Albania aims to do a better job of delivering on its commitment to reduce poverty. To do so, the country is reforming its social sector with support from a World Bank loan to make the system more effective, equal, and transparent. The Rapid Social Response program funded a functional review of the main poverty program—Ndhima Ekonomike—which was a step on the way to a more modern social benefit administration system.

## Rationale

Albania stands as a success story, because it has sustained impressive economic growth since the 1990s and has proved to be relatively resilient to recent global crises. The country recently entered the ranks of upper-middle income countries and became eligible for commercial IBRD loans. But while Albania as a whole has seen a decline in poverty, remote areas lag behind. Twenty-seven percent of the population in the mountainous areas are poor. Many lives could potentially be improved by access to social benefits; yet coverage remains low and falling, due to the current eligibility rules and management of the benefit system. For the poor, applying for social benefits is often a frustrating experience. Many villagers travel long distances to the nearest social welfare office, only to be informed that additional documents are needed. Or they may find that they are not eligible for social assistance at all. Currently, applicants are automatically disqualified from benefits by answering with a single “yes” to any of a series of questions, which act as filters: Do you live with somebody who receives pension? Has someone in your household left to work abroad? Do you own a car? There is no mechanism for appeals.

### Population, total

<table>
<thead>
<tr>
<th>Population, total</th>
<th>3,204,284</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty headcount ratio at $2 a day (PPPI) (% of population) (2008)</td>
<td>4</td>
</tr>
<tr>
<td>GNI per capita, Atlas method (current US$)</td>
<td>3,960</td>
</tr>
</tbody>
</table>

### Rapid Social Response Funding

US $50,000

### Timeline

December 2009–December 2010

### Partners

Ministry of Labor, Social Affairs, and Equal Opportunities
Response

In response to the Government of Albania’s commitment to reduce poverty, Albania’s social sector is undergoing a major reform, to which the World Bank provided programmatic technical assistance (TA) from 2008 to 2010.

As part of the overall technical assistance, the Rapid Social Response Program funded a functional review of Ndihma Ekonomike, the main anti-poverty program. The review analyzed Ndihma Ekonomike’s architecture and procedures and charted information and financial flows, functional responsibilities, and institutional capacity. One major finding was the need for improved household registries and better administration of benefits.

The technical assistance led to a Social Sectors Development Policy Loan (DPL); US $25,000,000), approved by the World Bank in 2011, to improve the effectiveness of social safety nets in a fiscally sustainable manner.

The proposed Social Assistance Modernization Project (US $50,000,000), which is expected to be approved by the World Bank’s board of executive directors soon, will provide support to the implementation of reforms for an improved anti-poverty system. Among the reforms, the project will help develop a new national registry for social assistance, which will streamline the application process for applicants and administrators alike. The registry also will facilitate the assembly and analysis of key program indicators, and thus policymakers will be able to monitor progress and better understand the realities of the lives of the poor.

How RSR Assists in the Reform Process

- Assistance on direction of reforms

**Funding**
- Bank’s own resources
- Rapid Social Response

**Social Sector DPL (2010–2011)**
- Support policy changes
- Create enabling environment for implementation of reforms

**Funding**
- IBRD

**Social Assistance Modernization Project (2012–2017)**
- Implementation support to improve equity and efficiency

**Funding (project preparation)**
- Bank’s own resources
- Disability Poverty and Social Impact Analysis Multi Donor Trust Fund
- Trust fund for environmentally & socially sustainable development