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Albania Monthly Report

Private Sector Development Contract

**Memorandum of Understanding Report
December 1994 and January 1995**

Prepared for

**United States Agency for International Development
Bureau for Energy and Newly Independent States
Office of Energy, Environment and Urban Development
Urban Development and Housing Division
Washington, DC**

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ABSTRACT

MEMORANDUM OF UNDERSTANDING REPORT

December 1994-January 1995

Attached to this memo is the report required by the Memorandum of Understanding on the USAID-assisted activities in the Ministry of Construction and Tourism for December 1994 and January 1995. Detailed reports from the Albanian and USAID Team Leaders listing their activities and problems in the areas of:

- Land Management
- Urban Infrastructure and Services
- Housing-Condominium, National Housing Agency

The Summary Report highlights the main activities and problems of the three areas without going into the details, while the Office Report summarizes the project management issues. A Schedule of Activities during this period and a short summary of planned activities are also attached.

December/January Summary Report

Background

This is the third report under the terms of the Memorandum of Understanding (MOU) covering United States Agency for International Development (USAID) housing and urban development assistance to Albania. It summarizes activities for two months because the December activities were presented verbally at the January 17 meeting of Deputy Prime Minister Shehi, Rebecca Black, Dianne Blane, and Everett Post --- in effect, the quarterly review meeting of the MOU Oversight Committee. This report summarizes the attached joint reports from the Albanian and USAID team leaders of the Land Management, Housing (NHA, Condominium, Legal, and Policy), and Urban Infrastructure/Municipal Service Privatization activities and the report of the project management office. All reports are translated into Albanian for delivery to the Minister and Vice Minister of Construction.

Land Management

The Albanian Land Management Task Force (LMTF), working with USAID American and British consultants, completed Phase I of the Project during this period. Activities included:

- Preparation of a strategic Structure Plan, to guide infrastructure investment, focused on areas of Tirana experiencing the fastest growth;
- Creation of action plans and a proposed capital investment plan for construction, rehabilitation, and maintenance of Tirana's infrastructure;
- Development of financial strategies to capture private sector revenue for infrastructure and land development;
- Identification of potential sources of international donor/lender financing;
- Developing ideas for central/local government relationships or special institutions for infrastructure programs and for inter-jurisdictional planning, services, and projects;
- Recommending amendments to the legislation on land sales and pricing;
- Forging strategies to address informal/illegal development; and
- Completion of a prefeasibility study for a pilot land development project in Tirana.

In January, meetings were held with the Minister and Vice-Minister of Construction, the Mayor of Tirana, and the Chairman of the Tirana District Council. All strongly endorsed the activities of the LMTF. They supported the concepts and recommendations developed, including the structure plan, capital improvement budget, linking infrastructure and land development plans, pilot projects managed by joint teams or implementation units, and the need for cross jurisdictional planning and coordination. They acknowledged that changes are needed in land sales and price legislation to stimulate private sector funding for infrastructure and land development. There is now a firm commitment to support these changes, to establish new institutional frameworks, and to financially support the project.

The LMTF concentrated on completing its prefeasibility study for a 70-hectare pilot site, which could house more than 16,000 residents, within the identified priority zone in Western Tirana. The pilot is designed to be flexible and to respond to experience, to keep costs low,

and to finance on-site infrastructure from the buyers of the land. External financing is needed for trunk, primary, and off-site infrastructure.

Presentations were made on the project to representatives of the World Bank, the European Union (EU), and USAID. The World Bank has shown interest in funding immediate access and off-site infrastructure and the EU PHARE representative said that more than 50 million ECU was available for sewerage trunk and treatment facilities.

Reports and terms of reference for implementing sewerage, water, and road action plans for Tirana are being finalized, while action has been started on approvals for developing the pilot site and for changes in legislation. The LMTF plans to proceed with development of feasibility studies, designs and tender documents, and discussions with external finances.

Housing — National Housing Agency

The financial crisis that stopped National Housing Agency (NHA) construction was solved by receipt of Lek 900 million from the state budget in December, making the 1994 subsidy Lek 1.1 billion (about \$11 million). This allowed the NHA to pay contractors and to have funds for the first quarter of 1995. Lek 1.6 billion more is planned for 1995. With USAID help, a business plan was created and accounting assistance provided. Construction quality was identified as a major problem and reports were prepared by the NHA, USAID, and the World Bank advisors. The World Bank requested that disbursement requests from its loan be suspended until acceptable solutions were found. Plans for USAID construction management assistance were extensively discussed. Sales and credit activities remained stalled pending resolution of policy issues concerning current occupants, the Housing List, and others, and also of differences between World Bank requirements and domestic procedures. New decrees were passed in December requiring the NHA to make budget-funded loans to those who lost homes under the Kukes reservoir and increasing the discount for NHA cash sales to 30 percent. A sales administration system and additional accounting software were installed on NHA computers, and a review of NHA's existing information systems was finished and improvements proposed and discussed with NHA management.

Housing — Condominium, Legal, and Policy

There was no USAID assistance during this period. The Condominium team at the Ministry slowed its work because the contract ended on December 31, 1994, with the 100 specialists implementing the work around Albania, and it was not immediately renewed. After corrections were made, the 5,000 brochures produced with USAID funds as guides to the new condominium associations were delivered to the Ministry. It was discovered in January that the new Civil Code, which has a section on co-ownership, had cancelled the Condominium Law. New procedures will need to be developed and approved to replace the detailed ones in the Condominium Law.

Urban Infrastructure/Municipal Service Privatization

This project is focused on three activities: Service Privatization Pilot Projects, Training, and Legal and Regulatory Assistance, all of which continued with some delays.

Infrastructure Pilot Projects and Service. In December, an Albanian-American expert, Philip Giantris, made studies, supplemented by the Land Program's infrastructure review, for the planned cooperation between USAID, the World Bank, and Italy to prepare for private sector participation in Tirana and Durres Water Enterprises. This work was halted in January to allow the government time to review the options for that participation, but Mr. Giantris' final report will be made available to help in that review.

The solid waste pilot projects were helped in January by the arrival of the two USAID specialists and the Infrastructure Team Leader. They aided Tirana with problems related to the start-up of waste collection contracts with the Italian and the Austrian winners of the tenders and developed a contract monitoring plan for the City's use. The USAID specialists helped Durres and Korca, which had used their previous advice extensively, to prepare tendering and contract documents and procedures, and provided preliminary advice to Elbasan and Shkodra. With Land Team specialists, they also explored possibilities for a waste disposal pilot for the Tirana/Durres region.

Capacity Building/Training. Between April 1994 and January 1995, more than 100 people were trained in five programs under this project. During December, Albanian specialists from the Ministry of Construction, the Department of Roads, the National Water Council, and the Institute for Water Works took part in two workshops in Washington, DC. Five specialists participated in Private Contracting for Public Services from November 20-December 2 and seven participated in Infrastructure Investment and Financial Analysis from December 5-16. Preparations were also made for the February 13-17 seminar in Tirana on Project Identification, Selection, and Analysis.

Legal and Regulatory Framework Assistance. The Law on National Water Resources and the Law on Concessions and Other Private Participation in Urban Services, drafted by our experts, were reviewed by Ministry staff for submission to the Council of Ministers and the next session of Parliament. Regulatory strategy development continued in Washington with Albanian workshop participants and in Tirana by Albanian specialists. Implementation of the next phase, assistance to Construction, Power, Transportation, and Environmental officials in developing a detailed regulatory strategy and action plan, was delayed pending clarification of government priorities. The next phase would lead to drafting laws and regulations establishing the institution(s) and procedures for utility regulation in Albania. The phase two assistance from USAID experts may include a one-week seminar in Tirana on Regulatory Strategies and Techniques.

USAID/PADCO Project Management Office

Meri Gorenca started as Administrative Assistant in December and Edi Joxhe agreed to join PADCO as Project Management Assistant starting March 1. Naim Sula is now PADCO's MIS Consultant. Changes in the Ministry and an active program and travel schedule kept us busy, and we made significant improvements in our offices, coping with difficult weather and electricity problems.

MEMORANDUM
LAND MANAGEMENT STUDY PROGRESS REPORT
DECEMBER 1994-JANUARY 1995
DRAFT FOR REVIEW

MEMORANDUM

TO: Everett Post — PADCO, Resident Program Manager
FROM: John Driscoll and Juli Shllaku — Project Coordinators, Land Management Study
DATE: February 18, 1995
RE: December/January Land Management Study Progress Report

1 Summary

This reporting period covers the land management activities of December 1994 and January 1995. Project updates were previously prepared for December and used in briefings held in Washington. The major activities undertaken during this period by the Land Management Task Force (LMTF) and the joint project team included:

- preparation of a Preliminary Structure Plan that concentrates on those areas of Tirana experiencing the most rapid growth;
- recommendations, action plans, and proposed capital improvement program for infrastructure rehabilitation, new construction, maintenance and operation;
- financial strategies to increase local revenue for infrastructure and land development;
- identification of potential sources of international donor/lender financing;
- institutional recommendations regarding central/local relationships to promote integrated infrastructure programs;
- inter-jurisdictional planning and service delivery;
- joint project teams and project implementation unit(s) for specific projects;
- recommended amendments to existing legislation regarding land sales and pricing;
- strategies to address informal development; and
- a prefeasibility study for a potential pilot project.

The team continued to use a capacity-building approach which has led to skill transfer and the introduction of new planning concepts to counterpart staff, a stronger knowledge base concerning contextual issues for the team to work from, and more creative solutions generated from the joint efforts of local and foreign experts working together.

December and January were significant months for Land Management activities. In a series of meetings during January with the Minister and Vice-Minister of Construction and Tourism, the Mayor of Tirana, and the Chairman of the Tirana District, there was a strong endorsement of the LMTF activities. These senior officials supported:

- The concepts and tools behind the Land Management Program (structure plan, capital improvement budget, linking infrastructure and land development objectives, pilot projects and special joint teams, and Project Implementation Units [PIUs]) that are either drawn from the public sector or contracted privately to undertake site-specific developments.
- The need for planning and coordination on cross jurisdictional issues (sewer, water, roads, waste management);

- The need for legislation regarding land sales, land prices, and new institutional structures, such as the joint teams and PIUs that would report to joint boards made up of members of the municipal, district, and central government and the private sector;
- The role that the Ministry of Construction and Tourism (MoCT) can play in coordinating and directing infrastructure funds and projects to match local government priorities and package projects at the local level to avoid the high costs of uncoordinated infrastructure projects.

Based on the efforts of the LMTF, there is a clear recognition of the link between the provision of infrastructure and land development strategies to support housing and economic development. Among these key government officials, it is acknowledged that to stimulate public and private fiscal resources for infrastructure and land development, amendments will be required in existing planning legislation and decisions made earlier by the Council of Ministers regarding land sales and prices. There is a firm commitment to support the required changes in legislation, establish new institutional frameworks, and support projects with the commitment of funds. In Albania, the limited financial resources within the public sector cannot fully fund the capital investment required for either rehabilitation of existing infrastructure or development of new facilities to serve the expanding needs of the City. In the short term, critical choices for infrastructure investments will need to achieve a balance between addressing existing deficiencies (which lend themselves to crisis management) and planned investments (that can guide development).

This suggests that every effort must be made to raise substantial finance for infrastructure from the occupants of the new sites and buildings. All available evidence suggests that this is a much more promising source than any available in the public sector. The implications of these matters for externally financed development projects suggest that these projects should concentrate on the provision of trunk and primary infrastructure, rather than immediate on-site infrastructure.

This was the underlying theme in presentations made to representatives of the United States Agency for International Development (USAID), the World Bank, and the European Union (EU) concerning land management activities during December and January. Opportunities exist within the Land Management Project for mutually reinforcing funding and technical assistance to support the Government's major policy shift from the direct provision of housing by the public sector to the creation of an environment enabling legal development of housing by the private sector. The World Bank has indicated its interest in funding immediate access and other off-site infrastructure to create serviced zones for housing, as well as funding for rehabilitation and expansion of infrastructure. In meetings with the team leader of the EU PHARE Environmental Program, funding upwards of 50 million ECU was identified for sewerage trunk and treatment facilities. This program is currently funding treatment facilities in smaller cities and funds could be accessed through the Committee for Environmental Protection.

The LMTF will continue to provide overall direction and coordination with support from the MoCT. The LMTF has indicated that it wants to proceed with the preparation of the pilot

site, including the preparation of design and tender documents for on-site and off-site infrastructure. They are requesting funds from the Ministry of Construction. It will also proceed to obtain planning approvals from the Council of Territorial Adjustment of the City and the District and the Council of Territorial Adjustment of Albania.

Concurrently, the LMTF will prepare draft amendments to Article 36 of the Planning Law to authorize central and local agencies to sell or auction serviced and unserviced land. It will also begin the steps to establish a Joint Team/PIU to implement a project in the priority zone to the west.

2 Detailed Report of Activities

2.1 Planning Activities

The LMTF continued to work on the preliminary structure plan for Tirana. This was instrumental in outlining infrastructure planning needs and the development of priority investments. Development zones, within the existing urban areas and the suburban zone, were differentiated based on existing conditions, location, underlying geographical characteristics, demographic and, when possible, economic trends. Infrastructure to support growth in these zones was planned and the LMTF met several times to agree on the priorities for development. These activities are incorporated into an indicative Capital Improvement Program (CIP).

The LMTF also began to use the concept of Zone Action Plans to develop specific zones. This offers a more flexible planning mechanism that can respond to the unique features and development objectives of particular areas of the City.

Strategies developed for the pilot site focused on options to provide serviced land for development of an 80-hectare area that could house approximately 16,000 residents. The team worked on methods to: a) leverage on-site development by providing immediate access infrastructure; b) test public/private partnerships for land development; and c) explore realistic measures to achieve affordable housing objectives through “linkage fees.” Different layouts and prototypical designs were developed to achieve these objectives, including offering various parcel sizes ranging from 120 square meters for individual plots up to 20,000 square meters for larger developers. The flexible development framework will allow the project to test the market as parcels are sold or auctioned and match the capabilities of existing developers and smaller contractors to develop housing. The project is being designed to avoid the high “administrative overhead” of personnel and funds that normally accompany traditional serviced land projects.

Regarding informal housing issues, options regarding regularization strategies were discussed during December and legal options were discussed with the Land Management Unit at the Ministry of Agriculture. Additionally, the LMTF monitored the progress of a Dutch non-governmental organization (NGO), SEBECO, that is providing technical support and funding to a pilot upgrading project in the LaPraka area of Tirana. SEBECO is working with an Italian NGO and a newly formed neighborhood association to organize and build up the

capacity of the neighborhood association and also to introduce social services and a vocational training center. The association is negotiating with the city of Tirana to redesignate the zone from industrial to residential uses.

The Land Management Project Team discussed and offered suggestions regarding cost-effective methods of introducing infrastructure services, recovering (or otherwise covering) costs, and regularization strategies. If successful, this project will establish important models and precedents. These then can be used in other upgrading projects both in Tirana and elsewhere in Albania.

Discussions were initiated within the LMTF to introduce neighborhood planning/partnership programs and special zones as an effective mechanism to support the efforts of local authorities to:

- Rehabilitate existing residential zones where infrastructure has fallen into disrepair;
- Provide services in emerging zones where there are no services;
- Help the City establish improvement objectives within specific zones; and
- Help establish funding priorities.

These concepts, including the development of shared objectives and pragmatic relationships among local authorities, residents, and NGOs, when appropriate, can be further elaborated on during Phase II, included within the Scope of Work.

2.2 Infrastructure

Sustaining the rapid growth in Tirana requires planning, assembling, and servicing land for development. However, consideration must also be given to the extra strain that this development will impose on the trunk infrastructure. The major positive factor in infrastructure development is that, for water and electricity, there are adequate sources of supply, together with treatment or generation capacity, even for a growing population. Shortcomings in consumer service occur, instead, because of technical problems within the distribution systems, together with sub-optimal pricing policies, distribution losses, and failure to adequately monitor revenue collection.

For sewerage and solid wastes, the environmental receptors are, by contrast, overloaded. The recipient watercourses, together with land used for solid waste disposal, are thoroughly saturated with polluting agents, inhibiting the possibility of further untreated or uncontrolled disposal.

For all these public utility services, the existing infrastructure has suffered from a lack of both capital investment and maintenance over the last decades. Thus, all components have fallen into disrepair and are well beyond their design lives. The involved officials realize the pressing need to rehabilitate these systems, as well as to expand them to meet future demands. Yet, as indicated elsewhere, there is little available finance to accomplish this.

During December, a review was conducted of the existing trunk and secondary infrastructure for water supply, sewerage, stormwater drainage, roads and transportation, and solid waste management. The assessment describes the general situation regarding infrastructure in Tirana and the various institutional responsibilities for the design, planning, and operation and maintenance of infrastructure among central and local authorities. Intervention strategies are proposed to address existing deficiencies and meet future demands.

During January, the planning and infrastructure teams developed a phased indicative CIP for trunk and secondary infrastructure. The CIP incorporates the infrastructure needs assessment conducted during December, recommendations on land development by the planning team, and spatial development priorities established by the LMTF.

To assist the MoCT, the District of Tirana, and the Municipality of Tirana and to expedite the implementation of critical infrastructure investments, draft terms of reference (TOR) were produced for various action plans and programs.¹ The TOR is intended to provide the MoCT and local governments with documents that inform national and international agencies of infrastructure delivery requirements.

The infrastructure group also developed preliminary designs and cost estimates for infrastructure in the 80-hectare site chosen by the LMTF for a pilot project. The water systems were designed by the Albanian team using computer software. A TOR was also written to assist the LMTF in preparing draft contracts for design, engineering, and survey services for the pilot site. The Municipality of Tirana requested the Roads and Traffic Action Plan to assist it in discussions with the Austrian government's proposed assistance in planning and traffic management for the City of Tirana.

2.3 Legal, Institutional, and Financial Issues

2.3.1 Legal Issues

Critical legal bottlenecks were identified during December and recommendations were offered during January to amend existing laws regarding land sales. Through the work of the LMTF, there is a clear understanding that to mobilize local private and public sector funds for on-site infrastructure and land development changes will be required.

- Planning Law 7693, Section 36 (4/6/93) is interpreted as prohibiting the transfer of land to private parties prior to improvement and development of the land. While the article was intended to control speculation, it is preventing public agencies from selling land (serviced or unserviced) to developers and individuals and collecting the sales prices prior to project completion. This erodes the capacity of government to finance infrastructure projects since Article 21 of Law 7512 of 1991 earmarks the proceeds of the sale of building plots for local government to finance their infrastructure projects. Section 36 should be amended to allow the government to collect

¹ Terms of Reference have been prepared for a Sewerage and Drainage Action Plan, a Roads and Traffic Action Plan, and a Water Supply Rehabilitation Program to help identify priorities in these longer-term activities. The Land Management Team has coordinated its effort with the regulatory reform infrastructure team.

- prepayments, down payments, and sales prices in accordance with schedules of payments. This will allow the government to prefinance off-site secondary infrastructure networks, as well as cross subsidize eligible development activities.
- The Council of Ministers Decree #312 establishes minimum land prices for the sales and rental values for land that are linked to the Consumer Price Index. These base prices do not take into consideration current values and fail to reflect the relative advantage of a parcel in terms of location, access, service, size, shape, and site development potential. This decree severely limits the ability of government to finance infrastructure and land development projects. Also, by constraining free-market activity, it inhibits economically efficient resource use. It is recommended that an appraisal committee be formed to establish reserve prices for land that is to be sold or auctioned. The committee could be composed of representatives of the City of Tirana, the District, and the Ministry of Construction together with two knowledgeable professionals qualified to be certified real estate appraisers. The decree should be amended to allow the government to auction or sell serviced and unserviced land based upon these appraisals.
 - Lastly, new legislation is required for subdivision regulations to stipulate the proportion of land area which can be allocated to public uses without compensation.

2.3.2 Institutional Issues

Several key institutional bottlenecks to implementing land management strategies were identified in December and recommendations to address them developed in January. The majority of new informal settlements and open land available for new development lie on or in close proximity to the existing municipal/district boundary. To plan and service these areas with infrastructure, cooperation is required among central government, two or more local government jurisdictions, and numerous sectoral agencies.

The LMTF has recommended the formation of a Project Team drawn from public agencies or a PIU that can implement projects and respond to all three levels of government. The project team or PIU would function as an intermediary organization and be made up of an interdisciplinary team. It would report to a joint Board of Directors or a Steering Committee that includes representatives from Central government, the District, and the Municipality. The primary responsibility of the project team or PIU will be to provide overall project management and coordination at all levels including planning, technical guidance, supervision, financial control, coordination, and management of consulting services and marketing and sales. This type of group could also provide targeted assistance toward upgrading activities.

These groups would also function as the main link with the implementing agencies in the day-to-day operation of projects and in the development and fulfillment of project objectives. This team could be drawn from existing government agencies or contracted as a service (even in partnership with a developer). It should be a small group that would focus on site-specific activity. After the site is developed, the group could move to another site or their services discontinued.

The LMTF also reviewed the need for planning and coordination on cross jurisdictional issues (sewer, water, roads, waste management). A draft charter for a metropolitan coordination/development agency was drafted for discussion purposes within the LMTF. This activity should continue under Phase II.

There is a strong role that can be played by the MoCT to coordinate and direct infrastructure funds and projects to match local government priorities and package projects at the local level to avoid the high costs of uncoordinated infrastructure projects.

2.3.3 Financial Issues

During December, the financial analysis during the Structure Planning process focused on a review and brief analysis of FY93/94 budget. This analysis offered the LMTF an overall financial and administrative context to measure the implications of a land management project. Outputs included a set of charts outlining the fiscal relationships among local, central, and international public entities and the private sector. The analysis paid particular attention to the effect of new projects upon the provision, maintenance, and expansion of its basic urban infrastructure.

During January, a detailed statement of funding and cost-coverage options for all likely infrastructure activity related to urban development, including economic and administrative justification, was developed. It includes funding for both capital development and operations and maintenance.

Spreadsheet models were also developed for individual site development by either private sector or public (governmental) institutions. These spreadsheets can be used for both coaching and practical activity when final data becomes available from the physical planning studies.

The analysis showed that limited financial resources are competing for capital investment for both rehabilitation and new facilities to serve the expansion needs of the City. Unfortunately, as discussed earlier, the present administrative framework limits the opportunity to generate funds from the sale of unserviced or serviced land. To overcome these issues, the following steps must be taken to create stronger links between financial management and physical planning:

- Establish and enforce a meaningful planning mechanism;
- Develop a substantial system of local property tax, based on the principle of “beneficial occupation,” supplemented by the use of occupancy permits for those in temporary occupation of public or private land;
- Restructure regulations that currently do not allow the sale of property until buildings have been completed;
- Remove arbitrary price limits on land sales; and
- Permit the local encumbrance, by the use of project accounts or similar mechanisms, to allow for surpluses arising from land sale proceeds to be channeled into off-site access infrastructure.

3 Project Management

3.1 Meetings

1. The LMTF continued to conduct regular review meetings during December and January. Team members continued to meet with national and local agencies regarding technical and planning inputs to the study.
2. Continuous status briefings were given to interested parties during December and January. In December, project briefs and meetings were provided to USAID/Washington. In January, a series of significant briefings (in chronological order) were provided in Tirana to:

Minister Shehi	Minister of Construction and Tourism
Kudret Shalsi	Chairman of the District of Tirana
Sali Kelmendi	Mayor of Tirana
Andrea Mazniku	Vice Minister of Construction and Tourism
Rory O'Sullivan	Chief, Agriculture and Water Supply Operations Division, Central Europe Department, the World Bank
Kutlay Ebiri	World Bank Resident Representative
Giuseppe Razza	Team Leader of the EU PHARE Environmental Programs
DeeDee Blane	USAID, Representative, Albania
Cameron Pippitt	USAID, Project Officer, Albania

For a summary of these meetings, please see field report to Rebecca Black from John Driscoll (dated February 14, 1995).

3.2 Consultant Schedules

John Driscoll, Project Coordinator, was in Tirana December 4–21 and January 13–31. Kevin Gates, Urban Planner, was in Tirana December 1–18 and January 5–31. Bruce Pollock, Infrastructure Engineer, was in Tirana December 1–21 and January 8–31. David Jones, Financial Advisor, was in Tirana December 4–17 and January 9–21. Olgun Ersenka, Senior Planning Advisor, was in Tirana December 12–17 and January 23–29. Mona Serageldin, Legal and Land Regularization Advisor, was in Tirana December 12–17.

4 Planned February/March Activities

The LMTF will continue to prepare the pilot project for submittal to the Councils of Territorial Adjustments, begin procedures to amend legislation, and review institutional options for implementation of a pilot project. Additionally, they will begin to review planning objectives to the western priority zone and the core staff of the joint planning team will be attending a course on project analysis, finance, and management to be held during the week of February 13th in Tirana. The training course, taught by the Institute for Public/Private Partnerships, is part of USAID's technical assistance program.

During February, final writing and production will occur to a series of self-contained reports and briefing documents that can be used by the LMTF to initiate activities within each of the key areas (planning, infrastructure, legal/institutional/financial). Maps produced by the LMTF will be taken to Boston to be photographed for publication purposes and returned to Tirana. Sections will be sent back to Tirana and translated into Albanian for review by the LMTF members.

A draft Scope of Work (including training options) will be produced for review by USAID and the LMTF with terms of reference. A draft Action Plan will also be developed for Phase II activities. The objective is to continue technical assistance activities in mid-March.

MEMORANDUM
MONTHLY UPDATE -- DECEMBER, JANUARY

MEMORANDUM

To: Everett Post — Resident Program Manager
From: Matt Hensley — Team Leader/Infrastructure — and Edi Joxhe
Date: February 12, 1995
Re: Monthly Update — December, January

Introduction

The period of December and January concentrated on **consolidating** key activities and products, such as the draft concession law, water law, bidding packages for solid waste contracting, etc., while, at the same time, **initiating** new activities. While the infrastructure development component has been somewhat affected by the personnel changes in the Ministry and the lack of regular consultants' visits, progress was made in regard to overall programmatic goals.

Within the infrastructure development component, specific tangible outputs are clearly linked to program inputs. For example, outputs such as draft laws, trained staff, tender documents, etc., are the product of technical assistance. However, the follow-up and implementation of those outputs, such as finalization and approval of draft laws, decisions for proceeding with various privatization options, initiation of pilot tendering programs, etc., are Government of Albania (GOA) activities. For the infrastructure component to be a true success, it will be important to continue to emphasize the **institutional capacity** needed to implement, on a long-term basis, the technical inputs envisaged in the workplan. This is made especially salient, given the difficulty of communications with Albania, rendering regular dialog between the consultants and the Ministry on project matters quite difficult.

1 Pilot Project Identification and Packaging Component

1.1 Water Enterprise Privatization

1.1.1 Options Study

During December, a proposal was made to use Italian Trust Fund resources available to the World Bank to develop a Terms of Reference (TOR), for the implementation of a privatization plan for Durres and Tirana systems. This would enable a team of Italian specialists to work with the Ministry on all of the aspects of project structuring and implementation (including bid documentation, tendering, and financial engineering), leaving the privatization and regulatory design (often referred to as enabling input) to the specialists funded by the United States Agency for International Development (USAID).

In December, a draft TOR was prepared and a preliminary draft of the Privatization Options Analysis was **completed**. Since January, the GOA decided that the Privatization Options study should be presented to the Ministry in March, coincident with the other enabling events (i.e., the approval of the draft laws on concessions and water resources and training programs), and that the decision on the issuance of the TOR and the privatization pilot would wait until the options study was presented and the GOA decides on which options to use.

This was a judicious decision, as it allows for all the parties — the Ministry of Construction (MOC), the World Bank, advisors, etc. — to select relevant courses of action based on some informed consensus. This allows for the options study to be presented, a decision to be made on the pilot, and the implications thereof considered.

Of course, the decision on the pilot will have an impact on the use of Italian Trust Funds for the TOR Privatization, as the Funds may not be available for use with all options. It is hoped that the decision to proceed with a form of privatization on Durres/Tirana will be made whereby the Draft TOR could be finalized and issued and procurement for assistance and project design could begin. Currently, the presentation of the Privatization Options Study is scheduled for early to mid-March.

Final agreement on the passage of the Law on Water Resources and the Law on Concessions and other Private Participation in Infrastructure and Urban Services will also be necessary before a Water Enterprise Pilot can be implemented.

1.2 Solid Waste Pilots

1.2.1 City of Tirana Contracts

During December and January, the contract between the City and the Italian firm of Nuovocologia was executed. As part of the process, USAID team members reviewed the final contract, discussed and recommended issues of employment of enterprise personnel, and assisted in negotiating resolution to the dispute of over \$70,000 in duties for importing the trucks and other new equipment for the project.

Additionally, team members developed a contract monitoring plan based on meetings with the Italian contractor and the City and discussed improvements in the mobilization effort, including more appropriate collection zones, pick-up schedules, distribution of new containers, and the like.

During January, the team participated on the City's behalf in the **final negotiations and contract signing** with the second service provider, Sabermacher of Linz, Austria. It is anticipated that the contract monitoring plan developed for the initial contract will serve as a model for the second contract, and that USAID advice should help avoid some of the disputes that affected the speed of the implementation of the first contract, i.e., duties.

1.2.2 Other Solid Waste Pilots

During this period, the team outlined and **prepared model contracts and bid documents** for the initial pilot contracts in Korca and Durres. Documents developed included specifications for waste collection, street sweeping, and street watering, tender advertisements, requests for proposals, and draft contracts.

As a part of the project structuring, team members met with the Mayors, Vice Mayors, and enterprise personnel of the Korca and Durres municipalities to develop appropriate strategies for procurement, to draft tender documents, to identify service areas, to make tentative schedules for pilot implementation, and to review other pilot considerations, such as

employment. The team found that both cities had done much preparation for the pilot projects.

Other pilot activities completed included preliminary meetings with municipal and Ministry officials on new pilots in Elbasan and Shkodra, as well as important preliminary discussions and analyses regarding the development of a Landfill Privatization Pilot in Tirana or Durres. Even after leaving Tirana at the end of January, the solid waste team plans to continue developing the requested documents and will keep in contact with the Albanian counterparts. The team's next trip is planned for March–April.

In the coming months (February–March), team members will be required to complete assignments on the active pilot projects, as well as make progress on the project in the pipeline.

Active project responsibilities to be performed include:

- Draft Bid Evaluation forms for Korca and Durres Pilots;
- Complete final procurement documents for Korca and Durres in preparation of final Requests for Proposals (RFPs);
- Assist in the marketing of tender documents locally and internationally in association with the responsible authorities;
- Assist the City of Tirana with Contract Monitoring plan and problems with mobilization for the second collection contract;
- Assist the City of Tirana in reviewing compliance of Italian contractor in initial contract and propose modifications; and
- Develop strategy and project selection criteria for Pilot Landfill Project.

Documents finalized by cities:	Mid-March
Approval from the Ministry:	End of March
Allocation of budget from MOC:	End of March
Final RFP is released:	End of March
Pre-proposal meeting:	Mid-April
Proposals due:	End of April/Early May

It will be important to extend the planned closing date of the solid waste assistance plan beyond April 30, 1995, as the tender process has been moved back. Moreover, the institutional development and responsibility for managing the contracting process needs to be strengthened. While the initiative and enthusiasm of the staff of selected Municipalities has been exceptional, their workload will increase and the technical requirements will accelerate.

This makes the development of workplans and schedules and additional staff training even more important. It is hoped that these (and other) pilots will be supported at least through the initiation stages, as the expected outputs match or exceed expectations.

2 Human Resources and Capacity Building Component

2.1 Washington, DC-Based Training

Five Albanians from the MOC returned from the workshop on Private Contracting of Public Resources held in Washington, DC from November 21–December 2, 1994, and another seven officials from the MOC and the National Water Council participated in the Infrastructure Investment and Financial Analysis workshop held in Washington, DC, December 5–16, 1994. The program included participants from more than 15 countries, including Albania, Poland, Hungary, Romania, Croatia, Korea, India, Bulgaria, Latvia, the Philippines, and Spain.

The Albanian delegation made significant contributions to the success of the program and excelled in most every session. The exposure to case studies, policies, and transactions, as well as the computer training, should prove to be a valuable contribution to the Albanian infrastructure component, as all participants received training in project identification, analysis, financial engineering, procurement, bid documentation, and bid evaluation. All of these issues are critical to the long-term success of public-private partnerships in Albania. Additionally, each of the participants received a laptop computer with financial software, a useful contribution to the productivity of the personnel in the MOC.

2.2 Albania-Based Training

During this period, substantive and logistical preparations were made in advance of the training program, Project Identification, Selection, and Analysis, scheduled for February 13–17, in Tirana. It is anticipated that **more than 35** Albanian officials, including all of the operation's counterparts responsible for implementation of the Infrastructure Investment Component of this Project and key specialists from both the USAID Housing and Land Management Projects, will be attending this workshop. Each training participant will receive a manual of project documents and case studies, as well as an Hewlett-Packard business/financial calculator.

2.3 Planned Training Activities (February-March)

In addition to the Project Identification Program scheduled for early February, a number of other training activities are planned for the next few months. It is hoped that a small delegation of Albanian officials responsible for regulation will attend the workshop, "Regulation of Utilities and Monopolies: Effective Models for Promoting Competition and Consumer Protection in Transforming Economies," March 27–April 7, 1995 in Washington, DC. A team of participants from the Infrastructure Secretariat have applied for funding for this program.

After consultations with the new Minister and USAID, it has been proposed that the planned training programs in Albania be amended as following: the planned program on Environment Infrastructure Development has been substituted for a training program on "Concessions and Leases for Infrastructure Development." This program will be of more direct relevance to Ministry staff given the anticipated efforts to introduce private participation in water, solid waste, wastewater, power, transport, etc. This program is proposed to be conducted in May.

In addition to the Concession Program, a one-week training program on “Regulation Strategies and Techniques” has been proposed for April. This program is intended to be conducted parallel to the preparation of a regulatory strategy and concomitant regulations/laws by the Regulation Team in April. Now that two training programs in Albania will have been completed by this time, the logistical preparation for arranging and conducting the training is becoming standardized. Additionally, it is hoped that more and more of the programs will feature not only Albanian cases, but also Albanian presentations.

To date, more than **100 Albanian officials** have been trained under this project component in the following training efforts:

- Privatization of Infrastructure Seminar (one day, April 1994);
- Solid Waste Management and Privatization (five days, July 1994);
- Public-Private Partnership Study Tour (U.K. and France, July 1994);
- Private Sector Contracting for Public Services (two-week program, November, 1994); and
- Infrastructure Investment and Financial Analysis (two-week program, December 1994).

3 Regulatory Strategy Development

Under this component of the project, only DC-based activities were conducted, primarily focusing on legal research, case studies, and communications with the Albanian Regulatory Specialists and the Regulation team during the DC training. While an Action Plan was developed and reviewed essentially laying out a program and schedule for developing the Regulation Plan, most of the “hardware” needs to be initiated.

This would include the development, with the Albanian Regulation Team, made up of MOC staff and other relevant participants, including officials from the Power, Transport, and Environmental agencies, of a detailed Strategy (**Phase I**) and a set of Laws/Regulations (**Phase II**) establishing the institutional focal point for utilities regulation in Albania.

Both draft laws are under review by Ministry staff. We have been informed that the laws will be submitted for approval during the next session of Parliament, scheduled to begin in a few weeks. Technical specialists are eager to contribute to the revision and review process, including the development of additional enabling legislation/regulations if required.

The Minister and his senior staff have clearly indicated their interest in launching a regulation initiative (Phase I) as soon as possible. It is hoped that this would begin on or about the same time that the following actions/activities are commenced:

- Presentation of Privatization Options Study and Review (Mid-March);
- Approval of Water Law and Law on Concessions during next Legislative Session (March); and
- Training Program for cross section of Albanian officials on Regulation Strategies and Techniques. (Proposed for April). This would serve as the launching of the

“Regulation Working Group or Network” that currently lies dormant or undefined. Efforts have also been made during this period to identify the core of a “Regulation Network” comprised of representatives of the Ministry of Construction, the Ministry of Energy, the Committee on the Environment, the Ministry of Finance, etc.

LETTER TO THE MINISTER

Mr. Minister

In the context of implementing the law No. 7688 dated 03/17/1993 " On condominiums decision of the Council of Ministers No.214 dated 05/10/1993 and the Internal Order No.46 dated 04/22/1994 of the Ministry of Construction, a working group was established made up of 110 people from Housing Public Enterprises . These groups operated at the Housing Agencies in districts. Following are the duties of the group:

- fill in the formularies on condominiums for the privatized apartments (some 20 thousand apartments)
- register the apartments in the hipoteka office
- announce the establishment of condominiums in the privatized apartments
- privatize the rest of apartments

The group worked in the district branches during July - December 1994 period under a bilateral contract.

During the period there were registered about 40 % of formularies and first condominiums were announced in the districts of Tirana, Durres, Shkoder, Korce and Kruja. This project has also been followed by Mrs. Carol Rabenhorst from the USAID. Mr. Rabenhorst has assisted in announcing the first condominiums.

This process will also continue under the USAID projects for Albania. The material base and the staff involved in this process have already been established. We are of the opinion that the group continue to work during 1995 in order not to leave the procedures incomplete.

D i r e c t o r

Leila Gjini

THE CONDOMINIUM HOUSING PROJECT
A COMPONENT OF USAID TECHNICAL ASSISTANCE TO ALBANIA

**THE CONDOMINIUM HOUSING PROJECT
A COMPONENT OF USAID TECHNICAL ASSISTANCE TO ALBANIA**

The condominium housing component of USAID's technical assistance to Albania began in December 1992, when American advisors provided comments and assistance with the Law on Privatization of State-Owned Housing (Law No. 7652, dated Dec. 12, 1992) and preparation of a Law on Condominium (Law No. 7688, dated March 17, 1993). This legal framework was necessary to provide a plan of ownership and registration of the properties, and to provide the citizens who became owners of their apartments with guidelines and procedures for operation of the buildings.

The condominium ownership plan provides for individual ownership of apartments, and co-ownership of the rest of the building (the common property) by the individual owners. The condominiums are operated by an Owners' Association, to be established in each condominium and registered as a legal entity with the right to make decisions about the maintenance and improvement of the property, enter into contracts, and adopt and enforce rules applicable to all owners in the building. This plan of ownership applies to all housing completed by the National Housing Agency (NHA) with proceeds from the World Bank loan, as well as the privatized housing.

During 1994, after completion of housing privatization, the condominium project developed procedures for registration of the privatized buildings as condominiums and establishment of owners' associations. It also planned a program to train the new owners in skills and techniques necessary to operate their buildings. A team of Albanian housing experts was trained to prepare and disseminate information about condominiums throughout the country, and become qualified to work independently in the absence of foreign consultants. The team includes: Antonetta Fona and Engjell Gjoka of the Ministry of Construction; and Adem Duka, Sokol Ademi, and Petrit Çomo of NHA. (NHA is responsible for establishing condominiums in the privatized buildings as well as in NHA housing.) Leila Gjini, legal advisor to the Minister of Construction, has been an integral part of the program since its inception, and still provides legal assistance and advice as needed. All these persons attended a USAID-sponsored Condominium and Property Management Study Tour in Washington, DC, during September 1994.

With the help of American consultants, the Albanian team has prepared public information materials about condominiums for mass distribution, and training materials to assist with the organization of condominium associations and operation of the properties. Beginning in October, 1994, the Albanian team and an American advisor began visiting regions of Albania to meet with residents of privatized buildings and organize condominium associations. One object of these meetings was to identify buildings for a demonstration project in condominium operations. The goal of the demonstration will be to improve the condition of the properties, emphasizing low cost and self help, to demonstrate to the owners (and to others, through a public information campaign), how they will benefit by organizing an association and cooperating with each other.

Possible demonstration projects include improving the central courtyard between
row of buildings for play space and gardens, or installing water deposits (reservoirs)
per-floor apartments or a small pump on the first floor in a building with water
problems.

The Albanian team will stay in regular contact with buildings selected for the
demonstration, by attending their meetings and providing advice and assistance with
implementing a project selected by the owners. For example, they can assist the owners
in obtaining technical and cost information on options for solving water problems, and
determine whether there are ownership or use issues relating to courtyard space for
potential demonstration projects. They will also coordinate public information about the
projects, so that owners in other buildings can benefit from the experience of the
demonstration buildings.

MEMORANDUM
MONTHLY UPDATE — DECEMBER 1994

MEMORANDUM

TO: Everett Post - Resident Program Manager
FROM: Susan E. Pritchett Post
Project Team Leader - Housing
Adem Duka
Director NHA - NHA Team Leader
DATE January 11, 1995
RE: Monthly Update - December 1994

Much of the National Housing Authority's (NHA) activity related to the demands of visits by Julius Varallyay, Principal Country Officer, Toru Konishi, Task Manager from the World Bank, Gary Griffis, United States Agency for International Development (USAID) Financial Management Advisor, Andi Dervishi, USAID Accounting Advisor, Martin Stent, USAID Construction Management Advisor, and Rebecca Black, USAID/Warsaw. Many uncertainties continued into this period and the productivity of the organization was adversely affected by the absence of electric power at the NHA offices for the last two weeks of November and the entire month of December. Conditions have improved in the first days of January and there is a heightened sense of optimism and increased activity.

1 Financial Management

1.1 Accomplishments

Funding from the State Budget. The NHA received a total of 900,000,000 Lek (approximately \$9MM) from the 1994 budget. This distribution effectively eliminated the short-term liquidity crisis and allowed the NHA to pay off all of its accounts payable. It also provided the NHA with operating funds to finance some of the first quarter construction. The NHA has also received assurances that they will receive an additional \$16MM from the 1995 budget.

Business Plan. During his December trip, Gary Griffis, Financial Management Consultant, worked closely with the NHA and the World Bank Task Manager, Toru Konishi, in the development of business plan with projections for the NHA for 1995. The World Bank has requested that the NHA complete this Business Plan for informational purposes for the new Minister of Construction and as part of a Mid-Term Review being conducted by the World Bank and USAID on the housing project.

Technical Assistance/Accounting. Andi Dervishi, Accounting Advisor, worked with Tatjana Kotepano, Controller, to resolve issues relating to the presentation of financial information and adherence to the new Albanian accounting law and international accounting standards.

1.2 Issues and Challenges

Future role of NHA. Despite higher-than-expected budget allocations for 1994 and a significant allocation for 1995, the NHA will still have limited funds for new construction. If the NHA is to continue the construction of housing, a long-term strategy and policy framework must be established to clarify its role, allow it to operate effectively, and properly

finance its operations. **Challenge.** To ensure that the NHA's new role is well-conceived and financed.

Internal Financial Capabilities. The NHA staff is not currently able to perform financial management functions satisfactorily internally. **Challenge.** To find an appropriate person to bring into the organization to perform this function or train the existing staff, if appropriate.

Accounting Issue. If the NHA follows international accounting standards, it will show a loss and, if it shows a loss, Albanian law will preclude the organization from paying bonuses, thereby reducing significantly the NHA's ability to compensate its staff properly. **Challenge.** To obtain a special exemption to the law or other solution to allow the NHA to provide financial statements in the form required by the World Bank and in accordance with the new accounting law and still provide adequate compensation.

2 Sales and Credit Administration

2.1 Accomplishments

New decrees. A new decree was passed in mid-December giving responsibility to the NHA to administer a new restitution loan program, and another decree was drafted (and passed on 9 January) increasing the discount for all cash sales to 30 percent. The first decree requires the NHA to lend money to individuals in Kukes who lost their homes when the original city was flooded to create a reservoir and \$1,500,000 was provided to the NHA to meet the requirements of the decree. The anticipated impact of the second decree is to increase the proportion of cash sales and reduce potential cost recovery.

Technical issues/inspection and delivery. *The NHA has resolved this issue in concept and can now hire and pay external Kolaudators to perform the necessary inspections.* There are still challenges associated with this process, including issues pertaining to payments and the acceptance of work and the ability of a Kolaudatur to determine accurately after the building is completed whether or not the work was performed in accordance with the contract and design requirements.

Land Price. This issue has also been resolved in concept for all districts and the NHA is now waiting for the Urbanistic Offices around the country to provide final information for their cities. The NHA is currently preparing maps of the building locations as reference documents and as a means of facilitating a technical field investigation. These maps will be useful in resolving this issue as well.

2.2 Issues and Challenges

Technical issues/hook-ups and infrastructure. The municipal services hook-up/infrastructure problems need to be detailed along with the costs and time to complete. **Challenge.** To identify the problems on a building-by-building basis and to create a plan for resolution. Although the NHA has made an effort to collect data regarding this problem, it is only partially complete at this time.

Allocation/Homeless List. This continues to be an issue and an obstacle to sales. The Homeless List is not yet complete and sales cannot proceed until it is. Additionally, policy changes are necessary to allow the NHA to sell the completed units to the people who are occupying them, since they are not, for the most part, officially “homeless” nor from a practical standpoint can they be evicted. **Challenge.** To resolve the policy and procedural problems surrounding this issue.

3 Construction and Project Management

3.1 Accomplishments

Evaluation activities begun. Martin Stent, USAID Construction Management Advisor, began work on the first phase of the Construction and Project Management consulting project.

Interim report. Martin Stent and Nino Milia, World Bank Construction Advisor, submitted a joint interim report on the status of the quality of the buildings constructed by the NHA, noting major construction problems.

3.2 Issues and Challenges

World Bank concerns. Given concerns about the reportedly poor quality of construction of NHA buildings, the World Bank has identified this as the area of greatest concern at this time. **Challenge.** To complete a sufficiently comprehensive field investigation to draw conclusions in answer to this question.

Improvement of quality and control. There is an apparent need to improve the NHA’s internal management of the construction process or to obtain the assistance of private independent engineers to perform the quality control function. **Challenge.** To find a cost-effective solution which will improve the resulting quality.

4 Management Information Systems

4.1 Accomplishments

Limited by the lack of electricity and absenteeism.

Information Reporting. During the visits of the USAID and World Bank advisors and the World Bank Task Manager in December, the following information needs were met:

- provided the information for the construction management evaluation team;
- generated contract status and payments reports; and
- provided the Accounting Advisor with accounting system parameters and data.

System Enhancements. An additional piece of the accounting software was installed to create balance sheets and income statements, but has not yet been tested with real data.

4.2 Issues and Challenges

Sales and credit software package. ICC is continuing work on the software to allow for entry of the credit information. **Challenge.** To develop a comprehensive system that meets the complex needs of the NHA.

Review of NHA's existing information systems. While information has been gathered about the existing systems, it is not complete, so no evaluation has been made as yet. **Challenge.** To determine what purposes are being served and what information is being required so as to develop systems that meet those needs without duplication of effort in different departments. This involves streamlining of systems and improving accuracy of data. This project has been ongoing for a couple of months and is expected to be completed in January.

The use of the existing software. Not all software tools that have been developed for the NHA's benefit are being used. **Challenge.** To develop a training program for proper implementation and use of these systems. This is still in process.

Regional MIS. With the beginning of sales, it is evident that the regions will need many of the same tools that are available at the headquarters. **Challenge.** To analyze the needs and obtain proper solutions. This issue is also connected with decisions regarding the centralization vs. decentralization of systems.

Data for domestic buildings. There is an agreement as to the benefits of having the same data for domestic buildings that we have for the World Bank buildings. **Challenge.** To obtain the information from the regional offices.

MEMORANDUM
MONTHLY UPDATE — JANUARY 1995

MEMORANDUM

TO: Everett Post - Resident Program Manager
FROM: Susan E. Pritchett Post
Project Team Leader - Housing
Adem Duka
Director NHA - NHA Team Leader
DATE: February 1, 1995
RE: Monthly Update - January 1995

The teams have focused on responding to producing the information requested in the World Bank's letters and December Aide Memoire and particularly on issues pertaining to construction management. Although the physical conditions at the NHA offices have improved somewhat with the acquisition of a generator, the offices are still frequently without electricity because there is no fuel for the generator.

1 Financial Management

1.1 Accomplishments

Business Plan. Further modifications made to the Business Plan developed by Gary Griffis during his December trip. Diana Avrami, Manager of Budgeting and Planning, revised Gary's spreadsheets and she and Sokol Ademi made changes to the assumptions for 1995. Gary modified the program and prepared revised projections.

1.2 Issues and Challenges

Future role of the NHA. Despite higher-than-expected budget allocations for 1994 and a significant allocation for 1995, the NHA will still have limited funds for new construction. According to the new Minister of Construction, the NHA is to be a social housing finance company and policy implementing organization. He believes that the NHA's role is clearly defined in the existing legislation, but is bringing into the Ministry a new Director of Housing who will be responsible for working with us on any outstanding issues. **Challenge.** To work with the Ministry to develop an effective long-term strategy and policy framework that will allow the NHA to operate effectively and properly finance its operations.

Internal Financial Capabilities. NHA staff is not currently able to perform financial management functions satisfactorily internally. **Challenge.** To find an appropriate person to bring into the organization to perform this function or train the existing staff, if appropriate.

Accounting Issues. The World Bank has requested that the scope of the 1994 audit be expanded to the scope originally anticipated for 1995 and has advised the NHA that they expect the financial statements to be delivered in a timely manner this year. **Challenge.** To resolve outstanding issues pertaining to the manner in which the books are kept, further refine chart of accounts and ensure their proper use, and further refine automated accounting system to ensure that financial reports can be generated in a timely and consistent manner.

World Bank Disbursements. The NHA's management has been advised by the World Bank that they are to submit no more requests for disbursement until such time as the mid-term review and field investigation for construction quality has been completed (see below).

2 Sales and Credit Administration

2.1 Accomplishments

Accomplishments were limited due to continued obstacles to sales, including legal definition of eligible buyers, incomplete Homeless List and technical information, continuing technical problems, and requirements for the NHA to administer new government loan programs.

The Advisors have completed a mid-term review of the status of sales and credit policies and procedures and are making recommendations to the NHA's management, the World Bank, and USAID regarding the structure of future assistance.

2.2 Issues and Challenges

Resolution of World Bank unit sales and credit requirements. In a meeting with the new Minister of Construction this month, he stated categorically that the NHA will sell all of the units (parallel program and World Bank) on the terms that have already been established.

Challenges. This issue must be discussed and negotiated between the NHA and the World Bank so that USAID advisors can provide effective assistance.

Technical issues/hook-ups and infrastructure. The municipal services hook-up/infrastructure problems need to be detailed along with the costs and time to complete. **Challenge.** To identify the problems on a building-by-building basis and create a plan for resolution. Although the NHA has made an effort to collect data regarding this problem, it is only partially complete at this time.

Allocation/Homeless List. This continues to be an issue and an obstacle to sales. The Homeless List is not yet complete and sales cannot proceed until it is. Additionally, policy changes are necessary to allow the NHA to sell the completed units to the people who are occupying them, since they are not, for the most part, officially "homeless" nor from a practical standpoint can they be evicted. **Challenge.** To resolve the policy and procedural problems surrounding this issue.

3 Construction and Project Management

3.1 Accomplishments

Mid-term review begun. Full field investigation/evaluation recommended by the World Bank agreed to by the Minister of Construction who is requesting assistance from USAID in this process. Proposal negotiated whereby USAID advisors will work with Albanian engineering teams to analyze the quality and safety of construction to date focusing on Tirana and, possibly, Mat, initially. Work to begin in February.

Internal NHA quality control commission established. This commission, created by order of the Board of the NHA, has completed a review of the quality construction of all of the World Bank buildings in Tirana and is currently preparing a report.

3.2 Issues and Challenges

Improvement of quality and control. There is an apparent need to improve the NHA's internal management of the construction process or to obtain the assistance of private independent engineers to perform the quality control function. **Challenge.** To find a cost-effective solution that will improve the resulting quality. Proposals and training will be proposed for any subsequent USAID assistance program.

4 Management Information Systems

4.1 Accomplishments

Sales and credit software package. ICC has completed the sales administration portion of the system. It has been installed in the Tirana office and the initial testing has been completed.

Review of the NHA's existing information systems. Information has been gathered and analyzed about the existing systems and meetings with NHA staff to discuss about different data gathering forms have been organized. A draft report is finished and will be delivered to NHA executives this month as part of the mid-term review of the housing program. The report points out the problems with the existing system and gives some recommendations, including a proposal for creating a working group of representatives from each department to discuss and approve forms and procedures.

4.2 Issues and Challenges

Credit software package. ICC and NHA staff are continuing work on the software to allow for entry of the credit information. Work has also begun on a system to administer the pre-sales. **Challenge.** To develop comprehensive systems that meets the complex needs of the NHA.

Review of the NHA's existing information systems. A number of issues have been raised as part of this review that indicate that revisions to the systems are needed. **Challenge.** To implement an information system (computerized or not) that will be able to respond promptly and accurately to the various requests about the projects status, NHA financial situation, sales situation, etc.

The use of the existing software. Not all software tools that have been developed for the NHA's benefit are being used. **Challenge.** To develop a training program for proper implementation and use of these systems. (This is still in process.)

Regional MIS. With the beginning of sales, it is evident that the regions will need many of the same tools that are available at the headquarters. Testing has taken place in the Tirana District office where, except for the lack of electricity, things have been going well. Reports

were generated for the first cash sales done from this office. The situation in Shkodra was checked (as the NHA is planning on starting the sales there very soon), but unfortunately the existing conditions there are too far from being adequate to install a computer there (no security, no electricity, etc.). **Challenge.** To analyze the needs and obtain proper solutions. This issue is also connected with decisions regarding the centralization vs. decentralization of systems.

Data for domestic buildings. There is an agreement as to the benefits of having the same data for domestic buildings that we have for the World Bank buildings. The Planning and Budgeting department has started working on this and we already have in the computer the building information for domestic buildings, but not the contract and payment information yet. **Challenge.** To obtain the information from the regional offices.

**HOUSING PROJECT SUMMARY TASK LIST
JANUARY 11 AND FEBRUARY 1, 1995**

**HOUSING PROJECT
SUMMARY TASK LIST
January 11, 1995**

R = Revised
N = New
D = Done
C = Continuing

FINANCIAL MANAGEMENT

NHA team -

- C** Use of projections and other financial information to support requests for assistance from the current year's budget and through the first quarter of next year when the budget funds for 1995 are available as well. Completion date for obtaining such funds = March 1995

- N** Prepare 1995 Business Plan using projections. Target completion date = 27 January

- D** Audit completed and signed on 25 November. Final submitted to the World Bank on 8 December.

- R** Implement Deloitte Touche and USAID recommendations for improvement in accounting system in cooperation with Accounting/Bookkeeping specialist by 31 December. Agreement to implement reached in December. Final implementation to take place in 1Q 1995.

- N** Refine accounting system and arrange accounts in accordance with the new accounting law and in anticipation of the 1995 audit by 31 March.

- N** Seek special status exemption from law forbidding the payment of bonuses by companies that report losses for accounting purposes. Target completion date = 31 March

USAID team

- R** Identify specific training needs of the financial staff (especially Tatjana and Diana) and design training program in accordance with those needs by 1 January. Delete objective. Tatjana will receive adequate assistance from USAID. No additional training needed at this time. See new objective below.

- N** Continue to assess the skills of Planning and Budgeting staff (especially Diana) and identify training opportunities as they arise. This activity will continue through 31 March.

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- D Assist NHA in resolving current liquidity crisis if the Savings Bank loan does not fund by mid-November. Proposed SBA loan cancelled. Funds in the amount of \$9.5MM were received directly from the State Budget which will allow NHA to operate through most of the first quarter of 1995 after which the State Budget funds for 1995 will be received.
- N Assist NHA in the completion of a Business Plan and projections for FY1995 by mid-January.
- N Develop sample chart of accounts and assist Tatjana in preparing for their use by the end of February.
- N Assist NHA in preparing for the FY1995 audit by 31 March
- N Assist NHA in negotiating an amendment in the Deloitte Touche contract, to expand the scope of the 1994 audit as requested by the World Bank. To be completed by the end of February.
- N Per the request of the new Minister, obtain sample loan agreements for international credits and assist NHA in their evaluation of financing assistance offered by Malaysia, Turkey, Italy and others - on-going, but primarily through 31 March

SALES AND CREDIT

NHA team

- R Sell 400 domestically financed units by the end of December. Sales have effectively been halted due to Technical and Legal obstacles. Revised completion date = 31 March.
- C Resolve technical problems related to the delivery of buildings, the price of land and the allocation of units to the Homeless by 31 January 1995.
- C Obtain information for creation of nation-wide Homeless List and prepare list by 31 January
- C Revise existing written policies and procedures to reflect the experience of these initial sales with the objective of "publishing" a full policies and procedures manual by 31 January.
- R Prepare to begin sales of World Bank-financed units in

December by altering in writing the sales and credit policies and procedures to ensure that they agree with the terms of the IDA agreement - by mid-December. Revised completion date = mid-February due to continuing negotiations with the World Bank

- R Review training needs. Develop training program and devise schedule for training by mid-December. Revised completion date is 31 March due to continuing delays in the progress of sales
- R Analyze need for a public awareness campaign and develop, if necessary - by end of November. Revised completion date = 31 March due to delay in sales.

USAID team

- R Provide advice, as needed, in developing and refining sales and credit procedures - on-going, but especially critical through December. Revised to "through 31 March" due to delays in selling.
- C Assist NHA in the resolution of technical obstacles to continued sales by 31 January.
- R Assist in the development of policies and procedures for the sale of World Bank-financed units in accordance with the terms of the IDA loan agreement by mid-December. Revised completion date = mid-February due to continuing negotiations with the World Bank.
- C Provide MIS assistance in assessing the feasibility and costs of creating and maintaining the Homeless List and in the implementation of this project by 31 January. Program implemented - waiting for data.
- R Assist NHA in the review training needs, the development of training program, and devising of schedule for training by mid-December. Revised completion date = 31 March due to delays in sales.
- R Assist NHA in analyzing the need for a public awareness campaign and its development, if necessary - by 31 January. Revised completion date = 31 March due to delay in sales.

CONSTRUCTION MANAGEMENT

NHA team

- C Complete necessary legislation to allow NHA to control and monitor construction process and procedures by 31 January

- R Prepare information about the technical problems of the completed buildings including the details of the problems, the cost to resolve and the time required to resolve by 31 December. Information received for 171 buildings, remainder still missing. Revised completion date = 31 January.

- R Prepare proposal to the World Bank to finance the completion of the technical works (municipal hook-ups) for completed buildings by 31 January. Delete this objective as NHA hopes to be able to fund this activity from the 1995 budget funds.

- N Prepare maps to show locations of all projects. Target completion date = early February.

USAID team

- D Identify appropriate training opportunities in project management and construction supervision for NHA management and staff by early December.

- D Schedule commencement of on-site TA prior to mid-January.

- N Respond to World Bank desire for full field investigation to address concerns re. quality and construction supervision by 31 January.

MANAGEMENT INFORMATION SYSTEMS

NHA team

- C Obtain information and complete the data input of the emergency and domestically-financed buildings into the Contract Database by 31 January.

- R Input data to the Accounting System in accordance with the new accounting law and produce current income statements and balance sheets by 31 December. Revised completion date = mid-February due to lack of electricity.

- C Provide information and description of needs to assist in the development of the Sales and Credit Administration System,

the Homeless List Database, and the Construction Cost Database by mid- January.

USAID team

- R Design and implement any changes required in the Contract/Project database and Accounting System by 31 December. Revised completion date = mid February due to lack of electricity and need for revision of account structure.
- C Design and implement Sales and Credit Administration System by 31 January.
- C Design and implement the Homeless Database by 31 January
- R Review the current applicability of the previously-designed construction cost database and assist NHA in its implementation by the end of December. Revised target completion date = end of January
- R Re-analyze the information management needs of NHA and make necessary changes to the existing information systems to determine what purposes are being served and what information is being required so as to develop systems that meet those needs without duplication of effort in different departments. Completion date = 30 December. Revised completion date = mid February

OTHER

NHA Team

- N Prepare reform strategy for reorganization of NHA, clarification of authorities and responsibilities, and writing and enforcing of policies and procedures. Target completion date = mid-Feb.

USAID Team

- N Assist in the preparation of the reform strategy, as requested by NHA management

**HOUSING PROJECT
SUMMARY TASK LIST
February 1, 1995**

R = Revised
N = New
D = Done
C = Continuing

FINANCIAL MANAGEMENT

NHA team -

- C Use of projections and other financial information to support requests for assistance from the current year's budget and through the first quarter of next year when the budget funds for 1995 are available as well. Completion date for obtaining such funds = March 1995
- R Prepare 1995 Business Plan using projections. Target completion date = 27 January. Revised completion date = mid-February. Numbers completed and undergoing final review.
- C Implement Deloitte Touche and USAID recommendations for improvement in accounting system in cooperation with Accounting/Bookkeeping specialist by 31 December. Agreement to implement reached in December. Final implementation to take place in 1Q 1995.
- C Refine accounting system and arrange accounts in accordance with the new accounting law and in anticipation of the 1995 audit by 31 March.
- C Seek special status exemption from law forbidding the payment of bonuses by companies that report losses for accounting purposes. Target completion date = 31 March

USAID team -

- C Continue to assess the skills of Planning and Budgeting staff (especially Diana) and identify training opportunities as they arise. This activity will continue through 31 March.
- R Assist NHA in the completion of a Business Plan and projections for FY1995 by mid-January. Revised completion date = mid-February.
- C Develop sample chart of accounts and assist Tatjana in preparing for their use by the end of February.

- C Assist NHA in preparing for the FY1995 audit by 31 March
- C Assist NHA in negotiating an amendment in the Deloitte Touche contract, as requested by the World Bank, by the end of February
- C Per the request of the new Minister, obtain sample loan agreements for international credits and assist NHA in their evaluation of financing assistance offered by Malaysia, Turkey, Italy and others - on-going, but primarily through 31 March

SALES AND CREDIT

NHA team

- C Sell 400 domestically financed units by 31 March.
- R Resolve technical problems related to the delivery of buildings, the price of land and the allocation of units to the Homeless by 31 January 1995. **Technical problems, mainly utility hook-ups, have been completed on 172 buildings nation-wide and are being addressed as they are reported. Land price issues are resolved in concept, but maps are needed and the Homeless List is still being collected. Delete this objective and replace with revised objectives below.**
- N Resolve utility hook-up problems as they are reported. **Completion date for currently completed buildings = mid-April.**
- N Complete analysis of missing main lines for utilities and prepare plan to address the problems by the end of February.
- N Obtain maps and other identifying materials for determination of land prices from the municipalities by the end of February.
- R Obtain information for creation of nation-wide Homeless List and prepare list by 31 January. **Revised completion date = mid-March due to slowness of municipalities to report information.**
- R Revise existing written policies and procedures to reflect the experience of these initial sales with the objective of "publishing" a full policies and procedures manual by 31 January. **Revised**

target completion date = 31 March

- C Prepare to begin sales of World Bank-financed units in December by altering in writing the sales and credit policies and procedures to ensure that they agree with the terms of the IDA agreement by mid-February.
- C Review training needs. Develop training program and devise schedule for training by 31 March
- C Analyze need for a public awareness campaign and develop, if necessary - by 31 March

USAID team

- N **Complete "Mid-term Review" of the status of sales and credit policies and make recommendations for changes in assistance strategy by mid-February.**
- C Provide advice, as needed, in developing and refining sales and credit procedures - on-going, but especially critical through 31 March
- R Assist NHA in the resolution of technical obstacles to continued sales by 31 January. **Target completion date revised to mid-April to correspond with new objectives above.**
- C Assist in the development of policies and procedures for the sale of World Bank-financed units in accordance with the terms of the IDA loan agreement by mid-February
- R Provide MIS assistance in assessing the feasibility and costs of creating and maintaining the Homeless List and in the implementation of this project by 31 January. Program implemented - waiting for data. **Revise objective to read "Provide MIS and other support to NHA in collation of Homeless Lists from the municipalities and maintenance of a consolidated list." Target completion date = 31 March.**
- C Assist NHA in the review training needs, the development of training program, and devising of schedule for training by 31 March

- C Assist NHA in analyzing the need for a public awareness campaign and its development, if necessary - by 31 March

CONSTRUCTION MANAGEMENT

NHA team

- C Complete necessary legislation to allow NHA to control and monitor construction process and procedures by 31 January
- R Prepare information about the technical problems of the completed buildings including the details of the problems, the cost to resolve and the time required to resolve by 31 January. **No significant progress in obtaining information. Revised target completion date = mid-March.**
- C Prepare maps to show locations of all projects. Target completion date = early February.
- N New Construction Review Commission to complete report on quality of World Bank buildings in Tirana and begin its review in Lezha by mid-February**

USAID team

- D Respond to World Bank desire for full field investigation to address concerns re. quality and construction supervision by 31 January.
- N Complete contract negotiations for field investigation/evaluation assistance and begin work by mid-February**

MANAGEMENT INFORMATION SYSTEMS

NHA team

- R Obtain information and complete the data input of the emergency and domestically-financed buildings into the Contract Database by 31 January. **Revised completion date = end of February**
- R Input data to the Accounting System in accordance with the new accounting law and produce current income statements and balance sheets by 31 December. **Revised completion date = mid-February due to lack of electricity and competing priorities.**

- R Provide information and description of needs to assist in the development of the Sales and Credit Administration System, the Homeless List Database, and the Construction Cost Database by mid- January. Programs completed for Homeless List and Construction Cost Database. Delete objective and replace with revised objective below.
- N Provide information and description of needs to assist in the development of Sales and Credit Administration System by 31 March.

USAID team

- C Design and implement any changes required in the Contract/Project database and Accounting System by mid-February
- R Design and implement Sales and Credit Administration System by 31 January. Revised target completion date = 31 March due to delays in sales.
- R Review the current applicability of the previously-designed construction cost database and assist NHA in its implementation by the end of January. Revised target completion date = end of March due to conflicting priorities re. construction management TA
- D/R Re-analyze the information management needs of NHA and make necessary changes to the existing information systems to determine what purposes are being served and what information is being required so as to develop systems that meet those needs without duplication of effort in different departments. Completion date = mid February. Analysis done. Revise objective to read "Make recommendations for necessary changes to the existing information systems in accordance with the results of earlier analysis and incorporate both the analysis and recommendations in the Mid-term Review due by the end of February."
- C Design and implement a software for presale contract management. Target completion date = end-Feb.

OTHER

NHA Team

- C Prepare reform strategy for reorganization of NHA, clarification of authorities and responsibilities, and writing and enforcing of policies and procedures. Target completion date = mid-Feb.

USAID Team

- C Assist in the preparation of the reform strategy, as requested by NHA management

PADCO PROJECT MANAGEMENT OFFICE
REPORT ON ACTIVITIES FOR DECEMBER 1994 AND JANUARY 1995

PADCO Project Management Office Report on Activities for December 1994 and January 1995

These two months have been ones of major change. Office staff has changed. The Ministry in which we work has changed its personnel. The United States Agency for International Development (USAID) has had staff changes at the Regional Housing and Urban Development Office (RHUDO) to which we report and there have been new people interested in our work at USAID in Washington. There have also been improvements in the physical conditions of our office and a three-week absence over year end of the Resident Project Management Advisor.

The period has been an especially busy time because important developments in our programs coincided with these changes and increased the need for the review of issues and plans required by the Memorandum of Understanding (MOU). As a result, much time was spent reviewing and helping revise plans for project activities to reflect changing priorities and budget limits. This cumulated in a combined first briefing for Mr. Shehi and quarterly MOU committee meeting on January 17. There were also visits by advisors on all our activities, except the condominium and housing policy, and by three World Bank missions related to our activities. We coordinated the departure of seven specialists for a training in early December and another in January and prepared for a February seminar. Two visits by Rebecca Black from RHUDO, briefings for the new Minister and Vice Minister, and briefings and PADCO meetings in Washington added to the pressure.

Changes during December and January

At the end of November, Ilir Manushi announced that he was leaving the position of Minister of Construction as part of the changes in the government and would be advisor to Prime Minister Meksi. In early December, we learned that Dashimir Shehi, the former Minister of Labor, would be Deputy Prime Minister and Minister of the combined Ministry of Construction and Tourism (MoCT). Until Andrea Mazniku was appointed in mid-January as Vice Minister in charge of managing the Construction part of the Ministry, our contact was mostly with Arben Demiri, Advisor to the Minister Shehi and former Vice Minister of Construction.

Sonia Hammam left her position as director of USAID RHUDO, which she had held since before our Albanian programs started, and will not be replaced until April. This left Rebecca Black as acting director and responsible for filling three jobs at the same time. Between August and November, the World Bank had gone through similar changes in the personnel responsible for the National Housing Agency (NHA) Housing Project with the retirement of Mr. Guarda and the reorganization in which Mr. O'Sullivan replaced Mr. Apitz. These changes leave Dee Dee Blane at USAID Tirana as the only senior person who had been involved with our projects since their beginning in 1992.

Gavrosh Sino, Coordinator of our office, left for his new job in Canada at the end of November, but I was fortunate to find Meri Gorenca who filled the vacant position of Administrative with two days overlap with Gavrosh. She had no time to learn much about her duties before she was pressed into helping with the departure of specialists to a workshop

in Washington and finding accommodations for and support to a crowd of arriving consultants. Then she was left to run the office by herself for three weeks with only two weeks of experience. Somehow, she found time to renovate the office by putting in a new rug and curtains and having the electric system repaired, and to complete the furnishing and equipping of our new office on the third floor of the Ministry for the primary use of the Land Management Task Force (LMTF). Meri continues to do an excellent job and is developing experience.

During this period, Edi Joxhe, who had been coordinating the municipal services activities we worked on at the Ministry, and I discussed the possibility of his joining the Office as the Project Management Assistant. I am pleased to report that we got agreement from both the Albanian and USAID/PADCO sides and that, as of March 1, he will join the staff to help coordinate our project activities. During December, Naim Sula became a consultant under contract to PADCO for computer/MIS services and Martin Stent and his team started work as PADCO/USAID construction management advisors for the NHA.

Project Management Office Activities, December and January

Our program activity was intense during the two months as the Land Project worked to complete Phase I, the Solid Waste activity completed its second phase, and the NHA program went through major transitions involving changes in direction by the Government, the World Bank, and USAID. A new area of USAID assistance to the NHA, construction management, was planned and coordinated with the World Bank. The Water and Utility Regulation activities were carried forward, but delayed by the changes, and training continued. Our office kept track of the condominium and housing policy activities, but no specialists came to work on them.

During the first two weeks of December, there were 12 of our USAID consultants in Tirana, not counting two more who live here. Six worked on Land Management, five on NHA, and one on Water Services. Several of the consultants were in Tirana until December 22. Toru Konishi and Julius Varallyay from the World Bank and their construction advisor, Nino Milia, were also here for some important meetings about the NHA. Rebecca Black was here from December 11–15, but was unable to meet Minister Shehi because he was out of Albania then. She did meet with Mr. Demiri, but was unable to learn if the priorities for our assistance had changed. Everett Post also attended the December 2 University of Pescara seminar on assistance to the city of Durres to continue the coordination with Pescara started in May. As noted above, we also sent seven Albanian specialists for training in Washington and five others returned from their training.

On December 17, Everett Post left for a trip to Washington to brief newly involved people at USAID and the World Bank and to meet the new PADCO support staff. After a two weeks vacation at the end of the trip, he returned to Albania on January 8. Everett and Susan Post briefed Rory O'Sullivan and his staff at the World Bank in Washington on issues related to the NHA, and Nancy Hooff of USAID/Washington who will be working closely with Rebecca Black. There was also a briefing on all our activities for Ellen Czaplewski, Chris

Banks, and David Ollinger of USAID/Washington and meetings with Hank Henward, Lisa Homiak, and others at PADCO.

In January, there were eight visiting USAID consultants, mostly Land Development and Solid Waste specialists. We had two missions from the World Bank: Richard MacEwen from January 8-15 on cooperation with our Water team in Tirana and Rory O'Sullivan with Mr. Milia, on the NHA. Rebecca Black was here from January 15-17. We also arranged for Adem Duka, Director of the NHA, to go to a UN Habitat-related Housing Conference in Budapest.

In addition to the MOU Committee meeting and first full briefing and review of priorities with Deputy Prime Minister Shehi on January 17, there were several other major meetings in January. On January 11, Dee Dee Blane made a call on Mr. Shehi to welcome him into his new position, to introduce Cam Pippitt and Everett Post, and to summarize our programs. On January 13, a World Bank team headed by Messrs. MacEwen and Ebiri, a USAID contingent of Dee Dee Blane, Cam Pippitt, and Everett Post, and the Italian Embassy Economic Counselor met with Arben Demiri to discuss the plan to cooperate on preparing for private participation in Durres and Tirana water systems. Mr. Demiri advised us that the Ministry wished to delay that activity until the Ministry had studied the options. On January 24 and 25, Mr. O'Sullivan and his team, Everett Post and the USAID team assisting the NHA, and Messrs. Demiri and Shehi met to discuss the NHA Housing Project, especially the Bank's concern about construction quality. On January 30, Everett Post met with Andrea Mazniku to introduce himself and welcome him as the new Vice Minister for Construction. Everett Post also prepared a number of briefing papers for Messrs. Shehi, Mazniku, and Demiri and special reports to USAID on program success stories and plans, and compiled the November MOU Report.

**SCHEDULE OF ACTIVITIES AND TRAVEL
DECEMBER 1994 AND JANUARY 1995**

Schedule of Activities and Travel December 1994 and January 1995

- Dec 01 Already in Albania - Land Management Advisors Pollock, Gates, Resident Advisors - E. Post, S. Post, N. Sula. Meri Gorenca starts as PADCO Admin. Assistant.
- Dec 02 Albanian specialists leave for Infrastructure Investment workshop in Washington, DC. Durres Urban Planning - Pescara University Seminar. Martin Stent and associates start as NHA Construction Management Advisors.
- Dec 04 Albanian specialists return from Contraction for Public Services workshop in Washington DC. Land Management Team Leader Driscoll and advisor Jones arrive.
- Dec 05 Dashimir Shehi appointed Deputy Prime Minister and Minister of Construction and Tourism. NHA advisors Griffis and Dervishi arrive. World Bank NHA mission of Konishi and Varallyay arrive.
- Dec 06 Meeting - Konishi, Varallyay, Griffis, Dervishi, E. Post, S. Post, Adem Duka and Sokol Ademi. Meeting of Land Management Task Force.
- Dec 08 Infrastructure Team Water Engineer, P. Giantris arrives. Briefing memo sent to Minister Shehi. Second NHA meeting at World Bank.
- Dec 09 NHA meeting at World Bank - Ebiri, Varallyay, Konishi, E. Post. Land Management Advisor Mona Serageldin arrives.
- Dec 11 Rebecca Black arrives.
- Dec 12 R. Black, E. Post meetings at USAID and with NHA team. Land Management Advisor Ersenkal arrives.
- Dec 13 Third NHA meeting at World Bank. Land Management Task Force presentation to World Bank's Ebiri and Varallyay.
- Dec 14 R. Black, E. Post brief Arben Demiri on USAID assistance and plans. E. Post, USAID'S R. Black, C. Pippitt and D. Blane meet at World Bank with Ebiri, Konishi and Varallyay.
- Dec 15 Rebecca Black leaves after final meetings.
- Dec 16 Advisors Griffis, Dervishi, Serageldin and Ersenkal leave. November MOU report done.

- Dec 17 E. Post and S. Post leave for meetings in Washington and vacation in USA. Konishi and Varallyay leave. M. Stent and associates leave.
- Dec 18 Land Management advisor Jones leaves.
- Dec 20 E. Post, S. Post, G. Griffis, PADCO's H. Henward and USAID's N. Hooff meet at World Bank in Washington with Rory O'Sullivan, J. Varallyay and T. Konishi.
- Dec 21 Land Management advisors Driscoll, Gates and Pollock leave Albania. E. Post and S. Post brief USAID Washington E. Czaplewski, D. Ollinger and C. Banks on our programs.
- Dec 22 Infrastructure advisor Giantris leaves Albania.
- Jan 05 Land Management Advisor Gates arrives.
- Jan 08 E. Post and S. Post return, Land Management advisors D. Jones, B. Pollock and Team Leader J. Driscoll return, World Bank's R. MacEwen arrives.
- Jan 10 Meeting between E. Post and R. MacEwen re water projects.
- Jan 11 Dee Dee Blane introduces E. Post and C. Pippitt to Minister Shehi and explains our programs.
- Jan 13 Meeting Arben Demiri, World Bank's R. MacEwen, K. Ebiri and C. Warnars, USAID's D. Blane and C. Pippitt, E. Post and Italian Embassy Econ. Counselor on Tirana/Durres Water Project cooperation.
- Jan 15 Rebecca Black arrives. Land Management advisor D. Cook arrives.
- Jan 16 Infrastructure Team Leader Matt Hensley and Solid Waste advisors G. Vogt and T. Smith arrive.
- Jan 17 Formal briefing for Minister Shehi and his staff by Rebecca Black, E. Post and USAID and Albanian Team Leaders: NHA - S. Post, A. Duka; Land Management - J. Driscoll, J. Shllaku, Infrastructure - M. Hensley, E. Joxhe; with D. Blane and C. Pippitt (MOU Committee). Rebecca Black leaves.
- Jan 20 Land Management Task Force Meeting. M. Hensley leaves.
- Jan 21 G. Vogt, D. Cook, D. Jones leave.
- Jan 22 Rory O'Sullivan arrives.

- Jan 23 Andrea Mazniku appointed Vice Minister responsible for the Construction part of the Ministry of Construction and Tourism. World Bank NHA advisor Nino Milia arrives. NHA Deloitte Touche auditor arrives.
- Jan 24 Meeting between O'Sullivan, Arben Demiri and E. Post, construction site visits O'Sullivan, Milia and Post. Dinner meeting O'Sullivan, Milia and E. Post. O. Ersenkal arrives. NHA auditor leaves.
- Jan 25 T. Smith briefs C. Pippitt on Solid Waste program. Driscoll and Ersenkal brief O'Sullivan on Land Management Project. Dinner O'Sullivan, Shehi, Ebiri, E. Post, S. Post, Ersenkal, Driscoll, A. Duka and S. Ademi.
- Jan 26 O'Sullivan leaves. Driscoll, Pollock and E. Post meet with G. Razza European Union PHARE re financing of Land Management infrastructure in Tirana.
- Jan 28 D. Jones, T. Smith leave.
- Jan 29 O. Ersenkal leaves.
- Jan 30 E. Post introductory briefing for Vice Minister Mazniku.

**USAID HOUSING AND URBAN DEVELOPMENT ASSISTANCE – ALBANIA
PLANNED SCHEDULE FOR MARCH, APRIL, AND MAY**

USAID Housing and Urban Development Assistance – Albania Planned Schedule for March, April, and May

The following schedule is based on current information which is subject to change. Many of the plans require action in Albania before they can be implemented. For example, there must be a Chief of the Housing Policy Section and a Director of Housing at the Ministry before a United States Agency for International Development (USAID) housing policy specialist can come to work with them and key decision makers on policy, such as the Minister and Vice Minister, would need to be able to meet with the housing policy specialist. The amount of assistance provided is limited by USAID's budget for the year ending September 30, 1995. Increased assistance in one area may require a decrease in assistance in another area.

The PADCO Project Management Office will help coordinate assistance and will provide limited assistance on all activities to the extent it has the time and expertise.

March Assistance Plans

NHA Assistance - Continuing All March

- Management Information and organization advice will continue to be provided by Naim Sula.
- Susan Post will continue as Team Leader, assist in implementing the World Bank conditions, and provide sales, credit, and financial management advice, but will be at the National Housing Agency (NHA) only one or two days a week unless requested to provide specific help.

Increased assistance on sales and credit is dependent on solution to policy issues that have stalled those activities and on the limits of USAID's budget.

Construction Management Assistance - Mid/Late March

- Assistance on Construction Site Management, on Contract Management, on Construction Quality Assessment, on Standards for Remedial Action, and on Construction Supervision Privatization is planned to start.

Condominium Assistance - None in March

- No assistance by specialists is planned for March.

Housing Policy Assistance - None in March

- Not planned for March because there is no Director of Housing and Chief of the Housing Policy Section and because it is anticipated that Minister Shehi will not be available to discuss policy in late March. The Project Management Office will clarify the request it received for assistance on "the way of making housing policy decisions" and on "social and commercial aspects of housing policy" to give the housing policy advisor more definition of the work to be done.

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Land Management Assistance - Limited in March

- Most assistance during March will be provided from the United States by fax and telephone and by preparing reports, terms of reference, and plans based on the work done with the Albania Land Management Task Force (LMTF). Before the next phase of USAID assistance, the LMTF must find solutions to the legal obstacles, get approval for the pilot project from the Territorial Adjustment Councils, initiate detailed design work, get some agreement on a project implementation unit, and do other necessary preparations for initiation of the pilot. Exploration of financing for the pilot from the World Bank or other sources will be continue both in the US and in Albania to ensure that funds are identified before the next phase.

Infrastructure and Municipal Services Assistance - None in March

- No assistance by specialists is planned for March. The report on privatization options and on opportunities for a water system pilot in Tirana and Durres will be finished and plans for regulatory assistance finalized during March. Basic agreement on the type of privatization that the government is interested in is expected during March, as is some action on a National Water Law and on a Law on Concessions and other types of Private Participation in Public Services.

The type and level of USAID assistance on private management of solid waste services depends on the budget funding that will be agreed on to support contracts by the pilot municipalities. It is anticipated that this will be settled by late March.

April Assistance Plans

NHA Assistance - Continuing

- The planned assistance for April is the same as for March except that Construction Management Assistance will continue all April.

Condominium Assistance - Early April

- Carol Rabenhorst, the USAID Condominium and Legal consultant who has been advising on these subjects since 1992, plans to be in Tirana during the first two weeks of April. The exact type of assistance needed is being clarified, but she plans to help with the legal details needed as the result of the passage of the Civil Code and cancellation of the Condominium Law. Help in resolution of differences in the calculation of common ownership may also be needed. She will continue to work with the Condominium specialists at the Ministry, with the NHA, and with the Hypoteka section of the Ministry of Justice on improvements in registering condominiums, and will help the specialists work with selected demonstration condominium associations which will be used to publicize the reasons for and methods and benefits of working together in the associations.

Housing Policy Assistance - Mid/Late April

- Based on resolution of questions and appointment of a Director of Housing and a Chief of Housing Policy during March, assistance is planned in April.

Land Management Assistance - Mid April and continuing

- Assuming that all prerequisites are completed, Phase 2 of USAID assistance will start. It will focus on developing detailed feasibility studies for the pilot and preparing for tendering, completing the funding, and project management. Work will continue under Phase 2 on strategies for dealing with the problems of informal/illegal housing and on other issues identified during Phase 1. A significant level of assistance is planned.

Infrastructure and Municipal Services Assistance - All April

Water and Private Sector Participation Assistance - Early April

- Philip Giantris, USAID Water Specialist, may come in the first two weeks of April to explain the findings and recommendations from analysis based his work in Albania in December. This will include a study of private participation options and of possibilities for pilot projects in Tirana and Durres. This activity could be expanded to include the planned training seminar on Concessions and other Options.

Solid Waste Assistance - Mid April

- USAID specialists may return by the middle of the month to help Korca and Durres with their tenders, Tirana with any contract management issues, and, possibly, Elbasan and Shkodra prepare for tenders.

Regulatory Assistance - Early April and Late April

- Team Leader Matt Hensley and a USAID regulatory specialist may come in early April for Phase 1 assistance in finalizing regulatory options. During Phase 2, probably starting in late April and continuing into May, several specialists would help develop a detailed regulatory structure.

May Assistance Plans

NHA Assistance - Continuing

- The same as March and April, except that Gary Griffis, USAID Financial Advisor, may be available if needed.

Condominium Assistance - None Planned

Housing Policy Assistance - None Planned

Land Management Assistance - Continuing

- Phase 2 assistance will continue during May.

Infrastructure and Municipal Services Assistance - Continuing

Water and Private Sector Participation Assistance - to be determined

Solid Waste Assistance - None planned

Regulatory Assistance - Continuing

- Phase 2 will continue. Phase 2 would include the one-week seminar on Regulatory Strategies and Techniques which would be timed to avoid conflict with the planned inter-ministerial conference on privatization and regulation which the government plans for some time in May. Possible assistance with the conference will be explored.