PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 7.9 MILLION (US$10 MILLION EQUIVALENT)

TO THE

REPUBLIC OF ALBANIA

FOR A

SOCIAL SERVICES DELIVERY

PROJECT

MAY 9, 2001

Human Development Unit
Europe and Central Asia Region
CURRENCY EQUIVALENTS
(Exchange Rate Effective April 23, 2001)
Currency Unit = Albanian Lek
146.2 Lek = US$1
US$1 = 146.2 Lek

FISCAL YEAR
January 1 -- December 31

ABBREVIATIONS AND ACRONYMS
ADF Albania Development Fund
CAS Country Assistance Strategy
CBÖ Community-based Organization
CPAR Country Procurement Assessment Report
CQ Selection Based on Consultants' Qualifications
CW Civil Works
DC Direct Contracting
DFID Department for International Development
ECA Europe and Central Asia
ECHO European Communities Humanitarian Office
FMS Financial Management Specialist
GASS General Administration of Social Services
GDP Gross Domestic Product
GNP Gross National Product
GPN General Procurement Notice
GPRS Growth and Poverty Reduction Strategy
IBRD International Bank for Reconstruction and Development
IC Individual Consultants
ICB International Competitive Bidding
IDA International Development Association
ILO International Labor Organization
INSTAT Albania's National Statistical Agency
IS International Shopping
LCS Least Cost Selection
LSMS Living Standards Measurement Survey
MIS Management Information System
MOF Ministry of Finance
MoLG Ministry of Local Government
MOLSA Ministry of Labor and Social Affairs
MW Minor Works
NCB National Competitive Bidding
NGOs Non-Governmental Organizations
NS National Shopping
OECD Organization for Economic Cooperation and Development
PAS Procurement Accredited Specialist
PCU Project Coordination Unit
PER Public Expenditure Review
PMR Project Management Reports
PMS Procurement Monitoring System
PTL Program Team Leader
QCBS Quality and Cost-Based Selection
SC Steering Committee
SFB Selection Under a Fixed Budget
SIL Specific Investment Loan
SOEs Statement of Expenditures
SSDP Social Service Delivery Project
TA Technical Assistance
UNDP United Nations Development Program
UNICEF United Nations Children's and Education Fund
USAID United States Agency for International Development
WB World Bank

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Country Manager/Director: Christiaan Poortman
Sector Manager/Director: Michal Rutkowski/Annette Dixon
Program/Task Team Leaders: Philip Goldman/Anush Bezhanyan
ALBANIA
SOCIAL SERVICES DELIVERY

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MAP(S)
IBRD 28467R
ALBANIA
Social Services Delivery

Project Appraisal Document

Europe and Central Asia Region
Human Development Sector Unit

Date: May 9, 2001
Team Leader: Anush Bezhanyan
Country Manager/Director: Christiaan J. Poortman
Sector Manager/Director: Michal J. Rutkowski, Annette Dixon
Project ID: P055383
Lending Instrument: Specific Investment Loan (SIL)
Sector(s): SF - Social Funds, SY - Other Social Protection
Theme(s): Social Protection
Poverty Targeted Intervention: Y

Program Financing Data

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Borrower: GOVERNMENT OF ALBANIA

Responsible agency: MINISTRY OF LABOR AND SOCIAL AFFAIRS (GEN. ADM. OF SOC. SERV
Contact Person: Kosta Barjaba, Chief of Cabinet, MOLSA, Chairman of Project Steering Committee
Tel: 003554232301 Fax: 003554232301 Email:

Other Agency(ies):
Project Coordination Unit in the General Administration of Social Services (GASS) of MOLSA
Address: Administratia e Pergjithshme e Ndihmes dhe Sherbimeve Sociale (APNSHS-GASS)
Rruga e Durresit NO.43, Tirana, Albania
Contact Person: Natasha Hodaj, General Director of the GASS,
Suzana Lama, Project Coordinator
Tel: 003554232301 Fax: 003554232301 Email: ssdp@interalb.net

Local non-governmental organizations (NGOs), local governments (communes, municipalities), local community-based organizations (CBOs), Ministry of Labor and Social Affairs, Social Insurance Institute, INSTAT

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**Project implementation period:** September 2001 - September 2007, 6 years  
**Expected effectiveness date:** 09/30/2001  
**Expected closing date:** 09/30/2007
A. Project Development Objective

1. Project development objective: (see Annex 1)

The project development objective is to improve standards of living of poor and vulnerable population groups in Albania by: (i) increasing their access to well targeted and effective social care services; and (ii) assisting the Government to develop, monitor and evaluate more effective social policy; and (iii) improving capacity for planning, managing and delivering social care services with increased involvement of local governments, communities and civil society.

2. Key performance indicators: (see Annex 1)

1. Policy and institutional framework for community-based social services to poor and vulnerable groups developed and operational (capacity, financing, standards, guidelines, monitoring) by September 2004.
3. Number of services operational in project targeted areas, providing good quality care, maintained and financially sustainable after investments completed (approximately 115 sub-projects) by September 2007.
4. Increased participation of local governments, NGOs, community-based organizations (CBOs) and local communities in the decision making, provision and management of social services.
5. Improved capacity of General Administration of Social Services (GASS) staff, local governments, NGOs, community-based organizations (CBOs), and other organizations to deliver, monitor and manage services (monitoring system, regular data reports, publications, standards and guidelines etc.).
6. Increased public awareness of social inclusion issues of poor and vulnerable population groups, and increased numbers of people seeking referrals to social services.
7. Government analysis and development of social policy at all stages (design, monitoring and evaluation) is improved, measured through qualitative assessments of policy performance by key stakeholders (e.g., Parliament, municipalities, NGOs, external development agencies).
8. Introduction of a more reliable, timely and relevant household survey instrument for poverty monitoring and policy evaluation based on the 2001 population census and forthcoming LSMS and panel surveys.

Concrete targets for each output to be achieved by Borrower will be agreed in detail at the beginning of each year through annual work program.

B. Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project: (see Annex 1)

Poverty alleviation and human development were identified as two strategic priorities of the 1998 CAS for Albania. The CAS progress report presented to the Board on March 21, 2000 confirms that these themes remain fundamental and places greater emphasis on social underpinning of poverty reduction. The proposed project would support the CAS social protection sector objective to improve standards of living through community-based social services targeted to poor and vulnerable population groups. The proposed project would also contribute to the CAS objective of improving governance and institution building by strengthening the capacity of the: (i) Government to develop, monitor and evaluate social policy; (ii) the social protection administration to plan, coordinate and monitor social services; and (iii) local governments/communities, non-governmental institutions and civil society to deliver those services. The project would also: (i) strengthen the ability of the statistical authorities to collect reliable household level data, and the capacity of Government agencies to evaluate that data in order to establish and implement an...
appropriate social protection policy agenda; (ii) develop an institutional framework and policies for community-based social services; (iii) improve capacities of central and local government for administration of community-based social services; (iv) increase the number, variety and quality of locally-run social services targeted to poor and vulnerable groups; and (v) increase involvement of local communities and civil society and increase public awareness of vulnerability issues.

2. Main sector issues and Government strategy:

Macro-economic Developments: Albania's economy has experienced a series of upward and downward fluctuations since the early 1990's. The country underwent a severe social and economic crisis during 1990-92 that led to a sharp fall in output, a rise in inflation, and a significant increase in unemployment. Faced with the deteriorating economic situation, the country launched a vigorous program of stabilization and structural reforms in the following three years. The stabilization policies allowed the country to reduce macroeconomic imbalances and to bring down the rate of inflation. The associated structural reforms focused on the privatization of all shops, small enterprises, and agricultural land, the abolition of almost all price controls, the establishment of a new legal framework for private ownership, and the liberalization of the trade and payments regime. However, Albania then fell into near anarchy in early 1997, triggered by the collapse of the pyramid scheme that had absorbed a large portion of the financial assets of the population. The related civil disorder led to severe disruptions in economic and social activities. Output disruptions were extensive, especially in construction and industry. Trade slowed down considerably and foreign aid and remittances (which were the major source of foreign exchange) dropped sharply.

To stabilize the economy, the Government embarked on a recovery program during the post-1997 crisis period, focusing on urgent macroeconomic and structural reform issues. Implementation of these measures was highly successful and was the key to Albania's rapid recovery from the crisis. The 1998 economic recovery was interrupted by civil disturbances in September. The conflict between opposing political parties culminated in civil unrest and subsequently in a change of government in September 1998. The new Government quickly restored stability and achieved considerable progress in implementing stabilization and structural reform measures.

By the beginning of 1999, macroeconomic stability had been restored and the structural reform program was progressing well, but the conflict in Kosovo and the massive influx of refugees created a new crisis for the Government. The dislocation caused by the Kosovo crisis inflicted enormous costs on the Albanian economy and created an immediate threat to the Government and the structural reform program, as well as to the internal stability of Albania. However, the Government, with the help of donor community, managed this crisis successfully and with the repatriation of refugees it focused on other serious development problems.

Albania's prospects for growth, development and poverty reduction are good. During 1998-99, the domestically financed fiscal deficit improved because of budgetary discipline and better revenue collection. The current account deficit fell to about seven percent after 1998. GDP growth returned to about 7.5 percent annually and inflation fell rapidly to low levels. Output growth is estimated at 7.8 percent in 2000 and inflation is estimated at about two percent. Currently, GDP is projected by IDA to grow about seven percent per year over the next five years, boosted by increasing exports and private sector activity. Imports are also expected to grow, but more slowly, leading to a projected reduction in the current account deficit. Under the Government's macroeconomic strategy, the fiscal deficit is projected to decline during the next five years. Overall, the Government's medium term fiscal strategy is expected to allow a larger share of government expenditures to be allocated to pro-growth, pro-poor activities.
Poverty and Social Impact of Transition: The recent repeated shocks -- a consequence of political strife and social unrest -- have created major economic and social problems in the country. Because of these shocks, many Albanians have realized a loss of income and earning opportunities and have incurred risks to their personal well-being and safety. Poverty, which is concentrated in the rural areas and north of the country, is a result of the inability of individuals, households or communities to protect themselves, formally or informally, against the outcome of these shocks, or even against the more mundane income risks faced over their lifetime. A poverty profile based on 1996 data showed that some 30 percent of the rural and some 15 percent of the urban population are poor, with many others vulnerable to poverty due to their incomes being close to the poverty threshold (this information will be updated through an analysis of a Living Conditions Survey, a Multiple Indicators Cluster Survey and (likely) a Household Budget Survey to be completed by May 2001, and through an FY2002 LSMS). Young people, less educated people, and families with many children, are particularly at risk of poverty. Income related poverty is compounded by the severe lack of access to basic infrastructure, education and health services, clean water, etc., and the ability of the Government to address this is complicated by high levels of internal and external migration.

Initial findings from a qualitative poverty assessment underway in Albania (to be finalized in April 2001) include, inter alia, (i) transition is giving rise to a 'new individualism' that seems to be undermining community-based, shared, and collective institutions and practices among the majority of poor communities; and (ii) transition is also giving rise to new vulnerable groups in the form of single parent families (as outcomes of divorce and permanent emigration), street children (in urban areas), internal migrants (in the periphery of urban areas), the elderly (abandoned in mostly rural areas) and disabled populations.

Recent sociological studies (e.g. Albania: Filling Vulnerability Gap, by Gloria LaCava and Rafaella Nanetti, WB 1999) also point to insufficient cohesion of Albanian society, lack of social capital, and social exclusion of the vulnerable as particular problems. The Vulnerability Needs and Institutional Capabilities Assessment (VNICA, by Elena Galliano, 2000) -- a study carried out in preparation of the SSD project, which included a legal review, institutional assessment and needs assessment in four regions of Albania (see annex 13 for summary of findings and recommendations) -- confirmed the new problems the vulnerable population groups faced in recent years, such as isolation, negative public perception and ostracism within their own communities, insufficient information about their rights and a sense of shame, lack of dignity/self-worth etc. These, coupled with the lack of accessible services and poor coverage (especially in rural areas), security, transportation and other issues further exacerbated problems. Political and economic developments have also increased risks related to high levels of migration, such as the problems of single elderly in rural areas, households headed by women, the increasing number of children left without parental care, the increase in urban poverty, and others. In addition to these risks, households in Albania also face various lifetime risks that reduce income and lower household welfare. Some of these risks include loss of income because of unemployment, uncertainty of earnings from informal, seasonal jobs, risk of low income in old age, loss or reduction in income due to disability, loss of main earner, sickness, or accidents.

Growth and Poverty Reduction Strategy (GPRS): To address the issues mentioned above, the Government with the Bank's assistance is preparing a Growth and Poverty Reduction Strategy targeted for completion in mid-2001. The GPRS (the Government's title for the Poverty Reduction Strategy Paper) will take a cross-sectoral view of the key development issues and priorities facing Albania, based on improved public expenditure management and utilizing a comprehensive participatory approach. The primary sectors to be covered in the first GPRS include health, education, social protection, rural, and transport. Some of the GPRS-related cross cutting issues include: a) high levels of poverty as the starting point, coupled with high expectations that living standards will improve quickly; b) reduced access to social services, especially to
the poorest; c) inefficient utilization of available resources, whether for recurrent or investment costs; d)
fiscally unsustainable sectoral policies; e) low quality of service delivery (primary health facilities w/o
stethoscopes, schools with few textbooks); f) poorly managed decentralization of administrative and
financing responsibilities; g) large information gaps, as well as gaps in knowledge needed to evaluate
policy-relevant information; h) poorly motivated civil service, with our counterparts expressing concer-
ns about corruption at all levels; i) major population movements within and outside of the country; j)
unusually heavy reliance on external aid; k) infrastructure, energy problems (electricity outages, lack of
management of hospital waste, unclean water, poor roads).

Social Protection Sector-Related Issues: The Government of Albania is firmly committed to carrying out
market reforms, and as part of its comprehensive reform program has also expanded and changed
drastically its public social protection system since the political changes of 1991. It has reformed the social
insurance system including old-age, disability and survivor's pensions, introduced more open labor market
policies, and introduced targeted poverty benefit in cash (ndihme ekonomike). Some capacity to implement
social protection policies has been built (during the civil unrest in 1997, when most of the country came to
a halt, social insurance benefits continued to be paid regularly). Accordingly, significant public resources
are allocated to finance social protection policies: 6.5 percent of GDP was spent on social insurance and
social assistance in cash programs in 1998. The system has played an important role in cushioning the
most difficult years of economic transition.

These changes notwithstanding, institutional development and improvements in governance capacity have
generally lagged behind improvements in economic performance. Recent economic and sector work
findings indicate that the social protection system in Albania faces several key challenges, inter alia: (i) it
is not consistent with Albania's level of income, and is inefficient and difficult to sustain; (ii) the effici-
cy and effectiveness of the social assistance programs targeting needs to be improved (program data show that
only one-third of beneficiaries classify as poor and two-thirds of current recipients have been receiving
assistance continuously since the program was introduced in 1993); (iii) social care services and local
safety nets programs are undeveloped and uncoordinated; (iv) capacity to design, coordinate, administer,
monitor and evaluate social protection programs is weak; (v) functional and organizational capacity at all
levels of the Government that are responsible for social protection policy implementation is
underdeveloped; and (vi) human resources involved in social protection policy design and implementation
need significant strengthening and development.

Moreover, the large demographic and social changes arising from recent shocks have presented
overwhelmingly difficult challenges to the current weak system of public social care services, including:
(i) gaps in institutional framework and policies to address the population's new needs for social services and
absence of standards and guidelines for care; (ii) limited capacity of the Ministry of Labor and Social
Affairs (MOLSA) to develop and monitor policy; (iii) limited capacity of the General Administration of
Social Services to monitor and administer social care service provision; (iv) poor quality of the limited
institutional care (the only form of the publicly provided social care services -- although it is a positive sign
that compared to other ECA countries Albania has limited number of institutions); (v) uncoordinated and
uncontrolled NGO (local and international)-provided services mushrooming all over the country, present-
ing challenges to the GASS capacity to coordinate and monitor the quality of provided services; (vi)
limited population coverage by existing services and the need to reach larger number of those in need; and
(vii) limited trust of the population in public institutions, which aside from their weakness, also lack mecha-
nisms to ensure participation of the population in decision making; and are often not transparent and accountable.
In the absence of a strong public system, the traditional family-based informal safety net has become the
primary coping mechanism in Albania. While this system may work well for socially integrated groups
with large extended families and strong community ties, it often excludes less-protected and marginalized
groups, such as single-parent families with women as the head of household, destitute children, abandoned elderly, unemployed youth and poor new migrants in urban/peri-urban areas.

Since 1991, the World Bank has provided significant support and assistance to the Government's efforts to reform its social protection system. Two projects, the Social Safety Net Project and Labor Market Development Project have assisted the Government in reforming social insurance, and introducing targeted poverty benefit, employment services and active labor market policies, as well as developing institutional capacity to administer social protection policies. Strengthening fiscal sustainability of the public pensions by ceasing to accumulate unfunded liabilities for the self-employed in agriculture, as well as launching and drafting public pension reform strategy have been identified as one of the components of the Albania SAC. The public pension system's affordability and sustainability and the need to reform the system was one of the key themes of the 1998 Country Economic Memorandum. In the framework of the ongoing GPRS and MTEF work, the MOLSA has formed a working group which has carried out analyses and identified current weaknesses of the social protection system and identified some priority actions for 2001-03 in each social protection sub-sector, including labor market and employment, social insurance, social assistance and social care services. The issues in each sub-sector are complex and the Government, realizing a need for a comprehensive long-term strategy, has asked the Bank for the assistance in developing it. Overall, the Bank will pursue support for comprehensive reforms of the social insurance and cash social assistance policy frameworks under the proposed Poverty Reduction Strategy Credit (PRSC, P069935), and will use that operation to improve targeting, fiscal sustainability, and coverage issues. The proposed Social Services Delivery Project will assist the Government to formulate policies and a related implementation framework to address the financing, quality and delivery specifically of social care services. Care will be taken by the SSDP and PRSC teams to ensure that the policy dialogue covering both cash and non-cash assistance is well-coordinated.

3. Sector issues to be addressed by the project and strategic choices:

Social Policy Formulation, Monitoring and Evaluation: As noted above, Albania has been undergoing a series of economic and social shocks that are having a significant impact on households, and that present particular difficulties for the poorest and most vulnerable. The Government faces real difficulties in responding to these challenges: (i) current household level survey data is not representative of the population, and other information on living standards is ad hoc, irregular and of varying quality; (ii) the capacity of the Government to evaluate policy-relevant information is limited by knowledge and resource constraints; (iii) the policy environment is extremely fluid, there is high government turnover of officials, and Government efforts tend to be focused on crisis management; and (iv) roles and responsibilities for policy development and evaluation remain unclear, both within and between agencies. The project will address these issues by (i) supporting the national statistical agency (INSTAT) to develop and implement a permanent household survey instrument that will collect data on a regular basis, utilizing a new sample frame derived from the 2001 Census as well as new questionnaires and data management procedures; (ii) developing and implementing a strategic plan for social policy monitoring and evaluation within and between agencies, covering both social insurance and social assistance; and (iii) developing and implementing an associated training plan.
Social Care Services: The project will contribute to the development of the institutional capacity of central and regional MOLSA/GASS to identify and assess service needs, coordinate activities, raise public awareness, and monitor and evaluate the social impact of these services. The project would also assist the Government in developing its overall social care services system, and help it to prepare more and better-quality social services by: (i) defining the institutional framework and policies for social services with increased local participation; (ii) increasing public awareness of vulnerability issues; (iii) promoting sustainability of provided services; (iv) developing service evaluation and impact monitoring techniques; and (v) developing standards for care to be used for evaluating private and public social services.

De-centralization of Provision of Social Services: The Government has advanced its de-centralization agenda and the local elections carried out in October have put legitimate local governments in place. The local government law took effect starting January 2001. While the impact of proposed SSD project would be important for the social protection sector in general, a main aim of the project would be development of community-based social services that are consistent with Albania's level of income and community structure. The strategic choice here is to support the de-centralization through assistance in developing capacities of participating local government agencies to assess the needs and demands for services in their areas, and to carry out planning, budgeting and competitively procure services from private providers. The project will also promote community and civil society initiatives in social services provision and public/private partnerships by providing training and financing to eligible social service delivery agents.

Social Inclusion and Public Awareness Issues: As mentioned above the issues of social exclusion, public perception of vulnerability and social problems is a real issue in Albania. Through a major public information and education campaign and financing targeted community-based services, the project should contribute to the increased public awareness and concern about vulnerable populations, including the elderly, women and children at risk, and the disabled. The project will aim to contribute to reintegration and inclusion of marginalized population groups through promoting their participation in the decision making process. The project should also serve as a modest demonstration for the ongoing development of civil society and develop models of public/private partnership in the community, enhance participation in local communities, NGOs and CBO in service management and sustainability.

C. Project Description Summary

1. Project components (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):

The proposed project will provide funding and carry out activities under four main components briefly described below.

Component 1: Policy Development: US$ 1.6 million

This component will aim to develop the organizational, human and material resources in the Government to design, implement, monitor and evaluate social policy. It will have three sub-components:

Sub-component 1: Poverty Monitoring and Evaluation -- US $ 0.7 million

The main objective of this sub-component is to support the institutional set up and to develop the necessary capacity to collect, analyze and disseminate reliable and timely statistical information at the household level for poverty monitoring and the evaluation of social programs.
The project will support the national statistical agency (INSTAT) in the development and implementation of new survey tools for the periodic production of the needed information through provision of technical assistance, training and equipment. The project will provide the Government with the necessary assistance towards the establishment and efficient functioning of a Poverty Unit in the MOLSA for the analysis and dissemination of information for the monitoring and evaluation of social program. The training, TA, some equipment will be provided under this sub-component for this Poverty Unit.

Sub-component 2: Social Services Policy Development -- US $0.7 million

The objectives of this sub-component are to assist the MOLSA to: a) strengthen its policy formulation capacity, b) further develop legislative and institutional framework for social services, c) develop capacity for policy monitoring, evaluation and program improvement, d) design and implement a national public awareness campaign on social exclusion, including public outreach at the national and local levels, and e) design and implement a framework for financing of social services, including national, local and donor participation.

The activities to be undertaken under this sub-component are expected to result in: a) defined roles and responsibilities of central government agencies in national social care services; b) MOLSA having the organizational and human capacity to develop appropriate social care policy, c) an improved legislative and organizational framework for the management, regulation and delivery of social services, d) an operational system of standards, monitoring, and feedback for social services, e) a more informed public on the problems of socially excluded groups and the utility and availability of social services, and f) a sustainable system for financing social services with incentives favoring community based services rather than institutional care.

The following triggers (indicators that will be used to measure project achievements and conditions for scaling up to the second phase in year-four of project implementation) have been identified for the project mid-term review:

(i) policy: a) standards for social care services and monitoring system developed adopted; b) a system for regular public information and education campaigns (IEC) and outreach programs developed and initial IEC completed by December 31, 2002;

(ii) institutional: clear division of responsibilities between Ministry of Labor and Social Affairs and General Administration of Social Services, first and second levels of local government in setting up, financing, administering and monitoring social care services with precise terms of references in place by September 30, 2004;

(iii) legal: legislative framework for community-based social care services harmonized with other legal acts by September 30, 2004;

(iv) financial: development of sustainable social care services financing system began, financing study completed and alternate financing system pilot-tested in one of the four regions by September 30, 2004.

This sub-component will finance training and TA, study tours and other services. It will be co-financed by the DFID.

Sub-component 3: Strengthening the Development and Implementation of Pension Policy -- US $0.2 million
The objective of this sub-component is to strengthen the development and implementation of pension policy. This sub-component will support technical assistance (TA) in two areas. One involves developing policy approaches for addressing, in an equitable and efficient way, inadequacies in the data base available for pension administration. Those inadequacies include missing, inaccurate and inaccessible historical data on individuals' work histories. The other involves examining management and work processes within the Social Insurance Institute to identify ways to simplify work flows and improve their efficiency. These forms of TA would complement a third TA activity, outside the project, for which non-project financing has been obtained: namely, extending past modeling of the pension system to refine projections of its performance under present policies and to explore the implications of alternative approaches for addressing the main policy challenges faced.

Component 2: Monitoring and Administration of Social Services: US$ 1.3 million

The objective of this component is to improve capacity for social services monitoring and administration and social work training at central and regional levels. This component will include two sub-components.

Sub-component 1: General Administration of Social Services -- US $0.9 million

The objective of this sub-component is to ensure effective monitoring and administration of social care services at the national and regional levels through strengthening the monitoring and evaluation capacity of the GASS (central and regional). This sub-component will finance training and technical assistance, both formal (classes, seminars, study tours) and informal (conferences, on-the-job training, site visits), to improve the central and regional GASS's capacity to regulate and monitor community-based social services. At the central GASS level, attention will be paid to building specific social service skills (developing social services standards, guidelines, methodologies, policy implementation monitoring mechanisms, and quality control mechanisms and criteria), as well as general management skills (such as public outreach, planning and budgeting). Regional GASS offices will be assisted in developing business plans, enforcing social service standards, quality control, monitoring techniques, effective social services administration and outreach to the community. In addition, this sub-component will finance establishing of the MIS and case management system in the GASS, some equipment for central and regional GASS offices, regional GASS offices renovations (civil works) and vehicles to carry out project activities and monitoring functions.

Sub-component 2: Strengthening Capacity for Social Work Training -- US $0.4 million

The objective of this sub-component is to develop a system for systematic training and re-training of social workers in order to improve quality of social work provided in community-based social care services through encouraging the development of new social service training facilities in Albania, and to reinforcement of the capacity of already-existing training institutions.

Training, technical assistance and consulting services will be financed under this sub-component to support development of capacities for social work and case management training. Special attention will be paid to developing the capacity of social service workers and trainers outside of the Tirana area to deliver social service training. While activities in this sub-component will target locally-based universities and other formal training institutions, it will also work to develop the capacities of local NGOs and other social service providers to deliver training. As part of the capacity-building of local trainers, whenever possible, local facilities will be used to "train the trainers."
Component 3: Community-Based Social Services: US$ 10.6 million

Sub-Component 1: Fund for Community-Based Social Services -- US $9.9 million

The objective of this sub-components is: a) improve the quantity and quality of community-based social services; b) promote new forms and initiatives in community-based social services, including awareness, prevention and early detection programs, among social workers, teachers, and others; c) increase the involvement of beneficiaries in design and implementation of community-based social services; d) increase the involvement of civil society (NGOs and CBOs) in service delivery programs; e) improve partnerships between local government, civil society and community; and f) increase community awareness and improved social cohesion in participating communities. Under this sub-component grants will be provided to the implementing agencies (e.g. local governments, community-based organizations etc.) for establishing community-based social services for targeted population groups based on the clearly defined criteria. The criteria for sub-project approval and sub-project cycle are detailed in Annexes 11 and 12.

Types of community-based projects that could be financed through the SSD project might include home delivery programs for the elderly, battered women's shelters, youth centers, facilities for children such as day-care centers, and/or counseling services for vulnerable groups etc.

This component will finance minor civil works, minor equipment, consultants services, training and TA and special programs.

The funds for sub-projects will be pre-allocated to all 12 regions of Albania using per-capita allocation method based on the population numbers produced by the 2001 census.

The maximum amount of grant for investment cost of sub-project can be US $200,000, out of which civil works should not be more than US$100,000. The participating local government is expected to contribute 10% of investment cost (in cash, in-kind or labor) and 100% of recurrent cost. The first three years of the Project these recurrent costs will be financed at 80% out of central Government sources and 20 % from the local government sources. This ratio will be reviewed at midterm review and the changes to this ratio will be made as per new agreement. If the proposal comes from an NGO, both local government and NGO will be expected to contribute, 10% and 5 % respectively.

The technical assistance and capacity building of participating local governments and providers will be key activity of this component. In order to ensure that the proper training program and necessary consultant services are built-it into each individual sub-project the funding for this purpose will be allocated separately into a sub-component 2 described below.

The strategy for the implementation of this component is to carry it out in two phases:

(i) phase one (years 1-3) will be implemented in four pilot regions (Tirana, Vlora, Durres and Shkodra). In parallel activities under Components 1 and 2 will be implemented to help develop policies, organizational structures, capacities, standards, guidelines, instructions, provider licensing and monitoring procedures that will inform and assist the implementation of this component. By the end of the second year a de-centralization action plan adopted by the Government is expected to be fully implemented. By the end of the third year agreed triggers in policy, institutional, legal and financial (refer to Component 1-2 above) aspects of the system will be implemented and evaluated and if found satisfactory this component will evolve to cover all of Albania in the second phase.
(ii) **phase two** (years 4-6) activities will be expanded activities to eight more regions covering the whole country.

**Sub-component 2: Local Government and Social Service Provider Capacity Building -- US $0.7 million**

The objective of this sub-component is to improve the capacity of staff in social service facilities and local government offices to respond more effectively to their clients' needs. Basic social service techniques, specialized social service training to respond to certain vulnerable groups, techniques in monitoring and evaluation, and project management skills are envisaged as the main areas for training.

This sub-component will finance training and technical assistance for participating local governments (bashki and communes) in order to strengthen their capacity to monitor, evaluate, publicize, and administer social services. Separate training will also be provided to those local governments who will be the actual implementers of community-based social services projects. As with GASS capacity building, a combination of formal and informal training and technical assistance will be used. To reflect the demand-driven nature of the project, individual training plans will be developed on a case-by-case basis.

**Component 4: Project Management, Information System and Monitoring: US$1.5 million**

This component will aim to ensure an efficient and effective implementation of project activities, development of project Management Information System (MIS) and monitoring.

**Project Cost by Component**

<table>
<thead>
<tr>
<th>Component</th>
<th>Sector</th>
<th>Indicative Costs (US$M)</th>
<th>% of Total</th>
<th>Bank-financing (US$M)</th>
<th>% of Bank-financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component 1: Policy Development</td>
<td>Institutional Development</td>
<td>1.60</td>
<td>10.7</td>
<td>0.70</td>
<td>7.0</td>
</tr>
<tr>
<td>Component 2: Monitoring and Administration of Social Services</td>
<td>Institutional Development</td>
<td>1.30</td>
<td>8.7</td>
<td>0.40</td>
<td>4.0</td>
</tr>
<tr>
<td>Component 3: Community-based Social Services</td>
<td>Social Funds</td>
<td>10.60</td>
<td>70.7</td>
<td>7.50</td>
<td>75.0</td>
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<tr>
<td>Component 4: Project Management, Information System and Monitoring</td>
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<td>1.50</td>
<td>10.0</td>
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<tr>
<td><strong>Total Project Costs</strong></td>
<td></td>
<td>15.00</td>
<td>100.0</td>
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<td>100.0</td>
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<tr>
<td><strong>Front-end fee</strong></td>
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<td>0.0</td>
<td>0.00</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total Financing Required</strong></td>
<td></td>
<td>15.00</td>
<td>100.0</td>
<td>10.00</td>
<td>100.0</td>
</tr>
</tbody>
</table>

2. **Key policy and institutional reforms supported by the project:**

The project will address the following key policy issues:

(i) **Poverty monitoring and evaluation** by supporting the development of a permanent data collection system at the household level based on periodic LSMS and panel surveys and by building Government capacity to analyze the data and monitor poverty trends.
(ii) **Public administration capacity building** by helping to further define the roles and responsibilities of all implementing agencies, including the MOLSA, central and regional GASS offices, local government, local NGOs and CBOs in planning, administration, provision and monitoring social care services.

(iii) **Reforming the social care services system** by: a) building the MOLSA capacity for social care policy formulation and monitoring, improvement of institutional framework and policies related to the social services, development of models of financing community-based social services etc.; b) developing guidelines and standards for care that would allow improved targeting and effective monitoring and better coverage of social care services, case management and gatekeeping; c) promoting de-institutionalization of social care provision when possible which currently is almost entirely based on relatively high cost residential care through introducing new and innovative models encouraging re-integration of the targeted population into community.

(iv) **De-centralization** of provision of social care services by helping the local governments to effectively deliver social services and development of guidelines for public/private partnerships and NGO participation in service provision.

(v) **Donor participation** by assisting the Government in developing an institutional framework that would facilitate donor participation in the program with the emphasis on greater coordination.

3. **Benefits and target population:**

Longer-term benefits would include improved well-being of certain poor and vulnerable population groups in targeted areas, increased capacity of local entities to deliver social services, an improved social care services system, and greater sustainability of services. The benefits will also include improved policies, standards, guidelines and practice of social care services that will be developed during the project implementation. Indirect benefits will include development of civil society and social cohesion, greater public awareness regarding vulnerable people in their communities, and building of trust in civic institutions.

The primary target groups will include, but not be limited to, poor and vulnerable groups such as: (i) children and youth at risk of abandoning school, and taking up crime, prostitution and/or drugs; (ii) children without parental care and institutionalized children; (iii) single and abandoned elderly; (iv) women heads of households and other marginalized population groups who are at particular risk of social exclusion; and (v) communities these population groups belong to.

Secondary target groups will be the participating local governments, NGOs and CBOs, central government institutions such as MOLSA, GASS and other civil society members who will benefit from training and establishing the programs for the primary groups.

To ensure fair access to funds, the available resources will be pre-allocated to all the regions based on criteria agreed by the Government and IDA at negotiations.

4. **Institutional and implementation arrangements:**

**Institutional Arrangements:**

The proposed project will be implemented over a period of six years (September 2001 - September 2007). The General Administration of Social Services -- a semi-autonomous agency within the Ministry of Labor
and Social Affairs -- will be in charge of project implementation. The project implementation will be coordinated by the Project Coordination Unit (PCU) established in the GASS. The PCU will carry out the project activities based on the rules and procedures clearly defined in the Project Implementation Plan and project Operational and Finance and Administration manuals.

The key institutions involved in the project and their respective roles and responsibilities are described below:

(i) Steering Committee (SC): chaired by the Chief of Cabinet of MOLSA (on behalf of the Minister) with ten voting members representing government (including representatives from MOLSA, the GASS, Ministry of Finance, Ministry of Public Order, Ministry of Justice, and local government), academe (University of Tirana), non-government organizations (including representatives from the Soros Foundation, UNICEF, national and international NGOs, and civil society), and bilateral donors (DFID, Government of Italy) has been established to oversee project preparation. The duties and responsibilities of the SC have been reviewed during the project appraisal as following: (i) advise on policy, legal and institutional framework for project preparation; (ii) approve resource allocation criteria and mechanism (targeting matrix); (iii) advise on the selection of priority interventions, approve criteria for identification of poor and vulnerable groups to be targeted by project activities; (iv) review, provide comments and approve project Operational Manual and other documents which define the implementation procedures for the SSD project; and (vi) approve annual work program and budget. In general, the SC, given its broad representation, will function as an oversight committee, aimed at requesting adequate accountability for project activities and reinforcing the internal control mechanisms.

(ii) Regional Approval Committee (RAC): RAC is a committee to be organized in every participating region involving representatives from each, regional government, beneficiary community and civil society and will have a responsibility of approval of sub-project grants.

(iii) Ministry of Labor and Social Affairs (MOLSA): will be mainly in charge of implementation of the policy development component, in particular its Chief of Cabinet and the General Directory of Coordination and Development. The MOLSA has established a working group for the project preparation and a coordinator for this component will be appointed within the MOLSA before project effectiveness

(iv) General Administration of Social Services (GASS): The GASS has played a crucial role in project design, selection of pilot sites, bid evaluation committee and ensuring that the lessons learnt from pilot sub-projects are reflected in the country's overall social services policies. The general director of the GASS has been appointed as overall project coordinator and the project coordination unit is housed in the GASS. The GASS role in the project implementation will include coordination, monitoring and evaluation of community-based social services and feedback to the MOLSA for policy development. The regional GASS will be responsible for promotion, appraisal and supervision of sub-projects.

(v) Social Insurance Institute (SSI): the Social Insurance Institute, which has administrative responsibility for Albania's public pension system, will provide technical guidance and advice to the PCU in relation to the two technical assistance assignments that will be funded through Sub-component 3 of Component 1. In particular, SSI will prepare the terms of reference in each case and will supervise the work of the consultants selected.

(vi) INSTAT: the responsibilities of INSTAT in project implementation will include preparation of TOR for TA and supervision of work of selected consultant for sub-component 1 of Component 1.
Project Coordination Unit (PCU): The PCU will be responsible for procurement, disbursement, logistics, and all other aspects of project implementation. The PCU is staffed with six full-time local employees (project manager, accountant, procurement officer, project evaluation specialist, monitoring and MIS specialist and office support/driver) who have been competitively recruited by a recruitment commission, established by Minister's decree and comprising a MOLSA representative, and NGO representative, and an expert in the social field. A full time international resident technical advisor is placed in the GASS/PCU to assist with project preparation and implementation.

Local Government: The local governments (i.e. "bashkia" in urban and "commune" in rural areas) will be crucial implementation partners in this project. The proposals for the development of social services (sub-projects) will come from local governments, who by law are responsible for delivering social care services to the population in need. They will take responsibility for the assessment of needs, consultation with population and beneficiaries, preparation of proposals, entering into grant agreements, sub-project implementation in transparent and accountable manner, contributing to sub-project operation and sustainability, planning and budgeting, fundraising. They will ensure that core social service standards are followed in each facility, monitor project progress and maintain working relationships with the communities and clients, raise public awareness about available social services, and contribute to social services policy formulation. They will be provided training to ensure the smooth and efficient sub-project implementation.

Implementing Agency (IA): is a local organization (NGO, CBO) which will manage sub-projects in those cases when local government has no capacity to oversee service delivery. The responsibilities of the IAs will be similar to those of local government described above. The IA will also be responsible for ensuring adequate operation and sustainability of services. Where the IA is appointed, a clear specifications of the responsibilities vis a vis the local government will be agreed.

Social Service Provider: the organization, NGO, or other service provider contracted by the local government or IA to undertake delivery of social services. In some cases, the social service provider may be the same entity as the IA; i.e., social service providers may themselves initiate project proposals.

Implementation Arrangements:

The following project implementation arrangements have been made:

(i) Project Implementation Plan: The PCU, in collaboration with the Steering Committee and General Administration of Social Services, has prepared draft Project Implementation Plan (PIP -- refer to the Annex 14 for the outline) which includes a project implementation schedule, detailed project cost tables, training and capacity building plan, and a project Operations Manual (OM) and Finance and Administration Manual (FAM). It has been reviewed by the Bank before negotiations and will be finalized by the Government before effectiveness incorporating agreements reached at negotiations. The draft OM summarizing the procedure and criteria for grant approval, project impact monitoring and evaluation arrangements has been prepared. The OM will clearly specify processes, procedures, roles and responsibilities for project implementation, and will offer best practices on project transparency and accountability and will be approved by the Government before negotiations. The OM will be finalized before project effectiveness.

Based on the PIP and OM the PCU will prepare annual work program to be approved by the Government and SC.

(ii) Disbursement: To facilitate the disbursement of funds the Ministry of Finance (Borrower) will establish Special Accounts (SAs) for the IDA credit and donor co-financing in the Bank of Albania. The
PCU will then open a project account in a local commercial bank. These accounts will be operated by the PCU under terms and conditions satisfactory to the IDA and as outlined in the Project Implementation Agreement. Replenishment of the SA would follow Bank procedures. The PCU will submit replenishment applications on a monthly basis, or when about 33 percent of the initial deposit has been utilized, whichever occurs first. A Bank statement of the SA and a reconciliation of the SA against the Bank’s records would support the replenishment applications. The minimum amount for application for direct payment and for special commitment would be 20 percent of the authorized allocation to the SA. The Project will disburse under the Bank’s traditional Statement of Expenditure (SOE) disbursement method. In the future, if there will be capacity in the PCU, the project could move, with the mutual agreement of the Borrower and the Bank, to the Project Management Reports (PMR)-based disbursement method.

(iii) **Financial Management System:** The PCU has developed a financial management system based on a locally developed software (Alpha-PMR). This software have been customized to the needs of the project preparation phase and installed, in May 2000, with the technical assistance of KPMG’s local office. The PCU employs an accountant who takes care of all financial management and disbursement activities of the project. Given the activity of the PCU, this setting is adequate for the purposes of the project. In addition, the Finance and Administration Manual (FAM) has been developed by the PCU and reviewed and approved by the Bank. Prior to the presentation of the Project to the Board the PCU with the assistance of KPMG will ensure that the FMS is customized according to the project components agreed during negotiations. The FMS will adopt: (i) the chart of accounts to the PAD components, (ii) the PMRs to the PAD components, (iii) the financial management procedures and policies; and (iv) the Accounting Manual. The FMS certification will take place prior to the presentation to the Board for approval.

(iv) **Audit:** The PCU will be responsible, on behalf of the Borrower, for providing to the Bank the project’s audited financial statements within six months of the end of every fiscal year. The accounts and financial statements of the project will be audited by independent auditors acceptable to the IDA. The audit will be comprehensive and cover all aspects of the project (i.e., all sources and utilization of funds, and expenditures incurred) and it will be carried out in accordance with International Standards of Auditing. Auditors will be appointed by the Ministry of Finance to carry out this audit as part of an overall agreement for the audit of the IDA-financed portfolio. The financing for this audit will be provided by the Government of Albania.

(v) **Procurement:** The PCU is staffed with one Procurement Officer who has gained some experience in Bank procurement procedures working on the pilot project. The Procurement Officer attended a one week procurement workshop in December 2000, which was organized and offered by the ECA Regional Procurement Advisor of the World Bank. The procurement capacity of the PCU has been assessed during project appraisal (please refer to Annex 6). The Procurement Officer is currently undergoing an intensive procurement training offered by the International Law Institute in Washington DC.

(vi) **Monitoring and Evaluation:** Project monitoring and evaluation activities would have the two-fold objective of generating information on a) project performance and b) the achievement of project development impact through the following activities: (i) project performance monitoring; and (ii) project impact monitoring. At the project level, monitoring will cover temporal and financial information, and performance and impact indicators information at the project, component, and activity levels. The monitoring results will allow for aggregation at any desired level. Temporal information will consist of annual work plans and actual progress while financial information will consist of annual budgets and actual expenditures.

a) **Project Performance Monitoring** will be carried out through the following mechanisms: i) procurement
and technical review will be carried out prior to the project mid-term review and completion; ii) independent financial audit will be undertaken annually; and iii) World Bank and donor supervision and mid-term review missions. The following tools will be used for the performance monitoring: i) Management Information System (MIS); ii) semi-annual progress reports; iii) special reports; and norms and standards. The coordinators of sub-components will submit semi-annual reports in a pre-agreed format to the PCU. The PCU will prepare summary report and will submit them to the GASS and MOLSA, World Bank and co-financiers.

b) **Project Impact Monitoring** will be carried out through qualitative and quantitative impact assessments studies to be carried out at the district and regional level and beneficiary impact assessments. In addition, the project will finance a regular living standards measurement survey (LSMS) which will monitor the broader impact of the Government reform program.

c) **Monitoring of Community-based Services**: each community-based sub-project will have a monitoring indicators and evaluation plan incorporated in project design. The monitoring will be carried out by the social services officers of GASS regional and central offices based on the norms and standards and in conformity with monitoring indicators outlined in individual contracts. Sub-project level monitoring will be carried during the sub-project cycle and be more closely defined once the operations manual has been developed.

To monitor the indicators that have been developed in the project LogFrame (see Annex 1), each of the indicators will be associated with baseline and target values, frequency of collection, responsibility and methods of measurement. The indicators in the LogFrame will be further developed to include input, output, and outcome. In some cases those would be associated with relevant risk and sustainability indicators. The monitoring system through the use of pre-formatted reports will require the recipient of the report to provide comments and feedback on the information submitted. This will insure the presence of a feedback mechanism. In addition, the annual work plan will be required to have monitoring activities as part of component activities to insure that such activities are not set aside and that they become an integral part of project implementation. Using the established baselines from the VNICA study and other studies to be carried out during the project lifetime the monitoring will be carried out starting with project effectiveness. Monitoring reports will be required on a periodic basis in addition to various reports from special studies and research activities.

As part of the Bank monitoring, semi-annual supervision missions and a mid-term review will be undertaken.

**D. Project Rationale**

1. **Project alternatives considered and reasons for rejection:**

1. Project alternatives considered and reasons for rejection:

- The project initially considered up-front financing of a large package of community services. However, it was determined that systemic reform would best be accomplished through a two-stage process, with the first stage of the project supporting a smaller package of services and intensive policy and institutional strengthening, and the second stage financing a larger package of services once a set of policy triggers had been achieved.

- The possibility of adding a component for social services delivery in the Albania Development Fund
(ADF) was considered during the project identification. This approach was rejected due to the ADI's autonomous institutional structure that would not contribute to the achievement of the objective of the proposed project to develop capacity of the MOLSA and GASS at the central and local level for the administration of social services and strengthening their capacity for social policy formulation and monitoring.

- The possibility of extending National Community Works Program, a large community-based public works program operated by the National Employment Service (NEC) established under the closed Bank project (Social Safety Net Development), was considered. It was rejected because although the program is community-based and provides a short-term solution to the problems of low-income groups it does not address the needs of socially excluded and unable to work groups of population to be targeted by proposed project.

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned).

<table>
<thead>
<tr>
<th>Sector Issue</th>
<th>Project</th>
<th>Latest Supervision (PSR) Ratings (Bank-financed projects only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank-financed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Consolidate fundamental reform of social assistance and social insurance programs through policy development, strengthen institutions responsible for planning and management of cash benefits, strengthen and develop training, research and statistical institutions to support social policy formation and implementation</td>
<td>Social Safety Net Development Closed June 1999</td>
<td>S</td>
</tr>
<tr>
<td>2. Develop and manage labor market policies that support the transition to a market economy, improve operation of local offices in providing income support and modest re-deployment assistance to the under-employed and increase productivity and employable of work force through training and small business promotion activities</td>
<td>Labor Market Development Closed June 1999</td>
<td>S</td>
</tr>
<tr>
<td>3. To alleviate poverty providing micro-credits and rehabilitating small, sustainable social and economic infrastructure according to the development priorities of local Government and communities.</td>
<td>Albania Development Fund (ADF), including Rural Development Community Works Urban Works Micro-credit Project February/March 1995</td>
<td>S</td>
</tr>
<tr>
<td>Social Component of:</td>
<td>Community Works Project (ADF) -- Supplemental Credit (1999)</td>
<td>S</td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------------------------------------------------------</td>
<td>---</td>
</tr>
<tr>
<td>4. Community Works Supplemental Credit (1 million) aimed at projects for rehabilitation and management of social infrastructure in the Albanian districts most affected by the refugee inflow</td>
<td>Public Administration Reform Project (2000)</td>
<td>S</td>
</tr>
<tr>
<td>5. Provide technical assistance, training, goods and incremental operating costs to support effective implementation of the Government's Institutional and Public Administration Reform agenda.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Other development agencies**

4. Council of Europe - aim to stop women trafficking

5. UNDP program aiming at alleviating poverty and facilitating networking between NGOs and the Albanian Government

6. UNDP - creation of community-based services center and developing practical vocational training initiatives, aimed at unemployed youth, redundancy and disabled workers and other vulnerable groups presently receiving social assistance

7. UNICEF - enhance the capacity of both the civil society and the public sector to protect the rights of young people, especially the most vulnerable

8. EU-PHARE Consensus Program - Minimum subsistence income focusing on the social assistance system.

9. UNICEF - Children and violence - Prevention of the marginalization of young people and promotion of their participation (planned, not finalized)

10. UNICEF - Children and violence - Prevention of children in exile, legal protection of children in conflict with law, schooling children who are in the street etc.
11. UNICEF - Children deprived of parental care

12. Italy's Department of Social Affairs of the Office of the President of the Counsel of Ministers - to provide social services to vulnerable groups through partnerships between Italian and Albanian NGOs

13. ILO - Social Service Development

14. Carter Center: Support to Growth and Poverty Reduction Strategy (GPRS)

15. CIDA (Canada): Social/Women

16. Norway (MFA)/NPA - social/community development

17. UK (DFID) - social

18. USAID - social sector

19. SOROS Foundation: youth and children program

20. SOROS Foundation: women program

21. Danish Embassy - Social/Community Development and Children and Youth

22. ECHO - Social/children

Prevention of abandonment, reintegration of abandoned children into biological families, community-based services for disabled children and inclusive education for them.

Program for Minors, women and disabled (ongoing since 1998, finishing in 2001)

Technical assistance to MOLSA and GASS, planned Technical assistance and workshops to support GPRS participatory strategy

Project for the return and reintegration of trafficking women

Counseling center for women

Poverty Reduction Strategy Paper - Stakeholders analysis
Social service sector rehabilitation with the community involvement
Give assistance to the Albanian Youth for the integration into Albanian social life.
Initiate national and regional legislation improvements aiming at reducing women trafficking
Preventive offers for threatened children, MOLSA and support to children, youth and culture houses.
Integrate disabled children into society through enhancing parental involvement in their education; social integration of street children through the day centers

(i) Assistance in implementation of Governments' de-centralization strategy
(ii) training local government units
(iii) citizen participation and
government associations

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

3. Lessons learned and reflected in the project design:

This project builds on the experience accumulated and lessons learned in Albania through implementation of various IDA-financed projects since 1992. In particular the lessons learned from two recently closed social protection projects (Labor Market and Social Safety Net Development projects), which included the following: (i) insist on Government co-financing early in the project in order to encourage sustainability; (ii) keep realistic expectations regarding project impact and institutional development; (iii) shield project coordination unit staff from political influence whenever possible; (iv) design projects in accordance to government institutional capacity; (v) use public information campaigns to heighten issue awareness; (vi) local co-financing can help ensure that projects are truly needed by communities; (vii) work with the Government to keep staff turnover to a minimum; (viii) continuous evaluation is key for any poverty/vulnerability alleviation program; and (ix) adapt project management structure to the Government counterpart structure in place, and ensure adequate coordination among implementing agencies and agencies conducting related programs.

In addition, the social and beneficiary assessments carried out under completed and ongoing operations such as Community Works, Urban Works and Micro-credit project of Albania Development Fund, Irrigation Rehabilitation Project (Women in Development Component), Urban Land Management Project point out that successful operations focus on: (i) implementation capacity of government, PCUs and non-governmental organizations; (ii) participation at local level and (iii) building-in the transparency and accountability mechanisms to address the issues of corruption and capture. The SSDP has built upon these lessons and incorporated them into the project design through: (i) project execution arrangements by focusing on building the capacity of the PCU and implementing agencies (MOLSA, GASS, INSTAT etc.) and ensuring that the proper systems and capacity for fiduciary responsibilities are built prior to beginning of project implementation; (ii) investing heavily in system and policy development and building necessary institutional framework and capacity; (iii) investing in development of adequate monitoring and evaluation systems; and (iv) implementation arrangements by phasing the project implementation and scaling up slowly after the adequate policy and institutional capacity is developed.

Lessons are also learned (especially for the Component 3) through ongoing NGOs services programs in four selected districts (Tirana, Durres, Shkodra and Vlora). These experiences have helped to: (i) define the roles and responsibilities of the GASS, PCU, local governments, NGOs and communities in the project implementation; (ii) develop procedures and criteria for sub-project identification, selection and approval, local government and community participation; (iii) models to be developed for the effective and cost-efficient delivery of social services, typology of the services, and potential mechanisms for financial sustainability of community-based social services; and (iv) the development of the operational manual, guidelines, standard forms, management information system, training modules etc. Also in particular interest for this component are the lessons learned from ADF Community works project which is using SIF mechanism to implement sub-project at the local level. These lessons suggest the importance of: (i)
identifying clear targets and developing annual work program; (ii) establishing clear sub-project procurement and financing procedures for each types of activities that are consistent with Bank rules and procurement supervision and audits; (iii) clarifying to the Borrower the tax treatment regimes under sub-projects etc. In addition, the lessons learned from 7 years of experience of social funds in ECA region in sub-project identification, appraisal, approval and supervision procedures and criteria, community participation, targeting, monitoring, evaluation and MIS are being incorporated in the design of this component of the project.

Design of the statistical and policy components of the operation draw on numerous experiences throughout the ECA Region in developing and implementing new household surveys through local statistical agencies, and in supporting Government to use effective analytical techniques to evaluate policy effectiveness.

4. Indications of borrower commitment and ownership:

The Borrower has indicated its commitment to this project throughout the project preparation period with the Bank team on the project objectives and engaging the NGOs and civil society and local government in the preparation process. One strong indication of the commitment is the establishment of the project Steering Committee, Project Coordination Unit and assignment of the core technical team to work on the project preparation. The working groups established by the MOLSA/GASS for preparation of individual project components have contributed to participatory regional stakeholder workshops carried out in 4 pilot districts with broad participation of stakeholders. A participatory LogFrame development exercise was carried out in January 2001. The project objectives and activities have been reconfirmed during national stakeholder workshop was conducted by the Government during the project appraisal in February 2001. About 100 stakeholders participated in this workshop.

5. Value added of Bank support in this project:

The Bank has gained a strong comparative advantage through its ongoing and completed projects in Albania, such as the Social Safety Net Development Project, Labor Market Development Project, Albania Development Fund, Land Development Project and Irrigation Projects in the social protection and social development area. Through its assistance to the Government in preparation of the GPRS and the MTEF process the Bank increasingly becomes a umbrella agency for donor mobilization. In addition, the Bank is involved in a policy and social protection strategy dialogue with the MOLSA and GASS and in particular on social assistance and social insurance issues. Further, the Bank has gained considerable experience and expertise in design and supervision of different operations using demand-driven financing mechanism through social funds and other community-based projects under preparation or supervision in Armenia (SIF I and II), Azerbaijan, Bosnia, Bulgaria, Georgia, Kosovo, Lithuania, Moldova, Romania, Tajikistan, Ukraine and Uzbekistan. Based on this experience, and the Bank's experience with social protection in other low income countries in the region, the Bank is well-placed to provide assistance to the Government of Albania.

E. Summary Project Analysis (Detailed assessments are in the project file, see Annex 8)

1. Economic (see Annex 4):
   - Cost benefit: $NPV=US$ million; ERR = % (see Annex 4)
   - Cost effectiveness
   - Other (specify)
Although difficult to be measured accurately, the estimates of the economic and social rates of return are expected to be high due to the planned prevention and social inclusion character of the social services to be provided through the project. Further, the development of community-based social care as an alternative to expensive residential care, and improved social integration of target population groups are expected to result in: (i) higher economic productivity of women who will receive legal and other assistance which would help them with new employment opportunities; (ii) economic productivity of children who would otherwise fail to develop skills if placed in institutions; (iii) prevention of drug abuse and work with youth with the criminal behavior would have a long-term impact and economic return.

The economic benefits of project components can be evaluated in the following two ways: (i) whether the costs of components are lower than the benefits expected as an outcome; and (ii) whether each component has been designed in the most cost-effective to achieve given benefit at the least cost. The following types of economic benefits are expected to be obtained through the implementation of this project:

Component 1: Policy Development

1. Poverty Monitoring and Evaluation: at a relatively low cost, the Government capacity to collect timely and relevant statistical data for monitoring poverty trends and evaluating the impact of social programs will be noticeably enhanced. This is turn is expected to result in improved targeting of social assistance and other government programs, bringing considerable social and economic benefits and a more effective use of scarce Government resources.

2. Social Service Policy Development: The benefits will accrue as a result of policy and institutional reforms to be supported by this component which, in turn, should help improve quality and standards of provided services, monitoring and coordination. In a non-project scenario, it is reasonable to assume a continued uncoordinated provision of services by different donors and providers without a proper monitoring and supervision and without any guidelines and standards for social care with great duplication of resources.

3. Strengthening the Development and Implementation of Pension Policy is expected to bring considerable economic benefit as administrative efficiencies and improved client service flow from (a) the development of appropriate and equitable policy approaches for addressing inadequacies in the data base available for pension administration and (b) the identification of simpler work flows and more effective business processes within the Social Insurance Institute. In the former case, the TA to be provided will identify alternatives, including administrative rules or assumptions, that could facilitate simplified processing of pension applications for individuals for whom relevant data are unavailable and for whom significant delays and complexities in processing result. It will also explore the efficiency and equity implications of those rules or assumptions; identify an action plan for how the alternative approaches (correcting the data, or substituting administrative rules or assumptions) could be implemented (with the possibility that the government might provide guidance on which approach to use); and identify the possible implications for benefit costs and administrative costs of each approach. Elimination of related administrative and processing bottlenecks, and the accompanying improvements in client service, are expected to be of significant economic benefit.

Component 2: Monitoring and Administration of Social Services

A sound MIS and case management system to be created through the project should result in administration, management, coordination and effectiveness of the national social care services system.
Component 3: Community-based Social Services

Although the community-based nature of the services to be financed under this component makes difficult traditional \textit{ex ante} cost-benefit analysis -- the specific benefits will depend on the mix of services that are ultimately selected for funding -- it is expected that the project will generate substantial benefits for the poor and vulnerable by developing a system to provide basic social care services. The following decisions have been made to maximize effectiveness of this component relative to its cost. First, the services will be financed based on needs and will be demand-driven and will deliver immediate benefits in terms of improvements in access and quality of services. This will provide for the development if the community-based services as an alternative to the expensive residential care services and will allow for greater coverage of individuals and communities in need. Further, it will eliminate a need to develop some new residential care services, which will bring considerable savings in the state budget. Second, the use of competitive procurement of the services and works which is expected to generate savings ranging from 5-20 percent of estimated cost for each sub-project (based on experiences and analyses of other social funds in ECA); which is compared with the cost of comparable services in the area that are procured without competitive bidding. The experience of other countries in ECA undertaking similar projects has been showing demonstrable economic benefits (as most recently reflected in the mid-term review for the Lithuania Social Policy and Community Social Services Project conducted in spring, 2000). Further cost-benefit analyses will be carried out for each individual community-based project. It is planned that cost-effectiveness analysis will be carried out based on the results of pilot projects that will be compared with similar public and NGO programs as well as with the costs of residential institutional care as appropriate, with related monitorable benchmarks developed (the methodology outlined by Bank guidelines for these types of operations will be used to carry out the analysis). Also, based on the lessons learned, cost-benefit criteria of community-based projects will be developed. A study on financing mechanisms of community-based social services will be carried out in the first year of the project implementation and proposals for further targeting of expenditure, improved quality of expenditure, improved monitoring and evaluation of expenditure will be developed.

2. Financial (see Annex 4 and Annex 5):
NPV=US$ million; FRR = % (see Annex 4)
No financial analyses will be carried out as this is a non-revenue generating project.

Fiscal Impact:

It is thought that the fiscal sustainability might be an issue for the project Component 3: Community-based Social Services and, in particular, the financing of recurrent costs for the newly established services. It is estimated that approximately 115 community-based sub-projects will be implemented during 6 years of project implementation requiring on average about US$ 20,000 per sub-project in recurrent costs. It is estimated that in 6 years of the project operation app. US$ 8 million will be required for the recurrent costs. The first three years of the Project these recurrent costs will be financed at 80% out of central Government sources and 20 % from the local government sources. This ratio will be reviewed at midterm review and the changes to this ratio will be made as per new agreement. Further the design of the project assumes that the local governments will be setting their own budgetary priorities and will only participate in the project if they can afford to finance the services to be developed, implying that they will also need to offset these costs by deferring other expenditures that they would deem to be of lesser priority.

The policy component of this project will provide the Government with the tools it needs to formulate and implement better social sector policies, improving the efficiency and effectiveness of fiscal expenditures comprising a substantial percentage of GDP.
3. Technical:
At present, it is anticipated that technical issues will include the following:

(i) **Policy Development Issues:** the project will assist the MOLSA to develop standards for social care services and sound monitoring system. Further a system for regular public information and raising awareness and outreach programs will be developed, legislative framework for community-base social care services will be further harmonized with other legal acts and clear division of responsibilities between MOLSA and GASS, and national, regional and local levels of government defined and institutional structures with precise terms of references will be developed. The development of sustainable financing system will be a principal issue for the policy development. The capacity of MOLSA for policy formulation and analysis is weak and the experience in project preparation shows that the MOLSA absorption capacity should be carefully considered and expectations realistically reflected in the PIP. The organizational structure of the MOLSA will be adopted to the general structure suggested for the line ministries by the civil service reform. Further the training and technical assistance to be provided to the MOLSA will need to ensure the adherence to the high technical standards.

(ii) **Monitoring of Social Care Services:** The project will support the development of gatekeeping, standards and guidelines, case management and monitoring system and MIS. In addition, technical assistance will be provided to allow regional GASS and local government staff to determine their roles and responsibilities for social service administration, delivery, monitoring and to help them retool their administrative structure as necessary. The staffing, training and TA plans will also need to be developed and provided according to their professional function.

(iii) **Development of Human Resources:** social work training remains rudimentary in Albania at this time, and building the capacity of government staff, local government officials, social workers, schools of social work and the project management staff will present a tremendous challenge. The training implementation plan will be developed under the project (and is currently being prepared under the parallel financing arrangement with DFID), the plan will encompass training activities for all actors, including MOLSA and GASS officials, local government social administrators, social service work professionals and project staff. Indicators of training effectiveness will be developed as the project progresses. The project's monitoring information system will keep track of training activities and impact indicators. However, the capacity of training institutions might not be adequate and would also need to be strengthened. The DFID consultants are currently working on developing training plans and defining the training delivery options which will be discussed and agreed with the Government and the Bank.

(iv) **Public Communication/Participation:** at present, public awareness about vulnerability issues in Albania is very low. The Vulnerability Needs and Institutional Capacity Assessment (VNICA) found that insufficient public awareness about social issues, and the social stigma attached to seeking help, contributed greatly to the poor state of social services in Albania. The VNICA concluded that effective public awareness interventions would be crucial for improving social services in future. As a beginning, the GASS and project team have held several meetings with stakeholders at the central and local level, carried out regional workshops (in pilot regions) and will continue this collaboration as the project progresses. A information and education campaign (IEC) will also be implemented at the beginning of project implementation and repeated as necessary throughout the life of the project. In addition, community outreach efforts, which will be a key deliverable for each sub-project, will involve different stakeholders (general public, beneficiaries, social services staff, and government workers) and make them aware of the increased numbers of social services in their community. This should build support for social service projects and sensitize local people about vulnerable groups in their communities. The communications
capacity of the GASS at the federal and local level would also be strengthened through work with international public service professionals.

4. Institutional:

Institutional factors that might affect project implementation include the following: (i) political stability and commitment to reform the social protection system; (ii) commitment and efforts to develop capacity of the Government for formulation of social policy and policy monitoring; (iii) weak capacity of the GASS and local government for monitoring and administration of social services; and (iv) coordination and cooperation issues within the Government and with external partners.

4.1 Executing agencies:

The project executing agencies include: (i) the Government of Albania's Ministry of Labor and Social Affairs; (ii) General Administration of Social Services and Project Coordination Unit (PCU) housed in the GASS; (iii) project implementing agencies (local governments, NGOs, community-based organizations); (iv) service providers (NGOs, private organizations); (v) Social Insurance Institute; and (vi) INSTAT.

4.2 Project management:

A Project Coordination Unit (PCU) established in the General Administration of Social Services will be responsible for overall project management. The role of the PCU will center around procurement, disbursement, and logistics, while substantive project inputs (design, monitoring, supervision, coordination with other Government social service initiatives) will be managed by the GASS and its General Director who was appointed as overall project coordinator. The success of the project implementation will largely depend on the Government's effort to coordinate and cooperate within the Government structures and with the external partners (local government institutions, NGOs, bi-lateral and multilateral donor agencies). To ensure this the Government will appoint civil servants as coordinators for each sub-component of the project.

As experience in project preparation phase shows the main issues that the PCU may face in effective coordination of project activities include: (i) lack of policy and monitoring capacity in MOLSA and GASS; (ii) high turnover of staff in MOLSA and GASS; (iii) lack of coordination and cooperation among government agencies and external partners (NGOs, bi-lateral and multilateral donors); (iv) lack of reliable and accessible data at central and local level

4.3 Procurement issues:

The procurement capacity of the PCU was assessed during project appraisal. As per recommendation of the appraisal mission the project Procurement Officer undertook a four week intensive procurement training at the International Law Institute in Washington, DC.

Some procurement under the sub-projects approved by SSDP will be carried out by the implementing agencies (local governments, NGOs, CBOs) which lack such capability and familiarity with the project procurement procedures. In order that this does not present a significant risk to the efficient and successful implementation of the project, community based procurement will be done, first in only one of the region (Tirana Region) on a pilot basis. Based on the experience gained from the Tirana Pilot region, additional regions will be allowed to participate in community based procurement provided that they fulfill the qualifying requirements outlined in the Operational Manual. Procurement training of implementing agencies will be systematically organized by PCU. This training will be incorporated into the overall training program and the project will devote considerable resource and input to develop these capacities.

4.4 Financial management issues:
The PCU has developed a financial management system based on a locally developed software (Alpha-PMR) which is producing PMRs. The PCU employs an accountant who takes care of all financial management and disbursement activities of the project. Given the activity of the PCU, this setting is adequate for the purposes of the project. The FMS will be certified through the FM Certificate issued by the Bank's FMS prior to Board presentation.

5. Environmental: Environmental Category: C (Not Required)

5.1 Summarize the steps undertaken for environmental assessment and EMP preparation (including consultation and disclosure) and the significant issues and their treatment emerging from this analysis.

There are no major environmental issues anticipated in this project due to the small size and rehabilitation nature of minor civil works to be financed under sub-projects. However, in case of minor civil works each sub-project will be individually screened and reviewed for any negative environmental impacts, and mitigation measures will be proposed where necessary. The sub-project appraisal documents will adapt specific analyses of benefits, costs, and mitigation measures (please refer to Annex 15 for agreed environmental mitigation measures)

5.2 What are the main features of the EMP and are they adequate?

n/a

5.3 For Category A and B projects, timeline and status of EA:

   Date of receipt of final draft: n/a

5.4 How have stakeholders been consulted at the stage of (a) environmental screening and (b) draft EA report on the environmental impacts and proposed environment management plan? Describe mechanisms of consultation that were used and which groups were consulted?

n/a

5.5 What mechanisms have been established to monitor and evaluate the impact of the project on the environment? Do the indicators reflect the objectives and results of the EMP?

n/a

6. Social:

6.1 Summarize key social issues relevant to the project objectives, and specify the project's social development outcomes.

A study (Albania: Filling Vulnerability Gap, by Gloria LaCava and Raffaella Nanetti, WB 1999) commissioned by the Bank dealt specifically with the impact of social capital and with different institutional settings at local level. The study pointed out that all indicators of social capital are low in Albania, i.e. participation of citizens in decision making, government/civil society cooperation, and citizens perceptions of public institutions, both in urban and rural communities. In particular, the study found the following: (i) decisions at the local government level are made on a closed doors basis and with little to no participation of the community in the decision-making process. Although the public is entitled by law to participate in bashki and commune council meetings, this rarely happens. Five reasons are provided for the lack of participation: traditional reasons, lack of notion of public service, public participation being considered a threat rather than a benefit, corruption and lack of ethics and lack of independent media in the regions; (ii) for the most part, rural and urban communities are dominated by the calculation of individual returns. Activities such as collective cleaning days and neighborhood associations were once dominated by communist propaganda, and are now seen as relics of the past. From a highly community and family-oriented society, Albania is turning quickly into an individualistic society; (iii) community networks
in Albania for the most part sustain cooperation within segregated groups. They concentrate on particular
groups such as extended families, ethnic minorities and particular socio-economic groups leaving exc uded
most vulnerable and marginalized.

The recently-completed Vulnerability Needs and Institutional Capacity Assessment (VNICA), undertaken
by the Government with the Bank's technical assistance, to provide baseline data for the SSD project
analyzed a spectrum of social groups at risk and identified those most in need, reviewed the current
legislative framework and social services now available, and identified areas where intervention is most
needed. The VNICA noted that the limited social services now available are mostly targeted toward
"traditional" vulnerable groups (elderly people, the disabled), while the problems that have arisen since
transition, such as prostitution, human trafficking, child abandonment and drug abuse, remain virtually
untouched. In addition, groups whose plights confer some social stigma, such as battered children and
women or women undergoing divorce, have until recently never been publicly acknowledged as needing
social support. The VNICA suggests community-based services, in which there is the shortest possib e
distance between client and social worker, as the main vehicle for social service delivery. It also calls for
increased public awareness about social problems, and suggests that the SSDP focus on certain key groups
of vulnerable people, including women at risk of violence, youths at risk, street children, and the abandoned
elderly.

For the project preparation stage, the VNICA has set up baseline data on the number of people in
vulnerable situations and the type and number of supplied services in four Albanian districts (Tirana,
Durres, Skodra and Vlora). In order to monitor and evaluate progress of projects in the four districts a list
of indicators has been selected for periodic follow-up. Monitoring and evaluation will be done at the
district level and carried out once a year.

In one year, the SSDP project will develop a national monitoring strategy. Preliminary suggestions for the
preparation of a national strategy include conducting research throughout Albania using the research
instruments used in the VNICA. These include a rapid quantitative assessment of vulnerable groups in the
districts, a "vulnerability census" (data collection and survey), and relative ranking of vulnerability. In
addition, the project will support a permanent household survey that will assist the Government in
monitoring trends in living standards and poverty correlates over time.

Following on the conclusions of the VNICA, the SSDP will specifically target vulnerable and margina ized
populations, including women, youths at risk, children, people with disabilities, and the elderly. The
project will place emphasis on encouraging community, local government and NGO involvement in social
service delivery, and should therefore have a significant social impact in terms of increasing local capacity
to deal with local problems, promoting community self-reliance, building trust in local government, and
increasing public awareness of vulnerable groups. By making local NGOs, governments, and CBOs
compete for grants for community-based social services; through increased involvement of Albanian civil
society in supporting marginalized population groups; and through promotion of new forms and initiatives
in the area of provision of social services the SSDP is expected to have considerable impact on promoting
social cohesion and building social capital in Albania.

6.2 Participatory Approach: How are key stakeholders participating in the project?

The Steering Committee, the main decision making body of the project, includes representatives of different
groups of society. Fifty percent of the SC members represent government organizations, including
MOLSA, GASS, Ministry of Finance, Ministry of Public Order, local government representative (Mayor
of Tirana) and 50% represent non-governmental organizations, including the Soros Albania Foundation, a
public representative, UNICEF, an international NGO, and a donor organization. Regional workshops have
been undertaken in the four pilot areas (Tirana, Vlora, Durres and Shkodra) with social workers and academics, NGOs, local government representatives, and local GASS staff to discuss the findings of the VNICA study and project objectives. Participatory appraisal workshop with over 100 participant was organized by the Government during the project appraisal mission to discuss and agree on project objectives, components and activities. Further the linkages will be developed with the GPSR participation action plan.

The primary beneficiaries, such as vulnerable and marginalized community members, including youth at risk, children without parental care and institutionalized children, single and abandoned elderly, and women heads of households, were consulted extensively through the VNICA study, and will be consulted on a regular basis during follow-up monitoring and evaluation work. Criteria are also being developed to ensure participation of the representatives of the communities and beneficiary groups in the sub-project selection and management in order to adequately reflect their needs. Local governments, and to the extent possible, communities at large, will be required to participate in sharing the investment.

A matrix below describes the approaches to and inputs of each stakeholder, which have been incorporated in project design:

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Information Source</th>
<th>Consultation/Participation</th>
<th>Partnerships</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beneficiaries</strong></td>
<td>Vulnerability Needs and Institutional Capacity Assessment</td>
<td>VNICA</td>
<td>Preparation and implementation plans</td>
</tr>
<tr>
<td>Local Organizations and Communities</td>
<td>Information Dissemination and consultation workshops</td>
<td>Decision making, IA selection</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Town hall type community meetings</td>
<td>Participatory sub-project appraisal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public Information Campaign and other communication activities</td>
<td>Investment sharing</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Participatory monitoring and evaluation</td>
<td></td>
</tr>
<tr>
<td><strong>General Public</strong></td>
<td>Public Information and Education Campaign</td>
<td>Information Dissemination</td>
<td></td>
</tr>
</tbody>
</table>
6.3 How does the project involve consultations or collaboration with NGOs or other civil society organizations?

Close collaboration with Albanian and international NGOs is one of the underlying principles of the SSDP. Consultation with NGOs has been achieved in three ways: 1) the presence of an NGO representative on the SSDP Steering Committee; 2) consultation with local and international NGOs during Bank missions and in the course of the VNICA study to learn more about their programs and clients; and 3) the eligibility of Albanian NGOs to apply for sub-project funding. More than 90 proposals have been received by PCU in 4 pilot districts in response to the Request for Proposals (RFP) published in national media in May 2000. Contracts with NGOs for this service have been signed.

6.4 What institutional arrangements have been provided to ensure the project achieves its social development outcomes?

The SSDP’s plans for ongoing impact monitoring and evaluation throughout the life of the project, to be tracked using a central management information system, will enable close inspection of progress toward project goals. In addition, the project’s emphasis on training and capacity building for all actors involved in social service delivery should increase the chances for achieving project goals. A poverty unit to be established in the MOLSA will be supported by the project through provision of equipment, training and TA and will be responsible for poverty analyses.

6.5 How will the project monitor performance in terms of social development outcomes?

The project will have an elaborate impact and performance monitoring component. The project
Management Information System will help to monitor project performance and will track down monitoring indicators for each individual sub-project and project as a whole. A "social mapping" module will be developed as a part of the MIS to enable the Government to monitor the situation with vulnerable groups and project social impact throughout the country on a regular basis. Annual Beneficiary Assessments will be independently contracted out by the PCU to provide feedback and evaluation from the community concerning the project's direct and indirect impacts regarding improved access and quality of services, local participation and organization, attitudes and values, local government relations, new associations and partnerships, sustainability, and future action plans and goals. In addition, the project will finance a regular living standards measurement survey (LSMS) which will monitor the broader impact of the Government reform program in the social sectors.

7. Safeguard Policies:
7.1 Do any of the following safeguard policies apply to the project?

<table>
<thead>
<tr>
<th>Policy</th>
<th>Applicability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)</td>
<td>○ Yes ● No</td>
</tr>
<tr>
<td>Natural habitats (OP 4.04, BP 4.04, GP 4.04)</td>
<td>○ Yes ● No</td>
</tr>
<tr>
<td>Forestry (OP 4.36, GP 4.36)</td>
<td>○ Yes ● No</td>
</tr>
<tr>
<td>Pest Management (OP 4.09)</td>
<td>○ Yes ● No</td>
</tr>
<tr>
<td>Cultural Property (OPN 11.03)</td>
<td>○ Yes ● No</td>
</tr>
<tr>
<td>Indigenous Peoples (OD 4.20)</td>
<td>○ Yes ● No</td>
</tr>
<tr>
<td>Involuntary Resettlement (OD 4.30)</td>
<td>○ Yes ● No</td>
</tr>
<tr>
<td>Safety of Dams (OP 4.37, BP 4.37)</td>
<td>○ Yes ● No</td>
</tr>
<tr>
<td>Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)</td>
<td>○ Yes ● No</td>
</tr>
<tr>
<td>Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)</td>
<td>○ Yes ● No</td>
</tr>
</tbody>
</table>

7.2 Describe provisions made by the project to ensure compliance with applicable safeguard policies.

F. Sustainability and Risks
1. Sustainability:

The issue of sustainability will be a primary focus of this project. Ensuring adequate allocations for all priorities is a difficult issue in general and for this project in particular as it is aiming at targeting marginalized population groups and addressing issues that can be characterized as "uncomfortable" in traditional Albanian society, such as domestic violence, abuse, prostitution, disability, drug abuse etc. In addition, there are no clear policies and a significant confusion exist both at local and national level about what are the appropriate policies. Finally, while there are a great number of actors involved in the social services in Albania, there are few examples of successful government or NGO efforts which would rally public support and hence resources. Given all these the project will devote considerable resources to ensure the sustainability by:

(i) adopting a phased implementation mode focusing in the first three years on policy development and system building, support for capacity building and institutional development. Benchmarks for further development policies, guidelines and standards, national replication plan have been agreed with the Government at the project appraisal (see Annex 2) and will be reviewed at the project mid-term.

(ii) devoting close attention to issues of sub-project replicability and sustainability, particularly
financing, operations and maintenance, from the earliest design and appraisal stages. Building-in strong monitoring and evaluation components in each sub-project, including cost-effectiveness evaluations and cost-benefit analyses. Encouraging to keep sub-project costs low and contracting implementation out to private groups and NGOs.

(iii) building local government ownership. The proposals coming from local governments will be required to have developed sustainability plans, which will cover both financial and institutional arrangements for the post-investment period. For each sub-project a financing plan for 2-3 years will have to accompany the project proposal. Secure financing for operations and recurrent costs will be one of the criteria of sub-project approval. The local governments will be asked to contribute toward project investment cost. Performance-based grant agreements will be required to ensure proper accountability, transparency and community involvement in sub-project implementation and monitoring.

(iv) diversifying sources of revenue, including use of central matching grants for innovations at the local level, determining possibilities for some kind of incentives for local governments to put money in these areas, determining if some of the savings from "streamlining" of the now bloated social assistance program (NE) savings into these types of services through the matching grants. The discussions on different options will be further advanced during the first year and decision will be taken by the Government and agreed by IDA.

(v) encouraging fund raising activities by NGOs, civil society, natural 'lobby groups', etc. from private sector, donors, etc. to also maximize non-public funds.

(vi) developing the public awareness strategy and implementing strong public awareness campaigns at both local level as sub-projects are implemented, regional and national level to educate people on the issues and their importance. These campaigns will deal with preventative, mitigating, and coping measures etc. and will be first financed from the project and in the future from the government budget.

(vii) disseminating information on success stories and having strong demonstration effect through disseminating results of successful implementation of sub-projects and experiences of other donors, NGOs etc. The dissemination efforts will cover local and central authorities and civil society to show what is feasible and possible.
2. **Critical Risks** (reflecting the failure of critical assumptions found in the fourth column of Annex 1):

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk Rating</th>
<th>Risk Mitigation Measure</th>
</tr>
</thead>
</table>
| From Outputs to Objective  
Government ensures political stability and security in the country and particularly in the project areas | S | Violence has been part of the Albanian political scene in recent years. In March 1997 the political force in power was forced out and in September 1998 there was an attempt for stepping down the other political power. Since then the law and order situation has improved but clearly not enough as shown in the recent events in the northern town. Albania remains a volatile country due to a widespread frustration among population with a whole range of problems—whether to do with corruption in government, frequent power cuts and many weapons left in unauthorized hands as result of the 1997 uprising. Government is demonstrating significant commitment to improve the security situation, although together with its foreign partners, they are concerned about the potentially precarious security situation just a little over six months before general elections are due. |
<p>| Government maintains commitment to the reform in general and social protection reform in particular | M | The Government has maintained its strong commitment to reforms in general and in social protection in particular. The MOLSA working is participating in the MTEF and GPRS exercises and the MOLSA/GASS are committed to reforming social care services. |</p>
<table>
<thead>
<tr>
<th>Local governments, communities, NGOs and CBOs are willing and able to maintain participation and sustain provided services</th>
<th>H</th>
<th>The local government law came to effect in January 2001 and the Government is committed to its de-centralization agenda. However, the institutional capacities of local government, NGOs and CBOs are weak and revenue generating capacities in particular. The project will have a considerable capacity building component that will try to mitigate this risk. Other bi-lateral and multi-lateral donor are involved in capacity building and invest in social services. Rapid assessment of the NGO programs in the social services indicated their strong interest in participating. The public awareness and outreach programs will be designed during the project preparation and will be implemented to inform public and generate community support to vulnerable and marginalized population groups. The GRSP public awareness and outreach programs will be consulted and further developed. The mechanisms ensuring the operation and sustainability will be a criteria for sub-project approval and the requesting agencies will need to secure funding up-front.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government implementation capacity at central and local levels is weak, staff turnover is high</td>
<td>S</td>
<td>The project design is stressing simplicity and up front ownership, and intensive attention is being paid to the organization of project management and to developing the necessary skill in the implementation agencies at the central and local level.</td>
</tr>
<tr>
<td>National replication of the community-based social services might be difficult in light of the many competing demands faced by resource-constrained municipalities</td>
<td>S</td>
<td>The project aims at realistic objectives and will adopt the adequate implementation mode. The first phase of implementation will demonstrate if the initial sub-projects are successful the national replication plan will be developed. The policies, guidelines and standards will also be developed before the implementation expand to the entire country.</td>
</tr>
<tr>
<td>From Components to Outputs Government is able to maintain full consistency between social sector reform policies and SSDP sub-project investments</td>
<td>M</td>
<td>The project will provide assistance for development of social care policies, standards, guidelines in the first phase for the project before expanding the provision of services at the national level.</td>
</tr>
</tbody>
</table>
Several outputs require players to restructure the project, possibly canceling components compromised by the unwillingness to change.

Qualified people are willing to invest their time to work in the local NGOs and CBOs.

The recent NGO study showed that the highest number of them is operating in the social protection sector. The project will ensure that the NGOs and CBOs are provided adequate training and incentives to participate.

Local Governments and communities are committed to the objectives and are willing to invest.

The communities will be provided some training in fund-raising and sustainability planning. The Implementing Agencies will be required to develop detailed financing plans and secure co-financing prior to sub-project approval.

Skilled trainers are available and training is effective in capacity-building of communities and local governments.

The local skilled training institutions will be identified during the project implementation and trainers will be trained to provide further training to project participants.

The PCU professional capacity is adequate to serve demand and ensure quality.

The PCU has been provided intensive training/TA during the project preparation. The international resident advisor has started work in the PCU for the project preparation in order to provide hands-on training and TA on management, procurement and disbursement issues.

Overall Risk Rating

The Bank will be supervising the project intensively and decision regarding scaling up to the phase 2 or restructuring the project will be taken at the mid-term review, depending on progress made as per agreed benchmarks.

Risk Rating: H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

3. Possible Controversial Aspects:

None

G. Main Loan Conditions

1. Effectiveness Condition

   (i) the Borrower has approved budgetary allocations adequate for the first year of Project implementation.
2. **Other** [classify according to covenant types used in the Legal Agreements.]

**Conditions of Board Presentation:**

(i) the project financial management system should be adapted to the project design agreed during negotiations and be satisfactory to the Association;

(ii) decree for establishing the Project Coordination Unit in the GASS for the purpose of project management and monitoring should be issued by the Government. The PCU should be provided adequate office space and key staff (project manager, procurement officer and accountant) should be reconfirmed in their positions.

**Condition of Disbursement:**

(i) agreement with the Department for International Development of the Government of UK for the project co-financing signed and sent to the IDA

**Other conditions in the Credit Agreement:**

(i) The Government shall submit to the Bank the project's audited financial statements within six months of the end of every fiscal year

(ii) the Government shall submit the annual work program to the Bank by March 1 each year

(iii) the Government shall submit the project progress report to the Bank and the donors every six months

(iv) the Government shall carry out procurement and technical review of completed sub-projects before the project mid-term review and before completion and submit the report within six months of the end of fiscal year

(v) the Government shall carry out beneficiary impact assessment studies every 2 years and submit the report to the Bank and donors within six months of the end of the year

(vi) the Government shall annually make allocations required for the Project in its fiscal budget during implementation of the Project.

(vii) the Government shall maintain, until completion of the Project, the PCU, with resources, staff and terms of reference satisfactory to the Association.

**Dated Covenants in the Credit Agreement:**

(i) the Government shall, by December 31, 2001, amend its Decision No. 52 dated August 8, 1996 in respect of General Administration of Social Services in order to reflect the re-defined role of GASS in the monitoring and administration of such services

(ii) monitoring and evaluation system should be developed and the first version of the project MIS software installed by October 31, 2001
(iii) project mid-term review, first beneficiary impact assessment and procurement review should be completed by October 31, 2004 and reports submitted to the Bank and donors

H. Readiness for Implementation

☐ 1. a) The engineering design documents for the first year's activities are complete and ready for the start of project implementation.
☒ 1. b) Not applicable.

☐ 2. The procurement documents for the first year's activities are complete and ready for the start of project implementation.
☒ 3. The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.

☐ 4. The following items are lacking and are discussed under loan conditions (Section G):

I. Compliance with Bank Policies

☒ 1. This project complies with all applicable Bank policies.
☐ 2. The following exceptions to Bank policies are recommended for approval. The project complies with all other applicable Bank policies.

Anush Bezhanyan
Team Leader

Michal J. Rutkowski; Annette Dixon
Sector Manager

Christiaan J. Poortman
Country Manager
## Annex 1: Project Design Summary

### ALBANIA: Social Services Delivery

<table>
<thead>
<tr>
<th>Hierarchy of Objectives</th>
<th>Key Performance Indicators</th>
<th>Monitoring &amp; Evaluation</th>
<th>Critical Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector-related CAS Goal:</strong> Improve standards of living and promote social cohesion through community-based social services targeted to poor and vulnerable population groups</td>
<td><strong>Sector Indicators:</strong> 1. Increased # of beneficiaries gained access to the social services 2. Raised awareness of social inclusion issues of vulnerable population groups 3. Increased community participation in decision making</td>
<td><strong>Sector/ country reports:</strong> 1. Vulnerability Needs and Institutional Capabilities baseline study 2. Regional needs assessment reports 3. Periodic beneficiary impact assessment 4. MOLSA/GASS records, other participants information and databases. 5. Public opinion surveys 6. Household budget survey</td>
<td>(from Goal to Bank Mission) 1. Government supports multiple sector reforms 2. Political stability is maintained 3. Government maintains its commitment to operate the community-based services on participatory way</td>
</tr>
</tbody>
</table>

### Project Development Objective:

The project development objectives are to assist the Government of Albania to: (i) increasing their access to well targeted and effective social care services; and (ii) assisting the Government to develop, monitor and evaluate more effective social policy; and (iii) improving capacity for planning, managing and delivering social care services with increased involvement of local governments, communities and civil society.

**Outcome / Impact Indicators:**

1. Increased efficiency and reduced cost per beneficiary of social services managed by the GASS and other institutions
2. # of beneficiaries expressed satisfaction with provided services
3. # of new community-based social services created
4. % of population with improved services, total and by sub-project type
5. # of sub-projects completed by the SSDP, total and by type of sub-project
6. # of social workers and other associates trained by the SSDP
7. Proportion of trained local governments to total participated
8. Proportion of trained NGOs to total participated
9. Proportion of the SSDP communities that initiated activities after completion of the sub-project
10. % of completed services that were maintained

**Project reports:**

1. MOLSA/GASS reports
2. GASS periodic performance assessment in the districts
3. Project reports and MIS

(from Objective to Goal) 1. Governments and social service providers willing to work on increasing number and quality of social services 2. Training programs effective in training government and social service workers to administer and deliver social services more effectively 3. Funding of recurrent costs for services operation and maintenance are provided 4. SSDP partners collecting information
<table>
<thead>
<tr>
<th>Hierarchy of Objectives</th>
<th>Key Performance Indicators</th>
<th>Monitoring &amp; Evaluation</th>
<th>Critical Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output from each</td>
<td>Output Indicators:</td>
<td>Project reports:</td>
<td>(from Outputs to Objective)</td>
</tr>
<tr>
<td>Component:</td>
<td>1. Permanent household</td>
<td>1. LSMS and survey data</td>
<td>1. Population census</td>
</tr>
<tr>
<td>1. Policy Development</td>
<td>survey system established</td>
<td>sets and basic</td>
<td>undertaken in 2001</td>
</tr>
<tr>
<td>1.1 Poverty Monitoring</td>
<td>at INSTAT</td>
<td>documentation</td>
<td>2. Government</td>
</tr>
<tr>
<td>and Evaluation</td>
<td>2. LSMS conducted in 2002</td>
<td>2. INSTAT annual progress</td>
<td>strengthening of INSTAT's</td>
</tr>
<tr>
<td>a) Capacity developed</td>
<td>3. Periodic household</td>
<td>3. Annual Report on social</td>
<td>human resources base</td>
</tr>
<tr>
<td>and institutional setting</td>
<td>surveys for the monitoring of</td>
<td>indicators</td>
<td>3. Low turnover of critical</td>
</tr>
<tr>
<td>to collect, analyze and</td>
<td>key social indicators</td>
<td></td>
<td>staff at INSTAT and</td>
</tr>
<tr>
<td>disseminate reliable and</td>
<td>conducted</td>
<td></td>
<td>MOLSA</td>
</tr>
<tr>
<td>timely statistical information</td>
<td></td>
<td></td>
<td>4. Donors maintain financial</td>
</tr>
<tr>
<td>at the household level for</td>
<td>4. Functioning Poverty Unit</td>
<td></td>
<td>commitment to</td>
</tr>
<tr>
<td>poverty monitoring and</td>
<td>established</td>
<td></td>
<td>establishment of household</td>
</tr>
<tr>
<td>the evaluation of social</td>
<td>5. Annual report on Social</td>
<td></td>
<td>survey system</td>
</tr>
<tr>
<td>programs.</td>
<td>indicators published starting</td>
<td></td>
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<tr>
<td></td>
<td>2 years after start of the</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 Social Services</td>
<td>1. Community-based social</td>
<td>1. SSDP records/reports</td>
<td>1. Training provided is</td>
</tr>
<tr>
<td>Policy Development</td>
<td>services strategy adopted</td>
<td>2. WB supervision mission</td>
<td>effective</td>
</tr>
<tr>
<td>a) the policy and</td>
<td>2. Necessary legal,</td>
<td>reports</td>
<td>2. Government</td>
</tr>
<tr>
<td>institutional framework</td>
<td>institutional and policy</td>
<td>3. DFID reports</td>
<td>maintains its</td>
</tr>
<tr>
<td>for community-based</td>
<td>changes introduced</td>
<td>4. Public opinion surveys</td>
<td>commitment to</td>
</tr>
<tr>
<td>social services to</td>
<td>3. Financing models</td>
<td>5. Consultant reports</td>
<td>decentralization and budget</td>
</tr>
<tr>
<td>vulnerable population</td>
<td>developed and implemented</td>
<td>6. Project records/reports</td>
<td>reform</td>
</tr>
<tr>
<td>groups developed,</td>
<td>4. IEP developed and</td>
<td>7. BIA studies</td>
<td>3. Government</td>
</tr>
<tr>
<td>including those related</td>
<td>implemented periodically</td>
<td></td>
<td>maintains its</td>
</tr>
<tr>
<td>to residential service</td>
<td>5. BIA carried out and</td>
<td></td>
<td>commitment to</td>
</tr>
<tr>
<td>institutions;</td>
<td>results used to further</td>
<td></td>
<td>preventive</td>
</tr>
<tr>
<td>b) capacity of the MOLSA</td>
<td>improve the programs</td>
<td></td>
<td>and community-based</td>
</tr>
<tr>
<td>for formulation of</td>
<td>6. # of donors participating</td>
<td></td>
<td>services</td>
</tr>
<tr>
<td>community-based social</td>
<td>in financing</td>
<td></td>
<td>4. Qualified people available</td>
</tr>
<tr>
<td>services policy</td>
<td>community-based social</td>
<td></td>
<td>to design and implement</td>
</tr>
<tr>
<td>strengthened;</td>
<td>services developed;</td>
<td></td>
<td>IEP</td>
</tr>
<tr>
<td>c) capacity of the MOLSA</td>
<td></td>
<td></td>
<td>5. Qualified people available</td>
</tr>
<tr>
<td>to monitor policy</td>
<td></td>
<td></td>
<td>to design and implement</td>
</tr>
<tr>
<td>developed;</td>
<td></td>
<td></td>
<td>BIAs</td>
</tr>
<tr>
<td>d) models for financing</td>
<td></td>
<td></td>
<td>6. Donors maintain their</td>
</tr>
<tr>
<td>of community-based social</td>
<td></td>
<td></td>
<td>interested in funding social</td>
</tr>
<tr>
<td>services developed;</td>
<td></td>
<td></td>
<td>services in Albania</td>
</tr>
</tbody>
</table>
e) public awareness campaign on social exclusion problems designed and implemented at national and local level;

f) a system for periodic needs assessment, policy monitoring and evaluation of social care services impact on target population groups designed and implemented;

g) a framework for donor participation and coordination of financing of social services implemented.

1.3 Strengthening the Development and Implementation of Pension Policy

(a) Policies and processes that result in expedited, efficient and more equitable processing and decision-making in cases where supporting data relevant to social insurance business decisions are inadequate for reasons outside the individual’s control.

(b) Proposals for simpler and more efficient work flows that result in faster, more accurate, and/or less costly business processes.

1. Reduction in the number of cases where social insurance business decisions are delayed or not taken because supporting data are inadequate for reasons outside the individual’s control.

2. Management consideration of documented proposals for simpler and more efficient work flows; and subsequent adoption of the proposals, together with either implementation or planning for their implementation.

1. Compilation by national SSI office of quarterly reports from SSI regional offices.

2. Periodic management reports on its consideration of changes proposed and on resulting changes in business processes that have either been implemented or for which planning for implementation has begun.

1. Possible need for legislative changes

2. Associated changes might entail investment costs that would require budget approval.
2. Monitoring and Administration of Social Services

2.1 General Administration of Social Services

<table>
<thead>
<tr>
<th>a) Clear roles and responsibilities of the providing institutions shall be established and approved within 3 years of the start of the Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>b) Central GASS's capacity to monitor and administer community-based social services policies has improved (with particular focus on building capacity to develop standards, guidelines, methodologies, policy implementation, monitoring mechanisms, public outreach, quality control mechanisms and criteria, planning and budgeting)</td>
</tr>
<tr>
<td>c) Regional GASS offices have developed their business plans</td>
</tr>
<tr>
<td>d) Regional GASS offices have strengthened their capacity for social services administration and outreach to the community regarding vulnerability issues</td>
</tr>
</tbody>
</table>

| 1. Number of GASS staff undertaking monitoring and site visits |
| 2. Number of GASS staff acquainted with and using MIS system |
| 3. Proportion of trained GASS staff to total participating in project |
| 1. Number of local GASS staff that have provided input to the business plans and are aware of business plan strategy |
| 2. Number of business plans being used to direct social services activities in the regions |
| 1. Pilot monitoring systems in place and used by all relevant staff |
| 2. Public awareness and community outreach programs begun |

| 1. GASS, local government, and MOLSA reports |
| 2. World Bank supervision missions |
| 3. Project MIS reports |
| 4. World Bank supervision reports |
| 5. Midterm review |
| 6. GASS regional business plan |

| 1. Training provided is effective |
| 2. Minimum staff turnover in the MOLSA and GASS |

3. Project MIS reports
4. World Bank supervision reports
5. Midterm review and impact assessment
4. Informal community awareness surveys
2.2 Strengthening Capacity for Social Work Training

a) capacity of local training providers is strengthened

1. Proportion of trained local governments to total participated
2. % of social workers, nurses, community facilitators and other participants trained
3. Increased number of locally-available trainers and increased number of students

3. Community Based Social Services

3.1 Fund for Community-based Social Services

a) quality of community based social services improved;

1. # of completed sub-project by type and beneficiary groups
2. # of newly developed community-based services, by type and by beneficiary groups
3. # of improved community-based services total, by type and by beneficiary group
4. # of beneficiaries: total, by vulnerable group, by individual program
5. # of trained people by category: social workers, doctors, lawyers, public officials
6. # of programs in rural areas
7. # of programs urban areas
8. # and type of programs implemented

b) new types of community based services have been promoted;

1. Beneficiary Impact Assessment
2. GASS (central and regional) records
3. Local government records
4. Implementing partners
5. Facility staff
6. Community members
7. Public opinion surveys

1. Training and TA is effective

1. Impact assessment
2. Supervision reports
3. Midterm review

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2. GASS (central and regional) records
3. Local government records
4. Implementing partners
5. Facility staff
6. Community members
7. Public opinion surveys

1. Training and TA is effective

1. Impact assessment
2. Supervision reports
3. Midterm review
### 3.2 Local Government and Social Service Provider Capacity Building

**a)** Participating local governments have strengthened their capacity in monitoring, evaluating, publicizing, and administering social service delivery and implementing community-based social services projects.

**b)** Capacity of public and private providers of community-based social services (NGOs, CBOs and other providers) improved

### 4. Project Management, Information System and Monitoring

| 1. Operational Manual maintained as agreed |
| 2. Annual SSDP work plan and budget published and distributed |
| 3. Public access to bid evaluation and for quality control of sub-project implementation |
| 4. At least three rounds of beneficiary impact assessments carried out |
| 5. MIS fully operational in the first year of project implementation |
| 6. Two rounds of procurement and technical review carried out |
| 7. Regular public information of the SSDP activities |
| 8. Annual and biannual reports regularly submitted |
| 9. Quarterly PMR timely received. |

| 1. Local government records |
| 2. Supervision reports |
| 3. Impact Assessments |
| 4. MIS reports |

| 1. Training provided is effective |
| 2. Minimum staff turnover |

### Notes

- Proportion of trained local governments to total participated
- % of communities initiated new sub-project after the SSDP
- % of social workers, nurses, community facilitators and other participants trained
- % of communities that have service sustainability plans under implementation and after one year
- % increase in clients serviced
- More qualified staff of local government and NGOs
<table>
<thead>
<tr>
<th>Hierarchy of Objectives</th>
<th>Key Performance Indicators</th>
<th>Monitoring &amp; Evaluation</th>
<th>Critical Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Components / Sub-components:</td>
<td>Inputs: (budget for each component)</td>
<td></td>
<td>(from Components to Outputs)</td>
</tr>
<tr>
<td>Component 1: Policy Development</td>
<td>$1.6 million</td>
<td>Project reports:</td>
<td>1. Capable consultants, NGOs, CBOs available</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1. Periodic rapid needs and capacity assessments</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Beneficiary impact assessment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. SSDP targeting (resource allocation) matrix</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Project communication strategy</td>
<td></td>
</tr>
<tr>
<td>Component 2: Monitoring and Administration of Social Services</td>
<td>$1.3 million</td>
<td>Reports by training institutions and consultants</td>
<td>1. Target groups are motivated to participate in training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Annual work program and training plan</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Semi-annual and annual reports</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Supervision mission reports</td>
<td></td>
</tr>
<tr>
<td>Component 3: Community-Based Social Services</td>
<td>$10.6 million</td>
<td>Beneficiary impact assessment studies</td>
<td>1. Capable consultants are available</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Annual financial audit reports</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Bank supervision mission reports</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. SSDP Financial Management System</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. SSDP Management Information System</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Semi-annual and annual reports</td>
<td></td>
</tr>
<tr>
<td>Component 4: Project Management, Information System and Monitoring</td>
<td>$1.5 million</td>
<td>Quarterly Project Management Reports</td>
<td>1. Minimal turnover of key SSDP and GASS staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Semi-annual and annual reports</td>
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</tr>
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<td></td>
<td></td>
<td>Consultant reports</td>
<td></td>
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<tr>
<td></td>
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<td>Beneficiary Assessments</td>
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<td></td>
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<td>Project audits</td>
<td></td>
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<td></td>
<td></td>
<td>2. Government counterpart contribution available</td>
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</table>
Annex 2: Detailed Project Description
ALBANIA: Social Services Delivery

The proposed project will provide funding and carry out activities under four main components described below.

By Component:

Project Component 1 - US$1.60 million

Policy Development

This component will aim to develop the organizational, human and material resources in the Government to design, implement, monitor and evaluate social policy. It will have three sub-components:

Sub-Component 1: Poverty Monitoring and Evaluation: The main objective of this sub-component is to support the institutional set up and to develop the necessary capacity to collect, analyze and disseminate reliable and timely statistical information at the household level for poverty monitoring and the evaluation of social programs.

The proposed strategy is based on a two-pronged approach. On the one hand, support in the form of technical assistance, training and equipment will be provided through the Project to INSTAT in the development and implementation of new survey tools for the periodic production of the needed information. On the other hand, the Project will provide the government with the necessary assistance towards the establishment and efficient functioning of a Poverty Unit in the MOLSA for the analysis and dissemination of information for the monitoring and evaluation of social programs.

On the data production side, the plan calls for institutionalizing the regular collection of household-level information by introducing a multi-topic panel household survey in the Strategic Plan of Statistics of INSTAT. As a result of the Project’s support and the consensus reached among stakeholders, the next 5-year plan calls for the implementation of a Living Standard Measurement Survey (LSMS) in 2002, to be repeated after 3 years. The system also includes annual panel surveys on a sub-sample of LSMS households to monitor trends in areas like poverty, unemployment, migration and social services on a more frequent basis than the LSMS allows for. An important component of the assistance will be to promote activities to foster a closer dialogue between data producers and the various data users from governmental and non-governmental institutions, the donor community, and the civil society at large. This consultation process will be encouraged since the early stages of the Project’s cycle and is expected to increase the relevance of the information produced, and so augment its role for policy-making purposes.

On the data use side, the strategy calls for building analytical capacity within the Government to take full advantage of the statistical information being generated by INSTAT. Towards this end, the Project will provide continuous support both in the analysis and dissemination of policy-relevant information primarily through technical assistance, training and the provision of the necessary equipment and software for the Poverty Unit to be established in MOLSA.

Sub-Component 2: Social Services Policy Development: The objectives of the sub-component are to assist the MOLSA to: a) strengthen its policy formulation capacity, b) further develop legislative and institutional framework for social services, c) develop capacity for policy monitoring, evaluation and program improvement, d) design and implement a national public awareness campaign on social exclusion, including
public outreach at the national and local levels, and e) design and implement a framework for financing of social services, including national, local and donor participation.

The activities to be undertaken under this sub-component are expected to result in: a) defined roles and responsibilities of central government agencies in national social care services; b) MOLSA having the organizational and human capacity to develop appropriate social care policy, c) an improved legislative and organizational framework for the management, regulation and delivery of social services, d) an operational system of standards, monitoring, and feedback for social services, e) a more informed public on the problems of socially excluded groups and the utility and availability of social services, and f) a sustainable system for financing social services with incentives favoring community based services rather than institutional care.

The training and technical assistance, study trips to European or CEE/FSU countries, consultant services (international and local) to provide hands on training and carry out research and studies necessary to inform the policy development, formal training will be made available to the MOLSA staff responsible for policy development for social care services. Broadly the following area of intervention have been identified and will be further detailed in the project’s annual work program to be prepared by the MOLSA project coordinator: (i) policy formulation capacity to and link policy formulation with service delivery; (ii) legislative framework for community-based social care services; (iii) development of standards, monitoring and feedback system; (iv) development of public awareness and outreach mechanisms; and (v) development of sustainable financing system.

This sub-component will be co-financed by the DFID.

Sub-component 3: Strengthening the Development and Implementation of Pension Policy: The objective of this sub-component is to strengthen the development and implementation of pension policy. This sub-component will support technical assistance (TA) in two areas. One involves developing policy approaches for addressing, in an equitable and efficient way, inadequacies in the data base available for pension administration. Those inadequacies include missing, inaccurate and inaccessible historical data on individuals’ work histories. The other involves examining management and work processes within the Social Insurance Institute to identify ways to simplify work flows and improve their efficiency. These forms of TA would complement a third TA activity, outside the project, for which non-project financing has been obtained: namely, extending past modeling of the pension system to refine projections of its performance under present policies and to explore the implications of alternative approaches for addressing the main policy challenges faced.

1. Resolving Existing Problems With Historical Work-History Data

This TA would first identify the magnitude of the current problem of missing, inaccessible, or unreliable historical data on the work histories of covered individuals and the estimated cost and work load to resolve these problems by completing or correcting the data, distinguishing the problems of: (i) work histories before 1994, treating urban and rural workers separately; (ii) enterprises that went out of business after 1993, where the associated liquidation documents are in the hands of the individuals involved in managing the liquidation process; and (iii) enterprises that remained in business and that withheld contributions but failed to pay the contributions or to report salaries for their workers. For each case above, it would: identify administrative rules or assumptions that might, as an alternative, be used to facilitate simplified processing of pension applications for these individuals (or possibly for all individuals); explore the efficiency and equity implications of those rules or assumptions; identify an action plan for how the alternative approaches (correcting the data, or substituting administrative rules or assumptions) could be implemented.
(with the possibility that the government might provide guidance on which approach to use); and identify the possible implications for benefit costs and administrative costs of each approach.

2. **Examine Management and Work Processes within the Social Insurance Institute**

This TA would examine management and work processes within the Social Insurance Institute to identify ways in which work flows could be simplified or their efficiency could be improved. Like the pension system it manages, SII has evolved and matured since 1993, gradually building a network of regional and local offices and developing its head office business systems. The policies that it administers continue to undergo review and are subject to further changes. Most business processes are administered using manual rather than computerized systems, reflecting the comparatively modest number of contributors and pensioners per regional or local office. The TA would undertake a systematic review of management and business processes to determine whether these could be organized more simply or efficiently and to identify proposals for improving these processes. There would be no presumption that the system as a whole should be computerized, although the appropriateness of automating certain processes could be considered. This TA activity will be sequenced so that it does not begin until the related TA activities on further modeling of policy options and on resolving problems of unreliable work-history data are substantially completed.

**Project Component 2 - US$1.30 million**

**Monitoring and Administration of Social Services**

The objective of this component is to improve capacity for social services monitoring and administration and social work training at the central and regional levels.

This component will include two sub-components, as described below. Categories of training activities have been kept flexible, reflecting the demand-driven nature of project activities and the need to develop regional training activities based on local demand. Whenever possible, providers of locally-based training and technical assistance and training of trainers approach will be used.

This component will be co-financed by the DFID.

**Sub-component 1: General Administration of Social Services**

The objective of this sub-component is to support GASS’s new monitoring and administration roles by building the capacity of GASS staff to take on their new responsibilities. This will be done through provision of training and other learning opportunities.

This sub-component will finance training and technical assistance, both formal (classes, seminars, study tours) and informal (conferences, on-the-job training, site visits), to improve the central and regional GASS's capacity to regulate and monitor community-based social services. At the central GASS level, attention will be paid to building specific social service skills (developing social services standards, guidelines, methodologies, policy implementation monitoring mechanisms, and quality control mechanisms and criteria), as well as general management skills (such as public outreach, planning and budgeting). Regional GASS offices will be assisted in developing business plans, enforcing social service standards, quality control, monitoring techniques, effective social services administration and outreach to the community. In addition, this sub-component will finance establishing of the MIS and case management system in the GASS, some equipment for central and regional GASS offices, regional GASS offices

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A training plan outlining specific training activities for the first three years of the project will be developed during the first year of project implementation, comprising capacity-building activities for staff at the central GASS and those in the four pilot regions (Tirana, Vlora, Shkodra, and Durres). At the end of the project's first phase, these training activities will be evaluated and modifications made if necessary. Training activities will be expanded nationally as the activities under Fund for Community-Based Social Services are expanded.

**Sub-component 2: Strengthening Capacity for Social Work Training**

The objective of this sub-component is to develop a system for systematic training and re-training of social workers in order to improve quality of social work provided in community-based social care services through encouraging the development of new social service training facilities in Albania, and to reinforcement of the capacity of already-existing training institutions.

Training, technical assistance and consulting services will be financed under this sub-component to support development of capacities for social work training. Special attention will be paid to developing the capacity of social service workers and trainers outside of the Tirana area to deliver social service training. While activities in this sub-component will target locally-based universities and other formal training institutions, it will also work to develop the capacities of local NGOs and other social service providers to deliver training. As part of the capacity-building of local trainers, whenever possible, local facilities will be used to deliver training to GASS, local governments, NGOs and social service providers (i.e. activities under Component 1, Sub-component 1.2; Component 2; and Component 3, Sub-component 3.2).

A training plan for selected facilities to be included in the first half of the project, including the University of Tirana School of Social Work, is being developed under the guidance of DFID. Training activities will be examined as part of the project midterm review, and changes made as necessary before national replication.

**Project Component 3 - US$ 10.60 million**

**Community-Based Social Services**

**Sub-component 1: Fund for Community-based Social Services**

This objective of this sub-component is to: a) improve the quantity and quality of community-based social services; b) promote new forms and initiatives in community-based social services, including awareness, prevention and early detection programs among social workers, teachers, and others; c) increase involvement of beneficiaries in design and implementation of community-based social services; d) increase involvement of civil society (NGOs and CBOs) in service delivery programs; e) improve partnerships between local government, NGOs, civil society and community; and f) increase community awareness and improved social cohesion in participating communities. Under this sub-component grants will be provided to the implementing agencies (e.g. local governments, community-based organizations etc.) for establishing community-based social services for targeted population groups based on clearly defined criteria. The sub-project cycle is described separately in Annex 12.

This component will be implemented in two stages:
(i) **Phase One** (years 1-3) will be implemented in four pilot regions (Tirana, Vlora, Durres and Shkodra). In parallel activities under Components 1 and 2 will be implemented to help develop policies, organizational structures, capacities, standards, guidelines, instructions, provider licensing and monitoring procedures that will inform and assist the implementation of this component. By the end of the second year, a decentralization action plan adopted by the Government is expected to be fully implemented. By the end of the third year, agreed triggers in the policy, institutional, legal and financial (refer to Annex 3 above) aspects of the system will be implemented and evaluated, and if found satisfactory, will evolve to cover all of Albania in the second phase.

(ii) **Phase Two** (years 4-6) activities will be expanded activities to eight more regions covering the whole country.

Types of community-based projects to be financed through the SSD project will depend on demand, but might include home delivery programs for the elderly, battered women's shelters, youth centers, facilities for children such as daycare centers, and/or counseling services for vulnerable groups etc.

This component will finance minor civil works, minor equipment, consultants services, training and TA and special programs. The funds for sub-projects will be pre-allocated to all 12 regions of Albania using per-capita allocation method based on the population numbers produced by the 2001 census. The maximum amount of grant for investment cost of sub-project can be US $200,000, out of which civil works should not be more than US$100,000. The participating local government is expected to contribute 10% of investment cost (in cash, in-kind or labor) and 100% of recurrent cost. The first three years of the Project these recurrent costs will be financed at 80% out of central Government sources and 20 % from the local government sources. This ratio will be reviewed at midterm review and the changes to this ratio will be made as per new agreement. If the proposal comes from an NGO, both local government and NGO will be expected to contribute, 10% and 5 % respectively.

The technical assistance and capacity building of participating local governments and providers will be key activity of this component. In order to ensure that the proper training program and necessary consultant services are built-it into each individual sub-project the funding for this purpose will be allocated separately into a sub-component 2 described below.

**Sub-component 2: Local Government and Social Service Provider Capacity Building**

The objective of this sub-component is to improve the capacity of staff in social service facilities and local government offices to respond more effectively to their clients' needs. Basic social service techniques, specialized social service training to respond to certain vulnerable groups, techniques in monitoring and evaluation, and project management skills are envisaged as the main areas for training.

This sub-component will finance training and technical assistance for participating local governments (bashki and communes) in order to strengthen their capacity to monitor, evaluate, publicize, and administer social services. Separate training will also be provided to those local governments who will be the actual implementers of community-based social services projects. As with GASS capacity building, a combination of formal and informal training and technical assistance will be used. To reflect the demand-driven nature of the project, individual training plans will be developed on a case-by-case basis.

A training plan outlining specific training activities is being developed for the first three years of the project, comprising capacity-building activities for staff at selected social service facilities in the four pilot regions (Tirana, Vlora, Shkodra, and Durres). At the end of the project's first phase at the project
mid-term review, the training activities will be evaluated and modifications made if necessary. As in the second phase, the Fund for Community-Based Social Services is expanded to eight more regions the training activities will be expanded accordingly.

Project Component 4 - US$1.50 million

Project Management, Information System and Monitoring

This component will aim to ensure an efficient and effective implementation of project activities. In order to do so it will finance a creation of the Management Information System (MIS) including necessary equipment, hardware and software. In addition, this component will finance studies and audits which will help monitor the project performance and impact. It will also finance a project management support program which will include: salaries and wages of core PCU staff (excluding public officials and civil servants) and consultants, limited office equipment (computers, software, copier), minor furniture and fixtures (including telephones and telephone station), and incremental operating costs such as communications, local travel, utilities, bank charges, printing and publications, office supplies, vehicle rental for field trips and fuel. This operating costs will be financed on the declining basis. The PCU will be in charge of management of funding, procurement, disbursement and project logistics.
Annex 3: Estimated Project Costs
ALBANIA: Social Services Delivery

<table>
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<tr>
<th>Project Cost By Component</th>
<th>Local US $million</th>
<th>Foreign US $million</th>
<th>Total US $million</th>
</tr>
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<td>1.50</td>
</tr>
<tr>
<td>Component 2: Monitoring and Administration of Social Services</td>
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<td>0.60</td>
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<tr>
<td>Component 3: Community-based Social Services</td>
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<td>0.20</td>
<td>10.40</td>
</tr>
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<td>Component 4: Project Management, Information System and</td>
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<td><strong>15.00</strong></td>
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<td><strong>Total Financing Required</strong></td>
<td><strong>12.70</strong></td>
<td><strong>2.30</strong></td>
<td><strong>15.00</strong></td>
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<tr>
<th>Project Cost By Category</th>
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</tr>
<tr>
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<td><strong>2.30</strong></td>
<td><strong>15.00</strong></td>
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<tr>
<td><strong>Total Financing Required</strong></td>
<td><strong>12.70</strong></td>
<td><strong>2.30</strong></td>
<td><strong>15.00</strong></td>
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</table>

Identifiable taxes and duties are 0 (US$) and the total project cost, net of taxes, is 15 (US$). Therefore, the project cost sharing ratio is 66.67% of total project cost net of taxes.

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Annex 4: Cost Effectiveness Analysis Summary

ALBANIA: Social Services Delivery

<table>
<thead>
<tr>
<th>Present Value of Flows</th>
<th>Fiscal Impact</th>
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<tr>
<td>Economic Analysis</td>
<td>Financial Analysis</td>
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<td></td>
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Although difficult to measure accurately, the estimates of the economic and social rates of return are expected to be high due to the planned preventative character of the social services to be provided throughout the project period. Further, the development of community-based social care as an alternative to much more expensive residential care, as well as improved social integration of target population groups, are expected to result in: (i) higher economic productivity of women who will receive a legal and other assistance which would help them with new employment opportunities; (ii) economic productivity of children who would otherwise fail to develop skills if placed in institutions; and (iii) prevention of drug abuse, as well as work with youth exhibiting criminal behavior that would have a long-term impact and economic return through improved chances for economic participation and avoidance of imprisonment.

The economic benefits of project components can be evaluated in the following two ways: (i) whether the costs of components are lower than the benefits expected as an outcome; and (ii) whether each component has been designed in the most cost-effective way to achieve a given benefit at the least cost. The following types of economic benefits are expected to be obtained through the implementation of this project:

Component 1: Policy Development

1. Poverty Monitoring and Evaluation: at a relatively low cost, the Government capacity to collect timely and relevant statistical data for monitoring poverty trends and evaluating the impact of social programs will be noticeably enhanced. This is turn is expected to result in improved targeting of social assistance and other government programs, bringing considerable social and economic benefits and a more effective use of scarce Government resources.

2. Social Service Policy Development: The benefits will accrue as a result of policy and institutional reforms to be supported by this component which, in turn, should help improve quality and standards of provided services, monitoring and coordination. In a non-project scenario, it is reasonable to assume a continued uncoordinated provision of services by different donors and providers without a proper monitoring and supervision and without any guidelines and standards for social care with great duplication of resources.

3. Strengthening the Development and Implementation of Pension Policy is expected to bring considerable economic benefit as administrative efficiencies and improved client service flow from (a) the development of appropriate and equitable policy approaches for addressing inadequacies in the data base available for pension administration and (b) the identification of simpler work flows and more effective business processes within the Social Insurance Institute. In the former case, the TA to be provided will identify alternatives, including administrative rules or assumptions, that could facilitate simplified processing of pension applications for individuals for whom relevant data are unavailable and for whom significant
delays and complexities in processing result. It will also explore the efficiency and equity implications of those rules or assumptions; identify an action plan for how the alternative approaches (correcting the data, or substituting administrative rules or assumptions) could be implemented (with the possibility that the government might provide guidance on which approach to use); and identify the possible implications for benefit costs and administrative costs of each approach. Elimination of related administrative and processing bottlenecks, and the accompanying improvements in client service, are expected to be of significant economic benefit.

Component 2: Monitoring and Administration of Social Services

A sound MIS and case management system to be created through the project should result in administration, management, coordination and effectiveness of the national social care services system.

Component 3: Community-based Social Services

Although the community-based nature of the services to be financed under this component makes difficult traditional ex ante cost-benefit analysis -- the specific benefits will depend on the mix of services that are ultimately selected for funding -- it is expected that the project will generate substantial benefits for the poor and vulnerable by developing a system to provide basic social care services. The following decision have been made to maximize effectiveness of this component relative to its cost. First, the services will be financed based on needs and will be demand-driven and will deliver immediate benefits in terms of improvements in access and quality of services. This will provide for the development if the community-based services as an alternative to the expensive residential care services and will allow for greater coverage of individuals and communities in need. Further, it will eliminate a need to develop some new residential care services, which will bring considerable savings in the state budget. Second, the use of competitive procurement of the services and works which is expected to generate savings ranging from 5-20 percent of estimated cost for each sub-project (based on experiences and analyses of other social funds in ECA); which is compared with the cost of comparable services in the area that are procured without competitive bidding. The experience of other countries in ECA undertaking similar projects has been showing demonstrable economic benefits (as most recently reflected in the mid-term review for the Lithuania Social Policy and Community Social Services Project conducted in spring, 2000). Further cost-benefit analyses will be carried out for each individual community-based project. It is planned that cost-effectiveness analysis will be carried out based on the results of pilot projects that will be compared with similar public and NGO programs as well as with the costs of residential institutional care as appropriate, with related monitorable benchmarks developed (the methodology outlined by Bank guidelines for these types of operations will be used to carry out the analysis). Also, based on the lessons learned, cost-benefit criteria of community-based projects will be developed. A study on financing mechanisms of community-based social services will be carried out in the first year of the project implementation and proposals for further targeting of expenditure, improved quality of expenditure, improved monitoring and evaluation of expenditure will be developed.

Items to be analyzed include the following:

- **the initial conditions** essential for the success of SSDP-financed projects;
- **the complementary requirements** for effective and sustainable operation of completed projects, such as qualified staff, supplies, and access to technical support;
- **outcomes**, both in terms of project execution and impact on selected target groups, in accordance with stated objectives; and
- **the performance of the principal actors** (social service staff, General Administration of Social
Specific performance indicators will be defined at each level. With respect to initial conditions, the experience with other social fund and community-based projects points to three factors critical for project success; namely, the assurance that, (a) projects adequately address priority needs of target groups, and are identified, prepared, and implemented with their full collaboration and with the approval of the community at large; (b) applied social service methodologies are appropriately suited to the professional and management capabilities of the organization that is to provide the social service; and (c) locally-available resources are adequately mobilized and organized to ensure proper functioning and sustainability of sub-projects.

\[1\] If the difference between the present value of financial and economic flows is large and cannot be explained by taxes and subsidies, a brief explanation of the difference is warranted, e.g. "The difference between financial and economic costs arises from price controls on the inputs."

**Summary of benefits and costs:**

**Main Assumptions:**

**Cost-effectiveness indicators:**

\[2\] These indicators should compare the project with a suitable comparator, e.g. unit project costs of alternative project designs or international standards.
### Annex 5: Financial Summary

**ALBANIA: Social Services Delivery**

**Years Ending**

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<th>Year</th>
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<th>Year 4</th>
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<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>User Fees/Beneficiaries</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Others</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total Project Financing</strong></td>
<td>0.3</td>
<td>1.7</td>
<td>2.4</td>
<td>3.1</td>
<td>3.1</td>
<td>2.8</td>
<td>1.6</td>
</tr>
</tbody>
</table>

### Main assumptions:
The recurrent cost include PCU incremental operating costs for project implementation.

Years are according to Borrower fiscal years.
Annex 6: Procurement and Disbursement Arrangements
ALBANIA: Social Services Delivery

Procurement

The procurement of goods, works and services will be carried out in accordance with the World Bank’s Guidelines on Procurement under IBRD Loans and IDA Credits (January 1995, Revised January and August 1996, September 1997, and January 1999) and the Guidelines on Selection and Employment of Consultants by the World Bank Borrowers (January 1997, Revised September 1997 and January 1999). The World Bank’s standard bidding documents for goods, and the standard forms of contract and request for proposals will be used under the Project.

Procurement Management: The Project Coordination Unit (PCU) of the Social Services Delivery Project (SSDP) will be responsible for overall project implementation and progress monitoring. The PCU will ensure that the procurement procedures, criteria, and documentation agreed with IDA, are complied with satisfactorily. The procurement management responsibilities and procedures will be described in further detail in the Operational Manual. The PCU will oversee the procurement and award of contracts under sub-project grants which will be implemented by the project beneficiaries, namely the various participating communities and municipalities, following appraisal and approval of the sub-project by SSDP. To carry out its procurement responsibilities, SSDP has recruited a full-time, in-house procurement officer whose procurement qualifications were reviewed by the Bank during project appraisal and based on mission’s recommendations, is currently receiving intensive procurement training at the International Law Institute in Washington, DC.

Procurement Arrangements: The procurement methods and arrangements applicable to the various expenditure categories under the Project are summarized below in Table A, and described in more detail in the SSDP Operational Manual. Standard bidding documents were prepared and reviewed with the Bank during project appraisal. These documents are based on Bank ECA Standard Bidding Documents (SBD) for National Competitive Bidding (NCB). A general procurement notice will be published in the United Nations’ Development Business by April 30, 2001. The GPN will be updated annually for all outstanding procurement. Procurement under the Project would be undertaken in accordance with the procurement arrangements shown in Table A1 and A1. The procurement schedule for the project is presented in Table B1.

Community-Based Social Services - Sub-projects:

The main procurement methods are highlighted below. However, some procurement under this Project will be carried out in accordance with Clause 3.15 of the Guidelines, detailed procedures for which will be described in the SSDP Operational Manual. Such procedures will apply to activities not covered under these methods, such as procurement carried out by communities themselves. Community based procurement is demand driven and hence it is not possible to determine the number and estimated value of each contract a priori. It is agreed that such procurement will take place on a pilot basis, first in one (Tirana Region) of the 12 regions. Based on the experience gained from the Tirana Pilot region, additional regions will be allowed to participate in community based procurement provided that they fulfill the qualifying requirements outlined in the Operational Manual. The PCU will assist and closely monitor participating communities on all aspects of procurement funded through the IDA Credit. The PCU will be responsible for carrying out procurement activities for other communities that are not participating in the pilot program. A total amount of US$8.88 million is allocated for the procurement of works, goods and services for demand driven sub-projects.
Works

A total of US$3.48 million is estimated to be spent on civil works. Since most of the civil works activities are demand driven, it is not possible to determine a priori the number and size of each package at present. In general, the procedures outline below will be followed for all civil works packaged regardless of who is carrying out the procurement.

Small Work: On the average, the size of each small works contract will be approximately US$35,000. Contract whose values are below US$100,000 and above US$20,000 will be procured following National Competitive Bidding (NCB) procedures. ECA Regional procurement documents have been introduced to the PCU and these documents will be used under this method of procurement. Invitation for bids would be advertised in local newspapers.

Minor Works: Works contracts that are simple in design and small in value (under US$20,000) would be procured according to Minor works procedures. Such works contracts that are labor intensive, geographically scattered and spread over time, due, in part to climatic conditions, would be procured under lump-sum fixed price contracts awarded on the basis of quotations obtained from at least 3 (three) qualified domestic contractors in response to a written invitation and according to Bank guidelines. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, and relevant drawings where applicable. The award would be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract.

Goods

Procurement through IAPSO: For reasons of efficiency, goods such as computers, office equipment and vehicles would be procured through the Inter Agency Procurement Services Office (IAPSO) of the United Nations. The aggregate amount of procurement through IAPSO will not exceed US$424,000.

International/National Shopping (IS/NS): Equipment packages for GASS Regional offices and for demand driven community based social services sub-projects would be procured using IS/NS procedures depending on the value of each contract. Packages whose value exceeds US$25,000 but less than US$100,000, would be procured through International Shopping. Packages whose contract values are estimated to be less than US$25,000, would be procured through National Shopping procedures. The overall aggregate value of all goods contracts under IS and NS is estimated at US$2,775,000.

Consultant Services and Training

There are two types of services that would be procured under the project. The first group of services is intended to be used for sub-projects under community based social services component of the project. Because of the demand driven nature of social services sub-projects, it is not possible to determine the size as well as the type of consultant services (individual or firm) that would be required. In general, except in few instances where international consulting firms would be needed, most of the consultants needed are individual consultants (for preparation, appraisal and monitoring of sub-projects). The aggregate amount for consultant services under social services sub-projects is estimated at US$2,775,000.

The second type of services required are for technical assistance (TA) and training for the development of standards and norms, planning, monitoring, licensing and case management, poverty monitoring, survey techniques, analysis, poverty mapping and awareness raising.
Quality and Cost Based Selection (QCBS): will a preferred method for large TA contracts.

Consultant Qualification (CQ): selection procedures would be used for contracting firms and /or NGOs to carry out assignments such as development of standards, planning, pension policy modeling, capacity building and case management administration. The aggregate amount under this method of selection is estimated at US$1,238,000.

Selection of individual consultants (IC) would be carried out through advertisements for expressions of interest and comparison of comparisons of CVs. The aggregate value of all contracts for TA is estimated at US$1,896,968, and the estimated aggregate value for training services contracts is US$1,437,000.

Miscellaneous Service Contracts: Additionally, there will be miscellaneous services such as printing and publication services, design and development of designs of questionnaires for workshops, and training material that would be procured under miscellaneous service contracts. The aggregate value of such contract is US$156,000.

Incremental Operating Costs

The SSDP will finance incremental operating costs of about US$443,844 consisting of: (a) communications, maintenance and operation of equipment procured or used under the project; (b) training and study tours for SSDP staff; (c) office supplies and (d) studies. Incremental operating costs will be procured on the basis of an annually agreed budget.

Bank Prior Review

Prior Bank review would be required before final decisions on contract awards are taken on Bank financed items for the types of procurement action described below. Prior review for works and goods contracts: would be conducted in accordance with the provisions described in Appendix 1 of the Procurement Guidelines, and those described under Appendix 1 of the Consultant Guidelines for consultant services and training contracts.

(a) Works: Prior review of the bidding documents, scope of works, minutes of bid opening, bid evaluation report, recommendation for award, as well as draft contract for the:

   (i) first five contract awards through NCB;

   (ii) first three minor works;

(b) Goods: Prior review of the bidding documents (including invitation to quote and technical specifications) and recommendation of awards for:

   (i) all International Shopping contracts;

   (ii) first three goods contracts under and NS.

(c) Consultant services and training: Prior review of Terms of Reference (TOR), letter of invitation, request for proposal, consultant short lists, terms and conditions of contract, evaluation reports, recommendation for award and draft contract for:
(i) all QCBS contracts;
(ii) all CQ contracts;
(iii) the first five IC contracts: and
(iv) TORs for all beneficiary assessment, technical reviews and audits.

All other contracts shall be subject to ex-post review by Bank supervision missions or by focused procurement review or audit missions. The Bank mission will review at least one out of every five contracts which are subject to post review.

Procurement methods (Table A)

Table A: Project Costs by Procurement Arrangements
(US$ million equivalent)

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>ICB</th>
<th>NCB</th>
<th>Other</th>
<th>N.B.F.</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Works</td>
<td>0.00</td>
<td>0.00</td>
<td>3.50</td>
<td>0.00</td>
<td>3.50</td>
</tr>
<tr>
<td>2. Goods</td>
<td>0.00</td>
<td>0.00</td>
<td>3.20</td>
<td>0.00</td>
<td>3.20</td>
</tr>
<tr>
<td>3. Services</td>
<td>0.00</td>
<td>0.00</td>
<td>6.90</td>
<td>0.00</td>
<td>6.90</td>
</tr>
<tr>
<td>4. Incremental Operating Cost</td>
<td>0.00</td>
<td>0.00</td>
<td>1.50</td>
<td>0.00</td>
<td>1.50</td>
</tr>
<tr>
<td>Total</td>
<td>0.00</td>
<td>0.00</td>
<td>15.10</td>
<td>0.00</td>
<td>15.10</td>
</tr>
</tbody>
</table>

1 Figures in parenthesis are the amounts to be financed by the IDA Credit. All costs include contingencies.

2 Includes civil works to be procured through NCB and MW procedures, goods through IAPSO and through IS/NS; consulting services such as services of contracted staff of the project coordination office, training, technical assistance services, and incremental operating costs related to (i) managing the project, and (ii) providing training and capacity building of GASS regional Offices.
Table A1: Consultant Selection Arrangements (optional)
(US$ million equivalent)

<table>
<thead>
<tr>
<th>Consultant Services Expenditure Category</th>
<th>QCBS</th>
<th>QBS</th>
<th>SFB</th>
<th>LCS</th>
<th>CQ</th>
<th>Other</th>
<th>N.B.F.</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Firms</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>62,500.00</td>
<td>0.00</td>
<td>0.00</td>
<td>62,500.00</td>
</tr>
<tr>
<td>B. Individuals</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>36,524,10</td>
<td>0.00</td>
<td>0.00</td>
<td>36,524,10</td>
</tr>
<tr>
<td>Total</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>42,774,10</td>
<td>0.00</td>
<td>0.00</td>
<td>42,774,10</td>
</tr>
</tbody>
</table>

1 Including contingencies

Note: QCBS = Quality- and Cost-Based Selection
QBS = Quality-based Selection
SFB = Selection under a Fixed Budget
LCS = Least-Cost Selection
CQ = Selection Based on Consultants’ Qualifications
Other = Selection of individual consultants (per Section V of Consultants Guideline:), Commercial Practices, etc.

N.B.F. = Not Bank-financed
Figures in parenthesis are the amounts to be financed by the Bank Credit.
Prior review thresholds (Table B)

Table B: Thresholds for Procurement Methods and Prior Review

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Contract Value Threshold (US$ thousands)</th>
<th>Procurement Method</th>
<th>Contracts Subject to Prior Review (US$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Works</td>
<td>Less than US$100,000 and greater than US$20,000</td>
<td>NCB</td>
<td>First five contracts</td>
</tr>
<tr>
<td></td>
<td>Less than 20,000</td>
<td>MW</td>
<td>First three contracts</td>
</tr>
<tr>
<td>2. Goods</td>
<td>Less than US$100,000</td>
<td>IS</td>
<td>All packages</td>
</tr>
<tr>
<td></td>
<td>Above US$100,000 and less than US$150,000</td>
<td>IAPSO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Below US$25,000</td>
<td>NS</td>
<td>First three contracts</td>
</tr>
<tr>
<td>3. Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firms</td>
<td>Above US$50,000</td>
<td>CQ</td>
<td>All contracts</td>
</tr>
<tr>
<td>Individuals</td>
<td>Above US$10,000</td>
<td>CVs</td>
<td>First five contracts</td>
</tr>
<tr>
<td>4. Miscellaneous</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incremental Operating Costs</td>
<td>NA</td>
<td>Statement of Expenses</td>
<td>NA</td>
</tr>
<tr>
<td>5. Miscellaneous</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Miscellaneous</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total value of contracts subject to prior review:

Overall Procurement Risk Assessment

High

Frequency of procurement supervision missions proposed: One every 6 months (includes special procurement supervision for post-review/audits)
### Table B1: Summary of Procurement Activities, Methods and Schedules

<table>
<thead>
<tr>
<th>Item</th>
<th>Type</th>
<th>Method</th>
<th>No. of Contracts</th>
<th>Estimated Contract Value (US$000)</th>
<th>Preparation of BD/RFP/TOR/Short list</th>
<th>Invitation/ GPN/SPN</th>
<th>Evaluation/ Recommendation/ award</th>
<th>Contract signing</th>
<th>Contract Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Works</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community based sub-projects</td>
<td>CW</td>
<td>NCB/MW</td>
<td>Demand driven</td>
<td>3,480</td>
<td>01/02</td>
<td>04/30/01</td>
<td>Ongoing</td>
<td>Ongoing</td>
<td>12/06</td>
</tr>
<tr>
<td>Goods</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computers, office equipment, vehicles</td>
<td>Goods</td>
<td>IAPSO</td>
<td>1</td>
<td>424</td>
<td>Based on IAPSO catalogue</td>
<td></td>
<td></td>
<td>11/01</td>
<td>02/15/02</td>
</tr>
<tr>
<td>Various equipment and goods for GASS region and participating communities</td>
<td>Goods</td>
<td>IS/NS</td>
<td>Demand driven</td>
<td>2,775</td>
<td>01/02</td>
<td>04/30/01</td>
<td>Ongoing</td>
<td>Ongoing</td>
<td>12/06</td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultant services – Sub-projects</td>
<td>Firms/ Individuals</td>
<td>CQ/CV</td>
<td>Demand driven</td>
<td>2,775</td>
<td>01/02</td>
<td>04/30/01</td>
<td>Ongoing</td>
<td>Ongoing</td>
<td>12/06</td>
</tr>
<tr>
<td>Consultant services</td>
<td>Firms/ Individuals</td>
<td>CQ/CV</td>
<td>Demand driven</td>
<td>1,123</td>
<td>11/02</td>
<td>04/30/01</td>
<td>Ongoing</td>
<td>Ongoing</td>
<td>12/06</td>
</tr>
<tr>
<td>Consultant Services</td>
<td>Individuals</td>
<td>CV</td>
<td>Demand driven</td>
<td>1,896</td>
<td>09/01</td>
<td>04/30/01</td>
<td>Ongoing</td>
<td>starting 11/01</td>
<td>12/06</td>
</tr>
<tr>
<td>Consultant Services</td>
<td>Firms</td>
<td>Misc.</td>
<td>Demand driven</td>
<td>156</td>
<td>10/01</td>
<td>04/30/01</td>
<td>Ongoing</td>
<td></td>
<td>12/06</td>
</tr>
<tr>
<td>Consultant Services</td>
<td>Firm</td>
<td>QCBS</td>
<td>2</td>
<td>115</td>
<td>09/01</td>
<td>04/30/01</td>
<td>08/30/01</td>
<td>01/30/12</td>
<td>12/03</td>
</tr>
<tr>
<td>Training services</td>
<td>Firms/ Individuals</td>
<td>CQ/CV</td>
<td>Demand driven</td>
<td>1,437</td>
<td>09/01</td>
<td>04/30/01</td>
<td>Ongoing</td>
<td></td>
<td>12/06</td>
</tr>
<tr>
<td>Incremental Operating Cost</td>
<td>NA</td>
<td>SOE</td>
<td>NA</td>
<td>444</td>
<td></td>
<td>04/30/01</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td>14,625</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Section 1: Capacity of Implementing Agency in Procurement and Technical Assistance Requirements**

**Brief Statement**

The overall responsibility for project management and coordination rest with the PCU within GASS. The PCU will be supported by Technical Assistance consisting of: a full time Procurement Specialist, a short-term Procurement Specialist, and a Financial Management Specialist. The PCU has already acquired
substantial experience while managing and administering the pilot SSDP under a PHRD and Italian Grant Funds. An assessment of the Capacity of the PCU to Conduct Procurement under the project was carried out. The full text of the assessment will be presented in the Operational Manual.


A CPAR for Albania was completed and submitted to the government of Albania in December, 2000.

Are the bidding documents for the first year ready by negotiations.

Yes. RFPs and bidding documents for the first year of project implementation are being prepared and will be ready by effectiveness.

Section 2: Training, Information and Development on Procurement

Estimated date of Project Launch Workshop: 9/2001

Estimated date of publication of General Procurement Notice: 4/30/2001

Indicate if there is procurement subject to mandatory SPN in Development Business: Yes. For consultant services.

Domestic Preference for Goods: No

Retroactive financing: No

Advance Procurement: No

Explain briefly the Procurement Monitoring System:

All procurement related documentation that requires Bank’s prior review will be cleared by Procurement Accredited Staff (PAS) and relevant technical staff. No packages above mandatory review thresholds by RPA are anticipated. The PCU will maintain complete procurement files which will be reviewed by Bank’s supervision missions. The Procurement Plan will be updated annually. Procurement information will be recorded by the PCU and submitted to the Bank as part of the quarterly and annual progress reports. This information will include: revised cost estimates for the different contracts; revised timing of procurement actions, including advertising, bidding, contract award, and completion time for individual contracts; as well as compliance with aggregate limits (within 15%) on specific methods of procurement. A Management Information System (MIS), with a procurement module will help the PCU monitor all procurement information.

Co-financing: Yes - - Department for International Development, the Government of UK.

Indicate the name of Procurement staff or Bank’s part of the Task Team responsible for the procurement in the Project:

Albania: Social Services Delivery Project Name: Seyoum Solomon (ECSHD)
Ext:32393
Explain briefly the expected role of the Field Office in Procurement:

There is no procurement capacity at the Bank Office in Tirana. The PCU will complement its procurement capacity by hiring a foreign TA Procurement Specialist. The Procurement Officer is currently receiving a four week intensive procurement training at the International Law Institute in Washington, D.C.

Thresholds generally differ by country and project. Consult OD 11.04 "Review of Procurement Documentation" and contact the Regional Procurement Adviser for guidance.
Disbursement

Allocation of credit proceeds (Table C)
The proceeds of the IDA Credit would be disbursed in accordance with procedures described in the Bank’s “Disbursement Handbook”. The Credit for US$10 million is expected to be disbursed over a period of six years (2001-2007)

Table C: Allocation of Credit Proceeds

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Amount in US$million</th>
<th>Financing Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil works</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>a) for Component 3-1</td>
<td>2.20</td>
<td>85%</td>
</tr>
<tr>
<td>b) other than Component 3-1</td>
<td>0.20</td>
<td>75%</td>
</tr>
<tr>
<td>Goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) for Component 3-1</td>
<td>1.90</td>
<td></td>
</tr>
<tr>
<td>b) other than Component 3-1</td>
<td>0.40</td>
<td></td>
</tr>
<tr>
<td>Consultant Services, Technical Assistance and Training</td>
<td>0.00</td>
<td>100%</td>
</tr>
<tr>
<td>a) for Component 3-1</td>
<td>2.25</td>
<td></td>
</tr>
<tr>
<td>b) other than Component 3-1</td>
<td>1.55</td>
<td></td>
</tr>
<tr>
<td>Incremental Operating Costs</td>
<td>1.00</td>
<td>90%</td>
</tr>
<tr>
<td>Unallocated</td>
<td>0.50</td>
<td></td>
</tr>
<tr>
<td>Total Project Costs</td>
<td>10.00</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10.00</td>
<td></td>
</tr>
</tbody>
</table>

Use of statements of expenditures (SOEs):
The following SOE thresholds apply:

(i) Works: Contracts amounting to less than US$20,000 equivalent;
(ii) Consulting services – firms: Contracts amounting to less than US$50,000 equivalent;
(iii) Consulting services – individuals: Contracts amounting to less than US$10,000 equivalent;
(iv) Goods: Contracts amounting to less than US$25,000 equivalent;
(v) Technical audits: All contracts.

Special account:
Special Account: to facilitate disbursements against eligible expenditures, the Government would establish a Special Account (SA) in a Bank of Albania.
Project Accounts: the project accounts will be operated by the PCU under terms and conditions satisfactory to the Association. The authorized allocation for the Special Account will be US$ 500,000. Upon effectiveness, IDA would deposit an initial authorized allocation of up to US$ 250,000 million into the Special Account. Once total disbursements from the Credit account have reached an aggregate amount of SDR2 million, the initial allocation may be increased up to the authorized allocation of US$ 500,000 million. Replenishment applications will be submitted monthly and will be fully documented, including bank statement and reconciliation statement, except for expenditures which may be claimed on the basis of Statements of Expenditure (SOEs). The Special Account would be audited annually by independent auditors acceptable to the Association.

Government Counterpart Contribution: the Borrower will provide its contribution through the SSDP estimated at total US$ 2.5 million, out of which US$ 1 million is 10% of IDA credit (included in project cost tables) and US$ 1.5 million in taxes (not included in the project cost tables). The following are conditions for the provision of the Borrower counterpart contribution: (a) the budgeting of the Borrower counterpart contribution will go through regular Government budgetary procedure. The PCU will estimate on the annual basis the need for the Borrower contribution and submit a request to the Ministry of Labor and Social Affairs (MOLSA). The MOLSA will submit the financing plan to the Ministry of Finance as part of its budget request. The Borrower will ensure that US$ 270,000 is requested for the budget for the year 2002; (b) the funds will be earmarked in the annual budget of the Borrower for the purposes of the Project implementation; (c) the PCU will be enabled to use the following options to pay the contractors and suppliers: (i) direct payment to the recipient from the Treasury based on the PCU request; and (ii) the PCU will be able to receive cash from the Treasury for direct payments to the recipient for certain eligible expenditures; (d) the Borrower will ensure that there is sufficient funding available for the Project implementation at all times to pay contractors and suppliers as per Schedule I of the Credit Agreement. In no case the Borrower will use the Credit funds to substitute for payments from the counterpart funds required under the PCU contractual obligations for the Project; (e) the annual audit of the Project will include the audit of the Borrower counterpart contribution for the Project implementation purposes; (f) the Borrower and the Bank will closely monitor this arrangement and review it by September 30, 2002 and make modifications as found necessary.

Disbursements Mechanism: in accordance with the provisions of OP/BP 10.02, accounting, procurement, disbursement and audit are linked for effective financial management, so that the Association can receive accurate and timely information on the Project and, at the same time, reduce administrative burden and ensure better client services. The Project will initially disburse under the Association's traditional Statement of Expenditure (SoE) method, with the option of moving to the Project Management Reports (PMR)-based disbursement method at the mutual agreement of the Borrower and the Association.

Audit Arrangements: The accounts and financial statements of the project will be audited by independent auditors acceptable to the Association. The audited annual project financial statements will be submitted to the Bank within six months of the end of every fiscal year. The audit will be comprehensive and cover all aspects of the project and the Terms of Reference of the auditors should include both audit of financial transaction and an assessment of the operation of the financial management system, including the review of the internal control mechanisms. The PCU will provide the auditor with access to project-related documents and records, and information required by the auditor for the purpose of the audit. Auditors will be appointed under a project portfolio-wide basis agreement by the Ministry of Finance. The cost of the annual audit of the project will be paid by the Borrower.

Reporting Arrangements: In addition to the submission of annual audited financial statements, the PCU
will produce full quarterly Project Management Reports (PMRs).

**Staffing:** The PCU accountant will be responsible for the accounting and financial activities.
Annex 7: Project Processing Schedule

ALBANIA: Social Services Delivery

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<th>Project Schedule</th>
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<th>Actual</th>
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<td>25</td>
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<td>Negotiations</td>
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<td>Planned Date of Effectiveness</td>
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Prepared by:
Ministry of Labor and Social Affairs/General Administration of Social Services

Preparation assistance:
1. Public Human Resource Development (PHRD) grant (Recipient executed) -- US$382,000
2. Italian Development Cooperation - Trust Fund administered by the Bank (Recipient executed) -- US$1,000,000
3. UK Department for International Development (parallel arrangement) -- US$250,000
4. Italian CTF - US $46,500

Bank staff who worked on the project included:

<table>
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<tr>
<th>Name</th>
<th>Speciality</th>
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<tbody>
<tr>
<td>Anush Bezhanyan</td>
<td>Task Team Leader, ECSHD</td>
</tr>
<tr>
<td>Philip Goldman</td>
<td>Program Team Leader, ECSHD</td>
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<td>Dinah McLeod</td>
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<td>Lida Kita</td>
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<td>Nicole LaBorde</td>
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<td>Seyoum Solomon</td>
<td>Consultant, Procurement Accredited Specialist, ECSHD</td>
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<td>Sandro Zanus Michiei</td>
<td>Sr. Financial Management Specialist, ECCAL</td>
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<td>Elena Galliano</td>
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<td>Aleksandra Posarac</td>
<td>Sr. Economist, ECSHD</td>
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<td>Gloria LaCava</td>
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<td>Rohit Mehta</td>
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<td>Junko Funahashi</td>
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<td>Ahmed Jehani</td>
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<td>Louise Fox</td>
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<td>Hjalte Sederlof</td>
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<td>Neeta Sirur</td>
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<td>Michal Rutkowski</td>
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<td>Alexandre Marc</td>
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<td>Annette Dixon</td>
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<td>Chris WalkerQER panel</td>
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<td>Milla McLachlan</td>
<td>Nutrition Adviser, HDNHE, QER panel member</td>
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<td>Keith Rennie</td>
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<tr>
<td>Lynne Sherburne-Benz</td>
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<td>Maurizia Tovo</td>
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<td>Dana Weist</td>
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</table>
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B. Project Description

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B. Agreements Between Borrower and Implementing Agencies
C. Summary of Implementation Responsibilities
D. Implementation Arrangements by Component
E. Detailed Project Activities by Component
F. Project Operational Manual
G. Project Finance and Administration Manual

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B. Project Financing
C. Administration of Project Funds
D. Project Procurement Arrangements
E. Disbursements
F. Role of the World Bank in Supervision
G. Administrative Arrangements
H. Implementation Schedule

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Appendix 2: Cost Tables
Appendix 3: List of Equipment to be Procured
Appendix 4: Implementation Responsibilities/Resource Requirements

B. Bank Staff Assessments

Albania Social Services Delivery Project PCD
Albania Vulnerability Needs and Institutional Capabilities Assessment (VNICA) -- Elena Galliano, Cloria LaCava

C. Other

1. VNICA background reports:
   Institutional Assessment: M. Xhumari and Illir Gdeshi (Inst. for Social and Economic Studies)
   Legal Assessment: A. Fullani and T. Zaka
   Data collecting system and ranking of vulnerability: M. Murthi, G. Ashorva
   Needs Assessment: Vilma Colpeja, M. Gjokutai, A. Fishta

2. DFID
   Project Concept Note
   Project Memorandum

3. Design Concept Note of project Management Information System -- Kamal Sablini
   *Including electronic files
## Annex 9: Statement of Loans and Credits

**ALBANIA: Social Services Delivery**

**May-2001**

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## ALBANIA
### STATEMENT OF IFC's Held and Disbursed Portfolio
#### May-2001
##### In Millions US Dollars

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<th>Disbursed IFC</th>
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<th>Approvals Pending Commitment</th>
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### Annex 10: Country at a Glance
### ALBANIA: Social Services Delivery

#### POVERTY and SOCIAL

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<th>Europe &amp; Central Asia</th>
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<td>Population, mid-year (millions)</td>
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<td>Average annual growth, 1993-99</td>
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<td>Population (%)</td>
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<td>Labor force (%)</td>
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<td>Most recent estimate (latest year available, 1993-99)</td>
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<tr>
<td>Poverty (% of population below national poverty line)</td>
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<td>Urban population (% of total population)</td>
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<td>Life expectancy at birth (years)</td>
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<td>Infant mortality (per 1,000 live births)</td>
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<td>Child malnutrition (% of children under 5)</td>
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<td>Access to improved water source (% of population)</td>
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<td>Illiteracy (% of population age 15+)</td>
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<td>Gross primary enrollment (% of school-age population)</td>
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<td>Male</td>
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<tr>
<td>Female</td>
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#### KEY ECONOMIC RATIOS and LONG-TERM TRENDS

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<td>Gross domestic investment/GDP</td>
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<td>Exports of goods and services/GDP</td>
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<td>Gross domestic savings/GDP</td>
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<td>Gross national savings/GDP</td>
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<td>Current account balance/GDP</td>
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<td>Total debt service/exports</td>
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<td>Present value of debt/GDP</td>
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#### STRUCTURE of the ECONOMY

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<tr>
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<tbody>
<tr>
<td>(% of GDP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>32.3</td>
<td>54.4</td>
<td>52.6</td>
<td></td>
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<tr>
<td>Industry</td>
<td>44.8</td>
<td>24.5</td>
<td>26.0</td>
<td></td>
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<tr>
<td>Manufacturing</td>
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<td>12.2</td>
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<td></td>
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<tr>
<td>Services</td>
<td>22.9</td>
<td>21.0</td>
<td>21.4</td>
<td></td>
</tr>
<tr>
<td>Private consumption</td>
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<td>96.5</td>
<td>90.3</td>
<td></td>
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<tr>
<td>General government consumption</td>
<td>8.8</td>
<td>10.2</td>
<td>11.4</td>
<td></td>
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<tr>
<td>Imports of goods and services</td>
<td>20.7</td>
<td>31.9</td>
<td>29.5</td>
<td></td>
</tr>
</tbody>
</table>

#### Note:
1999 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.
PRICES and GOVERNMENT FINANCE


Domestic prices (% change)
Consumer prices 26.7 0.4
Implicit GDP deflator 0.0 24.8 2.5

Government finance (% of GDP, includes current grants)
Current revenue 48.2 20.3 21.3
Current budget balance 20.8 -5.2 -3.9
Overall surplus/deficit -8.6 -10.4 -11.3

TRADE (US$ millions)

Total exports (fob) 379 205 275
Minerals and fuels .. 36
Food, beverage, and tobacco .. 30
Manufactures .. 139
Total imports (cif) 456 826 1,121
Food .. 157
Fuel and energy .. 69
Capital goods .. 77
Export price index (1995=100) ..
Import price index (1995=100) ..
Terms of trade (1995=100) ..

BALANCE of PAYMENTS (US$ millions)

Exports of goods and services 419 282 419
Imports of goods and services 484 977 1,281
Resource balance .. -65 -695 -862
Net income .. 68 61
Net current transfers .. 440 507
Current account balance .. -56 -187 -294
Financing items (net) 320 258 556
Changes in net reserves .. -204 -71 -79
Memo:
Reserves including gold (US$ millions) .. 362 404
Conversion rate (DEC. local/UI$) .. 8.0 150.6 137.7

EXTERNAL DEBT and RESOURCE FLOWS (US$ millions)

Total debt outstanding and disbursed 74 821 921
IBRD .. 0 0
IDA .. 220 296
Total debt service .. 36 15
IBRD .. 0 0
IDA .. 1 2
Composition of net resource flows
Official grants .. 119 142
Official creditors .. 79 115
Private creditors .. -3 -2
Foreign direct investment .. 45 51
Portfolio equity .. 0 0
World Bank program
Commitments .. 54 139
Disbursements .. 64 81
Principal repayments .. 0 0
Net flows .. 64 81
Interest payments .. 1 2
Net transfers .. 63 79

Memo:
World Bank commitments 54 139
Disbursements 64 81
Principal repayments 0 0
Net flows 64 81
Interest payments 1 2
Net transfers 63 79

Development Economics 8/25/00

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Sub-project proposals will be submitted by local Government (Municipalities and Communes) following the publication of a Request for Proposal. The proposals will be pre-selected according to Pre-selection Criteria described below. These pre-selection criteria constitute a check-list of mandatory requirements which proposals must meet in order to be considered for appraisal by the GASS/PCU and for possible approval by the Regional Approval Committee. In addition to pre-selection criteria, the proposal will be appraised against a set of Appraisal criteria (also described below). The appraisal exercise will lead to the ranking (or weighted evaluation) of the proposal. On the basis of the appraisal report and scoring, and taking into account regional priorities, the regional Approval Committee will review and decide to approve sub-project proposals.

1. Pre-selection Criteria

The proposals will be first screened according to the pre-selection criteria: (i) compliance with application form instructions (ii) targeting; (iii) typology, (iv) cost and co-financing and (v) budget and schedule for recurrent costs.

(i) Compliance with application form instructions:

The sub-project proposals should be submitted on the official application form and all required documents should be attached (including the certificate of registration of the service provider, etc. - as detailed on the application form).

(ii) Targeting:

Eligible groups of beneficiaries include:

- disabled (mentally and physically) children, adults and the elderly
- children at risk (such as biological and social orphans, single-parent families, children living with grandparents or with one or both parents living/working abroad, children suffering from abuse, beggars and working children)
- youth at risk (youth with criminal behavior, youth not attending school, drug addicted youth, unemployed youth, etc.)
- women and families at risk (women undergoing divorce, single parent female headed families, women with their husband working abroad, abused women, prostitutes, etc.)
- elderly at risk (single or couples, living alone without income or not sufficient income and not able to take care of themselves)

This list is indicative and does not preclude support for other similar groups of beneficiaries that may be identified during the project period.

(iii) Typology:

The types of projects eligible for funding include, but are not limited to:
school-, health post- or club-based preventive programs, early diagnosis
day centers
multipurpose centers
temporary shelters
information and counseling centers
home care services
foster care

(iv) Cost and co-financing:

The maximum grant amount for investment cost is set as USD 200 000, out of which the maximum for civil works is USD 100 000. The local government share in investment cost should be at least 10% in cash, in-kind or labor. In case the local Government is not the service provider, the Service provider should also contribute at least 5% of the investment cost in cash, in kind or labor in addition to local governments share.

(v) Budget and schedule for recurrent costs:

It should describe how the local government will co-finance (together with the Central Government) the recurrent costs for a minimum of 36 months after completion of the project in order to ensure sustainability for the proposed services.

2. Appraisal Criteria

All pre-selected sub-project proposals will be appraised using the Appraisal Form and guidance. The project beneficiaries will be consulted through extensive interviews and discussions with members of the beneficiary community. The evaluators will ensure the inclusion of the more disadvantaged members of the community (women, female heads of household, old age pensioners, other minorities) into the evaluation process. The discussions with the community members will be used in order to:

- ensure that the proposed sub-project reflects the priorities of the various members and subgroups of the community and has full community support;
- advise the community on advantages, disadvantages, potential terms and conditions that are required;
- discuss the capacity of the community for participation in the implementation and processes to ensure transparent and accountable in use of funds;
- identify the needs for training, capacity building and technical assistance.

The Regional GASS Office (supervised by the PCU) is responsible for appraising the sub-project proposals, with the assistance of consultants when required. It also undertakes a weighted evaluation, or ranking, of the proposals. This ranking, together with the appraisal report, is forwarded for recommendation to the Regional Approval Committee. The details of ranking system are described in the project Operations Manual.

The ranking is done against the following appraisal criteria:

(i) Social Appraisal Criteria

- How many people directly benefit from the service (service users)?
- Have the service users been included/involved in the decision to create the service?
- How does the proposed service ensure that the service user remains, or is encouraged to become a valued
individual within their community?

- How does the proposed service ensure that service users existing links are maintained and new links created?
- Does the proposed service provide the opportunity for the service user to pursue their preferred way of life?
- How does the service intend to address the individual care needs and support of the service users?
- Who else benefits from the service, e.g., family, carers, local community etc.
- Have the local community been consulted over the design of the proposed service?
- What are the social objectives and targets of the proposal? Are they clearly defined? The targets and objectives will have to be specified in the proposal and monitoring indicators should be included
- Is the sub-project well designed? Is the intervention likely to meet the needs of the clients it hopes to serve and have the expected impact and meet its objectives?

(ii) Project Institutional Appraisal Criteria

- Capacity of the RA to implement the project, written evidence of management skills, professional skills, proposed organizational structure, previous implementation project/service experience
- Detailed schedule of operations – How the service will operate, including key tasks and dates.
- Evidence of co-operation between RA and local government
- Compliance with the regulations and laws of Albania in the relevant field
- Evidence of experience of working with grants and international donors’
- Details of staff training program require for the project/service
- Details of user/carer training/development
- Indicate that there are no duplicate services provided to the same population group by other organizations
- The proposal should include measures of regular townhall types of meetings and other activities to demonstrate the transparency and accountability of the local government (implementing agency). A sub-project committee may be established to oversee the implementation and monitor the progress. This committee will also act as a bid evaluation committee and should include representatives of local and regional governments, beneficiaries, representatives of NGOs/CBOs active in the region and other civil society

(iii) Financing Criteria and Sustainability

- What is the investment share proposed by the local government (implementing agency)? The minimum share of investment cost by the local government (and Service provider) is 10%.
- The budget is complete, itemized and in line with base costs generated by the SSD project
- What are the cost/benefit ratios, is the proposed project cost effective?
- What are the implication for the overall budget, this proposal cannot come at the expense of cutting on other social sector expenditure (i.e. education and health). A general strategy for financing the services must be included
- A clear plan for financing operation and maintenance cost, recurrent costs with indication of sources for at least 3 years must be included
- Monitoring and evaluation plan with clear indicators to be achieved and measuring of social impact

(iv) Technical and Environmental Criteria (for the cases including civil works)

- In case the proposal include civil works the detailed bill of quantities and technical specification should be attached to the proposal and will be checked for compliance with national construction norms and
What are the proposed civil works and do they have any adverse impacts on the environment? If yes then suitable mitigating measures need to be incorporated in the project design (refer to Annex 14 for detail environmental mitigation measures agreed).
Sub-project Implementation Cycle

The sub-project cycle, approval criteria and guidelines for the implementation are summarized in the project Operations Manual approved by the Government. Standard proposal, agreement, contract and report formats are developed and attached to the Operations Manual. The following represents the steps in sub-project cycle that will be followed throughout the project implementation:

**Step 1.** A public awareness and promotion campaign for the particular region will be designed and contracted out competitively to consultants (who will receive a training on how to do promotion). The promotion campaign will inform the public at large about the project and criteria for sub-project grant approval.

**Step 2.** The Regional GASS (with support and supervision from the PCU) will publish request of proposals in collaboration of the Regional Government to invite local governments (Municipalities and Communes) and Service Providers (NGOs, private firms, etc.) to submit proposals for grants. Upon launching of the RFP a Regional Workshop will be organized by PCU and regional GASS office with participation of all local governments to inform them about procedure and criteria for provision of grants. The standard application form will be distributed and guidelines and training to the applicants will be provided.

**Step 3.** Municipalities and Service Providers will be in charge of developing proposals based on need in their constituencies and in consultation with community and beneficiaries. A cooperation plan between Municipalities and Service Providers (covering issues such as recurrent costs and investment costs affecting municipal property) must be established.

**Step 4.** All proposals will be submitted to the central GASS/PCU. A letter of acknowledgment will be sent to the applicant. After registration, copies of the proposals will be forwarded to the relevant regional GASS Office.

**Step 5.** The proposals will be pre-selected by the Regional GASS Office according to pre-selection criteria (please refer to Annex 11). The Regional GASS Office (a staff member in charge of social services) will carry out the appraisal of the proposals and decide whether further studies by external consultants is required. The appraisal will be based on a set of criteria described in detail in the project Operations Manual. A written appraisal report of each proposal will be prepared using the standard appraisal form. All the proposals will be ranked (according to the scoring methodology described in the Operations Manual) by the Regional GASS Office. After appraisal, the Regional GASS Office will forward the appraisal reports to the Regional Approval Committee (RAC) with recommendations. RAC will be in every participating region involving representatives from each, regional government, beneficiary community and civil society and will have a responsibility of approval of sub-project grants.

**Step 6.** The sub-project proposals and the appraisal reports will be reviewed by RAC. The recommendations of the Regional GASS Office, including the scoring, will be reviewed and taken into consideration by the RAC. The RAC will decide which sub-projects should be approved and minutes of the discussions and decisions are sent to the GASS/PCU. The RAC will recommend the further TA and training required for the local government and/or Service provider, based on the recommendations made at the appraisal stage.
Step 7. Upon approval by the RAC the GASS/PCU will enter into performance-based grant agreement with local government (or a tripartite grant-agreement with the local government and the Service provider, in case the local government is not the Service provider). The Grant agreement will describe the terms and conditions of the grant, including financing of recurrent costs, flow of funds and specification of the location of sub-project account, payment tranches, and reporting obligations and monitoring procedures. The agreement will also specify TA and training to be provided to local government and Service providers. The GASS/PCU will handle all procurement.

Step 8. GASS (central and regional level and PCU) will monitor Local Governments, Service Providers and municipal financing of recurrent costs. Local Governments will be active participants in monitoring activities.

At each stage of the sub-project cycle the relevant training/TA will be provided for each of the participants of the cycle (Local Governments, providers, contractors etc.).
Social Assessment:
Summary of Analyses and Recommendations

Introduction

Social and institutional assessment (Vulnerability Needs and Institutional Capacity Assessment study (VNICA)) carried out in preparation of the SSD project analyzed a wide spectrum of social groups' risk, investigated their needs, reviewed the legislative framework and social services presently available in Albania, and identified possible areas of social services intervention and priority actions. The current gap between the needs of vulnerable groups and the present state and private social services is well known. This study attempts to show how to better fill this gap and how better to match demand with offer of social services. The study also recommends changes to the current institutional and legal framework.

General objectives of VNICA: The assessment gathered in-depth knowledge of Albania's social and institutional fabric in order to identify needed community-based social services and provide strategic support to the design of the SSD project. The assessment includes: (i) an analysis of the needs for social care services as expressed by potential and current beneficiaries in different geographical areas of the country (main report -- the full study and annexes are available); (ii) an assessment of the institutional capacity to provide necessary social services, both at the public (MOLSA, GASS, local governments) and private (or NGO) levels (annex 3 and background study, Institutional Assessment); (iii) identification of the legislative framework in support of vulnerable groups (which governs the delivery of social services at a public and local administration level) and the gaps and directions for change (annex 2). Discussion of the capacity of local government to legally contract out work to NGOs and private organizations using public money (background study, legal assessment); (iv) creation of a detailed ranking and mapping of vulnerable groups in the four districts of Tirana, Vlora, Duress, Skodra (annex 1); and (v) recommendations on how best to operationalize the study results and monitor project impact.

Scope of work: The Needs Assessment investigated the problems and needs of vulnerable people at risk of social exclusion and isolation in the districts of Vlora Duress, Tirana and Skodra in both urban and rural areas. The study also analyzed demands and needs for social services, the groups' willingness and capacity to ask for help, the public's knowledge and perception of the problems that vulnerable groups face, and the difficulties in addressing the needs of vulnerable groups within their families and communities. The study also examined how public and private institutions can match these needs within the context of adequate legal framework. The study did not undertake a regional comparison of vulnerability, but rather analyzed each group's pattern of vulnerability and risk of social exclusion across regions.

Definitions: Groups are defined accordingly to a number of UN and ILO conventions and declarations. In particular, the study uses the Convention on the Rights of the Children (CRC), the ILO Convention on Child Labor, the Convention for Elimination of all Forms of Discrimination against Women (CEDAW) and, for persons with disabilities, the World Health Organization's classification within the International Classification of Impairments, Activities and Participation (ICIDH). However, in some cases, the study adjusted some definitions. Most importantly, while the Convention on the Rights of the Child defines as those age 18 and under as children, the study divides children and youth into two categories, children aged 0-14, and youth aged 15-25.

Methodology: The needs assessment methodology included semi-structured questionnaires and focus groups with members of each vulnerable group category, along with interviews with key informants both at the

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community and public administration level. Different care providers (both public and NGOs) were also consulted in order to (i) be familiar with already available services, (ii) have a better understanding of the categories of people that are or are not covered by their services and the reasons, and (iii) solicit support for the design of the sample.

Target groups: (i) disabled (mentally and physically) children, adults and the elderly; (ii) children at risk (biological and social orphans, single-parent families, children living with grandparents or with one or both parents living/working abroad, children suffering from abuse, beggars and working The ILO Minimum Age Convention, 1973 (No. 138) sets a minimum age for employment at a level not less than the age of completion of compulsory schooling, and in any case not less than 15 years old; however a minimum age of 14 years may initially be specified in developing countries). This Convention allows some forms of work as of 12 an 13 years old, on the condition that it does not impede education. children, children not attending school or at risk of dropping out, etc.; (iii) youth at risk (youth with criminal behavior record, youth not attending school, drug addicted youth, unemployed youth, etc.); (iv) women and families at risk (women undergoing divorce, single parent female headed families, women with their husband working abroad, abused women, prostitutes, etc.); (v) elderly at risk (single or couples, living alone without income or insufficient income and not able to take care of themselves, etc.).

Primary information was collected through 525 semi-structured interviews and 9 focus groups with people representing the targeted vulnerable categories in the four districts. Secondary information was gathered from (i) findings of the quantitative analysis of the Needs Assessment, previously carried out in the same districts, (ii) INSTAT sources, (iii) statistical and non statistical information from government, international and non government organizations, (iv) interviews with Albanian and foreign NGOs active in social fields, and (v) articles from newspapers and social field publications.

Respondents were selected with the support of NGOs and public institutions already dealing with vulnerable groups (clients) and the help of key informants in various communities of areas often not covered by any service. The sample was also representative of the ratio rural, peri-urban and urban population.

Before undertaking the needs assessment, a statistical exercise was carried out to systematically identify, observe and quantify all major vulnerable groups at the district level. The level of vulnerability in each district was measured and ranked. Through this task, the assessment developed measurable and observable indicators of vulnerability and established a baseline data set for the SSDP, which will be periodically updated during project implementation (through social impact monitoring). Monitoring of vulnerability at regional level based on standardization and correlation of indicators of non-homogeneous data was an experimental approach for Albania.

Vulnerable groups and their problems: assessing the vulnerability of individuals often means defining their degree of social exclusion from mainstream society, the lack of social policies protective of their rights, and the lack of access to needed social care in the community. Lack of such services at the community level is expressed by: i) total absence ii) limited capacity compared to demand with consequent exclusion of needed people from the benefit of the service; iii) lack of a comprehensive and satisfactory service that covers the rehabilitation and therapy, but also information, prevention and integration; (iv) insufficient geographical coverage which often excludes rural areas and isolated communities (the majority in Albania) from services.

Conclusions and Recommendations
**Needs: who are the people in need?** It is difficult to define precisely the boundaries of vulnerability and population at risk, and this may be seen as a limitation of the study. Given the lack of a working, quantifiable definition of vulnerability, the study assumes that vulnerable groups are flexible categories of interconnected phenomena. Problems can overlap, and one problem can cause another. For example, prostitutes and trafficked women are at the same time violated women, who as a result of their situation are also at risk of becoming drug and alcohol users or mothers of future neglected children. Children from single-parent families are more prone to substance abuse and early drop-out from school. Despite the difficulties in rigorously defining vulnerability, categorization and classification of at-risk groups was deemed necessary. Further, within the defined groups at risk (women, elderly, children, youth, and disabled) there are subgroups representing different levels of marginalization and suffering. For example, within the group of women at risk, trafficked women and girls constitute the most marginalized sub-group, with high risks of exposure to physical and psychological violence, drug abuse, sexually transmitted diseases, etc. Teenage orphans, especially girls between 14 - 18, live in conditions which are described as literally tragic. Therefore, despite their relatively small numbers, such groups have been given special weighting to recognize their need for special attention in terms of social care policy and program targeting.

**Problems: what are the major problems of people at risk?** Clients and caregivers described the following problems: (i) lack of accessible services; (ii) isolation; (iii) perception and misinformation of vulnerable groups about their own problems; (iv) a sense of shame; lack of dignity/self-worth; (v) negative public perception and ostracism within their own communities; (vi) insufficient information about services, rights, and how and where to obtain help; (vii) weak or non-existent family cohesion; (viii) unemployment; (ix) non professional and inadequate numbers of staff in the few public institutions available; (x) inadequate schooling system with obsolete teaching methods and materials, partial geographical coverage in rural areas, poor physical conditions, and transportation and access problems (especially for disabled people); security issues for women; (xi) loneliness.

**Response: what is needed and what to do?** The following are some of the survey's major recommendations:

A) **Community-based systems:** generally, there is a sense that community based services are most needed. So far services are provided on a district basis, and this excludes large areas of the population, especially in remote rural areas. There is a need to work within the communities and in the family to shorten the distance between clients and services. The importance of the role of social workers and of grass-roots organizations was also raised. People are not used to looking for help, since not much as ever been available: it is widely felt as important to give vulnerable people local resources where they can find services as well as people to simply talk to about their problems.

B) **Early warning systems and prevention:** prevention and early detection is lacking in many areas. Establishing early warning systems has been difficult because of: (i) public mentality: a sense of taboo, social shame, the argument that problem does not exist or that it is impolite to talk about; (ii) lack of knowledge and specific experience: teachers, lawyers, doctors, nurses, police officers and public administrators of social services are not trained to handle the many new problems and social phenomena which had been hidden or unknown (e.g. prostitution, trafficking, domestic abuse, drugs, working children, school drop out, etc.); (iii) lack of trained personnel (in schools, hospitals, pre-natal care, etc.).

C) **Focus on families and early child development approach:** economic problems, social exclusion, a sense of shame and frustration, traditional values and assignment of roles, isolation: these are some of the factors contributing to the vulnerability of the family. Families are often the seat of violence and hidden problems, which in turn overlap with and exacerbate other social issues. For example, battered children themselves
can often become violent parents, and they are at higher risk for drug and alcohol abuse and other social problems. Areas for intervention for family support may include: programs on parenting supporting and early child development. Early child development (with integrated family support) represents a new approach for Albania that can support both parents and communities in providing an environment that reinforces positive cultural values and encourages child development. Community programs should be planned for young children (0-6) where the family is involved with integrated activities at the kindergarten, such as educational and recreational activities for children, vocational training for mothers, as well as collective entertainment sessions with the participation of mothers and grandparents, etc.

D) Focus on youth: Albania offers very limited incentives to young people with very few available activities in culture, sport, or civil activities. Unemployment is especially high among youth (particularly among women), and often the only perceived means of a better life is through leaving the country or participating in illegal activities based on drug use and criminal gangs. Employment, vocational training, and organized activities would provide these people with an opportunity to gain an economic livelihood and develop a sense of dignity and self-worth. Youth participation in civic activities, cultural processes, entrepreneurial undertakings and entertainment must be encouraged in order to foster youth involvement in social development. Areas of intervention could include: creation of youth centers, cultural, entertainment and multimedia centers; employment generation schemes targeted on youth, skills training, and development of an international youth network (through the web and media), creation of information and career centers. In addition, psychological support through counseling at the community level could help youngsters boost their self-esteem.

E) Focus on schools: one of the first areas where actions can be implemented is within the schools, which for a number of vulnerable groups are the closest reference and are at the heart of the community. Areas of needed improvement could include: (i) personnel retraining for establishment of early warning and prevention programs; (ii) programs to motivate students; (iii) special needs teachers for disabled/behaviorally challenged children and others; (iv) public awareness campaigns on rights, circulation of information from teachers to students on social problems, less separation between students and teachers.

F) Information and public awareness: information and public awareness is strongly demanded by all groups and is needed to: (i) create social pressure for institutional change; (ii) overcome the barriers of traditional society. Taboos against social problems are still strong in Albania, and people should be encouraged to identify, communicate and address problems. For example, domestic abuse is well-documented, but women and girls may not feel free to discuss the issue in the present social climate.

G) Media: larger involvement of media in social service delivery is a promising area which merits greater study. In Vlora for example, recent private TV advertising of the hot-line for abused women resulted in unexpectedly high numbers of calls to the hotline from abused women who had never expressed their fears before.

H) Services related to employment: more job opportunities for vulnerable groups are needed, as well as information on employment opportunities, skills training, and workplace integration for certain groups (e.g., the disabled). Areas of suggested interventions include: (i) job training; (ii) establishment of information systems; (iii) tracer studies to link available offer with demand; and (iv) institutional efforts to improve current employment services. In addition, replicate the role of employment services by involving private sector and NGOs; and broaden the geographical coverage to help people from rural areas receive information on employment and training needs.

I) Counseling and shelters (temporary) for battered women and other groups: there is only one shelter in
Tirana for all Albania against a very large demand and need. Shelters are needed for the too-many battered women, which should be located in different towns of the country so that women can also find shelter away from their families to avoid retribution. Counseling is important for those groups who have never been able to talk about their problems and ask for help. These counseling services are especially for young raped girls, battered women, and youngsters abusing drugs and alcohol.

L) Human Resources: in general, human resources of public institutions are considered weak, inefficient, obsolete and not specialized according to needs. This entails both (i) strengthening existing staff employed in Social Services Delivery through re-training, training of trainers, study tours abroad, on-the-job training with foreign educators in fields where there is no experience, specialization courses, etc., and (ii) recruitment of new specialized staff according to needs and build on the experience and work already started by some NGOs (e.g. as in Skodra). Areas of intervention could include: Re-training of traditional careers, according to new needs (i.e. doctors, lawyers, teachers, etc.); (ii) New specialization and development of new curricula at the higher education level; (iii) Strengthening the role of social workers in public institutions.

M) Security: too often, little girls are not sent to school because parents are afraid of criminal encounters. Blood vengeance against young boys still exists in the North-East of the country as well as in Skodra. Trafficking of women is a problem throughout Albania, with the alleged complicity of some police. Domestic security for women and children is not guaranteed. New areas of crime and social vulnerability are becoming frequent in Albania (crimes related to drugs, prostitution, etc.). In light of these problems, the police should be re-trained and police stations strengthened with new specialized staff, shelters and equipment. Areas of intervention may include: re-training of police staff; female police officers and police stations; psychologists and social workers at disposition of police station 24 hours/day for cases of trafficking, prostitution, domestic abuse, violence and threats at home, etc.

N) Monitoring: the Vulnerability Needs and Institutional Assessment has set up baseline data on number of people in vulnerable situation and the type and number of supplied services: quantitative and qualitative information on vulnerable groups and on the capacity of social services to meet current needs, in four Albanian districts (Tirana, Duress, Skodra and Vlora). In order to monitor and evaluate progress of projects in the four districts a list of indicators has been selected to follow periodically improvements in living conditions of vulnerable groups, in reach out capacity of programs and in people's capacity to access social services. Social impact monitoring and program evaluation should be carried out at the district level at least once a year using both of quantitative and qualitative impact indicators. Suggested outcome indicators might include: (i) number of beneficiaries: total, by vulnerable group, by individual program; (ii) number of implemented programs by VG targeting; (iii) number of implemented programs by type: a) early warning, b) awareness campaigns, c) prevention, d) integration and multidisciplinary issues, e) counseling; (iv) number of trained people by category: social workers, doctors, lawyers, public administration officials; (v) number of rural villages involved; (vi) number of programs in schools in rural areas; (vii) number of programs in schools in urban areas; (viii) number of school in rural areas where teachers are supported by social workers; (ix) number of school in urban areas where teachers are supported by social workers; (x) number of social workers in communities; (xi) number of partnership contracts between NGOs and General Administration of Social Services (GASS) regional offices. Suggested output indicators are as following: (i) risk prevention; (ii) quality of services through customer satisfaction survey at household and community levels; (iii) perception of problems by public administration officers, community leaders, and teachers; (iv) role of media, to monitor impact of awareness and information campaigns.
ENVIRONMENTAL MITIGATION MEASURES

There are no major environmental issues anticipated in this project due to the small size and rehabilitation nature of minor civil works to be financed under sub-projects. However, in case of minor civil works are proposed under sub-project, each proposal will be individually screened and reviewed for any negative environmental impacts, and mitigation measures will be proposed where necessary. Each sub-project proposal that includes any civil works will be appraised and specific analyses as of benefits, costs, and mitigation measures will be carried out as per agreed check lists below.

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<thead>
<tr>
<th>Sub-project components</th>
<th>Possible Issues</th>
<th>Agreed Mitigation Measures</th>
<th>Agency responsible for monitoring and supervision</th>
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<tbody>
<tr>
<td>1. Civil works (rehabilitation)</td>
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<tr>
<td>a) Soils/waste/ construction debris</td>
<td>Damping the construction debris and other waste in unauthorized sites, contamination from waste materials</td>
<td>Ensure that there is an authorized damp site and adequate waste disposal services in the area. Ensure protection of soil surfaces during construction; supervision of the works and control sites. Ensure that the waste/debris removal line-items are adequately reflected in the budget</td>
<td>Project Coordination Unit Private contractors Local government Sub-project Committee</td>
</tr>
<tr>
<td>b) Water &amp; sanitation facilities</td>
<td>Clogging of drainage, inadequate water supply, poor water quality due to contamination, inadequate sanitation facilities</td>
<td>Special attention will be paid to ensure that a proper evaluation of drainage, water and sanitation facilities is carried out and adequate measures built-in to sub-project design and budget. Ensure that adequate sanitation and waste disposal systems are in place.</td>
<td>Project Coordination Unit</td>
</tr>
<tr>
<td>c) Roofs</td>
<td>Use of asbestos for roofing material (although the experience shows very little used of asbestos roofing sheets in Albania compare to FSU countries)</td>
<td>Check the proposed roofing material during the sub-project appraisal and ensure that the communities, local governments, NGOs and contractors are aware of ban on use of asbestos roofing sheets.</td>
<td>Project Coordination Unit Private contractors</td>
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<tr>
<td>d) Finishing works</td>
<td>Use of lead-based paints</td>
<td>Ensure that the technical specifications include a clause informing contractors that no lead-based paint can be used. In case, however, there is a lead-based paint already used in the past the sub-project appraisal process and budget will ensure that a line-item for appropriate disposal of paint is included</td>
<td>Project Coordination Unit Private contractors</td>
</tr>
<tr>
<td>2. Air quality</td>
<td>Dust during rehabilitation works</td>
<td>Ensure that appropriate dust control measures are incorporated in the sub-project design (use of water or other means)</td>
<td>Project Coordination Unit Private contractors</td>
</tr>
<tr>
<td>3. Acoustic Environment</td>
<td>Noise during the civil works disturbing people and other natural habitats</td>
<td>Ensure that the civil works are carried out during certain business hours</td>
<td>Private contractors</td>
</tr>
</tbody>
</table>
4. Landscape/ Biological Environment | Damping contraction debris, cutting trees, loss/degradation of other vegetation during the works | This is expected to be minimal as the nature of works will be only rehabilitation. However, measures will be ensured to minimize loss of natural vegetation during civil works by considering alternative solutions, sites etc. Ensure that there is an authorized damp site and debris collection/disposal services in the area. Ensure that the debris removal line items are adequately reflected in the budget. Ensure that the budget include adequate landscaping/site beautification measures, such as tree planting etc. | Project Coordination Unit Private contractors Local government Sub-project Committee |

5. Human health | Construction accidents | Is not expected due to minor nature of rehabilitation work, however, adequate monitoring and contractor awareness raising measures will be required | Project Coordination Unit Private contractors Local government Sub-project Committee |

6. Social Environment | Historical/cultural sites are affected | Given the nature of the project this is not expected to be an issue at all. However, the sub-project appraisal process will ensure that in case this occurs alternative sites are considered and special measures to protect buildings and other cultural sites | Project Coordination Unit |
<table>
<thead>
<tr>
<th>The works affects private, individual property</th>
<th>Any construction works will be only carried out with a special permits from local government, in case of individual/private property (including land) are involved. A special permits from the affected individuals will be required and compensation measures will be incorporated</th>
<th>Project Coordination Unit, Private contractors, Local government, Sub-project Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law community awareness of environmental issues</td>
<td>Open forums, town hall meetings, consultations organized within the project will be used to inform community about environmental issues. In addition, public awareness campaigns which are part of the project will address the social (prostitution, street children, domestic violence etc.), public health (sexually transmitted diseases, drug abuse, hygiene etc.) and environmental issues (tree cutting, landscape etc.)</td>
<td>Project Coordination Unit, Private contractors, Local government, Sub-project Committee</td>
</tr>
</tbody>
</table>
MAP SECTION