Albania is a risk case for Highly Pathogenic Avian Influenza (HPAI) with the confirmation in March 2006 of two outbreaks of HPAI discovered among domestically reared poultry. The Government of Albania, with the support of the international donor community in Albania, has focused on mounting a rapid response, against the Avian Influenza and influenza like diseases to improve surveillance, detection and containment measures. These efforts include adjusting legislation for control and prevention of communicable diseases, including influenza pandemics, in line with international standards.

The Project Development Objective

The overall objective of the Project is to strengthen the country’s capacity to prevent the spread of AI among poultry, to prevent the transmission of AI from birds to other animals and humans, and to prepare for a potential pandemic of AI transmissible between humans. The project has been restructured in October 2009, in order to expand its scope of planned interventions to include other zoonotic diseases. The restructured project objective is to minimize the threat posed to humans by Highly Pathogenic Avian Influenza (HPAI) infection and other zoonoses and to prepare for, control, and respond to influenza pandemics and other infectious disease emergencies in humans. The project restructuring also provided a timely response to H1N1 pandemic as well as further extending the project’s impact on general preparedness for zoonosis outbreaks.

The Project will develop a National Integrated Preparedness Plan for control and response to outbreaks and pandemics prepared in accordance with WHO recommendations, and diminish pattern of HPAI and other zoonotic viral threats and infections in humans. In regard to animal health aspect, this project will focus on strengthening disease control capacities, and improving surveillance, diagnostic capacities, and applied research as well as strengthen control programs and outbreak containment programs, by targeting virus eradication at the source. The human health activities of the project will enhance coordination and program planning, identify crucial gaps in human health infrastructure, equipment, human and other resources by providing the National Influenza Laboratory with retraining, equipment and facilities to contribute to upgrading its bio-safety level and by strengthening the capacity of the IPH and regional epidemiological investigation and response teams. The project will strengthen health care response capacity, by expanding regular seasonal flu vaccinations, supporting the purchase of anti-viral drugs, and pandemic influenza vaccines.

Results achieved:

A public communication and awareness, campaign has been developed during the latest Pandemic, disease prevention. The National Integrated Preparedness Plan against pandemics is in place and updated with the latest WHO guidance.

The country response to the Pandemics of last fall and winter has been quick and effective. The Institute of Public Health virology laboratory has been rehabilitated and equipped. The laboratory has been testing thousands of samples. The Intensive Care Unit at Tirana University Hospital has also been rehabilitated and equipped by the project and it is fully functional and is managing a wide range of complicated cases. Appropriate stock of antiviral and protective equipments for the institute and the hospital in the center and the regions, yearly vaccination against seasonal influenza of vulnerable and at risk groups and pandemic influenza vaccines have been provided.

The Institute of Food Safety and Veterinary staff, has -mustered the technique of the Real Time-Polymerase Chain
Reaction, upgrading the national veterinary laboratory diagnostic capacity for Highly Pathogenic Avian Influenza and other relevant animal diseases. The National Veterinary Epidemiology Unit is being trained continuously and is functioning as part of the vet service. Apart from the Avian Influenza, the NVEU is dealing with other severe country diseases such as the Brucellosis, TBC, etc.

Key Partners:
The Bank team worked closely with the Ministry of Agriculture Food and Consumers Protection which has been leading the Project through the Task Force Secretariat of the Avian Influenza, the Ministry of Health and its institutions in the center and the regions.

Key Development Partners. WHO, UNDP, UNICEF, FAO, and OIE.
To maintain growth, narrow regional disparities and fulfill its aspiration to join the EU, Albania should strengthen its education sector so that it prepares school graduates to function effectively in labor markets, become active citizens and contribute to strengthening Albania’s competitiveness. At the same time, Albania’s educational outcomes are generally poor, particularly when measured against labor market needs and achievements in other countries in the region. The average number of years of schooling of Albanian children falls behind the EU average, secondary enrollment rates are low, schools are overcrowded, and there are quality concerns. In 2004 the Government developed its National Education Strategy 2004-2015 for pre-university education, identifying priority areas for the sector, objectives, and timetables. The project supports the Government’s strategic priorities for the sector.

The project’s development objective is improved quality of learning conditions for all students and increased enrollment in general secondary education especially for the poor. The intermediate goals are that leadership, management and governance of the education system are improved, teachers use new methods of teaching and a wider variety of learning aids in schools, the quality of school infrastructure and the efficiency of its use are improved, and the initial steps of higher education reform are taken.

The Project is supporting the Government in the implementation of the first phase of Albania’s national Education Strategy. The Project is structured around four priority areas: (1) strengthening leadership, management and governance of the education system; (2) improving conditions for teaching and learning; (3) improving and rationalizing education infrastructure, especially in secondary education; and (4) setting the stage for higher education reform.

Results achieved:
Between 2006 and 2009 secondary enrollment rates increased from 55 to 60 percent. At the same time, there has been progress in closing the per student basic education expenditure gap between urban and rural students, an important element in trying to reduce the disparities in student performance.

The Project has supported: (i) training of all school principals in management and education leadership skills, as well as professional development for one-fourth of teachers; (ii) the design and introduction of new curricula in basic and secondary education, accompanied by new textbooks – all primary schools are reported to be using the new curriculum and textbooks; (iii) introduction of an information technology curriculum, accompanied by the purchase of computers for over 2,000 basic and secondary level schools, thus more than doubling the availability of computers to Albanian students -- whereas in 2006 there were 61 students per computer on average, by 2009 there were 25 students per computer. As of early 2010, all universities had an external governing board and 70 percent of the institutions had prepared new strategic plans. Some 35 science and didactic labs are provided to public universities, which will help them improve teaching and learning conditions. The Government began a consultation process on reforming higher education funding with rectors and deans from public and private universities.
**Key Partners:**
The Bank team is working closely with (i) the Ministry of Education and Science; and indirectly supported (ii) municipal authorities.

**Key Development Partners** included EIB and the CEDB.
Unnecessary administrative rules and procedures, unpredictable changes in legislation and difficult access to information create obstacles to entry into markets and discourage foreign direct investment and growth local entrepreneurs. Starting in 2005, the Government of Albania, with support from the World Bank BERIS project, has embarked in an ambitious reform program aimed at addressing these constraints.

The Project Development Objective of the Albania BERIS Project is to facilitate business entry and operations in the formal economy and strengthen the enterprise sector’s capability to increase exports towards regional and European Union markets.

The project aims to achieve this by developing well-functioning mechanisms and policies for systematically assessing and improving the business environment, including by introducing a new inspections regime, and applying the Regulatory Impact Assessment (RIA) as a mechanism for better informed decision on new laws and regulations affecting the business sector. The project also aims to develop the ability of the General Directorate for Metrology (GDM), General Directorate of Standardization (DPS), and Directorate for Accreditation (DA) to deliver metrology, standards, testing and quality (MSTQ) services to meet business sector needs. Finally, the project aims at ensuring proper implementation and coordination of project activities.

Results achieved:
The Ministry of Economy Trade and Energy (METE) is in the process of finalizing the legal framework for the reformed inspections regime. It is expected that the new Law on Inspection will go to the Parliament at the end of 2010. The Government is also establishing a RIA system. So far, staff from METE and other ministries has been trained in RIA techniques and one RIA pilot has been completed, with two more in progress. An MSTQ strategy was approved at the end of 2008 laying down the main pillars of development of quality infrastructure for the next 10 years. Construction of a new metrology laboratory and acquisition of necessary laboratory equipment will be finalized by the end of 2011.

As a result of these activities:
1) Use of MSTQ services, measured as number of calibration services provided, has increased from 26 in 2006 to 120 in April 2010.
2) The number of fields in which GDM is able to provide calibration services has increased from 4 in 2006 to 20 as of April 2010.
3) The number of accreditations granted by the DA in accordance with the European standards has been increased from 3 in 2006 to 17 in April 2010. 14 accreditation assessors have also been trained as of April 2010.
4) 94% of the adopted standards have been made available electronically by the DPS.
5) The project has supported 15 workshops organized by METE to discuss Government’s progress in business environment reforms.
Key Partners:
The Bank team worked closely with (i) the Ministry of Economy, Trade and Energy which was responsible for overall policy setting as well as for the Management Contract; (ii) General Department of Metrology (GDM), the main beneficiary of the second component of the project; and (iii) General Department of Standardization and General Department of Accreditation who mostly benefitted in terms of training activities of their staff.

Key Development Partners include European Union and USAID who have respectively supported the areas of quality infrastructure and business entry facilitation.
Albania is vulnerable to a number of natural disaster risks such as earthquakes, floods and drought. Compounded with the lack of catastrophe insurance, these risks can have devastating effects on Albania’s population, its precarious economy and its growth prospects. Albania has one of the highest seismicity ratings in Europe. Considering that many of Albania’s buildings have not been built to construction standards, the impact of earthquakes on the built environment is of major concern. Weather forecasting is difficult, with precipitation that varies widely from week to week and from year to year. Flooding can occur with little or no warning. The Albanian economy is especially sensitive to weather conditions, given the importance of agriculture, hydropower, pisciculture and tourism. Albania’s capacity to forecast weather is currently constrained by the rundown state of the national weather and hydrological monitoring network and by deficient telecoms capacity to collect inputs needed for daily forecasting.

Significant disaster risk reduction could be achieved through an upgrade of capacity to deliver risk management services: clear and detailed disaster mitigation and response plans, upgraded emergency response equipment, emergency communication, accurate and timely forecasts of severe weather, hydrological forecasts including forecasts of flooding, preparation of “fire weather” indices for the forestry services, drought monitoring, marine forecasts, air and water pollutant dispersion models, compilation of precipitation and temperature indices for financial weather risk hedging and improved building codes.

The Project Development Objective is to reduce the vulnerability of the country to natural hazards and minimize human, economic and financial losses due to catastrophic events. This objective will be achieved through: (i) strengthening disaster risk management capacities; (ii) increased preparedness and response capabilities; (iii) improvements of building code and its enforcement; (iv) providing access to catastrophic risk insurance for homeowners and SMEs; and (v) prompt access to financing of relief and recovery efforts following a major disaster.

The Project is designed as an Adjustable Program Loan (APL); its first phase comprises four main components: (a) Disaster Risk Management and Preparedness; (b) Strengthening of Hydrometeorological Service; (c) Development and Enforcement of Building Codes, and (d) Catastrophe Risk Insurance through participation in a regional catastrophe risk reinsurance facility.

Results achieved:

As the first shareholder of the Regional Catastrophe Risk Insurance Facility (Europa, Re), Albania is the first country in South Eastern Europe to provide access to affordable insurance for home owners, farmers and Small and Medium Enterprises against the risk of flood, earthquake and weather-related disasters. It has started revision of the regulatory environment for catastrophe risk insurance and is developing a disaster risk mitigation strategy.
Key Partners:
The Bank team worked closely with (i) the Ministry of Interior (MOI) which is responsible for the overall supervision of the project and for the Disaster Risk Management and Preparedness component; (ii) the Institute for Energy, Water and Environment (IEWE), the implementing agency for the component to strengthen hydrometeorological monitoring and forecasting; (iii) the Ministry of Public Works, Transport and Telecommunications (MoPWTT) for implementation of the component on building code improvement and enforcement; and (v) the Ministry of Finance (MOF) for the catastrophe risk insurance component.
Energy Community of South East Europe APL2 - Albania - Transmission Project
Updated on 09/20/2010

Key Dates:
Approved: June 28, 2005
Effective: December 21, 2005
Closing: January 31, 2011

Financing from all co-financiers, million US Dollars*: 

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World Bank Disbursements, million US Dollars *:

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<td>5.34</td>
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* as of July 20, 2010.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Albania has by far the most unfavorable electricity supply imbalance of the member countries and is therefore heavily dependent on successful cooperation with neighboring countries. Electricity imports will continue to grow and could supply more than 50% of demand in unfavorable hydrological years. The existing transmission and distribution infrastructure is overloaded and much of it is old and run down and more investments are needed. The Bank has been playing the leading donor in the power sector since it start operating in Albania in 1992.

The Project Development Objective Energy Community of South East Europe (ECSEE) is a regional program and support up to eight countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia and Montenegro, and Turkey) and Kosovo. The overall objective of this regional program is the development of a functioning regional electricity market in South East Europe and its integration into the internal electricity market of the European Union, through the implementation of priority investments supporting electricity market and power system operations in electricity generation, transmission and distribution and technical assistance for institutional/systems development and project preparation and implementation.

The Project will provide investment support and technical assistance for Albania and facilitate Albania’s participation in ECSEE. The investment will extend the lifetime and improve the quality, reliability, safety and efficiency of the bulk power transmission system by replacing ageing existing facilities with new ones. The technical assistance would serve to facilitate project implementation, strengthen the Transmission System Operator (OST), and improve both the tariff structure and the procurement procedures applicable to electricity imports. The project will replace high-voltage equipment in the transmission substations at Burreli, Elbasan 1, Elbasan 2, Fier, Fierza, and Tirana 1, and replace control and protection equipment in the transmission substations at Burreli, Elbasan 2, Fier, Fierza, Komani and Vau Dejes.

Results achieved:
The project is part of the Energy Community of South Eastern Europe series of APL operations. The physical investments are at the Implementation stage; technical assistance to strengthen Albania’s transmission system operator achieved the objective of the establishment of the fully unbundled transmission and system operator. Technical assistance under this project has prepared a business strategy for OST and the new tariff application for OST.
Key Partners:
The Bank team worked closely with (i) the Ministry of Economy, Trade and Energy of Albania which was responsible for overall policy setting; (ii) Albanian Transmission System Operator (OST), ultimate recipient of credit resources through on-lending arrangement, and beneficiary and implementing agency of the Project.

Key Development Partners included EBRD who financially contributes to the project.
The last Albania’s hydropower dam was completed in the mid-eighties. These major infrastructure facilities have been inadequately monitored and maintained for more than 15 years and there may now be a risk of a dam failure. Following the World Bank’s warning on this issue, a “Dam Safety Survey for Hydropower Plants Located on the Drin and Mat River Cascades” was funded by the Swiss Secretariat of Economic Affairs (SECO) and completed in late 2006. The report identified serious deficiencies and concluded that “the present state of the dam safety is uncertain, and a disaster could be considered as possible, if matters are left to deteriorate further”. Support for Albania’s hydropower will also improve the country’s overall hydropower operation and benefit the whole regional electricity system. Most important for the regional electricity market is the significant storage capacity of the dams, which can provide considerable benefits for the South East Europe electricity grid. Storage of electricity in hydropower dams can promote economic efficiency in the regional market.

The Project Development Objective
The overall objective is the development of a functioning regional electricity market in South East Europe and its integration into the internal electricity market of the European Union, through the implementation of priority investments supporting electricity market and power system operations in electricity generation, transmission and distribution and technical assistance for institutional/systems development and project preparation and implementation.

The Project will contribute to safeguarding the major hydroelectric dams of Albania and improve their operational efficiency and enhance the stability of power supply for the regional electricity market. The proposed project supports the development of the Energy Community in accordance with the objectives of the Energy Community APL. The project would assist Albania to maximize its benefits from existing hydropower by improving operational practices of existing facilities and enabling more effective participation in the regional electricity market. The project will also promote private sector investment in hydropower by collecting, organizing, and making available, better data and studies on the country’s hydropower potential. The Energy Community of South East Europe (ECSEE) Program is a regional adjustable program lending program that supports up to eight countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia and Montenegro, and Turkey) and Kosovo.

Results achieved:
Key Partners:
The Bank team worked closely with (i) the Ministry of Economy, Trade and Energy of Albania which was responsible for overall policy setting; (ii) Albanian Power Corporation (KESh), ultimate recipient of credit resources through on-lending arrangement, and beneficiary and implementing agency of the Project.

Key Development Partners included SECO Swiss, EBRD and KfW who financially contribute to the project.
Albania is a country rich in mineral resources, with considerable resources of oil, chromite, copper and iron-nickel. After the sector experienced a decade of disintegration and decay in the 1990s, it has experienced a revival of activities, with a number of international good-practice investors being active in the country. However, it has become clear that mineral wealth transforms into real development only if these resources are managed in a fair and transparent manner. Often though, the mineral industry is governed ineffectively, and under a coat of secrecy, leading to corruption, waste and low levels of socio-economic development. The Extractive Industries Transparency Initiative (EITI), supported by the World Bank, 13 donor countries as well as a large number of international oil, gas and mining companies and civil society, aims to improve governance of mineral resources by increasing transparency and accountability. Member countries have to adhere to strict standards of reconciliation of payments that flow between mining and oil companies on the one hand and the government on the other. An independent auditor than reconciles the figures, and a reconciliation report is made public. The initiative involves close collaboration between the Government, industry and civil society.

**The Project Development Objective** To improve governance of the high-revenue generating mineral sector in Albania (i.e. mining and petroleum), via availability of independently reconciled payment data, better transparency and accountability

**Expected results:**

Improved transparency and accountability through regular publication and independent verification of all payments made between mining and petroleum operators and the relevant government units
the message to international investors that the country actively engages in mineral sector governance and is not run by doubtful or informal practices
better communication with the public and civil society on a topic which is of great public interest
the fact that a number of crucial issues (mining, petroleum, revenues and possibly revenue sharing, mineral sector development, impact on mines on local communities etc.) are put into the public domain, which have not been there before

**Key Partners:**
The Bank team worked closely with (i) the Ministry of Economy, Trade and Energy (METE), which is the implementing agency. METE will be supported by an EITI Secretariat, to be housed in the Natural Resources Agency (AKBN), which will be responsible for the day-to-day implementation of the initiative. Key persons are a) Vice Minister of METE Neritan Alibali, Head of the Multi-Stakeholder Working Group (consisting of representatives of Government, oil/mining companies and civil society), and b) Prof. Dr. Sokol Mati, National EITI Coordinator, and Director of Industrial Policy, METE
GOVERNANCE PARTNERSHIP FACILITY GRANT
FOR THE ALBANIA COUNTRY GOVERNANCE AND ANTI-CORRUPTION (CGAC) PROGRAM
Updated on 09/20/2010

Key Dates:
Approved: March 9, 2009
Effective: March 31, 2009
Closing: April 30, 2012

Financing in million US Dollars:

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World Bank Disbursements, million US Dollars *:

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* as of September, 2010

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

In the past decade Albania has made impressive progress in improving key governance indicators, though some aspects of governance still lag comparator countries and fall short of Albania’s ambitions. The World Bank has had a long-standing engagement in supporting institutional development and governance reforms in Albania. The World Bank’s past two Country Assistance/Partnership Strategies have aimed to mainstream actions to improve governance across sectors.

The Grant Development Objective is to scale up the World Bank’s efforts to improve governance and development effectiveness in Albania into a more comprehensive (cross-sectoral) and better targeted Country Governance and Anti-Corruption (CGAC) program.

The Grant aims to build on past World Bank efforts to mainstream support for better governance in the operational portfolio through: (1) Governance diagnostic studies at the country and sector levels (education, health, water sector, mining, urban planning), aiming to clarify the link between governance constraints and development effectiveness and draw lessons from past efforts by the Government and the Bank to address governance weaknesses; (2) Support for strengthening Albania’s systems of fiduciary management, social safeguards, and transparency through e-Government; and (3) Engagement of civil society in promoting a higher quality of governance and a higher standard of accountability, including in the implementation of World Bank-financed operations.

Results achieved: In its first year of implementation the Grant conducted a number governance diagnostics to inform the new Country Partnership Strategy and also ongoing and future operations, while support for strengthening fiduciary systems is underway based on the findings of the Joint Fiduciary Portfolio Review.

In particular:
1. Analytical studies (Country Governance Review, Accountability Study in Education and Health) have been completed and are currently being reviewed for further dissemination; the Country Governance Review has been used as input for the new Country Partnership Strategy for the Fiscal Years 2011-2014, while the water sector chapter of the Governance Review is being used in the preparation of the upcoming Water Sector Investment Project.
2. A Joint fiduciary portfolio review has been conducted with the Government of Albania, which has identified improved fiduciary management, good practices, and areas for further improvement; an audit of the e-procurement system is underway; and a review of the national social safeguards framework concerning expropriations for public investment has been conducted.
3. A study of governance in the small-scale (artisanal) mining sector has been conducted and recommendations have been discussed with the Government of Albania; some of the recommendations are reflected in the revised Law on Mining adopted in 2010.
Key Partners:
The Governance Partnership Facility is administered by the World Bank and financed by DFID (UK), the Netherlands, and Norway. With regard to particular Grant activities, the Bank has worked in cooperation with other development partners, including notably the UNDP (fiduciary assessment) and the Netherlands Embassy (governance analysis).
Key Dates:
Approved: April 22, 2006
Effective: September 07, 2006
Original Closing Date: September 30, 2010
Revised Closing Date: March 31, 2012

Financing in million US Dollars:

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* as of September, 2010.

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

In the 1990s and early 2000s the Albania’s health sector has initiated a series of reforms, but very limited progress has been made. The quality of health care, particularly at the primary health care level, was low. Low income groups were not well protected from health shocks and could be easily thrown into poverty as a result of out-of-pocket spending on health care. Physical and human resources in the sector were ill aligned with the population’s health needs. Productivity in the sector was low and resources were used inefficiently. A large number of hospitals existed with low utilization and occupancy rates, pointing to a sub-optimal hospital structure. Health financing system was very fragmented and failed to give providers incentives for efficiency and quality improvement. The priority that health sector has been given by the Government and the fact that the Bank has been key financier in the sector for last decades, created a suitable environment for the project.

The Project Development Objectives are to (i) improve both physical and financial access to, and the actual use of, high quality primary health care services, with an emphasis on those in poor and under-serviced areas, diminish the unnecessary use of secondary and tertiary care facilities, (ii) increase the effectiveness of the Ministry of Health and Health Insurance Institute (HII) in formulating and implementing reforms in provider payments and health system performance, and (iii) improve governance and management in the hospital sector.

The Project addressed a wide range of sector issues, including: (1) Strengthening Health Sector Stewardship, Financing and Purchasing to help the HII develop its functions and capacity as the sole purchaser of health services, and support capacity building in the Ministry, the Institute of Public Health (IPH) and the HII to strengthen their stewardship roles in the health system; (2) Improving Primary Health Care Service Delivery to support institutional reforms and limited investments which would improve the quality of care among health care providers and in health facilities. The program would also facilitate enrollment of the population with the HII, enrollment with a primary care physician, and related public information campaigns; and (3) Strengthening Hospital Governance and Management, by providing initial steps to improve hospital operations and direction by focusing on accounting and internal control structures for hospitals, an improved regulatory framework, and piloting reforms of hospital management and governance structures in selected hospitals.

In May 2010 the project went through a first tier restructuring for: (a) a reallocation of the original Credit proceeds due to changes made in project activities, and (b) an extension of the original Closing Date. The new or expanded activities include: (i) developing and implementing a rationalization plan for hospitals, including proposals for privatization of selected services; (ii) improving public awareness through developing and implementing the national communication strategy, and (iii) improving quality of hospital services through purchasing of additional medical equipment.
Results achieved:
A number of primary health care IT equipment and primary health care medical equipment have been purchased, while purchasing of a number of autoclaves and mammography units, and a second round for purchasing medical equipment for regional hospitals is under way. Meanwhile, the work for the redevelopment of the Health Insurance Institute (HII) information system, which will support the enrollment of patients with their chosen family physician, as well as better control of pharmaceutical expenditures and physician activities, is starting. A number of technical assistance activities, which are crucial support to the overall reform in the sector, have been contracted and many are currently finalized.

Key Partners:
The Bank team works closely with (i) the Ministry of Health of Albania which is responsible for policy setting as well as for overall project management and implementation; (ii) Albania Health Insurance Institute, as a key partner and beneficiary of the project support.

Key Development Partners included Government of Japan who financially contributed to the project through a PHRD Grant and USAID with whom the Bank Team coordinated closely on policy issues.
In 2002 Albania embarked on an integrated coastal zone management initiative to protect the coastal area for current and future generation and formally adopted the principle recommendations of the Barcelona Convention for Protecting the Mediterranean Sea. The Integrated Coastal Zone Management and Cleanup project approved in 2005 and restructured in 2010 plays a catalytic role for mobilizing development assistance and improving environmental and sanitary conditions essential for the long-term coastal development and tourism. The restructured project also responds to the changes in the original economic, financial, and technical environment specific to the original design of ICZMCP and the implementation issues raised by the Inspection Panel.

**The Development Project Objective** The restructured Project Development Objective is to assist the Government of Albania in developing, on a sustainable basis, tourism in the South Albania coast by improving critical public environmental infrastructure and municipal services, remediating and containing pollution hazards from a former chemical plant in Porto Romano near Durres, improving community infrastructure and enhancing architectural and cultural resources.

In order to achieve its objective the restructured Project provides technical support and investments for (i) cleanup of the hazardous waste site in Porto Romano; (ii) construction of a landfill and a transfer station in support to improved solid waste management in the coastal municipality of Saranda; (iii) reconstruction of passenger port facilities in Saranda to allow access of cruise liners and facilitate passenger access to the Southern Coast; (iv) water supply and wastewater investments in the city of Saranda; (v) community-based investments in the coastal villages; and (vi) protected areas management of Butrint National Park. The restructured Project does not support land use planning activities.

**Results achieved:**

The original project facilitated the dialogue among stakeholders from central, regional and local level on the Southern Coast Development Plan and Regulation approved in July 2008. The cleanup of Porto Romano hotspot, which is co-financed by the Dutch Government, is underway with nearly 20% of the cleanup works completed and with a plan to commission the site in early 2011. The detailed designs for the remaining infrastructure investments are completed. This includes the Bajkaj solid waste landfill, co-financed by the Austrian Government; the water supply and wastewater investments in Saranda, and the rehabilitation of Saranda passenger port facilities.

Phase one of the Coastal Village Conservation and Development Program, co-financed by the European Commission supported small infrastructure improvements in the coastal communities. Village infrastructure investments were completed in 3 coastal municipalities and 12 coastal villages which include: building a new water supply system to serve more than 400 families in Gjilek; rehabilitation of water supply system for 167 families in Vuno; providing water...
supply for 315 families in Piqeras; building 1.3 km access road in Orikum for daily tourists and residents; rehabilitation of 1.2 km access road serving 132 families and tourists in Palasa; building pedestrian paths in vernacular stone and stone steps which provide access to 500 residents and tourists in Dhermi; upgradation of 2.6 km scenic road to the Monastery of Saint Theodhor with landscaping in the Gjipe Canyon, and 0.6 km pedestrian access to the Borshi castle for visitors and pilgrims.

**Key Partners:**
The Bank works closely with (i) the **Ministry of Public Works and Transport** which is responsible for overall project coordination and management; (ii) the **Ministry of Environment, Forestry and Water Administration** which is responsible for cleanup of hazardous hot spot near Durres; (iii) the **Ministry of Tourism, Culture, Youth and Sports**; and (iv) **Costal District and Municipal administration, village councils** in coastal communities, and **local NGOs**.

**Key Development Partners** include the governments of the Netherlands, Austria and Japan, European commission and Global Environment Facility.
Secure property rights along with an efficient and transparent land management regime are fundamental for creating well functioning land and property markets in the country. These in turn provide incentives for local and international businesses, households and individuals to invest in land and properties. Well established land records and ownership rights constitute *sine qua non* conditions for fiscal decentralization and municipal autonomy deriving from property tax revenues. The Land Administration and Management Project (LAMP) aims to link land and property systems reform with strengthened urban planning and municipal investments. Together, these measures are intended to improve the prospects for local development. In addition, with the recent flooding in the Shkodra Prefecture, the Project is undergoing restructuring to provide support for reconstruction and rehabilitation of flood protection infrastructure.

**The Project Development Objective:** The original objective of the Project was to improve the efficiency and effectiveness of land administration and urban management, through enhancing tenure security, and improved urban planning and land management, and investments in urban infrastructure and services. The restructured project will include an objective to rebuild and restore physical assets and restore essential services in the flood affected areas of Shkodra Prefecture.

**Project Description:** These objectives would be achieved through the following components: Component A: Security of Tenure and Registration of Immovable Property Rights. The objective is to improve service delivery, efficiency and transparency of IPRO and complete the vast majority of property registration in urban areas. This component will remain intact after the proposed restructuring. Component B: Urban Land Management. The objective of this component is to strengthen the capacity of municipalities in urban land management by: (1) establishing a market-responsive, participatory urban planning and development control system via technical assistance to revisions in urban planning law and development of regulatory plans for participating cities; and (2) mobilizing municipal revenues and correcting property market distortions through property valuation and taxation. This component is supporting the preparation of updated territorial plans in eight small to medium size cities. The property valuation and taxation subcomponent is being dropped under the restructuring due to non-performance. Component C: Municipal Infrastructure. The objective of this component is to enable proactive urban growth management and enhance urban land market efficiency by prioritizing and implementing selected infrastructure investments and services, in accordance with strategic investment plans. After the proposed restructuring, due to extensive delays, this component will finance only the first phase of municipal investments in 4 out of 8 eligible municipalities. The component will also support the implementation of the street addressing building numbering system. Component D: Emergency Response will finance drainage and flood protection infrastructure to restore vital physical assets, many of which are now operating at 50% capacity or completely out of commission due to damages incurred during the flooding. In addition, the component will finance water testing equipment and reconstruction of facilities for water utilities serving the affected areas to ensure water supplied to residents in those areas is safe for consumption. The component would also assist by expanding existing embankments along the Buna and Kiri Rivers to provide protection in
the future to areas affected by flooding.

Results achieved:
- Under Component A, over 10,000 first registration titles have been issued for public display; digitization of property records at some IPRO offices, among other measures, has reduced property registration time from 47 to less than 16 days; and an independent evaluation of IPRO services indicates that customer satisfaction has moved from very poor to good. In addition, progress has been made in preparing the draft regulations for IPRO, which now await approval at the Cabinet Level. Contractors are in place to survey and title over 320,000 parcels and another contract for further 80,000 parcels is under preparation. Training and capacity building programs have been implemented and continue at IPRO to build staff skills and prepare them for the operational phase. Consultants are preparing the IPRO Business Plan, and IT the Steering Committee has decided on the system architecture and platform that will serve as the basis for the new automated records information system.
- Under Component B, a new Territorial Planning Law was enacted in April 2009 and the National Territorial Planning Agency (NTPA) was established in late 2009. The Project is supporting 8 municipalities in preparing Territorial Plans, four of which have been substantially completed and another four that are expected to be finalized by the end of 2010, including extensive community consultations. In parallel, the Bank is providing support for completion of the secondary legislation to the Territorial Planning Law to ensure smooth implementation.
- Under Component C, MOUs have been signed with all the participating municipalities and feasibility and design studies are under preparation and tendering. So far, only four municipalities have tendered and are at the award stage for their municipal investments. Tendering is underway for a street addressing contract that will provide street signs and building numbering for 10 municipalities. This is intended to support improved municipal service provision in addition to enhancing revenue collection.

Key Albanian Partners:
The Bank team is working closely with (i) the Ministry of Justice of Albania and the Immovable Property Registration Office, responsible for the implementation of the Component A; (ii) Ministry of Public Works and Transport of Albania and 8 participating Municipalities, responsible for the implementation of Component B; Ministry of Interior of Albania and selected municipalities, responsible for the implementation of Component C. Under the proposed Emergency Component D, Ministry of Public Works and Transport would assume primary implementation responsibility in coordination with the Ministry of Agriculture, Food and Consumer Protection of Albania and its Irrigation Boards.

Key Development Partners: SIDA is a key partner and co-financier primarily of the property registration component; Japan through PHRD funds is supporting critical areas of capacity building, particularly in the area of territorial planning; and USAID, EU and Council of Europe are coordinating with the Bank Team on technical assistance to the NTPA in preparing the urban planning secondary legislation.
Forests cover more than 50 percent of Albania’s surface area. The post-communist transition period in Albania was characterized by a massive internal and external migration of population, weak enforcement of laws and regulations, and overuse of natural resources – all of which resulted in considerable degradation of forests and pastures and erosion of soil. In response, the International Development Association (IDA) and the Swedish government are supporting participatory forest and pasture management planning and investment in 240 rural communes through the National Resource Development Project (NRDP). These investments have helped to support increases in income earned from forest and agricultural activities in communal areas and a significant reduction in erosion, and Albania is now one of the first countries to sequester carbon on eroded lands through the BioCarbon Fund.

The Project Development Objective is to establish and maintain sustainable, community-based natural resource management in about 218 communes in upland and mountainous erosion-prone lands. This will lead to enhanced productivity and incomes derived from sustainable resource management, reduced soil degradation, improved water management, conservation of biodiversity, and strengthened public sector management of these resources.

Participatory planning and management of forest and pasture lands was piloted in only 30 communes during the implementation of the Albanian Forestry Project financed by the World Bank (1996-2003). Given its positive outcome and wide community support, the approach was extended under the NRDP Project in more than 200 communes. This experience led to the decision of the government of Albania in June 2008 to formalize forest land rights transfers to 345 communes - resources which are used by almost one million people. The project has addressed the issues of soil degradation and improved watersheds by (1) financing participative forest management planning with active involvement of Forest and Pasture Users Associations; (2) piloting the preparation of micro-catchment plans which integrates agriculture, forest and pasture management; (3) financing of investments in forestry, pasture and agricultural lands; and (3) financing of carbon sequestration activities on Commune forest land through payments from the Bio Carbon Fund; the Biocarbon Fund of the World Bank has reached an agreement with the Albanian Government to purchase emission reductions received from carbon sequestration activities in June 2007.
Results achieved:
Currently the project is working with 240 communes (21 more than the project objective). It is estimated that the improved management of Albania’s forest and pasture resources and watersheds in 240 communes, through participatory planning, institutional change support and small-scale investments in planting of forests and orchards in degraded lands, thinning and cleaning of degraded forests and pastures, erosion and grazing control measures, has since the start of the project in 2005 contributed to:
(a) a 25 percent increase in income earned from forest activities in communal forest and pasture lands;
(b) a 50 percent increase in income earned from forest and agriculture activities in micro-catchments;
(c) approximately a 400,000 ton reduction in erosion; and
(d) the establishment of forest and pasture extension service.

Albania is one of the first countries to sequester carbon on eroded lands. The Biocarbon Fund, a public/private initiative administered by the World Bank, reached an agreement with the government in June 2007 to purchase emission reductions received from carbon sequestration activities, estimated at about US$11 million to the Biocarbon Fund.

Key Partners:
The Bank team worked closely with (i) the Ministry of Environment, Forestry and Water Administration of Albania which was responsible for overall project management; (ii) Local Government Units involved in the approval of forest management plans and supervision of investments; (iii) Forest and Pasture Users Associations that participated in the process of preparation of management plans and implemented the investments.

Key Development Partners included Swedish Government which financially contributed to the project.
Albania has been facing a major electricity crisis since the summer of 2000. The crisis was initially the result of excessive demand resulting from a failure to curb illegal use of electricity and nonpayment of bills. There was significant uncertainty regarding the future availability of large quantities of electricity imports at competitive prices. Consequently, the Government and the donors believe that addition of some domestic thermal generation capacity is needed to reduce the excessive dependence on imports and to diversify domestic generation so as to reduce vulnerability to hydrological variations. The construction of the plant will improve the security of electricity supply and thereby facilitate Albania's reconnection with the UCTE system and its participation in the proposed South East Europe Regional Energy Market. Furthermore, a thermal plant in the southern part of the country would reduce technical losses and significantly improve the quality of supply. The proposed investments under the project and the policy actions supported by it would have a significant beneficial impact on the economy by contributing to: continued operation of factories and other businesses, a significant reduction in unpaid-for electricity consumption, an increase in electricity supply, the reduction of Government subsidies for electricity imports, and a significant improvement in the financial performance of the power sector and, hence, a reduction in the quasi-fiscal deficit.

The Project Development Objective  The development objective of the proposed project is to achieve significant improvement in power system outcomes (balance in the supply and demand of electricity, efficiency in its supply and use, financial viability of the power sector, and institutional effectiveness within the sector) through priority investments and other measures to: (i) increase thermal generation for meeting part of the domestic base load demand, thereby allowing more efficient utilization of hydropower for meeting domestic peak demand and for exchanges with base load energy from other power systems of the region, and (ii) enforcement of a strengthened policy regime.

The Project  The project consisted of a combined-cycle power station fueled by distillate oil at a six-hectare greenfield site about six km north of Vlora, adjacent to an offshore oil tanker terminal. The plant is being constructed with the capability to switch to using natural gas as fuel, when gas becomes available in Albania. There was agreement that projected air emissions and other environmental performance from the plant will be well within EU standards, and its construction has not resulted in any damage or destruction of cultural heritage or natural habitats. The Bank is continuing to supervise the project to ensure that commercial operations will commence with full attention to environmental monitoring and management, and that the utility company continues to make progress in engaging the community in a proactive fashion.
Results achieved:
The civil works and installation of the equipment of the plant have already completed. Due to some problems detected during the commissioning period, works are expected to be completed by June 2011. Under the technical assistance component of the project, KESH will for the first time prepare its financial statements using international standards. This has facilitated greatly the process of KESH’s generation business. Unbundling of the power sector is successfully achieved and three power companies (generation, transmission and distribution) are fully operative. The privatization of Distribution is successfully done in March 2009 and CEZ (Czech Company) is fully operative in this part of Power Sector in Albania.

Key Partners:
The Bank team worked closely with (i) the Ministry of Economy, Trade and Energy of Albania which was responsible for overall policy setting; (ii) Albanian Power Corporation (KESh), ultimate recipient of credit resources through on-lending arrangement, and beneficiary and implementing agency of the Project;

Key Development Partners included EBRD and EIB who financially contribute to the project.
Albania has been facing a major electricity crisis since the summer of 2000. The crisis was initially the result of excessive demand resulting from a failure to curb illegal use of electricity and nonpayment of bills. The most significant risks to growth and macroeconomic stability arise from the ongoing recession in large parts of the world economy and the financial position and electricity supply capacity of the state owned electricity producer (KESH). At the root of the problems of the electricity sector in Albania has been the distribution division of KESH, recently incorporated as a separate company: the Distribution System Operator (OSSH). The distribution operator is the channel that irrigates financially the whole power sector. The electricity distribution system’s poor performance has left KESH with insufficient money to invest in proper maintenance, operation, and expansion of its system, and, more seriously, prevented it from being able to pay for all of the imported electricity needed to make up for shortfalls in domestic hydropower production. The Government, recognizing the importance of improving the performance of power distribution and the long-standing inability of a state-owned structure to make significant progress, has decided to privatize it. The potential investors expressed concerns on regulatory risks associated with the OSSH privatization; IFC recommended to the Government that they should request the World Bank’s Partial Risk Guarantee (PRG) instrument to help facilitate the transaction. Main concerns of investors were the lack of experience of the Albania’s Energy Regulatory Entity with private sector operators and the projected requirements for tariff adjustment.

**The Project Development Objective**

The objective of the proposed PRG operation is to facilitate the privatization of OSSH in the context of a new Regulatory Framework. It will be achieved through enabling the Government of Albania (GOA) and CEZ of the Czech Republic to implement the Privatization Agreements for OSSH under the new regulatory framework.

The Project will backstop the GOA’s debt obligation to a commercial bank (the L/C Issuing Bank) that has, on behalf of GOA, paid under a Letter of Credit (L/C) that may be drawn by the privatized OSSH upon the occurrence of a Guaranteed Event to compensate OSSH for a resulting loss of revenue. The Guaranteed Events would be a change, or a repeal, by GOA or the Energy Regulatory Authority ERE of, or a non-compliance by ERE with the provisions of the pre-agreed regulatory framework relating to the: (i) Distribution System Operator tariff service formula; (ii) the Retail Public Supply service tariff formula; and (iii) timely tariff approvals.

**Results achieved:**
The situation in Distribution and Retail Public Supply is improving and the reliability of supply is increased. The performance of the sector is not improved because the level of losses is still higher and collection rate is low. The first tariff increased was in December 2009 for the tariff of 2010 and the second one is to be happened next December for the 2011 tariff. The OSSH and ERE are working in collaborative spirit to get always agreement based on Regulatory Statement. This is the first step of experience of the Albania’s Energy Regulatory Entity with private sector operators and the projected requirements for tariff adjustment.
Key Partners:
The Bank team worked closely with (i) the Ministry of Finance which is responsible for GSA. (ii) Ministry of Economy, Trade and Energy of Albania which is responsible for overall policy setting; (iii) Albanian Distribution System Operator (OSSh), which is the implementing agency of the Project.

Key Development Partners - NA.
SECONDARY AND LOCAL ROADS PROJECT
Updated on 09/20/2010

Key Dates:
Approved: July 31, 2007
Effective: October 25, 2007
Closing: June 30, 2013

Financing in million US Dollars:

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World Bank Disbursements, million US Dollars *:

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* as of September 18, 2010.

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Over half (57 percent) of the Albanian population lives in rural areas, and over one-third (35 percent) of the rural population was estimated (at the time of project preparation) to live in poverty. A qualitative survey of both poverty, and its causes, noted that, after employment and income, many Albanians considered poor transport infrastructure to be the main cause of their difficulties and a significant factor in their low standard of living. 49 percent of rural producers stated, at that time, that a lack of adequate transportation, primarily good roads, was their biggest marketing problem. Rural inhabitants and leaders acknowledged that poor road access makes it difficult for farmers to reach markets, contributes to rural to urban migration, and affects the delivery of essential health and education services. The Government of Albania recognized these problems and asked the World Bank for assistance to prepare a program to: (i) improve the management, financing, and condition of secondary and local roads in Albania; (ii) support the introduction of the private sector in road maintenance on the secondary and local road network; and (iii) act as a catalyst for other donors in the sector and play a leading role both in program preparation and attracting other international financing institutions to contribute.

The Project Development Objective: is to improve access to essential services and economic markets, via the provision of all weather roads, for the resident population in the hinterland of the project roads. Project Description: The project proposes to achieve this objective through the (i) the improvement of priority sections of the secondary (regional) road network across Albania; (ii) the improvement of priority sections of the local road network across Albania; (iii) the introduction of the private sector in the maintenance of the secondary and local road network; and (iv) strengthening of the management of the secondary and local road network.

Results achieved:
The civil works are either complete, or substantially complete, on all the road sections within the project (110km). The preparation of the Secondary and Local Roads Project also involved the design of a wider program to leverage in financing from other donors and interest has been significant. The program has generated considerable interest among other donors, and the total confirmed, committed, or provisionally agreed funding now amounts to about US$ 530 million from all sources. This is estimated to be sufficient to reconstruct about 1,700 km of regional and local roads. The Implementing Agency, the Albanian Development Fund, has been providing training to local commune officers on the importance of good maintenance, what is required to meet that standard, and the procurement and management of private contractors to undertake the maintenance activities. For the regional roads, the project requires a Council of Minister’s Decision be passed to transfer formal responsibilities for the maintenance of the regional roads from the Regional Councils to the General Road Directorate (GRD).

Key Partners:
The Bank team is working closely with (i) the Ministry of Public Works and Transport and Ministry of Finance of Albania, as well as the Albanian Development Fund, which is the main body responsible for the implementation of the
of the project.

**Key Development Partners:** EU, EBRD, EIB, KFW, OPEC, CoEB, and other donors IFIs who joined the program prepared with the support of the Bank.
Insufficient cohesion of Albanian society, lack of social capital and social exclusion of the vulnerable people were key issues during last decade in Albania. The vulnerable population has been facing isolation, negative public perception, insufficient information on their rights, etc. These, coupled with the lack of accessible services and poor coverage (especially in rural areas) had further exacerbated problems. In addition, there has been increased risk related to high levels of migration, such as problems of single elderly in rural areas, households headed by women, increased number of children left without parental care, etc. Based on the program of the Albanian Government, these issues generated the need for the Bank support to better formulate policies and implementation framework for addressing financing, quality and delivery of social care.

Furthermore, given the weaknesses in the pension system and Government’s priority in reforming pension system administration, an additional financing was provided by the Bank (in May, 2009), aiming at improving the effectiveness and efficiency of the pension system in the country.

The Project Development Objective for the whole project, including the Additional Financing (US$ 5.0 million) is to improve standards of living of poor and vulnerable population groups in Albania by: (a) increasing their access to well targeted and effective social care services; (ii) assisting the Government to develop, effective social care policy and improve its capacity for delivery and monitoring of social care services; and (iii) improving the efficiency and effectiveness of the pension system in Albania through: i) improving pension system administration, (ii) institutional strengthening including improved capacity for pension policy development, and (iii) improving public understanding of the pension system.

The Project addressed key issues such as: (i) policy development and capacity building at central and local government level; (ii) social services administration capacity building; and (iii) delivery of community-based social services. With the approval of the Additional Financing, the following areas were addressed: (i) Administrative Reform of the Albanian Pension System, (ii) Development of the central Registry of Contributors and beneficiaries, (iii) Capacity Building for Pension Policy development, and (iv) Public Education on Pension System.

Results achieved:
Good results have been achieved in both fronts: the development of social policy as well as implementation of social service delivery to vulnerable groups. The whole legal framework, including the secondary legislation, has been completed and currently under implementation. The support to three LSMSs and a Household Budget Survey (carried out by INSTAT), has been completed successfully. Positive results are achieved also at capacity building front, both at central and local level. The State Social Services Institute is transformed to an Inspectorate for monitoring, management and delivery of social services. Moreover, a total of 44 daily centers are established with project support and currently under implementation.
Activities introduced after project restructuring (in 2006), including: (i) support to the government strategy on decentralization/deinstitutionalization and transforming the residential care centers by improving the quality of care based on the new national standards and (ii) support re-designing of social assistance system in cash (Ndihma Ekonomike) as part of the integrated social assistance system, as clearly outlined in the government strategy; are already completed.

**Key Partners:**
The Bank team worked closely with (i) the **Ministry of Labor, Social Affairs and Equal Opportunities**, as leader in reforming social policies and managing project implementation; (ii) **Social Insurance Institute**, charged with the implementation of the activities under project additional financing; and (iii) the **Ministry of Finance**, responsible for overall policy reform in pension system.

**Key Development Partners** included UNICEF with whom the Bank coordinated the work carried out on children, and also European Union, with whom the Bank coordinated the efforts in supporting the IT system for the Social Insurance Institute.
ALBANIA TRANSPORT PROJECT
Updated on 09/20/2010

Key Dates:
Approved: February 22, 2007
Effective: August 22, 2007
Closing: June 30, 2011

Financing in million US Dollars:

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World Bank Disbursements, million US Dollars *:

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* as of September 18, 2010.

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

The World Bank has played a key role in the development of the transport sector in Albania, by providing substantial amounts of financial support for capacity building and investment in projects across the spectrum of the sector. Historically, prior to the provision of Instrument of Pre-Accession Funding from the European Union, the majority of support from other donors has been concentrated on physical investment, with less emphasis on the substantive capacity building necessary to ensure the sustainability of the investments. The Durres –Milot- Morine corridor was the foremost priority of the Government of Albania in the sector. The corridor represented a section of the national highway network in the poorest condition through very difficult terrain, serving the area of the country with the lowest per capita income. It also forms a key strategic link to Kosovo and on towards Corridor X in Serbia. The Government was also committed to strengthen the institutions, practices and financing of road maintenance in the sector, as well as making serious efforts to improve both road safety in Albania, and the administration of the maritime sector.

The Project Development Objective: is to (i) reduce user costs on the Milot-Rreshen section of the Durres – Milot - Morine Corridor and improve access for the hinterland population, (ii) introduce innovation in road maintenance on a pilot basis, and (iii) contribute to the development of the institutional framework and implementation of road safety activities throughout Albania. Project Description: These objectives were to be achieved through the following components: (i) the construction of 26 km section of the Milot - Rreshen road; (ii) the introduction of innovation in road maintenance on a pilot basis through testing the output and performance-based road maintenance contracts (OPBRM) in two pilot regions of Kukes and Tirana; (iii) institutional development and support to improving road safety in Albania.

Results achieved:
The civil works on the Milot – Rreshen Road are complete, and the adjacent sections are also complete to form a major expressway to Kosovo, markedly reducing journey times and costs. As part of the project, flood protection works were constructed to protect the commune of Milot, reducing the incidence of winter flooding for residents. In parallel, the 3-year OPBRM contracts (two in Tirana region and two in Kukes region) started in November 2009, involving winter maintenance, the initial rehabilitation of some deteriorated sections, and routine maintenance. They cover some 300 km of the national road network (or approximately ten percent of the entire national road network). The technical assistance for road safety is also close to completion– Road Accident Costs calculation, revision of the Albanian Rode Code, Driver Training and Education, Strengthening of the Road Safety Management capacities, upgrading the Road Crash database and access to licensing/vehicle database, and review of the provisions of Emergency Services for the Ministry of Health. In addition, the consultant finalized the Road Safety Inspections in Tirana - Durres highway and Milot - Rreshen road, and is supporting the MPWT and the Government of Albania in improving the secondary legislation and establishing the Road Safety Secretariat.
Key Partners:
The Bank team is working closely with (i) the **Ministry of Public Works and Transport of Albania and its General Roads Directorate, Road Safety Department**, responsible for the implementation of the Milot – Rreshen Road, Output and Performance based Maintenance Contracts, and Road Safety TA; (ii) **Ministry of Interior of Albania and Traffic Police Department**, responsible for the implementation of Road Safety Action Plan.

**Key Development Partners:** EU, OPEC, EBRD and EIB.
In 10 November 2005 by DCM no 692, the Government of Albania adopted the Integrated Planning System (IPS), a set of operating principles to ensure that government policy planning and monitoring as a whole takes place in as efficient and harmonized way as possible. Before that, there was also a concern from the government and the donor community regarding the lack of a harmonized and structured way of planning, implementation and monitoring of budget and non-budget activities. The IPS Trust Fund was established with the financial contribution of seven donors in order to support the government’s commitments toward an integrated process.

The Trust Fund Development Objective is to ensure that the Government of Albania's core policy and financial processes function in a coherent, efficient and integrated manner. This will be accomplished by building sufficient and sustainable capacity in line ministries to participate in IPS fully.

The project (Trust Fund) main purpose is to avoid fragmentation and duplication between the government's core policy and financial planning processes. This mission directly supports the IPS' overall goal of developing a strategic, integrated, accountable planning architecture for Albania, as well as its supporting objectives, including harmonizing and streamlining existing planning and monitoring systems within the new system; realigning organizational structures to deliver the new system; and avoiding duplication of demands on ministries from central institutions.

Results achieved:
Approved in 2005, IPS has been making a significant difference in the way Albania is governed. Over the last for and a half years, the Government of Albania has built a national planning system that: In particular IPS has been giving contribution to a planning system that

- is relevant to Albanian citizens - the National Strategy for Development and Integration (NSDI) sets a coherent path towards the core national objectives of socio-economic development, European integration and NATO membership;
- is government-owned - key IPS decisions are taken by the Strategic Planning Committee; chaired by the Prime Minister;
- is results-based - the Medium-Term Budget Programme ensures that expenditures are linked to concrete results, expressed as goals, objectives and outputs; sets of indicators are being developed for each sector strategy;
- is participative - Advisory groups exists for each sector strategy; government-donor sector working groups ensure external assistance is aligned with national priorities; civil society conferences will be annually convened to review progress;
- is transparent - annual Ministry Integrated Plans and Annual Reports that indicate achieved vs. expected results will be available on DSDC and ministry websites;
Key Partners:
The Bank team worked closely with (i) the Ministry of Finance which was responsible for overall contract and financial management of the Trust Fund, (ii) Department of Strategy and Donor coordination (at the Council of Ministers) the main beneficiary of most of the components of the Trust Fund, and (iii) Department of Public Administration, National Agency for Information Society, who mostly benefitted in terms of improving planning, execution and monitoring skills, as well in infrastructure investment.

Key Development Partners include European Union, Swiss cooperation, Cooperazione Italiana, Austrian Development Agency, SIDA, Netherland Embassy, and British Embassy (DfID) that were the contributors of the Trust Fund and continue to support (like EU) public administration reform in Albania.
The objective of the Project is to enhance young men and women’s access to opportunities in education, employment, civic participation and community development through (i) increasing the capacity of targeted groups in a variety of skills that support transition from the secondary school level into the labor force; (ii) increasing access of targeted groups to livelihood and employment opportunities through grants that support youth entrepreneurial activities; and (iii) increasing youth inclusion of targeted groups in civic affairs through community development grants.

The Project consists of the following parts:

**Part A: Capacity Building for Youth:** Activities to support capacity building of youth NGOs and local government agencies in developing and refining their policies and programs in assisting young men and women acquire life skills and livelihood skills to enable them meet the demands of the labor market by: 1) providing training to youth groups on leadership skills and other skills related to civic affairs, such as skills for problem solving, communication, conflict resolution, addressing and managing risks related to health and criminalization. 2) providing vocational training opportunities to youth in the form of either classroom-based vocational training or Apprenticeship Programs in areas such as computer skills, foreign language skills and electrical work skills, including the funding of Scholarships for Vocational Certificate Courses 3) providing Internship Programs and Apprenticeship Programs with the private sector and sponsoring of volunteer programs for youth with NGOs, local government, civic organizations and schools.

**Part B: Youth Livelihood Grants:** Provision of micro-grants to youth and youth groups to finance selected livelihood activities to kindle self-help and the entrepreneurial spirit in young men and women, including the provision of Youth Livelihood Grants to finance start-up capital of livelihood activities including, but not limited to, food vending businesses and cafes, internet kiosks, tailoring shops, fashion boutiques, auto-repair shops, artisanal work and tourism-related enterprises.

**Part C: Community Development Grants,** Activities to build the capacity of youth in identifying community and neighborhood development priorities and to promote youth inclusion in community decision making, leadership and enterprise, including 1) Facilitating a participatory planning process at the community level whereby youth groups will identify, prioritize and articulate local needs and generate concrete proposals for Community Development Grants, with strong participation by local government officials and other key stakeholders in the community 2) provision of Community Development Grants to finance activities identified by the youth groups that will improve their access to better learning, recreational or livelihood opportunities, such as provision of indoor and outdoor sports equipment, computers and internet access, equipment for cultural and arts and crafts activities (musical instruments, sewing and weaving facilities and equipment), libraries, upgrading of green spaces and day care centers.

**Results achieved:**
Grant procedures have been carefully designed to ensure maximum transparency and have been agreed with the participating municipalities. All grants will be allocated based on open, transparent and competitive processes, and calls for proposals will be issued to invite applications. There will be two main types of grants, Livelihood Grants and Community Development grants. Each type will be awarded by grant selection committees based on independent technical appraisal of grant applications. The strategic priority areas will be defined by the Steering Committee following the needs assessment that is currently being undertaken by NACSS. So far, only an advance of US$ 150,000 has been disbursed to NACSS to cover initial operational and implementation costs, and these funds will be fully accounted for before additional resources are made available by the World Bank.

**Key Partners:**
The Bank team is working closely with National Albanian Center for Social Studies (NACSS) and indirectly support municipal authorities of Tirana and Durres.

**Key Development Partners.** Local NGOs