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Report No: PAD2609

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT PAPER

ON A

PROPOSED ADDITIONAL LOAN

IN THE AMOUNT OF US\$11 MILLION

TO

ALBANIA

FOR

ADDITIONAL FINANCING FOR THE SOCIAL ASSISTANCE MODERNIZATION PROJECT

APRIL 11, 2018

Social Protection and Labor Global Practice
Europe and Central Asia Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective 1 March 2018)

Currency Unit = Albanian Lek (ALL)
108.45ALL = US\$1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
CoM	Council of Ministers
CPF	Country Partnership Framework
DA	Disability Assistance
DHSPDP	Directorate of Health and Social Protection Development Programs
DLI	Disbursement-Linked Indicator
DLR	Disbursement-Linked Result
EEP	Eligible Expenditure Program
EHS	Environment, Health, and Safety
EMP	Environmental Management Plan
FM	Financial Management
GRS	Grievance Redress Service
HBS	Household Budget Survey
HSC	High State Control
IFR	Interim Financial Report
IPA	Instrument for Pre-Accession
IPF	Investment Project Financing
LGU	Local Government Unit
LSMS	Living Standards Measurement Survey
MIS	Management Information System
MoFE	Ministry of Finance and Economy
MHSP	Ministry of Health and Social Protection
MSWY	Ministry of Social Welfare and Youth
M&E	Monitoring and Evaluation
NE	<i>Ndihma Ekonomike</i>
PDO	Project Development Objective
PMT	Project Management Team
POM	Project Operational Manual
PP	Procurement Plan
PPSD	Project Procurement Strategy for Development
PSIA	Poverty and Social Impact Analysis
RDSSS	Regional Directorate of State Social Services
RO	Regional Office
RBF	Results-Based Financing
SAMP	Social Assistance Modernization Project

SORT	Systematic Operations Risk-rating Tool
SSS	State Social Services
STEP	Systematic Track of Exchange in Procurement
TA	Technical Assistance
USF	Unified Scoring Formula

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**ADDITIONAL FINANCING DATA SHEET (P162079)**

Original Project ID: P122233		Original EA Category: C - Not Required							
Current Closing Date: 31-Dec-2018									
Basic Information – Additional Financing (AF)									
Project ID:	P162079	Additional Financing Type (from AUS):	Restructuring, Scale Up						
Regional Vice President:	Cyril E Muller	Proposed EA Category:	B - Partial Assessment						
Country Director:	Linda Van Gelder	Expected Effectiveness Date:	30-Nov-2018						
Senior Global Practice Director:	Michal J. Rutkowski	Expected Closing Date:	30-Jun-2021						
Practice Manager/Manager:	Cem Mete	Report No:	PAD2609						
Team Leader(s):	Maddalena Honorati, Lorena Kostallari								
Borrower									
Organization Name	Contact	Title	Telephone	Email					
Ministry of Finance and Economy	Arben Ahmetaj	Minister	23675044732	info@financa.gov.al					
Project Financing Data - Parent (Social Assistance Modernization Project - P122233) (in US\$, millions)									
Key Dates									
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date		
P122233	IBRD-81410	Effective	03-Apr-2012	06-Jun-2012	31-Oct-2012	30-Jun-2017	31-Dec-2018		
Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P122233	IBRD-81410	Effective	US\$	50.00	50.00	0.00	30.30	16.78	60.61



Project Financing Data - Additional Financing (Additional Financing Social Assistance Modernization project - P162079) (in US\$, millions)					
<input checked="" type="checkbox"/>	Loan	<input type="checkbox"/>	Grant	<input type="checkbox"/>	IDA Grant
<input type="checkbox"/>	Credit	<input type="checkbox"/>	Guarantee	<input type="checkbox"/>	Other
Total Project Cost:		11.00	Total Bank Financing:		11.00
Financing Gap:		0.00			
Financing Source – Additional Financing (AF)				Amount	
International Bank for Reconstruction and Development				11.00	
Total				11.00	
Policy Waivers					
Does the project depart from the CAS in content or in other significant respects?				No	
Does the project require any policy waiver(s)?				No	
Team Composition					
Bank Staff					
Name	Role	Title	Specialization	Unit	
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Manjola Malo	Procurement Specialist (ADM Responsible)	Procurement Specialist	Procurement	GGO03	
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Ngoc Dung Thi Tran	Team Member	Program Assistant	Operations Support	GSP03	
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Albania	Qarku i Tiranës	Qarku i Tiranës	X		
Institutional Data					
Parent (Social Assistance Modernization Project-P122233)					
Practice Area (Lead)					
Social Protection & Labor					
Contributing Practice Areas					
Climate Change and Disaster Screening					
The operation has been screened for short and long-term climate change and disaster risks. Risks and appropriate resilience measures are summarized in the Key Risks section of the PAD template where the overall risk rating and key risks are discussed, and integrated in the project as needed.					
Private Capital Mobilized					
Private capital mobilized: No					
Gender Tag					
Does the activity include gender in any of the three dimensions listed below? Please select Yes or No for each:					
Gender analysis and/or consultation on gender related issues:					
Yes					
Specific actions to address the distinct needs of women and girls, or men and boys, an/or positive impacts on gender gaps:					
Yes					
Mechanisms to facilitate monitoring and/or evaluation of gender impacts:					
Yes					
Consultants (Will be disclosed in the Monthly Operational Summary)					
Consultants Required? No consultants are required					



ALBANIA

ADDITIONAL FINANCING SOCIAL ASSISTANCE MODERNIZATION PROJECT

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I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

1. This Project Paper seeks the approval of the Executive Directors to provide an additional loan in the amount of US\$11 million to the Albania Social Assistance Modernization Project (SAMP) (P122233/Loan No. 8141-AL).

2. The proposed additional loan would help enhance the development impact of the original project. The proposed activities are consistent with the original Project Development Objective (PDO) and strategically aligned with the Country Partnership Framework (CPF) for Albania 2015-2019. The additional financing (AF) includes the following changes: (a) scale up the geographical scope of the existing disability assistance (DA) reform activities, (b) fund new activities that support the implementation of the reforms for the eligibility criteria for both *Ndihma Ekonomike* (NE) program¹ and DA program benefits and provide technical assistance (TA) to strengthen the Government's capacity under Components 1 and 2 of the original project, and (c) adapt the Results Framework to the new activities (PDO indicators will remain unchanged but targets will change). The AF is expected to further contribute to improve the equity and efficiency of the social assistance system. The equity goal is expected to be strengthened by (a) scaling-up the implementation of the new eligibility criteria to select DA beneficiaries based on the Social Model to three regions representing half of the country's population, (b) improving the accessibility of people with disability to state social services (SSS) regional centers where final eligibility decisions are determined, (c) harmonizing the assessment and eligibility criteria across both noncontributory and contributory disability benefits, (d) promoting the social inclusion of NE in the transition period of exiting the NE cash assistance program. The efficiency goal is expected to be strengthened by the (a) production and use of automated Management Information System (MIS) reports for DA performance management and (b) improved oversight and control of DA benefits.

3. The proposed AF is fully compliant with the World Bank policy on 'Investment Project Financing' (IPF) and the accompanying World Bank procedure for AF, which require the project to be well-performing in terms of having the Implementation Status and Results Report ratings for implementation progress and development objectives consistently rated Moderately Satisfactory or better over the recent 12 months and showing full compliance with key loan covenants, including audit and financial management (FM) reporting requirements. The Project is currently rated Moderately Satisfactory both for progress toward achievement of the PDO and for Implementation Progress. All legal covenants are met under the original project.

Country Context

4. Albania maintains a strong reform focus, with notable achievements in macro-fiscal and financial sector stability, and positive, albeit slower, results in improving the business environment and the quality of institutions for service delivery. GDP growth gradually recovered to 3.4 percent in 2016 from 1 percent after the global financial crisis. Growth shows signs of rebalancing from consumption and public spending to investment-led growth. Investment and household consumption were the main drivers of growth in 2016, contributing 1.8 and 2.1 percentage points, respectively. Economic growth is also reflected in the

¹ *Ndihma Ekonomike* (NE) program is the main poverty-targeted social assistance program in Albania; it currently provides monthly cash transfers to about 80,000 low income families with a focus on families with children. The average annual amount of NE transfer per family is about 42,000 - 52,600 Leks (depending on the household composition, number and age of children among other factors), while the maximum benefit amount by law reaches 96,000 Lek per year.



higher labor force participation, as jobs have opened up. Recent data suggest that growth continued to firm up in the first half of 2017, with strong business confidence in all nonagriculture sectors and especially optimistic views in services. However, external imbalances remain a source of vulnerability. The external deficit expanded after the global financial crisis, exacerbated by Albania's close links to Greece and Italy. The current account deficit narrowed from 10.8 percent in 2015 to 9.6 percent in 2016. Nevertheless, Albania's export concentration makes the country extremely vulnerable to external shocks. Fiscal consolidation efforts, including the clearance of central government arrears amounting to almost 5 percent of GDP in 2014 and 2015, are bearing fruit. The fiscal deficit declined to 1.8 percent in 2016 from 4.9 percent in 2015, leading to a decline in the overall public debt for the first time since the crisis to 72.4 percent of GDP in 2016. Revenues and expenditures remained within the budgeted targets in the first half of 2017.

5. The proposed AF is aligned with the World Bank Group's CPF for Albania FY15–FY19 (report number 94636-AL, April 27, 2015)² and its focus area 3 'Strengthening public sector management and service delivery'. This focus area includes the CPF objective related to increased efficiency of public service delivery and improved equity and access to basic social services. In addition, the proposed AF supports the Government's National Strategy for Social Protection 2015–2020 and its related action plan, approved by the Council of Ministers (CoM) on January 7, 2016. The strategy reiterates the importance of modernizing the social assistance schemes, aiming at improving efficiency and transparency of the NE system, and also including the introduction of the active employment package policies for NE beneficiaries. The strategy also emphasizes the need to further improve the lives of people with disability, through implementing the newly introduced 'Social Model' and establishing an integrated system of services for this vulnerable group.

Sectoral Context

6. **Continued strong government commitment.** As confirmed at the midterm review, the objective of the original project, which is 'to support Albania's implementation of reforms to improve the equity and efficiency of its social assistance programs', remains fully relevant for the country and sector context. The objectives of the original project will stay the same with the AF and are aligned with the Government's mandate of reducing extreme poverty. The main social assistance programs are the NE cash transfers program and the (noncontributory) DA. The Government of Albania has initiated an ambitious social assistance reform program to strengthen the design, administration, and governance of these transfers, partially with the support of the original project. The Government's strong commitment to improve the equity and efficiency of its social assistance programs was further demonstrated by actions taken beyond the scope of the original project. For example, while preparing for the NE and DA reforms, the Government put a lot of efforts into strengthening the oversight and control of NE and DA benefits through inspections.

Project Implementation Status

The Social Assistance Modernization project (SAMP)

7. **The PDO** of the original project is 'to support Albania's implementation of reforms to improve the equity and efficiency of its social assistance programs'. This PDO will remain unchanged under the AF. The equity and efficiency of the social assistance system is being improved by supporting the implementation

² <https://hubs.worldbank.org/docs/imagebank/pages/docprofile.aspx?nodeid=24434641>



and modernization of both the NE and DA with respect to their (a) program eligibility criteria, (b) benefits administration, (c) monitoring and evaluation (M&E), and (d) oversight and control. Achievement of the PDO is on track.

8. **Original approval and restructuring.** Approved in April 2012 and effective since October 2012, the original project is funded by a US\$50 million IBRD loan (EUR 38 million at signing). The original closing date was June 30, 2017. The project had two Level II restructurings. The first restructuring, approved on May 6, 2016: (a) reallocated funds from Component 1 to Component 2 to include TA activities, originally designed to be funded under 2013 Instrument for Pre-Accession (IPA) but canceled due to changes in the legal framework by the Delegation of the European Union, (b) adjusted the wording of several disbursement-linked indicators (DLIs) to reflect developments on the specifics of the design and initial implementation of the disability reform, and (c) adjusted the Results Framework to address measurability of some indicators due to data availability issues. The second restructuring, approved on February 6, 2017, extended the closing date to December 31, 2018.

9. **Project components.** The original project consists of two interrelated components, which will remain unchanged.

- **Component 1: Strengthening the Implementation and Performance of Social Assistance Programs (EUR 35.115 million)** (a) is a results-based financing (RBF) component supporting the implementation of reforms to the eligibility criteria for both the NE program and the DA benefit and to modernize the administration, monitoring, evaluation, oversight, and control of the two programs. There are 16 DLIs measuring and marking progress toward achieving the project objectives. This component supports the improved implementation of both the NE program and the DA program through provision of financing for reimbursement of payments of benefits incurred by the Borrower out of its budgetary allocations for the NE program.
- **Component 2: Technical Assistance to Strengthen the Implementation Capacity for Social Assistance Programs (EUR 2.79 million)** finances select technical activities to strengthen the Government's capacity for implementing equity and efficiency improvements and thereby achieving the results under Component 1 (see paragraph 20 for a list thereof).

10. **Project status.** Major progress has recently been achieved with the implementation of the NE and DA pilots. So far, the project supported the design of a unified scoring formula (USF) (based on a proxy means test [PMT] model) to determine eligibility to the NE benefits. The formula was piloted in three regions (covering half of the country's population), and currently applied nationally starting January 1, 2018 (based on the CoM's decision 592 approved on October 18, 2017). Communication and awareness activities have been ongoing since April and are continuing, focusing on the non-pilot regions. The project also supported the design and piloting of the new model to assess disabilities and determine eligibility criteria for noncontributory DA benefits. The Ministry of Health and Social Protection (MHSP) successfully completed the pilot in two areas of Tirana (administrative units no. 6 and 7) and is proceeding with implementation as planned. The new criteria are expected to be gradually applied in other administrative units in the country. The project supported the development and establishment of an electronic MIS for both NE and DA benefits, with the MIS expected to further develop to include expanded functions. The TA component is being implemented successfully and is providing the needed TA for the implementation of the reforms supported by the DLIs.



11. **Disbursements.** To date, out of the 16 DLIs (16 is the number of DLIs after the approval of the first project restructuring), 11 DLIs have been already achieved and disbursed for a total of EUR 23.9 million (representing about 66 percent of the total project financing of EUR 38 million). The current total disbursement (including the TA component, Component 2) amounts to about EUR 25.3 million. Work is progressing as planned on the remaining five DLIs, which are expected to be achieved by December 2018 (the closing date, as revised by the second restructuring), which will result in a disbursement of an additional EUR 12.7 million.

12. **Project performance.** The project is currently rated Moderately Satisfactory for progress toward achievement of the PDO and Moderately Satisfactory for implementation progress. The project was rated Satisfactory from July 2014 until April 2016. It was downgraded to Moderately Satisfactory due to the longer time needed for reform consensus and implementation. Since then, particularly in the past few months, further implementation delays occurred due to the pre- and post- national election period (since March 2017). The new Government is committed to continue to implement both NE and DA reforms; the implementation of the NE reforms started on January 1, 2018. The fiduciary arrangements remain adequate and there are no overdue audits for the project.

Rationale for AF

13. **The Government's strong commitment to improve the equity and efficiency of its social assistance programs already shows strong results.** The activities implemented by the Government so far related to the NE reforms (including the enforcement of inspections the communication campaign, and the piloting of the new scoring formula in three regions of the country accounting for half of the total population) show promising results. In terms of equity, there has been improvement in the targeting of the program: the share of NE benefits accruing to the poorest decile increased from 34 percent in 2009 (baseline) to 45 percent in 2015, based on national household survey data.³ The improvement of the poverty targeting is also evident by the increased program impact on poverty reduction: without NE transfers, the simulated poverty gap would have been 8.3 percent higher than with NE in 2015, compared to 5.8 in 2009. While the overall NE coverage decreased from 12.7 percent of the population in 2009 to 10.4 percent in 2015, the coverage of the extreme poor remained unchanged, and the coverage of the richest decile decreased. This suggests that the equity improvements are derived from the suspensions of benefits from 'richer' beneficiaries due to tighter controls and inspections. In terms of efficiency, the NE MIS has been developed and is operational nationwide and applicants' intake data are cross-checked with seven external databases. Increased (administrative) efficiency is also measured by the reduced time needed to determine eligibility (currently 5 days, compared to 25 at baseline). The national roll-out of the NE reforms is expected to further improve outcomes. Reforms related to the DA have been piloted in two administrative areas in Tirana. Although the pilots were too small to have detectable impacts at the country level, they are considered successful (the related DLIs were verified and achieved) and an important testing and entry point for countrywide implementation.

14. **The activities under the original project also made positive indirect impacts.** The establishment and use of the NE MIS under the original project also pushed other agencies to update and modernize

³ Estimates are based on the Household Budget Survey (HBS). The first restructuring of SAMP changed the data source to track progress of PDO indicators to the HBS in light of the discontinuation of the Living Standards Measurement Survey (LSMS) (originally set as the official data source). However, it must be noted that the HBS is not designed to represent NE beneficiaries. The total NE coverage captured by the HBS in 2015 is 6.6 percent of the population, as opposed to 10.4 percent calculated based on administrative data from the ministry.



their data system (such as the database on registered unemployed at the National Employment Services, the civil registry, tax office database, social insurance contribution and pensions received, and property registration) to enable cross-checks and verification of applicant information. The development and piloting of the USF—based on a consumption regression model (PMT)—to identify the poor is currently being used to determine eligibility to NE benefit in the three pilot regions and also as a mechanism to target other assistance benefits, such as the energy cash benefits to mitigate the impact of the electricity tariff increase, hence contributing to improve the targeting of the energy benefits (not just the NE).

15. **The Government needs the World Bank’s support to geographically scale up the disability reform.** The proposed AF responds to a request from the Government of Albania to support the gradual national roll-out of the disability reform. The Government’s timetable for developing, piloting, and rolling-out the various reform elements of the NE has been faster than for the disability benefits reform for strategic, technical, and political reasons. In addition, it would not have been possible under the original project to reassess the eligibility to DA benefits under the new model for all existing beneficiaries because not all beneficiaries are subject to annual certification. The disability reform has been designed and piloted under the original project with the successful completion of the (a) secondary legislation reflecting the introduction of the new criteria in place, (b) establishment of a multidisciplinary team in the pilot areas, (c) approval of the reform piloting by the CoM, (d) training on the new module for relevant SSS staff in the two pilot areas, (e) development and operationalization of the DA MIS in the pilot areas, and (f) actual implementation of the disability reform in two small administrative units in Tirana (unit 6 and 7) starting at the end of April 2017. Between April 26 and December 15, 2017, 315 applications and requests for recertification have been reevaluated using the revised criteria and processes based on the Social Model. One out of five applications come from new applicants. Almost all (95%) of the evaluated applications were assessed eligible for the cash benefits, though for smaller benefit amounts. Administrative data from SSS in the two pilot units show that the total spending according to the new proposed evaluation system on evaluated existing beneficiaries would be 24 percent lower than the current spending. The reason is attributable mostly to the lower benefit amount beneficiaries will be entitled to (as a result of a lower level of disability assessed) rather than a reduced number of eligible beneficiaries. The disability reform is planned to be gradually rolled out in a phased manner initially in Tirana and later in other municipalities and regions. A public outreach communication campaign explaining the new eligibility criteria and the rationale for the reform (prioritizing those in need and ‘truly’ disabled) is planned to be supported by the proposed project.

16. **The Government needs the World Bank’s support to develop a NE beneficiaries’ exit strategy.** It was agreed to include new activities related to the social and productive inclusion of members of NE beneficiary households after the NE benefit expires for them. By law,⁴ “economic assistance for families without income or with insufficient income is a payment given out in the form of a monthly allowance in Albanian Lek, which is limited in time, for a period of not more than five years.” However, currently there is no ‘exit strategy’ in place for the existing NE beneficiaries once they reach the fifth year of benefits. There is thus a need to elaborate elements of an exit strategy (for example, exceptions, activation measures, and possibility to reapply to NE among others) tailored to the profile of NE beneficiaries and a communication strategy to gradually alert and support beneficiaries well in advance of their actual exit from the NE program. Interpreting the law in a strict way, the first NE beneficiaries will need to exit the program in 2021, within the expected life of this AF project. The development of an exit strategy for NE

⁴ Law no. 44/2016 of April 21, 2016 Amending and Supplementing Law no. 9355 of March 10, 2005 on Social Assistance and Services.



beneficiaries will contribute to the achievement of the PDO by promoting the social inclusion of NE beneficiaries in the transition to exit NE (equity) and by ensuring the sustainability of the new system (efficiency).

II. DESCRIPTION OF ADDITIONAL FINANCING

17. The restructuring includes the following changes: (a) scale up the geographical scope of the existing DA reform activities, (b) fund new activities under Component 1 (US\$10,202,500 for an additional four DLIs) and Component 2 (US\$770,000) and (c) adapt the Results Framework to the new activities (PDO indicators will remain unchanged but targets will be changed).

18. The AF project components will remain unchanged from the original project but it will finance new activities with the additional funds of US\$10,202,500 for Component 1 and US\$770,000 for Component 2 (table 1). The proposed activities, results, and related DLIs are described in paragraphs 20 and 21.

Table 1. Original Project Costs and Proposed AF by Component

Exchange rate (3/31/2018): EUR1 = US\$1.2326

Current Component Name	Proposed Component Name	Original Project		Restructuring (Level 2)		IBRD Proposed AF
		(EUR, millions)	(US\$, millions)	(EUR, millions)	(US\$, millions)	(US\$, millions)
Strengthening the Implementation and Performance of Social Assistance Programs	No change	36.76	45.31	35.11	43.28	10.20
Technical Assistance to Strengthen Implementation Capacity for Social Assistance Programs	No change	1.14	1.41	2.79	3.44	0.77
Front-end fees		0.10	0.12	0.10	0.12	0.03
TOTAL		38.000	46.84	38.00	46.84	11.00

19. Component 1: Strengthening the Implementation and Performance of Social Assistance Programs' (US\$10,202,500)

- a. Gradually scale up of the disability reform to all 24 administrative units in Tirana, Elbasan, and Durres regions. The selection of the three regions is based on the presence of trained SSS staff and medical experts needed to secure a successful implementation of the reform roll-out.
 - DLI: (a) At least 66 percent of the new applications and recertification requests received in all administrative units in Tirana, Durres and Elbasan, have been processed using the automated DA MIS; and (b) the DA program MIS is expanded to cover second-stage functions, including integrating data from the revised eligibility assessment based on the Social Model. (Amount: US\$3,000,000).



- b. Improve the accessibility of SSS regional offices (ROs) to people with disability through rehabilitation works of existing ROs.
 - DLI: Three SSS Regional Offices in Tirana, Elbasan, and Durres are rehabilitated according to official regulations on accessibility for disabled persons in public buildings, spaces, and services (Amount: US\$2,500,000).
- c. Develop an exit strategy and an action plan to support NE beneficiaries exit the NE program after five years (including tailoring solutions to beneficiaries' needs and profile).
 - DLI: An exit strategy and an action plan for NE program beneficiaries are developed, consulted, approved, and disseminated in accordance with the Verification Protocol (Amount: US\$2,202,500).
- d. Improve oversight and controls for disability benefits. This will require to link the DA MIS with the migrant database to detect beneficiaries living abroad. People living abroad are estimated to be around 20 percent of DA beneficiaries.
 - DLI: At least 55 percent of suspected fraud and error cases in the DA program in Tirana are investigated by social inspectors in accordance with the Verification Protocol (Amount: US\$2,500,000).

20. **Component 2: Technical Assistance to Strengthen the Implementation Capacity for Social Assistance Programs (US\$770,000).** This component will finance selected technical activities to strengthen the Government's capacity for implementing equity and efficiency improvements and thereby achieving the results under Component 1. TA consultancies (local and international) will be selected to ensure the smooth achievement of the above areas, once those are firmed up. Proposed activities include (a) Revision of the parameters of social assistance programs, including new evaluation systems for disability assistance based on the social model, reviewing business procedures and institutional arrangements and design of alternative assistance strategies for people with disabilities who do not meet the DA program eligibility criteria under the DA reform; (b) Development of an exit strategy for NE program beneficiaries based on innovative models and international experience; (c) Implementation of a Management Information System (MIS) for the DA program, including review of core business processes, institutional roles, and functional requirements to determine inputs for the design of the MIS; developing quality assurance for MIS development and implementation; developing a revised sanctions policy and enforcement mechanisms to strengthen the ability to remedy fraud and errors; and designing tools for the detection of fraud and errors, and other social inspection mechanisms; (d) Promote transparency in communications and monitoring and evaluation, as well as, citizen engagement, including through (i) continuation of carrying out of awareness campaigns to ensure understanding and acceptance of the reforms of Social Assistance Programs and implementation of a comprehensive communications strategy and specific communications tools tailored to specific themes and target groups; (ii) strengthening monitoring and evaluation, designing and implementation of a process for evaluating reforms in Social Assistance Programs, and carrying out of a follow-up disability survey to support the monitoring of disability assistance reforms; (iii) strengthening MHSP's monitoring and evaluation capacity for reviewing business procedures and institutional arrangements, analyzing data and updating the USF; and (iv) carrying out a beneficiary assessment survey for DA program beneficiaries to evaluate their level of satisfaction with the DA reform; and (e) Continue to provide Project implementation support through financing of Operating Costs and consulting services to enhance technical expertise of MHSP in areas including day-to-day Project management, monitoring and evaluation, procurement and financial management.



21. The TA activities described above will support the institutional and operational links between SSS ROs and the National Employment Services branches, the Regional Education Directorate, and organizations that provide psycho-social services and social services at the local level. At the heart of the disability reform is the holistic idea that people may not just require cash benefits but also services (physiotherapy, psycho-social, day care, and residential care services for both adults and children). The referral to social services is crucial for people above 65 years who are not entitled to DA cash benefits. However, the provision of such complementary social services is very limited, if not lacking, in certain rural areas. The local government units' role will be to ensure investment in social services that are most in need by the population. Only 11 out of the 61 municipalities have developed and costed 'social plans' that identify the needs of the population and the services to be provided. The model of the 'social pact' was presented to municipalities in March 2017.

22. **The Results Framework** has been revised correspondingly to reflect the proposed changes and the revised implementation schedule (see annex 1).

23. **Citizen engagement.** Citizen engagement and accountability measures used under NE and DA, such as the free hotline and locked complaints boxes, will continue to be used under the AF. A beneficiary assessment survey will also be carried out for the DA beneficiaries to evaluate their level of satisfaction with the DA reform. The current grievance and redress mechanism will be strengthened through training of local social administrators in direct frontline contact with applicants and beneficiaries as well as continued communication and outreach campaigns to ensure understanding and acceptance of NE and DA reforms. Specific communications tools will be tailored to specific themes and population target groups. The results of such citizen engagement activities will be summarized in the annual progress reports. Moreover, two new indicators have been added in the results framework to track progress of the number of complaints received related to the implementation of the DA revised eligibility criteria and whether these complaints have been actually addressed. These new indicators will be updated and publicized in the disclosed ISR twice a year. To close the feedback loop, the project will present the findings of the beneficiary survey to community groups in the pilot regions for discussion on improvements that can be made to access, quality of facilities and services, and responsiveness to needs.

24. **Gender.** The project under the AF will continue to address the gap between men and women participation in social assistance programs through social mobilization activities under Component 2. The project will continue recording gender-disaggregated beneficiary numbers and will also record female participation in NE and DA benefit programs. Strategies adopted under the original project to include women as NE cash benefit recipients (now by law) will be continued under the AF. During implementation, the project will carry out further gender analysis and monitor gender-sensitive indicators.

Implementation Arrangements

25. The implementation arrangements for the proposed AF will build on the existing Government structure and will be a continuation of the arrangements established for the Original Project. However, institutional arrangements changed, as the recent restructuring of the Government cabinet after the general elections led to the dissolution of the Ministry of Social Welfare and Youth (MSWY) and the merger of the Social Services and Social Protection Departments with the previously existing Ministry of Health, resulting in the new MHSP. The MHSP will be the implementing agency of the AF. Fiduciary tasks, particularly FM, will be managed by the MHSP. The Directorate of Health and Social Protection



Development Programs (DHSPDP) within the MHSP is responsible for all the activities related to the implementation of reforms for NE and DA. A new Project Operational Manual (POM) will be prepared to provide the MHSP and other stakeholders with a clear overview of roles and responsibilities to ensure coordination and the effective execution of the proposed activities under the AF.

26. A fully staffed Project Management Team (PMT) within the MHSP will be established to strengthen the capacity of the MHSP to implement the project. The PMT will be responsible for regular project management, including procurement and FM of Component 2, as well as the coordination with the World Bank. The PMT will be staffed with a PMT manager and procurement, FM, and M&E experts. The PMT staff will be hired as consultants.

27. Given the multisectoral nature of the disability reform and based on the lessons learned from the pilot, the need to enhance the collaboration between medical and social personnel by creating the right incentives for family doctors and specialists to fully participate in the new disability assessment model has been discussed. A high-level inter-ministerial Coordination Working Group will be established to oversee the inter-ministerial coordination for disability reform. The Coordination Working Group chaired by the minister of the MHSP would include representatives from the Ministry of Finance and Economy (MoFE), Institute of Statistics of Albania, High State Control (HSC), MHSP, SSS, and National Agency for Information Society and would be responsible for leading implementation of reforms in social assistance programs and ensuring coordination of activities under the project among all relevant agencies and entities.

III. KEY RISKS

28. The overall risk rating for the proposed AF is Substantial as reflected in the Systematic Operations Risk-rating Tool (SORT) due to potential risks that may arise on the following fronts: (a) institutional capacity (resulting from latest merging of the Social Services and Social Protection Departments of the previous MSWY with the Ministry of Health, as well as related structural changes), (b) fiduciary (lack of capacity in the current implementation agency, and (c) governance (contract management for the ongoing and new activities). This risk assessment fully reflects the current situation and project changes. The main risks and associated risk management measures can be summarized as follows.

29. The Political and Governance, Institutional Capacity for Implementation and Sustainability, Fiduciary, and Stakeholder risks are rated Substantial.

30. **Political and Governance.** Given the change in the cabinet, implementation delays are expected. Following the general elections of June 2017, new leadership has been in place since mid-September, while some key technical staff were not appointed until the end of November 2017. The change may result in possible weakened commitment and loss of momentum in the disability reform program. To mitigate possible negative effects, the World Bank team is continuously supporting a broad-based ownership of the reform program, at the central and local government levels (through the original project). In addition, the national roll-out of the disability reform may trigger some public resistance as some existing beneficiaries (not functionally disable) may lose their eligibility status. The AF will strongly support the Government on implementation of the communication strategy (already developed under the original project's support).

31. **Institutional Capacity for Implementation and Sustainability.** Recent structural changes (including merging of key Departments of Social Protection and Social Services with the previous Ministry



of Health) may negatively shift the attention of the implementing agency away from the implementation process, hence the institutional capacity risk is rated Substantial. However, the World Bank is closely following up with the Government on the ongoing process of structural changes and is demonstrating willingness to help the Government for its timely finalization. In addition, the AF (under Component 2) will offer wide TA to support the implementing agency in reforms implementation. In addition, the relatively low capacity at the Government level, especially at local governments, may have a negative effect on the pace of reform implementation. To mitigate this risk, support is being provided under the original project to strengthen the existing capacity. Furthermore, as part of the AF preparation, the World Bank's team will provide TA at all government levels on reform implementation issues.

32. **Fiduciary.** The fiduciary risk is assessed as Substantial. As for the current financing, the AF would rely on the Government's public FM system and architecture for managing and implementing social assistance programs. The definition of Eligible Expenditure Program (EEP) relevant to Component 1 will remain the same (expenditures on cash transfers under the poverty-targeted NE program). Contract management is expected to remain the same under the responsibility of the PMT. The unit will continue to be responsible for FM arrangements of the TA component, compile financial reports required for Component 1, and prepare withdrawal applications. The fiduciary risk rating is based on (a) extensive reliance on the country systems to satisfy the Component 1 FM requirements, (b) introduction of the new procurement policy for the AF activities (which differs from the current one under the original project), and (c) introduction of new procurement thresholds that increases the responsibility and workload on the client. To mitigate the procurement risk, the World Bank team will continue to provide support and training. The AF will be processed through the Systematic Track of Exchange in Procurement (STEP) system for which training and hands-on support will be provided to the PMT.

33. **Stakeholder risk.** Key risks include (a) the ministry restructuring (with the old Social Welfare Department being merged into the Ministry of Health), resulting in significant project implementation delays; (b) lack of the interministerial coordination for disability reforms; and (c) the need of harmonizing procedures and reduce administrative costs. The AF will add institutional support under Component 2 as stated earlier to address these risks.

IV. APPRAISAL SUMMARY

A. Economic Analysis

34. **Spending on DA increased steadily since preparation of the original project, making the spending efficiency reform more urgent.** The Government of Albania spends significant resources on DA, which increased over time at a higher rate than inflation. The peak was in 2014 when 16.7 billion were allocated to the DA, with 79 percent of the total budget allocated to social assistance (the remaining 21 percent was allocated to NE), which then slightly decreased in 2015 and 2016 (figure 1a). On the other hand, NE spending has been steady at about ALL 4.4 billion between 2011 and 2016. Looking at the breakdown of DA spending, the budget for the work invalids grew at a faster rate than the spending for the disabled and their caregivers.

35. **The scale-up of the DA reform supported by the proposed project will result in more efficient use of public resources to address issues related to functional disabilities.** The economic analysis done at project preparation justified the reform in light of directing budget to the truly disabled based on a 'social' model based on both functional and medical criteria, rather than purely medical. The 2011 PSIA



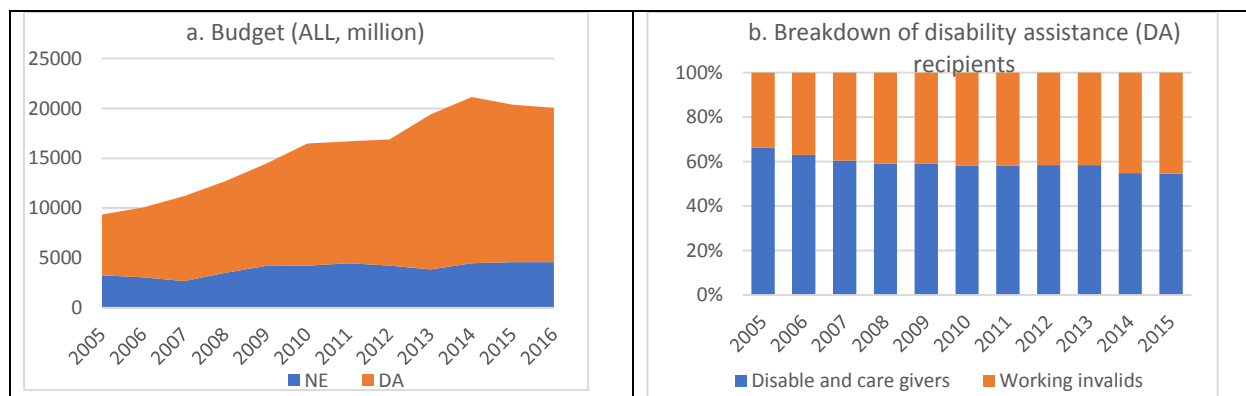
disability survey suggests that there is scope for redistribution of benefits to the ‘truly’ disabled and/or for reducing the spending on DA because a non-negligible share of beneficiaries at that time (14 percent) reported no functional disability of any kind. Given the higher spending over the past years since project preparation, the economic justification is even more valid and needed. The (parent) project TA will support a follow-up evaluation study to assess the degree of functional disabilities among DA beneficiaries as a follow-up to the PSIA baseline survey to monitor the impact of the disability reforms. In addition, during the first months of implementation, the AF will support a study to assess the economic and fiscal impact of the disability reform by simulating the reforms on the follow-up PSIA survey. The simulation will inform the potential economic gains of rolling out the disability reform nationwide based on the final details of how the Social Model will be defined and implemented after the lessons learned from the Tirana pilot are incorporated.

36. **The NE reforms supported by the original project already had positive results** in terms of (a) impacts on increased incomes (from transfers) and consumption in beneficiary households and (b) impacts on national estimates of poverty and inequality due to the redistributable nature of these transfers coupled with the improved targeting to the poor and vulnerable (moving to the USF based on a PMT regression model). Analysis based on the HBS indicates that the impact of the NE program based on the old eligibility rule (current binary exclusionary filters) is much smaller than the potential impact of the NE based on the roll-out of the new eligibility rule. Specifically, simulations suggest that the NE under the old eligibility rule contributed to reduce poverty by 0.3 percentage points. While roll-out of the new eligibility rule to three regions, representing half of the country’s population, contributed to reduce poverty by 0.5 percentage points, the national roll-out of the formula is expected to reduce the poverty rate by 1.2 percentage points. The benefit-cost ratio (the change in poverty gap for each dollar spent in the program) is currently 0.75 (based on HBS 2015), meaning that 75 percent of NE benefits contribute to reduce the (simulated) poverty gap in the country. The benefit-cost ratio is expected to be higher at 0.94 once the new eligibility rule based on the PMT is nationally rolled out. In terms of benefit incidence, the share of NE benefits accruing to the poorest decile increased from 34 percent in 2009 (baseline) to 45 percent in 2015, based on the HBS, already reflecting the impacts of the partial roll-out of the targeting reform to half of the country, and is expected to reach 57 percent once the new rule is nationally implemented.

37. The AF will support the development of a graduation strategy for NE beneficiaries once they reach the five-year duration limit of the benefit (as mandated by law). Because mandatory program exit will happen beyond the project life, it may be difficult to attribute any economic and fiscal impact to the activities supported by the proposed project.



Figure 1. Budget and Beneficiaries' Composition of the DA Benefits



Source: Albania State Social Services

B. Technical Analysis

38. **The technical rationale for the design of this AF is the same as the original project, which built on various diagnostics of the Albania social assistance system undertaken under preparation** as well as diagnostic studies supported by the TA component of the original project, notably on collating and adapting international good practice experiences to develop the new assessment criteria, business procedures, and institutional arrangements for the DA program in Albania based on the Social Model and relevant international standards.

39. **In addition, this AF project seeks to improve the equity objective by ensuring equitable access to people with disability to ROs.** The new model of disability assessment based on the International Classification of Functioning, Disability, and Health conceptual framework, the application process, and certification procedures require an in-person examination and interview of the applicant with a multidisciplinary commission established on a regional level, as an entity consisting of at least a general practitioner and a social worker who will be employed full time at the Office for the Assessment of Disability at the Social Services ROs. However, most of the ROs (including the ones in Tirana) are not equipped to ensure access to people with disabilities and do not have enough office space for the assessment of disability or staff resources. The rehabilitation of the ROs has been added as a new key result (with a linked disbursement) to facilitate the access to benefit to people with disabilities. The proposed project will support TA activities to ensure that the rehabilitation works comply with international quality standards. Lessons learned during implementation of the disability reform pilot in the two units in Tirana and the forthcoming process evaluation will inform the adjustments in the design and procedures of the reform. The timeline of implementation of the technical support has been more challenging than expected FM.

40. **The FM and disbursement arrangements with the existing loan will apply to the proposed AF.** The FM performance of the original project has thus far been rated Satisfactory. As for the original project, the proposed AF would rely on the Government's public FM system and architecture for managing and implementing social assistance programs. Such system comprises the systems and process for the distribution and reconciliation (including control, inspection and oversight) of social assistance benefits as well as the Government's national FM systems for budget and treasury management and financial reporting. The PMT will continue to be responsible for FM arrangements of the TA component, compile



financial reports required for Component 1, and prepare withdrawal applications for both components. The AF activities will be guided by the new POM, which is a condition for effectiveness of the AF loan. The same FM arrangements will apply. No changes in authorized signatories' official position are proposed for the AF.

41. **As in the original project, project disbursement of Component 1 or Category (1) would be linked to defined eligible expenditure line items comprising the EEP.** EEPs relevant to Component 1 consist of expenditures on cash transfers under the poverty-targeted NE program.⁵ Disbursement would be triggered by the achievement of results under the DLIs described in annex 1 at any time during the project period. The protocols for the verification of the achievement of the results and reporting requirements, including roles of the MHSP and the World Bank in the process are determined in annex 2. Verification protocols for results under DLI 17 and 20 would be based on the DA program monitoring systems established through the proposed project. An independent consultant will be hired under the World Bank supervision budget to verify achievement of DLI 18. The World Bank team will be responsible for monitoring and verifying the achievement of results under DLIs 17, 19, and 20 and making additional verifications as necessary before declaring DLIs' achievement. In addition, same as in the original project, all disbursements under this component would be subject to a Global Disbursement Condition relating to maintaining the inflation indexation for disability benefits.

42. **A pooled Designated Account will be used for Category (2)** and the use of funds will be sequenced by financing instrument. The proceeds allocated under Category 2 of IBRD #81410 will be exhausted first, before using (disbursing) the proceeds under the Category 2 of the proposed AF. Category (2) will disburse using advances and direct payments method, while copies of records and statement of expenditure will be used to report and document the uses of funds. Category (1) will disburse using the reimbursement method based on the quarterly interim financial reports (IFRs) on EEPs and achievement of the DLIs as indicated in the AF agreement.

43. **Project financial reporting and audit requirements will remain the same for both components.** The IFRs and annual financial reports will present both sources of funding (existing loan and AF) as applicable.

- (a) Quarterly IFRs on EEPs to be submitted not later than 45 days from the end of the quarter (these will be used as a supporting documentation for the reimbursements under Category 1)
- (b) Quarterly IFRs for the activities of the Component 2 (Category 2) submitted not later than 45 days from the end of the quarter
- (c) Audited annual financial statements for the EEP (audit conducted by the HSC) to be submitted not later than six months from the end of the year
- (d) Audited annual financial statements presenting the Component 2 operations submitted not later than six months from the end of the year

⁵ Cash transfer released under Budgetary Program 10430, economic account 6061003 (Albania Chart of Accounts).



44. Overall, the FM risk level of the proposed AF is assessed as Substantial, same as the existing project, due to extensive reliance on the country systems to satisfy the Component 1 FM requirements (RBF part). There are no overdue audit reports.

45. **Project monitoring, reporting, and evaluation.** The PMT within the MHSP will be responsible for monitoring and evaluating the progress of the project and the progress in achieving the DLIs. Because the disbursement relies on evidence of achievement of results as measured by DLIs, the MHSP will continue to monitor, verify, and report on achievement of results in accordance with the Draft DLI Verification Protocols in annex 2. The POM will include further details on the DLI verification protocols.

C. Procurement

46. **The current procurement performance is Satisfactory.** Procurement under the Component 2 of the AF will be carried out in accordance with the World Bank Procurement Regulation for IPF Borrowers dated July 2016. The responsibility for the project implementation will be transferred to MHSP, which is expected to have implications on procurement responsibilities. The procurement function is expected to be covered by a new procurement consultant in the PMT. The selection process for the procurement consultant is ongoing and expected to be finalized by April 2018. However, considering the local market, the new procurement officer most likely will have experience under the World Bank Guidelines. Thus, the procurement risk under the project is evaluated as Moderate.

47. **A Project Procurement Strategy for Development (PPSD)** has been prepared as part of the negotiation package. The PPSD will plan procurement packages, describe the risks and mitigation measures, and assess the client's procurement capacity.

48. **Procurement Plan.** A draft Procurement Plan (PP) for the AF has been prepared as part of the PPSD (annex 3). The PP might be updated annually or as necessary to reflect the actual needs of the project and will be subject to the World Bank's prior review.

49. Procurement activity will be conducted through STEP.

D. Social and Environmental (including Safeguards)

Social Analysis

50. Social safeguards will not be triggered for the AF because the infrastructure works will be mostly in the ROs (public institutions). The project will establish a mechanism for beneficiary feedback to be taken within the ROs and this would serve as a resource for further improvement of services from the beneficiary point of view. The beneficiary assessment mechanism will be set in addition to the grievance redress mechanism, the function of which will be to receive and respond to any project-related complaints.

Environmental Analysis

51. Due to the limited civil works and interventions on the buildings that would help improve access to the people with disabilities, as requested by the client, the AF has been categorized as a Category B, triggering OP 4.01 on Environmental Assessment. Because the selected locations of the works were not known before appraisal, the borrower had prepared, adopted, and disclosed a standard checklist Environmental Management Plan (EMP) on December 7, 2017. Following appraisal, the sites for the said



interventions were identified in Tirana, Elbasan, and Durrës, and the client had prepared the site-specific checklist EMPs and disclosed them on January 26, 2018, while the public consultations will be held before the start of works under DLI 18. These checklists will also be integrated into the bidding documents for the actual works and for the supervision activities and will be mandatory for both the contractor and the supervision.

52. Potential impacts of these civil works and interventions include dust and noise, vibrations, generation of construction waste, temporary access, and safety issues. The works will also be executed in a way that would ensure that they are consistent with good practice standards of fire and life safety/means of egress, internationally recognized building codes (or locally regulated building codes consistent with international standards), and use of licensed engineers and/or architects. The General Environment, Health, and Safety (EHS) guidelines of the World Bank Group will also apply, as incorporated and reflected in the contractor's bidding documents.

V. WORLD BANK GRIEVANCE REDRESS

53. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate GRS, please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org



VI. SUMMARY TABLE OF CHANGES

Summary of Proposed Changes	
The restructuring includes the following changes: (a) scale-up the geographical scope of the existing DA reform activities, (b) fund new activities under Component 1 (US\$10,202,500 for additional four DLIs) and Component 2 (US\$770,000), and (c) adapt the Results Framework to the new activities (PDO indicators will remain unchanged, but targets will be changed).	
Change in Implementing Agency	Yes [] No [X]
Change in Project's Development Objectives	Yes [] No [X]
Change in Results Framework	Yes [X] No []
Change in Safeguard Policies Triggered	Yes [X] No []
Change of EA category	Yes [X] No []
Other Changes to Safeguards	Yes [] No [X]
Change in Legal Covenants	Yes [] No [X]
Change in Loan Closing Date(s)	Yes [] No [X]
Cancellations Proposed	Yes [] No [X]
Change in Disbursement Arrangements	Yes [] No [X]
Reallocation between Disbursement Categories	Yes [] No [X]
Change in Disbursement Estimates	Yes [X] No []
Change to Components and Cost	Yes [X] No []
Change in Institutional Arrangements	Yes [X] No []
Change in Financial Management	Yes [] No [X]
Change in Procurement	Yes [X] No []
Change in Implementation Schedule	Yes [X] No []
Other Change(s)	Yes [] No [X]
Development Objective/Results	
Project's Development Objectives	
Original PDO	
The project would support Albania's implementation of reforms to improve the equity and efficiency of its social assistance programs.	
Change in Results Framework	
Explanation:	
The Results Framework has been revised correspondingly to reflect the proposed changes by making the targets of PDO indicators related to the DA reform more ambitious (expanding the definition of the	



indicators to three regions covering at least half of the country population) and by adding five new intermediate indicators to (a) measure improved access to SSS ROs by tracking the ‘average number of weekly visits by PWD’; (b) measure progress under the civil works activity, namely ‘number of SSS regional offices rehabilitated’; (c) measure the finalization of the exit rules action plan, namely ‘strategy and action plan developed to guide the NE exit’; (d) measure beneficiaries’ level of satisfaction, namely ‘share of DA beneficiaries in the three pilot regions satisfied with the access, quality of facilities, quality of services, and responsiveness to needs’ and (e) ensure citizen engagement and accountability, namely ‘grievances registered related to delivery of DA benefits that are actually addressed’.

Compliance

Change in Safeguard Policies Triggered	
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Explanation:

The original project was a Category C and the OP 4.01 on Environmental Assessment was not triggered. The AF is now a Category B and the policy is triggered.

Current and Proposed Safeguard Policies Triggered:	Current (from Current Parent ISDS)	Proposed (from AF ISDS)
Environmental Assessment (OP) (BP 4.01)	No	Yes
Natural Habitats (OP) (BP 4.04)	No	No
Forests (OP) (BP 4.36)	No	No
Pest Management (OP 4.09)	No	No
Physical Cultural Resources (OP) (BP 4.11)	No	No
Indigenous Peoples (OP) (BP 4.10)	No	No
Involuntary Resettlement (OP) (BP 4.12)	No	No
Safety of Dams (OP) (BP 4.37)	No	No
Projects on International Waterways (OP) (BP 7.50)	No	No
Projects in Disputed Areas (OP) (BP 7.60)	No	No

Change of EA Category	
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Original EA Category:	Current EA Category:	Proposed EA Category:
Not Required	Not Required	Partial Assessment

Explanation:

The original project neither financed any civil works nor was associated with environmental impacts, therefore was Category C, without triggering OP 4.01 Environmental Assessment. The AF will finance the



national roll-out of the disability reform. As part of this roll-out, the AF will finance activities to improve accessibility of the SSS ROs to people with disabilities and as such will include civil works and interventions on the buildings that would result in environmental impacts of dust and noise, vibrations, generation of construction waste, and temporary access and safety issues. As such, these activities financed under the AF trigger OP 4.01 and require a change in the categorization from C to B. The associated impacts can be readily identified and mitigated using sound construction practices and a checklist EMP. Because the selected locations of the works were not known before appraisal, the borrower had prepared, adopted, and disclosed a standard checklist EMP on December 7, 2017. Following appraisal, the sites for the said interventions were identified in Tirana, Elbasan, and Durres and the client had prepared the site-specific checklist EMPs and disclosed them on January 26, 2018 while the public consultations will be held before the start of works. In case of any additional sites, the client will follow the template of the standard checklist EMP that was disclosed before appraisal. No new construction is being envisaged.

The works will also be executed in a way that would ensure that they are consistent with good practice standards of fire and life safety/means of egress, internationally recognized building codes (or locally regulated building codes consistent with international standards), and use of licensed engineers and/or architects. The EHS guidelines of the World Bank Group will also apply, as incorporated and reflected in the contractor’s bidding documents.

Covenants - Additional Financing (Additional Financing Social Assistance Modernization project - P162079)

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
IBRD		Establishment of an inter-ministerial Coordination Working Group for decision making on implementation of reforms in social assistance programs.	31-July-2018	<input type="checkbox"/>		New
IBRD		Completion of DA program in the Tirana Region by December 31, 2019.	31-Dec-2019	<input type="checkbox"/>		New

Conditions

Source of Fund	Name	Type
IBRD	A POM has been adopted in a way satisfactory to the World Bank	Effectiveness
Description of Condition		



Risk										
Risk Category						Rating (H, S, M, L)				
1. Political and Governance						Substantial				
2. Macroeconomic						Moderate				
3. Sector Strategies and Policies						Moderate				
4. Technical Design of Project or Program						Moderate				
5. Institutional Capacity for Implementation and Sustainability						Substantial				
6. Fiduciary						Substantial				
7. Environment and Social						Low				
8. Stakeholders						Substantial				
9. Other						-				
OVERALL						Substantial				
Finance										
Loan Closing Date - Additional Financing (Additional Financing Social Assistance Modernization project - P162079)										
Source of Funds					Proposed Additional Financing Loan Closing Date					
International Bank for Reconstruction and Development					30-Jun-2021					
Change in Disbursement Estimates			(including all sources of Financing)							
Explanation:										
The AF project components will remain unchanged but will finance new activities with the additional funds of US\$10,202,500 for Component 1 and US\$770,000 for Component 2. Thus, the disbursement schedule will be adjusted to reflect the AF for new activities.										
Expected Disbursements (in US\$, millions) (including all sources of financing)										
Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Annual	2.04	14.89	5.01	5.81	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative	2.04	16.93	21.94	27.75	0.00	0.00	0.00	0.00	0.00	0.00
Allocations - Additional Financing (Additional Financing Social Assistance Modernization project - P162079)										
Source of Fund	Currency	Category of Expenditure	Allocation		Disbursement % (Type Total)					
			Proposed		Proposed					



IBRD	US\$		11,000,000.00	100.00
		Total:	11,000,000.00	
Components				
Current Component Name	Proposed Component Name	Original Project (Euro, millions)	Restructuring (Level 2) (Euro, millions)	IBRD Proposed AF (US\$, millions)
Component 1: Strengthening the Implementation and Performance of Social Assistance Programs	No change	36.765	35.115	10.202
Component 2: Technical Assistance to Strengthen Implementation Capacity for Social Assistance Programs	No change	1.140	2.790	0.770
Front-end fees		0.095	0.095	0.027
TOTAL		38.000 EURO (US\$50.000)	38.000 EURO (US\$50.000)	11.000 US\$
Other Change(s)				
Implementing Agency Name	Type	Action		
Ministry of Health and Social Protection	Line Ministry			
Change in Institutional Arrangements				
Explanation:				
<p>The MHSP, through the Directorate of Health and Social Protection Development Programs (DHSPDP) will be the implementing ministry of the AF. The recent restructuring of the Government cabinet after the general elections led to the dissolution of the MSWY and the merger of the Social Services and Social Protection Departments with the previously existing Ministry of Health, resulting in the new MHSP. The MHSP will now be responsible for program financing, design (including definition of the USF and eligibility threshold setting), monitoring, and oversight for both social assistance programs. The municipal-level local governments would continue to be responsible for basic program administration, including intake processes for all NE and DA applicants in the automated registry system. Social inspectors of SSS will continue to be responsible for oversight and controls of the NE program with strengthened investigative and enforcement powers. The administration of the noncontributory disability benefits will be part of</p>				



the system of the SSS, both at central and regional level. A fully staffed PMT will continue to be maintained to support the MHSP for the implementation of the proposed original project.

Change in Procurement	
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Explanation:

Procurement under the component 2 of AF will be carried out in accordance with the World Bank Procurement Regulation for IPF Borrowers dated July 2016. The New Procurement Policy Framework became effective July 1, 2016 and is mandatory for all new operations that have concept notes on or after that date.

Change in Implementation Schedule	
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Explanation:

The AF will finance new activities till June 30, 2021, thus the implementation schedule should be adjusted accordingly.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework COUNTRY: Albania Additional Financing Social Assistance Modernization project (P162079)							
Project Development Objectives							
Original Project Development Objective - Parent:							
The project would support Albania's implementation of reforms to improve the equity and efficiency of its social assistance programs.							
Proposed Project Development Objective - Additional Financing (AF):							
Results							
Core sector indicators are considered: Yes				Results reporting level: Project Level			
Project Development Objective Indicators							
Status	Indicator Name	Corporate	Unit of Measure		Baseline	Actual(Current)	End Target
No Change	Percentage of households in the poorest 10% that are covered by the Ndihma Ekonomike (NE) Program. ⁶	<input type="checkbox"/>	Percentage	Value	30.00	30.00	38.00
				Date	31-Dec-2009	19-Jun-2017	31-Dec-2018
				Comment			
No Change	Percentage of NE benefits		Percentage	Value	34.00	45.00	40.00

⁶ The baseline data for this indicator was re-calculated based on HBS 2009 data under the first project restructuring (it was originally estimated based on the LSMS which was discontinued after 2012). The actual (current) number has been updated based on the latest available data (HBS 2015).



	received by the poorest 10% households.	<input type="checkbox"/>		Date	31-Dec-2009	19-Jun-2017	31-Dec-2018
				Comment		Target achieved	
Revised	Share of disability assistance beneficiaries that report no functional disability	<input type="checkbox"/>	Percentage	Value	14.00	14.00	10.00
				Date	31-May-2012	21-Jun-2017	30-Jun-2021
				Comment			The indicator applies to Tirana, Elbasan, and Durres regions
No Change	The average time (days) needed to determine eligibility status of applicants	<input type="checkbox"/>	Text	Value	25	NE MIS developed and operational and data cross-checked with 7 other agencies. Targets in year 1 and year 2 are achieved. NE MIS is operational nationwide in all 12 regions. The average time to determine eligibility in the three pilot regions is 5 days	15
				Date	15-Dec-2015	19-Nov-2017	31-Dec-2018
				Comment		We expect the indicator's values to be 5 days	



						nationwide once the national roll-out is completed.	
Revised	MHSP has access to real-time data on DA applicants and beneficiaries in pilot areas	<input type="checkbox"/>	Text	Value	No MIS		DA MIS developed and operational in Tirana, Elbasan, and Durres regions
				Date	31-May-2012	19-Jun-2017	30-Jun-2021
				Comment			The indicator applies to Tirana, Elbasan, and Durres regions
Intermediate Results Indicators							
Status	Indicator Name	Corporate	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Beneficiaries of social safety net programs	<input checked="" type="checkbox"/>	Number	Value	604,240.00	490,833.00	600,000.00 ⁷
				Date	02-Jan-2012	21-Jun-2017	30-Jun-2021
				Comment		The number refers to NE individual beneficiaries plus DA individual beneficiaries.	

⁷ The project focuses more on the efficiency of spending than the coverage expansion. Efforts would be made to target resources more effectively to the poorest and most vulnerable in society, bringing into the NE program additional poor that are currently excluded. Thus, the end target number of NE beneficiaries might remain the same as the baseline, but it would include more poor beneficiaries and less rich ones. It is the case for DA beneficiaries as well, as some of them would receive lower amounts because their disability is assessed less severe. Hence, the achievement of higher efficiency in NE spending and lower DA spending.



						Reforms are expected to improve the targeting of both NE and DA, not their overall coverage.	
Revised	Beneficiaries of Safety Nets programs - Other cash transfers programs (number)	<input type="checkbox"/>	Number	Value	144,941.00	156,515.00	145,000.00 ⁸
			Sub Type	Date	02-Jan-2012	21-Jun-2017	30-Jun-2021
			Breakdown	Comment		Number refers to DA individual beneficiaries	
Revised	Beneficiaries of Safety Nets programs - Female (number)	<input type="checkbox"/>	Number	Value	302,000.00	245,416.00	300,000.00
			Sub Type	Date	02-Jan-2012	21-Jun-2017	30-Jun-2021
			Breakdown	Comment		Number refers to female individual beneficiaries	
Revised	Beneficiaries of Safety Nets programs - Unconditional cash transfers (number)	<input type="checkbox"/>	Number	Value	99,850.00	81,852.00	100,000.00
			Sub Type	Date	02-Jan-2012	19-Jun-2017	30-Jun-2021
			Breakdown	Comment		The number refers to NE beneficiary households	
No Change	Percentage of social administrators trained in implementation of the Unified Scoring Formula	<input type="checkbox"/>	Percentage	Value	0.00	100.00	95.00
				Date	31-May-2012	21-Jun-2017	31-Dec-2018
				Comment		Target achieved	

⁸ See footnote 7.



No Change	Percentage of households receiving benefits for the NE program that have been screened for eligibility using the Unified Scoring Formula agreed with the World Bank	<input type="checkbox"/>	Text	Value	0%	80	85
				Date	31-May-2012	21-Jun-2017	31-Dec-2018
				Comment		More than 80% of the beneficiaries have been screened for eligibility using USF in the three pilot areas and 74% nationwide	
Revised	Percentage of NE applicants case files that are complete and consistent with the USF application and intake processes	<input type="checkbox"/>	Percentage	Value	0.00	87.00	80.00
				Date	31-May-2012	21-Jun-2017	31-Dec-2018
				Comment		87% of NE applicants' case files in the three pilot regions are complete and consistent with the USF application and intake processes. The indicator will be tracked once the national roll-out is launched in January 2018	
No Change	Adoption of Social Model for DA eligibility assessment	<input type="checkbox"/>	Text	Value	DA assessment based on medical model	Assessment criteria, business procedures, and institutional arrangements for	Assessment criteria, business procedures, and institutional arrangements for



						the DA program are revised based on the Social Model, and these revisions are consulted, approved, and disseminated.	the DA program are revised based on the Social Model, and these revisions are consulted, approved, and disseminated (DLI 6)
				Date	31-May-2012	21-Jun-2017	31-Dec-2018
				Comment		Target achieved	
Revised	Percentage of new DA applications and recertification requests in Tirana, Elbasan and Durres that have been reassessed using revised criteria and processes based on the Social Model	<input type="checkbox"/>	Percentage	Value	0.00		66.00
				Date	31-Dec-2017		30-Jun-2021
				Comment			The indicator applies to Tirana, Elbasan, and Durres regions
Revised	Percentage of local government units that use the automated MIS to process DA applicants' registration, beneficiary selection, program enrollment, and payment orders	<input type="checkbox"/>	Percentage	Value	0.00		90.00
				Date	31-Dec-2017		30-Jun-2021
				Comment			The indicator applies to Tirana, Elbasan, and Durres regions
Revised	Percentage of new applications and recertification requests received in Tirana, Elbasan and Durres that have been processed using the automated DA MIS	<input type="checkbox"/>	Percentage	Value	0.00		66.00
				Date	31-Dec-2017		30-Jun-2021
				Comment	The indicator applies to Tirana, Elbasan,		The indicator applies to Tirana,



					and Durres		Elbasan, and Durres regions
Revised	Percentage of suspected fraud and error cases in the DA program in Tirana that are investigated by social inspectors in accordance with revised sanctions policy and legislation	<input type="checkbox"/>	Percentage	Value	0.00	0.00	55.00
				Date	31-May-2012	21-Jun-2017	30-Jun-2021
				Comment			
New	Average number of weekly visits by PWD	<input type="checkbox"/>	Number	Value	50.00		80.00
				Date	31-Dec-2017		30-Jun-2021
				Comment			
New	Number of SSS Regional Offices rehabilitated	<input type="checkbox"/>	Number	Value	0.00		3.00
				Date	31-Dec-2017		30-Jun-2021
				Comment			
New	Strategy and action plan developed to guide the NE exit	<input type="checkbox"/>	Text	Value	No strategy and no action plan in place		Strategy and action plan developed, consulted, approved by CoM, and disseminated.
				Date	31-Dec-2017		30-Jun-2021
				Comment			
New	Share of DA beneficiaries in the three pilot regions satisfied with the access, quality of facilities, quality of services, and responsiveness to needs	<input type="checkbox"/>	Percentage	Value	0.00		65.00
				Date	31-Dec-2017		30-Jun-2021
				Comment			



New	Grievances registered related to delivery of DA benefits that are actually addressed	<input type="checkbox"/>	Percentage	Value	0	55.00
				Date	31-Dec-2017	30-Jun-2021
				Comment	No grievances system is in place for DA beneficiaries.	

**Annex I. DLIs, Results, and Amounts**

DLI	DLR	DLI Amount (expressed in Euro, millions)
DLIs under the Original Project		
1	At least 90 percent of social administrators in the three pilot regions are trained in the implementation of Unified Scoring Formula for the NE program. (ACHIEVED)	1.045
2	At least 80 percent of households in the three pilot regions that are receiving benefits for the NE program have been screened for eligibility using the Unified Scoring Formula agreed with the World Bank. (ACHIEVED)	1.900
3	At least 80 percent of NE applicants' case files in the three pilot regions are complete and consistent with the application and intake processes using the Unified Scoring Formula specified in the NE operational guidelines agreed with the World Bank. (ACHIEVED)	1.900
4	At least 80 percent of households nationwide that are receiving benefits for the NE program have been screened for eligibility using the Unified Scoring Formula agreed with the World Bank. (IN PROGRESS)	2.500
5	Revised assessment criteria, business procedures and institutional arrangements for the DA program based on the Social Model are developed and pre-tested. (ACHIEVED)	1.900
6	Assessment criteria, business procedures and institutional arrangements for the DA program are revised based on the Social Model, and these revisions are consulted, approved, and disseminated. (ACHIEVED)	1.900
7	At least 66 percent of the new applications and recertification requests in two pilot areas have been assessed/reassessed using the revised criteria and processes based on the Social Model. (ACHIEVED)	2.500
8	The first stage of NE MIS is developed and tested, comprising functional modules for a national registry of NE applicants, selection of eligible households, enrollment, payment order issuance, and reporting. (ACHIEVED)	2.090
9	At least 90 percent of local government units (municipalities/communes) in the three pilot regions use the automated MIS to process NE registration of applicants, beneficiary selection, program enrollment, and payment orders. (ACHIEVED)	2.850
10	Household and/or individual information registered for beneficiaries in the NE MIS are cross-checked with relevant information in at least 3 government information systems (such as tax registry, employment, vehicles, civil registry, business registration, or pension system). (ACHIEVED)	2.850
11	At least 90 percent of local government units	2.850



DLI	DLR	DLI Amount (expressed in Euro, millions)
	(municipalities/communes) nationwide use the automated NE MIS to process NE registration of applicants, beneficiary selection, program enrollment, and payment orders; and the NE MIS is expanded to cover second-stage functions, comprising a business intelligence module for monitoring and evaluation. (IN PROGRESS)	
12	The third stage of the NE MIS is developed and tested, with expanded functions comprising a module for “integrated case management” and a linkage to the Treasury system to enable automated electronic payment reconciliation. (IN PROGRESS)	2.090
13	The first stage of DA program MIS is developed and tested, comprising functional modules for a national registry of DA program new applicants and existing beneficiaries, eligibility assessment and recertification, program enrollment, payment order issuance and reporting. (ACHIEVED)	2.090
14	At least 66 percent of the new applications and recertification requests received in two pilot areas have been processed using the automated DA MIS. (ACHIEVED)	2.850
15	At least 75% of suspected fraud and error cases in the NE program are investigated by social inspectors in accordance with revised sanctions policy and legislation. (IN PROGRESS)	1.900
16	Risk-based profiling to detect error and fraud in the NE program is implemented. (In PROGRESS)	1.900

Note: DLR = Disbursement-Linked Result

DLI	DLR	DLI Amount (expressed in US\$)
New DLIs under AF		
17	(a) At least 66 percent of the new applications and re-certification requests received in all administrative units in the Tirana, Elbasan and Durres, have been processed using the automated DA. (b) The DA MIS is expanded to cover second-stage functions, including integrating data from the revised eligibility assessment based on the Social Model.	3,000,000
18	Three SSS Regional Offices in Tirana, Elbasan, and Durres are rehabilitated according to official regulations on accessibility for disabled persons in public buildings, spaces and services.	2,500,000
19	An Exit Strategy and Action Plan for NE beneficiaries are developed, consulted, approved, and disseminated.	2,202,500
20	At least 55 percent of suspected fraud and error cases in the DA program in Tirana are investigated by social inspectors in accordance with the verification protocol.	2,500,000



Annex II. Draft DLI Protocols for the Proposed Project

Indicator Identification Data and Compliance Information			
Indicator	DLI17: (a) At least 66 percent of the new applications and re-certification requests received in all administrative units in Tirana, Elbasan and Durres, have been processed using the automated DA MIS (b) The DA MIS is expanded to cover second-stage functions, including integrating data from the revised eligibility assessment based on the Social Model.		
Compliance conditions	This DLI will be met when at least 66 percent of the new applications and recertification requests for DA program received in 90 percent of all administrative units of Tirana, Elbasan, and Durres have been processed using the automated DA MIS.		
Compliance specifications	(a) Evidence of the use of an automated MIS to process DA program registration of applicants, program enrollment, recertification decisions, and payment orders will be obtained through a populated database of payment orders issued for DA program beneficiaries by Regional Directorate of State Social Services (RDSSS) in pilot areas. (b) DA program payment orders are issued by the automated DA program MIS module.		
Reporting requirements	<ul style="list-style-type: none"> The populated database (RDSSS) should include, at a minimum, beneficiaries' id number and payment order information for individuals enrolled in the DA program in the 3 regions. A DA program MIS module report on DA program beneficiary database load activity by RDSSS will be generated including, at a minimum, the following variables: region, RDSSS, load activity period, number of beneficiaries for whom a payment order was issued, and the total amount of payment orders issued. 		
Means of verification	(i) DA program MIS module reports on DA program beneficiary database load activity by RDSSS; (ii) short note to calculate DLI 1; and (iii) SSS Statistical report.		
Reporting procedures	1. Central MIS administrator generates DA program MIS module reports on DA program beneficiary database load activity by RDSSS.	2. SSS prepares a short note to calculate DLI 1	3. DHSPDP sends agreed means of verification to the World Bank upon achievement of the DLI target.
	4. Central MIS administrator provides to the World Bank supervisor access rights to the DA program MIS module to enable a review of RDSSS database load activity.	5. The World Bank conducts a random review of RDSSS database load activity.	
Calculation formula	$\left[\frac{\text{Number of new applications and recertification requests for DA program received in a period of three months that have been processed using the automated DA MIS in three regions}}{\text{Total number of new applications and recertification requests for DA program received in a period of six weeks in the three regions}} \right] \times 100$		
Measurement unit	Percent		
Measurement frequency	Monthly (expected to start in Year 1)		
Variables Characteristics			



Variable 1 name (numerator)	Number of new applications and recertification requests for DA program received in a period of three months in the 3 regions that have been processed using the automated DA MIS		
Variable specification	Number of new applications and recertification requests for DA program received in a period of three months in the three regions that have been processed using the automated DA MIS including new DA program applicants' registration and program enrollment; record recertification decisions of existing beneficiaries; and issue payment orders for new and existing beneficiaries.		
Measurement unit	Number of new applications and recertification requests for DA program		
Measurement frequency	Monthly (expected to start in Year 1)		
Data collection method	Administrative data	Specify:	DA program MIS module reports on DA program beneficiary database load activity by RDSSS
Variable 2 name (denominator)	Number of new applications and recertification requests for DA program received in a period of three months in the three regions		
Variable specification	Number of new applications and recertification requests for DA program received in a period of three months in the three regions determined by the Government in consultation with the World Bank		
Measurement unit	Number of new applications and recertification requests received for DA program		
Measurement frequency	Once (expected in Year 2)		
Data collection method	Administrative records	Specify	SSS Statistical report
Baseline Information			
Indicator baseline value in PAD	0	Measurement Unit	Percent
Target value			
Target value	90	Measurement Unit	Percent
Year	2021	Month	March
Contact Information of Individuals Responsible for Indicator Measurement and Reporting			
Name of person in charge of indicator	Alma Hyra		
Institution	SSS		
Unit	Department of Commissioning for People of Disability		
Position	Specialist		
E-mail address	Alma.hyra@sherbimisocial.gov.al		

Indicator Identification Data and Compliance Information	
Indicator	DLI 18: Three SSS Regional Offices in Tirana, Elbasan, and Durres are rehabilitated according to official regulations on accessibility for disabled persons in public buildings, spaces and services;
Compliance conditions	This DLI will be met when the three SSS ROs in Tirana, Elbasan and Durres are rehabilitated and, as a result, comply with the Guidelines on "Utilization of the spaces by differently disabled people" approved by the Decision of the Council of Ministers No. 1503 on November 19, 2008 (hereafter Guidelines). These Guidelines are aimed at



	promoting public buildings, spaces and services that are free of architectural barriers for disabled people access.		
Compliance specifications	<p>(a) The selection criteria for the SSS ROs in Tirana, Elbasan, and Durres that will be rehabilitated will require approval by the World Bank;</p> <p>(b) Detailed project designs for the rehabilitation of selected SSS ROs in Tirana, Elbasan, and Durres should address explicitly improvements proposed for compliance with the Guidelines. These design projects should be approved by the relevant authorities in each municipality and will be agreed with the World Bank</p> <p>(c) Rehabilitation works in the selected SSS ROs in Tirana, Elbasan, and Durres should be completed according to the approved project designs, ensuring compliance with the Guidelines.</p> <p>(d) A Verification Checklist for the compliance with the Guidelines will be agreed with the World Bank. This verification checklist will be used to review the project designs mentioned above and the conditions of the selected SSS ROs in Tirana, Elbasan, and Durres after completion of the rehabilitation works</p>		
Reporting requirements	<p>1. An independent Works Supervision Consultant hired by the Government should prepare at least three reports at the end of each phase:</p> <ul style="list-style-type: none"> (i) Rehabilitation project design (ii) Implementation of rehabilitation works (iii) Defects liability period. <p>2. SSS should prepare a brief Rehabilitation Report summarizing the whole rehabilitation process from the selection of each SSS ROs in Tirana, Elbasan, and Durres, to the final delivery of each one. The report should include pictures of the before and after of each rehabilitated office and their completed Verification Checklist for the Compliance with the Guidelines at the design stage and after completion of the rehabilitation works.</p>		
Means of verification	<p>(a) Approved detailed project designs for the rehabilitation of the selected SSS ROs in Tirana, Elbasan, and Durres.</p> <p>(b) Provisional Acceptance and Final Acceptance Certificates of completed rehabilitation works in the selected SSS ROs in Tirana, Elbasan, and Durres issued by the Works Supervision Consultant and processed by the implementing agency/beneficiaries.</p> <p>(c) Rehabilitation Report of the selected SSS ROs in Tirana, Elbasan, and Durres, including the completed Verification Checklist for the compliance with the Guidelines in each SSS RO.</p> <p>An independent expert consultant will be hired by the World Bank to verify the quality of project design (a), final acceptance certificates (b), and compliance with verification guidelines (c).</p>		
Reporting procedures	1. SSS prepares and sends the Verification Checklist for the compliance with the Guidelines to the World Bank for review.;	2. After completion of the rehabilitation works, SSS prepares the Rehabilitation Report of the selected SSS ROs in Tirana, Elbasan, and Durres.	3. DHSPDP in MHSP sends agreed means of verification to the World Bank upon achievement of the DLI target.
Measurement unit	Text		
Measurement frequency	Bimonthly (expected to start in Year 1)		
Verification check list:	The confirmation in the above reports and certificates that all civil works activities		



Issue/aspect	related to technical standards identified in the Annexes of the Guidelines “Utilization of the spaces by differently disabled people” are performed to the highest standard. Completed Verification Checklist for the compliance with the Guidelines in the SSS RO in Tirana, Elbasan, and Durres; Rehabilitation Report of the selected SSS ROs in Tirana, Elbasan, and Durres.		
Baseline Information			
Indicator baseline value in PAD	0	Measurement unit	Number
Target value	3	Measurement unit	
Year	2021	Month	April
Contact Information of Individuals Responsible for Indicator Measurement and Reporting			
Name of person in charge of indicator	Aida Cavo		
Institution	SSS		
Unit	Department of Budget and Investments		
Position	Head of Department of Budget and Investments		
E-mail address	Aida.cavo@sherbimisocial.gov.al		

Indicator Identification Data and Compliance Information	
Indicator	DLI 19: An Exit Strategy and Action Plan for NE beneficiaries are developed, consulted, approved, and disseminated.
Compliance conditions	<p>The DLI will be met when a Strategy and an Action Plan to manage the NE program exit of beneficiary households is developed, consulted, approved and disseminated by the Government.</p> <p>The NE Exit Strategy should include, at a minimum, the following elements:</p> <ul style="list-style-type: none"> (a) A diagnostic of NE beneficiary households expected to exit the program in the short and medium term, including their annual expected number; geographical location; main characteristics (at the household and individual level), and constraints to their social and productive inclusion. (b) A policy framework to support the social and productive inclusion of members of NE beneficiary households, particularly after the NE benefit expiration term. This framework should consider differences in rural and urban conditions and include the following elements: <ul style="list-style-type: none"> (i) Identification of activation and other support measures required for the social and productive inclusion of members of NE beneficiary households, based on international evidence on what works best for different types of individual profiles. (ii) Exceptions to the 5-year benefit expiration rule. (iii) Conditions and criteria for NE program reapplication (c) Transparent and client-friendly business procedures and decision-making flow for the NE exit process and transition to productive inclusion. (d) Mechanisms required for case management; appeals, complaints, and M&E system. (e) Institutional arrangements required for implementing the policy framework, including coordination between MHSP, MoFE, and other relevant government offices and private actors.



	<p>(f) Well-defined oversight and control roles and responsibilities; and (g) Staffing and budget requirements. The Action Plan should include, at a minimum, the following elements: (a) Main actions, roles and responsibilities, and time frame for implementing the NE Exit Strategy. (b) Communications strategy for the NE Exit Strategy.</p>		
Compliance specifications	<p>(a) The consultation process for the NE Exit Strategy will incorporate the main stakeholders and actions identified in the Communications strategy. (b) The NE Exit Strategy will be agreed with the World Bank. (c) The NE Exit Strategy should be approved through new legislation and implementation regulations published in the Official Gazette and the MHSP website.</p>		
Means of verification	<p>(a) NE Exit Strategy Document (b) Action Plan Document (c) Report on the Consultation Process (d) Legislation and implementation regulations published in the Official Gazette (e) Legislation and implementation regulations published in the MHSP website.</p>		
Reporting procedures	1. DHSPDP prepares the NE Exit Strategy and Action Plan documents	2. DHSPDP sends a copy of the NE Exit Strategy and Action Plan documents to the World Bank for review/approval.	3. DHSPDP carries out the consultation process and prepares a Report on the Consultation Process
	3. DHSPDP prepares new legislation and implementation regulations for NE Exit Strategy	4. DHSPDP sends a copy of agreed means of verification to the World Bank upon completion of the DLI target.	
Measurement unit	Text		
Measurement frequency	Once (expected in Year 2)		
Verification Checklist			
Issue/Aspect		Means of Verification	
(i) Have the NE Exit Strategy and Action Plan been developed?		NE Exit Strategy and Action Plan documents	
(ii) Does the NE Exit Strategy include the following elements:		NE Exit Strategy Document	
a) A diagnostic of NE beneficiary households expected to exit the program in the short and medium term, including their annual expected number; geographical location; main characteristics (at the household and individual level), and constraints to their social and productive inclusion?			
b) A policy framework to support the social and productive inclusion of members of NE beneficiary households, considering differences in rural and urban conditions?			
c) Identification of activation and other support measures			



required for the social and productive inclusion of members of NE beneficiary households, based on international evidence on what works best for different types of individual profiles?			
d) Exceptions to the 5-year benefit expiration rule?			
e) Conditions and criteria for NE program reapplication?			
f) Transparent and client-friendly business procedures and decision-making flow for the NE exit process and transition to productive inclusion?			
g) Mechanisms required for case management; appeals, complaints, and M&E system.			
h) Institutional arrangements required for implementing the policy framework			
i) Well-defined oversight and control roles and responsibilities			
j) Staffing and budget requirements.			
(iii) Does the Action Plan include the following elements:			
a) Main actions, roles and responsibilities and timeframe for implementing the NE Exit Strategy?		Action Plan Document	
b) Communications strategy for the NE Exit Strategy?			
(iv) Has the consultation process for the NE Exit Strategy incorporated the main stakeholders and actions identified in the communications strategy?		Report on the Consultation Process and Action Plan Document	
(v) Has the NE Exit Strategy been approved through new legislation and implementation regulations published in the Official Gazette?		Legislation and implementation regulations published in the Official Gazette	
(vi) Has the new legislation and implementation regulations related to the NE Exit Strategy been disseminated through MHSP website?		Legislation and implementation regulations published in the MHSP website	
Baseline Information			
Indicator baseline value in PAD	No Exit Strategy for NE beneficiaries	Measurement unit	Text
Target Value			
Target value	An Exit Strategy and Action Plan for NE beneficiaries are developed, consulted, approved and disseminated.	Measurement Unit	Text
Year	2019	Month	October
Contact Information of Individuals Responsible for Indicator Measurement and Reporting			
Name of person in charge of indicator	Denada Seferi		
Institution	MHSP		
Unit	Directorate of Health and Social Protection Development Programs		
Position	Director		
E-mail address	Denada.Seferi@sociale.gov.al		



Indicator Identification Data and Compliance information			
Indicator	DLI 20: At least 55 percent of suspected fraud and error cases in the DA program in Tirana are investigated by social inspectors in accordance with the verification protocol.		
Compliance conditions	This DLI will be met when at least 55% of suspected fraud and error cases identified in Tirana during the previous 6 months in the DA program are pursued.		
Compliance specifications	(i) Suspected fraud and error cases will be identified through routine inspection activity, data cross-checks or staff (social administrators and others) referrals, as specified in the revised operational guidelines. (ii) Suspected fraud and error cases will be considered as pursued when an inspection report has been sent to the local government unit (LGU) major, unless otherwise defined in the revised operational guidelines.		
Reporting requirements	<ul style="list-style-type: none"> SSS will generate Quarterly MIS Inspection Reports for the DA program, specifying at a minimum the following information: (i) the number of suspected fraud and error cases identified in the previous quarter by source (routine inspection activity, data cross-checks or staff referrals); and (ii) the number suspected cases pursued. Pursued cases will be broken down by the following categories: (a) in process (b) closed with no further action required (c) closed and corrected with no sanction, and (d) closed and corrected with sanctions. 		
Means of verification	(i) Quarterly MIS Inspection Reports for the DA program; (ii) SSS Annual Progress Report posted in MHSP website; (iii) short note to calculate DLI 20; and (iv) Revised Operational Guidelines.		
Reporting procedures	1. SSS generates Quarterly MIS Inspection Reports for the DA program;	2. SSS prepares a short note to calculate DLI 20	3. DHSPDP sends agreed means of verification to the World Bank upon achievement of the DLI target.
Calculation formula	$\left[\frac{\text{Number of suspected fraud and error cases identified during the previous 6 months in the DA program that were pursued}}{\text{Number of suspected fraud and error cases identified during the previous 6 months in the DA program, through routine inspection activity, data cross-checks or staff referrals}} \right] \times 100$		
Measurement unit	Percent		
Measurement frequency	Annually (expected to start in Year 2,)		
Variables Characteristics			
Variable 1 name (numerator)	Number of suspected fraud and error cases identified during the previous 6 months in the DA program that were pursued		
Variable specification	Number of suspected fraud and error cases—identified through routine inspection activity, data cross-checks, or staff referrals during the previous 6 months in the DA program—that were pursued according to the revised operational guidelines. Suspected fraud and error cases will be considered as pursued when an inspection report has been sent to the LGU major, unless otherwise defined in the revised operational guidelines.		
Measurement unit	Number of suspected fraud and error cases		
Measurement frequency	Annually (expected to start in Year 2)		
Data collection	Administrative records	Specify:	Quarterly MIS Inspection Reports for DA



method			program
Variable 2 name (denominator)	Number of suspected fraud and error cases identified during the previous six months in the DA program, through routine inspection activity, data cross-checks, or staff referrals		
Variable specification	Number of suspected fraud and error cases identified during the previous six months in the DA program, through routine inspection activity, data cross-checks, or staff referrals, as specified in the revised operational guidelines.		
Measurement unit	Number of suspected fraud and error cases		
Measurement frequency	Annually (expected to start in Year 2)		
Data collection method	Administrative records	Specify:	SSS Annual Progress Report
Baseline Information			
Indicator baseline value in PAD	0	Measurement unit:	Percent
Target Value			
Target value	55	Measurement Unit	Percent
Year	2020	Month	April
Contact Information of Individuals Responsible for Indicator Measurement and Reporting			
Name of person in charge of indicator	Luneda Sufali		
Institution	State Social Service		
Unit	General Director		
Position			
E-mail address	Luneda.sufali@sherbimisocial.gov.al		

**Annex III. Draft Procurement Plan**

Ref. No.	Activity Description	Estimate Cost (Euro)	Type of Procurement	Selection Method	Review by Bank (Prior/Post)	Contract Signing Date (Planned)	Contract Completion Date (planned)
1	TA to support the development of an exit strategy for NE beneficiaries based on innovative model and international evidence on what works	50,000	CS	CQ	Post	March 20, 2019	July 27, 2019
2	Update and delivery of training module of disability evaluation staff of regional directories, SSS, Regional Directories, MSWY staff, family, and specialist doctors on scale-up implementation of the disability evaluation reform	100,000	CS	CQ	Post	March 29, 2019	September 27, 2019
3	TA (international and local) to conduct an assessment of the situation of working invalids	20,000	CS	IC	Post	March 15, 2019	June 27, 2019
4	International expert consultancy to regularly revise and update the instruments and protocols as the DA reform is scaled up to all Tirana and to adjust an instrument to determine disability level	15,000	CS	IC	Post	March 25, 2019	October 27, 2019
5	TA activities to ensure quality of rehabilitation works of ROs (audit consultancy)	30,000	CS	CQ	Post	April 10, 2019	June 30, 2021
6	TA to support the implementation and effective use of the NE and DA MIS systems	20,000	CS	IC	Post	April 10, 2019	June 30, 2021
7	TA to monitor and support the scale-up implementation of the disability evaluation reform (local expert)	25,000	CS	IC	Post	March 10, 2019	June 30, 2021
8	Strengthening the implementation capacity of LGU, ROs, and SSS for coordination of social services (case management) for people with disability	20,000	CS	CQ	Post	April 30, 2019	September 30, 2019
9	Strengthening the MHSP (or SSS) M&E capacity for data analysis, to manage and update the scoring formula (not publicly disclosed) (two local experts)	25,000	CS	IC	Post	April 10, 2019	December 30, 2019



Ref. No.	Activity Description	Estimate Cost (Euro)	Type of Procurement	Selection Method	Review by Bank (Prior/Post)	Contract Signing Date (Planned)	Contract Completion Date (planned)
10	PSIA follow up survey to measure and track the inclusion and exclusion errors of the DA reform once it is rolled out at least to half of the country	100,000	CS	CQ	Post	January 17, 2021	June 30, 2021
11	Design of methodologies and delivery of training for building, maintaining, and updating a risk profile (including cross-checking procedures) for DA	80,000	CS	CQ	Post	September 10, 2019	April 30, 2020
12	A second-stage communication campaign in the three selected regions	50,000	CS	CQ	Post	September 10, 2020	February 30 2021
13	A beneficiary assessment survey for the DA beneficiaries.	60,000	CS	CQ	Post	September 21, 2020	December 30, 2020

Note: CS = Competitive Selection; CQ = Costs & Quality; IC = Individual Consultant.