



# Republic of Albania Programme for Sustainable Development in Rural Mountain Areas

## Project Performance Assessment

90<sup>th</sup> session of the Evaluation Committee

27 November 2015

# Background

Goal: increase household incomes particularly among poorer rural population

## 3 Objectives:

- additional resource mobilization in and for the mountain areas;
- accelerated economic growth and poverty reduction;
- strengthened abilities of local institutions and organizations;

- 14.2.2007 (effectiveness) – 30.9.2013 (after 1 yr extension)

- Actual costs: 23.35 million \$

IFAD 33%; CE DB 28%; OFID 17%;

beneficiaries 14%; GoA 9%

# Approaches

2 implementing partners (established through SDRMA predecessor project):

- Mountain Areas Development Agency (MADA)
- First Albanian Finance Development Company (FAF-DC)
  
- Foster sustainable commercial rural activities
- Beneficiary participation in investment planning
- Strategic investment opportunities
- Bundling technical and financial support
- Capacity building of service providers
- Strengthening key institutions to mediate this approach

# Findings (1)

- *Various activities and outputs reported but no baseline and no targets.*
- *No outcome indicators quantified in relation to goal and objectives.*
- *Hard to evaluate the level of achievement.*
- *No Mid Term review undertaken, hence no corrective measures*

# Findings (2): outputs realized

21	FORAS	= forum of major stakeholders from public and private sector; 10 were active
37	Local Action Plans	
17	Strategic Investment Pgms	
165	Matching grants	for Income Generating Activities
44	Infrastructure projects	
3,100	Local stakeholders trained	
2,300	Entrepreneurs + employees	trained
	Brucellosis	Control
8,770	Loans	76% less than 5,000 \$, but now 95% for SMEs

# Findings (3)

- *No targeting of poor households*
- *Poor not able to contribute 30-40% of the matching grants*
- *Interest rate of loans prohibitive for poor (17.5% - 21 %)*
- *Small number of direct beneficiaries (12, 000)*
- *Gender: Women targeted (35-42%) in training, but no analysis of effects of interventions. No equal gender opportunities as targeted.*
- *Participatory planning & Local Action Plans*
- *Small scale economic infrastructure (irrigation, roads)*
- *Employment from loans: per loan creation of 1.7 full time and 1.3 part time job (unclear if poor beneficiaries)*

# Findings (4)

- *No evidence of implicit theory of change taking place: grants and loans would lead to a) replication; b) more investments in mountain areas; c) backward linkages.*
- *MADA remained a project implementation unit; no influence on policy nor on increasing national budget for mountain areas. Future existence uncertain*
- *Sustainability of FORA is questioned*
- *FAF-DC: unable to transform into a commercial bank, hence no mobilization of savings and deposits; targeted coverage not achieved; small scale lending expensive, hence reduced lending for this category. Has not become an effective rural/agriculture lending institution*

# Conclusions

- Local Action Plans (LAPs) are relevant; Improved rural infrastructure are high priorities in all commune LAPs and benefit villagers; Alleviating key constraints to specific value chains could be successful
- *Partner institutions were deficient in knowledge management and learning*
- *IFAD did not address comments by the Technical Review Committee made at the outset and has not shown to be a learning institution in Albania*
- *The Government lacked clarity and guidance with regard to the roles and functions of MADA, FAF-DC and FORA*
- *After 14 years of IFAD and MADA involvement, an effective mountain area development agency has not emerged*
- *Lack of agriculture credit services remains a critical constraint*



# Recommendations

- Value chain analyses and funding to address critical constraints should be scale up in a simplified form, with the inclusion of targeting poor and women
- Economic empowerment of women should be vigorously pursued
- New options to be researched by the Government for effective rural banking services
- IFAD to address the poor and develop a targeting strategy
- IFAD to make M&E a condition for loan approval