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Report No: PAD1344

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF EUR €29.3 MILLION
(US \$32 MILLION EQUIVALENT)

TO THE

REPUBLIC OF ALBANIA

FOR A

CITIZEN-CENTRIC SERVICE DELIVERY PROJECT

July 20, 2015

Governance Global Practice
EUROPE AND CENTRAL ASIA

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PAD DATA SHEET*Albania**Citizen-centered public services (P151972)***PROJECT APPRAISAL DOCUMENT***EUROPE AND CENTRAL ASIA**0000009302*

Report No.: PAD1344

Basic Information			
Project ID P151972	EA Category B - Partial Assessment	Team Leader(s) Jana Kunicova	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 26-Aug-2015	Project Implementation End Date 30-Sep-2020		
Expected Effectiveness Date 02-Nov-2015	Expected Closing Date 31-Dec-2020		
Joint IFC No			
Practice Manager/Manager Adrian Fozzard	Senior Global Practice Director Mario Marcel Cullell	Country Director Ellen A. Goldstein	Regional Vice President Cyril E Muller
Borrower: Ministry of Finance			
Responsible Agency: Ministry of State for Innovation and Public Administration			
Contact: Telephone No.:	Milena Harito 355662002223	Title: Email:	Minister milena.harito@inovacioni.gov.al
Project Financing Data(in USD Million)			
[X] Loan	[] IDA Grant	[] Guarantee	
[] Credit	[] Grant	[] Other	

Total Project Cost:	74.10	Total Bank Financing:	32.00							
Financing Gap:	0.00									
.										
Financing Source		Amount								
Borrower		42.10								
International Bank for Reconstruction and Development		32.00								
Total		74.10								
.										
Expected Disbursements (in USD Million)										
Fiscal Year	2016	2017	2018	2019	2020	2021	0000	0000	0000	0000
Annual	10.00	8.30	6.70	4.30	2.70	0.00	0.00	0.00	0.00	0.00
Cumulative	10.00	18.30	25.00	29.30	32.00	32.00	0.00	0.00	0.00	0.00
.										
Institutional Data										
Practice Area (Lead)										
Governance										
Contributing Practice Areas										
Cross Cutting Topics										
[] Climate Change										
[] Fragile, Conflict & Violence										
[] Gender										
[] Jobs										
[] Public Private Partnership										
Sectors / Climate Change										
Sector (Maximum 5 and total % must equal 100)										
Major Sector		Sector		%	Adaptation Co-benefits %		Mitigation Co-benefits %			
Public Administration, Law, and Justice		Public administration-Other social services		50						
Public Administration, Law, and Justice		General public administration sector		50						
Total				100						
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information										

applicable to this project.		
.		
Themes		
Theme (Maximum 5 and total % must equal 100)		
Major theme	Theme	%
Public sector governance	Administrative and civil service reform	30
Public sector governance	e-Government	30
Public sector governance	Managing for development results	40
Total		100
.		
Proposed Development Objective(s)		
The development objective of the project is to improve the efficiency of delivery and access to selected administrative services in Albania.		
.		
Components		
Component Name	Cost (USD Millions)	
Enhancing the back-end systems	15,591,460.00	
Enhancing citizen interface with service delivery	10,792,476.00	
Building capacity to deliver	5,616,064.00	
.		
Systematic Operations Risk- Rating Tool (SORT)		
Risk Category	Rating	
1. Political and Governance	Moderate	
2. Macroeconomic	Moderate	
3. Sector Strategies and Policies	Moderate	
4. Technical Design of Project or Program	Substantial	
5. Institutional Capacity for Implementation and Sustainability	High	
6. Fiduciary	Substantial	
7. Environment and Social	Low	
8. Stakeholders	Substantial	
9. Other		
OVERALL	Substantial	
.		
Compliance		
Policy		

Does the project depart from the CAS in content or in other significant respects?		Yes []	No [X]
.			
Does the project require any waivers of Bank policies?		Yes []	No [X]
Have these been approved by Bank management?		Yes []	No []
Is approval for any policy waiver sought from the Board?		Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?		Yes [X]	No []
.			
Safeguard Policies Triggered by the Project		Yes	No
Environmental Assessment OP/BP 4.01		X	
Natural Habitats OP/BP 4.04			X
Forests OP/BP 4.36			X
Pest Management OP 4.09			X
Physical Cultural Resources OP/BP 4.11			X
Indigenous Peoples OP/BP 4.10			X
Involuntary Resettlement OP/BP 4.12			X
Safety of Dams OP/BP 4.37			X
Projects on International Waterways OP/BP 7.50			X
Projects in Disputed Areas OP/BP 7.60			X
.			
Legal Covenants			
Name	Recurrent	Due Date	Frequency
No activity will be undertaken which will result in involuntary resettlement	X		
Description of Covenant			
.			
Conditions			
Source Of Fund	Name	Type	
IBRD	Condition of Effectiveness	Effectiveness	
Description of Condition			
The Additional Condition of Effectiveness consist of the following, namely, that the Borrower, through MIPA, has prepared and adopted a Project Operations Manual in a manner satisfactory to the Bank.			
Source Of Fund	Name	Type	
IBRD	Conditions of Disbursement	Disbursement	
Description of Condition			

1. The disbursements under the results-based financing (RBF) part of the loan are contingent upon the borrower achieving the agreed results, captured by the disbursement-linked indicators (DLIs). The disbursements will be made against sufficient eligible expenditure programs (EEPs).
2. No disbursements under RBF will be made until DLI#5 is achieved.

Source Of Fund	Name	Type
IBRD	Condition of Effectiveness	Effectiveness

Description of Condition

The Borrower has established a Project Management Unit comprising of staff with qualifications, experience and under terms of reference satisfactory to the Bank.

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit
Jana Kunicova	Team Leader (ADM Responsible)	Senior Public Sector Specialist		GGODR
Benedicta T. Oliveros	Procurement Specialist	Procurement Analyst		GGODR
Jonida Myftiu	Financial Management Specialist	Financial Management Specialist		GGODR
Bekim Imeri	Safeguards Specialist	Senior Social Development Specialist		GSURR
Cem Dener	Team Member	Sr Public Sector Spec.		GGODR
Esma Kreso	Safeguards Specialist	Senior Environmental Specialist		GENDR
Evis Sulko	Team Member	Senior Country Operations Officer		ECCAL
Jose C. Janeiro	Team Member	Senior Finance Officer		WFALA
Kimberly D. Johns	Team Member	Governance Specialist		GGODR
Maria Eugenia Davalos	Team Member	Senior Economist		GPVDR
Nightingale Rukuba-Ngaiza	Counsel	Senior Counsel		LEGLE
Stephen Rimmer	Team Member	Senior Private Sector Development Specialist		GGODR
Zubair Khurshid Bhatti	Team Member	Sr Public Sector		GGODR

		Mgmt. Spec.			
Extended Team					
Name	Title	Office Phone	Location		
.					
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
.					
Consultants (Will be disclosed in the Monthly Operational Summary)					
Consultants Required ? Consulting services to be determined					

CURRENCY EQUIVALENTS

(Exchange Rate Effective June 2, 2015)

Currency Unit = Albanian Lek (ALL)
ALL 127.7 = US\$1
US\$ = SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ADISA	Agency for Delivery of Integrated Services in Albania
ALLUIIA	Agency for Legalization, Urbanization and Integration of the Informal Areas and Buildings
BER	Budget Execution Report
BOSS	Business One Stop Shop
BPR	Business Process Re-engineering
BSA	Bankruptcy Supervision Agency
CFCU	Central Financing and Contracting Unit
CFM	Citizen Feedback Mechanism
CHIF	Compulsory Health Insurance Fund
CoM	Council of Ministers
CPF	Country Partnership Framework
CQS	Selection based on Consultants Qualifications
CRA	Coordinating Regulatory Authority
CRR	Civil Records Registry
CSC	Citizen Service Center
DC	Direct Contracting
DLI	Disbursement Linked Indicators
DU	(Prime Minister's Office) Delivery Unit
ECA	Europe and Central Asia
EEP	Eligible Expenditure Programs
EMP	Environmental Management Plan
EU	European Union
EU DESI	European Union Digital Economy and Society Index
EU-SIGMA	European Union Support for Improvement in Governance and Management
FBS	Fixed Budget Selection
FDI	Foreign Direct Investment
FM	Financial Management
FMIS	Financial Management Information System

FMM	Financial Management Manual
GBD	General Bailiff Directorate
GDP	General Directorate of Prisons
GDRTS	General Directorate of Road Transport Services
GoA	Government of Albania
GPN	General Procurement Notice
GRM	Grievance Redress Mechanism
HII	Health Insurance Institute
HSIP	Health Systems Improvement Project
HR	Human Resources
HRM	Human Resource Management
HRMIS	Human Resource Management Information System
HSC	High State Control
IBRD	International Bank for Reconstruction and Development
IC	Individual Consultant Selection
ICB	International Competitive Bidding
ICT	Information and Communications Technology
IDA	International Development Association
IFR	Interim Financial Reports
ILMP	Integrated Land Management Project
IOC	Incremental Operating Costs
IPA	Instrument for Pre-Accession
IPF	Investment Project Financing
IPRO	Immovable Property Registration Office
IPSC	Inter-Ministerial Public Services Committee
ISP	Implementation Support Plan
IT	Information Technology
KPI	Key Performance Indicator
LCS	Least-Cost Selection
MIPA	Ministry of Innovation and Public Administration
MoF	Ministry of Finance
MoH	Ministry of Health
MoI	Ministry of Interior
MoLSA	Ministry of Labor and Social Affairs
M&E	Monitoring and Evaluation
NAIS	National Agency for Information Service
NCB	National Competitive Bidding
NCR	National Civil Registry
NEA	National Examination Agency
NLC	National Licensing Center
NRC	National Registration Center
NSDI	National Strategy for Development and Integration
OGP	Open Government Partnership
OP	Operational Policy
OSS	One Stop Shop
PAS	Procurement Accredited Staff

PDF	Portable Document Format
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIT	Personal Income Tax
POM	Project Operational Manual
PM	Prime Minister
PMU	Project Management Unit
PPF	Project Preparation Facility
PPP	Public Private Partnership
PRCA	Property Restitution and Compensation Agency
QBS	Quality-Based Selection
QCBS	Quality and Cost-Based Selection
RBF	Results Based Financing
RFP	Request for Proposal
RPM	Regional Procurement Manager
SAA	Stabilization and Association Agreement
SAI	Supreme Audit Institution
SAMP	Social Assistance Modernization Project
SC	Steering Committee
SCD	Systematic Country Diagnostic
SH	Shopping
SII	Social Insurance Institute
SORT	Systematic Operations Risk-rating Tool
SMS	Short Message Service
SSS	Single Course Selection
SW	Staff Week
TA	Technical Assistance
ToR	Terms of Reference
TPV	Third Party Validation
UN	United Nations
UNODC	United Nations Office of Drugs and Crimes
USAID	United States Agency for International Development
USD	United States Dollar
WDI	World Development Indicators
WG	Working Group

Regional Vice President:	Cyril E. Muller
Country Director:	Ellen A. Goldstein
Senior Global Practice Director:	Mario Marcel Cullel
Practice Manager:	Adrian Fozzard
Task Team Leader(s):	Jana Kunicova

ALBANIA
Citizen Centric Service Delivery Project

TABLE OF CONTENTS

	Page
I. STRATEGIC CONTEXT	1
A. Country Context.....	1
B. Sectoral and Institutional Context.....	2
C. Higher Level Objectives to which the Project Contributes	4
II. PROJECT DEVELOPMENT OBJECTIVES (PDO)	6
B. Project Beneficiaries	6
C. PDO Level Results Indicators.....	6
III. PROJECT DESCRIPTION	7
A. Project Components	7
B. Project Financing	11
C. Lessons Learned and Reflected in the Project Design.....	12
IV. IMPLEMENTATION	12
A. Institutional and Implementation Arrangements	12
B. Results Monitoring and Evaluation (M&E).....	13
C. Sustainability.....	13
V. KEY RISKS.....	14
Risk Rating Summary	14
VI. APPRAISAL SUMMARY	14
A. Financial and Economic Analysis.....	14
B. Technical.....	16
C. Financial Management.....	17
E. Environment (including Safeguards)	18
F. Social (including Safeguards)	19
G. World Bank Grievance Redress.....	21
Annex 1: Results Framework and Monitoring	22
Annex 2: Detailed Project Description.....	28

Annex A2-1. List of core administrative services for the project	43
Annex A2-2. Definition of e-Service Levels and Expansion of e-Albania Program.....	53
Annex 3: Implementation Arrangements	56
Annex 4: Implementation Support Plan	76

I. STRATEGIC CONTEXT

A. Country Context

1. **Albania, Europe's poorest nation in the early 1990s, attained middle income status in 2008.** This impressive achievement was due to strong growth prior to the 2008 financial crisis. Growth was driven mostly by domestic consumption, boosted by foreign transfers and remittances. Albania's per capita income gap with the European Union (EU) substantially narrowed over this period: from 18 percent of average EU incomes in 1998 to 30 percent in 2012. From 2002 to 2008, poverty declined from 25.4 percent to 12.5 percent. Shared prosperity improved as well, with consumption by the bottom 40 percent of the income distribution growing faster than the country's average. However, the financial crisis of 2008 interrupted this positive growth trajectory. Albania's growth averaged less than 3 percent per annum in real terms between 2009 and 2012. Growth slowed further in 2013 and 2014 to an average 1.7 per annum.
2. **The World Bank's Systematic Country Diagnostic (SCD, 2015) identifies the delivery of basic public services as a constraint on accumulation and efficient use of assets needed for sustainable and equitable growth.** The SCD finds that the major sources of inefficiency in service delivery are due to corruption and fragmented institutional arrangements. It also points to socio-economic and spatial inequalities in access to services affecting the less well-off and vulnerable population sub-groups, such as rural residents, women, and the Roma. In light of the existing fiscal constraints, improvements in quality and access to services will have to come from efficiency gains.
3. **Institutional reforms aimed at reducing corruption are also at the forefront of the EU's requirements for Albania's progress toward further EU integration.** Albania implemented a Stabilization and Association Agreement (SAA) since April 2009 and was granted candidate status in June 2014. The most recent EU Progress Report (October 2014) acknowledges there is political will to fight corruption and highlights the most important challenges ahead of Albania's EU accession. These include: strengthening the rule of law, reforms in the public administration, including professionalization and de-politicization, anti-corruption efforts and improving competitiveness and the business environment. One of the main objectives of the EU assistance in these sectors through the new Instrument for Pre-Accession (IPA II, 2014-2020) is to strengthen democratic institutions and support the public administration reform process. IPA II will also support improvements in public service delivery and the preparation and implementation of national legislation in line with the European standards and best practice. The World Bank is working with the EU and other development partners to coordinate support toward these goals.
4. **While some progress has been made over the last decade, citizens still view corruption as a significant problem, especially in health, police, customs, and property registration services.** A 2011 survey of corruption in Albania conducted by the United Nations Office for Drugs and Crimes (UNODC) found that Albanian citizens rank corruption as the second most important problem facing their country, after unemployment. According to the survey, 8 out of 10 Albanian citizens interacted with the public administration at some point during the 12 months prior to the survey and 28.3 percent of respondents were exposed - either directly or through a household member - to bribery of a public official. Bribery prevalence rate

– the percentage of citizens paying a bribe – was 19.3 percent with the most corrupt services being health care (over 70 percent of payments to doctors and 45 percent to nurses), police (14 percent) and property registration officers (7 percent). Recourse to private intermediation, bribes or facilitation payments to access services is facilitated where services are face-to-face. While business process and e-governance reform efforts have improved business services, such measures have not yet been applied to administrative services. Property and pension records, for example, are only partially digitized. Citizens are increasingly dissatisfied and vocal in expressing their dissatisfaction with public sector inefficiency and corruption. This partly reflects changing expectations. A generation of Albanians that came of age in the post-communist era has been exposed to high service standards in Europe. Further sensitized by an assertive print and electronic media, this cohort, unlike their parents, demands much more from the state.

B. Sectoral and Institutional Context

Government Program

5. **The Government of Albania (GoA) began a bold reform program of public service delivery, entitled “Innovation against Corruption,” in June 2014.** Elected in 2013 with a mandate to reduce corruption, the GoA intends to fundamentally change how public services are provided through a variety of interventions, including the creation of a one-stop-shop for administrative services, regulatory reform, re-engineering how services are approved, increasing the number of services provided online, and implementing performance management measures. The GoA’s objectives in implementing these reforms are to reduce the scope for corruption, foster a citizen-focused ethos for provision of public services, and reduce the time of service delivery both for citizens and businesses.

6. **The proposed one-stop-shop citizen service center (CSC) in Tirana, regulatory reform, process re-engineering, and automation are key elements of this strategy.** The CSC would offer over 300 national government services from multiple ministries and agencies. This will allow for the separation of front office service delivery from back office administrative processes. Establishing mechanisms for citizen feedback on the quality and timeliness of service delivery will provide the necessary data to manage performance. Through these reforms the government plans to focus on the quality and speed of customer service and reduce opportunities for corruption.

Reform Progress

7. **The Government’s timeline for the reform is very ambitious.** As part of Phase 1, which began in 2014, the government has established Working Groups (WGs) at the ministry and agency level. WGs will prepare an inventory of regulations and administrative procedures underpinning the delivery of selected services and regulatory approvals for licenses and permits. For each service, license and approval, potential improvements in regulations and administrative processes will be identified and elaborated in a legal inventory and process maps. In Phase 2, the Government will implement the recommendations arising from a regulatory review and process re-engineering to improve service delivery, automate some of the re-engineered services to be provided online, and establish monitoring and evaluation processes. The central CSC that will provide all priority services will be established in Tirana by the first half of 2017. Phase 3 envisages ongoing expansion and improvement of the delivery of services. The Government

proposes to automate 90 percent of the selected government services for online service provision by 2020.

8. **There are several parallel public service delivery automation initiatives currently underway in Albania.** The [e-Albania](http://www.e-albania.al) portal (www.e-albania.al) offers over 500 services as of June 2015 (see Annex A2.2 for the details). Currently, the number of institutions connected to the Government Gateway is 21. Eleven other institutions will be connected by the end of 2015. Hence, in total, there will be 32 institutions connected to the Government Gateway at the end of 2015. Other digital government initiatives include: online procurement; digitization of 20 percent of property records; modernized business registration and licensing services; digital signature capability embedded in biometric IDs (introduced in Jan 2014); and digitization of passports and national identification number. Digitization of government records and systems is expected to accelerate over the next year. According to the Council of Ministers' (CoM) Decision no. 961, dated November 24, 2010, National Agency for Information Society (NAIS) is the coordinating and regulatory authority (CRA) for state databases. NAIS as a CRA is responsible for the Government Interoperability Platform. According to the CoM's Decision no. 945, dated November 11, 2012, NAIS, maintains the register of state database and register of e-services. NAIS continues to automate government application forms and processes, linking existing databases and providing for legally verifiable electronic documents through expanding the use of digital signatures. Estimated levels of automation of services provided through e-Albania portal are summarized in Annex 2, together with the details of e-government initiatives in Albania.

9. **As part of Phase 2, the Government of Albania intends to construct a central CSC building in Tirana.** This facility will offer citizens and business physical access to over 300 government services currently offered by multiple ministries and agencies. Notwithstanding the NAIS' efforts to automate processes for online service provision, there will be a need for a physical presence where citizens can access services in person for the foreseeable future given modest levels of internet penetration at only 60 internet users per 100 people in 2013 (WDI). Moreover, the GoA values the symbolic significance of a new building, highlighting a new citizen-focused approach to government service delivery. The core features and size of this new building have not been decided. Potential models for its financing, construction and management, including public-private partnerships (PPPs), are also currently being considered. This facility may also house ministries, agencies and private sector firms, given its potentially large footprint. The site for the building in the center of Tirana has already been selected.

10. **The Albanian government is keen to actively communicate with citizens to seek feedback on the quality of services delivered.** In addition to improving the monitoring of service delivery performance across the country over a range of services, proactive communication from the center of government will help increase a positive perception among citizens of state responsiveness. Over time, such communication also may eventually reduce citizen distrust. With technical assistance from the World Bank, the Government has recently launched a pilot citizen feedback mechanism in four hospitals and two property registration offices, where citizens' mobile numbers are being recorded as they access services. More than 10,000 citizens receiving health and property registration services have been contacted, via text messages, during November 2014 to seek feedback on their experience with these services. Around 22 percent of citizens have replied. While some have reported bad service delivery, many have expressed thanks for this proactive contact. The Prime Minister has reviewed the

initial progress to monitor corruption and service delivery quality and has ordered its expansion to other ministries.

Inter-agency coordination

11. **The Inter-Ministerial Public Services Committee (IPSC) chaired by the Prime Minister provides strategic guidance for the reform.** This high level committee includes Ministers that oversee all involved service provision agencies. Strategic Planning Committee, also chaired by the Prime Minister, will approve the Reform Policy Document that will detail the strategic plan for the reform.

12. **A Technical Inter-Ministerial Committee chaired by the Minister of State for Innovation and Public Administration will oversee and lead regulatory reform and process re-engineering.** WGs have been established at the ministerial and agency level. They are responsible for core regulatory reform and re-engineering tasks related to the government services. Specifically, they are tasked with completing the regulation review, validation of the existing legal inventory, and recommending re-engineering of the services they provide including necessary legal reforms. Re-engineering focuses on 10 key government agencies that provide 169 core services (Annex A2-1). The re-engineering process is expected to be completed by March 2016. Reform of government services and repeal of licenses, permits, and approvals will be implemented through omnibus legislation, expected to be passed by the end of 2016.

13. **The Prime Minister's Office Delivery Unit (DU) continues to provide extensive support to the preparation of this reform program.** The DU was established in February 2014 to track progress on six Prime Minister's priorities; one of these priorities is service delivery by citizen service centers, the others are water; energy; foreign direct investment (FDI); structural reform; and land. The DU is currently operating with five staff. The Unit's mandate is to work with and across ministries to unblock barriers to delivery, facilitate inter-ministerial collaboration on priorities, engage in resolving implementation obstacles, and track implementation progress toward targets through transparent monitoring mechanisms. The DU will support project preparation and implementation with regard to:

- (a) Coordination and support to the Ministerial service delivery working groups;
- (b) Input into the design of the one-stop-shop model;
- (c) Inter-ministerial and agency coordination between NAIS, Agency for Delivery of Integrated Services in Albania (ADISA), and line ministries;
- (d) High level reporting of overall progress of the reform to the Council of Ministers; and
- (e) Development and application of consistent and integrated monitoring and evaluation processes to measure the impacts of the reforms over time.

14. **The DU will play an important role in monitoring progress throughout the reform.** Once the citizen feedback mechanism is in place, the data collected will be analyzed and presented by the DU team in various forums to ensure the data is used to improve the performance of front line service delivery.

C. Higher Level Objectives to which the Project Contributes

15. **The SCD identified "enhancing governance, transparency and accountability of government" as one of the top five priorities to stimulate growth, reduce poverty and enhance shared prosperity.** Specifically, it points to the need to improve the quality and efficiency of public services as well. The SCD also identifies inequalities in public service

provision as a key issue. The new Country Partnership Framework (CPF) (2015-2018) has three focus areas mirroring the identified fundamental priorities identified by the SCD. This project will fall under the Focus Area 3, entitled “Strengthening public sector management and service delivery.” The CPF objective to which the project will contribute most is “increased efficiency of public service delivery.”

16. **Improving service delivery, increasing transparency, reducing scope for corruption and enhancing the accountability of government underpin this CPF objective.** The goal is for citizens to benefit from improved access to administrative services, greater efficiency in the delivery of these services, reduced transaction time, and a reduction in petty corruption. This will translate into time savings for all service users. Special efforts will be taken to identify the needs of the poor and vulnerable groups and improve their access to administrative services.

17. **The proposed operation complements the existing Bank engagement on service delivery in several sectors.** The ongoing Social Assistance Modernization Project (SAMP) supports social assistance reforms for greater transparency and equity. The focus of the project is better targeting, greater access and higher quality of service delivery. The proposed operation complements SAMP by improving quality and access of administrative portion of social assistance services, such as application for pensions. Similarly, the recently approved Health Systems Improvement Project (HSIP) will support reforms in the health sector, including strengthening management systems and improving efficiency and quality of services. Both SAMP and HSIP have strong components that aim at service reengineering, digitization of databases, and service automation for preventive and curative services. The proposed project will focus on administrative services that can be provided in the CSC. In addition, there are strong synergies with the Integrated Land Management Project (ILMP) currently under preparation. In addition to filling the IT systems gaps for the organizations not covered by the proposed and ongoing Bank projects, the proposed project will also complement the three projects by improving information access, enhancing beneficiary feedback mechanisms, implementing high level performance management, improving interoperability and integration of databases with NAIS, and improving online and physical access of the relevant administrative services.

18. **Improvements in service delivery contribute to the twin goals of reducing poverty and enhancing shared prosperity by creating an enabling environment for inclusive growth.** As a result of the project, the efficiency of delivery of administrative government services will be increased for the benefit of all citizens, enhancing their ability to accumulate and use assets to generate income. In addition, the project will pay particular attention to the poor and underserved population to ensure they can access these services. For example, better and more efficient access to the health insurance card will contribute to the build-up of human capital, including for the poor and underserved, and to protecting households from health-related income shocks. Increased and facilitated access to old-age pension – a key component of household income in Albania for all socio-economic groups – may smooth the transition into retirement. Finally, shared prosperity will be boosted by lower levels of corruption public services, which affects the less well-off and women in Albania disproportionately more.

19. **The proposed operation is aligned with the Government’s program.** The project supports “Innovation against Corruption,” the Government’s reform program underpinning one of the six top priorities identified by the Prime Minister and Cabinet: service delivery by citizen service centers. More broadly, the GoA is in the process of finalizing its new National Strategy for Development and Integration (NSDI). The draft NSDI outlines a vision that promotes strong,

sustained, and environmentally-friendly economic growth to establish greater well-being among the citizens in an increasingly cohesive society and in an inclusive manner. This vision will be achieved by focusing on innovative governance for serving the citizens. The new Strategy is expected to focus on promoting equitable service delivery, as well as on increasing the efficiency and transparency of social services. The latter is expected to be achieved through enhanced use of performance management and information technology. Further, the project objectives align closely to the GoA's Open Government Partnership (OGP) Second Action Plan for 2014-2016, specifically with the goals of reducing corruption, improving delivery of public services, and reducing administrative burden.

II. PROJECT DEVELOPMENT OBJECTIVES (PDO)

A. PDO

20. The objective of the project is to improve the efficiency of delivery and access to selected administrative services in Albania.

B. Project Beneficiaries

21. **Citizens are the intended beneficiaries of the project.** Citizens will benefit from improved access to administrative services, greater efficiency in the delivery of these services, reduced transactions time and a reduction in petty corruption. This will translate into time and monetary savings for service users. Development of proactive feedback mechanisms will allow the beneficiaries to identify improvements in services that would better address their needs. Businesses will also enjoy advantages from the project's activities.

22. **While all citizens are expected to benefit from the project, particular effort will be taken to identify the needs of the poor and vulnerable to preserve and enhance their access to administrative services.** *Poor* are defined as persons living below poverty line. *Vulnerable* are defined as the bottom 40 percent, women, older citizens, and ethnic minorities (e.g. Roma). Annex 2 (Box A2-1) provides further details on the poor and vulnerable.

C. PDO Level Results Indicators

23. **Improvements in efficiency of delivery and access to administrative services will be assessed using indicators that are generated from administrative data, data voluntarily provided by service users, and through periodic user surveys.** Annex 1 sets out the Results Framework that includes the indicators for the proposed PDO, as well as the suggested intermediate and disbursement linked indicators (DLIs). The key outcomes to be achieved corresponding to the PDO indicators are as follows:

PDO Indicator 1: Increased efficiency in delivering administrative services through reduction in processing times, as measured by the reduction in time required for citizens to obtain selected administrative services (generated by periodic surveys)

PDO Indicator 2: Increased access of the poor and vulnerable, as measured by the proportion of the poor and vulnerable using administrative services (generated by periodic surveys, disaggregated by gender and income group)

24. **The quality of administrative service delivery will be measured by the reduction in time required for citizens to obtain services as reported by citizens.** While administrative

data record time necessary to obtain selected services, often administrative data does not reflect citizens' experience. For example, administrative data on processing applications for property registration does not account for the time that the citizen spent gathering all required documentation, which is often measured in months rather than days. The proposed PDO indicators based on periodic surveys will thereby measure the improved citizens' experience dealing with the state.

25. **Although the project covers services provided by 10 key agencies that provide 169 core services, three representative services were selected for measuring PDO.** These include: (i) obtaining a motor vehicle registration; (ii) obtaining a health insurance card; and (iii) processing an application for old age pension. These three services are provided by three distinct agencies and are widely used. Two out of three (health card and pension) are particularly important for the poor and vulnerable. If possible, periodic surveys will cover a wider set of services than these three to provide for a broader framework for assessment of the quality of service delivery.

26. **Service user feedback will be used to assess performance and the prevalence of corruption.** Ultimately, the project will contribute to reducing petty corruption. It is very difficult to accurately measure corruption using survey information. If aggregate perception indices are used, the results are difficult to interpret because survey responses are influenced by a host of environmental factors. However, feedback can be sought from service users shortly after they have accessed services. This information will help identify short-comings in service quality and crack-down on corruption where it is reported. Publication of feedback results will help build trust with citizens and allow the authorities to take credit if service performance improves.

III. PROJECT DESCRIPTION

27. **The project aims to increase efficiency of service delivery while preserving and enhancing access to services for the poor and vulnerable.** The core focus of the project is improving predictability and convenience and reducing the time taken to access administrative services for all Albanian citizens. The means to this end are multi-pronged, including the establishment of physical one-stop shops, citizen feedback mechanisms, provision of information through multiple channels, and online provision of services. However, there is a risk that the focus on state-of-the-art means for service delivery, such as online services or high-end urban CSCs, will diminish access of the poor and vulnerable because of diversion of attention and resources. Therefore, the project takes pro-active steps to enhance the access to the poor and vulnerable, including assisted digital access, improving existing service access points, and providing information through non-digital means (see summary in Section VI/F, Table 3). The project design attempts to balance between digital and non-digital means to manage the inevitable trade-offs between quality and access.

A. Project Components

28. **The project has three components.** Component 1 supports enhancements of the back-end systems: business process reengineering of services, building new IT systems and automation of services. Component 2 supports enhancements to the citizen interface with service delivery: reforming front offices in existing agencies, improving citizen convenience with one stop shops, improving online delivery of services, implementing beneficiary feedback, and providing information on services. Component 3 builds capacity to deliver improvements in

services: by improving strategic planning, performance management, capacity building of the Prime Minister's DU and the Ministry of Innovation and Public Administration (MIPA) and other implementing agencies, and a communications strategy and campaign. A detailed description of the components can be found in Annex 2.

29. **The three components each are supported by three parts of the loan.** These are: Project Preparation Facility (PPF; US\$2 million); a Results Based Financing part (RBF; US\$25 million); and Technical Assistance part (TA; US\$5 million) to build capacity of GoA in the areas that are critical for implementing the program. The PPF and TA parts will follow the World Bank procurement guidelines and disburse against eligible expenditures upon submission of Interim Financial Reports (IFRs). The RBF will disburse against Eligible Expenditure Programs (EEPs) upon achievement of the DLIs. Table 1 depicts project components and associated activities by financing instrument.

30. **Project Preparation Facility (US\$2 million).** This will finance consultants, goods, training, and other inputs required to implement preparatory activities, such as support for business process re-engineering, CSC building design, establishing the citizen feedback mechanism, gathering baseline data for the PDO indicators, as well as building implementation capacity of ADISA by establishing the Project Management Unit (PMU).

31. **Results Based Financing: Disbursement Linked Indicators (US\$25 million).** The objective of the RBF is to provide incentives for undertaking critical reforms and achieving results along the two result areas: efficiency and access. Rather than financing inputs and activities, this component disburses against agreed EEPs upon achievement of key results as measured by the DLIs. Five DLIs have been selected for providing incentives for and recording progress toward creating higher quality and accessibility in delivering administrative services to Albanian citizens. The majority of the loan (US\$25 million) will disburse upon achievement of agreed targets of the DLIs. Activities supporting the achievement these results include:

- (a) Component 1: Back-end systems: Development of online services with level 3 automation (DLI#1); Re-engineering of administrative processes to reduce the time to citizens of obtaining approvals (DLI#2);
- (b) Component 2: Front office interface: Improved citizen interface for service provision (DLI#3); improved provision of information on government services on multiple platforms (DLI#4); and
- (c) Component 3: Capacity to deliver: Institutional prerequisites of the reform process: Policy Reform Document outlining strategic plan for the reform and PDO baseline survey (DLI#5). This is a "global" DLI, which means that no disbursements under the RBF component will be made until DLI#5 is met.

32. **Technical assistance (US\$5 million).** This part of the loan will support capacity building and institutional strengthening related to the achievement of key results. This is crucial because the authorities do not have staff with the technical skills and experience needed to implement the reform process. The modality for this component is traditional investment project financing (IPF) where the government procures consultants, goods and other agreed inputs according to the World Bank's procurement rules. Areas for support by component include information and communication technology (ICT) infrastructure, communication mechanisms and campaign, as well as building capacity for performance management at the center of government.

Table 1. Project Components by Financing Instrument

Component		PPF Activities	RBF support (DLIs)	TA Activities
<i>Component Enhancing Systems</i>	<i>1. Backend</i>	<i>Analysis of public services:</i> identification of areas for improvement and required business process re-engineering.	<p>DLI#1. <i>Number of new services with level 3 automation</i> Measures number of transactional administrative services provided online with two-way communication, including e-payment and e-filing.</p> <p>DLI#2. <i>Number of services with business process reengineered</i> Measures the simplification and improvement of business processes.</p>	<p><i>ICT infrastructure and strengthening ICT capacity for digitization:</i> strengthening ICT capacity by providing ICT advisory and technical support to ADISA and NAIS in specialized areas such as software and hardware architecture, database optimization and software development services, together with some hardware and infrastructure;</p> <p><i>Assistance with process reengineering</i> and capacity building activities for all services to be included in the project, the implementation of improvements to processes, and training and capacity building activities for ADISA, officials from related Ministries and Agencies, and NAIS;</p>
<i>Component Enhancing Interface</i>	<i>2. Citizen</i>	<p><i>Establishment of the Citizen Feedback Mechanism (CFM),</i> utilizing text-messaging technology to capture feedback on service delivery;</p> <p><i>Design of the new CSC building,</i> including financing for a feasibility study, a competition for the design and area master plan;</p> <p><i>Front office reform</i> in selected service delivery agencies;</p> <p><i>Communication campaign,</i> supporting the campaign to spread the information about the Public Sector Mall (CSC);</p> <p><i>Baseline survey</i> to determine service quality and access.</p>	<p>DLI#3. <i>Number of services offered with improved front office interface</i> Measures the progress made by ADISA in offering improved front office interface, including offering services in the planned Citizen Service Center (CSC).</p> <p>DLI#4. <i>Number of services with information available on multiple platforms</i> Measures the increased availability and access of information to the citizens.</p>	<p><i>Communication programs</i> gathering support from key stakeholders and align incentives of various actors for successful project implementation, together with funding for designing and implementing citizen outreach and awareness campaigns; rolling out the citizen feedback mechanism.</p>

Component	PPF Activities	RBF support (DLIs)	TA Activities
Component 3. Building Capacity to Deliver	<p><i>Establishment of Project Management Unit (PMU)</i>, including hiring consultants with expertise in project management, finance, administrative, and procurement specialists and other project start-up costs</p> <p><i>Supporting the work of the inter-ministerial working group</i>: building coordination and communication capacity among the agencies involved in business process reengineering (BPR), and facilitating change management</p>	<p>DLI#5. Institutional prerequisites of Citizen Centric Service Delivery Program</p> <p>This DLI requires that:</p> <ul style="list-style-type: none"> (a) Strategic Plan (Reform Policy Document) of the “Innovation against Corruption” Program is approved by the Strategic Planning Committee chaired by Prime Minister; (b) Baseline survey for PDO indicators is conducted. 	<p><i>Change management and outreach</i>, including design and implementation of a change management program to inform the design of the proposed reforms,</p> <p><i>Strengthening project management and data collection systems</i>: setting up service standards and conducting regular assessments; strengthening monitoring tools; conducting third party audits and verification of DLIs; and strengthening project management and fiduciary capacity of the implementing agency (ADISA); and</p> <p><i>Building institutional capacity within the center of government</i> to oversee and facilitate implementation of the reform: institutionalization of the DU’s mandate on in-depth performance monitoring and facilitation of delivery improvements (focused on priority areas identified by the Council of Ministers). This includes high level quality assurance of the operational model established for the DU, just-in-time assistance on specific areas of focus for the DU, and capacity building for DU’s staff.</p>

B. Project Financing

33. **Loan amount, lending instrument and project duration.** The proposed operation will be financed by an IPF loan of US\$32 million to the GoA and will use a results-based financing modality to provide incentives for results. Credit proceeds will be disbursed to the GoA against the execution of specific EEPs and the fulfillment of DLIs. The duration of this operation is five years. Disbursement arrangements are detailed in Annex 3.

34. **Project funding.** The EEPs for disbursements under the RBF part of the loan are salaries and social security contributions of the five participating service delivery agencies. Project funding under the PPF and TA parts of the loan will reimburse the GoA for the following eligible expenditures: consultant services, goods, workshops and training, and other operating costs. See Annex 3 for details.

35. **Project cost and financing.** Table 2a provides the breakdown of project cost by financing instrument and IBRD and GoA contributions. Under RBF, the IBRD loan of US\$25 million constitutes 38 percent of the total salary and wage bill of the participating agencies. Table 2b details IBRD financing by component and loan instrument.

Table 2a. Project Cost and Financing inclusive of taxes (US\$ million)			
Financing Instrument	Project cost	IBRD Financing	% Financing
Project Preparation Facility	2.0	2.0	100%
Results-Based Financing	67.1	25.0	38%
Technical Assistance	5.0	5.0	100%
Total Project Costs	74.1	32.0	43.2%

Table 2b. IBRD Financing by Component (million US\$)				
Component/Financing Instrument	PPF	RBF	TA	Total
C1 Backend Systems	0.58	13.00	2.01	15.59
C2 Front Office	1.33	7.00	2.46	10.79
C3 Capacity to deliver	0.09	5.00	0.53	5.62
Total Bank Financing	2.00	25.00	5.00	32.00

C. Lessons Learned and Reflected in the Project Design

36. **The design of this operation draws upon and adapts the experiences from several DLI based projects in the Governance Global Practice.** These include projects in Pakistan and India, as well as two recent DLI based projects in Albania in different sectors (social protection and roads). Lessons learned during the preparation and implementation of these operations are outlined below.

37. **Indicators have to be designed in close coordination with the client if they are to be clearly defined, realistic, measurable, and achievable within the reform efforts, but also ambitious, in order to be transformative.** The number of DLIs has been limited to five to keep the government focused on the key priorities for the project while supporting the GoA on refining its vision during project implementation, incorporating new technologies and expanding the service delivery model to new areas within government. Verification protocols and methodology have also been repeatedly discussed and designed as simple and clear as possible.

38. **TA is crucial to enhance program quality and facilitate achievements of results.** A TA program has been designed in close coordination with the GoA for each component to support achievement of DLIs and contribute to smooth project implementation. In particular, the MIPA and ADISA both require significant capacity building in fiduciary and budget issues as project implementers, which has been reflected in the design.

39. **E-governance reforms will fail if supporting reform elements are not addressed.** The need for “non-digital” reforms such as the business process re-engineering, information provision through traditional channels, assisted access of the poor and the vulnerable and performance management at all layers of government are all addressed in the project to support digital reforms.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

40. **The Minister of Innovation and Public Administration will implement and monitor the project.** The Central Financing and Contracting Unit (CFCU) in the Ministry of Finance (MoF) has been tasked as the PMU for the PPF because of its existing capacity and experience with the Bank fiduciary processes. Going forward, the PMU will be established at the ADISA. Annex 3 provides an organizational chart depicting reporting among various ministries and agencies.

41. **The project will finance dedicated staff in the PMU to deal with the project’s financial management, procurement, and administration.** Created in October 2014, ADISA has a limited track record of implementation experience, but some members of the project team have relevant experience. Incremental staff will support the financial management of the project including fulfillment of financial reporting requirements. In addition, there will be a budget specialist that will prepare and facilitate budget requests from the MIPA to MoF.

42. **The Minister of State for Innovation and Public Administration chairs a Project Steering Committee (SC).** The SC oversees project management at the policy level. The SC meets to provide guidance, identify problems and discuss corrective measures. The SC meets weekly and includes the MIPA, office of the Deputy Prime Minister, the heads of the Department of Development Programming, Financing and Assistance from Abroad and the DU

at the Prime Minister's Office, NAIS, ADISA, and Project Director and thematic leaders. Monthly meeting of the SC with the Deputy Prime Minister are anticipated.

43. The Prime Minister chairs the Inter-ministerial Public Services Committee (IPSC) that oversees the project at the strategic level. This high level committee includes Ministers that oversee all involved service provision agencies. It provides participating ministries and agencies with strategic leadership and guidance. In addition, the Technical Inter-ministerial Committee has been established to oversee the business process reengineering by the working groups. It is chaired by the Minister of Innovation and includes the heads of all participating agencies (e.g. Immovable Property Registration Office, Social Insurance Institute, NAIS, and General Directorate of Civil Status).

B. Results Monitoring and Evaluation (M&E)

44. The project supports the DU in the Prime Minister's office in setting up a strong performance management system for the "Innovation against Corruption" program through the citizen feedback mechanism. The PMU will be responsible for project monitoring and evaluation activities and will report regularly to the DU. The results framework in Annex 1 summarizes the verification protocols for PDO and intermediate results indicators, as well as DLIs. Where appropriate, third party validations will be deployed to verify DLI results and assess performance of the intermediate results indicators. The M&E system will incorporate mechanisms to monitor project implementation, compliance with the established procurement and financial management procedures, and achievement of project performance indicators included in Annex 1. Monitoring instruments include bi-annual progress reports on project implementation, output and performance indicators, and targeted annual external assessment of compliance with DLIs. Where relevant, gender disaggregated data will be collected including from the proactive beneficiary feedback mechanisms. PDO indicators will be measured by the service user survey for selected key services repeated every two years.

C. Sustainability

45. The Prime Minister and his Council of Ministers have declared this initiative one of the GoA's key priorities. The Deputy Prime Minister has chaired periodical meetings of the project team. The Minister of State for Innovation and Public Administrations has provided hands-on leadership. There is high level political commitment and push, which is a great asset to the project. The compressed implementation timeline is a potential risk, which is mitigated by the project's span and incentives to deliver up to 2020.

46. Insufficient institutional and implementation capacity of the Ministry of State for Innovation itself has implications for project implementation and longer-term sustainability. The creation of the new agency, ADISA, in October 2014 is a step in the direction of strengthening the institutional capacity required for implementation. ADISA reports directly to the Minister of State for Innovation and Public Administration. The recently amended Council of Ministers Decision on ADISA (May 27, 2015) stipulates the Agency's enhanced role in the implementation of service delivery standards, including the administration of front offices and the operation of the CSC. Contributing to sustainability, the project has a strong communication component that will ensure that all stakeholders and citizens are informed about the project progress and have a stake in its completion and delivering the results.

V. KEY RISKS

47. **The overall risk assessment is substantial.** Leadership and commitment to the proposed reforms is considered very high. The GoA has already initiated the reform effort and has been moving at a fast pace. The project aims to support the GoA to leverage progress made to bring about broader and more systemic reforms. However, institutional capacity poses challenges. The PPF is designed to assist in capacity building for the implementing agency. The TA part of the loan will continue building the capacity to deliver.

48. **The main risks during implementation are: low capacity; fiduciary risks related to the new form of instrument used in Albania; stakeholder risks arising from inter-agency coordination; bureaucratic resistance to enhanced transparency; and political cycle risks.** The capacity risk is mitigated by the TA part of the loan that addresses most pressing capacity needs. The TA will also help mitigate the fiduciary and technical design risk by supporting the fiduciary and budget specialists in the PMU. The coordination risk is mitigated by strong emphasis on coordination mechanisms in the design of the operation. The risks of bureaucratic resistance to simplification and transparency are mitigated in part through the high level leadership and engagement, but also through the citizen feedback arrangements that will help pinpoint poor performance and corruption. The risks arising from political cycle with elections coming up in 2017 will be mitigated by making early progress in showing results and ensuring that there is a broad constituency in support of the project objectives and activities in the leadership of participating institutions and service users. Despite the substantial risks, the proposed project design is considered to be justified due to the potential high impact of successful project implementation.

Risk Rating Summary

Risk Categories	Rating (H, S, M or L)
1. Political and governance	Moderate
2. Macroeconomic	Moderate
3. Sector strategies and policies	Moderate
4. Technical design of project or program	Substantial
5. Institutional capacity for implementation and sustainability	High
6. Fiduciary	Substantial
7. Environment and social	Low
8. Stakeholders	Substantial
9. Other	
Overall	Substantial

VI. APPRAISAL SUMMARY

A. Financial and Economic Analysis

Financial Analysis

49. **Financial analysis of the project considers costs and benefits using a cash flow approach.** Financial benefits include: savings from the reduction of administrative costs of providing the existing level of services stemming from digitization, automation, and business process reengineering; an incremental increase in government revenue as a result of increased volume of government services provided due to enhanced administrative efficiency of the Government and improved access and reduced compliance cost for citizens. Reduced transaction cost for citizens may increase demand for such services, which may have budget implications. While it is difficult to estimate the likely increase in demand, it could be significant for some services, such as the health card. Currently, the time required to collect the required documentation to apply for the card deters a significant proportion of the population from obtaining this card. A health card provides access to the government subsidized health care.

50. **There are significant upfront financial costs associated with the development of the CSC, business process reengineering, digitization, automation, training staff and educating citizens in the use of e-services.** The operating costs for the CSC will likely be offset by lower costs due to efficiency improvements following business process reengineering and digitization. Ongoing operating costs are expected to include licenses and system operation and maintenance. To continue efficiency improvements once services have been automated, the Government will have to upgrade periodically. The cost of such upgrades should also be appropriately factored in. It will also be important to ensure that staff with the relevant capabilities to utilize and service the system are employed. Overall, these reforms are expected to reposition the number of public sector employees engaged in front office work to ensure full-time commitment in terms of customer service. Openings for higher skilled jobs, especially in engaged in IT support and customer interface, are anticipated.

Economic Analysis

51. **Economic analysis of the project considers the direct benefits and costs associated with changes in economic welfare arising from the project.** The project is expected to generate multiple economic benefits. Improved access to public services will lead to a reduction in compliance costs for citizens, providing greater scope for citizens to engage in productive and income generating activities. The simplification and automation of government procedures, improved customer orientation of existing public service windows, and the development of the CSC will reduce time and travel costs for citizens, particularly for those living in remote areas and from vulnerable groups. Furthermore, focus group analysis conducted under the project as well as a rapid analysis carried out by the Prime Minister's DU show that about one third of citizens come to government agencies to receive information only.

52. **Cost savings will be particularly significant for property registration services.** The 2011 UNODC Corruption Survey indicates that property registration is one of the most affected by bribery public services in Albania. In addition, the results of the citizen feedback monitoring program led by the Minister of State for Anti-Corruption point to instances of substantial delays in issuing property registration documentation which go well beyond the statutory deadlines. That said, it is important to note that some of these delays result from lack of effective record keeping and clarity regarding ownership and titles, which will not be improved by this project.

53. **The benefits stemming from the reduction in compliance costs for citizens will be significant.** Time savings for citizens in obtaining services will allow them to engage in

productive and income generating activities. Assuming 380 services to be improved and a 25 percent time reduction, the net present value of these savings is USD 117.4 million in real terms at 12 percent discount rate, based on the available data for 80.8 percent of target services. This is a conservative estimate. The actual benefits associated with the lower compliance costs are likely to be higher because travel time and travel cost are not taken into account due to the lack of data. Key assumptions underpinning these estimates include: the benefits will accrue in the fifth year of the project; citizens' time to obtain public services comprises time to receive information and/or an application, time to fill out and submit an application and all the required documents, and time to follow up and obtain a final document/service; the number of users for each public service remains constant; an estimated average monthly wage is Lek 41,963 in 2015 and is converted into daily wage for the purpose of the analysis (22 working days per month); the annual real growth rate for wages is 1.5 percent and remains constant; the exchange rate is constant and equals to 130.65 Lek to USD as of April 2015. The time savings will be much larger—USD 558.5 million at 12 percent discount rate—if the estimates cover a ten-year period. The analysis is based on data provided by the DU in the Prime Minister's Office.

54. **Economic cost will also fall as citizens will need to pay fewer fees to intermediary agents and to other agents for supporting documentation.** The payment of bribes is expected to decline because there will be the separation of the front office function and the back office function in public service delivery and a gradual increase in the number of e-services available to citizens. The distorting impact of bribes causing a lower service use forms the real economic cost (the value of the reduced services received by the citizenry relative to the economic cost of the resources used to supply these services). Thus bribes forgone will represent a substantial improvement to economic welfare of citizens. Citizens will also benefit from improved transparency and access to information for better decision making.

55. **At the same time, the project is likely to result in efficiency gains for the Government.** The simplification and automation of business procedures and the separation of the front office function and the back office function in service delivery will also result in the reduction of revenue leakages from fees for public services through fraud which have a distorting effect on economic behaviour. Economic costs of the project will involve government staff time spent on the implementation of the project and training and communication outreach undertaken as part of the project. However, the expected economic benefits are likely to significantly outweigh economic costs of the project.

B. Technical

56. **Design.** The project focuses on the reform of service delivery, balancing non-digital interventions with the ultimate goal of automation and online provision. The underlying premise is that business process reengineering is central to any effort to improve service delivery and must precede automation efforts that would result in online service provision. The project uses communication to generate feedback on service delivery performance that can be used to guide the design of fully automated e-services.

57. **Sequencing.** The project aims to generate early wins (citizen feedback, performance management) for the GoA while also supporting structural reforms (business process reform, digitization and interoperability of databases, IT systems, CSC) that necessarily take more investment and time. An appropriate balance between quick wins and long-term improvements will ensure client's interest, continued focus, and ultimate sustainability of the results.

58. **Just in Time TA.** The Bank has provided just in time TA for several reform areas – CFM, one stop shop (OSS) design, business process reform – to foster intensive dialogue with the client, improve design, manage expectations, and help create early wins. This has also helped create client trust and deepened the technical dialogue.

59. **Coordination.** Inter-sectoral reforms, especially those that involve more than a dozen government agencies, necessarily entail complex coordination. The Prime Minister’s office and the DU will play an important role in managing this coordination. The DU will benefit from technical assistance from the TA part of the loan.

60. **Communication.** Managing expectations, creating champions and early wins, and energizing citizen coalition behind reforms is important to sustain change. The project supports traditional approaches (provision of information on posters, fliers, and in brochures) and non-traditional (proactive citizen feedback via text messages) communication channels.

61. **Access for the rural population.** The creation of a central CSC should go hand-in-hand with improvements in services delivery to the rural population. The creation of alternative channels for service delivery, including assisted internet access, is crucial for maximizing access. The use of decentralized service delivery arrangements is intended to mitigate this risk. The project will monitor the quality of access for the poor and the vulnerable to ensure that the project actually delivers benefits to rural households.

C. Financial Management

62. **The overall financial management risk is rated as Substantial.** A preliminary financial management assessment was performed to determine the financial management implementation risk and to help establish adequate financial management arrangements for the proposed operation. The fiduciary responsibilities for the TA part of the loan will remain with PMU that will be established in ADISA. Neither MIPA, nor the recently constituted ADISA have previous experience in implementation of large donor funded operations, therefore capacity strengthening would be recommended to ensure that the Project is implemented within a sound fiduciary environment and meets the minimum requirements under OP 10.00. This includes: (i) recruitment of two qualified finance specialists, that will be provided by the Project management budget in component 3; (ii) periodic and on-the-job training of the financial management (FM) staff during implementation in Bank financial management and disbursement procedures; (iii) documentation of the financial management procedures, including internal controls in the Financial Management Manual (FMM) that is the part of the Project Operational Manual (POM); and (iv) purchase of an accounting software so that it is capable of generating IFRs and capture accounts of the proposed project. The above actions will be addressed during the PPF period. The fiduciary responsibilities for the PPF will be provided through the CFCU established under MoF, until the ADISA/PMU is fully functional.

63. **The financial management arrangements for the RBF part are based on the country systems and provide reasonable assurance on the use of credit proceeds for intended purposes.** The EEPs identified so far comprise expenditure programs in three budgetary organizations and one public non-budgetary organization. With regard to EEPs, the proposed project would rely on the government public financial management architecture for eligible expenditure incurred in budgetary institutions and on the existing internal controls and financial management arrangements for eligible expenditure related to the non-budgetary institutions. The

existing systems and arrangements perform with adequate levels of transparency and function with an appropriate degree of controls.

64. **Disbursements.** On the RBF part of the loan, the World Bank will reimburse the Government, based on the submitted Eligible Expenditure Program (EEP) quarterly financial reports (IFRs), for a share of EEPs upon the achievement and verification of results (DLIs). Retroactive Financing of US\$ 6.4 million is allowed for eligible expenditures starting January 1, 2015 for disbursement category 1, subject to achievement of associated DLI. Disbursements under the PPF and TA parts of the loan will follow the more traditional financing mechanism through documentation with Statements of Expenditures and Records and use of Designated Accounts. IFRs will be prepared on quarterly basis by the PMU (and by CFCU during the PPF period). The IFRs for the RBF part of the loan will consolidate financial information from EEPs budget execution reports generated from Treasury System for budgetary institutions, and EEPs financial information prepared by non-budgetary institutions.

65. **Audits.** The High State Control (Albania's Supreme Audit Institution) will conduct an annual financial audit of the EEPs and this audit will satisfy the World Bank's audit requirement for the RBF part of the loan. Additionally, the annual financial audit of the PPF and TA parts will be executed as part of the global (country) audit contract that is annually tendered to a private sector firm and which covers the entire World Bank's investment lending portfolio in Albania.

D. Procurement

66. **Procurement risk rating is High.** The CFCU in the MoF has been tasked as the PMU for the Project Preparation Facility because of its existing capacity and experience with the Bank fiduciary processes. The PMU will be comprised of the Project Manager, Financial Specialist, Procurement Specialist, and Administrative Specialist. Except for the Financial Specialist, PMU staff are yet to be contracted due to the delay in the approval of the PPF. The Project Manager has been selected while the Procurement and Administrative Specialist positions have been re-advertised. During project implementation, the same PMU will be transferred under the ADISA, the project implementing agency. Since ADISA is a newly-created agency and the PMU is not yet fully set up, the procurement risk rating is high.

67. **Selection of consultants** will be carried out in accordance with the World Bank's Guidelines: Selection and Employment of Consultants under IBRD Loans & IDA Credits & Grants by the World Bank Borrowers (revised July 2014).

68. **Procurement of goods and minor works** will be carried out in accordance with the World Bank's *Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers* (revised July 2014). There are only minor works under the project.

69. **The RBF portion** of the proposed project (US\$ 25 million) will only co-finance salaries and social security contributions. It will not include any procurement activities.

E. Environment (including Safeguards)

70. **Operational policy OP 4.01 is triggered and the project categorized as a World Bank Category B because a new building will be constructed for CSC during Phase 2 of the project.** Although the project will not directly finance construction of the CSC in Tirana, the World Bank safeguards policies will still apply to the actual construction activities of the Center.

The project will not directly finance the building, but will disburse upon fulfilling DLIs linked to the provision of services in the one-stop shop. Potential environmental impacts that are associated with new construction include dust and noise, waste generation, material supply, use of machinery on site, possible traffic and safety issues, land use, and other issues that should be readily mitigated through sound construction practices and implementation of a project specific Environmental Management Plan (EMP). Beyond the implementation of the EMP, the construction of the new building will also be subject to the applicable Albanian laws on construction and environmental permitting.

71. **In order to minimize and mitigate any potential negative environmental impacts, all works need to be carried out in accordance with the EMP.** The EMP has been prepared in line with the World Bank OP 4.01 on Environmental Assessment. The EMP will become an integrated part of the bidding documents and the construction contract for the Citizen Service Center. The EMP has been disclosed in country, with public consultations held on April 27, 2015. The final and revised EMP has been disclosed in country and through the World Bank's Infoshop on May 12, 2015.

F. Social (including Safeguards)

72. **The project does not trigger OP/BP 4.12.** The physical building for the CSC will be constructed on the publically owned land. The land is not used for private or for public purposes.

73. **One of the contributions of the project is to ensure that the poor and vulnerable are better served by the new systems.** The emphasis is on increasing access: not only constructing the new one stop shop (CSC) in Tirana, but also improving the existing points of service access and facilitating new ones. One of the PDO indicators will track the access of the poor and vulnerable. In addition, the citizen feedback mechanism for the selected services will be established and the responses from all citizens will be disaggregated and controlled to distinguish customers based on gender, income as well the remoteness from the regional center. As the overall focus of the project is improved citizen access to public services this issue will be assessed in detail during the preparation stage and necessary strategies will be put in place as part of the overall project design. The project is designed based on the guiding principles of inclusiveness, transparency and accountability.

74. **A development plan for facilitated services to women, poor, ethnic Roma and other marginalized groups will be prepared as part of the project's effort to facilitate access to services among these groups and foster social inclusion.** The Plan will draw on the project interventions including assisted access to online services, non-digital means of accessing information and services, and grassroots information and facilitation campaign targeting the disadvantaged segments of the population. Table 3 provides details.

Table 3. Project Interventions Targeting Disadvantaged Segments of the Population

Population segment	Potential barriers to accessing services and providing feedback on service quality		Project interventions addressing the barriers
	Barriers	Supporting data	

Population segment	Potential barriers to accessing services and providing feedback on service quality		Project interventions addressing the barriers
	Barriers	Supporting data	
Poor	<p>Less access to information due to lower skills and economic participation</p> <p>Lower use of IT for accessing information and providing feedback</p> <p>Low-income population pays more frequent bribes than those with higher income (UNODC 2011 survey).</p>	<p>Poor have average lower level of education and lower labor market engagement: only around 1 in 5 of poor people (15+) are employed</p> <p>Poor have lower access to computers, internet and mobile phones than non-poor (e.g. 12-percentage point gap in internet usage)</p>	<p>Targeted public information and education campaign: customized engagement of grassroots organizations that work with marginalized. Spatial outreach.</p> <p>The grassroots or community organizations can facilitate access to improved (online) administrative services</p> <p>Proactive feedback collection targeted to the poor</p>
Women	<p>Less access to information due to lower economic participation</p> <p>Lower use of IT for accessing information and providing feedback</p> <p>Women in prime-age are more exposed to corruption than men (UNODC 2011 survey).</p>	<p>There is a 14-percentage point gender gap in employment</p> <p>Women have lower access to computers, internet and mobile phones than men (e.g. 7-percentage point gap in internet usage)</p>	<p>Public information and education campaign using grassroots organizations such as women's groups, especially for outreach to rural women.</p> <p>Proactive feedback collection targeted to the women</p> <p>Gender disaggregated data collection for performance management</p>
Older citizens	<p>Less access to information due to lower economic participation</p> <p>Lower use of IT for accessing information and providing feedback</p>	<p>Particularly salient for older women: the gender employment gap is the largest for those 55-64 years</p> <p>Computer usage and mobile phone access varies strongly with age (e.g. almost a 50-percentage point gap in computer usage between age groups 15-24 and 45-64)</p>	<p>The program will improve current network of administrative services, through management by ADISA. This segment of population will likely prefer to use administrative services in person. Employees to be trained to service elderly.</p> <p>Assisted access to online services</p> <p>Targeting collection of proactive feedback to the elderly</p> <p>Call center access</p>
Ethnic minorities	<p>Less access to information due to lower skills and</p>	<p>Literacy rates are lower for the Roma; unemployment rate is</p>	<p>The permanent public information and education campaign will</p>

Population segment	Potential barriers to accessing services and providing feedback on service quality		Project interventions addressing the barriers
	Barriers	Supporting data	
(e.g. Roma)	<p>economic participation</p> <p>Lower use of IT for accessing information and providing feedback</p> <p>Low-income population pays more frequent bribes than those with higher income.</p>	<p>higher for the Roma, particularly for Roma women</p> <p>Roma overrepresented among the poor, which have lower access to computers, internet and mobile phones than non-poor</p>	<p>include grassroots organization that work with Roma.</p> <p>Proactive feedback collection targeted on the Roma</p> <p>Call center helpline access</p>
Rural population	<p>More difficult access to services than in urban areas.</p> <p>Rural population is more exposed than the urban one to petty corruption</p>		<p>Current network of service access points will be improved.</p> <p>Assisted access to online services</p> <p>Targeting collection of proactive feedback to the rural population</p> <p>Call center helpline access</p>

G. World Bank Grievance Redress

75. **Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit www.worldbank.org/grs. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring
ALBANIA: Citizen Centric Service Delivery Project

<i>PDO Statement</i>										
The development objective of the project is to improve efficiency of delivery and access to selected administrative services in Albania.										
<i>Project Development Objective Indicators¹</i>										
Indicator Name	Unit of Measure	Baseline	Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
			FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20			
Reduction in days taken to obtain motor vehicle registration	Percentage	31 days	-	15		-	25	24 months	Survey	PMU
Reduction in days taken to process old age pension application	Percentage	36 days	-	15		-	25	24 months	Survey	PMU

¹ The Results Framework includes four interim PDO indicators, which will be revised, as needed, once the full baseline survey is completed as part of the global DLI#5 (disbursement condition). The interim baselines and targets for three PDO indicators (on efficiency of delivery) are based on the Prime Minister's Delivery Unit's study of service delivery processes (2014). With respect to the fourth PDO level indicator (on access), an existing Intermediate Results indicator is used as an interim measure. This allows all aspects of the PDO to be captured from the outset in a meaningful manner. After the PDO baseline survey is completed, the PDO will track all four PDO indicators by income group and gender (% women). The expected timeframe for completion of the survey is prior to project effectiveness.

Reduction in days taken to obtain health insurance card	Percentage	9 days	-	15		-	25	24 months	Survey	PMU
Increased access to services of the vulnerable and the poor	Number	0	-	70 services with information available on multiple platforms		-	130 services with information available on multiple platforms	24 months	Survey	PMU

	<i>Intermediate Results Indicators</i>										
	Indicator Name	Unit of Measure	Baseline	Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20			
<i>Enhancing the Backend Systems</i>											
1	Agencies with new and enhanced IT systems	Number	0	-	3	6	8	-	Annual	Third party report	PMU
2	Number of priority public services with business process reengineered (DLI)	Number	0	BPR To-Be maps of 50 services produced and approved	BPR To-Be maps of 70 services produced and approved	BPR plans for 70 services executed	BPR To-Be maps of 100 services produced	-	Annual	Third party reports/admin istrative data	PMU
3	Number of new online services with Level 3 automation (DLI)	Number	0	15	35	55	75	-	Annual	Third party report	PMU
<i>Enhancing Citizen Interface</i>											
4	Number of services offered with improved customer service/front office interface (DLI)	Number	0	0	70	90	110	130	Annual	ADISA	PMU
5	Services with information available on multiple platforms (DLI)	Number	0	70 services; promotion plan	70 services; promotion plan	90	110	130	Annual	PMU reports	PMU

	<i>Intermediate Results Indicators</i>										
	Indicator Name	Unit of Measure	Baseline	Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20			
				prepared	executed and third party review conducted						
6	Functional outreach points for assisted access with online service delivery	Number	0	-	20	50	70	90	Annual	PMU reports	PMU
7	Users accessing e-government services	Number	50 000	55,000	60,500	66,550	73,205	80,525	Quarterly	NAIS reports	PMU
8	Number of services with proactive citizen feedback mechanisms implemented.	Number	1	1	5	10	15	25	Bi-annual	DU reports	PMU
<i>Building Capacity to Deliver</i>											
9	Institutional pre-requisites of Citizen Centric Service Delivery Program (DLI)	Process	Prerequisites not completed	Reform Policy Document approved; PDO indicator survey completed	n/a	n/a	n/a	n/a	Unique	Government documents.	PMU
10	Services with key performance indicators reported and quarterly performance reports circulated	Number	Zero	1	5	10	15	25	Annual	Government documents	DU
11	Annual performance report of each key service/agency with KPIs, gender disaggregated wherever relevant, and feedback on quality prepared and published.	Number	Zero	1	4	6	8	8	Annual	Government report	ADISA

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)
Reduction in days taken to obtain motor vehicle registration	The indicator measures reduction in processing time of the most widely used and widely criticized service of the General Directorate of Roads and Transport Services.
Reduction in days taken to process old age pension application	The indicator measures reduction in processing time of the most widely used and the most challenging service of the Social Security Institute.
Reduction in days taken to obtain health insurance booklet	The indicator measures reduction in processing time of the most widely used service of the Compulsory Health Insurance Fund.
Increased access of the vulnerable and the poor	Measures the increased availability and access of information to the citizens. Multiple platforms include but are not limited to web, mobile apps, web-available pdf, SMS, helplines, print material such as poster, brochures etc.

Intermediate Results Indicators (including DLIs)

Indicator Name	Description (indicator definition etc.)
Agencies with new and enhanced IT systems	Measures the implementation and functionality of document management, workflow and decision making IT systems in the agencies specified in the Operations Manual.
Services with business process reengineered (DLI)	Measures the simplification and improvement of business processes.
Services with level 3 automation (DLI)	Number of services with transactional web presence, including electronic authentication, e-filing and e-payments, as defined in UN E-Government definition (2014).
Services offered with improved front office interface (DLI)	Measures incremental improvement in service culture for increased citizen convenience and reduced petty corruption. Improved front office means front office managed by ADISA (including CSC) and may include directly managed front office or through public private partnerships.
Services with information available on multiple platforms (DLI)	Measures the increased availability and access of information to the citizens. Multiple platforms include but are not limited to web, mobile apps, web-available pdf, SMS, helplines, print material such as poster, brochures etc.

Functional outreach points for assisted access with online service delivery	Measures the number of points that provide assisted access to the online services with a focus on the rural population, elderly and minorities.
Users accessing E-Government services	Based on the EU DESI identification of E-Government indicator 5a1, this indicator measures the number of users filing forms on the net.
Number of services with proactive citizen feedback mechanisms implemented	Measures the permanent proactive conduct of surveys, through use of SMS, automated call, and agent calls of identified beneficiaries, on sample or universal basis, to assess the quality of service delivery for performance management, Individual negative feedback may be redressed, but it is not a complaint receipt or management system.
Institutional pre-requisites of Citizen Centric Service Delivery Program (DLI)	Measures the ownership of financing, stakeholder management, strategic design details, and regulatory reform of the reform process, as well as assessing baselines for quality and access of service delivery
Services with key performance indicators reported and quarterly performance reports circulated	Measures the use of data collection for improved performance management.
Annual performance report of each key service/agency with KPIs, gender disaggregated wherever relevant, and feedback on quality prepared and published.	Measures the use of data collection for improved performance management.

#	DLI	Verification Protocol
1	Services with level 3 automation	Services with transactional web presence, including electronic authentication, e-filing and e-payments. Level 3 automation is defined by the UN e-Government Survey (2014): http://unpan3.un.org/egovkb/Portals/egovkb/Documents/un/2014-Survey/E-Gov_Complete_Survey-2014.pdf . Compliance will be assessed by third party validation.
2	Services with business process reengineered	Third party validation (TPV) based on government documents and processes, review of citizen feedback data, surveys, and focus groups. Key services are identified in the operations manual. Execution of BPR means legal, institutional, and process improvements and may not include IT improvements. Approved means approval by the Interministerial Public Services Committee. The approved plan may be reviewed/amended subsequently by said Committee.
3	Services offered with improved front office interface	Third party validation (TPV) based on field visits and review of citizen feedback data, survey reports and focus groups based on a sample agreed with the Bank. Front office means front office managed by ADISA and may include directly managed front office or through public private partnerships.
4	Services with information available on multiple platforms	Multiple platforms include web, mobile apps, pdf, sms, helplines, print material such as poster, brochures etc. Third party (TPV) will review the quality, user friendliness and accuracy of information availability for a sample of services based on the process agreed with the Bank. Promotion plan must be approved by the Steering Committee. The number is cumulative. Availability of information for its quality and accuracy will be measured for every year separately.
5	Institutional pre-requisites of Citizen Centric Service Delivery Program	This DLI requires that: (a) Strategic Plan (Reform Policy Document) of the “Innovation against Corruption” Program is approved by the Strategic Planning Committee chaired by Prime Minister; (b) Baseline survey for PDO indicators is conducted.

Annex 2: Detailed Project Description

ALBANIA: Citizen Centric Service Delivery Project

Background

1. **Delivery of administrative services in Albania, despite substantial improvements over the last decade, remains short of European standards.** A March 2015 DU report prepared for the Prime Minister highlights that only 56 percent of the 134 public sector institutions that directly interact with citizens maintain some kind of service delivery desks. Only 8 percent of these could be considered as genuine service desks with queue management. Of the 250 citizens receiving services at various institutions surveyed, a quarter had to wait for more than 30 minutes at the service desk before being served. The service desks functioned only for a couple of hours each day, at uneven times. The level of citizen demand and allocation of resources (service desk, waiting space) were inconsistent. Citizens complained about surly attitude of the staff. About one third of citizens were visiting only to receive information. Advertised office telephone numbers did not respond, information at the center was scarce and the information receptionist was often absent.

2. **In addition to inconvenience and unpredictability, perceptions of corruption in service delivery remain high.** According to a 2011 survey by the United Nations Office of Drugs and Crimes (UNODC), corruption, after unemployment, was seen to be the second biggest issue of the citizens. Some 30 percent of Albanian citizens, aged 18 to 64, have been exposed directly or through a household member to a bribery experience within the 12 months of the conduct of the survey. The bribes, mostly in cash, averaged around 43 Euros. Some 70 percent of Albanian reported paying bribes to doctors, another 7 percent to land registry officers. Rural citizens and women suffer disproportionately more. Not all bribes are directly coerced. Some 30 percent of citizens initiate the payment. Some 70 percent of citizens who bribe do so to receive better treatment and another 9 percent to speed up the procedure. Only 1 percent of those experiencing bribery actually report to authorities. Some 45 percent of citizens think that bribery is too common a practice to merit reporting to higher officials.

3. **The existing service delivery apparatus is large in spread where more than a million citizens interact every year with various service delivery access points.** Director General for Civil Status operates 432 branches across the country. The Director General of Taxes, General Directorate of Road Transport Service, Immovable Properties Registration Office, Compulsory Health Insurance Fund, The National Employment Service, National Registration Center, and Social Insurance Institute operate around 35 each.

4. **Elected on an anti-corruption platform, the Government of Albania (GoA) aims to rapidly improve citizen services.** Specific objectives include reducing the time of service delivery both for citizens and the government, reducing scope for corruption, implementing modern service delivery, and adopting citizen focused ethics for provision of public services.

5. **The project focuses on improving predictability and convenience and reducing the time taken to access administrative services for all Albanian citizens.** The means to this end are multi-pronged, including the establishment of physical one-stop shops, citizen feedback mechanisms, provision of information through multiple channels, and online provision of services.

6. **Access to services is unequal in Albania, with the poor and vulnerable being least served.** Box A2-1 describes the barriers to access to services and information for the vulnerable groups in Albania. There is a risk that the focus on state-of-the-art means for service delivery, such as online services or high-end urban CSCs, could diminish access of the poor and vulnerable because of diversion of attention and resources. Therefore, the project takes proactive steps to enhance the access to the poor and vulnerable. Specific interventions include assisted digital access, improving existing service access points, targeted information campaigns using grassroots organizations and providing information through non-digital means. The project design attempts to balance between digital and non-digital means to manage the inevitable trade-offs between quality and access.

Box A2-1. The poor and vulnerable in Albania: Barriers to access to services

The profile of the poor and the bottom 40 percent of population shows disparities across groups and along several dimensions. The poor and bottom 40 percent have lower educational attainment; for instance, poverty is higher – at 15 percent – in households in which individuals have incomplete primary education (capturing around 66 percent of the total poor). Labor market attachment of the poor and bottom 40 percent is also low and poverty is closely correlated with employment status. In 2012, the incidence of poverty was 11 percent among households headed by employed persons, compared to 22 and 24 percent among households headed by unemployed or inactive persons.

Beyond the less well-off - poor and bottom 40 percent - some population groups face gaps in accessing opportunities. Women, for instance, have lower labor force participation and lower wages than men, as well as lower access to productive inputs such as land and credit (see SCD). The Roma population in Albania faces significant challenges. Poverty rates are high among the Roma population, and deprivations more severe. Education and health outcomes, as well as labor market engagement are lower with a 30 percentage point gap in literacy rate between the Roma and non-Roma neighbors (UNDP/EC/WB Regional Roma Survey, 2011).

Inequalities in access to services exist in Albania. Access to basic services such as water, sanitation, education and health is lower among the less well-off (see SCD 2015). The Roma population also has relatively lower access to basic social services: for example, the share of the Roma population without access to improved water sources (i.e. piped water in dwelling) is 30 percent, compared to 18 percent in neighboring non-Roma households.

In addition, access to information and specific services could be limited by the lower usage of computers, internet and mobiles phones among the less well-off, women and older population. A recent WB analysis of the 2012 LSMS survey shows that computer usage and mobile phone access varies strongly with age, with lower access for older groups. For example, while 21 percent of women 25-44 years reported using a computer in the three months preceding the survey, 6 percent reported doing so among women 45-64 years; overall access for men is higher but the age gap persists (27 percent for men 25-44 years, compared to 11 percent for men 45-64). In the same way, only 12 percent of poor men reported using the internet in the past three months (9 percent for poor women), compared to 28 percent for the non-poor males (21 percent for women); similar gaps between the bottom 40 percent and top 60 percent exist. Data for the Roma population is not available, but large gaps are expected compared to the non-Roma given their overrepresentation among the poor.

Access to mobile phones is significantly higher in Albania than to computers, but gaps are present for the less well-off and women. 45 percent of women are primary users of mobile phones, compared to 67 percent of men. Similarly, along the socio-economic dimension, 28 and 51 percent of poor women and men, respectively, use mobile phones, while 48 percent and 70 percent of the non-poor do so. Inequalities along the age and ethnic dimension are also expected.

Project Description

7. **The project aims to improve the quality and access of targeted administrative services through interventions in three components.** These components are: (i) enhancing the back-end systems (enhancing IT systems of key agencies, business process reengineering of services, implementing overall improvements in interactivity, facilitation of transaction and integration of key services); and (ii) enhancing citizen interface with service delivery (reforming front offices in existing agencies, improving citizen convenience with one stop shops, improving online delivery of services, implementing proactive beneficiary feedback, providing information on services); and (iii) building capacity to deliver (improving strategic planning, performance management, capacity building of the Prime Minister's DU and the MIPA and other implementing agencies, including ADISA, NAIS as well as DAETIK (ICT European Digital Agenda Agency) and AKCE (National Authority for Electronic Certification) both under MIPA, and implementing the reform communications strategy).

8. **The project focuses on widely used administrative services.** Annex A2-1 includes the list of over 160 priority services that GoA plans to focus on for various project interventions.

Component 1. Enhancing the Back-end Systems

9. **Radical improvements in service delivery are predicated on several back-end systems.** These include improving organizational IT system and building applications for improved integration and citizen access. The legacy registers of various agencies have to be digitized, made interoperable, processes built for their continuous automation, and systems integrated for data exchange; the regulatory processes underpinning the services also need to be carefully reviewed to ensure that that duplication is avoided, undue processes and permission removed, and discretion and human interaction reduced. The first component will focus on these activities. The net result will increase in the number of services that are offered online for interactivity (level 2 of e-governance according the UN definition), paperless transaction at the citizen end (e-filing, e-payment, and related citizen authentication; level 3), and full paperless decision making (all relevant databases are integrated and decisions are made online; level 4).

Enhancing IT Systems

10. **Seven institutions encompassed by the proposed project have no IT system in place.** Entire business processes are performed manually and the data registers are kept in paper form. GoA plans to build new IT systems for the following institutions: General Directorate of Prisons, Central Technical Archive of Construction, General Maritime Directorate, student registration in kindergartens and schools, and others. The process of building a new IT system for those institutions will be carried out in phases. The new IT systems will aim to improve the data and document management, workflow systems, and decision making. Such systems will be defined to meet the specific technical and operational requirements of the respective institutions.

11. **A key aspect of improving IT systems is improving inter-operability of electronic registers.** In addition, the project will ensure data validity and interoperability (addition of National ID numbers, for example) and implement measures to ensure back end data exchange to improve speed and accuracy for service delivery. NAIS is working to connect existing online registries to the government gateway interoperability platform. Currently, 21 institutions are connected to the platform, with an additional 11 institutions to be connected in 2015.

12. The level of digitization of legacy registers and their presumption of authenticity and interoperability differs substantially among different institutions:

- a. *National Civil Registry (NCR)* has been created in accordance with best European practices. Digitization of about 4.3 million records of the Civil Registry from 2008 is complete and scanning of the earlier archive of paper registers is underway utilizing internal resources.
- b. *Social Security Institute (SII)* manages several databases including number of years of work for former agricultural cooperatives and state-owned enterprises; pension registers, register of the self-employed in agriculture, voluntary contributions and employee salary and withholdings declarations by employers. Some registers documenting the number of years of work dating before 1994 are in paper. The rest are digitized. E-pension is currently deployed fully in two cities (Vlora and Fier) and partly in additional five of them (Tirana, Durres, Shkodra, Korça and Lushnja). In other regions, registers are partially electronic. The registers of the self-employed, on the other hand, are mostly in paper format.
- c. *Health Insurance Institute (HII)* is fully digitized and work is underway to complete interoperability with tax and civil registry.
- d. *Immovable Property Registration Office (IPRO)* provides web services to other systems for data on properties. The National ID number is missing for most records, only 45 to 50 percent of the archive is digitized, and legal issues over ownership remain for much of the digitized record.
- e. *National Registration Center (NRC)* provides information on businesses and shareholders but it lacks ID number of individuals.
- f. *National Licensing Center (NLC)* provides information through web Services for cases and information from the register of licenses.
- g. *General Directorate of Road Transport Services (GDRTS)* provides information through the web on drivers' licenses and from the register of vehicle registration. Not all ID numbers are recorded.

Reengineering Business Processes

13. Albanian ministries continue to use antiquated processes for receiving and processing applications for government services. These systems and processes are slow, inflexible, opaque and prone to corruption. The progressive modernization of the delivery of government services can increase trust between citizens and government, improve the efficiency, effectiveness, transparency and accessibility of government services – including reducing the time incurred by citizens in accessing government services. This includes reform and process re-engineering of approval processes for access to services provided by ten key government agencies.

14. The Minister for Innovation chairs the Technical Inter-ministerial Working Group established to oversee the regulatory reform and business process reengineering by the working groups. It includes the heads of all participating agencies. In addition, ministerial and agency Working Groups (WGs) have been established that will review whether licenses, permits and approvals are justified, validate existing legal inventory and process maps and develop plans for re-engineering access to core government services. The WGs were formally established in early 2015.

15. **The DU within the Prime Minister’s Office prepared Terms of Reference and additional support and guidance for the ministerial WGs.** The ToR include guidance regarding the role and composition of each WG, services that need to be reviewed, and the methodology to be applied to the regulatory reform and process re-engineering. Where approval for services involves two or more ministries, representatives of relevant ministries will participate in the WG reviewing that service. All WGs will also have a representative from MIPA, NAIS, and ADISA, and process-re-engineering and regulatory reform experts.

16. **The ToR include the objective of reductions in the time needed to obtain approval to access administrative services and increase in efficiency.** The ToR require WGs to review existing licenses, permits and approvals to ascertain if they are still required and justified. Licenses, permits and approvals that are no longer justified – on the basis that they have no clear rationale or generate net costs – will be eliminated. Those that have a clear rationale and generate net benefits will be retained but will be subject to process re-engineering to reduce the time required to obtain relevant approvals. The ToR also include guidance on timelines and processes to monitor the impacts of the reform program.

17. **Guidance notes have also been prepared to guide the work of ministerial WGs.** The Guidance notes are tailored to the objectives and capacities of the ministerial WGs and provide implementation support on core activities needed to launch a successful process re-engineering and regulatory reform review process. The guidance notes include templates for: preparing process maps and legal inventory for existing services; documenting IT systems currently used; budgeting costs of providing approvals to access existing government services; collecting baseline data on how much time is currently incurred by citizens applying for government services; and estimating budget costs to implement re-engineering; and monitoring and evaluation systems.

18. **In April-May 2015 a fast-track pilot of two services was undertaken.** This pilot included: preparation of process maps and legal inventory for two pilot services; preparation of proposals via new process maps and legal reform inventory for revised and re-engineered services (by leveraging off IT systems, modifying eligibility for a service (by changing document requirements) and modernizing how applications are processed and approved internally; and undertaking of a survey of current users of these services (i.e., citizens) and analysis of the time and cost incurred through internal ministerial processing of applications from citizens. The results of this pilot will be reviewed by the high level Ministerial Working Group and ‘fine tuning’ amendments will be made to the ToR and Guidance notes.

19. **The process re-engineering and regulatory reform component will be implemented in a sequential manner.** Phase 1 from June 2014 to October 2015 will include identification of reforms required to each government service. Legal changes required to implement recommended reforms are expected to be completed within 2016. Reform of government services and repeal of licenses, permits and approvals will be implemented through Omnibus legislation listing all legal amendments to various Primary Acts required to implement the reform program.

20. **Once primary legislation is approved by the Parliament, changes will be made to regulations, by-laws and by administrative decisions.** The Omnibus legislation is to be implemented by end of 2016, during phase 2 which takes place from October 2015 to April 2017.

21. **The project will support the reengineering of the business process of key services, the approval of the reform plan by the Council of Minister and its implementation.** This will be supported both by incentivizing the process by linking it to disbursements through the DLI on BPR as well as through the technical assistance.

Component 2. Enhancing Citizen Interface with Service Delivery

22. **Key interventions** under this component include: improving physical interface with citizens; enhancing online delivery of services, improving provision of information on services, implementing citizen feedback mechanisms, and providing assisted access to the poor and the vulnerable and rural citizens.

Improving physical interface with citizens

23. **The Citizen Service Center model of service delivery has been implemented in a number of countries in the ECA region and beyond.** Albania's authorities have learned from several of these models (specifically Georgia, Azerbaijan and Estonia) that may be applicable and implementable in Albania. These models have been shown to achieve similar aims: reducing petty corruption and informal payments; increasing citizen satisfaction; reducing administrative burden for the citizens; and – when paired with process re-engineering – increasing the efficiency and effectiveness of service delivery.

24. **The Government of Albania already has demonstrated experience in the development and management of sector-specific One Stop Shops.** Under the Ministry of Economy with USAID support, the National Registration Center (NRC) and National Licensing Center (NLC) have launched CSCs for the registration of businesses and licensing, respectively. This model also incorporates 33 regional hubs which are joint locations where the NRC and NLC service clients under the same roof. It is envisaged that these two bodies will be merged and then integrated with the CSC one-stop shop.

25. **The Agency for Delivery of Integrated Service in Albania (ADISA), created by the Council of Ministers Decision of 10/22/2014, and provided with an enhanced mandate by the CoM Decision of 05/27/2015, is a key beneficiary and implementer of the reform.** ADISA reports to the Minister for Innovation. An Inter-Ministerial Working Group, chaired by the Prime Minister provides strategic leadership to this reform. The separation of front and back offices has the potential to reduce opportunities for gatekeeping, petty corruption and limit administrative discretion. Feedback mechanisms for monitoring service delivery will allow the government to measure the impact of the CSC on the citizen and the impact of regulatory and process re-engineering on the efficiency of services. Finally, ADISA will also offer application forms and information regarding all services offered by the Government of Albania.

26. **Currently, government is discussing various options for improving the physical interface with citizens.** These include retaining the existing service delivery points but replacing the current staff by ADISA managed and trained staff; opening model centers that provide several front end services; and using the existing concession granted to the service provider for passports.

27. **In parallel, the Government of Albania intends to construct a central CSC building in Tirana.** This facility will offer citizens and businesses physical access to over 300

administrative services. Although the National Agency for Information Service (NAIS) is working to automate services for online provision, there will be a need for a physical presence where citizens can access services in person for the foreseeable future, not least owing to the low level of internet penetration, with only 60 internet users per 100 people in 2013. Moreover, the GoA values the symbolic significance of a new building, highlighting a new citizen-focused approach to government service delivery. The core features and size of this new building have not yet been decided. Various models for financing, construction and management, including PPPs, are under consideration.

28. **The project will support the creation of a new improved citizen interface managed by ADISA.** The number of services offered with a new interface is linked to disbursements (DLI), and TA activities are planned as well. Improvement of the interface could be achieved through the reform of front office in the existing agencies, public private partnerships, replacing interface with an ADISA managed layer of staff, or through the CSC directly managed by ADISA.

Improving Online Delivery of Services

29. **Several major e-governance efforts in Albania have attempted to improve public service delivery.** The e-Albania portal (www.e-albania.al) offers over 500 services as of June 2015 (see Annex A2.2 for details). E-Governance efforts also include: online procurement; digitization of twenty percent of property records; several municipal services one-stop shops; modernized business registration and licensing services; digitization of passport and national identification number. Albania ranks “high.” In the United Nations E-Government Development Index 2014.

30. **The National Agency for Information Society (NAIS) is the principal agency tasked with the implementation of ICT strategies in government and the coordination and promotion of E-Government across the public sector.** NAIS is implementing projects to update the portal, implement government public keys, create a mobile-friendly version of the portal, create mobile applications and implement electronic payment modules. By the Council of Ministers’ Decision no. 961, dated November 24, 2010, NAIS is the coordinating and regulatory authority (CRA) for state databases. NAIS as CRA is responsible for the Government Interoperability Platform, which means that it develops and coordinates access to this platform to ensure the interoperability of databases of all government agencies.

31. **The most advanced areas in terms of one-stop-shop and online service provision are business licensing and registration.** The Ministry of Economy, Trade, and Energy created the National Registration Center (NRC) in 2007 and the National Licensing Center (NLC) in 2009 to facilitate business transactions. The NRC registers businesses of all types, substituting the courts. Once a business registers, it is also immediately registered at the national and local tax administration offices, social security, health insurance, and Labor inspectorate. The center maintains the national commercial register – a digitized database to host all information regarding businesses, which is also available online. The service windows for the NRC are located in 28 cities across the country.

32. **After streamlining licensing requirements from 200 to 65 categories and subcategories, the NLC created service windows to manage licensing and permitting procedures.** The NLC also maintains the National Registry of Licenses and Permits, which is accessible online. At present, the Government is working on the establishment of a “Business

One Stop Shop” (BOSS) that would bring together 10 high-level business processes generally part of a business’s lifecycle.

33. **There are a number of other services available through the e-Albania platform.** These include State Matura (for student entrance exams). Through this system all student applications are submitted online, though payment is still done off-line. NAIS also developed the Tracking Project, a service that enables each citizen or business who applies to a State office, to follow the progress of their application online in the interim period until an official response is received. Up to now there are three state agencies that have implemented this service: the Public Procurement Agency, the National Registration Center and the National Licensing Center.

34. **Legal reforms to define and consolidate the role of NAIS and to implement the E-signature infrastructure are underway.** This will facilitate the provision of public service transactions online. NAIS also aims to launch publicity campaigns to attract more citizens to use the E-Albania portal. Currently, the bulk of visitors relate to the state examination results.

35. **These reforms will contribute to the long term goal of providing maximum services through an online platform.** As government reforms the regulatory processes, digitizes and makes interoperable core registers and facilitate online payments and signatures, the number of services offering information, interaction and transaction will increase substantially to enable Albania to move towards the goal of all services delivered online. The project will measure progress EU-compliant indicators of website usage and interaction indicators. The project will directly support these activities through the TA part of the loan.

Providing Information on Key Services

36. **The e-Albania portal provides information on the administrative processes (i.e., documents required, time taken, payments needed) on a wider range of services; however, the use of this facility is limited.** Some 50 percent of citizens approaching the property registration center, according the director of a regional center, just came to seek information. A recent ADISA survey of some 250 citizens physically accessing services at various service delivery points also found that some one third of them were standing in the queue just to seek information. Information posters, if present, were hidden from clear view. Information desks were empty and telephone numbers went unattended.

37. **The key lesson is that passively placing information on the website is not enough.** A substantial majority of the Albanian population, especially the elderly and rural citizens, are likely to use the traditional mechanisms to access information. Information therefore has to be actively distributed through the range of available traditional channels. These include brochures and posters at the facilities and more inventive mechanisms like outsourced helplines. The availability of this information on various channels has to be aggressively promoted.

38. **The project will monitor progress on the provision of accurate information on multiple channels.** This will include information on administrative processes (location of service delivery, documents required, grievance redress mechanism, cost, timing) of various services and promoted through helplines, posters, brochures, fliers, PDFs, SMS, outdoor advertising,

Implementing Beneficiary Feedback

39. **A citizen feedback mechanism will be rolled out under the project.** Leveraging the extremely high mobile penetration, this intervention, unlike a classic complaints mechanism, records citizen cell numbers at the point of service delivery to be followed by text messages by the government to the citizens asking about the quality of services received. The proactive nature of the contact also helps communicate to the citizen that the state cares thus helping to reduce citizen-state trust deficit and fight perception of poor service delivery.² The telecom density in Albania is close to universal, with all urban and rural areas fully covered.

40. **The GoA is currently piloting CFM on two services: hospital services and property registration.** After extensive work building software systems, negotiating contracts with the telecom vendors and tweaking existing data entry mechanisms, the office of the Minister of Anti-Corruption has launched, in early March 2015, the proactive collection of citizen feedback in property registration and hospital care across Albania. More than 20,000 citizens (approximately 1,000 every day) have been contacted on behalf of the Minister; approximately 20 percent citizens have responded. Many have recorded appreciation for this proactive contact. Several have registered their dissatisfaction with service delivery, especially the multiple visits and the delays in the property registration office. Some have reported bribery. The Prime Minister and other Ministers have reviewed the progress and have ordered its gradual introduction to other ministries.

41. **Currently, plans are underway to improve the analysis capacity for the large amounts of incoming data.** Furthermore, the GoA plans to expand the scope to other services, including to the citizens who will interact with improved facilitation interface in one-stop shops, implement plans to communicate this effort to the citizens and improve the usage of this data for performance management. (The negative feedback is anonymized and passed on to the relevant government facility).

42. **A sample of citizens will be regularly contacted by phone for detailed feedback on quality of services,** with focus on the poor and the vulnerable. The calls will especially target women, elderly, rural citizens and minorities, to ask questions on access barriers to services, various quality metrics and then inform the senior leadership about the impact on service delivery.

43. **The DU is well placed to analyze the feedback and drive internal accountability based on the patterns of feedback received.** This permanent survey, conducted on universal or sample basis, will help audit the administrative data, communicate government intentions to a large number of citizens, seek citizen support for the reform effort and help check quality of service delivery.

44. **It is also important to use additional mobile communication approaches, such as pushing SMS messages to the citizens to communicate timelines/dates of receipt, processing, completion and delivery of documents.** This will also help increase citizen confidence and trust in government responsiveness. Given the low level of internet connectivity and access of large segments of the beneficiary population, the existing e-tracking facility offered for some services needs to be supplemented with the proposed proactive tracking

² *Logged On: Smart Government Solutions from South Asia*, Bhatti, Kusek and Verheijen, (World Bank, 2015).

communication. The project supports this initiative with TA and will measure the number of services where the proactive citizen feedback is collected and performance reports generated for senior leadership as well as field managers. ADISA will also use this mechanism to measure quality of delivery at the proposed CSC and manage performance of field managers.

Box A2-2. Citizen Feedback Mechanism in Albania

The citizen feedback monitoring program model helps senior management in the government make better-informed decisions by providing them with granular, transaction-specific, time-bound, context-defined, and quantitative performance management data. A standard practice in the private sector in many parts of the world, this proactive feedback mechanism is distinct from the standard reactive complaint systems that focus only on the negative issues. Such proactive gathering of feedback utilizes basic text messaging technology and leverages the ubiquity of basic cell phones. Service users' mobile numbers are recorded at the point of service delivery and followed up with a text message from the Government asking about the details of the quality of service.

The model emphasizes trend analysis of the feedback as opposed to addressing individual complaints. By looking at trends, senior management can identify systemic issues, bottlenecks, and rent-seeking officials that frustrate service users. Equally importantly, it is an effort to communicate to the citizen that the state cares about their welfare.

In Albania, this effort is led by the office of the Minister of State for Anti-Corruption. A pilot was launched in November 2014 and was scaled up in March 2015. About 1,000 citizens per day are contacted after using government services at the property registration offices or state run hospitals. The response rate has been 22 percent.

Some citizens have reported bad service delivery. "They did not ask for a bribe but if you don't pay they neglect you. I speak from experience, it happened with my mother. Thanks," says one visitor to the state hospital. "I have never been asked for a bribe but your specialists exceed the official deadline for the update of the land ownership certificate. It is delivered after a month", says another citizen receiving services at the Tirana registration office. "Mr. Minister, to be honest no one asked for a bribe and with pity I came to a conclusion. There were no beds for people to lie in and they were being treated in the corridor close to the toilets. This is just as damaging as bribes", says another patient. "Thank you for the message Mr. Minister, the staff did not ask for a bribe but the made me go around in circles to pay 54000 ALL more than I should have. Thank you," says another citizen, suggesting implicit bribery.

Some citizens have suggested improvements. "I have a suggestion, if it is possible to open some more counters as the queues are long"; "Monitor application deadlines with trustworthy people. Completion of the applications in a short time or delays for months is a tell-tale sign of corruption." Some citizens are thankful for the effort: "I wish you well Mr. Minister, I take this SMS as a sign of the effort to regulate that institution. I only communicate via letters so I have not been asked for a bribe but I must say that lately this institution's performance has been at its worst".

Responses are entered into a database and categorized on the basis of a protocol. Eventually, the reports made available in real time to both the agency providing the service and to the DU monitoring the services on behalf of the Prime Minister.

Providing Assisted Access

45. The project will employ a variety of means to provide assisted internet access to online services. The relative inability of the large sections of the society (the poor and vulnerable, including older and digitally illiterate population, especially in remote rural areas) to access online services on their own is a challenge. The points of contact will include local government points of service, internet cafés, and community centers. This approach takes

advantage of the closer proximity of these facilities with internet access to the poor and vulnerable target groups. The outreach will consist in the provision of basic training for employees or owners on how to access the online services portal, as well the distribution of various informational materials. The internet cafés will gain additional business; their owners will therefore be motivated to provide assisted internet access to online services. For local government employees, assisted internet access to central government online services will become part of the services to the public they are required to provide. The post offices, which are spread throughout the country, provide a computer but they do not provide assistance and advice. Absence of profit motive also means that the government computers are also barely used. The project will measure the number of government-trained points of assisted internet access included in the outreach network. The marginal cost of this effort is low, while the benefits are likely to be substantial.

Component 3: Building Capacity to Deliver

46. Progress of this ambitious reform depends on careful planning, resource allocation, regular and intensive use of the performance data, and institutional capacity and coordination, and communication with key stakeholders. The third component of the project will focus on interventions that build capacity to deliver.

Improving Strategic Planning

47. **The GoA plans to develop and approve a Reform Policy Document (RPD) that will outline a strategic plan for the Citizen Centric Service Delivery reform.** This document will detail costing, sequencing, and design choices, to improve implementation of the project and manage expectations and role of key stakeholders. The formulation of the Plan follows months of the discussions of the reforms, internally and with key external stakeholders, review of major policy options, and considerable analytical work. This document and the process of its formulation will help clarify the Government's reform objectives, and how the Government intends to go about achieving them, communicate the Government's intentions to internal and external stakeholders, and provide framework for external financing, including World Bank financing. In particular, the document will address the following:

- a. *Strategic objectives and expected results of the reform program*, linking the main problems (delays, petty corruption, poor attitude, inconvenience, unpredictability) and the context (relatively low internet penetration, access issues, cost) with the proposed solutions (namely separation of front and back offices through CSC, re-engineering, information provision, enhanced IT system, assisted access for the poor, and online delivery of services).
- b. *Assessment of the Business Case for the CSC*, describing the benefits that are expected to arise from the implementation of CSCs and how these benefits will be realized. The benefits may include: timeliness of processing and reductions in transactions costs for government agencies and customers; improvements in access; greater convenience through extended hours; improved quality of customer service; enhanced predictability of timing; improved monitoring of back office performance; and improved on-site information provision. The strategy will draw on the lessons learned from existing experiences, such as established municipal and sectoral one-stop-shops in Albania (for example, under the Ministry of Economic Development, Trade and Entrepreneurship the

National Registration Center (NRC) and National Licensing Center (NLC) have each launched one-stop-shops for the registration of businesses and licensing, respectively, and a one-stop-shop has been established at the municipal level in Lezha).

- c. *Prerequisites for achieving program results.* International experience suggests that the efficiency and accountability gains from one-stop shop solutions are likely to be modest unless they are accompanied by back-office regulatory reform, such as digitization and interoperability of key databases and improved business and regulatory processes. The strategy would ideally lay out how these prerequisites will be addressed by making provision for business process reengineering of priority services and expediting full digitization and interoperability of existing registers (property, health insurance, and pension registers).
 - d. *Poverty and Social Impacts.* Improving quality without compromising (let alone enhancing) access to administrative services may be a challenge. Currently, citizens can access individual services in multiple locations (the national ID for instance can be issued at eleven locations in Tirana and 400-plus other locations elsewhere in Albania). Centralization of services in the CSCs could have an adverse impact by increasing the cost of accessing services, particularly where a citizen is accessing only one service. These costs may represent a barrier for vulnerable groups. While the initial focus has to be the big urban centers, the needs of the less advantaged groups will have to be accounted for and appropriate interventions rolled out to ensure equity in outreach of quality services. Risks can also be mitigated by maintaining multiple access points be preserved while a new option of obtaining services at a CSC is introduced.
 - e. *Role of the private sector.* Private sector engagement in the delivery of administrative services can increase efficiency, offer clients choice and reduce the cost of services to beneficiaries. This can be achieved through a range of private sector delivery models, ranging from contracting out through public-private partnerships. Specific functions could be undertaken by the private sector, for example, internet kiosks for provision of information and assisted filling of application forms and scanning of documents. Private sector service providers could manage the interface points; call centers for help lines; and telecom companies for mobile payment solutions. The strategy would consider the scope and specific modalities for private sector engagement in the delivery of administrative services and the operation of the CSC.
 - f. *Costing and Donor Support.* The strategy will also include the recurring and capital cost of the reform program and identify sources of funding, cash flow needs and roles of various development partners.
 - g. *Regulatory Changes.* The institutional mandate of the NAIS, ADISA, and DU needs to be reviewed and defined for further clarity. The law on electronic authentication of signatures also needs to be implemented.
 - h. *Assessing Impact.* Conduct of regular field surveys to measure the impact of the reform and assess course direction is also important.
48. **The project links the approval of the Reform Policy Document to disbursement (DLI).** The document will include the topics identified above to provide of clarity of sequencing,

objectives, financing, and timing of delivery. The RPD will be approved by the Strategic Planning Committee chaired by Prime Minister.

Improving performance management

49. **This reform program cannot succeed without a concerted effort to improve the quality of reported data and to develop a reporting framework of performance indicators.** Key citizen-facing organizations, including Property Registration Office, Health Insurance Fund, Employment Agency, Civil Records Office, already possess the IT interface to easily collect and transmit key data to enable improved performance management (year on year and inter-office comparisons). However, these institutions do not systematically collect and analyze such data. Few institutions have well defined key performance indicators (KPIs). Those that do rarely use them regularly to monitor performance of the subordinate offices. Conversely, subordinate offices, with the exception of one or two ministries, report little or no performance information up to the parent ministries.

50. **Baselines need to be measured and indicators clearly defined.** Citizens widely complain, including from the feedback received through the Citizen Feedback Monitoring Program, that they face lengthy delays when accessing property registration documents. The data submitted by the IPRO office on the other hand routinely records that almost all applications are processed within the required six days. This anomaly could be the result of poor reporting of data or poor definition of the process. The process from the citizen point of view could include multiple visits to seek information, seek documents from other government offices, coordinate with lawyers clearly differs substantially from the one assumed by the IPRO office.

51. **Internal reporting and monitoring routines will be established.** Definition of baselines and indicators, collection of quality information, including through audit of this data with citizen feedback, and development of periodic performance management reports and circulation of information within the ministries will aid in this process. The DU will play a coordinating role in this regard, but the key will be cascading the KPIs to middle managers and senior policy makers. This can be done independently of the state of automation or reform of various services, as most of the relevant information is already being collected in some form.

52. **The project will support these activities through technical assistance.** TA funds will assist the DU on the design of this system via remote connection, but strategic high-level leadership and push will be crucial for rapid implementation.

Improving capacity of key reform drivers

53. **The office of the Minister of State for Innovation, the focal agency coordinating the reforms and leading ADISA, will be strengthened.** As a “minister without a portfolio”, the Minister of State has very limited staff. It is crucial that her office is strengthened to facilitate the leadership function. ADISA is a new agency and will also require support to design and manage the citizen facilitation centers.

54. **The DU, set up in the Prime Minister’s Office, has a mandate to work with and across ministries.** DU’s goal is to unblock barriers to delivery, facilitate inter-ministerial collaboration on priorities, engage in resolving implementation obstacles, and track implementation progress toward targets through transparent monitoring mechanisms. An important contribution the DU may offer in the implementation of this particular reform is the

establishment of a citizen feedback monitoring system and associated processes to gauge the direct impact on citizens. The DU is uniquely placed to consolidate information on a range of services, analyze, and share this data with the Prime Minister and Cabinet and relevant institutions. The DU is now fully staffed. An international consulting firm, with Government of Kuwait assistance, has been hired to provide technical support. Periodic progress reports are being prepared and presented to the Prime Minister. PPF and TA funds will help strengthen the MIPA and the DU.

55. An inter-ministerial coordination body as an institutional driver for the reform is a prerequisite for success. A strong structure for oversight is necessary for such a complex multi-sectoral reform of service delivery. This role will be fulfilled by the Inter-Ministerial Public Service Committee chaired by the Prime Minister that meets regularly to monitor progress, address unexpected issues or impediments, and ensure that line ministries cooperate fully in providing required information and implementing agreed reforms. The Steering Committee for the project, chaired by the Minister of Innovation, will provide inputs for consideration by the Inter-Ministerial Public Services Committee.

56. The project supports these activities through technical assistance. The PPF and TA parts will help improve the policy planning and implementation capacity of the DU, the Ministry, the PMU and ADISA. One of the intermediate progress indicators will measure the preparation and circulation of periodic progress reports to senior leadership and field managers.

Communicating with stakeholders

57. Effective communication is critical to the success of this reform program and will improve citizens' trust and perception of government responsiveness. PPF and TA funds will help advertise benefits of the citizen facilitation centers to citizens and stakeholders through the planned publicity campaign, promote the use of the portal, promote the citizen feedback campaign, and organize change management activities

58. It is equally important to strengthen communication with internal stakeholders. Ministries, agencies and individual civil servants may not welcome ceding the front office function to CSC. Bureaucratic resistance could stifle efforts to improve back-office functions. The fact that there are several lead agencies for different aspects of the project (ADISA for CSC, NAIS for e-governance, DU for monitoring progress) and a wide range of institutional stakeholders further complicates the reform process. Diagnostics of the political economy of reforms and a focus on change management can help identify and mitigate these risks. So too can an effective communications strategy and outreach to reform champions and potential opponents. The TA and PPF parts of the project will help implement the communication strategy.

Value Added of the Project to the Citizen

59. There are a number of aspects of service delivery that are currently problematic for Albanian citizens. These include the time needed to get information about available services, gather required documents and information, number of visits to the issuing authority to apply for and obtain services, time spent in queue for information and service delivery, potential need to make informal payments to obtain services, wait times for services to be processed by the relevant authority, and inability to track progress of applications. The project will target these deficiencies through a number of activities.

60. **Enhancing the front office is the first step to changing the citizen experience with service delivery.** Construction of the CSC will act as a single window for citizens, improve access and the quality of service. The CSC will expand access to services through more convenient hours of operation. Currently, most service windows are only open for six hours per day, offering services from 8am-2pm. Expanding service hours past regular business hours Monday-Friday, and offering weekend service provides additional opportunities for citizens to access services at times convenient for them. The CSC also aims to improve the quality of service by offering re-engineered services. The re-engineering aims to reduce the time spent collecting documents and certificates, reduce the number of trips to different public service units, and offer simpler application systems and procedures. The time spent by the citizen preparing documents for a service can be burdensome. For example, collecting the necessary documents for a driver's license can exceed four days, then an additional two days for service authorization and delivery. In many countries a driver's license is available the same day, often within an hour. The CSC aims to reduce the time citizens spend waiting in line to access services. Currently, some service windows do not have established queuing systems, and the average wait time is approximately thirty minutes. In other countries with OSS models, wait times usually fall under five minutes. In addition, the CSC will feature service providers trained in customer service culture to provide a better experience for the citizen. The separation of front and back offices has the potential to reduce opportunities for gatekeeping, petty corruption and limit administrative discretion. Aside from constructing a new CSC, existing points of service delivery will be preserved, requiring front office reform. ADISA is currently researching options for enhancing front offices, including models of public-private partnerships, outsourcing front end responsibilities, and retraining current staff in customer service to develop a citizen centered culture of service. Once a model is chosen, this will be piloted in a number of agencies to test the results.

61. **Concurrently, service re-engineering aims to reduce the time required for citizens to obtain services** calculated to include time to get information, obtain necessary documentation to apply, the wait time in the application process as well as the time until **receiving** the requested services received. This will be achieved by examining each service, identifying areas for simplification including reduction or elimination of required documentation, number and type of processing steps, and examining ways to speed delivery, which may include delivery via email, e-Albania Portal, or document delivery through the service window.

62. **Additional mechanism to improve service delivery is online provision of services.** Under the project, NAIS will continue its efforts to enhance the level of online service delivery. By the end of the project, 75 services will have moved from level 1 to level 3 capabilities. This change will increase access to services and simplify service delivery through online means, potentially eliminating any need to interact personally with service providers. For example, one service, *issuing archived technical documents*, currently requires thirteen separate steps and three separate visits of the citizen to the service office to obtain. Moving this service online would eliminate six steps of the process. Most importantly, the citizen will not have to visit the office, but instead will apply, submit documents and payments online, and download or print the resulting completed document.

63. **The expected benefits to the citizen at the end of the project include:**

- (a) Increased ease of access to information and services to all citizens, including poor and vulnerable groups;
- (b) Improved citizen experience: less time wasted in queues, fewer trips to and from public sector units, simpler documents and procedures, staff are responsive to citizen needs;
- (c) Lower transaction costs for both the citizen and citizen-facing public sector units;
- (d) Improved image of the public administration and increased integrity, transparency and trust through reduced corruption;
- (e) More effective and efficient deployment of resources including better coordination between existing governmental systems and processes; and
- (f) Multiple channels for service delivery provide citizens with choices which may change depending on their needs at specific times.

Annex A2-1. List of core administrative services for the project

LEGEND:

n/a information unavailable as of June 15, 2015

0 in the "Time" columns refers to services that provided instantly

1 in the "Time" columns refers to services provided instantly but that require more than one visit to the service window

C = calculated cumulative number for all these types certificates for year 2013 is 330,023

L0 under current e-level means that the service in question is not currently an e-service.

tbd – to be determined

Source: Prime Minister's DU, MIPA, ADISA, NAIS

#	Ministry	Agency	Name of the service	Real Time (days)	Legal Time (days)	Number of Transactions (per year)	Type of Service	Current e-level	Target e-level
1	Ministry of Economy	National Licensing Centre (NLC)	License for pre-university secondary education	14	14	2	G2B	2	3
2	Ministry of Economy	National Licensing Centre (NLC)	License for research and exploration (mining)	90	90	15	G2B	2	3
3	Ministry of Economy	National Licensing Centre (NLC)	Mining exploitation permit	120	120	142	G2B	2	3
4	Ministry of Economy	National Licensing Centre (NLC)	License for the expertise and / or professional services related to mineral resources	2	4	15	G2B	3	3
5	Ministry of Economy	National Licensing Centre (NLC)	License for Bailiff services	2	4	42	G2B	3	3
6	Ministry of Economy	National Licensing Centre (NLC)	License for vocational training	2	4	78	G2B	2	3
7	Ministry of Economy	National Licensing Centre (NLC)	Employment mediation license (Private Employment Agencies)	2	4	8	G2B	3	3
8	Ministry of Economy	National Licensing Centre (NLC)	License for community care services	2	4	18	G2B	3	3

9	Ministry of Economy	National Licensing Centre (NLC)	Type B Environmental Permit	35	35	1609	G2B	2	3
10	Ministry of Economy	National Licensing Centre (NLC)	Type C Environmental Permit	14	14	826	G2B	2	3
11	Ministry of Economy	National Licensing Centre (NLC)	License for professional fishing in the sea	10	10	115	G2B	2	3
12	Ministry of Economy	National Licensing Centre (NLC)	License for Other professional activities related to the impact on the environment	n/a	n/a	147	G2B	2	3
13	Ministry of Economy	National Licensing Centre (NLC)	License for emergency intervention services	15	15	1	G2B	2	3
14	Ministry of Economy	National Licensing Centre (NLC)	License for security services, transportation and escort of monetary values and precious items	30	30	9	G2B	2	3
15	Ministry of Economy	National Licensing Centre (NLC)	License for a Driver's Education to offer the driving license	2	4	62	G2B	3	3
16	Ministry of Economy	National Licensing Centre (NLC)	License for international road transport of passengers	10	10	35	G2B	2	3
17	Ministry of Economy	National Licensing Centre (NLC)	License for international road transport of goods for third parties and for rent	10	10	67	G2B	2	3
18	Ministry of Economy	National Licensing Centre (NLC)	Animal Breeding License for livestock in large agricultural farms	15	15	17	G2B	2	3
19	Ministry of Economy	National Licensing Centre (NLC)	License for manufacturing, processing and wholesale distribution of food	20	20	209	G2B	2	3
20	Ministry of Economy	National Licensing Centre (NLC)	License for wholesale trade of food of animal origin (for human consumption).	15	15	128	G2B	2	3
21	Ministry of Economy	National Licensing Centre (NLC)	License for Wholesale Trade of livestock	10	10	61	G2B	2	3
22	Ministry of Economy	National Licensing Centre (NLC)	License for pharmaceutical agency	2	4	46	G2B	3	3
23	Ministry of Economy	National Licensing Centre (NLC)	License for pharmacy	2	4	389	G2B	3	3
24	Ministry of Economy	National Licensing Centre (NLC)	License for Hospital Services	15	15	12	G2B	2	3
25	Ministry of Economy	National Licensing Centre (NLC)	License for Wholesale trade of pharmaceuticals for humans	30	30	49	G2B	2	3
26	Ministry of Economy	National Licensing Centre (NLC)	License for upper basic education	14	14	6	G2B	2	3
27	Ministry of Economy	National Licensing Centre (NLC)	License for lower basic education	14	14	7	G2B	2	3
28	Ministry of Economy	National Licensing Centre (NLC)	License for pre-primary education (kindergarten)	14	14	25	G2B	2	3
29	Ministry of Economy	National Licensing Centre (NLC)	License for secondary education (high-school)	7	7	7	G2B	2	3

30	Ministry of Economy	National Licensing Centre (NLC)	License for veterinary pharmacy	2	4	10	G2B	3	3
31	Ministry of Economy	National Licensing Centre (NLC)	License for medical cabinet	2	4	26	G2B	3	3
32	Ministry of Economy	National Licensing Centre (NLC)	License for dental cabinet	2	4	103	G2B	3	3
33	Ministry of Economy	National Licensing Centre (NLC)	License for dental clinic	2	4	30	G2B	3	3
34	Ministry of Economy	National Licensing Centre (NLC)	License to exercise piloting	20	20	10	G2B	2	tbd
35	Ministry of Economy	National Licensing Centre (NLC)	License for the production and/or trade of seeds and seedlings	1	2	139	G2B	3	3
36	Ministry of Economy	National Licensing Centre (NLC)	License for a medical center	2	4	16	G2B	3	3
37	Ministry of Economy	National Licensing Centre (NLC)	License for laboratory services-Dental Laboratory	2	4	13	G2B	3	3
38	Ministry of Economy	National Licensing Centre (NLC)	License for intervention hygiene-sanitary services	2	4	21	G2B	3	3
39	Ministry of Economy	National Licensing Centre (NLC)	License for services of people, objects and activities protection	30	30	70	G2B	2	3
40	Ministry of Economy	National Licensing Centre (NLC)	License for Wholesale of gas and diesel	2	2	26	G2B	3	3
41	Ministry of Economy	National Registration Center (NRC)	The initial registration of natural person	1	1	12342	G2B	3	3
42	Ministry of Economy	National Registration Center (NRC)	Business name reservation	1	1	113	G2B	3	3
43	Ministry of Economy	National Registration Center (NRC)	Initial Registration with a statute registration form	1	1	n/a	G2B	1	tbd
44	Ministry of Economy	National Registration Center (NRC)	Initial Registration with a statute prepared by the parties	n/a	n/a	n/a	G2B	1	tbd
45	Ministry of Economy	National Registration Center (NRC)	Registrations of public authority decisions at the request of any third parties (other than those made by the entity itself).	1	1	n/a	G2B	1	tbd
46	Ministry of Economy	National Registration Center (NRC)	Issue of Extracts for data from the commercial register.	0	0	n/a	G2B	3	3
47	Ministry of Urban Planning	Central Technical Archive of Construction	Issuing archived technical documents(Obtaining Gen Plan A4)	1	n/a	1,200	G2C & G2B	1	3
48	Ministry of Economy	National Registration Center (NRC)	Registration of the reorganization of companies Separation in existing companies	1	1	n/a	G2B	0	tbd
49	Ministry of Economy	National Registration Center (NRC)	Registration of the reorganization of companies Separation in new companies	1	1	n/a	G2B	0	tbd
50	Ministry of Economy	National Registration Center (NRC)	Registration of the reorganization of companies Merger with a new company	1	1	n/a	G2B	0	tbd

51	Ministry of Economy	National Registration Center (NRC)	Registration of the reorganization of companies Merger by absorption	1	1	n/a	G2B	1	tbd
52	Ministry of Economy	National Registration Center (NRC)	Suspension of activity	1	1	n/a	G2B	1	tbd
53	Ministry of Economy	National Registration Center (NRC)	Natural person deregistration	n/a	n/a	n/a	G2B	1	3
54	Ministry of Economy	National Registration Center (NRC)	Legal person deregistration	n/a	n/a	n/a	G2B	1	3
55	Ministry of Economy	National Registration Center (NRC)	Liquidation of legal person	n/a	n/a	n/a	G2B	0	tbd
56	Ministry of Education and Sports	Ministry of Education and Sports	Registration of students K-12 in schools and kindergartens, according to residence (Registration in kindergartens)	0	5	1	G2C	0	3
57	Ministry of Education and Sports	Ministry of Education and Sports	Recognition of foreign qualifications for the first and second cycle	45	45	1	G2C	3	3
58	Ministry of Education and Sports	Ministry of Education and Sports	Recognition of foreign diplomas for PhD	0	0	n/a	G2C	3	3
59	Ministry of Education and Sports	Ministry of Education and Sports	Registration of students K-12 in schools and kindergartens, according to residence (first grade registration)	0	1	n/a	G2C	0	3
60	Ministry of Education and Sports	Ministry of Education and Sports	Registration of students K-12 in schools and kindergartens, according to residence (Registration general high school)	1	1	n/a	G2C	0	3
61	Ministry of Education and Sports	Ministry of Education and Sports	Registration of students K-12 schools and kindergartens, according to residence (registration in professional college , selection by competition)	8	30	1	G2C	0	3
62	Ministry of Education and Sports	Ministry of Education and Sports	Registration of students K-12 schools and kindergartens, according to residence (Registration professional college without competition)	0	0	1	G2C	0	3
63	Ministry of Education and Sports	Ministry of Education and Sports	Legalization of grades	n/a	3	n/a	G2C	0	3
64	Ministry of Health	Compulsory Health Insurance Fund (CHIF)	Issuing the health booklet	0	0	50	G2C	1	4
65	Ministry of Justice	Immovable Property Registration Office (IPRO)	Issue of ownership certificate	10	5	88252	G2C & G2B	1	3
66	Ministry of Justice	Immovable Property Registration Office (IPRO)	Issue copies of property files	5	5	111953	G2C & G2B	1	3
67	Ministry of Justice	Immovable Property Registration Office (IPRO)	Registration of sales contracts	30	2	18171	G2C & G2B	1	3

68	Ministry of Justice	Immovable Property Registration Office (IPRO)	Issue of ownership certificate	7	5	8238	G2C & G2B	1	3
69	Ministry of Justice	Immovable Property Registration Office (IPRO)	Registration of inheritance	30	7	155302	G2C & G2B	1	3
70	Ministry of Justice	Immovable Property Registration Office (IPRO)	Initial registration of the immovable property without a layout plan and verification from IPRO	20	15	969562	G2C & G2B	1	3
71	Ministry of Justice	Immovable Property Registration Office (IPRO)	Registration of legalized objects.	15	10	26890	G2C & G2B	1	3
72	Ministry of Justice	Immovable Property Registration Office (IPRO)	Registration of transfer of property by law, by court decision or an administrative act.	10	7	3786	G2C & G2B	1	3
73	Ministry of Justice	Immovable Property Registration Office (IPRO)	The registration of the mortgage contract to guarantee the loans by banks or other credit providing institution, for loans amounting to 1,000,000 ALL to 10,000,000 ALL as well as copy of the file within this deadline .	2	2	256	G2C & G2B	1	3
74	Ministry of Justice	Immovable Property Registration Office (IPRO)	Final Registration of new construction.	30	15	30683	G2C & G2B	1	3
75	Ministry of Justice	Immovable Property Registration Office (IPRO)	Registration of the Exchange Contract	15	7	11	G2C & G2B	1	3
76	Ministry of Justice	Immovable Property Registration Office (IPRO)	The registration of the mortgage contract to guarantee loans by banks or other credit providing institution, for loans amounting to over 10.000,000 ALL as well as copy of the file within this deadline	5	2	2926	G2C & G2B	1	3
77	Ministry of Justice	Immovable Property Registration Office (IPRO)	Registration donation contract	5	2	3742	G2C & G2B	1	3
78	Ministry of Justice	Immovable Property Registration Office (IPRO)	Registration of the building permit	20	10	197	G2C & G2B	1	3
79	Ministry of Justice	Immovable Property Registration Office (IPRO)	Registration of notary acts between property developers and land owners or third parties.	10	5	674	G2C & G2B	1	3
80	Ministry of Justice	Immovable Property Registration Office (IPRO)	The registration of the mortgage contract to guarantee loans by banks or other credit providing institutions, for loans amounting to 1,000,000 lek as well as issue a copy of the file within this deadline	5	2	738	G2C & G2B	1	3

81	Ministry of Justice	Immovable Property Registration Office (IPRO)	Registration / change / termination of easement	10	4	396	G2C & G2B	1	3
82	Ministry of Justice	Immovable Property Registration Office (IPRO)	Initial registration of immovable property with the layout plan and the verification from IPRO	15	15	33	G2C & G2B	1	3
83	Ministry of Justice	Immovable Property Registration Office (IPRO)	Registration of the lease or sublease	2	2	136	G2C & G2B	1	3
84	Ministry of Justice	Immovable Property Registration Office (IPRO)	Temporary Registration of the building's frame structure	15	15	65	G2C & G2B	1	3
85	Ministry of Justice	Immovable Property Registration Office (IPRO)	Registration of court decision to ensure lawsuit security measure	2	2	130	G2C & G2B	1	3
86	Ministry of Justice	Immovable Property Registration Office (IPRO)	Specific initial registration of immovable properties in rural areas (not including the legal deadline of 45 days).	15	15	21	G2C & G2B	1	3
87	Ministry of Justice	Immovable Property Registration Office (IPRO)	Registration of pre-emption right	3	3	19	G2C & G2B	1	3
88	Ministry of Justice	Immovable Property Registration Office (IPRO)	Registration of "titles in use"	5	5	631	G2C & G2B	1	3
89	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Maternity income for the self-employed	n/a	30	7668	G2C	0	tbd
90	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Old age pension	30	60	31437	G2C	3	3
91	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Disability pension	30	60	4477	G2C	1	3
92	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Family pension	30	60	3561	G2C	1	3
93	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	End of pension and death payout	30	30	23205	G2C	1	3
94	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Pension review	30	30	20721	G2C	3	3
95	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Pension Transfer	30	30	6162	G2C	3	3
96	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Application for attestation of pension amount	n/a	n/a	9783	G2C	3	4
97	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Attestation for the contributions payment as natural person	n/a	n/a	n/a	G2B	0	tbd

98	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Attestation for period of work in Agricultural Cooperatives	n/a	n/a	n/a	G2C	0	tbd
99	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Attestation for period of work in Public Institution before 01.01.1994	n/a	n/a	n/a	G2C	0	tbd
100	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Salary attestation for periods before 01.01.1994	n/a	n/a	n/a	G2C	0	tbd
101	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Certificate of contributions paid as hired after 01.01.1994	n/a	n/a	20000	G2C	0	tbd
102	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Maternity remuneration for the self-employed	n/a	30	7668	G2C	0	tbd
103	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Maternity remuneration for the employed	n/a	30	8028	G2C	0	tbd
104	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Compensation of income for sickness when changing workplace	n/a	30	n/a	G2C	0	tbd
105	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Maternity income for the employees	n/a	30	8028	G2C	0	tbd
106	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Compensation of income for maternity when changing workplace	n/a	30	n/a	G2C	0	tbd
107	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Incomes for sickness for employed persons	n/a	30	5293	G2C	0	tbd
108	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Incomes for temporary disability of occupational accident and occupational diseases	n/a	30	51	G2C	0	tbd
109	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Additional medical care for rehabilitation in case of accidents occupational and occupational diseases	30	30	2	G2C	0	tbd
110	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Closure supplementary pension or special treatment	0	n/a	n/a	G2C	0	tbd
111	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Payment for funeral expenses	30	30	19552	G2C	0	tbd
112	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Partial disability pension	30	30	167	G2C	1	tbd
113	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Reduced disability pension	30	30	2786	G2C	1	tbd
114	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Incomes for permanent disability of occupational accident and occupational diseases	30	60	3	G2C	0	tbd

115	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Incomes for permanent partial disability of occupational accident and occupational diseases	30	60	1	G2C	0	tbd
116	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Incomes for permanent disability in some small measure from the accident and occupational diseases	30	60	n/a	G2C	0	tbd
117	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Additional Incomes for dependent children	30	n/a	1543	G2C	0	tbd
118	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Additional Incomes for care	30	n/a	113	G2C	0	tbd
119	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Reduced old age pension	30	30	539	G2C	0	tbd
120	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Old age pension as a coalminer / law no. 140/2014 dated 11.06.2014	0	n/a	n/a	G2C	0	tbd
121	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Early pension for the seniority service/law no. 10142, dated 15.03.2009, amended	n/a	30	900	G2C	0	tbd
122	Ministry of Social Welfare and Youth	Social Insurance Institute (SII)	Financial reward for the families of martyrs according to law no. 8607, dated 27.04.2000	n/a	30	6	G2C	0	tbd
123	Ministry of the Interior	General Directorate of Civil Status	Application and supply with electronic ID card	15	15	124000	G2C	1	3
124	Ministry of the Interior	General Directorate of Civil Status	Application and supply with biometric passport by normal procedure	15	15	177107	G2C	1	3
125	Ministry of the Interior	General Directorate of Civil Status	Family certificate	0	n/a	n/a	G2C	3	4
126	Ministry of the Interior	General Directorate of Civil Status	Marriage certificate	0	n/a	n/a	G2C	0	tbd
127	Ministry of the Interior	General Directorate of Civil Status	Death certificate	0	n/a	C	G2C	0	tbd
128	Ministry of the Interior	General Directorate of Civil Status	Family separation	0	n/a	C	G2C	0	3
129	Ministry of the Interior	General Directorate of Civil Status	Family reunification	0	n/a	C	G2C	0	3
130	Ministry of the Interior	General Directorate of Civil Status	Act of birth	0	n/a	42848	G2C	0	3
131	Ministry of the Interior	General Directorate of Civil Status	Act of death	1	n/a	20775	G2C	0	3
132	Ministry of the Interior	General Directorate of Civil Status	Act of marriage	10	365	23751	G2C	0	3
133	Ministry of the Interior	General Directorate of Civil Status	Personal Certificate	0	n/a	C	G2C	3	4
134	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Permanent deregistration of vehicle	1	1	14750	G2C & G2B	1	3
135	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Temporary deregistration of vehicle	1	1	999	G2C & G2B	1	3

136	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Constructive change of the vehicle	1	1	8648	G2C & G2B	1	3
137	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing temporary driving license	1	30	4995	G2C & G2B	0	tbd
138	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing international driving license	1	1	63940	G2C & G2B	1	3
139	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Payment of the annual taxes of used vehicles	0	1	370	G2C & G2B	3	4
140	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Change of license plate in case of lost, stolen or damaged vehicle	1	15	5595	G2C & G2B	1	3
141	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Change of vehicle circulation license (lost, stolen or damaged)	30	30	3944	G2C & G2B	0	tbd
142	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Change of the vehicle's ownership	1	1	33321	G2C & G2B	1	3
143	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Removal of the registration device of the digital tachograph	1	1	n/a	G2C & G2B	0	tbd
144	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Two yearly inspection of the analogue tachograph	1	1	124	G2C & G2B	0	tbd
145	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Six yearly inspection of the analogue tachograph	1	1	n/a	G2C & G2B	0	tbd
146	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Initial calibration of the digital tachograph	1	1	n/a	G2C & G2B	0	tbd
147	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Calibration of the analogue tachograph	1	1	833	G2C & G2B	0	tbd
148	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing temporary license plate	1	1	109	G2C & G2B	0	tbd
149	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing the digital card of the tachograph for the driver of the vehicle	21	21	129	G2C & G2B	0	tbd
150	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing the digital card of the tachograph for a group control	21	21	n/a	G2C & G2B	0	tbd
151	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing the digital card of the tachograph for the nominal control	21	21	6	G2C & G2B	0	tbd
152	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing the digital card of the tachograph for the tachograph's repair shops	21	21	6	G2C & G2B	0	tbd

153	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing the digital card of the tachograph for the society	21	21	10	G2C & G2B	0	tbd
154	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing the License to Transport Goods with non-conventional vehicles	2	1	n/a	G2C & G2B	1	tbd
155	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Validation of driving licenses issued from foreign countries into Albanian	0	n/a	170	G2C & G2B	1	tbd
156	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing the Professional Capacities Certificate	30	n/a	n/a	G2C & G2B	1	tbd
157	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing the Training Certificate ADR	1	60	250	G2C & G2B	1	tbd
158	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing the Technical Control of Security Certificate for Vehicles, Trailers or Semi-Trailers, between two or more CEMT members	2	1	886	G2C & G2B	1	tbd
159	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing the Taxi Driving License	0	15	300	G2B	0	3
160	Ministry of Transport and Infrastructure	General Directorate of Road Transport Service (GDRTS)	Issuing the Special Driving License	n/a	50	17	G2C & G2B	1	tbd
161	Ministry of Transport and Infrastructure	General Maritime Directorate	Issuance of the certificates of minimum for the shippers of freight and fisheries	1	n/a	n/a	G2B	0	tbd
162	Ministry of Transport and Infrastructure	General Maritime Directorate	The registration and deregistration of Ships under construction	1	n/a	0	G2B	0	tbd
163	Ministry of Transport and Infrastructure	General Maritime Directorate	Issuance of the certificate of competence / CKP	n/a	n/a	n/a	G2C & G2B	0	tbd
164	Ministry of Transport and Infrastructure	General Maritime Directorate	Registration and supplying Sailing License for Small Sailing Vessels	1	n/a	200	G2C & G2B	1	3
165	Ministry of Transport and Infrastructure	General Maritime Directorate	Registration and the equipment with navigation passport for commercial fleet sailor	n/a	n/a	n/a	G2C	0	tbd
166	Ministry of Transport and Infrastructure	General Maritime Directorate	Final registration, provisional registration and deregistration of ships bareboat contract	1	n/a	n/a	G2B	0	tbd
167	Ministry of Transport and Infrastructure	General Maritime Directorate	Registration of Small Sailing Vessels	1	n/a	348	G2C & G2B	1	3
168	Ministry of Transport and Infrastructure	General Maritime Directorate	Final Registration of Sea Motors	1	n/a	77	G2C & G2B	1	3

169	Ministry of Transport and Infrastructure	General Maritime Directorate	Registration of loans and mortgage contracts of sailing vessels	1	n/a	6	G2C & G2B	0	3
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Annex A2-2. Definition of e-Service Levels and Expansion of e-Albania Program

1. The e-Albania portal (www.e-albania.al launched in November 2012, and upgraded in April 2015) offers more than 500 services as of June 2015 (Table A2.1). Most of these services are Level 1 and Level 2 (for the provision of information about procedures, and for downloading application forms). NAIS estimates that there are 63 Level 3 e-services, and 109 Level 4 e-services (transaction with full electronic processing), in addition to ten e-services specifically offered by NAIS.

2. Currently, the “e-Service registry” providing detailed information about all online services available through e-Albania portal is in the works. In order to define the baseline and target values of the services included in the project, initial estimates of NAIS were taken into consideration.

Table A2.1: Services available from the e-Albania portal (as of June 2015)

#	e-Albania Service Categories	# of Srv
1	Law and Justice	6
2	Economy	8
3	Transport	19
4	Food and Agriculture	9
5	Auctions and Public Procurement	5
6	Taxes and Money	17
7	Employment and Vocational Training	7
8	Health and Welfare	46
9	Defense and National Security	20
10	Business and NGOs	61
11	Environment and Energy	15
12	Science and Technology	23
13	History, Art, Culture	20
14	Documents and Certificates	176
15	Education	21
16	Benefits, Aid, Economic Grants	1
17	Real Estate	58
18	Consumer Protection	0
19	Utility Bills	2
Total		514

3. **In order to ensure compatibility with the latest UN framework, the definitions included in the United Nations (UN) E-Government Development 2014 Database will be used** while assessing the status of online services provided through e-Albania portal³ (Box A2.1). Considering these definitions, current mapping of the online services available in the e-Albania portal will be reviewed again at the start of the project to ensure that NAIS self-assessment corresponds to the internationally accepted definitions.

Box A2.1: The four stages of online service development (UN 2014)

Stage / Level 1 Emerging information services

Government websites provide information on public policy, governance, laws, regulations, relevant documentation and types of government services provided. They have links to ministries, departments and other branches of government. Citizens are able to obtain updated information in the national government and ministries and can follow links to archived information.

Stage / Level 2 Enhanced information services

Government websites deliver enhanced one-way or simple two-way e-communication between government and citizen, such as downloadable forms for government services and applications. The sites have audio and video capabilities and are multi-lingual. Some limited e-services enable citizens to submit requests for non-electronic forms or personal information.

Stage / Level 3 Transactional services

Government websites engage in two-way communication with their citizens, including requesting and receiving inputs on government policies, programs, regulations, etc. Some form of electronic authentication of the citizen's identity is required to successfully complete the exchange. Government websites process non-financial transactions, e.g. filing taxes online or applying for certificates, licenses, and permits. They also handle financial transactions, i.e. where money is transferred on a secure network.

Stage / Level 4 Connected services

Government websites have changed the way governments communicate with their citizens. They are proactive in requesting information and opinions from the citizens using Web 2.0 and other interactive tools. E-services and e-solutions cut across the departments and ministries in a seamless manner, information, data and knowledge is transferred from government agencies through integrated applications. Governments have moved from a government-centric to a citizen-centric approach, where e-services are targeted to citizens through life cycle events and segmented groups to provide tailor-made services. Governments create an environment that empowers citizens to be more involved with government activities to have a voice in decision making.

4. **The project is designed to support ongoing expansion of the e-Albania program during 2016-2019 timeframe.** The 169 core services (Annex A2-1) selected for improvements are also on scope for online delivery. The following tables summarize the current and target levels of these services.

³ http://unpan3.un.org/egovkb/Portals/egovkb/Documents/un/2014-Survey/E-Gov_Complete_Survey-2014.pdf

Table A2.5: Current and target levels for 169 core services by selected government entities

#	Ministries / Services	Current levels					Target levels					
		L0	L1	L2	L3	Total	L1	L2	L3	L4	tbd	Total
1	Ministry of Economy	4	7	24	19	54			44		10	54
2	Ministry of Education and Sports	6			2	8			8			8
3	Ministry of Health		1			1				1		1
4	Ministry of Justice		24			24			24			24
5	Ministry of Social Welfare and Youth	25	5		4	34			6	1	27	34
6	Ministry of the Interior	7	2		2	11			7	2	2	11
7	Ministry of Transport and Infrastructure	20	15		1	36			11	1	24	36
8	Ministry of Urban Planning		1			1			1			1
Totals		62	55	24	28	169			101	5	63	169

Level 0 means that the service in question is not an e-service as of June 2015.

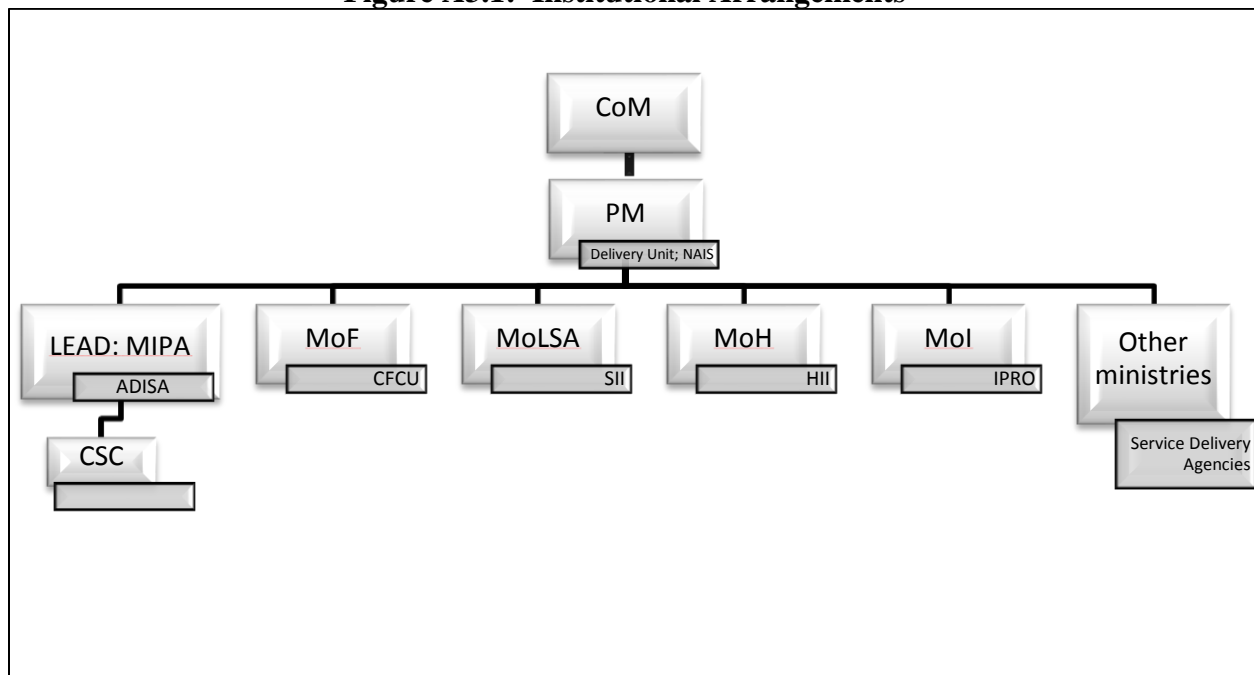
5. **It is expected that the total number of e-services that will be available once the project is completed will exceed 650.** The project will assist in ensuring the content and user-friendliness of mainly G2C and G2B e-services, and developing the “e-service registry” to maintain the list of all e-Albania services with unique identifiers, define the levels of these services consistently, and monitor the improvements in service levels and efficiency gains (reduction in time and processing steps) historically. This will be part of the overall project work with the inventory of all central government G2C and G2B services.

Annex 3: Implementation Arrangements

ALBANIA: Citizen Centric Service Delivery Project

1. **The Minister of Innovation and Public Administration will implement and monitor the project.** Other institutions that will participate in project implementation include the Prime Minister's DU, National Agency for Information Society, Immovable Property Registration Office, Social Insurance Institute, National Employment Service, and General Directorate of Civil Status. In addition to these cores agencies, other government agencies, such as National Licensing Centre and National Registration Centre and several other agencies delivering administrative services will also be part of the project.

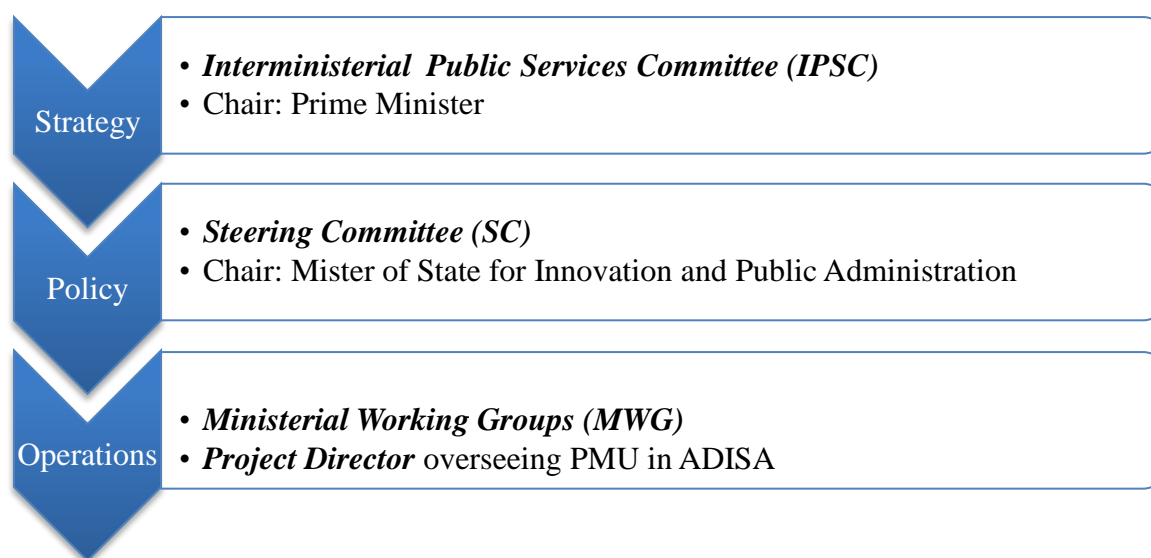
Figure A3.1: Institutional Arrangements



2. **Prime Minister chairs the Inter-ministerial Public Services Committee (IPSC) that oversees the project at the strategic level.** This high level committee includes Ministers that oversee all involved service provision agencies. It provides participating ministries and agencies with strategic leadership and guidance, and resolves high level cross-ministerial problems regarding the project.

3. **The Minister of State for Innovation and Public Administration chairs a project steering committee (SC).** SC oversees project management at the policy level, to provide guidance, identify problems and discuss corrective measures. Issues that cannot be resolved by SC will be referred to IPSC. The SC meets weekly and includes the office of the Deputy Prime Minister, heads of the Department of Development Programming, Financing and Assistance from Abroad and the DU at the Prime Minister's Office, NAIS, ADISA, the Project Director and thematic leaders. Monthly meeting of the SC with the Deputy Prime Minister are anticipated.

Figure A3-2. Project Oversight



4. **The Technical Inter-ministerial Committee will oversee the business process reengineering by the working groups.** It is chaired by the Minister of Innovation and includes the heads of all participating agencies (e.g. Immovable Property Registration Office, Social Insurance Institute, National Agency Information Society, and General Directorate of Civil Status). Ministerial and Technical Working Groups at the agency level for business process engineering have been created. Under guidance from the project and the DU, the relevant Working Group will: prepare process maps and legal inventory for pilot services; prepare proposals for new process maps and a legal reform inventory for revised and re-engineered services, modernizing how applications are processed and approved internally; and undertake analysis of the administrative cost of service delivery for their institutions. This will constitute baseline data, which would be collated and summarized by ministries into short reports.

5. **The Project Management Unit (PMU), to be housed in the Agency for the Delivery of Integrated Public Services (ADISA), will coordinate with all other key participating agencies and support project implementation.** The participating agencies will not directly manage procurement under the Project. The Operations Manual will specify implementation arrangements, fiduciary responsibilities, and a detailed description of EEPs and DLIs (including their means of verification). Specific responsibilities of PMU for this Project comprise:

- (a) liaising with the Bank, overseeing technical inputs from all involved agencies and consolidating documentation on EEPs, DLIs and TA activities to report to the Bank on compliance in a timely and comprehensive manner;
- (b) ensuring compliance with Bank financial management, procurement regulations and safeguard requirements, preparing the Interim Financial Reports (IFRs), consolidating project financial reports based on information provided by other agencies/departments on planned and actual expenditures under EEPs, preparing and overseeing implementation of specific Terms of Reference (TORs) for the annual audit and procurement reviews;

- (c) managing TA Component, preparing and updating the procurement plan, preparing bidding documents and draft RFPs, publishing procurement notices and contract awards, negotiating contracts with consultants; and preparing contract amendments;
- (d) monitoring the Environmental Management Plan prepared for the CSC construction in the relevant bidding and contractual documents, obliging therefore the contractor to implement and supervisor to monitor implementation of the EMP. The PMU can designate staff responsible for environmental issues or hire a part time consultant.

Financial Management, Disbursements and Procurement

Financial Management

6. **Country PFM status.** Albania has participated in a number of detailed reviews of its public financial management (PFM) systems, among them: two Public Expenditure and Financial Accountability (PEFA) assessments (2006 and 2011); a Public Expenditure Review (2006); a Public Finance Review (2013); annual EU-SIGMA reviews; and other analysis by the World Bank, the IMF, the EC, and other organizations. The various reviews have plotted the significant progress Albania has made in improving PFM. The last PEFA assessment for Albania from 2011 concluded that Albania has a fiscal and budget management system that is functioning adequately, in the sense that the system has enabled the government to finance and execute a budget that delivers public services to the general population. Albania scores relatively well on comprehensiveness and classification of the budget, basic treasury operations (including budget, and payroll controls), financial reporting/transparency and public access to government budget and financial information. Lagging areas, as identified in the 2011 PEFA assessment, include: (i) multi-year perspective in fiscal planning and policy formulation; (ii) internal audit; (iii) implementation of the integrated financial management information system (FMIS); and (iv) scope and nature of the external audit function. Notwithstanding the improvements in PFM systems, inadequate commitment controls and excessive growth in payment arrears emerged as a serious problem in recent years. The World Bank is currently providing technical assistance to the MoF to help address this problem through an ECA PFM Trust Fund.

7. **Staffing:** CFCU, hosted in the MoF, has been tasked with fiduciary functions for the Project Preparation Facility because of its existing capacity and experience with the Bank fiduciary processes. Going forward, the PMU, which will be established under ADISA, will need dedicated staff for the project's financial management. Incremental staff to be hired, during the PPA period, will include a Financial Reporting Officer and an Accounts Officer at the PMU. For EEPs, the institutions identified will perform the accounting and reporting functions: through the government's Financial Management Information System (FMIS), for budget institutions; and through own accounting and reporting system established in the non-budgetary institutions. In particular the financial reporting officer shall prepare Project-level periodic financial reports, review financial and non-financing reports extracted from the government's FMIS and those submitted from self-financing institutions, manage Project disbursements, and coordinate with auditors the preparation of the Project's audited financial statements. The financial reporting officer will be also responsible for monitoring the budgeting process of the implementing

agencies for underlying investments necessary to achieve project results and indicators, making sure that sufficient resources are appropriated each year.

8. **Budgeting:** The budget and planning process differ among budgetary institutions and non-budgetary ones.

- (a) *Budgetary institutions.* Funding for EEPs will be allocated in the Government of Albania budget using detailed object and functional classification prescribed in the Chart of Accounts. The institution, program and economic codes to capture expenditures for project Eligible Expenditure Programs (EEPs) clearly identified in the Chart of Accounts. The Government follows a detailed budget calendar and a budget call circular including detailed instructions is circulated during the year. This calendar provides deadlines for all the steps involved to ensure that there is sufficient time to receive, review, discuss, and compile the inputs from all departments. The consolidated budget is prepared by the MoF for submission to the legislature.
- (b) *Public non-budgetary institutions.* The budget prepared by the Principal Authorizing Officer is submitted to the institution's Board for review and approval. The approved budget is submitted to the MoF and eventually approved by the Council of Ministers before the budget year begins. Employee related expenses and sub-items (EEPs) are clearly identified in the institutions budget.
- (c) *PPF and TA parts of the loan.* Since the PPF and TA parts will be implemented by a budgetary institution, the same budgeting and planning arrangements as above will be applied for these parts of the loan.

9. **Accounting:** There are different relevant issues for the RBF and PPF/TA parts of the loan.

- (a) *For the RBF part of the loan:* In the budgetary institutions, the EEPs related accounting records will be maintained on modified accrual basis, consistently applied in all budget institutions. EEPs include salaries and social security contributions of the budgetary institutions which are processed in the government's FMIS. However, the non-budgetary (self-financing) institutions have their own accounting software where payroll data are recorded. The payroll accounts in non-budgetary institutions are maintained in accrual basis.
- (b) *For the PPF and TA parts of the loan:* A financial management software acceptable to the Bank will be purchased for project use. The Project funds will be accounted separately and Project chart of accounts will be defined based on Project activities. The accounting and reporting software should be able to identify committed amounts for each consultant/supplier and the respective liability, as well as to support transactions in currencies other than reporting currency (Euro). It is proposed that procurement of the accounting software is done during the PPF period. Accounting records for all project expenditure will be maintained by category and component. Periodic reconciliation will be performed between general ledger and Project bank accounts and WB disbursement data.

10. **Financial Reporting:** PMU will have the primary responsibility to prepare project level financial reports on a monthly, quarterly, semi-annual and annual basis.

- (a) The financial data on the EEPs will be prepared by each identified institution in the form of a budget execution report, and submitted to the PMU. MoF/ Treasury department/financial reporting unit will generate data EEPs related financial information (budget and actual) with respect to those budgetary institutions for which accurate data cannot be prepared at the institutions. The PMU will be responsible to consolidate such data in single set of IFRs for the RBF part that will prepared on quarterly basis. The IFRs will be prepared on cash basis in Albanian Lek. The process of collecting financial information and preparing the IFRs, roles and responsibilities, and timing will be clearly described in the POM.
- (b) IFRs for the PPF and TA parts of the loan will be prepared on cash basis in quarterly intervals and denominated in Euro (loan currency). These IFRs are intended to comprise the following reports: sources and uses of funds, uses of funds by activity and contract management information. The following table summarizes the financial reporting arrangements of the project:

Table A3.1: Financial Reporting Arrangements			
Report	Frequency	Due Date & Recipient	Remarks
Management Report on the progress for the PPF and TA parts	Monthly	Within 5 days of the close of the month to be submitted to Project Director PMU	Details of receipts and payments for PPF and TA parts including updated status against agreed procurement plan.
Budget Execution Report (BER)	Quarterly	Within 30 days of the close of the quarter, MOF and the identified institutions will furnish BER to the Director of the PMU	For each calendar quarter, BER will be generated from the government's FMIS for EEPs and will report original budget, re-appropriations, and actual expenditure. The public non budgetary institutions will report on the execution of the EEPs for their own entity.
Interim Financial Reports (IFRs)	Quarterly	Within 45 days of the close of the period, PMU will furnish IFRs to the World Bank	To be prepared as per the format agreed with the World Bank for each calendar quarter Two sets of IFRs will prepared and will cover separately EEPs and TA parts, and will be supported by BERs for the period.
Financial	Annually	Within 2 months	Financial Statements will be

Table A3.1: Financial Reporting Arrangements			
Report	Frequency	Due Date & Recipient	Remarks
Statements		of the close of the financial year, PMU will send the financial statements to the Auditors	prepared in accordance with Cash Basis IPSAS covering project receipts and payments separately for EEPs and TA for one financial year (Jan 1 to Dec 31).

11. **Internal Controls:** There are different relevant issues for the RBF and PPF/TA parts of the loan.

12. *RBF part:* The Government of Albania internal control system for expenditure is based on a series of regulations, including the Law on Financial Management and control (2010), Organic Budget Law (2008), and relevant permanent guides on budget execution and financial management issued by the MoF, Civil Servants Law, Administrative Procedure Code, Labor code, Law on the competences to determine salaries and benefits (2011), Law on Salaries, benefits and organizational structure of independent constitutional institutions (2006), and related CoM decisions. Overall responsibility for the control of all aspects of personnel records and payrolls is vested with the Authorizing Officer under the Organic Budget Law.⁴ The team was advised that there are specific rules regarding delegations regarding personnel and payroll records under the General Code of ethics and Code of Administrative Procedures. Delegations for access to these records are made to the head of Personnel Office; he/she may sub-delegate to the Chief of the Sector or HR unit staff. There is a specific process that is established for the recording of time worked and the calculation of amounts due as salaries, bonuses and deductions. There is also an adequate separation of functions between HR and Finance. Budget institutions' internal audit units include payroll audits in their high-risk category of audits. Internal auditors regularly audit the linkages between the employee, personnel and payroll databases and individual payrolls. Below are summarized the key controls involved.

Box A3-1: Key Controls Relating to Payroll and Related HR Systems

- Procedures and authority for delegating, transfer and recording of the standard delegations;
- Segregation of duties in the area of payroll and HR systems providing data to support pay activities;
- Dual signature system for payroll commitments and payments;
- Defined and controlled access to HR and payroll systems, assets and information;
- Procedures to ensure timely, accurate and complete HR and financial information employed in payroll determination and payment;

⁴ Law no.9936 date 26.06.2008 on Management of Budgetary System in the Republic of Albania, article 3 and ff.

- Procedures to safeguard information and financial assets relating to the payroll process;
- Documented monitoring and audit procedures;
- Clearly established HRM rules related to systems feeding payroll;
- Rules for documenting all transactions and activities, related to the operation of unit.

13. **Based on the last PEFA assessment, the payroll systems remain by and large manual systems, and the associated controls are manually based as well.** System cannot communicate with each other. Extensive manual reconciliations are therefore required. The new HRMIS, when validated and fully implemented, is expected to have a major impact of the robustness of the payroll controls and a reduction in instances of corruption and fraud.

14. **PPF/TA part: ADISA, as a budgetary institution, has adopted the same internal control system defined by the regulations of the MoF for budget organizations.** However, no consolidated manual exists for finance and accounts. For effective project financial management, the mandatory project operations manual will include a section on financial management. The FM section of the manual should contain clearly-defined control policies and procedures related to payments verification and processing, segregation of duties, regular and timely reconciliations, record and asset management. For each process, the FM section of the manual will define key tasks, responsibilities, specific steps and timelines so it also serves as a benchmark for management to measure performance. The fiduciary responsibilities for the PPF will be provided through the Central Finance and Contracting Unit (CFCU) established under MOF, until the ADISA/PMU is fully functional. Internal control activities for the Project will at minimum include:

- (a) *Authorization and Approvals:* For payments to be made under PPF and TA parts, the financial and administrative authority will be exercised in accordance with the approved delegation of powers.
- (b) *Verifications:* For each payment the FM section will review that the payment claim is appropriately supported by documents, is in compliance with approved policies and has been approved by the competent authority.
- (c) *Segregation of Duties:* The FM function will be independent of procurement and administration. There will be dual bank signatories, based on Law on Financial Management and control.
- (d) *Physical Controls:* The CFCU and PMU will maintain a fixed assets register for assets procured from loan proceeds. All assets will be tagged and periodically verified.
- (e) *Reconciliations:* Bank reconciliation will be carried out on a monthly basis. Any difference in the reconciliation will be reviewed and the reasons for the difference will be documented.
- (f) *Supervisory Controls:* Monthly reconciliations, physical stock verifications reports and periodic financial reports will be reviewed by the PMU director. For PPF period the supervisory controls will be performed by the Head of the Financial Management Sector in CFCU.

15. **External Audit:** The financial audit of this operation will consist of two parts – Annual EEPs’ Financial Statements and the Project Financial Statements that present project operations under PPF and TA part of the loan, The High State Control will conduct the financial audit of the EEPs as this is part of its official work program for the audit of government.

- (a) The High State Control (Albania’s Supreme Audit Institution) will carry out the annual financial audit of the EEPs and this audit will satisfy the Bank’s annual audit requirement. The audit will be executed in accordance with the Terms of Reference developed jointly between the Bank and the HSC. The annual audited program financial statements together with the audit opinion and the Management Letter will be submitted to the Bank no later than nine months after the end of each fiscal (calendar) year – the first audit will be due by September 30, 2016.
- (b) Additionally, the financial audit of the PPF and TA parts will be executed as part of the global (country) audit contract that is annually tendered to a private sector firm and which covers the entire World Bank’s investment lending portfolio in Albania. The audit service fee is covered by MoF. Specific terms of reference based on International Standards on Auditing are used for the Projects covered by this agreement and are cleared annually by the Bank. The audited project financial statements will be submitted not later than six months after the end of the reporting period. The MoH will have to disclose the audit reports for the project within one month of their receipt from the auditors, by posting the reports on the website. Following formal receipt of these reports, the World Bank will make them publicly available according to World Bank Policy on Access to Information.

<i>Audit Report Type</i>	<i>Due Date</i>
Financial audit of EEPs annual financial statements for the financial year ending on December 31 each year conducted by the High State Control (Albania’s SAI)	September 30 each year
Financial audit of project financial statements for the TA and PPF parts of the loan (technical assistance) for the year ending on December 31 each year conducted by a private firm under the global (country) audit contract covering all investment operations in Albania.	June 30 each year

16. There are no overdue audit reports and no unsettled ineligible expenditure in respect of implementing agencies.

Disbursements

17. The Project's disbursement arrangements are summarized in Table A3.2.

Table A3.2: Disbursement Arrangements				
Disbursement Categories	Amount of Credit (expressed in US\$ million)	%age of Expenditure to be Financed (inclusive of taxes)	Disbursement Cycle	Disbursement Condition
(1) Eligible Expenditure Program ("EEP") – RBF part of the loan	US\$ 25	Up to 100% in accordance with provisions of POM	Quarterly Reimbursement of eligible expenditure based on confirmation by the Bank team of DLIs achieved and expenditure reported in quarterly IFRs	Achievement of DLI targets
(2) Goods, Non-Consulting Services, Consultants' Services, Incremental Operating Costs, Training and Workshops – TA part of the loan	US\$ 5	100%	Quarterly Advance to Designated Account, Direct payments	None
(3) Refund of the PPF	US\$ 2	100%	Quarterly Advance to Designated Account, Direct payments	None
TOTAL	US\$ 30			

18. **Retroactive Financing** of US\$ 6.4 million is allowed for eligible expenditures starting January 1, 2015 for disbursement category 1, subject to achievement of associated DLI.

19. **The loan proceeds for Category 2 will be disbursed on the basis of regular IPF disbursement mechanism.** A Designated Account, denominated in loan currency, will be opened at the Bank of Albania, where the Bank will advance loan proceeds. The Bank will require presentation of copies or originals documents evidencing eligible expenditures or summary reports of expenditure as supporting documentation. Other available methods of disbursement will be direct payments to third parties. Two bank accounts assigned to the project denominated in the loan currency and local currency, respectively, will be opened to access the disbursed funds for Category 2. These accounts will be opened at a second level bank with the approval of the MoF. Funds from this Designated Account may be drawn down from this account into project accounts, based on the currency of the contracts entered into, for purposes of financing eligible expenditures under this category. The PMU will maintain accounting records

in accordance with the Financial Management Manual, part of the Project Operational Manual. The same arrangements will apply to the PPF activities (category 3).

20. The disbursements under RBF/Category 1 will be IFRs based and are conditional on the achievement of reform actions or results. These are identified as Disbursement Linked Indicators (DLIs). A certain amount of loan proceeds has been allocated to each DLI, referred as DLI price, which is the amount that the government can claim as reimbursement against EEPs if that DLI has been achieved and verified.

Table A3.3: DLI Pricing and Annual Disbursement

#	DLI Name/ Fiscal year	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Total
1	Number of services with level 3 automation		3.0	2.0	1.0	1.0		7.0
2	Number of key services with business process reengineered		3.0	1.0	1.0	1.0		6.0
3	Number of services offered with improved front office interface			1.5	1.0	0.5	0.5	3.5
4	Number of services with information available on multiple platforms		1.5	0.5	0.5	0.5	0.5	3.5
5	Institutional prerequisites for Citizen Centric Service Delivery Reform Program	5.0						5.0
	Total	5.0	7.5	5.0	3.5	3.0	1.0	25.0

21. DLIs will be verified each calendar quarter and the Bank will make disbursements on quarterly basis to the GoA Single Treasury Account consequent to the achievement and verification of the agreed DLIs. The reimbursement method of disbursement will be used whereby the Bank will reimburse eligible expenditures as reported in the quarterly IFRs capped to the price of DLIs achieved. Task teams will monitor the borrower's progress toward DLI achievement on the basis of the agreed monitoring and reporting arrangements on quarterly basis, including the Project's progress reports and the DLI Verification Protocol. When a DLI has been achieved (or partially achieved), the borrower informs the task team and provides evidence as per the Verification Protocol as justification that the DLI has been achieved. The task team reviews the documentation submitted and requests any additional information considered necessary to verify achievement of the DLI. Confirmation of performance against specific DLIs will be attested by the Bank's Task Team, to the Borrower and will be submitted to the World Bank as part of the withdrawal application, along with the IFRs. The frequency of submission of such applications will be on quarterly basis. The verification protocol for the DLIs is provided in Annex 1. If discrepancies are identified from the annual third party verification (DLI audit), when required, between the performance as confirmed by the Bank's Task team and

performance as confirmed by the audit, the results will be used to adjust subsequent disbursements. The DLI audit results are expected not later than 90 days from the end of the year.

22. **For each year, the amount eligible for disbursement will be equivalent to the price of the DLIs achieved as given in the table A3.3 above.** Where achievement of a DLI cannot be verified, an amount equivalent to the price of that DLI will be withheld. This amount may be paid at any later date when such achievement can be verified by the Bank.

23. **The indicative schedule for DLI-based disbursements** under the RBF part of the loan is presented in Table A3.4.

24. **Eligible Expenditure Programs (EEPs).** Under RBF part, the Bank will finance, up to a capped amount and subject to any deductions equivalent to the price of unmet DLIs, particular expenditures which constitute sizeable recurrent expenditures that would have an impact on agreed results (DLIs) and outcomes.

Table A3.4: Indicative Disbursement Schedule – DLI-Based Disbursement					
	Performance & IFRs Period	No. of DLIs to be Achieved	Submission of DLIs progress report to the Bank along with quarterly IFR & WA	Verification and Agreement on Annual DLI Results between the Bank and Govt.	Amount to be Disbursed each year (US\$ million)
1	From Jan 1 credit signature	1		One month of project effectiveness	
2	Project signing till Dec, 2015		February 15, 2016	February 28, 2016	5
3	Jan – Dec , 2016	3	not later than 45 days from the end of each quarter	March 31, 2017	7.5
4	Jan – Dec, 2017	4	not later than 45 days from the end of each quarter	March 31, 2018	5
5	Jan – Dec, 2018	4	not later than 45 days from the end of each quarter	March 31, 2019	3.5
6	Jan – Dec, 2019	4	not later than 45 days from the end of each quarter	March 31, 2020	3.0
7	Jan – Jun, 2020	3	not later than 45 days from the end of each quarter	September 30, 2020	1.0
	TOTAL	19			25

25. **EEPs for this project are salaries and social security contributions of the identified units** (see Tables A3.5a and A3.5b). The reporting will be on cash basis and denominated in Albanian Lek. The direct responsibility for salaries and social security contributions lies with the Principal Authorizing Officer and Executing officer of the institutions where expenditures are incurred. In case of budgetary institutions, salaries are processed through the government's FMIS and are subject to overall payroll controls which are considered adequate. Amounts are transferred by the Treasury to the personal bank accounts of employees. In case of public non budgetary institutions salaries are processed through institutions' bank accounts and are subject to overall payroll controls imposed by management in accordance with the laws and regulation. In both cases, net salaries are transferred to the employee bank account, while PIT and social security contributions to assigned accounts of the tax administration in the second level banks.

Table A3.5a: Eligible Expenditure Program – budgetary institutions				
Agency – Budgetary Institutions	Line ministry / Institution code	Object Code & Description	Program Code	Program Description
Ministry of Interior	16 / Municipality codes	600 Salaries 601 Social Security Contribution	01170	Civil Register records
National Agency for Information Society	87/1087006	600 Salaries 601 Social Security Contribution	01140	Information Society Services
Agency for Delivery of Integrated Services in Albania (ADISA)	87/1087017	600 Salaries 601 Social Security Contribution	01160	General Public Services II

Table A3.5b: Eligible Expenditure Program – public non budgetary institutions	
Agency – Public Non-Budgetary Institutions	Object Code & Description
Immovable Property Registration Office	600 Salaries and 601 Social Security Contribution

Procurement

26. **Procurement risk rating is high.** Additional capacity assessment will be conducted once the PMU is set up. The following measures were agreed to mitigate the risks and maintain the implementing team's capacity:

Table A3-6. Procurement Risks

Description of Risk	Risk Rating	Mitigation Measures	Residual Risk Rating
Very weak procurement capacity at ADISA as a newly created agency.	H	The PMU will be established under the PPF and the following staff will comprise the PMU: Project Manager, Procurement Specialist, Financial Management Specialist and Administrative Specialist. Bank team will provide sample TORs to the PMU, which in-house experts can use to formulate TORs for the selection of consultants under the project. Close involvement of Bank technical expert in the review of the TOR for hiring such consultants.	M
Weak implementation capacity at ADISA	H	A Project Operational Manual will be prepared by ADISA with guidance from the Task Team.	M

27. **Procurement under the proposed Project will be carried out in accordance with the World Bank's Guidelines:** *"Procurement of Goods, Works, and Non-Consulting Services Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers"* (January 2011, revised July 2014) and *"Guidelines Selection and Employment of Consultants Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers"* (January 2011, revised July 2014), and the provisions stipulated in the Legal Agreement. The World Bank Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credit and Grants dated October 15, 2006 and revised on January 2011, would also apply.

28. **A Project Operational Manual (POM) will be prepared to provide ADISA and other project stakeholders with a clear overview of objectives and the division of responsibilities**

to ensure coordination and the effective, efficient, and timely execution of the proposed project. The POM will provide detailed information on project components, as well as practical guidance for project implementation, including the procurement and financial management arrangements.

29. Procurement will be carried out in accordance with the World Bank's Guidelines: "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants" dated January 2011 (revised July 2014); and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 (revised July 2014); and the provisions stipulated in the Loan Agreement. The World Bank Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credit and Grants dated October 15, 2006 and revised on January 2011, would also apply.

30. World Bank Guidelines apply to the PPF and TA portions of the loan only. RBF part of the proposed loan will only co-finance salaries and social security contributions against DLIs and will not include any procurement activities. PPF and TA parts of the proposed loan will involve financing of goods, minor works, consulting services, non-consulting services, PMU staffing and operational costs.

31. Consulting Services. Consulting services will include the following activities: ICT Infrastructure and Integration, Case Management System, public awareness campaign, call center operators, training services, etc. The following methods may be used for the selection of consultants' services as set forth in the Consultant Guidelines for their use: Quality and Cost-Based Selection (QCBS), Quality-Based Selection (QBS), Least-Cost Selection (LCS), Fixed Budget Selection (FBS), Selection based on Consultants Qualifications (CQS), Individual Consultant Selection (IC), and Single Source Selection (SSS).

32. Goods and Minor Works. Goods to be procured include furniture for the call centers, software and hardware. Minor works are only for refurbishment of call centers. The following methods may be used for procurement of goods as set forth in the Procurement Guidelines for their use: International Competitive Bidding (ICB), National Competitive Bidding (NCB), Shopping (SH), and Direct Contracting (DC). For minor works, NCB, SH or DC may be used. DC is subject to meeting the conditions specified in the Guidelines.

33. Procurement/Selection Methods and Prior Review Thresholds are listed in Table A3-7 below. The thresholds maybe changed during project implementation based on the performance of the PMU.

Table A3-7: Selection Methods and Prior Review Thresholds		
Procurement/Selection Method	Procurement/Selection Threshold (US\$)	Prior Review Threshold
ICB	500,000 (Goods); 5M (Works)	All
NCB	< 500,000 (Goods); <5M (Works)	First package for each category

Table A3-7: Selection Methods and Prior Review Thresholds		
Procurement/Selection Method	Procurement/Selection Threshold (US\$)	Prior Review Threshold
SH	<\$100,000 (Goods and Minor Works)	First package for each category
DC	None	All
QCBS	>=\$300,000	\$200,000
QBS, FBS, LCS, CQS	<\$300,000	\$200,000
IC	<\$100,000	First assignment
SSS	None	All

34. Review by the Bank of Procurement Decisions. The short list may comprise entirely of national consultants (firms registered or incorporated in the country), if the assignment is below the ceiling of US\$300,000 established in the Procurement Plan approved by the Bank. All Terms of Reference irrespective of cost estimate will be subject to Bank's prior review. All procurement related documentation that requires Bank's prior review will be cleared by the Procurement Accredited Staff (PAS) assigned to the project and relevant technical staff. No packages above mandatory review thresholds by the RPM are anticipated.

35. Procurement Plan. The Borrower has developed at appraisal the initial Procurement Plan of activities to be implemented under the TA portion of the loan. Each update of the procurement plan will be subject to Bank's prior review. The initial procurement plan, together with the subsequent updates, will be published in the Bank's external website in line with the requirements of the Consultant Guidelines. A summary of the procurement plan is in Table A3-8.

36. Post-review Percentages and Frequency. In addition to the supervision to be carried out during the Bank team's supervision mission, post review by the Bank' procurement specialist will be carried out on a sample basis (15 percent of number of contracts) once per year. Physical inspection will also be conducted for at least 10 percent of the contracts.

37. Procurement Files. The PMU will maintain complete procurement files, which will be reviewed by Bank supervision missions. All procurement related documentation that requires the Bank's prior review will be cleared by the Procurement Specialist and relevant technical staff.

38. General Procurement Notice (GPN). A General Procurement Notice (GPN) covering the project procurement activities of the TA component will be prepared and published after negotiations

Table A3-8. Procurement Plan

Contract Description	Total Cost USD	Total Cost Estimate in USD including taxes	Type	No. of packages	Selection/Procurement Method	Bank Review (ToR/ Request for Proposals/Bidding Documents)
IT Solutions	\$ 1,677,650	\$ 2,013,180				
1.1.1 International Expert	\$ 132,300	\$ 158,760	CS	1	CQS	Prior
1.1.2 Local Expert	\$ 185,220	\$ 222,264	CS	1	CQS	Prior
1.1.3 Infrastructure / DC + Terminals	\$ 200,000	\$ 240,000	G	Multiple	Shopping	Prior
1.1.4 Networking / extension GOVNET	\$ 400,000	\$ 480,000	G	Multiple	Shopping	Prior
1.2.1 International Expert	\$ 132,300	\$ 158,760	CS	1	CQS	Prior
1.2.2 Local Expert	\$ 277,830	\$ 333,396	CS	1	QCBS	Prior
1.2.3 Hardware Improvement for Gov Cloud in order to host Cases for min 2 year work	\$ 200,000	\$ 240,000	G	1	CQS	Prior
1.2.4 CMS COTS Software	\$ 90,000	\$ 108,000	G	1	NCB	Prior
1.2.5 CMS COTS Software customization	\$ 60,000	\$ 72,000	CS	1	Shopping	Prior
Front Office Management and Operations	\$ 1,966,880	\$ 2,020,656				
2.1.1 Trainings	\$ 33,600	\$ 40,320	CS	Multiple	Shopping	Prior
2.1.2 Exchange visits	\$ 24,000	\$ 24,000	TR	Multiple	TR	Prior
2.2.1 Call Center Operators (Staff and Running Costs)	\$ 345,600	\$ 357,120	CS	Multiple	IC	Prior
2.2.2 Call Center hardware and software	\$ 36,000	\$ 43,200	G	1	Shopping	Prior
2.2.3 Call Center furniture	\$ 20,000	\$ 24,000	G	1	Shopping	Prior
2.2.4 Call Center minor refurbishment	\$ 15,000	\$ 18,000	W	Multiple	Shopping	Prior
2.3.1 Service/Business Processes Manual	\$ 73,920	\$ 88,704	CS	1	IC	Prior
2.3.2 Staff Performance Monitoring (Mystery Shoppers)	\$ 20,160	\$ 24,192	CQ	1	Shopping	Prior
2.3.3 Focus Groups with Citizens	\$ 12,600	\$ 15,120	CQ	1	Shopping	Prior
2.4 Front Office Management Support	\$ 630,000	\$ 630,000	CS	1	QCBS	Prior
2.4.1 Management International Staff	\$ 756,000	\$ 756,000	CS	1	QCBS	Prior
Public Outreach	\$ 247,000	\$ 296,400				
Public awareness campaign	\$ 247,000	\$ 296,400	CS	1	QC	Prior
Monitoring and Evaluation	\$ 220,000	\$ 264,000				
Target attainment survey	\$ 120,000	\$ 144,000	CS	1	QC	Prior
Monitoring	\$ 100,000	\$ 120,000	CS	1	QC	Prior
Project Management and Logistical Support	\$ 305,764	\$ 305,764				
PMU Manager	\$ 76,800	\$ 76,800	CS	1	IC	Prior
Finance Specialist	\$ 57,600	\$ 57,600	CS	1	IC	Prior
Administrative Specialist	\$ 28,800	\$ 28,800	CS	1	IC	Prior
Procurement Specialist	\$ 52,800	\$ 52,800	CS	1	IC	Prior
Incremental Operating Costs	\$ 89,764	\$ 89,764	IOC	multiple	IOC	Prior
Capacity Building	\$ 100,000.00	\$ 100,000.00				
Capacity Building	\$ 100,000.00	\$ 100,000.00	CS	multiple	IC	Prior
GRAND TOTAL (USD)	\$ 4,517,294	\$ 5,000,000				

Contract Description	Total Cost USD	Total Cost Estimate in USD including taxes	Type	No. of packages	Selection/Procurement Method	Bank Review (ToR/ Request for Proposals/Bidding Documents)
IT Solutions	\$ 1,677,650	\$ 2,013,180				
1.1.1 International Expert	\$ 132,300	\$ 158,760	CS	1	CQS	Prior
1.1.2 Local Expert	\$ 185,220	\$ 222,264	CS	1	CQS	Prior
1.1.3 Infrastructure / DC + Terminals	\$ 200,000	\$ 240,000	G	Multiple	Shopping	Prior
1.1.4 Networking / extension GOVNET	\$ 400,000	\$ 480,000	G	Multiple	Shopping	Prior
1.2.1 International Expert	\$ 132,300	\$ 158,760	CS	1	CQS	Prior
1.2.2 Local Expert	\$ 277,830	\$ 333,396	CS	1	QCBS	Prior
1.2.3 Hardware Improvement for Gov Cloud in order to host Cases for min 2 year work	\$ 200,000	\$ 240,000	G	1	CQS	Prior
1.2.4 CMS COTS Software	\$ 90,000	\$ 108,000	G	1	NCB	Prior
1.2.5 CMS COTS Software customization	\$ 60,000	\$ 72,000	CS	1	Shopping	Prior
Front Office Management and Operations	\$ 1,966,880	\$ 2,020,656				
2.1.1 Trainings	\$ 33,600	\$ 40,320	CS	Multiple	Shopping	Prior
2.1.2 Exchange visits	\$ 24,000	\$ 24,000	TR	Multiple	TR	Prior
2.2.1 Call Center Operators (Staff and Running Costs)	\$ 345,600	\$ 357,120	CS	Multiple	IC	Prior
2.2.2 Call Center hardware and software	\$ 36,000	\$ 43,200	G	1	Shopping	Prior
2.2.3 Call Center furniture	\$ 20,000	\$ 24,000	G	1	Shopping	Prior
2.2.4 Call Center minor refurbishment	\$ 15,000	\$ 18,000	W	Multiple	Shopping	Prior
2.3.1 Service/Business Processes Manual	\$ 73,920	\$ 88,704	CS	1	IC	Prior
2.3.2 Staff Performance Monitoring (Mystery Shoppers)	\$ 20,160	\$ 24,192	CQ	1	Shopping	Prior
2.3.3 Focus Groups with Citizens	\$ 12,600	\$ 15,120	CQ	1	Shopping	Prior
2.4 Front Office Management Support	\$ 630,000	\$ 630,000	CS	1	QCBS	Prior
2.4.1 Management International Staff	\$ 756,000	\$ 756,000	CS	1	QCBS	Prior
Public Outreach	\$ 247,000	\$ 296,400				
Public awareness campaign	\$ 247,000	\$ 296,400	CS	1	QC	Prior
Monitoring and Evaluation	\$ 220,000	\$ 264,000				
Target attainment survey	\$ 120,000	\$ 144,000	CS	1	QC	Prior
Monitoring	\$ 100,000	\$ 120,000	CS	1	QC	Prior
Project Management and Logistical Support	\$ 305,764	\$ 305,764				
PMU Manager	\$ 76,800	\$ 76,800	CS	1	IC	Prior
Finance Specialist	\$ 57,600	\$ 57,600	CS	1	IC	Prior
Administrative Specialist	\$ 28,800	\$ 28,800	CS	1	IC	Prior
Procurement Specialist	\$ 52,800	\$ 52,800	CS	1	IC	Prior
Incremental Operating Costs	\$ 89,764	\$ 89,764	IOC	multiple	IOC	Prior
Capacity Building	\$ 100,000.00	\$ 100,000.00				
Capacity Building	\$ 100,000.00	\$ 100,000.00	CS	multiple	IC	Prior
GRAND TOTAL (USD)	\$ 4,517,294	\$ 5,000,000				

39. **Since under Phase 2 a new building for the CSC will be constructed, the operational policy OP 4.01 has been triggered and the project has subsequently been categorized as a World Bank Category B.** As such, the Client has prepared an Environmental Management Plan satisfactory to the Bank complete with disclosure and public consultations held in April 2015. The EMP includes mitigation and monitoring measures for construction-related impacts such as land use, noise and dust, waste management and worker safety that can readily be mitigated through sound construction practices. In case of the change of the selected building site at a later date, the EMP will be adequately revised.

40. **The project does not trigger OP/BP 4.12 as the physical building for the CSC will be constructed in publically owned land that is neither used in private nor for public purpose.** The project aims to improve the administrative public services and decrease the corruption by isolating a real provider of the service and the citizen as a customer.

41. **Project stakeholders include:** Government of Albania, Ministry of State for Innovation and Public Administration, DU, ADISA, NAIS, IPRO, Social Insurance Institute, National Employment Service, and General Directorate of Civil Status and other government agencies. A brief summary of relevant stakeholder concerns is provided below:

- (a) *Borrower/Government:* There is high level of political ownership of the Project. Regardless of leadership, institutional reforms can be expected to be met with caution at the agency level, if not opposition.
- (b) *Prime Minister's DU* has been set up to monitor several key prime ministers priorities, one of which is improvement in administrative services to eradicate petty corruption and improve citizen convenience. Its key focus will be keeping the Prime Minister informed of the project progress, develop and implement performance management tools, and facilitate high level of coordination.
- (c) *ADISA* is new and in the process of strengthening its capacities under the enhanced mandate based on the Council of Ministers Decision dated May 27, 2015.
- (d) *NAIS* leads the traditional E-Albania agenda for the government which involves interoperability and back end management of databases, provision of e-services, management of E-Albania portal and provision of advice to the Council of Ministers and the Prime Minister.
- (e) *Immovable Property Registration Office* has long faced service delivery quality issues. The problem is compounded by the legal complications in the property registers. The field level staff is likely to resist the reform.
- (f) *National Health Insurance, Civil Records, Employment Service and Pension Agencies* are the core agencies interfacing with citizens. Their systems are going to be automated and direct citizen interaction reduced and improved. Given the spread of their services across the country, coordination with these agencies will be a key issue. Some employees may even resist reform efforts.

- (g) *Citizens and Business*: Citizen and business groups are key beneficiaries of the reform process. However, to gain and sustain interest and enthusiasm among these scattered constituencies, especially when some disruption in service may happen also, strong communication effort will have to be organized and implemented.

42. **One of the key contributions of the project is to ensure that the marginalized, the poorest and women would be better served by the new systems as well as how their voices are heard.** The emphasis is on increasing access: not only constructing the new high-end one stop shop in Tirana, but also keep the existing points of service access and facilitate new ones. One of the PDO indicators will track the access of disadvantaged and the poor. In addition, the citizen feedback mechanism for the selected services will be established, and the responses from all citizens will be disaggregated and controlled to distinguish customers based on gender, income as well the remoteness from the regional center. As the overall focus of the project is improved citizen access to public services this issue will be assessed in detail during the preparation stage and necessary strategies will be put in place as part of the overall project design. The project is designed based on the guiding principles of inclusiveness, transparency and accountability.

43. **A development plan for facilitated services to women, poor, ethnic Roma and other marginalized groups will be prepared as part of the project's effort to facilitate access to services among these groups and foster social inclusion.** The plan is expected to draw upon the existing database of ongoing programs, reports and studies from other projects supported by Bank in the state, studies commissioned by the state and stakeholder consultations. The Plan will be disclosed before appraisal.

Monitoring & Evaluation

44. **The Project has a strong monitoring and evaluation focus.** Third party validations, wherever appropriate, will also be deployed to verify the DLI results. The capacity of the designated Project Management Unit will also be enhanced for effective monitoring and evaluation of Project activities. The project will incorporate improved mechanisms to monitor Project implementation, compliance with the established procurement and financial management procedures, and achievement of Project performance indicators included in Annex 1. Monitoring instruments include bi-annual progress reports on Project implementation, output and performance indicators, and an annual external assessment of compliance with DLI and PDO indicators. New policy focus on using data for performance management and beneficiary feedback will also strengthen country monitoring and evaluation systems. The support to the Prime Minister's DU will help focus on improving administrative data for performance management.

Grievance Redress Mechanism

45. **A Grievance Redress Mechanism (GRM) will be established following the World Bank policy.** This will be led by the head of PMU. A focal person in each implementing agency will be identified to deter fraud and corruption, mitigate risks, and provide project staff with practical suggestions and feedback to enable them to be more accountable, transparent, and responsive to beneficiary needs. Proactive collection of feedback from citizens will also facilitate focus on systemic issues and redress such problems.

Role of Partners

46. **Development partners are supporting the Innovation against Corruption reform program, and GoA is contributing its own financing.** GoA has used its own budget resources for the legal and process mapping of the core services and has budgeted US\$25 million, to be allocated by the MIPA, for various e-governance initiatives. In addition, the Government of Kuwait is funding a consultancy firm, embedded as advisors within the DU. Under RBF, the IBRD loan of US\$25 million constitutes 18 percent of the total salary and wage bill of the participating agencies. As for technical assistance, other development partners, such as EU, UNDP, and multi-donor trust fund administered by the World Bank (IPS II) will finance activities related to the implementation of the GoA program “Innovation against Corruption.” Detailed costing of the program including sources of funding will be contained in the GoA’s Reform Policy Document to be approved by the Strategic Planning Committee.

Annex 4: Implementation Support Plan
ALBANIA: Citizen Centric Service Delivery Project

Strategy and Approach for Implementation Support

1. **The strategy and approach for the Implementation Support Plan (ISP) reflect the support requirements to implement risk mitigation measures and achieve the Project Development Objectives.** The design of the Project and its implementation arrangements aim to respond to the risks identified below through the following measures and arrangements:

- (a) *Limited experience with Results-Based Lending:* GoA has limited experience with results-based lending. As a result, the counterpart requires targeted support, training and a close and steady communication with the Bank team on project implementation mechanisms and processes. The Government of Albania was closely involved in the design and preparation of the Project.
- (b) *Limited knowledge on the Bank's fiduciary rules in particular procurement.* The MIPA and the two key agencies, ADISA and NAIS, have limited experience with the Bank's fiduciary rules and have never carried out procurement processes under the Bank's guidelines. PMU will receive training on the Bank's procurement guidelines and will extend its fiduciary team by hiring additional specialists for financial management and procurement. The Bank's procurement specialist will be able to quickly react to requests for support from PMU, in particular in the beginning of the Project for PPF and TA utilization.
- (c) *Coordination among the different departments and agencies involved in the Project.* The PMU in the MIPA will be in charge of centrally managing all fiduciary aspects and the monitoring and reporting of compliance of DLIs and the results framework. This unit will also serve as the main counterpart with the Bank and facilitate all communication and reporting. To facilitate coordination among participant institutions, the Steering Committee for the Project will be established. Similarly, on the Bank side, the project team is comprised of specialists from all relevant sectors and implementation will be coordinated by the public sector team.
- (d) *Need to strengthen M&E systems and ensuring monitoring of DLI compliance.* To facilitate the monitoring of progress and DLI compliance, most indicators have been designed to use available information to establish the baseline and to easily gather information on their progress. However, if baseline is not available for some indicators, it will be established during the first year of implementation through activities under the technical assistance component. In addition, technical assistance will be provided to strengthen the monitoring system so all DLIs and PDO indicators and other indicators can be monitored through the government systems.
- (e) *Close supervision and support through country-based staff.* The fiduciary staff is mostly based in Tirana. Cross-region teams have been built to provide preparation support. Local senior operations officer has been a core member of the team. Other team members will provide support from the head quarter.

2. Specific measures have also been considered to guarantee sound fiduciary and safeguard oversight:

- (a) *Procurement.* Procurement implementation support by the Bank will include: (i) providing training to PMU, (ii) providing detailed guidance on the Bank's Procurement Guidelines to the Procurement staff, (iii) reviewing procurement documents and providing timely feedback to the Procurement staff, and (iv) monitoring procurement progress against the Procurement Plan.
- (b) *Financial management.* The Bank supervision team will: (i) provide training to PMU Financial Management Unit and the Project team; and (ii) regularly review the Project's financial management system and its adherence to the Project Operations Manual, including but not limited to, accounting, reporting and internal controls.

Implementation Support Plan

3. Implementation will be supported by the Bank team through the following activities:

- (a) *General Supervision inputs.* There will be two formal missions per year complemented by a regular liaison by Tirana-based staff to respond to upcoming demands by the Government. In addition, team members based in the country office and at headquarters will provide day to day supervision support of all operational aspects, as well as coordination with the client and among Bank team members.
- (b) *Fiduciary inputs.* Training will be provided by the Bank's financial management and procurement specialists before the beginning of Project implementation. The Bank team will continue to support PMU to identify capacity building needs to strengthen overall Project implementation, with an emphasis on fiduciary aspects. Formal supervision of Project implementation and financial management will be carried out semi-annually or as needed, while procurement supervision will be carried out on a timely basis as required by the client.
- (c) *Sector & Technical inputs.* The sector specialists for e-governance, business process reform, citizen engagement will provide continuous advice in their areas of expertise during implementation. The objective of the team is to maintain continuity and a regular dialogue between the Government counterparts and the technical specialists. The main focus of implementation support is summarized below.

Time	Focus	Skills Needed	Resource Estimate (Annual)	Partner Role
<i>First twelve months</i>	Technical Review/Support	Regulatory Reform Specialist Public Sector Reform Specialists	4 SWs 6 SWs	Participate in training
	FM training and supervision	FM Specialist	4 SWs	Participate in training
	Institutional arrangement and project supervision coordination	Operations Officer	8 SWs	NA
	Team leadership	TTL	12 SWs	NA
<i>12-60 months</i>	Technical Review/Support	Regulatory Reform Specialist Public Sector Reform Specialists	4 SWs 4 SWs	Participate in training
	FM training and supervision Procurement Training and Supervision	FM Specialist	4 SWs	NA NA
	Institutional arrangement and project supervision coordination	Operations Officer	4 SWs	NA
	Team leadership	TTL	8 SWs	NA

SW= staff week

Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
TTL	8 SWs annually	Three (annually)	HQ based
FM Specialist	4 SWs annually	Field trips as required	Country office based
Procurement Specialist	4 SWs annually	Field trips as required	Country office based
Public Sector Management Specialist	4 SWs annually	Field Trips as required	HQ based
Operations Officer	8 SWs annually	Field trips as required	Country office based