



# THE ROLE OF THE GOVERNMENT OF KOSOVO IN THE PROCESS OF TRANSFORMATION AND PRIVATIZATION OF SOCIALLY OWNED ENTERPRISES

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## ABSTRACT

After the devastating war of 1999, Kosovo had to start over. Of course, the primary concern was rebuilding the country and setting up the security measures. Both these tasks were given to United Nations. The KFOR mission was in charge of ensuring security, whilst the civil life was entrusted to the so-called UNMIK. The transformation of property started in 2002 organized by the international community, under an organization called Kosovo Trust Agency (KTA). The local government and experts had no say in the methods employed in the privatization process. The international community decide what and when shall be privatized. This agency finished its mission in 2008 after the independence. The Kosovo government was continually subject to scandals revolving around the privatization process. At no point did this process serve to benefit the people of Kosovo.



## METHODOLOGY OF THE RESEARCH

- Statistical method,
- Comparative method,
- Analytic method




# INTRODUCTION

- The process of privatization is one of the most important events of the second-half of the last century, as well as this century, both economically, politically, socially, ethically etc. The privatization is a "general economical reform" .This leads us to understand that we are dealing with the social and economic system of a country.
- The process of the privatization of the Socially Owned Enterprises, from its beginning was something that needed a lot of discussions. During its whole longevity this process was accompanied with a lot of mistakes, which continues even nowadays.
- Kosovo is a sui generis case for many things, including the process of privatization. The unique part of this process is that it was lead entirely by the internationals, with the locals having no say in the process.


## LITERATURE REVIEW

- Privatization means a recreation of the institutions of a system, the financial market, the management of corporations, the capital et cetera (David Lipton-Jeffrey Sachs, 1990).
- The first is the so-called the fast privatization, which means that many enterprises are privatized at once. The second is the so-called is the gradual or step-by-step privatization. The first form of privatization was dominant in the south-eastern Europe in order to bypass the socialist system and encourage employment (Joseph M. Dogget).
- Some authors think that the benefits from privatization are so large such that it must be done as quickly as possible (Stanley Fischer, 1991).


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- From the Polish experience we can learn a new way of managing the privatized enterprises.
  - In Bulgaria (1992) the process of formation of corporations was a competence of government, which gave the competences to the respective ministries for enterprises .
  - In Hungary, in order to transform enterprises into corporations, it was necessary for permission from the privatization agency.
  - In Slovenia, unlike in the other countries of former Yugoslavia, was more organized in the privatization process.

## DISCUSSION AND CONCLUSION

- Throughout the process of privatization, the role of the government of different countries differed. . In all post-socialist countries there are two mechanisms through which the government exerts its influence in the process of transformation and privatization of property.
  1. The first mechanism relies on the institutional changes, where the government passes laws that are necessary for market economy.
  2. The second mechanism deals with the government's actions in the macroeconomic politic




The government exerted its influence in the following ways.

1. Creating a better communication between the enterprises, the citizens and the administration.
  2. Having better regional and local cooperation within the country.
  3. Holding the administrators accountable for their actions.
  4. Creating specific institutions which would play a central role in the process of privatization, and decreasing the role of the government in this process.
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- Compared to the other countries, the process of privatization in Kosovo is very complex, both in terms of the general approach and the specific methods to apply this process.
- After 1999, the conductor of the macroeconomic politics in Kosovo was the United Nations mission called UNMIK (United Nations Interim Administration Mission in Kosovo). This international mission was responsible for everything, except for protecting the borders. This was the duty of another UN mission, KFOR (Kosovo Force). UNMIK used a short-sighted politics. Moreover it had no concept for the private sector. UNMIK played the role of the government.
- After the announcement of independence, the locals took charge for this process; however the influence of the international factors remained large

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- The Kosovo government acted as if all this is normal, giving no signs that something better will happen. In all this mess, there is no doubt that the process of privatization played an important role, while the government helped this through bad governing and capturing the state for individual needs. The privatization in Kosovo did not bring what was supposed to. It did not satisfy the economical, technological and employment expectations. This process only satisfied the needs of a few individuals.



THANK YOU FOR YOUR ATTENTION