



CLR Review

Independent Evaluation Group

Completion and Learning Review

Albania

FY15-FY21 Country Partnership Framework

August 31, 2022

Ratings

	CLR Rating	CLRR (IEG) Rating
Development Outcome:	Moderately Satisfactory	Moderately Satisfactory
WBG Performance:	Fair	Fair

I. Executive Summary

i. **This review of the World Bank Group's (WBG) Completion and Learning Review (CLR) covers the period of the Country Partnership Framework (CPF), FY2015-FY2020, and updated in the Performance and Learning Review (PLR) dated January 9, 2019. The CPF period was extended to FY21 under the blanket extension provided by the World Bank's Board of Executive Directors due to the COVID-19 pandemic; however, this extension did not affect the results framework.**

ii. **The objectives of the CPF focused on a number of Albania's major development challenges.** The CPF was the first to incorporate the WBG country engagement model prioritizing government goals. The overall objective of the CPF program incorporated these and the World Bank twin objectives of ending extreme poverty and boosting shared prosperity. The CPF contained three focus areas, namely restoring macroeconomic balances, creating conditions for accelerated private sector growth, and strengthening public sector management and service delivery. There were two cross cutting themes, namely a focus on gender and assisting with the accession to the EU. The approved lending program went some way towards addressing the development constraints identified in the SCD and the CPF. However, there were significant gaps in some areas. The 2019 earthquake constituted a major humanitarian and economic shock to Albania with loss of life and severe damage to infrastructure. COVID-19 also had a significant impact on the economy. The WBG responded positively and provided timely assistance.

iii. **IEG rates the CPF development outcome as Moderately Satisfactory.** Of the 11 objectives, five were achieved, three were partially achieved, one was not achieved and

CLR Reviewed by:	Peer Reviewed by: ¹	CLR Review Coordinator
Paul Holden IEGEC, Consultant	Jorge Garcia-Garcia IEGEC Consultant	Jeff Chelsky, Manager, IEGEC Xiaolun Sun for Melissa Metz, CLRR Coordinator, IEGEC

achievement of two could not be verified. Under Focus Area I, financial sector stability was achieved, particularly as a result of the reduction in non-performing loans. Some progress was made in improving fiscal sustainability, although government payment arrears remained an issue. Under Focus Area II, two of the four objectives were fully achieved, while the business environment component, which was tracked by a weak indicator, was partially achieved. Under Focus Area III, achievement of two objectives could not be verified, while there was a notable improvement in the efficiency of the public service delivery and improved water and sanitation facilities were installed in Albania's second largest city.

iv. **IEG rates the WBG performance as fair.** Program design was fair. In a number of cases, the objectives focused on outputs rather than outcomes. There was also no clearly articulated results chain. There were shortcomings in the design of the CPF results framework, in the alignment between objectives and indicators. The reform momentum over the first three years of the program suggested that the anticipated lending program and reforms in the priority areas would be achieved. However, lending approvals slowed sharply following the elections and the onset of the shocks of the earthquake and COVID-19. Projects in some areas where reform and lending had been anticipated, particularly with regard to land reform, did not materialize and several planned operations were dropped. Initial program implementation was slow but improved during the second half of the CPF period. The initial delays arose because of procurement issues that were exacerbated by fragmentation across a number of ministries. In the second half of the CPF period, coordination between the Bank and implementing agencies and ministries improved. Furthermore, the use of results-based financing and disbursement linked indicators contributed to the speeding up of disbursements. Opportunities for cooperation between the Bank, IFC, and MIGA were limited. IFC made no new investments during the CPF period, and MIGA issued only one guarantee.

v. **Of the seven projects rated by IEG over the FY 2015 to FY 2021 period, three were rated moderately satisfactory and four were rated satisfactory.** The WBG adapted well to providing assistance to Albania when it was subject to the twin shocks of the earthquake and COVID-19. There was insufficient focus on implementation and coordination across ministries and agencies which at times did not have a complete understanding of reform measures that were their responsibilities. This resulted in delays. WBG support had some notable, in particular supplying water and sanitation to households, in assisting with the improving the efficiency of public service delivery and improving the efficiency of the electricity market.

vi. **IEG endorses most of the lessons contained in the CLR in particular the advisability of using results-based instruments in Albania.** These lessons are also consistent with two of the lessons in the CPE. These were the importance of timely ongoing diagnostic and analytical work that identifies priorities and provides a foundation and builds consensus for policy actions when reform appetite arises. If diagnostic and analytical work only commences when reformist opportunities arise, it is possible that the reform window will close before the findings can be translated into actual reforms. Having an ongoing in-depth ASA program prepares the WBG to take advantage of reform windows when they open. The pension reform, which was based on extensive ASA in the prior CPS is a case in point. A further lesson was the need to initiate adjustments to project implementation arising from shortcomings related to government

coordination, and capacity. IEG notes that missing from the CLR lessons, is the need to ensure that data critical to the efficacy of interventions is available so that interventions can be appropriately targeted. Furthermore, the design of the operation should ensure that the collection of critical data (e.g., household survey data) is assured with an understanding with government that routine data collection will continue over the CPF period.

II. Strategic Focus

Relevance of the CPF

1. **Country Context.** Albania is an upper middle-income country with an estimated per capita GDP of US\$6494 in 2021, about one quarter of the EU average. The economy grew by over six percent per year between 2000 and 2008 but its growth slowed sharply as a result of the global financial and Eurozone crises. In the decade to 2021, GDP growth rate slowed to an annual average of 2.5 percent. The economy is dominated by services, primarily tourism, which constitute slightly more than half of GDP. Agriculture and industry contributed 21 percent and 24 percent respectively to GDP in 2020. Albania has large reserves of oil and gas, although production have been declining as a result of aging infrastructure and a lack of investment. The fiscal accounts registered substantial deficits over the 2010 – 2014 period, with both internal and external debt increasing. Payment arrears remain substantial, particularly as a result of those to the energy sector. Albania's external debt amounted to 66 percent of GDP in 2020. The current account balance has averaged over 7 percent of GDP since 2015. Tourism accounted for 75 percent of total exports and recovered sharply after the COVID-19 restrictions were lifted. Remittances amounted to nearly 10 percent of GDP in 2020. The poverty rate,¹ was 36 percent in 2019. A major earthquake in 2019, followed by the COVID-19 pandemic in 2020, led to real GDP to decline by 3.3 percent. Subsequently, GDP increased by over 8 percent in 2021.

2. **Government Strategy and the CPF.** The CPF spanned two administrations encompassing a reformist government that came to office in 2013, and a 2017 government that continued the reforms at a slower pace. The priorities of the governments, as articulated in their National Strategies for Development and Integration, prepared in 2007 and updated in 2016², as the CPF was being prepared were to: (i) continue preparing the country for EU accession; (ii) accelerate growth; (iii) create jobs (iv) restore trust in government; and (v) ensure a public finance system that promotes transparency, accountability and fiscal discipline through public financial management reform.³

3. **Relevance of Design:** The Albania CPF was the first to incorporate the WBG new country engagement model that prioritized the goals of the government and was based on SCD recommendations. The CPF focused on a number of Albania's major development objectives and incorporated the lessons from the previous CPS. The Systematic Country Diagnostic (SCD)

¹ Defined as US\$5.50 per day for upper middle-income countries by the World Bank.

² Albania 2007 and 2016, National Strategy for Development and Integration

³ See also, Ministry of Finance. Republic of Albania. Albania Public Financial Management Strategy: 2014-2020

identified 12 policy priorities organized on the basis of their impact on eliminating extreme poverty and boosting shared prosperity. Five priorities were considered fundamental, with the others supporting and enhancing the impact of the fundamental priorities. The CPF grouped the fundamental priorities into three focus areas, namely restoring macroeconomic balances, creating conditions for accelerated private sector growth, and strengthening public sector management and service delivery. There were two cross cutting themes, namely a focus on gender and assisting with the accession to the EU.

4. **The 2019 Performance Learning Review (PLR) confirmed (page 17) that “the CPF focus areas remain relevant and fully aligned with the Government’s reform agenda.”** As a result, there was no change in the CPF focus areas, although there were some changes to the level of indicator targets. The PLR was completed before the onset of the COVID-19 pandemic. At the same time, the removal of payment arrears owed by the government contributed to the broader objectives, set out for example in the 2013 IMF Article IV report that identified issues such as the size of public debt as a critical factor to restore fiscal balances, and which was reiterated in the 2019 Article IV report. A Country Program Evaluation (CPE) for Albania was completed in 2021, which affirmed many of the analysis and conclusions of the PLR and the CLR.

5. **Approved lending, which included two IDA projects, went some way towards addressing the development constraints identified in the SCD.** However, there were significant gaps in some areas. In Focus Area I, fiscal sustainability was to be addressed by the clearing of government payment arrears, a symptom of poor public financial management. The use of the Doing Business Indicators provided a weak analytical basis for setting priorities in Focus Area II, while it is unclear whether the tourism infrastructure interventions will lead to increases in higher spending tourists. The concentration on the electricity market was appropriate and should result in improved performance in the energy sector. The WBG was responsive to changing circumstances. The 2019 earthquake constituted a major humanitarian and economic shock to Albania. The onset of COVID-19 in early 2020 imposed a shock upon a shock with further damage to economic activity as well as delaying recovery from the earthquake. The WBG responded strongly to these exigencies and provided significant support to the government, through the restructuring of the Health Systems Improvement Project that had revised objectives that supported the reconstruction of medical facilities damaged by the earthquake. An Emergency COVID-19 Response Project was prepared. The WBG also assisted with providing testing facilities and other support to combat the pandemic.

Alignment

6. **The CPF objectives were closely aligned with the poverty reduction and shared prosperity goals of the WBG.** The business environment focus was directed at increasing the growth rate, essential to reduce poverty and increase shared prosperity. Additionally, the social services component of the CPF goal was a focused effort directed at the poorest quintile of the population. The corporate commitments of the WBG with respect to the climate agenda and gender inequality were addressed by the sustainable energy component of the CPF strategy and the gender crosscutting area.

Results Framework

7. **The quality of the results indicators was variable.** Some, such as the NPL indicators and the government payment arrears indicators were well focused. Others had significant shortcomings. In many cases, they were too narrowly focused to provide a comprehensive picture of whether the objectives had been achieved. Under Focus Area I, the supporting fiscal sustainability objective was measured by the amount of central government payment arrears as a percent of GDP, too narrow an indicator to adequately capture the broad objective of fiscal sustainability. Under Focus Area II, the use of the DBIs and the Distance to Frontier indicators gave no sense of how the business environment had improved or if the constraints addressed were particularly significant to Albania. In the tourism objective, the indicator related to infrastructure investment, an input without any notion of whether tourism had improved. The access to health services indicator in Focus Area III did not provide for the collection of data required to show if the poor had improved access.

III. CPF Description and Performance Data

Advisory Services and Analytics

8. **Over the FY 15-FY 21 period, there were 37 pieces of ASA undertaken by the Bank plus an SCD in FY15 and an SCD Update in FY19.** ASAs included a PEFA assessment, a financial market development and regulation TA and TA supporting reform of the energy and electricity markets. TA was important in helping Albania meet implementation challenges arising from the use of DLIs, some of which was focused directly on capacity building. The Bank provided assistance in developing a PPP law to support improving the efficiency of investment. Analytical work (including the Finance for Growth ASA) informed the policy dialogue supporting DPLs [the Competitiveness DPL and the Financial Sector DPL as well as the Public Finance Policy-based Guarantee] resulted in in-depth policy dialogue related to fiscal, financial, and business environment issues.

9. **Substantial trust fund financing constituted an important part of the WBG assistance to Albania.** There were 19 trust funded activities, mainly ASA, during the CPF that amounted to US\$35.95 million. Of these, five commenced before the CPF began. Trust-funded activities covered environmental services and biodiversity, coastal zone management, procurement, and capital market supervision, among other areas. **IFC had four ongoing pieces of ASA at the start of the CPF period and approved five more during the CPF period.** The ongoing ASA were related to energy policy, highway renovation, and solid waste management, while new activities focused on public private partnerships (PPP), establishment of electricity market, and business environment and agribusiness competitiveness. There were also two regional ASA projects on regional investment policy and promotion that included Albania. IFC assisted the Bank's PPP reform initiatives with a post-transaction project level advisory that supported a toll road concession for a 30-year operation and maintenance PPP, the first in Albania. This advisory also included post transaction services to the Ministry of Finance that focused on a PPP monitoring framework. Only one IFC ASA that commenced during the CPF period has been rated, the Albania Solid Waste ASA, which IEG rated as unsuccessful.

Lending and Investments

10. **There were eight projects under implementation at the commencement of the CPF.** These amounted to US\$469.7 million, of which the largest was a financial sector DPL. IDA funded two of the projects supporting road safety, coastal zone management, the water sector, social assistance plus a financial sector DPL.
11. **Over the CPF period, commitments were lower than planned.** The CPF contained an indicative amount of US\$1.22 billion between FY15 to FY20. Actual new commitments during the CPF period amounted to US\$965.65 million. The bulk of this (US\$753 million, including the policy-based guarantee) occurred between FY15 and FY17 when the appetite for reform was strong. During the FY18 – FY20 period, which coincided with elections and reduced enthusiasm for reform, lending fell to US\$212.7 million. There was an additional commitments in FY21-FY22 of US\$126.3 million, including an Emergency COVID-19 response loan.
12. **During the CPF period, the number of projects and commitments at risk rose in the first years of the period but no project was assessed to be at risk by 2020.** In FY15, there was one project at risk amounting to 13 percent of the portfolio; by 2019 there were three projects at risk which represented 26 percent of net commitment value. This was a significantly better performance than for the ECA region as a whole, which in 2020 had approximately 9 percent of all project commitments at risk.
13. **There were 16 Trust Funded activities either underway or initiated during the CPF period.** Of these, eight were directed at environmental initiatives, while the balance focused on procurement, financial supervision and reporting, and developing a national strategy for statistics. In addition, there was a road maintenance and safety project and a public sector accounting project.
14. **The CPF projected that IFC investments would be between US\$150 million and US\$200 million.** At the Performance Learning Review stage, this was reduced to between US\$40 and US\$60 million. In the event, IFC did not make any new investments over the CPF period. As of the end of 2020, total net IFC commitments in Albania amounted to US\$46.9 million for two investments in the electric power sector that were underway at the commencement of the CPF. Both of these investments were rated unsuccessful for impact.
15. **Of the seven World Bank projects rated by IEG over the FY 2015 to FY 2021 period, all were rated moderately satisfactory or better.** Of these three, were rated moderately satisfactory and four were rated satisfactory. This represents a higher success rate than the average for the ECA region where 85 percent of projects (82 percent when weighted by the value of projects) were rated moderately satisfactory or better.
16. At the commencement of the CPF, MIGA had one outstanding guarantee for a hydroelectric power plant project amounting to US\$50 million. During the CPF period, MIGA issued a guarantee for US\$56.5 million for an investment in Alpha Bank Albania

IV. Development Outcome

A. Overall Assessment and Rating

17. **IEG rates the CPF development outcome as Moderately Satisfactory.** Of the 11 objectives, five were achieved, three were partially achieved, one was not achieved and the achievement of two could not be verified. Under Focus Area I, the financial sector stability objective was achieved, particularly as a result of the reduction in non-performing loans. Some progress was made in improving fiscal sustainability, although government payment arrears remained an issue. Under Focus Area II, two of the four objectives were fully achieved, while the business environment component, which was tracked by a weak indicator, was partially achieved. Under Focus Area III, the achievement of two objectives could not be verified, while there was notable improvement in the efficiency of the public service delivery and improved water and sanitation facilities were installed in Albania's second largest city.

Table 1: Summary of Pillars, Objectives and Ratings		
Objectives	CLR Rating	CLRR (IEG Rating)
Focus Area I: Restoring Macroeconomic Balances	Moderately Unsatisfactory	Moderately Unsatisfactory
Objective 1: Support improved fiscal sustainability	Partially Achieved	Partially Achieved
Objective 2: Provide strengthened public investment management in transport sector	Not Achieved	Not Achieved
Objective 3: Support improved financial stability	Achieved	Achieved
Focus Area II: Creating Conditions for Accelerated Private Sector Growth	Satisfactory	Moderately Satisfactory
Objective 4: Contribute to improved business environment	Partially Achieved	Partially Achieved
Objective 5: Support sustainable tourism development	Achieved	Achieved
Objective 6: Support enhanced energy security, efficiency and supply	Achieved	Achieved
Objective 7: Provide expanded and inclusive land/property registration	Achieved	Partially Achieved
Focus Area III: Strengthening public sector management and service delivery	Moderately Satisfactory	Moderately Unsatisfactory
Objective 8: Support increased efficiency of public service delivery	Achieved	Achieved
Objective 9: Support improved equity and access to social protection services	Partially Achieved	Not Verified
Objective 10: Contribute to increased efficiency and access of health services in the hospital sector	Partially Achieved	Not Verified
Objective 11: Provide enhanced coverage of water and sanitation services	Achieved	Achieved

B. Assessment by Focus Area/Objective

Focus Area I: Restoring Macroeconomic Balances

18. **Focus Area I supported the government's goals of improving fiscal sustainability by assisting with the clearing of government payment arrears and the support of tax policy and tax administration.** It also supported a new Public Private Partnership law and monitoring framework, as well as TA on the monitoring of SOE performance. The IFC assisted with ASA for PPPs.

Objective 1: Support Improved Fiscal Sustainability.

19. **This objective was supported by three DPLs and a policy-based guarantee (PBG P149765) as well as three ASA activities.** An important component of this objective was the clearing of accumulated central government arrears, particularly with respect to VAT refunds and obligations to the energy sector. The Public Finance DPL aimed to strengthen public financial management to address payment arrears and undertake tax, pension and energy sector reforms to support macro fiscal stability, and in the case of pensions, improved coverage. The Fiscal Sustainability and Growth Development Policy Financing (DPL) aimed to reinforce Albania's revenue raising capacity and reduce government debt as well as to provide assistance following the 2019 earthquake. It involved the publication of the tax expenditure review, with an aim to increase fiscal transparency. It also focused on the management of off budget fiscal risks through the strengthening of the monitoring framework for PPPs. ASA supported this objective through the Sub-National Public finance review , the 2016 PEFA assessment and the Albania Finance for Growth Assessment .

20. The assessment of performance on Objective 1 is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
No accumulation of new central government arrears and backlog cleared	2.6% of GDP (2014)	No Central Government Arrears (2019)	1.6 percent of GDP (2019)	Partially Achieved

21. ***This review rates the objective as Partially Achieved:*** There was some reduction in central government arrears, from 2.6 percent of GDP in 2014 to 1.6 percent of GDP in 2019. This was one of the central objectives of the public finance DPL, which IEG rated as satisfactory. However, the 2021 IMF Article IV consultation report noted the sizeable domestic arrears that still existed. The CLR (page 3) ascribes the failure to reach the arrears target to "continued inadequacy in public finance management" as well as the twin shocks of the 2019 earthquake and the 2020 onset of the COVID-19 pandemic.

Objective 2: Provide Strengthened Public Investment Management in the Transport Sector.

22. This objective was supported by a Regional and Local Roads Connectivity investment operation which aimed to improve access to selected agriculture and tourism centers, and to strengthen local governments' ability to manage their road assets. A Trust-Fund-financed

Results Based Road Maintenance and Safety Project aimed at the national level to support transport sector reforms and to maintain primary and secondary roads using disbursement linked indicators. This was to be supported by ASA that would improve the capacity of the Albania Road Authority to manage road maintenance. An IFC PPP advisory assisted the government with structuring a toll road concession (Albania's first).

23. The assessment of performance on Objective 2 is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
All rehabilitation and maintenance needs on existing roads are prioritized vis a vis road conditions, traffic and safety aspects, and included in medium term (three-year) plan.	Ad hoc planning and budgeting of roads rehabilitation and maintenance investments (2015)	All road rehabilitation and maintenance needs prioritized and included in medium-term (three year) plan (2020)	The fully costed maintenance plans on an annual basis were not prepared	Not Achieved

24. *This review rates the objective as Not Achieved.* The Results Based Road Maintenance and Safety Project had severe problems from the outset, with implementation being delayed by challenges that included the failure to develop a maintenance plan before the project became effective.

Objective 3: Support improved financial stability

25. **This objective was supported by two Financial Sector DPLs, which had similar development objectives:** to strengthen the financial sector regulatory and supervisory regime and to mitigate key financial sector vulnerabilities of banks and nonbanks in the financial sector. A Fiscal Sustainability and Growth and a Finance for Growth Assessment also supported this objective. Additional support was provided by TA through the Financial Sector Advisory Centre financed by Switzerland and Austria. The TA provided support to the out-of-court restructuring of NPLs, and capacity building for Albania's nonbank financial regulator in the areas of supervision of capital markets and the insurance sector.

26. The assessment of performance on the indicator for Objective 3 is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Reduce NPLs to 20% or below.	24.9% (2014)	20% (2019)	IMF Article IV Report 2021 8.4% (2019)	Achieved

27. *This review rates the objective as Achieved.* The IMF Article IV consultation report for 2021 also shows that non-performing loans had fallen to 6.5 percent by September 2021. .

28. **IEG rates the outcome of WBG support under Focus Area I as Moderately Unsatisfactory** based on the assessment of Objectives 1-3 above.

Focus Area II: Creating conditions for accelerated private sector growth

29. **Focus Area II supported efforts to improve the business environment, create sustainable tourism development, enhance energy security, efficiency and supply, and increase productivity and the sustainability of land use.** It aimed to support the government in creating conditions for accelerated private sector growth by addressing the constraints to private sector development. As identified in the SCD, these included excessive regulation, a poor private investment framework, a large informal sector, weak trade logistics, a poor corporate governance, and low financial market development.

Objective 4: Contribute to improving the business environment.

30. **The two financial sector DPLs contributed to the objective of improving the business environment.** Albania has a relatively underdeveloped financial sector with a ratio of private sector credit to GDP of 38 percent in 2020, compared with a 143 percent average of upper middle-income countries, making financial market development an important priority. Additional interventions were the Fiscal Sustainability and Growth DPL , a component of which also supported the mobilization of private capital for business growth and job creation, and by supporting the expansion of Internet access. A 2018 Finance for Growth Assessment identified policy measures to increase access to finance for MSMEs. The IFC provided the Albania Investment Climate and Agribusiness Competitiveness ASA (600476).

31. The assessment of performance on the indicator for Objective 4) is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Improve Doing Business Distance to the Frontier	DB2015: 66 (2015)	DB2020: 71	67.7 (2020)	Partially Achieved

32. *This review rates the objective as Partially Achieved.* The distance to frontier Doing Business score registered a small improvement. However, it is difficult to interpret what this means in terms of an improved climate for private sector development. Whether the business environment as a whole improved is unclear reflecting the fact that the now discontinued DBIs constituted a poor analytical base for setting reform priorities. The Distance to the Frontier indicator did not provide information related to impact of the lending interventions.

Objective 5: Support sustainable tourism development

33. **This objective was supported by a Coastal Zone Management project that had commenced in 2005 and closed in 2015 and which IEG had rated moderately satisfactory.** A project for Integrated Urban and Tourism Development aimed to improve urban infrastructure

related to enhance tourism assets as well as supporting the institutional capacity of the tourism industry in selected areas in southern Albania. The results framework defined key infrastructure investments as being in ports, water supply improvements and landfills.

34. **The assessment of performance for Objective 5 is as follows:**

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Key infrastructure operational for sustainable tourism in Southern Albania	Absence of key operational infrastructure (2014)	Key infrastructure operational (2019)	There were 4 key infrastructure investments completed and operational (2019)	Achieved

35. ***This review rates the objective as Achieved:*** By 2019 there were four key infrastructure investments that were operational and which contributed to the improvement in tourism facilities and attractiveness. They were a sanitary landfill, new sewer networks and water supply facilities, improved water supply capacity in the region, and a rehabilitated Passenger Port Terminal, that handled an increase in passenger traffic of 25 percent and the elimination and disposal of 45,000 m³ of hazardous waste.

Objective 6 Support enhanced energy security, efficiency and supply.

36. **This objective was supported by the Dam Safety Project, which aimed for the rehabilitation and safety of hydro power plants to enhance energy production and reduce power distribution line losses.** The Power Recovery Project supported the rehabilitation of the electricity distribution network as well as aiming to significantly improve electricity metering, billing and collections. Besides constituting a significant fiscal issue because of payment arrears, the unreliability of electricity supply had been identified as a major constraint to Albania's businesses, according to the SCD. The sector was a major priority for reform. The WBG supported sector reform through activities aimed to extend Albania's power generation capacity and the operating life of hydro power plants for a further 30-40 years. Over the CPF period, MIGA provided a guarantee (signed in 2012) for a 10-year period for a private hydropower project which aimed to reduce load shedding and electricity imports through the improve productivity of electricity generation for a fixed water flow. IFC provided ASA through the Albania Energy PSIA and the Renewable Energy Small Hydro Power that commenced in 2010 but was active during the CPF period. Additional IFC assisted in the electricity sector through the Establishment of an Electricity Power Exchange ASA.

37. **The assessment of performance on the indicators for Objective 6 is as follows:**

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
-----------	-----------------	---------------	-----------------------------	------------

Electricity distribution losses	38% (2014)	22% (2019)	21.7% (2019)	Achieved
Electricity customer collection rate is maintained at a sustainable average rate	80% (2014)	90% Average between 2015 and 2019	95.3% (2021)	Achieved
The electricity market deregulation on the demand side has reached 12% of total net demand	9% (2014)	12% (2019)	Total demand side electricity deregulated 65.8% (2019)	Achieved

38. ***This review rates the objective as Achieved:*** All three indicator targets under this objective were achieved.

Objective 7: Contribute to increased productivity and sustainability of land use.

39. **WBG support in this area was through the Water Resources and Irrigation Project and the Environmental Services Project, both of which were co-financed with Sweden.** The Environmental Services Project provided grants to individual farmers and pasture user groups in improve forestry and pastures at the local municipality level. ASA was provided through the Integrated Land Management and Geospatial Infrastructure ASA, and the Land Degradation Enabling Activities. Albania has rich natural resource endowments which are underutilized but which face degradation through unsustainable use in the areas of forestry and land quality preservation. The CPF aimed to improve natural resource management and strengthen property rights that would enhance the sustainability of the land market and promote inclusiveness.

40. The assessment of performance on Objective 7 is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Additional land area (ha) where sustainable land management has been adopted	0 (2014)	7000 Ha (2019)	5893 Ha (2019)	Mostly Achieved
Area (ha) provided with improved irrigation and drainage services in agricultural land benefiting water users.	0 (2014)	24,000 Ha (2019)	40,000 Ha (2021)	Achieved

41. ***This review rates the objective as Partially Achieved:*** While the CLR (page 7) reports that implementation issues arose with the Environmental Services Project, it achieved the majority of its sustainability goals with 5893 ha being subject to sustainable land management

practices. By 2021, 40,000 hectares were provided with irrigation and drainage, so the target for the indicator was achieved, but there were no indicators regarding the strengthening of property rights. However, neither of these indicators measure the progress toward the objective, which related to increased productivity and sustainability of land use. This lowered the rating for achievement of Objective 7.

42. **IEG rates the achievement of Focus Area II as Moderately Satisfactory, based on two Objectives being partially achieved and two objectives being fully achieved.**

Focus Area III: Strengthening Public Sector Management and Service Delivery

43. **Focus Area III supported efforts to improve the efficiency of public service delivery, improve equity and efficiency of social protection services, increase access to health services, and improve water and sanitation services.** The SCD highlighted the poor quality of public service delivery. It identified the main reasons as widespread corruption, low capacity within the public service, and overall weak governance environment, and especially poor service provision for the poor and vulnerable. The aim of this focus area was to support the government to increase the efficiency of public services as well as expand public service availability to the disadvantaged. Reforms in this area needed to overcome the widespread public view that government services were of poor quality, which was to be achieved by making visible improvements in service delivery.

Objective 8: Support increased efficiency of public service delivery.

44. **The Citizen-Centric Service Delivery Project aimed to improve the interface that citizens encounter in their dealings with government,** thereby improving their perception of the public sector. This was to be achieved by automating the delivery of a number of services, such as motor vehicle registration and applying for old age pensions. It was supported by the Citizen Centric Service Delivery TA and the Decentralization and Local Governments for Service Delivery TA. To determine the effectiveness of the interventions, the average time required for 70 services was measured. This objective was part of the selective focus of the CPF regarding interventions related to the management and delivery of public services. It is noteworthy that the pensions component of the program was based on analytical work that had commenced under the previous CPS, which provided the foundation for reform when the government signaled its readiness.

45. The assessment of performance on the indicator for Objective 8 is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Reduction in time required for citizens to obtain targeted administrative services:	0% (2014)	15% (2019)	Average time reduction of 37% was measured for 70 services	Achieved

46. **The review rates the objective as *Achieved*:** The average time reduction to complete 70 services was 37 percent. IEG rated the supporting project satisfactory, noting that the correct

delivery model was identified and implemented through the provision of high-quality physical access points.

Objective 9: Support improved equity and access to social protection services.

47. **WBG support in this area was provided by the Social Assistance Modernization Project and the Jobs Diagnostics and Advisory Services ASA.** The CPF identified poor access to social protection systems by the poor as a major shortcoming of the delivery of social services. The root causes were weak governance, inefficiency and poor targeting of service delivery. Furthermore, inefficiencies in the delivery of social assistance and disability payments had resulted in large increases in spending on these services because of inadequate screening, yet only a relatively small proportion of the truly needy were receiving payments.

48. The assessment of performance on the indicator for Objective 9 is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Coverage of the poorest income quintile by the Solidarity Albania (social assistance program) increases	25% (2012)	38% (2019)	No data available - Not Verified	Not Verified

49. **The review rates achievement of the objective as *Not Verified*.**

Objective 10: Contribute to increased efficiency and access to health services.

50. **This objective aimed to reduce health sector inefficiencies and to increase access to the healthcare system for lower income groups who faced substantial healthcare expenditures that were not covered by the existing system.** Weaknesses identified in the CPF were governance and performance management, particularly in hospitals. The objective was supported by the Albania Health System Improvement Project which supported the drafting of a new health law, a new hospital, and the development of a hospital system masterplan that would address inefficiencies. It further supported the reconstruction of hospitals that had been damaged in the 2019 earthquake.

51. The assessment of performance on the indicators for Objective 10 is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Reduced percentage of income spent on out-of-pocket health expenditures, for the poorest quintile	9% (2012)	7% (2019)	Not Verified	Not Verified

52. **The review rates the achievement of the objective as *Not Verified*.** This indicator could not be verified because the methodology underlying the Household Budget Survey was changed in 2018. An alternative indicator, the out-of-pocket spending as a percent of current

health spending compiled by the World Health Organization, was 45 percent in 2018 compared with 50 percent in 2012, but this referred to the general population rather than the poorest quintile. IEG could not verify whether the target had been achieved.

Objective 11: Provide enhanced coverage of water and sanitation services.

53. **This objective aimed to increase the number of households that had piped water and sewer connections and to improve the financial performance of the water utility.** The SCD and the CPF noted that investments in water and wastewater treatment were inefficient as a result of low quality government of investments in these services. As a result, substantial financial support was required to maintain water quality and wastewater treatment. To address this issue the WBG initiated the Water Sector Investment Project that was directed at improving water quality and wastewater treatment services in Durres, Albania's second-largest city. It also provided assistance for the development of a comprehensive business plan as well as the Water Supply and Sanitation Sector Policy Support project. Complimentary financing was provided by the French Development Agency for the rehabilitation of the water treatment network.

54. The assessment of performance on the indicators for Objective 11 is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Piped household water that are benefiting from rehabilitation works undertaken by the project.	0 (2013)	77,000 (2019)	87,885 (2020)	Achieved
Piped household sewer connections that are benefiting from rehabilitation works undertaken by the project.	0 (2013)	3000 (2019)	3,074 (2020)	Achieved

55. **The review rates the objective as *Achieved*.** The target of 77,000 household water connections and 3000 sewer connections was exceeded, although the 2019 target was met in 2020 with 87,855 households having water connections and 3,074 households having sewer connections. The project was rated as moderately satisfactory by IEG, although the ICRR noted that the water quality component of the project was not captured by the monitoring and evaluation framework.

56. **IEG rates the achievement of Focus Area III as Moderately Unsatisfactory based on two objectives having been achieved and the achievement of two objectives not verified.**

V. WBG Performance

Learning and Adaptation

57. **A number of lessons from the previous CPS were incorporated into the CPF strategy.** A central message that was incorporated into program implementation was the importance of continuous policy dialogue with both government and stakeholders. This was relevant during

both periods, but particularly so following the 2017 elections when support for reform declined. A central message, that was not sufficiently emphasized, was that far-reaching reforms can take an extended time to come to fruition, which requires ongoing commitment. WBG interventions in the energy sector incorporated lessons from the previous CPS, which were reflected in the focus on line losses, reducing arrears and improving the regulatory framework. A lesson that was not completely absorbed was the need for fewer outcomes and in particular fully measurable indicators in performance evaluation.

58. **Initially government ownership was strong, although reform enthusiasm weakened as the CPF period proceeded at least partly as the next election approached, the 2019 earthquake and the COVID-19 pandemic.** There was insufficient focus on implementation across ministries and agencies which at times did not have a complete understanding of reform measures that were their responsibilities. This resulted in delays from weak coordination. Capacity at lower levels within ministries and agencies was also an issue.

59. **The WBG adapted well to providing assistance to Albania when it was subject to the twin shocks of the earthquake and COVID-19.** Initiatives assisted with rebuilding of facilities damaged by the earthquake and provided additional finance to cope with the pandemic.

60. **The priorities of the CPF with respect to the WBG and Albania's development needs were reaffirmed at the PLR stage.** The PLR confirmed that the program remained aligned to government priorities. No changes were made to the Focus Areas. The PLR acknowledged that identifying indicators that reflected how well the CPF addressed key development challenges had itself been challenging. Some changes to program indicators for initiatives in the tourism sector and the water sector were made, while dropping some on land management. Changes were also made to baseline and target values in the transport, health, and social protection areas.

Risk Identification and Mitigation

61. **The Albania CPF identified eight categories of risks to the achievement of the development objectives.** Three of these were rated substantial. They were macro-economic risks, the capacity for implementation and sustainability, and fiduciary risks. The CPF indicated that ASA mitigated implementation risks and DPLs mitigated macroeconomic risks. The political and governance risks were rated as moderate, even though it was known at the outset of the CPF period that there would be an election in 2017. These risks were reaffirmed at the PLR stage, and the risk were retained. Both the CPF and the PLR rated overall risks to the success of the program as moderate. In the event, political risk did materialize in the form of reduced appetite for reform by the government in the period leading up to the 2017 election, which slowed program implementation. Risks that could not have been anticipated emerged in the form of the 2019 earthquake and the COVID-19 pandemic to which the WBG responded with significant assistance.

WBG Collaboration

62. **Cooperation between the Bank, IFC, and MIGA was limited** Since IFC made no new investments during the CPF period, and MIGA issued only one guarantee. There was

collaboration between the Bank and IFC in the areas of PPPs as well as the business environment and with electricity regulation.

Partnerships and Development Partner Coordination

63. **The CLR reported strong collaboration between the WBG and development partners over the course of the CPF period.** The CLR reports that the WBG developed a strong strategic partnership with the EU, Albania's largest donor, and harnessed support from Austria, France, Germany, Sweden, and Switzerland for additional financing. In addition, the EBRD also provided complimentary financing. Collaboration between the Bank and the IMF was described in the CLR as strong, with close coordination on fiscal sustainability issues and in the provision of technical assistance in the area of the reorganization of the tax authority.

Safeguards and Fiduciary Issues

64. **Safeguard compliance was satisfactory despite initial implementation challenges.** IEG validated seven closed projects during the CPF in the environmental & natural resources, finance & markets, macroeconomics, finance & competitiveness, water, and governance global practices. There was no environmental and social safeguard compliance assessment in the CLR. Individual project ICRs and ICRRs note that the satisfaction of safeguards requirements in operations was achieved after considerable efforts to solve issues related to insufficient capacity, inadequate risk management, as well as inadequate risk evaluation. By CPF close, no outstanding issues were reported and no Inspection Panel cases were registered.

Overall Assessment and Rating

IEG rates the World Bank Group performance as Fair.

Design

65. **Program design was fair.** The CPF was the first country to incorporate the WBG country engagement model prioritizing government goals. The overall objective of the CPF program reflected the World Bank twin goals of ending extreme poverty and boosting shared prosperity. In a number of cases, however, the targets and indicators focused on outputs rather than outcomes. There was also no clearly articulated results chain that would lead to the achievement of the country level objectives from the specific Bank-supported interventions. There were shortcomings in the alignment between objectives and results indicators. These shortcomings were not well addressed at the PLR stage, particularly with respect to transport sector indicators, tourism development, and the productivity of land use. The indicators measuring energy sector outcomes were too narrowly focused. The social protection indicators could not be calculated due to a lack of data which should have been anticipated when they were designed. The PLR noted a slowdown in reform commitment on the part of the government and as a result dropped three investment project loans amounting to US\$150 million.

Implementation

66. **The CPF contained ambitious lending projections, amounting to about US\$1.22 billion over six years.** The reform momentum over the first three years of the CPF suggested that this target might be attained. However, lending slowed sharply following the elections, the earthquake and COVID-19. Reform and lending for land reform had been anticipated but did not materialize. Nevertheless, WBG showed significant flexibility in its response to the 2019 earthquake by restructuring the health project and provided an emergency COVID-19 operation.

67. **Initial program implementation was slow.** This improved during the second half of the CPF period. The initial delays arose because of procurement issues that were exacerbated by fragmentation across a number of ministries. The use of results-based financing and DLIs contributed to the speeding up of disbursements, although the CLR reports (page 12) that issues related to slow disbursement remained.

VI. Assessment of CLR

68. **The CLR provides some evidence and analysis of the WBG's impact on Albania's outcomes as a result of the CPF.** However, there is no discussion of how the interventions contained in the CPF and the PLR might contribute to Albania moving towards achieving its development results. As the CLR points out, weaknesses in the results framework made this difficult because there was a paucity of verifiable evidence. The CLR points out the weak fiduciary capacity, particularly with respect to procurement and contract management. The discussion of ex ante risks and risk management and mitigation was mostly adequate, but there was no discussion of compliance with environmental and social safeguards. The analysis of design shortcomings was adequate as was the discussion of the weakness of results indicators.

VII. Lessons

69. **IEG endorses most of the lessons contained in the CLR in particular the advisability of using results-based instruments in Albania.** These lessons are also consistent with two of the lessons in the CPE. These were the importance of timely ongoing diagnostic and analytical work that identifies priorities and provides a foundation and builds consensus for policy actions when reform appetite arises. If diagnostic and analytical work only commences when reformist opportunities arise, it is possible that the reform window will close before the findings can be translated into actual reforms. Having an ongoing in-depth ASA program prepares the WBG to take advantage of reform windows when they open. The pension reform, which was based on extensive ASA in the prior CPS is a case in point. A further lesson was the need to initiate adjustments to project implementation arising from shortcomings related to government coordination, and capacity. IEG notes that missing from the CLR lessons, is the need to ensure that data is available to measure results so that achievements can be measured and that they should be focused on outcomes rather than inputs. Furthermore, the design of the operation should ensure that the critical data collection is (e.g., regular household surveys) in place and an understanding with government that it will continue over the CPF period.

Annexes

Annex 1: Achievement of CPF Objectives (Results Framework)

Annex 2: Comments on Lending Portfolio

Annex 3: Comments on ASA Portfolio

Annex 4: Comments on Trust Funded Portfolio

Annex 5: IEG Project Ratings

Annex 6: Portfolio Status for Albania and Comparators, FY15-21

Annex 7: Comments on IFC Investments in Albania

Annex 8: Comments on IFC Advisory Services in Albania

Annex 9: Comments on MIGA Guarantees

Annex 10: Economic and Social Indicators for Albania FY15-20

Annex 1: Revised Results Matrix (including additional indicators for FY15-21 CPF)

CPF FY15-FY21	Results Validated by IEG	Interventions Supporting Objectives
Focus Area 1: Restoring Macroeconomic Balances		
CPF Objective 1: Support Improved Fiscal Sustainability		
Indicator 1: No accumulation of new central government arrears, and arrears backlog cleared Baseline: 2.6% of GDP (2014) Target: No central government arrears (2019)	Partially Achieved. 2019: 1.6 % of GDP 2018: 2 % of GDP Source : <u>Program Document FY20 (P169524)</u> Paragraph #20	Lending: Albania Fiscal Sustainability and Growth Development Policy Financing (P169524); Public Finance DPL FY16 (P147226); AL Financial Sector DPL FY14 (P146280); AL Financial Sector DPL FY17 (P152064); Albania Public Finance Policy Based Guarantee (FY15, P149765); Sub National Public Finance Review ASA FY18 (P158240); Albania: PEFA Assessment 2016 FY18 (P159932); Albania Finance for Growth Assessment FY18 (P163254)
CPF Objective 2 Provide strengthened public investment management in transport sector		
Indicator 1: All rehabilitation and maintenance needs on existing roads are prioritized vis a vis road conditions, traffic and safety aspects, and included in medium term (three-year) plan. Baseline: Ad hoc planning and budgeting of roads rehabilitation and maintenance investments– 2015. Target: All road rehabilitation and maintenance needs prioritized and included in medium-term (three year) plan (2020)	Not Achieved. The indicator “Preparation and implementation of fully-costed multi-year maintenance plans, on an annual basis (Yes/No).” 2020: No Source: <u>P132982 ISR#15</u>	Lending: Regional and Local Roads Connectivity FY18 (P163239); Results-based Road Maintenance and Safety Project TF FY14 (P132982) An IFC PPP advisory assisted the government with structuring a toll road concession (mentioned in main text)
CPF Objective 3: Support improved financial stability		
Indicator 1: Reduce NPLs to 20 percent or below. NPL Reduction: Baseline: 24.9% - 2014 Target: 20% (2019)	Achieved Based on IMF Article IV Report 2021	Lending: <ul style="list-style-type: none"> AL Financial Sector DPL FY14 (P146280); AL Financial Sector DPL FY17 (P152064); Albania Fiscal Sustainability and Growth FY21 (P169524); Albania Finance for Growth Assessment FY18 (P166966) Sub National Public Finance Review ASA FY18 (P158240); Albania: PEFA Assessment 2016 FY18 (P159932); Albania Finance for Growth Assessment FY18 (P163254)
Focus Area 2: Creating Conditions for Accelerated Private Sector Growth		

CPF FY15-FY21	Results Validated by IEG	Interventions Supporting Objectives
CPF Objective 4: Contribute to improved business environment		
Indicator 1: Improve <i>Doing Business Distance to Frontier</i> (DTF) ⁴ Baseline: DB2015: 66 Target: DB2020: 71	Partially Achieved 2020: Score: 67.7 Source: DB2020 page 4	Lending: <ul style="list-style-type: none"> AL Financial Sector DPL FY14 (P146280); AL Financial Sector DPL FY17 (P152064); Albania Fiscal Sustainability and Growth FY21 (P169524); Regional and Local Roads Connectivity FY18 (P163239); Albania Finance for Growth Assessment FY18 (P166966); Albania Growth and Jobs Policy Implementation Support AA (FY20, P168919); Albania Finance for Growth Implementation AA TA (FY20, P172082); Albania Finance for Growth Assessment AA (FY18, P166966); Albania Jobs Diagnostics and Advisory Services AA (FY18, P167049); Albania Skills and Jobs Diagnostic (FY17, P156725)
CPF Objective 5: Support sustainable tourism development		
Indicator 1: Key infrastructure operational for sustainable tourism in Southern Albania Baseline: Absence of key operational infrastructure (2014) Target: Key infrastructure operational (2019)	Achieved 2019: By 2019 there were 4 key infrastructure investments completed and operational Source: P155875 Aide Memoire.	Lending: Coastal Zone MGMT (APL #1) FY05 (P086807) Project for Integrated Urban & Tourism Development FY17 (P155875)
CPF Objective 6: Support enhanced energy security, efficiency and supply		
Indicator 1: Electricity distribution losses are 22% Baseline: 38% (2014) Target: 22% (2019)	Achieved. 2019: 21.7% Source: International Renewable Energy Agency page 12 Additional Evidence: 2021: 22.61% Source: P144029 ISR#13 page 4	Lending: The Power Recovery Project FY15 (P144029); Albania Energy PSIA FY17 (P158420); Residential Energy Efficiency Project- Albania FY10 IFC (568367) <ul style="list-style-type: none"> Renewable Energy Albania Small Hydro Power IFC FY10 575568
Indicator 2:	Achieved. 2021 (current): 95.30 %	Lending: The Power Recovery Project FY15 (P144029); Albania

⁴ DTF as of October 31, 2018, has been replaced with “ease of doing business”

CPF FY15-FY21	Results Validated by IEG	Interventions Supporting Objectives
Electricity customer collection rate is maintained at a sustainable average rate of 90% between 2015-19 Baseline: 80% (2014)	Source: <u>P144029 ISR #13</u> page 4	Energy PSIA FY17 ASA (P158420); Residential Energy Efficiency Project- Albania IFC FY10 (568367); Renewable Energy Albania Small Hydro Power IFC (FY10,575568)
Indicator 3: The electricity market deregulation on the demand side has reached 12% of total net demand Baseline: 9% (2014) Target: 12% (2019)	Achieved. 2019: On the demand side consumption indicators were: transmission losses GWh 169 (or 2.2% of total demand); High Voltage eligible customers (deregulated) GWh 869 (or 11.4% of total demand); Distribution Losses GWh 1490 (or 19.6% of total demand); 35 kV customers (deregulated) GWh 79 (or 1% of total demand); Medium Voltage customers (regulated) GWh 991 (or 13% of total demand); LV Commercial/Institution customers (regulated) GWh 1268 (or 16.7% of total demand) and Households (regulated) GWh 2750 (or 36.1% of total demand). Total supplied in distribution GWh 6579 (GWh 1490 losses (22.6%) and GWh 5089 sales (77.4%) .Total demand-side electricity in regulated market was GWh 5009 (MV, LV and Household customers) or 65.8 % of total demand (GWh 7617). Source: Country team	Lending: The Power Recovery Project FY15 (P144029); Albania Energy PSIA ASA (FY17,P158420); Residential Energy Efficiency Project- Albania IFC (FY10,568367); Renewable Energy Albania Small Hydro Power IFC (FY10,575568)
CPF Objective 7 Contribute to increased productivity and sustainability of land use		
Indicator 1: Additional land area (ha) where sustainable land management has been adopted Baseline: 0 (2014) Target: 7000 ha (2019)	Mostly Achieved. 2019: 5,893.20 Ha Source: <u>P130492 ISR 11</u> page 7	Climate Resilient Road Asset for Albania FY19 ASA (P163254); Integrated Land Management and Geospatial Infrastructure ASA FY19 (P164822); Land Degradation Enabling Activities – Albania TF 3 (FY13,P132679);
Indicator 2: Area (ha) provided with improved irrigation and drainage services in agricultural land benefiting water users. Baseline: 0 (2014) Target: 24.000 ha (2019)	Achieved in 2021 2019: 20,000.00 ha Source: <u>P121186 ISR#13</u> page 4 Additional Data: Relevant figure - 2021: 40,000.00 Source: <u>P121186 ISR#17</u> page 4 There are not data on productivity and sustainability of land use	Water Resources and Irrigation Project FY13 (FY13, P121186); Water Supply and Sanitation Sector Policy Support ASA (FY19 P152351)
Focus Area 3: Strengthening Public Sector Management and Service Delivery		
CPF Objective 8: Support Increased Efficiency of Public Service Delivery		
Indicator 1: Reduction in time required for citizens to obtain targeted administrative services: Baseline: 0% (2014) Target: 15% reduction (2019)	Achieved. Average time reduction of 37 percent was measured for 70 services Source: <u>ICRR (P151972) FY 15</u> page 5	Lending: Citizen-centered public services FY15 (P151972); Citizen Centric Service Delivery JIT TA FY16 (P154086); Albania

CPF FY15-FY21	Results Validated by IEG	Interventions Supporting Objectives
		Decentralization and Local Governments for Service Delivery ASA FY21 (P175798)
CPF Objective 9: Support improved equity and access to social protection services		
Indicator 1: Coverage of the poorest income quintile by the Solidarity Albania (social assistance program) increases to 38% Baseline: 25% (2012) Target: 38% (2019)	Not Verified. Additional Evidence: Indicator of most relevance is "Out-of-pocket expenditure (0% of current health expenditure)": 44.58 % Source: WBG Open Data: Albania	Lending: Social Assistance Modernization Project (FY12, P122233); Albania Jobs Diagnostics and Advisory Services (FY18, P167049)
CPF Objective 10 : Contribute to increased efficiency and access to health services		
Indicator 1: Reduced percentage of income spent on out-of-pocket health expenditures, for the poorest quintile Baseline: 9% (2012) Target: 7% (2018)	Not Verified. Additional Evidence: Indicator of most relevance is "Out-of-pocket expenditure (0% of current health expenditure)": 44.58 % Source: WBG Open Data: Albania	Lending: Albania Health System Improvement (FY15, P144688); Albania Emergency COVID-19 Project (FY21, P174101); AF to the HSIP (FY22, P1733541)
CPF Objective 11: Provide enhanced coverage of water and sanitation services		
Indicator 1: Piped household water and sewer connections that are benefiting from rehabilitation works undertaken by the project. Household water connections Baseline: 0 - 2013 Target: 77,000 (2019) Sewer connections Baseline: 0 (2013) Target: 3000 (2019)	Achieved 2020: 87,885 households with water connections and 3,074 household with sewer connections Source: ICRR (P102733) page 6	Lending: Water Sector Investment Project (P102733);

Annex 2: Comments on lending Portfolio

IEG's review found no differences in lending portfolio data vs. what is presented in the CLR.

Annex 3: Comments on ASA Portfolio

IEG's review found no difference in the ASA portfolio vs. what is presented in the CLR.

Annex 4: Comments on Trust Fund Portfolio

IEG's review found no difference in trust-funded activities vs. what is presented in the CLR.

Annex 5: IEG Project Ratings

IEG Project Ratings for Albania, FY15-21

Exit FY	Proj ID	Project name	Total Evaluated (\$M) *	IEG Outcome	IEG Risk to DO
2015	P086807	COASTAL ZONE MGMT (APL #1)	15.8	MODERATELY SATISFACTORY	SIGNIFICANT
2015	P146280	AL Financial Sector DPL	96.3	SATISFACTORY	SIGNIFICANT
2016	P147226	Public Finance DPL	115.5	SATISFACTORY	SIGNIFICANT
2018	P152064	AL Financial Sector DPL	100.0	SATISFACTORY	MODERATE
2018	P155605	Albania Competitiveness DPL	77.7	MODERATELY UNSATISFACTORY	MODERATE
2020	P102733	Water Sector Investment Project	71.3	MODERATELY SATISFACTORY	#
2021	P151972	Citizen-centered public services	32.2	SATISFACTORY	#
		Total	508.8		

Note: The list includes only ratings for country projects.

#: Not Rated = IEG Risk to DO rating was dropped in July 2017 following the reform of the simplified ICRs but a narrative evaluation for Risk to Development Outcome was kept

Source: Business Intelligence (BI) as of 1/6/2022; *IEG Calculation

IEG Project Ratings for Albania and Comparators, FY15-21

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$)	RDO % Moderate or Lower Sat (No)
Albania	508.8	7.0	84.7	85.7	43.8	40.0
ECA	25,997.0	213.0	85.2	82.2	42.3	41.8
World	160,561.9	1,574.0	84.4	77.7	40.1	37.4

Source: Business Intelligence (BI) as of January 6, 2022 *IEG Calculation

Annex 6: Portfolio Status for Albania and Comparators, FY15-21

Fiscal year	2015	2016	2017	2018	2019	2020	2021	Avg FY15-20
Albania								
# Proj	16	15	19	17	16	16	12	17
# Proj At Risk	1	2	1	3	3			2
% Proj At Risk	6	13	5	18	19	-		10
Net Comm Amt	644	552	798	730	727	627	475	679
Comm At Risk	85	142	97	270	190			157
% Commit at Risk	13	26	12	37	26			23
ECA								
# Proj	290	279	292	282	274	280	278	283
# Proj At Risk	34	44	34	46	44	32	27	39
% Proj At Risk	12	16	12	16	16	11		14
Net Comm Amt	26,544	27,637	25,808	27,105	27,646	30,235	32,752	27,496
Comm At Risk	3,534	4,350	5,466	4,168	4,418	2,759	3,057	4,116
% Commit at Risk	13	16	21	15	16	9	9	15
World								
# Proj	2,022	1,975	2,071	2,058	2,010	2,108	2,141	2,041
# Proj At Risk	349	313	334	301	275	245	264	303
% Proj At Risk	17	16	16	15	14	12		15
Net Comm Amt	201,045	220,332	224,420	241,886	254,763	268,294	285,390	235,123
Comm At Risk	45,988	44,245	52,549	49,306	53,151	48,624	43,917	48,977
% Commit at Risk	23	20	23	20	21	18	15	21.0

Source: Business Intelligence (BI) as of April 4, 2022

Note: Only IBRD and IDA Agreement Type are included

Annex 7: Comments on IFC Investments in Albania

IEG's review found no differences in IFC investment data vs. what is presented in the CLR.

Annex 8: Comments on IFC Advisory Services in Albania

IEG's review found the following Advisory Services are not included in the CLR:

Advisory Services Approved in FY15-20

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Area	Total Funds Managed by IFC
604219	Albania Labs Post Transaction Advisory Services	2020	2021	ACTIVE	CPC-PPP	0.22
601642	Western Balkans Regional Investment Policy and Promotion Project	2017	2021	ACTIVE	REG	2.71
600476	Albania Investment climate and agribusiness competitiveness	2016	2020	ACTIVE	EFI	2.23
601598	Albania: establishment of an electricity market (power exchange)	2016	2022	ACTIVE	CPC-PPP	0.79
600511	Albania Labs PPP	2015	2019	CLOSED	CPC-PPP	0.72
	Sub-Total					6.68

Advisory Services Approved pre-FY15 but active during FY15-20

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Area	Total Funds Managed by IFC
599428	ECA DR Western Balkan	2014	2019	CLOSED	EFI	2.52
599053	Albania Solid Waste	2013	2017	CLOSED	CPC-PPP	1.01
29970	Albanian Highway	2011	2018	CLOSED	CPC-PPP	2.42
568367	Residential Energy Efficiency Project- Albania	2010	2016	CLOSED	FIG	0.77
575568	Renewable Energy Albania Small Hydro Power	2010	2016	CLOSED	INR	1.29
	Sub-Total					8.01
	TOTAL					14.69

Source: IFC AS Portal Data as of 10/15/21

Annex 9: Comments on MIGA Guarantees

IEG's review found no differences in MIGA guarantees vs. what is presented in the CLR.

Annex 10: Economic and Social Indicators for Albania, FY 15-20

Series Name							Albania	ECA	World
	2015	2016	2017	2018	2019	2020	Average 2015-2020		
Growth and Inflation									
GDP growth (annual %)	2.2	3.3	3.8	4.0	2.1	-4.0	1.9	2.0	2.0
GDP per capita growth (annual %)	2.5	3.5	3.9	4.3	2.5	-3.4	2.2	1.5	0.8
GNI per capita, PPP (current international \$)	11,800.0	12,270.0	12,800.0	13,540.0	14,150.0	13,670.0	13,038.3	21,724.7	16,354.6
GNI per capita, Atlas method (current US\$) (Millions)	4,390.0	4,320.0	4,290.0	4,860.0	5,230.0	5,210.0	4,716.7	8,556.6	10,868.2
Inflation, consumer prices (annual %)	3.5	-0.4	2.1	2.0	1.4	1.6	1.7	2.5	2.0
Composition of GDP (%)									
Agriculture, value added (% of GDP)	19.8	19.8	19.0	18.4	18.4	19.1	19.1	5.2	4.2
Industry, value added (% of GDP)	21.8	21.1	20.4	21.3	20.6	20.1	20.9	29.6	26.6
Services, etc., value added (% of GDP)	46.3	46.7	48.0	47.8	48.4	48.4	47.6	54.6	63.4
Gross fixed capital formation (% of GDP)	25.8	25.2	25.1	23.9	23.6	..	24.7	24.3	25.7
Gross domestic savings (% of GDP)	8.2	7.8	8.9	9.6	8.8	5.1	8.1	26.7	26.5
External Accounts									
Exports of goods and services (% of GDP)	27.3	29.0	31.6	31.6	31.3	23.1	29.0	34.0	28.0
Imports of goods and services (% of GDP)	44.5	45.8	46.6	45.2	45.0	37.9	44.2	31.6	27.3
Current account balance (% of GDP)	-8.6	-7.6	-7.5	-6.7	-7.9	-8.8	-7.9	..	..
External debt stocks (% of GNI)	73.3	70.7	75.1	65.2	62.9	74.2	70.2	..	..
Total debt service (% of GNI)	10.2	4.9	3.9	7.2	4.3	7.9	6.4	8.8	
Total reserves in months of imports	7.0	6.5	6.6	6.4	5.9	9.2	6.9	10.1	12.2
Fiscal Accounts*									
General government revenue (% of GDP)	26.4	28.4	27.8	27.5	27.4	26.5	27.3	35.0	

Series Name							Albania	ECA	World
	2015	2016	2017	2018	2019	2020	Average 2015-2020		
General government total expenditure (% of GDP)	30.8	29.1	29.1	28.8	29.4	33.4	30.1	37.2	
General government net lending/borrowing (% of GDP)	-4.3	-0.7	-1.4	-1.3	-2.0	-6.9	-2.8	-2.2	
General government gross debt (% of GDP)	73.7	73.3	71.9	69.5	67.8	77.6	72.3	32.3	
Health									
Life expectancy at birth, total (years)	78.0	78.2	78.3	78.5	78.6	..	78.3	73.8	72.4
Immunization, DPT (% of children ages 12-23 months)	99.0	98.0	99.0	99.0	99.0	..	98.8	93.0	85.5
People using safely managed sanitation services (% of population)	97.7	98.1	98.5	99.0	99.2	99.3	98.6	94.2	75.4
People using safely managed drinking water services (% of population)	93.4	93.8	94.1	94.4	94.8	95.1	94.3	96.3	89.1
Mortality rate, infant (per 1,000 live births)	8.5	8.4	8.4	8.5	8.6	..	8.5	10.7	29.8
Education									
School enrollment, preprimary (% gross)	86.4	87.7	83.8	80.5	75.8	75.1	81.6	61.1	59.2
School enrollment, primary (% gross)	105.5	105.6	107.0	107.0	104.8	100.2	105.0	99.2	102.7
School enrollment, secondary (% gross)	97.4	95.7	95.3	95.4	95.1	94.3	95.5	99.6	75.7
School enrollment, tertiary (% gross)	62.0	58.4	57.4	55.0	59.8	57.8	58.4	70.6	38.4
Population									
Population, total	2,880,703.0	2,876,101.0	2,873,457.0	2,866,376.0	2,854,191.0	2,837,743.0	2,864,761.8	457,638,828.5	7,557,979,726.7
Population growth (annual %)	-0.3	-0.2	-0.1	-0.2	-0.4	-0.6	-0.3	0.5	1.1
Urban population (% of total population)	57.4	58.4	59.4	60.3	61.2	62.1	59.8	66.3	55.0
Rural population	42.6	41.6	40.6	39.7	38.8	37.9	40.2	33.7	45.0

Series Name							Albania	ECA	World
	2015	2016	2017	2018	2019	2020	Average 2015-2020		
(% of total population)									
Poverty									
Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of pop)	1.1	0.9	1.3	..	..	..	1.1		9.7
Poverty headcount ratio at national poverty lines (% of pop)	..	..	..	..	..	..
GINI index (World Bank estimate)	32.9	33.7	33.2	..	..	..	33.3		