

Albania Emergency Covid-19 Response Project

(LOAN No: 91600 - AL)

Special purpose financial information for the period 1 January
to 31 December 2022

Contents

	Page
Independent Auditor's Report	i-iii
Statement of Sources and Uses of Funds	1-1
Statement of Withdrawal Applications	2-2
Notes to the Special Purpose Financial Information	3-10
Appendices	I-VI

Independent Auditor's Report

To: Ministry of Finance and Economy of Republic of Albania and the Management of the Project "Albania Emergency Covid-19 Response Project"

Opinion

We have audited the accompanying special purpose financial information comprising the statement of sources and uses of funds, statement of withdrawal applications and the related notes of the Project "Albania Emergency Covid-19 Response Project" (further referred to as the "Project") implemented by the Ministry of Health and Social Protection and financed by the Loan Agreement No. 91600 - AL ("IBRD 91600 - AL") from the International Bank for Reconstruction and Development ("IBRD" or the "World Bank") for the period 1 January to 31 December 2022. The special purpose financial information has been prepared by the management of the Project in accordance with policies described in notes 2 and 3 of the special purpose financial information.

In our opinion, the special purpose financial information of the Project "Albania Emergency Covid-19 Response Project" is prepared, in all material respects, in accordance with the cash receipts and disbursement basis of accounting as set out in notes 2 and 3 to the special purpose financial information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the special purpose financial information section of our report. We are independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the special purpose financial information in Albania, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to note 2 to the special purpose financial information, which describes the basis of accounting. The special purpose financial information is prepared to assist the Project to comply with the financial reporting provisions of the financing agreements set out in the note 1 to the special purpose information. As a result, the special purpose financial information may not be suitable for another purpose.

Our report is intended solely for the Project, the donors and the Government of Albania and should not be used by or distributed to parties other than the Project, the donors or the Government of Albania.

Responsibilities of Management for the Special Purpose Financial Information

Management is responsible for preparation and fair presentation of the special purpose financial information in accordance with the basis of accounting described in notes 2 and 3; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the special purpose financial information in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a special purpose financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Special Purpose Financial Information

Our objectives are to obtain reasonable assurance about whether the special purpose financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this special purpose financial information.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.,
- Evaluate the overall presentation, structure and content of the special purpose financial information, including the disclosures, and whether the special purpose financial information represents the underlying transactions and events in a manner that achieves fair presentation.

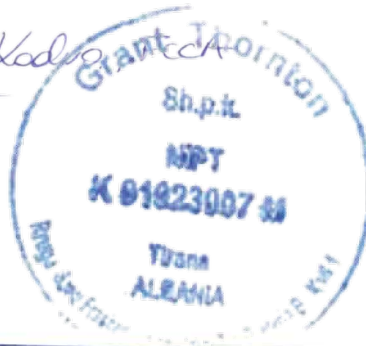
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton sh.p.k.

Tirana, Albania

19 December 2023

Kledian Kodra
Kodra



Albania Emergency Covid-19 Response Project

For the period from 1 January to 31 December 2022

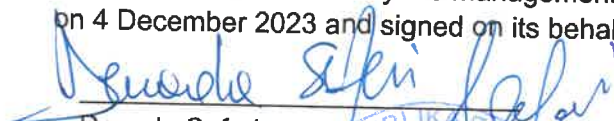
(amounts are expressed in EUR unless otherwise stated)

Statement of Sources and Uses of Funds

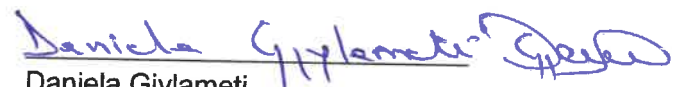
	Notes	Period from 1 January to 31 December 2022	Period from 13 January to 31 December 2021	Cumulative from 13 January 2021 to 31 December 2022
Sources of funds				
IBRD funding	4	5,597,032	9,380,801	14,977,833
Total		5,597,032	9,380,801	14,977,833
Uses of funds				
Goods		6,691,419	7,780,801	14,472,220
Consultancy services	5	28,710	172,885	201,595
Incremental operating costs	6	120,605	883	121,488
Front end fee		-	37,500	37,500
Total		6,840,734	7,992,069	14,832,803
(Deficit)/Surplus of receipts over disbursements				
		(1,243,702)	1,388,732	145,030
Differences from exchange rate		6,241	3,058	9,299
Cash at the beginning of the period	7	1,391,790	-	-
Cash at the end of the period	7	154,329	1,391,790	154,329

The Statement of Sources and Uses of Funds is to be read in conjunction with the notes set out on pages 3 to 10 and forming an integral part of the special purpose financial information.

The special purpose financial information of Albania Emergency Covid-19 Response Project was authorized for issue by the management of the Ministry of Health and Social Protection on 4 December 2023 and signed on its behalf by:


 Denada Seferi
 Deputy Minister
 Ministry of Health and Social Protection




 Daniela Gjylameti
 Financial Specialist
 Ministry of Health and Social Protection

Statement of Withdrawal Applications

As of 31/12/2022

No	Withdrawal application number	Date of withdrawal application	Type of Disbursement	Category 2 Goods	Category 3 Consultancy and training	Refunds	Total disbursed
1	WA 9	22-Nov-2022	Direct payment	783,864	-	-	783,864
2	Refund	15-Nov-2022	Refunds Application	-	*	(660,000)	(660,000)
3	WA 8	12-Sep-2022	Direct payment	1,073,222	-	-	1,073,222
4	Refund	02-Sep-2022	Refunds Application	-	-	(400,000)	(400,000)
5	WA 7	08-Mar-2022	Direct payment	4,799,946	-	-	4,799,946
			Total	6,657,032	-	(1,060,000)	5,597,032

As of 31/12/2021

No	Withdrawal application number	Date of withdrawal application	Type of Disbursement	Category 2 Goods	Category 3 Consultancy and training	Advance Payment	Total disbursed
1	FRONT END FEE	13-Jan-2021		-	-	37,500	37,500
2	WA 1	26-May-2021	Advance DA	-	1,562,500	-	1,562,500
3	WA 2	27-May-2021	Direct payment	817,650	-	-	817,650
4	WA 3	25-Jun-2021	Direct payment	63,097	-	-	63,097
5	WA 5	03-Aug-2021	Special commitment UN Type	6,900,054	-	-	6,900,054
			Total	7,780,301	1,562,500	37,500	9,380,301

Notes to the Special Purpose Financial Information

1. General Information

Through a Loan Agreement, dated October 15, 2020, signed between the Republic of Albania ("Borrower") and the International Bank for Reconstruction and Development ("Bank"), an amount of Euro 15 ml has been allocated to the Albania Emergency Covid-19 Response Project (the Project) in Albania.

The objectives of the Project are to prevent, detect, and respond to the threat posed by Covid 19 and strengthen national systems for public health preparedness in the Republic of Albania.

The Project became effective on 13 January 2021 and its closing date initially set on June 30, 2022 has been extended to December 31, 2022.

The focuses in two components:

Part 1: Supporting the health sector's COVID-19 response in the immediate and mid-term (14.5 ml).

Part 2: Project management (0.5 ml).

The below table summarizes the reallocation between disbursement categories and financing percentage as per Loan agreement.

Category	Amount of the loan allocated (expressed in Euro)	Percentage of expenditure to be financed (inclusive of Taxes)
(1) Goods, Works, non-consulting services, Consulting services, Training and Operating Costs for the Project	14,962,500	100%
(2) Front-end-fee	37,500	Amount payable under Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
(3) Interest rate cap or Interest rate Collar Premium	-	Amount due pursuant to Section 4.05(c) of the General Conditions
TOTAL AMOUNT	15,000,000	

The Government of Albania will repay the principal amount of the Loan in semi-annual instalments payable as of describe in following:

Date Payment Due (On May 1 and November 1)	Instalment share (Expressed as a percentage)
Beginning May 1, 2024, through November 1, 2031	5.88%
On May 1, 2032	5.92%

1. General Information (continued)

The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance, provided that the Commitment Charge for the period beginning on the date of accrual of the Commitment Charge and ending on the date of first anniversary of such date of accrual shall be zero percent (0%). The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a conversion; subject to Section 3.02 e of the General Conditions.

The Project is managed by the Ministry of Health and Social Protection (MHSP) former Ministry of Health (MoH) through a Project Coordination Unit established within the Ministry.

As of December 31, 2022, Euro 6,657,032 (2021, Euro 9,380,801) has been disbursed from the Loan proceeds.

2. Basis of preparation

The special purpose financial information has been prepared in accordance with the Cash Basis of Accounting as detailed further below under Note 3. The financial information includes the period from 1 January to 31 December 2022.

Cumulative information on cash receipts and disbursements from the Project's inception to date is presented in the Statement of Sources and uses of Funds for information purposes only.

The special purpose financial information is presented in EUR. The functional currency of the project is EUR.

The special purpose financial information comprises the Statement of Sources and Uses of Funds, Statement of Withdrawals and a summary of significant accounting policies and other explanatory notes. It also includes the Statements of Special and Project Accounts associated with the Project as supplementary schedules in appendices.

3. Summary of significant accounting policies

A summary of significant accounting policies underlying the preparation of the Project's special purpose financial information is presented below.

3.1 Foreign currency transactions

The Project has adopted the Euro as its reporting currency for consistency with the reporting needs of its main donor, the World Bank.

Cash and bank balances in other currencies are converted into EUR at the year-end rate of exchange. Transactions in currencies other than EUR are converted to the reporting currency at the rate ruling at the date of the transaction.

As at 31/12/2022, the exchange rate at 1 Euro is equivalent to 114.23 ALL, (31.12.2021; 120.76 ALL)

3. Summary of significant accounting policies (continued)

3.2 Cash

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents comprise balances with banks and investments in short term money market instruments. Amounts appropriated to the Entity are deposited in the Entity's bank account and are controlled by the Entity. Receipts from exchange transactions are deposited in trading fund accounts controlled by the Entity. They are transferred to revenue at each year end.

3.3 Recognition of income and expenses

Income is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred. Accordingly, direct payments of the Project's expenses, which are made from the proceeds of the trust fund, are recognized as sources and uses of funds at the time the payment is made. The Statement of Withdrawal Applications presents only applications submitted during the year and only expenses settled through such applications. Expenses presented in the notes to the special purpose financial information include all expenses settled during the year in spite of the supporting withdrawal application period.

3.4 Taxation

The Project is exempt from income tax and the donor is responsible for reimbursement of Value Added Tax ("VAT") and local cost. The Project is liable for personnel income tax, social security contributions and withholding tax, and other expenditures.

4. IBRD funding

IBRD funding for the period from 1 January to 31 December 2022 is composed as follows:

	For the period from 1 January to 31 December 2022	Period from 13 January to 31 December 2021
UN Type Advance with Commitment	6,657,032	6,900,054
Refunds	(1,060,000)	-
Front end fee	-	37,500
Direct payments	-	880,747
Replenishment	-	1,562,500
Total	5,597,032	9,380,801

Withdrawals are detailed under the statement of withdrawal applications. They are intended to cover expenses for the activities of the Project.

5. Goods

Goods for the period from 1 January to 31 December 2022 were composed as follows:

	For the period from 1 January to 31 December 2022	Period from 13 January to 31 December 2021
United Nations Office for Project Service (UNOPS)	6,657,032	6,900,054
Reproduction of communication materials for the vaccination campaign (Lizard sh.p.k)	34,387	63,097
Supply with swabbing materials (rapid tests) (EVITA Sh.p.k)	-	817,650
Total	6,691,419	7,780,801

The contract with UNOPS consists in enhancement of the operational capacities of the Ministry of Health and Social Protection through provision of specific equipment and supplies and expansion/renovation of medical facilities.

UNOPS will be responsible for:

- Management of the procurement processes for the medical equipment and construction works including training and warranty requirements,
- Due diligence and background checks, and contracting of the identified qualified vendors
- Coordination of delivery according to a plan agreed and coordinated with the Ministry of Health and Social Protection (MOHSP),
- Facilitation of remote trainings of medical end-users for key items, as agreed
- Project management services
- Handover - upon confirmation of quality in line with the agreed specifications

The contract in a total amount of Euro 9,348,214 is signed on 11th of June 2021 and is completed within 30th of June 2022.

6. Consultancy Services

Consultancy services for the period from 1 January to 31 December 2022 are composed as follows:

	For the period from 1 January to 31 December 2022	Period from 13 January to 31 December 2021
Renting of materials for the vaccination tents (Dixhi Print AL Sh.p.k)	-	171,160
Staff salaries including the insurance paid by the staff	28,710	1,725
Total	28,710	172,885

7. Incremental Operating Costs

Operating costs for the period from 1 January to 31 December 2022 were composed as follows:

	the period from 1 January to 31 December 2022	Period from 13 January to 31 December 2021
Reimbursement for additional healthcare workers for Covid 19 Health and Social Insurance for staff (portion paid out of IOC funds)	115,843	-
Bank Charges/ Commissions	3,859	520
	903	363
Total Incremental Operating Costs	120,605	883

Reimbursement for additional healthcare workers for Covid 19, consists on the recompense paid to the hospitals regarding the contributions paid by them toward 97 healthcare workers for 1 month to support hospitals in Albanian territory during pandemic period.

This subcomponent has contributed to

- strengthen disease surveillance systems, including early warning systems for the re-emergence of sustained community spread;
- strengthen national reference and public health laboratories and epidemiological capacity for early detection and confirmation of cases;
- support both detection of new cases and active contact tracing, including, hiring of new staff and/or investment in new systems to support rapid and comprehensive contact tracing;
- support epidemiological investigation;
- strengthen risk assessment; and
- provide on-time data and information for guiding decision-making, response, and mitigation activities.

8. Cash at banks

Cash at banks for the period comprise the following:

	<i>Amount in OCY</i>	For the period from 1 January to 31-Dec-22 <i>Total (in EUR equivalent)</i>	For the period from 13 January to 31-Dec-21 <i>Total (in EUR equivalent)</i>
Bank of Albania			
IBRD Credit Special account	-	-	1,162,400
Abi Bank			
IBRD ABI Project account EUR	115,838	115,838	27,542
IBRD ABI Project account ALL	4,396,821	38,491	201,847
Total		154,329	1,391,789

9. Subsequent events

There are no other significant events that would require either adjustments or additional disclosures in the special purpose financial information.

APPENDICES

(IBRD Loan No: 91600-AL)

Albania Emergency Covid-19 Response Project Statements of Special and Project's Accounts

**(Supplementary schedules to the Special purpose
financial information)**

Appendix 1

Supplementary Schedule of Special Account Statement

Account No: 211775AE
Depository Bank: Bank of Albania
Address: Sheshi Skenderbej, Tirana
Currency: EUR

	Period from 1 January to 31 December 2022	Period from 13 January to 31 December 2021
Opening balance	1,162,400	-
Funds received:		
Advance from IBRD	-	1,562,400
Disbursements:		
Funds transferred to Project Operational Account-POA	1,162,400	(400,000)
	1,162,400	(400,000)
Closing balance at period end	-	1,162,400

Appendix 2

Supplementary Schedule of Special Account Statement

Account No: 002680106
Depository Bank: ABI Bank
Address: Rr. E Kavajes ND.27 H1 NB10, Tiranë
Currency: EUR

	Period from 1 January to 31 December 2022	Period from 13 January to 31 December 2021
Opening balance	27,542	259,092
Funds received:		
Funds transferred from IBRD Special Account	1,162,400	200,000
Funds transferred to IBRD Special Account	(1,060,000)	
[102,400	200,000
Disbursements:		
Project expenditures	(13,366)	(172,098)
Bank charges	(738)	(360)
	(14,087)	(172,458)
Closing balance at period end	115,838	27,542

Appendix 3

Supplementary Schedule of Special Account Statement

Account No: 002680106
Depository Bank: ABI Bank
Address: Rr. E Kavajes ND.27 H1 NB10, Tiranë
Currency: ALL

	Period from 1 January to 31 December 2022	Period from 13 January to 31 December 2021
Opening balance	24,375,080	-
Funds received:		
Funds transferred from IBRD Special Account	-	24,534,000
	-	24,534,000
Disbursements:		
Project expenditures	(19,958,605)	(158,620)
Bank charges	(19,654)	(300)
	(19,978,259)	(158,920)
Closing balance at period end	4,396,821	24,375,080
Closing balance at period end – EUR	38,491	201,847