Albania Country Program Evaluation

IEG
Independent Evaluation Group

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Abbreviations

ASA	advisory services and analytics
CPE	Country Program Evaluation
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
CPSPR	CPS Progress Report
DPF	development policy financing
DPL	development policy loan
EU	European Union
FY	fiscal year
GDP	gross domestic product
IBRD	International Bank for Reconstruction and Development
ICZMCP	Integrated Coastal Zone Management and Cleanup Project
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
IPF	investment project financing
IPRO	Immovable Property Registration Office
LAMP	Land Administration and Management Project
LSMS	Living Standards Measurement Survey
MIGA	Multilateral Investment Guarantee Agency
NPL	nonperforming loan

NSDI	National Strategy for Development and Integration
PFR	Public Finance Review
PLR	Performance and Learning Review
PPP	public-private partnership
RED	Road Economic Decision Model
SAMP	Social Assistance Modernization Project
SCD	Systematic Country Diagnostic
SILC	Statistics on Income and Living Conditions

All dollar amounts are US dollars unless otherwise indicated.

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The report was conducted under the guidance and supervision of Jeffrey Allen Chelsky (manager), Oscar Calvo-Gonzalez (director), and Sophie Sirtaine (director of strategy and operations), and the overall direction of Alison Evans (Director-General, Evaluation, and vice president).

Peer reviewers for this evaluation included Anita Tuladhar (mission chief for Albania and deputy division chief, European Department, International Monetary Fund) and Tzvetina Tzvetkova (policy officer, Unit for Albania in

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Overview

Key Messages

Albania had transitioned to a market-oriented, middle-income economy by 2008, but the economic slowdown in the wake of the global crisis led to a reversal in poverty reduction. The crisis led to several key economic reforms, not all of which have been sustained after the recovery.

The World Bank Group made a substantial contribution over the last decade to many reforms relevant to the country's development priorities, drawing effectively on both lending and nonlending instruments. However, the discontinuation of the Living Standards Measurement Survey instrument from 2012 to 2019 has undermined the assessment of progress in reducing poverty and promoting shared prosperity, including the Bank Group program's contribution.

Project implementation was often difficult because design, at times, was insufficiently attuned to implementation capacity and political economy factors. Nevertheless, the Bank Group made significant contributions to fiscal management, the financial sector, waste management and irrigation, and social protection, including the pension system. Bank Group support was less consequential in improving conditions for private sector development, the quality and management of energy and roads, land and property registration, and health and water and sanitation services. Although the program was extensive, it was responsive to opportunities, particularly those presented by the initial reform ambitions of the government that took office in 2013.

The Independent Evaluation Group notes the importance of continuing to improve portfolio implementation, being more selective in new lending, and ensuring that design adequately accounts for political economy and capacity constraints.

A priority for the World Bank is to encourage authorities to publish the results of future Statistics on Income and Living Conditions surveys promptly and regularly, given how critical data availability and quality are to designing and assessing efforts to support poverty reduction and boost shared prosperity. The World Bank can build on its efforts to use advisory services and analytics to articulate and build consensus and capacity for reform options.

This Country Program Evaluation (CPE) reviews the effectiveness of the World Bank Group's partnership with Albania during fiscal years (FY)11–19, assessing the extent to which relevant objectives were achieved.

Country Context and Bank Group Program

Albania emerged from the collapse of isolationist communism in the early 1990s as one of the poorest countries in Europe, but the country transitioned to a middle-income, market-oriented economy by 2008 because of strong economic growth. However, growth slowed going into the evaluation period. Poverty, which had been in decline up to 2008, rose again by 2012, but recent trends are uncertain. Access to many social services—including education, health, and water and sanitation—has improved rapidly, but inequities and quality issues persist.

Albania's politics are extremely polarized and engendered a constitutional crisis recently, but successive governments have pursued a common vision of promoting strong, inclusive, and sustainable economic growth and European Union (EU) membership. The country made progress toward the latter goal. Several dimensions of governance and the business climate have improved, though most continue to lag regional comparators. The Foreign Affairs Council of the EU has now approved the opening of accession negotiations with Albania (to be confirmed by the European Council), subject to further progress on strengthening governance.

Two strategy documents guided Bank Group support to Albania during the evaluation period: the FY11–14 Country Partnership Strategy (CPS) as adjusted by a 2013 CPS Progress Report, and the FY15–19 Country Partnership Framework (CPF), revised and extended to FY20 in a November 2018 Performance and Learning Review.

The Bank Group delivered a sizeable program, which included International Bank for Reconstruction and Development financing commitments of about $1.1 billion for 19 operations (accounting for about one-third of official development assistance) in addition to an inherited portfolio of about $300 million for 15 operations. Advisory services and analytics (ASA) activities—many financed by trust funds—made up an important part of the World

Bank's program. International Finance Corporation (IFC) investments and Multilateral Investment Guarantee Agency guarantees diminished over the second phase of the evaluation period, even though IFC continued to remain involved with advisory projects.

Overall Assessment of the Program

The program had broad coverage and aligned with national priorities and major World Bank diagnostics, including the Systematic Country Diagnostic. The Bank Group engaged at the policy and strategy level in most cases, capitalizing on strong knowledge work.

The Bank Group consistently supported Albania's EU accession goal through a program rooted in the government's National Strategies for Development and Integration. The Bank Group showed agility in responding to the global and European financial crises. It also seized an opportunity presented when a new, reform-oriented government took office in 2013 by adjusting its program to match government reform ambitions.

Results framework quality improved over the evaluation period. The CPS results framework was excessively complex. The CPF results framework was more streamlined, though it needed substantial adjustment at the Performance and Learning Review stage. Although challenging, given Albania's absorptive and implementation capacity, the program was generally an appropriate and well-sequenced blend of financing and ASA that contained important synergies among components, such as those between the World Bank's work on fiscal consolidation and on pensions. In a few cases (notably land administration), coverage did not include areas essential to achieving strategic objectives.

The design of many projects—particularly those approved before the evaluation period—included multiple components across multiple sectors. In addition, project selection and design in several cases (for example, in health and land administration) did not sufficiently account for political economy challenges, such as frequent turnover of ministers. As a result, portfolio implementation was challenging, and the World Bank responded by extending or restructuring more than half of the investment project financing (IPF) operations in the portfolio.

The program's ASA were an important Bank Group contribution, underscoring its comparative strength in knowledge work. ASA were of good technical quality and helped articulate options for reform (which were carried through successfully in some cases) and build the capacity to implement them, notably in the financial sector and pensions. Important analytical contributions were also made through regional vehicles to complement Albania-specific ASA; these proved an efficient channel for high-caliber ASA. The long transition from the Living Standards Measurement Survey, to which the World Bank provided analytical support, to the Statistics on Income and Living Conditions survey (concluded only recently) impeded poverty monitoring and design of reforms after 2012, leaving policy makers and development partners without a crucial tool not only to track poverty head count and distributional gains and losses but also to understand poverty determinants, essential for evidence-based policy making.

There were several cases of effective collaboration and complementarity across Bank Group institutions, especially in the program's support for financial sector and business climate reforms.

The architecture for government-donor coordination evolved over the evaluation period. The effectiveness of these coordination mechanisms varied widely across sectors and deteriorated over the evaluation period. Nevertheless, Bank Group coordination and division of labor with other partners was often strong, making efforts complementary. In most sectors, coordination between the Bank Group and government officials was good, positioning the Bank Group to contribute at the policy and strategy level. However, its leadership was less evident on business climate, infrastructure, and urban water and sanitation.

The Bank Group contributed to developing institutional capacity in Albania and, to a lesser extent, improving gender equity. Institutional capacity was a major constraint, aggravated by Albania's small population and high out-migration, the decentralization drive, and the high standards to which EU accession requires aligning. However, the Bank Group clearly contributed to building capacity in specific areas, notably financial sector regulation and supervision, insolvency, energy, and pensions and social protection. Finally, both the CPS and CPF emphasized a social inclusion agenda, with the poor-

est and most vulnerable groups including women, youth, and ethnic minorities. World Bank ASA helped diagnose gender inequities, and project support for improving access to and delivery of social services focused on vulnerable groups likely contributed modestly to reducing gender vulnerability and obstacles to inclusion. However, the lack of comparable data makes it hard to be definitive on the World Bank's contribution.

Engagement and Results in Specific Areas

Under each area of Bank Group intervention, the CPE reviews specific Bank Group objectives and their relevance, instruments deployed, design quality, and program implementation and contribution to results sought in the CPS and CPF results frameworks.

Strengthening Macrofinancial Management and Public Service Delivery

In fiscal management and public service delivery, the specific objectives—strengthening public financial management, consolidating the fiscal stance, and reforming delivery processes for many public services to improve access and convenience—were highly relevant. The World Bank's program was an appropriate mix of lending and technical assistance, strengthened by relevant analytical work. The support helped make advances in key areas. In public financial management, it strengthened several aspects of expenditure management, including the medium-term budgeting process and the financial management information system. Progress was also made toward fiscal consolidation, notably through the World Bank's support for an arrears clearance and prevention strategy and for pension reform.

Overall, however, the fiscal situation remains fragile. Although fiscal consolidation of about 4 percentage points of gross domestic product was achieved over 2014–17, arrears have begun accumulating again (if more slowly than before). Inadequately regulated off-budget public-private partnerships in roads have multiplied, giving rise to opaque contingent liabilities. Shortcomings in public financial management and fiscal consolidation derived largely from a difficult political economy environment. Nevertheless, good progress is being made toward improving the delivery of public services to make pro-

cesses more transparent and citizen friendly. On balance, the achievement of objectives in the fiscal management and public service delivery area is rated moderately satisfactory.

In the financial sector, an initial focus on credit expansion shifted to safeguarding stability. These objectives, including the shift in focus, were relevant and well aligned with prevailing conditions and government priorities. The Bank Group's program (in which IFC and the Multilateral Investment Guarantee Agency were actively involved) combined financing and guarantees, technical assistance, and analytics in a coherent and flexible package. ASA—including an important FY14 Financial Sector Assessment Program update and capacity-building support for the Bank of Albania and the Albania Financial Services Authority—was a crucial part of the package. With Bank Group support, significant progress was made in strengthening the legal and regulatory framework that governs bank and nonbank financial institutions, and steps were taken to address the significant nonperforming loans that had accumulated early in the evaluation period. As a result, most indicators of financial soundness and stability have improved in recent years. Overall, achievement of objectives in the financial sector is rated satisfactory.

Improving the Conditions for Private Sector Development

Regarding business climate improvements, the related objectives displayed continuity with a tourism-related objective explicitly introduced under the CPF. The objectives were relevant given Albania's need to mobilize private investment and the tourism sector's potential as a source of growth. Bank Group support for business climate improvements blended several instruments into a credible package that capitalized on World Bank–IFC collaboration and complementarity.

Bank Group contributions enhanced the quality of business regulations, but challenges remain. Despite some improvements, foreign direct investment has concentrated in less productive segments of the economy, including energy, construction, and mining, and has remained broadly stagnant, whereas private investment as a share of gross domestic product declined steadily over the evaluation period. Despite Bank Group support, the conditions for accelerated private sector growth—an explicit higher-order objective under the CPF—are

not yet in place. On balance, achievement of objectives related to the business environment and tourism development is rated moderately unsatisfactory.

Bank Group objectives to improve land and property registration and its gender inclusiveness were highly relevant because poorly defined property rights constrained economic activity, and a high gender gap in land ownership prevailed. The World Bank directed an appropriate mix of financing and ASA at land registration objectives, but lending instruments proved too complex. In addition, genuine progress, which hinged on the adoption of a legal framework definitively resolving informal settlements and property restitution and compensation claims, was beyond the reach of World Bank instruments.

World Bank support helped increase property registration, but with major caveats concerning records quality and coverage. It also helped reduce transaction times, thus lowering business compliance costs and (with other partners) strengthening the institutional setup. Given this shortcoming, the achievement of objectives for land registration is rated moderately unsatisfactory.

In the energy sector, objectives spanned virtually the entire sector, displaying broad continuity and alignment with Albania's needs and plans. The Bank Group deployed a wide range of instruments that built on World Bank–IFC complementarities.

Bank Group support for improving electricity production had mixed results. A thermal plant developed under a World Bank project (FY04–11) remains off-line several years later. Progress in other areas has also been mixed. The efficiency of supply and cost recovery has improved significantly, but energy losses remain high and intercompany arrears above target. Important progress has been made on institutional reforms, EU accession, and the establishment of the Albania power exchange, but market liberalization is still behind schedule. Achievement of objectives in the energy sector is rated moderately unsatisfactory.

A shift in emphasis in road sector objectives increased the focus on maintenance and expenditure controls under the CPF, in line with new World Bank analytical work and government priorities. A mix of World Bank IPF and ASA with IFC advisory services evolved—appropriately—from an initial focus on road construction to maintenance, regional trade facilitation, and sector policy.

The World Bank's support for secondary and local roads helped improve access for communities. World Bank support also contributed to improving the quality of the public investment program in the roads sector and to increasing capacity for road sector institutions, road safety, and resilience issues, although significant results have not yet materialized in some areas. The achievement of objectives in the roads sector is rated moderately satisfactory.

Improving the Management of Land, Water, and the Environment

Focus shifted over the evaluation period from reducing climate change vulnerability to increasing the productivity and sustainability of land use. The mix of instruments deployed was adequately geared to the objectives, supporting both investments and policy development.

The World Bank has been broadly successful in reducing erosion and enhancing carbon sequestration. In disaster mitigation, much of the success has been reactive to natural disasters such as severe flooding in 2013. Productivity improvements through irrigation were also achieved, though with delays caused by institutional change. In solid waste management, expected results were achieved but with extended delays. Bank Group program achievement of objectives under this pillar is rated moderately satisfactory.

Improving the Quality of Service Provision in the Social Sectors

In education, Bank Group strategy shifted from supporting country education reform strategies to focusing on skills and the labor market. During the CPS period and in collaboration with other partners, the World Bank carried out a balanced mix of lending and ASA highlighting key sector challenges. The Bank Group ended its support to education, given the government's view that it no longer required World Bank funding for education. Instead, the CPF supported an analytic program on skills and the labor market. Although not flagged in the Systematic Country Diagnostic or 2003 Enterprise Survey as a major constraint on the private sector, interest in this issue increased during the CPF period. The results framework did not include any specific outcomes in this area.

There were some improvements in access to secondary and higher education, but caveats were significant regarding quality improvement. Most notably, implementation of reforms to strengthen performance incentives has lagged. World Bank analytical work on skills and the labor market was well received and useful to the government, but it is too early to assess its impact.

Nevertheless, based on the modestly positive results, achievement of objectives in education is rated moderately satisfactory.

In health, Bank Group objectives on access and health system efficiency supported government priorities, with the focus shifting from primary health care during the CPS period to hospital management under the CPF. The World Bank deployed a balanced mix of ASA with development policy financing and IPF, and IFC supported a medical laboratory public-private partnership aimed at improving diagnostic service quality. These had the right focus but did not sufficiently factor in capacity and political economy constraints. Project implementation was slow and difficult, yielding very modest results, although progress was made (among other areas) in unifying health financing mechanisms and in improving some physical and financial access to health services. Achievement of health-related objectives is rated moderately unsatisfactory.

Regarding social protection, World Bank objectives sought to help improve access and the equity and efficiency of Albania's system. The objectives were closely aligned with national strategies. World Bank support was a well-sequenced and balanced mix of ASA and lending, with ASA serving to build ownership for the reform agenda. Steady financing through the period supported ambitious reforms of the social assistance programs Ndihma Ekonomike and Disability Allowance. In addition to multiyear technical assistance, development policy financing was deployed to support pension reforms aimed at reducing the fiscal burden and to strengthen incentives and gender equity. Pension reform has successfully reduced the fiscal burden, although challenges remain. Regarding social assistance reforms, World Bank support helped Albania improve coverage, targeting, and efficiency, but reform implementation has faced significant challenges. The rollout of the new system has been slower than anticipated, partly because of significant errors of exclusion given the lack of updated household welfare data. The achievement of objectives in social protection is rated moderately satisfactory.

Finally, in urban water supply and sanitation, Bank Group objectives broadened over the evaluation period (from a sole focus on sanitation under the CPS to include water supply under the CPF). The focus was on key infrastructure at the municipal level.

Good progress was made toward sewerage infrastructure development and service improvement targets. Water supply services in Durres also improved, though with delays, but the institutional capacity of the city's water utility remains a challenge. Beyond Durres, Albania's water and sanitation utilities continue to underperform in the context of weaknesses in the policy framework, although there has been some recent performance improvement from a low base. In general, World Bank lending in the sector was focused on infrastructure development, providing only limited support for institutional capacity building. Achievement of objectives for access to water and sanitation is rated moderately satisfactory.

Conclusions and Suggestions

Overall, the extent to which the Bank Group program achieved its objectives is rated moderately satisfactory. The overall rating is based on a synthesis of pillar-level ratings, with a greater weight given to the rating for pillar 1, where lending during the evaluation period was concentrated. In addition to the results to which the program contributed and the relevance of its objectives, the rating recognizes certain positive features of program design and implementation, including its agility in responding to shocks and in capitalizing on opportunities in the partnership, and its strategic use of knowledge work. In hindsight, there are certain things the Bank Group could have done differently, such as streamlining the program, simplifying project design, and more proactively supporting efforts to mitigate the capacity and political economy risks identified ex ante.

Based on the CPE findings, it is suggested that the Bank Group consider the following:

» Use ASA to engage government authorities, citizens, and other stakeholders to articulate and build support and consensus and capacity for reform options in the sectors and thematic areas that the Bank Group considers essential to

reducing poverty and promoting shared prosperity and where there is stakeholder demand.

- Be more selective in new lending, given the implementation challenges over the evaluation period, by deploying it to support reforms and investments for which consensus has been established, ensuring that efforts are made to proactively mitigate capacity and political economy constraints.

- Encourage authorities and other stakeholders to ensure that results of future rounds of the Statistics on Income and Living Conditions survey are published regularly and promptly, now that data are available and given the long period experienced when data were unavailable. Household survey data are a critical enabler of effective project design and implementation in support of the World Bank's twin goals. The fact that such data were not published or made available to major development partners between 2012 and 2019 was a serious shortcoming that warranted priority attention from the World Bank.

1 | Country Context and World Bank Group Strategy and Program FY11–19

This Country Program Evaluation (CPE) reviews the effectiveness of the World Bank Group's partnership with Albania during fiscal years (FY)11–19.[1] The report discusses the appropriateness of the Bank Group's strategic focus in the country context and in relation to national goals, including joining the European Union (EU). It discusses the progress made in the various areas of the Bank Group's focus and the extent to which the Bank Group's program contributed substantively to that progress through its various instruments and activities, including financing, advisory services and analytics (ASA), policy dialogue, and coordination with other development partners. It also assesses whether the program as a whole made a tangible contribution to Albania's development goals during the period.

Country Context

Albania emerged from the collapse of isolationist communism in the early 1990s as one of the poorest countries in Europe, but the country transitioned to a middle-income, market-oriented economy by 2008. Albania made significant development progress by opening its economy and achieved significant socioeconomic development and integration into the EU. Over 2002–08, the economy grew strongly by 5.5 percent on average per year.

Increased polarization among political parties has made governance more challenging. Since the 1990s, Albania has made good progress in establishing multiparty democracy. The 2013 parliamentary elections have been judged free and fair, and the government changed hands as a result. The government effectiveness indicator rose from 48 to 56 between 2011 and 2017.[2] But sharp political polarization culminated in opposition parties boycotting local elections at the end of June 2019. Albania continued to perform less well on

control of corruption, and its index ranking stood at 42 in 2017, despite some progress from the 2011 ranking of 27.

Successive governments have pursued a common vision of promoting strong, inclusive, and sustainable economic growth and integration within the EU. In 2007, the government's National Strategy for Development and Integration (NSDI) for 2007–13 (NSDI 1) articulated this vision and updated it in May 2016 for 2015–20 (NSDI 2; Albania 2007, 2016). These documents provide a comprehensive medium-term strategy for long-term growth and poverty reduction that is consistent with EU integration. This strategy is implemented through a medium-term budget program that requires ministries to achieve their medium-term plans consistent with the objectives of the government's strategy.

Historically strong growth slowed going into the evaluation period, prompting reform to varying degrees. Rapid growth was cut short in the aftermath of the global financial crisis. By 2014, economic growth had slowed to less than 2 percent. Moreover, serious fiscal pressures and rising public debt threatened fiscal stability. The financial sector was showing increasing signs of stress, including a sharp jump in nonperforming loans (NPLs). Over 2014–17, a new government implemented several important reforms that helped reduce macroeconomic imbalances and public sector arrears, moderate the growth of public debt, and strengthen financial sector stability.[3] Economic growth revived to 3.8 percent in 2017 and an estimated 4.2 percent in 2018, moderating to 2.2 percent in 2019. However, the pace of reforms in key areas has slowed since 2017, and new areas of concern have emerged that threaten fiscal and macroeconomic stability, including opaque but potentially large contingent liabilities from public-private partnerships (PPPs).

Recent poverty trends are uncertain. Albania's achievement of middle-income status by 2008 led to reduced poverty of 12.5 percent in that year (measured against a national poverty line) compared with 25.4 percent in 2002. However, poverty increased after the slowdown starting in 2008 and was estimated at 14.3 percent in 2012.[4] Trends since then are difficult to assess because survey data after 2012 (which were published only recently) are not comparable. However, poverty is projected to have declined with the renewal of economic growth in recent years.[5]

Access to many social services—including education, health, and water and sanitation—has improved rapidly, but inequities and quality issues persist. For example, access to all levels of education has increased and now compares favorably with regional peers, but enrollment rates and educational attainment remain considerably lower for the bottom 40 percent of the population. Moreover, learning outcomes remain low compared with most Europe and Central Asia countries and the average for Organisation for Economic Co-operation and Development countries. In health, outcomes such as life expectancy at birth, infant and maternal mortality rates, and child malnutrition have improved in recent years, and the population is relatively healthy by regional standards. Health outcomes also compare favorably with those for peers in the Western Balkans. However, health gains have been much smaller for the poorer population and those living in rural areas.

The business climate has shown some improvement despite continuing challenges. The regulatory framework for business has improved in several ways, as indicated by the jump in the country's Doing Business ranking from a low of 103 (of 190 countries) in 2013 to a high of 63 in 2018. However, the ranking dropped to 82 in 2019 (World Bank 2019, 2020). The private sector continues to face constraints such as corruption, weak institutions to enforce the rule of law, an inadequate framework for land titling and administration, unpredictability in the policy regime (especially taxation), and infrastructure weaknesses (especially in electricity supply and road transport connectivity). More recently, the quality and relevance of labor force skills have emerged as constraints for the private sector.

Albania has made good progress toward its goal of joining the EU, with the start of accession negotiations now approved in principle. The EU Council formally recognized Albania as an EU candidate country in June 2014. The legal and regulatory framework and business and governance practices have been progressively aligned with EU requirements. Following initial resistance from certain EU members in 2019, the EU Foreign Affairs Council has now approved the opening of accession negotiations with Albania (to be confirmed by the European Council), subject to further preconditions on the country, notably relating to electoral reform, the rule of law, and fighting corruption.

Albania has also made progress addressing some aspects of gender equity, but gaps remain. In partnership with the United Nations and the EU (as part of the accession agenda), the government developed strategies and policies to achieve gender equality, and progress has been made in establishing the legal and policy framework to mainstream gender. Government agencies have gradually prepared to implement policies and monitor progress, including under the NSDI 2 and the National Strategy on Gender Equality, Gender-Based Violence, and Domestic Violence (2011–15). However, traditional attitudes still prevail, and gender disparities can be found in most spheres of social and economic life.

The Bank Group's Strategic Objectives

Two strategy documents steered Bank Group support to Albania during the evaluation period, beginning with the FY11–14 Country Partnership Strategy (CPS). The CPS sought primarily to address key challenges to the resumption of growth after the global crisis. It focused on three strategic objectives: (i) accelerating the recovery of Albania's economic growth through improved competitiveness, (ii) broadening and sustaining Albania's social gains, and (iii) reducing Albania's vulnerability to climate change. The CPS Progress Report (CPSPR), prepared in FY13 when the fiscal and financial situation had substantially deteriorated, amended the CPS program to help Albania better manage risks arising from economic vulnerability (World Bank 2013a).

The FY15–19 Country Partnership Framework (CPF) was revised and extended to FY20 after the November 2018 Performance and Learning Review (PLR). The CPF is organized around three broad strategic objectives:[6] (i) restoring macroeconomic balances, (ii) creating the conditions for accelerated private sector growth, and (iii) strengthening public sector management and service delivery. It also has two cross-cutting themes: gender and EU accession. The PLR extended the CPF to allow most objectives to be achieved, given the stall in reform momentum during a prolonged period leading up to and after the 2017 parliamentary elections and challenges in implementing an ambitious lending program (World Bank 2018b). The PLR made some adjustments in the proposed lending program and acknowledged that the International Finance Corporation (IFC) investment targets would not materialize, given the low levels of foreign direct investment expected.[7]

Consolidated Framework for the Evaluation Period

A mix of CPS and CPF objectives covers FY11–19, with some variation in significance over time. This CPE uses four interlinked pillars to cover the entire evaluation period (table 1.1). These four pillars structure the assessment of the Bank Group program's relevance and efficacy in (i) addressing macroeconomic instability and improving financial stability, (ii) improving the business climate (including land and property registration) and infrastructure services in energy and transport, (iii) supporting water management (notably through irrigation and land and waste management), and (iv) improving the quality of service provision in education, health, social protection, and water and sanitation. This taxonomy organizes the presentation and does not represent a retrofitting of strategic objectives (that is, progress against relevant CPS, CPSPR, CPF, and PLR objectives during the respective periods remain the substantive basis for the assessment), and it does not capture the evolution of program priorities and emphasis over the evaluation period. There are interlinks and overlaps across the four pillars, and some areas of Bank Group intervention respond to subobjectives under different pillars.[8]

Table 1.1. Evaluation Pillars for the FY11–19 Country Program Evaluation

Pillar 1: Strengthening Macrofinancial Management and Public Service Delivery	Pillar 2: Improving the Conditions for Private Sector Development	Pillar 3: Improving the Management of Land, Water, and the Environment	Pillar 4: Improving the Quality of Service Provision in the Social Sectors
1. Strengthening fiscal management and public service delivery 2. Strengthening the financial sector	1. Improving the business climate and developing sustainable tourism 2. Improving land and property registration 3. Improving access to and quality of infrastructure services » Energy » Roads	1. Reducing vulnerabilities to climate change, improving land productivity (erosion control and irrigation), and improving waste management	1. Improving access to and quality of education services and understanding labor market constraints 2. Improving access to and quality of health services 3. Improving the coverage, targeting, and efficiency of social protection services 4. Improving access to and quality of water and sanitation services

Source: Independent Evaluation Group

Bank Group Program Delivery

The World Bank has been an important, though not dominant, financer of Albania's development. Official development assistance declined over the evaluation period, with levels as low as 1.2 percent of gross national income in 2017 compared with 2.9 percent in 2011. Average annual official development assistance was $277 million over 2011–17. The World Bank accounted for about one-third of this, with average annual International Development Association and International Bank for Reconstruction and Development (IBRD) disbursements of $95 million during the period. The EU was, on average, the largest donor over the period, with average annual funding of $105 million during the period. Major bilateral donors included Germany

(12 percent of official development assistance), Switzerland (8 percent), and the United States (7 percent). Foreign direct investment inflows were broadly stable over the evaluation period at about 8 percent of gross domestic product (GDP).[9]

Bank Group program delivery largely matched plans during the CPS period but saw challenges during the CPF period.[10] Under the CPS, the World Bank's total lending volume was $602 million, close to the CPS baseline scenario. Under the CPF, however, the World Bank's actual lending volumes were $882 million, about 72 percent of planned lending. In total, financing commitments of about $1.1 billion for 19 IBRD operations were approved over FY11–19. There were 34 International Development Association and IBRD projects with a total commitment of $1.4 billion, including the ongoing projects approved before the evaluation period. ASA tasks, many of which were financed by trust funds, made up an important part of the World Bank's program. IFC investments and Multilateral Investment Guarantee Agency (MIGA) guarantees declined over the review period. IFC support included about $221 million in commitments across eight investments, but no IFC investment was made during the CPF period, except for indirect financing of a highway PPP and trade finance for a local bank. MIGA activity consisted of four guarantees totaling $349 million—three in the banking sector and one in the power sector.

[1] Although the cutoff date for this Country Program Evaluation is end June 2019, it notes some important developments up to December 2019.

[2] Government effectiveness data are from the World Bank Worldwide Governance Indicators database at https://datacatalog.worldbank.org/dataset/worldwide-governance-indicators.

[3] Between 2014 and 2017, Albania had a 36-month arrangement under the International Monetary Fund's Extended Fund Facility, which was a major driver for many key reforms.

[4] The Living Standards Measurement Survey (LSMS) household surveys to measure poverty and inequality were discontinued after 2012 (see chapter 2), making it difficult to assess trends since then (World Bank 2014d).

[5] Without household data, which are comparable over time, World Bank staff simulated poverty trends based on annual growth rates. Based on a poverty line of $5.50 per person per day at 2011 purchasing power parity, the poverty head count is estimated to have dropped from 39.1 percent in 2012 to 31 percent in 2017. The Statistics on Income and Living Conditions survey published in December 2019 shows that the poverty rate declined from 23.7 percent in 2017 to 23.4 percent in 2018.

[6] The Country Partnership Framework (CPF) supports 5 of the 12 priorities identified in the Systematic Country Diagnostic that are deemed fundamental to achieving the twin goals.

[7] According to the 2018 Performance and Learning Review (PLR), International Finance Corporation investment opportunities have been constrained by (i) a lack of suitable foreign direct investment opportunities, (ii) frequent changes in the legal and regulatory framework, (iii) a weak judicial system, and (iv) excess liquidity in the banking system coupled with depressed credit demand, resulting in limited prospects for International Finance Corporation financing for small and medium enterprises.

[8] For example, macrofinancial stability, a central objective, will be discussed under pillar 1, examining the package of World Bank Group support for strengthening macrofinancial management and public service delivery. However, it is closely tied to specific sectors (such as energy in pillar 2 and pensions in pillar 4) because they also had a major impact on fiscal sustainability.

[9] The data are from the Organisation for Economic Co-operation and Development at https://stats.oecd.org/.

[10] Appendix C provides a detailed description of the Bank Group's operational program, including thematic decomposition.

2 | Overall Assessment of World Bank Group Strategies and Program

Adequacy of Strategic Focus

Bank Group strategic objectives had broad coverage. Objectives spanned fiscal management; financial sector reform; public services delivery; private sector development, land and property registration, and infrastructure services in energy and roads; water resources, land use, and solid waste management; education; health; social protection; and urban water supply and sanitation.

Bank Group objectives were mostly well aligned with national priorities and Albania's needs. The priorities identified in the CPS were well aligned with those of NSDI 1, Albania's development strategy at the time, just as the priorities set out in the CPF were aligned with those in NSDI 2. Both NSDIs clearly reflected Albania's medium-term goal of EU membership. In hindsight, CPS priorities could have paid greater attention to fiscal management and financial sector stability, given the emerging signs of stress in these areas. However, the Bank Group adjusted its objectives in the CPSPR two years later, when signs of growing fiscal stress and an NPL problem emerged; the new government endorsed the proposed adjustments.

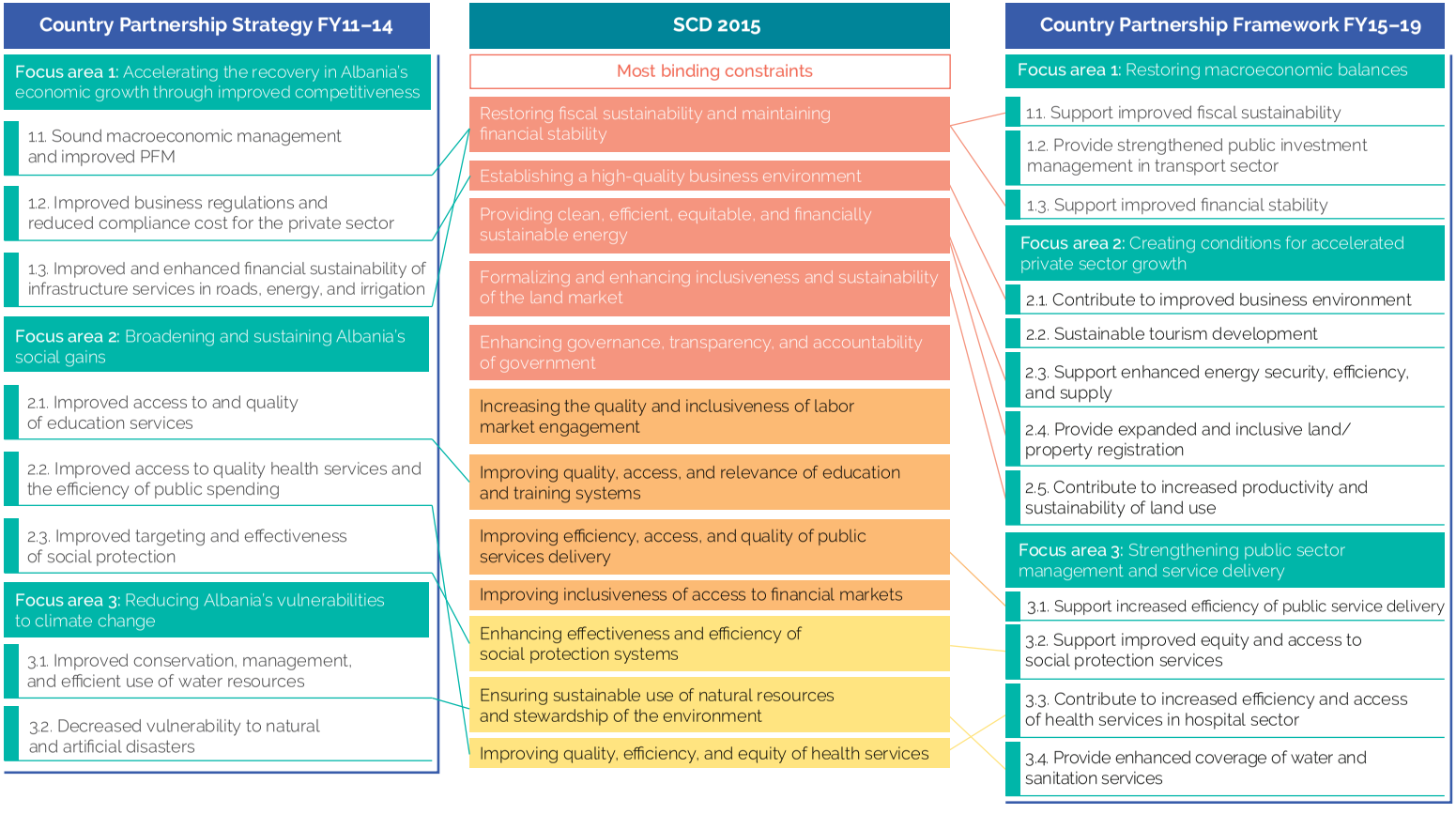
There were changes in emphasis across and within the CPS and CPF periods. Most notably, CPS objectives included education, but CPF objectives did not. In roads, objectives shifted from improving conditions and sustainability of investments under the CPS to strengthening public investment management (as part of the public financial management agenda) under the CPF. In fiscal management, the emphasis shifted from a focus on the governance of public expenditure under the CPS to fiscal sustainability more broadly (including arrears clearance and prevention) under the CPF. In the financial sector, the

CPSPR changed the CPS's initial emphasis on stimulating credit to safeguarding financial sector stability in the face of rising NPLs, with financial sector stability retained under the CPF.

The CPF's scope was broad, though more focused than the CPS, reflecting findings from World Bank diagnostics, including the Systematic Country Diagnostic (SCD). The CPF focused somewhat more on the top five most binding constraints that the SCD identified, although it continued to support a number of other sectors (for example, social protection and health) with relatively small amounts of lending and ASA (figure 2.1). Similar alignment with Bank Group diagnostics can be seen in the agenda for private sector development (see figure 3.1). In some areas, Bank Group engagement could have been more strategic, given implementation capacity and political ownership. At the same time, given limited capacity, there was a high demand for retail-level help in developing reform strategies and road maps that could serve as platforms for broader partner support over the longer term. The Bank Group took up this role in fiscal management and the financial sector (with the International Monetary Fund [IMF]), overall management of Albania's water resources, social protection, health, and (in the CPS) education. Other partners (particularly the EU and the United States) covered critical areas not considered a Bank Group comparative advantage or where the Bank Group was absent—notably judicial reform, crime and security, and agriculture (except for irrigation).

Although Bank Group objectives were rooted in the institution's twin goals and national strategy, they also supported EU accession. Bank Group support facilitated alignment with EU accession requirements in numerous respects, including through regional initiatives (appendix F). Support was aimed at helping to bring global good practice to Albania, and in doing so, it also helped advance the EU accession agenda without focusing on less essential reforms to align institutions in Albania with the requirements of the EU acquis.[1] The EU delegation in Tirana did not identify any areas where Bank Group support was incompatible with the EU accession goal.

Figure 2.1. Links between the FY11–14 CPS, the SCD, and the FY15–19 CPF



Source: Independent Evaluation Group.

Note: The most critical constraints in SCD are in red. CPF = Country Partnership Framework; CPS = Country Partnership Strategy; FY = fiscal year; PFM = public financial management; SCD = Systematic Country Diagnostic.

Program Flexibility

The Bank Group showed responsiveness to changing conditions, refocusing its program to match government reform commitment and implementation capacity. Bank Group support responded to events and capitalized on opportunities that arose. For example, the Bank Group responded rapidly to severe flooding in 2013, promptly redeploying funds from an existing project to provide emergency relief. Before the 2013 elections, the World Bank had prepared development policy financing (DPF) to support policy measures to address the effects of the euro area crisis but withheld it for lack of stronger evidence of government commitment to take the necessary measures, notably on fiscal consolidation. In mid-2013, the new government wanted the Bank Group to play a close advisory role, and the World Bank was very responsive. Among other initiatives, the World Bank played a central role in a conference to formalize government reform priorities and provided analytical follow-up to the in-depth FY14 Public Finance Review (PFR). With increased support from other partners (notably a new three-year IMF-supported program), the World Bank approved a programmatic DPF series starting with the FY14 Public Finance Development Policy Loan (DPL). The second operation in the series was changed to an FY15 Public Finance Policy-Based Guarantee to better leverage available resources given the financing landscape at the time. When signs of implementation difficulties and wavering commitment emerged in the run-up to the 2017 elections and afterward, the World Bank scaled back new lending to focus on strengthening portfolio management.

Adequacy of Program Design

Bank Group program design built on synergies among components. The program capitalized on complementarities among its various areas of focus (table 1.1). For instance, the World Bank's program in support of strengthening macrofinancial management and public service delivery (pillar 1) cultivated links among its subcomponents (fiscal and financial) and with other areas of engagement under pillars 2 and 4. Measures to stop the accumulation of government payment arrears to the private sector, an important element of the World Bank–supported public financial management, also helped address contributors to the NPL problem that afflicted commercial

banks. Progress on fiscal consolidation also helped reduce crowding out of private investment, spurring progress under pillar 2. Measures to reduce time and inconvenience in accessing essential public services under the citizen-centric service delivery initiative were designed to also improve the ease of doing business and thus help private sector development. World Bank–supported reforms under pillar 1 to improve the financial viability of the energy sector and strengthen public investment planning and implementation in the roads sector also worked to strengthen energy security and road connectivity. Finally, pension reform, a key item in the fiscal consolidation agenda, also contributed to improving the efficiency and equity of the social protection system under pillar 4. In all of these areas, World Bank DPF, investment project financing (IPF), and ASA worked in a complementary fashion.

Results frameworks at the program level were complex and had other challenges. CPS and CPF results frameworks, including the way in which they were adjusted in the CPSPR and the PLR, generally embodied logical theories of change. However, there were several shortcomings. For example, the CPS's reasoning that IFC credit lines with commercial banks would help expand credit to the private sector was based on the flawed assumption that the binding constraint to credit growth was banks' insufficient liquidity. Before its revision in the CPSPR, the CPS results framework was too complex, embodying about 60 results indicators. The indicator "local banks' portfolios are stronger, more efficient, and diversified" did not specify a time frame, baseline, or method for calculating efficiency. Although the CPF results framework was more streamlined, it still needed substantial adjustment in the PLR. Several indicators had to be dropped or modified, often because results indicators were deemed insufficiently clear or precise or were insufficiently attributable to the updated program,[2] or because targets would not be achieved during the (extended) CPF period. And several of the outcomes sought in both the CPS and CPF results frameworks were more output oriented (many reflecting project indicators) than the higher-order outcomes closely related to improvements in welfare.

The program was an appropriate and well-sequenced blend of ASA and financing. Good-quality analytical work generally informed financing operations, as shown by the World Bank's support for public finance management, pension reform, financial sector reform, health, and social protection, among

others. In the financial sector, a joint World Bank–IMF Financial Sector Assessment Program Update in FY14 provided the diagnostic underpinnings for a detailed road map for reform that was supported by DPF, specific advisory projects, and further analytical work. In most sectors, the choice of instruments was tailored well to the circumstances. For example, when IPF support for land registration yielded limited results, the World Bank appropriately elected to continue its involvement using ASA.

However, in some areas, greater emphasis on policy-level and institutional support would have been desirable and would have responded to stakeholder demand. In water and sanitation, for instance, World Bank support was too narrow given the challenges that Albania faces and the very significant reforms under way to overhaul the institutional setup for water resource management. This support focused principally on infrastructure improvements in the coastal city of Durres and did not sufficiently address substantial institutional weaknesses plaguing the sector as a whole, including large capacity gaps in the vast majority of water and wastewater utilities. Although it continued to provide limited advisory support and capacity building (at the regional and national levels),[3] the World Bank stepped back from the focal development partner role it had played in the preceding decade. In energy, Bank Group involvement during the evaluation period was broad ranging, covering virtually every facet of the sector—the oil industry, small and large hydropower, thermal power generation, sector structure and unbundling, tariffs and financial viability, energy efficiency, regional interconnectedness, and establishment of an Albania power exchange. However, in several stakeholders' view, the Bank Group did not do enough initially to articulate and build consensus for a clear and comprehensive road map for reform that could serve as a platform for coordinated support by all donors. This began to change in the latter years, notably with the World Bank's pivotal role in preparing and supporting implementation of a financial recovery plan for the sector.

In a few cases, Bank Group instruments did not adequately cover areas essential to the achievement of its strategic objectives. For example, there was arguably not enough alignment between the CPF objective of reducing households' out-of-pocket spending on health and the FY15 Health Services Improvement Project. In its restructured form, the project—the World Bank's

only instrument in health during the latter years of the evaluation period—narrowed its focus to hospital modernization, dropping the former reference in its project development objective to increasing financial access to health services, although it continued to provide institutional support to the Health Insurance Fund. Similarly, World Bank project support for land registration did not sufficiently consider that unresolved factors were likely to undermine the deliverability and quality of the results it sought. These unresolved factors included (i) the absence of a reliable and unified underlying database accurately depicting land plot location and dimensions, (ii) pending claims for compensation or restitution for expropriation during the communist era, and (iii) disputed claims on land in the valuable southern coastal zone, including those resulting from informal settlements.

Previous efforts to consolidate the portfolio into fewer, larger projects left the early years of the evaluation period with a legacy of complex "Christmas trees" that tried to cover too much. Key examples included the FY05 Integrated Coastal Zone Management and Cleanup Project (ICZMCP), the FY07 Land Administration and Management Project (LAMP), and the FY06 Education Excellence and Equity Project. With project closings, these larger projects helped substantially consolidate the portfolio just before and in the early years of the evaluation period. Between the end of FY09 and the end of FY12, the active portfolio went from 18 to 9 projects. However, these more complex projects inevitably encountered implementation difficulties, requiring restructuring and closing date extensions. The ICZMCP, for example, was restructured four times (though one was related to an emergency), and the closing date was extended by five years.

Project design often did not sufficiently reflect political economy factors. In the power sector, use of a regional adaptable program loan instrument responded well to sector investment needs within a consistent regional approach, but the implementation arrangements did not allow for the shift in responsibilities among actors when the sector was unbundled. In the health sector, the design of the FY15 Health Services Improvement Project did not sufficiently account for political appointee and senior staff turnover, the Ministry of Health restructuring, and realignments of responsibilities across government agencies. Arguably, the project did not sufficiently heed lessons from the implementation experience of its predecessor, the FY06 Health Sys-

tem Modernization Project. There was also insufficient calibration of some of the reforms supported by the World Bank during the evaluation period to the reality in the field (notably the introduction of performance-based primary health care provider payment formulas).

Intellectual and Analytical Contributions

Albania-specific ASA delivered by the Bank Group included integrative reports and facilitation work, along with in-depth sector-specific analyses and advisory initiatives. Integrative reports included the FY11 Country Economic Memorandum, FY14 policy notes, the FY14 PFR, and the FY15 SCD. In addition to formal integrative analytic work, the World Bank's informal facilitation and guidance work responded to government demand. Before the 2013 elections, the Bank Group had prepared a series of policy notes intended to orient the incoming government. Based on this entry point, the newly elected government asked the World Bank to help facilitate its efforts to set priorities. This priority-setting exercise provided the foundations for NSDI 2 (the government's development strategy) and upstream inputs to the Bank Group's SCD. Sector-specific ASA were prepared in most of the Bank Group's areas of intervention, including public finance, the financial sector, pensions and social assistance, energy, health, and land administration.

ASA were of good technical quality and helped articulate options for reform (which were carried through successfully in some cases) and build implementation capacity. The CPE assessed analytic work based on (i) technical quality and (ii) the extent to which it underpinned reforms and supporting Bank Group operations—as determined based on stakeholder interviews and observation of reforms implemented. ASA were generally of high technical quality and geared to diagnosing and setting out reform options and addressing related issues, including strengthening implementation capacity. Examples of this can be seen in the financial sector and in pensions and social assistance (box 2.1). World Bank ASA focused on salient policy issues and provided the foundations for lending, even in areas with poorer track records of reform implementation, such as health.

Box 2.1. Advisory Services and Analytics to Prepare for Reforms and Underpin Operations

In the financial sector, the fiscal year (FY)14 Financial Sector Assessment Program Update (prepared jointly with the International Monetary Fund) provided the overarching framework for the financial sector reforms implemented starting in 2014. These reforms were aimed at resolving nonperforming loans, strengthening regulation and supervision of bank and nonbank financial institutions, and strengthening key regulatory institutions' capacity to execute their mandates. The World Bank supported these reforms through a series of two development policy financing operations and parallel advisory tasks focused on specific issues (for example, strengthening the capacity of the nonbank financial institutions regulator).

Regarding pensions and social assistance, long-standing World Bank engagement through advisory services and analytics (ASA), coupled with investment project financing beginning well before the evaluation period, helped articulate and build consensus on reform needs and strengthen the institutional capacity of the Social Insurance Institute and other agencies involved, including the development of a central registry of contributors and beneficiaries. This engagement, which also supported public debate on reforms, helped prepare the groundwork for significant reforms beginning in 2014, when a political window of opportunity emerged, supported by a series of two public finance development policy financing operations. Reforms included enacting a new pensions strategy and law (which strengthened the contributory program to reduce fiscal costs over time by more closely linking benefits to contributions and time in the labor market); increasing the retirement age (reducing gender disparities); introducing a social pension program to protect poor, elderly people without pension rights; and capping budget transfers to the pension system. Regarding social assistance, reforms included changes in the beneficiary selection mechanism by introducing the Unified Scoring Formula (based on a proxy means test) calibrated using Living Standards Measurement Survey data. Although the reform agenda remains unfinished, World Bank ASA played a key role in laying the groundwork for reform and World Bank lending supporting it.

ASA in other sectors helped articulate reforms and guide their implementation. In health, an FY06 policy note provided in-depth diagnosis and mapped out an agenda for reform, providing the knowledge underpinnings for an investment project financing operation approved before the evaluation period and an FY11 social sector development policy

(continued)

Box 2.1. Advisory Services and Analytics to Prepare for Reforms and Underpin Operations (continued)

loan. The FY14 Public Finance Review helped guide the newly elected administration's fiscal consolidation efforts in 2014. In energy, a recent diagnostic study on the distributional impact of electricity pricing reform supported use of the Unified Scoring Formula to determine poor households' eligibility for energy cash benefits to mitigate the impact of the electricity tariff increase. In land administration, the World Bank recently completed an integrated land administration road map that draws attention to the importance of consolidating the agencies responsible for land administration and definitively resolving competing claims on land—two long-standing constraints to progress. Despite the government's favorable reception, it is too early to judge whether the recommendations provided by the ASA will be followed.

Important analytical contributions were made through regional ASA. The World Bank made ample use of regional and subregional ASA to update its country knowledge in key areas, particularly in the latter part of the evaluation period. For example, the World Bank gathered knowledge on the status of the Roma minority (a key vulnerable group in Albania) in the Western Balkans in a regional study published in March 2019. In education (from which the World Bank exited under the CPF) and health, Albania country case studies within regional studies allowed the World Bank to maintain its knowledge. Regional studies were a useful and cost-effective complement to a small country program with a limited budget.

The long transition from the Living Standards Measurement Survey (LSMS) to the Statistics on Income and Living Conditions (SILC) survey instrument (concluded only recently) impeded poverty monitoring and design of reforms after 2012. With World Bank support, LSMS rounds in 2002, 2005, 2008, and 2012 helped track progress in reducing poverty and promoting shared prosperity, and in access to, use, and cost of many public services. The government stopped further LSMS rounds after 2012 on the understanding that, in line with its EU accession goal, it would begin implementing EU-supported SILC survey instruments (World Bank 2014d). However, the transition led to a long period when household survey data were unavailable because the SILC survey results for 2017 and 2018 were not published until December 2019. This period without data has had far-reaching implications, such as preventing updated analytical work to guide the design of reforms. Most notably,

the World Bank and other stakeholders could not track poverty head count and distributional gains and losses for a long time, and these are essential to gauging progress toward the twin goals.

Intra–Bank Group Synergies

There were several cases of effective collaboration and complementarity across the Bank Group. Both the CPS and the CPF sought World Bank–IFC synergies, notably in infrastructure (national and municipal), energy, and the business environment, and collaboration on business climate reforms was constructive. World Bank–IFC synergies were apparent, for instance, on metrology and technical standards: A World Bank project supported an upgrade of Albania's metrology and technical standards infrastructure, while a complementary IFC program provided direct assistance to small businesses in complying with the standards. In addition, the World Bank and IFC collaborated to support authorities in meeting the prior actions (on the business environment) of the Competitiveness DPL and (on the bankruptcy law) of the Financial Sector DPL. In the financial sector, World Bank efforts to support and build institutional capacity for systemic reforms (for example, strengthening regulation and supervision) were well complemented by MIGA efforts to encourage responsible expansion of individual commercial banks' lending portfolios, IFC efforts to strengthen bank governance and lending practices, and support for specific initiatives (for example, preparation of the bankruptcy law). In the energy sector, IFC efforts to support the small hydropower producer segment complemented World Bank support for upgrading large dams and plants. Even in health, IFC advisory support for structuring a PPP seeking higher and more uniform quality standards in diagnostic laboratory services complemented World Bank support for hospital reform.

Convening and Development Partner Collaboration

The architecture for government-donor coordination evolved over the evaluation period, but its effectiveness was uneven and has deteriorated. Through most of the evaluation period, a department reporting to the Coun-

cil of Ministers was responsible for channeling and coordinating the support from about 20 development partners active in Albania. No apex forum for government-donor coordination existed. Until 2013, government-donor coordination in specific sectors and thematic areas was conducted in sector working groups that varied in frequency and quality of convening. After 2013, the government revamped the architecture and put a set of broad thematic forums in place known as Integrated Policy Management Groups (several of which encompassed more focused thematic subgroups) to bring together government and donor representatives to develop, help implement, and monitor sector and theme-specific programs and reforms in line with government priorities. However, implementation of this new architecture has lagged, and the landscape is a patchwork of coordination forums—some exclusively among donors—that vary in effectiveness.

The Bank Group found ways to coordinate effectively with partners in its areas of engagement, despite variations in effectiveness of formal coordination forums. Bank Group coordination with other partners was good in fiscal management, the financial sector, and land administration, and division of labor generally positioned it at the policy and strategy level. A similar pattern could be seen in water resource management, irrigation, forestry, and land use management. In the social sectors, the World Bank provided intellectual leadership and led the policy dialogue, and coordination and collaboration with other partners was good. Coordination with other partners was effective regarding business climate, energy, road transport, and urban water and sanitation, but Bank Group strategic leadership was less evident. Appendix E contains more details.

Implementation and Results

Portfolio-level results were acceptable, but political economy factors often delayed implementation. Project outcome ratings during the evaluation period were above the World Bank average but well below the average for the Europe and Central Asia Region, and sustainability risks were significant (appendix C). In addition, there was a noticeable pattern of slower-than-expected IPF implementation because of political economy factors (for example, tensions between parties in the ruling coalition that led to frequent turnover

of ministerial appointments) and capacity deficits (for example, insufficient experience and expertise in managing large and complex procurement packages). In fact, political, governance, and capacity constraints were major implementation risks identified at the project appraisal stage (appendix G). About 68 percent of the projects (13 of 19 approved during the evaluation period) rated political and governance risks as substantial or high. Similarly, about 80 percent of the projects (15 of 19) rated capacity risks as substantial or high. Projects frequently required closing date extensions and, in many cases, fundamental restructuring.

Of the 29 projects (excluding DPF operations) that were active during at least part of the review period, 16 (55 percent of the portfolio) were extended, restructured, or both. One factor that caused delays or complications and was common to several projects was a lack of clarity in property rights to land required. Moreover, the fallout from an Inspection Panel investigation before the evaluation period contributed to implementation delays by causing World Bank staff to become extra cautious and risk averse. Additionally, IFC's Compliance Advisor and Ombudsman investigated complaints relating to four IFC energy projects in Albania for small hydropower installations,[4] but these complaints have not affected overall project implementation.

Contributions to Capacity Development

Institutional capacity is a major constraint to development and the implementation of important reforms. Albania exhibits the shallow institutional capacity that is characteristic of many smaller states. A major decentralization drive after a consolidation of local government units in 2014 (which multiplied municipalities' functions) has intensified the constraint. The high and complex standards to which Albania's EU accession drive requires aligning the country is another factor, as is the frequent turnover of people in the public sector at both the political and technical level (which outmigration has accentuated).

Bank Group initiatives to help develop institutional capacity have seen mixed results. Bank Group interventions had significant capacity-building content in virtually every area of engagement. Some of these initiatives, such

as those on pensions and the Albanian Financial Supervisory Authority, have already had some success, but others have not. The Road Economic Decision Model (RED) to help municipalities and the Albanian Development Fund prioritize investments in regional and local roads networks was implemented in 2016, but it requires adjustments in RED formatting due to territorial reform and changes in municipality jurisdiction after the June 2019 elections. The health management information system was still at the technical specifications planning stage, even though the project that supports its development had been approved four years earlier. Similarly, World Bank technical assistance did not always address underlying political economy factors. For example, technical assistance aimed at strengthening the Ministry of Finance and Economy's capacity to assess and track the financial implications of unsolicited, sole-sourced PPPs in the roads sector did not alter the political incentives that led to such deals in the first place.

Addressing Gender Issues

The absence of household survey data makes it difficult to assess the World Bank's contribution to progress in reducing gender disparities. During both the CPS and the CPF periods, the World Bank highlighted gender issues as one aspect of the social inclusion agenda by including women, youth, and ethnic minorities (Roma and Albanian Egyptians) among the poorest and most vulnerable groups. The World Bank conducted several gender-focused studies that provided sound diagnostics of gender issues as part of its ASA program (box 2.2) and prepared a gender-focused development policy operation.[5] On land issues, the World Bank used Umbrella Facility for Gender Equality grants to convene two conferences that developed action plans to improve gender equity. As a result, the German Agency for International Cooperation is executing complementary capacity-building initiatives to train notaries in specific actions to ensure equitable rights for women. World Bank operations to improve access to and delivery of basic social services (such as its health and education projects) and the World Bank–supported social assistance reforms (which focused on vulnerable groups) are likely to have reduced gender vulnerability and obstacles to inclusion. However, overall monitoring was weak because almost no data have been available since the

time of the LSMS discontinuation. Therefore, it is not possible to establish reliable links between progress in gender equality and World Bank support.[6]

Box 2.2. Raising Awareness on Gender Issues through Advisory Services and Analytics

Relevant work under the Country Partnership Strategy includes an in-depth analysis of the poverty gender gaps based on the 2012 Living Standards Measurement Survey. A policy brief for the new government in 2013 discussed the vulnerabilities of women, Roma, and Albanian Egyptians. Persistent gender disparities identified included differences in educational achievement (girls outperformed boys), differences in labor force participation rates and wages, limited agency and property rights for women, and significant levels of domestic violence. This brief also presented possible policy options to address vulnerabilities and listed World Bank projects that could address gender disparities.

During the Country Partnership Framework period, the World Bank prepared another gender policy note focused on gender gaps in access to economic opportunities by using inputs from its analytical work under the jobs and growth agenda (World Bank 2016b). The note discussed the barriers and disincentives to employment and entrepreneurship for women and estimated that differences in labor market participation rates between men and women implied potential losses in gross income per capita of almost 20 percent. Proposed policy areas for intervention include improving access to assets and inputs, providing affordable child and elder care, and increasing women's employability through skills training and removing labor market barriers.

Source: Independent Evaluation Group.

[1] The conditions and timing of the candidate's adoption, implementation, and enforcement of all current European Union (EU) rules.

[2] For example, the PLR indicated that three investment project financing loans—to cover subnational finance and governance, integrated land management, and jobs and skills, respectively—were to be dropped (World Bank 2018b). The government, under pressure to reduce debt, was to focus instead on scaling up some ongoing activities like social assistance modernization, dam safety, water resources, and irrigation projects.

[3] An example of advisory support and capacity building is the Water Sector Financing Framework, which was produced with World Bank support.

[4] Two of these cases were satisfactorily resolved, another is close to resolution, and the last is still open.

[5] This development policy financing, approved in October 2019, is the first gender-focused operation. The World Bank supported the government of Albania in undertaking a reform program to promote gender equality in access to economic opportunities centered on three pillars: (i) improving women's access to assets, (ii) leveling the playing field to enhance labor market opportunities for women, and (iii) strengthening institutional arrangements for gender-informed policy making.

[6] Despite the fact that the LSMS was discontinued, the government has developed several instruments to monitor gender outcomes. The World Bank and other partners have supported these efforts, which include *Albania Demographic and Health Survey 2017–18* (INSTAT, IPH, and ICF 2018), *2018 National Population Survey, Violence Against Women and Girls in Albania* (INSTAT 2019a), *Women and Men in Albania, 2019* (INSTAT 2019d), and *Gender Equality Index for the Republic of Albania 2020* (INSTAT 2019b).

3 Developments and World Bank Group Contributions in Specific Areas

This chapter reviews developments and Bank Group contributions under the four evaluation pillars. Each section describes (i) specific Bank Group objectives and their relevance, including results framework quality; (ii) instruments deployed and design quality; and (iii) program implementation and contribution to results sought, concluding with an outcome rating. The basis for outcome assessment is progress made toward relevant CPS, CPSPR, CPF, and PLR objectives as measured against indicators in the combined results framework (appendix D).

Strengthening Macrofinancial Management and Public Service Delivery

Fiscal Management and Public Service Delivery

Under this area, the Bank Group sought to (i) improve public financial management, (ii) promote fiscal consolidation with the aim of reducing public debt and creating fiscal space, and (iii) improve access to and delivery of public services for citizens. The relative emphasis on these objectives varied over the evaluation period. In 2010–11, weaknesses in public financial management were pronounced. Growing fiscal pressures were increasingly managed through discretionary midyear expenditure cuts, which led to payment arrears of 0.7 percent of GDP to the private sector. The CPS correctly sought to address weaknesses in budget formulation and implementation but did not directly promote fiscal consolidation, despite emerging signs of distress. As the macroeconomic situation deteriorated, the Bank Group appropriately revised its objectives in the CPSPR to instill fiscal discipline and control the

deficit.[1] The fiscal stance remained a central concern in the CPF program, along with public investment management in the roads sector. The CPF also sought to improve transparency and convenience for citizens in accessing key public administrative services, an important element in the agenda of the new government that took office in late 2013.

In support of the first two of these areas, the World Bank used an appropriate mix of lending and technical assistance, strengthened by relevant analytical work. Development policy operations—the FY14 Public Finance DPL and the FY15 Public Finance Development Policy Grant—supported the government's fiscal consolidation efforts, including reforms in the pension system and the power sector. IPF complemented DPF in key related sectors that had been important contributors to fiscal imbalances (such as power, roads, and pensions). A technical assistance program that spanned the entire evaluation period supported improved public financial management, including two rounds of the Integrated Planning System Multi-Donor Trust Fund and technical assistance on pensions. Relevant analytics, including the FY14 policy notes and the FY14 PFR, helped orient government reform priorities and World Bank support.

The World Bank's program was flexible, responsive to the country's needs, and calibrated to government reform commitments. When government commitment to reform was seen to be wavering, the World Bank scaled back its lending; conversely, when the government showed commitment, it expanded the program. Thus, when fiscal discipline was at risk in 2012 and the government appeared unwilling to take corrective measures, the World Bank canceled planned growth DPLs. However, when the new government showed commitment to reform (for example, beginning in FY14), the World Bank–supported program was scaled up substantially. The World Bank's willingness to convert a planned public finance DPL into a policy-based guarantee demonstrated its flexibility in the choice of instruments to best meet the government's needs.

World Bank support strengthened the medium-term budget process and financial management information system. The World Bank supported the rollout of the treasury single account and the initiation of tax e-filing and e-procurement. Efforts were also made to strengthen institutional capacity

for investment planning in the road sector. Toward fiscal consolidation, the World Bank supported design and implementation of an arrears clearance and prevention strategy, reforms in taxation to boost revenues,[2] pension reforms to improve the system's financial sustainability, and energy sector reforms to improve financial viability, including adjustment of tariffs toward cost recovery levels. Much of this work served as inputs to or complemented the three-year IMF-supported arrangement approved in 2014.

Progress in reforms has stalled to some extent since 2017, so overall results under public financial management and fiscal consolidation are mixed. Public financial management still suffers from considerable weaknesses, as seen from the persistently large divergence between planned and actual spending. Progress in strengthening the public investment program in the road sector was minimal. Significant fiscal consolidation equivalent to 4 percentage points of GDP was implemented between 2014 and 2017, and the growth of public debt moderated but remained more than 70 percent of GDP. After 2017, payment arrears began to accumulate again, though more slowly. New areas of concern emerged that could undermine fiscal stability, including increased reliance on inadequately regulated off-budget PPPs (notably in roads) that give rise to opaque contingent liabilities. The World Bank supported the government to monitor PPPs through a public financial management technical assistance project (FY18–20) and helped publish its first PPP monitoring report in December 2019.[3]

Important gains were achieved in improving the efficiency of delivery of some public services, although this remains a work in progress. The World Bank supported this area through its ongoing FY16 Citizen-Centric Service Delivery Project, which sought to overhaul facilities and processes to allow quicker and more convenient access to key public services (such as motor vehicle registration, health insurance cards, and processing of old-age pensions), including improved access to government services in remote areas for vulnerable groups such as the Roma. The project supported the establishment of one-stop service centers, citizen feedback mechanisms, improved information provision, and online service provision. Through the project, rapid progress was achieved in shortening steps and procedures for 100 business processes and in the development of online services—all services are now available online through the e-Albania portal. Preliminary survey results cited

in the PLR suggest that citizens have already benefited in convenience and time saved.

The extent to which the World Bank achieved its fiscal management and public service delivery objectives is rated moderately satisfactory. The World Bank supported progress toward significant fiscal consolidation after 2014, but the situation remains fragile, and public debt remains high. Important reforms to improve public financial management are progressing more slowly than expected. Good progress is being made toward improving the delivery of public services, though it is too early to assess results because the World Bank project is still under implementation.

The Financial Sector

The Bank Group program's initial focus on credit expansion to the private sector shifted to safeguarding financial stability. The twin objectives in the financial sector were to strengthen the banking system's capacity to increase credit to the private sector—especially to micro, small, and medium enterprises—and to bolster the capacity of financial institutions (bank and nonbank) to withstand the stresses arising from deleveraging and contagion from foreign banks, and the growing volume of NPLs. The CPS (FY11–14) emphasized the first of these objectives, and the focus shifted to the second objective, starting with the FY13 CPSPR as conditions in the financial sector deteriorated.

These objectives, including the shift in focus, were well aligned with prevailing conditions and reflected government priorities. The growth of credit to the private sector had slumped from 32 percent in 2008 to 10 percent by 2011, posing a threat to economic recovery. Financial stability was a less prominent concern on the eve of the CPS period, even though the volume of NPLs had grown from 6.7 percent of total loans in 2008 to 14 percent by the end of 2010. The CPS arguably understated emerging risks. As balance sheets deteriorated further,[4] objectives in the CPSPR were revised to address risks to financial stability.

The Bank Group's response combined financing and guarantees, technical assistance, and analytics in a coherent package. Two development policy operations in FY14 and FY17 addressed policy reforms targeting fundamental weakness in the financial sector, including the resolution of NPLs.

These interventions were complemented by diagnostic analytical work and substantial technical assistance to strengthen financial institutions and the legal and regulatory framework.

ASA were a crucial part of the support. Advisory services included technical assistance to (i) the Bank of Albania to help develop a road map for expediting the resolution of NPLs and for resolving distressed banks in accordance with international best practice; (ii) the Albanian Financial Supervisory Authority to bolster its operational and financial autonomy to regulate nonbank financial institutions, especially investment funds; (iii) improve the framework for deposit insurance, extend its coverage to all legal entities, and augment the capacity of the deposit insurance agency; and (iv) strengthen the regulatory and supervisory framework for savings and credit associations. Additionally, commercial banks received IFC technical assistance to strengthen governance and improve their ability to lend prudently. Analytical work, including the Financial Sector Assessment Program Update (FY14), identified problem areas in the financial sector and mapped out needed reforms, including those implemented through the development policy operations.

IFC support to enhance bank capacity to lend to the private sector was insufficiently geared to the binding constraints to private sector borrowing. IFC provided lines of credit and trade finance to selected banks to increase their capacity to lend to micro, small, and medium enterprises, and MIGA provided guarantees to selected foreign banks against expropriation of mandatory reserves to encourage greater lending by their local subsidiaries. However, the assumption in the CPS that providing additional liquidity to banks would automatically boost their lending proved faulty. Binding constraints on bank lending to micro, small, and medium enterprises (such as the difficulty of finding bankable projects) were insufficiently addressed. In addition, in the view of one bank, permissible borrower risk profiles under an IFC credit line were overly conservative, given the growing number of NPLs and a very liquid banking system.

With Bank Group support, significant progress was made in strengthening the legal and regulatory framework governing bank and nonbank financial institutions. The capacity of key regulatory and supervisory institutions was strengthened. Parliament adopted a bank resolution law providing a

framework for resolving distressed banks in accordance with international good practice. Technical assistance from the World Bank helped establish a dedicated resolution unit in the Bank of Albania to implement the law. The framework for deposit insurance was enhanced and coverage extended to all legal entities, including small enterprises. The adoption of a new law on savings and credit associations strengthened the legal, regulatory, and supervisory framework, resulting in consolidation of the savings and credit associations sector from 106 to 13 entities by December 2017. Several measures were implemented to deal with NPLs, including amending tax laws to enable NPL write-offs (which mandated write-offs after a fixed period in the lost category of NPLs) and amending the regulatory framework for private bailiffs to align their incentives with successful collateral execution. A new bankruptcy law strengthened the insolvency regime.

Bank Group–supported reforms and initiatives led to improved financial system soundness and stability. The volume of NPLs declined from a peak of 23 percent of total loans in 2014 to 8.3 percent in January 2020. The net open position in foreign exchange as a percent of regulatory capital and the return on equity have both improved by about 3 percentage points. Although credit to the private sector has improved in recent years (at 1.7 percent in 2018), it remains tepid, and credit as a share of GDP remains well below its level of 10 years ago.

The achievement of objectives in the financial sector is rated satisfactory. The financial system is clearly in better shape and institutionally more empowered to deal with emerging stress.

Improving the Conditions for Private Sector Development

Business Climate and Developing Sustainable Tourism

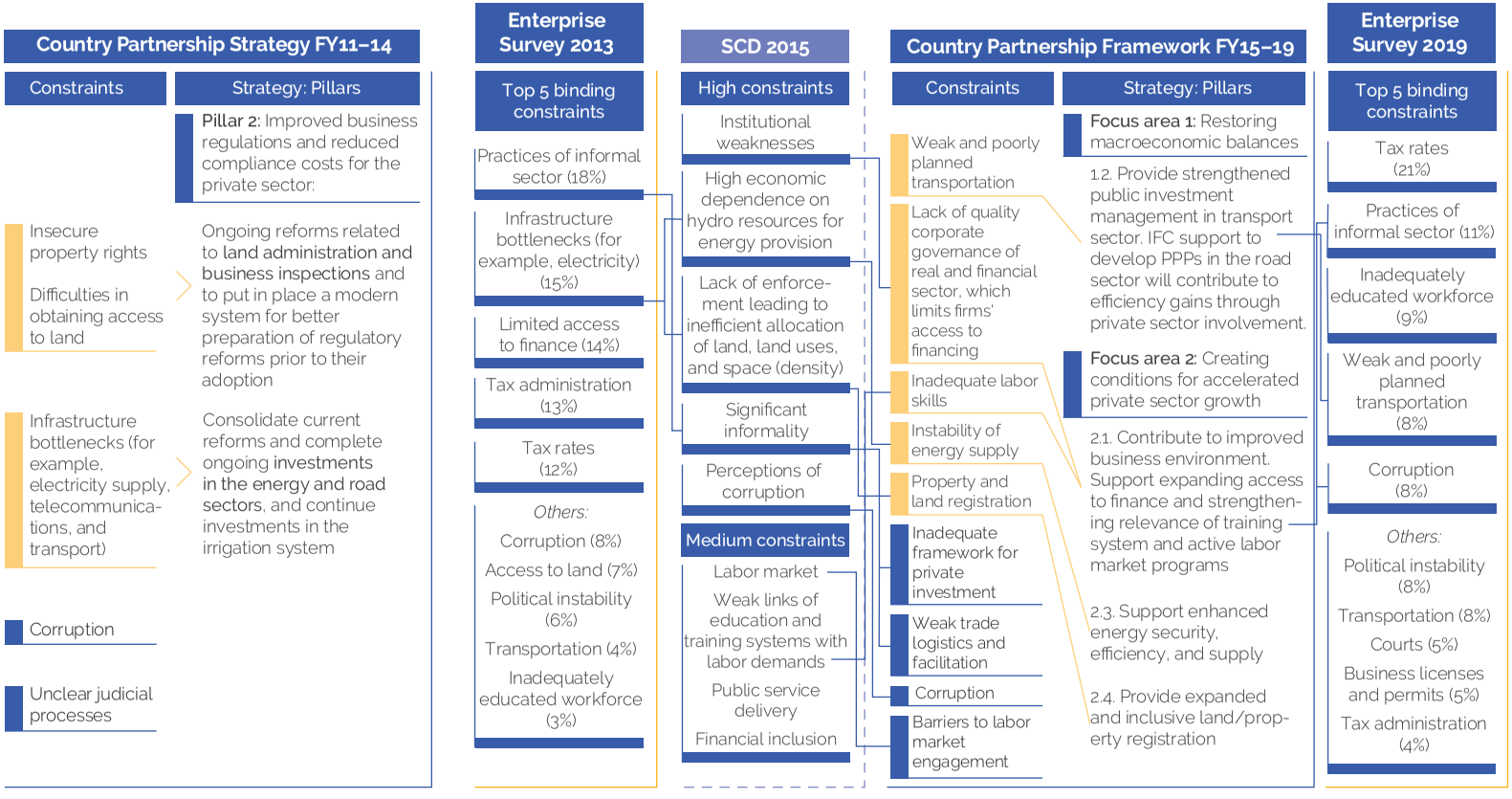
Bank Group objectives displayed continuity over the evaluation period, and they began explicitly encompassing sustainable tourism development under the CPF. Four distinct objectives can be discerned, with emphasis shifting over the evaluation period. The first two—to increase satisfaction with quality of regulations and to improve private sector compliance with selected EU

and international requirements—were pursued during the CPS period. The latter two were CPF objectives: to contribute to an improved business environment and to support sustainable tourism development.

Bank Group objectives were highly relevant to the country context and aligned with the priorities set out in Albania's development strategies. Economic growth had slowed after the global crisis and during the ensuing euro area crisis, placing renewed focus on the need to enhance competitiveness through an improved business environment and on tourism's potential as an engine of sustainable development and economic integration. The 2007–13 NSDI 1 identified an improved business environment as one of its strategic priorities. Equally, a key goal under the 2014–20 NSDI 2 was to enhance competitiveness in key growth sectors, notably agriculture and tourism. Business environment improvement objectives were well aligned with key Bank Group diagnostics, including the SCD and Enterprise Surveys, and with the EU accession agenda. Result frameworks were adequate, but results indicators focused primarily on tracking outputs and insufficiently reflected private sector activity.

The most critical constraints to private sector development identified in the Enterprise Surveys and the SCD were reflected in the FY11–14 CPS and the FY15–19 CPF (figure 3.1). Both the Enterprise Survey 2013 and SCD identified practices of the informal sector and poor infrastructure as major constraints to firms operating in Albania. These were reflected in CPF attention to the framework for private investment, corruption, property and land registration, transport (public investment management), and energy. The CPF's emphasis on labor skills did not respond to a significant constraint that was identified in the Enterprise Survey 2013 and the SCD. However, the World Bank's 2014 regional report, *Back to Work: Growing with Jobs in Europe and Central Asia*, noted that about 30 percent of the interviewed firms in Albania reported skills as a major constraint, after infrastructure and corruption (Arias et al. 2014). The report argued that the education and training systems have not adapted well to the changes in skills demand. This was reflected in the Enterprise Survey 2019, in which about 1 in 10 firms identified inadequate labor skills as among the most binding constraints (although high tax rates [21 percent] and practices of the informal sector [11 percent] were identified most often as among the most binding constraints).

Figure 3.1. Critical Constraints to Private Sector Development in Albania



Source: World Bank 2015a, 2015b, 2015d; Enterprise Survey results for 2013 and 2019.

Note: FY = fiscal year; IFC = International Finance Corporation; PPP = public-private partnership; SCD = Systematic Country Diagnostic.

Bank Group support for business climate improvements blended several instruments into a credible package that capitalized on World Bank–IFC complementarity. World Bank IPF (the Business Environment Reform and Institutional Strengthening Project) active early in the evaluation period helped strengthen institutions to promote exports, while DPF later in the period supported reforms in the regulatory environment to enhance competitiveness. The World Bank also delivered technical assistance in several related areas. World Bank efforts were complemented by IFC advisory services, notably the International Standards and Technical Regulations Project, which helped operationalize reforms in the field. A more recent FY17 regional IFC advisory services project for the Western Balkans seeks to enhance investment policies and promotion in a harmonized manner, helping to lay the groundwork for EU accession. Nine IFC investments in the early years of the evaluation period also directly supported private sector development. However, IFC made no direct investments during the CPF period, partly because of lack of demand. Analytical work under World Bank and IFC advisory activities helped identify issues in the business environment and inform government policy and Bank Group support. Policy dialogue was facilitated through ad hoc participation in the relevant development partner working group. In all, Bank Group support was packaged adequately, given the primary focus on the regulatory framework and institutions, complementarities between World Bank IPF and DPF and IFC advisory services projects, and the results sought.

World Bank IPF supported objectives related to sustainable tourism development, given tourism's economic potential. The NSDI 2 identified tourism as one of the key drivers of growth, job creation, and investment in Albania. The Bank Group has a track record of supporting environmental cleanup and land management, two areas with important links to sustainable coastal tourism. Two IPF operations sought to help develop tourism by supporting the development of related infrastructure. However, the FY05 ICZMCP (which closed in FY15) and the more recent FY17 Project for Integrated Urban and Tourism Development extended well beyond tourism.

Bank Group contributions substantially enhanced the quality of business regulations. The regulatory framework for business inspections and systems adopted under the Business Environment Reform and Institutional Strength-

ening Project has been used across the country. Substantial capacity on EU technical regulations and standards was built with IFC support under the International Standards and Technical Regulations Project.[5] Joint World Bank–IFC support helped strengthen the regulatory framework, notably through the preparation of a best practice bankruptcy law. Improvements in the quality of regulations have been evidenced in Business Environment and Enterprise Performance Surveys and customized surveys (World Bank 2015b).

However, challenges remain in implementing these regulations, and consequently private investment has yet to expand significantly. Stakeholder interviews and the recent Foreign Investors Association of Albania White Book highlight continuing problems, including frequent changes in the legal and regulatory framework, an ineffective judicial system, and inconsistencies between laws and the corresponding guidance notes (FIAA 2018). Compared with the 2015 baseline score of 66, the Doing Business distance to frontier indicator was 68.9 in 2017, below the CPF target of 74.

Higher-order outcomes related to private sector development illustrate weak private sector response to ongoing reforms. A few large, one-off projects, notably the Trans Adriatic Pipeline Project and the Devoll Hydropower Project, have driven investment and growth in recent years. Exports as a share of GDP increased modestly from 29 percent in 2011 to 32 percent in 2018. Foreign direct investment inflows were broadly stable over the evaluation period—at 8.1 percent of GDP in 2011, 7.8 percent in 2017, and 8.0 percent in 2018. Foreign direct investment inflows have been concentrated in the energy sector (gas pipeline and hydropower) and mining sector and are limited in other tradable sectors. More troubling, however, is that private investment as a share of GDP has declined steadily, from 27.7 of GDP in 2011 to 19.4 percent in 2017 and an estimated 18.4 percent in 2018 (IMF 2016, 2018). Regarding sustainable tourism development, investments in the Saranda port undertaken under the ICZMCP project contributed to increased tourist arrivals,[6] though tourism was not an explicit objective at the time. However, it is too early to assess the Bank Group's contribution under the CPF because the ongoing project, which has focused on infrastructure development so far, was approved only recently.

The achievement of objectives in relation to business environment and tourism development is rated moderately unsatisfactory. The objectives were well aligned with the country context and government strategies. However, despite Bank Group support, the conditions for accelerated private sector growth—an explicit higher-order objective under the CPF—are not yet in place.

Land and Property Registration

The Bank Group sought to improve land and property registration throughout the evaluation period, but it grappled with an underlying constraint. The CPS sought to strengthen the business climate by reducing the time for registering immovable property transactions. The CPF elevated land administration to a distinct strategic objective, under which it sought to provide expanded and inclusive land and property registration. The high gender gap in land ownership justified this additional focus on gender and inclusion dimensions in land registration. Progress in this area was also important on the path to EU accession.[7] Results framework quality was generally adequate, with results indicators reflecting progress toward objectives. The Bank Group's objectives were of high relevance, though with a major caveat. Albania's investment climate was undoubtedly undermined by severe weaknesses in the land sector, including in property registration and in the sustainable and productive use of land for investments. However, numerous competing claims to land and property—a very sensitive area in which the World Bank has not been directly involved—have remained unresolved, and this has been a key impediment to improving land administration. Until the government adopts a legal framework that provides definitive solutions to informal settlements and property restitution and compensation claims, it is difficult to see how investment and economic growth can be promoted effectively.

Bank Group projects in this area proved too complex. The FY07 LAMP was the principal lending instrument. There were also land registration components in the FY05 ICZMCP and in the ongoing FY15 Environmental Services Project. However, the two earlier IPF operations had multiple components across sectors and thus were too complex, as recognized by project restructurings and Implementation Completion and Results Report findings. Together with other factors,[8] this complexity led to implementation difficulties and a need to restructure the projects significantly. In the ICZMCP, the land

registration component was dropped entirely. LAMP was initially designed with both urban planning and land registration components based on the reasoning that improving land registration would create an environment for more effective urban land use planning. Although the project underwent major restructuring,[9] the land registration component was retained and focused on introducing computerized data management at the Immovable Property Registration Office (IPRO) and its branches, technical capacity building for IPRO staff, and digitizing and updating property registration records.

Insufficient consideration of land rights data accuracy and institutional issues detracted from the relevance of design of initial World Bank lending. The Security of Tenure and Registration of Immovable Property Rights LAMP component did not pay enough attention to the quality of the land rights data obtained from previous EU, Organization for Security and Co-operation in Europe, and US Agency for International Development projects. Fragmented institutional arrangements in the land sector compounded the data problems further.[10] Subsequently, the World Bank chose not to develop a second phase of the LAMP adaptable program loan and instead coordinated with the government of Albania and development partners (principally the EU and the German Agency for International Cooperation) to provide ASA that responded to the government's need for guidance on land administration reform strategies and policies.

World Bank support helped increase property registration, but with major caveats concerning records quality and coverage. Through LAMP, more than 370,000 titles (of a target of 400,000) were registered at IPRO. As of early 2019, there were about 2.4 million properties registered, representing 60 percent of the estimated 4 million properties in Albania. An estimated 75 percent of cadastral zones have been registered. However, the reliability of the underlying mapping data on which registrations are based continues to be a serious constraint, and IPRO is far from achieving fully digitized operations. Most initial registration is still performed manually, and records are subsequently entered digitally. The scarcity of digitization increases the potential for human error or manipulation in the manual registration forms. Additionally, most of the sensitive southern coastal zone remains unregistered partly because of political and governance issues related to the considerable tourism development potential in this region. The lack of progress on

property registration here is a significant constraint to economic development in the area.

World Bank support helped reduce transaction times (and thus business compliance costs) and strengthen the institutional setup (with other partners). IPRO now has nine fast-track services with a 48-hour turnaround service standard for transactions like transfer of property, obtaining a property certificate, and providing documentation for loan collateral (registration of immovable property transactions reportedly required 30 days in 2009). However, initial registration of unregistered property still takes a minimum of 25 days. The World Bank has worked effectively as the focal development partner, coordinating with several other partners to improve and unify geospatial data, improve gender equity in property transactions, support legislative reforms, and develop strategies for capacity building and implementation. Key among the World Bank's inputs is the recent completion of an integrated land administration road map, which lays out options for a land reform implementation strategy. The government is currently considering two legislative reforms recommended under the road map, involving consolidation of agencies and resolution of competing claims on land.

The achievement of objectives under land registration is rated moderately unsatisfactory. The World Bank correctly remained engaged with the government on land issues despite the very challenging and politically charged environment, gradually shifting support from lending to ASA. Since 2014, the World Bank has assessed the obstacles to its previous efforts to support land administration, developed new approaches, and generally shown flexibility and analytical rigor in refining its approach. However, despite the World Bank's intense engagement, results in improved quality and reliability of land registration records through digitization and capacity building at IPRO are below expectations, largely because of lack of political will and vested interests.

Access to and Quality of Infrastructure Services: Energy

Bank Group energy sector objectives displayed broad continuity and reflected Albania's needs and plans. CPS objectives covered improvements in domestic energy supply, safety and operational efficiency of hydropower dams, transmission system operation, energy efficiency, and use of cleaner energy.

The CPS also sought to improve cost recovery in electricity distribution. The objectives under the CPF focused on enhanced energy security, efficiency, and supply. CPS and CPF objectives were appropriate given the country's dependence on hydropower, low financial viability of the electricity sector, and growing household electricity consumption. Bank Group energy sector objectives were aligned with those of NSDI 1 and 2. Results framework quality was adequate, although results indicators were excessively output and process oriented.

The Bank Group deployed a wide range of instruments that built on World Bank–IFC complementarities. Activities complemented each other, were logically sequenced, and were an appropriate blend of investment, policy reform, and technical and advisory support. Among other initiatives, the World Bank provided major investment support for rehabilitating the country's hydropower facilities through the FY08 Energy Community of South East Europe Program Adaptable Program Loan 5 Dam Safety Project. Subsequently, it provided a combination of IPF (the FY15 Power Sector Recovery Project) and DPF to help promote reforms in the energy sector and improve financial viability. IFC provided early and timely support to help address legacy environmental issues in the oil and gas sector. It also complemented World Bank efforts to improve electricity production in large hydro facilities by catalyzing investment in the small hydropower producer segment through its regional renewable energy advisory program (Balkan Renewable Energy Program). In addition, IFC sought to help local commercial banks improve their lending practices and risk assessment for renewable energy and energy efficiency project financing and to supplement banks' resources for this purpose.

Bank Group support for improving electricity production has had mixed results. The development of the Vlore thermal plant under a World Bank–supported project that closed early in the evaluation period failed to bring the plant online for technical and environmental reasons that could not have been fully anticipated. World Bank and KfW support to improve the safety of Albania's largest hydro facilities (and thus their capacity and efficiency) has seen slow implementation, and expected results have yet to be realized. IFC contributed to the growth of small hydropower producers and helped embed environmental and social safeguards in projects within its purview amid growing safeguard concerns in the wider small hydropower producer space.

Progress in improving the efficiency of supply and cost recovery has been mixed. IFC helped strengthen local bank capacity to screen lending for residential energy efficiency improvements. Albania has realized significant energy savings and a corresponding reduction in greenhouse gases, although the contribution of IFC financing was minor.[11] World Bank support contributed to a reduction in technical and commercial losses (though below target). Distribution losses have steadily improved from 43.0 percent in 2013 to 24.3 percent in 2018, but losses remain significantly above the 2019 target of 19 percent and higher than in regional comparator countries. Collection rates have improved steadily, reaching 99 percent in 2019 (January–August) from 84 percent in 2012. However, intercompany arrears, though reduced, remained higher than targeted by June 2019. Overall, the electricity sector remains financially unsustainable, with low cost recovery and high system losses.

World Bank analytical work informed tariff reform and helped mitigate the impact of electricity tariff increases on the most vulnerable households. The World Bank undertook a high-quality diagnostic study on the distributional impact of electricity reform. The study was an example of good practice in collaboration between the World Bank's Energy Global Practice and its Social Protection Team. The government endorsed its recommendations and is now using the Unified Scoring Formula to determine poor households' eligibility for energy cash benefits to mitigate the impact of the electricity tariff increase.

Progress on institutional reform provided the basis for integrating Albania with the larger European electricity market, but further market liberalization has been delayed. With the European Bank for Reconstruction and Development, IFC contributed to the successful opening of Albania's oil sector and, by addressing its legacy environmental issues, helped bring it in line with the EU acquis. More generally, several requirements under the acquis are in place, including the Power Sector Law (2015) and the Law on Renewable Energy Sources (2017), partly because of Bank Group and other partner support. Electricity generation, transmission, and distribution activities are now separated into independent companies, and an independent regulator has been established. These developments brought the sector into compliance with the southeast Europe Energy Community Treaty. However, despite extensive technical assistance, advice, and support for policy reforms and investment support from the Bank Group in coordination with other partners (includ-

ing the EU, the European Bank for Reconstruction and Development, KfW, and the US Agency for International Development), the government has not made the expected progress toward liberalizing the electricity market and setting up a functioning Albania power exchange to integrate with regional and European markets. There has been little progress in achieving compliance with unbundling requirements of the distribution system operator and in putting cross-border exchanges in place between the transmission system operator and neighboring transmission system operators. In energy, after the failed privatization of the distribution entity, engagement by the Bank Group stagnated as government and stakeholders assessed, deliberated and agreed on mitigating reform options.[12]

On balance, the extent to which objectives in the energy sector were met is rated moderately unsatisfactory. Despite modest progress in some areas, results have been slow to materialize and have fallen short of expectations. Some stakeholders have suggested that the Bank Group could show greater initiative in helping to prepare and monitor implementation of a comprehensive reform blueprint for the sector to serve as a platform for coordinated development partner engagement.

Access to and Quality of Infrastructure Services: Roads

There was a justified shift in emphasis in Bank Group road sector objectives. The CPS sought to improve road conditions and sustainability of road investments, a highly relevant objective given the poor state of secondary and local roads in the country. This was recognized in NSDI 1 and 2, and the five-year Strategy for Rural and Agriculture Development (2015–20). In the CPF, the focus shifted toward strengthening public investment management in the transport sector, seeking to improve controls on expenditure and its efficiency while emphasizing maintenance over new construction. This change in emphasis was informed by the FY14 PFR, which drew attention to the need for better investment spending controls to underpin fiscal consolidation, and the SCD, which indicated a need for relatively greater emphasis on road maintenance.

World Bank support was appropriate and logically sequenced. World Bank IPF, supported by ASA and IFC advisory services, evolved from an initial

focus on road construction to maintenance, regional trade facilitation, and sector policy. The World Bank supported the government's programmatic Secondary and Local Roads Improvement Program through the FY08 Secondary and Local Roads Project, responding to the government's priorities and resource needs for road rehabilitation to improve access for rural areas. Two new IPF operations followed, replacing previous plans to use DPF to support transport reforms. The FY15 Results-Based Road Maintenance and Safety Project seeks to maintain the condition and improve the safety of primary and primary-secondary road networks and strengthen road asset management and safety practices. The FY18 Regional and Local Roads Connectivity Project addresses a wider range of issues covering physical investment, institutional development, road safety and resilience, and links to markets. Starting in FY12, IFC advised on structuring a transaction for the operation and maintenance of the Milot-Morine highway, which was successfully completed in FY17. Analytical work focused notably on improving logistics in the Durres-Tirana corridor. An assessment of road assets conducted in FY16 highlighted the need to use a RED for determining the economic viability of road rehabilitation and upgrading projects and programs and to allocate medium-term budget resources clearly and transparently. Albania will be part of phase 1 of the proposed Regional Trade and Transport Facilitation project, which will support Western Balkan countries in advancing the goal of regional economic integration and integration with the EU, as laid out in the Berlin Process (appendix F).

World Bank support for secondary and local roads has helped improve access for communities. Under the Secondary and Local Roads Project, 118.9 kilometers of secondary and local roads were rehabilitated (exceeding the target of 108 kilometers), providing improved access to markets, social services, and administrative centers for 86 communities (113,608 persons), above the project's target of 81 communities. The World Bank's convening role also helped crowd in $386 million in financing from international financial institutions for the broader Secondary and Local Roads Improvement Program, which improved 1,200 kilometers of rural roads in 12 regions and 61 municipalities, improving mobility for more than 2 million people.

However, World Bank efforts to improve management capacity, including through performance-based maintenance contracts, have not yet produced

significant results. The RED was developed under the FY08–13 Secondary and Local Roads Project to improve planning, prioritization, and resource allocation for road management activities. Although RED was introduced in 2016, it requires adjustments after territorial reform and changes in municipality jurisdiction after the June 2019 elections, and needs adequate incentives and capacity to make it function effectively. Similarly, efforts to align road sector investments with the medium-term budget framework have yet to show results. The Albanian Road Authority, the main contributor to arrears, has not yet rolled out multiyear commitment control (IMF 2018). The FY14 ASA activity on assessment of road assets, updated in December 2014, highlighted the need to use a simple RED and informed the ongoing FY15 Results-Based Road Maintenance and Safety Project. Building on the Secondary and Local Roads Project, a new approach for prioritizing road investments was developed under the FY18 Regional and Local Roads Connectivity Project. However, the introduction of these simple management systems to improve maintenance planning and resource allocation, along with the development of service-level agreements setting performance criteria, face hurdles because of organizational and behavioral inertia.

IFC support resulted in a PPP transaction, though it has yet to influence policy. The IFC advisory services helped conclude a concession contract for the operation and maintenance of the 114-kilometer Milot-Morine highway in September 2017, the first highway PPP and toll road in Albania. This was expected to pave the way for additional toll highways in the country. However, there is no indication of a longer-term commitment to expanded use of competitively bid PPPs in the road sector. On the contrary, there has been widespread use recently of noncompetitive, unsolicited PPPs in roads, as discussed in the Fiscal Management and Public Service Delivery section.

The World Bank's analytical work to improve logistics performance has had limited impact so far. The study developed the idea of improving logistics performance in the Durres-Tirana corridor through a collaboration platform for user entities. However, the volume of transactions through the platform has been low so far because of limited interest from users.

Based on results so far, the achievement of objectives in the roads sector is rated moderately satisfactory. Road sector projects were appropriately se-

quenced, first addressing the relatively greater need for secondary and local roads while increasingly emphasizing financially sustainable road asset management and laying the basis for private participation in road operation and maintenance. World Bank support also contributed to improving the quality of the public investment program in the road sector and to increasing capacity for road sector institutions, road safety, and resilience issues, although significant results have not yet materialized in some areas.

Improving the Management of Land, Water, and the Environment

Focus shifted over the evaluation period from reducing climate change vulnerability to increasing the productivity and sustainability of land use. In the CPS (after some modifications in the FY13 progress report), the focus was on reducing upstream risks of erosion through improved management of wetlands, forest and pasture resources, and water catchments; improving the framework for managing water resources (including irrigation use); and strengthening solid waste disposal. These objectives were cast as contributing to a broader goal of reducing vulnerability to climate change. Because the government has access to substantial grant financing for climate change mitigation, particularly from the EU, the CPF shifted from climate change toward improving the adoption of sustainable land management practices and improved irrigation and drainage and improving conditions for private sector development. Objectives during both periods were highly relevant to Albania's development goals, and they align explicitly with pillar 4 of the current NSDI 2 (to spur economic growth through sustainable use of resources and territorial development). The outcomes sought and indicators used were broadly adequate, although during the CPS period, they arguably did not fully reflect the extent of the World Bank's work on improving and expanding irrigated agriculture and developing integrated water resources management policies and strategies.

World Bank support was adequately geared to its objectives, supporting both investments and policy development. The World Bank executed seven lending operations and a much larger number of technical assistance activities, most of which were conducted in close coordination with specific

lending operations. Initiatives focusing on pollution abatement, restoring and increasing agricultural and forestry productivity, improving water resources management, and climate change impact mitigation formed major parts of the World Bank's portfolio during the evaluation period. Much of the work on environment during the CPS period was undertaken through regional initiatives, such as the FY09 Global Environment Facility Lake Shkoder Ecosystem Project and efforts to support Albania's development of a climate change and disaster mitigation strategy. The World Bank had a sustained focus on rehabilitating and expanding irrigated farming and sustainable forestry and pastureland usage through the FY05 Natural Resources Development Project and its successor, the FY15 Environmental Services Project, which allowed for adaptation based on lessons learned and responsiveness to Albania's evolving priorities and needs. The FY13 Water Resources and Irrigation Project and linked technical assistance provided a vehicle for expanding irrigated agriculture and leading advisory support for water resources policy and regulatory reform.[13] The package was appropriate for influencing development policies and strategies that were being formulated for overall water sector reforms and for directly investing in productivity and was well aligned with the strategic objectives.

Much of the work was performed in close coordination with other partners. The World Bank worked closely and extensively with other donors to support the evolution of integrated water resources management and sustainable forestry. Through trust funds, the Swedish International Development Cooperation Authority financed much of the World Bank's advisory and technical assistance work on river basin management, integrated water resources management, forest management, and institutional capacity building. Coordination with other donor partners (principally the EU) for urban waste management investments typically involved parallel financing initiatives, with the World Bank financing portions of infrastructure that depended on coordinated investments by other donors and the government to be fully functional.

The World Bank has been broadly successful in achieving environmental sustainability objectives. Through the 2005–11 Natural Resources Development Project, erosion was reduced by 220,000 tons, and 129,000 tons of carbon were sequestered, significantly exceeding the original project targets. Forest incomes rose by 8 percent in the 251 communes in the project area,

and agricultural incomes from pasturelands climbed 28 percent as a result of adopting more sustainable land use practices. Albania was a pioneer in carbon sequestration, being one of the first to do so on eroded lands. The current Environmental Services Project is on track to further increase upland incomes and expand sustainable forestry and pastureland management.

Much of the World Bank's successful support for disaster mitigation was reactive. The World Bank responded well to emergency requests from natural disasters. After severe flooding in 2013, the LAMP was restructured to reallocate funds for emergency flood relief. However, World Bank efforts to support disaster risk management have had limited impact. The government ultimately did not adopt the disaster risk management strategy that was prepared with World Bank support,[14] but building codes were updated to improve resistance to the effects of natural disasters. The EU, which has a large climate change grant program, has assumed leadership in advising the government on disaster risk management.

Productivity improvements through irrigation were also achieved, though with delays caused by institutional changes. These changes include decentralization and shifts in responsibilities for water resources management between the Ministry of Environment and the Ministry of Agriculture and Rural Development. Municipalities have limited institutional capacity to take on the management of irrigation infrastructure, and shifts in ministerial mandates required time to be completed, which hampered the execution of contracts for infrastructure and capacity building. Incomplete or inadequate land registration in some areas has also delayed the completion of some irrigation infrastructure. The Water Resources and Irrigation Project is now on track to expand irrigated area by about 40,000 hectares in six irrigation programs (the revised project target under additional financing), but there are concerns about small farmers' access to irrigated water.[15]

World Bank support for the policy framework has seen significant success. Important progress was made with the preparation of the national integrated water resources management strategy and World Bank–managed technical assistance for developing a national water cadaster, irrigation regulations, and two river basin management plans. A new law on irrigation is under preparation with World Bank support, informed by the new draft Irrigation,

Drainage, and Flood Protection Strategy (also prepared with World Bank support). Agreeing on strategies and enacting legislation is a long process, and the World Bank stayed the course over the evaluation period, earning credibility with the government and development partners.

Expected results in solid waste management were achieved but with extended delays. Urban environmental achievements included hazardous waste hot spot remediation at Porto Romano, which was successfully completed and continues to be managed in accordance with end-of-project plans. The World Bank invested in a regional solid waste management operation in Himara. Inadequate land registration increased the costs and delayed completion of this latter initiative.

The extent to which the objectives under this pillar were achieved is rated moderately satisfactory. Results sought were substantially achieved, though with delays in many cases, and the World Bank provided valuable support at the policy and strategy level.

Improving the Quality of Service Provision in the Social Sectors

Access to and Quality of Education Services and Understanding Labor Market Constraints

Bank Group strategy shifted during the evaluation period from supporting country education reform strategies to focusing on skills and the labor market. In the CPS, the World Bank continued the previous Country Assistance Strategy and sought to broaden access to education, particularly at the secondary and higher levels, and to improve quality at all levels. The objectives were highly relevant to country conditions and supported the implementation of the first phase of the country's education reform strategies. World Bank work provided an overall framework, in essence attempting to shift the education system from a focus on inputs to education outcomes, where efficiency and accountability measures would lead to enhanced performance and greater equity. A significant improvement in Albania's human capital is imperative for the country to become more competitive within the region

and is a key factor for poverty reduction.[16] Employers viewed school leavers as ill equipped for the needs of the workplace in a market economy. The poor were the most affected. In the CPF, the Bank Group ended its support to the education sector based on the priorities established by the SCD and the government's view that it no longer required World Bank funding for education (figure 2.1). The CPF indicated that the World Bank would "support an analytic program that will seek an evidence-based understanding of the labor market and the constraints faced by women and the bottom 40 percent to labor force participation" (World Bank 2015a, 30) which is unquestionably relevant work given the policy challenges in Albania. However, it offered no specific outcomes in its results framework.

During the CPS period, and in collaboration with other partners, the World Bank carried out a balanced mix of lending and ASA highlighting key sector challenges. World Bank financing approved under the previous Country Assistance Strategy sought to help improve the quality of teaching and learning, expand secondary school enrollment, and initiate higher education reform, including compliance with the EU's Bologna Process.[17] To boost performance incentives, it also sought to strengthen management, leadership, and governance and accountability through decentralized service delivery and increased school responsibility. However, given the implementing agencies' weak institutional and fiduciary capacity, the World Bank's project was too ambitious and complex in design. Moreover, design failed to include new school construction, a government priority, which was added later, in addition to renovation of existing school buildings. World Bank ASA focused on education governance and accountability as essential to improving the education system's performance and on key factors to improve quality and relevance of education.

ASA activities on highly relevant education topics relating to skills and the labor market were delivered under the CPF. Various tasks generated knowledge on early childhood development and quality of education, including an assessment of trends in student learning using the Program for International Student Assessment results during 2000–15 and Albania case studies on out-of-work and out-of-school youth and on Roma exclusion.[18] Under the CPF, the World Bank examined links between labor supply and demand and labor market regulation and institutions, including how these help explain

labor market outcomes. Regarding skills development, special attention was paid to understanding the issues affecting youth, women, and the bottom 40 percent of the population. The recent policy notes, which proposed reform options to stimulate job creation and growth, provided substantial inputs to the preparation of a government action plan. They included specific measures to improve the education system's quality and efficiency, foster job-relevant skills development by the training system, and remove labor market barriers.

There were significant improvements in access to secondary, higher,[19] and preprimary education, although services for rural areas and the poor remain a challenge. Despite rapid expansion of the education system, the quality of pre-university education improved as proxied by student learning outcomes in standardized tests, with more students reaching basic proficiency in the Program for International Student Assessment tests between 2000 and 2012 and again in 2015. Still, overall quality remains low, as about half of 15-year-olds are functionally illiterate and lack basic numeracy skills.[20] The huge expansion of higher education led to a decline in quality, along with stagnant resources, no change in curricula or teaching methods, and accreditation of universities that did not meet criteria or standards. The World Bank and other partners' financing contributed to broader secondary education access and improved learning outcomes by supporting investments that directly improved teaching and learning conditions, even though difficult implementation led to a 2.5-year extension of the World Bank's project.

Implementation of reforms to strengthen performance incentives has lagged. Higher education reform objectives were only partially achieved. Although the legal and regulatory frameworks and mechanisms for results-based financing and quality assurance were developed, implementation was insufficient. Overall, despite financing and strong ASA, key systemic reform goals to transform incentives in the formal education system to focus on performance were not achieved.

The achievement of objectives in education is rated moderately satisfactory. Objectives under the CPS were and continue to be highly relevant, and progress was made, although more remains to be done. The World Bank sought no specific education-related outcomes under the CPF, but it did respond to government requests for work on skills development and jobs. This work was

well received and useful to the government, but it is too early to assess its possible impact.

Access to and Quality of Health Services

Bank Group objectives in health supported government priorities. Two key objectives were maintained throughout the evaluation period: improving access to quality health care services (including reducing out-of-pocket spending) and improving the efficiency of the health care system. Both were relevant to country conditions and reflected key issues in the health sector. Although several health outcomes in Albania had improved, the quality of health care was poor, service delivery suffered from inefficiency at all levels (because of a lack of incentives and accountability for performance for providers), and households' financial protection against health care costs was weak.[21] These factors disproportionately affected the poor—high out-of-pocket costs represented about 10 percent of total expenditure for the lowest income quintile. The World Bank emphasized primary health care during the CPS period. It emphasized hospitals, which dominated public health spending, during the CPF period (57 percent versus less than 40 percent on average in Organisation for Economic Co-operation and Development countries). Nevertheless, in both periods, the World Bank sought to shift the health system from input-based financing toward output-based approaches to improve systemwide performance in efficiency, equity, and quality of services.

World Bank interventions did not sufficiently factor in the capacity and political economy constraints. Through FY14, the focus was on primary health care improvements and development of performance-based resource allocation mechanisms at the primary health care level. From FY15 on, with the Swiss Agency for Development and Cooperation providing financing for primary health care, the World Bank's focus turned to hospital management improvements and performance-based resource allocation, sectorwide health management information systems, and further improvement in financial access to health care. However, health project designs seem to have been too optimistic regarding absorptive capacity in the implementing agencies and stability of health sector leadership, and it seems to have overestimated the government's commitment to health sector reform.

Results were mixed regarding improved access to and quality of health services. During the evaluation period, some important health outcomes improved, including reduced infant mortality, under-five mortality, and child stunting.[22] At the same time, the Demographic and Health Survey 2017–18 reports a mixed picture on trends in access to and quality of primary health care services. Coverage of antenatal care reportedly declined between 2008–09 and 2017–18,[23] but the provision of antenatal and postnatal services followed World Health Organization standard protocols more closely, suggesting quality improvements for those with access.[24] However, the contribution of World Bank projects to these results is likely to have been limited. Recently, the government took steps to address noncommunicable diseases by providing free access to family doctors for 600,000 uninsured people, including reimbursement for drugs, a free checkup program for all 35–70 year olds, regardless of insurance status, and a breast cancer screening program for women. Still, lack of required household survey data since 2012 and delays in establishing the health management information system hinder an in-depth assessment of the impact of these changes.

Efficiency improvements have also lagged, partly because of a volatile institutional environment that has hindered smooth implementation of major reforms. The World Bank's Social Sector Reform DPL supported key building blocks for an effective health system. A single payer for all public health services was established; the capacity of the Ministry of Health and the Health Insurance Institute (now the Health Insurance Fund) to formulate financing policy and performance management contracts with primary health care facilities was built up; and a master plan to rationalize hospitals was developed. However, most objectives have not been achieved. Household out-of-pocket spending remains high. During the CPS, the rate of insurance coverage rose to about 60 percent compared with a target of 70 percent, but more recent data are not available (administrative data suggest it has continued to increase, although there have been consistency issues between administrative and household survey data in the past). The implementation of performance-based primary health care financing, which the World Bank supported, and the integration of performance into hospital financing, have seen very limited progress.

The achievement of objectives in health is rated moderately unsatisfactory. Implementation of World Bank support has been less than satisfactory because project design was too ambitious and political economy factors intervened. Frequent changes in the Ministry of Health (six during the implementation of a project that covered the initial years of the evaluation period), followed by senior staff changes, led to implementation delays, project restructurings, and very limited progress on key reforms supported. Factors such as the administrative and territorial reforms and the ministry restructuring have further stressed the sector's limited institutional capacity.

Coverage, Targeting, and Efficiency of Social Protection Services

Throughout the evaluation period, the World Bank sought to help improve access to and the equity and efficiency of Albania's social protection system. Social protection covers both social assistance and the public pension system. The World Bank's objectives were highly relevant to country conditions and key social protection issues. Albania was and still is among the poorest countries in the Europe and Central Asia Region, and after the global and euro area crises, sluggish growth and increased unemployment heightened household vulnerability. The poorest lacked access to social assistance programs because of weak management, poor targeting, and inefficient resource allocation. Regarding pensions, demographic shifts, declining labor force participation, a growing informal sector, and ad hoc policy changes had undermined fiscal sustainability, fairness, and pension system incentives. The World Bank's objectives aligned closely with both national development and social protection strategies on the need to reform the two key social assistance programs—Ndihma Ekonomike (or Solidarity Albania) and Disability Allowance—and the pension system.

The World Bank's social protection program consisted of a well-sequenced and balanced mix of ASA and lending. Multiyear World Bank ASA provided crucial insights on the key issues facing existing social assistance programs and social care services. This included governance and management, targeting, and benefits administration. The ASA program was designed to build ownership of the reform agenda, strengthen the capacity of key social protection agencies, and provide a sequenced road map for implementation. A

subregional study helped benchmark the Ndihma Ekonomike in relation to other Western Balkans programs. World Bank support to the implementation of the LSMS was essential for designing a proxy means test based on the targeting mechanism for the Ndihma Ekonomike program. World Bank analytical work on pensions—sustained over a long period—was also critical for diagnosing key challenges in the system and developing a comprehensive approach to policy reform, including defining priority areas for reform and quantifying their fiscal impact. Second, a project approved in 2001 (the Social Service Delivery Project) served both to establish the foundations of social assistance and pension reforms and enable the World Bank to help prepare the new social assistance targeting methodology and revisions to the legal framework. Regarding pensions, the project supported the Social Insurance Institute's administrative reform (including development of the central registry of contributors and beneficiaries), helped improve public understanding of the pension system, and strengthened the Social Insurance Institute's capacity for pension policy development.

Steady World Bank financing supported ambitious social assistance reforms. During the CPS, the Social Sector Reform Development Policy Operation focused on policy and legislative changes to improve the equity and efficiency of social assistance programs. These policies represented a fundamental shift, transferring decision-making on Ndihma Ekonomike eligibility from local governments to a centrally defined mechanism based on specific poverty criteria managed by the Ministry of Labor and Social Affairs that eliminated discretionary beneficiary selection. The follow-up operation—the FY12 Social Assistance Modernization Project (SAMP)—sought to help implement the policy changes and improve transparency through proactive communications, modernized information systems, and increased clarity on rules, roles, and controls. Best practice design features included indicative implementation road maps sketching the key results chains for improving the equity and efficiency of the Ndihma Ekonomike and Disability Allowance programs, and the use of pilots to learn the best way to adapt new mechanisms and systems before national rollout. During the CPF, additional financing for the SAMP operation (FY18) sought to scale up the geographical scope of Disability Allowance reform activities, improve physical accessibility to regional social

security offices for people with disabilities, and develop a graduation and activation strategy for Ndihma Ekonomike beneficiaries.

Two World Bank operations supported an important pension reform. During the CPS, FY09 additional financing for an IPF operation approved before the evaluation period funded multiyear technical assistance. This support aimed to strengthen government institutional capacity for pension administration and pension reform design and implementation, and to enhance public understanding of the pension system. A series of two public finance development policy operations supported the enactment of a new pensions strategy and law, which strengthened the contributory program to reduce fiscal costs over time by more closely linking benefits to contributions and time in the labor market, increased the retirement age (notably to reduce gender inequality), introduced a social pension program to protect poor elderly people without pension rights, and capped budget transfers to the pension system.

The World Bank contributed to significant legal, regulatory, and capacity improvements in Albania's pension system. With World Bank support, extensive outreach and communication strategies garnered critical public support for pension reform. The reform successfully reduced the fiscal burden of pensions, and the number of workers contributing to the system has increased.[25] Pension administration has significantly improved, moving from a paper-based to an electronic system. However, challenges to the pension system's sustainability that still need to be addressed include overoptimistic demographic and growth projection and the need to reform rural pensions.

World Bank support helped Albania revamp its social assistance policies to improve coverage, targeting, and efficiency. Under the DPL, the World Bank supported key policy measures, including creating a unified registry of social assistance beneficiaries by changing mechanisms to allocate resources and select beneficiaries for the Ndihma Ekonomike and Disability Allowance, and changing the Disability Allowance's indexation formula, which curtailed the program's ballooning costs. The Unified Scoring Formula was piloted for two years as part of the World Bank's SAMP, after which the legal framework was amended to take into account lessons from the pilot. Extensive communication strategies were critical to inform local governments, beneficiaries, and the public about the reform objectives. Rollout on a national scale was de-

layed and began in 2018 with SAMP support. The Unified Scoring Formula is also being used to determine eligibility for other social assistance programs, including the energy cash benefit (designed to mitigate the impact of electricity tariff increases under the energy sector reform). The development and nationwide implementation of an electronic management information system for the Ndihma Ekonomike program has improved efficiency by allowing cross-checking of individual requests with other government databases and reducing the time needed to determine eligibility for benefits by 80 percent.[26] Progress on Disability Allowance reform has been slower—the reform has been designed and piloted in just two districts.

Reform implementation has faced significant challenges. Experience to date with the Unified Scoring Formula has shown significant errors of exclusion, which have been addressed by returning some discretionary power to municipal governments on Ndihma Ekonomike eligibility—a practical, short-term fix, but not a substitute for updated household welfare data. The national rollout of both Ndihma Ekonomike and Disability Allowance has been slower than the World Bank anticipated because of the reforms' complexity and political sensitivity, frequent ministerial changes, institutional restructuring, and major delays in government decision-making during the period before and after the 2017 election.

Given the lack of comparable household survey data, it is difficult to measure the extent to which the coverage, equity, and efficiency of social protection services has improved. Available information based on the social assistance reform pilot in three regions covering half of the country's population indicates that targeting of the Ndihma Ekonomike programs has improved significantly.[27] However, this is impossible to confirm due to the lack of comparable household data, as discussed in chapter 2.

The achievement of objectives in social protection warrants a moderately satisfactory rating. The World Bank contributed to significant improvements in Albania's social assistance system by supporting legal and regulatory change and the development of institutional capacity in the Ndihma Ekonomike and Disability Allowance programs. However, implementation challenges entailed delays in scaling up the system nationally. Administrative data indicate some improvement in coverage, targeting, and efficiency in pi-

lot areas, but household data to confirm these results are missing. The World Bank contributed to significant improvements in pension system solvency and participation.

Access to and Quality of Water and Sanitation Services

Objectives in urban water supply and sanitation broadened over the evaluation period. CPS and CPF objectives were well aligned with the government's development priorities for urban infrastructure improvement, institutional reforms in the water sector, and improving livelihoods. The CPS focused on sewerage improvements as part of a broader goal of improving critical public environmental and municipal services. The CPF sought enhanced coverage of water and sanitation services, with infrastructure investments in a single city (Durres, a key coastal tourism hub) as the primary vehicle for achieving the objective. Results frameworks were adequate, but outcome indicators were too focused on outputs. Strategic objectives responded well to Albania's EU accession goal—for example, accession directives and progress reports explicitly cited Albania's need to invest more in wastewater management and improve water utility administration and service delivery. One hundred percent of the wastewater generated in the beach area (an important tourism destination) is now channeled to the wastewater treatment plant, benefiting about 150,000 residents.

Good progress was made toward the World Bank's sewerage infrastructure development and service improvement targets. World Bank investments in wastewater collection and management in Saranda and Himara were completed in 2012, but the slow implementation of parallel investments supported by other financiers hindered the favorable impact. For example, the sewerage treatment system in Saranda was not fully operational until 2018. Good progress is being made on improving wastewater treatment in Durres and expanding connections. Sewer connections are nearly on target to be achieved by project completion (more than 2,900 new connections versus a target of 3,000), while targets for the volume of wastewater treated have been exceeded (2.2 million cubic meters versus a target of 1.8 million).

Water supply services in Durres have improved, though with some delays, but the water utility's institutional capacity continues to be a challenge.

The water supply component of the Water Resources and Irrigation Project, which involves developing a new water source for Durres and constructing a new main feeder pipeline, suffered from significant delays partly because of unclear property rights.[28] Implementation of the water supply component is now accelerating. Before the project, the Durres water supply utility was near collapse. The development of a new water source and related improvements to the water network have resulted in improved water quality and supply duration. Water service duration has increased to 8 hours per day compared with 1–2 hours per day before the project started, but they remain below the end-of-project target of 12 hours per day. The central government continues to manage the project, given the water utility's weak capacity.

More generally, Albania's water and sanitation utilities continue to underperform in the context of weaknesses in the policy framework, although there has been some recent performance improvement from a low base.[29] Services and performance standards remain far below what is required for EU accession, and most utilities are heavily subsidized.[30] Rural communities, which make up more than 20 percent of the population, remain largely unserved because of the capacity limitations of the municipal utilities responsible for serving them. The evolving integrated water management policy has been yet to prove effective in improving utilities' performance except in municipalities receiving long-term donor support.

The achievement of objectives for access to water and sanitation is rated moderately satisfactory. World Bank lending in the sector focused on infrastructure development and provided some support for institutional capacity building. The World Bank has expressed concern to government about the way the integrated water management policy is being operationalized, although this has had limited impact so far. The two ASA interventions during the evaluation period were widely acknowledged to have made very effective contributions to strengthening urban water supply and sanitation services, although the World Bank has yet to develop a comprehensive ASA program in the sector to help determine a more desirable reform path.[31]

[1] By 2014, the fiscal balance had deteriorated to −5.9 percent of gross domestic product (GDP) from −3.6 percent in 2011, and public debt had risen to 72 percent of GDP from 60 percent in 2011.

[2] Supported by the development policy loan, the government has made substantial progress in reorganizing the tax administration to better focus on large taxpayers and publishing its first tax expenditure review in December 2019.

[3] The World Bank also helped the government adopt a local government solvency bylaw, which monitors local government arrears and prescribes action plans through the technical assistance.

[4] By 2014, nonperforming loans had risen to almost 23 percent of total loans (among the highest in the region), which seriously threatened financial stability and contributed to the stagnation of credit to the private sector.

[5] The development effectiveness rating was mostly successful.

[6] According to the data obtained from the Port of Saranda in 2019, ship traffic is increasing steadily, with 130 cruise ships using the port in 2018. The number of foreign citizens arriving in Albania increased from 3.7 million in 2014 to 5.9 million in 2018 (INSTAT 2019c).

[7] Accurate, efficient, and transparent land administration records and procedures are important conditions for EU accession. For example, the European Commission noted in 2018 that progress has yet to be made toward improving the legal framework for registration, expropriation, and compensation; the 2012–20 strategy on property rights has yet to be updated; and institutional coordination should be improved. However, it also notes that an Integrated Land Management Secretariat has been established (EC 2018).

[8] These projects were implemented over a period coinciding with major political changes and economic stresses in Albania and a major Inspection Panel case concerning informal settlements that involved the Integrated Coastal Zone Management and Cleanup Project.

[9] The restructuring entailed scaling back much of the urban planning component and partially replacing it with emergency flood relief investment to accommodate disaster mitigation needs that arose during project implementation.

[10] The Immovable Property Registration Office was responsible for the land registration and cadaster; the Agency for Legalisation, Urbanisation, and Integration of Informal Areas and Buildings was responsible for the legalization of properties; and the Restitution Agency was responsible for the restitution of land belonging to former owners—all subordinate to different ministries.

[11] For example, the credit line with Credins Bank was drawn on only to a very limited extent. The International Finance Corporation has facilitated much larger investment by the private sector into the renewable energy sector through its Balkan Renewable Energy Program (advisory services).

[12] The privatization of the Albanian Power Corporation, supported by a partial risk guarantee through the power sector generation and restructuring project (fiscal years [FY]04–11), failed because of both inadequate investment by the private operator and government inaction on tariff adjustments and controlling electricity theft.

[13] The project contributed to the strengthening of the capacities of selected municipalities, which are now legally responsible for managing irrigation and drainage systems.

[14] The strategy focused on disaster management preparedness rather than disaster risk mitigation. The EU and other donors were emphasizing mitigation, for which the EU has substantial grant funding. The government decided to focus on mitigation rather than preparedness as the core of the national disaster risk management strategy.

[15] The project has made credible contributions to modernizing the Water Resources Management Information System through, for example, installation of groundwater monitoring equipment and preparation and online launching of a water cadaster.

[16] In the early 2000s, Albanians attained only 8.6 years of schooling on average (almost six years less than peers in the EU), and the country scored among the lowest in the Europe and Central Asia Region on the Organisation for Economic Co-operation and Development's Program for International Student Assessment (PISA), a set of standardized achievement tests for language, math, and science.

[17] The Bologna Process is a series of agreements in higher education reached by 48 European countries (including Albania) to ensure compatibility in the quality and standards of higher education.

[18] Along with the CPF (World Bank 2015a, 56, para. 83), these tasks included *Early Childhood Development SABER Country Report* (World Bank 2015c); PISA analysis (World Bank 2014f); Central Europe and Baltics PISA analysis (World Bank 2015f); Mauro and Mitra (2015); and Robayo-Abril and Millan (2019)..

[19] In secondary education, gross enrollment increased from 88 percent to 96 percent between 2010 and 2017. Net secondary enrollment reached 87 percent in 2017 (up from 72 percent in 2012, according to the LSMS). In higher education, gross enrollment increased from 44 per-

cent to 57 percent between 2010 and 2017. For more information, see the United Nations Educational, Scientific, and Cultural Organization enrollment statistics 2009–17 at http://uis.unesco.org/country/AL.

[20] PISA results for 2015 show that the share of Albanian 15-year-old students performing below basic proficiency was 53 percent in math, 50 percent in reading, and 42 percent in science.

[21] Out-of-pocket costs were high (55 percent of total health expenditures), partly resulting from chronically low levels of public health spending (2.6 percent of GDP, the lowest in the region).

[22] Infant mortality declined from 10.7 per 1,000 in 2010 to 7.8 per 1,000 live births in 2017, and under-five mortality declined from 12 per 1,000 to 9 per 1,000 live births in the same period (according to the United Nations Interagency Group for Child Mortality Estimation), and stunted growth of children declined from 19 percent in 2008–09 to 11 percent in 2017–18 (INSTAT 2018).

[23] According to the Demographic and Health Survey 2017–18, antenatal care coverage fell from 97 percent in 2008–09 to 88 percent in 2017–18.

[24] Between 2008–09 and 2017–18, the share of women who received the World Health Organization's recommended four antenatal visits to a skilled health worker increased from 67 percent to 78 percent. The share of mothers and babies who received postnatal care within four hours of delivery also improved from 59 percent to 76 percent, and the share of women receiving iron supplementation to prevent anemia during their most recent pregnancy increased from 34 percent to 67 percent, according to the Demographic and Health Survey 2017–18.

[25] The Independent Evaluation Group's May 2015 Completion and Learning Review of the FY11–14 Country Partnership Strategy indicates that the government's contribution to pensions remained under the 3.45 percent of GDP cap, and the share of the workforce contributing to the system increased from 30 percent to 35 percent.

[26] According to the project documents of the 2012 Social Assistance Modernization Project, the time to determine eligibility decreased from 25 days in 2009 to 5 days in 2018.

[27] The PLR for the CPF FY15–19 mentions that (i) overall Ndihma Ekonomike coverage declined between 2009 and 2015 from 12.7 percent to 10.4 percent of the population, but coverage of the extreme poor remained stable, and coverage of the top decile decreased; (ii) the share of benefits accruing to the poorest decile increased from 34 percent in 2009 to 45 per-

cent in 2015; and (iii) the poverty gap would have been 0.5 percentage points higher in 2015 compared with 0.3 in 2009. Note that the Household Budget Survey sample is not representative of Ndihma Ekonomike beneficiaries.

[28] Key parcels of land in the project area were not yet registered or their ownership was contested.

[29] The *Danube Water Program's State of the Sector Update for 2018* (World Bank 2018f) indicates that Albania's overall water supply and sanitation service sustainability score rose from 49 in 2015 to 55 in 2018.

[30] Only 15 of Albania's 58 utilities can cover their operation and maintenance costs from revenues, and even fewer can cover service expansion or asset depreciation.

[31] The current focal donor for urban water and sanitation services, KfW, and the Technical Secretariat of the National Water Council have expressed a desire for the World Bank to play a more prominent advisory role on urban water policy and strategy.

4 | Conclusions, Lessons, and Suggestions

Overall, the extent to which the Bank Group program met its relevant objectives is rated moderately satisfactory. The overall rating is based on a synthesis of pillar-level ratings (appendix A, table A.1), with greater weight given to the rating for pillar 1, where lending was concentrated during the evaluation period. The rating recognizes certain positive features of program design and implementation. These included the agility with which the Bank Group responded to macrofinancial shocks, working closely with a newly elected government to help define and implement a robust policy agenda. Regarding Albania's EU accession goal, the Bank Group played a supportive role while keeping its program firmly rooted in the institution's goals of reducing extreme poverty and promoting shared prosperity. The Bank Group contributed to the regional integration agenda through several of its ASA and lending tasks. It deployed ASA strategically, making valuable contributions to government policy making and reform implementation.

Desirable adjustments to the Bank Group program include emphasis on improving portfolio implementation and greater selectivity in new IPF operations. Table 4.1 sets out the links among selected CPE findings, lessons drawn, and suggestions. The Bank Group's strategy and program have been broadly appropriate, but some shortcomings were identified: The program may have been insufficiently selective given implementation capacity, political absorptive capacity, and governance considerations; the design of IPF operations was either too complex or did not sufficiently anticipate and mitigate impediments to implementation stemming from weak capacity and political economy factors. Adjustments in two directions would be desirable. First, in sectors and thematic areas where the Bank Group engages, it should use its ASA to define and encourage public debate about the policy reform agenda. Second, the Bank Group should redouble recent efforts to strengthen portfolio implementation, deploying new investment lending selectively and

ensuring that efforts are made to proactively mitigate capacity and political economy constraints either as part of project design or through parallel efforts. Given the essential role of household survey data availability, the Bank Group is advised to encourage authorities to ensure that publication of future survey round results occurs regularly and on time.

Table 4.1. Selected Findings, Lessons, and Suggestions

Selected CPE Findings	Lessons Drawn	Suggestions
Use of World Bank Group advisory services and analytics in several areas (notably pensions) was effective in helping to articulate and build consensus and capacity for road maps for reform, which then provided the basis for lending support. Client stakeholders highly appreciated the Bank Group's knowledge work.	Advisory services and analytics are an essential means of engagement for the Bank Group to help define and build consensus and capacity for reforms and to lay the groundwork for lending.	Use advisory services and analytics to engage government authorities, citizens, and other stakeholders to articulate and build support and consensus and capacity for reform options in sectors and thematic areas that the Bank Group considers essential to reducing poverty and promoting shared prosperity and where there is stakeholder demand.
Implementation of the World Bank's investment project financing portfolio during the evaluation period suffered difficulties and delays. The underlying causes included complex design and barriers to implementation related to capacity and political economy. Although capacity and political economy risks are usually flagged in program documents, they were not adequately mitigated in project design.	It is important for the design of investment project financing operations to be consistent with implementation capacity and to anticipate and adequately mitigate barriers to implementation, including those caused by weak capacity or political economy constraints.	Be more selective in new lending, given the implementation issue over the evaluation period, by deploying it to support reforms and investments for which consensus has been established, ensuring that efforts are made to proactively mitigate capacity and political economy constraints.

The discontinuation of the Living Standards Measurement Survey after the 2012 survey round, coupled with the delayed publication of the Statistics on Income and Living Conditions survey results, deprived the World Bank and other stakeholders of an essential means of calibrating reforms and gauging progress toward reducing extreme poverty and promoting shared prosperity.	Transitions in representative household survey instruments in client countries need to be carefully managed to minimize delays in data availability so that stakeholders do not lose the means to gauge progress toward reducing poverty and promoting shared prosperity.	Encourage the authorities and other stakeholders to ensure that results of future rounds of the Statistics on Income and Living Conditions survey are published regularly and promptly, given the crucial role of household survey data in effective project design and implementation in support of the World Bank's twin goals and the long period experienced when data were unavailable.

Source: Independent Evaluation Group.

Note: CPE = Country Program Evaluation.

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APPENDIXES

Independent Evaluation Group

Albania Country Program Evaluation

Appendix A. Outcome Rating

The extent to which the World Bank Group program attained its pillar 1–level objective of strengthening macrofinancial management and public service delivery is rated moderately satisfactory (table A.1). Some progress was made in strengthening the management of public finances, including reining in the fiscal deficit, resolving arrears, and controlling the growth of public debt. However, results are incomplete, and their sustainability is uncertain. Good progress was made in strengthening the stability of the financial sector and in building the institutional capacity for regulation and supervision to sustain results. Nevertheless, credit to the private sector remains sluggish, and continued efforts are needed to deepen financial intermediation.

The extent to which the Bank Group program achieved its pillar 2–level objective of improving the conditions for private sector development is rated moderately unsatisfactory. Although its specific objectives under this pillar were generally of high relevance, the effectiveness of Bank Group support was very qualified, especially in land and property registration and in energy. The Bank Group made consistent efforts to build institutional capacity but often with little impact.

Bank Group program achievement of the pillar 3–level objective of improving the management of land use, water, and the environment is rated moderately satisfactory. The erosion reduction target has been achieved, along with productivity improvement through irrigation and service improvement in waste management, though with some delays. World Bank support for the policy framework has seen significant progress.

Finally, the extent to which the Bank Group program achieved of the pillar 4–level objective of improving service provision in the social sectors is rated moderately satisfactory. The World Bank provided strong intellectual leadership in education and health (though with some discontinuities) and in social protection. However, at least in education and health, the results of its lending were muted. Significant progress was made on pension reform, and promising but limited progress was made on the reform of social assistance

programs. In water supply and sanitation, the World Bank contributed to infrastructure improvements as well as analytical work.

Table A.1 summarizes outcome ratings associated with Bank Group support for each pillar, based on the ratings for individual areas of intervention (chapter 3).[1]

Overall, the extent to which the Bank Group program achieved its relevant objectives is rated moderately satisfactory. The overall rating is determined based on a synthesis of pillar-level outcome ratings, with pillar 1, warranting a larger weighting, based on the more extensive Bank Group engagement. The rating also recognizes the program's synergies, flexibility, and responsiveness to events and opportunities, and strategic use of advisory services and analytics.

Table A.1. World Bank Group Program Outcome Ratings by Pillar

Pillar and Subpillars	Rating
Pillar 1: Strengthening macrofinancial management and public service delivery	**Moderately satisfactory**
Strengthening fiscal management and public service delivery	Moderately satisfactory
Strengthening the financial sector	Satisfactory
Pillar 2: Improving conditions for private sector development	**Moderately unsatisfactory**
Business climate and tourism	Moderately unsatisfactory
Land and property registration	Moderately unsatisfactory
Energy	Moderately unsatisfactory
Roads	Moderately satisfactory
Pillar 3: Improving the management of land, water, and the environment	**Moderately satisfactory**
Pillar 4: Improving the quality of service provision in the social sectors	**Moderately satisfactory**
Education	Moderately satisfactory
Health	Moderately unsatisfactory
Social protection	Moderately satisfactory
Water and sanitation	Moderately satisfactory
Overall rating	**Moderately satisfactory**

Source: Independent Evaluation Group.

[1] Detailed analysis under many of the individual subobjectives is available in sectoral background papers that can be made available on request.

Appendix B. Country Program Evaluation Methodology

The Independent Evaluation Group (IEG) analytical approach is guided by the 2005 Country Assistance Evaluation Retrospective undertaken by the Operations Evaluation Department of the World Bank (World Bank 2005). For assessing program outcomes, the analytical approach will be guided by *Update to Guidance on World Bank Group Program Outcome Ratings in Independent Evaluation Group Country Program Evaluations*, which IEG prepared in September 2018 to provide more detailed guidance on Country Program Evaluation (CPE) outcome ratings (World Bank 2018).

Country Program Evaluation Methodology

CPEs rate the outcomes of World Bank Group assistance programs rather than the country's overall development outcome, although the latter is clearly relevant for judging the program's outcome. Assessments of assistance program outcomes and Bank Group performance are not the same. The impact of four factors determines the assistance program's outcome: (i) the country, (ii) the Bank Group, (iii) partners and other stakeholders, and (iv) exogenous forces. IEG measures Bank Group performance primarily based on contributory actions the Bank Group controlled directly. Judgments regarding Bank Group performance typically consider the strategy's relevance and implementation; the design and supervision of the Bank Group's lending and financial support interventions; the scope, quality, and follow-up of diagnostic work and other advisory services and analytics (ASA); the consistency of the Bank Group's lending and financial support with its nonlending work and with its safeguard policies; and the Bank Group's partnership activities.

Evaluating and Rating Bank Group Program Outcomes

In rating the outcome of an assistance program, IEG gauges the extent to which major strategic objectives were relevant and achieved. In other words, did the Bank Group do the right thing, and did it do it right? Programs typ-

ically express goals in relation to higher-order objectives, such as poverty reduction. The Country Assistance Strategy or Country Partnership Framework may also establish intermediate goals, such as improved targeting of social services or promotion of integrated rural development and specify how they are expected to contribute toward achieving the higher-order objective. IEG's task is then to validate whether the intermediate objectives were the right ones and whether they were achieved, and whether the results chain specified in the strategy was valid. Where causal links were not fully specified in the Country Assistance Strategy or Country Partnership Framework, the evaluator reconstructs the causal chain from the available evidence and assesses relevance and efficacy with reference to the intermediate and higher-order objectives.

For each of the main objectives, the CPE evaluates the relevance of the objective and the Bank Group's strategy toward meeting the objective, including the balance between lending and nonlending instruments, the efficacy with which the strategy was implemented, and the results achieved, and does so in two steps. The first is a top-down review of whether the Bank Group's program achieved a particular Bank Group objective or planned outcome and had a substantive impact on the country's development. The second step is a bottom-up review of the Bank Group's products and services (lending, ASA, and aid coordination) used to achieve the objective. Together, these two steps test the consistency of findings from the products and services and the development impact dimensions. Subsequently, IEG assesses the relative contribution to the results achieved by the Bank Group, other development partners, the government, and exogenous factors.

Evaluators also assess the degree of country ownership of international development priorities, such as the Sustainable Development Goals, and Bank Group corporate advocacy priorities, such as safeguards.

Limitations

There are several limitations to the methodology underlying the CPE's assessment. First, the approach to assessing ASA in CPEs has not been standardized. Unlike lending operations, which consistently undergo evaluation with independent validation (and selectively, in-depth independent eval-

uation) with standardized ratings, the assessment of ASA is less rigorous. This is a notable weakness, especially where, as in Albania, ASA represent an important part of Bank Group engagement.

Second, as with all CPEs, establishing a causal relationship between Bank Group interventions and higher-order country outcomes is inherently complex. Such contribution analysis needs to untangle the influence of the multiplicity of actors and external factors (which can be especially challenging where the relative scale of Bank Group intervention is relatively small) and take account of interactions across projects and sectors. The CPE also needs to contend with data limitations. In Albania, for example, the lack of household survey data makes it difficult to know how poverty and its correlates (such as access to and use of public services) have evolved over the evaluation period, let alone establish how the Bank Group may have contributed to these results.

Third, the broad scope of the CPE and the limited availability of existing data on outcome achievement constrain the depth of analysis. Besides data limitations relating to ASA interventions, the availability of data on lending projects is also uneven because the portfolio includes projects that have not yet closed or, regarding the International Finance Corporation, includes projects for which self-evaluation reports may not have been subject to independent validation (because of the sampling procedure that is applied to the self-evaluation reports and their validation). The Multilateral Investment Guarantee Agency does not do project monitoring and supervision except for compliance with environmental and social standards, so there is limited or no data on the progress of projects on outcomes. The evaluation mitigates this limitation by complementing self-evaluation evidence with original data collected in the country and through the principle of theoretical generalization (that is, the potential to generalize [to some extent] findings from a particular set of projects to other projects with similar characteristics, implemented under similar circumstances).

The CPE's rating approach is inherently a process of expert judgment based on multiple sources of evidence. Given the limitations, such judgment can never be watertight. To enhance the approach's reliability and the findings' validity, IEG evaluations adhere to a set of decision rules that link the evi-

dence base to the rating scales. In addition, they include a systematic process of reflection (involving additional decision rules) that allows evaluators to synthesize ratings from the project level to higher levels of intervention and ultimately the program level. These decision rules are discussed in detail in the updated guidance to CPE evaluations published in 2018 (World Bank 2018).

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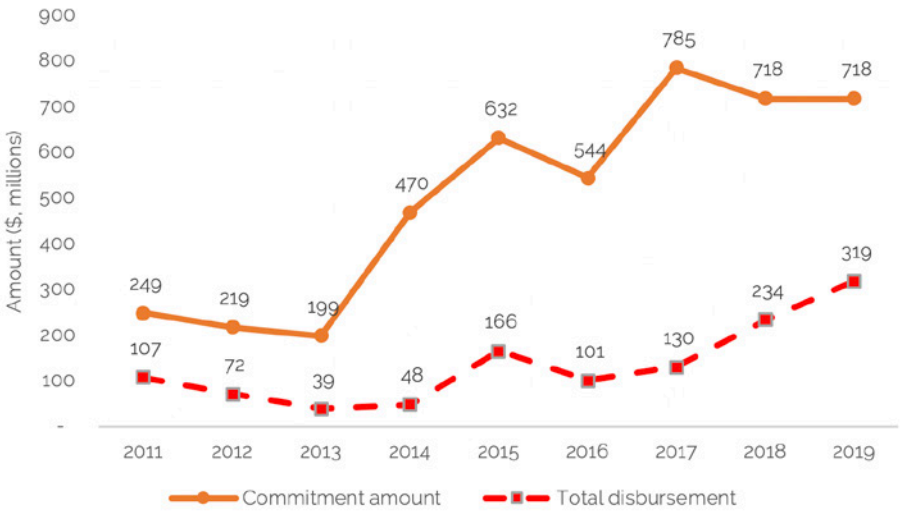
Appendix C. Portfolio Review of the World Bank Group Operational Program in Albania FY11–19

World Bank Financing. The World Bank Group continued to support Albania with increasing commitments and disbursements over the two Country Partnership Strategy (CPS) and Country Partnership Framework (CPF) periods (figure C.1). The World Bank approved 19 International Bank for Reconstruction and Development (IBRD) projects to Albania with a total commitment of $1.1 billion over the fiscal years (FY)11–19. There were 34 International Development Association (IDA) and IBRD projects with a total commitment of $1.4 billion, including the ongoing projects approved before the evaluation period. Eighty-five percent of the total commitment was from IBRD (24 projects), and 15 percent originated from IDA (10 projects). Annual average lending commitments for FY11–14 were $284 million, and disbursements were $67 million, while averages for FY15–19 were $680 million and $190 million, respectively. Slow rates of disbursement (11 percent and 7 percent in FY16 and FY17, respectively) reflect the challenging implementation environment affected by political complexities (tensions between parties in the ruling coalition) and technical complexities in the face of insufficient expertise (complex and large procurement packages). The average annual IDA and IBRD disbursements were clearly important contributors to overall official development assistance flows.[1]

Figure C.1. Commitment Amounts and Total Disbursements to Albania, FY11–19

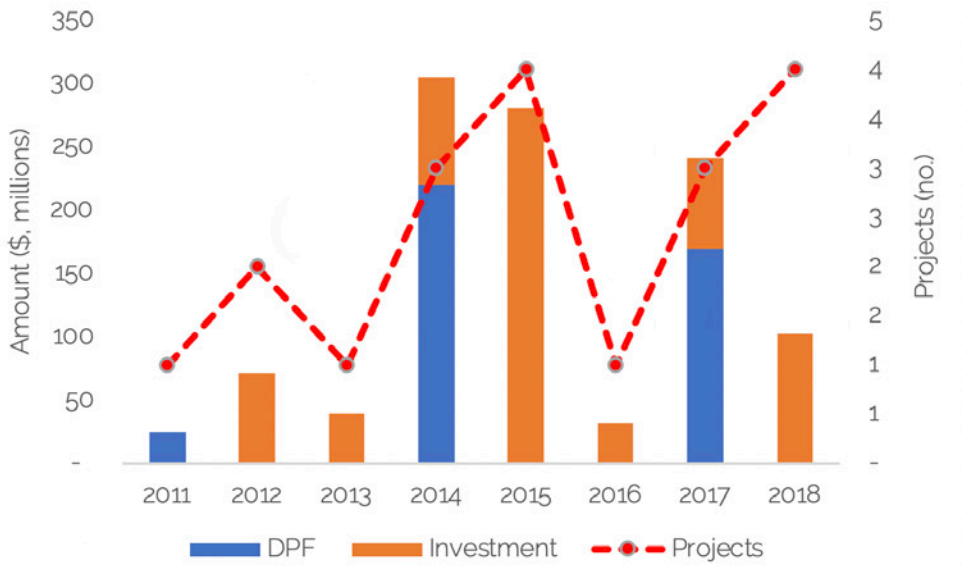


Source: World Bank Business Intelligence (as of April 23, 2019).

Note: The commitment amount is for all projects in the portfolio, valued at the historical exchange rate (when the loan was negotiated). The total disbursement amount is to date for all projects in the portfolio, valued at the exchange rate in effect at the time of the disbursement.

There were some changes in the engagement model and the priority areas, reflecting the ambitious reform agenda of the coalition government that took office in 2013. In FY14, new IBRD commitments rose above $300 million, at the time a record amount for Albania, including two development policy loans (DPLs; the Financial Sector DPL and Public Finance DPL) to support macrofiscal sustainability and financial stabilization, respectively. There were 14 investment project financing operations approved ($682 million) and five DPLs ($415 million) approved (figure C.2).

Figure C.2. IBRD Commitments to Albania by Instrument Type and Number, FY11–19



Source: World Bank Business Intelligence.

Note: DPF = development policy financing; FY = fiscal year; IBRD = International Bank for Reconstruction and Development.

IDA and IBRD Program Implementation. Under the FY11–14 CPS, the World Bank's actual lending volumes were $602 million, close to the proposed allocation in the CPS baseline scenario ($625 million; table C.1). Under the FY15–19 CPF, the World Bank's actual lending volumes were $882 million, reaching about two-thirds of the proposed allocation (as of May 2019).

Table C.1. Albania Planned and Actual IDA and IBRD Lending during CPS FY11–14 and CPF FY15–19

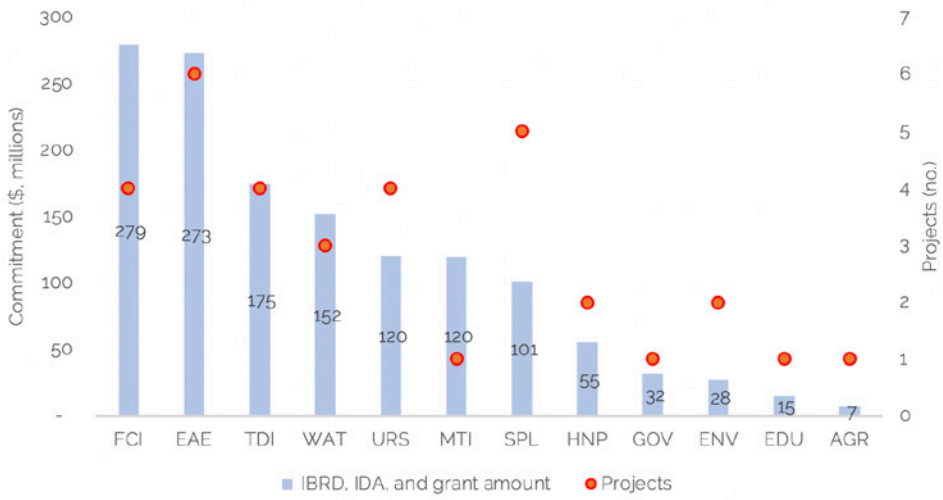
Total/ Average	CPS FY11–14			CPF FY15–19		
	Proposed	Actual	Ongoing	Proposed	Actual	Ongoing
Total during period	625	602	261	1,220	882	238
Average annual	156	150	n.a.	244	176	n.a.

Source: Independent Evaluation Group, based on CPS, CPSPLR, CPF, and World Bank Business Intelligence.

Note: CPF = Country Partnership Framework; CPS = Country Partnership Strategy; CPSPLR = Country Partnership Strategy Performance and Learning Review; FY = fiscal year; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; n.a. = not applicable.

Distribution of IDA and IBRD Commitments by Global Practice. Among all 34 IDA and IBRD projects, the Finance, Competitiveness, and Innovation (21 percent) and the Energy and Extractives (20 percent) Global Practices (GPs) accounted for the biggest share of commitments, amounting to $552 million, followed by the Transport and Digital Development GP (13 percent) and the Water GP (11 percent; figure C.3). Of the 29 investment projects during the review period, 16 projects have been extended, restructured, or both, representing 55 percent of the total portfolio.

Figure C.3. IDA and IBRD Commitments Active in Albania during FY11–19 by Global Practice



Source: World Bank Business Intelligence.

Note: The projects include the one approved before the evaluation period and closed or remaining active during the evaluation period. AGR = Agriculture; EAE = Energy and Extractives; EDU = Education; ENV = Environment and Natural Resources; FCI = Finance, Competitiveness, and Innovation; FY = fiscal year; GOV = Governance; HNP = Health, Nutrition, and Population; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; MTI = Macroeconomics, Trade, and Investment; SPL = Social Protection and Labor; TDI = Transport and ICT; URS = Social, Urban, Rural, and Resilience; WAT = Water.

Regional lending. To promote Albania's regional integration, the World Bank supported the government of Albania through regional projects. Albania participated in one IBRD regional lending operation for the Europe and Central Asia Region, with a total regional commitment of $800 million. The Energy and Extractives GP implemented it.

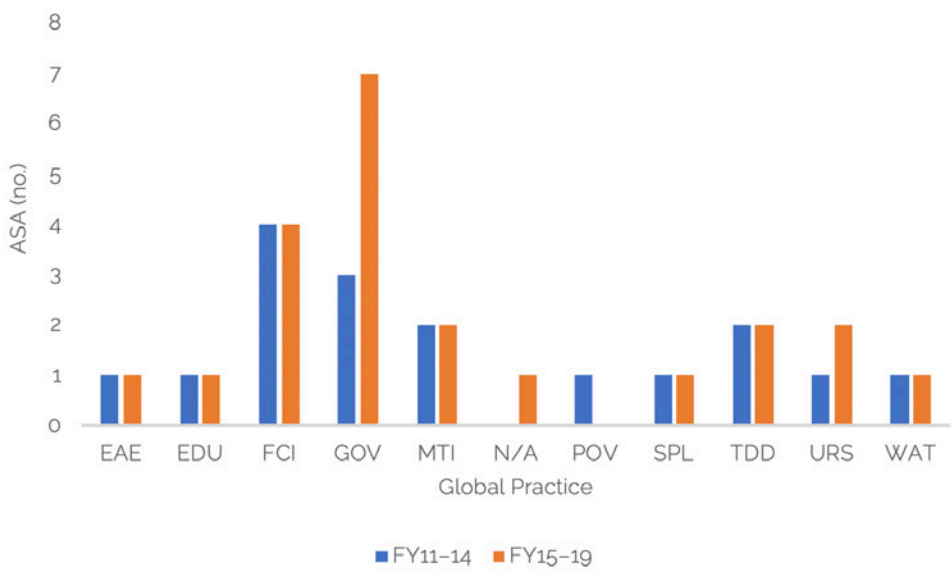
Country-level performance. The Independent Evaluation Group (IEG) evaluated 17 projects during the review period with a total associated commitment of $451.2 million. The share of Albania projects rated satisfactory on outcome was 86.2 percent, which is higher than the World Bank–wide average of 82.3 percent but lower than the Europe and Central Asia Region average of 90.3 percent. The average risk to development outcome rating for Albania projects, at 35.3 percent moderate or higher, is more favorable than the Europe and Central Asia average of 57.1 percent and the overall World Bank average of 45.3 percent (tables C.5 and C.6). Latest supervision reports

of active projects showed a 94.4 percent rating of progress toward achievement of project development objectives.

Projects at risk. The share in the number of projects at risk for Albania (26.2 percent) is higher than that for the Europe and Central Asia Region (19.2 percent) and the World Bank average (23.4 percent) and is the same as the share of commitments at risk (table C.7).

World Bank advisory services and analytics (ASA). During the review period, there were 39 ASA projects completed, amounting to $6.2 million. Since FY11, the World Bank has provided ASA notably in Governance (10 projects, 26 percent of total number of ASA); Finance, Competitiveness, and Innovation (8 projects, 21 percent); and Transport and Digital Development and Macroeconomics, Trade, and Investment (4 projects, 10 percent). During FY11–14, the number of ASA by Finance, Competitiveness, and Innovation was the highest (4 projects) to respond to the government's needs to manage crisis and improve financial stability (figure C.4).

Figure C.4. Number of World Bank ASA to Albania by Global Practice, FY11–19

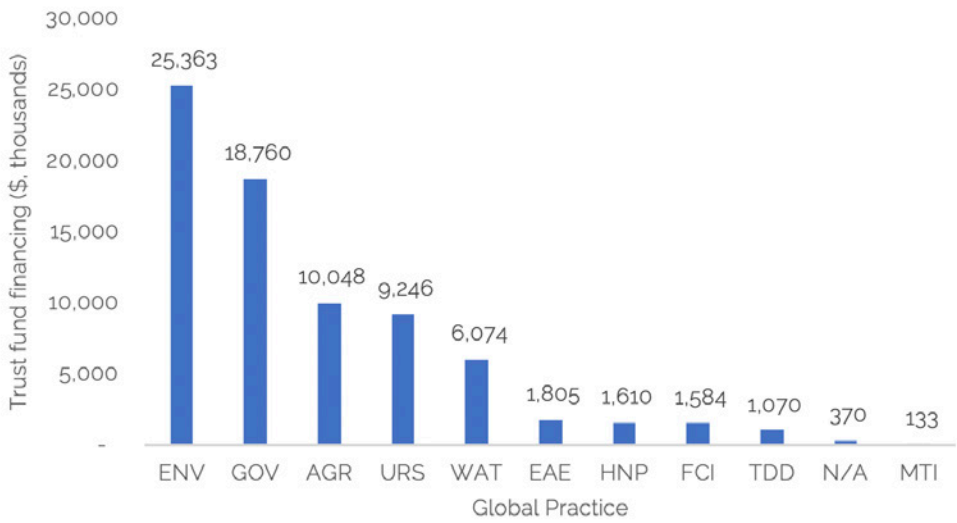


Source: World Bank Business Intelligence.

Note: ASA = advisory services and analytics; EAE = Energy and Extractives; EDU = Education; FCI = Finance, Competitiveness, and Innovation; FY = fiscal year; GOV = Governance; MTI = Macroeconomics, Trade, and Investment; N/A = not applicable; POV = Poverty; SPL = Social Protection and Labor; TDD = Transport and Digital Development; URS = Social, Urban, Rural, and Resilience; WAT = Water.

Trust fund financing. There were 41 trust-funded activities in Albania active during the review period, amounting to $76.06 million (figures C.5 and C.6). The Environment and Natural Resources GP ranks highest in amount among the GPs at 33 percent ($25.4 million, 9 projects), followed by Governance at $18.76 million (25 percent, 10 projects); Social, Urban, Rural, and Resilience (15 percent, 6 projects); and Energy and Extractives (12 percent, 5 projects). Nine Governance trust fund projects were approved during the CPS and CPF periods. Six of 9 trust fund projects for the Environment and Natural Resources GP were approved before the evaluation period.

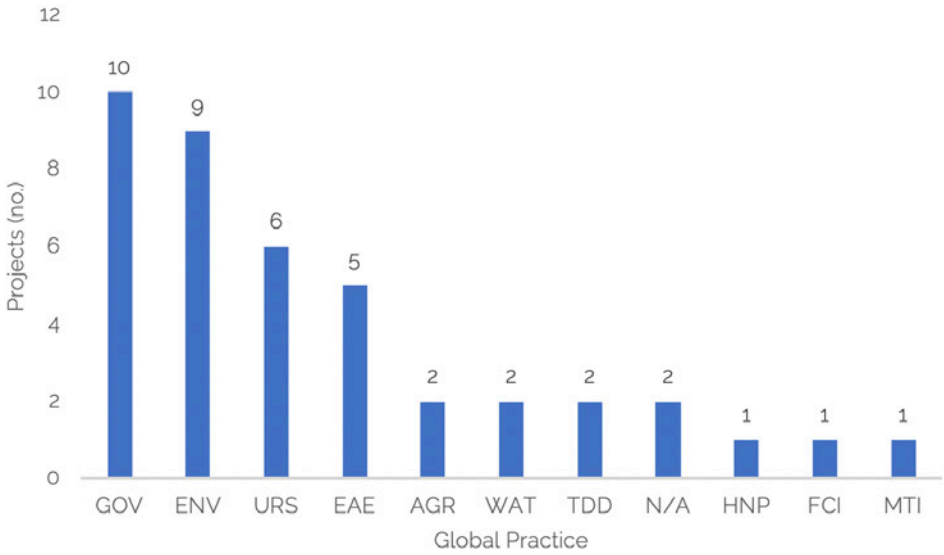
Figure C.5. Active Trust Fund Financing in Albania by Global Practice, FY11–19



Source: Client Connection.

Note: AGR = Agriculture; EAE = Energy and Extractives; ENV = Environment and Natural Resources; FCI = Finance, Competitiveness, and Innovation; FY = fiscal year; GOV = Governance; HNP = Health, Nutrition, and Population; MTI = Macroeconomics, Trade, and Investment; N/A = not applicable; TDD = Transport and Digital Development; URS = Social, Urban, Rural, and Resilience; WAT = Water.

Figure C.6. Active Trust Fund Financing in Albania by Global Practice, FY11–19



Source: Client Connection.

Note: AGR = Agriculture; EAE = Energy and Extractives; ENV = Environment and Natural Resources; FCI = Finance, Competitiveness, and Innovation; FY = fiscal year; GOV = Governance; HNP = Health, Nutrition, and Population; MTI = Macroeconomics, Trade, and Investment; N/A = not applicable; TDD = Transport and Digital Development; URS = Social, Urban, Rural, and Resilience; WAT = Water.

International Finance Corporation investment and advisory services. There were 8 investment and 16 advisory projects in Albania, totaling $220.62 million (original commitment) and $19.00 million, respectively, during the review period. No direct investment was made during the FY15–19 CPF period except for indirect financing of highway public-private partnerships and trade finance for a local bank. The three major sectors for the investments were banking, energy, and oil, gas, and mining. IEG reviewed 3 investment and 4 advisory projects during the review period, rating 1 investment project mostly unsuccessful, 1 unsuccessful, and 1 highly successful on development outcomes. For advisory projects, IEG rated 2 as mostly successful, 1 as successful, and 1 as unsuccessful on development effectiveness.

Multilateral Investment Guarantee Agency. As of April 2019, the agency issued political risk insurance guarantees for a total gross outstanding exposure of $349 million supporting four projects: three in the banking sector ($189 million) and one in the power sector ($159 million).

Table C.2. World Bank Lending for Albania, FY11–19

Project ID	FY	Exit FY	Status	Project Name	Agreement Type	Project Status	Global Practice	Lending Type	IBRD ($, M)	IDA ($, M)	IBRD+ IDA+ Grant ($, M)	Outcome Rating
P166469	18	n.a.	N	AF 2 ECSEE APL5 Dam Safety	IBRD	Active	EAE	IPF	14.2	0	14.2	S[a]
P162079	18	n.a.	N	AF Social Assistance Modernization	IBRD	Active	SPL	IPF	11	0	11	MS[b]
P163239	18	n.a.	N	Regional and Local Roads Connectivity	IBRD	Active	TDI	IPF	50	0	50	S
P162786	18	n.a.	N	Albania WRIP AF	IBRD	Active	WAT	IPF	26.8	0	26.8	S[c]
P155875	17	n.a.	N	Proj. for Integrated Urban and Tourism Dev	IBRD	Active	URS	IPF	71	0	71	S
P151972	16	n.a.	N	Citizen-Centered Public Services	IBRD	Active	GOV	IPF	32	0	32	S
P144029	15	n.a.	N	Power Recovery Project	IBRD	Active	EAE	IPF	150	0	150	MS
P130492	15	n.a.	R	ENVIRONMENTAL SERVICES PROJECT	IBRD	Active	ENR	IPF	10	0	10	MS
P144688	15	n.a.	N	Albania Health System Improvement	IBRD	Active	HNP	IPF	40	0	40	MU

Project ID	FY	Exit FY	Status	Project Name	Agreement Type	Project Status	Global Practice	Lending Type	IBRD ($, M)	IDA ($, M)	IBRD+ IDA+ Grant ($, M)	Outcome Rating
P132982	15	n.a.	N	RRMSP	IBRD	Active	TDI	IPF	80	0	80	MS
P102733	14	n.a.	RE	Water Sector Investment Project	IBRD	Active	WAT	IPF	85.3	0	85.3	MS
P121186	13	n.a.	R	WATER RESOURCES AND IRRIGATION	IBRD	Active	WAT	IPF	40	0	40	S
P125856	12	n.a.	N	DAM SAFETY—ADDITIONAL FINANCING	IBRD	Active	EAE	IPF	21.6	0	21.6	S[a]
P122233	12	n.a.	R	Social Assistance Modernization Project	IBRD	Active	SPL	IPF	50	0	50	MS
P110481	08	n.a.	E	ECSEE APL 5 DAM SAFETY	IDA	Active	EAE	IPF	0	35.3	35.3	S
P152064	17	18	N	AL Financial Sector DPL	IBRD	Closed	FCI	DPL	100	0	100	S
P155605	17	18	N	Albania Competitiveness DPL	IBRD	Closed	FCI	DPL	70	0	70	MS
P146280	14	15	N	AL Financial Sector DPL	IBRD	Closed	FCI	DPL	100	0	100	IEG: S
P147226	14	16	N	Public Finance DPL	IBRD	Closed	MTI	DPL	120	0	120	IEG: S
P116937	11	12	N	Social Sector Reform DPL	IBRD	Closed	SPL	DPL	25	0	25	IEG: MS

Project ID	FY	Exit FY	Status	Project Name	Agreement Type	Project Status	Global Practice	Lending Type	IBRD ($, M)	IDA ($, M)	IBRD+ IDA+ Grant ($, M)	Outcome Rating
P107382	09	13	N	ADD'L FIN—SOC SERVICE DEL	IBRD	Closed	SPL	IPF	5	0	5	IEG: MS[d]
P110845	08	13	N	DISASTER RISK MITIGATION	IBRD	Closed	URS	IPF	3	6.2	9.2	IEG: MU
P107833	08	13	E	SECONDARY AND LOCAL ROADS	IDA	Closed	TDI	IPF	0	20	20	IEG: HS
P096643	07	12	RE	AL Busi Env Ref and Insti Streng	IBRD	Closed	FCI	IPF	5.6	3.7	9.3	IEG: MS
P096263	07	14	RE	LAND ADMIN and MGMT PROJ	IBRD	Closed	URS	IPF	20	15	35	IEG: S
P078949	07	11	N	TRANSPORT	IBRD	Closed	TDI	IPF	20	5	25	IEG: S
P078933	06	13	RE	EDUC EXCEL and EQUITY	IDA	Closed	EDU	IPF	0	15	15	IEG: MU
P082814	06	12	RE	HEALTH SYST MOD	IDA	Closed	HNP	IPF	0	15.4	15.4	IEG: MU
P100273	06	11	E	AVIAN FLU—AL	IDA	Closed	URS	IPF	0	5	5	IEG: MS
P082375	05	11	RE	NATURAL RES DEVT	IDA	Closed	AGR	IPF	0	7	7	IEG: MS
P090656	05	12	R	ECSEE APL2 (ALBANIA)	IDA	Closed	EAE	IPF	0	27	27	IEG: MS
P086807	05	15	R	COASTAL ZONE MGMT (APL #1)	IDA	Closed	ENR	IPF	0	17.5	17.5	IEG: MS

Project ID	FY	Exit FY	Status	Project Name	Agreement Type	Project Status	Global Practice	Lending Type	IBRD ($, M)	IDA ($, M)	IBRD+ IDA+ Grant ($, M)	Outcome Rating
P077526	04	12	R	POWER SEC-TOR GENER and RESTRCT'G	IDA	Closed	EAE	IPF	0	25	25	IEG: U
P055383	01	13	RE	SOC SERV DEVT	IDA	Closed	SPL	IPF	0	10	10	IEG: MS
								Total	1,150.50	207.10	1,357.60	

Source: World Bank Business Intelligence as of April 10, 2019.

Note: AGR = Agriculture; DPL = development policy loan; E = project extended; EAE = Energy and Extractives; EDU = Education; ENR = Environment and Natural Resources; FCI = Finance, Competitiveness, and Innovation; FY = fiscal year; GOV = Governance; HNP = Health, Nutrition, and Population; HS = highly satisfactory; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; IEG = Independent Evaluation Group; IPF = investment policy financing; M = millions; MS = moderately satisfactory; MTI = Macroeconomics, Trade, and Investment; MU = moderately unsatisfactory; N = project not restructured or extended; n.a. = not applicable; R = project restructured; RE = project both restructured and extended; S = satisfactory; SPL = Social Protection and Labor; TDI = Transport and ICT; U = unsatisfactory; URS = Social, Urban, Rural, and Resilience; WAT = Water.

a. Rating from parent project P110481.

b. Rating from parent project P122233.

c. Rating from parent project P121186.

d. Rating from parent project P055383.

Table C.3. Advisory Services and Analytics for Albania, FY11–19

Fiscal Year	Project ID	Project Name	Fee-Based Flag	Global Practice	Product Line	BB Actual Cumulative Cost ($, T)	TF Actual Cumulative Cost ($, T)	Actual Total Cumulative Cost ($, T)
FY18	P151027	Albania #B005 Public Debt and Govt. Bond	No	FCI	AA	0	299.1	299.1
FY18	P151033	Albania #B007 Insurance Market Reform	No	FCI	AA	0	423.2	423.2
FY18	P156233	Sub National Public Finance Review	No	MTI	AA	204.9	0	204.9
FY18	P159932	Enhancement of Public Sector Accounting	No	GOV	AA	0	148.5	148.5
FY18	P161026	Albania: PEFA 2016	No	GOV	AA	0	229.5	229.5
FY18	P165280	Promoting Fiscal Transparency in Albania	No	GOV	AA	22.9	0	22.9
FY18	P166966	Albania Finance for Growth Assessment	No	FCI	AA	57.7	0	57.7
FY18	P166999	Albania Policy Notes	No	MTI	AA	104.3	0	104.3
FY18	P167049	Albania Jobs Diagnostics ASA	No	SPL	AA	11.7	0	11.7
FY19	P148596	Land Administration Data Im-provement	No	URS	AA	0	67.3	67.3
FY19	P152351	WSS Sector Policy Support	No	WAT	AA	0	1.3	1.3
FY19	P167690	Albania Decentralization Policy Note	No	GOV	AA	0.8	0	0.8

Fiscal Year	Project ID	Project Name	Fee-Based Flag	Global Practice	Product Line	BB Actual Cumulative Cost ($, T)	TF Actual Cumulative Cost ($, T)	Actual Total Cumulative Cost ($, T)
FY11	P107759	Accountability for Better Governance AAA	No	EDU	EW	96.4	223.7	320.1
FY11	P124165	DeMPA Assessment—Albania	No	MTI	EW	65.1	0	65.1
FY14	P143099	Public Finance Review	No	GOV	EW	471.0	0	471.0
FY14	P145524	Policy Notes	No	MTI	EW	8.2	0	8.2
FY14	P146188	Albania FSAP Update	No	FCI	EW	332.7	0	332.7
FY16	P152404	Assessment of Road Assets	No	TDD	EW	16.7	0	16.7
FY16	P155674	Public Finance Functional Review	No	GOV	EW	0	249.0	249.0
FY17	P156725	Albania Skills and Jobs Diagnostic	No	EDU	EW	280.3	0	280.3
FY17	P157934	Country Fiduciary and Project Implement.	No	GOV	EW	230.4	0	230.4
FY17	P159602	Albania Sustainable Logistic—MDTF	No	TDD	EW	3.1	299.4	302.5
FY11	P117865	Albania: #8090 Fin Crisis CP and Sim. Ex.	No	FCI	TA	0	231.7	231.7
FY11	P118219	Albania GPF—e-government TA	No	TDD	TA	18.0	86.6	104.6
FY12	P112643	FBS—Pro-Poor Gov in Water and Electr	Yes	POV	TA	497.9	0	497.9
FY12	P119929	Expropriation Safeguards TA (TF096005)	No	URS	TA	0	37.7	37.7

Fiscal Year	Project ID	Project Name	Fee-Based Flag	Global Practice	Product Line	BB Actual Cumulative Cost ($, T)	TF Actual Cumulative Cost ($, T)	Actual Total Cumulative Cost ($, T)
FY12	P122125	FBS—Pro-Poor Govt in Water and Electric	Yes	WAT	TA	18.2	0	18.2
FY12	P122126	FBS—Pro-Poor Govt. in Water and Electric	Yes	EAE	TA	65.4	0	65.4
FY12	P126807	Albania Repeat PEFA Assess-ment	No	GOV	TA	−8.7	145.4	136.6
FY13	P127294	Albania #10051 Liberalizing MTPL Ins Mkt	No	FCI	TA	0	248.5	248.5
FY13	P127599	Pension Reform TA	No	SPL	TA	112.1	0	112.1
FY13	P130386	Universal Access and Service ICT Sector	No	TDD	TA	1.7	148.0	149.7
FY13	P130439	Albania #10177 Strength Deposit Insurance	No	FCI	TA	0	82.0	82.0
FY14	P131457	Support to PFM Strategy in Albania	No	GOV	TA	0	46.2	46.2
FY15	P115786	Albania CGAC Program—GPF Grant	No	GOV	TA	11.9	31.7	43.5
FY16	P149745	Reducing Risk and Building Resilience	No	URS	TA	0	244.8	244.8
FY16	P150997	Albania B004 Pension Supervsn	No	FCI	TA	0	260.7	260.7

Fiscal Year	Project ID	Project Name	Fee-Based Flag	Global Practice	Product Line	BB Actual Cumulative Cost ($, T)	TF Actual Cumulative Cost ($, T)	Actual Total Cumulative Cost ($, T)
FY16	P154086	Citizen-Centric Service Delivery JIT TA	No	n.a.	TA	41.3	0	41.3
FY17	P158420	Albania Energy PISA	No	EAE	TA	34.8	0	34.8
		Total				2,698.70	3,504.60	6,203.20

Source: World Bank Business Intelligence as of April 16, 2019.

Note: AA = analytical and advisory activities; AGR = Agriculture; ASA = advisory services and analytics; BB = bank budget; CGAC = Country Governance and Anti-Corruption; CP = contingency plan; DeMPA = Debt Management Performance Assessment; EAE = Energy and Extractives; EDU = Education; EW = economic and sector work; FBS = fee-based service; FCI = Finance, Competitiveness, and Innovation; FSAP = Financial Sector Assessment Program; FY = fiscal year; GOV = Governance; GPF = governance partnership facility; ICT = information and communication technology; JIT = just-in-time; MDTF = multidonor trust fund; MTI = Macroeconomics, Trade, and Investment; MTPL = Motor Third Party Liability; n.a. = not applicable; PEFA = Public Expenditure and Financial Accountability; PFM = public finance management; PISA = Programme for International Student Assessment; POV = Poverty; SPL = Social Protection and Labor; T= thousands; TA = technical assistance; TDD = Transport and Digital Development; TF = trust fund; URS = Social, Urban, Rural, and Resilience; WAT = Water; WSS = water supply and sanitation.

Table C.4. Albania Trust Fund Financing, FY11–19

No.	Project ID	Project	Loan	Approval FY	Closing FY	Practice	Approved Amount ($)
1	P129332	Second MDTF for Capacity Building Support to Implement the IPS (IPS 2)	TF A8666	2019	2019	GOV	1,679,172.50
2	P164029	Developing a National Strategy for the Development of Statistics in Albania	TF A7240	2019	2020	MTI	133,200.00
3	P158380	SUPPORT TO EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE COMPLIANCE PROCESS PROJECT	TF A6493	2018	2020	EAE	600,000.00
4	P159931	Development of Public Sector Accounting	TF A5134	2018	2020	GOV	376,500.00
5	P159931	Development of Public Sector Accounting	TF A3277	2018	2020	GOV	1,073,500.00
6	P158380	SUPPORT TO EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE COMPLIANCE PROCESS PROJECT	TF A1769	2016	2020	EAE	400,000.00
7	P153167	Albania: Procurement Performance Enhancement Project	TF 19164	2016	2018	GOV	270,000.00
8	P153211	Albania FSA—SECO Trust Fund for Strengthening Supervisory Capacities	TF 18931	2015	2019	FCI	1,583,720.81
9	P152567	Albania—Enhancing Quality of Financial Reporting (EQ-FINREP)	TF 19228	2015	2020	GOV	2,076,347.50
10	P130492	ENVIRONMENTAL SERVICES PROJECT	TF 18238	2015	2019	ENR	7,960,000.00
11	P128412	ENVIRONMENTAL SERVICES	TF 17364	2015	2020	ENR	2,880,000.00
12	P132982	Results-Based Road Maintenance and Safety Project	TF 14761	2014	2015	TDD	700,000.00
13	P143963	Albania MDTF for Extractive Industry Transparency Initiative (EITI), Implementation Support, Phase III	TF 14999	2014	2016	EAE	420,000.00
14	P129332	Second MDTF for Capacity Building Support to Implement the IPS (IPS 2)	TF 13972	2013	2019	GOV	4,833,416.17
15	P132679	Land Degradation Enabling Activities—Albania	TF 13194	2013	2016	n.a.	150,000.00

No.	Project ID	Project	Loan	Approval FY	Closing FY	Practice	Approved Amount ($)
16	P121186	Water Resources and Irrigation Project	TF 14255	2013	2019	WAT	5,094,000.00
17	P132129	Revision of the National Biodiversity Strategy and Action Plan	TF 12599	2013	2015	n.a.	220,000.00
18	P096263	Land Administration and Management Project (LAMP)	TF 12392	2013	2014	URS	2,706,130.77
19	P116632	Albania: Extractive Industries Transparency Initiative Implementation	TF 12148	2012	2013	EAE	110,000.00
20	P127684	Supporting to increasing security of Albania's e-procurement system	TF 11176	2012	2013	GOV	100,000.00
21	P120961	Free Standing TF on Natural Resource Development	TF 11576	2012	2014	ENR	2,716,027.50
22	P125591	REPARIS Albania MDTF No. TF098923 Corporate Financial Reporting Enhancement Project	TF 98923	2011	2014	GOV	1,819,875.96
23	P122216	Albania—Mini Development Marketplace for Governance	TF 97338	2011	2013	n.a.	140,000.00
24	P110845	Disaster Risk Mitigation and Adaptation Project	TF 99141	2011	2013	URS	600,000.00
25	P102733	Water Sector Investment Project	TF 93096	2010	2013	WAT	980,000.00
26	P116632	Albania: Extractive Industries Transparency Initiative Implementation	TF 96009	2010	2012	EAE	275,000.00
27	P114789	Strengthening Aarhus Convention Implementation	TF 94711	2010	2013	TDD	370,000.00
28	P113978	Youth Empowerment through Community Development in Albania	TF 93709	2010	2014	URS	1,155,700.00
29	P084605	ALBANIA/MONTENEGRO LAKE SKHODER INTEGRATED ECOSYSTEM MANAGE	TF 91937	2009	2013	n.a.	1,990,000.00
30	P105143	Albania MD Capacity Building and Support to Implement the Integrated Planning System	TF 90843	2008	2012	GOV	6,391,344.03
31	P085089	Albania Butrint Global Biodiversity and Heritage Conservation	TF 56176	2008	2011	ENR	950,000.00

No.	Project ID	Project	Loan	Approval FY	Closing FY	Practice	Approved Amount ($)
32	P096263	Land Administration and Management Project (LAMP)	TF 90309	2008	2014	URS	2,447,012.76
33	P096263	Land Administration and Management Project (LAMP)	TF 56729	2008	2013	URS	1,537,000.00
34	P091145	Afforestation and Reforestation of Refused Lands in Albania BioCarbon Fund Project	TF 56871	2007	2019	ENR	1,013,584.00
35	P100273	Avian Influenza Control and Human Pandemic Preparedness and Response Project	TF 56728	2007	2011	URS	800,000.00
36	P082814	Health System Modernization Project	TF 55804	2006	2012	HNP	1,610,000.00
37	P086807	Integrated Coastal Zone Management and Clean-Up Project (APL #1)	TF 55922	2006	2015	ENR	2,509,878.00
38	P086807	Integrated Coastal Zone Management and Clean-Up Project (APL #1)	TF 55065	2006	2015	ENR	2,230,000.00
39	P086807	Integrated Coastal Zone Management and Clean-Up Project (APL #1)	TF 54400	2006	2011	ENR	3,113,333.00
40	P082375	Natural Resources Development Project	TF 54995	2006	2011	AGR	5,047,773.57
41	P089061	Albania—Natural Resources Development Project	TF 54926	2005	2012	AGR	5,000,000.00

Source: Client Connection and Business Intelligence as of April 16, 2019.

Note: AGR = Agriculture; APL = adaptable program loan; EAE = Energy and Extractives; ENR = Environment and Natural Resources; FCI = Finance, Competitiveness, and Innovation; FSA = financial supervisory authority; FY = fiscal year; GOV = Governance; HNP = Health, Nutrition, and Population; IPS = implementation planning system; MDTF = multidonor trust fund; MD = multi-donor; MTI = Macroeconomics, Trade, and Investment; n.a. = not applicable; SECO = Swiss State Secretariat of Economic Affairs; TDD = Transport and Digital Development; TF = trust fund; URS = Social, Urban, Rural, and Resilience; WAT = Water.

Table C.5. IEG Ratings for World Bank Projects for Albania, Europe and Central Asia Region, and World, FY11–19

Region	Total Evaluated ($, millions)	Total Evaluated (no.)	Outcome Rated S (percent) By volume	Outcome Rated S (percent) By number	RDO Rated MS or Below (percent) By volume	RDO Rated MS or Below (percent) By number
Albania	451.2	17	86.2	76.5	20.2	35.3
ECA	32,900.2	334	90.3	79.5	61.4	57.1
World	183,979.2	2,083	82.3	72.7	55.7	45.3

Source: World Bank Business Intelligence as of April 11, 2019.

Note: ECA = Europe and Central Asia; FY = fiscal year; IEG = Independent Evaluation Group; MS = moderately satisfactory; RDO = risk to development outcome; S = satisfactory.

Table C.6. IEG Ratings for World Bank Projects for Albania, FY11–19

Exit FY	Project ID	Project Name	Total Evaluated ($, millions)	IEG Outcome	IEG Risk to DO	Agreement Type
2011	P078949	TRANSPORT	26.1	Satisfactory	Moderate	IBRD
2011	P082375	NATURAL RES DEVT	6.9	Moderately satisfactory	Significant	IDA
2011	P100273	AVIAN FLU—AL	3.9	Moderately satisfactory	Significant	IDA
2012	P077526	POWER SECTOR GENER and RESTRCT'G	24.7	Unsatisfactory	High	IDA
2012	P082814	HEALTH SYST MOD	14.5	Moderately unsatisfactory	Significant	IDA
2012	P090656	ECSEE APL2 (ALBANIA)	22.3	Moderately satisfactory	Significant	IDA
2012	P096643	AL Busi Env Ref and Insti Streng	9.2	Moderately satisfactory	Moderate	IBRD
2012	P105143	IPS Implementation	0.0	Moderately satisfactory	Moderate	RETF
2012	P116937	Social Sector Reform DPL	25.0	Moderately satisfactory	Moderate	IBRD
2013	P055383	SOC SERV DEVT	16.4	Moderately satisfactory	Moderate	IDA
2013	P078933	EDUC EXCEL and EQUITY	14.6	Moderately unsatisfactory	Moderate	IDA
2013	P107833	SECONDARY AND LOCAL ROADS	18.7	Highly satisfactory	Moderate	IDA
2013	P110845	DISASTER RISK MITIGATION	8.3	Moderately unsatisfactory	Significant	IBRD
2014	P096263	LAND ADMIN and MGMT PROJ	33.0	Satisfactory	Significant	IBRD
2015	P086807	COASTAL ZONE MGMT (APL #1)	15.8	Moderately satisfactory	Significant	IDA

Exit FY	Project ID	Project Name	Total Evaluated ($, millions)	IEG Outcome	IEG Risk to DO	Agreement Type
2015	P146280	AL Financial Sector DPL	96.3	Satisfactory	Significant	IBRD
2016	P147226	Public Finance DPL	115.5	Satisfactory	Significant	IBRD
		Total	451.20			

Source: World Bank Business Intelligence as of April 11, 2019.

Note: World Bank projects include International Development Association, International Bank for Reconstruction and Development, Global Environment Facility, and recipient-executed trust fund projects. AL = Albania; DO = development objective; DPL = development policy loan; FY = fiscal year; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; IEG = Independent Evaluation Group ; RETF = recipient-executed trust fund.

Table C.7. Projects at Risk for Albania and Comparators, FY11–19

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	Avg. FY11–19
Albania										
Projects (no.)	12	8	5	7	9	9	12	11	11	9
Projects at risk (no.)	2	3	3	2	1	2	2	3	4	2
Projects at risk (percent)	16.7	37.5	60.0	28.6	11.1	22.2	16.7	27.3	36.4	26.2
Net commitment ($, millions)	248.6	218.5	198.7	469.7	632.2	544.2	785.2	718.3	718.3	504
Commitment at risk ($, millions)	50.0	59.1	108.7	96.9	85.3	142.2	96.9	270.0	331.0	138
Commitment at risk (percent)	20.1	27.1	54.7	20.6	13.5	26.1	12.3	37.6	46.1	27.4
Europe and Central Asia										
Projects (no.)	242	201	189	202	207	197	202	204	205	205
Projects at risk (no.)	38	41	45	36	30	40	34	45	46	39
Projects at risk (percent)	15.7	20.4	23.8	17.8	14.5	20.3	16.8	22.1	22.4	19.2
Net commitment	22,413.8	22,859.4	24,478.6	26,638.2	26,192.1	27,213.5	25,219.5	26,524.9	26,247.6	25,310
Commitment at risk	2,095.9	2,644.2	3,817.5	2,619.0	3,507.2	4,288.2	5,460.1	4,138.4	5,343.9	3,768

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	Avg. FY11–19
Commitment at risk (percent)	9.4	11.6	15.6	9.8	13.4	15.8	21.7	15.6	20.4	14.9
World										
Projects (no.)	1,454	1,371	1,337	1,386	1,402	1,398	1,459	1,497	1,517	1,425
Projects at risk (no.)	302	304	339	329	339	336	344	348	366	334
Projects at risk (percent)	20.8	22.2	25.4	23.7	24.2	24.0	23.6	23.2	24.1	23.5
Net commitment	165,792.3	166,208.1	169,430.6	183,153.9	191,907.8	207,350.0	212,502.9	229,965.6	231,962.0	195,364
Commitment at risk	22,573.0	23,324.5	39,638.0	39,748.6	44,430.7	42,715.1	50,837.9	48,148.8	53,702.3	40,569
Commitment at risk (percent)	13.6	14.0	23.4	21.7	23.2	20.6	23.9	20.9	23.2	20.8

Source: World Bank Business Intelligence database as of April 10, 2019.

Note: Only International Bank for Reconstruction and Development and International Development Association agreement types are included. FY = fiscal year.

Table C.8. IFC Investments in Albania, FY11–19

Project ID	Project Short Name	Institution Number	CMT FY	Project Status	Primary Sector Name	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net CMT
IFC investments in Albania committed in FY11–19 ($, thousands)														
33378	Kurum Hydro	747848	2014	Active	Electric power	144,261	44,911	—	44,911	4,039	—	40,872	—	40,872
32190	Credins EE/RE	568237	2013	Closed	Finance and insurance	12,581	11,806	—	11,806	6,736	—	5,070	—	5,070
32749	Credins Swap	568237	2013	Closed	Finance and insurance	50	50	—	50	50	—	—	—	—
33077	Bankers II	622404	2013	Closed	Oil, gas, and mining	439,000	50,000	—	50,000	50,000	—	—	—	—
33093	GTFP UNION BANK	696024	2013	Active	Finance and insurance	2,000	718	—	718	—	—	718	—	718
29208	CEZ Albania	685904	2012	Closed	Electric power	69,158	72,378	—	72,378	44,046	—	28,332	—	28,332

Project ID	Project Short Name	Institution Number	CMT FY	Project Status	Primary Sector Name	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net CMT
30979	enso Albania	692149	2012	Active	Electric power	139,728	—	8,662	8,662	—	—	8,662	8,662	8,662
32001	Antea RI	629688	2012	Active	Non-metallic mineral product manufac-turing	6,698	—	6,698	6,698	—	—	6,698	6,698	6,698
					Subtotal	813,475	179,863	15,360	195,223	104,871	—	90,352	15,360	90,352
IFC investments in Albania committed before FY11 but active during FY11–19 ($, thousands)														
25323	SEF Kon-struksion	564441	2007	Active	Primary metals	6,791	2,632	—	2,632	—	—	2,632	—	2,632
					Subtotal	6,791	2,632	—	2,632	—	—	2,632	—	2,632
					Total	820,266	182,495	15,360	197,855	104,871	—	92,984	15,360	92,984

Source: International Finance Corporation management information system as of April 17, 2019.

Note: — = not available; CMT = commitment; FY = fiscal year; GTFP = Global Trade Finance Programme; IFC = International Finance Corporation.

Table C.9. IFC Advisory Services in Albania, FY11–19

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Business Line Name	Total Funds ($)
IFC advisory services in Albania committed in FY11–19						
601642	Western Balkans Regional Investment Policy and Promotion Project	2017	2020	Active	Equitable Growth, Finance and Institutions	2,765,999
600476	Albania Investment climate and agribusiness competitiveness	2016	2020	Active	Equitable Growth, Finance and Institutions	2,279,277
601598	Albania: establishment of a day-ahead electricity market	2016	2020	Active	Transaction Advisory	773,999
600511	Albania Labs PPP	2015	2019	Hold	Transaction Advisory	718,550
599428	ECA DR Western Balkan	2014	2019	Active	Equitable Growth, Finance and Institutions	2,502,136
600200	AlbPetrol PPP	2014	2015	Terminat-ed	Transaction Advisory	1,276,142
599053	Albania Solid Waste	2013	2017	Closed	Transaction Advisory	1,009,189
583387	Albanian hydroelectric power plant privatization	2012	2013	Closed	Transaction Advisory	923,665
29970	Albanian Highway	2011	2018	Closed	Transaction Advisory	2,421,449
566368	Albania Subnational Regulatory Simplification and Investment Generation	2011	2012	Closed	Investment Climate	710,975
	Subtotal					15,381,381

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Business Line Name	Total Funds ($)
IFC advisory services in Albania committed before FY11 but active during FY11–19						
568367	Residential Energy Efficiency Project, Albania	2010	2016	Closed	Financial Institutions Group	769,201
575568	Renewable Energy Albania Small Hydro Power	2010	2016	Closed	Infrastructure and Natural Resources	1,286,580
563668	ADR ALBANIA Phase II	2009	2011	Closed	Investment Climate	247,787
564807	Integrated Solid Waste Management, Albania	2009	2012	Closed	Sustainable Business Advisory	485,000
565267	ISTR AL Exten	2009	2012	Closed	Sustainable Business Advisory	434,297
567127	CorpGovAlb-II	2009	2012	Closed	Sustainable Business Advisory	398,192
	Subtotal					3,621,057
	Total					19,002,438

Source: International Finance Corporation management information system of May 31, 2018.

Note: This table does not include regional projects: 601333—ECA Energy Solutions for Power and District Heating Sector, ECA Power Program; 595107—see Tax Transparency and Simplification Project; 595728—Balkan Renewable Energy Program; 571707—ECA Risk Management and ECA SME Banking Program (2009–14). ADR = Alternative Dispute Resolutions; AL = Albania; DR = debt resolution; ECA = Europe and Central Asia; FY = fiscal year; IFC = International Finance Corporation; Impl. = implementation; ISTR = International Standards and Technical Regulations; PPP = public-private partnership; SME = small and medium enterprises..

Table C.10. IFC Net Commitment Activity by Sector, Product Category in Albania, FY11–19

Sector	2011	2012	2013	2014	2015	2016	2017	2018	Total
Long-term investment commitment									
Financial markets	—	—	11,814,350	314,820	(7,371,270)	—	(50,000)	—	4,707,900
Other manufacturing, agribusiness, and services sectors	—	—	—	45,435,272	(5,034,094)	7,970	—	—	40,409,147
Manufacturing	—	6,758,006	48,700	58,300	(246,700)	(3,750)	25,650	27,650	6,667,856
Tourism, retail, construction, and real estate	1,246,875	(1,080,150)	(3,879,760)	56,350	(6,296,050)	—	—	—	(9,952,735)
Oil, gas, and mining	—	25,000,000	50,000,000	—	(2,000,000)	—	(61,770,670)	—	11,229,330
Infrastructure	—	73,698,800	(40,604,614)	217,550	(557,552)	(8,475)	57,970	62,490	32,866,169
Total IFC long-term investment commitment	1,246,875	104,376,656	17,378,676	46,082,291	(21,505,666)	(4,255)	(61,737,050)	90,140	85,927,667
Short-term finance/trade finance									
Average outstanding balance	199,373	—	—	133,429	224,657	—	—	—	557,459

Source: International Finance Corporation management information system as of April 17, 2019.

Note: International Finance Corporation (IFC) began reporting average outstanding short-term commitments (not total commitments) in fiscal year 2015 and no longer aggregates short-term commitments with long-term commitments. The Independent Evaluation Group uses net commitment number for IFC's long-term investment. For trade finance guarantees under the Global Trade Finance Program, average commitment numbers have been used. — = not available; FY = fiscal year.

Table C.11. IFC Original Commitment Activity by Sector, Product Category in Albania, FY11–15

Sector	2011	2012	2013	2014	2015	Total
Financial markets	0	0	11,856,200	0	0	11,856,200
Trade finance	398,745	0	0	266,859	449,315	1,114,918
Other manufacturing, agribusiness, and services sectors	0	0	0	44,911,350	0	44,911,350
Manufacturing	0	6,697,890	0	0	0	6,697,890
Oil, gas, and mining	0	25,000,000	50,000,000	0	0	75,000,000
Infrastructure	0	81,039,400	0	0	0	81,039,400
Total	398,745	112,737,290	61,856,200	45,178,209	449,315	220,619,758

Source: International Finance Corporation management information system as of April 17, 2019.

Note: Data available only up to FY15. FY = fiscal year; IFC = International Finance Corporation.

Table C.12. Multilateral Investment Guarantee Agency Activities in Albania

Project Name	Fiscal Year	Status	Sector	Gross Exposure ($, millions)
Alpha Bank Albania Sh.a.	2016	Active	Banking	52.9
RBI Central Bank mandatory reserves coverage	2015	Active	Banking	111.2
Energji Ashta Shpk (Ashta)	2012	Active	Power	159.4
ProCredit Bank S.A.	2011	Active	Banking	25
Total				348.5

Source: Multilateral Investment Guarantee Agency April 23, 2019 with project brief.

[1] Average annual International Development Association and International Bank for Reconstruction and Development disbursements accounted for 44 percent of average annual total official development assistance disbursements during fiscal years 2011–16 (Independent Evaluation Group calculation based on World Bank Business Intelligence and Organisation for Economic Co-operation and Development aid data).

Appendix D. Results Framework

Table D.1. Results Framework: World Bank Group Objectives, Outcomes, and Indicators

Objectives and Outcomes Sought	Associated Indicators
Pillar 1: Strengthening macrofinancial management and public service delivery	
1.1. Strengthening fiscal management and public service delivery	
Improved credibility and contestability of fiscal policy, national economic statistics, reporting on development outcomes, and governance of public spending (FY11–14)	» Adoption of a fiscal rule or equivalent anchor for fiscal policy by 2014 » Medium-term budget planning process includes institutionalized program for ex post budget analysis by 2013 » NSDI progress reports include reporting on budget execution and independent statistical information on targets and outcomes » All public investment planned through new procedures and fully integrated in the medium-term budget planning process by 2013 » Further reduction in reported share of contract value that respondent firms report paying to obtain government contracts (status: 4.4 percent; target: closer to subregional averages)

Objectives and Outcomes Sought	Associated Indicators
Support improved fiscal sustainability (FY15–19)	» No accumulation of new central government arrears and arrears backlog cleared (baseline: 2.6 percent of GDP, 2014; target: no central government arrears, 2018) » Supplementary progress indicators included: » No further accumulation of state-owned enterprises and budgetary institutions payables and arrears to energy companies by the end of 2016 (from CPF objective 2c on energy security) » Reduce public and publicly guaranteed debt-to-GDP ratio to 65 percent by 2017, 61 percent by 2018, and 60 percent by 2019 (baseline: 71 percent) » Percentage deviation between actual and budgeted expenditure not more than 5 percent in 2015, 2016, and 2017 » Central government arrears stock as of the end of 2015 is less than 1 percent of GDP » Revised Organic Budget Law approved by parliament (2015) » 50 percent and 70 percent of municipalities prepare annual municipal development plans, 2018 and 2019, respectively
Strengthen public investment management in the transport sector (FY15–19)	» All road sector investment appraised for economic viability and aligned with medium-term budget framework (baseline: ad hoc planning and budgeting of capital investments, 2015 [target: all road sector investments aligned with the medium-term budget framework, 2018]) » Supplementary progress indicators included: » Development of sustainable PPP for improving road conditions through PPP advisory services and investment » Road investment program prepared with feasibility, economic analysis, prioritization, and resource requirements for implementation; draft prepared (2016) and approved (2017)

Objectives and Outcomes Sought	Associated Indicators
Improve efficiency of public service delivery (FY15–19)	» Reduction in time required for citizens to obtain targeted administrative services (baseline: 0 percent, 2014; target: 15 percent reduction, 2019) » Supplementary progress indicators included: » Number of key services with business process reengineered » Number of key services with level 2, 3, and 4 automation
1.2. Strengthening the financial sector	
Improve access to credit (CPS FY11–14)	» Local banks' portfolios stronger, more efficient, and diversified » More loans made to local companies (especially SMEs); services to clients have improved » Service quality of microfinance institutions improved, lending has increased, especially in remote rural areas Milestones: » Balance between demand and supply for lending has improved » Banks have improved compliance with Bank of Albania regulations for managing nonperforming loans » Banks' loan portfolios more diversified » Network of microfinance institutions has expanded throughout Albania, offers more diversified products
Strengthen financial sector stability (added in CPSPR April 2013) Strengthen financial sector stability (CPF FY14–19)	» Back-stop facility with the Ministry of Finance for the Deposit Insurance Authority established » Foreign bank branches (which retain capital in country) converted into subsidiaries » Reduce NPLs to 20 percent of total loans or below (NPL baseline: 24.9 percent, 2014; target: 20 percent, 2018) » Supplementary progress indicators include the following: » NPLs decline (from 24.9 percent in 2014) by 2 percentage points in 2016 and another 2 percentage points by 2018

Objectives and Outcomes Sought	Associated Indicators
Pillar 2: Improving the conditions for private sector development	
2.1. Improving the business climate and developing sustainable tourism	
Increased satisfaction with quality of regulations (FY11–14)	» Business Environment and Enterprise Performance Surveys; customized survey (base: 3.3 in 2005; target: 2.5 in 2012; 1 = very satisfied; 6 = very dissatisfied) » Regulatory framework for business inspections revised and adopted » Increase in government officials trained in techniques for regulatory review (status: 3 in 2008; target: 175 in 2011)
Improving private sector compliance with selected EU and international requirements, particularly with respect to (i) accounting and auditing standards, and (ii) compliance with EU standards for exports (FY11–14)	» Bylaws and regulations developed for an audit oversight system in line with EU directives » National Accounting Council regularly publishes updated International Financial Reporting Standards » EU-compliant National Metrology Laboratory fully operational
Contribute to improved business environment (FY15–FY19)	» Improve Doing Business distance to frontier (baseline: Doing Business 2015, 66; target: DB2018: 74) » Increase number of firms, especially in export-oriented sectors; Target 3–5% increase in number of firms Baseline: 111,000 firms—2013, Target: additional 4400—2018
Support sustainable tourism development (FY15–FY19).	» Key infrastructure (port, water supply, landfill) operational in south coast for sustainable tourism: Baseline: Absence of key operational infrastructure—2012, Target: Key infrastructure operational—2015
2.2. Improving land and property registration	

Improving business regulations and reducing compliance costs for the private sector (FY11–14)	» Reduction in the time for registering immovable property transactions by
	  » Developing a land and property rights regime
	  » Complete computerization of IPRO in Tirana

Provide expanded and inclusive land and property registration (FY15–19) (Dropped because of cancellation of the proposed Integrated Land Management Project)	» Increase in percentage of properties registered in the digital registration system, gender disaggregated, to 15 percent (indicator dropped because of cancellation of the proposed Integrated Land Management Project) » Increase in the number of property transactions submitted online from 10 percent to 20 percent (indicator dropped because of cancellation of the proposed Integrated Land Management Project)

Objectives and Outcomes Sought	Associated Indicators
2.3. Improving access to and quality of infrastructure services	
a. Energy	
Improved domestic energy supply (800 gigawatts of additional power supply per year), transmissions system operation, safety and operational efficiency of hydropower dams (FY11–14)	» Complete construction and initiate commercial operations of Vlore Thermal Power Plant » Rehabilitation of three substations completed » Complete restructuring of transmission system operator and business plan, including new tariffs approved » Remedial measures of high and medium priority targeting spillways and other dam infrastructure completed
Improved cost recovery within the electricity distribution system (FY11–14)	» Timely tariff adjustments approved for distribution system operator and retail public supplier in conformity with the agreed regulatory statement » Financial recovery program in the sector to allow the Albanian Power Corporation (KESH) to clear its arrears to suppliers
Promote energy efficiency and use of cleaner energy (FY11–14)	» Number of projects signed (base: 0 in 2010; target: 5 in 2013) » Cooperation agreements signed with five banks to implement the Residential Energy Efficiency Program » Revised step-in rights law encourages banks to finance small hydropower plants
Support enhanced energy security, efficiency, and supply (FY15–19)	Electricity distribution losses are 19 percent (baseline: 38 percent, 2014) Electricity customer collection rate is maintained at a sustainable average rate of 90 percent between 2015 and 2019 (baseline: 80 percent, 2014) Electricity market deregulation on the demand side reached 20 percent of total net demand (baseline: 9 percent, 2014; target year: 2018)

Objectives and Outcomes Sought	Associated Indicators
b. Roads	
Improved road conditions and sustainability of road investments (FY11–14)	108 kilometers in local and secondary roads reconstructed and rehabilitated (by World Bank project) Improved road access to services and markets (status: 0 in 2010; target: 26 communities in 2012) Increase in share of regional and local roads in better conditions (status: 0 kilometers in 2009; target: 108 in 2012) Creation of an asset management system for secondary local roads and Albania National Road Authority Percentage of the national road network covered by performance-based maintenance contract (status 0 in 2009; target 10 percent in 2014)
Provide strengthened public investment management in transport sector (FY15–19) (linked to the public finance pillar)	All road sector investments appraised for economic viability and aligned with medium-term budget framework (baseline: ad hoc planning and budgeting of capital investments, 2015; target: all road sector investments aligned with the medium-term budget framework, 2018) Supplementary progress indicator: development of sustainable PPP for improving road conditions through PPP advisory services and facilitation of investments in financing for highways to improve access to transportation for 100,000 people
Pillar 3: Improving the management of land, water, and the environment	
3.1. Reducing vulnerabilities to climate change, improving land productivity (erosion control and irrigation), and improving waste management	
Reducing upstream risks of erosion by improving management of Albania's wetlands, forest, and pasture resources and water catchments to (i) increase income earned from activities in communal forest and pasturelands, and (ii) reduce erosion (FY11–14)	Continued implementation of community-based microcatchment management plans in 30 communes and community-based forest and pasture management plans in 239 communes 400,000 tons of erosion reduced Restructured forest extension services 181,000 tons of carbon sequestered from sustainable forest activities

Objectives and Outcomes Sought	Associated Indicators
Improved critical public environmental infrastructure and municipal services (FY11–14)	At least 5,000 tons of household waste safely disposed of in accordance with EU standards along the south coast 48,000 tons of sewerage treated in coastal cities
Improvements in the framework for management of water resources (FY11–14)	Capacity-building programs provided to the National Water Council, water user association, and drainage boards Joint Albania-Montenegro Lake Shkodra management cross-border institution fully operational
Contribute to increased productivity and sustainability of land use (FY15–19)	24,000 hectares provided with improved irrigation and drainage services in agricultural land benefiting water users Sustainable land management practices adopted for 7,000 hectares of additional land area
Pillar 4: Improving the quality of service provision in the social sectors	
4.1. Improving access to and quality of education services and understanding labor market constraints	
Improved access to and quality of secondary education (FY11–14)	Complete reform of all three grades of secondary curricula Increase in secondary enrollment (status: 60 percent in 2009; target: 100 percent at the end of 2014) Increase in teachers participating in continuous professional development (status: 25 percent in 2009; target: 70 percent at the end of 2010) Triple shifts eliminated, double shifts reduced in secondary schools Construction of 12 new schools, extension of 8 existing schools, and rehabilitation of 10 schools completed by the end of 2013
Reformed higher education institutions with fully functioning quality assurance system (FY11–14)	Performance-based financing in place for all 11 public universities by 2014 100 university labs provided with modern didactic equipment A fully functioning quality assurance system for higher education
4.2. Improving access to and quality of health services	
Improved access to quality primary health care (FY11–14)	Universal retraining of primary health care providers completed Basic benefits package for primary health care established and implemented

Objectives and Outcomes Sought	Associated Indicators
Improve the efficiency of public spending on health care (FY11–14)	Decrease in the share of public sector spending on hospital care Unification of primary and secondary health care purchasing under the Health Insurance Institute Increase in the population enrolled in health insurance (status: less than 10 percent in 2009; target: 70 percent in 2014) All public hospitals financed under performance-based contracts to achieve efficiency in spending and reduce share of hospital spending in total health spending (status: 58 percent; target: 48 percent)
Contribute to increased efficiency and access to health services (FY15–19)	Reduced percentage of income spent on out-of-pocket health expenditures for the poorest quintile (baseline: 9 percent, 2012; target: 7 percent, 2018)
4.3. Improving the coverage, targeting, and efficiency of social protection services	
Improve the solvency of the pension system (FY11–14)	Parametric reform of the pension system Gradual decline of 1 percent per year in dependency rate—total number of beneficiaries divided by total number of contributors (baseline: 83 percent, 2013)
Improve the participation in the pension system (FY11–14)	Improved participation: 30 percent of the working-age (ages 15–64) population (baseline in 2010, target: 1–2 percent increase in the CPS period)
Improved efficiency of social assistance expenditure and benefit administration to increase the percentage of the poor receiving means-test-based social assistance and to improve the equity and effectiveness of the Ndihma Ekonomike program (FY11–14)	Assessment procedures and eligibility criteria revised for disability benefits (including disability pensions) Electronic central registry of beneficiaries introduced and fully operational Coverage of the poor by the Ndihma Ekonomike program estimated to increase (status: 22 percent, 2008; target: 40 percent, 2014) Improved financial management systems and fraud and error controls for Ndihma Ekonomike fully operational

Objectives and Outcomes Sought	Associated Indicators
Support improved equity and access to social protection services (FY15–19)	Coverage of the poorest income quintile by Ndihma Ekonomike increases to 38 percent (baseline: 25 percent, 2012; target: 38 percent, 2019) Pensions sublaws developed to implement pension reforms (2015) Adoption of social model for disability assistance eligibility criteria (2017) Establishment of management information system for social assistance programs (2017) Operations guidelines adopted for system-based inspection for detection and remedy of fraud and error in social assistance programs, implementation of guidelines (2018) Percentage of households receiving benefits for Ndihma Ekonomike program that have been screened for eligibility using the Unified Scoring Formula (baseline: 0; target: 50 percent, 2016; 95 percent nationwide, 2018)
4.4. Improving access to and quality of water and sanitation services	
Improve the conservation, management, and efficient use of Albania's water resources (FY11–14)	Improved critical public environmental infrastructure and municipal services as evidenced by tons of treated sewerage in coastal cities (target: 48,000 tons)
Provide enhanced coverage of water and sanitation services (FY15–19)	Piped household water and sewer connections that are benefiting from rehabilitation works undertaken by the Water Sector Investment Project (Indicators and targets: 77,000 household water connections; 3,000 sewer connections)

Source: Independent Evaluation Group.

Note: CPF = Country Partnership Framework; CPS = Country Partnership Strategy; CPSPR = CPS Progress Report; EU = European Union; FY = fiscal year; GDP = gross domestic product; IPRO = Immovable Property Registration Office; NPL = nonperforming loan; NSDI = National Strategy for Development and Integration; PPP = public-private partnership; SME = small and medium enterprise.

Appendix E. Donor Coordination

World Bank Group coordination with other partners was good in fiscal management, the financial sector, and land administration, generally positioning it at the policy and strategy level. In several areas, Bank Group advisory services and analytics (ASA) induced a division of labor among partners where it was providing (sometimes joint) policy advice in addition to supporting specific capacity-building initiatives. In public finance management and the financial sector, the World Bank and the International Monetary Fund provided intellectual leadership in helping the government articulate the reform agenda based on which support from several other donors coalesced. More generally, World Bank–International Monetary Fund collaboration was strong, with World Bank technical work notably contributing to the International Monetary Fund program beginning in 2014. In parallel, the World Bank (sometimes in partnership with the International Finance Corporation [IFC]), helped execute key reforms (such as resolution of nonperforming loans) and provided technical assistance to build capacity (for example, of Albanian Financial Supervisory Authority to regulate and supervise nonbank financial institutions). In land administration, the World Bank coordinated actively with key partners, acting as a convener of donor support and leading the land administration strategy dialogue with the government. Labor was adequately coordinated and divided among partners; using advisory services and technical assistance, the World Bank led an initiative working with the European Union (EU) to prepare an integrated land management program road map that underpins the government's land administration reform strategy.

A similar pattern could be seen in water resource management, irrigation, forestry, and land use management. A close partnership with the Swedish International Development Cooperation Authority allowed World Bank financing to be concentrated on policy dialogue with the government and infrastructure development for irrigation. Through trust funds, the Swedish International Development Cooperation Authority helped provide technical assistance for river basin management, forest inventory, and land registra-

tion (through a twinning arrangement with the Swedish Cadastral Agency), and support for Albania meeting the instrument for preaccession assistance for rural development conditions for EU accession through a program with the Swedish Environmental Protection Agency. The EU has been a strong partner on climate change mitigation, providing grant financing for technical assistance aimed at policy formulation and strategy development.

In the social sectors, the World Bank similarly provided intellectual leadership and led the policy dialogue, and coordination and collaboration with other partners was good. In education, the World Bank worked closely with other partners to implement its legacy Education Excellence and Equity Project, which gave it a good handle on sector policy dialogue, but it exited the sector after 2013, shifting its focus to intellectual leadership on skills and jobs. In health, the World Bank was a key player during the Country Partnership Strategy period through ASA and Health System Modernization Project financing (with assistance of a Japan Professional Human Resource Development Project grant). ASA provided significant intellectual contributions to the diagnosis of key sector challenges and the development of options for reform very much focusing on access to, efficiency, and quality of service delivery, and financing of health care services. In the Country Partnership Framework period, the World Bank shifted its focus to improving hospitals' management and performance-based resource allocation, health management information systems, and further financial access to health care, dividing labor with the Swiss Development Cooperation, which has supported primary health care since 2013. In social protection, World Bank ASA (including patient consensus building) resulted in shared diagnostics and vision for reform, where the World Bank took the lead on pensions and social and disability assistance reform while other donors focused on social care reform and on strengthening the capacity of local governments to provide these services. Toward the end of the evaluation period, the World Bank initiated regional work on the vulnerable Roma minority in collaboration with other partners.

Regarding business climate, energy, road transport, and urban water and sanitation, coordination with other partners was good, but Bank Group strategic leadership was less evident. Regarding the business climate, labor was adequately divided, with the Bank Group focusing on enhancing the quality

of regulations, notably improving regulatory frameworks and drafting laws. Collaboration was limited in the cross-cutting area of tourism development. The World Bank and IFC collaborated well with other major partners—the European Bank for Reconstruction and Development and KfW—in their support for Albania's energy sector. The World Bank coordinated with KfW to improve the safety, capacity, and efficiency of the country's largest hydro facilities and supported sector reform elements together with KfW. These covered unbundling the electricity sector and laying the basis for liberalizing the electricity market for integrating it with the larger European market. IFC collaborated well with the European Bank for Reconstruction and Development to contribute to the successful opening of Albania's oil sector and help address the sector's environmental legacy issues. In transport, World Bank convening helped raise commitments of $386 million from a diverse group of partners, each of which financed specific segments of the government's Secondary and Local Roads Improvement Program. In water and sanitation, the World Bank has concentrated on a single major city, Durres, and coordinates closely with KfW (which has long-term support programs for water and sanitation services in several other Albanian cities) and the German Agency for International Cooperation (which is the lead donor partner for rural water and sanitation service and sector policy dialogue).

Appendix F. World Bank Group Support for European Union Accession

World Bank Group support for meeting the requirements of European Union (EU) accession was consistent and often, though not always, explicit. In public financial management, the financial sector, energy, water and sanitation, and environmental protection reforms and investments supported by the Bank Group helped align laws, regulations, practices, and governance arrangements with the EU acquis. In the financial sector, World Bank support played a key role in overhauling Albania's legal and regulatory framework to meet EU standards for the regulation and supervision of bank and nonbank financial institutions and for the resolution of nonperforming assets and distressed institutions, per chapter 9 of the acquis (on financial services). In education, World Bank support for revising and implementing the secondary education curriculum helped align it more closely with European standards. Regarding higher education, World Bank support helped assure Albania's continued adherence to the Bologna Process, which seeks compatibility in standards and quality of higher education institutions across EU members. The International Finance Corporation's support for cleanup of the legacy of decades of environmental damage from Albania's state-run petroleum industry helped conform to EU environmental standards.[1]

A limited part of the Bank Group's engagement helped lay the groundwork for EU accession through regional initiatives. The World Bank played an active if informal role in promoting improved cooperation among countries in southeastern Europe at key junctures. For example, it reportedly played a key role in brokering a historic rapprochement between Albania and Serbia.[2] Formal project initiatives selectively supported group progress on the EU accession agenda. In energy, for instance, the World Bank has notably taken a regional approach to strengthening the safety of dams and hydroelectric production.[3] Recently, the Bank Group has begun delivering advisory services and financing to support implementation of commitments under the

Berlin Process.[4] One area of focus concerns the harmonization of investment policies with the EU and broader global community, where the Bank Group is helping the countries prepare and implement individually tailored but harmonized reform action plans covering incentives and promotion, retention and protection, and so on.

[1] Chapter 27 of the acquis, on environment. The associated International Finance Corporation investments were Bankers Petroleum Albania Ltd. and Bankers Petroleum II, both approved in fiscal year (FY) 2013. Investments supported gradual transfer of oil and gas operations from the state company Albpetrol to a Canadian oil and gas exploration and production company, with attendant improvements in environmental and social safeguards.

[2] As indicated previously, a key milestone was a 2014 visit by Albanian Prime Minister Edvin Rama to Serbia in 2014.

[3] The World Bank supported the alignment of dam safety standards across southeastern European countries, including Albania. The regional lending instrument is the FY08 Energy Community of Southeastern Europe APL5 Dam Safety Project, which has been restructured to rectify initial design flaws and received two rounds of additional financing, now targeted for completion in FY20. Earlier, the Energy Community of Southeastern Europe APL2 Transmission Project, which closed in FY12, had helped strengthen interconnectedness of regional power systems.

[4] The Berlin Process is an initiative to boost regional cooperation among the Western Balkan countries, including Albania, and their European integration.

Appendix G. Risk to Implementation Ratings

During fiscal years 2010–19, there were 19 International Bank for Reconstruction and Development—International Development Association projects in Albania, with risk to implementation ratings ranging from high to low. Table G.1 presents the risk rating by category and by overall implementation risk. About 64 percent of the projects were rated high and substantial, and 26 percent were rated moderate. Only 1 project was rated low, and 1 did not have a rating. Risks are grouped into five different categories: capacity, stakeholder, social and environmental, political and governance, and implementation and sustainability. Although most of the categories are rated substantial, the category rated with high risk is capacity, followed by stakeholder and implementation and sustainability risks (table G.1). The breakdown of the analysis is:

- Capacity risks: About 63 percent of the projects rated capacity risk as substantial, followed by high (16 percent) and moderate (11 percent). Three projects rated this category high.
- Stakeholder risks: About 53 percent of the projects rated stakeholder risks as substantial, and 21 percent (4 projects) rated it as low.
- Social and environmental risks: Most of the projects (37 percent) rated social and environmental risks as low, and 31 percent rated it as moderate.
- Political and governance risks: About 63 percent (12 projects) rated political and governance risks as substantial, and 26 percent (5 projects) rated it as moderate. Only 1 project rated this category as high.
- Implementation and sustainability risks: About 52 percent of the projects rated implementation and sustainability risks as substantial, and 21 percent

rated it as moderate. Two projects rated this category as high.

Table G.1. Risk to Implementation Ratings of IBRD-IDA Projects by Category, FY10–19
number (percent)

Ratings	Capacity	Stakeholder	Social and Environmental	Political and Governance	Implementation and Sustainability	Overall Implementation
High	3 (16)	2 (11)	1 (5)	1 (5)	2 (11)	2 (11)
Substantial	12 (63)	10 (52)	3 (16)	12 (63)	10 (52)	10 (53)
Moderate	2 (11)	2 (11)	6 (31)	5 (26)	4 (21)	5 (26)
Low	1 (5)	4 (21)	7 (37)	0 (0)	2 (11)	1 (5)
No rating	1 (5)	1 (5)	2 (11)	1 (5)	1 (5)	1 (5)

Source: Independent Evaluation Group analysis.

Note: FY = fiscal year; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association.

Appendix H. Statistics and Key Indicators

Table H.1. Albania Key Economic Indicators

Subject Descriptor (percent of GDP, unless otherwise indicated)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GDP growth (annual percent)	7.5	3.3	3.7	2.6	1.4	1.0	1.8	2.2	3.4	3.8
Agriculture, value added	16.8	16.8	18.0	18.2	18.8	19.6	20.0	19.8	19.9	19.0
Industry (incl. construction), value added	25.2	24.4	24.9	24.5	22.9	23.1	21.5	21.8	21.1	20.9
Services, value added	44.7	45.3	44.0	44.3	45.0	44.6	45.8	46.3	46.7	47.5
Inflation, consumer prices (annual percent)	3.4	2.2	3.6	3.4	2.0	1.9	1.6	1.9	1.3	2.0
Total revenues and grants	26.7	26.0	26.1	25.4	24.8	24.0	26.3	26.4	27.4	27.7
of which: tax revenue	24.2	23.6	23.6	23.4	22.6	21.9	24.1	23.8	24.8	25.7
Total expenditure	32.3	33.5	29.9	28.9	28.2	29.2	32.2	31.0	29.6	29.7
Central government debt, total	n.a.	n.a.	n.a.	69.6	63.7	70.6	73.3	79.9	80.6	n.a.
Exports of goods and services	25.3	25.2	28.0	29.2	28.9	28.9	28.2	27.3	28.9	31.5
Imports of goods and services	52.1	49.9	48.6	52.0	47.6	47.0	47.2	44.5	45.7	46.6
Current account balance	−15.6	−15.4	−11.4	−12.9	−10.2	−9.3	−10.8	−8.6	−7.6	−7.5

Subject Descriptor (percent of GDP, unless otherwise indicated)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Foreign direct investment, net inflows	9.7	11.2	9.1	8.1	7.5	9.8	8.7	8.7	8.8	7.8
GDP (current $, billions)	12.9	12.0	11.9	12.9	12.3	12.8	13.2	11.4	11.9	13.0
GDP per capita (current $)	4,371	4,114	4,094	4,437	4,248	4,413	4,579	3,953	4,132	4,538
Population (millions)	2.95	2.93	2.91	2.91	2.90	2.90	2.89	2.88	2.88	2.87

Source: World Development Indicators database and International Monetary Fund.

Note: GDP = gross domestic product; n.a. = not applicable..

Table H.2. Albania Selected Social and Economic Indicators

Indicators	Albania							UMIC	ECA	EU
	1990	1996	2002	2005	2008	2012	Latest year (2014–17)			
GNI per capita (PPP, constant 2011 international $)	n.a.	4,793	6,585	7,862	9,193	10,301	11,886	16,554	28,877	36,145
Poverty headcount ratio at $1.90 a day (PPP, percent of population)	n.a.	1.1	2.0	1.1	0.4	1.1	n.a.	1.7	1.5	n.a.
Poverty headcount ratio at national poverty lines (percent of population)	n.a.	n.a.	25.4	18.5	12.5	14.3	n.a.	n.a.	n.a.	n.a.
Gini index	n.a.	27	32	31	30	29	n.a.	n.a.	n.a.	n.a.
Immunization, measles (percent of children ages 12–23 months)	88	92	96	97	98	98	96	95	95	94
Births attended by skilled health staff (percent of total)	93	91	98	100	n.a.	n.a.	n.a.	98	99	99
Maternal mortality ratio (modeled estimate, per 100,000 live births)	71	50	37	30	30	30	n.a.	41	16	8
Mortality rate, under-five (per 1,000 live births)	40	31	21	17	14	11	9	14	9	4
Life expectancy at birth, total (years)	72	72	75	75	76	77	78	75	77	81
School enrollment, secondary (percent gross)	90	68	73	78	85	93	95	94	78	112
School enrollment, tertiary (percent gross)	8	11	16	23	32	61	61	51	35	68
People using safely managed drinking water services (percent of population)	n.a.	n.a.	47	53	58	65	n.a.	n.a.	91	96
People using safely managed sanitation services (percent of population)	n.a.	n.a.	56	59	61	64	n.a.	50	67	89
Mobile cellular subscriptions (per 100 people)	n.a.	0	27	50	62	120	119	111	125	123

Source: World Development Indicators and Systematic Country Diagnostic (2015).

Note: ECA = Europe and Central Asia; EU = European Union; GNI = gross national income; n.a. = not applicable; PPP = purchasing power parity; UMIC = upper-middle-income country.

Table H.3. Progress Made on Sustainable Development Goals (Select Targets)

SDG	Description	Indicators	2000	2005	2010	2015	2017
1	No poverty	Poverty headcount ratio at $1.90 a day (2011 PPP; percent of population)	–	1.1	–	–	–
2	Zero hunger	Prevalence of undernourishment (percent of population)	7.2	10.9	7.4	5.5	–
3	Good health and well-being	Maternal mortality ratio (modeled estimate, per 100,000 live births)	43.0	30.0	30.0	29.0	–
4	Quality education	Primary completion rate, total (percent of relevant age group)	97.1	93.9[a]	89.2	104.5	106.7
5	Gender equality	Proportion of seats held by women in national parliaments (percent)	5.2	7.1	16.4	20.7	27.9
6	Clean water and sanitation	People using safely managed drinking water services (percent of population)	43.2	52.5	61.7	68.9	–
7	Affordable and clean energy	Access to electricity (percent of population)	100.0	100.0	100.0	100.0	–
8	Decent work and economic growth	GDP per capita growth (annual percent)	7.6	6.1	4.2	2.5	3.9
9	Industry, innovation, and infrastructure	Manufacturing, value added (percent of GDP)	4.3	4.4	5.5	5.7	6.0
10	Reduced inequalities	Foreign direct investment, net inflows (percent of GDP)	4.1	3.3	9.1	8.7	7.8
11	Sustainable cities and communities	Urban population (percent of total)	41.7	46.7	52.2	57.4	59.4
12	Responsible consumption and protection	Total natural resources rents (percent of GDP)	1.1	1.1	2.0	1.8	1.7
13	Climate action	CO_2 emissions (metric tons per capita)	0.98	1.41	1.58	1.98[a]	–

SDG	Description	Indicators	2000	2005	2010	2015	2017
14	Life below water	Marine protected areas (percent of territorial waters)	–	–	–	2.7[a]	2.7
15	Life and land	Terrestrial protected areas (percent of total land area)	–	–	–	17.2[a]	17.7
16	Peace, justice and strong institutions	Bribery incidence (percent of firms experiencing at least one bribe payment request)	–	26.5[a]	–	19.5[a]	–
17	Partnerships for the goals	Individuals using the internet (percent of population)	0.1	6.0	45.0	63.3	71.8

Source: World Development Indicators.

Note: – = data not available; GDP = gross domestic product; PPP = purchasing power parity; SDG = Sustainable Development Goal.

a. Figures are for years other than specified.

Appendix I. List of People Interviewed

World Bank

Linda Van Gelder	Country director
Maryam Salim	Country manager
Ellen Goldstein	Former country director FY13–17
Jane Armitage	Former country director FY11–13
Tahseen Sayed	Former country manager FY13–17
Kseniya Lvovsky	Former country manager FY10–13
Abede Dadi	Former country economist 2012–14, practice manager)
Adriana Damianova	Former lead environmental specialist, Environment and Natural Resources Department
Alison Cave	Task team leader, Disaster Risk Management and Adaptation Project
Andres F. Martinez	Senior financial sector specialist, Finance, Competitiveness, and Innovation Global Practice
Anita Ellmauer-Klambauer	Junior professional officer, Social, Urban, Rural, and Resilience Global Practice
Aylin Isik-Dikmelik	Senior economist, Social Protection and Jobs
Bujana Perolli	Senior financial sector specialist, Finance, Competitiveness, and Innovation Global Practice
Cem Mete	Practice manager, Social Protection and Labor
David Michaud	Practice manager, Water Global Practice
Doerte Doemeland	Former country economist, practice manager

Drita Dade	Senior natural resources management specialist, Environment and Natural Resources
Evis Sulko	Albania senior country operations officer
Feyi Boroffice	Senior private sector specialist, Finance, Competitiveness, and Innovation Global Practice
Flora Kelmendi	Senior education specialist, Education Global Practice
Gavin Adlington	Former lead land administration specialist, Urban, Rural, and Social Development Department
Gazmend Daci	Senior energy specialist, Energy and Extractives
Harald Jedlicka	Senior private sector specialist, Macroeconomics, Trade, and Investment
Igor Matijevic	Senior financial sector specialist, Finance, Competitiveness, and Innovation
Irena Gribizi	Former associate operations officer, Sustainable Business Advice—Europe and Central Asia
Jana Kunicova	Senior public sector specialist, Public Sector Governance
Jason Pellmar	Former senior investment officer, Infrastructure and Natural Resources—CSE
Jing Xiong	Senior transport specialist, Transport
Jonathan Lindsay	Lead counsel, Environmental and International Law Unit
Kathrine Kelm	Senior land administration specialist, Social, Urban, Rural, and Resilience
Ko Takeuchi	Senior disaster risk management specialist, Social, Urban, Rural, and Resilience
Maddalena Honorati	Senior economist, Social Protection and Labor
María E. Dávalos	Senior economist, Poverty and Equity

Marvin Ploetz	Economist, Health, Nutrition, and Population
Melis U. Guven	Senior social protection economist, Social Protection and Labor
Patricia Lopez	Senior infrastructure finance specialist, Water
Pieter Waalewijn	Senior water resources management specialist, Water
Romain Pison	Senior transport specialist, Transport
Rome Chavapricha	Senior energy specialist, Energy and Extractives
Rosanna Nitti	Senior urban specialist, Social, Urban Rural, and Resilience
Stephen Karam	Former lead urban economist, Social, Urban, Rural, and Resilience
Tuo Shi	Urban economist, Social, Urban, Rural, and Resilience
Zahid Hasnain	Senior public sector specialist, Public Sector Governance
Gentjana Sula	Former World Bank operations officer, Education, Gender, Youth, the World Bank
Entela Skenderaj	Consultant, tourism project and site engineer of Regional Landfill of Bajkaj (World Bank project)

International Finance Corporation

Laureta Qorlazja	IFC Albania country officer
Shaun Mann	Senior private sector specialist, Finance, Competitiveness, and Innovation
Temel Oktem	Portfolio manager, Infrastructure and Natural Resources Portfolio—CLA
Bajame Sefa	Operations officer, FIG Advisory Services Europe and Central Asia

Edona Pacarada	Investment officer, PPP and Corporate Finance, PPP—ECA
George Konda	Principal economist, Country Economics and Engagement
Inna Karas	Investment officer, Infrastructure and Natural Resources
Ledia Cirko	Investment officer, FIG Inv Operations—ECA
Nicola Ruggero Saporiti	Senior investment officer, PPP and Corporate Finance, PPP—ECA
Nikola Mihajlovic	Investment officer, PPP and Corporate Finance, PPP—ECA
Anna Maria Jaklitsch	Investment officer, Infrastructure—ECA
Nebojsa Arsenijevic	Senior operations officer, Energy and Extractives

Multilateral Investment Guarantee Agency

Gianfilippo Carboni	Senior risk management officer, MIGA

Government

Shkelqim Hajdari	General inspectorate	Albania Central Inspectorate
Adela Xhemali	General manager	Albania Health Insurance Institute (AHII)
Albana Adhami	Head of Health Monitoring Sector	Albania Health Insurance Institute (AHII)
Laureta Mano	Legal director	Albania Health Insurance Institute (AHII)
Gentian Kerri	Head of Legal and Procurement Department	Albanian Development Fund (ADF)

Blendi Bushati	Deputy director	Albanian Development Fund (ADF)
Erik Qirjaqi	SLR program coordinator	Albanian Development Fund (ADF) and World Bank PIUTD Project—Ministry of Infrastructure and Energy
Astrit Alikaj	Project coordinator	Albanian Development Fund (ADF) and World Bank PIUTD Project—Ministry of Infrastructure and Energy
Sokol Nano	Executive director	Albanian Investment Development Agency (AIDA)
Genc Celi	Director	Albanian Investment Development Agency (AIDA)
Afrim Qendro	Director general	Albanian Road Authority
Agron Haxhimali	Executive director	Association of Albanian Municipalities
Enkelejda Kokthi	Former head of Financial Management	Citizen-Centric Service Delivery Project (CCSD) Ministry of Finance
Armond Halebi	General director	Directorate of Accreditation of Albania
Mirela Meko	Former deputy director	General Directorate of Customs
Petrit Rama	Director	General Directorate of Metrology (dpm)
Kostanca Dedja	Directorate of External Affairs and Relations	General Directorate of Standardization
Brikena Cufe	Structure of Local Offices of Real Estate Recording Berat	Immovable Property Registration Office (IPRO)

Klodjan Troci	Head of the IPRO in Vlore	Immovable Property Registration Office (IPRO)
Rezar Turdiu	Director of Project Planning and Monitoring Department	Immovable Property Registration Office (IPRO)
Mirvjena Laha	Consultant	Immovable Property Registration Office (IPRO)
Ledia Thomo	Household Survey director	Institute of Statistics (INSTAT)
Gjergji Gjinko	Former chief of cabinet	Ministry for Innovation and Information and Communication Technology
Aurora Alimadhi	Agriculture and Rural Development general secretary	Ministry of Agriculture, Food and Consumer Protection, Albania
Irfan Tarelli	General director of Agriculture, Food Safety and Rural Development Policies	Ministry of Agriculture, Food and Consumer Protection
Andi Vila	Project manager	Ministry of Agriculture, Food and Consumer Protection
Maksimilian Dhima	Director of planning and coordination of civil emergencies	Ministry of Defense
Haki Cako	Director general	Ministry of Defense, Albania
Mirela Bimo	Director of finance	Ministry of Education, Sports and Youth
Suzana Papadhopulli	Adviser	Ministry of Education, Sports and Youth
Dafina Cenaj	Head of Procurement Sector	Ministry of Education, Sports and Youth

Myqerem Tafaj	Former minister of Education and Sciences	Ministry of Education, Sports and Youth
Arjan Madhi	Former director general of Water Administration Directorate	Ministry of Environment, Forestry and Water Administration
Arben Ahmetaj	Former minister of Finance and Economy	Ministry of Finance and Economy
Dajna Sorensen	Deputy minister	Ministry of Finance and Economy
Ridvan Bode	Former minister of finance	Ministry of Finance and Economy,
Albana Shkurta	Former deputy minister of Finance and Economy	Ministry of Finance and Economy
Sajmir Kadiu	Director of Financial Department and World Bank project for health care services	Ministry of Health Albania
Milva Ekonomi	Former deputy minister of health	Ministry of Health
Entela Cipa	Adviser to minister	Ministry of Infrastructure and Energy
Ilir Bejtja	Deputy minister	Ministry of Infrastructure and Energy
Eduard Gjokutaj	Adviser to minister	Ministry of Infrastructure and Energy
Lindita Sotiri	Director of European Integration	Ministry of Infrastructure and Energy
Dorina Cinari	Deputy minister of Infrastructure and Energy	Ministry of Infrastructure and Energy
Denada Seferi	Director of Social Services	Ministry of Labor and Social Affairs
Kastriot Sulko	Former director	Ministry of Labor and Social Affairs

Bardhylka Kospiri	Former deputy minister of Labor and Social and current deputy minister of Health and Social Affairs	Ministry of Labor and Social Affairs
Ernest Noka	Former deputy minister	Ministry of Public Works and Transport
Blendi Klosi	Minister of Tourism and Environment	Ministry of Tourism and Environment
Gjon Radovani	Former deputy minister of Urban Development	Ministry of Urban Development and Tourism
Eglantina Gjermeni	Former minister of Urban Development and Tourism	Ministry of Urban Development and Tourism
Bledar Blana	Deputy mayor of Bashkia Berat Municipality	Municipality of Bashkia Berat
Fredi Kokoneshi	Mayor of Divjakë Municipality	Municipality of Divjakë
Vangjush Dako	Mayor	Municipality of Durres
Jorgo Goro	Mayor	Municipality of Himara
Niko Shupuli	Mayor	Municipality of Permet
Florensa Haxhi	Director general for Development Programs and Cooperation; program manager, Regional Economic Area, prime minister's office	Prime Minister's Office
Sali Berisha	Former prime minister (2005–13)	Prime Minister's Office
Majlinda Dhuka	Director for Development and Good Governance	Prime Minister's Office
Oljan Kanushi	Water coordinator	Prime Minister's Office

Majlinda Dhuka	Director for Development and Good Governance	Prime Minister's Office
Magdalena Margariti	Director	Regional Directory of Social Services, Ministry of Labour and Social Affairs
Arduen Karagjozi	Director of Excellence	Technical Secretariat of National Water Council, Ministry of Environment, Forestry, and Water Administration
Gerta Lubonja	General director	Technical Secretariat of National Water Council, Ministry of Environment, Forestry, and Water Administration
Astrit Alikaj	Project coordinator at Project Coordination Unit	World Bank PIUTD Project, Ministry of Infrastructure and Energy
Natasha Ahmetaj	Second deputy governor	Bank of Albania
Denis Deralla	Member of the Supervisory Board, Financial Supervision Authority	Bank of Albania
Elisabeta Gjoni	First deputy governor and Supervisory Council	Bank of Albania
Astrit Hado	General director	The Social Insurance Institute (ISSH)
Florian Mustafaraj	Water PIU director	National Agency of Water Supply and Sanitation (World Bank Project)
Jovan Gjika	Water Project coordinator	National Agency of Water Supply and Sanitation (World Bank Project)

Ervin Koci	Executive general director	The Albanian Financial Supervisory Authority (AFSA)
Agron Hetoja	Former CEO	Albanian Power Corporation (KESH)
Fatos Bundo	PMU director	Albanian Power Corporation (KESH)
Erideta Basha	Strategic Department	Albanian Power Corporation (KESH)
Adrian Cela	CEO	Electricity Power Distribution System Operator (OSHEE)
Ceno Klosi	Director of the Economic Department	Electricity Power Distribution System Operator (OSHEE)

Private Sector

Ndricim Shani	Chair of National Regulatory Commission	Albanian Regulatory Authority of the Water Supply and Wastewater Disposal and Treatment Sector
Nikolin Jaka	President	Chamber of Commerce and Industry Tirana
Migena Aliaj	Director, Department of Projects	Credins Bank
Sonila Jazo	Consultant	Expert in the Land Sector
Kozeta Statha	Director	Port of Sarande, Albania
Arjan Hoxha	Director of Project Management Unit	Power Recovery Project (World Bank)
Edlira Dajko	Procurement manager	ProCredit Bank
Christian Canacaris	CEO	Raiffeisen Bank

Zhani Shapo	Founding director	SHAPO Consulting Policy and Research Consultants
Gazmend Kadriu	CEO and member of the board of directors	Union Bank Sh.a.

Bilateral and Multilateral Donors

Linda Spahia	Country economist	International Monetary Fund (IMF)
Mario Mariani	Head of Cooperation	Delegation of the European Union to Albania
Alessandra Frontoni	Social, Education, and Health,	Delegation of the European Union to Albania
Enkelejda Bregu	Social Policies, Social Protection and Inclusion, Gender Equality	Delegation of the European Union to Albania
Edvin Pacara	Project officer	Environment and Energy Officer, Delegation of the European Union to Albania
Ardian Metaj	Project manager	Environment and Energy Officer, Delegation of the European Union to Albania
Ledia Muco	Economic and trade adviser	EU delegation
Genc Pollo	Former innovation minister and currently chairman of Parliamentary Commission	EU Integration
Tomas Nystrom	Head of Office	European Bank for Reconstruction and Development (EBRD)

Marinela Jazoj	Executive director	Foreign Investors Association of Albania (FIAA)
Manol Simo	General director	General Directorate for Financing and Contracting of EU, World Bank and other Donors Funds
Peter Feldmann	Program manager on private sector development and competitiveness	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)
Gabriele Lames	Program manager on water	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)
Bjorn Theis	Country head	KfW Albania
Bledar Dollaku	KfW water manager	KfW, Albania
Lorin Ymeri	Executive director	Agency for the Delivery of Integrated Services Albania (ADISA)

Civil Societies and Other Development Partners

Diana Leka	Head of secretariat	Albania Investment Council
Zef Preci	Research director	Albanian Center for Economic Research
Elisabeta Poci	Project manager	Water Supply and Sewerage Association of Albania (SHUKALB)
Enkelejda Gjinali	University lecturer and consultant on water	University of Tirana, Albania
Ing. Gerald Dautaj	Chief engineer of the utility	Durres Water Supply and Sewerage Company (Durres WSSC)

Ing. Daniela Nano	Hydrotechnical engineer	Durres Water Supply and Sewerage Company (Durres WSSC)
Adriola Hoxha	Durres water staff	Durres Water Supply and Sewerage Company (Durres WSSC)

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