

# ANALYSIS OF THE IMPACT OF STRUCTURAL REFORM IN ALBANIA

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# **Structural reform: Social protection and inclusion / Strengthening social protection and social inclusion measure**

## **Reform On Social Assistance Program (Ndihma ekonomike NE).**

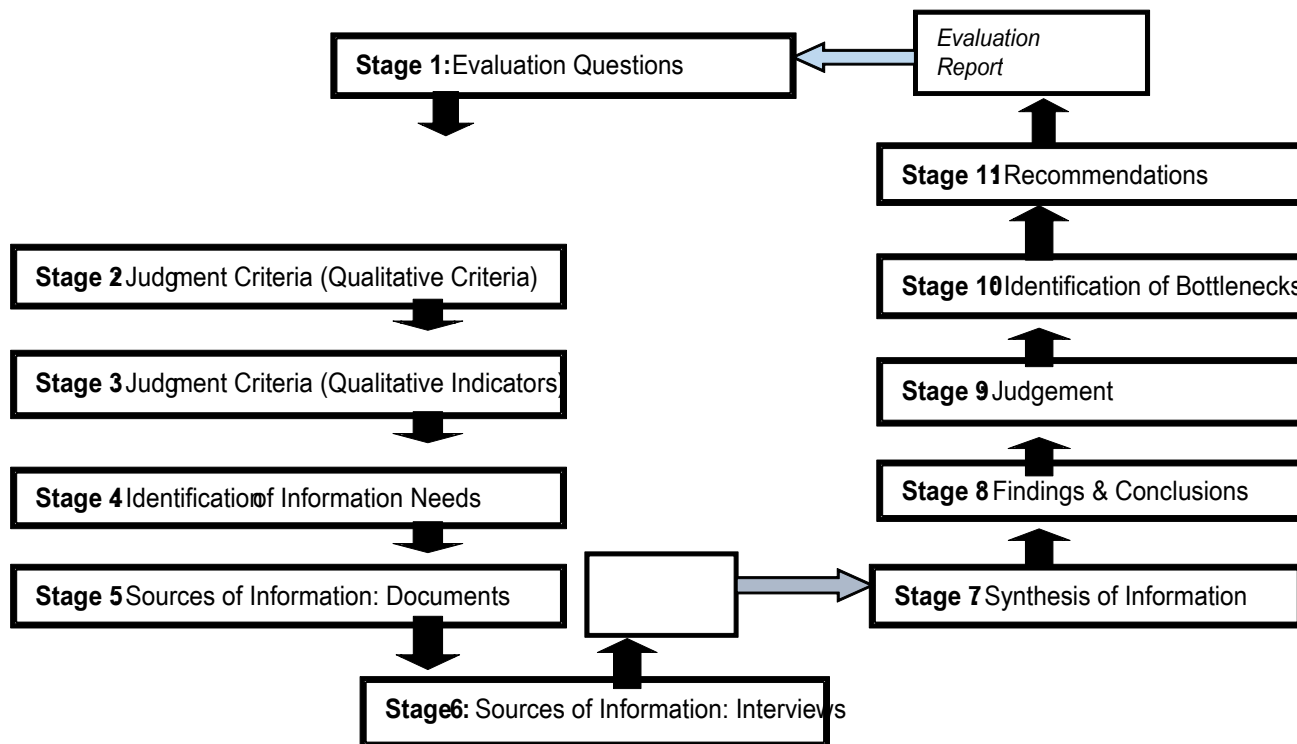
- The NE program is the main poverty targeted social assistance benefit in Albania and the second largest social program (after disability benefits).
- Concerns over targeting and benefits led to the implementation of reforms in the NE program.
- A standardized scoring formula, changes in the eligibility criteria, and changes to the benefit menu with an additional targeting of benefits to the poorest households.
- The primary expected effect of the reform was to shift the composition of households included in the NE program towards more vulnerable and poorer households that heretofore, for a variety of reasons, had been excluded from the program.
- The secondary effect was that the size of the benefits will be increased among beneficiary households receiving the support.
- The reform was piloted in three regions which covers more than 40% of the population.

# Impact Evaluation of the Reform

## The methodology

- Primary Research Question: What impact has the NE benefit had on specific outcomes for a household? / questions on 7 modules.
- Panel study with non-equivalent groups using a **Quasi-Experimental Difference-in-Difference Design**. The treatment group (referred to as NE-eligible) consisting of new applicants who are eligible for NE support and the control group (referred to as NE-Excluded) consisting of new applicants who were not deemed eligible for NE support. A two-stage cluster sampling approach was employed with the first stage selecting a sample of administrative units and municipalities and then subsequently sampling households within the selected administrative units and municipalities.
- Findings on the 7 modules of questions.

# Stages in the Evaluation Process



# Actual Assessment of the SR

- Line ministries compiles sector strategy monitoring reports / budget monitoring reports.
- Data from various surveys (conducted by Institution of Statistics) through which we can analyze the effects of some structural measures.
- EU assessment.
- Various studies/assessment from the World Bank, OECD, etc.

# OBSTACLES AND PROBLEMS

- SR mainly require time to display / measure their effects.
- Frequent institutional changes in the country (such as the merger or division of Ministries, staff rotation, etc.) make it difficult to achieve the goal of the measure.
- Greater involvement of state institutions in the continuous monitoring of the reform (for cases when it is implemented by several institutions simultaneously).
- SR require close cooperation between MF and LM, but in many cases LM knowledge is specific (e.g. health & social protection ) and MF experts may not have the proper background to understand why so much funding is needed.
- Consider the implications / impacts of similar or previous reforms (assuming the impacts will be similar).
- Capacity building for performing the impact evaluation.

# WHAT CAN BE CHANGED

- Use of key performance indicators (KPI) as impact indicators.
- Each Line Ministry must maintain a SR design work manual or what is called a "Know-How" so that data and info are accessible at all times. Thus, in a way, the problem of continuous staff rotation can be eliminated.
- Greater cooperation between the designers of structural reforms in the Line Ministries with the budget directorates, or Macroeconomic Forecasts in the Ministry of Finance (to assist in the calculation of "What if" scenarios).