



<b>1. Project Data:</b>		<b>Date Posted :</b> 08/01/2003	
<b>PROJ ID:</b> P054384		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Recovery Program Technical Assistance	<b>Project Costs (US\$M)</b>	5	5
<b>Country:</b> Albania	<b>Loan/Credit (US\$M)</b>	5	5
<b>Sector(s):</b> Board: EP - Central government administration (51%), Banking (33%), Law and justice (13%), Payment systems securities clearance and settleme (3%)	<b>Cofinancing (US\$M)</b>	0	0
<b>L/C Number:</b> C3016			
	<b>Board Approval (FY)</b>		98
<b>Partners involved :</b> None	<b>Closing Date</b>	12/31/2000	10/31/2002

<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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**2. Project Objectives and Components**

**a. Objectives**

The RPTA supported (i) activities to encourage a resumption of sustained economic growth under Albania's Economic Recovery Program (ERP) and (ii) policy formulation and institution building to facilitate future assistance from donors.

**b. Components**

RPTA provided consultant services, training and equipment for three components: (i) in the financial sector, for bank restructuring and divestiture and building banking infrastructure (US\$3 million); (ii) in public policy, for policy formulation, economic management, public administration reform, debt management and a pilot activity for judicial reform (US\$1.85 million); and (iii) in project management, for the Project Implementation Unit (US\$0.15 million). A debt management/monitoring system originally included in the project was taken over by a UNDP project, and the formulation of a strategy for commercial dispute arbitration/resolution was shifted to a later IDA project. The credit was amended to allocate US\$0.56 million to supplement a donor-funded program to resolve the pyramid schemes; the Bank also agreed to the use of US\$0.38 million for the Treasury Modernization System.

**c. Comments on Project Cost, Financing and Dates**

The credit for SDR 3.7 million (US\$5 million equivalent) was approved on December 9, 1997, became effective on March 19, 1998 and closed on October 31, 2002, almost two year behind schedule. The actual expenditure on each component was very close to the estimates. A remaining balance of US\$7,000 was cancelled.

**3. Achievement of Relevant Objectives:**

The project successfully supported activities under the ERP. It met the key indicators for restructuring/divestiture of state-owned banks: financing a foreign CEO for the National Commercial Bank (NCB) to prepare it for privatization; assisting liquidation of the Rural Commercial Bank (RCB); supporting implementation of a governance contract for the Savings Bank, which suspended lending and initiated restructuring in preparation for privatization; and financing audits of RCB and NCB. It helped establish an agency for recovering state banks' bad loans; the non-performing portfolios of the three banks have been transferred to this agency, and a project-financed advisor helped its management prepare a strategy, a business plan, and operational guidelines. Banking infrastructure was strengthened by initiating work on the Accounting and Treasury Management and Real Time Gross Settlement systems and establishing the Registry of Secured Charges. In the policy area, a high level advisor assisted the Prime Minister with policy formulation for 2 1/2 years. Public administration reform was initiated by a survey of salaries for civil servants and the appointment of advisors to the Department of Public Administration and the Council of Ministers, who assisted in the development of improved legislative procedures, and helped improve operations and

management. A study on court and case management assisted the legal reform process. Finally, RPTA supported improvements to the accounting and financial management system of the PIU, which proved helpful in managing some of the succeeding projects.

**4. Significant Outcomes/Impacts:**

RPTA helped stabilize the financial sector and privatize one state owned bank under the difficult circumstances of civil unrest and political instability.

**5. Significant Shortcomings (including non-compliance with safeguard policies):**

None.

<b>6. Ratings :</b>	<b>ICR</b>	<b>OED Review</b>	<b>Reason for Disagreement /Comments</b>
<b>Outcome :</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability :</b>	Likely	Likely	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Satisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

**7. Lessons of Broad Applicability:**

(a) Extensive work previously undertaken in the financial sector, along with agreement of all stakeholders, allowed the Bank and the Borrower to prepare this project on an emergency basis in less than a month. (b) Intensive supervision was critical to achievement of the project's objectives in the difficult, post-conflict environment. (c) The independence and professionalism of the PIU enabled it to resolve a number of complicated issues, as well as to implement the project satisfactorily, despite frequent changes in government.

**8. Assessment Recommended?  Yes  No**

**Why?** RPTA is being audited as part of a cluster that also includes the Rehabilitation Credit, Public Expenditure Support Credit and the Structural Adjustment Credit.

**9. Comments on Quality of ICR:**

The ICR is satisfactory. However, although it describes well the inputs and immediate results, which are the main output for a TA project, it would have been helpful for the reader to have a fuller understanding of the current situation.