to meeting a criterion for European integration, this facilitates the way of communicating, managing licenses, and regimes of foreign trade measures.
- First reading of the Customs Code and Excise in the Parliament; It is expected to continue with the second reading soon.
- Digitalization of customs services, where Customs has long applied paperless clearance. However, the Director indicated that the services have not yet been integrated into e-Kosova, while he hopes that by the end of 2024, 23 main communication processes will be placed there.
- The goal of hiring 120 new officials at the beginning of the year to expand capacities.
- The possibility of integrating artificial intelligence for increased service efficiency.

Further, the Customs Director stressed the importance of communicating with businesses through NCEI. This is because, among other things, there will be a need to prepare new administrative instructions in accordance with the new Customs Code, which will require input from the business community to best serve their interests.

Finally, Mr. Llugaliu explained about the possibilities for:

- 1) Authorized Economic Operator
 - a. To qualify as authorized economic operator, companies must meet certain conditions with relevant documentation, which provide them with numerous benefits. In the future, especially with the integration process, this process that will be recognized bilaterally and beyond, including CEFTA and EU countries, will offers more facilities. This is also related to the topic previously raised by Ms. Arjeta talking about the problem they had in Sweden.
- 2) Authorized exporters, in operation since 2022.
 - a. Under this authorization, companies then do not need to receive certificates proving the origin. Through a paragrapg - standard provided for in the countries that implement it - they include in the receipt a paragraph proving

that the goods are originating from Kosovo. Each receiving country has the possibility to verify this.

Artan Mehmeti, NCEI Secretariat, expressed readiness to contact businesses and institutions for the forums to be held on 6-14 March 2024 to participate in discussions with the private sector, so that there is a discussion about the instructions to be drafted in the framework of the new Customs Code.

Then he invites participants to express their views on public procurement legislation or to give inputs on the NCEI Rules of Procedure.

Vjollca Cavolli, STIKK, requests Mr. Murtezaj (TAK) to show the percentage related to VAT reimbursing to companies of different sectors. She proposed that this be treated as a matter at the next NCEI meeting.

Mrs. Cavolli considered that it is unclear whether the participants present are the initiating council, founders or full members of the Council who must vote on the Rules of Procedure at the moment. She added that she considers that the current participants are the founding Council, since there is no document indicating who the regular members of the Council are. She asked for an explanation regarding whether it makes sense to discuss the Rules of Procedure at this meeting.

Artan Mehmeti, Secretariat, NCEI, stated that there is a decision that consists of some participants in the meeting, and that there was a proposal to add the entity represented by Mrs. Cavolli, and several others as members, and it is expected to vote on that decision at the next meeting of the Government. The inputs about the Rules of Procedure are taken from Mrs. Cavolli and other participants now, but the vote will happen when the decision is changed.

Luan Dalipi, Prime Minister's Chief of Staff, reminding that the Secretariat is an independent structure, suggested that participants should be given a set time for comments and recommendations on the Rules of Procedure, and participants agreed to.

Norah Hasani, GKCC, asked whether the existing members as per Government's Decision will be carried out in the next Decision, or they need to apply according to the criteria, if they are voted by others, or if the Government will decide who it will be.

Artan Mehmeti, NCEI Secretariat, informed that as addition to the members in the existing decision are some members that the Secretariat has proposed, but on the basis of the Rules there needs to be a vote to include them in the decision.

Arjeta Pozhegu, AWPK, raises the question about Article 2, point 4, according to which the Rules are of an advisory nature. She also proposes to amend Article 8, so that the requirement that the members of the board of the organization should not have any open legal procedures, and to keep this requirement only for the director.

Artan Mehmeti, NCEI Secretariat, stressed that since there was an agreement on this earlier, comments on this issue will be welcomed in writing.

Osman Vishaj, PPRC, said that the Law on Public Procurement is among the most important laws of Kosovo, as taxpayers' money is spent. With this law, room is given also to small and

medium-sized businesses, all that needs to be done is to design the procurement process that enables implementation.

Now we have the opportunity to draft a good law, but also to get models of the region. I appreciate the Croatian model because we have a half-tradition together, it is the same level of people and we are not proponents of experiments.

He listed several things related to the new draft law:

- One of the things that is worked on in the draft is the complaint fee, and in the assessment, we have proposed it is a little high, 100 thousand euros. Comparing Croatia, which has a complaint fee of around 60 thousand euros, he proposed that the complaint fee under the new law should not increase to 100 thousand euros because it is high and a potential risk for companies to enter into agreement between themselves.
- The modification of contracts should be done with EU directives as the Government has said, but it must be paralleled to the level of development that our country has. If we go with 50 per cent of contract modifications, 99.9 per cent will become a formal contract and it will be modified on the way.
- The framework contracts, are now three years without possibility of continuation. If we leave it in accordance with the directives, also the budget plan and spending plan are three years, whereas if we leave it four years and with the possibility of a four-year extension, of course if there are reasons that it should be extended. But we have made it possible and provided reasons that every contract figuratively should be extended for another four years.
- Regarding the PRB Board, which he considers as the foundation and pillar, he considers that there should be more members. The current number is 5, but all the time we have an institutional vacuum. I propose that in regular periods the number should be 9, but in transitional periods it should increase to 12, 23 or even 15, because there is no high cost and decision-making power is distributed to many people.
- The increase of experts in procurement today is being discussed on two levels, but with two levels it doesn't work. The purpose of the administrative bodies is to shorten the decision making time. Referring to Croatia's model, he says importance should be given to experts. He said that it should be in accordance with EU directives, but consider the existing circumstances in Kosovo. He proposed to be careful with the Law on Public Procurement so that there is no need to change the law in the near future in case it is dysfunctional, same as Croatia.

Vjollca Cavolli, STIKK, expressed outrage over the public procurement procedures and requested that they be cut, because regardless of how small the amount is, it is important because it is public money, it is taxpayer money.

Artan Mehmeti, NCEI Secretariat, stressed that the Secretariat can follow the work of drafting this law as a very important issue that requires a wide discussion. To this end, the Secretariat can arrange meetings on this issue. Mr. Mehmeti invited all participants to discuss more broadly and in more detail about this if all agree to.

Norah Hasani, GKCC, said that it is good to coordinate activities because the SPO within the OPM last year worked on reducing administrative burden. There were different focus groups, which can now be analyzed when it comes to public procurement.

Vedat Sagonjeva, SPO, said that they are working on this process with the OPM, while the program for reducing administrative burden is supervised by the first Deputy Prime Minister Mr Besnik Bislimi. This program is supported by the European Commission in cooperation with the German Government. He further added that they have met with the PPRC and have sought to support them in the digitization of certain procedures, so they are in the process of identifying services that can be digitized and can remove various administrative burdens for citizens and businesses. He also asked that in the future forums they present where they stand and in which areas there plan to intervene to reduce administrative burden or to ask businesses to identify topics that are important to them.

The discussion that started with the German Chamber is continuing with other chambers to consider how to include the chambers and businesses and contribute to the policy development, in this format as is being done in NCEI.

Ymer Fejzullahu, ERO, asked from Chamber s of Commerce and other institutions to send comments on the amendment of the law during public discussions in order to facilitate the procedures by law and not to be changed by sub-legal acts, because it is causing difficulties for them in the future. Regarding the threshold of 7 kW, ERO has sent comments to remove the relevant requirement in law.

Artan Mehmeti, Secretariat, NCEI, stressed that some points should be set which the Secretariat should follow, especially on the laws, and that the labour law should be discussed at the forum in the next meeting of the Council to be held on 7 May 2024, considering its importance. Then the Law on Losses, Theft, Law on Public Procurement, Law on Energy if it does not pass in the Assembly. Then in the next meeting we should have concrete inputs on what should be included in these laws. He requested that inputs for the NCEI Rules of Procedure be sent two weeks from the time the meeting minutes are sent.

Luan Dalipi, Prime Minister's Chief of Staff, said that the participation of more ministries, such as MFLT, MESPI, ME, should be greater in council meetings, in order to improve such meetings.

Three keywords are important: cooperation, coordination and coalignment, so there is cooperation with full capacity rather than reserves. The methodology we have built together should also be reviewed by you, as only accurate identification of the problem can solve the problem. Also, key indicators of performance should be included there.

Mr Maslichenko has correctly complained to the Government of being stuck in some processes in relation to large projects. We need to discuss the shortening of procedures for projects that have a major impact on the country.

NCEI' Secretariat engagement until the next NCEI meeting:

- Consultation on the draft Law on Public Procurement;
- Consultation on the amendment of the Law on Labor and its introduction into the government's legislative programme;
- Discussion on the need for changes to the Law on VAT.

LIST OF PARTICIPANTS

Representatives from the Government:

1. Prime Minister, Chairman;
2. Minister of Industry, Entrepreneurship and Trade;
3. Minister of Local Government Administration;
4. Deputy Minister of Economy;
5. Deputy Minister of Environment, Spatial Planning and Infrastructure;
6. Chief of Staff of the Prime Minister;
7. Chief of Cabinet of the Ministry of Economy;
8. Governor of the Central Bank of Kosovo;
9. Director General of Tax Administration of Kosovo;
10. Director General of Kosovo Customs;

Representatives from chambers and business associations:

11. Executive Director of the Kosovo Chamber of Commerce;
12. Executive Director of the American Chamber of Commerce in Kosovo;
13. Executive Director of the Kosovo-German Chamber of Commerce;
14. Executive Director of the Council of European Investors;
15. Deputy President of the Kosovo Women's Chamber of Commerce - G7;
16. Executive Director of the Association of Wood Processors of Kosovo;
17. Executive Director of the Kosovo Association for Information and Communication Technology (AICTK);
18. Executive Director of the Cluster of the Metal and Renewable Energy Industry in Kosovo;

Representatives from embassies and diplomatic missions:

19. Representatives from the U.S. Embassy in Kosovo;
20. Representatives from the German Embassy
21. Ambassador of France to Kosovo;
22. Representatives from the Embassy of Italy;
23. Representatives from the Turkish Embassy;
24. Representatives from the Embassy of the Netherlands;

Representatives from international partners:

25. Director of the European Bank for Reconstruction and Development Office in Kosovo (EBRD);
26. The program leader of the Swiss Cooperation Office in Kosovo (SECO);
27. Representatives from the World Bank in Kosovo (WB);
28. Program Leader of the U.S. Agency for International Development (USAID)
29. Representatives from the German Agency for International Cooperation (GIZ);

Non-permanent attendees:

1. Chairman of the Board of the Energy Regulatory Office;

2. Chairman of the Board of the Public Procurement Regulatory Commission;
3. Representatives from the Procurement Review Body;
4. Additional representatives from the EBRD;
5. Additional representatives from the Office of the Prime Minister.

ACRONYMS USED

NCEI – National Council for Economy and Investment

KCC – Kosovo Chamber of Commerce

GKCC – German-Kosovar Chamber of Commerce

EIC – Council of European Investors

STIKK - Association for Information and Communication Technology of Kosovo

AWPK – Association of Wood Processors of Kosovo

OPM – Office of the Prime Minister

SPO – Strategic Planning Office

CBK – Central Bank of Kosovo

TAK – Tax Administration of Kosovo

KC – Kosovo Customs

ERO – Energy Regulatory Office

PPRC – Public Procurement Regulatory Commission

OSH – Procurement Review Body