

GENERAL DIRECTORATE FOR FINANCING AND
CONTRACTING OF EU, WB AND OTHER DONORS'
FUNDS

Western Balkans Trade and Transport Facilitation

(Project ID: P162043/Loan Number IBRD 8933-AL)

Special purpose financial information for the year ended
31 December 2023

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Independent Auditor's Report

To Ministry of Finance of Republic of Albania and the Management of the Project "Western Balkans Trade and Transport Facilitation"

Opinion

We have audited the accompanying special purpose financial information comprising the Statement of Sources and Uses of Funds, the Statement of Withdrawal Applications and the related notes of the Project "Western Balkans Trade and Transport Facilitation" (further referred to as the "Project") implemented by the General Directorate for Financing and Contracting of EU, WB and other donors' in the Ministry of Finance and financed by the Loan Agreement No. IBRD 8933-AI from the International Bank for Reconstruction and Development ("IBRD" or the "World Bank") for the period from 1 January to 31 December 2023.

In our opinion, the accompanying Special Purpose Financial Information of the Project "Western Balkans Trade and Transport Facilitation" 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 of 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

We draw attention to notes 2 and 3 to the Special Purpose Financial Information, which describe the basis of accounting. The Special Purpose Financial Information is prepared to provide information to Project's donors and lenders, and to Ministry of Finance of Republic of Albania and the management of the Project. As a result, the statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the information and use of the Project's management, the donors and lenders, and the Ministry of Finance of Republic of Albania and it should not be further distributed without our prior written consent.

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 financial statement

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.

Tirane, Albania

26 December 2024

Mushir Kodra, Focul
Kodra



Statement of Sources and Uses of Funds

	Note	Period from 1 January 2023 to 31 December 2023	Period from 1 January 2022 to 31 December 2022	Accumulative from 17 January 2020 to 31- December-2023
Sources of funds:				
P162043-WBTTF	4	378,656	450,084	1,872,740
Funds received from Tender purchase		1,915	-	1,915
Interest received		42	-	42
Total		380,613	450,084	1,874,697
Uses of funds:				
Goods		-	-	(32,749)
Consultancy services	5	(307,745)	(212,483)	(806,335)
Training	6	(33,790)	(1,279)	(35,069)
Incremental operating costs	7	(23,320)	(16,177)	(56,946)
Front End Fee		-	-	(44,000)
Total		(364,855)	(229,939)	(975,099)
Differences from exchange rate		181	(78)	72
Excess of receipts over disbursements		15,939	220,067	899,670
Cash at the beginning of the period	8	883,731	663,663	-
Cash at the end of the period		899,670	883,731	899,670

The Statement of Sources and Uses of Funds is to be read in conjunction with the notes set out on pages 3 to 8 and form an integral part of the special purpose financial information.

The special purpose financial information the Project "Western Balkans Trade and Transport Facilitation" were authorized for issue by General Directorate for Financing and Contracting of EU, WB and other donors' projects on 11 November 2024 and signed on its behalf by:

Dorina Gjika
 Head of Financial Management Sector
 Directorate for implementation of World
 Bank and other donors' projects
 General Directorate for Financing and
 Contracting of EU, WB and other donors'
 projects

Veronika Korkaj
 General Director
 General Directorate for Financing and
 Contracting of EU, WB and other donors'
 projects



“Western Balkans Trade and Transport Facilitation”

For the period from 1 January to 31 December 2023

(amounts are expressed in EUR unless otherwise stated)

Statement of Withdrawal Applications

For the period from 1 January to 31 December 2023

Withdrawal application number	Date of the withdrawal application	Goods	Consultancy Service	Training	Incremental Cost	Total
WA 4 – Replenishment	17/01/2023	-	97,506	2,426	8,116	108,049
WA 5 - Replenishment	13/10/2023	-	251,609		18,989	270,608
		-	349,115	2,426	27,115	378,656

For the period from 1 January to 31 December 2022

Withdrawal application number	Date of the withdrawal application	Goods	Consultancy Service	Training	Incremental Cost	Total
WA 2 – Replenishment	19/01/2022	32,749	285,526	-	17,467	335,742
WA 3 - Replenishment	30/06/2022	-	107,445	823	6,074	114,342
	Total	32,749	392,971	823	23,541	450,084

Notes to the Special Purpose Financial Information

1 General

The Loan Agreement for ‘The Western Balkans Trade and Transport Facilitation Project Using the Multiphase Programmatic Approach’ (the “Project”) between Republic of Albania (the “Borrower”) and International Bank for Reconstruction and Development (the “Bank”), dated June 19, 2019, becomes effective on January 17, 2020, after the conditions of effectiveness have been met.

The Borrower committed to achieve the objectives of the Project through the MoFE in accordance with the provisions of the Loan Agreement.

The Loan amount is equivalent 17,600,000 EUR. The Front-end Fee is 0.25% of the Loan amount and the Commitment Charge is 0.25% per annum on the unwithdrawn Loan balance.

The objective of the Project is to reduce trade costs and increase transport efficiency in Albania. The Project constitutes the first phase of MPA Program, and consists of the following parts:

Part 1: Facilitating movement of goods across the Western Balkans

1. Provision of support to design, develop and implement a National Single Window (NSW) solution and associated reform and modernization of customs and other border management agency requirement to lower trade transaction costs, improve inter agency coordination and reduce the time taken to clear goods.
2. Provision of support to develop and implement the National Transit Application and Economic Operator Registration and Identification (EORI) fully compatible with EU New Computerized Transit System (NCTS).
3. Provision of support to improve physical capacity and working condition of the crossing of Qafe Thana by, facilitating the preparation of border crossing agreements and procedures at the crossing, and financing equipment aiming at facilitating the flow of goods across borders, but not limited to:
 - (a) carrying out refurbishments to existing facilities (including but not limited to buildings, information system exchange between border facilities, exit and entry lanes and parking facilities for trucks);
 - (b) installation of an extra weight scale for crossing point;
 - (c) establishing a single operational one-stop shop when technically possible; and
 - (d) the updating of the electronic and system infrastructure for freight clearance.

“Western Balkans Trade and Transport Facilitation”

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(amounts are expressed in EUR unless otherwise stated)

1. General (continued)

Part 2: Enhancing transport efficiency and predictability

Provision of support to introduce Intelligent Transport Systems (ITS) on the maritime sector through the deployment of Vessel Traffic Management Information System (VTMIS) to monitor vessel traffic in combination with the Vessel Traffic Service (VTS), including but not limited to: (a) the preparation of feasibility study; and (b) support to the implementation of the VTMIS along the whole sea coastal line in Albania.

Part 3: Enhancing Market Access for Trade and Investments

Provision of support through technical assistance for the implementation of regulatory and institutional reforms to align with the country specific commitments under: (a) Central European Free Trade Agreement (CEFTA) Additional Protocol 6; and (b) the Multi-annual Action Plan for a Regional Economic Area in the Western Balkans (MAP).

Part 4: Project implementation support

1. Provision of support to the PIU and General Directorate for Financing and Contracting (GDFC) including procurement, financial management, monitoring and evaluation, audits, safeguards and technical oversight, and policy coordination (but excluding salaries of Borrower’s civil servants).
2. Provisions of support to carry out public and multi-stakeholder consultations and surveys (including women traders); grievance redress mechanism; corridor performance tool; and user satisfaction surveys.

The table below sets forth the items to be financed out of the proceeds of the Loan, in the amounts allocated and, if applicable, up to the of the percentage of expenditures to be financed:

Categories	Amount of the Loan allocated (EUR)	% of expenditures to be financed (inclusive Taxes)
(1) Goods, Works, Non-consulting services, Consulting services, Operating Costs and Training for Parts 1, 2 and 4 of the Project	17,556,000	100%
(2) Front-end Fee	44,000	Amount payable pursuant to Section 2.03 of the Agreement in accordance with Section 2.07 (b) of the General Conditions
Total	17,600,000	

During the year ended December 31, 2023, an amount of EUR 378,656 was disbursed from the loan funds (until December 31, 2022: EUR 1,494,084).

The Government of Albania will repay the principal amount of the Loan on each Principal Payment Date (“Instalment Share”) beginning from May 15, 2026 until November 15, 2041.

“Western Balkans Trade and Transport Facilitation”

For the period from 1 January to 31 December 2023

(amounts are expressed in EUR unless otherwise stated)

2 Basis of preparation

The special purpose financial information has been prepared in accordance with the accounting policies in note 3, under the Cash Basis of Accounting.

The special purpose financial information is presented in EUR. EUR is also functional currency of the Project being the currency in which funds are received and most of expenses are settled.

The special purpose financial information comprises the Statement of Sources and Uses of Funds, the Statement of Withdrawal Applications (and related expenditure) used as the basis for the submission of withdrawal applications and a summary of significant accounting policies and other explanatory notes.

As supplementary schedules to the special purpose financial information are presented the Statements of Special and Project's Accounts associated with the Project. Supplementary scheduled are not part of these special purpose financial information and are unaudited.

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

Funds are received in EUR and expenses paid in USD, ALL or EUR. The Project has adopted the EUR 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 December 2023, 1 EUR is equivalent to 103.88 ALL. (31 December 2022, 1 EUR was equivalent to 114.23 ALL).

3.2 Cash and cash equivalent

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.

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 financial statements include all expenses settled during the year in spite of the supporting withdrawal application period.

“Western Balkans Trade and Transport Facilitation”

For the period from 1 January to 31 December 2023

(amounts are expressed in EUR unless otherwise stated)

3- Summary of significant accounting policies (continued)

3.4 Taxation

The project is exempt from income tax. The Project is liable for withholding tax and is not exempt from Value Added Tax (“VAT”) based on the Agreement.

4 IBRD89330

P162043 funding for the period from 1 January to 31 December 2023 is composed as follows:

	Period from 1 January to 31 December 2023	Period from 1 January to 31 December 2022
Replenishments	378,656	450,084
Total	378,656	450,084

5 Consultancy Services

Consultants’ services for the period from 1 January to 31 December 2023, were as follows:

	Period from 1 January to 31 December 2023	Period from 1 January to 31 December 2022
Facilitate cross-border movement of goods	161,717	57,264
Enhance transport efficiency and predictability	35,232	25,673
Support project implementation units (PIU) and provide additional technical support	110,796	129,546
Total	307,745	212,483

6 Training

Training costs from 1 January to 31 December 2023, were as follows:

	Period from 1 January to 31 December 2023	Period from 1 January to 31 December 2022
VTMIS operators and Port Authority staff	33,790	-
Capacity building for GDFC	-	1,279
Total	33,790	1,279

“Western Balkans Trade and Transport Facilitation”

For the period from 1 January to 31 December 2023

(amounts are expressed in EUR unless otherwise stated)

7 Incremental operating costs

Incremental operating costs from 1 January to 31 December 2023, were composed as follows:

	Period from 1 January to 31 December 2023	Period from 1 January to 31 December 2022
PIU-expenses for social and health insurance	14,199	8,660
Expenses for travel abroad (per diem, hotel, flight costs, etc.)	1,200	3,362
Bank commissions	666	1,730
Consumables (office supplies)	3,930	1,457
Expenses for inside travels (per diem, hotel etc.)	1,988	529
Publications of REOs	299	274
Phone expenses	1,038	165
Total	23,320	16,177

8 Cash on hand and at banks

Cash on hand and at banks from 1 January to 31 December 2023, were as follows:

IBRD 89330	Period from 1 January to 31 December 2023		Period from 1 January to 31 December 2022	
	Original Currency	Converted in EUR	Original Currency	Converted in EUR
Cash at Banks:				
Project Account – ABI Bank -ALL	8.74	0.08	597,068	5,227
Project Account – ABI Bank -EUR	899,670	899,670	878,504	878,504
Total		899,670		883,731

9 Subsequent events

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

APPENDICES

(Loan Number IBRD 8933-AL)

Western Balkans Trade and Transport Facilitation

Statements of Special and Project's Accounts

(Supplementary schedules to the Special
purpose financial information)

Appendix 1

Supplementary Schedule of Special Account Statement

Donor		IBRD 8933
Account No.		2117 987 E
Depository Bank		Bank of Albania
Address		Sheshi “Skënderbej”, No.1, Tirana
Currency		EUR
	2023	2022
Balance as at 01 January	-	-
Funds received:		
Initial Deposit	-	-
Replenishment	378,656	450,804
Total funds received	378,656	450,084
Disbursements:		
Funds transferred to the Project Account in EUR	378,656	450,804
Total disbursements	378,656	450,804
Balance as at 31 December	-	-

Appendix 2

Supplementary Schedule of Current Account Statement

Account No.		002 352 227
Depository Bank		Abi Bank
Address		Rr. “Kavajës, nd. 27/1, Nj.B10, Tiranë
Currency		EUR
	2023	2022
Balance as at 1 January	878,504	663,629
Funds received:		
Transferred from the Special Account	378,656	450,084
Back in cash (<i>prepaid per diems</i>)	-	501
Total funds received	378,656	450,585
Disbursement:		
Project expenditures	249,678	151,619
Funds transferred to Project Account in ALL	109,239	82,807
Bank charges	630	1,284
Total disbursements	359,547	235,710
Balance as at 31 December	899,670	878,504

Appendix 3

Supplementary Schedule of Current Account Statement

Account No.	002 358 744	
Depository Bank	Abi Bank	
Address	Rr. "Kavajës, nd. 27/1, Nj.B10, Tiranë	
Currency	ALL	
	2023	2022
Balance as at 1 January	597,068	4,130
Funds received:		
Transferred from the Project Account in EUR	11,830,351	9,813,443
Credit interest	17	-
Total funds received	11,830,368	9,813,443
Disbursement:		
Project expenditures	12,423,528	9,216,387
Bank charges	3,900	4,117
Total disbursements	12,427,428	9,220,504
Balance as at 31 December	9	597,068