

Document of  
**The World Bank**  
**FOR OFFICIAL USE ONLY**

Report No: ICR00005499

**IMPLEMENTATION COMPLETION AND RESULTS REPORT**  
**(IBRD LOAN IBRD-84010, GEF TRUST FUND TF-17364, SWEDISH TRUST FUND**  
**TF-18238, TF-B2002)**

**ON A LOAN**  
**IN THE AMOUNT OF EUR 7.3 MILLION**  
**(US\$10 MILLION EQUIVALENT)**  
**FROM INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**ON A GRANT**  
**IN THE AMOUNT OF US\$2.88 MILLION**  
**FROM GLOBAL ENVIRONMENT FACILITY TRUST FUND**

**ON A GRANT**  
**IN THE AMOUNT OF US\$7.96 MILLION**  
**FROM THE SWEDISH TRUST FUND**  
**AND ADDITIONAL FINANCING OF A GRANT**  
**IN THE AMOUNT OF US\$2.00 MILLION**  
**FROM THE SWEDISH TRUST FUND**

**TO THE**

**Republic of Albania**

**FOR THE**  
**ENVIRONMENTAL SERVICES PROJECT**

**November 23, 2021**

**Environment, Natural Resources & The Blue Economy Global Practice**  
**Europe And Central Asia Region**

## CURRENCY EQUIVALENTS

(Exchange Rate Effective September 30, 2021)

Currency Unit =	Albanian Lek (ALL)
100 ALL =	0.82 EUR or 0.96 US\$
1 EUR =	121.51 ALL or 1.17 US\$
1 US\$ =	104.65 ALL or 0.85 EUR

## FISCAL YEAR

January 1 – December 31

Regional Vice President: Anna Bjerde

Country Director: Linda Van Gelder

Regional Director: Steven N. Schonberger

Practice Manager: Kseniya Lvovsky

Task Team Leader(s): Drite Dade

ICR Main Contributor: Nandita Jain

## ABBREVIATIONS AND ACRONYMS

AFP	Albania Forestry Project
AKSHI	National Authority of Information Society
AIFIS	Albania Forest Information System
ANFI	Albanian National Forest Inventory
ASIG	National Authority for Geospatial Information
ARDA	Agricultural and Rural Development Agency
AWEN	Albanian Women Empowering Network
CFPMP	Communal Forestry and Pasture Management Plan
CMCP	Communal Micro-catchment Plans
CNVP	Connecting Natural Values and People
CoMD	Council of Ministers Decree
ECS	Environmental Cross-cutting Strategy
EMF	Environmental Management Framework
EMP	Environmental Management Plan
ERPA	Emission Reduction Purchase Agreement
ESMF	Environmental and Social Management Framework
ESP	Environment Services Project
EU	European Union
FPMP	Forest and Pasture Management Plan
FPUA	Forest and Pasture User Association
GAP	Gender Action Plan
GEF	Global Environmental Facility
GHG	Greenhouse Gas
GIS	Geographic Information System
GOA	Government of Albania
GOM	Grants Operation Manual
IBRD	International Bank for Reconstruction and Development
INRMP	Improved Natural Resources Management Project
IPA	Instrument for Pre-Accession Assistance
IPARD	Instrument of Pre-Accession and Rural Development
IPMP	Integrated Pesticide Management Plan
IPRO	Immovable Property Office
LAG	Local Action Groups
LGU	Local Government Units
MARDWA	Ministry of Agriculture Rural Development and Water Administration
M&E	Monitoring and Evaluation
MC	Micro Catchment
MFE	Ministry of Finance and Economy (formerly MF Ministry of Finance)
MIS	Monitoring Information System
MTE	Ministry of Tourism and Environment (formerly MoE – Ministry of Environment and MoEFWA – Ministry of Environment, Forest and Water Administration)
NAPA	National Agency for Protected Areas
NEA	National Environmental Agency

NES	National Environmental Strategy
NFA	National Forest Agency
NFI	National Forest Inventory
NGO	Non-Government Organization
NRDP	Natural Resources Development Project
NTFP	Non timber Forest products
PDO	Project Development Objective
PES	Payment for Environmental Services
PMT	Project Management Team
PROFOR	Program on Forests
PWS	Payment for Watershed Services
RAPA	Regional Administration of Protected Areas
SCA	State Cadaster Agency
Sida	Swedish International Development Cooperation Agency
SIEF	State Inspectorate on Environment and Forests
SLM	Sustainable land management
TAP	Trans Adriatic Pipeline
TTL	Task Team Leader
UKT	Tirana Water Utility Directorate
WB	World Bank
WBG	World Bank Group

## TABLE OF CONTENTS

<b>DATA SHEET .....</b>	<b>1</b>
<b>I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES.....</b>	<b>6</b>
A. CONTEXT AT APPRAISAL.....	6
<b>II. OUTCOME .....</b>	<b>13</b>
A. RELEVANCE OF PDOs.....	13
B. ACHIEVEMENT OF PDOs (EFFICACY) .....	14
C. EFFICIENCY .....	19
D. JUSTIFICATION OF OVERALL OUTCOME RATING.....	20
E. OTHER OUTCOMES AND IMPACTS.....	21
<b>III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME.....</b>	<b>22</b>
A. KEY FACTORS DURING PREPARATION .....	22
B. KEY FACTORS DURING IMPLEMENTATION.....	24
<b>IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME ..</b>	<b>26</b>
A. QUALITY OF MONITORING AND EVALUATION (M&E) .....	26
B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE.....	27
C. BANK PERFORMANCE .....	28
<b>V. LESSONS AND RECOMMENDATIONS .....</b>	<b>30</b>
<b>ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS.....</b>	<b>31</b>
<b>ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION .....</b>	<b>46</b>
<b>ANNEX 3. PROJECT COST BY COMPONENT .....</b>	<b>48</b>
<b>ANNEX 4. EFFICIENCY ANALYSIS.....</b>	<b>49</b>
<b>ANNEX 5. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS ...</b>	<b>54</b>
<b>ANNEX 6. SUPPORTING DOCUMENTS .....</b>	<b>58</b>
<b>ANNEX 7. ENGAGEMENT IN NATURAL RESOURCES SECTOR IN ALBANIA .....</b>	<b>59</b>
<b>ANNEX 8. SUMMARY OF CHANGES TO RESULTS FRAMEWORK .....</b>	<b>60</b>
<b>ANNEX 9. SUMMARY OF KEY PROJECT COMPONENT CHANGES IN RESPONSE TO INSTITUTIONAL AND LEGAL CHANGES .....</b>	<b>62</b>
<b>ANNEX 10. ELIGIBLE INVESTMENTS UNDER IPARD LIKE FORESTRY GRANTS .....</b>	<b>64</b>
<b>ANNEX 11. FINAL SOCIAL AND BENEFICIARY SURVEY (2021) - OVERVIEW .....</b>	<b>65</b>

<b>ANNEX 12. GEOGRAPHICAL DISTRIBUTION OF PROJECT INTERVENTIONS .....</b>	<b>70</b>
<b>ANNEX 13. SUMMARY OF GENDER MAINSTREAMING ACTIVITIES AND OUTCOMES.....</b>	<b>72</b>
<b>ANNEX 14. OTHER UNINTENDED OUTCOMES .....</b>	<b>75</b>



## DATA SHEET

### BASIC INFORMATION

#### Product Information

Project ID	Project Name
P130492	ENVIRONMENTAL SERVICES
Country	Financing Instrument
Albania	Investment Project Financing
Original EA Category	Revised EA Category
Partial Assessment (B)	Partial Assessment (B)

#### Related Projects

Relationship	Project	Approval	Product Line
Supplement	P128412- ENVIRONMENTAL SERVICES	08-Jul-2014	Global Environment Project
Parent	P130492- ENVIRONMENTAL SERVICES	08-Jul-2014	IBRD/IDA
Supplement	P172543-Albania Environmental Services Project	27-Feb-2020	Recipient Executed Activities

#### Organizations

Borrower	Implementing Agency
Republic of Albania	Ministry of Tourism and Environment



## Project Development Objective (PDO)

### Original PDO

The Project Development Objective (PDO) is to support sustainable land management practices and increase communities' monetary and non-monetary benefits in targeted Project areas which are mainly in erosion prone rural upland areas.

This PDO is to be achieved through the support of alternative livelihoods and provision of environmental services and through sustainable utilization of wood and pasture products in the long term. The Project will particularly focus on enhancing the financial, economic, and institutional sustainability of land use and natural resources management, and will help build capacities of Albania farmers, community organizations and government institutions to efficiently use EU funding.

## FINANCING

		Original Amount (US\$)	Revised Amount (US\$)	Actual Disbursed (US\$)
<b>World Bank Financing</b>				
P130492	IBRD-84010	10,000,000	10,000,000	8,339,045
P130492	TF-18238	7,960,000	7,870,000	7,686,889
P130492	TF-B2002	2,000,000	2,000,000	1,973,146
P128412	TF-17364	2,880,000	2,880,000	2,863,726
<b>Total</b>		<b>22,840,000</b>	<b>22,750,000</b>	<b>20,862,806</b>
<b>Non-World Bank Financing</b>				
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Project Cost</b>		<b>22,840,000</b>	<b>22,750,000</b>	<b>20,862,806</b>

## KEY DATES

Project	Approval	Effectiveness	MTR Review	Original Closing	Actual Closing
P130492	08-Jul-2014	29-Jan-2015	04-Dec-2017	30-Sep-2019	31-May-2021





## RESTRUCTURING AND/OR ADDITIONAL FINANCING

Date(s)	Amount Disbursed (US\$M)	Key Revisions
25-Feb-2016	.90	Change in Components and Cost Change in Financing Plan
30-Sep-2019	7.96	Change in Results Framework Change in Components and Cost Change in Loan Closing Date(s) Reallocation between Disbursement Categories Change in Safeguard Policies Triggered Change in Implementation Schedule
15-Aug-2020	11.90	Change in Results Framework Change in Components and Cost Change in Loan Closing Date(s)
23-Sep-2020	12.10	

## KEY RATINGS

Outcome	Bank Performance	M&E Quality
Satisfactory	Satisfactory	Substantial

## RATINGS OF PROJECT PERFORMANCE IN ISRs

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US\$M)
01	06-Dec-2014	Satisfactory	Satisfactory	0
02	16-Jun-2015	Satisfactory	Moderately Satisfactory	.46
03	21-Dec-2015	Satisfactory	Moderately Satisfactory	.90
04	10-Mar-2016	Moderately Satisfactory	Moderately Satisfactory	.90
05	17-Aug-2016	Moderately Satisfactory	Moderately Satisfactory	2.45
06	14-Jan-2017	Moderately Satisfactory	Moderately Satisfactory	2.45
07	27-May-2017	Moderately Satisfactory	Moderately Satisfactory	2.45
08	25-Jan-2018	Moderately Satisfactory	Moderately Unsatisfactory	2.83
09	25-Jun-2018	Moderately Satisfactory	Moderately Satisfactory	4.19



10	09-Jan-2019	Moderately Satisfactory	Moderately Satisfactory	6.82
11	30-Jul-2019	Moderately Satisfactory	Moderately Satisfactory	7.89
12	24-Dec-2019	Moderately Satisfactory	Moderately Satisfactory	8.92
13	19-Jun-2020	Moderately Satisfactory	Moderately Satisfactory	12.17
14	15-Dec-2020	Moderately Satisfactory	Moderately Satisfactory	12.73
15	28-May-2021	Satisfactory	Satisfactory	15.17

## SECTORS AND THEMES

### Sectors

Major Sector/Sector (%)

**Agriculture, Fishing and Forestry 100**

Forestry 100

### Themes

Major Theme/ Theme (Level 2)/ Theme (Level 3) (%)

**Private Sector Development 100**

Jobs 100

**Urban and Rural Development 44**

Rural Development 44

Land Administration and Management 44

**Environment and Natural Resource Management 56**

Climate change 44

Mitigation 44

Environmental Health and Pollution Management 12

Air quality management 4

Water Pollution 4

Soil Pollution 4

**ADM STAFF**

Role	At Approval	At ICR
Regional Vice President:	Laura Tuck	Anna M. Bjerde
Country Director:	Ellen A. Goldstein	Linda Van Gelder
Director:	Paula Caballero	Steven N. Schonberger
Practice Manager:	Kulsum Ahmed	Kseniya Lvovsky
Task Team Leader(s):	Drite Dade	Drite Dade
ICR Contributing Author:		Nandita Jain



## I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES

### A. CONTEXT AT APPRAISAL

#### Country Context

1. **Albania sustained high economic growth in the decade prior to the 2008 financial crisis enabling it to achieve middle income status and reduce poverty.** However, since 2011 with deterioration of the external environment, poverty rates showed an increase from 12.4 percent to 14.3 percent.<sup>1</sup> Growth in Albania was projected to remain modest, averaging just 2 percent between 2014 and 2016. Rising fiscal deficits, growing public debt and sluggish growth in the main economic sectors were expected to constrain expenditures in the natural resources sector. In this context, international development support was considered essential for maintaining the pace of structural reforms. At appraisal, the Government of Albania (GOA) identified agriculture, rural development, and tourism among its main priorities for 2013-2017, with forestry holding potential to support economic growth, rural employment and environmental conservation. As inter-linked components in rural land use, agriculture and forestry were critical for villagers who managed diverse agro-forestry and silvo-pastoral systems. Albania was also among the most vulnerable countries to climate change in Europe and Central Asia (ECA) due to its steep topography, heavily populated low-lying coastal zones, and reliance on water for energy and agriculture. More frequent and severe extreme weather events (floods and droughts) and increased fire risk in forest and pasture areas were expected. These climate change risks for the forest and agricultural sectors in Albania were (and continue to be) potentially serious since most of the rural population depends either directly or indirectly on forest and agriculture.

#### Sectoral and Institutional Context

2. **Even though Albania has a high percentage of forest cover, most of the forests and pastures were in poor condition.** Of the total surface area of 2.9 million hectares (ha), 52 percent (1.50 million ha) was estimated to be forest, 17 percent (0.48 million ha) pasture, and 3 percent (87,000 ha) cropland. Forest cover was classified as 30 percent high forest, 42 percent coppice and 28 percent shrub. Timber volume was concentrated in high forest (80 percent), followed by coppice (19 percent) and shrubs (0.2 percent). Fragile soils combined with unsustainable forestry and agricultural practices (including under- and over-grazing) caused erosion with sediment flowing into Albania's rivers and lakes, prior to being washed into the Adriatic Sea. Erosion impacts included reduced carrying capacities in pastures, decreased agricultural yields, increased fertilizer costs, and siltation of reservoirs. Nationally, it was estimated that annually 20-90<sup>1</sup> ton/ha of soil or 2.5-3 mm of the soil layer was eroded and discharged to the sea or filling up reservoirs.

3. **The forest sector had undergone substantial reforms resulting in changes in the roles, mandates and relationships between the State, local government units (LGUs), traditional users and the private sector.** At appraisal about 60 percent of State-owned forest and pasture had been transferred to communal<sup>3</sup> ownership. Although lands transferred to LGUs tended to be degraded, under community management annual growth of improved coppice forests could reach double that of the national average - 3 m<sup>3</sup>/ha compared to 1.4 m<sup>3</sup>/ha. In the Western Balkans, Albania was the only country engaging traditional users organized in Communal<sup>2</sup> Forest and Pasture Users' Associations (CFPUAs).

4. **Challenges remained with registration of the transferred forest and pasture lands, and management**

<sup>1</sup> Soil Erosion and Sedimentation Reduction Study, TRINITY Enviro 2010

<sup>2</sup> Communal' in this context means local government or municipal.



**planning.** Only a small portion of lands transferred to LGU ownership was registered with the Immovable Property Registration Office (IPRO - now State Cadastral Agency SCA)<sup>3</sup>. One of the key objectives of Albania's forest sector strategy was to support the process of transferring State-owned forest and pasture lands to LGUs. Most management plans for forest units had expired. Planning guidelines were not consistent with the new structures nor making best use of technological advances. A new law on forest and pasture resources was under development to reflect the changes in property structure and management responsibilities.

5. **Women's contributions to forestry, agriculture and their financial contributions to households were not fully recognized.** Traditional users, farmers, were managing these transferred lands through customary rights mainly to meet basic fuelwood and fodder needs. Farmer and Pasture User Associations (FPUAs) generally excluded women from leadership positions. Furthermore, customary rights were generally linked to men's rights and control over resources. Rural women had limited rights to immovable properties that could be used to access credit. Women lacked access to business planning and knowledge to support socio-economic development of communities, households and themselves. Their recognition as a group that was indispensable to sustainable land management and climate change adaptation was limited.

6. **Challenges also existed in the institutional arrangements in the forest sector.** Analyses showed that there were mixed parallel structures at central and district levels. Nationally, the Ministry of Environment (MOE) had dual roles in both creating and implementing policy. At the national level control functions were separated, but at district levels there was confusion around State and communal forest management responsibilities. An on-going reorganization of the forestry sector aimed to address this deficiency by housing management functions in the Regional Forestry Directorates and district offices. Control functions would move to the forest police in the National Environment, Forest and Water Inspectorate.

7. **Insufficient financing to address land degradation was a key problem in the sector.** Transferred forests were generally highly degraded and users lacked the means to generate revenues to support management for the coming decade. High forests under the State were over- and irregularly exploited. A 2013 review showed that the environment, forestry and water sub-sectors suffered from steady budget reductions. Additionally, MOE's technical departments were understaffed, with competencies mis-aligned with technical challenges. From 2007 to 2012 only five percent of public environmental expenditures were devoted to forestry, mainly for recurrent expenditures. Furthermore, the maximum revenue generated was only 33 percent of these expenses. Till 2013 donors had provided all public investment in forestry. The 2007 Environmental Cross-cutting Strategy (ECS)<sup>4</sup> (identified the need for more investments to address; land degradation; equitable benefit sharing from communal forests; equitable gender participation in forest decisions; and raising the capacities of LGUs and associations to finance forest improvement and revenue generation. Long-term financing options were needed such as mechanisms for payments for watershed services, and the EU Instrument for Pre-accession for Rural Development (IPARD) funds.

8. **From 1995 to 2013, the Government of Albania, World Bank, Global Environment Facility (GEF) and the Swedish International Development Cooperation Agency (Sida) financed a series of operations.** These projects included the Albanian Forestry Project (AFP), the Natural Resources Development Project (NRDP), the Improved Natural Resources Development Project (INRMP) and an Assisted Natural Regeneration Project

---

<sup>3</sup> The SCA was established according to the new Law No. 111 dated 2018 on cadaster, joining together the former IPRO, Agency for Legalization, Urbanization and Integration of Informal Areas and Buildings (ALUIZNI) and Department for Inventory and Transfer of Immovable Properties of the Ministry of Interior.

<sup>4</sup> The ESC was part of the National Strategy for Development and Integration.

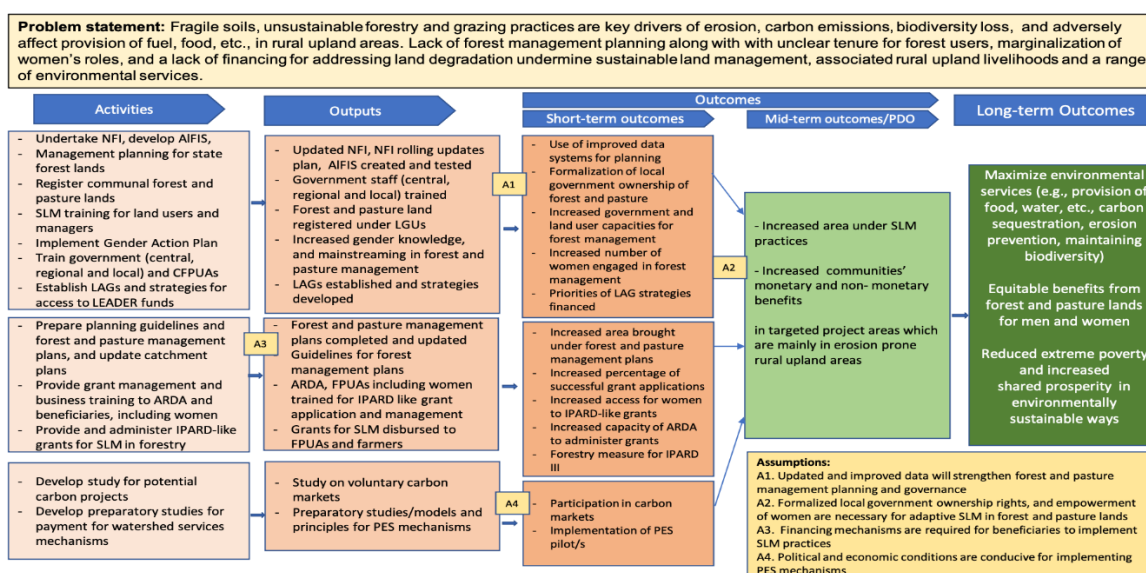


to sequester carbon<sup>5</sup> (see Annex 7). Support was provided for improved State and communal forestry planning and management, carbon sequestration, as well as forest sector institutional development. However, most donor support to the forest sector since the AFP (closed in 2004), concentrated on forests traditionally used by local communities, leaving State-owned forests under *ad hoc* management.

9. **Rationale for Bank Involvement:** This project (Environmental Services Project – ESP) aimed to maximize the provision of environmental services whilst contributing to the economic development of communities dependent on local environmental resources for their livelihoods. The project also aimed to build capacities to access precursors to EU funding, e.g., Natura 2000, IPARD. ESP built on the lessons learned and good practice from previous projects in the country and elsewhere in Bank operations, as well as a strong partnership with the Swedish Government which co-financed preparation and implementation.

## Theory of Change

Figure 1. Results Chain



10. The project's Theory of Change (ToC) is illustrated in Figure 1 above. In summary, sustainable land management and environmental services (including provision of fuel, food, water, etc., erosion reduction, carbon sequestration, maintaining biodiversity) were undermined by a lack of systematic and robust information, limited and outdated forest management planning and, limited stakeholder capacities, unclear tenure and very limited financing for addressing degradation and supporting forest and pasture-based livelihoods. These factors would be addressed through: i) strengthened institutional and beneficiary capacities for forest planning and management along with a gender focus; ii) provision of IPARD like forestry grants<sup>6</sup>; and iii) introduction of PES principles and mechanisms. As a result, the project would contribute to increases in both forest and pasture land area where sustainable land management (SLM) practices are adopted and people's monetary (seasonal employment, forest product sales) and non-monetary (e.g., skills, knowledge, social capital and physical assets) benefits. The combination of realized outputs and short and mid-term

<sup>5</sup> Purchase was by the BioCarbon Fund and an Emissions Reduction Purchase Agreement (ERPA).

<sup>6</sup> ESP supported Albania and specifically the Paying Agency (ARDA), MTE, related institutions, and beneficiaries in the implementation of a measure to support the forestry sector in line with the EU IPARD measures in terms of design and implementation. The ESP IPARD-like grants included support for eligible SLM investments. The ESP IPARD-like grants program followed a "learning-by-doing" approach already tested by the Bank in the region (iMontenegro) supporting the implementation of IPARD measures in the agriculture sector.



outcomes<sup>7</sup> would contribute to sustainable utilization of wood and pasture products and increased capacities to use future EU funding. In the long-term these changes would contribute to more equitable benefits for the rural population, reducing extreme poverty and promoting shared prosperity through alternative livelihoods in ways that maximize and sustain the essential environmental services on which livelihoods depend.

### Project Development Objectives (PDOs)

11. The Project Development Objective (PDO) as stated in the IBRD Loan, and GEF and Swedish Grant Agreements was to support sustainable land management practices and increase communities' monetary and non-monetary benefits in targeted project areas which were mainly in erosion prone rural upland areas.

12. The main outcomes captured in the PDO were to: i) support sustainable land management practices; and ii) increase communities' monetary and non-monetary benefits for communities in project areas mainly in erosion prone rural upland areas of the country. Together, they addressed the constraints identified in the sector context outlined above.

### Key Expected Outcomes and Outcome Indicators

13. The key outcomes and associated indicators used to assess the achievement of the PDO were:

**PDO Outcome 1: to support sustainable land management practices in targeted project areas in mainly erosion prone rural upland areas**

- *Outcome Indicator 1. "Land area where sustainable land management practices have been adopted as a result of the project"*

**PDO Outcome 2: to increase communities' monetary and non-monetary benefits in targeted project areas in mainly erosion prone rural upland areas**

- *Outcome Indicator 2 (i). "People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forest"*
- *Outcome Indicator 2 (ii). "People in targeted communities with increased monetary or non-monetary benefits from agricultural lands"*

Data on indicators 2 (i) and 2 (ii) were further disaggregated by gender, and indicator 2(i) also by those belonging to ethnic minorities/indigenous groups.

### Components

14. **Component 1: Strengthening Institutional Capacity to Improve Environmental Services from Integrated Landscape Management** (estimated: US\$9.8 million; actual US\$9.21 million).<sup>8</sup>

- Strengthening Forest and Pasture Management Capacity* including: (i) a change detection NFI; (ii) development of a ten-year rolling NFI; (iii) forest management planning in the State managed production forests; (iv) establishment of the Albania Forest Information System (ALFIS); (v) support for newly established Regional Forest Directorates (RFDs); and (vi) registration of forest and pasture lands transferred from the State to LGUs.
- Empowering Beneficiaries* including support for: (i) gender targeted efforts and mainstreaming; (ii) creation of LEADER<sup>9</sup> Local Action Groups (LAGs) and development strategies in line with EU

<sup>7</sup> Note that Figure 1 only presents the logic behind the results chain as described in the PAD. The key project outputs are in Annex 1.

<sup>8</sup> There are differences in figures for EUR committed loans, e.g., IBRD 84010. Exact disbursement ratios were only monitored in EUR. When converting to US\$, differences in exchange rates result in different ratios, but disbursement in EUR is 99.9%.

<sup>9</sup> LEADER stands for Links Between Actions of Rural Development. It is designed as a separate axis of the EU Rural Development Program to deliver rural development through encouraging local and innovative responses rather than through a fixed set of measures.





requirements, and pilot grants; (iii) strengthening of LGUs' and FPUAs' capacities; and (iv) value chain analyses and forest products processing and marketing plans.

15. **Component 2: Planning and Provision of IPARD-like Grants to Improve Land Management** (*estimated: US\$8.44 million; actual: US\$ 10.00 million*).

- a) *Preparation of Forest and Pasture Management Plans (FPMPs)* including planning guidelines;
- b) *Provision of IPARD-like forestry grants* through a competitive mechanism aligned with EU IPARD requirements: (i) for individuals/private beneficiaries; and (ii) for groups/associations (FPUAs, NGOs).
- c) *Strengthening the capacity of Agency of Rural Development and Agriculture (ARDA, the Paying Agency), technical bodies (MOE, state inspectors) and applicants* to administer, implement and manage grants.

16. **Component 3: Introducing Payments for Environmental Services (PES)** (*estimated: total US\$ 1.36 million; actual total US\$0.62 million*).

- a) *Development of Carbon Projects* including studies/assessments for participation in carbon markets.
- b) *Development of Payments Mechanism for Watershed Services* including an appropriate payment plan and arrangements to assist farmers in switching to eligible SLM practices.
- c) *Piloting of Payments for Watershed Services* in areas surrounding Bovilla and Ulza Reservoirs

17. **Component 4: Supporting Project Implementation** (*estimated total US\$ 1.24 million; actual total US\$1.02 million*). This component supported a project management team (PMT) within MOE to manage and coordinate project implementation. ARDA also received support to manage IPARD like forestry grants.

## B. SIGNIFICANT CHANGES DURING IMPLEMENTATION

### Revised PDOs and Outcome Targets

18. The project was approved by the World Bank Board of Directors on July 8, 2014. The IBRD Loan and GEF Grant Agreements were signed on July 25, 2014, and the Swedish Grant Agreement was countersigned on January 27, 2015 (a condition of effectiveness). The project became effective on January 29, 2015. The PDO was not revised. The project underwent two Level 2 Restructurings.<sup>10</sup>

19. The first Level 2 Restructuring (September 30, 2019) included: (i) revisions to PDO indicator and targets and introduction of new intermediate indicators; (ii) reallocation of loan proceeds; and (iii) extension of the closing date from September 30, 2019 to September 30, 2020 to ensure sufficient time for the completion of activities under the Additional Financing (AF). The second Restructuring (August 15, 2020) included: (i) an eight-month extension of the original closing date of September 30, 2020 to May 31, 2021 to ensure completion of project activities; (ii) changes to targets in the Results Framework (RF); and (iii) and increase of US\$0.56 million under the Swedish Government Grant.<sup>11,12</sup>

20. The AF grant of US\$2.00 million from the Swedish Government was approved by the Bank on May 28, 2019 (but became effective on October 15, 2020) to: (i) scale up forest management planning under Component 2; and (ii) support additional IPARD-like forestry grants under Component 2.

21. Key changes in the RF under the first and second restructurings are given in Table 1 below. Details on

<sup>10</sup> Two other restructurings (February 2016, and September 2020) are noted in the Data Sheet. These entries are mistakes.

<sup>11</sup> Earlier US\$650,000 were withdrawn due to foreign exchange fluctuations. Under this restructuring US\$560,000 was available for commitment after deduction of all fees on contributions received from the donor.

<sup>12</sup> A trigger of the Safeguards Policies in the second Restructuring Project Paper was a mistake. No Safeguards Policies were triggered.





all changes to the RF during the project can be found in Annex 8.

**Table 1. Results Framework Changes to PDO and Key Intermediate Results Indicators and Targets.**

Indicator Name	Original Project	1 <sup>st</sup> Restructuring (2019) <sup>13</sup>	2 <sup>nd</sup> Restructuring (2020)	Rationale
PDO 1: Land area where sustainable land management practices were adopted as a result of the project	7,500	7,500	9,000	The target was increased due to an increase in the number of IPARD like grants supported through Additional Financing
PDO 2 (i) People in forest & adjacent community with monetary/non-monetary benefit from forest	2,000	2,000	3,000	The target was increased due to an increase in the number of IPARD like grants supported through Additional Financing
PDO 2 (ii): People in targeted communes with increased monetary or non - monetary benefits from agricultural lands  Disaggregated by number of females	1000  500	Dropped	No Change	While the activity was eligible for both calls of IPARD like forestry grants, there was no interest from beneficiaries. It was assessed that this was primarily due to the provision of similar grants by ARDA under the national scheme of support, and ESP not supporting micro-catchment planning to include agricultural lands in light of institutional reforms. The indicator was therefore dropped.
IR: Forest and Pasture Areas Registered (ha)	Not in PAD	870,000	1,100,000	The indicator was added to capture and monitor the results of registration activities which were greater than originally anticipated
IR: Beneficiaries participating in project consultation activities during implementation Disaggregated by number of females	Not in PAD	2000  500	350  100	This indicator was introduced to capture citizen engagement results in the project. The target was reduced to reflect changes due to pandemic restrictions.
IR: Percentage of forest and pasture users' associations reporting that forest and pastures management plans represented the views of the community	Not in PAD	80	80	This indicator was introduced to capture citizen engagement results in the project
IR: Number of contracts for environmental services provided as part of Payment for Environment Services (PES) pilot	10	Dropped	No Change	See below
IR: Percentage of estimated sediment delivery to reservoirs in pilot areas covered by PES	Not in PAD	10	10	The revised formulation moved away from contracts as a metric to a target based on likely impact on environmental services. A contract could cover a very large area (if community managed land) or a very small area (if individually

<sup>13</sup> Changes to the RF were agreed at the MTR in 2017, but there were delays in the submission of the request from the GOA.



Indicator Name	Original Project	1 <sup>st</sup> Restructuring (2019) <sup>13</sup>	2 <sup>nd</sup> Restructuring (2020)	Rationale
				owned). By using % of estimated sediment delivery as an indicator, the project's likely impact on environmental services that downstream users can be measured.

### Revised PDO Indicators

22. As noted above in Table 1, sub-indicator (ii) for PDO Indicator 2 was dropped for the reasons given. Other changes were in outcome targets as also shown.

### Revised Components

23. In 2015, GOA enacted legislation that consolidated 384 LGUs into 61 municipalities and re-organized state forestry functions. These reforms became effective in 2016. Only 16 percent of the forest and pasture areas remained with the State as protected areas, and about 80 percent was transferred to municipalities. In 2016 re-organization of the central forestry function led to new Municipal Forest Sectors/Departments. Under Component 1, management plans for State-managed forests were dropped. Technical support was provided to the newly formed Municipal Forest Sectors/Departments. Under Component 2, forest and pasture management plans (FPMPs) and guidelines were prepared for municipalities instead of Communal FPMPs and upgrading of micro-catchment plans was dropped. Registration focused on municipal instead of communal forest and pasture land. Also see Annex 9 for details.

24. Under Component 1, value chain assessments and marketing plans for forest products were dropped. Given the 10-year Logging Moratorium (2016)<sup>14</sup> banning all commercial activities in forest and pasture lands, but for fuelwood, it was considered that these assessments and plans would have little value.

25. The AF grant expanded the scope of Component 2 by: (i) adding 45,00ha under FPMPs; and (ii) supporting additional IPARD like forestry grants in the second round given the higher number of qualified successful applications. Delays in procurement and approval of the AF agreement meant that it was not possible to procure the technical assistance for additional areas for FPMPs in two municipalities. Part of the assigned funding was, therefore, re-directed to build FPMP capacity within MTE, National Forest Agency (NFA) and municipal forest department staff.

26. Under Component 3, two PES pilots were planned, one with a hydro-electric power (HEP) producer (KURUM in Ulza), and one with a Tirana's public water utility directorate (UKT in Bovilla). The first did not proceed due to the bankruptcy of the HEP producer's parent company. The second was designed and ready to be implemented but UKT made a last-minute decision not to participate. In light of these changes and project restructuring discussions, MTE and the Bank agreed to reallocate EUR300,000 assigned for afforestation in the PES pilots to the IPARD like forestry grant program (under Component 2).

### Rationale for Changes and Their Implication on the Original Theory of Change

<sup>14</sup> In February 2016, Parliament passed a moratorium on the commercial felling of timber and export of wood products. Legislation was brought in after Albania's forest area which since 1990 had been reduced by half from 51% to 25%.



27. Changes were made to accommodate elements of the administrative and territorial reforms (see para 23). However, overall project design remained largely unchanged in terms of supporting more localized management and registration of forest and pasture lands for the purposes of sustainable land management.

28. Additional Financing responded to a GOA request of May 18, 2018.

29. The project continued for the most part to be relevant and was able to deliver and, in some cases exceed its original targets in Components 1 and 2. Due to the AF, reallocations and two extensions, a larger area could be registered and a greater number of IPARD like forestry grants supported than originally anticipated. However, while component 3 focusing on PES was able to deliver the necessary studies/assessments, these did not translate into the short-term outcomes, e.g., PES pilots not implemented, carbon sequestration projects not pursued (due to low market prices for carbon). The PDO targets were not materially affected since these could be met through the results of the IPARD like forestry grants.

## II. OUTCOME

### A. RELEVANCE OF PDOs

#### Assessment of Relevance of PDOs and Rating

##### Rating: High

30. The project objectives were aligned with the Country Partnership Strategy (CPS) FY11-14 priorities (on achieving economic growth, broadening and sustaining social gains and reducing vulnerability to climate change) and the World Bank Group's (WBG) Environment Strategy (2012-2022). In ECA this aimed to promote sustainable forest management with an emphasis on governance, the role of communities and the private sector, conservation and environmental services, including carbon sequestration. By targeting forest communities, considered to be among Albania's poorest, the project contributed to WBG goals of eliminating extreme poverty and promoting shared prosperity in an environmentally sustainable way. The project contributed to the Country Partnership Framework (CPF - FY15-19)<sup>15</sup> focus area: Create conditions for accelerated private sector growth through interventions that enhance the inclusion of the poor and bottom 40% of the population. The project further contributed to priorities of enhancing governance and transparency in government.

31. The project objectives are relevant to the WBG's Forest Action Plan (2016-20), and the Climate Change Action Plan (2021-25) in support of the Green, Resilient and Inclusive Development approach. The objectives remain relevant to the WBG's focus on gender mainstreaming in terms of monitoring and interventions to narrow economic opportunity gaps for women. Project objectives remain consistent with an area of special focus - the European Union (EU) accession process - and the WBG program geared toward promoting reforms and investments that can support Albania's EU accession goals. The objectives are also relevant in light of the 2019 Systematic Country Diagnostic and the draft Country Economic Memorandum (September 2021). Both reviews have highlighted the challenges facing forests and pastures, given the institutional changes since 2014 and further decentralization to municipalities.

32. The project results were in line with the strategic priorities of GOA's own agenda around sustainable

---

<sup>15</sup> The CPF for FY15-19 is the latest CPF at the time of this ICR.



use of natural resources in its National Strategy for Development and Integration (NSDI, 2014-2020), and remain consistent with the long-term goal of EU accession. The results are also relevant to the National Strategy on Climate Change (2019-2030) which includes a focus on forestry and land use.

## B. ACHIEVEMENT OF PDOs (EFFICACY)

**Rating: Substantial**

### Assessment of Achievement of Each Objective/Outcome

33. This section is organized around the two outcomes in the PDO (see para 12).

#### **Outcome 1: to support sustainable land management practices in targeted project areas in mainly erosion prone rural upland areas**

34. SLM<sup>16</sup> practices were supported in erosion prone upland areas of the country through a combination of: (i) grant funding in line with IPARD requirements to enable land users in forest and adjacent communities to implement effective SLM practices suited to local agro-ecological conditions; and (ii) technical assistance needed by institutions and communities to improve the institutional environment for long-term provision of production and environmental services. The outcome was achieved based on the following evidence.

*PDO Outcome Indicator 1: Land area where sustainable land management practices have been adopted as a result of the project (baseline: 0, target 9,000 ha, achieved 12,320 ha)*

35. **Under the project, land users have adopted SLM practices covering 12,320ha of forest and pasture lands in erosion prone areas.** The achievement exceeds the target by 24 percent. About 50 percent of this area is now under improved forest management and afforestation and about 37 percent under improved pasture management. The area under SLM practices was largely achieved through a successful competitive IPARD-like forestry and pilot LEADER grants giving component that enabled FPUAs, individuals and LAGs to implement more than 250 SLM practices as summarized in Table 2 below (Annex 10 lists eligible activities).<sup>17</sup> The majority of activities were conducted under the IPARD like grants, since fewer grants were awarded under LEADER which supported a broader set of activities including economic and social development. Two calls for applications for IPARD like grants were conducted. In the second call for IPARD like proposals, afforestation was incentivized resulting in twice as many proposals for this practice.<sup>18</sup> In total, 541ha were planted with a variety of native species (including chestnut, Mediterranean pine, walnuts), and 5,580ha benefited from silvicultural practices (including cleaning, thinning, sanitary interventions, trimming). An increase in the area under improved pasture management included 3,325ha benefiting from water points for better livestock husbandry and more than 1200ha with decreased stoniness, removal of species toxic to livestock and other measures. Check dam construction was estimated to have stabilized land and reduced soil erosion in 1,133ha.

36. **Overall, there have been improvements in environmental services with an increased area under vegetative cover, improved pasture use efficiency, improvements in soil quality and better soil structure** (from restored and enhanced carbon stocks). Specifically, the project contributed to better soil conditions through enhanced carbon sequestration. The overall carbon balance for forestry IPARD like and LEADER SLM

<sup>16</sup> Sustainable land management (SLM) practices refers to a combination of at least two technologies and approaches to increase land quality and restore degraded land—for example, agronomic, vegetative, structural, and management measures that, applied as a combination, increase the connectivity between protected areas, forest land, rangeland, and agriculture land.

<sup>17</sup> Forest, pasture and agricultural lands were eligible. In practice, other programs funded activities on agricultural land, so the project intervened on forest and pasture land only.

<sup>18</sup> Higher marks awarded for this practice was in part to support a country-wide - Replanting Initiative to plant 20,200,000 trees by 2020



practices implemented amounts to -811,262 tons of carbon dioxide equivalent (tCO<sub>2</sub>-e) over 20 years. Qualitative data from the Final Survey (2021) also indicated that FPUAs and LAGs valued environmental benefit and services that included mitigating and preventing soil erosion, rehabilitating and afforesting degraded lands, improving the condition of forests and pastures and increasing biodiversity (see Annex 11).

**Table 2. Summary of Area under SLM practices<sup>19</sup>**

SLM Practice/Number of Practices Implemented	IPARD Like		LEADER		Total		
	Number	Hectares	Number	Hectares	Number	Hectares	% (area)
Afforestation/Re-forestation	72	537.8	1	3.1	73	540.9	4
Forest Improvement	98	5580.4	3	77.1	101	5657.5	46
Pasture Improvement (inc. water points)	94	4486.8	2	92.0	96	4578.8	37
Other (check dams, tourist trails, irrigation channels, etc.)	17	1133.4	3	410.2	20	1543.6	13
<b>Total</b>	<b>281</b>	<b>11054.4</b>	<b>9</b>	<b>582.4</b>	<b>290</b>	<b>12320.8</b>	<b>100</b>

37. FPUAs and individuals implemented 153 IPARD-like forestry grants, in 10 of Albania's 12 districts, covering 29 municipalities and 229 locations/villages (see Annex 12). The Grant Operational Manual (GOM) provided detailed criteria, documentation and procedures required to be fulfilled by the applicants. FPUAs were the primary grantees, receiving 99% of the grant budget disbursed (IR5) and 141 of 153 grants. The small number of successful individual applications reflects very limited forest land in private ownership (less than 5 percent) and fragmented land tenure. LAGs in three municipalities implemented a further 12 LEADER pilot grants of which seven included SLM practices mainly in forest and pasture improvement. The environmental safeguards process enabled forest users and action groups to integrate and monitor environmental aspects of their investments, and to raise understanding of the importance of environment protection for their livelihoods. Grant support followed the requirements of the IPARD program, which did not include forestry nor LEADER measures at the time of implementation. However, project results strengthened the case for inclusion of forestry and LEADER measures in the next cycle.

38. The project has substantial achievements that have strengthened the enabling environment for adoption of SLM and the provision of direct production and environmental services in the long-term.

39. **A significant achievement has been the preparation of a forestry measure for inclusion in the IPARD III Program for 2022-2027 and its associated accreditation package<sup>20</sup>** (see Box 1). As of September 2021, the EU had, in principle, approved the measure, while accreditation was in the process of review. EU entrustment of budget implementation for the forestry measure included in the IPARD III program will provide access to about EUR7 million in total for forestry. Of this, about EUR 6 million will come through IPARD, and EUR1 million as a national contribution. As reported by MTE, MARD, ARDA and the Federation of FPUAs, the experience and skills gained and SLM practices implemented, have been critical to ensuring that the measure and accreditation package have government support and meet IPARD requirements. Beneficiary capacities to apply for and absorb IPARD funds when these become available, have also been created. If, as anticipated, IPARD III is approved, Albania will be the first country in the Western Balkans to have included a forestry measure. Inclusion of the LEADER measure also under IPARD III, will also supplement support for SLM.

<sup>19</sup> More than one practice could be included in a grant proposal for a particular forest/pasture area managed by FPUAs.

<sup>20</sup> This is required to receive EU "Entrustment of budget implementation tasks".



Funding will be available for LAGs, including three established under ESP that have demonstrated effectively how to support environmental conservation as part of their local development strategies.

**Box 1. Instrument for Pre-Accession for Rural Development (IPARD)**

Part of the instrument for pre-accession assistance (IPA), the instrument for pre-accession assistance for rural development (IPARD) focuses on rural areas and the agri-food sectors of countries in the process of joining the EU. Through this tool, the EU provides the beneficiaries with financial and technical help with the aim of: a) making their agricultural sector and rural areas more sustainable; and b) aligning them with the EU's common agricultural policy. Each country presents their programs to the European Commission for approval. Once approved, they are managed by national institutions and IPARD agencies. These ensure the execution of the programs and that funds are transferred to applicants. This contributes to building national institutions and governance in rural development.

**40. Adoption of SLM is further supported through the completion of the Albania National Forest Inventory (ANFI 2018), which expanded and improved on the first survey conducted in 2004.** ANFI 2018 is a significant achievement for the country, and strong ownership of the process and results was evident at the Project Review Workshop (2021). Data from the 2018 ANFI and rolling updates are critical for SLM and the provision of environmental services through supporting more effective and efficient forest management planning, monitoring, evaluation, and research. In contrast to the 2004 inventory, national experts (NFA staff and consultants) undertook complete analysis of ANFI 2018 and preparation of the main indicators report. Data quality benefited from GOA acquisition of high resolution ortho photos and LIDAR<sup>21</sup> rather than relying on satellite imagery as planned. Capacity has been built in the advanced techniques used to analyze these data with software, hardware and training provided to National Authority for Geospatial Information (ASIG). An enhanced methodology for a rolling NFI was also developed. Government commitment to a rolling update of the NFI is evident in the Forest Law (2020) in which Article 6 states *...the full cycle of national re-inventory of forests is within 8 years, inventorying 25% of the forest fund every 2 years....* The Article also defines NFA responsibility for preparing the required methodology and following the national inventory process.

**41. Forest and pasture management plans (FPMPs) were prepared and approved for six priority municipalities<sup>22</sup> covering 191,066 ha.** Modernizing and revitalizing the FPMP process was very timely, in that approved FPMPs will be required for access to funding such as IPARD. Improved plans are important tools in SLM and the provision of environmental services. FPMP preparation was supported through the development and application of new guidelines that focused on integrated and sustainable use of natural resources, and participatory processes. Of the area brought under management, 165,285ha (84 percent) is forest (IR 6), and 29, 781ha (16 percent) pasture (IR7).<sup>23</sup> The area under pasture was substantially lower than anticipated (33% achieved). At preparation it was estimated, based on the best available data, that the pasture area would be 30 to 50 percent of the total area brought under management. With updated information, the proportion of pasture area is more in the region of 15 percent. Participation in FPMPs was evident with 82 percent of 100 FPUAs surveyed reporting that FPMPs represented the views of the community (IR 8) either in full or partially. Stakeholder capacities for planning have been enhanced through a learning-by-doing approach.

**42. The project has increased forest and pasture lands registered to municipalities, which now cover about 35 percent of the country.** Clear tenure strengthens relationships between managers, users and resources, contributes to more effective forest management and meets a key requirement to access financing

<sup>21</sup> LiDAR is a remote sensing technology that measures distance by illuminating a target with a laser and analyzing the reflected light.

<sup>22</sup> Municipality selection used agreed criteria including extent of high forest, urgency for new plans, and validity of existing plans.

<sup>23</sup> At preparation it was estimated, based on the best available data, that pasture area would be 30 to 50% of the total area brought under management (forest and pasture). Project assessments have shown that in fact pasture area is more in the region of 15%.





such as IPARD. Several ESP activities, e.g., ANFI, FPMPs and Albanian Forest Information System, were based on and related to registration of municipal-owned land. Under the project, ownership rights to 1,083,871ha (IR 1) of forest and pasture lands were transferred from the State to municipalities. Of the total, 1,059,211ha are now registered to municipalities and 24,660ha under protected areas, managed by the National Agency for Protected Areas (NAPA). These achievements were possible with effective collaboration between the MTE, SCA, municipalities, contractors and the PMT. Mismatched paper forest cadaster maps and descriptive records have been replaced with unified legally compliant digital information, interpreted on digital orthophoto maps (see also Annex 14). All data are ready to be uploaded in the SCA registration software contributing to the new national coordinate system<sup>24</sup> and Infrastructure for Spatial Information for Europe (INSPIRE).<sup>25</sup>

43. **For the first time the Albanian Forest Information System (AIFIS) has been established and forms an essential part of the Albanian forest management information architecture.** Stakeholders, including the public, can now access AIFIS to improve management of forest and pasture lands. Based on the complex technical and business requirements of stakeholders (MTE/NFA, forest departments of municipalities, NAPA/Regional Administration for Protected Areas (RAPA), ASIG, AKSHI), AIFIS has been designed, developed, and implemented as a modern, centralized, modular and redundant system hosted at the National Authority for Information Society (AKSHI) data centers. AIFIS provides various functionalities of recording and reporting forest and pasture information. These functionalities include creation and maintenance of forest cadastral parcels and sub-parcels, forest and pasture management plan creation, monitoring and reporting, as well as interventions and events related to forest management. Training on AIFIS was provided to all stakeholders who are now using AIFIS. Ownership of AIFIS has been transferred to AKSHI, which is responsible for the coordination, administration, and maintenance of state information systems. To ensure continued use of AIFIS, AKSHI anticipates contracting for least two years of maintenance and support to begin in January 2022.<sup>26</sup>

44. Baseline studies and surveys (bathymetric surveys and hydrological models) of two watersheds Ulza and Bovilla, along with erosion monitoring schemes, hot spots mapping, and cost benefit analyses of conservation interventions to land users to support two PES pilots were completed. However, these pilots were not implemented (see para 29), and thus the percentage sedimentation target was not achieved (IR9). Nevertheless, there is now a strong basis for future efforts, as noted by stakeholders in the Project Review Workshop, with studies and data that have strengthened the PES argument. The project supported monitoring of FPUA investments for their carbon sequestration benefits under the Emissions Reduction Purchase Agreement, to enable payments by the BioCarbon Fund.

## **Outcome 2: to increase communities' monetary and non-monetary benefits in targeted project areas**

*PDO Outcome Indicator 2. People in forest and adjacent communities with monetary/non-monetary benefits from forest, (baseline: 0, target 3,000, achieved 3,858) disaggregated by ethnicity/indigenous background (baseline 0, target 10, achieved 71), and gender, female participants (baseline 0, target 1,000, achieved 1,058)*

45. Of the total investment of EUR 5.6 million for the IPARD like grants, the project financed EUR4.9 million, the remainder comprised beneficiary contributions. LEADER investments totaled EUR311,053 of which the project financed EUR253,910<sup>27</sup> with EUR87,695 (35%) for environmental conservation activities. While there was a definition for monetary benefits, there was no clear description developed for non-monetary benefits under this outcome indicator (see further discussion under M&E section).

<sup>24</sup> Albanian National Reference Frame (KRGJSH-2010)

<sup>25</sup> The national coordinator ASIG oversees standardization and managing the geoportal for the National Spatial Data Infrastructure.

<sup>26</sup> The developer's contract was extended at no-cost till December 2021.

<sup>27</sup> This amount covered both economic/social development and environmental management activities as per LEADER design.



46. **The project provided monetary benefits to communities in adjacent to forests through payment for work done when implementing activities for 153 IPARD-like and 12 pilot LEADER grants.** Evidence collected indicated that 3,858 persons benefited through labor payments, of which 71 (2 percent) were of ethnic minorities) and 1,098 (25 percent) were women – all achievements that exceeded project targets. Approximately EUR3.35 million (68 percent) of total IPARD like forestry grant funds disbursed were payments for work done by local populations. Monetary benefits are further evidenced in anecdotal data, for example, that show beneficiaries expanding cultivation and sales of non-timber forest products with ESP grants (under both IPARD like and pilot LEADER grants).<sup>28</sup> Other examples of benefits realized during project duration include increased grazing tariffs to FPUAs due to better services, e.g., water points, to members. Benefits expected in the longer term include fruit and nut harvests, especially of valuable products such as walnuts (see Annex 11).

47. **Non-monetary benefits included positive changes in human, social and physical capital that have contributed to the well-being and livelihoods of communities in and adjacent to forest areas.** Households also benefited from consumption of forest products, e.g., collection of thinning products. Technical and non-technical trainings (e.g., business planning, gender equality in land management, organizational management, proposal development, forest management planning) contributed to increased human capital. More than 1,400 FPUA and LAG members, received training including 685 women, and 307 individual farmers of which 173 were women. On specific SLM practices, e.g., afforestation, pasture improvement, about 25 percent of project beneficiaries surveyed reported that they acquired one new practice (compared to 20 percent in non-project areas). Qualitative data from the final survey also showed that through both training and learning-by-doing women feel they are now better equipped to prepare project/business proposals, skills which can be applied elsewhere. The positive impact of training on capacities was also evidenced in part through 56 percent (just below the target of 60 percent) of applications meeting project requirements across both IPARD like calls for application (IR 4), and 60 percent successful applications in the second call. Additionally, in the second round of grant giving, the average grant size increased indicating greater FPUA capacity to design and implement. These are capacities that can be used to access other types of funding.

48. The project enabled communities to build social capital through support for FPUAs and women's participation. The IPARD like and pilot LEADER grant program, which focused on FPUAs and LAGs respectively, offered a financial mechanism to address immediate problems, as well as supporting long-term approaches to working together. The project supported 113 FPUAs and three LAGs across the country. Three times more farmers in the Final Survey reported cooperating with others in the project areas compared to non-project areas. Farmers in project areas also reported that they were twice as likely to join an FPUA than in non-project areas. Additionally, 82 percent of FPUAs reported that FPMPs incorporated the views of the community. Positive changes have been seen in women's participation in FPUAs and gender awareness among communities, which are discussed under Gender (in Other Outcomes). Communities have also benefited from infrastructure and land management improvements resulting from physical capital (small-scale infrastructure, tools and equipment) provided by grants. These investments in turn have contributed to increased productivity (e.g., increased forest products, water for irrigation and livestock) and better resource management (e.g., from check dams, tourist trails). Combined with improved FPMP processes and formalization of land rights, non-monetary benefits have enhanced pathways to sustainable rural livelihoods.

### Justification of Overall Efficacy Rating

49. The overall efficacy with the PDO achieved is rated as **substantial**. The successful provision of IPARD like

---

<sup>28</sup> Environmental Services Project (2021) Final Social and Beneficiary Survey, World Bank, GEF, Sida.





forestry and pilot LAG grants combined with strengthened stakeholder capacities, led to the achievement of targets under the two sub-objectives: to support SLM practices and increase communities' monetary and non-monetary benefits in targeted project areas which are mainly in erosion prone rural upland areas. There have been substantial achievements in the submission of the IPARD III forestry measure, completion of the 2018 ANFI, creation of Alfis, and registration of forest and pasture land, that have strengthened the enabling environment for the provision of environmental services while supporting livelihoods.

### C. EFFICIENCY

**Rating: Substantial**

#### Assessment of Efficiency and Rating

50. The ex-post economic analysis confirms that the investments and approaches will generate attractive benefit streams compared to alternative investment opportunities which were mainly supported by low government budget contributions. Capacity building and empowering women will increase cost effectiveness of forest and pasture management and reduce transaction costs beyond the project. There is a positive net present value (NPV) for all types of activities funded through IPARD like forestry and SLM activities under LEADER grants. The estimations were based on the actual investments funded (see Annex 4). This benefit stream is easier to measure compared to benefits from the enhanced health in natural capital. There will also be significant benefits in the medium term from biodiversity protection and enhancement, regeneration and recovery of natural vegetation, reduced soil erosion, sedimentation and risk of landslides, forest rehabilitation, and improved quality of agricultural lands. The standing capital value of forests will increase over time, which will become increasingly significant as the transfer of land ownership is completed. The project will also result in increased carbon sequestration.

51. *Overall Project Benefits and Sensitivity Analysis.* The analysis shows a positive NPV (at a discount rate of 12 percent over 40 years) of US\$4.31 million, equivalent to a rate of return of 16 percent (see Table 3).

**Table 3. Ex-Ante/Ex-Post Economic and Sensitivity Analyses**

Indicator	Ex-Ante estimations	Ex-Post estimation and Sensitivity Analysis		
		12%	10%	8%
ENPV (US\$ million)	11.93	4.31	8.26	14.32
ERR	21.9%	16%		
Benefit Cost Ratio	1.29	1.56	1.88	

Source: See Annex 4 for details.

52. The ex-ante analysis anticipated a return of 21.9 percent and an NPV of US\$11.93 million. The ex-post analysis differs in the following ways. Firstly, the ex-ante analysis assumed that the PES component would contribute direct economic benefits through utility companies, who would assume the role of paying for delivered ecosystem services. While the PES approach was introduced and capacity in this area was built, the benefits from PES agreements were removed from the ex-post calculation. Secondly, and most significantly, the ex-ante analysis modeled that the net benefit of IPARD like investments would rise to US\$1.47 million by year 6 and remain at that level. Removing the latter reduces the ex-ante rate of return from 21.9% to 16%. While the project has had impact on the readiness of Albania to implement IPARD like grants, particularly in the forest sector, this benefit has not been modeled in the ex-post analysis in the same way. Instead, an estimate of the unit area benefits of afforestation, forest and pasture improvement were used as multipliers



against the funded project activity areas. Thirdly, the ex-ante analysis did not address the benefits of carbon sequestration in financial terms. In the ex-post analysis, the annual carbon sequestration has been modeled starting from year 5 at US\$21/tonne. Estimation of values from ecosystem services related to flood protection and reduced sedimentation used the same approach as the ex-ante analysis. Table 3 also includes a sensitivity analysis where even with a low rate, the benefit cost ratio is still higher than 1 and NPVs are always positive.

53. **Carbon Balance Accounting.** The estimated net carbon balance for the completed activities of the ESP is -811,262 tCO<sub>2</sub>-e of avoided emissions or increased carbon sequestration through afforestation on degraded land and improved forest and pasture management over a period of 20 years. This translates into a total monetary benefit of US\$9.73 million for the incremental value of natural capital.

54. **Aspects of design and implementation that contributed to efficiency.** While there were some delays in implementing some of the activities, these did not reduce project efficiency. Flexibility in design allowed accommodation of some of the unforeseen delays, for example, AIFIS development was able to respond to changes in functionalities without numerous revisions and contributed to enhance efficiency. Additionally, while the pandemic affected activities, some efficiencies were found, e.g., FPMPs using ANFI outputs based on leveraged remote sensing data (see also Annex 14). The project extension was also partly due to the increase in the scope of works with the Additional Financing.

55. **Project Expenditures.** From Component 3, EUR300,000 were reallocated to IPARD like forestry grants under Component 2. Project management costs were estimated at five percent of total funding, and even with extensions, were lower than planned. Savings were achieved from reductions in training, environmental audits, beneficiary surveys costs, and operating expenditures. In the final year, project management expenditures were also reduced due to COVID-19. There was very low staff turnover for the life of the project, with only one fiduciary specialist replaced. Approximately, EUR69,000 was returned.

56. **GEF Post-Completion Incremental Cost Review.** At appraisal, a separate incremental cost assessment was not required. However, the project financial analysis does cover aspects of GEF financing including the benefits of carbon sequestration. In the ESP, GEF financing leveraged IBRD funding for forestry and Swedish Government support for integrated natural resource management. Together this financing brought to the project a key focus on environmental issues, particularly under SLM. Under Components 1 and 2, GEF financing helped ensure a focus on building capacities, and introducing and adopting practices in SLM with an emphasis on forest and pasture resources resulting in land (12,320 ha) under more effective management. Under Component 3, GEF financing supported baselines, along with erosion monitoring schemes, hot spots mapping, and cost benefit analyses of conservation interventions in two watersheds to support potential PES schemes. Additionally, carbon balance accounting provided insight into the effectiveness of various interventions, and was used to build in-country capacity to assess such parameters.

57. **Rating of Efficiency:** The EIRR is comparable to other similar projects in the sector. Therefore, efficiency is rated as substantial.

## D. JUSTIFICATION OF OVERALL OUTCOME RATING

### Rating: Satisfactory

58. The overall outcome rating is based on the high relevance of the objectives, the substantial efficacy rating with the achievements of all PDO objectives and the substantial efficiency rating with positive and long-term economic rates of return. A Level-2 Restructuring took place associated with AF, and some indicator



targets changed. A split evaluation was not warranted since the overall project scope was not narrowed and the direction remained the same.

## E. OTHER OUTCOMES AND IMPACTS

### Gender

58. **Addressing social inclusion, particularly gender, was seen as critical to ensuring adoption of and sustaining SLM practices.** Under Component 1, a sub-component focused on empowering beneficiaries including implementation of a Gender Action Plan (GAP) as a targeted intervention to mainstream gender dimensions. Gender integration was implemented in project activities such as IPARD and LEADER grants, FPMPs, and in monitoring and evaluation (e.g., disaggregation of data). The GAP was implemented in two phases (2015-17 and 2019-2020) by two national organizations. In addition to PDO results, key achievements include women comprising 38 percent of land management and users trained (IR 2), and 20 percent of beneficiaries participating in project consultations (IR 3) – both exceeding project targets. Of 2,305 persons participating in gender awareness activities, 45 percent were men and overall participants reported an improved understanding of gender equality. Women also comprised 50% of business training participants and received 14 percent of the IPARD like grant budget disbursed creating employment opportunities (IR 5). Qualitative data showed that women were able to develop business proposals and access grants, *‘From ESP I was able to invest in my family business... products are exported around all Europe...’* (Woman member, FPUA Shkoder). However, there were potentially missed opportunities as women expressed ideas in the social impact study that pointed to long-term ideas, e.g., cold-storage units, food production, whereas grant proposals were mainly one-off activities. In the project areas, women now represent 44 percent of FPUA members. In the first phase, women’s participation on boards increased from 25 percent to 43 percent. In the second phase with there was an average increase from 31 percent to 50 percent of women board members.<sup>29</sup> Most women members responding in the Final Survey, stated that they were in more senior positions, 60 percent reported that they feel empowered, e.g., raising their voice, and 94 percent participated in proposal preparation. In terms of access to project grants and future IPARD financing, improved capacities and diversified membership are significant, e.g., surpassing the requirement that FPUAs have at least 30 percent women members. Annex 13 includes further details on gender outcomes.

### Institutional Strengthening

59. **Capacities have been built of stakeholders at local and national levels in a range of skills that can support the long-term adoption of SLM, and provision of environmental services.** Under Component 1, more than 2,000 land users, farmers, FPUA and LAG members, municipal and ministry staff have received training in SLM practices, data management systems (e.g., for forests, pastures, land registration, etc.), forest inventory, forest management planning and procedures and requirements for grants (IR 2). Project consultations have included 624 persons from central government, municipalities, and communities (IR 3). Capacity has also been built through learning-by-doing, as promoted for the IPARD like forestry and pilot LEADER grants. The MARD Managing Authority<sup>30</sup>, ARDA as the Paying Agency, the Head of the National FPUAs, and MTE underlined the importance of the approach for involved institutions and beneficiaries alike. In particular, the efforts of ARDA to administer a successful grant program in a new sector are worth highlighting. Early in implementation some financing for capacity building was withdrawn (due to currency losses) but

<sup>29</sup> The first phase covered 31 units in the North (results based on 21 units). The second phase included 18 additional units in the North, and units in Central and South Regions.

<sup>30</sup> The Department of Rural Development in MARD.



reinstated towards the end of the project.<sup>31</sup> The efforts of the MTE/PMT to make effective use of funds in the time available were commendable. The project's holistic approach required leadership and considerable coordination by MTE/PMT with partner agencies at a national level, namely IPRO/SCA and ARDA (managed through Memoranda of Understanding), National Environment Agency (NEA) and later NFA, NAPA, SIEF, ASIG and AKSHI. Coordination was also needed with municipalities and rural communities. As a result, the profile of MTE's role in the management of the country's natural resources has been elevated.

### **Mobilizing Private Sector Financing**

60. The project did not directly support greater financing from the private sector. Opportunities for private investment in the forest sector were adversely affected by the 2016 moratorium on commercial logging, which is still in place. Nonetheless, private stakeholders (farmers, households) benefited from support to access the IPARD-like forestry grants and have met beneficiary contribution requirements. Additionally, grantees were required to hire private technical assistance to screen and approve proposals prior to submission, as well as to monitor implementation. Business training has enabled beneficiaries to expand their operations and reach new markets for their forest products. Stakeholders noted that the design work for PES schemes provides a basis for involving private sector capital, which is important given limited government budget for forestry.

### **Poverty Reduction and Shared Prosperity**

61. The project has contributed to employment creation in Albania's, upland and poorer rural communities, as well as social cohesion through support for FPUAs and increased inclusion of women. Under the IPARD like grant program, a larger number of grants were awarded to FPUAs operating in poorer regions of the country where there were limited employment opportunities, and where incomes are more dependent on forest resources. Overall, more than 3,000 households in remote rural areas had at least one member employed and benefited from seasonal forestry and pasture work while implementing grant activities. In addition, the poorer households benefited from firewood collected during forestry improvement works, thinning and cleaning, which most grantees (of which 38 percent were women) carried out.

### **Other Unintended Outcomes and Impacts**

62. The project supported interventions with positive outcomes in addition to the project's intended outcomes. Examples are given in Annex 14.

## **III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME**

### **A. KEY FACTORS DURING PREPARATION**

63. The objectives were relevant given the environmental, rural livelihood and climate change challenges in Albania, and opportunities given its engagement of community organizations in natural resource management. The PDO included outcomes related to increasing adoption of SLM practices to improve environmental services while providing benefits to rural communities. The objectives were aligned with the priorities of CPS FY 11-14, GEF, and Sida's 2014-2020 Regional Assistance Strategy for Development Cooperation; they also supported GOA's development and environment strategies.

---

<sup>31</sup> About \$650,000 was withdrawn from the Swedish Government Grant, about \$560,000 was returned in 2021.



64. The project incorporated lessons from earlier operations by the Bank, GEF and Sida.<sup>32</sup> Both Bank and Swedish Government<sup>33</sup> conducted several studies on natural resource management that informed project design. The project was complementary to Bank and Sida operations on water and irrigation, and land administration/management. Co-financing commitments for ESP from the Swedish Government reflected a long-standing partnership in natural resource management. Sida has played an important role in both ESP preparation and implementation. Sida financing of US\$2.7 million supported preparation with key studies, e.g., a social and gender impact assessment. In addition to co-financing ESP, Sida's continued engagement in the forest/natural resources agenda has strengthened the enabling environment, e.g., support for the Forest Sector Policy (approved December 2018) and Forest Law (approved April 2020). Approval of the law was a prior action of the Bank's Development Policy Loan on Fiscal Sustainability and Growth.

65. Project design was logical with well-structured components, building on previous experience in Albania and the region.<sup>34</sup> The project focused on enhancing institutional capacities for sustainable natural resource management and access to long-term financing opportunities, namely IPARD and pilot PES mechanisms. The project approach recognized the need to support the sector at various levels (central, municipal and communities) and in different areas, (registration of land rights, updating forest data, data management systems, methods for FPMPs, capacity building and direct financial support for SLM). In this way, the project would capitalize on synergies and help ensure consistency between activities. The main design elements remain relevant.<sup>35</sup> The initial sequencing of tasks and timing was appropriate in that technical reviews preceded design and implementation of NFI and AIFIS and calls for IPARD like and LEADER applications followed training for administrators, technical reviewers and beneficiaries. The selection of stakeholders was appropriate across State government, municipalities and local communities. The choice of implementing agency was appropriate given MOE's (later MTE) environmental mandate and forest sector responsibilities.

66. The set of PDO and IR indicators was aligned with the operational objectives and the GEF Land Degradation Focal Area Strategy as well as the Bank's Core Sector Indicators.<sup>36</sup> While the RF included baselines (all of which were zero), the end targets were based on the best available estimates at the time. However, a number of expected results were revised at both restructurings, and a number of indicators (including one sub-indicator under the PDO) were dropped with new indicators added (see Table 1). The main risks for implementation were captured<sup>37</sup> and adequate mitigation measures put in place. One exception was the PES activity which did not fully capture legal, economic and political risks, particularly with distorted incentives that can lead agencies, such as UKT, to opt out of activities that are in their interest. The project did, however, experience delays as it adapted to the territorial administrative reforms and government restructuring.

---

<sup>32</sup> Sida financed an Albanian NGO "CNVP" from 2010 to 2014 to support communal forest development in selected sites. Lessons and experiences were also incorporated from PES approaches notably Costa Rica and Brazil.

<sup>33</sup> Integrated Natural Resources Management Project (Swedish Government), PROFOR – Innovative Financing for Sustainable Forestry Management in Albania (World Bank)

<sup>34</sup> Bank experience from the Montenegro Institutional Development and Agricultural Strengthening Project, provided useful input into the design of the IPARD like forestry grant activity.

<sup>35</sup> Other ECA projects in landscape restoration and forest management have brought in experience from Albania, e.g., with ANFI.

<sup>36</sup> At preparation, PDO indicators 'Land area where SLM practices have been adopted as a result of the project, and People in targeted forest and adjacent community with monetary/non-monetary benefits from forests', were aligned with Bank Core Sector Indicators.

<sup>37</sup> The overall implementation risk rating was Moderate, with the Implementation Agency risk rated as Substantial.



## B. KEY FACTORS DURING IMPLEMENTATION

*Factors subject to government and/implementing entities control, include:*

67. The project came about due to strong interest from the government for continued cooperation in addressing the environmental and rural livelihood challenges in erosion prone areas, and to build capacities to access future EU funding. Government commitment to the project remained strong till closing, as evidenced in feedback from State and municipal officials, and participation at the Project Review Workshop. As the entity with overall responsibility for the project, MTE and its PMT maintained a strong commitment to navigating and adapting the project through: (i) various aspects of territorial administrative reforms; (ii) ministry re-organizations; (iii) changes in partner agencies, e.g., IPRO to SCA, NEA and then NFA; (iv) requirements of new agencies such as ASIG and AKSHI; and (v) the COVID-19 pandemic. Throughout MTE/PMT coordinated closely and extensively with project partners and stakeholders.

68. The project became effective on January 29, 2015 (due September 30, 2014 but countersigning of the Swedish Government grant was delayed). By early February 2015 institutional arrangements and policy frameworks had changed since appraisal, namely the consolidation of LGUs into 61 municipalities. The initial step of approving the general boundaries of the new municipalities by GOA was a lengthy process. This approval was then followed by a complex set of Council of Ministers Decrees (CoMDs) needed to transfer land to the individual municipalities before registration processes could begin (see also Annex 14). These factors delayed the initiation of registration and continued to pose challenges throughout.<sup>38</sup>

69. In January 2016, all regional and district forest service offices were abolished, with responsibilities transferred to municipalities. The changes were only fully effective by late 2016, leaving the municipalities without legal and technical guidance in the interim. During this period, ESP supported the municipalities, and pressed MOE to fill the legal and regulatory gaps, which were affecting implementation of project activities.

70. As of the Mid-term Review (MTR-December 2017) progress had slowed due to the factors above, as well as transfer of about 80 percent of forest and pasture to municipalities,<sup>39</sup> and the merger of Ministries of Environment and Tourism into the Ministry of Tourism and Environment (MTE - created in September 2017). Changes resulted in new project leadership in MTE and in its technical agencies working in the project, plus a reduction of MTE technical staff. At MTR there was a downgrading of implementation ratings from Moderately Satisfactory to Moderately Unsatisfactory. With changes in authorizing officials made effective, progress accelerated, and ratings were subsequently upgraded with no further downgrades.

71. The above institutional changes affected the rationale for the choice of AIFIS functionalities and operation, and an appropriate forest management planning approach. To help ensure a fit-for-purpose system, the PMT provided additional technical support to the new structures and conducted a needs assessment of the newly established forest/environment departments in municipalities. Technical discussions were organized with the Faculty of Forest Sciences and municipal staff on the most appropriate approach to forest management planning with options for both low and high forests.

72. On April 30, 2020 the Albanian Assembly approved the new Forest Law. Under the Law the NFA (established in July 2019) became responsible for good governance of forestry sector, protection and sustainable development of forests. Technical assistance was provided to MTE to prepare the organizational

<sup>38</sup> A few municipalities have not agreed with the amount of land transferred, so registration could not be completed for them.

<sup>39</sup> In 2016 the remaining State-owned forests and pasture (excluding protected areas) were transferred to municipalities.





structure and respective responsibilities for the agency. On its creation, NFA became the key partner (replacing NEA) for several project activities, e.g., ANFI, AIFIS, on-spot checks of IPARD like forestry grants.

*Factors subject to Bank control, include:*

73. Throughout preparation and implementation, the Bank team provided timely support and effectively addressed issues that arose in ways that balanced the needs of GOA, the Swedish Government, GEF and the Bank. There was no change in Task Team Leader (TTL) from project identification to completion. Regular implementation support missions provided technical advice, as well as fiduciary and safeguard oversight. Aide Memoires and ISRs were detailed with recommendations and agreed actions that were monitored. The early stages of implementation focused on supporting MTE/PMT to respond and adapt aspects of project design to the changing institutional environment. For example, the Interim Geospatial Database was established to house forest cadaster data needed for FPMPs while AIFIS was under development, and a series of CoMDs were submitted to align new boundaries for registration. At the time of the MTR, all components were under implementation, albeit with some delays. M&E reporting was reviewed regularly, with potential RF changes discussed and agreed at MTR.

74. The Bank team was proactive in twice restructuring project to respond to institutional changes, and delayed processing of the AF. The team was successful in securing AF from the Swedish Government, although GOA's processing of the grant was delayed. Nevertheless, the funding enabled ARDA to award a greater number of IPARD like forestry grants and increase project impacts. Throughout, the Bank team closely monitored implementation and disbursement, which experienced delays, particularly in the first two years. Attention was given to implementation capacity of MTE (identified as a substantial risk), and ARDA's lack of prior experience with Bank operations and implementation of a forestry measure. The Bank team was proactive in addressing the need for an interim measure to house forest cadaster data while AIFIS was under development. The NFI was threatened when teams were lost due to reorganization of the sector. The Bank requested MTE to create new teams with remaining staff from NEA and NAPA, and all were trained.

*Factors outside of the control of government and/or implementing agencies, included:*

75. COVID-19 began to affect the project in early 2020. With restrictions on travel and face-to-face interaction in the country plus people unable to work due to illness, the pace of implementation slowed after March 2020. Several activities, e.g., public disclosure and field work for registration, field data collection for FPMPs and rolling out of AIFIS in municipalities, were adversely affected. The Bank and MTE agreed a detailed revised time-bound plan for project activities, which was closely monitored. Under difficult conditions, the bulk of activities were completed as planned or earlier, including the ANFI, registration and IPARD-like forestry and LEADER grants review and on-spot control. Capacity building activities were adapted for virtual contexts. The Final Social and Beneficiary Survey was carried out in line with the prevailing protocols. On the other hand, the pandemic did allow for some tasks to become more efficient, e.g., a combination of field validation plots, LiDAR and Sentinel II rather than field surveys only, was proposed to achieve the required standard of inventory information. Bank travel was also paused, and virtual missions replaced in-country team missions. In this context, the presence of the TTL in Tirana was a considerable asset.



## IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME

### A. QUALITY OF MONITORING AND EVALUATION (M&E)

#### M&E Design

76. The PDO statement focused on two outcomes – supporting adoption of SLM practices and increasing communities' monetary and non-monetary benefits in target areas. At appraisal, the RF included three main PDO and six intermediate result indicators (both sets disaggregated data to capture gender aspects).<sup>40</sup> The revised RF (2018) included two PDO and nine intermediate result indicators (see Annex 8). The revised RF was more reflective of the project's objectives but could have been updated earlier to accommodate responses to institutional changes. Results were also reported using the GEF Land Degradation Tracking Tool. Baseline, mid-term and final social and beneficiary surveys were planned. Baselines and endlines were included for each phase of the GAP. A Grievance Redress Mechanism was implemented to strengthen grievance management capacities. Collectively, these instruments were sufficient to report on the project objectives but with some caveats. At the PDO level, outcome 2 indicator lacked a clear definition of non-monetary benefits. The PAD stated that for PDO indicator 2, socio-economic survey would provide a baseline, in accordance with guidance for Core Sector Indicators in the forestry sector. However, non-monetary benefits were not clearly specified nor data collection methods given in the baseline. It was possible to report on non-monetary benefits with available data, greater clarity would have strengthened the reporting.

#### M&E Implementation

77. The PMT had responsibility for overall project M&E. A comprehensive project management information system was established using Oracle to track project activities, procurement and other inputs, financing, documents, schedules of implementation, risks and assumptions, and corrective actions. A specialist was engaged to update and track indicators in the system. The system enabled MTE/PMT to easily access data, and obtain periodic updates for M&E and project management. The MTE/PMT submitted timely semi-annual progress reports covering progress in implementation, use of funds, and project results and outcomes. Although RF revisions better represented project scope, a lack of clarity around some indicator definitions and their measurement was not addressed. Three beneficiary surveys were conducted to assess project progress and achievements. The Final Survey (2021) surveyed households in areas where the project intervened, along with households in a control group. A project grievance database was maintained. For the IPARD-like forestry grants, ARDA reported regularly to the PMT on grievances and their resolution.

#### M&E Utilization

78. M&E data were regularly used to track progress towards project objectives, assess performance and inform project management. Revisions to the RF sought to fill gaps in monitoring to better reflect the anticipated outcomes and results. For example, greater data disaggregation by gender was introduced. Similarly, the lack of individual applicants for IPARD like grants led to a target revision. Baselines and interim assessments were valuable in the GAP for assessing results and designing the second phase. Differences in sampling regimes meant that results across the three surveys could not be compared. Surveys have been useful in providing complementary data on project progress and achievements, but not for RF reporting.

---

<sup>40</sup> The RF in the PAD contained some typos/numeric errors that were corrected in subsequent reporting, e.g., 2,000 and not 20,000 land specialists and users trained, 800 female land users trained and not 8,000.





### Justification of Overall Rating of Quality of M&E

79. The overall rating for the quality of the M&E system is substantial. While there were some shortfalls in aspects of the PDO and its measurement, there were sufficient data and systems in place to assess achievements and intermediate results. Activities to monitor, capture and act upon gender dimensions can be considered good practice. Efforts to monitor and citizen engagement and satisfaction are also noted.

### B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE

80. **Safeguard Compliance** was rated satisfactory throughout implementation. The project closed fully meeting the requirements of the Environmental and Social Management Framework (ESMF), and in line with Bank's safeguards and Albanian environmental legislation. The project was classified as environmental category B (as per Operational Policy OP 4.01 on Environmental Assessment) and triggered the following policies: Environmental Assessment (OP/BP 4.01), Natural Habitats (OP 4.02), Pest Management (OP 4.09), Forestry (OP 4.36) and Projects on International Waters (OP 7.50). An overall EMF was prepared which included provisions to screen out any Category A activities. Under the EMF, there was a screening mechanism for each grant activity, and site-specific environmental due diligence was prepared in line with the EMF. The Bank's Environmental Safeguards Specialist was based in the region and participated in regular project supervision. The PMT was adequately staffed throughout project implementation. Adequate training was organized for the recipients and regular reporting on environmental compliance was submitted, contributing to improved natural resource management. As the final step to ensure compliance both in the paper trail and on-site supervision, an Environmental Audit was completed. The Audit indicated that all ESMF provisions were met. Social safeguards policies were not triggered given the project's participatory and voluntary nature. Applications for the IPARD like grants were not eligible for funding if they included conditions that would trigger social safeguards. A complaint redress mechanism was established for applicants.

81. **Financial Management (FM).** Project FM performance was reviewed periodically by the Bank team in accordance with the assessed financial management risk. In general, the FM, funds flow and disbursement arrangements for the project have been adequate and in compliance with Bank requirements throughout project term. Over the project life, the financial management function was supported by experienced and qualified FM experts and generally good compliance was observed with respect to financial reporting and disbursement requirements. For the ESP grant scheme, the project relied on ARDA's systems and control framework for grant administration. Overall, such systems and internal controls functioned appropriately, as confirmed by the external audits. At the same time, the alternative funds flow and control arrangements, adopted for the portion implemented by MTE and its PMT, have been generally effective, except for some concerns around funds availability and contract monitoring data toward the end of the project, mainly due to managing multiple sources of financing and currencies. The FM rating was restored from Moderately Satisfactory to Satisfactory by project closure, as those concerns were resolved. The external audits revealed no significant issues and reporting conditions.

82. **Procurement** was rated as satisfactory at project completion, and never below moderately satisfactory. Procurement processes were implemented based on applicable guidelines at the time of project appraisal and in accordance with the procurement plan, which was updated as needed, reviewed by and cleared with the Bank and disclosed regularly. The last post review, conducted virtually in May 2021, found that the PMT had generally followed the Bank's procurement rules and procedures. The PMT benefited from same procurement specialist from preparation to completion. In the early stages, there were delays in procurement processes, particularly in evaluation, acceptance of deliverables by the client/MTE and on timely launching of



selection/tendering processes as per the agreed schedule. MTE staff, including those in NEA, (and later NFA), were inexperienced in Bank procedures, and evaluation committees lacked appropriately qualified members resulting lengthy bid evaluations. However, with Bank support, the PMT provided guidance and support. No procurement issues arose with both rounds of the IPARD like grants. The PMT specialist provided training to potential LAGs which also had no procurement issues. Support from the Bank was reported as prompt and constructive. Lowering of the risk, rated as substantial at appraisal to moderate at closing, reflects increased capacities, effective Bank support and adequate risk mitigation measures.

## C. BANK PERFORMANCE

### Quality at Entry

83. The project built on and expanded support from previous Bank, GEF and Swedish Government financed projects in Albania. Support continued in areas that remain relevant and strategic to their efforts to improve natural resource management and access to long-term financing, especially from the EU. Since the closing of NRDP in 2011, the Bank had been in dialogue with GOA on a follow-up project. Both the Bank and Sida financed inputs for preparation. The preparation team was led by a country-based TTL, and included forestry, gender, registration, rural development expertise. Some team members had supported previous projects in the country. The project was supportive of the country's efforts to increase involvement of community organizations. Both IPARD like (with a forestry focus) and LEADER grants were new to MTE, ARDA and beneficiaries, but built on Bank experience in the region, and coupled with training and learning-by-doing would build capacities. While the grants provided direct investments to adopt SLM, equally important was the need to strengthen the institutional environment. The focus was correctly on updating forest data, robust management information systems, increased registration of forest and pasture, plus building capacities of land managers and users. Institutional strengthening remained relevant particularly given the on-going reforms. The balance of components was appropriate. About equal emphasis was placed on institutional capacities and IPARD like forestry grants, with much less emphasis on pilot PES schemes. It could be argued that the PES activity underestimated the time it would take for technical studies necessary for the design of the PES pilots to be completed. The GAP reflected a strong commitment to increasing and strengthening the role of women. The design of the RF could have been improved with greater attention paid to the definition of PDO indicators and measurement methods. Institutional capacity was identified as a substantial risk at preparation that could delay implementation. The risk was mitigated by having a core PMT in place by effectiveness. The PMT was further strengthened with technical expertise, and along with support from staff of the forest sector and environment programming in MTE (and earlier from the forestry department of the NEA) comprised a core project support team. However, adapting to a number of institutional and legal changes and the pandemic would, nonetheless, slow progress at various stages.

### Quality of Supervision

84. The Bank closely supervised project implementation through implementation support missions (at least two per year) to review progress and identify key issues that needed management attention. Extensive support was also provided between missions from all technical experts in the Bank team. Fiduciary and safeguards aspects received regular oversight. Performance reporting was candid and of high quality. Aide Memoires were detailed and captured milestones, critical decisions and agreed next steps. Frequent technical annexes provided additional guidance and information on field visits. ISRs were similarly candid and filed on time. M&E could have received greater attention, especially in the early stages to strengthen outcome reporting. The project benefited greatly from some Bank team personnel based in Albania and the region (TTL,



safeguards, FM), and continuity with some members participating from preparation to completion. Sida financed gender expertise on the team. There was positive feedback on the TTL who was commended for their diplomacy, understanding of government, team management and accessibility.

#### **Justification of Overall Rating of Bank Performance**

85. Based on the Quality of Entry and Supervision, the overall Bank performance is rated satisfactory reflecting minor shortcomings as described above.

#### **D. RISK TO DEVELOPMENT OUTCOME**

86. Government commitment to decentralized ownership and management in the interests of long-term benefits to rural communities and environmental services can be seen in the territorial administrative reforms. Furthermore, a Forest Sector Policy (2019-2030), and the new Forest Law prescribes the roles of forest managers at state and municipal levels, and the responsibilities of the NFA. As such, these constitute a long-term vision and commitment to sustainable resource management. From an institutional viewpoint, there is evidence of commitment to sustaining project interventions, e.g., adoption of AIFIS and, provision for a rolling update of the ANFI. Inherent in the selection of eligible activities for IPARD like forestry grants were those that would not undermine the natural resource base. Beneficiary contributions built ownership, which is viewed as a sign of sustainability. Strengthening women's roles, as land users, in forest and pasture management also contributes to the sustainability of outcomes. Submission of the forestry measure for IPARD III to support local resource management and livelihoods can also be viewed as a sign of sustaining and expanding interventions and financing.

87. Despite contributions to sustainability mentioned above, there are risks to development outcomes:

88. Public financing for forest and pasture management is likely to remain low. With the logging moratorium still in force and unable to collect fines, forest revenue generation by municipalities is also limited. While PES schemes can potentially mobilize financing for supporting environmental service providers, as seen in this project their adoption depends on more than technical and economic justifications. A lack of financing will adversely affect the sector at all levels, including preparation and implementation of FPMPs. To support more efficient planning, the project supported a cost comparison of current guidelines (which could be prohibitively expensive to adopt<sup>41</sup>) and lower-cost alternatives. However, the challenge of raising and accessing adequate financing for implementation would still remain.

89. Staffing and capacity constraints at municipal and central levels have the potential to limit the full benefits of investments in ANFI and AIFIS. The various institutional changes have left a considerable number of municipal offices thinly resourced in terms of facilities and staff with consequences for proper management of their activities. At the NFA, full organizational arrangements have still to be finalized, but overall staffing of the central function has reduced. Specifically in terms of project interventions, there is a risk that the benefits of ANFI and AIFIS will not be fully realized unless there is permanent, sufficient and qualified data analysis capacity in the agency, and support to the municipalities. Future support for the NFA will be determined by the new Government elected in September 2021.

90. A small number of interventions financed through IPARD like afforestation grants may not be sustained due to FPUAs and other recipients not being able to replace saplings in the initial period of the second round

---

<sup>41</sup> For all municipalities preparation of FPMP using the current guidelines, is estimated to cost EUR 22 million.



of investments. Replacement costs were allowed for afforestation in the first call, but not in the second due to the anticipated completion of the project by September 2020.<sup>42</sup> Grantees expressed concern that these costs were not covered, and that the viability of these investments could be at risk. However, replacement costs are generally very low compared to other investment costs, e.g., labor. Furthermore, provision for replacement costs is included in the IPARD III forestry measure submission.

## V. LESSONS AND RECOMMENDATIONS

91. **An integrated set of interventions promotes synergies and contributes to sustaining project results.** Although the approach required greater implementation effort, engagement in various areas and with different actors provided flexibility to adjust, particularly in the changing institutional environment. For example, the design and timing of ALFIS took into account project experiences from registration, FPMP preparation, and ANFI to have a system to meet long-term needs. Future project design would benefit from adopting a broad view of a sector and in supporting a combination of interventions targeted to the range of levels and actors present.

92. **The risks to implementation associated with time and political will needed to build the case and buy-in for PES schemes should not be underestimated.** The project demonstrated that it was possible to design a PES program but provided a valuable reality check in terms of: (i) allowing sufficient time for the required technical and socioeconomic studies to be conducted; (ii) obtaining a firm commitment to participate from the relevant service users (who would pay for the environmental services) early on; and (iii) lacking a champion within government. Future projects should allocate sufficient time and resources for putting in place the initial conditions for PES schemes, accompanied by realistic targets.

93. **Effective gender mainstreaming with targeted empowerment interventions and integration into other components requires planning and resources.** Women's membership of FPUAs and presence on FPUAs boards has increased. Women also have improved business planning and proposal preparation skills, plus greater voice in proposal preparation and forest management. Mainstreaming has been possible through dedicated resources, careful design, attention to M&E and local capacity to implement. Future projects should allocate sufficient time and resources to ensure that gender issues receive the attention they need.

94. **Designing and embedding project interventions in the certainty of a known pathway, e.g., IPARD, is effective.** The IPARD like grant program successfully modeled previous experience (from Montenegro). Capacities of the granting agency ARDA, and those of MTE and recipients were built through learning-by-doing. Building on the success, a request was submitted for IPARD III funding. Furthermore, the reputation of ARDA as the administrator for the anticipated IPARD forestry measure was greatly strengthened. Future projects should make concerted efforts to model successful similar operations from elsewhere and commit to building capacities through implementation.

95. **Implementation support based in the country and region provides effective guidance and advice.** Several Bank team members, including the TTL, were based in Tirana or the region. A physical knowledgeable presence was particularly helpful to provide timely support as contexts changed and with new approaches, e.g., development of the Grant Operational Manual. While not always possible, future projects should consider the extent to which implementation support staff can be based in the project country.

---

<sup>42</sup> The project could not finance expenses for activities beyond the completion date.



## ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS

### A. RESULTS INDICATORS

#### A.1 PDO Indicators

**Objective/Outcome:** To support sustainable land management practices in targeted project areas

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Land area where sustainable land mgt. practices were adopted as a result of proj	Hectare(Ha)	0.00 30-Jun-2014	7500.00 30-Jun-2014	9,000.00 23-Sep-2020	12,320.80 31-May-2021

**Comments (achievements against targets):**

Achieved (137%). This indicator relates to PDO outcome (i). The indicator was part of the Bank's core sector indicator requirement at the time of appraisal. The indicator measures the number of hectares where practices to improve sustainable management of forest and pasture have been adopted by land users with project support, that contribute to improved SLM. Overall, the target achieved for forest and pasture areas by project closure was not less than the foreseen sum of forest pasture and agricultural lands as originally envisioned. As such the indicator captures area under SLM practices adopted under the IPARD like and eligible activities under the LEADER LAG grants. Eligible activities were identified in the Grant Operational Manual for IPARD like and LAG grants. These included: afforestation (with native or other acceptable tree species), encouraging natural regeneration, forest improvement (enrichment planting, thinning, coppicing, etc.), horticulture, pasture improvement (stone and/or toxic weed removal), pasture establishment, fencing, medicinal plant cultivation, check dams, rehabilitation of irrigation, trail construction, livestock watering points, fire prevention, natural erosion measures (green fences). The area covers land with direct environmental impacts (afforestation) and indirect impacts (managing livestock and human traffic in forest and pasture lands). Overall, the project area covered by where practices were adopted was 12,320 hectares. Data source: ARDA database, Project MIS and field verification reported by ARDA, PMT and NFA staff.



**Objective/Outcome:** To increase communities' monetary and non-monetary benefits in targeted project areas

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
People in forest&adjacent community with monetary/non-monetary benefit from forest	Number	0.00 30-Jun-2014	2000.00 30-Jun-2014	3,000.00 23-Sep-2020	3,858.00 31-May-2021
People in forest and adjacent community with benefits from forest-female	Number	0.00 30-Jun-2014	1000.00 30-Jun-2014		1,095.00 31-May-2021
People in forest&adj. commy with benefit from forest-Ethnic minority/indigenous	Number	0.00 30-Jun-2014	10.00 30-Jun-2014		71.00 31-May-2021

**Comments (achievements against targets):**

Achieved (129%). Sub indicators – Achieved (110% women benefiting), Achieved (700% ethnic minority/indigenous group benefiting) This indicator relates to PDO outcome (ii). The indicator was one of the Bank's core sector indicators at the time of appraisal. In the project, this indicator measures only the number of individual beneficiaries that received monetary benefits from the project in the form of payments for labor under the IPARD like and LAG grants. On this basis the overall target has been exceeded (3,858). The disaggregated targets have also been exceeded with 71 persons of ethnic minorities (Roma, Greek or other minorities) and 1,098 were women. Non-monetary benefits which were not measure systematically include improved environmental conditions reported by beneficiaries, e.g., reduced erosion, benefits of areas afforested, access to forest products for self-consumption (e.g., from thinning activities, through increased production), some sales of forest products (e.g., under some LEADER LAG grants, increase production with project support), increased skills for SLM, participation in FPUAs including by women, and the benefits of increased water for irrigation and livestock. Data source: ARDA database, and project MIS.



## A.2 Intermediate Results Indicators

**Component:** Component 1. Strengthening Institutional Capacity to improve environmental services from integrated landscape management

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Forest and Pasture Areas Registered	Hectare(Ha)	0.00	870000.00	1,100,000.00	1,083,871.00
		04-Dec-2017	30-Sep-2019	23-Sep-2020	31-May-2021

### Comments (achievements against targets):

Partially achieved (98%). This indicator relates to PDO outcome indicator (i). Given that there will be some unknowns in the registration process as boundaries are aligned and mistakes discovered, there is a very small difference between the target and achievement. The end target covers land formally registered in the ownership of the municipalities following transfer from the State. The target has been partially achieved with 1,083, 871 ha registered and the registration products having completed quality control requirements). Registration has covered 60 of the 61 municipalities in the country. Data source: Project MIS

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Land management specialists	Number	0.00	20000.00	2,000.00	2,143.00



and users trained		30-Jun-2014	30-Jun-2014	30-Sep-2019	31-May-2021
Members of Forest Pasture Users' Associations trained	Number	0.00	2000.00		1,405.00
		30-Jun-2014	30-Jun-2014		31-May-2021
Female members of Forest and Pasture Users's Associations trained	Number	0.00	800.00		685.00
		30-Jun-2014	30-Sep-2019		31-May-2021
Individual famers trained	Number	0.00	1000.00	300.00	307.00
		30-Jun-2014	30-Jun-2014	23-Sep-2020	31-May-2021
Female farmers trained	Number	0.00	500.00	165.00	173.00
		30-Jun-2014	30-Sep-2019	23-Sep-2020	31-May-2021
Ministry staff trained	Number	0.00	700.00		241.00
		30-Jun-2014	30-Jun-2014		31-May-2021
Female land management specialists and users trained	Number	0.00	8000.00	800.00	811.00
		30-Jun-2014	30-Jun-2014	30-Sep-2019	31-May-2021
<b>Comments (achievements against targets):</b>					
Achieved (over 107% for land users and specialists trained) Achieved (102% for female land users trained), Partially achieved (70% for FPUA members trained, 86% for women FPUA members trained), Achieved (102% for individual farmers trained), Achieved (105% for individual female trained), Partially					





achieved (34%, ministry staff trained). This group of indicators relates to PDO outcome indicators (i) and (ii). The indicator measures the number of people trained and includes (i) staff of MTE, State Cadaster Agency, ARDA and municipalities; and (ii) members of forest and pasture users' associations. The PAD contained typos that were later corrected (2000 land users trained and not 20,000, similarly 800 female land users trained not 8,000) The number of FPUA members trained represents the persons trained, counted only once even though the same individuals participated in different sessions of trainings on different topics. The target for FPUA members to be trained was not achieved due to difficulties in estimation. Targets for women trained in all categories were all exceeded, except for FPUA members which was nearly achieved (86%). Training topics covered SLM practices, property rights, NFI methods, forest management planning, LEADER LAG development strategies, use of data systems, e.g., AIFIS, Interim database, grant application processes, business planning. The number of ministry staff trained (241 persons) was not achieved because of institutional restructuring which reduced the number of staff at this level. Data source: Project MIS and training database.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Beneficiaries participating in project consultation activities during implementation	Number	0.00 13-May-2019	2000.00 30-Sep-2019	350.00 23-Sep-2020	624.00 31-May-2021
Female beneficiaries participating in project consultation activities during implementation	Number	0.00 13-May-2019	500.00 30-Sep-2019	100.00 23-Sep-2020	126.00 31-May-2021

**Comments (achievements against targets):**

Achieved (178%). This indicator relates to PDO outcome indicators (i). This indicator was introduced at the first restructuring to capture aspects of citizen engagement. The indicator measures the number of people who participated during consultations on registration, forest inventory, FPMPs and LEADER LAG activities. Beneficiaries included employees from central government institutions as well as municipalities who were consulted, such as MTE, former IPRO/SCA, NEA, ARDA, former SIEF, municipalities, and members of communities where forest management planning took place. Of the 624 beneficiaries participating, 126 were women exceeding the target of 100. Data Source: Project MIS, training reports.



**Component:** Component 2. Planning and Provision of IPARD like Grants to improve land management

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
% of grant applications fulfill the requirements	Percentage	0.00	60.00		56.00
		30-Jun-2014	30-Jun-2014		31-May-2021

**Comments (achievements against targets):**

Partially achieved (93%). This indicator relates to PDO outcome indicator (i). The indicator measures the percentage of applications which were found to be eligible to be awarded grants in both calls for the IPARD like forestry grants out of the total number of applications as well as the percentage of successful applications for the LEADER grants. In the second call for IPARD like grants 60% of applicants were successful, compared to 46% in the first call, hence not fully achieving the target. In the second call there were a larger number of applicants as well as more that met the requirements of funding. Data source: ARDA database, project MIS.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
% of the grant budget disbursed	Percentage	0.00	100.00		100.00
		29-Jan-2015	30-Jun-2014		31-May-2021
% of grants budget disbursed to female applicants	Percentage	0.00	15.00		14.30
		30-Jun-2014	30-Jun-2014		31-May-2021



% of grants budget disbursed to farmers	Percentage	0.00 30-Jun-2014	50.00 30-Jun-2014	10.00 30-Sep-2019	0.50 31-May-2021
% of grants disbursed to Forest and Pasture Users' Associations	Percentage	0.00 30-Jun-2014	50.00 30-Jun-2014	82.00 23-Sep-2020	99.00 31-May-2021

**Comments (achievements against targets):**

**NOTE – the indicator above has a typo, it should be % of grant budget disbursed to FPUAs**

Achieved (100% for disbursement of grant budget), partially achieved (93% of target amount of grant budget disbursed to female applicants), marginal achievement (5% of target amount of grant budget disbursed to farmers), achieved (120% for target amount of grant budget disbursed to FPUAs). This indicator relates to PDO outcomes (i) and (ii). The indicator measures the percentage of grant funds disbursed under the first and second calls of the IPARD like forestry grants. Overall, USD 5 mill (EUR 4.9 mill) were disbursed as grants. An additional USD 0.8 mill (EUR 0.7 mill) was provided in beneficiary contributions. At 14% match to the value of the grants, the beneficiary contributions are considered to have met the target of 15% set at appraisal. Nearly all the grant budget (99%) was given to FPUAs. Very few individual farmers applied due to very little forest land held in private hands, and the challenges in terms of meeting land security requirements for eligibility. Data sources: ARDA database, Project MIS.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Pasture area brought under management plans	Hectare(Ha)	0.00 30-Jun-2014	70000.00 30-Jun-2014	90,000.00 30-Sep-2019	29,781.00 31-May-2021

**Comments (achievements against targets):**



Partially achieved (33%). This indicator relates to PDO outcome indicators (i) and (ii). At the time of appraisal based on the best available data, it was estimated that amount of pasture area in comparison to forest area was about 33%. During implementation, and based on new data collection under the NFI, it has been found that the area is more in the region of 15%. Across the six FPMPs approved, 29,781 ha of pasture are now under management plans. Data source: FPMPs, Project MIS.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Forest area brought under management plans	Hectare(Ha)	0.00 30-Jun-2014	114000.00 30-Jun-2014	180,000.00 30-Sep-2019	165,285.00 31-May-2021

**Comments (achievements against targets):**

Partially achieved (90%). This indicator relates to PDO outcome indicators (i) and (ii). This was a Core Sector indicator at the time of appraisal and related to commune and micro-catchment plans. With the reform, the focus turned to supporting plans at the municipal level. The project supported the preparation of management plans for six municipalities (Maliq, Malesi e Madhe, Has, Berat, Gramsh and Korce) following guidelines also developed with project support. Under the project 161, 285 ha of forest are now under management plans that MTE has approved. Additional areas that were planned to be included for management planning were dropped due to the delay in approval of the AF and difficulties in procurement. Data source: FPMPs, Project MIS.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
% of forest and pasture users' associations reporting that forest and pastures management plans represented the views of the	Percentage	0.00 30-Sep-2019	80.00 30-Sep-2019		82.00 31-May-2021



community

**Comments (achievements against targets):**

Achieved (102%). This indicator relates to PDO outcomes (i) and (ii). This indicator was added in the first restructuring, to capture participation in forest and pasture management planning. A key feature of the new planning guidelines was an emphasis on participatory processes. In the Final Social and Beneficiary Survey (2021), a sample of participants in the consultations were surveyed. Of those surveyed who expressed views, 82% reported that their views had been taken into consideration (66% reported all their ideas had been considered, and 16% reported a partial consideration of their views). Data Source: Final Survey (2021)

**Component:** Component 3. Introducing Payment for Environmental Services

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage of estimated sediment delivery to reservoirs in pilot areas covered by PES	Percentage	0.00 04-Dec-2017	10.00 30-Sep-2019		0.00 16-Nov-2020

**Comments (achievements against targets):**

Not achieved (0%). The indicator relates to PDO indicator (i). This indicator was introduced at the first project restructuring to replace 'number of contracts for environment services provided as part of PES pilot'. By using % of estimated sediment delivery as an indicator, the project's likely impact on environmental services that downstream users could be measured. The target was not achieved because it was not possible to implement any pilots. Potential utility providers in the two watersheds withdrew their participation. Key reasons included bankruptcy (private sector power company), problematic legal frameworks for continuing with schemes when ESP closes (water utility). Data Source: Project reports.



## B. KEY OUTPUTS BY COMPONENT

Objective/Outcome 1: Support the adoption of sustainable land management practices in targeted project areas	
Outcome Indicators	1. Land area where sustainable land management practices were adopted as a result of the project (hectares)
Intermediate Results Indicators	<ol style="list-style-type: none"> <li>1. Forest and pasture areas registered</li> <li>2. Land management specialists and users trained (disaggregated by female), and Ministry staff trained</li> <li>3. Beneficiaries participating in project consultation activities during implementation</li> <li>4. Percentage of grant applications meeting full requirements</li> <li>5. Pasture area brought under management</li> <li>6. Forest area brought under management</li> <li>7. Percentage of estimated sediment delivery to reservoirs in pilot areas covered by PES</li> </ol>
Key Outputs by Component	<p><b>Component 1. Strengthening Institutional Capacity to Improve Environmental Services from Integrated Landscape Management.</b></p> <ul style="list-style-type: none"> <li>- a WebGIS application for the control of geospatial registration data, with the related manual, was developed to facilitate quality control of the SCA Local Directorates. 1,083,871 ha of forest and pasture land registration product cleared quality control in 58 of 61 municipalities.</li> <li>- two contracts for registration of municipal forests and pastures and two contracts for quality control. The 1st registration contract covered areas in three south-east regions<sup>43</sup> of the country (17 municipalities) excluding forest and pasture land either private or administered by</li> </ul>

<sup>43</sup> Korce, Gjirokaster, Berat



NAPA. The 2nd contract covered the rest of the country in nine regions, with some exceptions<sup>44</sup>.

- Albania National Forest Inventory (updating 2004 NFI) completed, Main Indicators Report, Methodology for 10- year rolling update (later modified to meet 2020 legislation specifying 8 year cycle). Specialized training sessions on NFI implementation. Study tour to Sweden to see NFI activities

- Review of NFA structure and responsibilities, Four by-laws drafted related to user rights; the removal of lands from the forest fund; land classification; and the certification of forest engineers.

- Training provided to 2143 land users and specialists, 241 ministry staff. Topics included SLM practices, LEADER LAG development, use of data systems (ALFIS, ANFI, Cadaster), property rights.

- Three Local Development Strategies developed, three LAGs created, 12 investments implemented of which five in forestry and environment (Investments: forest and pasture improvements, water point construction, construction of sewage canal, improvement of tourism infrastructure, afforestation with chestnut),

- Consultations/workshops on a range of project activities – workshops, orientation, etc. (registration, ANFI, ALFIS, FPMPs, LEADER LAG development strategies, etc.) that engaged 624 (of which 126 were women) persons from central government, municipalities and rural communities in project areas.

- Nationwide fuelwood assessment providing survey-based information of fuelwood use by households, public institutions, and industry to better understand fuelwood use under the Moratorium.

- Variety of information and dissemination products about the project – videos, brochures, website

---

<sup>44</sup> The areas covered by Connecting Natural Values Project and those covered by the Trans Adriatic Pipeline



**Component 2. Planning and Provision of IPARD like Grants to improve Land Management.**

- Guidelines developed for the preparation of FPMPs. Guidelines designed to support include better quality data on natural resources through improved data sources and collection. integrated forest and pasture management and participatory processes.
- FPMPs prepared and approved by MTE for six municipalities, covering 29,781 ha of pasture and 161,285 of forest. Study on cost-effective alternatives to planning guidelines for FPMPs.
- Brochures on grant applications produced, help-desk days held for applicants.
- Study tour to see IPARD-like grants implementation in Lithuania
- Overall 56% of IPARD applications were successful resulting 153 IPARD-like and 12 LEADER LAG grants which implemented 290 activities
  - 73 afforestation activities on 540 ha (some of the species and areas planted included - Chestnut 66.62 ha, Walnut 65.9 ha, Hazelnut 24 ha, Robinia 139 ha, Black pine 196.8 ha, Mediterranean pine 34.8 ha, Poplar 12 ha,), 87 forest improvement activities on 5580 ha (some of the activities included sanitary intervention in chestnut stands 309.2 ha, forest cleaning 2228.19 ha, forest thinning 2749.91 ha, forest trimming in pine stands 294.8 ha), 117 pasture activities to improve stocking rates on 4486 ha (this included removing loose rocks and toxic vegetation, and other measures in 1161 ha, water points construction in 3325 ha (based on 94 water points, stocking rate of 3-4 small ruminants/ha), improved land management on 400 ha (construction of 20 km of touristic paths in two municipalities under LEADER), 11 activities to reduce soil erosion in 1133.4 ha (check dams construction of 4060 m<sup>3</sup>, 1 activity to improve agriculture land management in 10.2 ha (reconstruction of 3.5 km irrigation channel)
- The estimated net carbon balance of is -811,262 tCO<sub>2</sub>-e of avoided emissions or increased carbon sequestration through afforestation on





	<p>degraded land and improved forest and pasture management over a period of 20 years.</p> <p><b>Component 3. Introducing Payment for Environmental Services</b></p> <ul style="list-style-type: none"> <li>- Baseline studies and surveys (bathometric surveys and hydrological models) two-pilot watersheds Ulza and Bovilla) completed.</li> <li>- Erosion monitoring schemes, hot spots mapping, and cost benefit analyses of conservation interventions to land users prepared for both watersheds</li> <li>- Draft watershed payment agreement prepared</li> <li>- Buyer scoping study explored worldwide market to analyse the feasibility of implementing carbon sequestration project for Albania.</li> </ul>
<b>Objective/Outcome 2: Increase communities' monetary and non-monetary benefits in targeted project areas</b>	
Outcome Indicators	<ol style="list-style-type: none"> <li>1. People in forest and adjacent community with monetary/non-monetary benefit from forest</li> </ol> <ul style="list-style-type: none"> <li>- People in forest and adjacent communities with benefits from forest (female)</li> <li>- People in forest and adjacent communities with benefit from forest (ethnic minority/indigenous groups)</li> </ul>
Intermediate Results Indicators	<ol style="list-style-type: none"> <li>1. FPUA members trained (disaggregated by female), individual farmers trained (disaggregated by female),</li> <li>2. Percentage of grant budget disbursed (disaggregated by female applicants, farmers and FPUAs)</li> <li>3. Pasture area brought under management</li> <li>4. Forest area brought under management</li> <li>5. Percentage of FPUAs reporting that FPMPs represented the views of the community</li> </ol>



Key Outputs by Component  
(linked to the achievement of the Objective/Outcome 2)

Component 1. Strengthening Institutional Capacity to Improve Environmental Services from Integrated Landscape Management.

- Gender Action Plan under which 185 gender trainings provided to FPUAs, Farmers, and municipal and central government staff on gender and property rights, election for FPUA board and village commissions, engagement of women, youth and elderly in forest management, links between women FPUA board and municipalities, women's participation to meet eligibility for IPARD like grants. 17 FPUA statutes changed, plus 2305 participants in trainings under the GAP.

**Component 2. Planning and Provision of IPARD like Grants to improve Land Management.**

- 11 different trainings provided to FPUA members including SLM practices, IPARD like grant applications procedures, grant procurement and safeguards, FPUA management, LEADER grant application and management (including procurement and safeguards), FPUA management,
- 7 different trainings provided to individual farmers (including women and youth) including property rights, business planning, and grant application procedures and requirements
- Training courses delivered in business planning (3 days) for women and youth applicants
- About 29 days of training provided to ARDA staff and 1684 applicants for IPARD like grants
- Help-desk days for potential applicants for IPARD like grants
- EUR4.90 million disbursed to grantees for 153 IPARD like grants, of which EUR 3.35 million of disbursed amount paid for labor/employment to rural communities to implement grant activities
- EUR 253,910 disbursed for LEADER LAG grants covering economic development and tourism (5) and social sector (2) including



reconstruction of creche, bridge building, youth entrepreneurship development, tourism infrastructure, environmental education, and forestry and environment (5),

- Forest and Pasture Management Plan Guidelines and Plans that aim to support sustainable management of forestry in ways that increase the return and livelihood opportunities to the owners/users/managers of the land and included participatory processes to engage local rural communities. FPUAs participated in planning activities and 82% of those FPUA members surveyed felt views were considered in the plans.
- Forestry Measure and Accreditation Package submitted for inclusion in IPARD III

## ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION

### A. TASK TEAM MEMBERS

Name	Role
<b>Preparation</b>	
Drite Dade	Task Team Leader(s)
Bekim Imeri	Social Specialist
Esma Kreso Beslagic	Social Specialist
<b>Supervision/ICR</b>	
Drite Dade	Task Team Leader(s)
Arben Maho	Procurement Specialist(s)
Jonida Myftiu	Financial Management Specialist
Stefano P. Pagiola	Team Member
Linh Van Nguyen	Team Member
Silvia Mauri	Team Member
Bekim Imeri	Social Specialist
Esma Kreso Beslagic	Environmental Specialist
Bozena Lipej	Team Member
Stavros Papageorgiou	Team Member
Boris Leukert	Team Member
Myles Mac Donncadha	Team Member
Elona Qana	Team Member

### B. STAFF TIME AND COST

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US\$ (including travel and consultant costs)
<b>Preparation</b>		
FY13	6.975	22,674.50
FY14	41.839	185,898.83
<b>Total</b>	<b>48.81</b>	<b>208,573.33</b>
<b>Supervision/ICR</b>		
FY15	15.585	58,553.44
FY16	17.114	105,039.84
FY17	3.522	47,719.19
FY18	19.323	211,620.66
FY19	20.004	126,494.75
FY20	19.056	136,201.16
<b>Total</b>	<b>94.60</b>	<b>685,629.04</b>



### ANNEX 3. PROJECT COST BY COMPONENT

Components	Amount at Approval (US\$M)	Actual at Project Closing (US\$M)	Percentage of Approval (Percentage)
Component 1. Strengthening Institutional Capacity to improve environmental services from integrated landscape management	9.80	9.21	93.9
Component 2. Planning and Provision of IPARD like Grants to improve land management	10.44	10.00	95.7
Component 3. Introducing Payment for Environmental Services	1.36	0.62	45.6
Component 4. Supporting Project Implementation	1.24	1.03	82.3
<b>Total</b>	<b>22.84</b>	<b>20.86</b>	<b>91.3</b>

**Notes:**

1. The amount at approval includes US\$2 million of Additional Financing from the Swedish Government which was allocated to Component 2. This is included in the amount at approval under Component 2.
2. There is a discrepancy in figures for EUR committed loans like IBRD 84010 (stated in US\$), as the exact disbursement ratio can be monitored only in Euros. The actual disbursement ratio for IBRD 84010 in the currency of commitment is 99.9%, but when using the US\$ rates converted as per the exchange rate valid at the loan approval date a lower disbursement ratio of about 83% is obtained for the same loan (see Operations Portal and Financing section of Data Sheet in this ICR). This difference is due to the changes in the exchange rates between Euros and US dollars.
3. Early in the project, falls in the value of US\$ meant about US\$650,000 were withdrawn from Sida. However, towards the end of the project in 2021 about US\$560,000 were made available again (TF -18238).
4. Actual amounts by component at project closing are based on data provided by the PMT in EUR.
5. About EUR 69,000 was returned at the end of the project.



## ANNEX 4. EFFICIENCY ANALYSIS

1. The economic analysis followed recommendations for good practices, and it is based on the experiences of similar projects. The analysis was structured as follows: (i) narrative of net benefits potentially accrued to improved governance and capacity through; and (ii) cost-benefit analysis of investments. Overall results of the ex-post economic analysis show a cost benefit ratio which is higher than 1.

2. The ex-post economic analysis of the project confirms that the investments and approaches will generate attractive benefit streams as compared to alternative investment opportunities in Albania which were mainly supported by the scant budgetary space from Government institutions. Benefits obtained through the project can be grouped in three categories: (i) improved governance and capacity, (ii) improved forest and land management in the short term, and (iii) increased benefits from ecosystem services in the medium to long term. Costs are equivalent to the total project value.

3. **Benefits from strengthened Governance.** The project strengthened the governance for forest and pasture management and capacities of the Forest and Pasture User Associations, Local Government Units, DGFP, and DFS and built skill of local consulting companies/institutes. Capacity building efforts to build knowledge will increase cost effectiveness of forest and pastureland management and reduce transaction costs beyond the project. Empowering women and vulnerable groups during the project helped to diversify economic activities at village and farm levels. Considering the very small proportion of the state expenditure to the sector, sustainability of beyond the project was considered by preparing plans for the post-project period. The nature of some of the project investments is for the purposes of fulfilling knowledge gaps, strengthening institutional capacity, and ensuring readiness of governments and the private sector to implement pollution reduction in the Adriatic Sea. Such investments are conventionally classified as “research and innovation”. While they have significant economic benefits generating new knowledge and experiences, monetization of such benefits is difficult and rarely done for practical purposes. For example, evidence suggests that the annual rate of return of public investments for research and innovation ranges between 20 percent to 37 percent,<sup>45</sup> and the benefit-cost ratios for agricultural research has positive values, with average values of four for low-and middle-income countries

4. **Benefits from improved Forest and Land Management.** The Project financed grants for small projects, particularly for the implementation of the annual operations in the existing management plans. The project proponents designed the grant projects based on guidance given in advance, however the selection process was demand driven. Provision of grants was made through a competitive grant mechanism to design and implement SLM practices and provide target communities and farmers with alternative livelihood opportunities and income. Two windows of access were made available: (i) for individuals targeting private beneficiaries; and (ii) for groups targeting associations, etc., (e.g., FPUAs, NGOs). The analysis made showed a positive NPV for all types of activities that were funded through the grant system. The estimations were based on the actual grant projects funded within this activity. This particular benefit stream is relatively easier to measure as compared to the benefits from the enhanced health in natural capital described below.

---

<sup>45</sup> Hines, Phillip. (2017). Why fund research? A guide to why EU-funded research and innovation matters. The rate of return was calculated as average amount gained per year as a percentage of the original investment. In: <https://sciencebusiness.net/why-fund-research>.



5. **Increased Benefits from Ecosystem Services.** The Project will also have significant benefits in the medium term from biodiversity protection and enhancement, regeneration and recovery of natural vegetation, stabilization of land resulting in less soil erosion and sedimentation of water courses, a reduced risk of landslides, forest rehabilitation, and improved quality of agricultural lands. The project will also increase the standing capital value of the forest over time which will become increasingly significant if the transfer of land ownership becomes feasible in the longer term. The project will also result in the increased carbon sequestration.

6. **Overall Project Benefits and Sensitivity Analysis.** The analysis shows a positive NPV (at a discount rate of 12% over 40 years) of US\$4.31 million, equivalent to a rate of return of 16 percent (Table 1). The ex-ante analysis anticipated a return of 21.9 percent and an NPV of US\$11.9 million. However, making a direct comparison between these estimates is challenging for a number of reasons. Firstly, the ex-ante analysis assumed that the PES component would contribute direct economic benefits through partnering with utility companies, who would take over the role of paying for delivered ecosystem services. While the PES approach was introduced and capacity in this area was built, the benefits flowing from PES agreements were removed from the ex-post calculation. Secondly, and most significantly, the ex-ante analysis modelled that the net benefit of IPARD projects would rise to US\$1.47 million by year 6 and remain at that level until the end of the project. Removing the latter reduces the ex-ante rate of return from 21.9 percent to 16 percent. While the project has had enormous impact on the readiness of Albania to implement IPARD-like grant mechanisms, particularly in the forest sector, this benefit has not been modelled in the ex-post analysis in the same way, and so differs from the ex-ante approach in this respect. In its place, an estimate of the unit area benefits of afforestation, forest and pasture improvement were used as multipliers against the funded project activity areas. Thirdly, the ex-ante analysis did not address the benefits of carbon sequestration in financial terms. In the ex-post analysis the annual carbon sequestration revealed using the EX-ACT tool has been modelled as starting from year five and being worth US\$21 per tonne. Estimation of values from ecosystem services related to flood protection and reduced sedimentation used the same approach as the ex-ante analysis.

**Table 1. Ex-Ante and Ex-Post Economic Analysis**

Indicator	Ex-Ante estimations during appraisal	Ex-Post estimation
ENPV (US\$ mill)	11.93	4.31
ERR	21.9%	16%

21. Table 2 presents a sensitivity analysis where even with a low rate, the benefit cost ratio is still higher than 1 and NPVs are always positive.

**Table 2. Sensitivity Analysis**

Ex-post analysis including carbon			
Rate	12.0%	10.0%	8.0%
Benefit Cost Ratio	1.32	1.56	1.88
ENPV (US\$ million)	4.31	8.26	14.42





7. The following table summarizes the overall calculations for the analysis. Each item on the cost and benefit side has a specific source of information, but most of the data were obtained through the ex-ante economic analysis and additional information from the actual project implementation. The parameters were based on the information on the production systems gathered during the design missions: interviews with the project stakeholders, farmers and entrepreneurs, a review of available documents and statistics as well as information from the previous World Bank projects. This information was reported in the ex-ante economic analysis and corroborated during project closing. Information on labor and input requirements for various operations, capital costs, prevailing wages, yields, market prices of forest and pasture produce, equipment costs that was collected previously was corroborated through interviews and information compiled at project during the last missions of the project. In general, conservative assumptions were made both for inputs and outputs.

8. Prices of commodities/inputs reflected annual average and those actually paid/received by the farmer/entrepreneur. These were collected from the national statistics, feasibility studies, FAOSTAT and the World Bank's Global Commodity Price Projections. Estimates for the equipment costs were based on those of similar types made under the previous WB project. In line with the current Government policy, the enterprise models assume a VAT tax rate of 20% on local sales. The economic internal rate of return (EIRR) is used in this analysis to assess the viability and robustness of investments. The selection criterion was decided during appraisal and is used here for comparison. Detailed physical and financial parameters are part of the calculation in a separate Excel file in case needed.

**Table 3. Summary Table Ex-post**

Project Economic Analysis (Million USD)												
Item	Fiscal Year											
	1	2	3	4	5	6	7	8	9	10	40	
<b>Project costs (C)</b>	1.10	1.86	0.54	4.69	3.02	5.40	6.24	0.11	0.11	0.11	0.12	
Investment costs	1.10	1.86	0.54	4.68	3.00	5.37	6.18	-	-	-	-	
C1 Strengthening Institutional Capacity	0.50	0.85	0.25	2.13	1.37	2.44	2.81	-	-	-	-	
C2 Planning/Provision of IPARD-like Grant	0.50	0.84	0.24	2.11	1.35	2.42	2.78	-	-	-	-	
Afforestation												
Forest Improvement												
Pasture Improvement												
Other improvements												
C3 Introducing PES	0.05	0.08	0.02	0.20	0.13	0.23	0.27	-	-	-	-	
C4 Supporting Project Implementation	0.06	0.10	0.03	0.24	0.15	0.28	0.32	-	-	-	-	
Operating costs	0.00	0.00	0.00	0.01	0.01	0.03	0.06	0.11	0.11	0.11	0.12	
Forest related costs	0.00	0.00	0.00	0.00	0.01	0.02	0.04	0.07	0.07	0.07	0.07	
Other improvements costs	0.00	0.00	0.00	0.00	0.01	0.01	0.02	0.04	0.04	0.04	0.04	
<b>Project benefits (B)</b>	-	0.02	0.02	0.02	2.49	2.70	2.88	3.07	3.28	3.51	5.11	
Incremental benefits	-	0.02	0.02	0.02	0.05	0.10	0.10	0.10	0.10	0.10	1.45	
Afforestation	-	0.01	0.01	0.01	0.01	0.03	0.03	0.03	0.03	0.03	0.65	
Forest Improvement	-	0.01	0.01	0.01	0.01	0.03	0.03	0.03	0.03	0.03	0.65	
Pasture improvement	-	-	-	-	0.02	0.02	0.02	0.02	0.02	0.02	0.14	
Other benefits from improvements	-	-	-	-	0.01	0.01	0.01	0.01	0.01	0.01	0.01	
<b>Ecosystem services</b>	-	-	-	-	2.44	2.60	2.77	2.97	3.18	3.41	3.67	
Avoided flood damage		1.15	1.26	1.39	1.53	1.68	1.85	2.03	2.24	2.46	2.71	
Avoided sediment run off		0.05	0.05	0.06	0.06	0.07	0.07	0.08	0.09	0.10	0.11	
Carbon					0.85	0.85	0.85	0.85	0.85	0.85	0.85	
<b>Project net benefit (B-C) excluding carbon</b>	(1.10)	(1.84)	(0.52)	(4.67)	(0.52)	(2.70)	(3.36)	2.96	3.17	3.40	4.99	
<b>Input values</b>												
Rate					12%	10%	8%					
<b>Output values</b>												
Benefit Cost Ratio					1.32	1.56	1.88					
ENPV					4.31	8.26	14.42					
ERR					16.0%							



9. **Carbon Sequestration Estimation.** The ex-ante analysis conducted in 2019 based on planned completed activities estimated that the estimated net carbon balance of the ESP would be -400, 588 tCO<sub>2</sub>-e of avoided emissions or increased carbon sequestration through afforestation on degraded land and improved forest and pasture management over a period of 20 years. This translated into a total monetary benefit of US\$ 3.91 million for the incremental value of natural capital.

**Table 3. Ex-post estimation of incremental value of natural capital**

	Unit	Increase in unit	Economic price in USD yr <sup>-1</sup>	Value in USD for 20 years	Reference
<b>A</b>	<b>Soil carbon benefits</b>		<b>SOC</b>	<b>280,515.69</b>	
A1	Fertiliser replacement	t C	0.40	35,621.04	a)
A2	Productivity enhancement	t C	89,052.60	243,113.59	b)
A3	Water quality enhancement	t C	0.02	1,781.05	c)
<b>B</b>	<b>Commercial timber</b>		<b>BIOMASS</b>	<b>5,537,812.21</b>	
B1	Commercial timber	t dm	281,278.06	5,537,812.21	d)
<b>C</b>	<b>Social cost of carbon</b>		<b>CO<sub>2</sub>-SEQ.</b>	<b>17,036,503.23</b>	
C1	Carbon Balance	t CO <sub>2</sub> e.	811,262.06	17,036,503.23	e)
<b>Total</b>				<b>22,854,831.13</b>	
<b>NPV</b>				<b>9,728,803.06</b>	

Sources:

- a) Based on Wander et al. (2004) with a C:N ratio of 20:1, mineralization rate of organic N to inorganic N of 1.8%, and fertilizer N cost of \$0.50 kg<sup>-1</sup> N.
- b) Based on Smith et al. (2000), with fertilizer replacement value subtracted out.
- c) Based on sensitivity of erosion rates to changes in soil carbon, based on RUSLE and metamodel of Lakshmarian et al. (1996). Value of reduced erosion set equal to \$1.68 t<sup>-1</sup> eroded sediment (Ribaud. 1989). Does not include substantial
- d) Based on IPCC's (2006) basic wood density of selected temperate and boreal tree taxa of .4683 oven-dry tonnes (moist m-3) and the default carbon fraction of biomass, the portion of commercial tree growing stocks (FAO. 2005), and roundwood prices t-1 roundwood (FAO. 2019).
- e) Social cost of one tCO<sub>2</sub>e varying from 21USD to over 300USD (Mackie et al. 2014). The lower bound of 21USD per tCO<sub>2</sub>e is assumed for the calculation.

10. Based on the ex-ante analysis and the parameters used, the estimation was repeated with data from the project in 2021. In this analysis (see Table 4), and using a discount rate of 10 percent, the estimated net carbon balance for the completed activities of the ESP is -811,262 tCO<sub>2</sub>-e of avoided emissions or increased carbon sequestration through afforestation on degraded land and improved forest and pasture management over a period of 20 years. This translates into a total monetary benefit of US\$9.73 million for the incremental value of natural capital.

11. **GEF Incremental Cost Review.** At the time of appraisal, a separate incremental cost assessment was not required. However, the project financial analysis does cover aspects of GEF financing including the benefits of carbon sequestration.

12. In ESP, GEF financing leveraged Swedish Government financing for natural resource management, and complemented IBRD support for forestry in Albania. GEF funding brought to the project a focus on key environmental dimensions particularly sustainable forest and land management. Climate variability and change reinforces the need for those populations dependent on forest and pasture resources to follow sound land resource management.

13. Furthermore, in Albania the need for knowledge of SLM among rural populations and local governments was particularly relevant given the territorial reform and community involvement in forest and



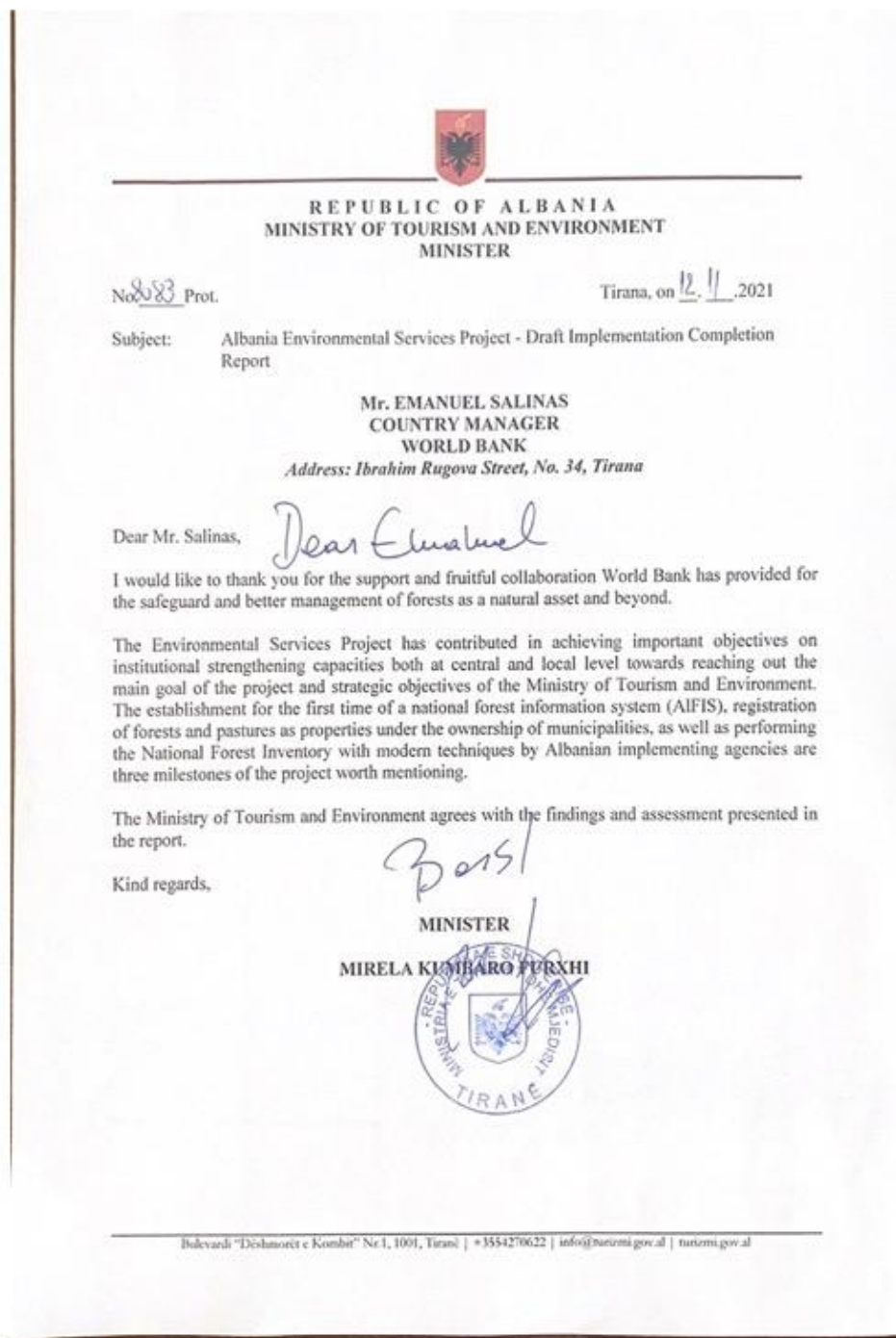
resource management. Thus, GEF financing from the Land Degradation focal area was critical to supporting the integration of SLM principles and practices throughout the project and generating environmental benefits (see section above). Under Component 1 and 2, GEF financing helped ensure a focus on introducing and adopting practices in sustainable forest and pasture management, e.g., afforestation with native species, check dams to reduce soil erosion, silvicultural practices that resulted in 12,320 ha under SLM practices. Improved effectiveness of forest and pasture management has helped increase the institutional viability of resource management organizations, especially FPUAs and municipalities. In the case of FPUAs, they are now better equipped to serve their members. In the case of municipalities, these are better able to carry their responsibilities in forest and pasture management.

14. As part of the project's support to critical institutional strengthening, GEF funds supported the national inventory of forests and the development of AIFIS – both critical to improving the efficacy and efficiency of integrated forest management in the country. GEF financing has also support the development of guidelines for the preparation of FPMPs in a more integrated and participatory manner, and the development of six municipal FPMPs. Support for registration of forest and pasture lands in the ownership of municipalities in line with territorial administrative reform will strengthen the municipal management of forest and pasture lands. GEF has supported capacity building for sustainable management of forest and pasture lands at national, municipal and community levels. Results can be seen in the success of national experts who conducted the ANFI analysis, a successful IPARD like grant component administered by ARDA, submission of the forestry measure for IPARD III along with the accreditation package and adoption of AIFIS in AKSHI.

15. Under Component 3, GEF financing supported hydrological models and bathymetric surveys, cost benefit analyses, erosion monitoring, and carbon sequestration project implementation monitoring. Although the PES pilot was not implemented, as noted by stakeholders, there is a strong basis to move forward with these studies and analyses to support upstream users in adopting SLM practices and providing ecosystem services for resource users downstream.



**ANNEX 5. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS**





## Summary of Project Review Workshop – May 11, 2021

### MINISTRY OF TOURISM AND ENVIRONMENT

Tirana, on 11.05.2021

### ENVIRONMENTAL SERVICES PROJECT Final Review Workshop

#### Stakeholders Participants:

MTE, World Bank, SIDA, PMT, NFA, FSF, ARDA, Municipalities, FPUAs, forest experts, IDRA

**The final ESP supervision mission of the WB and SIDA team was performed during May 5-20 2021, while the final review workshop was held on May 11 with 29 of the participants being physically in the workshop room and the others (including donors) connected online via the Zoom platform.**

**Altogether, 53 participants attended** from several agencies, municipalities, forest and pasture users' associations, academia and other project beneficiaries. The meeting started with the opening remarks from the MTE officials and WB Country Director. The point was made at the importance of the project and the support given to key activities having contributed to sector development.

Presentations were prepared and introduced at the workshop for each of the key activities.

- A summary introduction was presented for the National Forest Inventory work by the NFA, where a complete picture of steps followed was presented, starting with the preevaluation phase, of the NFI implementation, methodology assessment and technical assistance, towards the pilot field data collection in Korce region, and then completion of field work, data analyzing and processing to produce final results. Some of the main results were introduced, and what is most important for the activity, the ability of the NFA to implement future NFI inhouse;
- Registration of forests and pastures for the first time of over 1 Million ha provides land managers with legal documents and covers the registration of all public municipal forest/pasture lands. The registration is seen as a possibility to better monitor and manage these properties by the owners and increase the economic incomes through legal transactions;
- An introduction was presented related to establishment and functionalities of AIFIS, the first monitoring forest system established in Albania. AIFIS will store and manage accurate digital and unified forest cadastre information, covering the whole Albanian territory where land managers can closely monitor natural resources.
- The IPARD like forestry grants was applied in collaboration with ARDA where different types of investments were supported in forests and pastures. This is the first time this approach in forestry works was supported, and the efforts are being made to include such measure under the IPARD III program. Albania is the first country in the region that aims to implement such a measure under the IPARD III program;
- The ESP supported management plans preparation in six municipalities, when there is need to draft new management plans for the whole territory provided the former commune management plans supported with NRDP have already expired. ESP supported coverage of about 190 000 of ha forests and pastures under new management plans;



- The LEADER activities supported establishment of LAGs in three municipalities, with the technical assistance continuously provided to the three LAGs, and three development strategies were practically prepared and adopted (one for each LAG) in coherence with the regional development strategy of respective municipality. The strategies were partly supported and implemented with the ESP allocated SEED Fund, while the MARD is working to adopt the LEADER measure under the IPARD III program, and the three LAGs established with the ESP could benefit from the new measure;
- The Beneficiaries represented their views, seasonal employment, project social impact in the areas of investment and capacities increase looking from their perspective, including the gender activities.

The project results and lessons learned during project implementation, were all presented, with a special focus given to the discussions on the sustainability of project investments in terms of application of systems and know-how and the need to further strengthen the capacities of municipalities and National Forest Agency. The workshop highlighted the benefits of the project supported activities to the strengthening of the natural resources management governance and sustained financing through the IPARD III program.

### **AGENDA**

#### **ESP FINAL REVIEW WORKSHOP**

*May 11, 2021*

<b>10:00-10:10</b>	Opening remarks from the Project Management Team “Environmental Services Project” Mrs. Klodiana Marika (Director of Programs Development on Environment)
<b>10:10 - 10:20</b>	Opening remarks from the World Bank (Mrs. Maryam Salim, Country Director)
<b>10:20 - 10:40</b>	Opening remarks from Secretary General of MTE (Mr. Adrian Kamenica)
<b>10:40 - 10:50</b>	Opening remarks from Faculty of Forestry Sciences (Mr. Leonidha Peri)
<b>10:50 – 11:00</b>	Strengthening capacities of NFA on NFI implementation, from pre- Evaluation process to final analysis and results production, Mr. Kliti Starja (General Director of NFA)
<b>10:45 – 11:00</b>	Registration of forests and pastures type of properties, results of the project, supporting beneficiaries to properties management and incomes growth, Mr. Altin Spaho (SCA)
<b>11:00 – 11:15</b>	Albanian Forest Information System (AIFIS), from design to development, stakeholder’s engagement and provision of technical assistance to municipalities and central government staff, Mrs. Valbona Simixhiu (ESP GIS expert) (stakeholder’s views included)
<b>11:15-11:30</b>	Implementation of IPARD like grants, status of implementation technical and administrative support to beneficiaries and project impact, Mrs. Eranda Selmanaj (Director, Payment Authorization Directorate, ARDA). Share views from beneficiaries, environmental and social impact of the project (beneficiaries)
<b>11:30-11:45</b>	Preparation of forest and pasture management plans and technical assistance to Municipalities, Mr. Ylli Hoxha (Head of Forest and Pasture Sector, MTE), Municipalities staff of technicians involved, experience gained (municipalities)
<b>11:45-12:10</b>	Coffee Break
<b>12:10 - 12:25</b>	Forestry Measure preparation, inclusion in IPARD III program,



	accreditation and beneficiaries, LEADER program, supported strategies development in three municipalities, investments impact and sustainability Mr. Erion Istrefi (ESP)
<b>12.25 – 12.35</b>	Women beneficiaries from the grants scheme, gender inclusion during all phases of the project (FPUA representative)
<b>12.35 – 12.50</b>	Project achievements, outcomes of results framework indicators, issues, lessons learnt and recommendations (PMT)

## **COMMENTS RECEIVED FROM CO-FINANCIER SIDA**

Comments received from Sida are summarized below.

Overall, there are no major view points on the content. The report is well written and easy to follow, and the complexity of the project captured. It also captures results and raises challenges and what could have been done better in some areas. The ICR also balances being diplomatic and critical.

Some potential areas in the ICR which could be described in more detail include:

- delays in the establishment of the interim database;
- the very challenging registration process;
- the effects of changes in the original funding set aside for capacity building, which was removed (due to currency losses, and then reinstated (with administration costs removed) at the end (2021);
- MoE and ARDA grew considerably with the task. This is mentioned, but an outsider may not fully grasp the efforts made; and
- the importance of capturing the lessons learned from the PES component, especially from the design and implementation of the PES pilots.



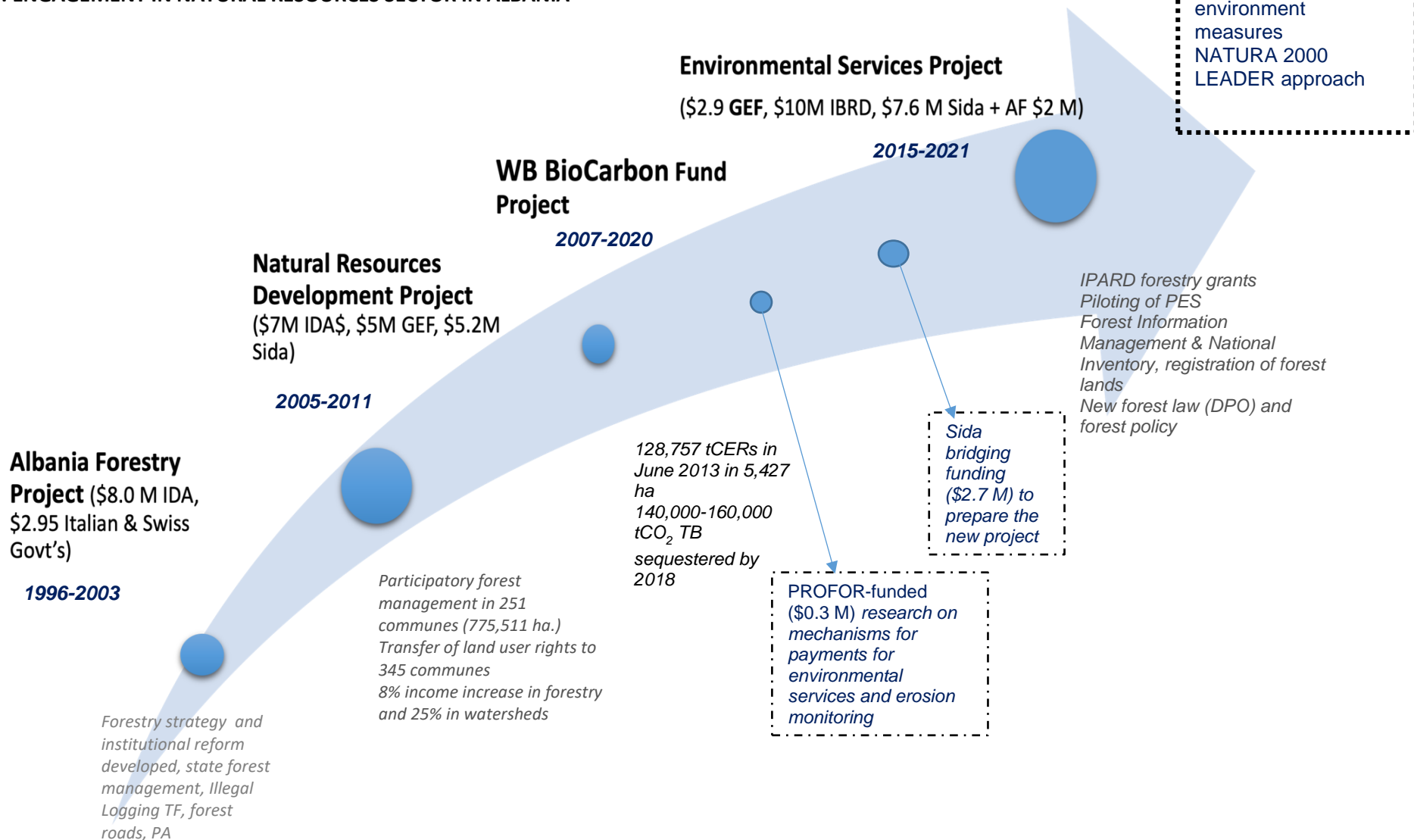
## **ANNEX 6. SUPPORTING DOCUMENTS**

1. Albania National Forestry Inventory - Main Indicators Report (2019)
2. Study on the Costs and Benefits of Current and Alternative Land use in the Bovilla and Ulza Watersheds (2018)
3. Final Format of Guidelines For Forest And Pasture Management Plans (2018)
4. Borrower Completion Report (2021)
5. Final Social and Beneficiary Survey for ESP (2021) commissioned by PMT
6. Social Baseline Study for ESP (2016), commissioned by PMT
7. GHG Appraisal for ESP (2019), prepared by FAO
8. World Bank Country Partnership Strategy FY11-14
9. Albania Systematic Country Diagnostic (2019)
10. Albania Country Economic Memorandum (draft 2021)
11. Support for the Establishment of the National Forest Agency (2021)
12. Final Report – Implementation of Gender Action Plan, Phase 2 (2020)
13. Final Report – Implementation of Gender Action Plan, Phase 1 (2017)
14. Policy Document for the Forest Sector (2019), commissioned by CNVP (financed by Sweden)





ANNEX 7. ENGAGEMENT IN NATURAL RESOURCES SECTOR IN ALBANIA





## ANNEX 8. SUMMARY OF CHANGES TO RESULTS FRAMEWORK

No.	PDO Indicators by Objectives / Outcomes	Core	Target (PAD)	Target (1st Restructuring 2019)	Target (2nd Restructuring 2020)
	<b>To support sustainable land management practices in targeted project areas</b>				
	Land area where sustainable land mgt. practices were adopted as a result of project (Ha, Corporate)	X	7500	7500	9000
	<b>To increase communities' monetary and non-monetary benefits in targeted project areas</b>				
	People in forest & adjacent community with monetary/non-monetary benefit from forest (Number, Custom)	X	2000	2000	3000
	People in forest and adjacent communities with benefits from forest-female (Number, Custom Breakdown)	X	1000	1000	1000
	People in forest and adjacent communities with benefit from forest-Ethnic minority/indigenous (Number, Custom Breakdown)	X	10	10	10
	People in targeted communes with increased monetary or non-monetary benefits from agricultural lands		1000	Dropped	N/A
	Females in targeted communes with increased monetary and non-monetary benefits from agricultural lands		500	Dropped	N/A
	<b>Intermediate Results Indicators by Components</b>				
	<b>Component 1. Strengthening Institutional Capacity to improve environmental services from integrated landscape management</b>				
7	Forest and Pasture Areas Registered (Ha, Custom)		Not in PAD	870000	1,100,000
8	Land management specialists and users trained (Number, Custom)		20000*	2000	2000
9	<i>Female land management specialists and users trained (Number, Custom Breakdown)</i>		8000**	800	800
10	Members of Forest Pasture Users' Associations trained (Number, Custom Breakdown)		2000	2000	2000
11	<i>Female members of Forest and Pasture Users' Associations trained (Number, Custom Breakdown)</i>		Not in PAD	800	800
12	Individual farmers trained (Number, Custom Breakdown)		1000	1000	300
13	<i>Female farmers trained (Number, Custom Breakdown)</i>		Not in PAD	500	165
14	Ministry staff trained (Number, Custom Breakdown)		700	700	700



15	Beneficiaries participating in project consultation activities during implementation (Number, Custom)		Not in PAD	2000	350
16	<i>Female beneficiaries participating in project consultation activities during implementation (Number, Custom Breakdown)</i>		Not in PAD	500	100
<b>Component 2. Planning and Provision of IPARD like Grants to improve land management</b>					
17	% of grant applications fulfill the requirements (Percentage, Custom)		60	60	60
18	% of the grant budget disbursed (Percentage, Custom)		100	100	100
19	<i>% of grants budget disbursed to female applicants (Percentage, Custom Breakdown)</i>		15	15	15
20	<i>% of grants budget disbursed to farmers (Percentage, Custom Breakdown)</i>		50	50	10
21	<i>% of grants disbursed to Forest and Pasture Users' Associations (Percentage, Custom Breakdown)</i>		50	50	82
22	Pasture area brought under management plans (Hectare (Ha), Custom)		70000	90000	90000
23	Forest area brought under management plans (Hectare (Ha), Corporate)	X	114000	180000	180000
24	% of forest and pasture users' associations reporting that forest and pastures management plans represented the views of the community (Percentage, Custom)		Not in PAD	80	80
<b>Component 3. Payments for Environmental Services</b>					
25	Percentage of estimated sediment delivery to reservoirs in pilot areas covered by PES (Percentage, Custom)		Not in PAD	10	10
26	Number of contracts for environmental services provided as part of Payment for Environment Services (PES) pilot		10	Dropped	N/A

\* and \*\*These are mistakes that were corrected in later documents.



## ANNEX 9. SUMMARY OF KEY PROJECT COMPONENT CHANGES IN RESPONSE TO INSTITUTIONAL AND LEGAL CHANGES

Project components	Project subcomponents	Activities per each subcomponent	Key changes to activities	Linkage to institutional reform/legislative changes
I. Strengthening Institutional Capacity to improve environmental services from integrated landscape management	<p>a. Strengthening forest and pasture management capacity</p> <p>b. Empowering beneficiaries</p>	<p>(i) preparation of a change detection NFI; (ii) assistance in developing a ten-year rolling NFI; (iii) support for forest management planning in the state managed production forests (i.e. excluding protected areas); (iv) establishment of the Albanian Forest Information System (ALFIS); (v) support for newly established Regional Forest Directorates (RFDs); and (vi) registration of Communal Forest and Pastures.</p> <p>(i) implementation of the GAP including gender specific activities; (ii) support to LEADER Local Action Groups (LAGs) in a maximum of 5 communes with varying economic and environmental settings; (iii) strengthening of LGUs and CFPUs administration and management capacities; (iv) promote rural income generation by analyzing values chains and preparing short-term and medium-term forest products processing and marketing plans</p>	<p>(iii) support for forest management planning in selected municipalities; (v) support for newly established Municipal Forest Directorates (MFDs) (vi) registration of Municipal Forest and Pastures.</p> <p>(iv) promote rural income generation by analyzing values chains and preparing short-term and medium-term forest products processing and marketing plans – not implemented</p>	<p>- Law on territorial reform (115/2014), came into force 2015, effective 2016- 61 municipalities established</p> <p>- Forest Law (57/2020) inc. creation of NFA (2019)</p> <p>- Transfer of state productive forests (except PAs) to municipalities (2016)</p> <p>- Reorganization of MOE into MTE (2017), Law on moratorium on logging (5/2016)</p>
II. Planning and Provision of IPARD like Grants to improve land management	a. Preparation of Communal Micro-Catchment Plans (CMCPs)	(i) the preparation of new guidelines for the preparation improved methods for CMCPs that provide for an integrated and sustainable management and use of all natural resources (forest, pastures, water, agriculture land, etc.) within the micro-catchments; (ii) Preparing of CMCPs for about 37 new communes, supported by a Digital Elevation Model, to identify erosion prone hotspots; and (iii) updating of CFPMPs that will expire during the Project life and upgrading them into CMCPs.	<p>(i) preparation of new guidelines for preparing FPMPs that provide for integrated and sustainable management of natural resources and participation;</p> <p>(ii) preparing of new Municipal Forests and Pasture Management Plans (MFPMP);</p> <p>(iii) was not implemented</p>	Territorial reform including transfer of state-owned high forest (except PAs) transferred to municipalities (2016)



### Timeline of Key Institutional Reforms/Changes affecting Project Implementation

Year	Reform/Change
2014-16	Law on territorial reform (115/2014), came into force 2015, effective 2016  Created 61 municipalities from 384 LGUs
2016	10-year Logging Moratorium  Abolishment of central and regional forest offices, reduction of Directorate of Forest Policies.  Creation of Municipal Forest Departments  Transfer of state productive forests (except PAs) to municipalities
2017	Merger of Ministry of Environment (Implementing Agency at Approval) with Ministry of Tourism to form Ministry of Tourism and Environment (Implementing Agency). Downsizing of Forest Directorate to Forest Sector and reduction in staffing.  Creation of NAPA  Creation of State Cadaster Agency (was IPRO) and the passing of new law on registration
2019	Creation of the National Forestry Agency, replaces National Environmental Agency as project counterpart for ANFI, AIFIS, FPMPs, and spot check for IPARD like grants
2020	Forest Law approved and NFA charged with governance of sector, protection and sustainable development of forests.



## ANNEX 10. ELIGIBLE INVESTMENTS UNDER IPARD LIKE FORESTRY GRANTS

- Afforestation/Reforestation or encouraging natural regeneration (by, for example the construction of a fence) activities that must include maintenance for at least 3 years. The maintenance consists in keeping the plantations weed free, protecting the plantations and natural regeneration from grazing by domestic and wild animals, replacing failures after the first planting season following the applicant's request for failures replacement and any other activities such as hoeing the ground around seedlings, required to ensure survival of the trees. The MTE/NFA representatives will certify the percentage of failures replacement. If the plantation is not maintained as per forestry and agriculture technical requirements for 3 (three) years, the beneficiaries have to return the amount of reimbursement.
- Forest improvement including: Enrichment planting (planting in clumps of trees originating from a seed source to either increase the quality of the crop or the species diversity); cleaning, thinning; coppicing; Pruning; Sanitary interventions.
- Check dams construction/reconstruction.
- Water points construction/reconstruction.
- Mechanical fight against certain diseases.
- Planting of fruit trees. Applicable shrub and tree species are listed as follows: Walnut (*Juglans regia*), Chestnut (*Castanea spp.*), Hazelnut (*Corylus avellana*), Plum (*Prunus spp.*), Cherry (*Prunus spp.*), Apple (*Malus spp.*), Pear (*Pyrus spp.*), Grapes (*Vitis vinifera*), Dogwoods (*Cornus mas*), Pomegranate (*Punica granatum*), Quince (*Cydonia oblonga*), Olive (*Olea europaea*), Almonds (*Prunus dulcis*).
- Other activities related to horticulture (planting of fruit seedlings, potatoes seeds, alpha-alpha seeds, wheat seeds, etc.).
- Construction/reconstruction of a deposition place for the material gained as a result of different activities (forest improvement activities, collecting of medicinal plants, etc.).
- Pasture improvement activities (such as clearing the pasture from the rocks, weeds and toxic herbs).
- Creation of pastures by planting (conversion of arable or fallow land).
- Financing of the tools for deposition and storage of the secondary forest production (medicinal plants, forest fruits, forest seeds, etc.).
- Fencing to protect planted area from grazing.
- Construction of double fencing (green) to prevent erosion.
- Planting of medicinal plants using certified material.
- Construction/Reconstruction of observation points as a measure to prevent forest fires.
- Other kinds of structural fire prevention investments, such as fire protection belts, are possible and can be considered as eligible if they are foreseen in the management plans.
- Activities related to beekeeping (purchase of beehives).



## ANNEX 11. FINAL SOCIAL AND BENEFICIARY SURVEY (2021) - OVERVIEW

1. The Final Social and Beneficiary Survey was conducted between December 2020 and May 2021. The design of the survey is summarized in Table 1 below.

Table 1. Overall Survey Design Summary

Respondents	Location	Method and Sample (N)	Major Topics
Project Beneficiaries (Treatment)	Areas where project has been implemented	Survey, N=750 (67 villages)	Slightly modified version of Mid-term Survey questionnaire - General demographics, household activities re. ownership, usage of forest, project training and gender development, household economic status.
Non-project (Control)	Areas where project has not been implemented but with similar characteristics	Survey, N=250 (24 villages)	
Grant Beneficiaries (FPUAs)	9 regions	Survey, N=100 (note that total of 113 FPUAs received grants, so about 88% participated).	Investment maintenance costs, percentage of coverage of costs, women's participation, women's knowledge of property rights, community views of FPMPs, benefits and views of project participation
Participants in FPMP consultation process	Municipalities of Maliq, Malesia and Madhe, Has and Berat	Survey, N=59	Awareness of FPMPs, steps in implementation, ability to express views and recommendations, views on incorporation of suggestions, general feedback on FPMPs, and overall implementation of project activities.
Municipalities (staff), FPUA members, farmers, FPUA Association, MTE field staff	Areas where project has been implemented	Focus Groups, N=18 (2 per 9 regions, 9 with farmers/foresters and 6 with FPUAs and 3 with municipalities MTE staff)	Progress toward project objectives, strengths and weaknesses in implementation, risks and mitigation for future projects, ALFIS, women's rights and opportunities, project training, IPARD like grant program, LEADER LAGs, moratorium impact, project economic impacts, sustainability of government institutions
		In-depth Interviews, N=45 – 36 men, 9 women (20 with FPUA members and forest business community, 25 with municipalities, regional inspectorate, MTE field staff, and NAPA staff)	

2. The sampling approach for the household survey started with a full list of 686 eligible villages that received project interventions. This list was then stratified by municipalities (done to give every location the same probability to be selected within the same municipality) and then villages were selected through a simple



random selection method. The final step was the selection of the respondents, through a random selection process. A similar process was used for the selection of the control group.

3. Table 2. General demographic profiles of treatment and control groups, enabling comparisons of groups.

Variable	Disaggregation	Treatment group (N=750)	Control group (N=250)
Gender	M	67%	65%
	F	33%	35%
Age	18-29	5%	5%
	30-44	19%	19%
	45-64	49%	47%
	65+	28%	29%
	Mean age of the respondent	57 years old	56 years old
Education level	Elementary	7%	6%
	Obligatory	55%	53%
	High school	31%	37%
	University	7%	4%
Employment status of the head of household	Employed	60%	60%
	Unemployed	24%	23%
	Out of labor force	16%	17%
Relationship to the head of the household	Head of household	69%	68%
	The wife of the head of the family	24%	26%
	Adult family member (over 25 years old)	4%	6%
	Underage family member (24 years or younger)	2%	1%
	Elderly family member	0.4%	0%
Average household size		4.1 members	3.7 members
Main occupation	Agriculture	74.4%	72.4%
	Collection of forest products and NTFPs	6.3%	7.6%
	Livestock	37.1%	26%

4. Key findings from the household survey (N=1000) included the following:





Table 3. Findings on selected questions in the household questionnaire

Topic/Question	Treatment Group	Control Group
HH has forest management user rights	19% (yes)	10% (yes)
Knowledge of at least one SLM practice	25%	20%
Cooperated with other foresters/villagers in managing land	12% (yes)	4% (yes)
Farmers (among those aware of FPUAs) aware that women were FPUA board members	26% (yes, they are) 55% (don't know)	19% (yes, they are) 79% (don't know)
Non-members willing to join FPUA	26%	13%
Awareness that FPUA heads change	29% (yes)	3% (yes)
Concerns about issues affecting your community	Illegal logging 37% Forest fires 34% Inadequate grazing 16%	27% 23% 8%

5. **Grant Beneficiaries Survey.** Key findings from the survey of grant beneficiaries (FPUAs), noting that about 88 percent of FPUAs receiving grants under the project participated in the survey.

6. This survey explored the participation of FPUAs in FPMP preparation. Of the 100 surveyed, 91 participated, of which representatives of 84 expressed their views and seven did not express their views. Of the 84, 93 percent considered their views had been considered (68 percent fully and 25 percent partly). On overall project implementation process, 97 percent reported that it was 'good' or 'very good'.

7. Of the 13 FPUAs that reported including maintenance costs which were allowed for afforestation activities, the average maintenance cost was about 7 percent of the grant received, with the highest at 16% and the lowest at 1%. Most of the costs of the grant were for labor. The survey explored the participation of women as board members of FPUAs, with key findings summarized in Table 4 below.

Table 4. Summary of Women FPUA Board Members participation in key project activities

Total Board members (N=992)	Men members (N=553)			
	Women members (N=439)	Women members participate in writing project proposals (N=411) 41% of members	Women members participate in project implementation (N=397) 40% of members	Women members participate in training focused on property rights (N=315) 32% of members
		Women members not participating in writing project proposals (N=28)	Women members not participating in project implementation (N=42)	Women members not participating in training focused on property rights (N=124)

8. **Participants in consultation process for FPMPs.** About half (47 percent) had participated in trainings about property rights and related issues. A small number (7 percent) did not participate in the FPMP preparation



process. Of those that did participate, 75 percent expressed their views and opinions and views. Of these, 74 percent thought that their views were taken into consideration. Almost half (44 percent) were aware and had knowledge of ESP activities. When asked to evaluate the overall ESP implementation process and progress, 87 percent stated that this was 'very good' or 'good'.

**9. Focus Groups (FG) and In-depth Interviews (IDI).** Most participants noted that the impact of the **Forest Logging Moratorium**, was generally quite positive. The positive impact of the Moratorium relates to the improvement of forests quality and increase in forest cover. The impact of the moratorium has been negative for those living within rural areas, leading to an increase of 30 percent of the market price of firewood, where currently the price of firewood ranged from 3500-4000 ALL / mst. Apart from the overall positive impact, some participants stated that the Moratorium is not being implemented properly, because the use of timber forests by concessionaire companies has not been completely prohibited due having 10 year concessionaire contracts, although it seems to be at lower rates compared to previous years. Some of the participants stated that, with the establishment of the Forest Moratorium, all logging of commercial character should have been stopped. This did not happen, as about 10 companies have continued activities. Meanwhile, representatives of the responsible institutions also noted that the logging continues due to the 10-year concessionaire contracts approved for forest use.

**10.** Farmers' perceptions of **forest and pasture management competencies delegation** to municipalities was considered a positive step because it seems to have created the sense of being closer to the inhabitants/users. However, almost all participants stated the lack of adequate financial and human resources within municipalities, and low priority for the forest sector. Only in some municipalities such as the Municipality of Tirana, financial opportunities are considered to be larger, making the municipality better able to provide a larger, qualified staff within the forest management structures, with better salaries, while also having financial resources available for drafting forest and pasture management plans. Most of the participants agreed with the delegation of forest management to the municipalities, as the municipalities are faced with the needs of the community for firewood, construction materials and other forest products on a daily basis. All the municipalities' representatives underlined the Project support with computers and printers.

**11.** Some participants recommended that **forest and pasture management should be transferred to forest users**. The emphasis on this kind of management to forest users was mostly underlined by farmers, as well as FPUAs representatives, Regional Forest and Pasture Federations and the National Forest and Pasture Federation. They further proposed to pass on the ownership or transfer of forests to the villagers, noting that in this way they can manage them better and not harm them. Furthermore, they pointed out that this request for the transfer of forest and pasture management to forest users or the "end user" has been part of the demand and support from foreign donors such as the WB (World Bank) and Sida, which have assisted and supported the reforms undertaken in the forest and pasture sector in Albania, as well as the process of forest and pasture transfer.

**12.** Findings from the qualitative data, showed that the contribution of forestry into **family income** can reach up to 50-60% per household, as claimed by some of the farmers. However, there is a general perception among most of the farmers

---

*"My family income is decreasing, the terrain is difficult and I cannot travel without a 4x4 car, we spend a lot on transport"*  
Farmer, Shkodër region

---



that income in forestry-based households is declining. This is attributed to the difficult terrain, the lack of a collection points and processing for forest products, as well as the lack of employment in the long run.

**13.** Almost all participants, acknowledged the positive **monetary and non-monetary benefits** from the project. From the discussions, it seems that this impact is mostly related to the Competitive Grants component. The project had a positive impact on securing employment for rural communities and consequently income for area inhabitants employed in project activities. Most of the employees were men, due to the physical challenges and conditions of working in the forests, as reported by FG and IDI participants. Women's participation was noted, e.g., going as high as 50% in FPUA board member representation/FPUA participation, as well as generally in the forestry sector. All grantees claimed that the grants component has increased the well-being of residents, through their seasonal employment while the non-monetary benefits are related to mitigating and preventing erosion, rehabilitating and afforesting degraded lands, improving forests and pastures, and biodiversity increasing. However, for some grant-funded projects, such as water pipes construction, forest cleaning and improvement, monetary benefits are short-lived, because inhabitants are employed only during the 3–4-month project implementation period. For other projects, such as walnut planting, the benefits will be realised after several years, when the benefits will be greater from the income provided by the harvest of these products.



## ANNEX 12. GEOGRAPHICAL DISTRIBUTION OF PROJECT INTERVENTIONS

Figure 1. Distribution of Grants, GAP and FPMPs (from Borrower's Completion Report)

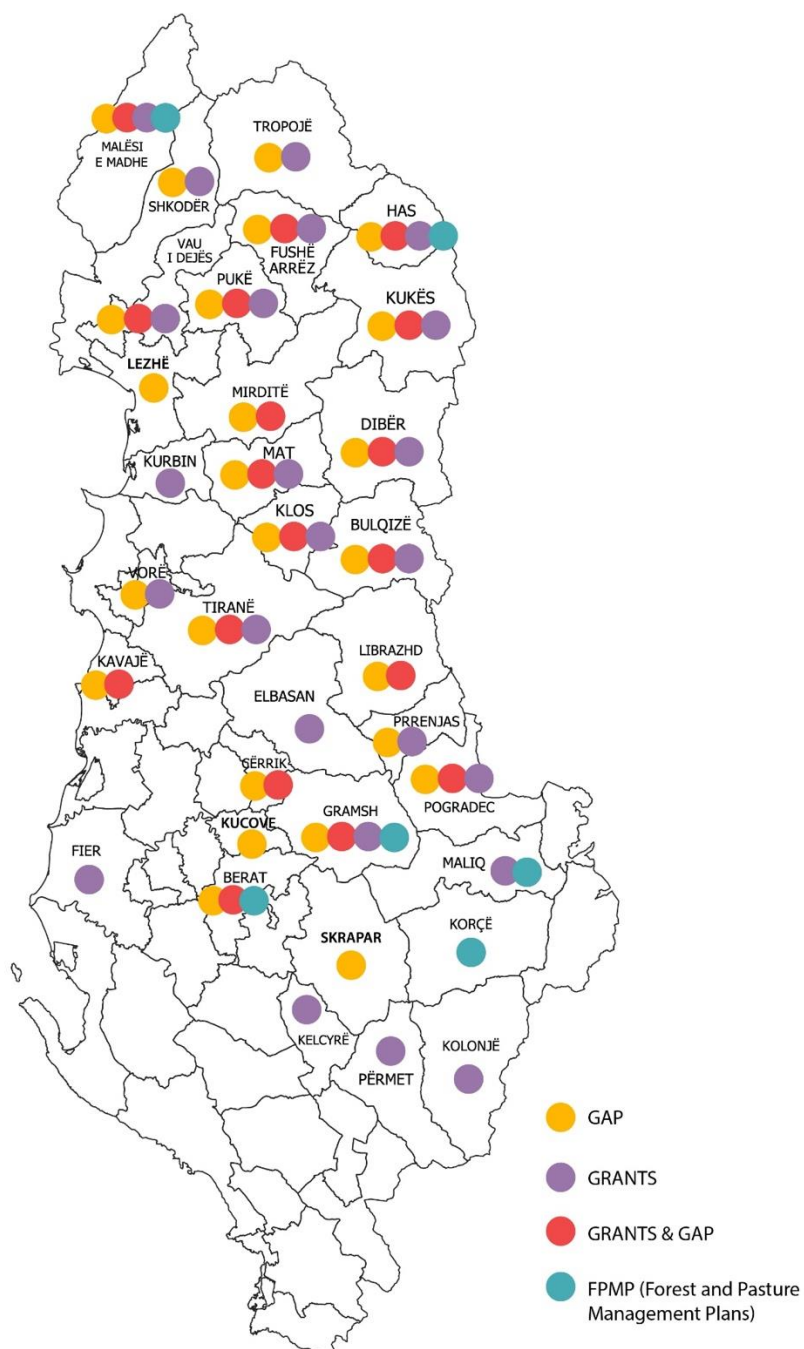
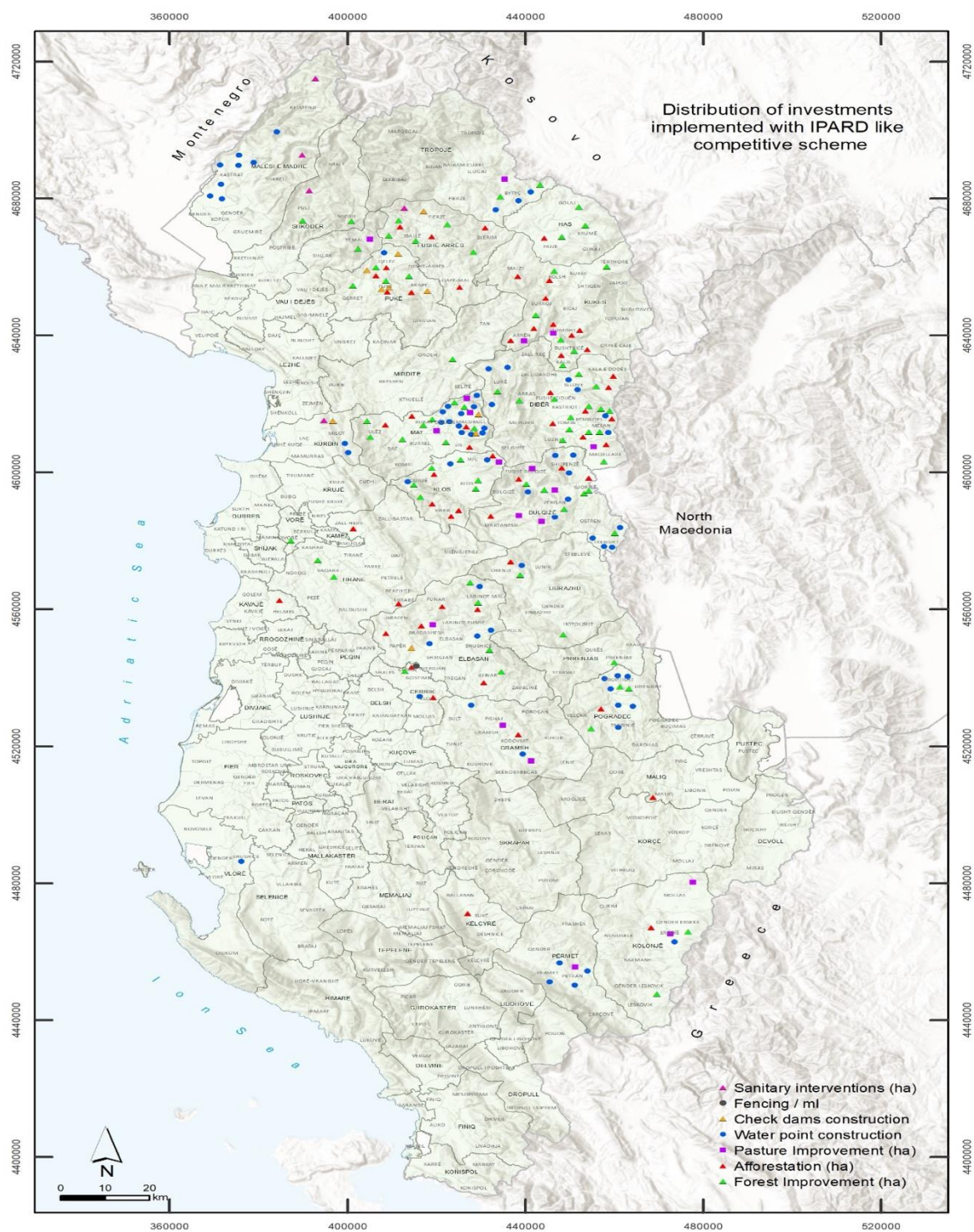




Figure 2. Distribution of IPARD like forestry supported SLM practices (from Borrower's Completion Report)







### ANNEX 13. SUMMARY OF GENDER MAINSTREAMING ACTIVITIES AND OUTCOMES

The Gender Action Plan (GAP) was implemented in two phases. The first phase was implemented from 2015-2017 by the Advance Study Center (ASC), and the second by the Albanian Women Empowerment network (AWEN), from February 2019 – June 2020.

The first consultancy supported female farmers as individuals or as members of FPUAs in the North of Albania, to access the IPARD-like forestry grants on equal terms with men and to raise awareness about the benefits of female engagement and rights with local administrative units, municipalities and with FPUAs in general. The second phase provided follow-up support to the FPUAs and women in the northern part of the country where GAP activities were carried out in the first phase to increase women's access to decision-making, improve women and young people's possibilities to access grants foreseen in the ESP. This phase also aimed to increase the awareness of the positive results of gender equality at relevant decision-making bodies, such as municipalities in the central and southern part of Albania.

**Summary of Phase 1.** GAP targeted activities were included under Component 1 related to strengthening of beneficiaries and included activities such as gender awareness trainings to increase social inclusion in FPUAs, support to the women, board members in the FPUAs, as well as to provide focused support to individual women and young farmers in selected areas. The first phase was implemented in 31 administrative units (former communes), corresponding to 8 municipalities. A baseline assessment was conducted based on three methodological steps i) desk review and discussions with PMT, ii) data gathering and analysis of a sample within 400 households and iii) preparation of an assessment report. Activities implemented and results in this phase included trainings, workshops, capacity building activities and mentoring reached 722 individuals (579 women and 143 men), out of which 79% represented or were assigned to the training by FPUAs, 11% were individual farmers and 10% were municipal or administrative units' representatives. Overall, 80% of the beneficiaries of GAP activities such as trainings, capacity building and awareness activities were women and 20% were men. The young and elderly were a subgroup within the women targeted. Of the women 28% of participants were young women (16-35 years old). Women's voice inside FPUAs was increased. As a result of the activities undertaken 13 ideas by women participants were identified as eligible to be translated into possible proposals in 15 FPUAs. A summary of results in Phase 1 is provided in Table 1 below.

**Table 1. Summary of GAP Achievements**

GAP Indicators	GAP Objectives	GAP Implementation 1 <sup>st</sup> phase	GAP Implementation 2 <sup>nd</sup> phase	Total
# of gender awareness trainings	35 of gender awareness trainings	132 gender awareness trainings	53 one-day gender training workshops	185
# FPUA Statutes will be revised	10 FPUA Statutes will be revised (5 in each North and Central and South region)	14 FPUA Statutes revised	3 FPUAs revised statutes	17
# people participated in gender awareness activities	1100 people	722 people	1583 people	2305



% of people participating in gender awareness activities are women	<b>50%</b> of people participating are women	<b>80%</b> of participants were women	<b>45%</b> of participants were women	
% of FPUA boards are women	<b>10%</b> of FPUA boards are women	<b>31%</b> of FPUA boards members are women	<b>50%</b> of FPUA boards are women	
% of female board members report that they feel empowered (e.g., raising voice)	<b>60%</b> of female board members	<b>60%</b> of female board members	<b>60%</b> of female board members	
% of women/youth are supported in business planning	<b>50%</b> of women/youth are supported in business planning	<b>15%</b> of women beneficiaries /youth have been supported	<b>50 %</b> of women beneficiaries /youth have been supported	

**Summary of Phase 2.** Under this a baseline assessment was conducted at the beginning of the project (1<sup>st</sup> month) in order to collect the information necessary to fine tune the project interventions and to measure the progress toward the achievement of objectives. Different trainings and coaching were conducted aiming at increasing the capacity of FPUAs' members as well as representatives of municipalities and other public institutions at local level involved in issues relating to FPUAs. Training courses have been focused on basics of gender equality, project development, business development and management, property rights and legal procedures, and links between women members of FPUA Boards and municipality councils. Coaching has been focused on business development and management and the revision of FPUA statutes in order to better enable women to participate in their internal decision-making.

From Feb 2019 – June 2020, 53 one-day gender training workshops have been conducted using methods such as presentations questions-answers, brainstorming, structured group discussions, small group work and participants' presentation of group work, video and group discussion on video, and group exercises. The training workshops have increased participants' knowledge, skills, and awareness on gender equality and its application at local level, developing of new ideas into good proposals to address different problems at their communities relating to management of forests and pastures, business development and access to grants, etc. Participants emphasized that they have found the training courses very useful and showed that they have improved their understanding of gender equality. Most women FPUA board members emphasized that they were in better positions in terms of representation in the FPUA hierarchy. Qualitative research findings from the Final Social Study support this, with the data showing that in the five years of ESP implementation, women representatives in FPUA boards now account for over 30% of members, and in a number of cases for approximately 50% of board members. The same applies to the percentage of women representation within FPUA's, exceeding the 30% minimum application requirement for grants. This achievement is important since a criterion for successful FPUA grant application is that there is a minimum of 30% women representation within FPUAs, while for applications from FPUAs exceeding the 30% women board members extra marks are given.

---

*"Women are more aware about gender equality in forest sector due to trainings provided by ESP"*

*Member of FPUA Shkodër*

---

However, implementation of the GAP has encountered challenges during trainings such as, tension between local government and civil society participants; difficulties in ensuring proper participation for maximum results in training



workshops and the COVID-19 pandemic which postponed some activities. Generally, there are constraints of poverty and lack of economic opportunities; lack of FPUA organizational development and a tendency to follow traditional gender roles, e.g., women always carry out the forest and pasture cleaning activities, which affect the implementation of successful proposals in terms of women beneficiaries.





## ANNEX 14. OTHER UNINTENDED OUTCOMES

**ESP contributes to the country's strategy on National Spatial Data Infrastructure**, which is led by ASIG and developed in compliance with EU initiatives. Layers will include registered forest and pasture land (managed by SCA), and forest data (through ALFIS). The project also supported training of ASIF staff in LiDAR. As noted on ASIG's websites *"NSDI represents an integrated geospatial data system, enabling users to identify and access spatial information acquired from different sources, from local via national to global level, in a comprehensive manner. The aim of the strategy is to establish an infrastructure, providing support to a high-quality and stable environmental development, coupled with economic growth, through efficient services, fulfilling the needs and demands of the public and private sectors, as well as citizens at large. The strategy presents a framework within which detailed policies can develop to ensure wide use of geoinformation to avoid duplicated effort and reduce administrative burden."*

**More efficient data collection and analysis for ANFI and FPMP.** Due to the COVID-19 pandemic field work, particularly in support of FPMP's was curtailed. In response, the FA together with PMT and responsible consultants 'pivoted' their approach to field data collection by leveraging available LiDAR and Sentinel II data and the ANFI outputs based on them already prepared in Albania. This allowed the FPMP to be delivered on time and to the same or better-quality level than before while using the latest techniques for accurate and efficient forest resource assessment. The project applied the latest techniques in LiDAR processing by building capacity in hardware, software and skills of ASIG (National Agency for Geospatial Information). This had a direct and practical impact on delivering ANFI and FPMP project outputs, despite the COVID-19 restrictions and has raised national capacity significantly in this regard.

**Stakeholder engagement to address misalignments and overlaps in forest and pasture land.** Transfer of national forests and pastures, from state ownership and management to communes started in 2008 and was to a large extent completed in 2016. However, it turned out after the ESP started that official forest cadaster data and FPMPs cover larger areas of forests and pastures than in reality in the field, because of outdated paper managed records, lack of proper data maintenance, overlapping cases and inaccurate definitions. The CoMD no. 433/2016 for the transfer of ownership to municipalities was found to have many mistakes resulting in about 20-30% of forest and pasture lands not being included in the CoMD which was supposed to be a legal base for registration under ESP. Additionally, several mismatches were identified in textual and graphical data. A new approach was created by correcting the legal base with the new CoMD before any modified process of registration started.

Also, besides the expected requirements to exclude all private properties in the registration transfer from state to municipalities based on the restitution decisions, several overlaps over the lands intended for registration were identified. These were: MTE with coastal areas dedicated to specific priorities in tourism, new proposals of the NAPA for extending the protected areas, planned areas of the Agency for Treatment of Property under the Ministry of Justice for the needs of physical compensation of forest and pasture lands to expropriate persons. Intensive collaboration with the Ministry of the Interior and selected municipalities took place. All these made the registration process even more complex and demanding because for the first time, data were gathered for the first time all users of forest and pasture lands in one place. Discussions were held on the appropriate legal basis for getting ownership rights to immovable properties recorded in the registration database of the SCA.