

IPA National Programme 2011 for Albania
Project Fiche no. 3
"Construction of Vlora Bypass"

1. Basic information

- 1.1 CRIS Number:** IPA/2011/ 023-035/3
- 1.2 Title:** Construction of Vlora Bypass
- 1.3 ELARG Statistical code:** 03.14 Ability to assume the obligations of membership/approximation of European standards-Transport Policy
- 1.4 Location:** Albania

Implementing arrangements:

- 1.5 Contracting Authority:** The European Union represented by the European Commission on behalf of the beneficiary country.
- 1.6 Implementing Agency:** Delegation of the European Union to Albania
- 1.7 Beneficiary:** Ministry of Public Work and Transport (MPWT) represented by the Projects Implementation Team (PIT) within the Albanian Roads Authority (ARA) Address: Albanian Roads Authority Rr Sami Frasheri No 33 Tirana Albania.

Project Manager:

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Financing:

1.8 Overall estimated cost (VAT excluded)¹: EUR 50 500 000

1.9 EU contribution: EUR 19 365 000

1.10 Final date for contracting: Two years following the date of the conclusion of the Financing Agreement

1.11 Final date for execution of contracts: Four years following the end date of contracting

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

1.12 Final date for disbursements: One year following the end date for the execution of contracts

2. Overall Objective and Project Purpose

2.1 Overall Objective

The overall objective of this project is to contribute to economic growth in Albania through improvement of Albanian Roads Network in alignment with European and International standards.

2.2 Project purpose

Improvement of road transport conditions in Vlora town and its surrounding areas including the Albania south coastal road by construction of the Bypass.

2.3 Link with AP/NPAA / EP/ SAA

The project is linked to the Stabilisation and Association Agreement (SAA) between the Government of Albania and the European Community, which was signed on 12th of June 2006 and entered into force on 1st of April 2009. The SAA in Article 106 provides that the parties should co-operate together in the field of road transport acquis, especially with the aim of modernizing the Albanian transport modes, improving the free movement of passengers and goods, enhancing the access to the transport market and facilities, supporting the development of multi-modal infrastructures in connection with the main Trans-European networks, notably to reinforce regional links, achieving operating standards comparable to those in the Community, developing a transport system in Albania compatible and aligned with the Community system and improving the protection of environment in transport.

The project does comply with the priorities identified in the European Partnership² (EP) for Albania and the 2010 Opinion for Albania. In both these documents it is highlighted that Albania will have to undertake additional efforts in the field of trans-European transport needs to develop its transport infrastructure in line with the expected volume of traffic. A balance needs to be struck between the necessary improvement of the core network and its connections on one hand and, on the other, the profitability of some projects, which must be taken into account better. Furthermore Albania has been actively participating in the South-East Europe Transport Observatory (SEETO) and must continue to cooperate with its neighbours with a view to jointly defining projects of regional interest.

In response to the EP, and the SAA, the Government's **National Plan for the Implementation of the SAA** (NPISAA) 2010-2014, as adopted in 6th October 2010, has foreseen for legal initiatives and implementation activities that will be realised in the forthcoming years. Significant part of this document is comprised by the areas covered by the Ministry of Public Works and Transport, such as road safety, road transport, road infrastructure, as well as rail, maritime and air transport. The project for construction of Vlora bypass is part of the implementation activities concerning the improvement of road transport infrastructure

2.4 Link with MIPD 2011-2013

² The European Partnership Document for Albania adopted by Council Decision of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Albania and repealing Decision 2006/54/EC.;

The transport sector is among the priority sectors as identified in the Multi-annual Indicative Planning Document 2011-2013. One of the specific sector objectives aims at modernising all transport modes in Albania.

2.5 Link with National Development Plan (where applicable)

The project intervention area is in line with the objectives set in the Albanian National Strategy for Development and Integration (NSDI) 2007-2013, in particular “Transport Sector Strategy - Road transport”.

The NSDI states that it is Albania's vision to establish transport systems and infrastructure to establish a single economic space within Albania and beyond, i.e. with the region and Europe. Within the transport sector, Albania has up to now focused largely on improving road infrastructure; substantial work remains to be done to improve air, rail, maritime and combined traffic. The NSDI sets a number of strategic priorities in these areas, such as aligning the legislative framework with the acquis, road safety measures, rehabilitation of ports, and air safety modernisation of railway infrastructure, amongst others.

Albania's strategic approach towards transport policy is set out in more detail in the Albanian National Transport Programme (ANTP), which is revised and updated regularly and also in the Transport Sector Strategy (TSS). An Action Plan for the implementation of the Transport Sector Strategy was adopted by the Albanian Government where completion of the coastal road Vlore – Sarande (Vlora Bypass is. part of this road section) is included as one of the actions foreseen.

2.6 Link with national/sectoral investment plans (where applicable)

The project is included in the first five-year review of the Albanian National Transport Plan.

3. Description of project

3.1 Background and justification

Albania is facing a very challenging task regarding the development of its transport infrastructure. Even under the state enterprise system, the country was greatly isolated from its socialist neighbours and little investment was made transport infrastructure. Such large-scale investments have only started at the end of the 1990s.

A subsequent difficulty to plan large scale infrastructure schemes is that large elements of the population, no longer content with village life, migrated and still migrate to the urban centres. The resulting illegal and chaotic residential development in the urban centres and environs has led to severe overburdening of existing public services and infrastructure.

The absence of proper urban planning, virtually uncontrolled development and the resultant lack of adequate infrastructure adversely affect efforts in the transition towards the growth of a successful market-based economy.

Referring to the 2010 Opinion Albania will have to undertake additional efforts in the field of trans-European transport needs to develop its transport infrastructure in line with the expected volume of traffic and must continue to cooperate with its neighbours with a view to jointly defining projects of regional interest.

The principal components of the national road network in Albania are a North-South Corridor from Hani-Hotit on the border with Montenegro to Kakavija on the border with Greece, plus an East-West Corridor that runs from the Adriatic ports of Durres and Vlore to the border with Macedonia at Qaf Thane. The North-South Corridor (sometimes referred to as part of the Adriatic-Ionian highway) forms part of Pan-European Corridor VIII and South East Europe Core transport network. The alignment of the Adriatic - Ionian bifurcates in two main arteries;

- the central road that runs from Fieri through the principal towns of Tepelene and Gjirokastra and
- the coastal road that travels from Fieri towards Vlora to the south of Albania through the coastal villages down to Saranda.

The Coastal route has been the subject of considerable investment during the last decade in order to facilitate not only access to the villages along its route but also to open up the area to tourism. Road sections from Vlora to Saranda and from Fieri to Vlora are nearly to be completed. The "Bypas of Vlora" is a section that remains to be constructed in this route.

Vlora is a strategically located town that provides access to the sea:

- From a touristic point of view via ferries or local services offered to the south
- From an economic perspective, fishing sector, exports etc
- For future strategic development (construction of power station etc)

Entrances to Vlora on both sides are considered as traffic bottlenecks especially during the summer season thus there is a necessity to construct a link road between Vlora – Sranda and Levan – Vlora road sections in order to avoid that the main traffic passing through Vlora town. Construction of Vlora Bypass will support the setting up of an efficient transport network in and around Vlora town by: ensuring that markets are more accessible; avoiding overly populated and congested areas; distributing traffic in an optimal way; and decreasing the level of pollution and accidents in the town.

The preparation of Feasibility Study, Preliminary and Detailed Design is ongoing through a service contract funded by IPA 2008. This project started at 1st of November 2010. The Feasibility study report including economic analysis and Environmental Impact Assessment will be ready by the end of March 2011. The detailed design and the complete works tender dossier will be completed by the end of December 2011.

Based on the preliminary information the length of Vlora bypass will be 27km. This bypass will be a single carriageway road with two standard cross-sections at widths of 10.5m and 11.75m. The actual construction cost is estimated to be about 48 million EUR. The works for completion of Vlora bypass will be split in lots considering that contributions from different Financing Instruments are needed. The financial recourses for construction of the first part of Vlora bypass are included in this project fiche.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

Project impact: The project will significantly contribute towards a more efficient functioning of the Transport system and economic development in an important touristic area of Albania. By the end of the project, there will be reduced pollution and reduction of congestion in city, improved traffic safety, health situation for the population and improved access to and around the town.

Catalytic effect: The project will increase tourism with better access to all the beaches and holiday developments, also the economic activity in south of Albania.

Sustainability: The strong commitment of the Government is reflected with the support to the transport sector in Albania, which has been predominantly for roads on the main corridors and this link will add to the effectiveness of the north south corridor and guarantee a significant level of service. Maintenance is a key issue related to the sustainability of the investments. In recognition of this problem, the Government in the last two years has significantly increased the maintenance expenditures. Also an output and performance based contracting for national roads in two pilot regions, Tirana and Kukes has started, covering winter and routine maintenance, financed from World Bank and Albanian State Budget.

3.3 Results and measurable indicators

Activity 1: Construction Works of first part of Vlora Bypass

Results:

- A first part of a new constructed single carriageway Vlora by pass

Measurable Indicators:

- Final acceptance delivered;
- About 11 km of new road according to Albanian standards constructed.

Activity 2: Supervision of Works for construction of Vlora Bypass

Results:

- Compliance of works with requested services during construction and Defect Liability Period ensured

Measurable Indicators:

- Project completed on time, within budget and according to the quality requirements;
- Timely checking of quality during supervision of work;
- Timely reporting of issues during supervision of work;
- Degree of consultation with implementing agency during supervision of work;

3.4 Activities

As it is mentioned under 3.1 the preliminary estimation for construction cost is EUR 48 M€ therefore project will be divided in two lots for construction purpose in order to have a better management of different sources of funds.

IPA 2011 budgeted will cover works for construction of Lot 1 and works supervision activities. The budgeted of IPA 2011 will be used as following:

- The amount of EUR 17 000 000 will be used for works construction of Lot 1 and
- The amount of EUR 2 365 000 will be used for supervision of the works for construction of the whole bypass.

The remaining works for construction of Lot II will be covered by IFI and Albanian Government funds. The cost estimation of the whole bypass section road will be fixed by the completion of feasibility study. After that the Ministry of Public Works and Transport in

collaboration with the Ministry of Finance will be committed to provide funds for the financing, most likely in cooperation with IFIs such as EBRD and EIB.

Activity 1: Construction works

Contract 1.1: Works Contract (IPA Contribution).

The EU Delegation to Tirana will be the Contracting Agency of works for construction of Lot 1 of Vlora Bypass. This contract will be financed 100% by EC Contribution. The IPA contribution for this contract is EUR 17 000 000.

Contract 1.2: Works Contract (National Contribution)

The National contribution through state budget in cooperation with IFIs such as EBRD and EIB is EUR 31 135 000.

Activity 2: Works Supervision

Contract 2.1 A Service contract for supervision of civil works will be signed.

The EU Delegation to Tirana will be the Contracting Agency a service contract that will include supervision activities of all civil works for construction of the whole Vlora bypass. This contract will be financed 100% by EC Contribution. The IPA contribution is EUR 2 365 000.

3.5 Conditionality and sequencing

Satisfactory completion of the ongoing feasibility and design study according to contractual schedule, also completion of all the land ownership issues, expropriation and needed construction permits before the contract signature, will precede the works.

This will require:

- all necessary investigations and surveys to enable preparation of a Feasibility Study Report to find out the possible road alternatives for bypassing Vlora and connecting the road Fier – Vlore with Vlora –Saranda road. Then preparation of the Detailed Final Design for the selected alternative including road safety design..
- preparation of the Environmental Impact Assessment
- timely completion of necessary land expropriation procedures.
- appropriate and efficient implementation procedures and structures.
- adequacy of consultants and contractor's resources.
- adequate local facilities.
- all construction permits, environmental permits, all land expropriations that are necessary before the signature of the works contracts

The Government of Albania will provide the remaining funds necessary for completion of Vlora Bypass before the signature of the EU funded contracts. The related EU funded contracts are foreseen to be signed before the end of year 2012;

3.6 Linked activities

The completion of major investments in the national road network includes the ongoing projects, projects already completed as well as new road projects like: construction of East – West Corridor (Lushnje – Fier road, Fier – Vlore road; Q.Thane – Korce road); construction

of North – South Corridor (Fier – Tepelene road, Tepelene – Gjirokaster road, Shkoder - Hani Hotit road); completion of the tourist roads like: Construction of Southwest Coast road, Dhërmi-Sarandë road, Spille Beach road, TransBalkan road, Divjaka road etc.

Project Name	Donors	Status
West – East Road Corridor: Lushnje – Fier Fier Bypass Levan – Vlore Q. Thane – Korce	Italian Cooperation EIB / EBRD EIB / EBRD Albanian Budget	completed in 2002 to be started in 2011 to be completed in 2011 partly completed
North – South Road Corridor: Levan – Dames Dames – Tepelene Gjirokaster – Tepelene Shkoder – Hani Hotit	EIB / EBRD EIB / EBRD EIB / EU Italian Cooperation	to be completed in 2011 to be completed in 2011 completed in 2008 to be completed in 2011
Southwest Coast Road: Dhermi – Sarande Spille Beach road TransBalkan road Divjaka road	Albanian Budget Albanian Budget Albanian Budget Albanian Budget	completed in 2009 completed in 2009 completed in 2008 completed in 2008

In addition linked activities to this project there are several completed or ongoing projects financed by European Union under PHARE and CARDS and IPA Programmes as follows:

- Preparation of Detailed Design and Supervision for Gjirokaster – Tepelene, under AL 9803 (design completed);
- Preparation of Conceptual Study for Fier-Tepelene and Saranda Link to North-South Corridor under AL 9803 (completed);
- Preparation of Detailed Design and Tender Documents for Konispoli – Saranda under AL 9914 (completed);
- Preparation of Detailed Design and Tender Documents for Vora Roads, Durres and Rrogozhina Bypasses under AL 9917 and AL 0007 (completed);
- Preparation of Detailed Design and Tender Documents for Fier-Tepelene under AL 0007 (completed);

- Preparation of Detailed Design and Tender Documents for Qafe Thane- Pogradec – Korca under AL 0007 (completed);
- Preparation of National Road Design and Construction Standards under AL 0007 (completed).
- Preparation of Detailed design of Tirana – Elbasani road (CARDS 2005 completed)
- Feasibility study preliminary design and detailed design of Vora bypass and doubling of Miloti - Rresheni road. (IPA 2008 ongoing to be completed by December 2011)

3.7 Lessons learned

It has been found that land earmarked for EU-funded infrastructure projects has not been made available in good time as a result of the expropriation law, property disputes and expropriation difficulties. Consequently, the main lessons learned from the previous contracts are related with land expropriations. This should be done prior the commencement works.

The importance of proper coordination between the various agencies involved, Consultants and Contractors has to be taken into account.

4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA EU CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1												
Contract 1.1 [Works Contract, IPA contribution]	-	X	17,000,000	17,000,000								-
Contract 1.2 [Works Contract, National contribution]	-	X	31,135,000			31,135,000				31,135,000		-
Activity 2												
Contract 2.1 [Service contract, IPA contribution]	-	X	2,365,000	2,365,000								-
.....												
TOTAL IB												
TOTAL INV			50,500,000	19,365,000	38	31,135,000	62			31,135,000		
TOTAL PROJECT			50,500,000	19,365,000	38	31,135,000	62					

Amounts net of VAT

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1: Works	Q2 2012	Q4 2013	Q2 2016
Contract 2.1: Supervision	Q2 2012	Q4 2013	Q2 2016

All projects should in principle be ready for tendering in the 1ST Quarter following the signature of the Financing Agreement.

6. Cross cutting issues (where applicable)

6.1 Equal Opportunity

The principle of equal opportunities between women and men will not be affected by the construction of these roads. There is a high number of the population that will get benefit from this project – equally men and women.

6.2 Environment

In line with Albanian Environmental Procedures and in fully compliance with EU regulations in its entirety, an Environmental Impact Assessment (EIA) will be prepared as part of the detailed design to enable inclusion of Resettlement Plan and Social Impact Assessment.

The EIA shall be scheduled and completed in advance of the Feasibility Study Final Report, so that the findings of the EIA are available as input to a decision matrix for the Bypass.

6.3 Minorities

N/A

ANNEXES

- I Log frame in Standard Format
- II Amounts contracted and Disbursed per Quarter over the full duration of Programme
- III Description of Institutional Framework
- IV Reference to laws, regulations and strategic documents
- V Details per EU funded contract (*) where applicable

ANNEX I: Logical framework matrix

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name: IPA 2011		
Construction of Vlora Bypass		Contracting period expires: Two years following the date of the conclusion of the Financing Agreement		Disbursement period expires: One year following the end date for the execution of contracts
CRIS Number:		Total budget: 50.365 000Euro	IPA budget: 19.365.000 Euro	
Overall objective	Objectively verifiable indicators	Sources of Verification		
The overall objective of this project is to contribute to economic growth in Albania through improvement of Albanian Roads Network in alignment with European and International standards.	<ul style="list-style-type: none"> - Increased traffic flows - Reduced journey times and users road costs - Improved access for the area - Increase of tourism - Increase of economic activity - Improved traffic safety and reduction of accidents levels. 	<ul style="list-style-type: none"> - Traffic assessment - Beneficiary assessment - Evaluation Report - Vlora Local Government Data 		
Project purpose	Objectively verifiable indicators	Sources of Verification		Assumptions
Improve road transport in and around Vlora and in the coastal route	<ul style="list-style-type: none"> - reduction of travel time around Vlores after construction of By Pass; - reduction in VOC at the end of completion works; - reduction of travel time to Fier and Saranda at the end of completion works; - increase in the accessibility 	<ul style="list-style-type: none"> - Beneficiary assessment - INSTAT - Ministry of Interior - Vlora Local Government Data - Traffic Assessment - Feasibility study (baseline) 		<p>Commitment and disbursement of funds on time</p> <p>Good co-operation of Contracting Authority, Beneficiary and other interested institutions to finalise the required actions and procedures in order to put in place the required legal and environmental safeguards.</p> <p>Availability of the required budget</p>

	<p>(passable days) to Fier and Saranda at the end of completion works;</p> <ul style="list-style-type: none"> - decrease of traffic on promenade; - reduce the urban pollution due to vehicles emissions - reduction of travel time to the coastal road at the end of completion works; - increase in the accessibility (number of passable days) to the coastal road at the end of completion works; - reduction of urban maintenance cost - improved traffic safety and reduction of accidents levels. - Reduce the urban noise pollution 		for the expropriation
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> ▪ Activity 1: First part of a new constructed single carriageway by pass 	<ul style="list-style-type: none"> - Final acceptance delivered; - 11 km of new road according to Albanian standard constructed. 	<ul style="list-style-type: none"> - Formal statement of acceptance - Feasibility study (baseline) 	<p>Commitment and disbursement of funds on time</p> <p>Good co-operation of Contracting Authority, Beneficiary and other interested institutions to finalise the required actions and procedures in order to put in place the required legal and environmental safeguards.</p> <p>Availability of the required budget for the expropriation</p>

<ul style="list-style-type: none"> ▪ Activity 2: Compliance of works with requested services during construction and Defect Liability Period ensured. 	<ul style="list-style-type: none"> - Project completed on time, within budget and according to the quality requirements; - Timely checking of quality during supervision of work; - Timely reporting of issues during supervision of work; - Degree of consultation with implementing agency during supervision of work; 	<ul style="list-style-type: none"> - Statements from the monitoring authorities that attest the completion of supervisory contract obligations; - Monthly Progress reports; - Issues/complains forms. 	<p>No defects after liability period occur</p>
Activities	Means	Costs	Assumptions
<p>Activity 1: Works first part of Vlora Bypass</p> <p>Activity 2: The supervision of works</p>	<p>Contract 1.1: Works Contract (IPA Contribution).</p> <p>Contract 1.2: Works Contract (National Contribution)</p> <p>Contract 2.1 Service contract</p>	<p>Estimated total amount of the project (mln Euro):</p> <p>EUR 50 500 000</p> <p>EU contribution (mln Euro):</p> <p>19.365.000 Euro</p> <p>Albanian contribution through IFIs :</p> <p>31 135 000 Euro</p>	<p>Timely tender launch and procurement process finished on time</p> <p>Sufficient competition of contractors though qualitative bids</p> <p>Technical design delivered on time</p> <p>Timely completion of necessary land expropriation procedures</p> <p>Selection of the lower and most substantially responsive contractor</p> <p>Appointment of a competent and experienced consultant to carry out supervision of works</p>

ANNEX II

Please complete

Amounts (in /000 000 EUR) Contracted and disbursed by quarter for the project

Year	2012				2013				2014				2015				2016			
Contracted	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Contract 1.1 (Works Contract, IPA contribution)				17.0																
Contract 2.1 (Service contract, IPA contribution)				2.365																
Cumulated				19.365																
Disbursed																				
Contract 1.1 (Works Contract, IPA contribution)					1.5	0.5	0.5	1	1.5	2	2	2	2	2.5				1.5		
Contract 2.1 (Service contract, IPA contribution)					0.5			0.5		0.5		0.5		0.25				0.115		
Cumulated					2	2.5	3	4.5	6	8.5	10.5	13	15	17.75				19.365		

ANNEX III

Description of Institutional Framework

The General Roads Directorate recently adapted to Albanian Road Authority (ARA) has responsibility for the national road network.

1. The Authority has the following functions:
 - a) fulfills the obligations under the Traffic Code;
 - b) establishes centers of electronic traffic management and approves their status;
 - c) guarantees safety for all road users in all its activities;
 - d) develops and maintains management systems for state roads and bridges;
 - e) assists in the annual updates and five year revision of NPT's for the road transport sector, in cooperation with the Institute of Transport;
 - f) maintains and implements The Albanian Manual for Road construction and technical specifications;
 - g) takes the initiative to perform studies, researches and experiments for the efficiency, of traffic, circulation and road safety;
 - h) prepares middle -term development programs and prepares the annual work program for the construction, reconstruction, maintenance, preservation, and development of state roads, in accordance with priorities established in strategic documents.
2. The Authority prepares an annual report to the responsible ministry and the Council of Ministers, which reflects the activities carried out and ongoing plan. The Report is published on the Internet.
3. The Authority maintains accounting books, drafts, publishes financial data, and reports on the activities' status progress, including audit reports by authorized accounting experts, in compliance with the law on accounting and financial statements.
4. The Authority reports to the Minister responsible for the activities conducted in accordance with this law.

Within the recently adopted ARA remains the current Project Implementation Team (PIT). Currently as the ARA is being established it is envisaged that a more streamlined organisation will emerge with the existing PIT, or its successor, undertaking all contract and operations management at the centre of the new Authority.

FUNCTIONS OF THE PIT

The Project Implementation Team (PIT) performs four key functions:

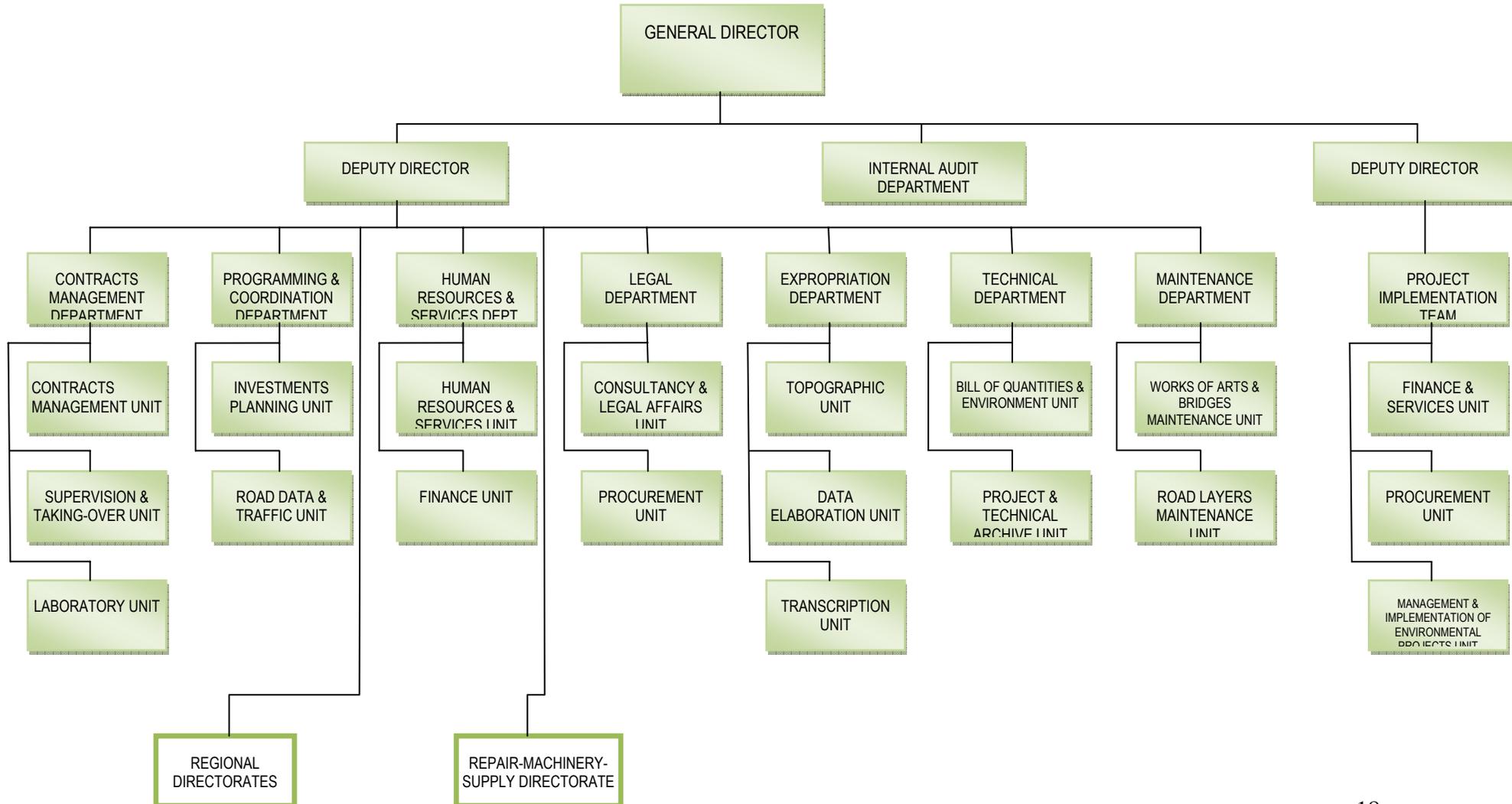
- Project Management through the PIT Director;

- Project Implementation Management and Technical Expertise through a Project Implementation Department;
- Financial Management/Accounting through the Financial Unit;
- Procurement Management through the Procurement Unit;

The main functions of the PIT would be to:

- (a) Monitor and co-ordinate the activities of the all Donor-financed Projects until their completion, and in particular ensure that ARA departments, responsible for various components, execute their tasks according to the schedules;
- (b) Liaise with the Donors in all matters concerning all Donor-financed Projects implementation and supervision;
- (c) Co-ordinate and implement procurement matters to ensure that they meet the Donor's Procurement Guidelines;
- (d) Finalize arrangements for the Technical Assistance advisors;
- (e) Submit to the Donor disbursement applications on behalf of the beneficiary agencies or departments; in particular, provide documented submission of withdrawal applications to the Donor to permit the project account to be replenished in time to ensure that payments to contractors and consultants are not delayed, and that the progress of works and services are adhered to;
- (f) **Financial indicators:** monitor and supervise the projects accounts; the PIT will be responsible in particular for providing financial monitoring of all expenditures under the credit and for requesting such assistance from implementing agencies to ensure this occurs. This includes, among other requirements, quarterly and annual progress and financial reports to the GoA and the Donor, in accordance with their reporting requirements;
- (g) **Operational indicators:** provide comprehensive information on road works contracts, including the extent of work progress, labour involvement, work quality and payments due and made to contractors, and the overall situation; provide copies of any amended design proposals, and ensure that all projects outputs are delivered, including consultants' construction manuals, maintenance protocols, and project operational performance indicators;
- (h) Prepare and provide to GoA and the Donor, monthly statements on all financial records including (i) withdrawals from the Donor Credits, GoA's participation with copies of disbursement requests and related documentation, (ii) records of transactions of the Projects account including copies of bank statements and balances, and (iii) information on any outstanding claims to the Donor and to the Projects by contractors or arising from procurement;
- (i) Prepare (and submit to GoA and the Donor) quarterly progress reports describing (in accordance with the progress implementation indicators previously established and agreed between the Government and the Association) project implementation and compliance with the schedule, and identifying issues arising during the projects implementation and solutions proposed, as outlined in the legal documents;
- (j) Submit to the Donor annual Projects financial audit reports, prepared by independent auditors, as described in legal documents; and
- (k) Contribute to the Preparation of a project Implementation Completion Report (ICR) based on the progress reports, correspondence with the Donor, and actual tasks completed compared with those established and scheduled at appraisal.

ORGANIZATIONAL DIAGRAM FOR ARA AT CENTRAL LEVEL



ANNEX IV

Reference to laws, regulations and strategic documents:

Reference list of relevant laws and regulations

The following laws and subordinate legal acts govern the activity in the area of road safety:

- Law No. 8378 dated 22.7.1998 “The Road Code of the Republic of Albania”;
- Law No. 8402 dated 10.09.1998 “On the Supervision of and Discipline during Construction Work”, amended;
- Law No. 9511 dated 10.04.2006 “On Adherence of the Republic of Albania to the European Agreement on ‘The main arteries of International Traffic AGR’”;
- Memorandum of Understanding, South-East Europe (11.06.2004)
- DCM No. 270 dated 10.05.06 “On Approval of the National Transport Plan”
- DCM No.405 dated 08.01.1996 “On Administration of the National Road Network and the Rural Network of the Republic of Albania””, amended
- DCM No. 68 dated 15.02.2001 “On Approval of Technical Conditions for the Design and Implementation of Construction Works”, amended (Attachment No. 2 on motorways).

Reference to SAA

ARTICLE 59

With regard to supply of transport services between the Community and Albania, the following provisions shall apply:

1. With regard to inland transport, Protocol 5 lays down the rules applicable to the relationship between the Parties in order to ensure, particularly, unrestricted road transit traffic across Albania and the Community as a whole, the effective application of the principle of non-discrimination and progressive harmonisation of the Albanian transport legislation with that of the Community.
2. With regard to international maritime transport, the Parties undertake to apply effectively the principle of unrestricted access to the market and traffic on a commercial basis, and to respect international and European obligations in the field of safety, security and environmental standards.

The Parties affirm their commitment to a freely competitive environment as an

essential feature of international maritime transport.

3. In applying the principles of paragraph 2:
 - (a) the Parties shall not introduce cargo-sharing clauses in future bilateral Agreements with third countries;
 - (b) the Parties shall abolish, upon the date of entry into force of this Agreement, all unilateral measures and administrative, technical and other obstacles that could have restrictive or discriminatory effects on the free supply of services in international maritime transport.
 - (c) each Party shall grant, inter alia, no less favourable treatment for the ships operated by nationals or companies of the other Party than that accorded to a Party's own ships with regard to access to ports open to international trade, the use of infrastructure and auxiliary maritime services of the ports, a well as related fees and charges, customs facilities and the assignment of berths and facilities for loading and unloading.
4. With a view to ensuring a coordinated development and progressive liberalisation of transport between the Parties adapted to their reciprocal commercial needs, the conditions of mutual market access in air transport shall be dealt with by special Agreements to be negotiated between the Parties.
5. Prior to the conclusion of the Agreements referred to in paragraph 4, the Parties shall not take any measures or actions which are more restrictive or discriminatory as compared with the situation existing prior to the date of entry into force of this Agreement.
6. Albania shall adapt its legislation, including administrative, technical and other rules, to that of the Community existing at any time in the field of air, maritime and inland transport insofar as it serves liberalisation purposes and mutual access to markets of the Parties and facilitates the movement of passengers and of goods.
7. In step with the common progress in the achievement of the objectives of this Chapter, the Stabilisation and Association Council shall examine ways of creating the conditions necessary for improving freedom to provide air and inland transport services.

ARTICLE 70

1. The Parties recognise the importance of the approximation of Albania's existing legislation to that of the Community and of its effective implementation. Albania shall

endeavour to ensure that its existing laws and future legislation shall be gradually made compatible with the Community acquis. Albania shall ensure that existing and future legislation shall be properly implemented and enforced.

2. This approximation shall start on the date of signing of this Agreement, and shall gradually extend to all the elements of the Community acquis referred to in this Agreement by the end of the transitional period as defined in Article 6.
3. During the first stage as defined in Article 6, approximation shall focus on fundamental elements of the Internal Market acquis as well as on other important areas such as competition, intellectual, industrial and commercial property rights, public procurement, standards and certification, financial services, land and maritime transport – with special emphasis on safety and environmental standards as well as social aspects – company law, accounting, consumer protection, data protection, health and safety at work and equal opportunities. During the second stage, Albania shall focus on the remaining parts of the acquis.

Approximation will be carried out on the basis of a programme to be agreed between the Commission of the European Communities and Albania.

4. Albania shall also define, in agreement with the Commission of the European Communities, the modalities for the monitoring of the implementation of approximation of legislation and law enforcement actions to be taken.

ARTICLE 106

Transport

1. Cooperation between the Parties shall focus on priority areas related to the Community acquis in the field of transport.
2. Cooperation may notably aim at restructuring and modernising the Albanian transport modes, improving the free movement of passengers and goods, enhancing the access to the transport market and facilities, including ports and airports, supporting the development of multi-modal infrastructures in connection with the main trans-European networks, notably to reinforce regional links, achieving operating standards comparable to those in the Community, developing a transport system in Albania compatible and aligned with the Community system and improving the protection of environment in transport.

Reference to European Partnership

The project does comply with the priorities identified in the renewed **European Partnership** for Albania. Under the transport policy, significant short and midterm priorities have been listed:

Short-term priorities

- Implement the national transport plan, including the planning and budgeting of transport asset maintenance, and adopt and implement the national transport strategy, including the strategy for the railway sector;
- Continue implementation of the memorandum of understanding on the development of the South East Europe (SEE) core regional transport network and strengthen cooperation with the South East Europe Transport Observatory;
- Take measures to improve road safety conditions, including approximation to the EU *acquis* on weights and dimensions, roadworthiness tests, technical roadside inspections, driving licenses, tachographs and vehicle registration documents;
- Take measures to prevent illegal construction along new roads, in particular dangerous privately constructed access roads;
- Prepare railway network statement for open access to infrastructure use and adopt and implement a railway business plan;
- Implement Albania's commitments under the first transitional phase of the European Common Aviation Area Agreement, including the implementation of the relevant aviation Legislation;
- Implement the action plan to address the deficiencies identified within the civil aviation authority as regards safety oversight of the country's airlines;
- Improve maritime safety conditions, particularly the detention rate of Albanian ships under the Paris Memorandum of Understanding;

Medium-term priorities

- Continue implementation of the Albanian transport master plan
- Complete the necessary institutional reforms to improve transport asset management, prioritisation of investments, policy-making and involvement of the private sector.
- Make substantial progress on rehabilitation of the ports of Durres and Vlora and consolidate port operations there.
- Achieve improved results in terms of road safety (including the implementation of the digital tachograph) and take additional steps towards further approximation to the *acquis* on market access (occupation) and social rules.
- Continue implementation of the Memorandum of Understanding on the development of the south-east Europe (SEE) core regional transport network, and cooperation with the SEE transport observatory.
- Create conditions for competition in the rail transport sector, including the establishment of regulatory and safety bodies.
- Implement commitments taken on under the second transitional phase of the European Common Aviation Area Agreement.
- Achieve significant results in improving maritime safety conditions, including port state control facilities and performance of the register of shipping pursuant to the Paris memorandum of understanding.

Reference to the National Plan for the Implementation of the SAA

In response to the EP, and the SAA, the Government's the National Plan for the Implementation of the SAA (NPISAA), as adopted in 6 October 2010, identifies short and medium term general priorities and their resultant legislative and implementation activities.

Short term Legislative Initiatives (2010 - 2011)

The following legislative initiatives will be undertaken so as to address short-term priorities:

- Drafting and approving the Draft DCM for the manual for designing and construction of roads, “Albanian Standards for Designing and Construction of Roads” (a study that is financed by the European Delegation (CARDS), aiming at respecting the European Standards of roads, and the EC norms)

Short-term Implementing Activities (2010 - 2011)

The following implementing activities will be undertaken so as to address short-term priorities:

- Construction of the Kalimash – Kukës - Morinë Segment, 22 km long, (part of the Durrës-Kukës-Morinë Road);
- Construction of the Sarande- Konispol road segment 40 km long (link to Greece)
- Construction of the Buna New bridge 0,3 km long (part of the axis North-South, link to Montenegro)
- Continuing the construction of the Kalimash – Kolsh segment, 6 km long, (part of the Durrës-Kukës-Morinë Road);
- Continuing the construction of the Milot-Rrëshen Segment, 26 km long, (part of Durrës-Kukës-Morinë Road);
- Continuing the construction of the highway Rrëshen – Kalimash, 61 km long, (part of the Durrës-Kukës-Morinë Road);
- Continuing the construction of the Fier – Levan – Vlorë segment, 43 km long, (part of the 8th Corridor), including Fier;
- Continuing the construction of the by pass Plepa-Kavaje-Rrogozhine road segment, 28 km long, (part of the axis North-South);
- Construction of the Tepelenë-Gjirokastër Segment, 23 km long (part of the Corridor VIII);
- Continuing the construction of the Levan – Tepelenë segment, 71 km long, part of the axis North-South).

Medium term Legislative Initiatives (2011 - 2012)

The following legislative initiatives will be undertaken so as to address medium-term priorities:

- The DCM “On Drawing updated Road Maps” (aiming at the reflection of changes of the road network in the road map);

Medium-term Implementing Activities (2011 - 2012)

The following legislative initiatives will be undertaken so as to address medium-term priorities:

- Continuing the construction of the Fier – Levan – Vlorë me gjatësi 43 km, (part of Corridor VIII), including By-Pass Fier;
- Continuing the construction of the Levan – Tepelenë, segment, 71 km long, (part of the North-South axis);
- Constructing the road segment by pass Plepa- Kavaje –Rrogozhine 28 km (part of the Corridor VIII)

- Constructing the highway F.Kruje – Milot- Rrëshen 48 km long, Double carriageway (part of the road Durrës –Kukes – Morin);
- Continuing the construction of the ARBRI road Tirane-Bulqize-Peshkopi , 72 km long, (branch of Corridor VIII connecting to Bllate cross border with Maqedonia);
- Continuing the construction of the road Tirane-Elbasan 32 km
- Continuing the privatization process for the activity of maintenance of the national road network;

Reference to MIPD 2011-2013

The transport sector is among the priority sectors as identified in the Multi-annual Indicative Planning Document 2011-2013. One of the specific sector objectives aims at modernising all transport modes in Albania.

Reference to National Development Plan

Albania's strategic approach towards transport policy is mainly set out in three strategic documents: firstly in the NSDI, secondly (in more detail) in the Albanian National Transport Programme (ANTP), which is revised and updated regularly and thirdly in the Transport Sector Strategy. An Action Plan for the implementation of the Transport Sector Strategy was adopted. Albania is party to the European Partnership and committed to fulfil its obligations arising from the SAA, covering transport in various articles as well as in its Protocol 5 on transit. Albania is also part of the South East Europe Transport Observatory (SEETO).

The NSDI states that it is Albania's vision to establish transport systems and infrastructure to establish a single economic space within Albania and beyond, i.e. with the region and Europe. Within the transport sector, Albania has up to now focused largely on improving road infrastructure; substantial work remains to be done to improve air, rail, maritime and combined traffic. The NSDI sets a number of strategic priorities in these areas, such as aligning the legislative framework with the acquis, road safety measures, rehabilitation of ports, air safety modernisation of railway infrastructure, amongst others

Reference to national / sectoral investment plans

The project is included in the first five-year review of the Albanian National Transport Plan extracted as follows:

Road Transport Programme Components		Reference	No.	Unit	2010 -	2016 -	Total
					2015	2030	
Network Development							
Planned & programmed road projects							
1	Arber road corridor	MPWTT + ARA	180	km		312.0	312.0
2	Fier By Pass – Vlore (by 2015)	MPWTT + ARA	44	km	96.3		96.3
3	Milot – Reshen	MPWTT + ARA	26	km	25.7		25.7
4	Sarande – Konsipol	MPWTT + ARA	40	km	26.3		26.3
5	Tirane – Elbasan	MPWTT + ARA	31	km	258.0		258.0
6	U Kardihq – Delvine	MPWTT + ARA	25	km	69.8		69.8
7	Central Axis Corridor/Elbasan-Berat	MPWTT + ARA	43	km		60.0	60.0
8	Q Thane – Pilloce	MPWTT + ARA	50	km	93.7		93.7
9	Lushnje-Berat	MPWTT + ARA	40	km	30.9		30.9
10	Shengjin-Velipoje-Bune	MPWTT + ARA	32	Km		57.3	57.3
11	Kavaje-Rrogozhine	MPWTT + ARA	28	Km	65.4		65.4
12	Ura-Leklit-Permet	MPWTT + ARA	70	Km	32.8		32.8
13	K.Puke-Koman	MPWTT + ARA	35	Km	17.4		17.4
14	Koman-Fierze	MPWTT + ARA	50	Km		264.0	264.0
15	Thumane-Vore - Rrogozhine	ANTP	66	km		629.0	629.0
16	Mngt, design, & construction supervision	ANTP	4%	6%	28.7	79.3	108.0
Subtotal planned & programmed projects			694	km	745.0	1,401.6	2,146.6
HDM - identified projects - primary national network							
1	Strengthening	ANTP	308	km	191.0	67.0	258.0
2	Rehabilitation	ANTP	361	km	13.0	44.0	57.0
3	Dualisation	ANTP	171	km	135.0	190.0	325.0
4	Mngt, design, & construction supervision	ANTP	6%		20.3	18.1	38.4
Subtotal HDM - identified - primary national network					359.3	319.1	678.4
HDM - Secondary and local national network							
1	Strengthening	ANTP	123	km	48	0	48.0
2	Rehabilitation	ANTP	62	km	0	10	10.0
3	Mngt, design, & construction supervision	ANTP	6%		2.88	0.6	3.5
Subtotal HDM - Secondary and local national network					50.9	10.6	61.5
City by-passes							
1	Shkoder	ANTP	TBD			TBD	
2	Vlora under consideration	Indicative value only			20.0	TBD	20.0
3	Studies -Shkoder	Indicative value only			0.9		0.9
4	Tepelene -By Pass	MPWTT + ARA	3.2	km	24.0		24.0
5	Girokaster By-Pass	MPWTT + ARA	8.3	km	13.0		13.0
6	Tirana-Ring-Road	MPWTT + ARA	12	km	64.3		64.3
7	Durres-By Pass	MPWTT + ARA	5	km	14.6		14.6
Subtotal city by-passes					136.7	-	136.7
Subtotal network development					1,291.9	1,731.3	3,023.2

ANNEX V

Details per EU funded Contracts:

Feasibility Studies:

Feasibility study and detailed design project for Vlora Bypass is funded from IPA 2008 Programme. The feasibility study and economic analysis are under preparation and are expected to be completed by the end of March 2011.

Detailed Design

Detail Design for Vlora By pass is likely to start after the finalization of the Feasibility study and funded by IPA 2008. The detailed design and tender dossier of works for Vlora bypass will be ready by the end of December 2011.

Centralized Management:

Two contracts, one for construction works of Lot 1 and one for supervision of the whole activities for construction of Vlora bypass, will be implemented by the European Union Delegation to Albania by centralized management.

Contracts:

Regarding the different service and works contracts linked to completion of the Vlora bypass please see above paragraph 3.4 for more details.

Execution of contracts:

The execution of contracts is in principle after two years following the contracting date. However, the date of execution of works contracts, contracts for the assistance for the supervision of the works may end beyond this period. However this project fiche foresees 2 years for contracting and after this deadline 4 years for execution of works related to this project. According to the contracting schedule the first two contracts (works lot1 and supervision) are planed to be signed by the end of the first year. Therefore the remaining time for completion of the project will be 5 years (including defects liability period). This time is reasonable for completion of the project considering even the works for construction of lot 2 that will be funded by the GoA in collaboration with IFIs.

Co financing:

The cost estimation of the whole bypass section road will be fixed by the completion of feasibility study. After that the Ministry of Public Works and Transport in collaboration with the Ministry of Finance will be committed to provide funds for the financing gap, most likely in cooperation with IFIs such as EBRD and EIB.

The costs of land expropriation and the VAT will be also covered by the Government of Albania.