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“Institutional context, financial instruments and mechanisms: Preconditions for an efficient national process”

INSTITUTIONAL CONTEXT: 1

Existing international actors are:

- Summits of the Heads of State / Governments
- Ministerial meetings:
- Six EU member states (Germany, France, Austria, Italy, Slovenia and Croatia)
- European Commission
- Regional Cooperation Council (for mobility, growth and dual vocational education)

Coopted in Vienna Summit

Civil society (for growth & employment, Youth cooperation, etc)

Requested (COSAP Meeting in Tirana)

Parliaments as declared in the last meeting of COSAP in Tirana

INSTITUTIONAL CONTEXT: 2

National Actors

National Investment Committee (NIC): the highest decision-making body in charge of final approval of the list of project to be financed. Created on 20 April 2015 and headed by the PM;

Sectorial Strategic Management Groups (SSMG): four SSMG (i) Transport; (ii) Energy; (iii) Environment and, (iv) Social Issues, have been established during July – August 2015. Have initially prepared 112 Project Fiches (PIF), have scored and ranked the PIFs, in accordance with the relevance criteria;

Technical Secretariat of NIC: is DDPFFA and does the formal screening of the submitted PIFs. Currently have reduced the number of received projects in 78.

INSTITUTIONAL CONTEXT: 3

Financial Institutions

- European Commission
- International Financial Institutions (Council of Europe Development Bank – CEB, EBRD, EIB, The World Bank Group – WB4, KfW);
- Bilateral Donors and other Financial Institutions

Supporting / Other Structures

- Western Balkans Investment Framework: blends EU and bi-lateral grants with loans from IFIs and other financing institutions, accompanied by Technical Assistance in project preparation;
- SEETO: South East Europe Transport Observatory (TA to EU Connectivity Agenda)
- PECl: Projects of Energy Community Interest (TA to EU Connectivity Agenda)

FINANCIAL INSTRUMENTS

Through WBIF, and IFI directly

WBIF blends:

- **grants:** used mainly for technical assistance to prepare: a) infrastructure investments; b) research & analysis on investments; c) on supporting policy reforms and institutional building, etc;
- **loans:** used for investments in infrastructure.

57 projects have been supported in Albania through WBIF and IFI since 2008

PREPARING THE BERLIN PROJECTS

It is a nationally-owned process. Foreigners intervene only with technical assistance !!

- *Step 1:* establishment of Sectorial Strategic Management Groups (SSMG): Transport; (ii) Energy; (iii) Environment and, (iv) Social Issues. => prepares PIFs;
- *Step 2:* Preparation of Strategic Relevance Criteria (SRC), Project Identification Fiches (PIF): prepared by WBIF and adopted by line ministries;
- *Step 3:* Preparation and submission of PIF (more than 100 PIF submitted within 15 Sept. No Local Government Unit involved. Issue to be improved: cross-sector coordination & inclusion of ongoing infrastructure projects in line with MTBP;
- *Step 4:* Completion of Strategic Relevance Assessments & of the Relevant Grid of Projects. => ranking the projects on sector level: need to open consultation to CSO
- *Step 5:* Finalization of four Sectorial SPP, identification of fiscal space, harmonization with IPA, etc. Issue: final decision is left to political level;
- *Step 6:* Production of Single SPP, consultation with donors
- *Step 7:* Closing the Single PP & approval by NIC

“BERLIN” PROJECTS IN ALBANIA - OCT. 2015

- 1) 400 kV Interconnection Fier - Elbasan/ALB to Bitola/FYROM.** Detailed Design & Environmental and Social Impact Assessment): completed for EUR 2.1 MiO; + 14 MiO Grant EU (Dec. 2015) + committed by KfW EUR 70 MiO for investment
- 2) IAP – Ionian Adriatic Pipeline.** Feasibility Study / Environmental and Social Impact Assessments, for EUR 3.5MiO (EUR 800 MiO credit needed)

Recently approved

- 1) Rehabilitation of the railway line Durrës-Pogradec-Lin:** Feasibility Study for the and new rail line link to border with former Yugoslav republic of Macedonia (on June 2015), EUR 750K

Submitted

Adriatic-Ionian Highway/expressway (Route 1 and Route 2)”: Feasibility study. Jointly prepared and submitted by the Government of Montenegro, as lead applicant EUR “MiO (+ need for credit EUR 800MiO)

BERLIN PROJECTS PIPELINE - NOV. 2015

No	Sector	Nr. of submitted PIFs	Nr. Of Assessed Projects	Estimated Cost / Sector (in million EUR)
1	Energy	13	13	175
2	Transport	13	13	1 193
3	Environment	20	20	508
4	Social	32	17*	165
	Total	78	63	2 041

* Education projects not included

SOME CHALLENGES FOR THE PARIS SUMMIT

- Complexity of technical preparation of infrastructure project documents
- High cost of financing of infrastructure
- Embedment of strategic investments in the national strategic development platforms & fiscal strategy
- Need for better cross-sector coordination and progress monitoring
- Over-representation of infrastructure compared with manufacture
- Ownership of the process form the citizen of Albania & formalization of the contribution and role of civil society
- Better visibility & higher support for the Joint Science Conference

- END OF PRESENTATION -