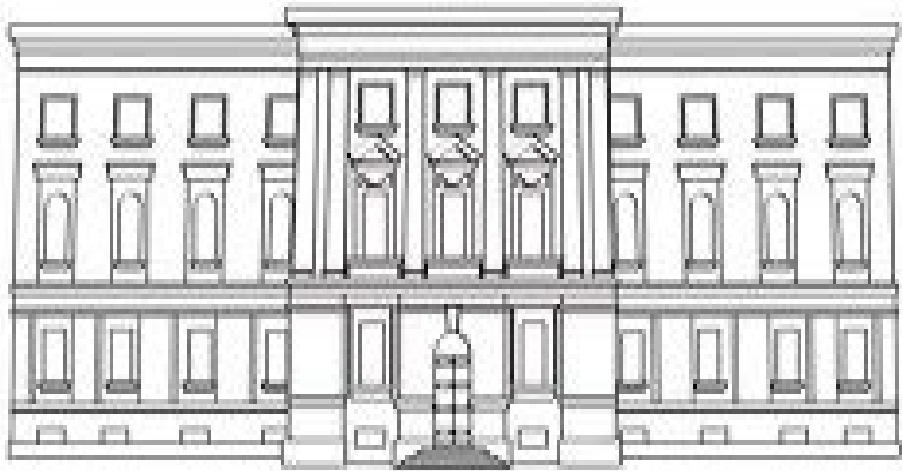




REPUBLIC OF ALBANIA  
MINISTRY OF FINANCE AND ECONOMY



# Albania

## The role and magnitude of PPPs

*STRENGTHENING GOVERNANCE OF  
PUBLIC INFRASTRUCTURE*

**NOVEMBER 12-15, 2019**

Alda Klosi

Concessions/PPP Directorate, Director, MoFE

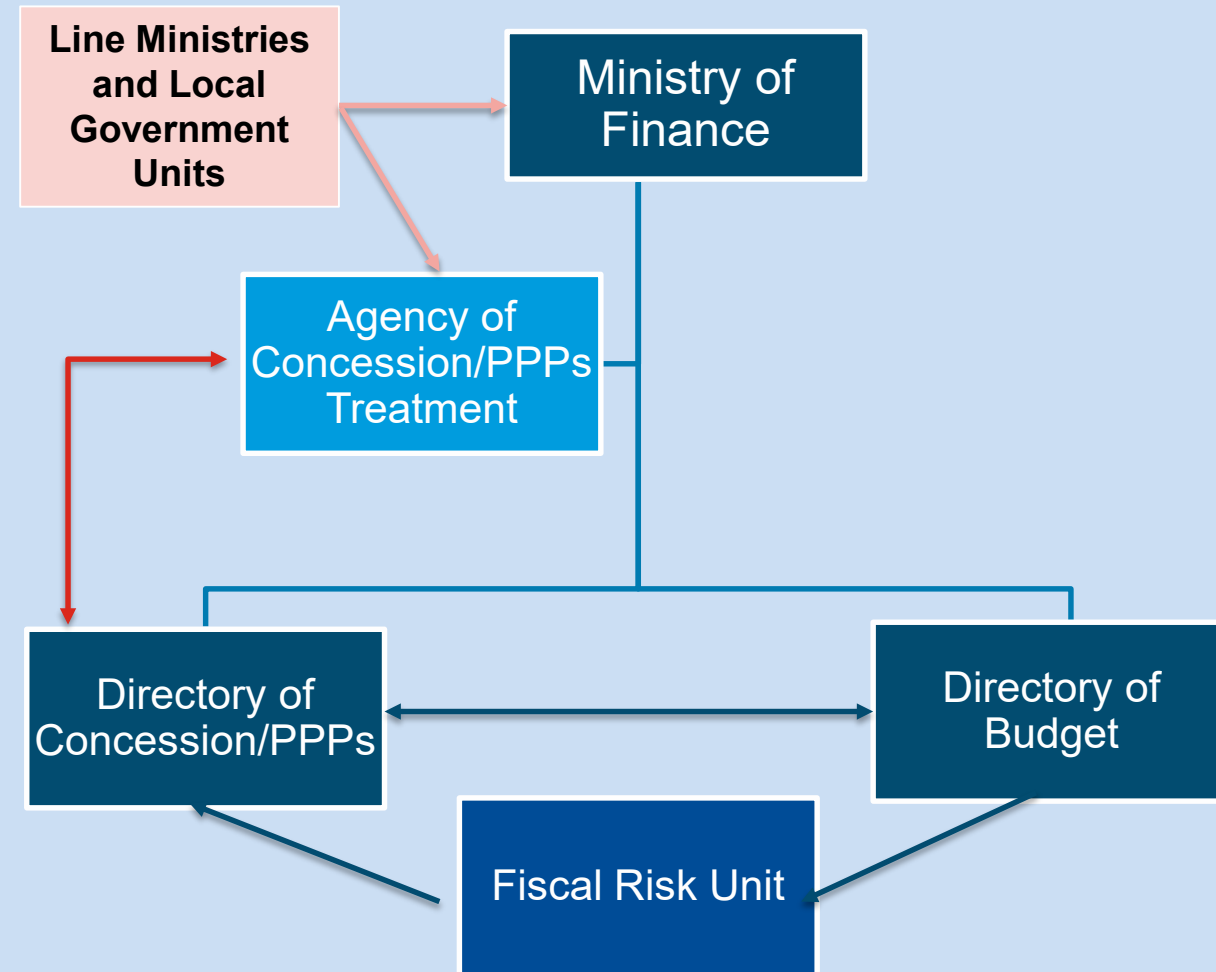
# Albania—Concession/PPPs (1/4)

## Legal framework for Concession/PPPs in Albania

- Law no. 125/2013 “On Concessions and Public Private Partnership” (amended with Law no.50, dated 18/07/2019). The PPP legal framework amendment consist on:**

  - ✓ Repeal of unsolicited proposal disposal on most of the sectors starting from 1<sup>st</sup> of October 2019;
  - ✓ Repeal of bonus points disposal for unsolicited proposals
  - ✓ Repeal of exclusion disposal from law 125/2013 for roads of national interest
  - ✓ Strengthening the control of fiscal implications of concession/PPP contracts;
  - ✓ Major project preparation technical support shall be approved by a committee composed of several Ministers
- Decision no. 575, dated 07/10/2013 “On approval of rules for evaluation and awarding of concessions / public private partnerships”(amended)**

## Institutional framework for Concession/PPPs in Albania



# Albania—Concession/PPPs (2/4)

## In project selection/appraisal and prioritization:

The amended law no.50, dated 18/07/2019, aims to increase the control of the Ministry responsible for Finance during the preparation phase of the Concession / PPP projects, to keep under control the fiscal commitments undertaken by the Contracting Authorities in order to minimize their impact on the budget. The Ministry responsible for Finance evaluates, approves concession/ PPP projects in relation to fiscal, individual or group implications for budget expenditures, budget deficit, public debt sustainability and contingent liabilities.

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**Project approval:** Any substantial change in the feasibility study phase of the project (which is reflected in draft-contract) but also in the concession / PPP contracts, should be evaluated and approved in advance by Ministry responsible for Finance.

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**Fiscal risks monitoring:** In order to strengthen financial discipline and monitor fiscal and budgetary risks, including the risks arising from concession / PPP contracts, and to eliminate any unforeseen implications of the State Budget the Contracting Authorities report to the Concession/PPP Directorate and the Fiscal Risk Unit according to the annexes 8.1,8.2,8.3 regarding the performance of the concession contract and the risks these contracts implicate. Concession/PPP Directorate elaborate the information reported from Authorities and make recommendations where appropriate.

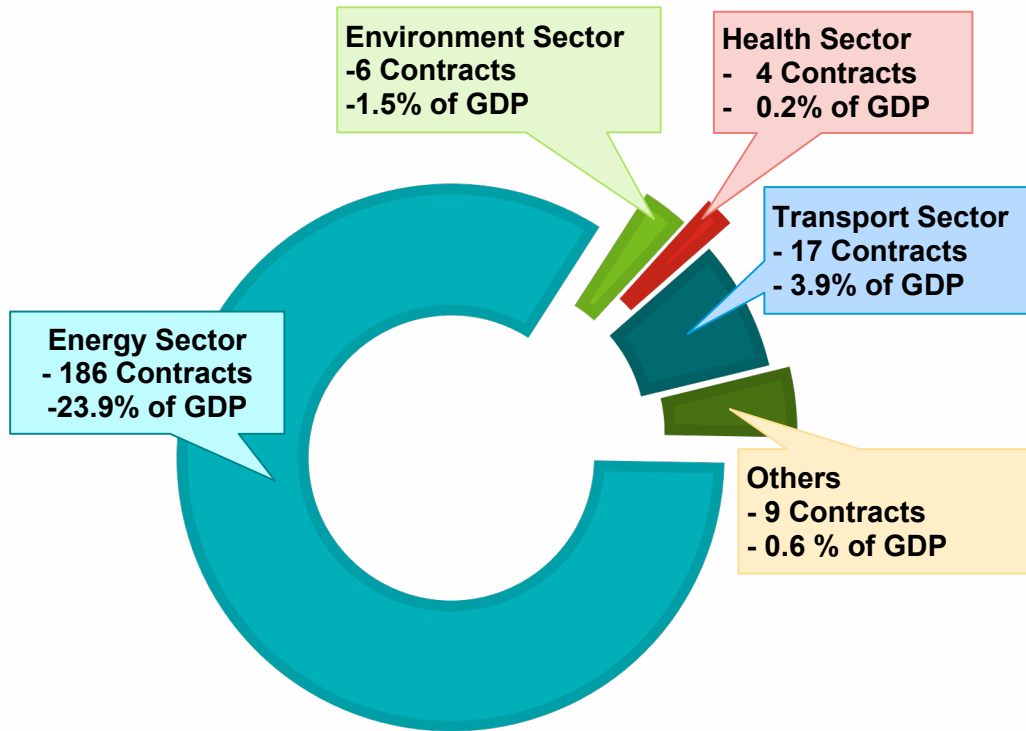
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**Reporting of PPPs:** MoFE has started on March 2019, to collect monitoring reports submitted by the Contracting Authorities based on the Guidelines no.1, date 17.01.2019 "*On the implementation of the 2019 Budget*". Currently, MoFE with assistance of the technical mission of the World Bank, has prepared the first Concession/PPPs Monitoring Report which contain information on the financial and non-financial performance of 10 concessionary / PPP contracts with significant impact in the Republic of Albania, which is expected to be published as soon as possible.

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## Role of Ministry and Finance

# Albania—Concession/PPPs (3/4)



NUMBER OF CONCESSION/PPP CONTRACT AND SHARE IN % OF GDP BY SECTOR, 2019

- In 2019, the total number of concession / PPPs contracts = **222 (30 % of GDP for 2019)**.
- There are **14 government funded**, and **208 user funded** Concession/PPP Contracts.
- **12.6 %** of the contracts approved in total are **solicited proposal** by the contracting authorities. **88.2 %** are **unsolicited proposal**.
- The amended law 'For Concession/PPPs' has removed unsolicited proposals for roads and restricted the use of unsolicited proposals for the distribution of ports, airports, the generation and distribution of electricity or heat, and the distribution of natural gas. This has been emphasized by the various missions of the World Bank and the IMF in the previous meetings held at the Ministry of Finance and Economy and various state institutions.

## Albania—Concession/PPPs (4/4)

### Issues, challenges, recommendation of recent IMF TA

FAD TA Recommendation according to the Draft Technical Report 2019 “*Strengthening Management of Public Private Partnerships and State-Owned Enterprises*”.

Recommendations	Actions
Better align process for assessing, prioritizing and approving PPPs and major public investment projects	Actually MoFE is working on updating Decision no. 575, dated 07/10/2013 “ <i>On approval of rules for evaluation and awarding of concessions / public private partnerships</i> ”(amended), to incorporate integrated Project Management Framework and PPPs
Enhance the value for money assessment of major projects	In the amending of DoCM 575 will take into account the value for money assessment of major projects
Strengthen the gatekeeping role of the MFE	MoFE has update the template of Annexes whereby the Authorities report the progress of contracts and the risks that are materialize or are likely to materialize.
Enhance the coverage, transparency and user-friendliness of the PPP/Concessions Register	Working on. Collecting missing contractual data and financial annexes.
Expand the coverage and scope of PPP monitoring report	MoFE has prepared the first Concession/PPPs Monitoring Report for 10 concessionary / PPP contracts. In May, MoFE aim to prepare an annual summary report on the monitoring of all concessionary contracts.
Expand the coverage and time horizon of PPPs and concessions’ risks in the FRS	

**THANK YOU !**