

FY06-FY09 ALBANIA CAS COMPLETION REPORT –RESULTS MATRIX (MAR 4, 2009)

- ✓ Achieved
- ≈ Partially Achieved (on track)
- ✗ Not Achieved

(1) Country Development Goals	(2) CAS Outcomes	(3) Milestones	(4) Bank Group Program
PILLAR I: CONTINUED ECONOMIC GROWTH THROUGH SUPPORT TO PRIVATE SECTOR DEVELOPMENT			
<p>1. Continued economic growth through effective economic management and planning:</p> <ul style="list-style-type: none"> • Economic growth of 6–7% per year • <i>Macroeconomic stability through continued fiscal consolidation and debt reduction, and improvement in external balances.</i> • <i>Efficient public expenditure management.</i> 	<ul style="list-style-type: none"> ✓ Integration of various policy frameworks into a single medium-term development plan aligned with budget and MTEF. ≈ Broad stakeholders, including NGOs and private sector, are consulted for major policy formulation. ✗ Improved quality of fiscal adjustment, as evidenced by increasing share of non-wage recurrent spending. ✓ Public investments are planned and prioritized in a contestable process based on solid analysis. 	<ul style="list-style-type: none"> ≈ Meeting all fiscal criteria of the new IMF program. ✓ Integrated Planning System established and being implemented. ✓ New Organic Budget Law passed. ✓ New procedures for public investment planning being implemented across government. ✓ Debt Management Strategy clearly articulated and implemented. ≈ Clearance of all arrears on inoperative external debt. 	<p>AAA:</p> <p>CFA & updates (FY06–08) PEFA (FY07) PEIR (FY06) & Prog PEIR (FY07–08) Debt Management Assessment (FY07) IPS Trust Fund (FY08) CEM (FY09)</p> <p>Lending:</p> <p>DPLs (FY07–09) BERIS (FY06)</p>
<p>2. Enhance effectiveness of public sector and governance structures to support private sector development:</p> <p>NSSSED:</p> <ul style="list-style-type: none"> • Effective and efficient public administration (WGIs on government effectiveness increase from 41 in 2004 to 58 in 2010). • Strengthened rule of law (WGI rule of law index increases from 25.1 in 2004 to 57 in 2010). <p>NSDI focus:</p>	<ul style="list-style-type: none"> ≈ Computerized treasury system is fully operational and begins to expand to select spending ministries. ≈ Public procurement is conducted in accordance with a law meeting European standards ≈ All new concessions are implemented in line with transparent and effective legal framework. ≈ Configuration of public sector institutions adjusted to reflect mandates and functions. 	<ul style="list-style-type: none"> ≈ A modernized treasury system fully operational across central government with linked HR module. ✓ Share of competitive bidding in public procurement increases. ✓ New concessions law requires transparent competition and includes adequate treatment of unsolicited bids. ✓ Share of competitive bidding increased for PPP concessions, and unsolicited bids are strictly regulated. ≈ Functional review of public institutions 	<p>AAA:</p> <p>REPARIS (FY06) CFA and updates (FY06, FY09) PEIR (FY07) & Prog PEIR (FY08) IPS Trust Fund (FY08)</p> <p>Lending:</p> <p>DPLs (FY07–FY09) Public Administrative Reform (FY00)</p>

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<ul style="list-style-type: none"> Public administration to be able to confront challenges of developing and integrating Albania, based on meritocracy and professionalism. Full compliance with Civil Service Law and reduction in the number of appeals. 	<ul style="list-style-type: none"> ✘ Consistent implementation of the civil service law. 	<ul style="list-style-type: none"> was completed and partially implemented. ✘ Improved monitoring of civil service law implementation by Department of Public Administration. 	
<p>3. Conducive business environment to attract higher levels of both domestic and foreign investments.</p> <p>NSSSED:</p> <ul style="list-style-type: none"> Increased efficiency and transparency of the financial sector. Reduced regulatory compliance costs for businesses. Increased transparency and information disclosure of the business sector. Improved quality of the regulatory environment (World Bank Institute index of regulatory quality increase from 48.3 in 2004 to 63.2 in 2010). <p>NSDI adds indicator on:</p> <ul style="list-style-type: none"> Doing Business at same level as other recent EU members at entry. 	<ul style="list-style-type: none"> ✓ Improved regulation and supervision of insurance and microcredit institutions. ✘ Improved investor perceptions and reductions in time and costs for compliance with business licensing and inspections as measured by ARCS, Doing Business, BEEPs, and/or ICA. ≈ Improved accounting and auditing standards and disclosure of corporate information in line with EU requirements. 	<ul style="list-style-type: none"> ✓ Implementation of FSAP short-term recommendations to strengthen banking, insurance, and microcredit supervision, unify non-bank supervisory entities, and establish credit registry. ✓ Implement program to streamline licensing requirements. ≈ Initiate program to streamline inspections. ✘ Establishment of integrated-business information centers in main cities. ≈ Increased number of firms complying with financial reporting obligations and International Financial Reporting Standards. ≈ Implementation of an integrated strategy for the development of the national modernization of measurements, standards, testing and quality system. 	<p>AAA:</p> <p>FIRST TA (FY09?), Regional Balkan Facility for FSAP follow up (FY06–09) IFC Financial Sector TA (FY07–09) Special Projects Initiative – Convergence Program (FY08–10) Access to Credit Review (FY07) IFC Privatization TA and TA for Telecom Regulator (FY06) FIAS/IFC Study on the Development of Industrial Parks (FY06) ICA (FY08) CEM (FY09) ARCS (FY09) Accounting and Auditing ROSC (FY06) and follow-up CFA and updates (FY06 and FY09) Agric Competitiveness (FY07)</p> <p>IFC Standards TA (FY06–FY09)</p> <p>Lending:</p> <p>DPLs (FY07–FY09) BERIS (FY06).</p>

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<p>4. Enhance national infrastructure necessary for economic growth and private sector development:</p> <p>NSSSED:</p> <ul style="list-style-type: none"> • Efficient, reliable, and affordable infrastructure and utilities. • More efficient O&M and improved strategic planning of transport infrastructure. • Provision of adequate, reliable, and affordable electricity supply. • Effective participation in the South East Europe regional electricity market. <p>NSDI adds priorities on:</p> <ul style="list-style-type: none"> • Energy efficiency. • Road safety. 	<ul style="list-style-type: none"> ✓ Annual 5% increase in real budgets for road maintenance and introduction of private sector maintenance contracts: ✓ Reduced roughness index of 1,000 km of main and rural roads from 9.79 in 2002 to 7.4 in mid-2007. ≈ 1,000 km of secondary and local roads rehabilitated or reconstructed by 2010. ✓ Reductions in road accident and fatality rates by addressing accident black spots. ✓ Increase domestic power generation capacity by 15 percent. ✗ Achievement of annually agreed Power Sector Action Plan targets for reductions in transmission and distribution losses. 	<ul style="list-style-type: none"> ✓ Adherence to regularly updated Albania National Transport Plan. ≈ Restructuring of General Roads Directorate into an autonomous agency by FY09. ✓ Introduction of multi-agency road safety program and compliance of national roads standards with principles of Safe Roads Design. ✓ Improve at least 20 accident blackspots. ✓ Commission 100 MW thermal power station. ✓ Concession Ashta hydropower plant (50 – 60 MW) through solicited bid process (IFC). ✓ Upgrade electricity distribution systems in 3 regions. ≈ Rehabilitate 8 transmission substations ✓ Privatize KESH distribution arm (IFC). ≈ Advance implementation of Electricity Transitional Market Model and ECSEE commitments. 	<p>AAA:</p> <p>PEIR (FY06) & Prog PEIR (FY07–08)</p> <p>PPIAF Framework for Public-Private Concessions in the Road Sector (FY06)</p> <p>IFC TA on Concession Law (FY07)</p> <p>IFC Advisory Services: (FY08–09) for KESH Distribution, Durrës Container Port, and Ashta Hydropower</p> <p>CFA and updates (FY06 and FY09)</p> <p>Maintenance and Management of Local Roads (FY08).</p> <p>ECSEE Least-Cost Options Study update (FY06)</p> <p>Lending:</p> <p>Road Maintenance (FY02) Transport (FY07)</p> <p>Secondary and Local Roads (FY08)</p> <p>Power Sector Rehab and Restructuring (FY02)</p> <p>Power Sector Generation and Restructuring (FY04)</p> <p>ECSEE APL2 (FY05)</p> <p>ECSEE APL5 (FY08)</p>
<p>5. Establish efficient land markets and spatial planning to support rural and urban development.</p> <p>NSSSED:</p> <ul style="list-style-type: none"> • More efficient land and property markets. • Improve land tenure security by 	<ul style="list-style-type: none"> ≈ Accelerate completion of urban and rural cadastral zones ≈ Reductions in the time for registration of land transfers from 47 days to 10 days. ≈ Development of urban regulatory plans 	<ul style="list-style-type: none"> ≈ Complete first registration of 500,000 urban properties. ≈ Complete modernization of Immovable Properties Registration Office. ✓ Passage of new Law on Territorial 	<p>AAA:</p> <p>Urban Development Review (FY07)</p> <p>IFC Housing Finance TA</p>

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<p>registration of all urban and rural properties.</p> <ul style="list-style-type: none"> Improved land-use planning, development, and control for coastal and peri-urban areas. Raising urban productivity by improving the provision of public utilities. Building local government capacity to provide sustainable financing for improving urban infrastructure. <p>NSDI focuses on:</p> <ul style="list-style-type: none"> Implementation of integrated model of spatial planning to guarantee sustainable land development. Initial registration to focus on completing urban and priority development areas. 	<p>for Tirana and 8 key secondary cities.</p> <ul style="list-style-type: none"> ✘ 150 km of coastal zone with orderly land-use plans. ≈ Provision of key secondary cities with improved urban infrastructure. ✓ Provision of coastal communities with improved infrastructure to help support environmentally sustainable tourism. 	<p>Planning.</p> <ul style="list-style-type: none"> ✓ Adoption of the Southern Coastal Development Plan and Regulations. ✘ Adoption of detailed regulatory plans for 3 coastal municipalities/communes and local strategic plans for at least 5 coastal communes. <p>1.</p>	<p>Lending:</p> <p>Agricultural Services (FY01) ICZMP (FY05) Land Admin & Mgmt (FY07)</p>
<p>6. Support sustainable rural development to ensure continued economic growth and poverty reduction:</p> <ul style="list-style-type: none"> Sustained agriculture growth and job creation in rural areas. Improving efficiency and coverage of irrigation. Developing adequate infrastructure for the fishery sector and institutional frameworks for sustainable marine resource management. Raising stakeholder participation in the management of irrigation, water resources, fisheries, and forests. 	<ul style="list-style-type: none"> ≈ Crop yield increases of 45%, 70%, and 40% for maize, alfalfa, and vegetables in rehabilitated irrigation areas. ✓ 100% of rehabilitated irrigation canals managed by user associations. ✓ Increased supply of improved planting materials—25% rise in multiplication of basic seeds by research stations. ✓ Promotion of agricultural innovation — at least 100 farmer groups witness productivity gains by use of new technology, diversification, or access to new markets. ✓ Annual increases of 20% in volume and diversity of goods traded in constructed markets. 	<ul style="list-style-type: none"> ≈ 50,000 ha of land returned to irrigation. ≈ 80% of irrigation areas for which services are paid in full at around <i>US\$12/ha</i>. ✘ 100% of drainage boards with satisfactory audits. ✓ Satisfactory operation of 4 new or upgraded fruit and vegetable markets. ✓ Establishment of sustainable co-management of marine resources by Government and communities. ✓ All 6 key fishing ports rehabilitated and management plan adopted by the communities. 	<p>AAA:</p> <p>PEIR (FY06) & Prog PEIR (FY07-08) CFA and updates (FY06, FY09) Agriculture Competitiveness Review (FY07)</p> <p>Lending:</p> <p>Agriculture Services (FY01) Pilot Fishery Devt (FY02) Community Works II (FY03) Water Res Mgmt (FY04)</p>

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	<ul style="list-style-type: none"> ✓ Increase in sustainable marine and inland fish catch. 		
PILLAR 2: IMPROVED SERVICE DELIVERY, PARTICULARLY IN THE SOCIAL SECTORS			
<p>1. Improved quality of, and equity in access to, education services:</p> <p>NSSSED:</p> <ul style="list-style-type: none"> • Raise net primary enrollment rate from 97% in 2004 to 100% in 2015. • Raise net secondary enrollment rate from 55% in 2004 to 90% on 2015. • Improve educational attainment and learning outcomes. <p>NSDI adds focus on:</p> <ul style="list-style-type: none"> • Efficiency of education spending. 	<ul style="list-style-type: none"> ≈ Net secondary enrollment increases from 55% in 2005 to 72% in 2009. ✓ Completion of curriculum reform in basic education by 2008. ✓ Completion of new curriculum reform in secondary education by 2010. ✓ 15% of schools with functioning school boards and school improvement plans by 2009. ✓ Standard deviation of per capita student expenditures reduced from 4,000Lek to 3,000Lek by 2009. 	<ul style="list-style-type: none"> ✘ 20 new basic and secondary schools constructed and operating by FY10. ≈ 70% of teachers participating in continuous professional development by 2010. ✓ Mandatory basic education is extended to 9 years. ✓ Albania to participate in 2009 PISA. ✓ Timetable for decentralization of various sectoral functions agreed upon by key stake-holders (MoEd, MoI, MoF, Association of Mayors). ✓ Full clarification of the financing formula and funding responsibilities of all government levels. 	<p>AAA:</p> <p>Labor Mkt Assessment (FY06)</p> <p>PEIR (FY06) & Prog PEIR</p> <p>Povety Assessment (FY07) & Prog Pov TA</p> <p>Secondary/Tertiary Education Note (FY08)</p> <p>Governance & Accountability in Social Sector Service Delivery (FY09)</p> <p>Lending:</p> <p>Education Equity and Excellence (FY06)</p>
<p>2. Improved quality and accessibility of health services:</p> <ul style="list-style-type: none"> • Improved quality and equity in access to essential health care services. • Strengthen sectoral stewardship and measures to ensure fiscal sustainability. • Reduce infant mortality from 15.1 per 1,000 live births in 2004 to 10 in 	<ul style="list-style-type: none"> ≈ Allocation of public funding based on health needs and primary care providers—target: establishment of performance contracts with 5 hospitals by 2009. ≈ Establishment of formal co-payment system yielding 20% reduction in reported informal payments in target regions by 2009. ≈ Improved quality of health care 	<ul style="list-style-type: none"> ≈ Adoption of modern legislative framework for health financing, provider and physician licensing, and for private health care provision by 2007. ✘ Implementing regulations for new health care and financing law established by 2008. ✓ Institutional framework established for development of CPG and quality 	<p>AAA:</p> <p>PEIR (FY06) & Prog PEIR TA</p> <p>Poverty Assessment (FY07) & Prog Pov TA</p> <p>Governance and Accountability in Social Sector Service Delivery (FY08)</p> <p>Lending:</p>

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<p>2015.</p> <ul style="list-style-type: none"> Reduced maternal mortality rate from 12 per 100,000 live births in 2004 to 6 in 2015. 	<p>services through use of evidence-based Clinical Practice Guidelines (CPGs) in 32 key diseases.</p> <ul style="list-style-type: none"> ✓ Complete training of 100% Primary Health Care physicians and nurses in 7 regions by 2009. 	<p>improvement training of primary care providers started.</p> <ul style="list-style-type: none"> ✓ Licensing system with basic requirements for all health care institutions and professionals established. ≈ New organization and governance structures implemented for primary health care in 50% of regions and in 5 hospitals. 	<p>Public Admin Reform (FY00)</p> <p>Health System Modern (FY06)</p> <p>DPOs (FY07–09)</p>
<p>3. Improve provision of social security and assistance services and their sustainability:</p> <p>NSSSED:</p> <ul style="list-style-type: none"> Improved fiscal sustainability of social insurance. Improved effectiveness of the cash social assistance system. Effective decentralization of social service delivery to better meet local demands and needs. <p>NSDI adds focus on:</p> <ul style="list-style-type: none"> Improved targeting of social assistance program. 	<ul style="list-style-type: none"> ✓ Improved delivery of social care services through (a) a 50% increase in access of vulnerable groups to effective social care services in at least 8 regions, and (b) 70% of social care services in selected regions to meet their performance targets by 2009. ≈ Improvements in targeted cash transfers for social assistance: (a) at least 30% of poor households receive cash social assistance, and (b) 90% of social assistance goes to poor households. ≈ Adoption of a pension policy and administrative reform program to achieve fiscal sustainability. 	<ul style="list-style-type: none"> ✓ Implementation of the social assistance and social services strategy, including adoption of national service standards for social services. ✓ Establishment and operation of 44 daily care centers. ✓ Completion of Living Standards Measurements Study and Household Budget Surveys to improve capacity to develop, monitor, and evaluate more effective social policy. ≈ Completion of the evaluation of the effectiveness and targeting of the cash social assistance system and initiation of corrective measures. ✓ Updated pension model developed and Social Insurance Institute (SII) trained to use it as a tool to inform policy options and monitor impact of policy decisions. 	<p>AAA:</p> <p>PEIR (FY06)</p> <p>Social Assistance Review (FY07)</p> <p>Poverty Assessment (FY07) & Prog Pov TA</p> <p>Governance and Accountability in Social Sec. Serv. Delivery (FY09)</p> <p>Lending:</p> <p>Social Services Dev (FY01)</p> <p>DPLs (FY07–09).</p>
<p>4. Poverty reduction through income increases and improved service delivery in both urban and rural</p>	<ul style="list-style-type: none"> ✓ Improved access to and quality of urban water supply for 300,000 people in Durrës, Saranda, Fier, and Lezha. 	<ul style="list-style-type: none"> ✓ Improved benchmarking and monitoring of water utilities. ✓ Establishment of private sector 	<p>AAA:</p> <p>PPIAF Water Supply and Sanitation</p>

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<p>areas: NSSSED:</p> <ul style="list-style-type: none"> • Reduce absolute poverty headcount from 25.4% in 2002 to 20% in 2006 and 10% in 2015. • Reduce extreme poverty headcount from 4.5% in 2002 to 3% in 2006 and 0% in 2015. • Increase population with access to safe drinking water from 75.4% in 2003 to 98% in 2015. • Increase population with access to improved sanitation from 68% in 2003 to 95% in 2015. • Improve rural and peri-urban infrastructure. <p>NSDI adjusts targets to:</p> <ul style="list-style-type: none"> • Poverty headcount to fall below 10% by 2013. • Share of population covered by 2013: water supply 95%, sewerage 83%, and wastewater treatment 45%. 	<p>≈ Improved access to urban sanitation in Saranda municipality and wastewater treatment in Durres, Saranda, and Lezhe/Shengjin.</p> <p>✓ Local community management of 660,000 ha of upland erosion-prone land using sustainable natural resource management plans.</p> <p>✓ 10% increase in economic benefits from sustainable use of natural resources at the commune or village level.</p>	<p>management contract for four city water utilities.</p> <p>✓ Improved operating and financial performance of municipal utilities in Durres, Saranda, Fier, and Lezhe.</p> <p>✗ Reformed system for allocating operating subsidies and investment transfers to all water utilities.</p> <p>✓ Clarification of responsibilities across agencies and communities for provision/maintenance of rural infrastructure.</p> <p>✓ Establishment and implementation of 50 new communal forestry management plans.</p> <p>✓ Usufruct rights defined, documented, mapped, and demarcated in 218 communes.</p> <p>✓ “Decision tool” developed to facilitate optimal selection of community projects for economic development and poverty alleviation.</p>	<p>(FY06)</p> <p>PEIR (FY06) & Prog PEIR TA</p> <p>Poverty Assessment (FY07) & Prog Pov TA</p> <p>CFA and updates (FY06–09)</p> <p>Maintenance and Management of Local Roads (FY07).</p> <p>Lending:</p> <p>Municipal Water and Wastewater (FY03)</p> <p>Community Works II (FY03)</p> <p>Integrated Water and Ecosystem Management (FY04)</p> <p>Natural Resources Development (FY05)</p> <p>Integrated Coastal Zone Management and Clean-up Project (FY05)</p> <p>Land Mgmt and Urban Devt (FY07)</p> <p>Secondary and Local Roads (FY09)</p>

FY06-FY09 PLANNED LENDING PROGRAM AND ACTUAL DELIVERIES

CAS PLANS (01/10/06)				PROGRESS REPORT (05/09/08)		
FY	Project	US\$ (M)		Status	US\$ (M)	
		IDA	IBRD		IDA	IBRD
2006	Health System Modernization	15.0		Actual	15.4	
	Education Excellence and Equity	15.0		Actual	15.0	
	Business Environment Enhancement and Institutional Reform	6.0	5.0	Actual a/	3.7	5.6
				<i>Additional Actual Projects:</i> Avian Influenza Control & Human Pandemic Preparedness & Response	5.0	
	Subtotal	36.0	5.0	Subtotal	39.1	5.6
2007	Land Management & Urban Development	20.0	15-20.0	Actual b/	15.0	20.0
	First Development Policy Loan	10.0		Actual	10.0	
				<i>Additional Actual Projects:</i> Transport (advanced from FY08)	5.0	20.0
	Subtotal	30.0	15-20.0	Subtotal	30.0	40.0
	Subtotal FY 2006-2007	66.0	20-25.0	Subtotal FY 2006-2007	69.1	45.6

a/ Name of the project was changed to Business Environment Reform and Institutional Strengthening

b/ Name of the project was changed to Land Administration and Management

	PROGRESS REPORT PLANS (05/09/08)			COMPLETION REPORT (XX/XX/10)		
2008	Secondary and Local Roads	20.0		Actual	20.0	
	Disaster Management and Adaptation	6.1	3.0	Actual b/	6.1	3.0
	ECSEE APL V: Hydropower Dam Safety	34.9		Actual	34.9	
	Subtotal	61.0	3.0	Subtotal	61.0	3.0
2009	Pension Administration Reform – Additional Financing		5.0	Substituted with Social Services Delivery – Additional Financing		5.0
	Second Development Policy Loan		25.0	Dropped		
	ECSEE APL: Distribution		10.0	Dropped		
	Catastrophic Risk Deferred Drawdown Option c/		26.5	Replaced with Electricity Distribution Partial Risk Guarantee		
	Subtotal		40.0	Subtotal		78.0
	Subtotal FY 2008-2009	61.0	43.0	Subtotal FY 2006-2007	61.0	86.0
	Total FY2006-2009	127.0		Total FY2006-2009	130.1	131.6

b/ Name of the project was changed to Disaster Risk Mitigation and Adaptation

c/ The CAT-DDO was not counted against Albania's CAS allocation until drawdown at the time of CAS Progress Report. However with the conversion to an exposure allocation system it would be counted as 100%

