



<b>1. CPS Data</b>	
<b>Country:</b> Albania	
<b>CAS/CPS Year:</b> FY11	<b>CAS/CPS Period:</b> FY11 – FY14
<b>CLR Review Period:</b> FY11 – FY14	<b>Date of this review:</b> May 7, 2015

<b>2. Overall IEG Assessment</b>		
	<b>CLR Rating</b>	<b>IEG Rating</b>
<b>Development Outcome:</b>	<i>Moderately Satisfactory</i>	<i>Moderately Satisfactory</i>
<b>WBG Performance:</b>	<i>Good</i>	<i>Good</i>

<b>3. Executive Summary</b>
<p>i. This review summarizes the implementation of the FY11-FY14 Albania Country Partnership Strategy (CPS) and the CPS Progress Report (CPS PR) of FY13 and evaluates the CPS Completion and Learning Review (CLR). The strategy was joint between IBRD/IDA and IFC and this review covers the program of both agencies. The strategy was prepared in the wake of the 2008/2009 global financial and economic crisis, which changed Albania's trajectory from one of rapid growth and poverty reduction to one of significantly slower growth and growing macro imbalances related to Government's expansive fiscal stance (adopted in part to cushion the impact of the crisis on the poor).</p> <p>ii. In this context the CPS sought to strengthen Albania's capacity to return to its pre-crisis high growth trajectory while ensuring adequate protection, including from climate change risks, for vulnerable population groups and maintaining past gains in human capital development. It was fully aligned with Albania's national development strategy. The CPS comprised 3 pillars: (i) accelerating the recovery in Albania's economic growth through improved competitiveness; (ii) broadening and sustaining Albania's social gains; and (iii) reducing Albania's vulnerabilities to climate change.</p> <p>iii. The strategy also sought to consolidate the WBG program in Albania, inter alia, through accelerating implementation of the inherited portfolio of 15 projects. The original CPS plan foresaw up to 12 new operations (including 4 DPLs) for a total resource envelope of \$275 million. Subsequently, the Bank showed considerable flexibility by making an additional \$300 million available to support Albania's efforts to deal with the knock-on effects of the prolonged Eurozone crisis and address a flooding emergency. It also reduced the number of new operations to 8 (including 3 DPLs), thus improving selectivity and scale of the lending program and, with project closings, leaving just 6 ongoing projects by the end of the CPS period – a good starting point for a selective program under the Country Partnership Framework FY15-19.</p> <p>iv. The CPS strategy had positive, albeit mixed, results and IEG rates the outcome as <u>moderately satisfactory</u>. The strongest performance areas were public financial management, financial sector, business climate improvements, roads and transport and pension reform. In contrast, the CPS program failed to achieve the desired objectives in some critical areas, including fiscal consolidation, energy generation and financial sustainability, as well as in its efforts to strengthen water resource management institutions. In terms of implementation process, the most noteworthy aspects were a strong focus on</p>

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portfolio implementation, close partnership with the donor community and excellent use of AAA to both inform lending and build consensus among local and national stakeholders on difficult policy measures such as fiscal consolidation, which eventually bore fruit in the final year of the CPS. While there was alignment in substance with the corporate twin goals, neither the CPS nor the CPS PR articulated the links between growth objectives and poverty.

- v. The results framework was too broad and overly complex, comprising 17 objectives and around 60 results indicators. It also suffered from the absence of measurable outcome indicators, especially with respect to IFC interventions. Indeed, those indicators in the results framework related to IFC activities in the CPS (related to inspections, permits, accredited laboratories, MSME loans) were dropped at the CPS Progress Report stage resulting in a tool of IFC instruments loosely related to the CPS objectives. This failure to set clear outcomes for IFC interventions and for joint or complementary Bank-IFC interventions, even when this cooperation was constructive and essential like in the electricity sector and investment climate, perhaps contributed to limited verifiable results of this cooperation during CPS implementation as well. MIGA was not active in Albania during the CPS period.
- vi. Despite the above shortcomings, IEG rates WBG performance as good overall, reflecting alignment with national strategies, the flexibility shown in increasing resource allocations to help address unfavorable external developments (floods, Eurozone deterioration), the resolute focus on portfolio consolidation, restraint with respect to new lending until key reforms were in place, and strong coordination with external partners in a number of sectors. High quality AAA and its effective use in building consensus for policy reform were also positive features.
- vii. Of the nine lessons included in the CLR, IEG highlights three as follows: (i) in the event of low political commitment to the reform agenda in high development priority areas, it is critical to build a broad coalition of support for reform in an open and transparent manner through high quality AAA and discussions with national stakeholders and international development partners to build a shared understanding of the stakes involved and leverage action; (ii) selectivity in strategy design is imperative in relatively low capacity countries such as Albania, especially when the Bank has a limited resource envelope -- the process of clearly specifying desired outcomes is an important support to achieving a selective CPS program, even when there are multiple needs; and (iii) in cases where there is already a scattered program of small operations it is vital to restructure the portfolio and accelerate implementation before embarking on new lending.

#### 4. *Strategic Focus*

##### ***Relevance of the WBG Strategy:***

##### Country Context:

1. Preparation of the FY11-14 CPS was undertaken in the first half of 2010, in the wake of the 2008/9 global financial and economic crisis. In the two decades preceding the crisis, Albania was one of the best performing countries in the ECA region, experiencing one of the fastest growth rates (6%) in the ECA region and a concomitant rapid decline in poverty. At the time of CPS preparation, the poverty rate had halved from its 2002 level of about 25%, extreme poverty affected a relatively small proportion (2%) of the population and the country was making steady advances towards achievement of the MDGs. In the immediate aftermath of the crisis, as well, Albania fared relatively better than its neighbors, but serious domestic vulnerabilities emerged in the macroeconomic, social, environmental and governance spheres, which reduced growth and eventually reversed some of the social gains of the preceding decade, giving rise to increases in poverty. On the environmental front, concerns centered on the heightened variability in weather patterns due to climate change, coupled with weak management of water resources, which had contributed to the increased frequency of severe flooding events (e.g., in 2010).



2. The CPS period was characterized by continuing Eurozone troubles, especially in Albania's chief trading partners Greece and Italy, with negative impacts on Albanian economic growth. Domestically the period saw continuing fiscal problems and rising public debt. Declining investor confidence and a sharp drop-off in remittances slowed growth, which fell to 1.6 and 1.4% in 2012 and 2013 respectively, before recovering to slightly over 2% in 2014, according to the IMF. Moreover, Albania experienced severe flooding shortly after approval of the CPS with serious consequences for agricultural output and the livelihoods and incomes of affected households. Unemployment rose to close to 25%, reversing gains in poverty reduction. Conditions began to improve in the final year of the CPS period as the new Government instituted serious fiscal (including structural) and public financial management reforms, business climate improvements began to take hold and positive hydrological conditions affected both energy and agriculture.

3. Objectives of the CPS Strategy. The broad objective of the joint Bank-IFC strategy was to strengthen Albania's capacity to return to its pre-crisis high growth trajectory while ensuring adequate protection (including from climate change risks) for vulnerable population groups and maintaining past gains in human capital development. The specific strategic objectives of the WBG-supported program as laid out in the CPS were three-fold: (i) accelerating the recovery in Albania's economic growth through improved competitiveness; (ii) broadening and sustaining Albania's social gains by improving access to social services and a strengthened safety net; (iii) improving the conservation, management and efficient use of its water resources and strengthening disaster preparedness.

4. Congruence with National Strategy. The objectives of the CPS strategy and the specific interventions included in the Bank program (ongoing and planned) were well aligned with the National Development Strategy (NSDI) which placed emphasis on actions in two main areas: (i) consolidation of the democratic system notably through electoral, judicial and property rights reform; and, (ii) achievement of rapid and sustainable economic, human and social development in line with EU criteria. –The CPS focused on the second of these goals. With respect to the goal of consolidating democracy, the Bank worked only on property rights, appropriately leaving electoral and judicial reform to other development partners (e.g. the EU). The CPS program was also supportive of the specific targets laid out in the NSDI (and endorsed by all parties) for 2013, including higher real GDP growth, a reduction in headcount poverty to below 10% of the population, introduction of a basic health package for all Albanians, an increase in secondary school enrollment to 76% of the age group and an strengthened social protection system. It was also aligned with Albania's External Assistance Orientation Document (EAOD) which was developed by Government in 2008/9 to guide donor actions in the country and which more narrowly specified the main priority areas for donor engagement – namely, public administration/rule of law, economic policy, social development and infrastructure. Water resource management was subsequently added to the list in view of severe flooding in 2010.

5. Areas of Engagement. The WBG strategy included interventions that were generally well suited to contribute to the objectives of the country and the program, although actual outcomes were ultimately negatively affected in some instances (especially growth and fiscal consolidation) by the external environment and internal political pressures. In addition, there was a strong link between lending and AAA activities, with the latter both responsive to emerging needs and informing the design of lending operations. Moreover, there was good coordination with other donors active in Albania, including at the broader policy and program levels, in specific priority areas such as education and public sector administration, and via trust funded activities. The areas identified for joint or complementary Bank-IFC action took advantage of synergies between the two WBG arms, hence playing to the WBG's comparative advantages. However, the indicators in the original CPS Results Framework related to IFC were later dropped. Considering IFC's business model per which its main investment activities rely on its client relationships it was not easy to plan when its private sector transactions could take place. So, it is understandable that IFC's operations may not be fully captured in the results framework at the preparation stage of CPS. It was not corrected though when the progress report was presented to the board in April 2013 when IFC's contributions to the specific strategic objectives were clearer as many IFC investments were disbursed or at advanced stage of negotiations. The on-going and planned IFC interventions were listed in the progress report as WBG instruments without specifying results.



Absence of specific milestones and measurable outcomes made the IFC contribution to the country's CPS unobvious.

6. Finally, it should be noted that while the areas of engagement taken individually were appropriate and likely to contribute to national and CPS goals, the originally envisaged program (including ongoing and new projects and IFC transactions) was also too thinly spread when viewed in the aggregate and in relation to the original lending envelope of about US\$275 million. This was reflected in a somewhat unwieldy results matrix that included 17 outcomes to be assessed through 43 outcome indicators and 65 intermediate milestones in the original CPS, with the number of milestones subsequently reduced to 58 through the CPS Progress Report. The CLR candidly acknowledges this issue, deeming the original matrix to be "overly complex".

## **5. *Development Outcomes***

### Overview of Achievement by Objective:

#### **Pillar 1: Accelerating the recovery in Albania's economic growth through improved competitiveness**

7. External factors, mainly the continuing Eurozone crisis as well as climatic events that affected energy and agricultural production had serious negative impacts on growth, despite some important advances with respect to the specific milestones included under this pillar. The pillar itself comprises 8 major outcome areas -- including fiscal policy, public expenditure management, public administration, business climate improvements, property rights, energy sector, roads and transport, and irrigation – each of which could plausibly be defined as a free-standing pillar in its own right. An additional area under this pillar, which is not mentioned in the texts of the CPS or CPS PR, and only briefly in the CLR, is the financial sector, for which the Bank approved and disbursed a \$100 million DPL in FY14 (i.e., nearly 23% of total IBRD lending under the CPS). The outcomes areas are grouped below under 3 major results areas following the CLR categorization.

##### (i) Sound macroeconomic management and improved public expenditure management

8. As a key element in maintaining macroeconomic stability, increasing investor confidence and, hence, supporting economic growth, this objective is clearly aligned with critical development needs and with Albania's NSDI. The results indicators defined for purposes of this strategic outcome area were first and foremost aimed at achieving improved public resource management, with the goal of increasing the credibility and contestability of fiscal policy. To this end, specific indicators (derived mainly from the Integrated Planning Systems (IPS) project) focused on instituting a functional automated treasury system, regular publication of budget expenditure reports, use of e-procurement and establishment of an EU-compliant procurement complaints mechanism – all of which were well-suited to measuring developments in public financial management. The indicators/milestones were mostly achieved. Some delays in implementation meant that a few systems were continuing to be fine-tuned or enhanced at the time of writing the CLR, denying them a rating of achieved. While closely linked to the strategic objective, the indicators appear to focus more on outputs than actual outcomes. For example, going beyond the establishment of an e-procurement system, it would have been useful to include an indicator on the percentage of Government contracts going through the e-procurement system. In terms of IFC interventions, the successfully implemented SEE Tax Transparency and Simplification project which has delivered significant cost savings to the private sector should have had a measurable indicator/milestone in the results matrix of the progress report to support Outcome 1 dealing with credibility of fiscal policy in substance besides an ex-post reporting on its results in the text of the CLR.

9. Two additional indicators under this strategic outcome area pertain to enhancing the stability of the financial system. They address important systemic needs including the creation of a backstop facility to increase public confidence in Albania's deposit insurance scheme and the conversion of foreign bank branches to full-fledged subsidiaries of the parent bank(s). These milestones were both achieved. The actions taken together with other financial system measures supported through a joint IMF-Bank FSAP and the Bank's \$100 million financial sector DPL helped to increase the resilience of Albania's banking and non-



bank institutions through mitigating key vulnerabilities. It is likely to have played a major role both in helping to maintain macroeconomic stability and supporting business investment through improving the availability of credit.

(ii) Improving business regulations and reducing compliance costs for the private sector.

10. The indicators and milestones included in the results matrix for this results area were grouped into 3 clusters. The first cluster focused on improving private sector satisfaction with the quality of regulations and included one true outcome indicator involving “satisfaction” surveys of the business community plus two indicators that were essentially output indicators (adoption of a new regulatory framework for business inspections and training for inspectors) supported through the BERIS operation. IFC’s successfully implemented regional project, the Indicator-based Reform Advisory, also helped to cut costs of doing business in Albania. It was not, however, related to agribusiness competitiveness as its title in the Results Framework implies. While the milestone indicators in the results matrix were closely related to Bank activities, the outcome measure concerning increased satisfaction of private business with the quality of regulations could derive from sources outside the sphere of influence of WBG-supported activities. It is worth noting that there is frequently some tension between attribution and a true outcome orientation, and the country team deserves credit for navigating it well in this instance by combining well-chosen outcome and output indicators. All three indicators were achieved and Albania rose by 22 positions in the WBG DBR rankings, going from 90<sup>th</sup> to 68<sup>th</sup>.

11. The second cluster focused on strengthening property rights and land administration through the Bank-financed Land Administration and Management Project (LAMP) -- in line with the priorities set in the NSDI. Here again, the results indicators included one true outcome indicator and two milestone indicators that help to establish a logical link between the Bank’s activities and the desired outcome. All three indicators were either achieved or surpassed. A National Property Rights strategy and an associated Law on Immovable Property Registration were adopted by Government by 2013, 10 of the largest property registration offices were fully computerized and the number of days needed for registering property transactions was cut from 30 in 2008 to 9.8 in 2012 – slightly improving on the target of 10 days set in the CPS.

12. The third cluster under business climate strengthening focused on achieving greater alignment between private sector practices within Albania and the practices/standards prevailing in the EU and other OECD countries, with a focus on accounting/audit, EU export standards and environmental requirements. IFC sought to improve private sector compliance with selected EU and international standards through its regional International Standards and Technical Regulations Program. Rated as mostly successful by IEG, the project was unable to submit measurable indicators that would prove verifiable impacts on firms’ exports to EU and other countries. Overall, this results area was clearly supportive of the NSDI’s overarching goal of eventual EU accession. Six specific indicators in this area included development of an EU-congruent audit oversight system, establishment of an EU-compliant metrology laboratory, annual publication of international financial reporting standards in Albanian language, creation of an on-line environmental permit application system and training of private organizations in account and auditing principles. The indicators, which were clearly linked to WBG-supported activities were all achieved over the 2012-2013 period. Two IFC Corporate Governance projects were also implemented in Albania during the CPS period – one national which was completed in 2012 and one regional being implemented now relying on the Albanian Corporate Governance Institute established by the first project. .

(iii) Improved, and more financially sustainable, infrastructure services in energy, road transport and irrigation.

13. The third results area under Pillar 1 focused on improved infrastructure services. This cluster should perhaps have been separated off into a separate (albeit linked) Strategic Objective in its own right given its prominence in the NSDI and the large scope and number of Bank Group-supported activities and results indicators (14). Performance with respect to this cluster was mixed. By and large, road transport activities



proceeded as intended and attained or surpassed the specified results, while the energy program faced a number of hurdles.

14. The most successful aspect of Bank intervention in energy was electricity transmission, supported by a Bank project (Energy Community of S-E Europe APL 2) under which 5 transmission substations were rehabilitated (versus a target of 3), the Transmission System Operator was restructured and a new, market-oriented tariff regime was instituted. Outcomes were more elusive with respect to power generation and distribution. On the generation front, additional capacity of some 330 MW was completed versus a target of 800MW supported by the Power Generation Project. This, together with favorable hydrological conditions and transmission improvements, contributed to improved electricity availability in Albania and the virtual elimination of load shedding. However, a thermal power plant at Vlore has been stalled due to failures at offshore facilities, with negative implications for both the amount of energy generated and the diversification of energy sources. A 2009 WBG-supported initiative to privatize electricity distribution failed due both to inadequate investment by the private operator and government inaction on tariff adjustments and on controlling electricity theft— leading eventually to re-nationalization of the distributor. Finally, the energy sector remains financially unsustainable with low cost recovery and continued, widespread electricity theft. Of the 10 results indicators associated with energy sector development, only 3 were achieved, 2 partially achieved and 4 not achieved, while 1 remained unrated.

15. IFC's presence was concentrated in the energy sector, albeit not sufficiently discussed in the CLR. None of the 5 IFC investments in the power sector and EE/RE financing is yet rated in DOTS, albeit some of them were approved a while ago. E.g., the results framework mentions the Renewable Energy and Small Hydropower Plants (SHPP) project which, since 2010, tries to address market barriers to investment in SHPPs to support the construction of 30 SHPPs with total installed capacity of 60 MW. The expected outcomes of this project are yet to be achieved due to delays in passage of enabling legislation. Other electricity projects should also be discussed in more detail and rated in DOTS, particularly, IFC financing to the private electricity distributor company whose license was subsequently revoked. The CLR noted the need for enabling policy and regulatory conditions for privatization transactions indicating that the privatization of the electricity distributor "provided some key lessons on how not to structure a deal".. In several objectives outcomes are actually just outputs. E.g., in Output 7 an outcome indicator is formulated as signing cooperative agreements with five banks to implement the Residential Energy Efficiency Program, an output rather than outcome indicator. Though this output was not achieved due to absence of an appropriate legal and regulatory framework for implementing energy efficiency, the CLR cites the successful advisory project with the same name as having achieved a significant result by facilitating about 5,000 energy efficiency loans for a total of \$20 million, benefiting more than 15,000 individuals cooperating with two microfinance institutions, two local banks and one foreign bank.

16. In contrast to energy, the CPS program with regard to road transport was very successful, with all results achieved or surpassed. CPS results indicators were directly linked to the FY07 Transport Project and the FY06 Secondary and Local Roads Project – which IEG rated "Satisfactory" and "Highly Satisfactory" respectively. The latter project connected 86 communities, rehabilitated about 1700 km of local roads and constructed about 119 km of new local and secondary roads. Each of these results far outstripped the original targets because the Bank operation was able to "crowd in" substantial donor resources and expand the program accordingly. The Bank also successfully supported institutional developments aimed at improving roads management and introducing innovations in maintenance.

17. **IEG Rating for Pillar 1.** IEG rates the outcome of the WBG assistance under Pillar I as Moderately Satisfactory. Of the 30 results/milestones 20 were achieved and 4 mostly achieved, while the remainder were either only partially achieved (2) or not achieved (4). On the face of it, this performance could justify a rating of Satisfactory, but the failure to achieve key outcomes such as enhanced growth or energy sector sustainability suggest that the whole was less, in this instance, than the sum of its parts. Success was most marked with regard to road transportation, where the CPS program not only surpassed many targets but also strengthened transport institutions and developed a broad sector-wide program in partnership with other donors as requested by Government in its external aid guidance. Important achievements were also



registered with respect to financial sector strengthening and public financial management (e.g., e-procurement, publication of budget outturns) but fiscal control was a challenge for most of the CPS period and growth rates remained well below pre-crisis levels. However, business climate improvements contributed to a 22-position jump in DBR rankings. This, together with the new Government's focus on stronger, more prudent fiscal management and overall macro stability should position Albania for stronger growth once the external environment improves. This Strategic Objective was least successful in the energy sector, an area of Bank/IFC cooperation, particularly with respect to the Vlore thermal power generation project, which remains inoperable, and the re-nationalization of the electricity distributor following a series of disputes between the private operator and the Government.

## **Pillar 2: Broadening and Sustaining Albania's Social Gains**

18. The goals of the strategy under Pillar 2 were to maintain and expand the pre-crisis gains in education and health, as well as to affordably protect poor and vulnerable population groups through consolidation of programs and expansion of effective safety net programs. Bank operations directly linked to these goals included an Education Excellence and Equity Project (EEEP), a Health System Modernization Project (HSMP), a one-off Social Welfare Reform DPL and an innovative results-linked Social Assistance Modernization Project SAMP). Lending was supported by pertinent AAA including policy notes and a Pension Reform TA.

19. Strategic Objective 2 was fully aligned with the NSDI and, relative to Strategic Objective 1, was better focused in its scope. More importantly, maintaining human development gains and protecting the poor was especially important at a time when the economy was beginning to stagnate and there was a sharp drop in the remittances that had sustained many families. Investments in human capital were also critical to efforts to accelerate growth and attract private investment. In this regard, with primary education already near universal, the CPS focus on secondary and higher education was appropriate, particularly in light of the poor coverage and quality at these levels. The results matrix included 8 indicators related to education (principally output measures), 5 pertaining to secondary education and 3 linked to higher education. Of the secondary education indicators, all but one were met or mostly met according to the CLR, however no evidence was provided to support this assertion. Particularly noteworthy was an increase in gross secondary enrollments (to 91%), the elimination of triple-shifting in schools and reduction in double shifting from 36% to 13.4%. However, the goal of institutionalizing a professional development program for teachers was not met and the existing program is still inadequately linked to the revised curriculum instituted under the EEEP. In higher education the goal of improving financial sustainability through a revised funding mechanism was only partially achieved, as was the effort to institutionalize a uniform higher education quality assurance system. Improvements to science education were put in place through improving equipment and pedagogical aids for university laboratories, but this was measured only through outputs rather than outcomes. The EEEP was also an important catalyst for donor coordination.

20. With regard to modernization of the health system, the CPS strategy focused on bringing primary and secondary (hospital) care under a single national health insurance umbrella, increasing the proportion of the population insured under the scheme, and establishing a basic benefits package for primary health care. It also sought to establish payment incentive mechanisms to fund hospitals on a performance basis. The insured population did increase substantially over the CPS period from <10% to about 60%, albeit short of the 70% target included in the results matrix. Reforms in primary health care were largely achieved (overall coverage, patient satisfaction, quality of care) but hospital financing was still only partially performance based by the end of the CPS period. The CLR rating of mostly achieved is appropriate for this area.

21. The main emphases of the CPS-supported social protection reforms were to: (i) increase the coverage and efficiency of the disability pension system and the relatively young conditional cash transfer program (Ndihma Ekonomike-- NE), and (ii) increase the financial soundness of the pension program through increasing the proportion of contributors to pensioners and implementing parametric reforms to improve the system's longer term financial health. The CPS program made considerable progress in both areas. Bank TA and Policy Notes on pension reform contributed to passage of a new pension law mandating important



parametric reforms (including raising the pensionable age) and helped increase pension participation from about 30% to 35% of the workforce – actions that will increase the sustainability of the system in the longer term. Coverage of both NE and disability support has expanded in accordance with revised eligibility criteria and systemic improvements are in place, such as an electronic registry and upgraded management information system. Modernization of the disability system has suffered delays.

22. IEG rates the outcome of this Pillar as Moderately Satisfactory. The rating reflects the fact that the objectives and outcomes of the pillar were well aligned with country goals and needs and that CPS activities clearly played a direct role in furthering achievement of the goals. There were, however, significant implementation delays that affected the achievement of some indicators. Of 19 results indicators, twelve were achieved or mostly achieved (i.e., about 63%), six were partially achieved and one (pertaining to teacher training) was not achieved. By and large, with the exception of coverage outcomes, the results indicators included for this area of the CPS were related to process rather than outcomes. However, given the long lead times generally needed to observe the impact of investments in education, health and, especially, pension reform, the chosen indicators appear to have been appropriately calibrated to the CPS time frame.

### **Pillar 3: Reducing Albania's Vulnerabilities to Climate Change**

23. Pillar 3 of the CPS sought to increase community participation in the conservation / management of forest and water resources, improve public environmental infrastructure and services at the municipal level, and establish a viable national water resources management framework (including establishment of a cross border water management institution to manage Lake Shkodra). These goals were not explicitly included in the NSDI but were firmly on the Government agenda by the time the CPS was prepared, in part due to the increasing frequency and severity of flooding events in some parts of Albania. The Strategic Objective was directly linked to several Bank-financed projects including the Natural Resources Development Project (NRDP), the Disaster Risk Mitigation Project (DRMP), the Environmental Services Project (ESP), the Integrated Coastal Zone Management Project and two Water Projects. In addition, a number of grants complemented the Bank lending in the area of resource management.

24. As reported in the CLR, the CPS effort to involve communities in the conservation and management of water and forestry resources was successful -- both in its environmental objectives and in creating new income generation opportunities for some 250 communities in forest and agriculture activities in micro-catchments. An estimated 220,000 tons of erosion was reduced and close to 129,000 tons of carbon was sequestered on eroded lands by mid-2013. However, there was perhaps inadequate stakeholder consultation/adaptation to local conditions in the design of the activities, calling into question the longer-term sustainability of gains achieved (IEG). A follow-on Environmental Services Project (FY15) has been designed to build on the successes and address the shortcomings with respect to increasing local engagement in the design and management of community activities and resources, which should help sustain the gains made. Of the 4 results included in this area, 3 pertaining to income generation targets, reduction in erosion and restructuring of forestry extension services were all achieved. The 4<sup>th</sup> indicator was mostly achieved, with carbon sequestration in mid 2013 reaching close to 130,000 tons, versus a target of 181,000 tons for end-2014 (not verified).

25. Efforts to improve water resource management at the national and cross-border (with Montenegro) levels were much less successful. A cross-border commission was established with Bank support to manage Lake Shkodra on the Albania-Montenegro border. However, it proved to be unsustainable as neither Government provided the staffing and other resources necessary to carry out operations once the Bank project ended. Capacity building for the National Water Council and various stakeholders at national and regional levels had not begun as intended in the results matrix. This delay was related to the slow start-up and implementation of the Water Resources Improvement Project approved in FY13.

26. With regard to municipal level solid waste and wastewater disposal, CPS results indicators, mainly linked to the Bank-financed Integrated Coastal Zone Management and Clean-up Project (ICZMP) included true outcome indicators with defined baselines and targets for waste disposal. However, given extension of





the ICZMP beyond the CPS period, results had yet to be measured at the time the CLR was written. Based on the milestones related to these outcome indicators, progress appears to have been good and it is likely that most outcomes will be achieved, albeit with considerable lag. Particularly noteworthy was the successful remediation of the contaminated site of Porto Romano and the completion of extensions to the sewage network in Saranda. However, construction of landfill and transfer centers was still underway at end-CPS. While the milestone of developing and adopting an EU compliant management plan for Butrint National Park and wetlands was achieved in 2011, the CLR fails to report on its implementation in subsequent years of the CPS period. IFC activities in this area were limited to preparation of a PPP transaction aimed at assistance to the Municipality of Tirana with selecting a private sector investor who will manage the waste collection and disposal for the entire Tirana Municipality. The project has been put on hold because the Ministry of Finance did not approve the project's feasibility study which did not align with the government's country wide waste sector master plan.

27. IEG rates the overall performance of Pillar 3 as Moderately Unsatisfactory. The most positive aspect was the positive experience in community level environmental services and income generation and the innovative (successful) effort to sequester carbon on eroded lands. By contrast, the least successful aspect was the initiative to develop a cross-border management authority for Lake Shkodra, which clearly lacked governmental commitment on both sides of the border and was therefore unsustainable. Institution building is an inherently difficult task and creating a new institution to operate across borders is especially challenging. As the Bank is increasingly involved in supporting cross-border interventions, the CLR might usefully have reflected further on the issues encountered and lessons for future cooperation across countries, in the Balkans and elsewhere. The delays in implementation of the ICZMP, due in part to past problems with social safeguards issues, also means that several results indicators related to the project were not achieved by the end of the CPS period. Of the 10 milestones included for this Pillar 3 were achieved with the remainder partially achieved (4) or not achieved (3).

### **Overall Assessment and Rating**

28. IEG rates the overall development outcomes of the WBG support as Moderately Satisfactory, a rating that coincides with the Country Team's own rating in the CLR. The WBG strategy for Albania had positive, but mixed, results overall and a number of outcomes were significantly affected by implementation delays (e.g., municipal waste management) and weak Government commitment (e.g., fiscal reform). With hindsight, it seems clear that the WBG program was too wide-ranging and that stronger efforts should have been made at the outset to consolidate and focus the Bank's areas of engagement in Albania. Some outcomes were clearly also affected by exogenous factors beyond the country's or WBG's control. For example, the outcome related to acceleration of growth was affected negatively by the continued economic stagnation in the EU. On the other hand, CPS interventions likely helped to address vulnerabilities in the financial sector and, hence, to contain potential spillovers from the Eurozone difficulties. Moreover, fiscal issues began to be addressed more systematically by the new administration in the final year of the CPS. In this regard, improvements in public financial management and a major reform of the pension system are especially noteworthy. The weakest performance of the CPS was in the energy sector, which as discussed above, not only did not meet CPS goals in terms of power generation, but actually saw a reversal of past advances in efforts to increase the efficiency of distribution. Moreover, problems with cost recovery and electricity theft continue unchecked, with repercussions for ongoing efforts to achieve fiscal consolidation. Important gains were also made with regard to health and (to a lesser extent) secondary and higher education and in the provision of social assistance to people with disabilities and the lowest income households. While environmental conservation through community involvement was largely successful in raising incomes and reducing erosion, there was significant doubt about sustainability. Similarly, efforts to strengthen institutions for management of water resources at national and cross-border levels were too slow and, in the latter case, were unsustainable once Bank support was withdrawn.



Objectives	IEG Rating
<b>Pillar 1: Growth and Competitiveness</b>	<b>Moderately Satisfactory</b>
<b>Pillar 2: Broadening/Sustaining Social Gains</b>	<b>Moderately Satisfactory</b>
<b>Pillar 3: Reducing Albania’s vulnerability to Climate Change</b>	<b>Moderately Unsatisfactory</b>

## 6. *WBG Performance*

29. **Selectivity.** The CPS program was grounded in Albania’s NSDI and the Government EAOD and clearly linked to the priorities identified in those documents. The CPS focus on the economic and social, rather than the political economy emphases (democratization, judicial reform) of the NSDI was also appropriate, given the greater comparative advantage of the EU and European bilateral donors with respect to the latter. Overall, the areas selected for WBG interventions played to the organization’s strengths – either by seeking to exploit complementarities between the Bank and IFC (e.g., energy and PSD) or in terms of previous WBG experience in Albania or similar countries. The CPS strategy was also based on a solid foundation of analytical work, including core diagnostic reports as well as sector studies that shaped specific interventions.

30. However, the FY11-14 CPS and the associated results matrix reflect an overly broad program with a large number of planned outcomes and milestones. In part, this was a legacy issue. The CPS was developed at a time when the Bank already had a very wide-ranging program on the ground, with few sectors left untouched. At the time of the Board presentation of the CPS, the Bank’s portfolio included around US\$480 million in commitments, including \$263 million in IBRD/IDA loans and credits for 15 projects, about US\$180 million in co-financing from other donors (of which a large part was devoted to the Integrated Planning System project) and about \$35 million in recipient-executed trust funds supervised by the Bank. As most, if not all, IBRD/IDA projects and the IPS project were expected to close during the CPS implementation period, the CPS matrix attempted to give each of these operations its due by including outcomes and indicators relating to it. Thus despite the Bank’s and Government’s clearly stated intention of being more selective for the FY11-14 CPS, the results matrix remained extensive and complex. Even after making some allowance for the “legacy factor”, the original CPS program was clearly too wide-ranging and complex -- especially in relation to the relatively small initial resource envelope of US\$275 million. The CPS proposed 12 new Bank operations, including 8 investment operations and 4 DPLs, implying an average size of under \$23 million each. The CPS did include a caveat indicating that the number of projects and the pace of their preparation would be closely linked to improved performance of the existing portfolio and actual project closings – thus building in considerable flexibility for FYs13 and 14.

31. In fact, the total number of operations approved during the CPS period was 8 versus the 12 planned in the CPS, with most approvals occurring in the last year of the CPS, following election of a new Government with a stronger commitment to reform. This, together with an increase in the lending envelope for Albania and the Bank’s close attention to accelerating the implementation of the legacy portfolio, meant that there was significant consolidation of the Bank program over the CPS period with the number of active operations dropping from 15 to 6 and their average size increasing from \$18 million to \$47 million. In turn, this should position the WBG for a well-focused and selective program in the FY15-18 CPF.

32. **Alignment.** Although the Bank had not articulated the corporate twin goals at the time this CPS was prepared, its objectives, design and actual program were generally consistent with these corporate priorities. At the most direct level, the efforts to strengthen the conditional cash transfer and disability programs were aimed at protecting the poorest groups, and investments in primary health care and education (though more broadly targeted) were likely to be of most benefit for the lower income quintiles, who have few, if any, alternatives to the public systems. Similarly, the focus on community income generation through environmental service initiatives as well as actions to reduce flooding and other disasters were designed to benefit poorer, more vulnerable, rural households. In terms of shared prosperity as well, the CPS objectives



and programs (especially Strategic Objective 1), with their focus on macroeconomic management/stability and growth were fully relevant. As highlighted in the CLR and Strategic Country Diagnostic (SCD) for Albania, rapid growth was the key determinant in poverty reduction in the pre-crisis period, with consumption of the bottom 40% of the population growing faster than the average. The growth slowdown following the crisis led to some reversal in the pre-crisis gains in poverty reduction, again establishing the strong link between growth and poverty. In this context, the CPS program's focus on supporting efforts to accelerate growth, would, if successful, have helped to further the twin goals.

33. While the strategy was in substance well aligned with the twin goals, the links between CPS activities (including growth-supporting activities), poverty reduction and shared prosperity were not well articulated either in the CPS document or the results matrix. The only outcome for which poverty reduction is directly mentioned is the outcome associated with revamping of the disability and conditional cash transfers. It is also alluded to in the indicator on community-based mini-catchment management plans, which involves measures of increased incomes for rural households through communal forestry and agricultural activities. There is also no evidence presented to suggest that program changes made during the course of CPS implementation were designed to sharpen the impact of projects or analytical work towards furthering the twin goals.

#### **Lending and Investments**

34. Actual lending over the CPS period differed significantly from the original plan in terms of number of operations as well as their composition, timing and size. As noted in the CLR, the lending envelope allocated for Albania more than doubled in size from \$275 million in the CPS to \$575 million by the CPS PR, as the Bank stepped up support to Albania to address flooding emergencies and increase resilience to the prolonged Eurozone crisis. Actual lending over the four years of the CPS was about \$441 million, with most lending (\$305 million) occurring in the last year of the CPS following the change of administration. Of the total lending, about 55% was in the form of quick-disbursing DPLs and the remainder was allocated for investment operations. A significant change in program composition was the decision to drop the planned Growth DPL series, given an inadequate macroeconomic framework to permit budget support. On the other hand, a one-off Financial Sector DPL and the first of a new Public Finance DPL series were prepared and disbursed in the final year of the CPS. A number of investment projects were also dropped or postponed to the next CPS period, including, inter alia, a proposed Health Project, an Energy Sector Reform and Recovery Project, a Road Safety and Maintenance Project. The total number of new operations was 8, about half the number delivered over the previous CPS period. New lending comprised a DPL (US\$25 mill) and investment operation for modernizing social assistance (US\$40 mill), additional financing for dam safety (US\$21 mill), a water and irrigation project (US\$40 mill), a water sector investment project (US\$85.3 mill) an environmental services project (US\$10 mill), as well as DPLs for the financial sector (US\$100 mill) and public finance (US\$120 mill).

35. The CPS period saw significant acceleration in implementation and disbursements over the CPS period, in line with the CPS goal. There were 15 projects (average size US\$18 million) in the portfolio at the beginning of the CPS, many of which were over-aged. At the end of FY14, there were 6 projects in the portfolio with an average size of US\$47 million.

36. When the CPS was presented in June 2010 IFC envisaged increasing its financing to the private sector in Albania to a level of \$120 - \$150 million through "direct financing" in key sectors including agribusiness, energy and social sectors. The financial sector investments were supposed to strengthen banks' capitalization and provide long-term finance for MSMEs, renewable energy and energy efficient products. The target has been met with \$134 million disbursement from IFC own account and \$47 million syndicated/parallel loans. Total loan commitment amounted to \$155 million and there was also an equity commitment of \$15 million. IFC commitments were heavily skewed to the energy sector for which \$154 million were committed, or 90% of the total. The energy commitments were equally split between the electricity sector (three new projects) and oil (one new project and one approved in 2009, and active during the report period). The financial sector was the third in importance in IFC commitments with one investment of \$12 million (or only 7% of total) in a commercial bank, not a strong support during the Eurozone crises



which affected Albania. In contrast with IFC practices in neighboring countries where it actively used its revolving short-term guarantees under the Global Trade Finance Program, only two such guarantees were issued in Albania for less than \$2.7 million. Contrary to the CPS plans no investment commitment was recorded either in agribusiness or in any social sector. Some activity happened with IFC investments in the cement industry, which for some reason was classified in the MIS as “a consumer and social service”. During the CPS period IFC started nine investment projects in Albania. One more project (in oil) was a carry-over from the previous CPS period. There were seven more projects with investments outstanding, but with no activity during FY11 – FY14.

37. In the absence of IEG ratings, success of IFC investment projects in Albania could be measured only on the basis of IFC self-evaluations of their 14 investment partners in DOTS. Projects were found mostly successful with only 3 partners (a total of six projects), seven were self-evaluated as unsuccessful, three – “too early to tell”, and two unrated. The success rate of IFC investment projects in Albania was 33%.

38. **Analytic and Advisory Activities and Services.** The Bank undertook a number of high profile and high quality analytical reports and AAA, using both Bank budget resources and in several instances combining these well with donor funding from trust fund and other sources. Of particular note were the Public Finance Review and a related TA on Public Financial Management Strategy, which were both instrumental in generating commitment to reforms among a wide range of stakeholders across the political spectrum, civil society and the private sector. Similarly, analytical work and TA in the pension reform area were crucial to the passage of a far-reaching pension reform, which should help maintain the longer-term sustainability of the system. In addition, the Policy Notes were an important factor in establishing a strong dialogue with the new Administration. Much of the impact of the Notes was derived from the strong stakeholder consultations and dialogue that accompanied their preparation and dissemination. For the most part, the AAA plan laid out in the CPS was delivered and a number of major products were added, including a CEM, Debt Management Assessment, a TA activity for Financial Sector Contingency planning, a study on Pro-poor Electricity and Water among many others. Several of these additional reports were important inputs in designing Albania’s response to the Eurozone developments and/or the basis for building stakeholder consensus on the way forward. Moreover, the analytical work and TA activities were often the basis for donor coordination in lending/grant operations. Several AAA activities were undertaken with support from bilateral donors or from dedicated regional TFs managed by the Bank.

39. IFC had 15 active advisory services in Albania during the CPS period, four of which predated the CPS. The total funds allocated to these advisory projects exceeded \$17.3 million, albeit six projects were regional in scope (ECA, SEE, or Western Balkans) and activities in Albania made up only a portion of their budgets. IEG evaluated one advisory project in Albania (International Standards and Technical Regulations) and found it mostly successful in development effectiveness with excellent outputs, satisfactory strategic relevance and outcome achievements, but could not verify its impact contrary to IFC self-assessment as satisfactory. The other project from the previous CPS period evaluated by IEG in 2012 dealt with alternative dispute resolution (ADR) and IEG agreed with IFC self-evaluated successful rating, satisfactory development effectiveness, strategic relevance, and outcome and impact achievements. One project was closed with self-evaluated successful development effectiveness and satisfactory results, one was terminated a year after approval. Of the on-going AS projects, supervision reports showed excellent development effectiveness in 2 projects, 7 were on track with satisfactory results, two were put on hold due to client’s lack of readiness, and the remaining 2 projects were just started in FY14.

40. **Results Framework.** As discussed in other sections, the CPS results framework was well aligned with national development goals and the outcome indicators were, in turn, reasonably well aligned with the objectives. With some exceptions, the causal chain between at least Bank-supported interventions and expected CPS outcomes was relatively well designed using a combination of outcome-oriented and output-oriented indicators or milestones. The framework does, however, suffer from a number of weaknesses. First, the scope of the framework and the multiplicity of indicators not only diffused the focus of the Bank’s work, but the high degree of complexity meant that the outcomes were often not adequately monitored during CPS implementation. Second, the results framework made little effort to draw out links to poverty reduction



and virtually no effort to explicitly factor in gender considerations. Third, except in a few instances such as road transport and health, the results matrix did not adequately specify baseline measures of performance or measure and report on quantitative outcomes. If, as the CLR indicates in para 26, this was a matter of “choice” rather than oversight, much more justification for this unusual “choice” should have been provided. Finally, and perhaps most importantly, the framework as laid out in the CPS and CPS PR as well as reviewed in the CLR, does not bear out the commitment in the strategy to a “one Bank” approach, even in sectors such as energy or PSD, where there was, in fact, a plethora of potentially complementary and even joint activities.

41. The CPS results framework suffered from poorly structured results chains for IFC projects. It was hard to establish a link between some IFC activities and the CPS objectives that they were supposed to influence: e.g. ECA Debt Resolution project which is focused on improvement of firms’ insolvency regulations and practices was to contribute to the Outcome 1 of CPS “improved credibility and contestability of fiscal policy”.

42. **Partnerships and Development Partner Coordination.** Implementation of the Albania CPS included several examples of excellent cooperation between the Bank and other development partners. In part, this may be attributable to the decision by Government to create a special unit to help coordinate donor activities and the production of the EAOD to help orient external assistance. Throughout CPS implementation, the Bank regularly engaged with other donors through a monthly coordination forum as well as participated in sectoral donor meetings led by Government in areas of Bank engagement. The EEEP and the IPS were both good examples of donors coming together to address priority needs. The EEEP was the first sector-wide operation in Albania and its lessons should perhaps have been examined in greater depth in the CLR, including any areas of disagreement between the Bank and some donors that arose during the implementations phase and how these were resolved. IPS collaboration was generally successful as evidenced by most donors involved to participate in a follow-on IPS 2 operation. IFC cooperated with EBRD in renewable energy, and with Austrian Development Agency in tax simplification.

43. **Safeguards and Fiduciary Issues.** In Albania, seven projects triggered one or multiple safeguards, including four category “A” projects and three category “B” projects. In the transport sector, World Bank support for secondary and local roads reconstruction, road maintenance and safety triggered multiple safeguards, which were satisfactorily complied with. Environmental safeguards were triggered and were fully complied with in the agriculture sector. However, safeguards issues surrounding land rights and ownership affected the implementation of education projects during the CPS implementation period. The Education Excellence and Equity Project experienced significant delays in at least one school construction component as a result of challenges by a local resident. Similarly, the Integrated Coastal Zone Management and Clean-up Project was affected by the lack of clarity surrounding the rights of squatters on public lands in terms of resettlement and compensation. Going forward, much more attention to lands rights issues needs to be paid in the project preparation phase to avoid disputes, delays and associated reputational risks to the Bank during implementation. In addition, the Power Generation and Restructuring project triggered an inspection panel case. The Panel concluded that the Bank Management was correct in its determination that the Bank Policy 4.04 on Natural Habitats was not triggered by the project, but the Project preparation and appraisal activities were in non-compliance with other Bank Policies (including OP/BP 4.01). The Inspection Panel’s Progress Report in 2010 noted good progress by the Bank’s Management in all key areas requiring action according to the earlier report. No information on fiduciary issues/complaints to IEG is included in the CLR.

44. **Ownership and Flexibility.** As previously noted, the CPS program was fully responsive to the NSDI, a document that was developed through a broad consultation process involving a wide range of stakeholders. In this sense, it is safe to say that Albanian ownership of the CPS program was adequate. However, subsequent [Government reluctance to implement fiscal consolidation measures close to the upcoming national elections](#) suggests that the Bank may initially have underestimated political economy considerations. The Bank’s follow-up to this situation, involving high quality analytical work and broad and politically even-handed dissemination/consultation of findings, was excellent and likely helped move forward an ambitious agenda following installation of the new administration in 2013.



45. The Bank displayed considerable flexibility and responsiveness during CPS program implementation in response to unfavorable external and internal events. First, the continuing crisis in the Eurozone (and its serious implications for growth and poverty reduction in Albania) induced the Bank to double its original envelope for Albania and provided impetus to sharpen the CPS program's focus on macroeconomic, financial sector and energy sector vulnerabilities. Second, an additional \$25 million was provided to help Albania address the 2010 catastrophic flooding events and improve the safety of major dams. Third, an EU decision to grant Albania candidate status provided it could demonstrate clear improvements in public administration led to requests by Government to increase Bank support in this area, to which the Bank responded in a positive and timely manner. Fourth, the Bank included a much greater focus on the financial sector as an important element in bolstering Albania's macro and financial stability. Fifth, the Bank appropriately held back DPL lending in the absence of political commitment to fiscal consolidation until prospects for a more sustainable macro framework improved under a new administration. Similarly, the Bank and Government did not push ahead with new investment lending in areas where existing projects were experiencing implementation problems or delays. These latter two factors, however, meant the CPS program became back-loaded with many operations pushed either to the last year of the CPS period or to the next CPS.

46. **WBG Internal Cooperation.** Internal cooperation between the Bank and IFC is perhaps one of the weakest areas of Bank Group performance for this CPS, at least with respect to cooperation in defining/measuring outcomes in the results framework and in reporting in the CLR. While interviews with staff suggest that the IFC and Bank did in fact cooperate or at least exchange information in a number of areas to ensure complementarity as envisaged in the CPS, there is virtually no evidence of this in the CLR documentation. There is also no evidence of how any potential or actual conflicts of interest were addressed as there must have been on energy distribution, where the Bank was working closely with the Government and public sector authorities while IFC was first and foremost closely linked to the private concessionaire for distribution, which was an IFC client. In fact, as noted above in para 36, IFC operations were not even included in the results framework at the CPS PR stage, when IFC operations were likely much better defined.

47. **Risk Identification and Mitigation.** IEG agrees with the CLR's view that the identification of risks – including external Eurozone and climatic risks as well as domestic risks of slow implementation and resistance to fiscal reform – was candid and correct. Mitigation measures were appropriate including slowdown in the approval of new investment operations in the event of implementation risks and wide stakeholder dialogue to mitigate policy risks. As already mentioned, the Bank did in fact undertake high quality AAA and disseminate it widely through the Policy Notes exercise to successfully refocus stakeholder attention on key fiscal, pension reform and other lagging policy issues. The Bank also helped to mitigate some policy risks through the introduction of high quality advisory projects, often coordinated with other donors. Intensive supervision support including monthly portfolio meetings with Government and training for project staff in procurement and financial management helped accelerate portfolio implementation. An additional mitigation measure (not originally mentioned in the CPS) were the decisions by the Bank to allocate additional funds to Albania in response to the 2010 flooding emergency and to help bolster Albania's resilience to the deepening Eurozone crisis through doubling the original CPS envelope and increasing focus on financial sector strengthening, including a DPL for \$100 million.

48. **Overall Assessment and Rating of WBG Performance.** IEG concurs with the CLR self-rating of the Bank's performance as good. In terms of the design of the CPS program, there were several positive factors, particularly the close alignment of the CPS program with the NSDI, the consideration of Bank comparative advantage in the selection of areas for engagement, the strong links between planned AAA and lending, a candid assessment of risks and mitigation measures and adequate consideration of partnership and stakeholder priorities. However, there were clear problems with selectivity (even considering the "legacy" portfolio), an unwieldy and not very well designed results matrix with inadequate attention to measurable outcomes, and inadequately specified modalities for cooperation between the Bank and IFC. As noted earlier, selectivity improved over the course of CPS implementation due, *inter alia*, to the Bank's consistent adherence to the CPS priority of improving implementation of the existing portfolio (including strengthening country procurement and financial management systems) before embarking on new investment operations. Also noteworthy was the decision to defer the DPL series until there was strong



internal commitment to fiscal reform and other critical reform measures. In this regard the Bank deserves credit for continuing to work diligently with key external partners to deliver high quality AAA to support the reform process and build consensus among domestic stakeholders for critical reforms throughout FYs11-13, thereby enabling progress on key reform measures with (fiscal consolidation, pensions, energy and financial sector) to enable implementation of DPLs by FY14. In addition it is worth re-emphasizing the appropriate flexibility shown by the Bank in increasing allocations to Albania to address unfavorable exogenous shocks, enabling a higher level of resource transfer than was originally anticipated, while still maintaining attention to the medium-term development agenda.

## **7. Assessment of CLR Completion Report**

49. CLR Assessment. The CLR Completion Report discusses the results of the CPS assistance at two levels: in the main text and Attachment 1. The text describes the main actions taken and presents a general overview of results. Attachment 1 follows the CPSPR results framework and discusses the results of the assistance by looking mostly at actions taken and outputs rather than outcomes. Thus while the CLR is consistent with the CPS/CPS PR objectives and the associated results framework a discussion of impact is only apparent in a couple of areas such as road transport, reflecting the indicators included. Moreover, as highlighted throughout this report, the CLR includes little meaningful discussion of IFC activities, either in terms of indicators nor text discussion of how synergies were or were not exploited and what lessons were learned. There is also very little discussion of safeguards issues except a reference to the potential use of the national e-procurement system for selected Bank projects and some mention of the role of social safeguards (land disputes) in delaying school construction under the EEEP. Despite the shortcomings of the CPS results matrix (matrices), the CLR could have included an effort to assess outcomes, especially in areas where the desired output was reached some years ago. This effort was not made, implying that there is very little measurement of impact.

## **8. Findings and Lessons**

50. The CLR includes about 9 lessons covering, inter alia, maintenance of continuous dialogue with Government and stakeholders, calibration of new lending to reform and institutional capacity, simplifying the results matrix, importance of AAA, supporting PSD through appropriate regulation, adaptation to local conditions, close coordination with external development partners and prioritizing the consolidation of the existing portfolio. These lessons are all useful and appropriate. IEG would like to highlight the following lessons which emerge clearly from the Albania FY11-14 experience: (i) in the event of low political comment to the reform agenda in high development priority areas, it is critical to build a broad coalition of support for reform in an open and transparent manner through high quality AAA and discussions with national stakeholders and international development partners to build a shared understanding of the stakes involved and leverage action; (ii) selectivity in strategy design is imperative in relatively low capacity countries such as Albania, especially when the Bank has a limited resource envelope -- the process of clearly specifying desired outcomes is an important support to achieving a selective CPS program, even when there are multiple needs; (iii) Bank/IFC synergy can add significant value but only when it is consciously planned for, potential conflicts of interest are identified and discussed up front and modalities are identified for addressing such conflicts when they arise; and (iv) in cases where there is already a scattered program of small operations it is vital to restructure the portfolio and accelerate implementation before embarking on new lending.





- Annex Table 1: Summary Achievements of CPS Objectives**
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- Annex Table 9A: List of IFC Investments Committed in FY11-FY14**
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**Annex Table 1: Summary of Achievements of CPS Objectives**

	CPS FY11-FY14: Pillar I Accelerating the recovery in Albania's economic growth through improved competitiveness	Actual Results (as of current month/year)	Comments
	<b>Results Area: Sound macroeconomic management and improved public expenditure management</b>		
	<b>1. CPS Objective: Improve credibility and contestability of fiscal policy, strengthen financial stability, national economic statistics, and reporting on development outcomes and governance of public spending</b>		
<b>Major Outcome Measures</b>	<b>Indicator:</b> Automated treasury system fully implemented across and used by all central Government ministries and agencies for payments, receipts, commitments and asset management  <b>Baseline:</b> No  <b>Target:</b> Yes	The Treasury system is fully functional in its basic form. Enhancements are being made to address limitations in functionality, for example, in terms of commitment controls and recording of multi-year obligations.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
	<b>Indicator:</b> Detailed and consolidated government in-year budget execution reports published monthly on-line by 2012  <b>Baseline:</b> No  <b>Target:</b> Yes	Detailed and consolidated in-year budget execution reports and reports on customs, tax revenues, and VAT reimbursements are published online.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
	<b>Indicator:</b> All Bank-financed projects budgeted fully in the MTBP, using Treasury System for financial management, and reported on in government financial reports  <b>Baseline:</b> No  <b>Target:</b> Yes	All Bank financed projects are fully budgeted in the MTBP (except some stand-alone grants). The Albanian Government Financial Information System (GFIS, treasury) has been used in three projects for the funds flow. Despite improvements in the system, weaknesses were noted when used for project purposes.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
	<b>Indicator:</b> Fully functional EU-compliant procurement complaints review mechanism in place.  <b>Baseline:</b> No  <b>Target:</b> Yes	The procurement complaints review mechanism in place is close to being fully EU complaint. The Public Procurement Commission has been established by the Public Procurement Law as the highest body in the procurement system. It provides legal protection for tenderers and the public interest at all stages of the public procurement process, concessions, auctions, and licensing of mines.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
	<b>Indicator:</b> E-procurement system certified for use by some donor-financed projects, including World Bank	The e-Government Procurement (e-GP) system was assessed by a consulting firm hired by the Bank in 2010: the Bank can use the system (only for ICB and NCB procedures).	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure



	CPS FY11-FY14: Pillar I Accelerating the recovery in Albania's economic growth through improved competitiveness	Actual Results (as of current month/year)	Comments
	Baseline: No  Target: Yes	The system has been piloted successfully under the Secondary and Local Roads Project.	progress towards the achievement of the objective.
	Indicator: A back-stop facility with the MoF for the Deposit Insurance Authority established.  Baseline: No  Target: Yes	The Albania Deposit Insurance Authority (ADIA) has secured a back-stop funding facility from the EBRD for €100 million to be called upon if needed to fulfill ADIA's obligations to insured depositors.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
	Indicator: Foreign bank branches, which retain capital in country, are converted into subsidiaries  Baseline: No  Target: Yes	Foreign bank branches, which retain capital in country, were converted into subsidiaries in 2012.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
<b>Results Area: Improving business regulations and reducing compliance costs for the private sector</b>			
<b>2. CPS Objective: Increase satisfaction with quality of regulations</b>			
	Indicator: Satisfaction with quality of regulations (1=very satisfied; 6=very dissatisfied).  Baseline: 3.3 (2005)  Target: 2.5 (2012)	As of 2012, the satisfaction with the quality of regulations was 2.5.	Source: CLR, BEEPS and Customized Survey  This outcome indicator was introduced at the CPSPR stage (April 2013). The target had already been in achieved by 2012.
	Indicator: Regulatory framework for business inspections revised and adopted.  Baseline: No  Target: Yes	As of 2012, the inspection system had been revised and General Directorate of Inspection established. The system is being used beyond the BERIS project and across the country.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
	Indicator: Number of government officials trained in techniques for regulatory review  Baseline: 3 in 2008  Target: 175 in 2011	As of 2012, 175 government officials were trained in regulatory review techniques.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
<b>3. CPS Objective: Reduce time for registering immovable property transactions</b>			
	Indicator: Number of days needed for registering immovable property transactions  Baseline: 30 (2009)  Target: 10 (2012)	As of 2012, days needed for registering immovable property transactions was 9.8 days.	Source: CLR  This outcome indicator was introduced at the CPSPR stage (April 2013). The target had already been in achieved by 2012.

	CPS FY11-FY14: Pillar I Accelerating the recovery in Albania's economic growth through improved competitiveness	Actual Results (as of current month/year)	Comments
	<p><b>Indicator:</b> Development of land and property rights regime.</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>The National Property Rights Strategy was adopted (2012), as well as the new Law on Immovable Property Registration (2013). However, a reasonable solution to restitution / compensation policy and institutional coordination for property rights needs further attention.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p><b>Indicator:</b> Complete computerization of Tirana Immovable Property Registration Office</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>LAMP supported the development of new front/back office functions, IT system, and roll out to 10 largest registration offices, including Tirana.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
<p><b>4. CPS Objective: Improve private sector compliance with selected EU and international requirements particularly with respect to: (i) accounting and auditing standards; (ii) compliance with EU standards for exports; and (iii) issuance of environmental permits.</b></p>			
	<p><b>Indicator:</b> By-laws and regulations developed for an audit oversight system in line with EU directives.</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>Through the dedicated TA support under REPARIS program, the Audit Oversight System now has by-laws and toolkits in line with best international practices and EU directives.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p><b>Indicator:</b> EU-compliant National Metrology Laboratory fully operational.</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>An EU-compliant National Metrology Laboratory fitted with equipment became fully operational from January 2013.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p><b>Indicator:</b> National Accounting Council regularly publishes updated International Financial Reporting Standards</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>With TA support through the REPARIS program, the National Accounting Council (NAC) has upgraded its ability to update and publish IFRS translations. NAC now has clear and detailed procedures for standard-setting and has acquired translation software. Staff has been extensively trained. A consolidated version of updated IFRS was published in 2013.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p><b>Indicator:</b> On-line database on environmental permit applications in place by Dec 2012.</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>The CLR reports that the indicator was met.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>

	CPS FY11-FY14: Pillar I Accelerating the recovery in Albania's economic growth through improved competitiveness	Actual Results (as of current month/year)	Comments
	<p><b>Indicator:</b> Number of individuals and organizations trained in AaC principles</p> <p><b>Baseline:</b> 0 in 2010</p> <p><b>Target:</b> 250 in 2012</p>	<p>At least 250 individuals/ organizations were trained in AaC principles by 2012.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
<p><b>Results Area: Improved, and more financially sustainable, infrastructure services in roads, energy, and irrigation</b></p>			
<p><b>5. CPS Objective: Improve domestic energy supply (800 gigawatt of additional power supply per year), transmissions system operation, safety and operational efficiency of hydropower dams</b></p>			
	<p><b>Indicator:</b> Increased and diversified capacity to generate electricity of 700 GWh per annum</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>Power supply improved over the last five years: net supply increased yearly by 330 GWh (5%) and reached 7,960 GWh in 2013.</p>	<p>Source: CLR</p>
	<p><b>Indicator:</b> Complete construction and initiate commercial operations of Vlore Thermal Power Plant</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>Construction of Vlore TPP was completed in December 2011; however, it is not operational because the contractor did not properly remedy failures at the offshore facilities. An independent assessment was carried out by the Bank and presented to KESH. The report has provided KESH with a basis for moving forward in implementing a permanent solution to the problem which would ensure consistent, reliable and sustainable operation of the power plant. The additional installed thermal capacity of 97 MW is not yet completed.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p><b>Indicator:</b> Rehabilitation of three substations completed.</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>Five regional substations (Tirana, Elbasan1, Elbasan2, Burrel, and Fieri) were fully refurbished and rehabilitated. New control and monitoring systems were installed in three other substations in VDeja, Komani, and Fierza. The reliability of transmission system is significantly improved and estimated at 99%.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p><b>Indicator:</b> Complete restructuring of Transmission System Operator and business plan including new tariffs approved.</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>The transmission system operator (OST sha) restructuring is completed based on the actual Albanian Market Model. The tariffs for transmission activity are approved yearly. The new tariff structure needs to be adopted and approved reflecting new market developments and requirements of the SEE Energy Community Treaty.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p><b>Indicator:</b> Remedial measures of high and medium priority targeting spillways and other dam infrastructure completed.</p>	<p>The Dam Safety Project is under implementation. The dam infrastructure and systems are improved. The facilities of the major hydroelectric dams in Albania affected</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure</p>

	CPS FY11-FY14: Pillar I Accelerating the recovery in Albania's economic growth through improved competitiveness	Actual Results (as of current month/year)	Comments
	Baseline: No  Target: Yes	by the safeguard measures are increased by 20%.	progress towards the achievement of the objective.
<b>6. CPS Objective: Improve cost recovery within the electricity distribution system.</b>			
	<b>Indicator:</b> Timely tariff adjustments approved for Distribution System Operator and Retail Public Supplier in conformity with the agreed Regulatory Statement.  Baseline: No  Target: Yes	The generation, transmission, distribution and retail tariffs are not adjusted timely and remained unchanged during the last five years. Since December 2009, the electricity tariffs have not been revised and the Regulatory Statement was not suitably implemented. The Energy Regulatory Authority (ERE) delayed acceptance of level of losses and bad debts after those were assessed by independent auditors; also 2012 tariffs were not adjusted to allow for higher level of bad debts.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
	<b>Indicator:</b> Financial Recovery program in the Sector, to allow KESH to clear its arrears to suppliers.  Baseline: No  Target: Yes	No Financial Recovery Plan was prepared and approved. Over the past year, the sector has evolved into a state of financial and performance crises, presenting major fiscal, growth, and supply security risks. The entire sector has been negatively impacted and continues to sustain significant damage due to high energy losses and poor revenue collections. Moreover, bill collections from budgetary and non-budgetary institutions did not improve.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
<b>7. CPS Objective: Promote energy efficiency and use of cleaner energy (progress will be measured by the number of projects signed: base: 0 in 2010; target: 5 in 2013)</b>			
	<b>Indicator:</b> Cooperation Agreements signed with five banks to implement the Residential Energy Efficiency program.  Baseline: No  Target: Yes	The absence of legal and regulatory frameworks for implementing energy efficiency initiatives hampered progress.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
	<b>Indicator:</b> Revised step-in rights law encourages banks to finance Small Hydro Power Plants (SHPPs).  Baseline: No  Target: Yes	The step-in right was adopted in the concession law. This provision has increased the requirement for concession and commercial bank participation in financing of renewable activities. The new additional hydro capacity constructed by the Independent Power Producers (IPPs) resulted in total additional capacity by end-2013 to 230 MW. Apart from the Drin River Cascade (state owned with 1,350 MW and average production of GWh 4,000 per year), there are other existing privatized hydropower plants and many new hydro capacity contracted during the last four years. The Independent Power Producers, by the end of 2013, operated 308	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.



	CPS FY11-FY14: Pillar I Accelerating the recovery in Albania's economic growth through improved competitiveness	Actual Results (as of current month/year)	Comments
		MW hydro-capacities with an annual production of 1,250 GWh.	
	<b>8. CPS Objective: Improve road conditions and sustainability of roads investments</b>		
	<b>Indicator:</b> Number of communities with improved road access to services and markets  <b>Baseline:</b> 0 (2010)  <b>Target:</b> 26 (2012)	The original target (estimated) under SLRP was 50 communities, and by the end of the project the number of communities which are accessed by and using the improved roads stood at 86.	Source: CLR
	<b>Indicator:</b> Share of regional and local roads in better conditions  <b>Baseline:</b> 0 Km (2009)  <b>Target:</b> Project Target: 108 Km (2012); Program Target: 1,700 (2014)	A major investment program to improve the local road network was supported by the World Bank (US\$25 million), leveraging financing from five other development partners (about US\$400 million), covering about 1,700 km of secondary and local roads.  119 km of local and secondary roads have been constructed and rehabilitated under the Bank-financed Secondary and Local Roads Project (SLRP) with co-financing from DFID and GoA (total cost US\$40 million).	Source: CLR
	<b>Indicator:</b> Percentage of the national road network covered by performance based maintenance contracts  <b>Baseline:</b> 0 (2009)  <b>Target:</b> 10% (2014)	In 2011, the Bank-financed Transport Project introduced Output and Performance Based Maintenance in two pilot regions of Albania (representing 10% of the national road network), which were picked up by ARA, and expanded for the whole road network (although with not sufficient funding to address the accumulated backlog).	Source: CLR
	<b>Indicator:</b> Creation of an asset management system for secondary local roads and Albania National Road Authority.  <b>Baseline:</b>  <b>Target:</b>	The Secondary and Local Roads management system (covering almost 5,000 km) was established at the beginning of SLRP, helping to prioritize and define the interventions on specific sections based on economic, engineering, social, environmental, geographic, and other criteria. This system is gradually transferring to Albania Road Authority (ARA), following the gradual transfer of every improved road section.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
	CPS FY11-FY14: Pillar II Broadening and sustaining Albania's social gains	Actual Results (as of current month/year)	Comments
<u>Major Outcome Measures</u>	<b>Results Area: Broader access to education, particularly secondary and higher education, and improved quality at all levels</b>		
	<b>9. CPS Objective: Improved access to and quality of secondary education</b>		
	<b>Indicator:</b> Secondary enrollment rate	Secondary enrollment has increased substantially since 2006. The net enrollment rate was 80% and the gross enrollment rate	Source: CLR



	CPS FY11-FY14: Pillar II Broadening and sustaining Albania's social gains	Actual Results (as of current month/year)	Comments
	<p>Baseline: 60% (2009)</p> <p>Target: 100% (end of 2014)</p>	<p>was 91% in 2013. The 100% target (presumably GER) may have been overly ambitious, though it was not met due in part to the fact that the EEEP made only modest contributions to this outcome.</p>	
	<p><b>Indicator:</b> Triple shifts eliminated and double shifts reduced from 36% in secondary schools</p> <p>Baseline: No</p> <p>Target: Yes (2014)</p>	<p>Triple shift schools were eliminated, and double shift schools decreased from 36% to 13.9% for basic education schools and from 15% to 5.6% for secondary schools. The EEEP, and particularly its civil works program, can be credited in part for the achievement of this milestone.</p>	<p>Source: CLR</p> <p>The indicator was revised at the CPS stage (i.e. a baseline for the reduction of double shifts was provided). The original indicator also included basis schools in its formulation</p>
	<p><b>Indicator:</b> Complete reform of curricula for all three grades of secondary school.</p> <p>Baseline: No</p> <p>Target: Yes (2014)</p>	<p>The secondary general education curriculum was revised and fully adopted in all general secondary schools over a three-year cycle from 2009-2011. Every teacher and administrator also received training on the new curriculum and according to anecdotal evidence, the training was meaningful and informative.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p><b>Indicator:</b> Construction of 12 new schools; extension of 8 existing schools; and rehabilitation of 10 schools completed by end-2013.</p> <p>Baseline: No</p> <p>Target: Yes</p>	<p>10 new schools were constructed, 5 existing schools were extended, and 7 schools were rehabilitated by end-2013. The target for total number of schools was reduced due to extensive implementation delays (resulting from safeguards issues and varied quality of construction) and cost overruns.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p><b>Indicator:</b> Percentage of teachers participating in continuous professional development</p> <p>Baseline: 25% in 2009</p> <p>Target: 70% at end-2010</p>	<p>The continuous teacher professional development system that was envisioned at the design stage of the EEEP was not launched. The current system is only partially functional and not properly aligned with curriculum reforms. The MoES focused on training teachers on the revised curricula, including the use of information technologies in the classroom, rather than the formulation of a system for continuous professional development.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
<p><b>10. CPS Objective: Higher education institutions reformed to strengthen financing and overall quality through establishment of a comprehensive assurance system</b></p>			
	<p><b>Indicator:</b> Performance based financing in place for all (11) public universities by 2014</p> <p>Baseline: No</p> <p>Target: Yes</p>	<p>A key element of the Higher Education Strategy and action plan involved revisions to the funding formula. This was well developed, but budget constraints and political timing due to elections in June 2013 prevented the MoES from implementing the new financing mechanism in the 2013-2014 academic year. Full implementation of this mechanism is on hold pending a review from the new government.</p>	<p>Source: CLR</p> <p>The objective and the indicator were introduced at the CPS stage (April 2013).</p>



	CPS FY11-FY14: Pillar II Broadening and sustaining Albania's social gains	Actual Results (as of current month/year)	Comments
	<b>Indicator:</b> 100 university labs provided with modern didactic equipment  <b>Baseline:</b> No  <b>Target:</b> Yes	Modern didactic equipment was purchased and distributed to labs in 12 (of 15) public universities. All public universities are equipped with around 106 new science and teaching laboratories. The universities managed the procurement processes on their own, which helped to build procurement capacity and to reduce the burden on the MoES.	Source: CLR  The objective and the indicator were introduced at the CPS stage (April 2013).
	<b>Indicator:</b> Quality assurance system has been established for higher education institutions.  <b>Baseline:</b> No  <b>Target:</b> Yes	The Public Agency for Accreditation of Higher Education (APAAL) was restructured with technical assistance provided by the EEEP. APAAL now uses Standards for Higher Education Institutions, which is also a part of a higher education program ranking initiative. Also, all universities now have strategic plans and external governing boards. However, the quality assurance system that was envisioned when the EEEP was designed was not fully launched.	Source: CLR
<b>Results Area: Improved access to quality primary health care and more efficient public spending on health care</b>			
<b>11. CPS Objective: Improve access to quality primary health care</b>			
	<b>Indicator:</b> Universal re-training of PHC providers completed.  <b>Baseline:</b> No  <b>Target:</b> Yes	The project contributed to the improvement of the PHC providers' knowledge, providing training to over 630 PHC doctors.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
	<b>Indicator:</b> Basic Benefits Package for PHC established and implemented.  <b>Baseline:</b> No  <b>Target:</b> Yes	The benefit package was established but its implementation needs further improvements.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
<b>12. CPS Objective: Improve the efficiency of public spending on health care</b>			
	<b>Indicator:</b> 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%; target: 48%).  <b>Baseline:</b> 58%  <b>Target:</b> 48%	Public hospitals' payments are managed by the HII, based on contracts which include a number of performance indicators. Although good progress was achieved on this front, still hospital payments need to be further improved towards a fully performance based system. In addition, the progress has been made also on reducing the share of hospital spending in total health spending, but still the 48% target is not achieved.	Source: CLR
	<b>Indicator:</b> Unification of primary and secondary health care purchasing under the Health Insurance Institute	With project support, both primary and secondary (hospital) health care purchasing is done under the HII. In addition, the PHC services are paid on performance basis, while	Source: CLR  This was introduced at the CPSPR stage (April 2013) as



	CPS FY11-FY14: Pillar II Broadening and sustaining Albania's social gains	Actual Results (as of current month/year)	Comments
	<p>Baseline: No</p> <p>Target: Yes</p>	<p>work is in progress towards hospitals' performance based payments.</p>	<p>a milestone to measure progress towards the achievement of the objective.</p>
	<p>Indicator: Increase in the population enrolled in health insurance</p> <p>Baseline: &lt;10% in 2009</p> <p>Target: 70% in 2014</p>	<p>As of 2012, enrollment had reached almost 60%.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
<p><b>Results Area: Improved targeting and effectiveness of Albania's social protection systems</b></p>			
<p><b>13. CPS Objective: Improved efficiency of social assistance expenditure and benefit administration to increase the percentage of the poor receiving means-based social assistance and to improve the equity and effectiveness of the Ndhima Ekonomike program</b></p>			
	<p>Indicator: Assessment procedures and eligibility criteria revised for disability benefits (including disability pensions).</p> <p>Baseline: No</p> <p>Target: Yes</p>	<p>The Government started the work on revising the eligibility criteria for disability benefits. SAMP is supporting technical assistance and advisory activities to help the Government in designing the revised assessment criteria for disability benefits based on the "Social Model" (incorporating both functional and medical criteria), as well as reviewing and designing proposals for revising the business procedures and institutional arrangements. The process has suffered delays, due to delayed start-up of project implementation. However, currently the Government, with TA support, is progressing well, expecting to achieve the expected results soon as planned.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p>Indicator: Electronic central registry of beneficiaries introduced and fully operational.</p> <p>Baseline: No</p> <p>Target: Yes</p>	<p>The Government has introduced the electronic registry of beneficiaries of the cash social assistance (NE) program which has become fully operational in three main regions (covering more than 50% of the whole population), since January 2014. Currently the Government is working to expand the registry nation-wide as well as establish the registry for the disability beneficiaries.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p>Indicator: Percentage of the poor covered by the Ndhima Ekonomike program is estimated to increase (status: 22% in 2008; target 40% in 2014).</p> <p>Baseline: 22% (2008)</p> <p>Target: 40% (2014)</p>	<p>The reform of the cash social assistance program (NE) has started, including the implementation of the Unified Scoring Formula, aiming at improving equity outcomes. Good progress has been made with the implementation of the reform steps. However, progress towards achieving the target has to be assessed at a later stage (end-2014).</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p>Indicator: Improved financial management systems and fraud and error controls for NE fully operational.</p>	<p>The Government has established the NE MIS, which is currently fully operational in the main regions (covering more than 50% of the population). With the NE MIS in place, the</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure</p>



	CPS FY11-FY14: Pillar II Broadening and sustaining Albania's social gains	Actual Results (as of current month/year)	Comments
	Baseline: No  Target: Yes	inspectors are reporting data on fraud and error in the system.	progress towards the achievement of the objective.
	<b>14. CPS Objective: Improving the solvency of the pension system</b>		
	Indicator: Dependency rate pension system (total number of beneficiaries divided by total number of contributors)  Baseline: 83% in 2013  Target: < 83%	The CLR does not report updates since 2013 baseline.	Source: CLR  The outcome indicator was introduced at the CPS stage.
	Indicator: Improve participation of the working age population (ages 15-64) in the pension system  Baseline: 30%  Target: 1-2% increase in the CPS period	Participation has reached 35 percent of working age population in 2013 (latest data available).	Source: CLR  The outcome indicator was introduced at the CPS stage
	Indicator: Parametric reform of the pension system, to improve participation and the long term fiscal deficit, under implementation  Baseline: No  Target: Yes	Parametric reform of the pension system passed by Parliament on July 31, 2014, with implementation set to begin on January 1, 2015. The law had already been submitted to Parliament by June 30, 2014, end of the CPS period.	Source: CLR
	Indicator: Pension reform strategy adopted  Baseline: No  Target: Yes	Strategy presented to country for consultations in April 2014; draft law arising from the strategy prepared and passed.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
	CPS FY11-FY14: Pillar III Reducing Albania's vulnerabilities to climate change	Actual Results (as of current month/year)	Comments
<b>Major Outcome Measures</b>	<b>Results Area: Improve the conversation, management and efficient use of Albania's water resources</b>		
	<b>15. CPS Objective: Outcome 15: Reduce upstream risks of erosion by improving management of Albania's wetlands, forest and pasture resources and water catchments to: (i) increase in income earned from forest activities in communal forest and pasture lands; (ii) to reduce erosion</b>		
	Indicator: Income earned from forest activities in communal forest and pasture lands  Baseline: N/A	By 2013, the following were achieved in 251 communes: (i) 8% increase in income earned from forest activities in communal forest and pasture lands; (ii) 28% increase in income earned from forest and agricultural activities in 30 micro-catchments.	Source: CLR  No baseline was provided at the CPS stage.



	CPS FY11-FY14: Pillar III Reducing Albania's vulnerabilities to climate change	Actual Results (as of current month/year)	Comments
	<p><b>Target:</b> 25%</p> <p><b>Indicator:</b> Tons of erosion reduced</p> <p><b>Baseline:</b> N/A</p> <p><b>Target:</b> 400,000 by 2014</p>	<p>As of November 2011, 220,000 tons were reduced.</p>	<p>Source: CLR</p>
	<p><b>Indicator:</b> Restructured forestry extension services</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>Implementation support and training was provided to the new service under NRDP.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p><b>Indicator:</b> Increased carbon sequestration from sustainable forestry activities</p> <p><b>Baseline:</b> 45,000 tons CO2 sequestered in 2009</p> <p><b>Target:</b> 181,000 tons in 2014</p>	<p>As of July 2013, NRDP had sequestered 128,757.5 tons of CO2 in 4,779 ha of project area (it is estimated that in one year, it sequestered 3.85 t/ha.) In July 2013, 128,757 tons CERs (certified emission reductions) were issued for the Albania Assisted Natural Regeneration Project by the United Nations Framework Convention on Climate Change.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
<p><b>16. CPS Objective: Improved critical public environmental infrastructure and municipal services as evidenced by: (i) tons of household waste safely disposed in accordance with EU standards in South Coast; (ii) tons of treated sewage in coastal cities</b></p>			
	<p><b>Indicator:</b> Tons of household waste safely disposed in accordance with EU standards in South Coast.</p> <p><b>Baseline:</b> 0</p> <p><b>Target:</b> ≥ 5,000</p>	<p>Data not available. Project still under implementation with closing in FY16.</p>	<p>Source: CLR</p>
	<p><b>Indicator:</b> Tons of treated sewage in coastal cities</p> <p><b>Baseline:</b> 0 (2010)</p> <p><b>Target:</b> 48,000 (2012)</p>	<p>Data will be available in 03/2015.</p>	<p>Source: CLR</p>
	<p><b>Indicator:</b> Completed remediation of one of the most contaminated coastal sites at Porto Romano.</p> <p><b>Baseline:</b> No</p> <p><b>Target:</b> Yes</p>	<p>The remediation of the contaminated site of Porto Romano was completed in May 2011.</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.</p>
	<p><b>Indicator:</b> Operational landfill near Saranda and transfer center in Himara</p> <p><b>Baseline:</b> No</p>	<p>Landfill construction expected to be finalized by October 30, 2014; Himara transfer station by December 31, 2014. Full outcomes are expected to be achieved by project closure (03/2015)</p>	<p>Source: CLR</p> <p>This was introduced at the CPSPR stage (April 2013) as a milestone to measure</p>



	CPS FY11-FY14: Pillar III Reducing Albania's vulnerabilities to climate change	Actual Results (as of current month/year)	Comments
	Target: Yes		progress towards the achievement of the objective.
	Indicator: Completed extensions to the sewage network and wastewater outlet in Saranda  Baseline: No  Target: Yes	The CLR reports that the extensions to the sewage network and wastewater outlet in Saranda were completed.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
	Indicator: Adoption of new management plan for Butrint National Park and wetlands in line with Ramsar Convention  Baseline: No  Target: Yes	The management plan was adopted in December 2011.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
<b>17. CPS Objective: Improve the framework for management of water resources</b>			
	Indicator: Capacity building programs provided to the National Water Council, water user associations, and drainage boards  Baseline: No  Target: Yes	The process for preparing the WRIP design involved various stakeholders at the central and regional levels. Two important analyses were carried out during this period: Irrigation and Drainage Position Paper and Integrated Water Resources Management Position Paper.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.
	Indicator: Joint Albania/Montenegro Lake Shkodra management cross border institution fully operational  Baseline: No  Target: Yes	Four bilateral agreements between Albania and Montenegro on the joint financing of the Commission and Secretariat, as well as on the shared use of the lake information systems were signed. But neither governments provided adequate resources or staffing for the operation of Lake Shkodra Commission once the project was closed. In 2013, modest funding was allocated but not used.	Source: CLR  This was introduced at the CPSPR stage (April 2013) as a milestone to measure progress towards the achievement of the objective.

**Annex Table 2: Planned and Actual Lending for Albania, FY11-14**

Project ID	Project name	Proposed FY	Approval FY	Closing FY	Proposed Amount	Approved IBRD Amount	Approved IDA Amount	Outcome Rating
<b>Project Planned Under CPS / CPSPR FY11-14</b>								
P116937	Social sector reform DPL	FY11	FY11	FY12	25	25		IEG: U
P125856	Addtl Financing APL5 Dam safety	FY12	FY12		21.6	21.6		LIR:MS
P122233	Social Assistance Modern Project	FY12	FY12	FY17	50	50		LIR: S
P121186	Water Resource and Irrigation	FY13	FY13	FY18	40	40		LIR: MU
P102733	Water Sector Inv Sector	FY13	FY14	FY19	86	85.3		LIR: MS
P132982	Road Maint & Safety	FY13			30			

Project ID	Project name	Proposed FY	Approval FY	Closing FY	Proposed Amount	Approved IBRD Amount	Approved IDA Amount	Outcome Rating
P144029	Energy Sec Reform & Rec Proj	FY14	FY15	FY20	150	150		LIR: S
P146280	Fin Sector DPL	FY14	FY14	FY15	150	100		
P144688	Health Project	FY14			42			
	Education	FY14			10			
	Public Sector Reform	FY14			10			
P130492	Environment Services	FY14	FY15	FY20	10	10		LIR: S
<b>Total Planned</b>					<b>624.6</b>	<b>481.9</b>	<b>0</b>	
<b>Unplanned Projects during the CPS and CPSPR Period</b>								
P147226	Public Finance DPL		2014	2016		120		
<b>Total Unplanned</b>						<b>120</b>	<b>0</b>	
<b>On-going Projects during the CPS and CPSPR Period</b>								
			Approval FY	Closing FY		Approved IBRD Amount	Approved IDA Amount	
P055383	SOC SERV DEVT		2001	2013			10	IEG: MS
P077526	POWER SECTOR GENER & RESTRCT'G		2004	2012			25	IEG: U
P082375	NATURAL RES DEVT		2005	2011			7	IEG: MS
P090656	ECSEE APL2 (ALBANIA)		2005	2012			27	IEG: MS
P086807	COASTAL ZONE MGMT (APL #1)		2005	2015			18	LIR: MS
P100273	AVIAN FLU - AL		2006	2011			5	IEG: MS
P082814	HEALTH SYST MOD		2006	2012			15	IEG: S
P078933	EDUC EXCEL & EQUITY		2006	2013			15	IEG: MU
P078949	TRANSPORT		2007	2011		20	5	IEG: S
P096643	AL Busi Env Ref & Insti Streng		2007	2012		5.6	4	IEG: MS
P096263	LAND ADMIN & MGMT PROJ		2007	2014		19.96	15	LIR: MS
P107833	SECONDARY AND LOCAL ROADS		2008	2013		0	20	IEG: HS
P110845	DISASTER RISK MITIGATION		2008	2013		3	6	IEG: MU
P110481	ECSEE APL 5 DAM SAFETY		2008	2017		0	35	LIR: MS
P107382	ADD'L FIN - SOC SERVICE DEL		2009			5		
<b>Total On-going</b>						<b>54</b>	<b>207</b>	

Source: Albania CPS, CPSPR and AO as of 2/2/15

\*LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly Satisfactory.

**Annex Table 3: Analytical and Advisory Work for Albania, FY11 - FY14**

Proj ID	Economic and Sector Work	Fiscal year	Output Type
P107759	Accountability for Better Governance AAA	FY11	Report
P117865	Albania: #8090 Fin Crisis CP & Sim. Ex.	FY11	"How-To" Guidance
P118219	Albania GPF - e-government TA	FY11	"How-To" Guidance
P124165	DeMPA Assessment - Albania	FY11	Report
P112643	FBS - Pro-Poor Gov in Water and Electr	FY12	TA/IAR
P119929	Expropriation safeguards TA (TF096005)	FY12	TA/IAR
P122125	FBS-Pro-Poor Govt in Water and Electric.	FY12	TA/IAR
P122126	FBS-Pro-Poor Govt. in Water and Electric	FY12	TA/IAR



P126807	Albania repeat PEFA Assessment	FY12	Client Document Review
P115786	Albania CGAC Program - GPF Grant	FY13	TA/IAR
P127294	Albania #10051 Liberalizing MTPL Ins Mkt	FY13	TA/IAR
P127599	Pension Reform TA	FY13	TA/IAR
P130386	Universal Access and Service ICT Sector	FY13	TA/IAR
P130439	Albania #10177 Strength Deposit Insurance	FY13	TA/IAR
P131457	Support to PFM Strategy in Albania	FY14	TA/IAR
P143099	Public Finance Review	FY14	Not assigned
P145524	Policy Notes	FY14	Not assigned
P146188	Albania FSAP Update	FY14	Not assigned
Proj ID	Technical Assistance	Fiscal year	Output Type
P117865	Albania: #8090 Fin Crisis CP & Sim. Ex.	FY11	"How-To" Guidance
P118219	Albania GPF - e-government TA	FY11	"How-To" Guidance
P112643	FBS - Pro-Poor Gov in Water and Electr	FY12	TA/IAR
P119929	Expropriation safeguards TA (TF096005)	FY12	TA/IAR
P122125	FBS-Pro-Poor Govt in Water and Electric.	FY12	TA/IAR
P122126	FBS-Pro-Poor Govt. in Water and Electric	FY12	TA/IAR
P126807	Albania repeat PEFA Assessment	FY12	Client Document Review
P115786	Albania CGAC Program - GPF Grant	FY13	TA/IAR
P127294	Albania #10051 Liberalizing MTPL Ins Mkt	FY13	TA/IAR
P127599	Pension Reform TA	FY13	TA/IAR
P130386	Universal Access and Service ICT Sector	FY13	TA/IAR
P130439	Albania #10177 Strength Deposit Insuranc	FY13	TA/IAR
P131457	Support to PFM Strategy in Albania	FY14	TA/IAR

**Annex Table 4: Grants and Trust Funds Active in FY11-14 for Albania (in US\$ million)**

Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
P091145	Afforestation & Reforestation of Refused Lands in Albania BioCarbon Fund Project	TF 56871	2007	2019	1,013,584
P121186	Water Resources and Irrigation Project	TF 14255	2013	2018	4,675,000
P129332	Second MDTF for Capacity Building Support to Implement the IPS (IPS 2)	TF 13972	2013	2016	3,623,846
P143963	Albania MDTF for Extractive Industry Transparency Initiative (EITI), Implementation Support, Phase III	TF 14999	2014	2015	300,000
P132679	Land Degradation Enabling Activities - Albania	TF 13194	2013	2015	150,000
P132982	Results-based Road Maintenance and Safety Project	TF 14761	2014	2015	700,000
P132129	Revision of the National Biodiversity Strategy and Action Plan	TF 12599	2013	2015	220,000
P086807	Integrated Coastal Zone Management & Clean-Up Project (APL #1)	TF 55922	2006	2015	2,509,878
P086807	Integrated Coastal Zone Management & Clean-Up Project (APL #1)	TF 55065	2006	2015	2,230,000
P120961	Free Standing TF on Natural Resource Development	TF 11576	2012	2014	2,716,028



Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
P125591	REPARIS Albania MDTF No. TF098923 Corporate Financial Reporting Enhancement Project	TF 98923	2011	2014	1,819,876
P113978	Youth Empowerment through Community Development in Albania	TF 93709	2010	2014	1,155,700
P096263	Land Administration and Management Project (LAMP)	TF 12392	2013	2014	2,706,131
P096263	Land Administration and Management Project (LAMP)	TF 90309	2008	2014	2,447,013
P102733	Water Sector Investment Project	TF 93096	2010	2013	980,000
P116632	Albania: Extractive Industries Transparency Initiative Implementation	TF 12148	2012	2013	110,000
P127684	Supporting to increasing security of Albania's e-procurement system	TF 11176	2012	2013	100,000
P122216	Albania - Mini Development Marketplace for Governance	TF 97338	2011	2013	140,000
P114789	Strengthening Aarhus Convention Implementation	TF 94711	2010	2013	370,000
P110845	Disaster Risk Mitigation and Adaptation Project	TF 99141	2011	2013	600,000
P084605	ALBANIA/MONTENEGRO LAKE SKHODER INTEGRATED ECOSYSTEM MANAGE	TF 91937	2009	2013	1,990,000
P096263	Land Administration and Management Project (LAMP)	TF 56729	2008	2013	1,537,000
P116632	Albania: Extractive Industries Transparency Initiative Implementation	TF 96009	2010	2012	275,000
P105143	Albania MD Capacity Building & Support to Implement the Integrated Planning System	TF 90843	2008	2012	6,391,344
P082814	Health System Modernization Project	TF 55804	2006	2012	1,610,000
P089061	Albania - Natural Resources Development Project	TF 54926	2005	2012	5,000,000
P085089	Albania Butrint Global Biodiversity and Heritage Conservation	TF 56176	2008	2011	950,000
P100273	Avian Influenza Control and Human Pandemic Preparedness and Response Project	TF 56728	2007	2011	800,000
P086807	Integrated Coastal Zone Management & Clean-Up Project (APL #1)	TF 54400	2006	2011	3,113,333
P082375	Natural Resources Development Project	TF 54995	2006	2011	5,047,774
	<b>Total</b>				<b>55,281,506</b>

Source: Client Connection as of 1/21/15

**Annex Table 5: IEG Project Ratings for Albania, FY11-Present**

Exit FY	Proj ID	Project name	Total Evaluated (\$M)	IEG Outcome	IEG Risk to DO
2011	P078949	TRANSPORT	26.1	SATISFACTORY	MODERATE
2011	P082375	NATURAL RES DEVT	6.9	MODERATELY SATISFACTORY	SIGNIFICANT
2011	P100273	AVIAN FLU - AL	3.9	MODERATELY SATISFACTORY	SIGNIFICANT
2012	P077526	POWER SECTOR GENER & RESTRCT'G	24.7	UNSATISFACTORY	HIGH
2012	P082814	HEALTH SYST MOD	14.5	SATISFACTORY	MODERATE
2012	P090656	ECSEE APL2 (ALBANIA)	22.3	MODERATELY SATISFACTORY	SIGNIFICANT
2012	P096643	AL Busi Env Ref & Insti Streng	9.2	MODERATELY SATISFACTORY	MODERATE
2012	P105143	IPS Implementation	0.0	MODERATELY SATISFACTORY	MODERATE

Exit FY	Proj ID	Project name	Total Evaluated (\$M)	IEG Outcome	IEG Risk to DO
2012	P116937	Social Sector Reform DPL	25.0	UNSATISFACTORY	NEGLECTIBLE TO LOW
2013	P055383	SOC SERV DEVT	16.4	MODERATELY SATISFACTORY	MODERATE
2013	P078933	EDUC EXCEL & EQUITY	14.6	MODERATELY UNSATISFACTORY	MODERATE
2013	P107833	SECONDARY AND LOCAL ROADS	18.7	HIGHLY SATISFACTORY	MODERATE
2013	P110845	DISASTER RISK MITIGATION	8.3	MODERATELY UNSATISFACTORY	SIGNIFICANT
		<b>Total</b>	<b>190.6</b>		

Source: AO Key IEG Ratings as of 1/20/15

**Annex Table 6: IEG Project Ratings for Albania and Comparators, FY11-14**

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$)	RDO % Moderate or Lower Sat (No)
Albania	190.6	13	61.9	69.2	65.3	61.5
ECA	11,499.6	165	87.2	74.8	69.6	66.0
World	70,888.6	842	82.1	69.3	64.3	50.9

Source: AO IEG Bank and Borrower Performance as of 1/20/15

\* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

**Annex Table 7: Portfolio Status for Albania and Comparators, FY11-14**

Fiscal year	2011	2012	2013	2014	Total
<b>Albania</b>					
# Proj	16	12	13	13	54
# Proj At Risk	2	3	3	2	10
% Proj At Risk	12.5	25.0	23.1	15.4	18.5
Net Comm Amt	262.4	224.3	208.9	485.9	1,181.5
Comm At Risk	50.0	59.1	108.7	96.9	314.7
% Commit at Risk	19.0	26.4	52.0	19.9	26.6
<b>ECA</b>					
# Proj	290	256	246	280	1,072
# Proj At Risk	40	47	47	37	171
% Proj At Risk	13.8	18.4	19.1	13.2	16.0
Net Comm Amt	22,649.7	23,091.9	24,699.7	26,927.9	97,369.1
Comm At Risk	2,116.9	2,668.4	3,844.0	2,635.4	11,264.7
% Commit at Risk	9.3	11.6	15.6	9.8	11.6
<b>World</b>					
# Proj	2,059	2,029	1,965	2,049	8,102
# Proj At Risk	382	387	414	412	1,595
% Proj At Risk	18.6	19.1	21.1	20.1	19.7
Net Comm Amt	171,755.3	173,706.1	176,206.6	192,614.1	714,282.1
Comm At Risk	23,850.0	24,465.0	40,805.6	40,933.5	130,054.1
% Commit at Risk	13.9	14.1	23.2	21.3	18.2

Source: AO Projects at risk by Year as of 1/20/15

**Annex Table 8: Disbursement Ratio for the Albania, FY11-14**

Fiscal Year	2011	2012	2013	2014	Overall Result
<b>Albania</b>					
Disbursement Ratio (%)	21.92	23.80	17.13	23.24	21.48
Inv Disb in FY	36.77	28.76	25.05	36.96	127.53
Inv Tot Undisb Begin FY	167.73	120.82	146.21	159.01	593.77
<b>LCR</b>					
Disbursement Ratio (%)	20.51	25.92	24.15	22.78	23.33
Inv Disb in FY	2,806.39	3,498.43	2,925.82	2,611.49	11,842.13
Inv Tot Undisb Begin FY	13,682.49	13,495.75	12,113.73	11,466.36	50,758.33
<b>World</b>					
Disbursement Ratio (%)	22.38	20.79	20.60	20.79	21.12
Inv Disb in FY	20,933.51	21,048.75	20,509.01	20,756.34	83,247.62
Inv Tot Undisb Begin FY	93,516.54	101,239.14	99,582.39	99,848.44	394,186.51

\* Calculated as IBRD/IDA Disbursements in FY / Opening Undisbursed Amount at FY. Restricted to Lending Instrument Type = Investment.

Source: AO as of 1-26-

**Annex Table 9A: List of IFC Investments Committed in FY11-FY14**

Project ID	Institution Number	Cmt FY	Project Status	Primary Sector Name	Greenfield Code	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
33378	747848	2014	Active	Electric Power	E	144,261	44,911	-	44,911	4,039	-	40,872	-	40,872
32190	568237	2013	Active	Finance & Insurance	G	12,581	11,806	-	11,806	6,736	-	5,070	-	5,070
32749	568237	2013	Active	Finance & Insurance	E	50	50	-	50	-	-	50	-	50
33077	622404	2013	Active	Oil, Gas and Mining	G	439,000	50,000	-	50,000	-	-	50,000	-	50,000
33093	696024	2013	Active	Finance & Insurance	E	2,000	718	-	718	-	-	718	-	718
29208	685904	2012	Closed	Electric Power	E	69,158	72,378	-	72,378	44,046	-	28,332	-	28,332
30979	692149	2012	Active	Electric Power	G	139,728	-	8,662	8,662	-	-	8,662	8,662	8,662
32001	629688	2012	Active	Nonmetallic Mineral Product Manufacturing	E	6,698	-	6,698	6,698	-	-	6,698	6,698	6,698
				<b>Sub-Total</b>		<b>813,475</b>	<b>179,863</b>	<b>15,360</b>	<b>195,223</b>	<b>54,821</b>	<b>-</b>	<b>140,402</b>	<b>15,360</b>	<b>140,402</b>

**Annex Table 9B: Investments Committed pre-FY11 but active during FY11-14**

Project ID	Institution Number	CMT FY	Project Status Name	Primary Sector Name	Greenfield Code	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
26068	52371	2010	Active	Finance & Insurance	E	1,000	2,675	-	2,675	-	-	2,675	-	2,675
27306	622404	2009	Active	Oil, Gas and Mining	G	575,203	55,000	10,403	65,403	2,000	-	63,403	10,403	63,403
25922	573015	2008	Active	Construction and Real Estate	G	10,595	12,122	-	12,122	4,162	-	7,961	-	7,961
25323	564441	2007	Active	Manufacturing	E	6,791	2,632	-	2,632	-	-	2,632	-	2,632
21118	519129	2005	Active	Nonmetallic Mineral Product Manufacturing	G	130,000	30,000	-	30,000	-	-	30,000	-	30,000
27958	629688	1900	Active	Nonmetallic Mineral Product Manufacturing	G	-	-	-	-	-	-	-	-	-
				<b>Sub-Total</b>		<b>723,588</b>	<b>102,430</b>	<b>10,403</b>	<b>112,833</b>	<b>6,162</b>	<b>-</b>	<b>106,671</b>	<b>10,403</b>	<b>106,671</b>
				<b>TOTAL</b>		<b>1,537,063</b>	<b>282,293</b>	<b>25,762</b>	<b>308,055</b>	<b>60,982</b>	<b>-</b>	<b>247,073</b>	<b>25,762</b>	<b>247,073</b>

Source: MIS Extract Data as of December 30, 2014

**Annex Table 10A: List of IFC Advisory Services Advisory Services Approved in FY11-14**

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US\$
600511	Albania Labs PPP	2015	2016	ACTIVE	PPP	354,690
599428	ECA DR AI	2014	2017	ACTIVE	IC	237,500
599656	Albania General & Administration	2014	2018	ACTIVE	SBA	128,623
600200	AlbPetrol PPP	2014	2015	TERMINATED	PPP	1,276,142
599053	Albania Solid Waste	2013	2015	ACTIVE	PPP	842,269
583387	Albanian hydroelectric power plant privatization	2012	2013	ACTIVE	PPP	923,665
29970	Albanian Highway	2011	2016	ACTIVE	PPP	2,030,357
566368	Albania Sub-national Regulatory Simplification and Investment Generation	2011	2012	CLOSED	IC	710,975
572687	Trade Logistics South East Europe	2012	2015	ACTIVE	IC	2,709,719
599174	Indicator Based Reform Advisory in ECA	2013	2016	ACTIVE	IC	783,500
586209	ECA Corporate Governance Program	2012	2016	ACTIVE	SBA	4,823,704
	<b>Sub-Total</b>					<b>14,821,144</b>

**Annex Table 10B: Advisory Services Approved pre-FY11 but active during FY11-14**

Project ID	Project Name	Start FY	End FY	Project Status	Primary Business Line	Total Funds, US\$
568367	Residential Energy Efficiency Project- Albania	2010	2016	ACTIVE	A2F	769,819
575568	Renewable Energy Albania Small Hydro Power	2010	2016	ACTIVE	SBA	1,286,580
567127	CorpGovAlb-II	2009	2012	CLOSED	SBA	398,192
565267	ISTR AL Exten	2009	2012	CLOSED	SBA	434,297
	<b>Sub-Total</b>					<b>2,888,888</b>
	<b>TOTAL</b>					<b>17,710,032</b>

Source: IFC AS Data as of June 30, 2014

**Annex Table 11: Net Disbursement and Charges for Albania, FY11-14**

Period	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
Jul 2010 - Jun 2011	33.11	11.83	21.28	0.35	6.50	14.44
Jul 2011 - Jun 2012	52.50	15.07	37.42	0.88	7.06	29.49
Jul 2012 - Jun 2013	32.58	18.60	13.98	0.61	6.94	6.44
Jul 2013 - Jun 2014	37.44	26.22	11.23	2.57	7.03	1.63
<b>Report Total</b>	<b>155.62</b>	<b>71.71</b>	<b>83.91</b>	<b>4.40</b>	<b>27.52</b>	<b>51.99</b>

World Bank Client Connection 1/21/15

**Annex Table 12: Total Net Disbursements of Official Development Assistance and Official Aid for Albania**

Development Partners	2011	2012	2013
Australia	0.01	0.02	0.01
Austria	8.09	8.9	10.11
Belgium	0.02	0.01	..
Canada	0.07	0.01	0.03
Czech Republic	0.47	0.42	0.22
Denmark	1.42	1.58	1.03
Finland	0.57	0.33	0.44
France	4.2	4.21	36.4
Germany	38.76	25.87	29.7
Greece	51.97	39.24	2.34
Ireland	0.01	0.07	0.07
Italy	40.42	32	9.49
Japan	5.85	-0.69	-0.51
Korea	0.07	0.05	..
Luxembourg	0.04	0.16	0.01
Netherlands	0.38	..	..
Norway	2.76	1.55	1.72
Poland	0.06	0.1	0.14
Portugal	..	0	0
Slovak Republic	..	0.04	0.03
Slovenia	0.23	0.62	0.26
Spain	-0.53	-1.49	-4.97
Sweden	13.25	12.15	11.68
Switzerland	12.66	11.26	28.31
United Kingdom	0.68	1.02	1.19
United States	25.47	21.82	23.67
<b>DAC Countries, Total</b>	<b>206.93</b>	<b>159.25</b>	<b>151.37</b>
EU Institutions	127.93	127.56	97.11
GAVI	0.4	0.28	0.16
GEF	2	1.6	0.83
Global Fund	0.62	0.23	0.18
IAEA	1.13	0.43	0.7
IDA	12.05	14.19	-4.68
IFAD	0.51	1.15	1.98
IMF (Concessional Trust Funds)	-11.26	-8.9	-8.35
Isl.Dev Bank	-3.2	3.7	..
OFID	3.61	8.35	11.16
OSCE	3.96	3.31	3.32

Development Partners	2011	2012	2013
UNDP	0.47	0.51	0.43
UNECE	..	0.02	0
UNFPA	0.61	0.66	0.55
UNHCR	0.25	..	..
UNICEF	0.75	0.72	0.98
WHO	0.17	0.01	0.03
<b>Multilateral, Total</b>	<b>140</b>	<b>153.82</b>	<b>104.4</b>
Estonia	0.03	..	0.07
Hungary	0.05	0.03	0.04
Israel	0.02	0.06	0.08
Kuwait (KFAED)	-0.72	1.73	4.02
Lithuania	0.02	..	..
Romania	0.84	0.82	0.44
Russia	..	0.09	0.68
Turkey	3.58	7.89	9.24
United Arab Emirates	..	17.91	28.05
<b>Non-DAC Countries, Total</b>	<b>3.82</b>	<b>28.53</b>	<b>42.62</b>
<b>Development Partners Total</b>	<b>350.75</b>	<b>341.6</b>	<b>298.39</b>

Source: OECD Stat, [DAC2a] as of 1/21/15

**Annex Table 13: Economic and Social Indicators for Albania, 2011-2013**

Series Name				ALB	ECS	World
	2011	2012	2013	Average 2011-2013		
<b>Growth and Inflation</b>						
GDP growth (annual %)	2.5	1.6	1.4	1.9	0.9	2.4
GDP per capita growth (annual %)	3.5	2.6	2.4	2.9	0.5	1.3
GNI per capita, PPP (current international \$)	9,870.0	9,930.0	10,400.0	10,066.7	27,444.5	13,844.9
GNI per capita, Atlas method (current US\$) (Millions)	12,766.4	12,683.9	13,064.8	12,838.4	22,401,733.3	72,402,366.7
Inflation, consumer prices (annual %)	3.5	2.0	1.9	2.5	2.8	3.8
<b>Composition of GDP (%)</b>						
Agriculture, value added (% of GDP)	21.0	21.8	22.2	21.7	2.0	3.1
Industry, value added (% of GDP)	14.3	14.4	15.3	14.6	25.6	26.9
Services, etc., value added (% of GDP)	64.8	63.7	62.5	63.7	72.4	70.0
Gross fixed capital formation (% of GDP)	29.4	25.8	26.2	27.1	19.9	21.9
Gross domestic savings (% of GDP)	8.7	10.0	11.0	9.9	22.4	22.4
<b>External Accounts</b>						
Exports of goods and services (% of GDP)	34.0	33.3	35.1	34.1	41.0	29.9
Imports of goods and services (% of GDP)	56.7	51.9	52.9	53.8	38.9	29.9
Current account balance (% of GDP)	-12.9	-10.2	-10.7	-11.3		
External debt stocks (% of GNI)	48.4	56.5	60.1	55.0		
Total debt service (% of GNI)	1.9	2.1	3.2	2.4		
Total reserves in months of imports	4.2	5.0	..	4.6	6.3	13.3
<b>Fiscal Accounts <sup>1</sup></b>						
General government revenue (% of GDP)	25.8	25.1	24.1	25.0		
General government total expenditure (% of GDP)	29.4	28.6	29.3	29.1		

Series Name				ALB	ECS	World
	2011	2012	2013	Average 2011-2013		
General government net lending/borrowing (% of GDP)	-3.6	-3.5	-5.2	-4.1		
General government gross debt (% of GDP)	60.4	62.9	70.5	64.6		
<b>Social Indicators</b>						
<b>Health</b>						
Life expectancy at birth, total (years)	77.2	77.4	..	77.3	76.6	70.7
Immunization, DPT (% of children ages 12-23 months)	99.0	99.0	99.0	99.0	95.3	83.3
Improved sanitation facilities (% of population with access)	90.7	91.2	..	91.0	92.6	63.4
Improved water source (% of population with access)	93.8	93.8	..	93.8	94.2	81.2
Mortality rate, infant (per 1,000 live births)	14.2	13.8	13.3	13.8	11.1	34.6
<b>Education</b>						
School enrollment, preprimary (% gross)	63.9	68.8	..	66.4	77.2	52.7
School enrollment, primary (% gross)	..	..	..		101.8	108.3
School enrollment, secondary (% gross)	..	..	..		99.1	72.7
<b>Population</b>						
Population, total (Millions)	2,829,337.0	2,801,681.0	2,773,620.0	2,801,546.0	895.9	7,044.1
Population growth (annual %)	-1.0	-1.0	-1.0	-1.0	0.4	1.2
Urban population (% of total)	53.2	54.3	55.4	54.3	70.3	52.5

Source: DDP as of 12/19/2014

\*International Monetary Fund, World Economic Outlook Database, October 2014