

## RESULTS MATRIX FOR THE COUNTRY PARTNERSHIP STRATEGY

COUNTRY DEVT GOALS (from the NSDI)	ISSUES AND OBSTACLES	OUTCOMES THE WBG PROGRAM IS EXPECTED TO INFLUENCE	MILESTONES (**for Governance Filter v2.0)	WBG INSTRUMENT
<b>Strategic Objective 1: Accelerating the recovery in Albania's economic growth through improved competitiveness</b>				
<i>(i) Sound macroeconomic management and improved public expenditure management</i>				
<p>“Macroeconomic stability will be maintained through fiscal consolidation, continuous reduction of domestic debt, improvement of the current balance and fiscal policy design in agreement with monetary policy” NSDI, p.17</p>	<p>Albania needs to strengthen the credibility and contestability of fiscal policy and the budget process, including by introducing more ex post monitoring and analysis of expenditures and development outcomes, and improving the quality of national statistics. Meanwhile continued progress on fiduciary reforms is essential to improve the governance of public expenditures.</p>	<p>Improved credibility and contestability of fiscal policy, national economic statistics, reporting on development outcomes and governance of public spending, as indicated by:</p> <ol style="list-style-type: none"> <li>1. Adoption of a fiscal rule or equivalent anchor for fiscal policy by 2014</li> <li>2. MTBP process includes institutionalized program for ex-post budget analysis by 2013**</li> <li>3. NSDI Progress Reports include reporting on: (i) budget execution and (ii) independent statistical information on targets and outcomes.</li> <li>4. All public investment planned through new procedures and fully integrated in the MTBP process by 2013</li> <li>5. Further reduction in reported share of contract value that respondent firms report paying to obtain government contracts (status: 4.4%, target: closer to sub-regional averages)</li> </ol>	<p>Automated treasury system fully implemented across and used by all central government ministries and agencies for payments, receipts, commitments and asset management**</p> <p>Albanian Financial Management Information System established in central government</p> <p>Detailed and consolidated government in-year budget execution reports published monthly on-line by 2012</p> <p>All Bank-finance projects budgeted fully in the MTBP, using Treasury System for financial management, and reported on in government financial reports**</p> <p>Fully functional EU-compliant procurement complaints review mechanism in place</p> <p>e-procurement system certified for use by some donor-financed projects, including World Bank**</p>	<p>Integrated Planning System MDTF</p> <p>Governance Partnership Facility - Fiduciary Action Plan</p> <p>REPARIS Corporate Finance Reporting Enhancement Project</p> <p>Social Services DPL (FY11)</p> <p>Growth DPLs (FY12-FY14)</p> <p><i>Governance Filter v2.0</i></p> <p><i>Quarterly Econ Reviews</i></p> <p><i>PEFA (FY12)</i></p> <p><i>ROSC on Fiscal Transparency (FY12)</i></p> <p><i>ROSC on Data Quality Assessment Framework (FY13)</i></p>
<i>(ii) Improving business regulations and reducing compliance costs for the private sector</i>				

COUNTRY DEVT GOALS (from the NSDI)	ISSUES AND OBSTACLES	OUTCOMES THE WBG PROGRAM IS EXPECTED TO INFLUENCE	MILESTONES (**for Governance Filter v2.0)	WBG INSTRUMENT
<p>“A favorable business climate will be created for the dynamic development of private enterprise and the attraction of foreign investment” NSDI, p.17</p>	<p>The cost of doing business in Albania remains a high in part due to administrative corruption and a high “time tax”, Albania’s investment climate is undermined by inadequate property administration and weaknesses in urban land administration.</p>	<p>Reduce the cost of business, as evidenced by:</p> <ol style="list-style-type: none"> <li>6. Two full Regulatory Impact Assessment conducted per year by 2013.</li> <li>7. Decrease in the number of inspections per business per year (status: 32 in 2009; target: 12 in 2011).</li> <li>8. Decrease in time to receive a building permit (status: 180 days in 2007; target: 100 days at end-2011)</li> </ol>	<p>Increase in government officials trained in regulatory review techniques (status: 3 in 2008; target: 375 in 2011)</p> <p>Regulatory framework for inspections revised and adopted</p> <p>Increase in number of titles issued in urban areas (status: 130,000 in 2009; target: 320,000 at end-2011)</p> <p>Complete computerization of Immovable Property Registration Office.</p>	<p>Business Environment Reform and Inst Strengthening Project</p> <p>Land Administration and Management Project</p> <p><i>Governance Partnership Facility Expropriations &amp; Safeguards TA</i></p> <p><i>IFC Trade Logistics Program</i></p> <p><i>IFC Tax Simplification Project</i></p> <p><i>IFC Sub-national Competitiveness Program</i></p> <p><i>SEE Doing Business initiative</i></p>
<p>“By 2013, Albania will reach the same level as Central and Eastern European countries on the year they became members of the EU, on <i>Doing Business</i> indicators, which is prepared by the World Bank” NSDI, p.18</p>	<p>Albania is slowly introducing EU and international standards for the private sector, but there is a need to reinforce the implementation and strengthen private sectors ability to comply with these requirements</p>	<p>Improving private sector compliance with selected EU and international requirements, as indicated by:</p> <ol style="list-style-type: none"> <li>9. Public oversight architecture established in line with new auditing law and EU directives</li> <li>10. Extractive Industries Transparency Initiative validation by 2012.</li> <li>11. Increase in labs accredited in European Accreditation Standards (status: 13 in 2009; target: 30 in 2011)</li> <li>12. Public electronic disclosure of 15% of environmental permit applications by 2012</li> </ol>	<p>By-laws and regulations developed for a audit oversight system in line with EU directives.</p> <p>National Accounting Council regularly publishes updated International Financial Reporting Standards (IFRS)</p> <p>EU-compliant National Metrology Laboratory fully operational</p> <p>Train staff in 50 calibration areas by 2011.</p> <p>Public, on-line database on environmental permit applications in place by Dec 2012</p> <p>Increase in number of individuals and organizations trained in AaC principles (status: 0 in 2010; target: 250 in 2012)</p>	<p>Business Environment Reform &amp; Inst Strengthening Project</p> <p>REPARIS Corporate Finance Reporting Enhancement Project</p> <p>Aarhus Convention Compliance IDF</p> <p>Extractive Industry Transparency Initiative MTDF</p> <p><i>IFC International Standards &amp; Technical Regulations Program</i></p>
<p><b><i>(iii) Improved and more financially sustainable, infrastructure services in roads, energy, and irrigation</i></b></p>				
<p>“The energy system</p>	<p>Albania’s energy sector</p>	<p>Improved domestic energy supply, transmissions</p>	<p>Complete construction and initiate</p>	<p>Power Sector Gen &amp;</p>

COUNTRY DEVT GOALS (from the NSDI)	ISSUES AND OBSTACLES	OUTCOMES THE WBG PROGRAM IS EXPECTED TO INFLUENCE	MILESTONES (**for Governance Filter v2.0)	WBG INSTRUMENT
<p>will be developed based on market principles, the domestic market will be open and liberalized, and will be integrated with the regional and European energy market. The capacity to produce energy will increase with the aim to cover the aggregate demand for energy” NSDI, p.17</p>	<p>continues to face technical and financial challenges, in part owing to an unfinished reform agenda. Recent reforms including unbundling of the system, privatization of the retail supply and investments in strengthening generation and transmission capacities need to be brought to fruition before the impacts can be felt.</p>	<p>system operation, safety and operational efficiency of hydropower dams, and distribution system cost recovery, as indicated by:</p> <ol style="list-style-type: none"> <li>13. Increased and diversified capacity to generate electricity of 700 GWh per annum</li> <li>14. Development of 150 MW of new hydropower potential from small and medium sized plants</li> <li>15. Reduction in residential energy consumption by 20,000 Kwh from micro-loans for energy efficiency improvements</li> <li>16. Increase in the availability of rehabilitated substations (availability rate status: 85.4% ; target 98.5% in 2013)</li> <li>17. Increase in electricity output from hydropower plant equipment rehabilitation &amp; improving reservoir optimization procedures (status: 0 GWh in 2008; target: 30 GWh in 2013)</li> <li>18. Full implementation of cost recovery tariffs by 2014</li> </ol>	<p>commercial operations of Vlore Thermal Power Plant.</p> <p>Rehabilitation of six substations completed.</p> <p>Complete restructuring of Transmission System Operator and business plan including new tariffs approved.</p> <p>Remedial measures of high and medium priority targeting spillways and other dam infrastructure completed.</p> <p>Timely tariff adjustments approved for Distribution System Operator and Retail Public Supplier in conformity with the agreed Regulatory Statement</p> <p>Cooperation Agreements signed with five banks to implement the Residential Energy Efficiency program.</p> <p>Revised step-in rights law encourages banks to finance Small Hydro Power Plants (SHPPs).</p>	<p>Restructuring Project</p> <p>ECSEE Energy APL2 Transmission Project</p> <p>ECSEE APL5 Dam Safety Project</p> <p>Partial Risk Guarantee for Privatization of Distribution System Operator</p> <p>IFC Renewable Energy Program for Small Hydro Power Plants</p> <p>IFC Residential Energy Efficiency Micro Loans</p> <p>IFC direct investments &amp; specialized financial products in clean and renewable energy</p> <p><i>Economic Governance of Utilities - UNDP Fee-based service</i></p>
<p>“Transport infrastructure, in particular road transport will be improved and enable the creation of an integrated economic space... support to the maintenance of national roads will grow... about 6000 km of</p>	<p>Albania’s competitiveness is impaired by inadequate road infrastructure. Over 75% of the local network is in poor condition. There has been a significant increase in road investments requiring commensurate increases in provisions and the efficiency of road maintenance. Efforts to improve road management institutions are underway and need to be consolidate.</p>	<p>Improved road conditions and sustainability of road investments as indicated by:</p> <ol style="list-style-type: none"> <li>19. 26 communities with improved road access to services and markets (status: 0 in 2010; target: 26 in 2012)</li> <li>20. Increase in share of regional and local roads in better conditions (status: 0 km in 2009; project target: 108 in 2012; program target 1,700 in 2014)</li> <li>21. Percentage of the national road network covered by performance based maintenance contract (status 0 in 2009; target 10% in</li> </ol>	<p>108 km in local and secondary roads reconstructed/rehabilitated (by Bank project);</p> <p>1,700 km of regional and local roads reconstructed/ rehabilitated (by the entire multi-donor funded program);</p> <p>Creation of an asset management systems for secondary local roads and Albania National Road Authority.</p> <p>Operation and Management PPP contract for the Milot-Morine road tendered and signed</p>	<p>Transport Project</p> <p>Secondary &amp; Local Roads Project</p> <p>Road Maintenance &amp; Safety (FY13)</p> <p><i>IFC’s advisory for PPPs in Road Operation and Maintenance</i></p>

COUNTRY DEVT GOALS (from the NSDI)	ISSUES AND OBSTACLES	OUTCOMES THE WBG PROGRAM IS EXPECTED TO INFLUENCE	MILESTONES (**for Governance Filter v2.0)	WBG INSTRUMENT
rural roads will be rehabilitated by 2013” NSDI, p.16		2014)		
Increased agricultural productivity by improving irrigation system	Albania has high potential for agriculture, but faces significant rainfall variability, and irrigation and water management practices are fragmented and inefficient.	Improved irrigation services as indicated by: 22. Number of irrigated and drained ha of land in rehabilitated schemes ( <i>Baselines and targets to be determined during project preparation</i> )	Irrigation Policy and Strategy submitted to the Council of Ministers  Reservoir, irrigation and drainage infrastructure rehabilitated  Number of irrigation reservoirs in compliance with dam safety regulations ( <i>baselines and targets to be decided</i> )	Water Resources and Irrigation Project (FY12)  <i>Climate Change Pilot on Adaptation in Agriculture TA</i>
<b><i>(iv) Stronger banks and micro-finance institutions and support for competitive local companies</i></b>				
Given the global financial crisis, IFC will increase its support for the banking sector with a focus on broadening access to finance, especially for MSMEs.	Private banks have become more risk-averse and the country has been experiencing a slowdown in the banks’ lending to local companies.  There is economic disparity between rural/semi-urban and urban development. Existing micro finance institutions are unable to meet the growing needs for loans and other services	Local banks' portfolios are stronger, more efficient and diversified  More loans are made to local companies especially MSMEs, and services to clients have improved  The service quality of micro finance institutions has improved and their lending has increased, especially in remote rural areas	The balance between the demand and supply for lending has improved  Banks have improved compliance with BoA regulations for managing NPLs.  Banks' loan portfolios are more diversified  The network of MFIs has expanded throughout Albania and offers more diversified products. Improved MFIs internal rules and regulations to comply with BoA guidelines	IFC’s support to banks through credit lines, partial guarantee product, energy efficiency and renewable energy products and, if needed, strengthen their capitalization IFC’ debt, equity and Advisory Services
<b>Strategic Objective 2: Broadening and sustaining Albania’s social gains</b>				
<b><i>(i) Broader access to education, particularly secondary and higher education, and improved quality at levels</i></b>				
“Establish a good quality, inclusive and flexible education system that will respond to the demands of the	Albania needs to broaden its sources of productivity and employment growth through more effective investments in human capital – secondary enrollment is low in part due to poor quality and learning	Improved access to and quality of secondary education, as indicated by: 23. Increase in secondary enrollment (status: 60% in 2009; target: 100% at end-2014) 24. Triple shifts eliminated; double shifts	Complete reform of all three grades of secondary curricula.  Increase in teachers participating in continuous professional development (status: 25% in 2009; target: 70% at end-2010)	Education, Excellence, and Equity Project  Education Project (FY14) ( <i>outcomes expected next CPS</i> )

COUNTRY DEVT GOALS (from the NSDI)	ISSUES AND OBSTACLES	OUTCOMES THE WBG PROGRAM IS EXPECTED TO INFLUENCE	MILESTONES (**for Governance Filter v2.0)	WBG INSTRUMENT
market” NSDI, p.18	outcomes , and tertiary education needs to be more market-responsive.	reduced in secondary schools by 2014 Reform of higher education institutions as indicated by: 25. Fully functioning quality assurance system for higher education.	Construction of 12 new schools; extension of 8 existing schools; and rehabilitation of 10 schools completed by end-2013. Performance based financing in place for all (11) public universities by 2014. 100 university labs provided with modern didactic equipment.	
<b><i>(ii) Improved access to quality primary health care and more efficient of public spending on health care</i></b>				
“The public health system will offer a basic, good quality and effective service for all through managerial improvements” NSDI, p.18	Access to quality primary health care services is inadequate in Albania, particularly among the poor. Health care financing and governance is fragmented, and an inefficient distribution of facilities impairs effective delivery of care.	Improved access to quality primary health care, as evidenced by: 26. Increase in the population enrolled in health insurance (status: <10% in 2009; target: 70% in 2014) 27. 100% of Ndhme Ekonomike recipients receiving Basic Benefits Package Improve the efficiency of public spending on health care, as evidenced by: 28. Decrease in the share of public sector spending on hospital care (status: 58%; target: 48%)	Universal re-training of PHC providers completed Basic Benefits Package established and implemented. Unification of primary and secondary health care purchasing under the Health Insurance Institute. Adoption and initiation of implementation of rationalization plan for the health sector. All public hospitals financed under performance-based contracts	Health System Modernization Project Health Project (FY14) <i>outcomes expected next CPS</i>
<b><i>(iii) Improved targeting and effectiveness of Albania’s social protection systems</i></b>				
“The inclusion of poor individuals and households in the Ndhme Ekonomike will be guaranteed and the programme will better cover the needs of the beneficiaries.” “The public pension system will be restructured and reformed”	Poverty impact of Ndhma Ekonomike is low, in part due to the need for better targeting. Meanwhile, the administration of social benefits is inefficient, and spending on non-contributory disability program is disproportionate. Pension system has significant long term fiscal deficits and low coverage.	Improved efficiency of social assistance expenditure and benefit administration, as indicated by: 29. Increase % of the poor receiving means-based social assistance (status: 22% in 2008; target 40% in 2014) 30. Parametric reform of the pension system, to improve participation and the long term fiscal deficit, under implementation	Assessment procedures and eligibility criteria revised for disability benefits (including disability pensions). Electronic central registry of beneficiaries introduced and fully operational. Improved financial management systems and fraud and error controls for NE full operational. Pension reform strategy adopted.	Social Service Delivery Project Social Services DPL (FY11) Social Assistance Investment Project (FY12) Growth DPLs (FY12-14) <i>Programmatic Poverty Analysis</i> <i>Economic Governance of</i>

COUNTRY DEVT GOALS (from the NSDI)	ISSUES AND OBSTACLES	OUTCOMES THE WBG PROGRAM IS EXPECTED TO INFLUENCE	MILESTONES (**for Governance Filter v2.0)	WBG INSTRUMENT
NSDI, p.18				Utilities - UNDP Fee-based service
<b>Strategic Objective 3: Reducing Albania's vulnerabilities to climate change</b>				
<i>(i) Improved the conversation, management and efficient use of Albania's water resources</i>				
<p>"To protect and enhance the environment through the sustainable management of natural resources in rural areas"</p> <p>NSDI, p.73</p>	<p>Forests and water catchments in mountainous regions face increasing pressures from erosion, illegal logging, and development, but local capacity to manage resources is limited.</p>	<p>Reduce upstream risks of erosion by improving management of Albania's wetlands, forest and pasture resources and water catchments, as indicated by.</p> <p>31. 25% increase in income earned from forest activities in communal forest and pasture lands</p> <p>32. 400,000 tons of erosion reduced</p>	<p>Continued implementation of community-based micro-catchment management plans in 30 communes and community-based forest and pastures management plans in 239 communes.</p> <p>Restructured forestry extension services.</p> <p>Increased carbon sequestration from sustainable forestry activities (status: est 45,000 tons CO2 sequestered in 2009; target: 181,000 tons in 2014)</p>	<p>Natural Resources Development Project</p> <p>Natural Regeneration Bio Carbon TF</p> <p>Environmental Services Project (FY13)</p>
<p>Improved coastal infrastructure and services to conserve tourism potential and ensure development in a sustainable manner</p>	<p>Lack of critical environmental infrastructure and services in the Southern Coast risk damaging coastal resources and jeopardizing tourism development.</p>	<p>Improved critical public environmental infrastructure and municipal services as evidenced by</p> <p>33. Tons of household waste safely disposed in accordance with EU standards in South Coast (status: 0 tons, target: at least 5000 tons of household waste))</p> <p>34. Tons of treated sewage in coastal cities (status : 0 in 2010; target: 48,000 in 2012)</p>	<p>Completed remediation of one of the most contaminated coastal sites at Porto Romano</p> <p>Operational landfill near Saranda and transfer center in Himara.</p> <p>Completed extensions to the sewage network and wastewater outlet in Saranda; and sewage and treatment infrastructure in Himara.</p> <p>Land-filling and encapsulation of 45,000 m3 of hazardous waste at Porto Romano</p> <p>Adoption of new management plan for Butrint National Park and wetlands in line with Ramsar Convention.</p>	<p>Integrated Coastal Zone Mngt &amp; Clean-Up</p>
<p>Improved water resource management toward more efficient and sustainable use of Albania's water</p>	<p>Albania will likely face significant impacts from climate change on the availability and pattern of its water resources which it needs for energy, municipal water</p>	<p>Improvements in the framework for management of water resources as indicated by:</p> <p>35. National Integrated Water Resources Management Strategy submitted to the Council of Ministers</p>	<p>Water Cadastre [completed]</p> <p>Capacity building programs provided to the National Water Council, water user associations, and drainage boards</p> <p>Joint Albania/ Montenegro Lake Shkodra</p>	<p>Lake Shkodra Integrated Ecosystem Mgmt GEF</p> <p>Disaster Risk Mitigation &amp; Adaptation Project</p> <p>Water Resources and</p>

COUNTRY DEVT GOALS (from the NSDI)	ISSUES AND OBSTACLES	OUTCOMES THE WBG PROGRAM IS EXPECTED TO INFLUENCE	MILESTONES (**for Governance Filter v2.0)	WBG INSTRUMENT
resources.	and irrigation, meanwhile water resources management practices are fragmented and inefficient.	36. Preparation of two River Basin Management Plans underway	management cross border institution fully operational.	Irrigation Project (FY12) <i>Climate Change: Pilots for Regional Water Resources and Agriculture</i>
“The water supply and sanitation system will be developed according to EU standards” NSDI, p.17	Albania is well endowed with water resources but faces serious shortfalls of supply in critical economic areas, such as Durres (available only 6 hours), low metering coverage (34%), and utility cost recovery problems (63% non-revenue water).	Improved water supply and cost recovery in Durres as indicated by: 37. Increase in daily duration ( hours/day ) of residential water supply 38. Increase cost recovery (Baselines and targets to be determined during project preparation)	Construction of 52km water supply pipeline for Durres Waste water treatment plant completed and in operation. National Water Demand Management Program instituted and applied in Durres Increase metering coverage in Durres by 80%	Municipal Water Supply Ref & Investment Project (FY11) <i>IFC Water Supply Systems Advisory Services</i> <i>Economic Governance of Utilities - UNDP Fee-based service</i>
<b><i>(ii) Decreased vulnerability to natural and man-made disasters</i></b>				
Improved disaster preparedness and mitigation	Albania faces growing threats to manmade and natural disasters, particularly floods and earthquakes, but predictive and response capacities are limited, fiscal resources strained, and building codes inadequate.	39. Increase in catastrophe risk insurance penetration rate: (status: 0% in 2008; target: 10% in 2014) 40. Improved weather forecasts (status: not measured in 2010; target: US\$0.5 million annually by 2011)	Disaster Risk Management Strategy and Investment Program developed and implemented. New Building Codes EU complaint for seismic risk developed and adopted	Disaster Risk Mitigation and Adaptation Project Avian Influenza Project Land Administration and Management Project