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Administrative Capacity for Project Pipeline Development and Management under Cohesion Policy in Albania

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ABSTRACT: This paper defines and assesses the administrative capacity required to develop and manage a project pipeline for public investment implementation under the EU Cohesion Policy in Albania. The study aims to identify the institutional, regulatory, and organisational readiness of Albanian authorities to meet the EU Benchmark related to the project pipeline of public investments under Chapter 22 of the accession negotiations. Using a methodological approach that combines literature review, regulatory and institutional analysis, and a targeted survey among authorities implementing the Western Balkans Investment Framework, the paper evaluates the current state of administrative capacity at both "upstream" and "downstream" levels of the investment cycle. Results show that, while Albania has established the necessary legal and coordination frameworks, significant gaps remain in project preparation and evaluation capacity. The findings underscore the necessity for a systematic approach to define and evaluate the adequacy of human, technical, and financial resources for the development and implementation of a comprehensive project pipeline. Strengthening these capacities is crucial to ensure the effective absorption of Cohesion Policy funds and to enhance the overall efficiency of public investment management in Albania.

KEYWORDS: Public Investment, Public Investment Management, Project Pipeline, Administrative Capacity, Cohesion Policy.

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Introduction

Pipelines of infrastructure projects, or simply "project pipelines", are a common concept in infrastructure planning and investment discussions. The term "pipeline" is often used to highlight specific, upcoming investment opportunities. To date, no formal definition exists for a project pipeline, nor has there been a comprehensive examination of the concept of a pipeline. The Organisation for Economic Co-operation and Development (OECD) states that, based on expert interviews, discussions, and a review of the literature, the predominant view among governments and the investment community is that a project pipeline takes the form of a list of projects at an advanced stage in the development process, and that it should be published or communicated publicly in some way. (Organisation for Economic Co-operation and Development (OECD), 2019) , (OECD, 2018)

Infrastructure plays an increasingly important role in the economic and social development of all countries. The multiannual programming of EU-funded Cohesion Policy (European Commission, 2019) (European Commission, 2020), as well as investments financed under the Recovery and Resilience Facility (European Parliament and Council, 2021), has been a major driver for integrating public investment into medium-term budgetary frameworks and public financial management structures. The institutional arrangements for managing public investments vary across the European Union, presenting specific strengths and challenges (Ruiz Rivadeneira & McMaster, 2023). Integrated strategic planning and methods of project appraisal and selection that guide budget allocation effectively are crucial for efficiently carrying out public investment. One recent study states that "While wide-ranging reforms to systems for managing public investment have been implemented in several Member States, there is still room for improvement in many others. One recommendation for policymakers is to include in the negotiation package on the EU budget a process to benchmark the mechanisms Member States have in place for selecting national and EU investment opportunities" (Schout, 2024). A study conducted by the European Commission has identified several factors for the effective delivery of Cohesion Policy and the management of EU funds, which are compatible with efficient public investment management. These include administrative capacity, although gaps in this area are not specifically studied at the "upstream" and "downstream" levels of the investment cycle (Belu Mănescu, Public investment management in the EU: Key features and practices, 2021).

Since December 2022, Albania has established a comprehensive regulatory framework for public investment management, which includes detailed procedures and rules for identifying, preparing, proposing, evaluating, implementing, and monitoring public investment projects. However, according to the European Commission, challenges remain as of June 2025: "The planning and execution of public investment projects continue to face significant obstacles in the form of capacity constraints, incomplete project proposals, delays and cost overruns, as well as an occasional lack of adherence to procedures. The recurrent under-execution in capital spending is a clear indication that shortcomings exist in the operationalisation of the new legal framework" (European Commission, 2025).

Research Aim and Research Questions

The main aim of this study is to define and assess the administrative capacity required to develop and manage a project pipeline for public investments under the EU Cohesion Policy in Albania. The research focuses on assessing how Albania can meet the EU Benchmark related to the project pipeline of public investments under Chapter 22 of the accession negotiations through an analysis of its institutional, regulatory, and organisational frameworks and capacities.

Accordingly, the study seeks to answer the following key research questions:

1. What constitutes adequate administrative capacity of the country ecosystem (Schneidewind & Prizzon, 2024) for developing a project pipeline of public investments under the Cohesion Policy framework?
2. To what extent is Albania prepared to meet the EU Benchmark on the readiness of its public investment project pipeline?
3. What capacity gaps exist at the upstream and downstream levels of the public investment cycle, and how can they be addressed?

These questions guide the analytical framework of the paper, ensuring that the discussion directly addresses the identified policy and institutional challenges.

Research Results and Discussion

Preparations by Albania for implementing Cohesion Policy funding after accession are ongoing and will continue both before and after the accession date, which has not yet been formally set. These preparations are guided by conditions – termed “Benchmarks” – set by the European Union Common Position for each Negotiating Cluster of the accession negotiations and the respective Chapters. As of October 2025, Benchmarks have been set by the European Union for five Clusters, including 28 Chapters, out of a total of six Clusters and 33 Chapters. It is expected that the last Cluster – Cluster 5, which includes the remaining five Chapters – will be opened by the end of 2025. Cluster 5 includes Chapter 22 on 22, "Regional Policy and Coordination of Structural Instruments," which focuses on the requirements implementing Cohesion Policy funds after accession.

The draft Common Position for Cluster 5, dated 3 September 2025, sets out six Benchmarks that Albania must fulfil to provisionally close Chapter 22 of the accession negotiations. One of these Benchmarks requires that: “Albania submits to the Commission a comprehensive and good quality draft project pipeline for implementation under Cohesion Policy. This draft should clearly demonstrate the availability of sufficient resources for the preparation and execution of the project pipeline.” This condition highlights the importance of having a comprehensive project pipeline in place at the start of Cohesion implementation to ensure the swift drawdown of Cohesion funds and prevent the decommitment of EU funds. However, the concept of ‘readiness’ is multifaceted. It refers to investment that is identified, prepared and selected through appropriate criteria and mechanisms, as well as the financial resources and capacities that the administration should demonstrate at both the "upstream" and "downstream" levels of the investment cycle.

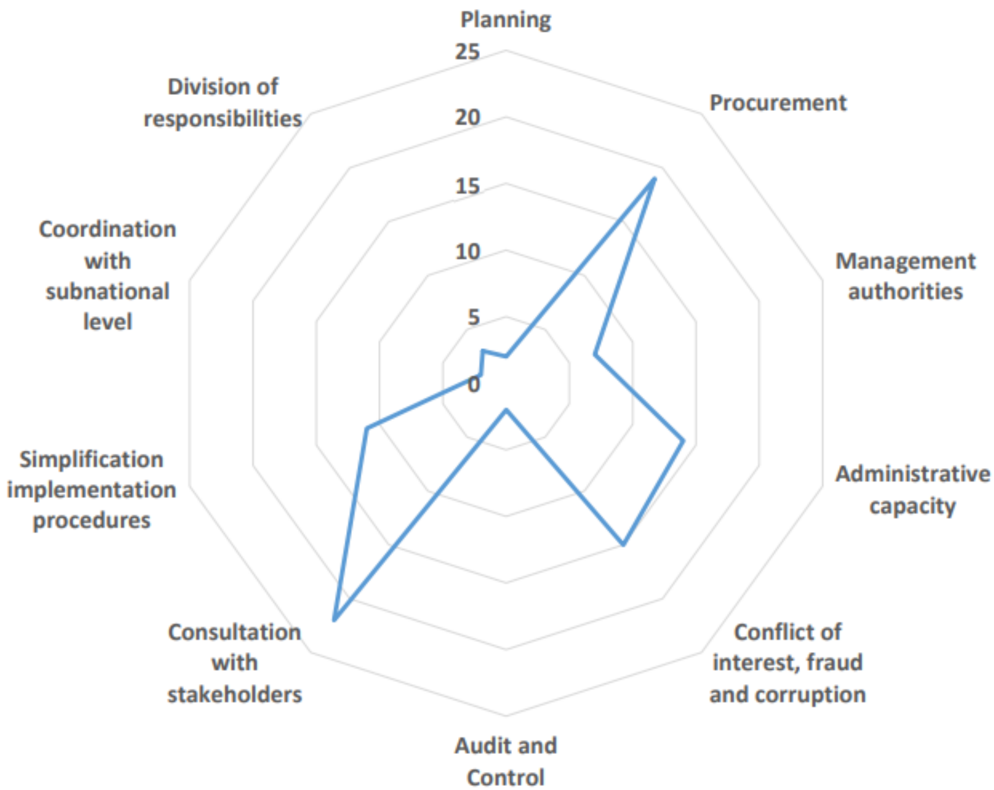
Importantly, although the share of EU-funded public investment in total public investment is expected to be high after accession, Albania is not planning to establish a dual public investment management system – one for domestic funds and one for EU Cohesion Policy funds. Consequently, the definition and assessment of administrative capacity for the project pipeline for Cohesion Policy is a forward-looking exercise, encompassing the overall capacity of the administration to manage public investment in sectors eligible under the post-2028 Cohesion Policy.

To define and assess administrative capacity for developing a Project Pipeline for Public Investment Implementation under Cohesion Policy in Albania, the study draws on an analysis of the relevant literature on public investment management, with a particular focus on public investment management under Cohesion Policy and Recovery and Resilience Facility funding, and good practice in EU Member States. It then considers the current baseline in Albania by reviewing the regulatory, institutional, and organisational framework, as well as published independent assessments of the effectiveness of public investment management. It also identifies current gaps at the "upstream" and "downstream" levels of the investment cycle through a survey conducted with a sample of authorities implementing public investment management under the EU Western Balkans Investment Framework, in the context of preparing the Roadmap for Administrative Capacity Building for Cohesion Policy. This survey builds on the approach tested in a recent Commission review of evidence on public investment management practices in all EU Member States (Belu Mănescu, 2022), and inc.ult a glossary of the relevant terminology. Finally, it proposes a methodology for defining and identifying the resources required to prepare and execute the project pipeline, as well as assessing their sufficiency, as required under the aforementioned Benchmark.

Figure 1 below outlines the factors identified by the European Commission and EU Member States for the effective delivery of Cohesion Policy. The study analyses these factors in relation to public investment management to provide a more granular analysis of the required administrative capacity at the strategic planning, identification, selection, prioritisation, medium-term budgeting, and preparation stages (upstream level), down to the execution of the budget through public procurement, monitoring, control, audit and ex-post reviews (downstream level). One limitation of the analysis is that the sample includes a small percentage of local self-government units, given their limited participation in the EU Western Balkans Investment Framework mechanism.

Figure 1

Factors for effective delivery of Cohesion Policy



Source: (Belu Mănescu, Public investment management in the EU: Key features and practices, 2021)

Note: The axis shows the number of countries where the respective factor is present. Only factors identified in at least two countries are shown.

Conclusions and Recommendations

The analysis confirms that administrative capacity for implementing public investment under the Cohesion Policy in Albania is mainly developed at the downstream level. However, even at this level, there is insufficient evaluation of budgetary efficiency and the socio-economic impact of public investment.

At the upstream level, the regulatory, institutional, and coordination framework is in place; however, the administrative capacity of individual beneficiary institutions is underdeveloped, particularly at the investment preparation stage.

To ensure that the Benchmark for Chapter 22 is met and, most importantly, to guarantee that public investment management becomes increasingly efficient and impactful, thereby tangibly contributing to the country's sustainable development, the study recommends that:

The specific features of an effective public investment management system in Albania are reviewed based on good practices observed in EU Member States, to improve public investment management and enhance its effectiveness.

Improvements to the current regulatory, institutional, coordination, and organisational framework are implemented in accordance with the defined public investment model.

The resources required to prepare and execute the project pipeline are defined, and their organisational, technical, and financial sufficiency are assessed using a robust methodology as proposed in this study.

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