July 3, 2001

International Development Association
1818 H Street, N.W.
Washington, D.C.  20433
United States of America

Re: Credit No. 3522 ALB
(Agriculture Services Project)
Performance Monitoring Indicators

Dear Sirs and Mesdames:

Referring to the provisions of paragraph 1 (a) of Schedule 4 to Development Credit Agreement between the International Development Association (the Association) and Albania (the Borrower), the Borrower hereby confirms to the Association that the indicators set out in the attachment to this letter shall serve as a basis for the Borrower to monitor and evaluate the progress of the Project and the achievement of the objectives thereof.

Very truly yours,
ALBANIA

By /s/
Authorized Representative

Attachment

Albania
Agriculture Services Project
Performance Indicators

Key performance indicators of the development objective would include the following:

- Increased access to improved seed supplies and planting materials as measured by the number of varieties available and the increased availability of high quality seeds;

- Increased production of breeder seeds and multiplication of basic seeds by seed research stations up to 25%.

- Successful piloting of land consolidation initiatives as measured by an increase in security of ownership of land, the reduced fragmentation of farms in pilot areas and increases in land transactions;

- Improved efficiency of land registration process for arable land, forest and pastures as measured in the decrease of time to register land transactions and the increase of the number of clients served by the land registration offices by 50%;

- Improved access to market facilities, improved quality of market facilities and
increased import substitution with Albanian produce in areas where markets have been rehabilitated, and increase in revenues of municipalities through market operation;

- Increase of the volume of goods traded in the developed or rehabilitated markets by around 20% and an increase in the diversity of products available;

- Successful organization of community groups to promote productivity and marketing enhancements as measured through the implementation of at least 100 grant proposals and outreach to at least 2,000 farmers through demonstrations and workshops and a broader audience through printed material and mass media.