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## PRESS RELEASE

### **Signing the First Commercial Loan with a Local Government Unit in Albania**

**June 4<sup>th</sup>, 2009** In a signing ceremony attended by the Mayor of Fushe Kruja, Ismet Mavriqi; Deputy Minister of Finance, Florion Mima; USAID Mission Director, Roberta Mahoney, NCB Director Pekhan Isipek and Chief of Party of the USAID Local Governance Program in Albania the city of Fushe Kruja signed the first commercial loan to a local government unit in Albania.

This commercial loan was made possible with the assistance of the USAID project LGPA, as part of the technical assistance for local economic development and supporting the implementation of the local borrowing law.

The terms of the loan are: total amount borrowed 100 million Lek; the maturity 8 years; the interest rate 6 months treasury bills plus 3.08%; the purpose of the loan is to finance the one segment of the northern ring road of the Fushe Kruja city.

In her remarks, Mahoney stated that the local governance borrowing law is a new financial instrument that will increase substantially the financial possibilities of the local unit to implement priority projects. A successful local borrowing process requires clear procedures, transparency of operations, and a professional, trained staff.

“This publication enables local administrators to implement successful borrowing procedures and effective use of public money,” said Mahoney. “Local governments that use their right to borrow effectively will be able to prepare bankable projects that promote local economic growth, improve services, and provide improved quality life for its citizens,” said Mahoney.

The Guidelines are endorsed by the Ministry of Finance and will be available to all local government units throughout Albania.

The publication is a practical guide to help local officials to successfully borrow funds necessary to implement priority projects identified through a participatory process. The main topics addressed in the Guidelines include: the borrowing procedures for long and short term loans; calculation of a local government unit’s legal borrowing limits; preparing project feasibility studies and selection of priority projects; financial analysis; preparing project proposals; evaluation of banks’ offers; loan registration and periodic reports; the role and involvement of the local government unit council and community. These Guidelines include a CD with annexes of all relevant legislation on local government borrowing and spreadsheets to calculate local borrowing limits calculations to facilitate the work of local government finance experts.

This publication was prepared through USAID’s Local Governance Program in Albania (LGPA), a program that works with municipalities to foster local economic growth, improve local governance, and strengthen civic and private sector engagement in local development.



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LGPA's partner municipalities are: Fier, Fushë-Krujë, Gramsh, Himarë, Korçë, Kukës, Lezhë, Librazhd, Pogradec and Shkodër.

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