

G20-SEEC

Aid Effectiveness: Donor and
Recipient Countries Perspectives



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Outcomes of G-20 London Summit

- **Broad Consensus reached:**

- Prime Minister G. Brown said: "Today we have reached a new consensus, that we take global action together to deal with problems we face, that we will do what is necessary to restore growth in jobs, that we will take essential action to rebuild confidence and trust in our financial systems."



Outcomes of G-20 London Summit: All is about the Money

- Fiscal stimulus would amount to some US\$5 trillion by 2010
- 1.1 trillion fresh money injection into the economy:
 - An additional \$500bn for the IMF (250bn in IMF SDR available to all IMF members)
 - A trade finance package worth \$250bn
 - At least \$100bn of additional lending by the Multilateral Development Banks



Six Pledges of G20 & European Commission

- Restore confidence, **growth and jobs**
- Repair the system to restore **lending**
- Strengthen financial regulation to **rebuild trust**
- **Fund and reform our IFI's** to overcome this crisis and prevent future ones
- Promote global **trade and investment** and **reject protectionism**, to underpin prosperity
- Build an inclusive, green, and sustainable recovery



Mutual Commitment of G20 and SEECP to make them work

■ **G20:**

- Promised support should be Materialized
- Poverty Reduction policies could be more effective if combined with and followed by investment policies
- More business support because businesses move faster than politics and contribute to strengthening cooperation
- Paris Declaration and Accra Agenda for Action call for increasing assistance and the trust to SEECP and other recipient countries



Mutual Commitment of G20 and SEECP to make them work

- **SEECP countries:**

- Do not Contribute to the Crisis:
 - Sound fiscal and monetary policy and discipline
 - Increase the share of own public investments
- Business-friendly environment
- Commitment to EU rules and accession/stabilisation process
- Strengthen Country Capacities and Institutions and ability to absorb funding available
- Strengthen regional cooperation through joint cross-country and regional projects and by improving investment climate across the board: rule of law, clear regulations, public and corporate governance



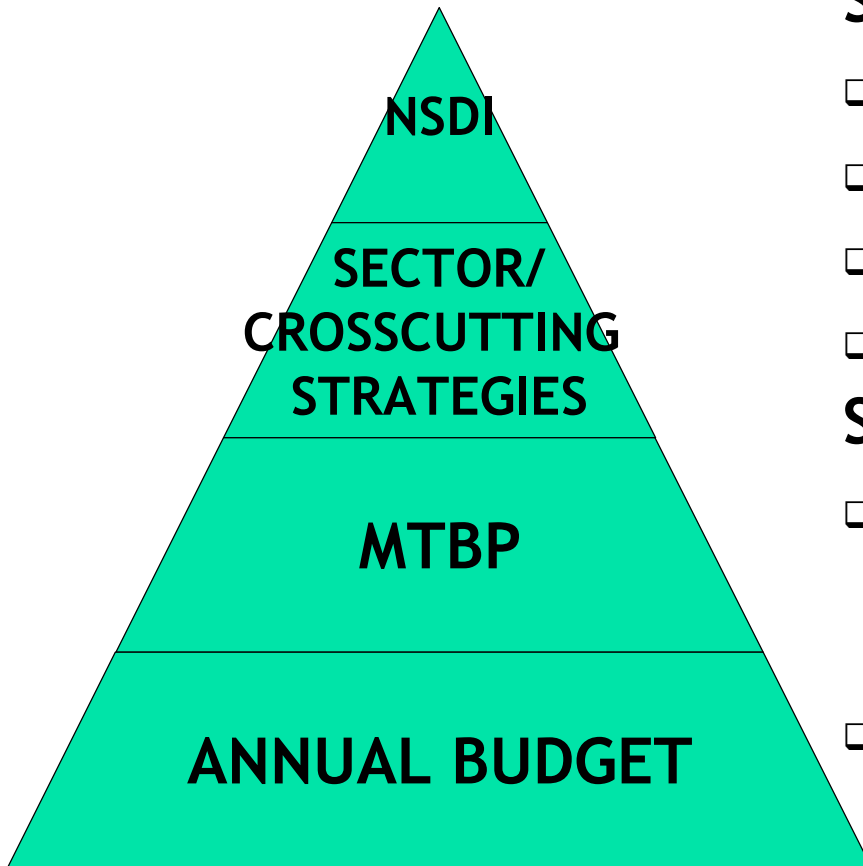
Albania: Strengthening Capacities and Institutions

- Introduced Integrated Planning System (IPS)
 - Ensures that government policy planning and implementation take place in a coherent, efficient and integrated manner.
- Two cornerstones of the IPS:
 - A medium- to long-term *strategic planning* process, the **National Strategy for Development and Integration (NSDI)**
 - A medium-term *budgeting* process, the **Medium-Term Budget Programme (MTBP)**

Albania: IPS Components



Albania: How Does the IPS Work?



Sector Strategies Reflect:

- ❑ The Government program
- ❑ Euro/Atlantic integration
- ❑ Public investment
- ❑ External assistance

Sector Strategies:

- ❑ Feed in the National Strategy for Development and Integration (NSDI)
- ❑ Promote policy coherence and a common sense of longer term direction within the sector



Albania: External Assistance Orientation Document

- Its purpose is to strengthen government leadership role in the process of external assistance coordination
- Assists:
 - **Orientation of external assistance towards government priorities**, as defined in the NSDI and in the related mid term and annual budget
 - **Donors in programming their assistance** and in defining and managing projects; and
 - the **budget process**, to ensure that domestic investment and external assistance are coordinated.

Albania: Investment Incentives



- Great macro-stability with low inflation which does not exceed 3 percent: 3% growth in 2009.
- One of the strongest bank systems in Europe.
- Lower corporate and labor taxes from 20 to 10 % and from 30 to 15%.
- Fair and Anti-monopoly competition.
- One-Stop-Shop for companies and their produces licensing and registration.
- Online system for tax payments
- Free access to large market
- “Made in Albania” increase by 40 % from 2005.



Challenges for the SEECP

- Improvement of SEE as an investment destination should be complemented by stronger **governance and country capacities**
- Stability Pact and donor support, together with EU process and IFIs, have made a great contribution in mitigating risks but more leverage should be provided to the **regional initiatives: energy (SEEREM), regional infrastructure (transport) and free trade**
- **Private sector still expected to play a bigger role** and complement bilateral and multilateral financial flows