Document of
The World Bank

Report No: ICR1859

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-40740 TF-54995 TF-54926)

ON A

CREDIT
IN THE AMOUNT OF SDR4.6 MILLION
(US$7.36 MILLION EQUIVALENT)

AND A

GLOBAL ENVIRONMENTAL FACILITY GRANT
IN THE AMOUNT OF US$5.0 MILLION

TO THE

REPUBLIC OF ALBANIA

FOR A

NATURAL RESOURCES DEVELOPMENT PROJECT

February 28, 2012

ECCU4
Sustainable Development Department
Europe and Central Asia Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective December 1, 2011)

Currency Units = ALL, USD, SEK
ALL 1.00 = USD$ 0.0097
USD$ 1.00 = ALL 103.1499
SEK 1.00 = USD$ 0.1476

FISCAL YEAR
[January 1 – December 31]

ABBREVIATIONS AND ACRONYMS

AFP	Albania Forestry Project
ANFI	Albania National Forest and Pastures Inventory
CAS	Country Assistance Strategy
CDM	Clean Development Mechanism
CFPMP	Communal Forest and Pasture Management Plans
CPS	Country Partnership Strategy
CFP	Community Forests and Pasture
DFS	District Forest Service
DGFP	General Directorate of Forests and Pastures
EA	Environmental Assessment
ERR	Economic Rate of Return
EMF	Environmental Management Framework
EU	European Union
FMR	Financial Monitoring Reports
FPDS	Forest and Pasture Strategy
FPUA	Forest and Pasture User Associations
GEF	Global Environment Facility
GEO	Global Environmental Objective
GIS	Geographic Information System
GoA	Government of Albania
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
ICR	Implementation Completion Report
IPRO	Immovable Property Registration Office
ISR	Implementation Status Report
IT	Information Systems
LAP	Land Administration and Protection Office
LGU	Local Government Unit
MAF	Ministry of Agriculture and Food
M&E	Monitoring and Evaluation
MC	Micro-Catchment

MOF	Ministry of Finance
NPV	Net Present Value
NRDP	Natural Resources Development Project
NSSED	National Strategy for Socio-Economic Development
NTFP	Non-Timber Forest Products
PMT	Project Management Team
PTC	Project Technical Committee
PIM	Project Implementation Manual
PIOC	Project Implementation Oversight Committee
RC	Regional Coordinator
RM	Regional Manager
RWST	Regional Watershed Supporting Team
SA	Social Assessment
SIDA	Swedish International Development Cooperation Agency
SNV	Netherlands Development Association
TOR	Terms of Reference
TS	Technical Speicifications

Vice President:	Philippe H. Le Houerou
Country Director:	Jane Armitage
Sector Manager:	Benoit Blarel
Project Team Leader:	Drite Dade
ICR Team Leader:	Anatol Gobjila

COUNTRY
Natural Resources Development Project

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A. Basic Information			
Country:	Albania	Project Name:	Natural Resources Development Project
Project ID:	P082375,P089061	L/C/TF Number(s):	IDA-40740,TF-54995,TF-54926
ICR Date:	01/31/2012	ICR Type:	Core ICR
Lending Instrument:	SIL,SIL	Borrower:	GOVERNMENT OF ALBANIA
Original Total Commitment:	XDR 4.60M,USD 5.00M	Disbursed Amount:	XDR 4.50M,USD 5.00M
Environmental Category: B,B		**Focal Area**: M	
Implementing Agencies: Ministry of Environment, Forestry and Water Administration			
Co-financiers and Other External Partners: Swedish International Development Cooperation Agency			

B. Key Dates

Natural Resources Development Project - P082375

Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	12/19/2003	Effectiveness:	11/29/2005	11/29/2005
Appraisal:	03/01/2005	Restructuring(s):		09/28/2010
Approval:	06/09/2005	Mid-term Review:	06/09/2008	06/09/2008
		Closing:	11/01/2010	06/30/2011

Albania - Natural Resources Development Project - P089061

Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	12/19/2003	Effectiveness:	11/30/2005	11/29/2005
Appraisal:	03/01/2005	Restructuring(s):		09/28/2010
Approval:	06/09/2005	Mid-term Review:	06/09/2008	06/09/2008
		Closing:	11/01/2010	11/01/2011

C. Ratings Summary

C.1 Performance Rating by ICR

Outcomes	Satisfactory
GEO Outcomes	Satisfactory

Risk to Development Outcome	Substantial
Risk to GEO Outcome	Substantial
Bank Performance	Moderately Satisfactory
Borrower Performance	Moderately Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)

Bank	Ratings	Borrower	Ratings
Quality at Entry	Satisfactory	Government:	Moderately Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Moderately Satisfactory
Overall Bank Performance	Satisfactory	Overall Borrower Performance	Moderately Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators

Natural Resources Development Project - P082375

Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Project at any time (Yes/No):	Yes	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status	Satisfactory		

Albania - Natural Resources Development Project - P089061

Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA)	None
GEO rating before Closing/Inactive Status	Satisfactory		

D. Sector and Theme Codes

Natural Resources Development Project - P082375

	Original	Actual
Sector Code (as % of total Bank financing)		
Central government administration	18	18
Flood protection	8	8
Forestry	49	49

General agriculture, fishing and forestry sector	23	23
Sub-national government administration	2	2
Theme Code (as % of total Bank financing)		
Climate change	14	14
Decentralization	14	14
Land administration and management	29	29
Participation and civic engagement	29	29
Water resource management	14	14

Albania - Natural Resources Development Project - P089061		
	Original	**Actual**
Sector Code (as % of total Bank financing)		
Central government administration	23	23
Flood protection	15	15
Forestry	31	31
General agriculture, fishing and forestry sector	31	31
Theme Code (as % of total Bank financing)		
Biodiversity	14	14
Climate change	14	14
Land administration and management	29	29
Participation and civic engagement	29	29
Water resource management	14	14

E. Bank Staff

Natural Resources Development Project - P082375		
Positions	**At ICR**	**At Approval**
Vice President:	Philippe H. Le Houerou	Shigeo Katsu
Country Director:	Jane Armitage	Orsalia Kalantzopoulos
Sector Manager:	John V. Kellenberg	Marjory-Anne Bromhead
Project Team Leader:	Drite Dade	John W. Fraser Stewart
ICR Team Leader:	Anatol Gobjila	
ICR Primary Author:	Anatol Gobjila	

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F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)
The project development objective is to establish or maintain sustainable, community-based natural resource management in about 218 communes in upland and mountainous erosion-prone lands. This will lead to enhanced productivity and incomes derived from sustainable resource management, reduced soil degradation, improved water management, conservation of biodiversity, and strengthened public sector management of these resources.

Revised Project Development Objectives (as approved by original approving authority)
There were no revisions to the PDO.

Global Environment Objectives (from Project Appraisal Document)
The Project global environmental objective is to reverse severe degradation of upland and mountainous erosion-prone lands, and sediment runoff to the Adriatic Sea, through rehabilitating and sustainably managing natural resources, including globally significant biodiversity.

Revised Global Environment Objectives (as approved by original approving authority)
There were no revisions to the GEO.

(a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Area of land being managed by local communities in accordance with sustainable natural resource management plans, supporting rehabilitation of natural resources, habitats and indigenous species.			
Value (quantitative or Qualitative)	Non-participatory management plans introduced in 138 communes involving 450,000 ha.	660,000 hectares of land being managed by local communities in accordance with		775,511 hectares of land are being managed by local communities in accordance with

		sustainable natural resource management plans, supporting the rehabilitation of natural resources, habitats and indigenous species.		sustainable natural resource management plans, supporting the rehabilitation of natural resources, habitats and indigenous species.
Date achieved	03/09/2005	06/30/2011		10/31/2011
Comments (incl. % achievement)	Actual value achieved represents 117.5% of the target. The management plans document usufruct and tenure rights, as well as establish priority community-level investments for sustainable resource management activities.			
Indicator 2 :	Increase in economic benefits at the commune and village level derived from sustainable use of natural resources.			
Value (quantitative or Qualitative)	Average household income US$2,800 equivalent - Commune reinvestment of collected fees in F&P management: 0%	10 % of average annual household income estimated at US$2800 equivalent. - Commune reinvestment of collected fees in F &P management: 70%.		An 8% increase in average annual household income in communities in which forestry and pasture management plans were implemented. A 28% increase in communities were micro-catchment plans were implemented.
Date achieved	03/09/2005	06/30/2011		10/31/2011
Comments (incl. % achievement)	Actual value achieved for annual household income represents 80% of the target for communities in which forestry and pasture management plans were implemented; and 280% for communities were micro-catchment plans were implemented. The impact on economic benefits is calculated in relation to the baseline, and does not provide for a net effect calculation in comparison to control communities. Actual value achieved for commune reinvestment of collected fees in forestry and pasture management represents 0% of target. There was no progress in the reinvestment of collected fees due to failure of local authorities to levy user fees.			
Indicator 3 :	Reduce soil erosion and sediments in watercourses draining to the Adriatic Sea.			
Value (quantitative or Qualitative)	Erosion reducing measures (reforestation, fruit tree plantation, vineyard plantation, establishment of cultivated pasture, pasture/rangeland management, and exclusion areas) established on 0 ha.	20% reduction of 60 million tons of sediments discharge annually into the Adriatic Sea.	Erosion reducing measures established on 12,000 ha, leading to an estimated erosion reduction of 200,000 tons over project	Erosion reducing measures established on 31,116 hectares, causing an estimated erosion reduction of about 223,000 tons.

			life.	
Date achieved	03/09/2005	12/01/2006	07/31/2008	10/31/2011
Comments (incl. % achievement)	Actual value achieved represents 259% of the target area; and 115% of the target quantity of reduced erosion and sediment. The indicator was introduced in December, 2006 (ISR Seq. 4_ and revised at Mid-Term Review).			

(b) GEO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Increase in carbon sequestration by 160,000 tons of CO2.			
Value (quantitative or Qualitative)	0 tons CO2	160,000 CO2	145,768 tons of CO2 sequestrated by 2011.	The estimated amount of CO2 sequestered from 2004 to 2010 stands at 63,759 thousand tons, as per the Emissions Reduction report.
Date achieved	03/09/2005	06/30/2011	04/29/2011	01/01/2011
Comments (incl. % achievement)	Actual value achieved represents 45% of the revised target. The target was revised at the time of CDM validation in line with revisions in the PDD. The underperformance is due to: (i) due to delays in the implementation of carbon finance activities; (ii) implementation on a smaller area than initially envisaged; (iii) uncertainty of initial carbon sequestration estimates. Despite this, current sequestration estimates, which are inherently more precise because of the initial verification, indicate that the project will lead to sequestration of CO2 in the range of 140,000 to 160,000 tons by 2018.			

(c) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Number of hectares with necessary investments to support carbon sequestrations through assisted natural regeneration.			
Value (quantitative or Qualitative)	0 hectares	6,000 hectares	6,272.36 hectares with finished investments for carbon sequestration.	1,634 ha of afforested land; 1,200 ha with forest improvement activities; 82 km of fences constructed to deter illegal grazing. Total – 2,914 hectares.

Date achieved	03/09/2005	06/30/2011	07/31/2008	10/31/2011
Comments (incl. % achievement)	Actual value achieved represents 46% of the revised target. Indicator revised upwards after validation. Subsequent analysis led to the exclusion of 800 hectares as ineligible, thus establishing the project area at 5,427 hectares. The indicator target value was not adjusted to reflect the change. Actual value achieved against the correct project is 55%. The target was not met due to smaller than initially expected uptake by communities of carbon finance activities.			
Indicator 2 :	Number of communes that have registered the land that has been transferred.			
Value (quantitative or Qualitative)	0	218		5
Date achieved	06/25/2008	07/31/2008		10/31/2011
Comments (incl. % achievement)	Actual value achieved represents 2% of the target. Indicator was introduced following the mid-term review. The failure to achieve better results stems from high registration fees and incompatibility of maps contained in the management plans and those required by IPRO. Both issues were beyond the project's control. On Sept 29, 2010 the Council of Ministers approved a decree that waived the registration fee, which should encourage other communes to follow suit.			
Indicator 3 :	Number of communal forest and pasture management plans including defined, agreed and mapped usufruct rights, that are approved.			
Value (quantitative or Qualitative)	Non participatory - FPM plans prepared for 138 communes involving 450,000 hectares. 80 communes with new FPM plans approved and under implementation involving about 200,000 hectares.	218 communes with FPM plans updated and under implementation involving 660,000 hectares.		Communal and participatory forest and pasture management plans introduced in 251 communes.
Date achieved	03/09/2005	06/30/2011		10/31/2011
Comments (incl. % achievement)	Actual value achieved represents 115% of the target.			
Indicator 4 :	Number of micro-catchment (MC) management plans prepared, approved and under implementation.			
Value (quantitative or Qualitative)	Zero communes with MC plans.	30 communes covering 85,000 hectares with MCPs approved and implemented.		30 communes covering 161,478 hectares with approved MC plans.
Date achieved	03/09/2005	06/30/2011		10/31/2011
Comments (incl. % achievement)	Actual value achieved represents 100% of the target for communes, and 190% of the target for area. Of the 161,478 hectares covered by the MC plans, 67,000 hectares are agricultural land.			

G. Ratings of Project Performance in ISRs

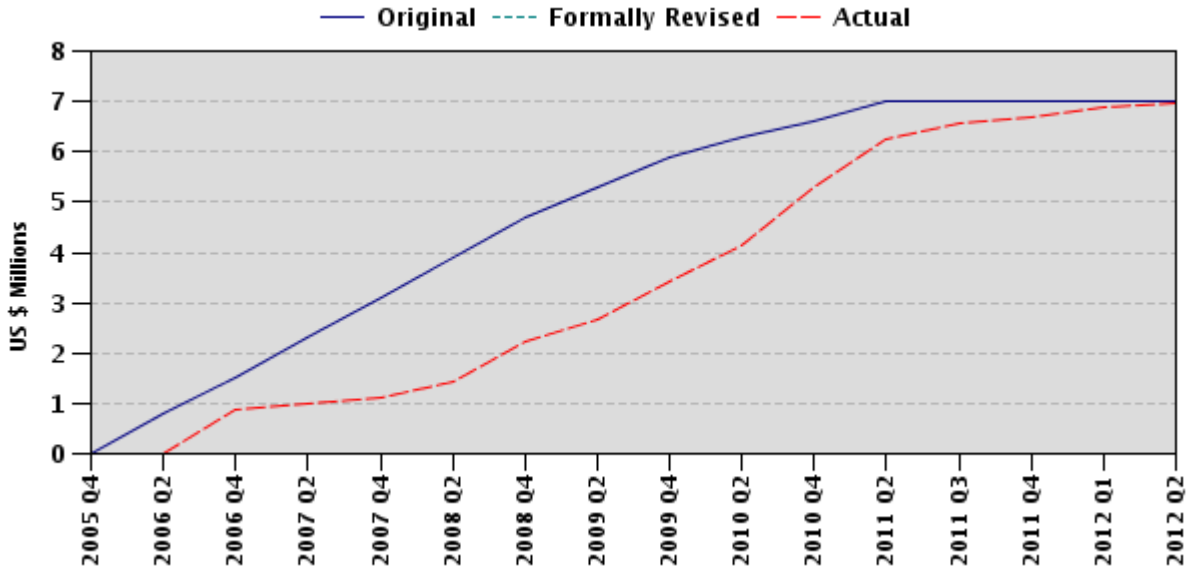
-						
No.	Date ISR Archived	DO	GEO	IP	Actual Disbursements (USD millions)	
					Project 1	Project 2
1	12/29/2005	S	S	S	0.00	0.00
2	04/27/2006	S	S	S	0.72	0.50
3	07/11/2006	S	S	MS	0.89	0.50
4	12/01/2006	S	S	MS	0.97	0.56
5	06/11/2007	MS	MS	MU	1.11	0.73
6	12/17/2007	MS	MS	MU	1.42	0.92
7	04/19/2008	MS	MS	MS	1.90	1.11
8	07/31/2008	MS	MS	MS	2.23	1.46
9	03/20/2009	MS	MS	MS	2.99	2.34
10	11/21/2009	S	S	MS	4.14	3.03
11	04/29/2010	S	S	S	5.14	3.72
12	12/17/2010	S	S	S	6.21	4.17
13	12/17/2010	S	S	S	6.21	4.17
14	04/10/2011	S	S	MS	6.57	4.42
15	06/29/2011	S	S	MS	6.67	4.46

H. Restructuring (if any)

Restructuring Date(s)	Board Approved		ISR Ratings at Restructuring			Amount Disbursed at Restructuring in USD millions		Reason for Restructuring & Key Changes Made
	PDO Change	GEO Change	DO	GEO	IP	Project1	Project 2	
09/28/2010	N		S		S	5.57		Closing date extension.
09/28/2010				S	S		4.17	Closing date extension.

I. Disbursement Profile

P082375



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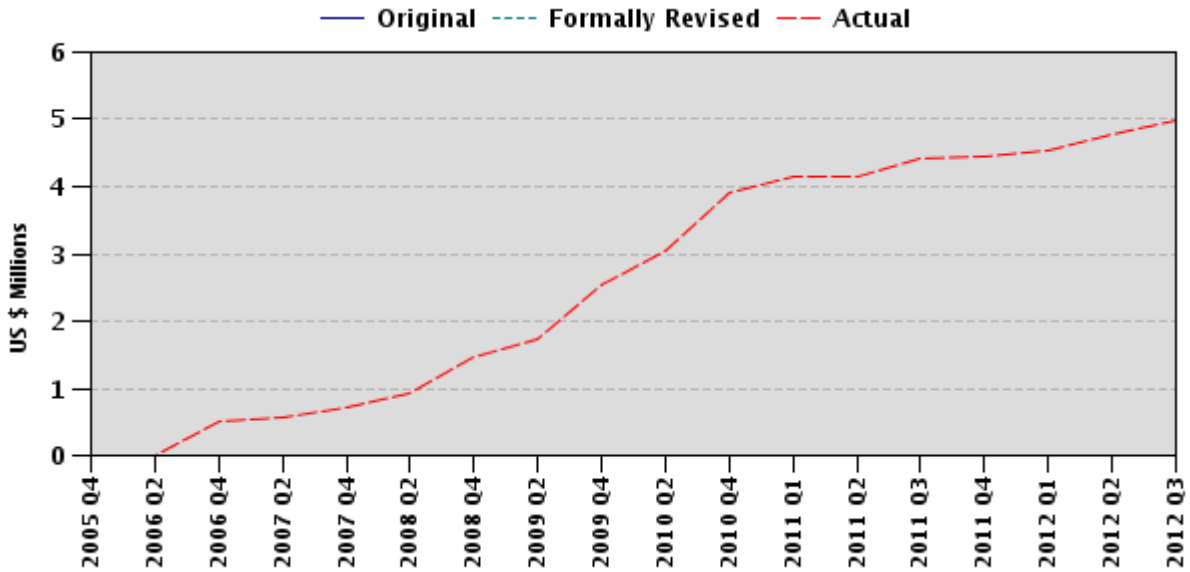

1. Project Context, Development and Global Environment Objectives Design

1.1 Context at Appraisal

Albania is a country of 3.2 million people situated in the Western Balkans. Sixty percent of the country's land area is above 600m elevation with high but variable rainfall (less than 20 percent occurs in the six-month period from April to September). Sustainable management of natural resources in such upland areas is key to improving the livelihoods of the local population, broadening landscape and ecosystems conservation, and ensuring a more reliable delivery of hydro-electric power, erosion control and flood management in the lower areas of Albania where the population is rising rapidly.

Forests and pastures account for 56% of land-use in Albania and are largely predominant in upland areas. The country's livestock sector accounts for nearly 50% of the agricultural GDP and is highly dependent on pastures and forests products. Forests are also critical for meeting daily needs by people in rural and upland areas, providing nearly 70% of fuel in winters, building material, as well as income from non-timber products such as medicinal plants. In addition, Albania's hilly and mountain landscapes are endowed with great natural beauty, but improving management of these resources is a key prerequisite for realizing their tourism value. The socio-economic potential of pastures and forests is unequivocal in a country where poverty is concentrated heavily in rural settings, in particular in the country's hilly and mountainous areas in the North-East (70%). Reversing past environmental degradation by carefully managing productivity improvements of pasture and forest resources in the rural mountainous areas should contribute to overall poverty reduction and sustainable economic growth.

Sustainable management of Albania's natural resources is also important in a global context of protecting environmental goods. In line with the priorities of the Mediterranean Action Plan, improved land management in hilly areas is identified as a key factor in controlling run-off into the Adriatic Sea, enhancing coastal and marine ecosystems, and improving sea water quality. Sustainable land use and forest management practices will also help restore unique in-land natural ecosystems. Finally, reforestation of degraded lands could also increase carbon sequestration and thus contribute towards global goals of climate change mitigation.

Albania's National Strategy for Socio-Economic Development of 2003 was based on two pillars - improved governance and economic growth and poverty reduction. Governance has been a particularly salient challenge in forestry where illegal harvesting has reached rampant proportions. The most effective approach to increasing quality of governance in the forestry sector has been the transition towards community-based management of forest and pasture resources through locally established associations. This approach was first successfully tested in the Bank's Albania Forestry Project, which has also revealed that further institutional strengthening of such bottom-up mechanisms was necessary. The NSSED also highlighted the severe environmental degradation that the country faced during the transition years and emphasized that improved natural resource management was key to enhanced rural development and poverty reduction.

Rationale for Bank involvement

The Bank had a solid strategic commitment to support Albania's growth, governance, decentralization and poverty reduction agenda. It had substantial experience in supporting improvements in decentralized natural resource management both in Albania and other countries. Previous Bank projects of similar nature produced quick and demonstrable benefits towards empowering and assisting communities in managing local natural resources. The project built on and explored synergies with other Bank operations, including the Albania Forestry Project, the Agricultural Services Project, the Microcredit Project and the Irrigation/Water Resources Management Project.

Other comparative advantages for Bank involvement were its ability to foster and influence policy dialogue, ability to achieve strategic consolidation of interested donors, and its experience in mainstreaming activities which enhance conservation of global public goods within broader national and regional programs.

1.2 Original Project Development Objectives (PDO) and Key Indicators (as approved)

The project development objective is to establish or maintain sustainable, community-based natural resource management in about 218 communes in upland and mountainous erosion-prone lands. This will lead to enhanced productivity and incomes derived from sustainable resource management, reduced soil degradation, improved water management, conservation of biodiversity, and strengthened public sector management of these resources.

To track the progress toward achieving this development objective, the project used three key results indicators as summarized below:

(i) About 660,000 ha of land (most of the upland erosion-prone commune land in Albania) being managed by local communities in accordance with sustainable natural resource management plans, supporting the rehabilitation of natural resources, habitats and indigenous species;
(ii) At least 10% increase in economic benefits at the commune or village level derived from sustainable use of natural resources;
(iii) Usufruct rights defined, agreed, documented, mapped and demarcated in 218 communes.

1.3 Original Global Environment Objectives (GEO) and Key Indicators (as approved)

The Project global environmental objective is to reverse severe degradation of upland and mountainous erosion-prone lands, and sediment runoff to the Adriatic Sea, through rehabilitating and sustainably managing natural resources, including globally significant biodiversity.

To track the progress toward achieving the GEO, used one key results indicators as summarized below:

(i) Increase in carbon sequestration by 160,000 tons of CO_2 in the BioCarbon Fund project sites.

1.4 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justification

The PDO was not revised.

The original PDO indicator – Usufruct rights defined, agreed, documented, mapped and demarcated - was reflected in the system, starting with the ISR Sequence 4 (December 01, 2006) as an intermediate outcome indicator. While the indicator was properly monitored throughout the life of the project, there was no justification provided for the change. Furthermore, there is no evidence that the change was properly reflected from a legal perspective, as the Credit Agreement (Supplemental Letter on Results Framework) was not amended. For purposes of this ICR this indicator will be considered in the text as an outcome indicator.

Starting with the ISR Sequence 4 (December 1, 2006), a new PDO indicator was added to measure the reduction of soil erosion and sediments in watercourses draining to the Adriatic Sea. Originally the indicator targeted a 20% reduction in the sediment deposited into the Adriatic Sea, which was estimated at 60 million tons per year. The target value for the indicator was ill-conceived and proved impossible to measure. Following the mid-term review, the indicator was revised to be more in tune with the project's magnitude and be measurable and attributable to its activities and outputs. Neither the introduction of the indicator, nor its revision was properly reflected from a legal perspective, as the Credit Agreement (Supplemental Letter on Results Framework) was not amended.

Following the mid-term review, and starting with the ISR Sequence 8 (July 31, 2008), a new intermediate outcome indicator was introduced: Number of communes that have registered the land that has been transferred - with a target of 218 communes. The justification for this change is not directly reflected in the aide-memoire and the respective ISR, but since it coincides with a decision of the Government of Albania to transfer ownership of communal forests and pasture land to LGUs, it can be concluded that the Bank team wanted to push the agenda on reinforcing tenure security and formalization of ownership rights of the LGUs towards finality. The introduction of the indicator was not properly reflected from a legal perspective, as the Credit Agreement (Supplemental Letter on Results Framework) was not amended.

1.5 Revised GEO (as approved by original approving authority) and Key Indicators, and reasons/justification

The GEO was not revised.

GEO indicator #1 was revised in 2010, following project validation[1], from 160,000 tons of CO2 to 145,768 tons. The validation process was based on an up-dated Project Design

[1] Validation is the process of independent evaluation of a project activity by a designated operational entity against the requirements of the CDM for purposes of determining if the project is eligible for registration as a CDM project.

Document for the "Assisted Natural Regeneration of Degraded Lands" Biocarbon Fund project which presented more realistic forecasts for sequestration rates in the particular context of the project, the methodology applied and the works that were carried out or were still to be carried out. Despite an embedded target in the name of the indicator, the name was not changed, only the target value. The revision of the target value of the indicator was not properly reflected from a legal perspective, as the GEF Grant Agreement was not amended.

1.6 Main Beneficiaries

The primary beneficiaries identified at appraisal were:

(i) **Local**: the project set out to strengthen local capacity to manage pastures and forests in 218 communes in upland and mountainous areas that are highly prone to erosion and other manifestations of land degradation; 40,000 rural households would benefit from the project's activities in the target areas;

(ii) **Regional and global commons**: reduced sediment run-off into the Adriatic Sea; conservation of unique ecosystems; increased carbon sequestration;

(iii) **Government of Albania**: strengthened institutional and technical capacity in the Ministry of Agriculture and Food, the General Directorate for Forests and Pastures; District Forestry Services; Regional Agricultural Directorates; and Land Administration and Protection Offices.

1.7 Original Components (as approved)

Component A: Improved Management and Governance of Forests and Pastures (US$ 13.19 million)

A.1. Strengthening participatory forest and pasture management in communes that were supported under the AFP. In the 138 communes already supported under the AFP, the project was to update existing communal forest and pasture management plans (prepared under the AFP), including the documentation of different individual and user group rights over commune forest and pasture lands to better secure users' tenure rights. The project also continued to support implementation of existing forest and pasture management plans established under the AFP (covering an area of about 450,000 ha). The essential element of participative planning was performed through outsourcing of the responsibility to lead and document the planning to local consultants procured through project. The project also provided support to management plan implementation through provision of small-scale investments within a fixed budget ceiling of US$ 30,000 per commune, supported by in-kind community contributions equivalent to at least 20% of the value of the investments. Implementing the forest and pasture communal management plans entailed: (i) *land stabilization*: construction of check dams,

maintenance or protection of existing infrastructure, and planting of trees and shrubs in order to reduce flooding, landslides and sedimentation, (ii) *resource rehabilitation*: controlling grazing, and assisting natural regeneration of forests and pastures and (iii) *sustainable resource use*: pre-commercial thinning and coppicing, and pasture development and management.

The BioCarbon Fund has expressed interest in purchasing emission reductions from Albania, resulting in a proposed "Assisted Natural Regeneration of Degraded Lands" Biocarbon Fund project, which was to be included in the NRDP. Additional project resources were therefore to be allocated to 30 of the communes that earlier received support under the AFP - and where areas of severely degraded lands still prevailed - to make investments needed to sequester carbon through assisted natural regeneration on about 6,000 ha.

A.2. Introducing participatory forest and pasture management. The project was to document usufruct rights and prepare participatory communal forest and pasture management plans in about 80 communes where transfer of usufruct rights had not yet taken place. The project was to support implementation of the forest and pasture management plans, covering an area of about 226,000 ha, through provision of small-scale investments. The investments were to be within a fixed budget ceiling of US$40,000 per commune, supported by in-kind community contributions equivalent to at least 20% of their value. Activities were to fall under the same categories as listed under A.1.

A.3. Strengthening governance for forest and pasture management. The project was to strengthen governance for forest and pasture management through training of DGFP and DFS in participatory provision of extension advice; and building the capacity of existing and new Forest and Pasture User Associations (FPUAs) as well as the growing network of non-governmental FPUAs, with focus on technical effectiveness, financial and social sustainability. It was also set to implement priority actions in the National Strategy for the Development of Forests and Pasture. This entailed: (i) supporting institutional reform and development within DGFP and DFS through an action plan to implement the strategy, clarifying roles and responsibilities within DGFP and DFS in the framework of the on-going institutional and regulatory development, and introducing performance-related budgeting, (ii) building awareness of the strategy within DGFP and DFS, (iii) strengthening and improving the legal and regulatory framework for forest and pasture management, (iv) developing the forests and pastures registers, (v) further developing the inter-sectoral action plan to address illegal logging, and implementing elements of the action plan in project areas, and (vi) enhancing forest fire management at local levels.

Component B: Improved Management and Governance of Watershed (US$ 4.00 million)

B.1. Introducing integrated resource management in micro-catchments (MCs). The project was to pilot integrated resource management in 30 micro-catchments selected in a participatory and transparent manner (overlapping with the 218 communes targeted by component A). The MCs were to encompass an approximate area of 190,000 ha, with a population of about 125,000 people. The project was to prepare 30 MCs plans through a participatory process and provide small-scale investments and/or technical support for

activities identified in the planning process. The range of supported activities involved investments in rehabilitation of state forests and investments in agricultural developments selected from a menu of activities. This entailed: (i) *rehabilitation of state forests,* (ii) *rehabilitation of agricultural land*: protection and improvement of poor, degraded bare agricultural land; fallow reduction; appropriate use of marginal lands and (iii) *sustainable use of agricultural land and livestock production so as to reduce the need to cultivate or graze on marginal and erosion prone areas*: establishment of shelterbelts around fields; wild tree grafting; demonstration of improved practices; improving rain-fed agriculture and irrigated agriculture; irrigated fodder crop production; development of vegetable production. The project set out to support implementation of the MC management plans up to a budget ceiling of US$ 95,000. Interventions were to be supported by in-kind community contributions equivalent to at least 20% of their value.

B.2. Strengthening governance for watershed management. The Project set out to train Regional Agricultural Directorates, Drainage Boards, DFS and commune staff, at district, regional and national levels in the provision of extension advice in the context of MC management. The recently established Land Administration and Protection Offices (LAPs) within the Ministry of Agriculture and Food could have become key to achieving sustainable watershed management. In areas addressed by the MC planning approach, the project was to assess the capacity of these offices and enhance linkages between DGFP, DFS and the LAPs within the context of the micro-catchment planning approach. Last, the project was to draw on its experience in forest and pasture management, and on its experience in MC management, in order to inform ongoing legal developments regarding land administration and tenure.

Component C: Management and Monitoring (US$ 2.21 million)

Implementation was to be undertaken by local communities supported by staff from the branch offices of the DGFP together with Regional staff from the Ministry of Agriculture and Food. The project was supposed to support (i) at the central level a small project management team with overall responsibility for procurement and financial management, (ii) regional coordinators where component B will be implemented. Services were also to be contracted to assist with enhanced public awareness of the benefits of sustainable natural resource management, project monitoring and evaluation, implementation of the Environmental Management Framework and carbon sequestration verification and monitoring.

1.8 Revised Components

There were no substantial revisions of the project components.

1.9 Other significant changes

The Development Credit Agreement and the GEF Grant Agreement were amended in January, 2008 to reflect changes in the country's evolving institutional set up and their impact on institutional and implementation arrangements, to add new capacity building activities, streamline the procurement process for community participation in the

implementation of project activities, as well as reallocate funds towards the preparation of management plans to reflect higher costs.

A minor restructuring was undertaken during the final year of implementation (October 2, 2010) to extend the closing date of the IDA financing from November 1, 2010 to June 30, 2011, and the GEF financing from November 1, 2010 to November 1, 2011. The extension was necessary to: (i) help local governments finalize the preparation of forest and pasture management plans and implement ensuing forest and pasture improvement investments; and (ii) assist the Government of Albania in implementing the institutional forestry reform through staff training, institutional and legal advice at central, regional and local levels.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

Project background analysis was generally adequate. Background preparation of the project was well-contextualized in existing strategies and policies in place in Albania at the time. It has also benefitted from previous analytical and technical efforts supported under the AFP, as well as its ICR. In addition, important thematic synergies were also explored with the Albania Agricultural Services Project, the Albania Microcredit Project and the Albania Irrigation/Water Resources Management Project. These projects have been successful in providing quick and demonstrable results by combining participatory approaches with productivity enhancing measures and incentives. Additionally, Bank experience in Albania has also showcased positive impacts resulting from empowering communities to take over the management of available resources. This body of knowledge and experience has served as the groundwork for the design of Component A. The carbon sequestration activities of Component A focused on assisted natural regeneration for which there was a technically robust body of knowledge emerging at the time of preparation. The design of Component B was largely informed by successful Bank experience outside Albania and focused on the concept of integrated, micro-catchment level management of natural resources through the introduction of multi-sector, community-based approaches to planning, management and use of natural resources.

The design was reflective of lessons learned. The design was reflective of the Bank's extensive project implementation experience in Albania, particularly the experience with natural resource management and local development projects, and more broadly world-wide Bank experience in implementing watershed management projects built around participatory and decentralization processes. Watershed projects have proved successful, and more importantly sustainable, in combining restoration of land productivity with demonstrable benefits to communities. Lessons from the AFP highlighted the need to: (i) clarify land and resource property rights, (ii) build capacity of the FPUAs, (iii) make special provisions to ensure participation of women, (iv) identify the most appropriate social unit for natural resources management planning, (v) be inclusive of potentially disenfranchised categories, (vi) apply transparent criteria for selection of participating communes, (vii) confirm appropriate levels of support for planning for financial sustainability, (viii) include all relevant stakeholders in project implementation, and (ix) use local consultants to assist in participative planning. Broader reviews of Bank natural

resource management projects emphasized the need to link rights with responsibilities. GEF portfolio reviews have highlighted the importance of keeping project design simple, with clearly identified institutional roles and responsibilities for stakeholders, thus increasing the odds for greater government ownership and successful implementation performance.

The rationale for Bank intervention was sound. The World Bank was a logical partner in the project given its relationship with the GEF and previous project experience in natural resource management in the country and elsewhere. There were also positive synergies with other on-going Bank and donor-funded projects. In addition to GEF resources, IDA financing also served as a vehicle for the mobilization of extensive grant funding from SIDA.

Project design was generally sound. Project objectives drew on available analysis of the magnitude of the problem of resource degradation and its social, economic and environmental effects. Survey and monitoring instruments embedded in the design provided further support to initial assumptions. With the benefit of hindsight, the formulation of the PDO seems somewhat ambitious in seeking *sustainability* of community-based natural resource management as a key achievement. Sustainability is a notion that is based on multiple variables, some of which can be hard to control and/or measure, and is usually gauged in a temporal context that goes beyond a five year project implementation cycle. The original results framework included indicators that the team believed defined sustainability in the context of the project interventions, and this ICR attempts to assess the goal of sustainability in the *sensu stricto* of the results framework. However, in a broader sense, assessing the *sustainability of* community-based natural resource management in the participating communities is a more daunting task, because institutional, legal and capacity adjustments need to continue, while the indicators need to be measured and monitored over a longer-term horizon to provide meaningful conclusions.

Another design aspect that raises questions relates to the measurement of the GEO. It is not clear why the initial design provides for sequestration of carbon as a measure of achieving the project's GEO, i.e. reversing severe degradation of upland and mountainous erosion-prone lands, and sediment runoff to the Adriatic Sea. The GEO and the indicator are thematically detached, a fact that was subsequently rectified by the introduction of a more specific indicator that attempted to measure reduction in erosion that leads to the sedimentation of the Adriatic Sea. Still, this outcome indicator was added to measure the PDO, not the GEO. More generally, indicators on increased carbon sequestration should not have been part of the results framework, due to the innate uncertainty of carbon sequestration assumptions before CDM validation and initial verification that is characteristic to carbon finance projects in land use, land-use change and forestry projects.

Otherwise, the final design was reflective of local and global experience/lessons and presented a solid mix of components and activities (both technically and geographically) for addressing the challenges at hand. The final design has also been reflective of a solid analysis of alternatives that were considered but ultimately rejected. The team looked at direct tree planting by the country's state (district) forestry authorities, but opted for

community-based planning and management instead. This choice seems to have yielded positive results and is likely to be a sustainable solution for the country's forestry and pasture resources. Also, an additional component focused on strengthening management of protected areas was considered but eventually dropped. Analysis indicated that there was a legitimate need in supporting protected areas, but the level of degradation and socio-economic context in rural Albania at the time rendered the component unfeasible. It was deemed that better protection of upland ecosystems was more likely to be achieved through community-based natural resource management activities where biodiversity conservation is integrated into land-use management.

The Government commitment was highly variable. At the start, the Government demonstrated solid commitment to the preparation and implementation of this operation. Government officials and representatives participated in project preparation. A contribution of US$2.2 million in counterpart funds was pledged by the Government to the operations of the project. Further commitment was shown through the creation of the Project Implementation Oversight Committee and an Evaluation Committee. The PIOC was chaired by the Minister of MOEFWA and included representatives from the Ministry of Agriculture, Food and Consumer Protection, Ministry of Interior, National Federation of Forest and Pasture User Associations and Non-government organizations. Also, a Project Technical Committee was set up in the MOEFWA to oversee and provide backstopping on implementation of the technical aspects of the project. Last but not least, the Government agreed to provide funding from the NRDP for maintaining a fully staffed and equipped Project Management Unit that was tasked with day-to-day management of the project, including preparation of work plans, procurement, financial management, reporting, monitoring and evaluation.

However, commitment to the project during the course of implementation has suffered from significant unevenness. At one point, the PIOC was inactive for more than two years, thus failing to provide the much needed strategic guidance to the project. Also, the PTC proved to be a largely non-functional entity, with the project relying mostly on informal and ad-hoc meetings and consultations with the members of the PTC. This variability in commitment can be assessed as a product of shifting political priorities, reorganization of government entities and perhaps lack of adequate coordination amongst government bodies. It really wasn't caused by doubt over the rationale or relevance of the project and its activities, but more likely by situational issues that derived from individual attitudes and behaviors. Commitment and response from the Government has strongly improved towards the end of the project, allowing it to succeed on many levels as demonstrated by the positive final results. In the end, variability in commitment should be seen as a negative implementation factor, but discounted in light of the final success of the project.

Most risks were adequately identified and rated; mitigation measures were adequate. The project itself was a vehicle for mitigating the risks that were identified. This worked particularly well for activities that had a distinctive supporting character, such as community level interventions. For activities that were of enabling character (policy and regulatory setting), the project struggled somewhat because mitigation measures were largely beyond its control. Eventually, some of these risks were mostly addressed or mitigated as well, while others still persist, ex. the future role and sustainability of

FPUAs vs. LGUs in managing communal forests and pastures, or delays with registration of tenure rights.

2.2 Implementation

Targets for the preparation and implementation of forest and management plans, both in number of communes and area covered, were met and exceeded, although in a longer implementation period (closing dates for IDA and GEF financing were extended). Under Components A and B, forest and pasture management plans were introduced in 251 communes on an area of 775,511 hectares, compared to the PAD indicator target of 218 communes and 660,000 hectares. This includes 221 communes in which forest and pasture management plans were prepared or updated and 30 communes that were involved in micro-catchment planning. Commune-level investments in support of the plans have been implemented in 239 participating communes. Attribution for the success of these activities can be given to a variety of factors such as the solid technical design at preparation, the tenacity of the Bank team in creating an enabling implementation environment, and the successful coordination between all project stakeholders, but particularly the representatives of the DFSs, the FPUAs and commune authorities involved in implementation.

The project has also made progress in engendering the necessary investments for its carbon sequestration commitments. As mentioned above, such types of projects have a high degree of embedded uncertainty, so the initial targets both in terms of eligible project area and potential quantity of carbon sequestration were adjusted downwards following the CDM validation and other subsequent analyses. To date, investments in forestation, forest improvements and fencing were implemented on an area of approximately 3,000 hectares (out of 5,427 hectares), with an estimated quantity of sequestration of 64,000 tons of CO2 delivered from 2004 through 2010, and an additional estimated quantity of sequestration of approximately 100,000 tons to be delivered by 2018.

The project was very successful in building capacity of FPUAs, their representative organizations (federations), as well as local power bodies. This has been an extremely important activity aimed at putting in place the first building blocks for local capacity to manage precious community resources. An important aspect of the strengthening of the FPUAs was focused on engendering participatory preparation of management plans, with a particular focus on the highly relevant and socially complex process of transferring usufruct and ownership rights to communities. These activities were mostly implemented through SNV, in good collaboration with all stakeholders.

However, despite its numerous positive outputs and outcomes, the project's implementation has been marred by significant delays and some lack of direction causing slow and at times minimal progress on some essential activities. These delays were far more pronounced up to the mid-term review point and were generally caused by the country's political situation and agenda, volatility in the development of the forestry sector, institutional confusion, and early general lack of quality of implementation on the part of the implementation entity. For "hard" activities, such as investments and other associated activities, the impact of these delays has been successfully mitigated through

concerted efforts on the part of the Albanian counterparts and the Bank team in the post mid-term period.

Unfortunately, the enabling environment for activities related to regulatory and institutional reforms, capacity building, as well as other such activities that would have enhanced the project's development objective was very challenging. Due to institutional and policy changes in the sector immediately prior to effectiveness, a number of original activities had to be adjusted to the new realities, or dropped (see Annex 2). The project has done its best to adjust to this changing environment, and address when possible the emerging demands from the Albanian authorities. This is particularly true in the case of the transfer of ownership of communal pastures and forests to LGUs[2], which lead to an adjustment of the activities supported by the project to focus also on registration of land by the communes, as well as on the supporting institutional set-up for a new environment in which local authorities need much more hands-on knowledge and support in managing these assets. The project provided in a timely manner the necessary enabling support for land registration, but the Government's own supporting actions, such as waiving registration fees, or addressing the incompatibility in the scale of maps between those in the management plans and those required by the country's Immovable Property Registration Office have lagged behind[3], leaving the finality of these activities beyond the closing of the project.

The forestry extension service is another example where despite the Project's best intentions, the outcomes were still uncertain until very late into implementation. When the need for a forestry extension service was established, the project supported a substantive effort for training a cadre of prospective forest extension specialists, but the fate of the service was not clear until November 1, 2011 (four months after the closing date of IDA financing, and the last day of the GEF financing), when it was finally established by the order of the MOEFWA. Another example is that of the new Forest Law, which is still in a drafting stage.

Despite these concerns there is quite a bit of certainty that these activities will be completed, and thus enhance sustainability of all the other activities of the project, due to the irreversible depth reforms of the communal forestry and pasture sectors have achieved, as well as the continuing support for communal natural resource management agenda from such donors as SIDA, and perhaps even the Bank itself through a follow-up operation.

The Project underwent one restructuring – one extension (November, 2010 to June, 2011). No changes to the PDO or GEO were made. However, certain adjustments to the Project should have been properly reflected through amendments of the legal agreements and/or restructuring, as per the new restructuring guidelines in place since 2009.

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[2] Ownership rights were transferred to LGUs in June, 2008 through separate Council of Ministers' Decrees for each of the communities. In January, 2009 the Council of Ministers approved Decision 22 that provided the definition of roles & responsibilities of LGUs for forest administration, including with respect to usufruct rights and the role of FPUAs.

[3] The fee issue has been resolved through a waiver passed by the Council of Ministers of Albania in September, 2010, while the issue of compatibility of maps persisted till the closing of the project.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

The original three indicators listed in Section 1.2 presented an adequate framework for tracking progress towards achieving the PDO, including the proposed sustainability objective, by focusing the outcome indicators on area of land under management plans, increase in household incomes, level of re-investment of collected user fees, and more secure usufruct rights. The original GEO outcome indicator is not measuring the GEO. A subsequent change in the indicators (see Section 1.4) saw the introduction of an indicator better suited for measuring the GEO (reduced erosion), but the relegation of an outcome indicator (usufruct rights) to intermediate outcome indicator was misplaced. The team should have simply added a new and improved GEO outcome indicator on reduced erosion, and leave the original three PDO outcome indicators untouched, as these captured the various dimensions of sustainable community-based natural resource management in the project area. An additional intermediate outcome indicator (number of communes that have registered the land that has been transferred) was added at mid-term review. As discussed earlier, the justification for this indicator is questionable, since it not only expanded the expectation for what the project would achieve, but it did so without having project control over key factors of success. The disaggregated indicators given in the datasheet and Annex 2 provide more detail on the outcome and intermediate outcome indicators, and outputs.

Design. The responsibility for monitoring and evaluation activities was conferred to the PMT. It was to be staffed accordingly to ensure timely and qualitative monitoring and evaluation of the Project's activities. The monitoring and evaluation arrangements were to be based on inputs from a monitoring and evaluation specialist, a data entry specialist, and regional managers and coordinators, and were to include routine monitoring and evaluation, combined with baseline, midterm and final impact assessments. Monitoring and evaluation was set to assess performance against project objectives and indicators at the central, regional and commune levels. A baseline survey was to be carried out, with regular updates of information on indicators to be recorded in a database, and at mid-term and at the end of the project, an impact assessment measuring the social, environmental and economic benefits of the project components had to be conducted. The PMT's reporting requirements envisaged quarterly reports covering progress on physical implementation, use of funds, and project impact. Quarterly reports were to be consolidated into semi-annual progress reports, and submitted to the Bank.

Implementation. As was originally envisaged, monitoring and evaluation activities were implemented by the PMT. Unfortunately, the initial efforts to set up a system for monitoring and evaluation were wrought with delays and failures. The development of a system was eventually outsourced to a consulting company, but even then the implementation of the task proved extremely tedious and was marred by lengthy delays and several contract extensions. The resulting system, and especially the designed software, was over-designed and complex. To a large extent, these problems were caused again by poor TORs/Technical Specifications, weak contract management and the inability of the management entities to take swift and determined decisions of substance in the early stages of the project. The lack of a functioning monitoring and evaluation system had a negative impact on the ability of the PMT to comply with its reporting requirements in the first years of implementation. The data collected and presented to the

Bank was limited mostly to procurement and financial management, with very little information on emerging project outputs and progress indicators.

However, despite this early lack of progress on the establishment of the monitoring and evaluation system, things have improved after the mid-term, allowing the PMT to begin producing progress reports and impact assessments. The quality, amount and breadth of data have been recognized by the Bank team as adequate for the progress reporting requirements and impact assessment needs. Data was generated primarily during the duration of the project – most notably from communal forest and pasture management activities under Component 1, and micro-catchment management activities under Component 2, for all 240 communities where project interventions were carried out. System functionality allowed for data to be summarized for commune, regional and national levels.

A distinctive monitoring effort has been put in place to track the progress of the Project's carbon sequestration activities and results under its commitments to the BioCarbon Fund. Carbon monitoring is a complex and long-term process that must face up to very stringent requirements of the UNFCC for CDM afforestation/reforestation projects. To ensure that the quality of carbon monitoring is up to these requirements, the Project had provided training to 70 professionals representing Regional Coordinators, DFS, FPUAs and community foresters. The monitoring of carbon related activities will continue in the future.

Utilization. Data generated by the system enabled measurements of outcome, output and source indicators and progress towards the achievement of PDO and GEO. Despite availability of data, the PMT has constantly struggled with updates of the Project's results framework. Data was also utilized for impact assessments, such as the one carried out by the Korca Regional Coordinator to determine annual growth rates of communal forestry and effectiveness of project financed interventions. However, the general impression is that available data has not been utilized as a potent tool for project evaluation and adjustment in implementation. More details on this are found in the Lessons Learned section below.

2.4 Safeguard and Fiduciary Compliance

Financial Management. Regular financial management reviews confirmed a moderately satisfactory financial management system during the project life, compliant with the financial covenants of the Financing and Grant Agreements. Internal controls, accounting procedures and financial management reporting were generally satisfactory. Some issues were raised during the 2009 review of slow disbursing projects that included the NRDP, such as (i) disbursement monitoring and forecasting; and (ii) compliance with financial management requirement at commune level. These were subsequently resolved by the closing of the Project, although the issue of adequate forecasting of disbursements was still problematic till the end. Annual Project audits were unqualified (clean), with those recommendations that were occasionally raised, having been addressed. There were issues of untimely provision of agreed counterpart financing such as the Government's 11% co-financing for commune level investments which was affecting settlements with

contractors and suppliers that were subsequently resolved towards the end of the project, thus ultimately not affecting implementation in a significant way.

Procurement. The PMT's ability to effect procurement activities in line with World Bank policies and procedures has been consistently weak despite prior experience and important capacity building efforts. This was particularly true for contract management. The situation was fairly difficult in the first two years of implementation when procurement activities, especially for more complex assignments were virtually stalled. Following a series of capacity building efforts and support from the Bank team, things have evened out eventually, allowing for much smoother contracting and implementation of contracts. However, initial delays led to a build-up of a backlog of procurement activities and a subsequently mounting workload for the PMT's procurement specialist. The problem was resolved in part by providing staff time of the PMT Office Administrator to assist the Procurement Specialist and the extension of the project's closing date. Procurement activities were carried out in accordance with the project's Procurement Plan which was revised regularly to reflect changes in contracts for goods and consulting services during project implementation. Procurement post-reviews found that procurement processes were of generally moderately satisfactory quality, reliability, timeliness, and transparency with some corrective actions requested by the Bank. However, contract administration remained a persistent weakness.

A particular aspect of the project's procurement arrangements was the community participation method. It was included to build capacity of and increase the ownership over contracts by the LGUs. However, the value of this method proved only marginal due to the complexity of the contracts. The time spent by the PMT on this exercise over 251 communes has significantly delayed the implementation of the project.

Disbursement. Disbursements are a function of successful implementation. To this end, the Project struggled early on to keep up with initial disbursement estimates due to a slow start. Although, certainly, disbursement estimates were overly-optimistic to begin with. With a surge in performance, by the mid-term point disbursements were tripling year-on-year, but further measures had to be implemented to ensure maximum possible disbursements by closing. In addition to purely technical measures undertaken by both the Albanian counterparts and the Bank team to ensure proper implementation of activities, the Project was extended and for some under-disbursed categories funds were reallocated. By the time of the closing of the IDA financing, 99% of IDA funds were disbursed, 94% of GEF funds were disbursed and 87% of the SIDA trust fund were disbursed. Nominal disbursement rates have also been affected somewhat by the depreciation of the USD, particularly for the SIDA Trust Fund where higher dollar equivalent sums could not be absorbed.

Environmental Assessment. The project was rated as "category B", requiring a partial EA. The potential impacts arising from the project's commune-level activities under Components 1 and 2 were being addressed through the implementation of an EMF. Compliance with the provisions of the EMF was subject to environmental performance audits carried out by independent organizations. There were two such audits carried out for 2010 and 2011 which revealed satisfactory compliance with the requirements of the

EMF. The audits have also provided conclusive evidence on the positive impacts of the project on the environment.

Social Safeguards. No social safeguards were triggered by the project. OP 4.12 Involuntary Resettlement was not triggered since the project adopted a community-driven approach where decisions that could have affected access by commune residents to resources were made at community levels.

2.5 Post-completion Operation/Next Phase

The project's post-completion phase is likely to continue with the scaling up of some of the activities of the NRDP, particularly those that are critical for the long-term sustainability of the country's community forestry and pasture sector, such as continuous building of the capacity of FPUAs, registration of land by communes and the development of the forestry extension service. Additional new activities will be focused on commercializing the natural resource assets transferred to communes and exploring the potential for payment for environmental services to be provided by communes to private and public entities. SIDA is providing additional trust fund resources amounting to about US$2.7 million (including the cancelled/carried over balance of undisbursed SIDA resources under NRDP) to finance this next phase. The current CPS for Albania provides for a new investment operation in the field of natural resource management. It is likely that such an operation will aim to support the environmental services agenda in Albania. If a new Bank project were to materialize, SIDA funding would in effect serve as bridge financing between two Bank operations, sustaining the excellent positive momentum achieved towards the end of NRDP. The future activities will rely on the much improved implementation capacity of the Forestry Department and the PMT (including procurement, financial management, monitoring and evaluation), as well as other local and national-level institutions that were enhanced during the NRDP.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

The Project's objectives, design and implementation remain highly relevant to Albania's development and natural resource management priorities. The third strategic objective of the CPS for 2011-14 highlights the urgency of reducing vulnerability to climate change by improving water conservation management and increasing disaster preparedness. Indeed, the activities purported by the project remain relevant, either directly or indirectly for this strategic objective, as water conservation management cannot be meaningfully achieved without integration with sustainable management of forestry and pasture resources. This is particularly true in Albania's mountainous landscape where deforestation in up-land areas is a major contributing factor to increased sediment run-off and floods in low-land areas. The regulatory and institutional reforms that were supported by the project are also highly relevant in the context of this strategic objective. In recognition of this, the CPS envisages a new investment lending operation in natural resource management.

The country's own strategic development priorities outlined in Albania's National Strategy for Development and Integration for 2007-2013 refer, among other, to a clear vision for protecting natural resources from pollution and degradation through natural conservation, maintenance of biodiversity, rehabilitation of degraded forests and continuation of the transfer of forests and pastures to local government units. The fact that the country is willing to direct IBRD resources towards a new natural resource management operation is solid evidence of the Government's belief in the relevance and importance of sustainable resource management for social and economic development.

At the global level the project contributed to the fulfillment of the GEF Operational Program 15 - Sustainable Land Management, with tangential results for Operational Program 12 (Integrated Ecosystem Management) and Operational Program 3 (Forest Ecosystems). In addition, the Project has engendered global benefits to be delivered to the Adriatic Sea under GEF's International Waterway focal area.

Also globally, the project represents a compelling case for the advocacy and practical application of landscape-based approaches for climate change mitigation and adaptation through its focus on assisted natural regeneration of forestry resources. It provides eloquent evidence that bottom-up approaches bear high probabilities for the identification of long-term solutions. This point is emphasized by the successful approval of a CDM methodology (AR-AM0003 ver. 4) on the afforestation and reforestation of degraded land through tree planting, assisted natural regeneration and control of animal grazing that was developed under the project. This methodology is currently applied in projects around the world in China, Peru and Ethiopia.

Another aspect that make the project's results highly relevant on a global scale relate to unaccounted sequestration of carbon. The calculated carbon sequestration is limited to a small area covered by the project for assisted natural regeneration. For the project as a whole the situation most likely would look much more imposing. It is plausible to assume, the project's activities that focused on forestry improvements (increased cover and density) have contributed to sequestration of carbon amounts that are far larger than the ones accounted for under the BioCarbon Fund Project.

3.2 Achievement of Project Development Objectives and Global Environment Objectives

A review of project outputs against the targets for outcome and intermediate outcome indicators reveals a generally positive outlook for the achievement of the PDO and GEO.

Outcome Indicators

- As a result of the implementation of the project, the area of land managed by local communities in accordance with sustainable natural resource management plans is 775,511 hectares (115,000 hectares more than target). Forest and pasture management plans were prepared for 251 communities (33 more than the target). Associated commune-level investments and works were carried out and completed in 239 communes.

- On the increase of economic benefits at the commune level, somewhat below the target but largely in line with it, data analysis reveals an 8% increase in average annual household income in communities in which forest and pasture management were implemented, and a 28% increase in communities with micro-catchment activities. However, the data analysis does not provide for an assessment of the dynamics of economic welfare in non-project communes (controls), thus leaving room for speculation on the attribution of the increased economic benefits to the project's activities. Also, the project failed on one measurement of this indicator, mainly the 70% commune reinvestment of collected fees for forestry and pasture management. Levying fees for grazing and fuel-wood was an issue for which local leaders had no political will. The project had no enforcement mechanism for collection and reinvestment of fees, and relied mostly on soft power to engender these processes. Reinvestment of fees should not have served as a measure of increased economic benefits attributable to the project.

- As a result of the implementation of the project, usufruct rights were defined, agreed, documented, mapped and demarcated in 251 communes against the target of 218.

- The project implemented soil erosion reduction measures on 31,116 (19,116 hectares more than target) resulted in an estimated reduction of soil loss of 223,000 tons (23,000 tons more than target. This indicator was introduced during implementation (in 2006) and modified at the mid-term review for better measurement of results.

- As a result of the implementation of the project, the estimated amount of CO2 sequestered in 2004-2010 is 64,000 tons. This is below the target of 145,768 tons that was set after the CDM validation of the project. The reasons for smaller quantities of sequestrations are (i) uncertainty of ex-ante carbon sequestration calculations; (iii) delays in implementation at community levels; and (ii) smaller areas on which project activities were implemented due to poor uptake and interest in some participating communities. However, despite these limiting factors, the project is estimated to catch up with initial sequestration projections by 2018 (range of 140,000 to 160,000 tons).

Intermediate Outcome Indicators

- Afforestation, forest improvements and fencing works were implemented on approximately 3,000 hectares, against the PAD-stated target of 6,000 hectares. The PAD target was an estimate which was reviewed a number of times, and essentially the output should be measured against 5,427 hectares. The reasons are explained above.

- The project failed to achieve the target of 218 communes in which transferred land has been registered. Currently, only five communes have registered tenure rights over forest and pasture land. This indicator was not part of the original results framework which focused on usufruct rights, not ownership rights. The project's definition of sustainable resource management focused on defined, agreed, documented, mapped and demarcated usufruct rights. While formal registration of

land would have been an even more desirable outcome, it was an overly ambitious target that was largely beyond the control of the project, i.e. through high registration fees and diverging map resolution standards between the maps prepared for the community management plans and the maps accepted by the IPRO. The project's success in achieving sustainable natural resource management should not be measure against it.

- As a result of the implementation of the project, 30 micro-catchment management plans were prepared, approved and put under implementation (in line with the target of 30).

3.3 Efficiency

Generally, cost levels vs. expected outputs were well estimated at appraisal. This was the case across the board for management plans, commune level investments, assisted afforestation/reforestation, and soil erosion reduction measures. Project results were achieved, or exceeded, with lower total costs from those estimated at appraisal, and therefore the project can be considered efficient. The economic analysis, i.e. post-project calculation of the ERR and the NPV confirm the conclusions on efficiency.

3.4 Justification of Overall Outcome and Global Environment Outcome Rating

Rating: Satisfactory

The PDO and GEO remain highly relevant for local and global natural resource management and sustainable land management agenda. The PDO was largely achieved from a quantitative point of view. The exception is the outcome indicator on increased economic benefits, where there is a smaller than initially expected increase, and where there was no progress on reinvestment of collected user fees. While important, the indicator measures only a part of the PDO, and given the level of achieved economic benefits (8% increase vs. 10%), plus explanations provided earlier on the reasons the second indicator measure failed, it should attenuate the effect on the rating and not lead to its downgrade. From a qualitative perspective the *sustainability* of community-based natural resource management, judged against the *sensu stricto* of the initial results framework was also achieved. On the GEO side, again notwithstanding the problems with the results framework structure, there is certainly no doubt that the project has achieved its objective. It has done so by attenuating degradation in upland and mountainous erosion-prone lands and reduction of sediment run-off into the Adriatic Sea. But additionally, the project has realized other global benefits by reducing emissions of CO2 (accounted and unaccounted), maintaining globally significant biodiversity, and not the least of all providing the analytical and methodological underpinnings for assisted natural regeneration projects. The combination of the PDO and GEO outcomes justifies an overall *satisfactory* rating.

3.5 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

The project certainly had positive impacts on reduction of poverty through increased rural incomes in target communes: (a) an 8 percent increase in income earned from forest activities in communal forest and pasture lands; and (b) a 28 percent increase in income earned from forest and agriculture activities in micro-catchments. Gender aspects were also an important element of the Project's results framework. To this end, the Project aimed for and achieved a 20% direct participation by women in decision-making structures for forest and pasture management at village and commune levels, as well as a 20% participation of women in the micro-catchment management planning process.

(b) Institutional Change/Strengthening

The project built and strengthened capacity for forest and pasture management at several levels. First, capacity was strengthened at the level of communes where existing and new FPUAs were empowered and trained to manage natural resources locally. Such capacity building efforts focused both on technical matters, but also on awareness and compliance with a fast-evolving legal and regulatory framework. Second, the capacity of the DGFP and DFS was strengthened in the provision of forestry extension advice focusing on forest administration and management, sustainable utilization of forests, forest development and pasture management. The professionals that were trained will form the basis for the cadre of the country's forestry extension service. Third, training and capacity building was provided to other relevant entities of the MOEFWA. Fourth, capacity building activities were provided to representative institutions such as the National Forest and Pasture Users' Association and its regional outlays. Last but not least, public awareness for matters related to natural resource management was increased through targeted efforts.

(c) Other Unintended Outcomes and Impacts (positive or negative)

A very positive and perhaps unintended outcome of the project was the realization that natural assets represent a good foundation for the provision of environmental services by owners of these assets to both public and private entities. While the general intent of the project was to transfer management of these assets to communities, with a view of increasing the quality of rural livelihoods, the implementation of the project set the stage for expanding the possibilities of derived incomes to chargeable environmental services. This agenda of pushing commercialization of natural assets will be further explored in future government and donor-funded projects.

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

A project completion workshop was held on April 27, 2011 with the participation of the project's main stakeholders. Results from the project were presented, which stimulated a comprehensive discussion on the future challenges and perspectives of communal forestry and pasture management. The workshop discussed and endorsed the Government's Implementation Completion Report, which contains a detailed summary of the findings and conclusions on the implementation of the project.

4. Assessment of Risk to Development Outcome and Global Environment Outcome

Rating: Substantial

While project outcomes are likely to be sustainable, there are a number of factors that could influence its long-term sustainability. One factor is the pace and degree of depth of institutional reforms that are still required to support the emerging communal forestry sector. The transfer of forests to the LGUs appeared, at first sight, to have achieved the objective of community based natural resource management. However, the design of the project was based on the premise of participatory involvement of the FPUAs for their members to exercise traditional user rights/tenure rights. The change in ownership from the state to LGUs clearly involved increased responsibility for the LGUs to control management of forests and pasture, but it should not necessarily entail a management role for these resources. Management should stay with the FPUAs which by their nature capture a crucial element of sustainability – participatory and joint control/management of natural resource uses. The evolving legal framework for the forestry sector should clearly establish this role for the FPUAs. Furthermore, in order to secure a degree of financial sustainability, the FPUAS should be allowed to benefit from future incomes derived from the investments supported by the NRDP. A primary factor is the extent to which the FPUAs will be able to function in a post-project environment. These entities are still fragile, particularly in terms of their ability to generate revenues and access markets to sustain themselves as meaningful institutions. More attention is required to transform them—possibly in a federated structure-- into business oriented entities that can market the assets/resources at their disposable with a revenue generating mind-set. Certainly, this will require not only a proper legal framework, but also more capacity building and training. At this time, there are good signs that there will be significant financial and technical assistance follow-up support to the communal forestry and pasture sectors, including further capacity building for FPUAs, that would mitigate the risks and would cement the results of the PDO and GEO.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: Satisfactory

The Bank identified an area of support that was and remains relevant to the Albanian environment, rural livelihoods, as well as with the global commons of sustainable land management and climate change mitigation. Project activities targeted highly priority areas identified in the country's strategic development documents. Outcomes (supported by the design) struck an appropriate balance among three key areas: (i) preparation and implementation of management plans; (ii) improving institutional readiness and compliance with policy reforms in the communal forestry and pasture sectors, and (iii) support to institutional and policy reforms.

However, as discussed earlier, the formulation of the PDO could have been less ambitious in promising *sustainable* community-based natural resource management; and in the choice of the GEO indicator which was a poor match to the proposed activities.

(b) Quality of Supervision
Rating: Moderately Satisfactory

The Bank maintained a solid and proactive focus on the fulfillment of project objectives. The task team closely supervised implementation through semi-annual, and at times more frequent missions, fiduciary reviews, and maintenance of a constructive dialogue between the project's major stakeholders. Issues raised were addressed in a timely manner and were candidly reported in official documentation. For example, during the MTR the Bank identified very specifically the substantial problem areas, suggested ways the PMT and other relevant institutions could resolve them, and followed up with specific measures on the Bank side to facilitate the necessary changes. While not all initial activities were completed in full by project closing, the Bank teams' enabling actions led to the eventual general positive outcomes. The task team did a proper job of ensuring that the project's activities were implemented in line with the provisions of the Environmental Management Framework and reviewing the Annual Environmental Audits, through both desk work and site visits. Fiduciary reviews were carried out in a timely and effective manner as per institutional requirements. The team managed well other internal institutional requirements related to monitoring and reporting. Finally, the task team built an excellent partnership with SIDA which resulted in a very effective, participatory inter-donor coordination approach to managing the project's activities.

However, one important shortcoming displayed by the team throughout the supervision stage was the way it dealt with the structure of the results framework. Lack of proper recorded justification in some cases, and lack of formal amendment of the legal agreements to reflect changes in outcome and intermediate outcome indicators should have been avoided.

(c) Justification of Rating for Overall Bank Performance
Rating: Moderately Satisfactory

World Bank support to the Government of Albania in preparing and implementing the Project is rated as moderately satisfactory. The Bank team was highly responsive in addressing implementation issues and in adapting to unpredictable circumstances in a challenging institutional and policy environment in a very complex sector. However, the issues highlighted above on the lack of proper processing of amendments to the results framework render a reflection in the performance assessment by reducing the rating to moderately satisfactory.

5.2 Borrower Performance
(a) Government Performance
Rating: Moderately Satisfactory

At preparation, the GoA strongly supported the Project and its objectives. However, from the outset of implementation, the dynamic has shifted somewhat as the country has gone

through elections and government counterparts have essentially changed from the Ministry of Agriculture to the MOEFWA. These changes have led to a temporary hiatus that delayed both key organizational actions for enabling proper implementation, as well as delays in pursuing critical legal and institutional adjustments in reorganizing the administration and functioning of the forestry sector that were imperative for the overall direction and success of the Project. Intra- and inter-agency cooperation among the major institutional stakeholders was scant. In the post-review stage of implementation, the Government has upped its handle on critical sector issues, as well as fine-tuned its decision-making processes and interaction with the project stakeholders. This much more visible, if not renewed, commitment has allowed the project to succeed to the extent that it did at closing. Counterpart funding was received with delays, but in the end in sufficient volumes to allow final settlement on all outstanding commitments for commune investments.

(b) Implementing Agency or Agencies Performance
Rating: Moderately Satisfactory

The MOEFWA had the overall responsibility for the Project, but for all intent and purposes the Project was implemented by the DFP and a dedicated PMT. The PMT was established and began functioning at the beginning of the project and remain the main implementation arm throughout. A POIC and PTC were established, although with delays in functionality. The POIC was not convening regularly, and at times did not serve its role of providing strategic guidance and political support to the Project. The PTC was also inactive in providing technical backstopping to the PMT for the implementation of those activities that required expert technical advice. Serious problems with implementation arrangements emerged following attempts to mainstream implementation aspects into the DFP. Country capacity proved weak, and the efficiency of mainstreaming efforts was initially low as they resulted in poor decision making and lack of coordination amongst key implementation stakeholders. Nevertheless, the mainstreaming efforts were worthwhile and were made consciously to the benefit of more long-lasting institutional effects of the project.

Against this backdrop, the PMT's performance was variable throughout the years, but registered palpable improvements in the later years of implementation. It was fairly effective in procurement and financial management matters, but it had to overcome significant challenges in monitoring and evaluation, reporting, contract management, decision making, internal communication, timely staff recruitment, and other operational matters. Performance of the Regional Coordinators was solid and effective, and proved critical to the success of the Project. Overall, however, the technical competency, dedication, operational creativity and the hard work of the PMT were commendable traits that yielded multiple positive results.

(c) Justification of Rating for Overall Borrower Performance
Rating: Moderately Satisfactory

Overall borrower performance is rated as moderately satisfactory taking into account the Government's commitment to achieving the PDO and GEO, which are aligned with the country's main strategic development documents and the relevant GEF Operational

Programs. Despite the partial completion of some institutional and policy reform activities under Component A, the Project's overall outcomes justify this rating.

6. Lessons Learned

Project experience highlighted the following important factors as lessons for post-completion/follow-up stage:

a) *Monitoring and Evaluation systems should be simple and focused:* Natural resource management projects are most difficult to monitor and, to be effective, any system needs to be as simple and easily used by non-IT specialists as possible. In this case a company was contracted to develop the M&E software. That consultancy overdesigned the system, such that it had too many variables (150), many of which had little relevance to project outputs, and it was a web-based system requiring the contracting of IT specialists to make even simple adaptations. To be easily managed by project staff, such a system and its software would preferably: (i) be developed in a less esoteric way, probably building upon an Excel worksheet, so that the user may make changes and add new, more relevant, variables as identified; (ii) contain fewer and more measurable indicators, with direct relevance to the development objectives; (iii) be served by a full-time M&E staff to manage data entry and ensure that project participants collect the needed data on a regular basis; (iv) envisage the contracting of specialized consultants, who would generate project specific field data, such as soil erosion, socio/economic data on participants, environmental impacts and forest/pasture growth; and (v) not be web-enabled, as that simply adds another layer of complexity that is not justified for the purposes of this kind of monitoring, where data collection needs to be standardized and one person needs to manage the system to ensure consistency.

b) *GIS mapping for management plans is essential:* In a project like this, by which the management plan is such an important part of project implementation, standardized digital mapping is essential in this day and age of Geographic Information Systems (GIS). As such, the PMT should have probably engaged from the project start a full time GIS specialist to ensure standardized digital mapping of the planned areas. This is doubly important in Albania, where the land registration office requires detailed maps for the registration process.

c) *Environmental Audits should be based on standard practice:* The mandated Annual Environmental Audit report did have a well defined and clear Terms of Reference. Unfortunately, it seems that there is no standard practice, requirement or expertise to conduct an Environmental Audit for similar activities. As such, the Audit report was viewed more as a platform for a broader environmental discussion, providing a general set of recommendations. Apart from a well defined TOR, one of the lessons would be to establish a clear message of what the purpose of the Audit is, and to provide specific guidance of providing a concise but useful Audit report.

d) *Clarity of user rights set-up is a key pre-requisite for sustainability:* The issue of user rights to be transferred from the Government to users has been subject to repeated concerns for lack of progress since the beginning of implementation of NRDP. In

September, 2007 this unresolved issue led to a threat from SIDA to withdraw from the project. The response from the Government of Albania was to transfer the ownership from the central government to the Local Government Units. Furthermore, the Government approved Decision 22 that provided, *inter alia*, details on the administration of usufruct rights and the role of FPUAs. However, in order to make further progress on the agenda of decentralized and accountable management of natural resources the role and responsibilities of the FPUAs, but also commune and the newly created forest extension service, still need further legal clarification in the Forest Law which is currently being revised.

Project experience highlighted the following important factors as lessons with general applicability for similar operations:

a) Adaptation to local conditions is critical: Community participatory processes, including communal natural resource management are highly specific activities that need to be developed in a localized contextual setting. The specificity of underlying factors such as landscape, climate, tradition, wealth, communal social capital, absorption capacity are all crucial elements that need to be accounted for when embarking on such a massive effort. There should be a realization that exogenous approaches to community activities should be based on a reasonable degree of flexibility derived from the factors above. A standardized approach to all participating communities may therefore be a less preferred option. Furthermore, the application of top-down approaches itself is quite questionable in settings with a high degree of variance in local readiness for implementation. Perhaps in the future a bigger push can be made for projects that support community demand-driven interventions.

b) Local stakeholder involvement remains a key determinant for success: Local stakeholder involvement was necessary for receiving feedback on local site conditions and other commune-specific issues. Solid awareness raising, communication and confidence building measures are required for local buy-in, and must be a staple of any community based projects.

c) Realistic expectations are key in promoting a comprehensive approach to communal forestry and pasture management that includes institutional building and policy reform: The rationale behind a comprehensive approach is very sound. However, the sequencing and timing of introducing key elements of a comprehensive framework are crucial. If these are off, projects such as the NRDP are in danger of stalling and worse, achieving unsustainable results. To this end, sometimes less is more, and choosing the path of clearly benchmarked and realistic staging of activities, can provide a better platform for achieving results, than an all-out approach. This also achieves the necessary simplification of projects that can represent the critical difference between efficient management and problematic one. Also, projects in countries that lack key pieces of legislation or embark onto reforms that are not covered by existing regulation should set realistic objectives for such reforms and/or plan accordingly. Projects that span across electoral dates should take this into consideration. Also be cognizant of linked project components or sub-components and whether the failure of one will jeopardize others. Perhaps instruments of

adaptable programmatic character represent a more adequate alternative to standard single loan operations.

d) *Matching financing resources with physical targets in a more meaningful way is important:* Stretching physical targets too much can leave projects vulnerable to a reduction in financing per unit of output. This can result in situations when outputs are partial, thus *a-priori* prone to degradation, and outcomes are unsustainable. This becomes even more evident if there are no exit strategies in the post-project stage. To this end, it is important to ensure that financing provided for commune-level interventions is meaningful, even if it means a reduction of the quantitative targets. This lesson dove-tails with the lesson on better targeting of communes with higher potential for successful implementation. The symbolism and demonstration effects of a tighter, successful operation can outweigh those of an operation that tries too much.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies

The borrower's contribution to the ICR was shared with the World Bank on May 18, 2011 and is reproduced in Annex 7. It provides a summary of Project experience with important assessments of the relationships and implementing arrangements that both aided and hindered implementation. Chief among these are the lessons learned and echoed in the previous section.

(b) Co-financiers

Sweden concurs with the overall assessment made by the Implementation Completion Report (ICR). One of the main Project achievements is the improved governance of village woodland and pasture with increased capacity of the communal forestry and pastures users' associations (CFPUAs). Besides the Swedish co-funding of the Bank to the project, Sweden has also funded SNV through a different project. SNV has been instrumental for the increase of the capacity of the users associations. We believe Bank's support became more efficient due to this complementary funding. Sweden gives high importance to women's participation and economic empowerment and it is recognized that major efforts has been made through the project to increase the share of women's participation in decision making bodies at local village and commune levels.

Sweden is highly satisfied with the cooperation, communication and dialogue that the World Bank office in Tirana has provided. A contributing factor for the good cooperation is that Sweden funded a resource person to join the Bank monitoring and support team, but who was reporting to the Swedish Embassy.

The Swedish Administration Agreement with the Bank was extended following Government's request, but at the time of the Grant closing in 2011, there still remained 13 % of the SIDA TF which were transferred back to Sweden. This corresponds to 9 % of the Swedish annual country frame for Albania. The Embassy has noted that the Albanian project management didn't in time manage to use the currency fluctuations of USD and SEK, resulting in under-spending of grant funds whereas IDA and GEF funds were disbursed at 99% and 94 % respectively.

(c) Other partners and stakeholders

SNV, Netherlands Development Organization in Albania

SNV was responsible for the implementation of capacity-building measures to improve the governance of forest and pasture resources in 251 local government units (communes). This covers supporting the establishment and strengthening of Forest Pasture User Associations (FPUAs), which represent community level interests, and building institutional linkages for longer term sustainability. Financial contribution: US$1,570,600 [NRDP contract US$525,000 (33%) with addition of US$186,880 (for the additional communes requested by the Government), SNV US$1,045,000 (67%)]. SNV's mission is provision of technical assistance with the aim of alleviating poverty and improving governance in developing countries. SNV Albania's main aim is to assist Albania to further develop and implement its decentralization process and to support good local governance that facilitates sustainable poverty alleviation and supports Albania's effort to enter into the European Union.
The following provides an overview of key lessons and issues that affect the functioning and operation and therefore sustainability of the forest and pasture user associations:

- SNV, WB and Sida have a good experience of cooperation for supporting development of communal forestry in Albania since the beginning of the process. But under NRDP, it was the first time that FPUAs received such a broad training and capacity building program. Within the previous Albania Forestry Project, FPUAs were created as instruments for implementing project activities. Therefore it was necessary to start with awareness sessions for users at village level to build their understanding of the role of communities and associations not just for NRDP implementation, but for all the process of natural resources management and rural economic development as a part of it. This cooperation and co-funding combining both implementation approaches "top down" and "bottom up" above all had a positive impact on the strengthening the decentralized management of natural resources through active participation of local communities.

- Use of local trainers and local capacity builders made possible the delivery of about 4500 trainings to about 62.000 participants at all levels as well as increased the knowledge and skills of Regional Federations and their membership the FPUAs; In addition to providing 10-year management plans, the processes contribute to awareness building, knowledge transfer and empowerment of local communities to manage land-use in their local environments
- Strengthening the sustainability of FPUAs needs improvement in their non-profit status and in the fees/taxes system for them to receive a share in revenues. Further strengthening of professional and financial sustainability of federations services will assist in the further provision of services and support to FPUAs and individual users.
- Strengthening tenure security over forests and pastures through better documentation and registration of properties/user rights remains a critical issue for the security of the process and people and future financial support schemes. Using built up models and good examples in regions creates a foundation for continuing transfer/decentralization process and user/properties rights at village and family level;

- A financing scheme for the forest sector in Albania is required similar to the incentive and subsidy schemes operated in agriculture. Such financing schemes should be based on an application/challenge fund basis not 'one size fits all'. This would need to target LGUs and FPUAs given the lack of land title with traditional forest users. The impact of CFPM in supporting local livelihood could be wider if CFPM is included in rural development strategies, initiatives and funding mechanisms. Initial steps in micro-catchment management, carbon sequestration have been positive at the local level. Opportunities from renewable energy, environment services initiatives could further increase livelihoods prospects of rural dwellers;
- The forest and pasture resources in Albania are still under rehabilitation and farmers need to be able to receive advice and support. This can be through government (an extension service) or through non-state actors such as the Federations who have started this process under NRDP;
- Roles and responsibilities of FPUAs, Communes and DFS, still have to be clearly defined by legal framework, and communicated widely in order to establish fully decentralized and accountable management.
- Developing institutional reform and legal framework according to the new reality of the sector. Implementation of the Council of Ministers decision No.22 of January 2008, requires further building capacities of LGUs for CFP management; there is urgent need for management and extension support to the new forest owners to ensure capacity, knowledge and skills are available in line with Government Policy on Communal Forest and Pasture areas.
- The changes in ownership and management objectives of these transferred forests and pasture compared to the State forests requires a whole new set of knowledge and procedures. Initial steps have been taken with stakeholder within this capacity development program, but further steps and investment is required.

Annex 1. Project Costs and Financing

(a) Project Cost by Component (in USD Million equivalent)

Natural Resources Development Project - P082375			
Components	**Appraisal Estimate (USD millions)**	**Actual/Latest Estimate (USD millions)**	**Percentage of Appraisal**
Improved Management and Governance of Forests and Pastures	12.66	11.92	94
Improved Management and Governance of Watersheds	3.89	3.30	84
Management and Monitoring	1.95	2.29	117
Total Baseline Cost	**18.50**	17.50	94
Physical Contingencies	0.37		
Price Contingencies	0.53	0.40	75
Total Project Costs	**19.40**	**17.90**	**92**
PPF	0.00		
Front-end fee IBRD	0.00		
Total Financing Required	**19.40**	**17.90**	**92**
Albania - Natural Resources Development Project - P089061*			
Components	**Appraisal Estimate (USD millions)**	**Actual/Latest Estimate (USD millions)**	**Percentage of Appraisal**
Total Baseline Cost			
Physical Contingencies	0.00		
Price Contingencies	0.00		
Total Project Costs			
PPF	0.00		
Front-end fee IBRD	0.00		
Total Financing Required			

*GEF resources are fully blended and are aggregated in the table above.

(b) Financing

P082375 - Natural Resources Development Project				
Source of Funds	**Type of Financing**	**Appraisal Estimate (USD millions)**	**Actual/Latest Estimate (USD millions)**	**Percentage of Appraisal**
Borrower	Direct	2.20	1.74	79
International Development	Co-finance	7.00	6.93	99

Association (IDA)				
SWEDEN: Swedish Intl. Dev. Cooperation Agency (SIDA)	Co-finance	5.20	4.53	87

P089061 - Albania - Natural Resources Development Project				
Source of Funds	**Type of Financing**	**Appraisal Estimate (USD millions)**	**Actual/Latest Estimate (USD millions)**	**Percentage of Appraisal**
Borrower	Direct	0.00	0.00	00.00
Global Environment Facility (GEF)	Co-finance	5.00	4.70	94.00
Total:		**19.40**	**17.90**	**92**

* Disbursements from the GEF Grant and the Government Contribution will continue until February 28, 2012.

Annex 2. Outputs by Components

COMPONENT A: IMPROVED MANAGEMENT AND GOVERNANCE OF FORESTS AND PASTURES

A.1. Strengthening participatory forest and pasture management in communes that were supported under the AFP	
A.1.1. Updating existing communal forest and pasture management plans	The project supported the updating and approval of 111 Communal Forest and Pasture Management Plans (CFPMPs) that were initially prepared under the Albania Forestry Project. The area covered by these plans is 373,368 hectares.
A.1.2. Implementing updated communal forest and pasture management plans	The Project supported the implementation of 111 updated CFPMPs by providing small-scale investment grants for community-based natural resource management activities. Anti erosion measures established on 31,116 hectares.
A.1.3. Capturing carbon finance resources for carbon sequestration	The Project supported small-scale investments in 24 communes for assisted natural regeneration of forests: 1,866 hectares of afforested land; 1,200 hectares of forest improvements; 86 kilometers of fencing; Approximately 5,000 hectares protected The Project contributed to the sequestration of an estimated 64,000 tons of CO2, and is expected to sequester 140,000 to 160,000 tons of CO2 by 2018.
A.2. Introducing participatory forest and pasture management	
A.2.1. Preparing communal forest and pasture management plans	The Project supported the preparation of 110 new CFPMPs. The area covered by these plans is 307,665 hectares.
A.2.2. Implementing communal forest and pasture management plans	The Project supported the implementation of 98 new CFPMPs by providing small-scale investment grants for community-based natural resource management activities.
A.3. Strengthening governance for forest and pasture management	
A.3.1. Building the capacity of new and existing Forest and Pasture User Associations	The Project supported the creation of 105 new Forest and Pasture Users Associations (FPUAs). The Project supported the training of 2,000 FPUA members at regional and local levels covering a wide range of topics relevant for functionality of the FPUAs.
A.3.2. Training of DGFP and DFS in participatory provision of extension advice	The Project supported a training needs assessment of the DFP and DFS. The Project provided training on sustainable forest management to 19 national and regional forest extension advisors which subsequently served as trainers for other staff of the FP and FS. The Project supported training of 196

	district and commune level forest extension officers on sustainable forest management.

A.3.3.Implementing priority actions of the National Strategy for the Development of Forests and Pasture	
A.3.3.1. Supporting institutional reform and development within DFP and DFS.	The Project provided technical assistance for supporting institutional reforms of the DFP. The Project provided the following technical support: (i) 23 motorcycles for the DFS; (ii) IT and office equipment for the DFP; (iii) GIS software and hardware for the DFS; (iv) a variety of publications on topics of relevance for community-based natural resource management for the DFS.
A.3.3.2. Building awareness of the Strategy within DGFP and DFS.	The activity was dropped. This activity was designed to support the establishment of regional directorates and overall implementation of the forestry strategy. It was dropped because the government did not establish the regional directorates until project closing. Preparation of a public awareness action plan and campaign was supported under Component C 2.
A.3.3.3. Strengthening and improving the legal and regulatory framework for forest and pasture management	The Project provided support for the following legal outputs: (i) a review of the legal status of FPUAs; (ii) drafting of necessary decisions for the Forest Law; and (iii) guidelines on working volumes.
A.3.3.4. Developing the registers for forests and for pastures	A prototype GIS-based system for collecting and processing the available inventory data on forests and pastures in the project area was prepared. The Project also funded procurement of IT equipment for the Agency of Inventory and Transfer of Immovable Property.
A.3.3.5. Developing and implementing an action plan to address illegal logging in project areas.	The activity was not covered by the project. Instead, it was covered under the Ensuring Forest Law Enforcement and Governance in Europe and North Asia (ENA-FLEG) initiative supported by the World Bank and the EU. A National Action Plan was developed and widely consulted.
A.3.3.6. Enhancing forest fire management at local levels.	The Project financed fire-fighting equipment and protective gear (92 sets plus spares). The Project supported the production of a media spot for prevention of forest fires which was broadcast in 2007, 2008 and 2009. A few fire trucks were purchased under another Bank supported Project on Disaster Risk Mitigation and Adaptation. Generally, fire management became less of an issue after the forest and pasture lands were transferred to communal ownership.

COMPONENT B: IMPROVED MANAGEMENT AND GOVERNANCE OF WATERSHEDS

B.1. Introducing integrated resource management in micro-catchments (MC)	
B.1.1. Preparing MC resource management plans	The Project supported the preparation of 30 micro-catchment resource management plans that cover an area of 161,478 hectares (of which 67,000 hectares of agricultural land).
B.1.2. Implementing MC management plans	The Project supported the implementation of all 30 micro-catchment plans with financing for priority small-scale investments identified in the plans.

B.2. Strengthening governance for watershed management	
B.2.1 Training of regional agricultural directorates, drainage boards, DFS staff and commune staff in extension advice	The Project supported provision of training to 45 staff members or agricultural directorates and drainage boards on topics related to integrated resource management. Additionally, some 62,000 commune members were trained in watershed management planning approaches.
B.2.2 Strengthening relationships with Land Administration and Protection offices (LAPs)	Activity was dropped as appraised because land offices in 30 communes were part of the training and participatory process of the preparation of MC plans. At project appraisal the Project was going to be implemented by the Ministry of Agriculture and Food, but this changed during implementation.
B.2.3 Advising on implications for land administration and tenure	Activity was dropped because neither the Ministry of Environment, nor the Immovable Property Registration Office agreed on a joint plan to use the funding for this activity.

COMPONENT C: PROJECT MANAGEMENT AND MONITORING

C.1. Project Management	The Project provided support for the good functioning of a Project Management Team, as well as support to other Government institutions that were involved in project management activities.

C.2. Public awareness of the benefits of sustainable natural resource management	The Project provided support for the elaboration and implementation of a Public Awareness Program and an Action Plan for dissemination of best practice in natural resource management. The Project supported a Maquis management study and best practices.
C.3. Monitoring and evaluation (M&E)	The Project supported the development of a computerized monitoring and evaluation system that tracks indicators and target values in line with the Project design and its results framework. The Project supported the preparation of a baseline study and a follow up social assessment study.
C.4. Implementation of Environmental Management Framework	The Project supported two Annual Environmental Performance Audits.
C.5. Carbon sequestration verification and monitoring.	The Project supported the completion of the CDM validation and initial verification.

Annex 3. Economic and Financial Analysis
(including assumptions in the analysis)

The Project's economic analysis at appraisal was based on the calculation of an ERR. This annex reviews the Economic Rate of Return (ERR) against implementation results.

a) ERR at Appraisal

The economic benefits associated with the improvement o f natural resource management within the 218 communes (including the 30 communes where MC plans were to be implemented) fell into two main categories: (i) benefits in the upper watersheds from reduced soil erosion, reversal of degradation of pasture land and increased productivity from sustainable forest, pasture and agricultural land management; and (ii) benefits in the lower watersheds from reduced flooding and sedimentation of water courses and thus less damage to infrastructure and agricultural crops. The overall ERR for the project, including both upstream and downstream benefits was a robust 21.2%.

Quantitative Benefits

Components A1 and A2 were supposed to result in economic benefits generated from increased production of fodder, NTFPs (e.g. medicinal plants and herbs) and in the longer term the harvesting of thinnings predominantly to meet rural fuel-wood demand. These direct benefits were supposed to result from the implementation of communal forest and pasture management plans covering an average 2000ha of forest and pasture land per commune, with direct interventions on 120ha. In addition, Component A1 included the carbon sequestration activities, that were foreseen to generate an income from the sale of Kyoto Protocol compliant carbon credits (US$ 14/ha) for 12 years, while also generating increased production of fodder, fuel-wood and timber.

Rehabilitation of the forest and pasture communal lands, in components A1, A2 and B1 was forecasted to result in positive downstream benefits through the stabilization of upland areas, reducing the amount of damage to lowland infrastructure and agricultural areas. At the time of appraisal, the Government of Albania was spending US$ 6-7 million per year on repairing flood damaged agricultural land, rural housing and infrastructure. The project activities would result in a reduction in the annual damage costs by an estimated 25-30%.

Component B (implementation of holistic micro-catchment plans), would result in significant economic benefits for 30 communes through the direct timber, fuelwood, NTFP benefits, and increased yields from agricultural production. This would result in increased income-generation from the sale of agricultural and forest products, increased production of subsistence products and improved food security.

Qualitative Benefits

The project was forecasted to have significant qualitative benefits: biodiversity protection and enhancement, regeneration and recovery of natural vegetation, stabilization of land resulting in less soil erosion and sedimentation of water courses, a reduced risk of landslides, forest rehabilitation, and improved quality of agricultural soil. The project would also increase the standing capital value of the forest over time which would become increasingly significant if the transfer of land ownership becomes feasible in the longer term.

b) ERR at Completion

Project results were achieved, and exceeded in some cases. As expected, Components A1 and A2 generated direct economic benefits through increased production of fodder, fuel-wood and other non-timber forest products (e.g. medicinal plants and herbs). The number of communes included (251 as compared with 218), the area covered (2,600 ha per commune) and the number of beneficiary households were larger than projected at appraisal. The annual yields of fodder and fuel-wood are in line with appraisal estimates, and the timber growth rates in the sample plots exceed those assumed at appraisal by about 15%. The benefits from Component A1 also include projected income from the sale of Kyoto Protocol compliant carbon credits (US$ 4.4 per CO2 ton) on account of carbon sequestration activities undertaken on about 2800 ha. These projections are much more robust than the ones used at appraisal because they are based on data from the validation and initial verification of the carbon finance activities. While the project area for carbon finance activities has in fact turned out to be smaller, the projected sequestration and income streams until 2018 are still expected to engender significant economic benefits to the participating communities.

The improved management of communal forest and pasture lands under Sub-Components A1, A2 and B1 very likely helped reduce the incidence and severity of downstream flooding and, hence, of damage to lowland infrastructure and agricultural areas. A realistic estimate of the magnitude of flood damage repair costs thereby avoided is, however, not possible, and no quantification of these downstream benefits is included here.

Sub-Component A3, in concert with activities under Sub-Components A1, A2 and B1generated is estimated to have generated considerable benefits through the reduced incidence of forest fires in a significantly larger area than anticipated at appraisal.

As expected, the project generated significant benefits under Component B through increased sustainable harvesting of farm products, fodder, fuel-wood, other non-timber forest products and, in the longer run, of timber.

Since many benefits, and especially those from increased timber harvesting, take time to accrue, the economic analysis assessed the quantifiable incremental project benefits over the 45-year period from 2005 to 2049. The discount rate applied is 12%. The analysis shows an overall ERR for the project of 20.6%. While this is slightly lower than the appraisal estimate of 21.2%, the latter included an estimate for flood damage repair costs avoided which was highly speculative and has not been included here. The NPV is US$9.2 million.

The analysis of final costs, outputs and outcomes (economic benefits) confirms that the project was implemented efficiently.

Cost-Benefit Analysis Summary	
Grand Total Costs	18,367,316
Total Benefits	291,572,619
Average annual benefits	6,479,391
Average annual net benefits	6,071,229
Total Project ERR	**20.6%**
NPV	**9,181,892**

T=45 years

Annex 4. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
Lending			
John W. Fraser Stewart	Senior Natural Resource Management Specialist	ENVGC	Task Team Leader
Drite Dade	Senior Projects Officer	ECSS3	
Elmas Arisoy	Lead Procurement Specialist	ECSO2	Procurement Specialist
Belita Korreshi	Procurement Assistant		
Marie Simone Lecocq	Forestry Spec.	ECSSD	
Olav Rex Christensen	Senior Public Finance Specialist	HDNED	
Serguei Milenin	Consultant	ECSSD	Natural Resources
Andre Aasrud	Operations Analyst	ENVCF	Deal Manager
Andrew Michael Mitchell	Senior Forestry Specialist	ECSS3	
Edward Daoud	Senior Finance Officer	LOAG1	
Kirsten Propst	Senior Counsel	LEGEM	Country Lawyer
Carine Clert	Sector Leader	LCSHD	Social Development
Ibrahim Hackaj	Consultant	ECSS1	Agriculture
Nedret Durutan	Consultant		Rural Development
Harold Lemel	Consultant		Social Scientist
Gerhard Dieterle	Advisor	ARD	
Anatol Gobjila	Senior Operations Officer	ECCS3	ICR Author
Supervision/ICR			
Rita E. Cestti	Senior Rural Development Specialist	OPCQC	Task Team Leader
Drite Dade	Senior Projects Officer	ECSS3	Task Team Leader
Andrew Michael Mitchell	Senior Forestry Spec.	ECSS3	
Robert Kirmse	Consultant	ECSS3	
Carl Lennart Seve Ljungman	Consultant	ECSS3	
Silvia Mauri	Consultant	MNSAR	
Andre Aasrud	Operations Analyst	ENVCF	Deal Manager
Franka Braun	Carbon Finance Specialist	ENVCF	Project Manager
Arcadii Capcelea	Senior Environmental Specialist	ECSS3	
Bekim Imeri	Social Scientist	ECSS4	
Esma Kreso	Environmental Specialist	ECSS3	
Belita Manka	Counsel	ECSO2	
Elmas Arisoy	Lead Procurement Specialist		
Blaga Djourdjin	Procurement Specialist	ECSO2	
Elona Gjika	Financial Management Specialist	ECSOQ	
Ida N. Muhoho	Senior Financial Management Specialist	ECSO3	
Carl-Fredrik von Essen	Consultant	ECSSD	
Daniel P. Gerber	Rural Development Specialist	ECSS1	
Gerhard Dieterle	Advisor	ARD	

(b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY04	14.00	96.40
FY05	34.07	195.50
Total:	48.07	291.90
Supervision/ICR		
FY06	26.30	87.00
FY07	26.90	67.30
FY08	39.00	91.90
FY09	40.70	90.00
FY10	29.50	92.00
FY11	35.50	152.40
FY12	8.30	63.20
Total:	206.20	643.80

Annex 5. Beneficiary Survey Results

Beneficiary surveys conducted as part of the Project's socio-economic assessment study confirm a high degree of interest of the part of rural communities to participate proactively in the Project's activities. The interest is even higher in the remote mountainous communities. The survey's quantitative assessment show that about 85% of the respondents were knowledgeable of the Project activities and that more than 2/3 of villagers participated in Project activities. One of the most important things worth mentioning is that about 60% of respondents who participated in the Project activities claim that their ideas and proposals were taken into account and later implemented through the Project. The main reason for high participation and appreciation of the Project is the generally poor conditions in these remote rural areas and the fact that participation in the Project was completely voluntary. Probably the greatest social impact of the Project has been the initiation of village structures (formal and informal) to support the process of decentralization of forest and pasture management from central level to local level institutions. This is mostly through the formation of Forest and Pasture Commune User Associations.

Additionally, economic and social impacts were reported to have been realized by the Project. The surveys show that 92% of the families in the sample show improved incomes. This is backed up by state statistics, which show trends of substantial decrease in the number of families living under the poverty line. The Project beneficiaries benefitted economically either directly or indirectly. Direct benefits came through engagements to implement Project related activities either in the preparation of plans or in the implementation of works envisaged as part of the management plans. Indirect benefits involve improved pastures that increase productivity, as well as improved forest, which will provide forest products; another source of increased household incomes. The social assessment attempted to measure the Project's directly attributable impact on the increase of the beneficiaries 'revenues. The estimated Project impact on increased revenues is about 10%, achieved through both direct and indirect benefits. Moreover, in addition to those quantifiable benefits, there will also be long term benefits from forest protection.

Annex 6. Stakeholder Workshop Report and Results

A final project stakeholder workshop was held on April 27, 2011. The discussions in the workshop centered on the Project's results at completion and the lessons learned. In addition, the workshop participants commented on a Borrower ICR draft, allowing them to inform its final drafting.

The audience included MOEFWA and PMT staff, as well as representatives of the communes and users associations, of the academia from the Forest Faculty. Representatives of the World Bank office Tirana, SIDA and SNV were present as well.

Summary of the workshop

The following were the main conclusions and comments of the participants regarding the project, the draft Borrower ICR and the lessons for future collaboration:

1. The draft Borrower ICR provides an in-depth, critical assessment of the project, which was received well by the participants.
2. Lessons of the ICR are relevant to the project design, but need to strengthen: a) how worthy was the streamlining of the project management approach, and b) how the failure of the monitoring and evaluation affected assessment of the intended improvement of management at the local level.
3. Frankness of the speakers was well-received and participants were critical of some aspects that affect the achievement of the project, while recognizing difficulties faced during the project implementation, and rapid changes not anticipated at appraisal.
4. The project was relevant to the priorities and policies of the government and of the targeted areas and population living in these areas and the project had a positive impact on the targeted areas, in terms of soil erosion reduction, improving economic conditions of poor families, creating the basis for sustainable management of the natural resources by communes, users associations and communities.
5. The sustainability of the project impacts is discussed in two aspects, a) financial and b) proper functioning of the institutional structures. Both are not yet there and therefore will need to be reviewed and put at the center of the future project.
6. The role of the main actors, and in particular commune authorities, users associations and communities, has been contributive to the project outputs, but can they operate after the project completion independently to manage properly the natural resources and maintain the results achieve under the project? The answer is, further legal, institutional, and operational actions are needed to achieve that.
7. The approach taken in the appraisal that cover a big number of communes and a vast area of forests and pastures under the project was challenged by the alternative approach of downsizing of the project by focusing on the smaller number of communes to achieving a greater impact.
8. The demand driven approach should be addressed in the next operation by applying rigorous criteria in order to select communes that have fulfilled the required conditions and are seriously committed to take up all required obligations that the investment projects will pose on them.
9. Although the progress made, institutional reform measures have not been completed yet, and therefore, strengthening the implementation of the institutional reform measures is a must for the success of the future project.

10. It was emphasized that streamlining of the project management was important to building capacity within the MOEFWA, but lessons have to be drown and use them for the preparation of the follow on project.
11. Scientific research, new technologies and innovation to cope with the effects of climate changes on these natural resources, and therefore improving management of the resources, has to be recognized and considered as part of the future project.
12. The registration of the forests and pastures by the commune authorities is a key turning point to make them real owners of the transferred assets. The process and procedures are clear, also most of the documents are available in the offices of DFS, but lack of cooperation and of the political will are the main barriers that are hampering the completion of this important process. Can the MOEFWA be instrumental and facilitate this process? There were pros and cons to this suggestion.
13. The issue that the ownership of F&P should go to their traditional owners (dated before World War II), was emphasized as a very sensitive issue related to the sustainable management of these economic assets. The history of Albania offers two types of ownership, commune authorities and individual farmers, and the suggestion given was that regions of Albania should follow their traditions.
14. Monitoring and evaluation system did not provided the expected information on how the management of forests and pastures were improved and how the earnings increased mitigated the rural poverty in the targeted project areas. This poor performance has to change substantially in the future project.
15. The Bank did play a helpful role during the project implementation, which was valued by the Government. It did critically assess the implementation process, coordinated with the government on proposed actions/proposals which were operationally and technically sound, and towards achievements of the PDO.
16. SIDA's role was praised as very important to the project results
17. Future Bank involvement in the forest and pasture sector should continue to be strategic and programmatic in nature, with SIDA being a part of the overall program support rather than stand-alone operation.
18. The role of Dutch Government through SNV in providing the necessary training contributed to the capacity building of indented structures.

Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR

This Annex includes: (a) a summary of the Borrower's ICR, endorsed by the Project Implementation Oversight Committee; and (b) Government of Albania comments on the draft ICR.

I. Project Evaluation:

1.1 Achievement of project objectives

The realization of the key project development indicators (which measure the level of achievements of the project development objective) at this stage of the project implementation inform that all four indicators are expected to be fulfilled by November 2011.

A key achievement was the official transfer of the ownership rights of forests and pastures to about 330 communes.

1.2 Implementation of activities by component

Component A: Improved Management and Governance of Forests and Pastures

One of the objectives of this component was strengthening the participatory forest and pasture management in the preparation and approval of the communal forests and pastures management plans (CFPMPs) that have encompassed: a) 115 communes inherited from the AFP, and b) 125 new communes added in this project as well, including 73 new communes under the project and 52 additional ones added during the project implementation.

This component has exceeded its objective to introduce communal and participatory forest and pasture management plans in 240 communes involving 744,434 ha, compared to the PAD objective of 218 communes involving 600,000 hectares.

Implementation of the activities under the approved management plans is nearing their full completion. Small scale investments under Component A on communal forest and pasture management (CFPM) are now completed in 147 communes and the remaining 68 participating communes are executing their investment projects to be completed until November 2011. These investments were directed towards: a) land stabilization; b) resource rehabilitation, and c) sustainable resource use.

Another key activity of this Component that is nearing its objective is carbon emission reductions to be purchased by the BioCarbon Fund of the World Bank[4]. About 24 communes that received support under the AFP have benefited from investments funded under the NRDP aiming to sequester carbon through assisted natural regeneration in about 6,000 ha. The estimated amount of CO_2 sequestered stands at 143,000 tons, against 145,768 tons, which was the revised target in the MTR. Under the carbon sequestration (CS) program the small project investments have been completed in 13 communes, while investments in the remaining 11 communes are expected to be completed before the entire project is completed.

[4] The BioCarbon Fund has expressed interest in purchasing emission reductions from Albania, resulting from a proposed "Assisted Natural Regeneration of Degraded Lands" Biocarbon Fund project, which is included in the NRDP.

The mechanism and the institutional arrangements to make this payment happening are still pending. The proposed flow of funds to the communes from the MOEFWA has not materialized yet, although MOF has agreed in principle that CS funds may flow directly to the Local Government Units, via the MOEFWA.

Another achievement under this Component was strengthening the governance for forest and pasture management through: a) building the capacity of existing and new Communal Forest and Pasture User Associations (CFPUAs), b) training of General Directorate of Forests and Pastures (DGFP) and District Forest Service (DFS) in participatory provision of extension advice, and c) implementing priority actions in the National Strategy for the Development of Forests and Pasture sector.

a) Building the capacity of existing and new Communal Forest and Pasture User Associations (CFPUAs) - the project put the CFPUAs in the driving seat as a key player in the preparation and implementation of the FPMPs and MC plans. Although these associations have little experience, created under the previous project (AFP) they have played an instrumental role in the preparation of the management plans and their implementation with the participation of the community. The project contributed to strengthening of the CFPUAs by means of various training programs that have increased more their knowledge and responsibilities.

It should be noted that CFPUAs had the task to facilitate the preparation of the management plans, and implement them according to the agreement with commune authorities. Therefore their primary concern was on implementing the approved management plans through various small capital investments projects, which generated temporary employment. Their role in managing communal forests and pastures leading to income generation, on behalf of new owners and real users is a big challenge ahead. This requires that both owners and users see the need for managing these assets by the user associations, and also the later should show capacity and commitment to play this role, which would need to be formalized through a contractual arrangement with the commune authorities.

During project implementation, CFPUAs have faced an unforeseen legal and institutional problem. By performing business transactions for the implementation of the management plans, in line with the Partnership agreements signed with all communes, by law CFPUAs have to pay income tax and social insurance for people employed by them, regardless of whether they have contracts and make earnings throughout the year. This was a serious constraint for them to perform regularly because of the present legal status of associations as not for profit organization. The national Federation of CFPUAs was assuming to play an instrumental role and take up required actions towards a resolution of this problem, but this did not materialized. The CFPUAs legally can perform business functions under e service contract with commune authorities, in line with the intended role of the associations for managing the communal forests and pastures (CM Decision of January 2008, article 28[5]). This could solve the financial problem only if they have regular annual contracts, which means payment of income tax and social insurance wouldn't be much of a problem for them. However, the procurement law poses another legal barrier for them to get contracts from commune authorities, as it requires from the user associations to comply with the competitive bidding process for contracts valued higher than 4,000 euro/annually.

[5] CM Decision No.22, date 9 January, 2011, article 23: "The forest users associations or the licensed entity shall be selected by the corresponding local government unit in compliance with the law on public procurement. The service contract shall include timber collection, forest secondary outputs and medicinal herbs collection, ..."

Knowing that associations are at their early stage of development private companies can compete successfully user associations in offering the same services. Therefore, this issue will require a particular attention, when preparing the follow-on project.

Here there are some contradictions that lie between the government decision and the existing forest law, with regard to the business activities of the user associations, which is foreseen to be addressed in the new Forest law.

It should be pointed out here that the future role of the CFPUAs should be seen also in the context of the potential privatization of the communal forests and pastures land to individual families according to traditional boundaries. During the project implementation it was observed that either families or villages were taking back the forests land based on their traditional boundaries. In the face of this situation the commune authorities have agreed to give these assets to either of them on possession, without any formal procedures or legal arrangements. This is not a full-fledged privatization, but it gives them the right only to use as such, without changing their destination, to the benefit of the communities and of the commune. It could be expected that this pattern of management of forest land will dominate in the future, which could affect the role of the said associations in the future.

b) Training of Directorate of Forests and Pastures (DFP) and District Forest Service (DFS) in participatory provision of extension advice - The SNV has provided training for 20 professional forest extension staff of the Ministry of Environment, Forests and Water Administration, staff from selected District Forest Services and a representative from the Faculty of Forestry on basic extension services, so as they will be able to provide extension service and train others as well. Additionally, other 43 DFS staff from Lezha and Korca areas was trained by the core trainers. It is expected that, by the project completion in November 2011, about 120 regional and district staff are trained, and 240 local government unit personnel will complete the training program in the coming months.

The training program was based on the new principle of collaborative management of Communal Forest instead of Conventional Forest Management where direct control is exercised by forest officials. That said, strengthening the coordination and collaboration with the Agency of Environment and Forests, as well as with the Faculty of Forestry and partnership with the National Association of Forest and Pasture Users, and with the Extension Service of the Ministry of Agriculture, is paramount to the success of the collaborative management principle.

However, it should be noted that the project and the Needs Assessment Report targeted a larger group of professionals to be trained.[6] Training of the larger group of professionals should continue for building the needed capacities, and therefore this activity should be reviewed in the framework of the training program in the follow-on project.

Equally important is the recommendation given by the participants for formation of a separate extension structure in charge of extension service provision to Communes and communities. The first step has been taken, by creating the extension service unit for public forests and communal

[6] The Needs Assessment Report recommended 160 staff of the Ministry to undertake extension skills training (100 field staff and 60 Regional Extension Specialists) as well as 150 forestry staff of the Communes to address knowledge gaps in the Local Government Units.

forests, within the forest and pastures directorate of the MOEFWA. Other expected steps, envisaged by this directorate, are to extend this service at regional level, and further down to the commune. Forest technicians would provide forest extension service to the communes and Forest and Pasture Users Associations, by being stationed in Communes.

One of the key conclusions of the training program was that the financing for the protection and management of communal forest and pasture areas transferred to local government linked to necessary advisory services has to be provided by the State.

c) Implementing priority actions in the National Strategy for the Development of Forests and Pasture sector - One of the key ingredients to sustain the management of communal forests and pastures by the associations of the communities was the institutional reform through the implementation of some key actions of the said strategy. The government was committed politically to engage in the implementation of the strategy, which resulted in the decentralization of the management of forests and pastures to the communes through transferring the ownership rights in 2008. This was a big legal step in response to the request of the communes to become owners of these valuable economic assets. Another action, aiming the separation of the management functions of State forests from the control and advisory functions for all forests including the State forests, was the establishment of the Department of Forest Control and Inspection within the Directorate of Environmental Control at the MoEFWA. However, other key actions intended under the project such as: a) provision of forest and pasture extension service down to the qark and commune levels, b) creation of inspection and control service as a separate service to control State and Communal and Private forests, carried out by the forest police, and c) separate state forest management service from control service, were not implemented during the project life span. This has created a situation, where the stakeholders operating at local level (DFS, Regional Coordinators, commune authorities, and commune associations) were left without defined new roles, rules and competencies in how to managing the communal forests and pastures. The new Forest and Pasture Law will address the above required institutional changes and define the responsibilities of the regional directorates, district offices, communes, private on the management of forests and pastures.

During the project implementation, the MOEFWA (forest directorate) collaborated with the Ministry of Interior (Agency of inventory and transferring of immovable property-AITIP) for the process of transferring the forests and pastures to commune authorities. NRDP has supported the AITIP with computers and training for the process facilitation.

Component B: Improved Management and Governance of Watersheds

The objectives of this component were introducing integrated resource management in micro-catchment (MCs) areas, and strengthening governance for watershed management. The PAD target to prepare and approve MC plans for 30 communes has been achieved. In addition, small-scale investments for the implementation of the planned activities under Component B have been fully completed in 14 communes and will be completed for the remaining 16 communes by June 2011. These investments were directed towards: a) rehabilitation of communal forests; b) rehabilitation of agricultural land; and c) sustainable use of agricultural land and livestock production so as to reduce the need to cultivate or graze on marginal and erosion prone areas.

Strengthening governance for watershed management - Additionally, under the SNV training contract, some 62,000 commune members (i.e., leaders and participants) have been trained in the Management Planning approaches. This activity was placed in a high priority after the government decision to transfer forests and pastures under the ownership of the commune authorities. Building management capacities for sustainability of the local government units

became a new major aim of the project, but the remaining time of the implementation did not allow for following on this aim as needed.

The activities envisaged under the PAD, aiming to make the Land Administration and Protection Office (LAP) of the MOAFCP e key player to achieving sustainable watershed management such as to: (a) assess the capacity and the role of LAPs in relation to project areas, specifically with respect to documentation of user rights and preparation of management plans, (b) develop a synopsis of the different institutional arrangements for land, natural resources and environmental management; (c) assess the relationship between the Immovable Property Registration System, forests and pastures registers, and LAPs offices, (d) build awareness among staff of the regional and communal level LAPs of the MC planning approach; and (e) identify duties of regional and communal level LAPs, establishing links with the regional and district forest services, did not materialize. The only cooperation with agricultural/land offices was the involvement of their specialists in the preparation of the MC plans.

Component C: Management and Monitoring

Public awareness strategy - A Public Awareness Program and Action Plan was prepared under the project in compliance with forestry sector strategy to disseminate the best practice of the land management in upland prone to erosion. The PA program has been uploaded in the website of the project, but to be fully complete two actions are expected to take place until project completion, around November 2011.

Monitoring and evaluation system - A computerized monitoring and evaluation system was developed under the project. The indicators and target values for results monitoring were aligned with Project design. Four types of baseline indicators were intended to have been established at the early stage of the project implementation, which included: a) the beneficiaries' satisfaction (baseline survey)[7]; b) data to monitor economic impact of the project; c) data to monitor biophysical changes in forest cover (by using the National Forest Inventory); and d) data to monitor other project indicators. This activity did not go well as expected, and the M&E program suffered serious delays in establishing the system, and conducting the planed surveys.

Having said that, monitoring and evaluation system of the PMT failed to provide the required information on the expected improvement of the management of forests and pastures, and how the earnings increased mitigated the rural poverty in the targeted project areas.
The data entry in the system was delayed until late 2010, due to the delays of training and inability to remedy on time the technical problems with the software. The expectation is that by November 2011, when the project will be completed, all data entry will be finalized and updated.

Poverty Impacts, Gender Aspects, and Social Development - A major social impact of the project was that farmers had their voice in the preparation of the CFPMPs and MC plans through their community associations. Equally important was their participation in the implementation of these plans. Some 2,213 villages in the participating 239 communes have participated in the Project and, more than 9,000 villagers (of which 25% were women) have benefited from CFPM, MC and CS employment opportunities.

[7] The survey would serve the purpose for monitoring the villagers' perception of the project and not for monitoring all the actual achievements in implementing project activities

The project offered temporary employment through labor intensive small scale investment projects. As a result the earnings of the farmers, who participated in the execution of these projects, increased. In average, annual household income increased around 10% in under Component A *Improved Management and Governance of Forests and Pastures,* and around 56% under Component B *Improved Management and Governance of Watersheds* the project. Furthermore, the regeneration of forests, and creation of new farmer based fruit tress plantations are reducing the risk of erosion, and creating potential for income generations in the mid-term.

II. Evaluation of the Bank and Borrower Performance

a) Evaluation of the Bank

Project-financed investments were highly relevant for the sector in Albania and have leveraged resources from other donors such as SIDA. Bank team made notable efforts and was highly committed to a successful outcome of this project working jointly with government counterparts to find alternative ways to improve project implementation. The Bank Country Unit supported intensive project supervision, particularly given the very complex profile nature of the operation and its sector wide importance. The Bank team worked in close collaboration with SIDA, which role was very important to the success of the project implementation.

b) Evaluation of the government performance

(i) Central and local government

The Government worked closely with the Bank team during preparation of the Project and demonstrated its engagement in the sector reforms through transferring the ownership rights of Forests and pastures to all 330 communes, and exempting communes by paying registration fee of the forests and pastures to the Immovable Property Registration Office. It established the required bodies comprising representatives from the line Ministries and local governments with responsibility for supervising the project implementation such as, a) the Project Implementation Oversight Committee (POIC)[8], and b) the Project Technical Committee (PTC), located within MOEFWA.

However, the government did not do enough to support timely implementation of all aspects of the sector reform, and therefore to resolve some of the regulatory and governance issues on a policy level that hindered implementation progress (extensive service, regional coordinators, division of control from management functions). These reforms were delayed probably due to the resistance of the bureaucracy towards change, and not enough political will.

The POIC convened not regularly and meetings were not always well attended. Its performance was characterized by various shortcomings such as delayed in starting their functioning, and slow response times to the institutional change reform requirements. As to the PTC, it was inactive in its role, which hampered the technical capacity of the PMT during the project implementation. Forest department did not manage to coordinate activities, get feedback and exchange information with other departments in the Ministry itself, let alone agriculture.

[8] POIC was chaired by the Minister of the MOEFWA, and includes representatives from the MOAFCP, MOI, National Federation of Forest and Pasture User Associations and Non-governmental associations

At local level, the role of the Regional coordinators (consultants) and of the DFS Local Focal Points in the project management has not been the same in all targeted areas. Changes of the regional coordinators, delays in filling their vacant positions and changes of the status from consultants to DFS staff have hampered the timely implementation of project activities.

The involvement of communes during implementation was quite encouraging, given that the process of transferring the ownership rights of F&P to communes took some time to take place. Communes' performance was rewarding.

(ii) Project Management Team

PMT was established and up and running since the beginning of the project implementation. It was staffed with qualified professionals and gave its utmost to achieve project objectives in a changing situation. The PMT has demonstrated a high degree of dedication and commitment and instrumented realistic solutions to overcome the increased complex workload due to the rapid transfer of the ownership rights of forests and pastures to the commune authorities by the government. However, changes of the PMT staff and of the regional coordinators and delays in filling the vacant positions affected its performance and deliverables. Under these circumstances, the implementing agency performance has fluctuated over the recent years.

Evaluation of other partners' performance

Swedish International Development Cooperation Agency (SIDA) has provided a valuable contribution to the project implementation. The agency was involved regularly as an active donor in various challenging times and has been consistently part of the joint dialogue with the government main actors.

Dutch government has supported the capacity building of the local structures through training programs by co-financing some contracts via SNV. SNV has played an important role in building capacities through training programs, and drawing lessons that should be taken into account for the capacity building at the local level in the future project.

III. Lessons learned

(a) **The overall development objective -** The project development objective to establish or maintain sustainable natural resource management in upland and mountainous erosion-prone lands appeared to be ambitious, and therefore its fully achievement under the NRDP should be challenged. **First**, the intention to achieve this big objective in a territory of about 50% of the forests and pastures of the country that belong to around 75% of the communes in about 5 year period appeared to be not realistic. **Second**, this objective was based on the reforming of the sector, which was assumed to start at the same time with the project implementation, and in fact it was materialized with the transfer of the ownership rights of the forests and pastures when the project was half way through. The experience in the country has shown that sector reforming process takes more time than the life span of a project. **Third,** this change in ownership brought immediately on the table as a major aim of the project building management capacities and governance for sustainable utilization of these natural resources at the local level. The remaining time of the project implementation was very limited to allow for actions to be taken towards this new aim. **Fourth**, the government transferred to the communes, forests that were badly degraded, and therefore the expected benefits were seen from the communes and farmers as far-away.

However, the project did create a solid ground for the sustainability of the natural resources management, which could have been a more realistic objective, because: a) ownership rights of forests and pastures are transferred by the government to the communes, b) communities and their associations are equipped with management plans, as important tools for the proper management of the natural resources, c) communities and their associations have received training, which contributed to start building some capacities; and d) communities and their associations are put rightly at the center of the implementation as the most interested and suitable actors to achieve and sustain natural resource management in upland and mountainous erosion-prone lands.

(b) **Project design –** The components of the project and their respective activities were rightly defined to address the key country's sector issues and that would lead towards the sustainable management and utilization of the natural resources.

As to the institutional arrangements, the successful implementation of the project relied also in the assumed effectiveness and capacities of each key actor responsible in a very complex and large institutional structure (31 FDS, and about 240 commune's authorities and their respective associations at the local level). This assumption proved to be over optimistic under the circumstances, because their performance and deliverables were affected by: a) the changes of the people in charge of the project coordination and delays in their replacements, b) delays in the implementation of the institutional reform. The transfer of the forests and pastures to communes was not associated with expected institutional changes (extensive service, transfer of the specialists from the DFS to the regions to serve communes, defining new roles and responsibilities), c) lack of engagement of the POIC and PTC, and d) uneven capacity level amongst DFS, commune's authorities, and communities' associations.

The project implementation has been "mainstreamed" to the MOEFWA. The degree of "mainstreaming" was not fully. The Project Director was full time Director of the Forest and Pasture Directorate, and part time engaged in the NRDP. While the staff of PMT was hired as full time employee of the PMT, which was responsible only for the project implementation Besides the Project Director, the rest of the PMT staff was not a civil servant. The experience of this model showed a number of advantages, such as: a) stronger ownership in the MOEFWA, b) the Forest and Pasture Directorate staff and PMT staff increased their capacities in handling this project by facing key challenges, and c) created an asset which could take over a new project and handling it in a more efficient manner. However, one of big disadvantages that were noticed during the project implementation was the time constraints on the part of the Project Director. The later had its primary responsibilities within the government, rather than implementing the NRDP. This left him little time to follow up with project activities. This time constraint, coupled with the workload and complexity of the World Bank funded project, have made him less efficient than expected. Unlike the previous situation, after October 2010, the Project Manager is designated by the Minister as full time working on NRDP. The strengthening of the leadership of the PMT, created the possibility for the Director of Forests and Pastures, to be able to follow on key tasks of this project within the reasonable time available for him.

Under this model of "mainstreaming" the two key functions of the PMT, procurement and financial management faced serious capacity constraints in the face of hundreds of small procurement processes (up to 1,000 small contracts) and contract management, and payments. Reviewing of the procurement plans of the 240 communes and managing hundreds of contracts was very time consuming, and beyond the capacity of the limited staff of the PMT.

(c) **Sustainability of the project outcome** - There is a substantial risk that development objectives achieved under the project may not be maintained in a short term. We refer to a period

of 5-10 years or 10-15 years, where the transferred forest would start generating the required revenues to sustain the management of natural resources dependable on the conditions of each commune[9]. The **first** risk relates to the participating communes that would be unable to generate sufficient revenues to finance activities under the management plans over a short period, unless the government steps in with financing of the extensive services for the communes, and other needed services. It should be noted however, that communes have the authority to apply fees on fuel wood, grazing, medicinal plants, which potentially constitute a source of revenue to finance the management of F&P. Although these sources may not be sufficient at this stage, communes should plan ahead what and how much revenues could be generated by the transferred assets in the coming years. The **second** risk, relates to the fact that physical investments made through the project and the associated improvements attained would not be sustained due to inadequate resources for proper operations and maintenance of forests and pastures, The **third** risk relates to lack of the required capacity to manage the new economic assets by the new owners, and lack of proper governance of the institutions. Completion of the transfer of forests and pastures to communes requires strong political and financial support by central government and local government ownership and commitment, and adherence to the principles of good governance as a basis for maintaining the achieved results. The transfer of the ownership rights of forests and pastures to the commune authorities was a big movement towards the sustainable management of these resources, but this action standing alone did not yield much of the expected improvements. Therefore, the sequencing of the reform with key institutional measures is very critical in the future. The **fourth**, equally important is to attain the financial sustainability of the management of forests and pastures, which under this project appeared to be a premature objective. By some estimate, the commercial harvesting of such degraded communal forests will start in a not less than a 10 year period. Not less important are other risks such as: a) delays in registration of forest and pasture lands by communes; and b) lack of arrangements between the new owners and traditional users.

(d) **Targeted areas** – The project targeted about 75% of all communes or around 750,000 ha, with small funding sources. Having said that, the funding sources under the project were spread thinly amongst communes for small investment projects, and effects on the ground were marginal. On the other hand, the cost of human resource for the supervision was relatively high. A number of local consultants were hired to assist the project implementation. Targeting of 75% of the communes of the country was explained by the need to create e good basis for these communes for proper management of the natural resources, and also, to create good models that could be replicated in the future. A big question here is that, should the follow-on project continue to scaling up and include the remaining of the communes, or include the abandoned lands in the existing commune? This depends on the objectives that will be set for the new project, but if this approach would persist it would be unmanageable for the new project to handle a bigger number of the communes and limited resources available would overstretch even more.

(e) **Demand driven vs. top down approach** - The NRDP applied a top down approach, i.e. the names of 218 communes that would be supported by the Project, were designated since the appraisal of the project. However, the willingness of the selected communes to participate in the project was a strong indication of the participatory character of the selection process. Another indication of the support to the project objectives was the lobbying of communes and CFPUAs to

[9] Perhaps 5-10 years would be more realistic for more advanced communes like Ulza, Kala e Dodes and other communes.

have forests and pastures under the commune ownership. All the ground work and lobbying pushed through the final decision that was taken by the Prime Minister. Final COM decision only formalized what was agreed since 1996 with most of the communes

The new project should make a step forward and apply the demand driven approach, i.e. selection of the communes based on their willingness and commitment towards the project requirements and objectives. The experience of other projects, tells us that this approach has been quite beneficial to build up ownership at the local level and create the foundation for the recipient to participate actively in the project. A key question here is whether the criteria for the competitive selection of communes should be relaxed to open the floor for many communes, or be more demanding, so as the communes that have capacities and showed progress are more likely to win.

(f) **The cost sharing scheme of the small investment projects** – This approach proved to be effective, as it raised the responsibilities of the locals and their responsiveness to the plans' implementation. This positive experience should be used for the next project, like in-kind community contributions, the commune's contribution in cash to the cost of the investments should be considered in the future.

(g) **Central vs. local project management** – The responsibilities in the project supervision were shared amongst four institutional levels: 1) supervisory committees, 2) project management team, 3) regional coordinators and DFS, and 4) commune authorities and community associations. The institutions at the central level were responsible for setting guidelines, rules, policies, and assist for capacity building through training programs, and pushing for the institutional reform, while at the local level, institutions were responsible for execution of the activities planned in the management plans. This power sharing resulted to be acceptable and workable. With the decentralization of the management of communal forests and pastures the role of the local stakeholders should get more weight in the follow-on project.

(h) **Project monitoring indicators –** Changes of the outcome indicators and results indicators at the MTR stage of the project implementation was a right decision as it improved the measurement of the project achievements against the development objectives. The changed indicators became more realistic as well. This will help to better define the project indicators in the follow-on project.

REPUBLIKA E SHQIPËRISË
MINISTRIA E MJEDISIT, PYJEVE DHE ADMINISTRIMIT TË UJËRAVE

Adresa: Rruga e Durrësit, Nr. 27, Tiranë, - Tel: 2 270 630, Fax: 2 270 627 - www.moe.gov.al

Tiranë më, 24.02.2012

Nga: Fatmir MEDIU
MINISTRIA E MJEDISIT, PVJEVE DHE ADMINISTRIMIT TE UJRAVE
Tirane Shqiperi

Per: Ms. Kseniya Lvovsky
Manaxher i venditCountry
Bank Boterore Zyra e Tiranes

E nderuar Znj. Ksenyia

Lënda: Rreth Raportit te Përmbushjes se Zbatimit dhe Rezultateve (IDA-40740 TF-54995 TF-54926)

Raporti jep ne mënyrë te detajuar dhe koncize rezultatet e projektit te Zhvillimit te Burimeve Natyrore, një projekt ky mjaft i rëndësishëm për zhvillimin e pylltarisë komunale dhe çrrënjosjen e varfërisë. Për këto rezultate një merite te merituar ka ekipi i Bankës Botërore dhe eksperteve te cilët kane monitoruar projektin. Ky projekt është pjese e pjese e agjendës se angazhimit strategjik për te mbështetur rritjen e Shqipërisë, qeverisjes, decentralizimit dhe e reduktimit te varfërisë.

Objektivi I zhvillimit te projektit; vendosja ose përdorimi i qëndrueshëm, menaxhimi i burimeve natyrore me baze komuniteti konstatojmë se është përmbushur ne mënyrë te kënaqshme.

Ky ka çuar ne reduktimin e degradimit te tokës, menaxhimit te përmirësuar te ujërave, mbrojtjen e biodiversitetit dhe forcimin e menaxhimit te sektorit publik te këtyre burimeve.

Objektivi mjedisor global për pengimin e degradimit te skajshëm te zonave te larta dhe malore, te ekspozuara ndaj erozionit te tokës dhe ndalimit te sedimenteve drejt Detit Adriatik, përmes rehabilitimit dhe menaxhimit te qëndrueshëm te burimeve natyrore, përfshi biodiversitetin global është siguruar ne mënyrë te kënaqshme. Si rezultat:

1. Janë menaxhuar nga komunitetet lokale ne përputhje me planet e menaxhimit te burimeve natyrore, 775.511 ha fond pyjor e kullosor ose 117% e planit.
2. Përfitimi ekonomik ne nivel komune dhe fshati nga përdorimi I burimeve natyrore ka qene 10% e te ardhura familjare, te vlerësuara me rreth 2800 USD ekuivalent (8% rritje e te ardhurave familjare ne komunitetet ku janë zbatuar planet e menaxhimit te pyjeve dhe kullotave dhe 28% rritje ne komunitetet ku janë zbatuar planet e mikrobaseneve). Nuk janë gjetur gjate jetës se projektit mekanizmat e grumbullimit te taksave për ri-investime ne sektorin pyjor, por është reduktuar erozioni ne rreth 223.000 tone ose 115% e sasisë se planifikuar.

3. Vlerësimi I sasisë se CO_2 te sekuestruar nga 2004 deri 2010 ka qene rreth 69.759.000 tone ose 45% e planit te korrigjuar. Ne 5427 ha është investuar për sekuestrimin e karbonit ose rreth 46% e planit te rishikuar.
4. Procesi i regjistrimit te pyjeve ka qene pika me e dobët e projektit sepse ky zë është realizuar vetëm ne 2% te planifikimit.
5. Numri i komunave qe kane përfituar plane menaxhimi ne kuadër te transferimit është 251 komuna ose 115% e planifikimit.

Komponenti A qe ka patur te beje me përmirësimin e menaxhimit te pyjeve dhe kullotave komunale është siguruar përmes forcimit te menaxhimit te pyjeve komunale me pjesëmarrje duke (1) stabilizuar terrenet e degraduara nëpërmjet ndërtimit te pritave malore dhe ripyllëzimeve; (2) rehabilitimit te burimeve nëpërmjet kontrollit te kullotjes, (3) përdorimit te burimeve natyrore nëpërmjet prerjeve para komerciale e silvikulturore.

Aspekte te tjerë te rëndësishëm te këtij komponenti kane qene menaxhimi i pyje mbështetur me investime te vogla, trajnimi i strukturave te shërbimit ekstensionit ne pyje dhe atyre komunale si dhe ndërgjegjësimi i aktoreve te interesuar ne pyje.

Sekuestrimi i karbonit dhe zbatimi i mekanizmave te zhvillimit te pastër ka qene një inovacion për Shqipërinë drejt thellimit te mekanizmave te pagesave për shërbime ne ekosistem

Komponenti B Përmirësimi i menaxhimit dhe qeverisjes ne mikro baseneve gjithashtu qe ka qene një inovacion i fokusuar ne përfitime ekonomike nëpërmjet ruajtjes dhe përmirësimit duke përfshirë ne këtë proces 125.000 njerëz.

IRC është përgatitur ne akordance me analizat periodike dhe ICR, por edhe nga analizat periodike te kryera.

Nga raporti dalin një sere mësimesh te rëndësishme te cilat do bëjnë me te suksesshëm projektet e ardhshme:

1. Zbatimin e një sistemi monitorimi dhe vlerësimi me i thjeshte dhe i fokusuar është i rëndësishëm, ndërkohë auditimi mjedisor duhet bazuar ne praktika standarde ;
2. Aplikimi i sistemit GIS për planifikim e hartografi është një element i rëndësishëm qe duhet zhvilluar, edhe ne kuadër te regjistrimit.
3. Qartësimi i te drejtave te përdorimit është një element kyç për sigurimin e qëndrueshmërisë se projektit, i cili duhet te jete një objektiv themelor për te ardhmen.
4. Përhapja e projektit ne rreth 50% te komunave ose 75% te territorit krijon precedente për efektivitet te ulet te investimeve por dhe për një shpërndarje te gjere te te ardhurave tek shtresat e varfra,
5. Përfshirja e aktoreve lokale përcaktohet si nje element kyc determinant per realizimin e suksesit,

Unë vlerësoj mjaft pozitivisht raportin si një raport qe përshkruan me realizëm dhe ne mënyrë koncize aspektet me pozitive por edhe dobësitë e vërejtura, aspekte qe do

ndihmojnë stafet respektove për te hartuar një projekt propozim te vlefshëm për zhvillimin e pylltarisë shqiptare.

Fatmir MEDIU
MINISTER

English translation
Tirana, February 24, 2012

From: Fatmir MEDIU
MINISTRY OF ENVIRONMENT, FORESTRY AND WATER ADMINISTRATION

To: Mrs. Kseniya Lvovsky
Country Manager
World Bank Office in Albania

Re: About the Report on the Implementation and Outcomes of (IDA – 40740 TF – 54995 TF – 54926(
Dear Mrs. Kseniya,

The report provides a detailed and concise description of the outcomes of the Natural Resources Development Project, which is very important in terms of the development of communal forestry and poverty eradication. These outcomes were achieved thanks to the World Bank team of experts, who monitored the project. This project is an integral part of the agenda of the strategic commitment to support the growth of Albania, its governance, decentralization and poverty alleviation.

Project development goal: - we hereby ascertain that building or sustainable use and management of community based natural resources has been satisfactorily fulfilled.
This has led to the land degradation reduction, waters enhanced management, biodiversity protection and strengthening of public management sector of these resources.

The global environmental goal re: prevention of extreme land degradation of high and mountainous areas, which are exposed to land erosion, and to the prevention of sediments flow towards Adriatic Sea by means of the rehabilitation and sustainable management of natural resources, including global biodiversity, was ensured in a satisfactory manner. Therefore,

1. The local communities have managed a forestry and pastures inventory of 775,511 hectares, or 117% of the plan, in compliance with the natural resources management plans.
2. The economic benefit at commune and village level due to the use of the natural resources management plans constitutes 10% of the household incomes, estimated to be equivalent to about 2,800 USD (8% increase of household incomes in the communities where the forest and pasture management plans were applied and 28% increase in the communities where the micro-basin plans were applied). The instruments to collect taxes concerning reinvestments in the forestry sector were not established, but erosion was reduced to approximately 223,000 tons or 115% of the projected quantity.
3. The estimated amount of sequestered CO_2 from 2004 through 2010 was about 69,759,000 tons or about 45% of the revised plan. Investment concerning carbon sequestration was carried out in 5427 hectares or in about 46% of the revised plan.
4. The process of forests registration was the weakest point of the project, because this item was accomplished only 2% of the planning.

5. The number of communes, which have benefitted management plans in the frame of transfer, is 251 or 115% of the plan.

Component A, which had to do with the improvement of communal forests and pastures management, was accomplished through the enhancement of the communal forests participatory management by means of (1) stabilizing the degraded terrains through building mountain levees and reforestation; (2) rehabilitation of resources by means of controlling grazing, (3) utilization of natural resources through pre-commercial and silvicultural cutting.
Other important aspects of this component included forest management based on small size investments, training of forestry extension service structures and the communal ones in addition to awareness increase for those stakeholders interested in forests.

Carbon sequestration and enforcement of clean development mechanisms was a innovation for Albania towards strengthening of the payment instruments for services in the ecosystem.
Component B – Microbasins management and governance enhancement was also an innovation, which was focused on economic benefits by means of preservation and improvement, therefore including 125,000 persons in this process.
IRC has been prepared in compliance with the periodical analysis and ICR, but also based on the analyses, which have been regularly carried out.
A number of lessons, as hereunder describe, come out of the report and these lessons will make the project more successful in the future:

1. Implementation of a less complicated and more focused monitoring and evaluation system is crucial, while environmental auditing should be based on standard practices;
2. Application of GIS system re: planning and drafting of maps is an important element, which should be developed also in the frame of registration;
3. Clarification of the rights of use is a key element in terms of ensuring project sustainability, which should be a crucial goal for the future;
4. Replication of the project to about 50% of the communes or, to 75% of the territory establishes precedents for a low effectiveness of investments, but also an extensive distribution of incomes to poor people.
5. Involvement of local stakeholders is defined as a decisive key element of achieving success.

I consider the report as very positive and its is report, which describes in real and accurate terms the most positive aspects, as well as, the weaknesses that were observed and these will help the respective staff to draft a valid project proposal for the development of Albanian forestry.

FATMIR MEDIU

(Signature)

MINSITER

Annex 8. List of Supporting Documents

World Bank documentation:

- Project Identification Document (March 7, 2006)
- Integrated Safeguards Datasheet (April 3, 2006)
- Project Appraisal Document (May 10, 2005, Report No. 32231-AL)
- Financing Agreement (June 29, 2005)
- GEF Grant Agreement (June 29, 2005)
- Country Assistance Strategy (06/20/2002; IDA/R2002-0099)
- Country Assistance Strategy (01/10/2006; R2005-0258[IDA/R2005-0241;IFC/R2005-0285])
- Country Partnership Strategy (07/15/2010; R2010-0175[IDA/R2010-0249;IFC/R2010-0263])
- Aide-memoires (2005-2011)
- Back-to-office reports and letters to Government (2005-2011)
- Implementation Status and Results Reports (2005-2011)
- Procurement Plans (2005-2011)
- Project Procurement Post Reviews (2005-2011)
- Project Financial Audits (2006-2011)

Project and Background papers:

- Soil Erosion and Sedimentation Reduction Study (September, 2011)
- Maquis Management Study and Best Practices (August, 2010)
- Social assessment survey for NRDP (June, 2010)
- Awareness Strategy and Action Plan (April, 2010)
- Environmental Performance Audit (December, 2010)
- Draft Initial Verification Report: Assisted Natural Regeneration of Degraded Land (January, 2011)

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