

Albania Emergency Covid-19 Response Project

(LOAN No: 91600 - AL)

Special purpose financial information for the period 1 January
to 30 April 2023

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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 30 April 2023. 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

Kledian Kadro, FCA
Kadro

19 December 2023

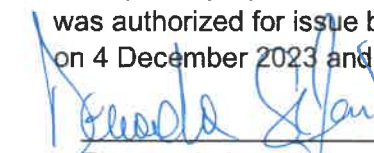


Statement of Sources and Uses of Funds

	Notes	Period from 1 January to 30 April 2023	Period from 1 January to 31 December 2022	Cumulative from 13 January 2021 to 30 April 2023
Sources of funds				
IBRD funding	4	-	5,597,032	14,977,833
Total		-	5,597,032	14,977,833
Uses of funds				
Goods		-	6,691,419	14,472,220
Consultancy services	5	3,833	28,710	205,428
Incremental operating costs	6	290	120,605	121,778
Front end fee		-	-	37,500
Unutilized DA		151,121	-	151,121
Total		155,244	6,840,734	14,988,047
(Deficit)/Surplus of receipts over disbursements				
		(155,244)	(1,243,702)	(10,214)
Differences from exchange rate		915	6,241	10,214
Cash at the beginning of the period	7	154,329	1,391,790	-
Cash at the end of the period	7	-	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	Refund	02-May-2023	Refunds Application	-	-	(112,894)	(112,894)
2	Refund	28-Apr-2023	Refunds Application	-	*	(37,820)	(37,820)
Total				-	-	(150,714)	(150,714)

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	Advance DA	-	-	37,500	37,500
2	WA 1	26-May-2021	Direct payment	-	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				7,780,801	1,562,500	37,500	9,380,801

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 30 April 2023.

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 30/04/2023, the exchange rate at 1 Euro is equivalent to 111.12 ALL, (31.12.2022; 114.23 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 30 April 2023 is composed as follows:

	For the period from 1 January to 30 April 2023	Period from 1 January to 31 December 2022
UN Type Advance with Commitment	-	6,657,032
Refunds	(151,121)	(1,060,000)
Total	(151,121)	5,597,032

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

Albania Emergency Covid-19 Response Project

For the period from 1 January to 30 April 2023

(amounts are expressed in EUR unless otherwise stated)

5. Goods

Goods for the period from 1 January to 30 April 2023 were composed as follows:

	For the period from 1 January to 30 April 2023	Period from 1 January to 31 December 2022
United Nations Office for Project Service (UNOPS)	-	6,657,032
Reproduction of communication materials for the vaccination campaign (Lizard sh.p.k)	-	34,387
Total	-	6,691,419

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.

6. Consultancy Services

Consultancy services for the period from 1 January to 30 April 2023 are composed as follows:

	For the period from 1 January to 30 April 2023	Period from 1 January to 31 December 2022
IC for Maintenance for support to Alfa PMR System	1,232	-
Staff salaries including the insurance paid by the staff	2,601	28,710
Total	3,833	28,710

Albania Emergency Covid-19 Response Project

For the period from 1 January to 30 April 2023

(amounts are expressed in EUR unless otherwise stated)

7. Incremental Operating Costs

Operating costs for the period from 1 January to 30 April 2023 were composed as follows:

	For the period from 1 January to 30 April 2023	Period from 1 January to 31 December 2022
Reimbursement for additional healthcare workers for Covid 19	-	115,843
Health and Social Insurance for staff (portion paid out of IOC funds)	244	3,859
Bank Charges/ Commissions	46	903
Total Incremental Operating Costs	290	120,605

8. Cash at banks

Cash at banks for the period comprise the following:

	For the period from 1 January to 30 April 23	For the period from 1 January to 31-Dec-22
<i>Amount in OCY</i>	<i>Total (in EUR equivalent)</i>	<i>Total (in EUR equivalent)</i>
Bank of Albania		
IBRD Credit Special account	-	-
Credins Bank		
IBRD ABI Project account EUR	-	115,838
IBRD ABI Project account ALL	-	38,491
Total	-	154,329

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 30 April 2023	Period from 1 January to 31 December 2022
Opening balance	-	1,162,400
Funds received:		
Advance from IBRD	-	-
Disbursements:		
Funds transferred to Project Operational Account-POA	-	1,162,400
	-	1,162,400
Closing balance at period end	-	-

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 30 April 2023	Period from 1 January to 31 December 2022
Opening balance	115,838	27,542
Funds received:		
Funds transferred from IBRD Special Account		1,162,400
Funds transferred to IBRD Special Account	(113,180)	(1,060,000)
[(113,180)	102,400
Disbursements:		
Project expenditures	(2,612)	(13,366)
Bank charges	(46)	(738)
	(2,658)	(14,087)
Closing balance at period end	-	115,838

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 30 April 2023	Period from 13 January to 31 December 2021
Opening balance	4,396,821	24,375,080
Funds received:		
Funds transferred to IBRD Special Account	(4,226,623)	-
	(4,226,623)	-
Disbursements:		
Project expenditures	(170,098)	(19,958,605)
Bank charges	(100)	(19,654)
	(170,198)	(19,978,259)
Closing balance at period end	-	4,396,821
Closing balance at period end – EUR	-	38,491