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Report No:

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF
TRANSPORT PROJECT
LOAN 4850-ALB/CREDIT 4262- ALB

May 5 2010

TO

ALBANIA

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ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
CEM	Country Economic Memorandum
FY	Fiscal Year
GDP	Gross Domestic Product
GoA	Government of Albania
GRD	General Road Directorate
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
ISDS	Integrated Safeguards Data Sheet
MoF	Ministry of Finance
MPWTT	Ministry of Public Works, Transport and Telecommunications
PIT	Project Implementation Team
PIU	Project Implementation Unit
WBG	The World Bank Group

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ALBANIA
TRANSPORT PROJECT

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**INSERT
DATA SHEET
HERE**

THE DATA SHEET SHOULD BE INSERTED IN THIS SECTION

MANUALLY IN HARD COPY

BEFORE SENDING A FINAL RP TO THE PRINT SHOP.

**DO NOT INCLUDE THIS INSTRUCTION PAGE IN THE RP SENT TO THE
PRINT SHOP.**

NOTE: The Data Sheet can be found in the “Data Sheet” tab of the RP section of the Operations Portal. Information in it is updated whenever such information is manually changed in the “Data Sheet” tab at any stage during project restructuring. Prior to sending the final RP to the Print Shop, it is best practice to confirm the information in the data sheet before printing it out and inserting it here.

**ANNEX 1:
Proposed Changes:**

- a. What are the proposed changes, as applicable, in the project’s development objectives, outcomes, design, and/or scope?

There are no changes to the project’s development objectives, outcomes, design, and/or scope. The proposed changes, requested by the Government of the Republic of Albania in a letter signed by the Minister of Finance, dated January 21, 2010, are a reallocation of funds across categories in the Financing Agreement (IDA 4262-ALB):

- i. Category of accumulated operating costs to be increased by 230,000 SDR
- ii. Category of Consultancy I and II to be increased by 40,000 SDR

The increase in the above categories to be made through the reduction in sums in the following categories:

- i. Goods Category SDR 50,000;
- ii. Civil Works II Category SDR 40,000; and
- iii. Consultancy III and IV Category SDR 180,000.

The proposed reallocation of funds would result in the following change by Categories in the table in Schedule 2, Section V, A.2. of the Financing Agreement:

Category	Before reallocation SDR	The amount requested for reallocation SDR
1. Goods	380,000	330,000
2. Civil Works for Part I of the project	664,000	664,000
3. Civil Works for Part II of the project	120,000	80,00
4. Consultancy services for part I and II of the project	350,000	390,000
5. Consulting services for the part III and IV of the project and training	1,720,000	1,540,000
6. Accumulated operational expenses	166,000	396,000
Total	3,400,000	3,400,000

The requested reallocation is required as the delay in the reform of the General Roads Directorate has resulted in a need to continue to pay the salaries and administrative costs of the Project Implementation Team in GRD for a further period of twelve months. The funds are available for reallocation as certain goods and services in the original procurement plan are not now needed, or have been procured from other sources. The items that will not now be procured through the project are the breathalyzers and speed guns for the traffic police, and the sector specific fiduciary assessment.

There are a number of reasons for the delay in the timetable for the reform of the General Roads Directorate: (i) the original reform action plan and structure needed the approval of the Council of Ministers; (ii) Agreement amongst the various stakeholders on the drafting of the new law to establish the Albanian Road Authority took longer than expected; (iii) the general election in June 2009 delayed the approval of the new law until October 2009; (iv) the provision of the necessary European Union Grant monies to fund the consultants to establish the new body was withheld until the law was passed.

As a result, one part of the dated covenant in the project, reproduced below, which requires the reform of the General Road Directorate to be completed by June 30, 2008, was not met. The proposed new structure was proposed and accepted to schedule.

“The Recipient shall: (a) not later than June 30, 2007, submit the proposed new structure of the GRD for review and agreement of the Association; and (b) not later than June 30, 2008, reform the GRD in line with the agreed new structure, in a manner satisfactory to the Association.”

It is proposed that the date for the second part of the dated covenant should be extended until the closing date of the project – June 30, 2011.

b. What are the other complementary changes, as applicable:

Institutional arrangements Yes No
If, yes, please explain:

Financing mechanism/Conduit Yes No
If, yes, please explain:

Outputs Yes No
If, yes, please explain:

Project Costs and financing plan (include summary tables) Yes No
If, yes, please explain:

There is no change to the total project costs. However, if approved, the thresholds on the different categories will change as above.

Financial management Yes No
If, yes, please explain:

Disbursement arrangements Yes No
If, yes, please explain:

Procurement

_X_Yes _No

If, yes, please explain:

As mentioned above, some items will be dropped from the original procurement plan, and if approved, an updated procurement plan will be forwarded to the Bank for formal review.

Closing date

_Yes _X_No

If, yes, please explain:

Implementation schedule

_Yes _X_No

If, yes, please explain:

**ANNEX 2:
Appraisal Summary Update**

Do the proposed changes result in significant change of impact (from original Appraisal Summary of the PAD) in the following:

Economic and financial analysis Yes No
If, yes, please explain:

Technical Yes No
If, yes, please explain:

Social Yes No
If, yes, please explain:

Environment Yes No
If, yes, please explain:

Exceptions to Bank Policy Yes No
If, yes, please explain:

**ANNEX 3:
Updated Critical Risk Framework**

Not applicable

**New Risks Identified During Implementation/Restructuring That Might Jeopardize
Achievement of the Restructured Project DOs or Outcome Targets:**

Risks	Risk Rating	Risk Mitigation Measures

ANNEX 4:
Results Framework and Monitoring
Not applicable

ALBANIA: TRANSPORT PROJECT
Results Framework

PDO		Project Outcome Indicators		Use of Project Outcome Information	
Current	Proposed	Current	Proposed	Current	Proposed
Intermediate Outcomes		Intermediate Outcome Indicators		Use of Intermediate Outcome Monitoring	
Current	Proposed	Current	Proposed	Current	Proposed

