ADAPTATION FUND

AFB/PPRC.18/15
1 March 2016

Adaptation Fund Board
Project and Programme Review Committee
Eighteenth Meeting
Bonn, Germany, 15-16 March 2016

Agenda Item 7 l)

PROPOSAL FOR ALBANIA

Background

1. The Operational Policies and Guidelines (OPG) for Parties to Access Resources from the Adaptation Fund (the Fund), adopted by the Adaptation Fund Board (the Board), state in paragraph 45 that regular adaptation project and programme proposals, i.e. those that request funding exceeding US$ 1 million, would undergo either a one-step, or a two-step approval process. In case of the one-step process, the proponent would directly submit a fully-developed project proposal. In the two-step process, the proponent would first submit a brief project concept, which would be reviewed by the Project and Programme Review Committee (PPRC) and would have to receive the endorsement of the Board. In the second step, the fully-developed project/programme document would be reviewed by the PPRC, and would ultimately require the Board's approval.

2. The Templates approved by the Board (OPG, Annex 4) do not include a separate template for project and programme concepts but provide that these are to be submitted using the project and programme proposal template. The section on Adaptation Fund Project Review Criteria states:

> *For regular projects using the two-step approval process, only the first four criteria will be applied when reviewing the 1st step for regular project concept. In addition, the information provided in the 1st step approval process with respect to the review criteria for the regular project concept could be less detailed than the information in the request for approval template submitted at the 2nd step approval process. Furthermore, a final project document is required for regular projects for the 2nd step approval, in addition to the approval template.*

3. The first four criteria mentioned above are:
   1. Country Eligibility,
   2. Project Eligibility,
   3. Resource Availability, and
   4. Eligibility of NIE/MIE.

4. The fifth criterion, applied when reviewing a fully-developed project document, is:
   5. Implementation Arrangements.

5. It is worth noting that since the twenty-second Board meeting, the Environmental and Social (E&S) Policy of the Fund was approved and consequently compliance with the Policy has been included in the review criteria both for concept documents and fully-developed project documents. The proposals template was revised as well, to include sections requesting demonstration of compliance of the project/programme with the E&S Policy.

6. In its seventeenth meeting, the Board decided (Decision B.17/7) to approve "Instructions for preparing a request for project or programme funding from the Adaptation Fund", contained in the Annex to document AFB/PPRC.8/4, which further outlines applicable review criteria for both concepts and fully-developed proposals. The latest version of this document was launched in conjunction with the revision of the Operational Policies and Guidelines in November 2013.

7. Based on the Board Decision B.9/2, the first call for project and programme proposals was issued and an invitation letter to eligible Parties to submit project and programme proposals to the Fund was sent out on April 8, 2010.

8. According to the Board Decision B.12/10, a project or programme proposal needs to be received by the secretariat no less than nine weeks before a Board meeting, in order to be considered by the Board in that meeting.

9. The following fully-developed project document titled “Developing Climate Resilient Agriculture and Flood Management in Albanian Western Lowlands” was submitted by the World Bank, which is a Multilateral Implementing Entity of the Adaptation Fund.

10. This is the second submission of the proposal. It was first submitted as a fully developed project document in the twenty-sixth meeting and the Board decided to:

a) Not approve the project document, as supplemented by the clarification response provided by the World Bank to the request made by the technical review;

b) Suggest that the World Bank reformulate the proposal taking into account the observations in the review sheet annexed to the notification of the Board’s decision, as well as the following issues:

(i) The proposal should provide climate projections and scenarios of increased occurrence of flood threats in the region;

(ii) The proposal should include evidence of consultation with municipalities, homeowners, farmers and businesses. The proposal argues that the government is the main beneficiary of the project, although the insurance schemes will require co-financing of premiums and pooling of risks from local communities such as farmers. Therefore it is important that the inputs of all stakeholders be taken, including the most vulnerable groups, inter alia small farmers, non-home owners living in the target areas;

(iii) To better demonstrate its cost effectiveness, the proposal should provide alternatives to the approach (including insurance schemes) proposed to address flood issues and climate-related threats to agriculture. This may include protection measures and more resilient agricultural practices, or diversified livelihoods;

(iv) The proposal should further demonstrate the adaptation reasoning of the insurance schemes;

(v) The “concreteness” of the proposed project should be better justified, including a justification of the use of a number of international consultants, which costs (around 40 per cent of the total budget) are quite high; and

c) Request the World Bank to transmit the observations under item (b) to the Government of Albania.

(Decision B. 26/19)

11. The present submission was received by the secretariat in time to be considered in the twenty-seventh Board meeting. The secretariat carried out a technical review of the project proposal, assigned it the diary number ALB/MIE/DRR/2015/1, and completed a review sheet.

12. In accordance with a request to the secretariat made by the Board in its 10th meeting, the secretariat shared this review sheet with the World Bank, and offered it the opportunity of providing responses before the review sheet was sent to the PPRC.

13. The secretariat is submitting to the PPRC (1) the summary of the project and, (2) in accordance with decision B.25.15, a response table explaining where and how the observations made by the Board when not approving the fully-developed project document at its twenty-sixth meeting had been addressed by the proponent in the fully-developed project document submitted for this meeting. Also, pursuant to decision B.17/15, (3) the final technical review of the project is presented in the following sections, along with (4) the final submission of the proposal. The proposal is submitted with changes between the initial submission and the revised version highlighted.

Project Summary

Albania – Developing Climate Resilient Agriculture and Flood Management in Albanian Western Lowlands

Implementing Entity: *The World Bank*
Project/Programme Execution Cost: USD 525,000
Total Project/Programme Cost: USD 5,535,000
Implementing Fee: USD 465,000
Financing Requested: USD 6,000,000

Project Background and Context:

Floods and flash floods have frequently caused severe damages and losses to households, businesses, agriculture and infrastructure with major impact to the national income in Albania. As climate change is expected to have multifaceted impacts in the country, the project objective is to help the government, businesses and population in western lowlands project target areas developing adaptive capacity and embark on climate resilient economic development through sound flood and agriculture risk management policies that mitigate losses and reduce government's fiscal costs. The project targets six municipalities of the western lowlands with a concentrated flood-prone communities and farmers. The project outputs in the target areas can be then replicated to the remaining municipalities of the western lowlands as well as other country prone areas after the project completion.

Component 1: Adaptive capacity of western lowlands target communities through flood risk management and introduction of risk mitigation practices (USD 2,080,000)

Under this component, flood hazard, flood vulnerability and flood risk assessments will be used to produce flood risk maps which show the likelihood of flooding, the corresponding impacts and risks. The project will then design and implement community-based flood insurance solutions which will be tailored in line with the underwriting requirements of Europa Re, which reflect the global reinsurance practices, so that the risks can be pooled, and later reinsured, to provide insurance coverage for municipalities of the target area that represent various watersheds at the upper, mid and lower reaches of the river. To support the development of the scheme and incentivize communities to participate in flood insurance schemes, a sustainable premium subsidy scheme will be devised for socially vulnerable groups. A good part of subsidies will be covered by the project during the project implementation, with the state budget taking over in the upcoming years. The second part of the coverage will consist of a financial insurance of the municipality which will pay in case of severe damages within the municipality due to a large scale flood.

Component 2: Expanded farmer outreach and ensured financial and management sustainability (USD 2,620,000)

The risk assessment work under this component will comprise detailed modeling of crop growth cycle for key crops cultivated in the target area by focusing on the impacts of natural disasters and climate change on agricultural production and crop yields. Outputs and results of the risk assessment work will become available to local governments and farmers with a view to guiding their planting decisions for the future agricultural development at both farm and municipality level. While the project will work closely with local stakeholders and experts to determine the most effective type of agriculture insurance for each of the areas, the insurance concept is very

similar to the one proposed for the flood insurance. Enabling legal and regulatory framework is necessary for the development of community-based agriculture insurance schemes. The project will provide relevant technical assistance to review the current regulations and recommend amendments to support the effective implementation of community-based insurance schemes developed under the project. Here again, a premium subsidy scheme will be devised for productive farmers and legal changes proposed accordingly. Uninsurable farmers who do not address their extreme risks and do not follow good risk management practices will not be covered under the insurance schemes.

Component 3: Knowledge management and awareness raising (USD 310,000)

While rural communities in Albania may be aware of increasing climate variability which is negatively affecting agricultural production and their livelihoods, there is little awareness and knowledge of how to move towards a more climate resilient agriculture. To overcome this lack of awareness and to ensure cost effectiveness and the sustainability of the activities put in place under the project first three components, the project will also launch a knowledge management training component based on an inventory of known successful adaptation practices (domestic and international) that achieved concrete results. The component will rely on extensive climate resilience training process for local project beneficiaries, which will then continue to monitor, evaluate and disseminate good practices from the project in the course of project implementation and after its completion.

Response to the observations made by the Adaptation Fund Board at its twenty-sixth meeting:

Review Criteria	Questions	CODE	AF Comments made on 13/09/2015	Ammended paragraphs
Project Eligibility		CR3	**CR3:** Although threats are identified and their past occurrence demonstrated, climate projections and scenarios suggesting increased occurrence of such threats in the region are not provided.	Paragraphs 12-17 added on climate projections and scenarios of increased occurrence of flood threats in the region
Project Eligibility	3. Does the project / programme provide economic, social and environmental benefits,particularly to vulnerablecommunities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy of the Fund?	CR6	**CR6: Partially addressed.** How the most vulnerable communities will benefitfrom the insuranceschemes is not explained.	Paragraphs 117, 118 and 119 added to address the inclussion of the most vulnerable members of society. Pararaph 40 explains the proposed financial benefits of vulnerable groups from the very design of insurance schemes.
Project Eligibility		CR7		Table 7 (dealing with social and environmental risks) was adjusted to reflect the risks and explain how the project aims to mitigate them.
Project Eligibility		CR8	**CR8**: same comment as CR6.	Paragraphs 117, 118 and 119 added to address the inclussion of the most vulnerable members of society. Pararaph 40 explains the proposed financial benefits of vulnerable groups from the very design of insurance schemes. Table 7 (dealing with social and environmental risks) was adjusted to reflect the risks and explain how the project aims to mitigate them

Project Eligibility	4. Is the project / programme cost effective?	CR9	**CR9**: Not demonstrated.	Paragraphs 67 and 70 added to demnostrate the need for the combination of alternatives and to highlight very high costs related to infrastructural and other practices. Furthermore, Europa Re's developed solutions increase the project cost effectiveness.
Project Eligibility		CR10	**CR10**: Not addressed.	
Project Eligibility	9. Has a consultative process taken place, and has it involved all key stakeholders,and vulnerable groups,including gender considerations?	CR13	CR13: Not addressed.Consultation has been undertaken at the government level only. Neither municipalities nor communities or businesses have been consulted. The proposal argues that the government is the main beneficiary of the project, while the insurance schemes will require pooling of premiums bylocal communities such as farmers etc. therefore it is important that the inputs ofall stakeholders be taken,including the most vulnerable groups, i.e. small farmers, non-home owners living in the target areas. The consultation process must be documented. Also, there is no clarity on whether local governments and local communities are the same.	Table 6, paragraph 89, 98 added to demonstrate a) extensive consultations held with ministries, target municipalities, farmers organizations and individual farmers (incl. women) and b) the stakeholders' support to the project

Project Eligibility	10. Is the requested financing justified on the basis of full cost of adaptation reasoning?	CR14	**CR14**: partially addressed.	Paragraph 35, 36, 43, 44 added and paragraph 39 amended to demonstrate the adaptation reasoning of the insurance schemes.
Project Eligibility	12. Has the sustainability of the project/programme outcomes been taken into account when designing the project?	CR16	**CR16**: Not adequately addressed.	Paragraphs 43 and 44 (related to raising awareness and education), paragraphs 42 and 51, 77 relating to legal and regulatory changes and paragraphs relating to project management and supervision, address the issue of sustainability. Specific subcomponents (1.4) and (2.3) address activities relating to regulatory amendments.
Project Eligibility		CR17	**CR17**: Partially addressed. Further demonstration required.	Activities are included in articles 43, 44, 42 and 38 as well as in the table of project components.
Project Eligibility	13. Does the project / programme provide an overview ofenvironmental and social impacts / risks identified?	CAR2	CAR2: not adequate. At least risks of access and equity, marginalized and vulnerable groups being negatively impacted by the project, exist.	The environmental and social impacts / risks were revised - TABLE 7 risk assessment. The project mitigates the risks through specific treatment of the vulnerable and marginalized groups in information and financial terms (through regulations).
Implementation Arrangements	3. Are there measures in place for the management of for environmental and social risks, in line with the Environmental and Social Policy of the Fund?	CAR4	CAR4: Partially addressed. An ESMP including information on identified risks monitoring responsibilities should beprovided.	Table added

Implementation Arrangements	6. Is a detailed budget including budget notes included?	CAR7	CAR7: Addressed. However, the international consultants' budget is quite high and should be justified. More generally, the concreteness of the project is questionable.	The high costs of international consultants' budget is linked with the very nature of the project and the state-of-the-art expertise required to develop most of the project activities (risk assessment, maps, insurance design and pricing, risk accummulation control, etc). The amendments make the proposal more concrete.
Implementation Arrangements	9. Does the project/programme's results framework align with the AF's results framework?Does it include at least one core outcome indicator from the Fund's results framework?core outcome indicator from the Fund's results framework?	CR19	**CR19: Addressed. H**owever, please specify which core indicator was provided. Also, please disaggregate data by sex to the extent possible. Lastly, please clarify output 3.3.	Amended with Outcome 3 and Outcome Indicator 3.1 as core indicatos from the the AF Results Framework. Output 3.3 is not relevant any longer due to the reduction of the project scope.

The final technical review finds that the revised proposal had much improved from its previous version and that most of the CRs and CARs were addressed. However, a few issues remain, including the lack of consultation and demonstration of the project's cost effectiveness and the need to provide an environmental and social management plan.

The following observations are made:	**Note**
a) The proposal should provide climate projections and scenarios of increased occurrence of flood threats in the region;	Paragraphs 12-17 added on climate projections and scenarios of increased occurrence of flood threats in the region

b) The proposal should include evidence of consultation with municipalities, homeowners, farmers and businesses.	Table 6, paragraph 89, 98 added to demonstrate a) extensive consultations held with ministries, target municipalities, farmers organizations and individual farmers (incl. women) and b) the stakeholders' support to the project.
The proposal argues that the government is the main beneficiary of the project, although the insurance schemes will require co-financing of premiums and pooling of risks from local communities such as farmers etc. Therefore it is important that the inputs of all stakeholders be taken, including the most vulnerable groups, i.e. small farmers, non-home owners living in the target areas;	
c) To better demonstrate its cost effectiveness, the proposal should provide alternatives to the approach (including insurance schemes) proposed to address flood issues and climate-related threats to agriculture. This may include protection measures and more resilient agricultural practices, or diversified livelihoods;	Insurance cannot not replace other measures, but used as additional irreplaceable mechanism to complement them. A better infrastructure shall create better insurance environment (more affordable premiums). Paragraphs 67 and 70 added to demnostrate the need for the combination of alternatives and to highlight very high costs related to infrastruct
d) The proposal should further demonstrate the adaptation reasoning of the insurance schemes;	Paragraph 35, 36, 43, 44 added and paragraph 39 amended to demonstrate the adaptation reasoning of the insurance schemes.

e) The "concreteness" of the proposed project should be better justified, including a justification of the use of a number of international consultants, which costs (around 40% of the total budget) are quite high;	The high costs of international consultants' budget is linked with the very nature of the project and the state-of-the-art expertise required to develop most of the project activities (risk assessment, maps, insurance design and pricing, risk accummulation control, etc). The amendments make the proposal more concrete.
f) The proposal should further demonstrate how the design of the project outcomes has taken into account their sustainability, referring to specific activities of the project that would ensure sustainability;	Paragraphs 43 and 44 (related to raising awareness and education), paragraphs 42 and 51, 77 relating to legal and regulatory changes and paragraphs relating to project management and supervision, address the issue of sustainability. Specific subcomponents (1.4) and (2.3) address activities relating to regulatory amendments.
g) The project's results framework should include data disaggregated by sex to the extent possible and include at least one core outcome indicator from the Fund's Results Framework. See: https://www.adaptation-fund.org/wp-content/uploads/2015/01/AF%20Core%20Indicator%20Methodologies.pdf. Lastly, output 3.3 should be clarified.	Amended with Outcome 3 and Outcome Indicator 3.1 as core indicators from the the AF Results Framework

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: Regular-sized Project

Country/Region: **Albania**
Project Title: **Developing Climate Resilient Agriculture and Flood Management in Albanian Western Lowlands**
AF Project ID: **ALB/MIE/DRR/2015/1**
IE Project ID:
Requested Financing from Adaptation Fund (US Dollars): **6,000,000**
Reviewer and contact person: **Daouda Ndiaye**
Co-reviewer(s): **Mikko Ollikainen**
IE Contact Person: **Eugene Gurenko**

Review Criteria	Questions	Comments on 29 January 2016	Comments on 21 February 2016
Country Eligibility	1. Is the country party to the Kyoto Protocol?	Yes.	
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	Yes. Albania is a middle-income country highly vulnerable to floods and flash floods have frequently caused severe damages and losses to households, businesses, agriculture and infrastructure with major impact to the national income in Albania.	
Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	Yes. Letter signed by the Minister of Environment, on 28 January 2016. Please revise the relevant section of the proposal accordingly. **CAR1**	**CAR1:** Addressed.

	2. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?	The project seeks to help the government, businesses and population in western lowlands developing adaptive capacity and embark on climate resilient economic development through sound flood and agriculture risk management policies that mitigate losses and reduce government's fiscal costs. It proposes a suite of intervention that would generate spatial climate risk information, and allow communities to obtain insurance against flood losses. It is expected that a balanced combination of addressing critical gaps of risk assessment, supporting the relevant policies, and insurance schemes at community and municipality levels will support Albania to take steps towards long term resilience of the vulnerable communities, fundamental to climate resilient flood management and agricultural development. However the proposal does not seem to fulfil the mandate of the Adaptation Fund to finance "concrete adaptation actions". The proposed activities are a combination of awareness raising, risk mapping and assessment exercises, policy support, and development of insurance products, based on the work done through risk mapping and assessment. One component that was considered concrete in the last submission of this proposal, i.e. the development of early warning and risk monitoring systems, has been dropped. In addition to that aspect of concreteness, a number of points need clarification. **CR1:** More information is needed about the "proper prevention measures" expected from homeowners and farmers to benefit from co-financing of their premiums. Please clarify if the implementation of those proper measures will be a prerequisite to benefit from the co-financing. More details on the mitigation measures related to flood risks would give us an idea of the related costs of the latter.	**CR1:** Partially addressed. With little socio-economic data in the document about farmers and homeowners in the target areas, it is difficult to assess whether those beneficiaries could afford the implementation of risk reduction measures which are the pre-requisite for benefitting from subsidised premiums.

		Also, with little socio-economic data in the document about farmers and homeowners in the target areas, it is difficult to assess whether those beneficiaries could afford the implementation of such measures. **CR2:** Please explain why the early warning component included in the previous submission of this proposal was dropped. **CR3:** Please clarify the nature and focus of the training and capacity building for the target beneficiaries, to better understand how those activities will help in increasing their adaptive capacity. **CR4:** The proposal is vague on the types of regulations it will support the enhancement. Please clarify the type of regulation and how the project will support their enhancement.	**CR2:** Addressed. However, EWS developed under alternative projects are only covering the municipality of Shkodra. **CR3:** Addressed. **CR4:** Addressed.
	3. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy of the Fund?	Yes. However, see CR1 above. More specifically, the approach to particularly benefit the most vulnerable is not clear. The document states “Access to damage compensation for vulnerable groups will be ensured through a targeted subsidy system and / or support from municipality insurance coverages.” Please clarify if these measures have been budgeted in the project or if the subsidies/insurance coverage will be the responsibility of the central/local government. **CR5**	**CR5:** Addressed.

	4. Is the project / programme cost effective?	Yes, if compared with same project without Europa Re's involvement. However, in the context of addressing flood risks in the target areas, the cost effectiveness of this project is not adequately demonstrated.	Other approaches to damage prevention related to flooding are available and may be more cost-effective than the proposed insurance scheme, and carry less environmental and social risks. Adaptation of infrastructure, residences and agriculture practices to flood cycles and flooding events in areas where flooding has biodiversity and natural habitats importance is currently overlooked.
	5. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	Yes. The project is consistent with Albania's development strategies, and other relevant initiatives.	
	6. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund??	Yes. However, in para 83, reference is made to environmental safeguarding activities that will take place during the implementation of the project: "Adaptation and risk mitigation flood plans to be developed under the project will take stock of the potential environmental concerns, natural assets, potential impacts and mitigation measures necessary to ensure that there are no adverse environmental impacts (upstream and downstream) that could alter the ecosystem ability to render environmental services to ecosystem and local communities." This is not reflected elsewhere in the project proposal. **CR6**	**CR6:** Addressed.

	7. Is there duplication of project / programme with other funding sources?	No. The project will seek synergy and complementarity with relevant existing projects.	
	8. Does the project / programme have a learning and knowledge management component to capture and feedback lessons?	Yes.	
	9. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations?	Yes. However please clarify how the most vulnerable groups have been consulted, to ensure a buy-in from that particular category. **CR7**	**CR7:** Proof of consultation of most vulnerable not provided, including vulnerable farmers.
	10. Is the requested financing justified on the basis of full cost of adaptation reasoning?	No. Only the full cost of the proposed solution is addressed. However the insurance scheme which is the main focus of the project is only one part of the solution to the flood risks in lowland areas of Albania. The project could benefit from a more holistic approach combining capacity building, policy support (and not just regulations that would support the insurance schemes, but also land use regulations, building codes etc), preventive measures including improved land use and EWS, and post-disaster compensation mechanism in the form of insurance to add in mitigating the risk. The proposal does not demonstrate that the remaining activities will be covered by other initiatives. **CR8**	**CR8:** Partially addressed. The proposal should clarify how the other initiatives in the country (through UNDP, WB, GIZ, EU, etc) are complementary to the project with a particular focus on the target areas.
	11. Is the project / program aligned with AF's results framework?	Yes.	
	12. Has the sustainability of the project/programme outcomes been taken into account when designing the project?	Not demonstrated. The proposal is very vague on the concrete steps that will be taken to ensure sustainability. The regulations and "innovative local solutions" that will be "enhanced" or "stimulated" are not explained. **CR9**.	**CR9:** Addressed.
	13. Does the project / programme provide an overview of environmental and social	Not adequately assessed. **CR10.** The overview of environmental and social risks of the project is provided. However, it is inadequate in several aspects:	**CR10:** Not addressed. The categorisation of 'C'

	impacts / risks identified?	• For several ESP principles, the table does not identify risks but merely states that the World Bank does not implement projects with such risks. The implementing entity should explain how its own E&S management system will be applied in the implementation of the project, and how the WB will ensure compliance by the executing entity, i.e. Europa Re. • In addition to the statements of absence of risk in this World Bank project, the risks table contains a number of unsubstantiated statements of no risk, and assessments that there will be no impacts (e.g. conservation of biological diversity) Risks are apparent for at least the following ESP principles: • P2: access and equity in accessing project benefits. The vulnerable communities and groups remain unspecified and it is not clear how they will be able to partake fairly and equally in the benefits of the project. • P3: these groups have not been identified or quantified • P8: involuntary resettlement may be an outcome of the planning as flood-prone properties may become uninsurable and lose value • P9: protected and important areas have not been identified, even though these are present all along the coast and many are flood-dependent. • P10: important elements of biodiversity are present in the project areas; these have not been identified. The flood cycles can be critical biodiversity processes. • P14: heritage elements in the project area have not been identified or described in terms of their vulnerability • P15: land degradation and coastal erosion are serious problems in Albania.	proposed by the IE is not justified since there are risks of direct, indirect, secondary and cumulative impacts involved with the project in line with the 15 principles of the ESP. These risks have been identified earlier, and are mostly related to equity and access, marginalised and vulnerable groups, involuntary resettlement, natural habitats and biodiversity. By developing the private insurance scheme, a driver is created that will affect and drive policy and planning to minimise insurance cost of flood events. This approach has shown across many other countries and regions, including in Europe, as leading to involuntary resettlement of individuals and entire communities located in flood-prone areas. It will further create a strong driver for loss of biodiversity and natural habitats since it has been shown to be the main factor and the driving factor behind policy and planning development for flood-prone areas. The importance of naturally occurring flood cycles as an ecological process

			biodiversity element is usually not adequately represented in these planning and policy making processes, and this has led to extensive biodiversity loss world-wide.
Resource Availability	1. Is the requested project / programme funding within the cap of the country?	Yes.	
	2. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee?	No. The requested fee of US$ 510,000 represents 14.6% of the total project budget before the fees. **CAR2**	**CAR2:** Addressed.
	3. Are the Project/Programme Execution Costs at or below 9.5 per cent of the total project/programme budget (including the fee)?	Yes. 7.1% or US$ 250,000.	Revised to US$ 525,000.
Eligibility of IE	4. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	Yes. The WB is an accredited MIE.	
Implementation Arrangements	1. Is there adequate arrangement for project / programme management?	Yes.	
	2. Are there measures for financial and project/programme risk management?	Yes. However, the risk of little or no buy-in by homeowners and farmers is not weighed in. **CR11**	**CR11:** Addressed.

	3. Are there measures in place for the management of for environmental and social risks, in line with the Environmental and Social Policy of the Fund?	Not adequately provided. Taking into account the environmental and social risks of the project, and the fact that activities remain unspecified, an Environment and Social Management Plan is required. **CR12** The monitoring and evaluation section does not include provisions for environmental and social risks or impacts monitoring. Also, the proposal contains no information on the public disclosure and consultation of its environmental and social risk identification. Lastly, the project lacks a grievance mechanism. **CR13**	**CR12:** Not addressed. See CR10 above. The proposal does not explain how the E&S management system of the implementing entity will be applied in the implementation of the project, and how the WB will ensure compliance by the executing entity. **CR13:** Not addressed.
	4. Is a budget on the Implementing Entity Management Fee use included?	Yes.	
	5. Is an explanation and a breakdown of the execution costs included?	Yes.	
	6. Is a detailed budget including budget notes included?	Yes.	
	7. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators?	Yes. However, please clarify whether there will be a mid-term review/evaluation for this project. **CR14** Also, the monitoring and evaluation section does not include provisions for environmental and social risks or impacts monitoring. See CR12 above.	**CR14:** Addressed. Not addressed.
	8. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?	Yes.	

	9. Does the project/programme's results framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework?	The results framework does not include at least one core outcome indicator as defined in the following document: https://www.adaptation-fund.org/wp-content/uploads/2015/01/AF%20Core%20Indicator%20Methodologies.pdf **CAR3**	**CAR3:** Not addressed.
	10. Is a disbursement schedule with time-bound milestones included?	Yes.	

Technical Summary	The project seeks to help the government, businesses and population in western lowlands developing adaptive capacity and embark on climate resilient economic development through sound flood and agriculture risk management policies that mitigate losses and reduce government's fiscal costs. It proposes a suite of intervention that would support beneficiary municipalities and vulnerable communities through generating spatial climate risk information, and allow communities to obtain insurance against flood losses, including through insurance subsidies for the most vulnerable groups. It is expected that a balanced combination of addressing critical gaps of risk assessment and management policies, and concrete protection measures will support Albania to take steps towards long term resilience of the most vulnerable communities, fundamental to climate resilient flood management and agricultural development. The initial technical review found that the proposal needed to better demonstrate how "concrete" the proposed adaptation actions were. The proposed activities seemed to be a combination of awareness raising, risk mapping and assessment exercises, policy support, and development of insurance products, based on the work done through risk mapping and assessment. In addition, the project did not seem to address the flood risks in the target areas, for which the insurance scheme was only one part of the solution. Lastly, the proposal did not adequately demonstrate how the project would comply with the Environmental and Social Policy of the Fund. A number of clarification requests (CRs) and corrective action requests (CARs) were made and the revised proposal has addressed some of the requests made. However a few issues remain, including compliance with the ESP of the Fund, demonstration of the complementarity of the project's actions in order to address flood risks in the project's areas, and inclusion of an AF core outcome indicator. The following observations are made: a) Please clarify how the project will ensure that homeowner and farmer beneficiaries could afford the implementation of risk reduction measures that are defined as a pre-requisite for benefitting from subsidised premiums, which is difficult to assess with little information on such measures and little socio-economic data in the document about those beneficiaries; b) The fully-developed project document should provide proof of consultation of the most vulnerable communities, including vulnerable farmers;

	c) The proposal should clarify how the other relevant initiatives described in the document (through UNDP, WB, GIZ, EU, etc) are complementary to the project with a particular focus on the target areas; d) The risks findings in the table of Section K needs to be more substantiated. The categorisation of 'C' proposed by the proponent is not justified since there are risks of direct, indirect, secondary and cumulative impacts involved with the project in line with the 15 principles of the Environmental and Social Policy (ESP) of the Fund. These risks have been identified earlier, and are mostly related to equity and access, marginalised and vulnerable groups, involuntary resettlement, natural habitats and biodiversity; e) Accordingly, the proposal should include an environmental and Social Management Plan and should explain how the Environmental and Social management system of the implementing entity (IE) will be applied in the implementation of the project, and how the IE will ensure compliance by the executing entity; f) The monitoring and evaluation section should include provisions for environmental and social risks or impacts monitoring. Also, the proposal should contain information on the public disclosure and consultation of its environmental and social risk identification, and information on the grievance mechanism to be put in place for the project; g) The project's results framework should include at least one core outcome indicator as defined in the following document: http://www.adaptation-fund.org/wp- content/uploads/2015/01/AF%20Core%20Indicator%20Methodologies.pdf
Date:	21 February 2016.

REQUEST FOR PROJECT
FUNDING FROM THE ADAPTATION FUND

The annexed form should be completed and transmitted to the Adaptation Fund Board Secretariat by email or fax.

Please type in the responses using the template provided. The instructions attached to the form provide guidance to filling out the template.

Please note that a project/programme must be fully prepared (i.e., fully appraised for feasibility) when the request is submitted. The final project/programme document resulting from the appraisal process should be attached to this request for funding.

Complete documentation should be sent to:

The Adaptation Fund Board Secretariat
1818 H Street NW
MSN P4-400
Washington, D.C., 20433
U.S.A
Fax: +1 (202) 522-3240/5
Email: afbsec@adaptation-fund.org

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ADAPTATION FUND

PROJECT/PROGRAMME PROPOSAL TO THE ADAPTATION FUND

PART I: PROJECT INFORMATION

Project Category:	Regular
Country:	Albania
Title of Project:	Developing climate resilient agriculture and flood management in Albanian Western Lowlands
Type of Implementing Entity:	MIE
Implementing Entity:	The World Bank
Executing Entity:	Europa Reinsurance Facility ltd.
Amount of Financing Requested:	46,00,000 (in U.S Dollars Equivalent)

Project Background and Context

1. Globally, economic losses from climate-related and geological perils are rising, exceeding US$100 billion per annum over the last decades. In 2013, the economic losses caused by natural disasters amounted to US$ 125 billion, while the average economic loss for period from 1980 to 2012 was US$ 115 billion[1]. In addition to the economic toll, natural disasters have been the source of death, disability, and loss of physical and productive assets.

2. Albania is a mid-income country which became a fast growing economy in the decade prior to the 2008 global financial crisis. Non-tradable sectors such as construction and services led both to output and employment expansion prior to 2008, contributing nearly three-quarters to output growth and 32 percent to employment growth. Nonetheless, the prolonged European crisis, coupled with a challenging fiscal and budgetary environment, has caused economic output to slow since 2009. As economic growth slowed down, the public debt increased from about 55 percent of GDP in 2008 to about 71 percent in 2014. Albania has a labor force of about 1.1 million

[1] Munich RE NatCatSERVICE, 2014 (http://www.munichre.com/site/corporate/get/documents_E833834344/mr/assetpool.shared/Documents/0_Corporate%20Website/6_Media%20Relations/Press%20Releases/2014/natural-catastrophes-2013-wold-map_en.pdf)

people. The official estimated unemployment rate in the last quarter of 2014 was 17.5 percent, but unemployment for people aged 18-29 was estimated at 32 percent. With about 40 percent of the population living abroad (mainly in Greece and Italy), Albania has been among the top remittance receiving nations in the world. Remittances have trended downward since 2009 as migrant jobs were cut due to the financial crisis in the host countries. Agriculture remains one of the largest and most important sectors in Albania and a main source of employment and income – especially in the country's rural areas – and represents around 20% of GDP while accounting for about half of total employment. The current poverty rate is 14.5 percent. Looking toward the future, Albania is focused on supporting economic recovery and growth in a difficult external environment, broadening and sustaining the country's social gains, and reducing vulnerability to climate change. Over medium term, the economy is expected to gradually shift away from domestic demand driven sources, and expand at an annual pace of 3 percent.

3. Situated in the Western Balkans, Albania is a relatively small country with a population of approximately 2.8 million people and a landmass of 28,748 km2. Albania has a hilly to mountainous landscape with a topographic and climatic variety. With its coastline facing the Adriatic and Ionian seas, its highlands backed upon the elevated Balkan landmass. ,For such a small country, Albania has a high number of diverse climatic regions which experience a variety of weather patterns during the winter and summer seasons. The coastal lowlands have typically a Mediterranean weather; the highlands have a Mediterranean continental climate. In both the lowlands and the interior, the weather varies markedly from north to south. The 70% of the country that is mountainous is rugged. The remainder low coastal belt, known as western lowlands, receives precipitation seasonally, is poorly drained, and as a consequence is either arid or flooded. The western lowlands extend from the northern boundary southward to the vicinity of Vlorë protruding less than sixteen kilometers inland, but widening to about 50 km (31 mi) in the Elbasan area in central Albania.

4. The country has an extensive hydrographic system of 11 main rivers with 152 tributaries and large streams. Four large lakes (Shkoder, Ohrid, Prespa, and Butrinti), including a considerable number of water retention reservoirs, cover an area of 1,032 square kilometers. With 200 water sources, the country is also rich in underground water. Forests occupy 36% of the country, pastures over 16% and arable land about 24%. Albania is situated in an Alpine-Mediterranean seismic belt comprising the zone of contact between the lithospheric plates of Africa and Eurasia, which extend from the Azores Islands to the eastern border of the Mediterranean basin. The belt is characterized by almost annual occurrences of at least one earthquake of magnitude 6.5 and as such the country is extremely vulnerable to earthquakes.

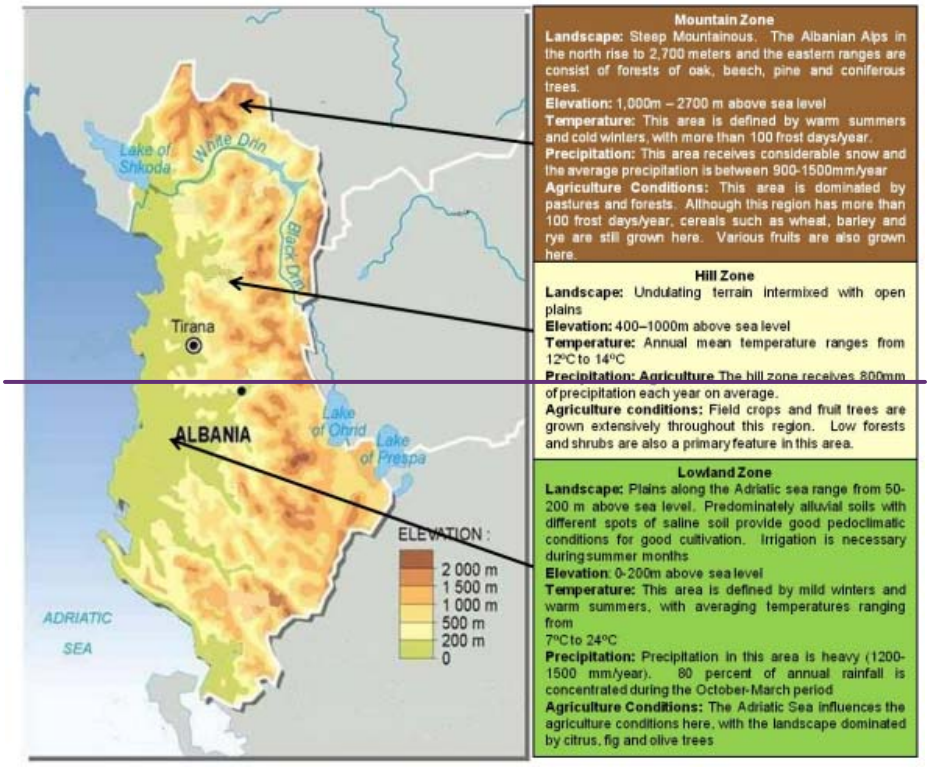
Albania has also a high vulnerability to floods, droughts and landslides on the account of weather variability and climate change.

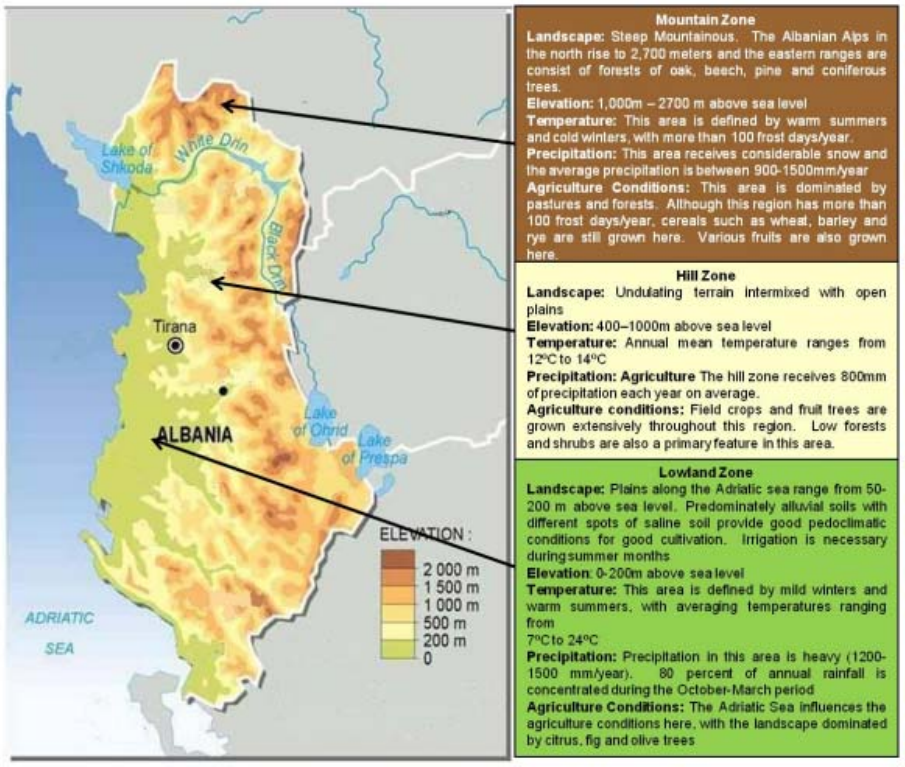
5. The agriculture anchors the lives of the people of Albania, providing the income basis for most of the population and serving as an employment safety net. While agriculture is the most climate-sensitive of all economic activities, in countries like Albania the risks of climate change for the agricultural sector are an immediate and important problem because the majority of the rural population depends either directly or indirectly on agriculture for their livelihoods. The dominance of rain-fed agriculture in Albania, makes the sector especially vulnerable to changing rainfall patterns and temperature. With the mean average summer temperature increase of 4°C, rainfall is projected to decline by 20 – 30% while increasing (by 20%) the occurrence of drought days. This type of changes in weather patterns spell a major threat to agriculture. Flooding events in Albania have further underscored the risks faced by the agricultural sector. Due to the lack of proper risk assessment, adaptation measures and mitigation mechanisms, adverse climate impacts could undermine progress achieved so far in poverty reduction and negatively affect food security and economic growth.

6. Albania can be divided into three agro-ecological zones, based on soil, climatic, topographic, and socio-economic features including access to agricultural services and inputs, and development of markets and infrastructure. Each of these zones will be impacted differently by climate change due to variations in climate, biophysical distinctions, and production systems. The three agro-ecological zones of Albania are the mountain Zone, hill Zone and western lowland zone are displayed in Figure 1[2]

[2] Albania CLIMATE CHANGE AND AGRICULTURE COUNTRY NOTE February 2011 www.worldbank.org/eca/climateandagriculture

Figure 1: Agro-Ecological Zones of Albania




Lake of Shkoda
White Drin
Black Drin
Tirana
ALBANIA
Lake of Ohrid
Lake of Prespa
ELEVATION :
2 000 m
1 500 m
1 000 m
500 m
200 m
0
ADRIATIC SEA
Mountain Zone
Landscape: Steep Mountainous. The Albanian Alps in the north rise to 2,700 meters and the eastern ranges are consist of forests of oak, beech, pine and coniferous trees.
Elevation: 1,000m – 2700 m above sea level
Temperature: This area is defined by warm summers and cold winters, with more than 100 frost days/year.
Precipitation: This area receives considerable snow and the average precipitation is between 900-1500mm/year
Agriculture Conditions: This area is dominated by pastures and forests. Although this region has more than 100 frost days/year, cereals such as wheat, barley and rye are still grown here. Various fruits are also grown here.
Hill Zone
Landscape: Undulating terrain intermixed with open plains
Elevation: 400–1000m above sea level
Temperature: Annual mean temperature ranges from 12°C to 14°C
Precipitation: Agriculture The hill zone receives 800mm of precipitation each year on average.
Agriculture conditions: Field crops and fruit trees are grown extensively throughout this region. Low forests and shrubs are also a primary feature in this area.
Lowland Zone
Landscape: Plains along the Adriatic sea range from 50-200 m above sea level. Predominately alluvial soils with different spots of saline soil provide good pedoclimatic conditions for good cultivation. Irrigation is necessary during summer months
Elevation: 0-200m above sea level
Temperature: This area is defined by mild winters and warm summers, with averaging temperatures ranging from 7°C to 24°C
Precipitation: Precipitation in this area is heavy (1200-1500 mm/year). 80 percent of annual rainfall is concentrated during the October-March period
Agriculture Conditions: The Adriatic Sea influences the agriculture conditions here, with the landscape dominated by citrus, fig and olive trees

~~7.~~ Flood, Hail, and Spring Freeze are major weather risks for agriculture in Albania. From

the discussions with the Ministry of Agriculture and questionnaires distributed by Europa Re in rural communities, the farmers identified Flood, Hail, and Spring Freeze as major weather risks for agriculture in the country.

- Flood is especially a problem for Shkodra area, with a high level of occurrences (which makes it uninsurable at an individual farm level). Hail is a risk occurring all over the country. The Ministry's attention was on flood prone areas (Shkodra) which historically have been major recipients of government post disaster subsidies.

Figure 2: Houses and agriculture land flooded in 2010 (Shkodra)

- In Fieri and Lushnja municipalities, flood and spring frost (and even autumn frost) were mentioned as important risks for early crops (watermelon and potato). Hail was also identified as the number one risk exposure for crops grown in this region. In 2011, a hail event with ~~afootprint~~a footprint 13 km long and 4 km wide had caused a lot of damage to the area.

~~8.~~7. The flooding of Seman and Vjosa rivers (January – February 2015) caused substantial damages to the agricultural production and infrastructure in the areas of Fieri and Vlora. According to the information from the Ministry of Agriculture, the total damage and loss reached EUR 39 mm and comprised crop related damage as well as damage to agricultural infrastructure (e.g. dams and drainage systems).

~~9.~~8. Floods and flash floods have frequently caused severe damages and losses to households, businesses, agriculture and infrastructure with a major impact on the national income in Albania. The disaster threat from floods is considerable, although not all territories are exposed to the same flood frequency and severity. If a disaster were to strike, it would tend to cause casualties among people and livestock, damage to and destruction of property, damage to the agricultural sector, infrastructure and environment. Eight main Albanian rivers, grouped into six watersheds

(Figure 1), transverse the country from east to west.

Figure 3: Main Albanian rivers and watersheds

River Basin	Hydrologic Catchments Area (km^2)	Specific Discharge ($l/s/km^2$)	Annual Discharge Volume (Million m3)	Annual Wet/Dry Ratio[1]	10 Year Flow Ratio	Reservoir Storage Capacity (Million m^2)
DRINI	19,582	35	11,110	5.7 (D/A)	13	Fierza, 2,700 (25% e AF of Drini river)
MATI	2,441	40	3,250	10 (D/A)	25	Ulza, 240 (15% AF of Mati River)
ERZENI-ISHMI	1,439	24-31	660	9-10 (J,F/A)	55	None
SHKUMBINI	2,445	26	1,900	10.8 (Ap/A)	24	None
SEMANI	5,649	16	2,700	14.8 (F,M/A)	18	Banja Dam[3], 700 (50% AF of Devoll River)
VJOSA	8,100	26	5,550	7.3 (F/A,S)	21	None

Source: UNDP

~~10.~~9. The extensive river system poses the highest flood risk to Albania by causing pluvial floods during the November-March period when the country receives about 80-85% of the annual precipitation. Due to country specific topographic patterns, floods occur suddenly, being transported through the main river hydrographic network for about 8-10 hours. The flood risk in the western lowland zone is posed by the six watersheds traversing the country from east to west. The principle characteristic of large floods in western lowlands is that flooding waters from different rivers frequently inundate the same area, forming an extended single river mouth.

~~11.~~10. The long record of damaging floods comprises the following:

Figure 4: Geographic map of Albania

- 11 big floods in the period 1854-1871, each of them causing considerable damage of property.
- During 1900 – 1960, large floods from principal watersheds: Drini and Buna (1905, 1937, 1952, 1960); Ishem, Erzen and Shkumbini (1946); Semani and Vjosa (1937).
- During November 1962 – January 1963, the western lowlands were hit by the most devastating floods which inundated about 70,000 hectares of land with severe damages and losses to several cities, agriculture, road network and protective levees:

Figure 5: 1962-1963 Floods

Flooded Zone	Flooded Area (Ha)	Duration (Days)
1. Plains of Zadrima of Shkodres and Lezha, Bregu Bunes	18,575	22
2. Plains between rivers Drini of Lezha and Mati	3,122	10
3. Plains between rivers Mati and Ishmi	5,825	7
4. Plains downward Rogozhina on both river banks of Shkumbini	6,896	7
5. Plains on both river banks of Semani	26,738	35
6. Plains on both river banks of Vjosa downward Ura of Mifoli	3,538	20

Source: UNDP

- In 1970 –1971, Vjosa flooded about 14,000 hectares and severely damaged houses, agriculture and infrastructure, including levees, irrigation systems, bridges and pumping stations.
- In September 2002, riverine floods were caused by Osumi and other smaller rivers including Drinos, Gjanica, and Gjadri. Flood waters inundated 30,000 in Lezha and Berat

affecting 67 thousand people and causing USD 17.5mm of damages to roads, schools, hospitals and agriculture.

- During 2003, 2004 and 2005, floods caused significant damages to houses and infrastructure in Shkodra, Lezha, Kukes, Dibra, Elbasan and Vlora.
- In December 2009 - January 2010, about 11,400 ha of land was flooded, 2,649 houses inundated and about 229,192 people affected in Shkodra and Lezha.
- In December 2010, 14,280 ha of land was flooded, 14,210 persons evacuated, 2.580 houses completely inundated and 257,169 people affected in Shkodra, Lezha and Durrës.
- During November – December 2014, floods damaged agricultural land and residential buildings in Tirana, Lezhe, Berat, Fier and Durres.
- Intensive rainfalls recorded in January – February 2015, caused severe floods in Fier, Vlora, Berat Gjirokastra, Korca and Elbasan. Thousand hectares were inundated causing major damages to agriculture, livestock, houses, businesses and infrastructure.

Climate projections and scenarios of increased occurrence of flood threats in the region

~~12.~~11. According to the Center for Climate Adaptation for EU (2015),[3] the sea level will gradually rise up to 24 cm by 2050 and up to 61 cm by 2100. This will result in the gradual inundation of low lying coastal areas. The lowlands areas, including several fields which were drained in the late 1950's and early 1960's, will be affected by floods and subsequent landslides.

~~13.~~12. According to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), climate change-related risks stemming from extreme events such as heat waves, extreme precipitation, and coastal flooding, are already highly visible. ~~.~~The number of heavy precipitation events has increased in most regions in Albania.

~~14.~~13. Precipitation, floods and landslides are the major causes of damage in the Balkans. All the countries in the West Balkans face more frequent and more intense droughts and floods, and the four countries with coastal areas – Albania, Bosnia and Herzegovina, Croatia and Montenegro – also face potential hazards associated with a rising sea level. Exposure to these hazards will be acutely felt in public health and biodiversity and in such key economic sectors as water resources, agriculture, forestry, energy and tourism. High incidence of extreme precipitation matches with scientific expectations of accelerated hydrological cycles caused by climate warming. The Global Climate Risk Index 2016 indicates that two out of three countries which were most affected in

[3] http://www.climateadaptation.eu/albania/coastal-floods/

2014 were within the Balkans region. In May 2014, Both Serbia and Bosnia and Herzegovina, suffered the greatest damage from devastating floods, as the rain was the heaviest in 120 years of recorded weather measurements.

~~15.~~14. As shown in Figure ~~7~~6 and ~~8~~7 below, based on respective indexes of climate change vulnerability, exposure and sensitivity index, Albania was rated by the World Bank as the most vulnerable country to climate change within the Balkans and the second most vulnerable in Eastern Europe and Central Asia.

Figure 6: Climate Change Vulnerability Index

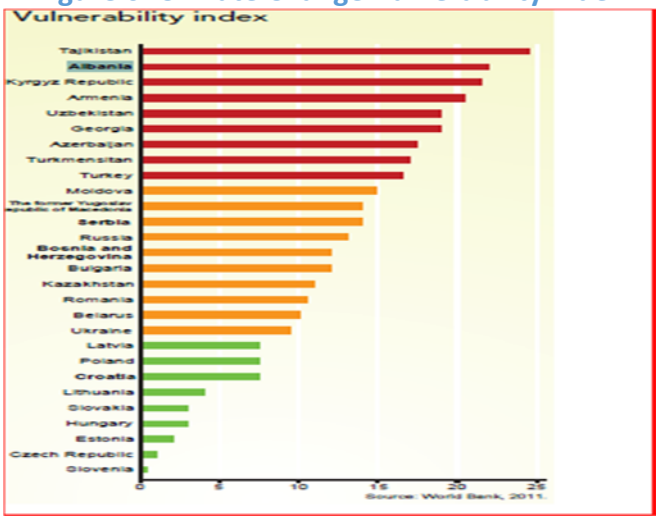
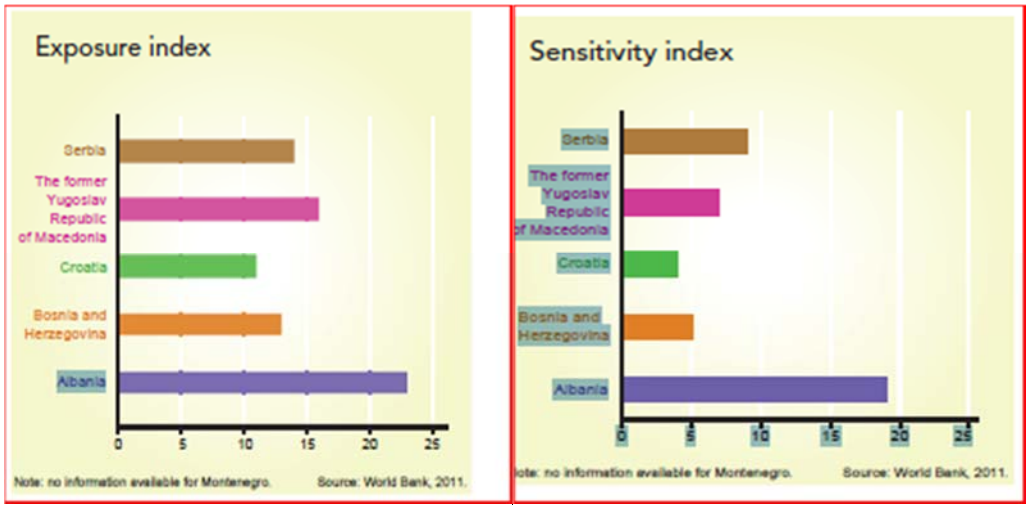
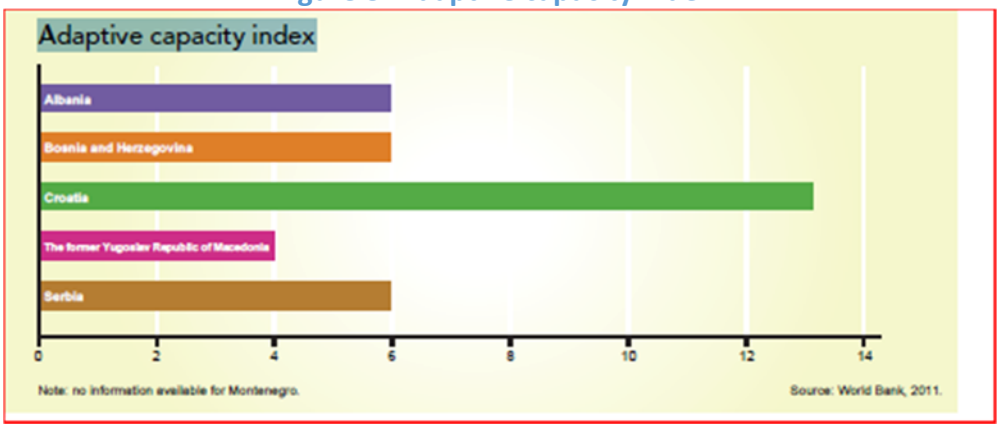


Figure 7: Exposure and Sensitivity Index



While the country climate change, exposure and sensitivity indexes are very high, as shown by the Adaptive Capacity Index (Figure 8), its ability to adapt to climate change is low.

Figure 8: Adaptive capacity index[4]



~~16.~~15. The Ministry of Forestry and Water Administration (2013) already has been reporting annual increases in temperature, decreases in precipitation, and a consequent reduction of water resources and arable land. An increase in frequency and intensity of extreme events such as heavy rains, floods and drought is already a common phenomenon in Albania which adversely affects life cycles of species and poses risks of habitat loss and fragmentation to a unique compound ecosystem consisting of sandy dunes, lagoons and coastal wetlands.

[4] The index is calculated by combining social and economic development indicators (income, inequality, GDP per capita) with the institutional criteria, accountability, political stability, absence of violence and an aggregate measure of government effectiveness, regulatory quality, rule of law and control of corruption.

~~17.~~16. Since the submission of the project first draft proposal in August 2015, two additional severe floods have occurred with a four-month interval~~.~~:

- Southern regions of Vlora and Fier suffered massive flooding after heavy rains hit the country in early October 2015 and ~~causedindundation~~caused inundation of many houses and businesses, mostly in urban areas. The major part of urban areas in Vlora city has suffered damages due to the massive flooding, since the level of rain increased tremendously. In Fier, Gjanica river overflowed flooding hundreds of houses and causing irreparable damage to 115 homes while severely damaging 120 others.

- Recent floods in Albania caused by a heavy rainfall during January 5-7, 2016, badly affected the counties of Tirana, Durrës, Lezhë, Shkodër, Fier (including Lushnje) and Dibër. Several rivers overflowed their banks causing massive evacuations, flooding houses and causing severe damages to agriculture and infrastructure. Although the final damage statistics are not available at present, the initial data suggest thousands of hectares of agricultural land and properties flooded in the affected area.

Figure 9: Recent Floods (October 2015, January 2016)

~~18.~~17. Geographic areas that are most vulnerable to floods and climate change overlap with areas of high population density, rapid population and business growth (a typical example is Durres, the area of rapid economic and population growth located in a high seismic and flood risk prone area). The majority of population affected by floods and climate change ~~belongs to the~~are low income urban families and farmers. A scenario with a simultaneous multiple-basin flooding (similar to the 1962-1963 event) would be devastating and far beyond the country's financing capacity due to a high concentration of population, business and infrastructure in the flood prone area. The risk of climate change is further increased by poor land utilization, deforestation, poor

watershed management, environmental pollution, as well as country's still weak disaster response capabilities. In this context, the underlying causes of vulnerability to climate change in the western lowlands can be categorized into three groups - 1) physical factors which ~~aredirect~~are direct manifestations of climate change, 2) factors caused by anthropogenic intervention – those related to the harmful ways in which humans have interacted and continue to interact with the environment 3) as well as limited adaptive capacity (human and financial resources) to manage climate change vulnerability and mitigate its social and financial impacts.

~~19.~~18. In response to the mounting risk of climate change and recognizing the urgency of restoring growth, reducing poverty and mitigating the adverse fiscal impacts of climate change on its budget, the country should put in place a proper climate risk management approach which would include important elements of risk assessment, forecasting, and facilitate loss avoidance, control and disaster preparedness measures. There is a growing interest at the country level to have a better understanding of its climate risk exposure, and the impacts of climate change on agriculture as well as in developing and prioritizing adaptation measures to mitigate the adverse consequences of climate change.

~~20.~~19. Many issues, particularly those related to the adaptation capacity, water resources and infrastructure management, have regional dimensions, especially given their geographic and economic interconnectivity. To this effect, the country should leverage its action at the national level by making it part of a harmonized regional approach to ~~cooperaton~~cooperation with other Western Balkan's countries committed to increasing resilience to natural disasters and climate change. Climate change adaptation efforts at the country level should support the most vulnerable groups of society, as well as local and national government institutions that undertake direct adaptation measures.

Project Objectives:

~~21.~~20. As climate change is expected to have multifaceted impacts ~~in~~on Albania, the project objective[5] is to help the government, businesses and population in the country's western lowlands to develop adaptive capacity to climate change ~~-~~through sound flood and agricultural

[5] The project objectives and its concept are in full compliance with government's Intersectorial Draft Strategy on Environment 2015-2020; Law no. 9334, date 16.12.2004 "On Accession of the Republic of Albania to the Kyoto Protocol Framework Convention of United Nations Climate Change"; Albania's Second National Communication to the Conference of Parties under the United Nations Framework Convention on Climate Chang"; Law no. 9385 date 04.05.2005 amended "On forests and forestry services."

risk management policies that would mitigate private losses and reduce government's fiscal costs. The project objective for the selected target area is three-fold:

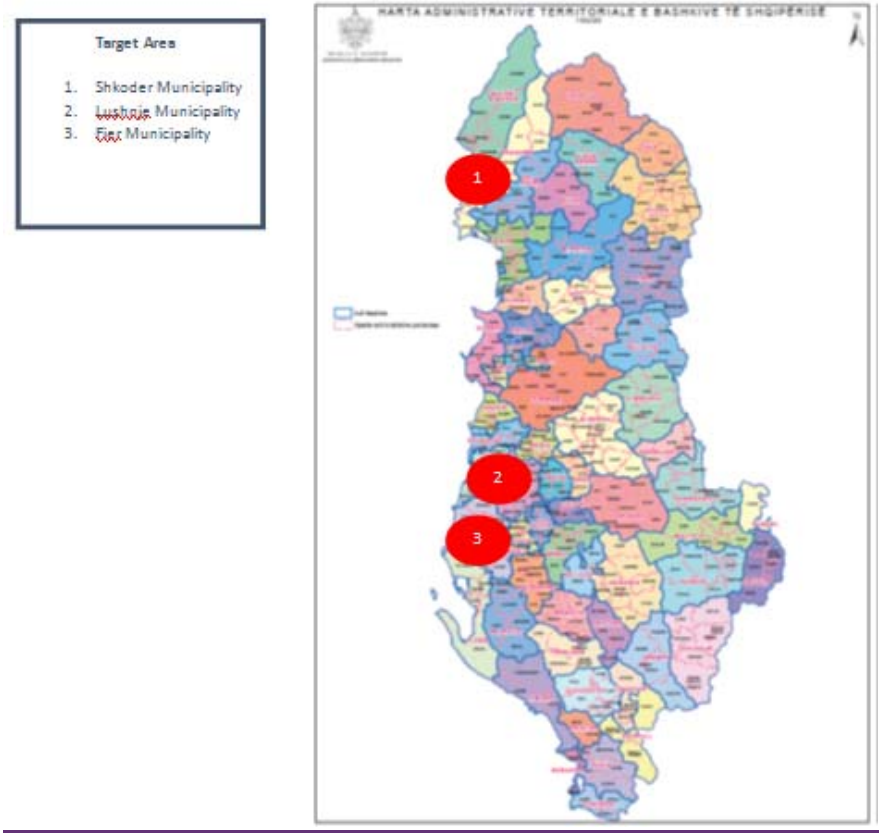
i. Adaptive capacity increased through development of flood risk management and implementation of community-based flood insurance schemes;

ii. Climate resilient practices of agricultural risk management developed to reduce vulnerability of highly exposed agricultural communities;

iii. Raise public awareness and knowledge of effective climate adaptation techniques.

~~22.~~21. The project target areas are shown in Figure 11 below and represent the key municipalities of the western lowlands ~~with a~~due to their high residential density residential ~~and rural communities~~in areas prone to flood. The project results in the target areas can be then replicated in other municipalities of the western lowlands as well as other disaster prone areas of the country after the project completion.

Figure 10: Target Project Area



~~23.~~22. The project target areas consist of a very important agricultural area which contributes about 40% of the total agricultural income in the country. By facilitating and increasing access of disaster prone communities in Albania to climate risk insurance, the Adaptation Fund ~~Objective~~objective of climate change adaptation will have been achieved through the reduction of their economic and social vulnerability to the adverse impact of natural disasters and climate change. The proposed project activities support AF's focus on climate change and, more specifically, AF's objectives on climate change adaptation. By raising awareness and education of communities and increasing their access to proper flood and weather risk assessment and management the project is also in line with the AF strategy on adaptation. By developing proper community-based catastrophe and weather risk insurance schemes, the project reduces economic losses to communities and agriculture sector at both local and national level from extreme weather related events, thereby reducing economic vulnerability and creating a more climate resilient country.

~~24.~~23. The project activities are also cross-cutting and collaborative, ensuring the engagement of major stakeholders in Albania, including several ministries, local government, insurance sector and agriculture agencies. The project concept was extensively discussed with various important stakeholders who expressed their strong support to the project. As much of the technical work will be focused on establishing comprehensive risk management and community-based insurance systems, stakeholders will gain the requisite skills and knowledge to better understand the flood and weather risks to their communities and agriculture and effectively adapt to such risks and climate change. Furthermore, public awareness of climate change and benefits of weather risk insurance will be raised through public education campaigns which will support building local resilience to floods and climate change.

~~25.~~24. Although the project has been designed specifically for Albania, it can be easily replicated in other countries adversely affected by climate change through the extension of risk management and insurance solutions developed for Albania to other country markets.

Project Components and Financing:

Fill in the table presenting the relationships among project components, activities, expected concrete outputs, and the corresponding budgets. If necessary, please refer to the attached instructions for a detailed description of each term.

For the case of a programme, individual components are likely to refer to specific sub-sets of stakeholders, regions and/or sectors that can be addressed through a set of well-defined interventions / projects.

~~26.~~25. The project is comprised of the main components and sub-components as shown in the table below:

Table 1: Project components

Project Components	**Expected Concrete Outputs ~~(US$)~~**		**Expected Outcome**	**Amount (US$)**
1. Adaptive capacity of western lowlands target communities through flood risk management and introduction of sound mitigation ~~practices~~alternatives.	1.1	Risk analysis and assessment carried out based on the flood hazard risk model and further on site work ~~(~~($525.000)	Community flood risk maps developed, ~~flood~~catastrophe insurance schemes tailored, regulation enhanced, communication systems developed and know how ~~on adaptation~~ provided.	~~1,500~~**2,080,000**
	1.2	Community flood risk maps developed for adaptation and risk mitigation purposes. ~~(~~($320,000)		
	1.3	Community-based catastrophe insurance schemes tailored for target areas ~~(~~($525,000~~).~~)		
	1.4	Insurance subsidies for flood in the target areas ($600,000)		
	1.~~4~~5	Technical assistance provided ~~to~~for the review of relevant regulations supporting effective implementation of community insurance schemes ~~(130~~($110,000~~).~~)		
2. Expanded farmer outreach and ensured financial and management sustainability	2.1	Risk analysis carried ~~out~~ to assess weather and climate change ~~impacts~~impact on the main agricultural products cultivated in target areas ~~(590~~($500,000~~).~~)	~~Sound community~~Community based agriculture insurance schemes developed to improve resilience to climate ~~change~~changes.	~~1,400~~**2,620,000**
	2.2	Community based agriculture insurance schemes ~~developed~~ to mitigate the financial impact of climate risks on agriculture production and environment ~~(650~~. ($600,000~~).~~)		
	2.3	Agricultural insurance subsidies. ($1,400,000)		

	2.~~3~~ 4	Technical assistance ~~provided to~~with review and ~~amend~~amendment of relevant regulations supporting ~~effective~~ implementation of agriculture insurance through effective insurance subsidies. ~~(160~~($120,000~~).~~)		
~~3~~. Knowledge management and awareness raising	3.1	Capacity building~~/~~ and hands~~-~~on training of national experts of line ministries, municipalities and insurance sector ~~in mitigation~~ on vulnerability analysis and ~~climate change related~~ mitigation policies ~~and vulnerability assessments (85.~~ ($80,000**)**	Know-how shared and all relevant documentation and ~~clear messages~~lessons learned delivered to project stakeholders and communities in target areas. ~~Project lessons learnt shared.~~ Project outputs provided to other municipalities for consideration~~.~~	~~340~~**310,000**
	3.2	Capacity building~~/~~ and hands~~-~~on training of national experts of line ministries, municipalities and insurance sector and farmers on the adaptive measures and agricultural insurance. ~~(130~~($110,000)		
	3.3	Simulation exercises and specific learning sessions with vulnerable groups ~~(85~~ ($80,000~~).~~)		
	3.4	Media coverage, social media and publications used to disseminate project results ~~(~~($40.000**)**		
~~3~~4. Project Execution cost				~~250~~**525,000**
~~4~~5. Total Project Cost				~~3,490~~**5,535,000**
~~5~~6. Project Cycle Management Fee charged by the Implementing Entity (if applicable)				~~510~~**465,000**
Amount of Financing Requested				~~4~~**6,000,000**

Project Calendar:

~~27.~~26. This will be a 4.0 year project, with three months for setting up the project, including establishing local level governance structures and building capacity for implementation, and four months for closing it, including the preparation of the project completion report and a survey of project main stakeholders and beneficiaries.

Table 2: Project calendar

Milestones	Expected Dates
Start of Project Implementation	Jul, 2016
Mid-term Review ~~(if planned)~~	Jan, 2018
Project Closing	Jul, 2020
Terminal Evaluation	Dec, 2020

PART II: PROJECT JUSTIFICATION

A. Describe the project components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience.

~~28.~~27. The project aims to develop resilience of highly vulnerable target communities in the western lowlands to floods and other climate related hazards. It takes an integrated and comprehensive approach by addressing critical gaps in the existing risk assessment and management policies which are fundamental to climate resilient flood management and agricultural development. The project builds upon the country's priorities for flood prevention and management by direct involvement of local municipalities and communities ~~residing~~located in ~~the highly exposed to~~ high-risk ~~locations~~areas. A balanced combination of risk management ~~policy~~policies and concrete adaptation actions will assist Albania to increase long-~~-~~term resilience of the most vulnerable communities to climate change. An overview of project components and their expected outcomes is provided below:

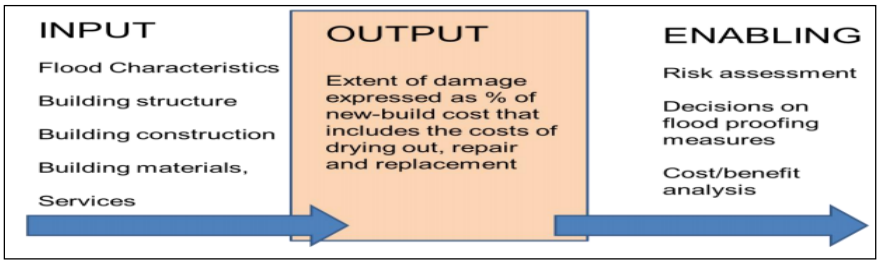
Component 1: Building adaptive capacity of western lowlands communities through flood ~~sound~~ risk management and introduction of risk mitigation practices.

Adaptation efforts: Risk assessment and community flood risk maps

~~29.~~28. Flood risk assessment and risk maps are essential for the assessment of current and future hazards and the design of flood management solutions that fully account for climate change considerations. The strategic assessment of flood risk ~~to~~in target areas under conditions of climate change ~~should~~will support and guide local ~~municipalities to wisely~~land use planning, construction practices and ~~rationally manage~~investments in physical disaster risk ~~exposure of the~~

~~existing and new developments to acceptable levels~~management infrastructure.

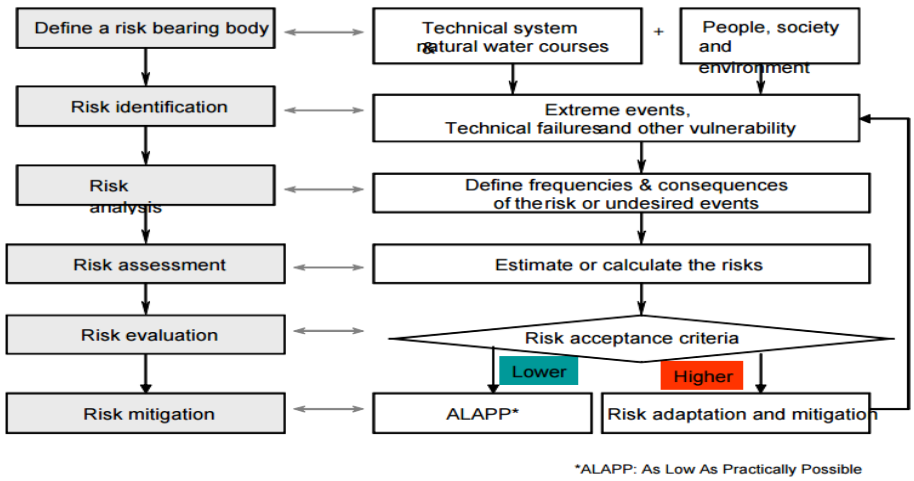
Figure 11: Risk assessment output



~~30.~~29. While in the past the reliance on historical loss averages was a ~~practical guide for assessing~~typical way to assess current risk levels, today estimation of future risks requires knowledge of climate science and ability to scientifically project non-linear impacts of climate change. The project will assess the risk through the use of state-of-the-art stochastic risk models which take into account the longer-term implications of climate change and will use additional new data from municipalities on their buildings and flood protection infrastructure (e.g. levees).

~~31.~~30. The project will carry out risk and vulnerability assessments in line with the EU requirements :

Figure 12: Risk assessment process: Nie et al. (2009)



EU regulation on flood risk assessment

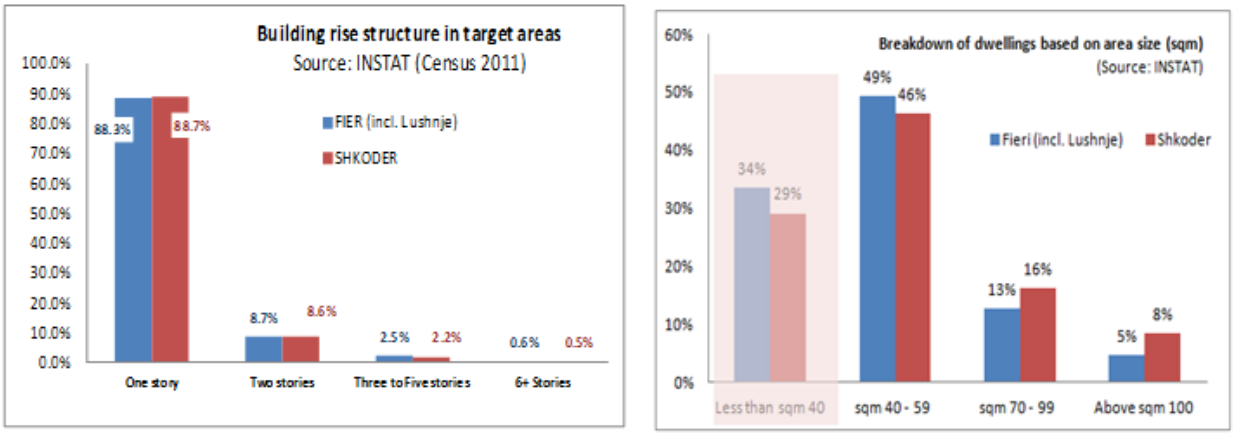
In 2006, the European Commission proposed the EU floods directive in order to reduce and manage the risks that floods pose to human health, the environment, cultural heritage and economic activity. All member states were

~~forced~~required to carry out a "preliminary assessment" to identify flood prone areas close to rivers and coastal areas. In 2013 flood risk maps should be ready. Many tools have been developed to make such maps. An overview of guidelines is provided in "Handbook on good practice for flood mapping in Europe" (EXCIMAP, 2007).

As a next step, the EU Floods directive requires to establish flood risk management plans focused on prevention, protection and preparedness by 2015. These plans require more information than hazards and vulnerability alone: the combined risk is also needed and measures to cope with or reduce risks.

Based on the latest census data in Albania (2011), there are about 124 thousand dwellings in the areas of Fier (incl. Lushnje) and Shkoder inhabited by 528 thousand people. As shown in Figure 13, about 96 percent of homes fall within the group of low rise buildings (up to two storeys), which makes these dwellings especially vulnerable to floods as placed on lowlands and flood plains. While small homes (below 40 sq. m.) account for more than 30 percent of total dwellings in both areas (Figure 13 below), about 71 percent of such small homes are inhabited by large households with 3 or family members which are likely to have low income and hence a rather low economic capacity to absorb potential damages to their assets and livelihoods due to natural disasters. In addition, more than 50 percent of dwellings are concentrated in the rural areas which host about 56 percent of the population in the project target areas.

Figure 13: The risk profile of dwellings in target areas



~~32.~~31. Flood risk maps (hazard and risk) will be developed for the entire project area to cover a climate change flood zone; a designated floodway fringe; a flood plain; a designated floodway; and lastly, the body of water itself with a view to:

- helping municipalities and communities with accessing risk information in an easily readable format; and
- defining insurable risks and supporting the development of ~~sound~~ pilot flood insurance

schemes for the target areas.

~~33.~~32. Flood maps will be developed through the process of extensive consultations with international and local environmental experts. ~~In addition, the~~The maps will be used by the national~~,~~ and local ~~authorities, and communities in the development of~~ governments to increase community emergency preparedness ~~and~~ , develop disaster response plans, ~~in the establishment of community flood risk zones for raising~~and raise public awareness ~~and improving community preparedness~~of disaster risk. Flood hazard, flood vulnerability and flood risk assessments will be used to produce flood risk maps ~~which will show~~to determine the likelihood of flooding, and the corresponding impacts ~~and risks~~on communities at risk. A complete risk analysis backed by the state-of-the-art risk models shall be able to answer the following questions:

- What are the potential risk events?
- What are the root causes of these events and contributing factors, i.e. why do they happen and the development chains?
- How often do they happen?
- What are the potential consequences?
- How high are the potential risks?
- How to mitigate the potential risks?

~~34.~~33. The risk assessment outputs and flood risk maps will be used to build adaptation capacities by guiding ~~the~~ policy makers and communities on how to take informed decisions on flood proofing measures, land use planning and building financial resilience at the local level. To this effect, a specific guidebook will be developed by the project team in cooperation with ~~municipalities.~~communities at risk. A preliminary assessment carried out in three target municipalities has revealed that some efforts have already been made to develop a flood risk early warning system in some parts of Shkodra municipality. The proposed activities will be further coordinated with the GIZ project (through Shkodra Municipality) to achieve the optimal ~~outcome~~outcomes for both projects.

Adaptation efforts: Risk mitigation for flood prone communities in target areas (Insurance)

~~35.~~34. While potential loss from floods is on the rise due to climate change and increasing concentration of assets in ~~the~~ flood-prone areas, the government has very limited financial capacity to respond to natural disasters due to a) narrow fiscal space for discretionary spending,

b) restricted options to secure immediate liquidity for a swift post-disaster emergency response[6] and c) the relatively small size of the local borrowing capacity. In this context, insurance can become an important risk management ~~approach~~tool that can facilitate adaptation to climate change and support sustainable development in areas prone to adverse impacts of climate change.

35. The Intergovernmental Panel on Climate Change (IPCC) defines adaptation as "adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities". For many years, insurers and insurance initiatives have been working to raise the profile of the adaptation agenda. Examples are the Munich Climate Insurance Initiative's various papers, proposals produced by the Association of British Insurers (ABI), and statements delivered by ~~ClimateWise~~Climate Wise to the international negotiators at the Poznan and Copenhagen UN Climate Change talks. These initiatives have helped policy makers and the public to understand that they must take steps to quickly adapt to some of the impacts associated with a rise in global average temperatures in addition to the efforts to reduce the overall level of systemic risk. Although insurance provides a transfer of risk, without automatically reducing it, it has been known to considerably reduce the risk by increasing risk awareness of insureds and introducing effective risk monitoring practices by insurers.

36. Over the last couple of years several players in the insurance industry have explored ways in which insurance can support the drive to increase climate resilience. In their 2009 report on insurance and climate change, the European Insurance Association, the CEA, concluded~~: "The~~ that: "the insurance sector ~~is often regarded solely as a provider of compensation for losses. This buffer function~~ is of great importance for the economy since it allows insureds to plan with more certainty by covering specific risks that could otherwise threaten business continuity. Yet, in adaptation too, the role of insurance goes much further. Insurance is an integral part of the whole risk-management cycle, from risk identification to risk transfer and recovery~~.~~."

37. The insurance schemes proposed under the project aim to a) contribute to a better understanding of risk through the use of forward-looking risk models; b) contribute to risk awareness through risk-based insurance pricing and scientifically grounded advice to its customers on effective adaptation practices, c) generate incentives to increase prevention and

[6] Post disaster funding from international donors and agencies can be an important component of a government's catastrophe risk management strategy, however over-dependence on this approach has many limitations: donor assistance can take a long time to materialize and usually cannot be used for meeting numerous direct government obligations.

other risk management measures; c) help policy makers to adjust land use planning practices and determine optimal allocation of agricultural subsidies. In particular, the project would support:

i. Putting a price tag on risk, and design effective risk reduction and risk transfer strategies;
ii. Prioritizing adaptation measures by enhancing adaptive capacity and advising on the cost effectiveness of resilience measures;
iii. Incentivizing loss reduction by informing stakeholders about the risks they face, and advising them on risk mitigation options.

38. The project will design and implement community-based flood insurance solutions which will (a) further ~~(a)~~ build upon the technical work already carried out under the Southeast Europe and Caucasus Catastrophic Risk Insurance Facility (SEEC CRIF) ~~already completed~~ on the individual insurance level and (b) use the outputs of the flood risk assessment and risk maps developed by other components of this project on ~~municipality~~municipal level.

39. The insurance schemes will be ~~tailored~~designed in line with the underwriting requirements of Europa Re, which reflect the global reinsurance practices~~, so~~ and ensure that the risks can be pooled, and later reinsured, to provide insurance coverage for municipalities of the target area that ~~represent~~represents various watersheds at the upper, mid and lower reaches of the river. This risk pooling approach ~~of pooling~~ is widely practiced for index insurance in order to spread the risk and ensure swift and efficient claims payments. Availability of the community–based flood insurance ~~product~~products will also considerably expand the municipal budget envelope for conducting rehabilitation works after ~~the~~ major flood events.

40. The insurance coverage options will be tailored based on extensive discussions with local stakeholders ~~as for the approach to be followed~~ and communities to be involved in the scheme. Preliminary discussions on the potential types of insurance coverage to be developed were held with the three target municipalities which fully endorsed the community based insurance approaches and the leading role ~~of~~designed for the communities in their development. The proposed ~~idea~~concept is to develop index or semi index - based insurances, which are

transparent and provide a payout immediately after a disaster. The ~~product~~project will ~~offer~~support the development of two types of coverage:

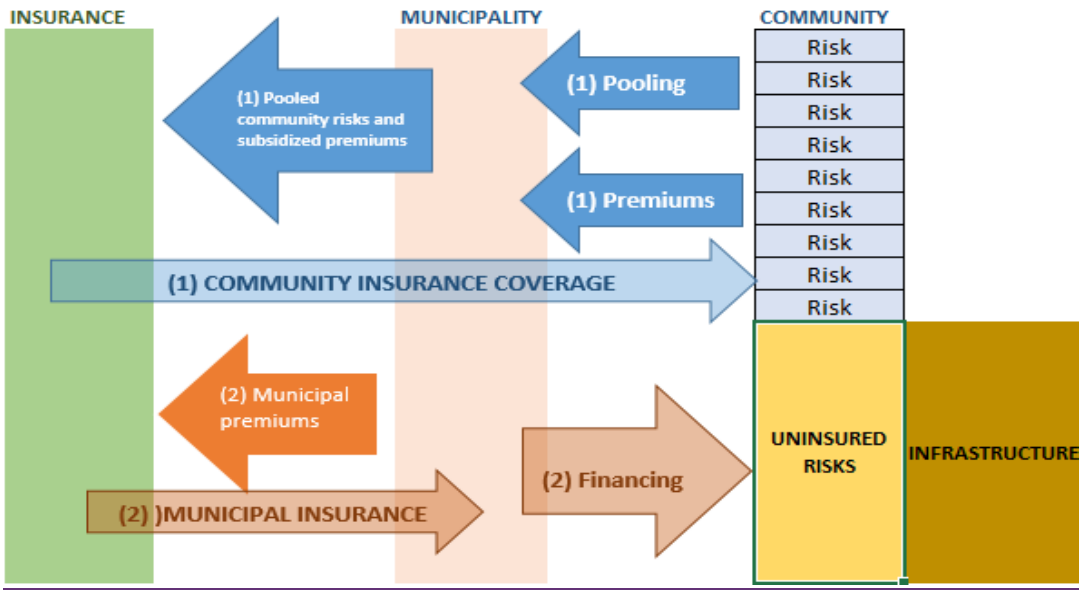
41. Insurance will be designed based on pools of participating risks and be effectively arranged by municipalities on behalf of the homeowners or business, which will participate in the scheme. To support the development of the scheme and incentivize vulnerable communities to participate in flood insurance schemes, ~~the~~ local governments will initially participate in co-financing the premiums subject to proper measures taken by homeowners to reduce their risks. The effective insurance payouts to the damaged homeowners will contribute toward building positive public awareness of the insurance schemes and expand the membership. Furthermore, all the protection measures will contribute to reducing the level of insurance premium for each homeowner. The protection measures for each category of risk will be clearly spelled out in a risk management ~~guide book~~guidebook that would accompany the risk assessment report developed under the project for the municipality~~;~~. The guidebook will be made available to stakeholders, including homeowners, who will be informed about relevant prevention measures that they should undertake with a view to reducing the flood risk to their properties and obtaining affordable insurance coverage. The proposed insurance program will also provide for different coverage needs based on insureds' income and value of owned assets. A very basic insurance coverage can be tailored to immediately pay homeowners a fixed amount (e.g. EUR 3,000 - 4,000 equivalent) if their houses are fully condemned or destroyed due to flood. Such coverage will be similar to a form of immediate disaster relief that helps homeowners address the immediate post-disaster assistance needs, including alternative accommodation costs and living expenses. Such a micro-insurance cover can also become available on a stand-alone basis at very affordable annual premium rates (about EUR 5 per year) in the case of massive homeowners participation in the scheme which would provide for risk diversification and enable local government to contribute toward insurance premium paid by most vulnerable social groups.

42. The project will work closely with governmental institutions and municipalities to develop clear means-testing and social vulnerability criteria of household eligibility, with the special emphasis placed on female headed households.

~~42.~~43. The second ~~part~~type of coverage will consist of ~~a financial~~an insurance ~~of~~cover for the municipality itself and will provide a payout to the municipality in case of severe damages occurring within the municipality due to a large~~—~~-scale devastating flood. This second ~~component~~coverage aims to cover financial losses sustained by the municipality due damages to

or loss of key municipal ~~assets. In case of multiple years without losses, the scheme will disburse part of funds accumulated from premiums to the municipality to be used for the prevention.~~life-line facilities that provide essential services to the residents (such as water and power and transportation services).

Figure 14: Community – based insurance concept



~~43.~~44. The project aims to address the impact of floods ~~to~~on most vulnerable homeowners. To this effect, two options will be discussed with each of ~~the~~ municipalities:

a) either the group is included in component 1 with premiums partially subsidized by ~~the municipality~~ municipalities; or
b) it is included in component 2 (municipal insurance).

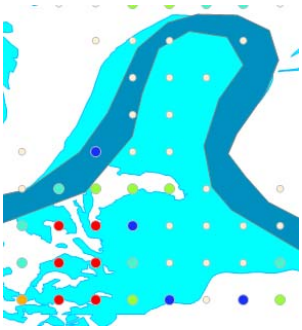
~~44.~~45. Insurance payouts will be quickly and transparently determined using the state-of-the-art flood risk model developed by Europa Re under the World Bank Southeast Europe Catastrophe Insurance Facility project for Albania and the rapid damage scale flood loss assessment methodology and steps described below:

1. **STEP 1: Locate buildings in flood/EQ zones**

a) Locate all building locations using imagery (aerial/ satellite) that are "IN" the flood footprint- this is the most accurate estimate of the building count that has been affected by the flooding/EQ in the area of interest.
b) Develop flood depth/EQ contours grid from the surveyed location and GIS interpolation algorithms.
c) Establish depth/EQ damage scale for all locations that are "IN" the flood/EQ footprint.

2. **STEP 2: Prepare replacement cost and percent building allocation**

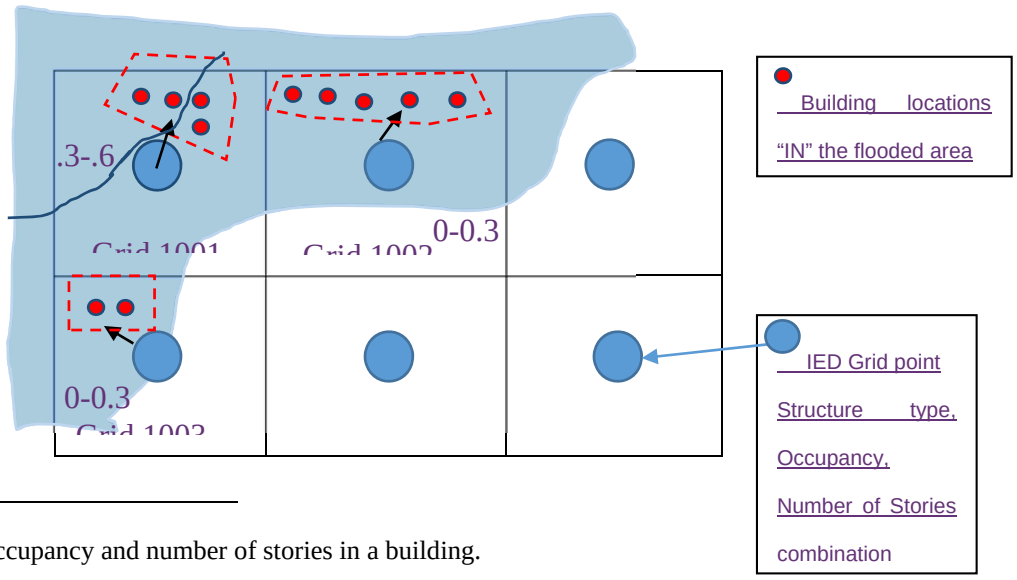
a) Use the flood footprint to determine all points that are "IN" and adjacent to the flood/EQ footprint.



b) Aggregate number of buildings and replacement values (Building and Content) at Grid locations
c) Prepare the distribution of number of buildings and replacement values by combinations of STR/OCC/ STOR[7] directly mapping to AIR vulnerability functions

3. **STEP 3: Apply AIR percent building allocation to located buildings aggregated by hazard bands**

a) Use distribution of IED building parameters -- structural type, occupancy, number of stories-- developed under Step 2 above to allocate building parameters to locations within each IED grid and in flooded zone -- developed in Step 1. Figure 1 and table 1 below provide an illustration.



[7] Structure, occupancy and number of stories in a building.

Percent Building and Replacement Value Table – EXAMPLE for Flood

Grid ID				STR/OCC/STOR1	STR/OCC/STOR2	….	….
1001		**Percent Buildings**		75	25	….	….
1001		**Replacement cost /bldg**		15k	10k	….	….
1001	Building Count	Depth range Damage Scale					
1001	2	0 - 0.3/ 1 - 6	Bldg	1.5	.5	….	….
			RV	22.5k	5k	….	….
1001	2	0.3 – 0.6/ 1-6	Bldg	1.5	.5	….	….
			RV	22.5k	5k	….	….
1002		**Percent Buildings**		50	50	….	….
1002		**Replacement cost /bldg**		12k	12k	….	….
1002	Building Count	Depth range Damage Scale					
1002	5	0 - 0.3/ 1 -6	Bldg	2.5	2.5	….	….
			RV	30k	30k	….	….
1003		**Percent Buildings**		50	50	….	….
1003		**Replacement cost /bldg**		14k	11k	….	….
1003	Building Count	Depth range/ Damage Scale					
1003	2	0 - 0.3/ 1 -6	Bldg	1	1	….	….
			RV	14k	11k	….	….

4. **STEP 4: Apply vulnerability functions to estimate loss**
   a) Select appropriate vulnerability curves for marked building locations based on representation of distribution.
   b) Estimate aggregate loss by building type combination.
   c) Estimate combined aggregate loss for all building combinations.

~~45.~~46. To ~~motivate~~increase the level of community participation in the scheme and raise the effectiveness of the proposed insurance solution, the project proposes the enhancement of the

current ~~regulation~~regulations with a view to preventing the discrimination of ~~the~~ insured members of community ~~against the ones~~versus those who are not insured. To this effect, the ~~financing of~~project will work with communities to develop post disaster compensation policies that would ensure that the amount of post disaster compensation to non-insured groups after a natural disaster ~~should be~~is limited to ~~fractions~~a fraction of insurance payouts provided to insured through the insurance scheme. ~~In addition, regulatory requirements will be recommended to incentivize the~~ To ensure in-masse participation of homeowners in the proposed insurance schemes, the project will also produce clear recommendations and specific draft regulations in cooperation with the government agencies and municipalities. The final drafts of the proposed changes in the regulatory framework will be extensively discussed with direct project beneficiaries through a process of community ~~in the scheme.~~consultations.

Table 3: Proposed regulatory action relating to the flood insurance schemes

# Action	Description	Project contribution
Regulatory action 1	**Review the current regulation with a view to introducing provisions that stimulate the increase in catastrophe insurance penetration.**	Project will develop recommendations on necessary regulatory changes
	Uninsured homeowners of insurable dwellings would be entitled to only a fraction of post-disaster benefits from the state.	
Regulatory action 2	**Defining policies for 'uninsurable' properties. Such properties are quasi-certain flood risks and are severely flooded nearly every year.**	Project output will be used to improve land use/zoning and flood prevention.
	• Municipalities will prepare a list of flood prone areas based on risk assessment criteria developed by the project and historic flood experiences.	
	• A practical mid-term plan will be developed to regulate new construction in flood prone areas and identify flood prevention measures to reduce flood risk.	
Regulatory action 3	**Develop an effective premium subsidy mechanism to support participation of vulnerable groups in the scheme.**	Project work in cooperation with stakeholders to develop an effective premium subsidy system.
	• The project will closely cooperate with the governmental institutions and target municipalities to establish a database of vulnerable homeowners.	

	• A sustainable premium subsidy scheme will be devised for socially vulnerable groups. A good part of subsidies will be covered by the project during the project implementation, with the state budget taking over in the upcoming years. The governmental policies relating to the insurance coverage for socially / financially vulnerable groups will be devised.	

~~46.~~47. The project will further ~~stimulate~~incentivize communities at significant risk of flooding to work with key partners, including local authorities, to develop innovative local solutions that enhance flood risk management and preparedness and improve the ~~community's~~communities' financial resilience ~~in relation~~ to ~~flooding~~flood. By taking these measures, ~~the~~ homeowners and businesses will benefit ~~of~~from significantly lower premium rates for their insurance coverage. The purpose of the guidance produced will be to help manage and reduce unacceptable levels of flood risk by raising public awareness and aiding delivery of more ~~sustainable~~climate resilient local economic development. ~~It~~The project outputs shall also be used by decision makers, architects and developers before and during the early stages of design. The guidance will encourage developments that are more adaptable to future flood risk changes. The general principles of the solutions developed for target areas can be then expanded in other flood prone sites.

~~47.~~48. The three target municipalities stressed the fact that the sustainability of insurance schemes ~~would~~should be closely linked with the level of awareness and education of communities ~~in target municipalities~~ and asked for the project to pay special attention in this regard~~. A significant part of the project (third component) shall comprise~~:

- A public awareness campaign that empowers people to tackle the worst impacts of flooding. Such a campaign will involve a wide range of stakeholders and provide information and practical advice to individuals and communities~~,~~ by creating a forum for flood victims and experts to share experiences and ~~a~~discuss the community flood planning guide which ~~sets out how to create a~~will detail community flood ~~plan for the target municipalities~~management plans.

- ~~The~~ Using successful international experiences, the project will also ~~develop~~carry out flood simulation exercises in ~~each of~~ the target municipalities~~ as per successful international examples, where community interactively carries out the roles as per the guidance~~, whereby

communities can practice their responses and emergency management techniques. It was agreed that simulation exercises will be facilitated by the municipalities and the relevant government agencies. Lessons learned from the simulation exercises will be incorporated into the community flood planning guides that will be adopted by respective municipalities.

- A dedicated website will be ~~developed~~created to provide useful information and practical advice on ~~flooding by helping~~ flood management to help individuals and communities~~, with a key focus~~. A major emphasis will be placed on ensuring that vulnerable groups are better prepared and more ~~self-reliant~~resilient during emergencies, thus allowing authorities to focus on those areas and people that are in the greatest need. Such a tool will also be used to generate early flood warning signals to registered users by sending them emails or SMS messages. The project will also help the municipalities write their flood ~~plan guides~~planning guidelines and produce short ~~video~~videos with instructions, which will be posted on ~~the~~a dedicated website.

- Training workshops with 'on terrain simulations' will be provided under the project for communities, ~~municipalities,~~ government institutions and other stakeholders. ~~To ensure a high level of preparedness and system effectiveness at all times, clear criteria shall be defined with regard to the frequency of trainings and simulations that should continue to be organized also after project completion.~~ Workshops will be held with various groups within communities, with specific attention to vulnerable groups, women and students.

~~48.~~49. Due to climate change, the number of people exposed to the risk of flooding is likely to increase. This risk and its impacts can be reduced through insurance schemes, as well as by preventing ~~inappropriate housing~~ residential development in the flood plains and ensuring that properties, when flooded, are rebuilt to the new resilience standards. On the adaptation size, the project would also ~~recommend clear rules which~~provide recommendations on how to prevent re-building in very risky sites. This recommendation goes in line with the current government policies relating to construction and disaster risk mitigation.

Component 2: Expanded farmer outreach and ~~ensured~~enhanced financial and management sustainability

~~49.~~50. Building resilience in the agriculture sector in Albania poses enormous challenges in the face of climate change. The risk assessment work under this component will comprise detailed

modeling of crop growth cycle for key crops cultivated in the target municipalities by focusing on the impacts of natural disasters and climate change on agricultural production, crop yields and agriculture infrastructure. Outputs and results of the risk assessment ~~work~~ will ~~become~~be made available to local governments and farmers with a view to guiding their planting decisions for the future agricultural development at ~~both~~the farm and municipality ~~level~~levels.

~~50.~~51. ~~Adaptation~~Effective adaptation policies ~~will be~~are critical ~~in~~to reducing agricultural vulnerability to climate change and extreme weather events. The government should play a key role in building adaptive capacity by ensuring a policy environment in which individual farmers have adequate rights, resources, and information in order to make proactive choices that build resilience. For example, to protect against devastating ~~outcomes from agricultural~~crop failures due to weather and climate, community-based programs and policies should be implemented to improve risk management and promote agricultural insurance. These programs can also reduce risk aversion by farmers in their production decisions and thus enhance the potential for the adoption of climate resilient and ~~efficient~~more productive farming systems.

~~51.~~52. In Albania, there is no history of agricultural insurance provision and any strategy to assist the non-life insurance sector ~~to start to develop~~with developing and ~~offer~~distributing agricultural crop insurance products and services to farmers is likely to involve ~~some~~a form of ~~collaboration with and support from the Government of Albania under a suitable~~ public-private partnership (PPP). International experience with agricultural insurance shows that governments can play a very important role in assisting the private insurance sector in the start-up phase of any new agricultural insurance program ~~-~~through ~~assistance to creating~~the creation of a ~~suitable~~conducive legal and regulatory framework, ~~enhancing~~improving access to data and information, ~~awareness creation,~~public education and awareness building and professional training ~~and~~ in insurance product research and development.

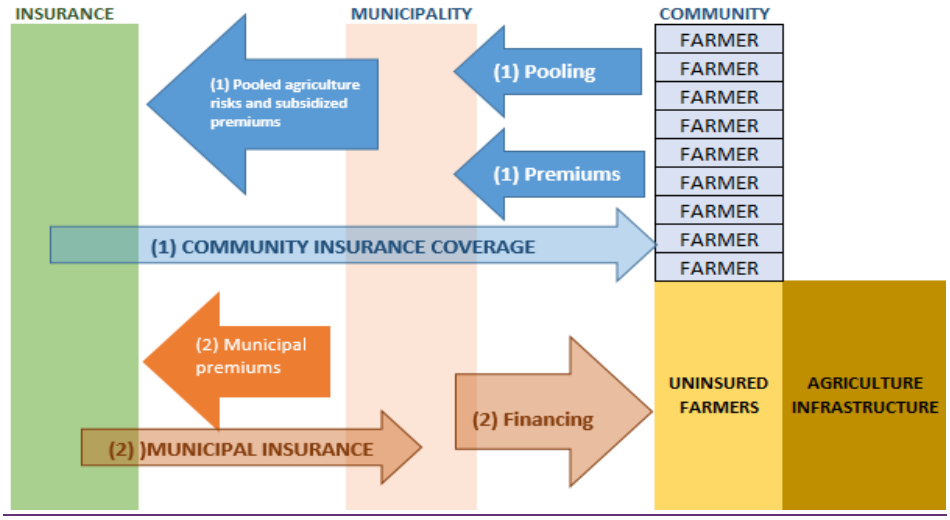
~~52.~~53. Although there is no accurate up-to-date data on the exact number of farms in the target project areas, we estimate their number to be in the range of 50-60 thousand. The project will closely cooperate with the Ministry of Agriculture and target municipalities to develop a database of farms operating in the project areas with the view to developing a complete profile of their business operations and risk management needs. In Albania, the average size of a farm ~~-~~is very small ~~in Albania at~~ around 1.2 ~~Ha: overall~~ha. Overall, 88.9% of farms are less than 2 ~~Ha~~ha in size, 10.8% of farmers are between 5 and 10 ~~Ha~~ha in size and only 0.3% of farms are ~~large~~larger than 5 ~~Ha~~ha. In addition ~~land is very fragmented -~~, with an average of 4.5 parcels of land per farm ~~or an average parcel size of only 0.26 Ha -~~, the agricultural landholdings in Albania are very

fragmented (MAFCP 2012).

~~53.~~54. This extremely small size of ~~farm~~farms has major implications for the design~~ and~~, administration and delivery mechanisms for any future agricultural crop insurance~~ programs that may be introduced in future. It~~. As it will be very difficult for insurance companies to ~~administer individual farmer crop~~deliver cost-effective insurance ~~programs cost effectively and the need to develop~~ products for such small landowners, innovative approaches based on rural ~~aggregators is extremely important.~~risk aggregation come to the fore.

~~54.~~55. It appears that opportunities for introducing weather index insurance (WII) in Albania have recently increased due to the increased number of the automated weather stations which were installed under the DRMAP World Bank's project which ~~enable a data~~now provide high quality ~~measurement and control.~~weather data. There are also commercial opportunities ~~to introduce~~for introducing Area-Yield Index Insurance (AYII) for major cereals, oilseeds and field row crops. Since 1991, the Ministry of Agriculture has been involved in the measurement and reporting of crop ~~cultivated area,~~cultivating areas, collection of production and yields data for all major cereal crops, oilseeds and horticultural-field row crops~~: this~~. This data is now available at district, regional and national levels. ~~The crop yield data at district-level could be used to design and rate and implement an AYII program at district level.~~ While the project will work closely with local stakeholders and experts to determine the most effective type of the agriculture insurance for each of the areas, the initial insurance concept is very similar to the one proposed for the flood insurance.

Figure 15: Concept of agriculture insurance schemes to be developed by the project



i. Insurance will be designed ~~based on~~for pools of homogenous agriculture risks (e.g. same type of crops in areas with similar climatic conditions) and be effectively arranged by local stakeholders (e.g. municipalities) or agricultural extension agencies on behalf of the farmers who participate in the scheme.

ii. ~~To support the development of the scheme and~~To incentivize farmers to participate in agriculture insurance schemes, the ~~government or local governments may~~project will also co-finance ~~(subsidize) the~~insurance premiums for those farmers who are willing to take appropriate risk reduction measures ~~that can~~to mitigate the adverse weather impacts on their crop production. Such measures will comprise good agricultural practices such as the use of weather resistant seeds and high quality pesticides to be distributed through registered providers. Additional prevention measures will relate to the maintenance of farm internal infrastructure relating to water, drainage and crop storage systems.

Table 4: Regulatory measures relating to agricultural insurance component

Regulatory measures	Objectives	Planned time
Regulatory action 1	**Review current regulations with a view to introducing provisions that stimulate the development of sound agricultural insurance.** • Farmers may be asked to buy insurance as a prerequisite for receiving benefits from extension services provided under other agriculture development programs or by the government.	Project will develop recommendations on essential changes in agricultural policies and regulations.
Regulatory action 2	**Define policies for extreme risks which occur on a very frequent basis.** • The project will help municipalities to define high risk areas with a view to further advising farmers on how to change their crop cultivation practices in respect of a) chosen areas for planting, and b) selection of sown crops and c) productive utilization of their land.	Project output will be used in defining the un-insurable risks and solutions to address them.
Regulatory action 3	**Develop an effective premium subsidy mechanism to support participation of farmers in the scheme.** • The project will closely cooperate with the Ministry of Agriculture and target municipalities to develop the subsidy criteria based on a) farmers' compliance with	Project team in cooperation with stakeholders will develop a guide book for good

	good risk management practices and b) farmers' means testing.	agricultural practices and an effective premium subsidy system.
	• A premium subsidy scheme will be devised for productive farmers and legal changes proposed accordingly.	
	• Uninsurable farmers who do not address their extreme risks and do not follow good risk management practices will not be covered under the insurance schemes.	

iii. In addition, on the adaptation point, the project will specify community protection measures for all types of risks assessed by ~~project~~ international and local experts. To this effect, the risk assessment report will contain a specific section detailing quantifiable measures that need to be taken by the farmers to mitigate the adverse impacts of climate ~~impacts~~change on their agricultural operations.

iv. The second part of coverage will be ~~a~~ parametric insurance offered at the municipal level which will bring in additional reconstruction funding for the insured municipality ~~level which will pay~~ in the case of severe loss to agricultural production and infrastructure at a municipal level due to large scale floods or other adverse weather events (e.g. hail or freeze).

~~i. The project will also address the risk management needs of vulnerable groups similar to the aforementioned schemes for flood.~~

56. The project will particularly address the flood and agricultural risk management needs of socially vulnerable groups in the target areas. To this effect, the project will co-finance insurance premiums for homeowners and farmers subject to their compliance with minimum insurability requirements, good risk management practices and income eligibility. Such financing is estimated to support more than half of the total number of project beneficiaries in the target areas. As shown in Table 4 above, a close cooperation with governmental agencies and municipalities will be established to develop a) sound eligibility criteria and b) ensure close monitoring of beneficiaries' profiles with a view to ensuring fair participation of homeowners and farmers in the subsidy schemes. It is envisaged that the insurance premium subsidy allocation criteria developed under the project will be adopted by the government and municipalities and eventually would become an integral part of a comprehensive agenda of climate adaptation in

Albania. The project will pave the way to the implementation of a sound and sustainable national insurance coverage by providing premium financing to about 240,000 people on a pilot basis (Table 5).

Table 5: Estimated insurance premium subsidies financed by the project

#	Type of individual insurance coverage	Description	Estimated number of subsidy beneficiaries (# people)	Share to total # of respective beneficiaries
a)	Flood insurance subsidies	Covering immediate needs post disaster in case of collapsed or condemned house	150,000	50%
b)	Agricultural insurance subsidies	Covering against physical damages of the property due to flood	90,000	60%

~~55.~~57. As the development of community-based agriculture insurance schemes must be supported by the enabling legal and regulatory framework, the project will provide the requisite technical assistance to the government in reviewing the current laws and regulations and would recommend amendments that may be required to support the effective implementation of community-based insurance schemes.

58. ~~-~~A public awareness campaign that empowers farmers to tackle the worst weather and climate change impacts on their production will involve a wide range of stakeholders. The campaign will provide information and practical advice to farmers and relevant rural associations with a view to further enhancing their agricultural practices and sharing good crop cultivation experiences. The campaign will start at the end of second year (of project implementation) in order to coincide with the launch of agricultural and flood insurance schemes.

Component 3: Knowledge management and awareness ~~raising~~building

~~56.~~59. While rural communities in Albania may be aware of increasing climate variability which is negatively affecting agricultural production and their livelihoods, there is little awareness and knowledge of how to move towards a more climate resilient agriculture. To overcome this lack of awareness and to ensure cost effectiveness and the sustainability of the activities put in place under the project first three components, the project will also launch a knowledge management ~~training~~component based on an inventory of known successful adaptation practices (domestic

and international) that achieved concrete results. The component will rely on extensive climate resilience training ~~course~~process for local project beneficiaries, which will then continue to monitor, evaluate and disseminate good practices from the project ~~itself~~ in the course of ~~its~~project implementation~~.~~ and after its completion. The table below provides key components of the proposed knowledge dissemination among the project beneficiaries:

Table 6: Knowledge dissemination among beneficiaries

Public trainings and information campaigns	OBJECTIVES		Planned time
	Flood Risk Management	**Agricultural Risk Management**	
Sharing the risk assessment analysis and provide know-how on	**Sharing flood risk assessment analysis and providing project know-how on:**	**Sharing the risk assessment analysis on the climate impact in agriculture and provide the project know-how on:**	Ongoing from 2017
	• how to assess own risks	• how to plan their agro business (what crops / areas / risks to consider)	
	• how to read community risk maps	• how to mitigate the risk through more resilient seeds and better agro practices	
	• how to get early available notifications	• maintaining and improving the infrastructure including water and drainage measures	
	• what measures to take to mitigate the risk, based on specific risk characteristics	• where to seek ongoing assistance with agricultural risk assessment	
	• immediate measures to be taken in case of a disaster	• where to seek ongoing assistance with agricultural risk assessment	
	• demonstration of awareness tools and information on how to access them		

Discussing new regulatory approaches	**Sharing information on enhanced flood risk insurance regulatory approaches**	**Sharing information on best regulatory practices in allocation of premium subsidies**	Ongoing from 2018
	• information on dwelling insurability	• information on prevention and adaptation measures to be taken as a pre-requisite for insurance subsidies	
	• raising awareness on scope and extent of budget payouts	• raising awareness on scope and extent of budget payouts	
	• raising awareness on scope and extent of insurance subsidies	• raising awareness on scope and extent of insurance subsidies	
	• information on policies related to extremely exposed risks and ways forward	• information on best practices in regulating new development in high risk areas	
Raising insurance awareness and education	**Providing concise information on flood insurance schemes and their benefits**	**Providing concise information on agricultural insurance schemes and their benefits**	Ongoing from the end of 2017
	• providing illustration of agricultural insurance schemes through examples of insurance payouts expected from previous events.	• providing illustration of agricultural insurance schemes through examples of insurance payouts expected from previous events.	
	• discussing the importance of massive participation to ensure sustainability and affordability of coverage	• discussing the importance of massive participation to ensure sustainability and affordability of agricultural insurance	

	• providing good examples and sharing experiences of insurances arranged for homeowners	• providing good examples and sharing experiences of insurances arranged for farmers	Ongoing from 2019

~~57.~~60. To date the community outreach and knowledge transfer mechanisms developed under donor-financed projects are often limited in scope (within the working groups), and are not well ~~tailored~~customized to local needs or systematic. Moreover, ~~any~~ lessons learned under the projects are not being captured ~~in a fashion that facilitates a wider knowledge sharing in ways that can cast light on how to address~~with the view to addressing the worsening of food security ~~situation~~ during droughts as a result of climate change. The project will work with stakeholders to disseminate its results to communities in target areas and beyond in a way that make it actionable in cases of distress.

~~58.~~61. Another critical barrier relates to the absence of government policy or financial incentives for ~~the~~a large-scale adoption of successfully tested climate adaptation measures. ~~To a~~By and large ~~extent~~, this problem can be attributed to the low awareness ~~by~~of policy makers of high economic returns that can be brought about by successful climate change adaptation measures ~~can bring in minimizing losses from risks of climate change~~. The project will undertake a comprehensive review of lessons learned in this regard (including, where possible, on the financial and economic costs and benefits of ~~the~~climate adaptation activities over various timeframes and scales) by partnering with renowned knowledge management organizations such as IGEWE or the University of Agriculture. To disseminate the knowledge generated in the course of project implementation, the project will organize regular field-based demonstration meetings ~~for~~ in communities and farms with participation of local authorities, farmer associations, women associations, national government representatives and media. Those experiences that provide evidence of economic benefits from increasing resilience to floods and weather disasters will be earmarked for replication.

~~59.~~62. To ensure timely feedback on project activities, the project team will regularly hold meetings with representatives of local communities ~~and various~~, extension agencies, farmers associations, women associations as well as NGOs operating in the project area. The feedback generated through such meetings will be then reflected in the design of main project activities~~.~~

~~60.~~63. A wider dissemination and goodwill will also be achieved through extensive media

coverage, including ~~the~~ press, radio and television. To this end a) journalists will be regularly invited to selected demonstration meetings to discuss tangible results~~. It may~~ and b) press releases on project progress. Project achievements will be made known to central and local economic magazines, newspapers, radios and TV stations. The project will also ~~be possible to explore linkages~~cooperate with high schools and universities in the ~~area~~target municipalities for the purpose of information dissemination and awareness building ~~and~~among communities with a view to ensuring sustainability of project results~~.~~ and sharing the best practices. Finally, advocacy materials will be prepared for various audiences, including government.

B. Describe how the project provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project will avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy of the Adaptation Fund.

~~61.~~64. Albania is highly vulnerable to natural disaster risks and climate change. Compounded by the lack of weather and agriculture insurance, these risks could have devastating effects on Albania's population, its economy and growth prospects. In fact, the floods in Albania in 2002 ~~recorded~~produced economic damage of US$17.5 million. Although weather forecasting is intrinsically difficult, as precipitation is highly variable and Albania's topography enables floods to develop rapidly, the latest probabilistic flood risk models estimate the maximum potential probable losses in Albania from a flood with a 250-year mean return period (MRP) at US$1.38 billion. Given the importance of agriculture, the Albanian economy is highly sensitive to variability of weather conditions, such as sudden changes in temperature and precipitation trends. Despite the serious risks, Albania's organizational and technical capacities to adapt to climate change by building climate resilient agriculture are yet to be developed.

~~62.~~65. It is a well-known fact that disasters and climate change have a particularly severe impact on the poor, including women, elderly and children, who live in disaster-prone areas and are not able to cope with the effects of such hazards. Recurrent disasters erode their already minimal assets and livelihoods. The importance of risk mitigation was underscored by the inclusion in Section IV of the Millennium Development Goals (MDG) Declaration of a goal to intensify collective efforts to reduce the effects of natural disasters and climate change. The average

[8] World Bank, 2015.

population density in Albania is 100 inhabitants ~~/ km2~~per sq. km. However, since 1990, the density has been varying considerably due to significant ~~movement~~movements of population. In terms of direct beneficiaries of ~~the~~ project adaptation measures, more than 60 percent of the country population is concentrated in the western lowlands9, with most of ~~them~~it residing in the target municipalities.

~~63.~~66. By supporting hazard and agriculture risk management efforts in risk prone areas, the project intends to contribute to the objective of poverty alleviation and protect most vulnerable social groups. The project seeks to introduce adaptation measures through a) the implementation of effective community-based flood and agriculture insurance schemes~~.~~ ~~Development~~ and b) enhancement of risk management regulations which will require homeowners, farmers and municipalities to prevent and /or mitigate their risks as a pre-requisite to qualifying for affordable catastrophe and agricultural insurance. To this effect, flood risk maps ~~for vulnerable~~and community land use management tools, as well as clear risk assessment guidebooks developed under the project, will help communities ~~will additionally contribute toward raising public awareness of~~to understand and address the elevated risks of flood and other climate perils to their livelihoods, business and environment.

~~64.~~67. The proposed adaptation strategy will deliver direct economic benefits in the target area, and, will serve as a model for other adaptation projects to follow thus transcending well beyond the project area and timeframe. The economic benefits will extend to the whole chain of stakeholders including a) homeowners and farmers who will be compensated immediately for damages to their properties by extreme climate related events, b) municipalities which will receive effective risk management and land use planning tools, and c) the central government which will benefit from reduced fiscal costs due to declining compensation to flood victims in disaster prone areas.

~~65.~~68. The project target areas have been selected on the basis of their ability to deliver and sustain economic, social and environmental benefits to the socially vulnerable groups. The project target areas are characterized by: i) high levels of unemployment; ii) a high proportion of female-headed farms; iii) numerous informal settlements prone to flooding; v) wide-spread marginal small scale farming that often ~~using~~uses inappropriate farming practices, or farming in areas set to become marginal because of climate change; and vi) an overall lack of resources,

[9] UN Environmental Performance Reviews

knowledge and capacity within vulnerable groups to undertake successful climate adaptation strategies.

~~66.~~69. While women comprise about 50% of the population in the target areas, the official statistics published by the Institute of Statistics (INSTAT, 2012), indicate that there are about 4,301 in the target areas which make about 20 percent of the total number of female-headed farms in Albania. The proposed schemes ~~would~~will significantly help female-headed farms to develop their business on a sound footing by mitigating the costs from adverse climate events. To this effect, the project has ~~well observed~~carefully addressed vulnerability and gender considerations while selecting the target areas.

Figure 16: Number of female-headed farms (2012)[10]

Nr. / No	Qarku / Prefecture	Fermerët / Farm Holders		
		Meshkuj / Male	Femra / Female	Gjithsej / Total
1	Berat	26,161	602	26,763
2	Diber	24,917	960	25,877
3	Durres	31,088	1,300	32,388
4	Elbasan	30,131	2,307	32,439
5	Fier	53,346	3,125	56,471
6	Gjirokaster	10,817	448	11,265
7	Korce	26,892	3,214	30,106
8	Kukes	9,719	534	10,253
9	Lezhe	21,736	1,434	23,170
10	Shkoder	38,313	1,176	39,490
11	Tirane	30,852	2,183	33,035
12	Vlore	25,418	4,242	29,660
Gjithsej/ Total		329,389	21,527	350,916

Source: INSTAT

~~67.~~70. The project will result in the improved resilience of socially vulnerable communities and groups to climate change, including floods and other weather risks such as hail, drought and excessive precipitation. ~~In addition to providing benefits to vulnerable communities in the target areas, the~~The project will also help to increase the capacity of government agencies to integrate climate change adaptation considerations into municipal planning and policy processes and in ~~so~~ doing so, to sustain the delivery of benefits to vulnerable communities within and beyond the project target sites.

~~68.~~71. ~~While~~As climate change ~~will~~is expected to only exacerbate the existing flood problems ~~of~~

[10] The table provides joint figures for agricultural and livestock farms

~~flooding and result in~~by causing more frequent flood occurrences, the outputs and lessons learned from the project will provide valuable guidance for flood resilient planning and construction and will assist the country with improving its flood water management.

Table 7: Economic, Social and Environmental benefits

Groups of beneficiaries	Economic	Social	Environmental
Homeowners and SMEs in target areas	Flood insurance coverage will help communities in target areas to mitigate the financial impact of floods, improve their preparedness and adaptive capacity and reduce the amount of physical damage and financial losses due to timely prevention measures taken by homeowners.	Reduced housing assistance requests and less pressure on government to find costly immediate post-disaster housing solutions. Value added to municipal planning. Good adaptation practices shared with other communities across the country help to build more disaster resilient communities.	The precautionary measures taken based on risk assessment will help saving environment, while insurance payouts will allow to quickly address disaster related environmental issues (e.g. debris removal).
Farmers ~~Homeowners and SMEs in target areas~~	~~Flood~~Agriculture insurance ~~coverage~~ will cover farmers' losses and help ~~communities in target areas~~them to ~~mitigate the financial impact~~quickly recover from ~~floods, improve their preparedness and adaptive capacity and~~catastrophic weather events. Agricultural risk assessment will ~~reduce the amount of physical damage and financial losses~~ provide clear recommendations on land use with a view to reducing the potential damages due to ~~timely prevention measures taken by homeowners~~floods or weather events.	Reduced ~~housing assistance requests and less~~ pressure on government ~~to find costly immediate post-disaster housing solutions. Value added to municipal planning.~~ budget. Good ~~adaptation~~ practices shared with ~~other communities~~farmers across the country. Farmers are helped to avoid losing their livelihoods and slipping into poverty in the aftermath of extreme weather events.	~~The precaution measures taken based on risk assessment would help saving environment, while insurance payouts will allow to quickly address disaster related environmental issues (e.g. debris removal).~~Quick land recovery will positively impact the environment and facilitate a more effective use of land.
~~Farmers~~ Municipalities and government	~~Agriculture insurance will compensate farmers' losses and help them to recover from catastrophic weather events. Agricultural risk assessment will provide clear recommendations on land use with a view to reducing the potential damages due to floods or weather events.~~	~~Reduced~~Less pressure on government budget~~. Good practices shared with farmers across the country. Farmers are helped~~ to ~~avoid losing their livelihoods and slipping into poverty in the aftermath of extreme weather~~	~~Quick land recovery will positively impact the environment and facilitate a more effective use of land.~~Less environmental damage due to effective adaptation and quick economic recovery.

	Reduced fiscal cost to government in case of floods and weather events impacting agriculture sector.	~~events.~~help damaged areas (not financially only).	
~~Municipalities~~Insurance sector and ~~government~~ regulation	~~Reduced fiscal cost to government in case of floods and weather events impacting agriculture sector.~~Product development, actuarial pricing, claims settlement, risk management expertise, innovative marketing and sales approaches contributing to sound insurance market growth. Competitive advantages in offering financial products bundled with insurance	~~Less pressure on government budget to help damaged areas (not financially only).~~Enhanced consumer protection through the introduction of risk-based regulatory and supervision practices. Employment growth Sound business growth and reduction of homeowners and agricultural NPLs.	~~Less environmental damage due~~Indirectly linked with the adaptation ~~and quick recovery.~~agenda

~~69.~~72. In addition, the project aims to provide a number of short-term employment opportunities at the community level by relying on local support for flood risk assessments, on-site assessment of agricultural sites and knowledge dissemination among large groups of community residents. Where possible, people from the project areas will be employed so as to enhance short-term benefits associated with the project. Each ~~of the components of the~~ project component will be implemented taking gender considerations into account and with a strong focus on training and capacity building, which will have direct and indirect economic benefits for socially vulnerable communities~~ and which will contribute to the project investments being sustained and scaled up.~~. For instance, small~~-~~-scale farmers will be provided with training~~,~~ ~~interpretation~~ and assistance by agricultural experts, ~~giving~~which will give them a better understanding of the proposed climate change adaptation~~. The effect of these~~ techniques. These project activities ~~will be more successful~~are expected to result in climate change resilient farming, higher agricultural productivity, improved livelihoods and increased food security for local communities. Likewise, training and capacity building measures will increase community preparedness by ensuring that appropriate climate adaptation actions ~~are~~have been taken. Effective gender planning will ensure that ~~men and~~ women receive ~~comparable~~fair social and economic benefits. Furthermore, through learning platforms and policy processes that support ~~replicating~~replication and scaling up ~~activities~~of best practices, these economic benefits will also become available to socially vulnerable communities ~~on a broader scale~~countrywide.

C. Describe or provide an analysis of the cost-effectiveness of the proposed project.

~~70.~~73. The total project cost for Albania is estimated at US$3.49 mm excluding the agency fee. The costs will be funded by the AF. Under this project, the AF funding will provide requisite technical and regulatory assistance to the government of Albania required to develop flood and agriculture risk management instruments, including new community–based insurance ~~schemes~~ products that will increase resilience to climate change in the western lowlands communities. AF funding will support technical activities that will a) quantify the impacts of climate change on the risk of flood, b) produce community-based risk maps, and c) develop insurance products to assist those at risk to better adapt and become more resilient to climate change.

~~71.~~74. As one can no longer fully defend against flooding or other extreme weather events, a new flood management approach based on increasing flood resilience of communities at risk must be put in place. At present, the existing policies and flood management practices in Albania are not yet up to the challenges posed by climate change. New properties are built year after year in flood prone areas, thus increasing the overall exposure and vulnerability of the ~~built environment.~~national housing stock to floods. There are no building regulations and standards to guide the design and construction of flood resilient buildings.

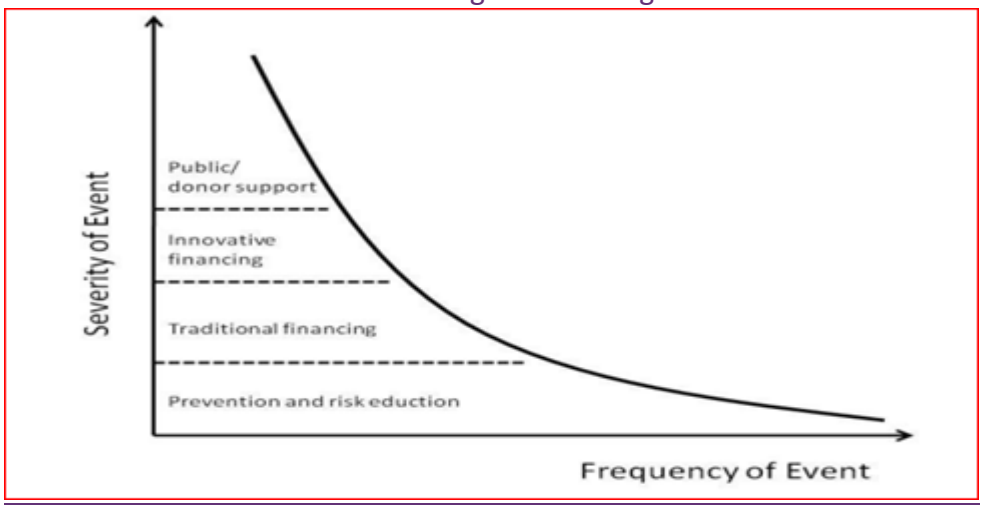
~~72.~~75. The cost-effectiveness of the project is assured by the optimal choice and positioning of the suggested risk management activities within a broader spectrum of risk management alternatives. As shown in Figure 4, the project will pursue a layered approach based on the principle that varying risk management strategies are appropriate at different levels of risk, in part on grounds of cost-efficiency (Hochrainer-Stigler and Pflug, 2012; Benson et al. 2012; Cummins and Mahul, 2009). To this effect, the project will support a combination of risk reduction/adaptation measures for high probability and low-severity events combined with insurance schemes targeting low probability and high severity events.

Figure 17: Combination of adaptation alternatives

~~73. A number of alternative adaptation alternatives have been considered during the formulation of the project. Specific sector specific approaches are integrated into the proposed~~

~~solutions (e.g. structural improvement of buildings to better resist to floods, or enhancement of agriculture will be supported by clear project recommendations). Those are in a focus across the activities to be promoted by the project. However given that the projected climate change impacts are area-specific a tailored approach to adaptation was selected.~~

~~A flood or weather resilient built environment requires a well-coordinated water management at the neighborhood/community and city level, which is not the case today. This recommendation is in line with the current government policies relating to construction and disaster risk mitigation. During 2016~~



Source: Benson, et.al, 2012

76. Various alternative adaptation approaches, solutions and recommendations have been recently developed and implemented in Albania under numerous climate adaptation initiatives undertaken by the UNDP, World Bank, GIZ and European Union financed projects. Such initiatives have all been aimed at building climate resilience through development of physical prevention measures such as (i) improvements to prevention infrastructure (including levies, drainage systems and similar systems), (ii) installation of automated weather stations and other advanced technological solutions, (iii) development of flood early warning systems and (iv) raising public awareness.

Table 8: Recent climate adaptation approaches in Albania

GIZ (ONGOING)[11]	**WORLD BANK (COMPLETED)**
FLOOD **PREVENTION** ACTIVITIES	DRMAP PROJECT FLOOD **PREVENTION** ACTIVITIES

[11] https://www.giz.de/en/downloads/giz2015-en-portfolio-albanien.pdf

Support was provided by means of capacity development, advisory services and the procurement of equipment in the following areas: – Establishment of a regional Flood Early Warning System for the Drin River Basin and communal flood risk management; – Development of Drought Management Plans for water companies; – Supporting processes to draft national climate change adaptation strategies and plans; – Enhancement of regional cooperation in water resources management; – Integration of climate change adaptation in urban planning and development in the cities of Belgrade, Podgorica and Tirana. Flood Risk Management (FRM): The regularly occurring floods of recent years have resulted in high economic and environmental losses for the Western Balkan countries. Given the relevance and complexity of addressing FRM in the region the project has taken a multi-level approach on regional (Drin River), national and local level. FRM plans are developed through a participatory process and continuous consultation with the responsible administrations as well as other relevant stakeholders. As a result of implementing the plans the vulnerability to flooding of the affected population is significantly reduced. At regional level, the project assists the establishment of the first Flood Early Warning System for the Drin River Basin. A catchment-based approach is applied for this complex, transboundary hydrological system, as countries are highly reliant on one another for effective FRM.	The project objective was to support capacity building for emergency response mechanism through provision of necessary equipment, and strengthening disaster risk mitigation planning and disaster risk reduction through provision of accurate hydro-meteorological forecasts and services tailored to the needs of disaster risk managers in weather-sensitive sectors. To this effect, the project achieved the following outcomes: • Emergency response equipment were procured, including 3 earthmoving vehicles for mobility of GDCE assessment teams in case of emergencies or disasters, equipment for search and rescue teams, and 4 multi-purpose fire trucks • 50 boats with motors for the first responder teams to cope with heavy floods in Northern Albania. • The National Operation Centre was strengthened through supplying IT hardware equipment and office furniture • The Feasibility Study for Establishment of an Integrated Emergency Call System 112 was completed and GDCE is looking for financial support from different donors to enable the establishment of a modern 112 emergency communication system in accordance with European standards. • Accessibility of data was increased through the digitization of hydro-meteorological data has been completed. 20 years of hydrological data and 10 years (2001-2011) of meteorological data have been digitized. Real time data from the newly-installed observing stations are being transferred to IGEWE database. • 40 new automated monitoring stations installed and the old ones refurbished. • Installation of a satellite downlink system. • Global Telecommunication System for meteorological work station • DEWETRA software for integration and display of geographical data, hydro-meteorological data and forecast products. • A distributed hydrologic flood forecasting model for the Drin-Buna basin. • A fire-risk monitoring and assessment model for the whole territory of Albania. • Daily basic weather forecast fields from LAMI and ECMWF models.

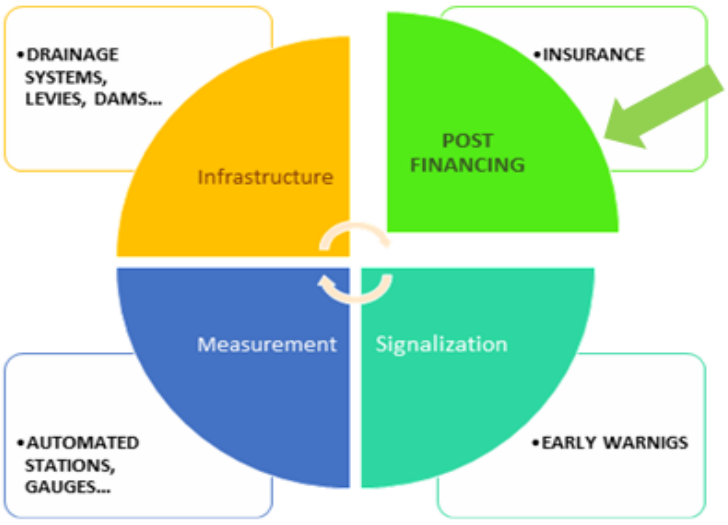
	• Design and development of an IGEWE website for the users. • Forecasting Center with forest fire prediction model (RISICO) and flood forecasting model (PROOFS) for forecasting and warning. • Training on forecasting was provided to all relevant hydrologists and meteorologists for two weeks.
UNDP (ONGOING) **FLOOD PREVENTION ACTIVITIES[12]**	**WORLD BANK PROPOSAL TO ADAPTATION FUND** **ADAPTATION POST DISASTER FINANCING**
• Throughout a highly participatory process risks are evaluated and a series of adaptation measures to reduce the coastal erosion, lagoons' eutrophication and the sea level rise are developed; • Adaptation plans and some priority measures have been integrated into the Concept of Regional Development • Eleven adaptation measures prioritized through a cost benefit analysis are turned into project fiches by Lezha Regional Council specialists subject to fundraising at local and central level. • A National Policy Paper on Climate Change Adaptation, outlining 7 policy interventions for mainstreaming climate change adaptation into strategic planning is informing formulation of environment cross cutting strategy 2013-2014; • The Management Plan of Kune-Vain Protected Area has integrated climate change adaptation; • A set of climate change indicators are now part of the National Environment Monitoring Program ensuring systematic monitoring and observation of ecosystem response to climate change; • Early warning system for climate extreme events is operational in the Lezha prefecture. • In-site implementation of adaptation measures-ecosystem restoration through dune planting with '*Ammophilia arenaria'* to showcase reduction of coastal erosion in Vain is carried out.	• Community flood risk maps developed for adaptation and risk mitigation purposes. • Community-based catastrophe insurance schemes tailored for target areas. • Insurance subsidies for flood in the target area • Technical assistance provided for the review of relevant regulations supporting effective implementation of community insurance scheme. • Risk analysis carried to assess weather and climate change impact on main agricultural crops cultivated in target areas. • Risk analysis carried to assess weather and climate change impact on main agricultural crops cultivated in target areas. • Sound community based agriculture insurance schemes developed to improve resilience to climate change. • Capacity building/hands-on training of national experts of line ministries, municipalities and insurance sector on mitigation analysis and related policies and vulnerability • Capacity building/hands-on training of national experts of line ministries, municipalities and insurance sector and farmers on the adaptive measures and agricultural insurance

~~74.~~77. During 2016, the government and municipalities have committed to ~~to~~ clean most of the

[12] http://www.al.undp.org/content/albania/en/home/operations/projects/environment_and_energy/identification-and-implementation-of-adaptation-response-measure/

irrigation and drainage channels. The government will focus on the main highways, pumping stations, large reservoirs and river discharges in order to make strategically important investments there. The drainage systems are outdated and poorly maintained. ~~In~~ Furthermore, in the late 2015, the European Union Floods Recovery Program granted Albania ~~approximately~~about 16 million euros (17.3 million USD) to improve risk management for flood prevention. ~~The~~Given the country's poor state of flood and drought defense infrastructure, the costs ~~required to carry out~~of additional infrastructure ~~investments~~ and ~~develop~~physical disaster prevention mechanisms by far exceed ~~the proposed project cost.~~ all the amounts made available so far by various donors (including those recently allocated by the European Union). But even then, the implementation of the full-scale physical disaster risk prevention measures would still be incomplete without the implementation of post-event financing mechanisms similar to those proposed under the project. Furthermore, risk assessments and insurance solutions should be viewed as investments, which allow saving considerable financial resources by eliminating residual risks of flooding without undertaking massive improvements of the existing flood protection infrastructure. The project will be highly complementary to the existing spectrum of climate adaptation projects in Albania:

Figure 18: Complementary adaptation approaches



~~75.~~78. The proceeds of the AF grant will finance the costs of technical activities which include but not limited to the detailed assessment of flood and agricultural risks, development of community – based flood risk maps and effective insurance solutions to build resilience to flood

~~risks~~risk in three western lowlands communities.~~-~~ In addition, AF grant will cover assistance to the central and local government to enhance regulations, raise awareness of communities and ~~further~~ provide hands-on training to ensure effective transfer of ~~the~~ know-how developed under the project and its effective use during and after its completion ~~of the project~~.

Table 9: Project cost effectiveness

Program Component	Project Cost (USD)	Number of Beneficiaries	Losses Averted / Benefits Generated	Alternatives to Programme Approach and Cost
Component 1.1 Risk analysis and assessment carried out based on the flood hazard risk model and further on site work	525,000	> 300,000 people (>80,000 families)	Flood risk assessment is a pre-requisite for all kinds of ~~action to be taken~~adaptation and risk mitigation actions, including improvements in building designs and infrastructure.	There are no alternatives to flood risk assessment and reliable flood risk maps for Albania which may be used to support innovative insurance products. Additionally, the proposed cost for the activity is rather low due to the ~~work~~considerable investments in climate risk modeling and assessment already ~~carried out~~made under the SEEC CRIF project.
Component 1.2 Community flood risk maps developed for adaptation and risk mitigation purposes.	320,000	> 300,000 people (>80,000 families)		
Component 1.3 Community-based catastrophe insurance schemes ~~tailored~~custom-designed for target areas	525,000	> 300,000 people (>80,000 families)	With no insurance in place, all ~~the~~ flood related fiscal costs ~~related to floods~~ will continue to be borne by the government which cannot compensate communities properly due to a limited budget~~.~~	Building flood resilient infrastructure is an alternative way to insurance, but it would never substitute insurance, as floods will continue causing damage to assets in the low-lands regardless of the adaptation preventive adaptation measures. The preventive adaptation work is ongoing ~~following~~under several projects, however the costs ~~of its development~~ are high due to the currently under-developed infrastructure.
Component 1.4 Insurance subsidies for flood in target areas	600,000	about 150,000 people (>40,000 families)	Due to the lack of insurance, no insurance subsidies apply.	The project insurance subsidies will support socially vulnerable groups.

Component 1.~~4~~5 Technical assistance provided for ~~the~~ review of relevant regulations ~~supporting~~will support effective implementation of community insurance schemes	~~130~~110,000	> 300,000	~~The proper~~Proper regulations will support ~~implementing~~ the delivery of project outputs and will enable communities to benefit ~~of~~from premium subsidies.	Regulations are ~~pre-requisite~~essential for the ~~implementation~~delivery of certain project outputs
Component 2.1 Risk analysis carried out to assess weather and climate change impact ~~-~~on ~~the~~ main agricultural ~~products~~crops cultivated in target areas	~~590~~500,000	150,000 farmers (about ~~45~~50,000 families)	The analysis is necessary for all ~~type~~types of ~~action~~policy actions in the ~~agricultural area.~~rural areas. The cost is low due to risk assessment expertise already developed under the SEEC CRIF project in other countries.	Risk analysis is a pre-requisite for ~~preventive~~prevention or loss mitigation ~~purposes~~. It can be further used by stakeholders ~~for~~in adaptation measures other than insurance.
Component 2.2 Community based agriculture insurance schemes to mitigate the financial impact of climate risks ~~to~~on agriculture production and environment	~~650~~600,000	150,000 farmers (about ~~45~~50,000 families)	With no insurance in place, all ~~the~~ fiscal costs related to agriculture losses continue to be borne by the government which cannot compensate communities properly due to a limited budget.	Although other mitigation alternatives are available, such as developing more climate - resistant crops and improving ~~the infrastructure~~flood protection or irrigation systems, the costs to realize them are high while the time required to implement them is long. The added value of insurance is that it can provide benefits to stakeholders ~~immediately after~~almost right away within the first two years of project ~~completion~~implementation.
Component 2.3 Agriculture insurance premium subsidies in target areas	1,400,000	90,000 farmers (about 30,000 families)	Due to the lack of insurance no insurance subsidies apply.	The project insurance subsidies will support socially vulnerable groups.

Component 2.~~3~~4 Technical assistance provided ~~for~~with the review and ~~amendment~~amendments of relevant ~~regulations supporting effective implementation of~~ agriculture insurance ~~through effective~~regulations on insurance premium subsidies	~~160~~120,000	150,000 farmers (about ~~45~~50,000 families)	Regulations are a pre-requisite for the project outputs to be ~~developed.~~ delivered.	Regulations are pre-requisite for the ~~implementation~~delivery of project outputs.
Component 3.1 Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector on mitigation analysis and related policies and vulnerability	~~85~~80,000	> 300,000 people (>80,000 families)	Knowledge management and awareness building are crucial elements of the project which ensure wide-spread knowledge dissemination.	The approach selected by the project for knowledge management and awareness building comprises well-known components which have been successfully used by many other effective projects.
Component 3.2 Capacity building/hands~~-~~on training of national experts of line ministries, municipalities and ~~insurance sector~~insurers and farmers on the adaptive measures and agricultural insurance	~~130~~110,000	> 300,000 people (>80,000 families)		
Component 3.3 Simulation exercises and specific learning sessions with socially vulnerable groups	~~85~~80,000	> 300,000 people (>80,000 families)		
Component 3.4 Media coverage, social media and publications ~~used~~ to disseminate project results	40,000	> 300,000 people (>80,000 families)		

~~76.~~79. The project vastly benefits from the unique expertise, available infrastructure and extensive hands-on experience of the Executing Agency (Europa Re) attained through the implementation of the SEEC CRIF project in Albania and other Western Balkans countries. Various outputs, ~~solutions~~know-how and project management infrastructure developed under the SEEC CRIF project are ~~a pre-requisite~~essential for ~~successfully carrying out~~successful implementation of complex technical activities foreseen under the three components of the project. To this

effect, the Europa Re's state-of-the-art catastrophe insurance risk models and the ~~specific expertise attained by the company are a pre-requisite for the implementation of technically demanding activities~~risk assessment know-how will be crucial for achieving quality technical results in a cost effective manner. The table below summarizes the proposed main technical activities to be financed under the project.

Table 10: Project cost effectiveness ~~in the light~~attributed to know-how and infrastructure of SEEC CRIF ~~expertise~~

ITEM	Total financing necessary to carry out the activity	AF financing required in ~~the~~ light of ~~the work and systems developed by~~ Europa Re ~~through the SEEC CRIF Program~~know-how and project management capabilities	Note
1.~~-~~ Detailed flood risk assessment	1.2~~.00~~	0.52	Availability of probabilistic flood risk models is a pre-requisite for this task. Expertise and experience gained by Europa Re in this regard vastly reduces the costs. The savings for AF are estimated at USD 1.48 mm due to the risk modeling and preliminary risk assessment work already ~~been~~ carried out under the SEEC CRIF project.
2. Development of community flood risk maps for awareness, risk management and insurance purposes.	1~~.50~~	0.32	Risk models are a pre-requisite. Expertise and experience gained by Europa Re reduces the costs significantly. The savings for the AF are estimated at USD 1.18 mm due to the ~~country wide~~availability of countrywide flood maps already developed under the SEEC CRIF. However further ~~tailoring~~customization of

			these maps is required to increase their resolution and quality.
3. Development of community based flood insurance schemes	1~~.50~~	0.52	Risk models are a pre-requisite. Expertise and experience ~~earned~~gained by Europa Re ~~reduces~~reduce the costs significantly. Individual types of insurance are developed under the SEEC CRIF program. The unique expertise will be used to ~~technically~~ design community and municipal insurance products and further develop ~~their~~the actuarial pricing and loss assessment approach. If such work were to start from scratch, an additional USD 1.5 mm would be required.
4. Technical assistance for enhancing regulations pertaining to community based risk insurance	0.~~30~~3	0.~~13~~11	Expertise and experience gained by Europa Re considerably ~~reduces the~~reduce project costs.
5. Trainings and simulation exercises for the effective use of the flood risk maps and implementation of community based flood insurance	~~0.10~~1	0.~~085~~8	
6. Agriculture risk analysis	1.~~50~~1	0.~~59~~5	Expertise and experience gained by Europa Re significantly ~~reduces the~~reduce project costs.
7. Development of community based agriculture insurance schemes	1.~~40~~1	0.~~65~~6	Individual types of insurance have already been developed under the SEEC CRIF program. The unique expertise gained by Europa Re will be used to ~~technically~~ design community and municipal insurance products, carry out actuarial pricing and conduct loss assessments. The cost efficiency is estimated at USD 0.85 mm.

8. Review and amendment of relevant regulations supporting effective implementation of agriculture insurance	0.~~40~~4	0.~~16~~12	Expertise and experience gained by Europa Re ~~reduces~~reduce the costs significantly.
9. Capacity building/hands on training of national experts on agricultural component	0.~~20~~2	0.~~17~~15	
12. Know how provided through trainings and simulation exercises.	0.~~10~~1	0.~~085~~8	
13. Project Management Costs	0.~~90~~75	0.~~25~~525	Expertise and experience gained by Europa Re ~~significantly reduces~~will reduce the project costs.
Total	**~~9.90~~8.15**	**~~3.49~~4.965**	

~~In addition, the AF will finance a marginal Project Cycle Management Fee charged by the Executing Entity.~~

~~77.~~80. This project contributes toward building Albania's resilience to the adverse effects of climate change on agriculture, housing and infrastructure through the development of sound community–based flood and agriculture insurance schemes which will be supported by smart risk management solutions.

D. Describe how the project is consistent with national or sub-national sustainable development strategies, including, where appropriate, national or sub-national development plans, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist.

~~78.~~81. The project builds upon national development policies that are clearly defined in laws and

government documents including: the Inter-sectorial Draft Strategy of Environment 2015-2020; Law no. 9334, date 16.12.2004 "On accession of the Republic of Albania to the Kyoto Protocol Framework Convention of United Nations Climate Change" and Albania's Second National Communication to the Conference of Parties under the United Nations Framework Convention on Climate Change. –The project is consistent with the new Common Agricultural Policy, fully in force as of January 2015, which further strengthens the risk management instruments available to EU farmers.

~~79.~~82. In cooperation with several development partners, Albania is already taking action to address several climate related risks for water resources and agriculture and is tapping opportunities for the development of proper infrastructure towards a more efficient and climate resilient growth. Through national communications to UNFCC, Albania has committed to mainstream climate change into national planning process and programming through mobilization of new resources that would help (a) assessing the climate related risks and taking adaptation measures with the focus on biodiversity, water resources, agriculture, forestry, population and health for the entire coastal region and (b) strengthening institutional capacities, organizing activities and raising education and awareness related to climate change.

83. During 2016, the government and municipalities have planned to clean most of the irrigation and drainage channels. The government will focus on the main highways, pumping stations, large reservoirs and river discharges in order to make strategically important investments there. The drainage systems are outdated and poorly maintained.

~~80.~~84. A key factor in Albania's development of adaptation policies for agriculture is advancing toward meeting European Union (EU) accession standards. Albania has already developed laws on agriculture land use, land protection, and environment which are in compliance with European standards and requirements. Along with these reforms, the EU has also encouraged action toward climate change preparedness and adaptation. As outlined in the EU Strategy on adaptation to climate change, adopted by the European Commission in April 2013, these actions could include systematic assessment of climate risks, development of outreach initiatives to train farmers in such areas as improving water use efficiency, and identification of needs for financing of adaptation measures. In response to these challenges, the World Bank and the government of Albania have identified and prioritized options for climate change adaptation in the agricultural sector which aim at (i) raising public awareness of the ~~threat of~~risks posed by climate change, (ii) analyzing potential impacts the climate change on the agricultural sector and assessing adaptive

capacity, (iii) identifying practical adaptation responses and the potential for greenhouse gas emission reductions and (iv) building capacity among national and local stakeholders to assess the impacts of climate change and to develop adaptation measures in the agricultural sector, ~~defined to encompass~~including those covering crop production.

~~81.~~85. Although the climate change and agriculture are not included among the areas where the World Bank will commit new financial resources over the next five years (2015-2019), the World Bank CPF document highlights that a) the development challenges remain in these areas and indicates that b) the country will use its own resources or engage other international partners to tackle these issues and support government's reform and investment needs. To this effect, the proposed project financed by the AF will greatly support country's efforts to address major challenges ~~of the~~posed by climate change ~~by building resilience in~~to socially vulnerable communities.

E. Describe how the project meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy of the Adaptation Fund.

~~82.~~86. The project offers solutions that do not require any special permits or environmental impact assessments (EIA). The project will align with and contribute to the implementation of the current legislation related to protection against natural disasters and development of the agricultural sector. Moreover, the project will help develop a set of regulations complementing the existing the legislative framework that will (i) help to curb economic development in hazard zones with a high potential for damage by ~~floods~~flood or other climate ~~change~~related risks and (ii) create economic incentives for ~~reducing the~~ risk ~~to acceptable levels by means~~reduction through introduction of climate~~-~~ resilient production processes and risk management systems ~~and increased level of awareness~~.

~~83.~~87. The first component ~~on building~~ of the project that sets out to build the adaptive capacity of western lowlands ~~target~~ communities through flood risk management and introduction of sound mitigation alternatives will be developed in close cooperation with local stakeholders. Such a consultative process will enable the project team to effectively meet ~~their~~the local expectations and comply with all local regulations. ~~The flood~~Flood risk maps will be first reviewed by the IGEWE ~~experts in cooperation with best~~and international ~~peer-reviewers~~flood insurance

experts, before becoming available to the ~~communities of the target areas.~~ public. Maps printing and publication will follow all country legal requirements. The insurance sub-components will observe all the requirements of the new insurance law Law no. 52, date 22.05.2014 "On the activity of insurance and reinsurance" adopted by the ~~parliament~~Parliament in 2014. Following the World Bank/IMF recent FSAP recommendations, the new insurance law requires the establishment of good standards and practices in catastrophe insurance, including the risk based supervision. The terms and conditions of ~~the~~ insurance products and schemes developed by the project will be peer-reviewed by country legal experts and ~~certified~~vetted by the Albanian Financial Supervisory Authority. The project will cooperate with the Ministry of ~~Interiors~~Interior (Directorate of Civil Emergencies) and the Ministry of Finance to develop an effective regulation ~~regarding~~on premium subsidies ~~linked with provision of flood insurance~~ for socially vulnerable groups.

~~84.~~88. The second project component ~~of expanded farmer outreach and ensured financial and management sustainability~~ will be developed in full coordination with the Ministry of Agriculture and the Albanian Financial Supervision Authority. The risk assessment sub-component will engage the best ~~country's~~country experts in the field, while the insurance schemes will be developed in full compliance with the insurance regulatory requirements.

~~85.~~89. ~~All the World Bank supported donor funded projects are required to follow the mandatory requirements outlined in the World Bank operational policies and safeguards requirements and procedures. This includes the requirement that all World Bank development solutions must always reflect local circumstances and aspirations and draw upon national actors and capabilities. Project~~ The project implementation arrangements will include a set of "do no harm to environment" ~~measures~~policies to avoid any negative impacts from ~~the~~ technical assistance provided under the ~~foreseen activities.~~project, especially those related to guidelines on the land use and planning. Adaptation and risk mitigation flood plans to be developed under the project will take stock of ~~the~~ potential environmental concerns~~, natural assets, potential impacts and mitigation measures necessary~~ to ensure that there ~~are~~will be no adverse environmental ~~impacts~~consequences from their implementation (upstream and downstream~~) that could alter the ecosystem ability to render environmental services to ecosystem and local communities.~~). During the project implementation, the World Bank experts from multiple sectors (environment, agriculture, DRM and finance) and stakeholders will ensure that the project ~~has been designed with~~adopts a ~~clear focus~~multi-sectoral perspective on ~~agreed results~~climate adaptation. The Bank internal project Appraisal for the project will be based on a detailed quality

programming checklist which ~~ensures~~will ensure, amongst other issues, that necessary safeguards have been addressed and incorporated into the project design.

~~86.~~90. In line with the rules, the project concept document was submitted for approval from the Designated Authority to the Adaptation Fund Board.

F. Describe if there is duplication of project with other funding sources, if any.

~~87.~~91. Given the high priority assigned to climate change resilience and adaptation building measures in Albania, there are already numerous on-going initiatives that the project will coordinate ~~some of its activities~~ with. A review ~~was also undertaken~~ of all previous studies and projects in the ~~areas~~area of flood and agricultural risk management ~~and it was found~~undertaken for the purpose of completing this application, has established that~~,~~ while there are some projects that can be ~~of use in some aspects of~~worth consulting with during the project implementation, there were none that would constitute a duplication of effort. The proposed project is unique in its scope and geographic coverage and is ambitious in that regard. ~~It will be the first project of its kind in Albania that sets a standard for building national flood risk management and resilience to climate change in the agriculture sector nationwide.~~

~~88.~~92. The ongoing project "Adaptation to Climate Change in the Western Balkans" financed by the Federal Ministry for Economic Cooperation and Development BMZ, aims to support five countries namely Albania, Macedonia, Montenegro, Kosovo and Serbia through the establishment of a regional system for early flood forecasting in the Drin basin; developing national strategies for adaptation to climate change; regional cooperation for integrated management of water resources (IWRM) and integration of strategies for adaptation to climate change in urban planning. The two projects can potentially cooperate and share the data already collected for the purpose of early flood forecasting and flood management planning and drought management at the local level for the area of Drin basin.

~~89.~~93. The Italian Cooperation Agency is financing a pilot project for establishing and testing a subsidized insurance of agricultural risks. The pilot project aims to establish the institutional and regulatory framework for a subsidized insurance system of individual farmers in the area of viticulture. Although the projects have different concepts they are complementary and can potentially cooperate ~~to share~~by sharing useful data and ~~results~~ achieved ~~in scope of their activities~~results. The proposed project aims to build resilience through developing actuarially sound community-based index insurance products which will be developed on ~~municipality~~a

municipal level for the key agricultural crops, including grapes, in the western lowlands target communities~~, including grapes~~.

~~90.~~94. The regional World Bank's SEEC CRIF project serves as a good ~~ground~~launching pad for the proposed project due to the following activities and outputs already delivered for Albania and other countries in the region~~. The Key Multifaceted activities carried out under the SEEC CRIF Program comprise: :~~

- State-of-the-art catastrophe risk models were developed ~~on behalf of Europa Re~~ by the AIR Worldwide, a catastrophe risk~~ engineering leader~~ modeling firm with unique expertise in modeling ~~catastrophe~~climate risks for insurance and reinsurance ~~sector~~industry worldwide. The earthquake and flood insurance risk models ~~serve~~delivered by AIR to Europa Re now help to properly design and price catastrophe insurance products and ~~are pre-requisite for a~~conduct reliable risk ~~assessment~~assessments.

- Swiss quality catastrophe insurance products were designed for ~~the individual~~ businesses, homeowners and farmers~~ which can be~~. The products are now sold by local insurers through a fully automated Europa Re's web-based production platform. Insurance products are designed to meet the risk management needs and the budget of individual homeowners and small and medium size enterprises.

~~• Actuarial pricing fully backed by the state-of-the-art risk models ensuring sound insurance products that pay out even in the case of extreme catastrophe scenarios.~~

- A highly innovative claims management system was developed which ensures ~~a~~ swift claims settlement and return to normal life ~~and continuation of business activities~~for businesses and individuals in the aftermath of a natural disaster.
- Prudent catastrophe risk management and market conduct requirements ~~embedded in a fully integrated platform used by insurance companies to guarantee high credit quality of risk management and insurance coverage.~~ were developed.

- Automatic reinsurance capacity was provided by Europa Re ~~and~~ to all local insurers that sell Europa Re endorsed ~~by~~products to the ~~best international reinsurers. (In 2013, Europa Re was licensed as a reinsurer~~public in ~~Switzerland by~~ the ~~FINMA (Swiss Financial Market Supervisory Authority).~~local market.

Although the proposed project has a different scope, the work and results achieved under the SEEC CRIF provide a unique solid foundation for ~~the~~its effective implementation~~ of the proposed~~

~~project.~~.

G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.

~~91.~~95. A dedicated knowledge management ~~output~~component will be delivered that tests and implements concrete solutions developed in relation to flood and agriculture risk management in the face of climate change. ~~This will include three distinct categories of activities:~~The component will (i) identify and enhance the solutions already developed by Europa Re under the SEEC CRIF project in the area of flood risk management and agriculture insurance; (ii) identify and ~~transfer good~~recommend best practices from ~~the~~ international experience that can be ~~customized for the conditions of the targeted geographic areas~~successfully adopted locally; and (iii) capture, and disseminate lessons learned and best practices generated by the project. These three categories of knowledge management actions will help disseminate valuable lessons and consolidate the knowledge that can be widely exchanged through the Adaptation Learning Mechanism (ALM) and other networks.

~~92.~~96. The project has a component dedicated to knowledge management (Component 4). The project will apply three key methods to knowledge management: (i) a comprehensive inventory and synthesis of existing knowledge; (ii) dissemination of international good practices in developing long-term resilience to climate change and (iii) systematic codification of emerging lessons and knowledge during the project implementation. This three-pronged approach to knowledge generation and dissemination will be reinforced through publications, regular field based demonstration of results, trainings and workshops as well as targeted dissemination through media and meetings with national, local authorities and communities of farmers. Concrete deliverables of the project in knowledge management are described in greater detail under the Component 3 section of this proposal.

~~93.~~97. More specifically, the project will establish a specialized Expert Team that will be tasked to take stock of all research and studies conducted by various organizations, including those funded by international donors and governments. The Team will review all available lessons learned and good practices from other related initiatives and advise the project team on how to translate these lessons into ~~adequate~~concrete actions.

H. Describe the consultative process, including the list of stakeholders consulted,

undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy of the Adaptation Fund.

~~94.~~98. The project brings together a broad spectrum of stakeholders within the country, including, inter alia, policy makers, ministerial/institute/agency staff, insurance sector, and others. Although the project will help to design innovative insurance products that in the end will benefit local communities, due to the current inter-governmental fiscal transfer system, central government remains the main and only source of post-disaster aid to local communities, which also makes it the main direct beneficiary of the proposed project. In this context, the project concept has been extensively discussed with the Ministry of Environment, which duly endorsed on behalf of the government. The Ministry of Finance, the Ministry of Interior and Ministry of Agriculture have also expressed their support for the development of national agricultural and flood insurance schemes to address adverse financial consequences of climate change. The project consultations have also included representatives of target communities that would benefit from the proposed project activities. To this effect, the Bank project preparation team has carried out visits to each of the target communities to meet with the Mayors ~~and~~, local ~~community~~communities and farmers associations. All stakeholders reiterated the importance of the proposed project and the economic and social benefits that would accrue to the population and the government. The project stakeholders comprise the following organizations:

Table 11: Stakeholders list

Organization	Name	Function/Role for the Project
Ministry of Environment	Laureta Dibra	Focal point in project coordination
Ministry of Environment	Jonila Haxhillari	Focal point in project coordination
Ministry of Agriculture, Rural Development and Water Administration	Irfan Tarelli	Coordination of agriculture related activities
Ministry of Agriculture, Rural Development and Water Administration	Arben Cambuku	Coordination of agriculture related activities
Ministry of Interiors (Directorate of Civil Emergencies)	Dukate Dodaj	Coordination of component 1 and 3
Ministry of State for Local Government	Gersi Cabiri	Coordinating activities in respective area
Ministry of State for Local Government	Xhelil Cibaku	Coordinating activities in respective area
Technical Secretariat of the National Water Council	Alkida Prodani	Coordinating activities in respective area

Technical Secretariat of the National Water Council	Albert Lenja	Coordinating activities in respective area
Municipality of Shkodra (Mayor)	Voltana Ademi	Coordinating activities in respective area
Municipality of Shkodra (Chief of Cabinet)	Shpetim Quku	Coordinating activities in respective area
Municipality of Shkodra (Advisor)	Arben Gjuraj	Coordinating activities in respective area
Municipality of Fier (Mayor)	Armand Subashi	Coordinating activities in respective area
Municipality of Fier (Chief of Cabinet)	Klejs Halla	Coordinating activities in respective area
Municipality of Lushnja (Mayor)	Fatos Tushe	Coordinating activities in respective area
Municipality of Lushnja (Chief of Cabinet)	Eriselda Sefa	Coordinating activities in respective area
Municipality of Lushnja (Deputy Mayor for Economic Development)	Teuta Korreshi	Coordinating activities in respective area
Municipality of Lushnja (Deputy Mayor Sport, Culture, Youth Activities)	Gentian Nushi	Coordinating activities in respective area
World Bank, Tirana	Keler Gjika	Coordinating among stakeholders and the World Bank
World Bank, Tirana	Drita Dade	Coordinating among stakeholders and the World Bank
Albanian Council of Agribusiness (President)	Agim Rrapaj	Coordinating activities in respective area

In addition to the stakeholders mentioned above, a large group of farmers (including women) mainly of Lushnja and Fier have also been consulted during the field survey to identify their readiness to participate in the project and provide additional inputs to the programme. During the field survey consultation, farmers also ~~expressed~~pointed out that their main problem is the lack of detailed information about agriculture insurance~~, therefore~~. Therefore it would be very beneficial for them to receive specialized training and go through simulation exercises ~~for~~to ensure a better understanding of the insurance products ~~that will be offered. They would appreciate if the entire project at the end will result in concrete and simple mechanism that could be easily not only understood by even affordable in terms of price~~on offer. Farmers also noted their concerns about the poor quality of fertilizers, seeds and pesticides. Some traders ~~offered~~sell low quality inputs ~~and there was no~~without any proper ~~control.~~oversight from the government. To this effect, ~~questions were raised by~~ the farmers asked if the project ~~would consider~~could help address the issues linked to ~~offer seed or inputs insurance. In this context, it is considered as~~

~~crucial that respective~~the poor quality of seeds and fertilizers through specific regulatory ~~acts should deal with the~~requirements and their effective enforcement ~~of more stringent procedures to byer's authorizations and controls of seeds and pesticides~~by the government.

~~95.~~99. ~~The same conclusion has been~~Similar issues were also ~~highlighted independently~~brought up by the Albanian Council of Agribusiness ~~that operates and acts as a representative of~~ which represents the civil society in rural areas across the country~~. It comprises~~ by comprising 20 national associations and 12 ~~Regional Councils~~regional councils of ~~Agribusiness~~agribusiness. Some of the key findings from the undertaken consultation process are summarized below:

- The project was widely welcomed by all the stakeholders which also expressed their support ~~to~~for its implementation ~~in the future~~;

- All three municipalities ~~would provide~~ committed to support the project with relevant statistics and data ~~for all~~relating to the ~~farmers~~agricultural farms, crops, production and ~~the size of farms planted and also~~yields as well as relevant information ~~on crop and infrastructure~~with regard to damages ~~for the entire~~and losses caused by floods and other weather events to homeowners and farmers in the project target areas. ~~They consider agriculture~~Furthermore, they endorsed the introduction of sound catastrophe and agricultural insurance as ~~the only solution~~an effective resilience building mechanism, which ~~can benefit~~would be beneficial to all stakeholders. The representatives of Shkodra municipality appraised the project as adding value to the prevention and adaptation activities, which have been recently implemented or are currently being developed with the support of other donor financed projects in the area. At the municipality of Shkodra they also mentioned that for the floods component, a close cooperation must be ~~required~~developed with the hydro plants managing agencies.

~~96.~~100. As the main objective of the project is to develop viable climate insurance solutions for communities vulnerable to climate change the project is designed as a market-based financial safety net for local ~~governments~~communities that would receive additional budgetary resources from insurance payouts to address their post-disaster recovery and reconstruction

needs. This approach ~~would~~will particularly benefit socially vulnerable segments of population that typically are the major recipients of post-disaster government aid. To ensure an equitable distribution of post-disaster insurance payouts ~~to local governments~~, the project will help local communities to design means-tested post-disaster aid allocation guidelines that would benefit the most socially vulnerable groups, including women.

I. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

~~97.~~101. Under the flood and climate change resilience alternative, an integrated response will be developed. Project activities will aim to raise public awareness and provide the government and local communities with sound risk management mechanisms and community based insurance solutions against climate related hazards. The baseline situations and adaptation alternatives per project outcome are presented below:

Outcome 1: Adaptive capacity of western lowlands target communities through flood risk management and introduction of sound mitigation alternatives.

Baseline:

~~98.~~102. Floods have a particularly severe impact on the poor, including women, elderly and children, who live in disaster-prone areas and are unable to cope with the devastating effects of such hazards. Recurrent disasters erode their already minimal assets and livelihoods. Communities living in flood prone areas have neither access to proper risk management systems which would timely alert them about the risks, nor to insurance coverage that would mitigate the financial impact ~~the financial impacts~~ of such disasters on their livelihoods and assets. Building a flood resilient infrastructure is an alternative way~~, but it would never substitute the role of insurance, while~~ forward. However, as long as floods ~~will~~ continue to damage assets in the low- lands, regardless of the preventive adaptation measures, such an approach would never be a substitute for insurance. Although the preventive adaptation work is ongoing, the costs for its development are high due to the currently under-developed infrastructure.

Adaptation alternative:

~~Adaptation alternative:~~

~~99.~~103. The project will support local community efforts in the western lowlands ~~target communities~~ to improve flood resilience and adaptation through increased risk awareness, development of flood risk maps and effective insurance schemes that will help communities, local and the central government to effectively mitigate the financial costs of floods and pave the way to sustainable climate-resilient local economic development.

~~100.~~104. The project will encourage communities at a significant risk of flooding to work with key partners, including local authorities, to develop innovative local solutions that enhance flood risk management and preparedness and improve the communities' financial resilience to flooding. The main objective of proposed activities is to help manage and reduce unacceptable levels of flood risk in local communities by raising awareness and aiding the delivery of more climate resilient economic development. In addition, the results of the project can be used by policy decision makers, building designers and property. The produced flood resilience guidance will encourage developments that are more adaptable to future flood risk challenges. The general principles of the solutions developed for target areas can be then extended to other flood prone areas of the country.

Outcome 2: Expanded farmer outreach and increased financial resilience of local agriculture to climate change.

Baseline:

~~101.~~105. Currently, there is no insurance coverage for agriculture in general and for adverse effects of climate change in particular. In cases of extreme weather conditions or natural disasters causing farmers to lose their crops, the government acts as an insurer of last resort by providing partial compensation payments to those farmers that sustained most damage. This approach to post-disaster compensation creates a financial burden for the public budget, results in significant delays with payments to individual farmers and often distorts economic incentives for developing climate resilient competitive agricultural sector in Albania. Information about climate change-related risks is often missing at the farmer level, and when present, its management and dissemination is not carried out systematically, which further discourages effective adaptation and prevention measures.

Adaptation alternative:

~~Adaptation alternative:~~

~~102.~~106. The project will introduce community based climate index insurance in the western lowlands target communities. Payments under index-based insurance products ~~are~~will be linked to an index of ~~objectively monitorable~~independently varifiable variables that determine crop performance throughout the overall crop development cycle, rather than a manual assessment of damages sustained by crops as a consequence of insured weather perils. This subtle distinction resolves a number of fundamental problems that make traditional insurance often unworkable in agriculture. One key advantage is that the transaction costs are low. Unlike traditional crop insurance against crop failure, the insurance company does not need to visit farmers' fields, to assess damages. This process also will remove the adverse incentives created by traditional crop insurance, or compensation payments from the government, which often prompt insureds to reduce the level of efforts invested in tendering crops in anticipation of indemnity payments. In addition, in some cases, in the case of traditional insurance assessments of damages in the field are often conducted too late after occurrence of a loss, which results in inaccurate estimations, and delayed disbursements. The proposed insurance scheme will save considerable amount of financial resources for the government which could be then allocated to make investments in building a climate resilient agriculture.

~~103.~~107. The project will have a strong learning and knowledge management component to capture and disseminate lessons learned and ~~influence policy.~~inform policy decisions at different levels of governmentmmm. The knowledge management system will be institutionalized within the Ministry of Agriculture and linked to relevant governmental and research institutions. Lessons will be shared through various appropriate national and regional education and professional learning networks. The knowledge management system will focus on targeting policy makers at the national level to facilitate uptake of lessons learned into policy.

Outcome 3: Knowledge management and awareness raising

Baseline:

~~104.~~108. Currently, there is a very low level of natural disaster risk awareness and insurance education among homeowners, SMEs and farmers in the target municipalities. The concern was also raised by the municipality representatives who specifically asked that the project dedicates specific efforts to develop mechanisms that will contribute to raising the awareness and inform

the population about the benefits of catastrophe insurance.

Adaptation alternative:

~~105.~~109. The project will address the low risk awareness and insurance education through a specific ~~important~~ project component which will build capacity, hands-on training among local experts, and will further provide useful information and raise public awareness through specific training sessions, simulation exercises, leaflets, media coverage, social media and dedicated internet sites which will extensively disseminate useful information and relevant project results. The project will pay special attention to socially vulnerable groups~~,~~ such as small farmers, women and indigenous groups~~, which~~. These groups will be specifically encouraged to learn about climate risk and participate in the adaptation approaches developed by the project.

J. Describe how the sustainability of the project outcomes has been taken into account when designing the project.

~~106.~~110. There is a small risk of project outcomes being unsustainable upon completion of grant financing. The risk management schemes and products delivered under the project will be supported by extensive training of stakeholders and practical recommendations on their application to ensure their sustainability. Such recommendations shall be clearly embedded in the regulations which will require institutions and stakeholders to take measures to ensure the ongoing publication and information of the risk maps (including new sources of the social media), and ongoing promotion of catastrophe insurance as an effective mechanism to build climate resilience. The risk will be reduced through a close cooperation with the government to introduce the required regulation and establish relevant structures that support the ongoing implementation of the project outcomes. In addition, the sustainability of the project will be ensured by the involvement in its technical implementation of Europa Reinsurance Facility Ltd. with acquired extensive technical experience in implementing similar projects (on economically-sustainable terms) in other countries.

K. Provide an overview of the environmental and social impacts and risks identified as being relevant to the project.

Table 12~~: Risk assessment~~
: Compliance with Environmental and Social Principles

Checklist of environmental and social principles	Potential impacts and risks – further assessment and management required for compliance
1. Compliance with the Law	~~x Projects implemented by the World Bank ensure full compliance with all applicable laws and regulations.~~ The project is consistent with the new Common Agricultural Policy (fully in force since January 2015), which further strengthens the risk management instruments available to farmers. The risk of legal non-compliance is very low and by and large addressed by the project through a) specific regulatory sub-components which entail a thorough legal review and b) close cooperation with governmental institutions and municipalities that will ensure compliance with all applicable laws. Furthermore, the project itself will contribute to enhancing various pieces of regulation (ensuring legal compliance) with a view to promoting the development of sound flood and agricultural insurance in the target municipalities.
2. Access and Equity	~~x The project is designed to enable vulnerable communities in target areas to benefit from project results (by receiving up-to-date risk information and insurance coverage).~~There is a small risk of access and equity which will be addressed through the inclusion of marginalized and socially vulnerable groups including women, children, the elderly, and small vulnerable farmers into an insurance premium subsidies program The project also aims to ensure gender equity and avoid disproportionate adverse effects. Both men and women: i) will be able to participate fully and equitably and ii) receive comparable social and economic benefits. The female headed farms will be specifically encouraged to participate in discussions, training sessions and meetings.
3. Marginalized and Vulnerable Groups	~~The project aims to benefit marginalized and vulnerable groups living in the project target areas, including women, children, the elderly, small vulnerable farmers through immediate payouts following weather related disasters. Prudent project management and close cooperation with communities at risk will ensure effective targeting of project benefits to vulnerable homeowners and farmers (a targeted subsidy system and / or support from municipal insurance coverages).~~The project has specifically addressed the risk of marginalized and vulnerable groups. To support the

	development of the scheme and incentivize vulnerable communities to participate in flood and agricultural insurance schemes, the project will initially co-finance insurance premiums subject to a) proper measures taken by homeowners / farmers to reduce their risks and b) their income level. Furthermore, the regulations developed under the project will pave the way for a sustainable insurance premium subsidy scheme based on best practices of other countries in the region. A thorough monitoring of subsidy beneficiaries will also be carried out.
4. Human Rights	~~• All projects implemented by the World Bank respect and promote~~The human rights~~, including, inter alia, equality, freedom of expression~~ risk is very low and addressed by and ~~association, ownership,~~large through the access and equity of all groups in target areas in education and ~~access to information as stipulated by~~awareness activities, the ~~constitution of~~project abides with and promotes the ~~Republic of Albania~~human rights.
5. ***Gender Equity and Women's Empowerment***	~~The project aims to ensure gender equity. Both men and women: i) are able to participate fully and equitably; ii) receive comparable social and economic benefits do not suffer disproportionate adverse effects. A prudent project management and close cooperation with local stakeholders will ensure that the risk information and products are property explained to women acting in the roles of homeowners and farmers.~~While women comprise about 50% of the population in the target areas, the official statistics published by the Institute of Statistics (INSTAT, 2012), indicate that there are about 4,301 women in the target areas which make about 20 percent of the total number of female-headed farmers in Albania. The proposed schemes would significantly help the initiative of female-headed farmers to develop and grow sound businesses.
6. Core Labour Rights	~~• All projects implemented by~~The risk is very low. Close cooperation with the ~~World Bank meet~~governmental agencies and other relevant institutions will ensure the ~~applicable~~compliance of the project with core labour ~~standards identified by the International~~rights as per the ILO Convent and the Labour ~~Organization, as well as national standards~~Code in Albania.
7. Indigenous Peoples	~~None of the projects implemented by the World Bank contravenes the rights and responsibilities set forth in the United Nations Declaration on the Rights of Indigenous Peoples. The project will seek to enhance~~

	~~benefits to local and traditional communities.~~ ~~The project will specifically assess the groups in cooperation with local government and ensure that they get all the benefits of the project, including the information, subsidies, etc. The proper project management will ensure that they are involved properly in the process.~~ A very low risk. Similar policies shall apply as those mentioned in point 3 dealing with marginalized and vulnerable Groups.
8. Involuntary Resettlement	~~x No~~The risk of involuntary resettlement ~~will occur as a result of~~ is not applicable to the ~~projects implemented by the World Bank~~project.
9. Protection of Natural Habitats	~~x **Through** proper risk assessment and timely warnings, the project will encourage local communities to enhance interventions that protect and conserve the natural environment.~~There is no direct risk related to the project. Furthermore, the project has been designed to support the protection of natural habitats through development of risk maps, risk assessment guide books with recommendations relating to the protection of flood prone areas. The project will work closely with local and international consultants to ensure that all the recommendations take into account the protection of natural habitats. In particular, insurance schemes will contribute to restore damaged areas close to natural habitats and remove the debris (especially those under part 2 of each proposed insurance scheme (municipality coverage).
10. Conservation of Biological Diversity	~~x The project does not impact negatively on the conservation of biological diversity. Rather, through the risk assessment and timely warnings, the project supports ecological infrastructure and biological diversity.~~The risk is not applicable to this project.
11. Climate Change ***12. Pollution Prevention and Resource Efficiency***	~~x~~ The project ~~is designed to build resilience to climate change, and will~~ does not ~~result~~contribute in ~~an~~any ways to the increase in greenhouse gas emissions or ~~in~~ other drivers of climate change, including pollution prevention and resource efficiency. It will rather contribute to minimizing the pollution arising from floods or other climate factors (due to immediate financing for cleaning the areas or measures taken to mitigate the pollution).
13. Public Health	~~x The project will build the climate resilience of project beneficiaries' health by supporting them to take informed (and timely) decisions on the climate change risks and react~~

	~~immediately after warnings being issued.~~There are no public health risks related to the project. On the contrary, it contributes to the financial wealth of communities, which indirectly translates into better local public health systems.
14. Physical and Cultural Heritage	~~x The~~There is no direct risk related to the project ~~will build climate resilience~~. Furthermore, the project has been designed to support the protection of physical and cultural heritage through ~~proper~~development of risk maps, risk assessment ~~and~~guide books with risk mitigation and adaptation recommendations ~~to mitigate climate risks threatening physical and cultural heritage~~.
15. Lands and Soil Conservation	~~x The project will contribute to upgrading and/or maintaining ecological infrastructure in the project target areas.~~There is no direct risk related to the project. However, it is anticipated that the project will support the lands and soil conservation through sound risk assessment, maps and adaptation recommendation.

PART III: IMPLEMENTATION ARRANGEMENTS

A. Describe the arrangements for project implementation.

~~107.~~111. The project will be implemented by the World Bank using the MIE13 modality. World Bank would be fully accountable for the effective implementation of this project. As a Multilateral Implementing Entity, World Bank is responsible for providing a number of key general management and specialized technical support services. These services are provided through World Bank's global network of country, regional, and headquarters offices and units and include assistance in project formulation and appraisal; determination of execution modality and local capacity assessment; briefing and de-briefing of project staff and consultants; general oversight and monitoring, including participation in project reviews; receipt, allocation, and reporting to the donor of financial resources; thematic and technical backstopping; provision of systems, IT infrastructure, branding, and knowledge transfer; research and development; participation in policy negotiations; policy advisory services; program identification and development; identifying, accessing, combining and sequencing financing; troubleshooting;

[13] Multilateral Implementing Entity

identification and consolidation of learning; and training and capacity building.

~~108.~~112. As outlined in the World Bank application to the AF Board for accreditation as a Multilateral Implementing Entity, the World Bank employs a number of project execution modalities determined on country demand, the specificities of an intervention, and a country context. The Executing Entity is the agency entrusted with and fully accountable to the World Bank for successfully managing and delivering project outputs. It is responsible to the World Bank for activities including: the preparation and implementation of project work plans and annual audit plans; preparation and operation of project budgets and budget revisions; disbursement and administration of funds; recruitment of national and international consultants and project personnel; financial and progress reporting; and monitoring and evaluation. However, as stated above, the World Bank retains ultimate accountability for the effective implementation of the project.

~~109.~~113. As numerous technical activities financed by the project require highly specialized catastrophe and weather risk management and insurance expertise, to ensure their completion on time and to the Bank technical specifications, it is crucial that the implementation of the project is carried out by an experienced and technically competent (in insurance and reinsurance) project executing agency. In addition, to achieve satisfactory compliance with the World Bank project implementation guidelines in the areas of procurement, disbursement and financial management, it is also essential that the project implementation agency has the established successful track record in managing similar Bank projects in the past.

~~110.~~114. To this effect, the project will be managed by Europa Re which will act as the recipient of the AF grant and the project executing agency. It will also act as the main Bank and government counterpart for the purposes of project execution. Europa Re, a specialized catastrophe reinsurance company established under the Swiss law with extensive technical support from the World Bank, is currently owned by the governments of Albania, FYR of Macedonia and Serbia. Since 2012, Europa Re has been successfully acting as the project implementation agency for the US$ 5.5 million GEF and US$ 4.5 SECO grants under the SEEC CRIF program, which financed the development of catastrophe insurance market infrastructure in Southeastern Europe. In 2015, Europa Re has been entrusted with the management of two more Bank project financed by grants from same donors – a US$3.0 mm from SECO and US$5.0 from GEF. Since the inception of the project in 2012, Europa Re has been consistently receiving satisfactory ratings for the high quality of its financial management and procurement operations. Europa Re employs a tested cadre of procurement and financial management professionals that

ensure full compliance with the Bank Guidelines and operational procedures.

~~111.~~115. In its capacity of the project executing agency, Europa Re will prepare technical specifications for technical services essential for the successful implementation of all project components. Europa Re insurance and reinsurance professionals will then provide day-to-day oversight of the execution of all technical activities financed under the grant to ensure their timely and professional completion.

~~112.~~116. Although owned by the governments, Europa Re's management is immune from potential political pressures that may adversely affect its day-to-day operations. One of the key elements of the company's governance structure is a clear separation of the company's business operations from the ownership of the Facility. To this effect, Europa Re has an independent professional board of directors consisting of reputable insurance/reinsurance professionals with a well-established track record in the industry and a professional highly experienced senior management team.

~~113.~~117. Europa Re will produce quarterly technical reports about progress made with implementation of numerous technical activities envisaged by the project and will provide annual audited financial reports on the utilization of donor trust funds. Results of the project activities will be monitored and evaluated by Europa Re on the regular basis.

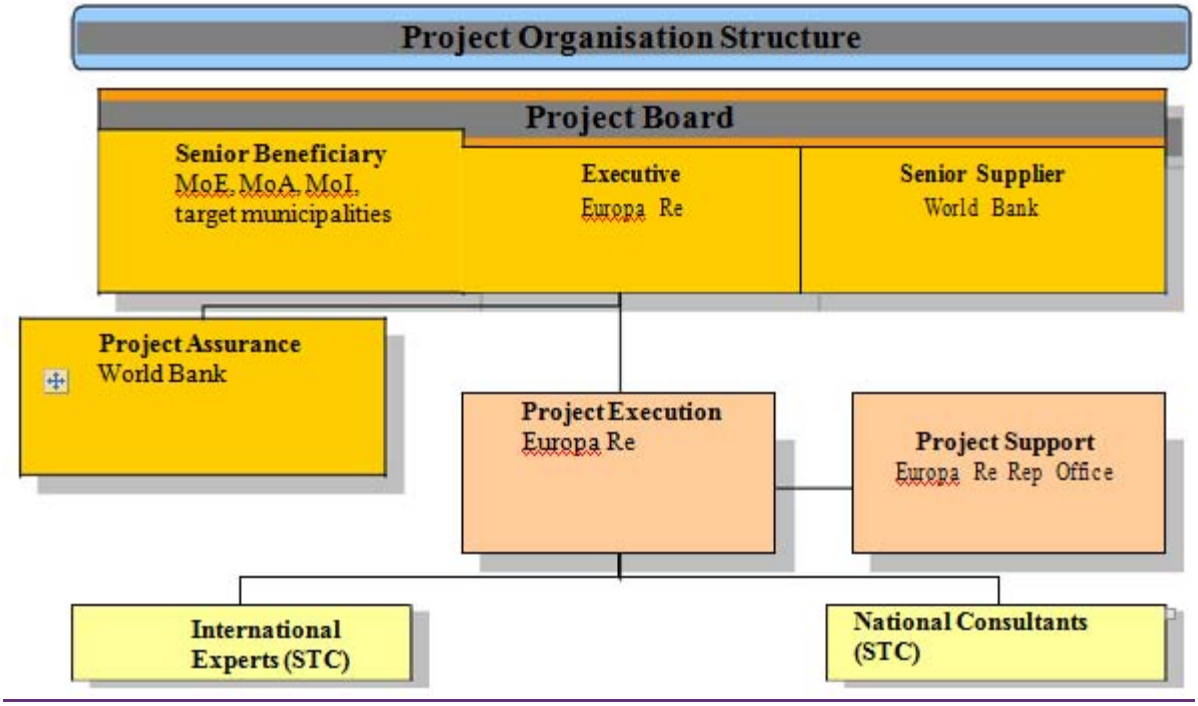
~~114.~~118. Project procurement will be handled by Europa Re, which is handling several Bank and donors financed projects in ~~Southeastern~~Southeast Europe in accordance with the World Bank regulations, rules, policies and procedures. During procurement capacity assessment the team will review the internal controls, complaint handling and decision making process more closely. The project procurement will be mainly consultancy contracts.

~~115.~~119. Europa Re will be also responsible for implementation of the financial management (FM) function of the proposed project including flow of funds, budgeting, accounting, reporting, and auditing. Europa Re has prior experience in the implementation of the ongoing Bank-financed projects, including Southeast Europe and Caucasus Catastrophe Risk Insurance Facility GEF grant, and the Swiss SECO grant for South East and Central Europe Catastrophe Risk Insurance Facility. The internal controls over the grants are satisfactory and acceptable to the Bank. The ISR FM ratings for the grants have remained satisfactory since the inception of both projects. There are satisfactory FM arrangements under both SECO and GEF grants comprising accounting, reporting, budgeting and funds flow, internal controls and staffing.

Similar FM arrangements will be maintained under the proposed grant. The Financial Management Manual (FMM) under the existing projects well describes internal control procedures, including authorization of expenditures by FM Consultant and approval of payments, bank reconciliation, verification of expenditures eligibility, and formal reconciliation procedures of project records with the Client Connection. Currently the FM/disbursement function under the grants is carried out by the FM Consultant and the same staffing arrangement is planned under the proposed project. Under the ongoing SECO and GEF grants IFRs are submitted on-time and found to be acceptable for the Bank. The auditor (MoorE Stephens, Azerbaijan) issued unmodified (clean) opinion on the SECO and GEF Grant grant's financial statements for the FYs 2012-15 and raised no issues in the management letters. Similar audit arrangements will be adopted for the proposed project. The project audit will be conducted by independent private auditors retained by Europa Re in accordance with the terms of reference and procedures acceptable to the Bank. Audited annual project financial statements will be submitted to the Bank within six months of the end of each fiscal year and also at the closing of the project. The cost of the audit will be financed from the proceeds of the grant. Un-audited interim project management Financial Reports (IFRs) - will be used for the additional financial monitoring and supervision. The existing formats of the IFRs will be used and a full set of IFRs will be produced every 6 months throughout the life of the project. The IFRs will be submitted to the Bank by Europa Re no later than 45 days after the calendar semester end.

~~116.~~120. Europa Re will undertake the Executive role to ensure full project implementation. The Ministry of Environment, Ministry of Agriculture and Ministry of Interiors as well as target municipalities will undertake the Senior Beneficiary Role representing the interests of those who will ultimately benefit from the project. -The World Bank will undertake the Senior Supplier Role to represent the interests of the parties concerned which provide funding for technical expertise to the project. The Senior Supplier's primary function will be to provide guidance regarding the technical feasibility of the project.

Figure 19: Project Roles



~~117.~~121. Overall strategic guidance to the project will be provided by the Project Board (PB). PB will be composed of representatives from Europa Re as the Executive, Country Stakeholders as Senior Beneficiary and, World Bank as the Senior Supplier. Key national governmental and non-governmental agencies and appropriate representatives of local governments can attend the augmented PB meetings as observers as well. The PB will be balanced in terms of gender.

~~118.~~122. The Project Board will be responsible for defining the project strategy, particularly when guidance is required by the Executing Agency. It will play an important role in project monitoring and evaluation by conducting project progress reviews against the Annual Work Plan approved by Europa Re Board. The Project Board will ensure that requisite policy actions at the local and government level have been undertaken to enable smooth project implementation. It will also arbitrate on any conflicts within the project and negotiate solutions to any problems with external bodies.

~~119.~~123. To effectively execute the project, Europa Re will also establish a Project Implementation Unit, with its core technical staff based in Tirana. The PIU will closely coordinate project activities with relevant government institutions and regular consultations with other project stakeholders and partners. -Europa Re will be responsible for administrative and financial management of the project.

~~120.~~124. To achieve the project outputs and implement the project activities, Europa Re and the PIU will also be supported by national experts (from research institutes, relevant ministries, regional and local authorities, NGOs, etc.) and international consultant(s) recruited based on the approved annual plan of project activities. Europa Re will be responsible for ensuring consultants' timely deliverables and their quality contributions to the overall project outputs. The project outreach, awareness building, results dissemination and replication activities will be under the responsibility of a local PR specialist supervised by Europa Re.

~~121.~~125. Europa Re representative office in Tirana will provide office premises for the project team as well as access to its office IT infrastructure (computers, telephones, etc.), and the required expertise and services of their senior technical staff. The Ministries, central and local authorities, farmers associations, ~~–~~ and other organizations will contribute to the project by making their personnel/staff and expertise available as and when required, as well as by participating in relevant expert, seminars, workshops or management meetings and/or providing meeting/teaching/storage venues/locales as and when required.

~~122.~~126. Use of institutional logos on project deliverables: In order to accord proper acknowledgement to AF for providing funding, an AF logo will appear on all relevant AF project publications, including, among others, project hardware purchased with AF funds. Any citation on publications regarding this project will also accord proper acknowledgment to AF.

B. Describe the measures for financial and project risk management.

~~123.~~127. Financial and project risks and management response actions will be assessed on an on-going basis throughout project implementation. Main financial, project management and institutional risks, their significance and risk mitigating measures are described in Tables 8 and 10 below. World Bank support and Europa Re technical oversight of insurance work financed under the project provide sufficient assurances that the project will be effectively implemented. The overall project implementation will be managed by Europa Re, which has an established successful track record of managing similar Bank projects in the past. The company employs an experienced team of experts in areas of insurance, reinsurance, agriculture, catastrophe and weather risk modelling, actuarial, information technology, risk and financial management and other technical disciplines relevant for the project implementation.

Table 13~~: Risk scoring table~~

: Financial and project risk evaluation

Type of Risk	Risk explanation	SCORE	Rationale for the score
Project Stakeholder Risk	The development and implementation of project components requires close and effective cooperation with a spectrum of stakeholders, including, inter alia, ministerial/governmental, local governments and citizens' associations. ~~Failure of key~~ There is a potential project ~~stakeholders to properly coordinate their~~stakeholder risk linked with the coordination of stakeholders' actions in the process of project implementation. This may result in ~~the lack of adequate~~insufficient stakeholder ownership for the project. .	MODERATE	The process shall be closely monitored by the Bank during on-site supervision missions. The proposed 4 year time-frame for project implementation provides a sufficient risk buffer to build an effective stakeholder coordination mechanism. The stakeholders currently engaged are aware of the importance of the flood and climate change resilience and adaptation and have confirmed their full support for the project. In addition, building flood resilience and adaptation measures in agricultural sector, have recently become a high priority for the Albanian government and municipalities.
Operating Environment Risk	The prolonged European crisis coupled with a challenging fiscal and budgetary environment, has caused economic output to slow down since 2009. As economic growth slowed after 2008, the public debt increased from about 55 percent of GDP in 2008 to about 71 percent in 2014. However, the medium-term prospects are positive, offering a good opportunity to bolster the policy. There are some downside risks to the outlook, primarily emanating from the external environment. NPLs issues in the banking sector are key sources of domestic vulnerabilities	~~MODERATE~~LOW	Ongoing technical assistance and trainings are provided by the IMF and Bank to address the downside economic risks. In view of limited progress on NPLs, the authorities have adopted an increasingly proactive posture, including tax exemptions on written-off loans for banks. Looking toward the future, Albania is focused on supporting economic recovery and growth in a difficult external environment, broadening and sustaining the country's social gains, and reducing vulnerability to climate change. The ongoing support from the IMF and Bank appears to have contributed to improved indicators, which are recently represented through a higher S&P rating. Over medium term, the economy is expected to gradually shift away from domestic demand driven

			sources, and expand at an annual pace of 3 percent. ~~The~~
Risk of Insufficient Project Management Capacity	Adequate capacity is required to manage this technically complex project in compliance with all the Bank's and donors requirements.	LOW	The risk is low as Europa Re has already gained experience through implementation of- similar projects in other countries Albania, FYR Macedonia and Serbia and has been successfully acting as the project implementation agency for the US$ 5.5 mm GEF and US$ 4.5 SECO grants under the SEEC CRIF program, which financed the development of catastrophe insurance market infrastructure in these countries. Since 2012, Europa Re has been consistently receiving satisfactory ratings for the high quality of its financial management and procurement operations. Since 2012, Europa Re has been consistently receiving satisfactory ratings for the high quality of its financial management and procurement operations. Europa Re employs a tested cadre of procurement and financial management professionals that ensure full compliance with the Bank standards. It is envisaged that Europa Re will continue to maintain the same level of expertise and professionalism in full compliance with Bank procurement and financial management standards.
Risk of Insufficient Technical Capacity:	Numerous technical activities financed by the project require highly specialized insurance and reinsurance expertise to ensure their completion on time and to the specifications	LOW	Europa Re will build on its established track record by employing a qualified team of experts in areas of insurance, reinsurance, agriculture, catastrophe and weather risk modelling, actuarial, information technology, risk and financial management and other relevant areas pertaining to the project

Governance Risk	A proper level of governance is required due to the complex nature of the project	LOW	Europa Re has an independent professional board of directors consisting of reputable insurance/reinsurance professionals with a well-established track record in the industry and a professional highly experienced senior management team. The implementing agency's setup ensures a high level of professionalism, independence and immunity from potential pressures that may adversely affect its day-to-day operations.
Project Design Risk	A risk may arise due to insufficient understanding of specific country requirements during the design of specific project components.	LOW	Although the project is complex, the risk of flawed design is moderate. Europa Re has acquired valuable expertise and experience in designing similar projects which have been effectively implemented in other countries. Too, the project concept has been extensively discussed with stakeholders and their input duly reflected in the proposal
Risk of Delivery Monitoring & Sustainability	There is a risk of project outcomes being unsustainable upon completion of grant financing and inadequate monitoring of project outcomes.	MODERATE	The monitoring risk ~~will be reduced~~is rather low and addressed through the extensive experience of the Bank and Europa Re in its role of executing agency. However, there is risk of project sustainability, which is linked with the ongoing implementation of the project outputs by the project stakeholders. The risk may occur especially due to the lack of expertise arising from changes in the trained personnel and experts within the governmental institutions, municipalities and associations. To address the risk, the project will provide clear recommendations and training which will ensure know-how dissemination among broader groups of experts and employees. The risk will also be addressed through institutionalizing the whole cycle through the introduction of relevant ~~regulation~~regulations and structures in place to support the

			ongoing implementation of the project outcomes.
Project Financing Risk	Lack of donor funding for necessary technical work required for project implementation and public awareness campaigns pose a risk.	LOW	~~The~~ Subject to approval, the AF ~~grand~~grant will cover the full cost of main activities required for the project implementation.

~~124.~~128. To mitigate implementation risks, the executing agency will clearly define responsibilities of all project stakeholders and ensure effective cooperation towards the completion of the project on time and to the specifications. Over the course of the project, a risk log will be regularly updated in intervals of no less than every three months in which critical risks to the project will be identified. ~~Strong~~A strong political commitment from national as well as municipal authorities will limit a number of risks from materializing. Consistent involvement of a diverse set of partners, including local municipalities and community organizations, will further reduce these risks.

C. Describe the measures for environmental and social risk management, in line with the Environmental and Social Policy of the Adaptation Fund.

~~125.~~129. Based on a pre-screening against the stipulated principles in the AF ESP, the project falls in Category ~~B~~C, e.g. projects with ~~possible but limited anticipated~~no adverse environmental or social impacts. ~~All the risks analyzed in the section III B above are either low or moderate. However, the~~ Such a categorization takes into account the insurance nature of the project ~~is anticipated to produce numerous economic, social and~~ with no adverse impacts on the environmental ~~benefits (see Section II.B for a summary of such benefits). The AF ESP checklist and comments per principle are presented in Section II.K. This checklist will form part~~and ~~breaching of social policies~~ of the ~~criteria used to assess~~ Adaptation Fund. All the project ~~concepts as per the process described in Section II.A~~ components contribute to (a) raising awareness and education, (b) and building resilience against the natural disasters and climate changes without undertaking concrete activities that would negatively impact the environment. In addition, the already existing social risks related to financially and socially vulnerable groups will be vastly reduced under the project.

130. In line with the Environmental and Social Policy of the Adaptation Fund:

- The project aims to benefit marginalized and socially vulnerable groups living in the

project target areas, including women, children, the elderly, small vulnerable farmers through immediate insurance payouts following natural weather related natural disasters. Access to damage compensation for vulnerable groups will be ensured through a targeted subsidy system and / or support ~~from municipality~~under the municipal insurance coverages. Such an approach will ensure that socially vulnerable groups benefit most from the project. To this effect, from the inception a close monitoring will be established by Europa Re to ensure the involvement of vulnerable groups in the project implementation ~~from the inception.~~ .

- The project aims to ensure gender equity. Both men and women: i) are able to participate fully and equitably; ii) receive comparable social and economic benefits do not suffer disproportionate adverse effects. A prudent project management and close cooperation with local stakeholders will be established to ensure that the risk information and products are property explained to women in the role of homeowner and farmer). Specific trainings, meetings, consultations will be held with women associations, and female farmers to ensure their active participation in the project.

- The projects implemented by the World Bank fully observe the rights and responsibilities set forth in the United Nations Declaration on the Rights of Indigenous Peoples. The project will seek to enhance benefits to local and traditional communities. A close monitoring by Europa Re will ensure that these groups are involved and receive commensurate share of project benefits. Close cooperation with the governmental agencies and other relevant institutions will ensure project compliance with core labour rights as per the ILO Convent and the Labour Code in Albania. The project will also contribute to the financial wealth of communities, which indirectly translates into a better public health

- The risk of involuntary resettlement is not applicable to this project. The project has been designed to support the protection of natural habitats through development of risk maps, risk assessment guide books with recommendations relating to the protection of flood prone areas. The project will work closely with local and international consultants to ensure that all the recommendations take into account the protection of natural habitats. In particular, insurance schemes will contribute toward restoration of damaged areas close to natural habitats and removal of debris (especially those under part 2 of each proposed insurance scheme (municipality coverage). Furthermore, the project will rather

contribute toward minimizing the pollution arising from floods or other climate factors (due to immediate financing for cleaning the areas or measures taken to mitigate the pollution).

- The project has been designed to support the protection of physical and cultural heritage and support the lands and soil conservation through development of risk maps, risk assessment and guide books with risk mitigation and adaptation recommendations.

D. Describe the monitoring and evaluation arrangements and provide a budgeted M&E plan.

131. Project monitoring and evaluation (M&E) will be carried out by Europa Re in accordance with established World Bank procedures ~~and will be carried out by Europa Re~~ and verified by the local stakeholders, including the Ministry of Environment, Ministry of Interiors and Ministry of Agriculture. A comprehensive Results Framework of the project will define execution indicators for project implementation as well as the respective means of verification. A Monitoring and Evaluation system for the project will be established based on these indicators and means of verification. ~~Targeted M&E activities for the proposed project include the following:~~

~~126.~~132. A Project Inception Workshop will be conducted within two months of the project start with Europa Re project team, relevant government and local counterparts and the World Bank. The Inception Workshop is crucial to building ownership for the project results and to plan the first year annual work plan. A fundamental objective of the Inception Workshop will be to present the modalities of project implementation and execution, document stakeholders' agreement for the proposed work program arrangements, and assist the project team to understand and take ownership of the project's goals and objectives. Another key objective of the Inception Workshop is to introduce the project team which will support the project during its implementation. An Inception Workshop Report will be prepared and shared with participants to formalize various agreements decided during the meeting.

~~127.~~133. A risk log will be regularly prepared by Europa Re in intervals of no less than every six months in which critical risks to the project will be identified. Annual Project Progress Reports will be prepared to monitor progress made since project start and in particular for the previous annual reporting period. These annual reports include, but are not limited to, reporting on the following:

- Progress made toward project objective and project outcomes - each with indicators, baseline data and end-of-project targets (cumulative);
- Project outputs delivered per project Outcome (annual);
- Lessons learned/good practices;
- Annual expenditure reports;
- Reporting on project risk management.

~~128.~~134. Government authorities, Europa Re management and the World Bank staff will conduct regular field visits to project sites based on the agreed schedule in the project's Inception Report/Annual Work Plan to assess first hand project progress.

~~129.~~135. In terms of financial monitoring, the Europa Re project team will provide World Bank with annual audited financial statements of the project funds. The Audit will be conducted in accordance with the World Bank Financial Regulations and Rules and applicable audit policies for World Bank projects.

136. The project will undergo an independent Mid-Term Evaluation (MTE) at the mid-point of project implementation, which will determine the progress made toward the achievement of project outcomes. The review will also identify remedial actions, if warranted. The review will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned from project, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term.

~~130.~~137. The indicative M&E workplan and budget are set out in the table below. It should be noted that the costs included in this table have already been included in the Total project Budget.

Table 14: M & E activities

Type of M&E activity	**Responsible Parties**	**Budget US$*** *(does not include staff time)*	**Time frame**
Inception workshop	Europa Re / World Bank	$2,000	Within first two months of project start up
Inception Report	Europa Re / World Bank	None	Immediately following IW

Measurement of Means of Verification for Project Purpose Indicators	Europa Re	None	Start, mid and end of project
Measurement of Means of Verification for Project Progress and Performance (measured on an annual basis)	Europa Re		Annually prior yearly reports and to the definition of annual work plans
Monthy / quarterly reports	Europa Re	None	At the end of each month
Annual reports	Europa Re World Bank	$500	At the end of each year
Meetings of the Project Coordination Committee	Europa Re / World Bank	None	After the inception workshop and thereafter at least once a year
Technical reports	Europa Re	None	To be determined by World Bank
Mid-term external evaluation	Europa Re / World Bank	20,000	At the mid-point of project implementation
Final external evaluation	Europa Re/ World Bank	~~10~~20,000	At the end of project implementation
Final Report	Europa Re World Bank	None	At least one month before the end of the project
Publication of lessons learned	Europa Re	20,000	Yearly
Audit	Europa Re	30,000	Yearly
Supervision missions (World Bank		-2,000	Yearly

Type of M&E activity	**Responsible Parties**	**Budget US$*** *(does not include staff time)*	**Time frame**
~~staff~~Staff travel costs to be charged			
TOTAL INDICATIVE COST		**~~62,~~94.500**	

E. Include a results framework for the project proposal, including milestones, targets and indicators.

Table 15: Results framework including milestones, targets and indicators

Objective: To help the government, businesses and population in western lowlands developing adaptive capacity and embark on climate resilient economic development through sound flood and agriculture risk management policies that mitigate losses and reduce government's fiscal costs

Indicator:

Outcomes and Indicators	Baseline	Target and Milestones	Source of Verification	Outputs and Indicators
Outcome 1: Community flood risk maps developed, catastrophe insurance schemes finalized, regulation enhanced, communication systems developed and know how provided. Indicator 1.1 : Percentage of population Indicator 1.2. Percentage of population aware of and covered by flood insurance in target communities Indicator 1.3 Regulation enhanced	Communities living in flood prone areas have neither access to proper risk management systems which would timely alert them about the risks, nor to insurance coverage that would mitigate the financial impact the financial impacts of such disasters on their livelihoods and assets. Building a flood resilient infrastructure is an alternative way, but it would never substitute the role of insurance, while floods will continue to damage assets in the low-lands, regardless the preventive adaptation measures. Although the preventive adaptation work is ongoing, the costs for its development are high due to the currently under-developed infrastructure.	- Advanced flood risk assessment and maps developed for ~~6~~3 target municipalities - Insurance schemes developed for 3 target municipalities. - IT system developed to support insurance schemes - 10 trainings held with stakeholders Insurance schemes for municipalities launched – 3 municipalities covered – about 50% of beneficiaries receiving premium subsidies by the project. - Regulations revised, targeted subsidy schemes applied in 3 municipalities	Project annual reports; Mid term evaluation, final report	**Output 1.1 :** Flood risk maps provided to communities Indicator 1.1.:Percent of households accessing the maps Output 1.2: Flood insurance available to communities and municipalities Indicator 1.2: Number of municipalities insured

					Output 1.3: Regulations enhanced Indicator 1.3: Number of regulations enhanced
	Outcome 2: Sound community based agriculture insurance schemes developed to improve resilience to climate changes. Indicator 1.2. Percentage of population aware of and practicing well tested, climate resilient agricultural practices	Currently, there is no insurance coverage for agriculture in general and for adverse effects of climate change in particular. In cases of extreme weather conditions or natural disasters causing farmers to lose their crops, the government acts as an insurer of last resort by providing partial compensation payments to those farmers that sustained most damage. This approach to post-disaster compensation creates a financial burden for the public budget, results in significant delays with payments to individual farmers and often distorts economic incentives for developing climate resilient competitive agricultural sector in Albania.	- Advanced risk assessment carried out for ~~6~~ target municipalities - Insurance schemes developed for ~~6~~ target municipalities - IT configuration implemented - 10 trainings held with stakeholders - Regulations revised - Insurance schemes launched - ~~10~~60% of farmers in target communities ~~insured;~~ ~~2 target communities participate in ag~~supported by project insurance ~~scheme~~subsidies.	Project annual reports; Mid term evaluation, final report;	Output 2.1 Agriculture risk assessment made available to farmers Indicator 2.1: Number of recommendations provided and percentage of farmers receiving them Output 2.2: Farmers and municipal access to agriculture insurance realized Indicator 2,2: Percentage of farmers and number of municipalities insured Output 2.3: Regulations enhanced Indicator 2.3: Number of regulations revised Indicator 3.3. Number of test simulations

				carried out with communities
Outcome 3: Knowledge management and awareness raising Outcome 3.1: Percentage of households trained on flood risk and insurance Indicator 3.1. Number of farmers trained on climate adaptation to agriculture Indicator 3.3: Number of communities participating in simulation exercises Indicator 3.4: Number of publications and media coverages, social media coverage	Communities living in target areas have neither access to proper risk management systems nor are they properly informed on the risk mitigation alternatives and the role of insurance to build climate resilience. The social activities and media do not provide for sufficient coverage of the climate adaptation topics.	- 10 percent of households in 3 target communities trained - 15 percent of farmers in target areas trained - 10 percent of households participating in simulation exercises 10 percent of farmers registered in the risk awareness tools. - 10 publications and 20 media coverages	Project annual reports; Mid term evaluation, final report, test simulation	Output 3.1 Know how transferred and flood risk awareness raised Indicator3.1: Percent of households insured Output 3.2: Know how transferred and insurance awareness raised for farmers in target area Indicator 3.2: Percentage of farmers insured Output 3.3: Simulation results and lessons learned shared with communities Indicator 3.3: Percentage of households participated in simulation tests Output 3.4: Climate adaptation awareness raised Indicator 3.4: Percentage of people participating in social media networks

F. Demonstrate how the project aligns with the Results Framework of the Adaptation Fund

Any project or programme funded through the Adaptation Fund (AF) must align with the Fund's results framework and directly contribute to the Fund's overall objective and outcomes outlined. Not every project/programme outcome will align directly with the Fund's framework but at least one outcome and output indicator from the Adaptation Fund's Strategic Results Framework must be included at the project design stage.

Alignment of Project Objectives/Outcomes with Adaptation Fund Results Framework

Table 16: Alignment with Adaptation Fund Results Framework

Project Objective(s)	Project Objective Indicator(s)	Fund Outcome	Fund Outcome Indicator	Grant Amount (USD)
Adaptive capacity increased through development of ~~flood risk management and implementation of~~ community-based flood insurance schemes	Percentage of households in target area protected through adaptation measures	Outcome 2: Strengthened institutional capacity to reduce risks associated with climate-induced socioeconomic & environmental losses	~~2.2 No. of people with reduced risk to extreme weather events~~2.1. Capacity of staff to respond to, and mitigate impacts of, climate-related events from targeted institutions increased	525,000
Climate resilient practices of agricultural risk management (insurance	Number of communities with climate resilient practices adopted and	Outcome 2: Strengthened institutional capacity to	~~2.2 No. of people with reduced risk to extreme~~	525,000

schemes) developed to reduce vulnerability of highly exposed agricultural communities	~~percentahe~~percentage of farmers protected	reduce risks associated with climate-induced socioeconomic & environmental losses	~~weather events~~2.1. Capacity of staff to respond to, and mitigate impacts of, climate-related events from targeted institutions increased	
		Outcome 3: Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level	3.1. Percentage of targeted population aware of predicted adverse impacts of climate change, and of appropriate responses 3.2. Percentage of targeted population applying appropriate adaptation responses	
Project Outcome(s)	**Project Outcome Indicator(s)**	**Fund Output**	**Fund Output Indicator**	
Flood risk assessed and community flood risk maps developed	Percentage of population benefiting of climate-related planning and policy frameworks	Output 2.2: Targeted population groups covered by	2.21. Percentage of population covered by adequate risk-	320,000

		adequate risk reduction systems	reduction systems	
Adaptive capacity increased through development of flood risk management and implementation of community-based flood insurance schemes Climate resilient practices of agricultural risk management developed to reduce vulnerability of highly exposed agricultural communities	Percentage of households and farmers benefiting of flood and agriculture insurance	***Output 6:*** Targeted individual and community livelihood strategies strengthened in relation to climate change impacts, including variability	6.1 Percentage of households and communities having more secure (increased access to livelihood assets.	~~1,050,~~2.000.0000

G. Include a detailed budget with budget notes, a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.

Table 17: Project Implementation ~~Gant~~Grant Chart

	YR 1				YR 2				YR 3				YR 4				Total Budget USD
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
COMPONENT 1: Adaptive capacity of western lowlands communities through flood risk management and introduction of sound mitigation alternatives																	
Component 1.1 Risk analysis and assessment carried out based on the flood hazard risk model and further on site work	~~525~~325,000				-200,000												**525,000**
Component 1.2 Community flood risk maps developed for adaptation and risk mitigation purposes.	~~130,000~~				~~130~~160,000				~~60~~160,000								**320,000**
Component 1.3 Community-based catastrophe insurance schemes tailored for target areas					262,500				262,500								**525,000**
Component 1.4 Flood insurance subsidies	-	-	-	-	-	-	-	-	-	-	100,000		500,000				**600,000**
Component 1.~~4~~5 Technical assistance provided for the review of relevant regulations supporting effective implementation of community insurance schemes									~~130,000~~		-60,000		-50,000				**~~130~~110,000**
SUBTOTAL 1	**~~655~~325,000**				**~~392~~622,500**				**~~452~~582,500**				**~~0~~550,000**				**~~1,500~~2,080,000**

COMPONENT 2: Expanded farmer outreach and ensured financial and management sustainability					
Component 2.1 Risk analysis carried to assess weather and climate change impact over the main agricultural products cultivated in target areas	~~340~~500,000	~~250,000~~			**~~590~~500,000**
Component 2.2 Community based agriculture insurance schemes to mitigate the financial impact of climate risks to agriculture production and environment	~~325~~300,000	~~245~~300,000	~~80,000~~		**~~650~~600,000**
Component 2.3 Agriculture insurance subsidies			800,000	600,000	**1,400,000**
Component 2.~~3~~4 Technical assistance provided for the review and amendment of relevant regulations supporting effective implementation of agriculture insurance through effective insurance subsidies		~~160~~120,000			**~~160~~120,000**
SUBTOTAL 2	**~~340~~800,000**	**~~575~~420,000**	**~~405~~800,000**	**~~80~~600,000**	**~~1,400~~2,620,000**

COMPONENT 3: Knowledge management and awareness raising						
Component 3.1 Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector on mitigation analysis and related policies and vulnerability			~~85,000~~	-80,000		**~~85~~80,000**
Component 3.2 Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector and farmers on the adaptive measures and agricultural insurance			55,000	~~130~~55,000		**~~130~~110,000**
Component 3.3 Simulation exercises and specific learning sessions with vulnerable groups			40,000	~~85~~40,000		**~~85~~80,000**
Component 3.4 Media coverage, social media and publications used to disseminate project results				40,000		**40,000**
SUBTOTAL 3	**0**	**0**	**~~85~~95,000**	**~~255~~215,000**		**~~340~~310,000**
MIE Fee for services	**~~127,500~~116,250**	**~~127,500~~116,250**	**~~127,500~~116,250**	**~~127,500~~116,250**		**~~510,00~~465,000**

Execution Costs	~~62,500~~190,000	~~62,500~~150,000	~~62,500~~120,000	~~62,500~~65,000	~~250~~525,000
GRAND Total	1,~~185,000~~431,250	1,~~157,500~~308,750	1,~~132,500~~713,750	~~525,000~~1,546,250	~~46~~,000,000

Table 18: Detailed budget and budget notes

Award ID	
Project ID	
Business Unit	
Project Title	DEVELOPING CLIMATE RESILIENT AGRICULTURE AND FLOOD MANAGEMENT IN ALBANIAN WESTERN LOWLANDS
Implementing Partner	Ministry of Environment, Albania

~~0~~

Project Outcome/Atlas Activity	Implementing Agent	Donor Name	Budget Description	Total USD	YR 1	YR 2	YR 3	YR 4	Budget
OUTCOME 1: Adaptive capacity of western lowlands communities through flood risk management and introduction of sound mitigation alternatives									
Output 1.1 Risk analysis and assessment carried out based on the flood hazard risk model and further on site work	Europa RE	**ADAPTATION FUND**	International experts	~~262~~195,000	~~262~~105,000	90,000-			1
			Survey Sub-contractors	~~100~~106,000	~~100~~66,000	-40,000			2
			Local experts	~~41,500~~43,000	~~41,500~~23,000	-20,000			3
			Travel	~~18,500~~17,000	9,000~~18,500~~	-8,000			4

		Field and survey equipment	~~100~~160,000	~~100~~120,000	-40,000			5
		Miscellaneous	~~3~~4,000	~~3~~2,000	-2,000			6
		Subtotal Output 1.1	**525,000**	**~~525~~325,000**	**~~0~~200,000**	**0**	**0**	
Output 1.2 Community flood risk maps developed for adaptation and risk mitigation purposes	Europa RE	International experts	~~185~~187,000	~~90,000~~	~~80~~95,000	~~15~~92,000		7
		Local experts	57,~~000~~500	~~35,000~~	~~13,000~~29,500	~~9~~28,000		8
		Stakeholders' consultations	~~19,000~~18,500		~~11~~12,000	~~8,000~~6,500		9
		Travel	10,000	~~4,000~~	~~3~~7,000	3,000		10
		Printing and publication (incl. web options)	~~46~~44,000		~~22~~15,000	~~24~~29,000		11
		Miscellaneous	3,000	~~1,000~~	1,~~000~~500	1,~~000~~500		12
		Subtotal Output 1.2	**320,000**	**~~130,000~~0**	**~~130~~160,000**	**~~60~~160,000**	**0**	
Output 1.3 Community-based catastrophe insurance schemes tailored for target areas	Europa RE	International experts	230,000		115,000	115,000		13
		Local experts	109,000		57,000	52,000		14
		Underwriting infrastructure	148,000		71,500	76,500		15
		Consultation with local stakeholders	19,000		9,500	9,500		16
		Travel	17,000		8,500	8,500		17
		Miscellaneous	2,000		1,000	1000		18
		Subtotal Output 1.3	**525,000**		**262,500**	**262,500**	**0**	
Output 1.4 Flood insurance subsidies	Europa RE	**Subtotal Output 1.4**	**600,000**			**100,000**	**500,000**	
Output 1.~~4~~5 Technical assistance provided for the review of relevant	Europa RE	International Experts	**~~68~~47,000**			~~68~~25,000	-22,000	19
		Local experts	**~~40~~41,000**			~~40~~23,000	-18,000	20
		Stakeholders' consultations	**~~13~~12,000**			~~13~~7,000	-5,000	21

regulations supporting effective implementation of community insurance schemes			Travel	~~7,500~~8,000			~~7,500~~4,000	~~-~~4,000	22
			Miscellaneous	~~1,500~~2,000			1,~~500~~000	~~-~~1,000	23
			Subtotal Output 1.~~4~~5	**~~130~~110,000**	**0**	**0**	**~~130~~60,000**	**~~0~~50000**	
OUTCOME 2: Expanded farmer outreach and ensured financial and management sustainability									
Output 2.1 Risk analysis carried to assess weather and climate change impact over the main agricultural products cultivated in target areas	Europa RE		International experts	**~~330~~270,000**	~~175~~270,000	~~155,000~~			24
			Local experts	**~~108~~100,000**	~~65~~100,000	~~43,000~~			25
			Travel	**~~30~~20,000**	~~15~~20,000	~~15,000~~			26
			Field and survey equipment	**~~82~~70,000**	~~82~~70,000				27
			Printing and publication	**~~33,500~~34,000**	-34,000	~~33,500~~			28
			Miscellaneous	**6,~~500~~000**	~~3~~6,000	~~3,500~~			29
			Subtotal Output 2.1	**~~590~~500,000**	**~~340~~500,000**	**~~250,000~~0**	**0**	**0**	
Output 2.2 Community based agriculture insurance schemes to mitigate the financial impact of climate risks to agriculture production and environment	Europa RE	**ADAPTATION FUND**	International experts	**~~361~~330,000**	-165,000	~~236~~165,000	~~120,000~~	~~5,000~~	30
			Local experts	**~~95~~99,000**	-49,500	~~57,000~~49,500	~~35,000~~	~~3,000~~	31
			Underwriting infrastructure	**~~124~~115,000**	-57,500	-57,500	~~80,000~~	~~44,000~~	32
			Consultation with local stakeholders	**~~36~~25,000**	-12,500	~~18,000~~12,500		~~18,000~~	33
			Travel	**~~27~~25,000**	-12,500	12,500~~9,000~~	~~9,000~~	~~9,000~~	34
			Miscellaneous	**~~7~~6,000**	-3,000	~~5~~3,000	~~1,000~~	~~1,000~~	35
-	-		Subtotal Output 2.2	600,000	300,000	300,000	0	0	-
-	-		-	-	-	-	-	-	-
-Output 2.3 Agriculture insurance subsidies	-Europa RE		**Subtotal Output 2.~~2~~3**	**~~650~~1,400,000**		**~~325,000~~**	**~~245~~800,000**	**~~80~~600,000**	
Output 2.~~3~~4 Technical assistance provided for the review and amendment of relevant regulations supporting effective implementation of agriculture insurance	Europa RE		International Experts	~~86~~50,000		-50,000	~~86,000~~		36
			Local experts	~~48~~44,400		-44,400	~~48,400~~		37
			Consultation with local stakeholders	16,000		-16,000	~~16,000~~		38
			Travel	8,000		-8,000	~~8,000~~		39
			Miscellaneous	1,600		-1,600	~~1,600~~		40
			Subtotal Output 2.~~3~~4	**~~160~~120,000**	**0**	**~~0~~120,000**	**~~160,000~~0**	**0**	

through effective insurance subsidies									
OUTCOME 3: Capacity building									
Output 3.1 Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector on mitigation analysis and related policies and vulnerability	Europa RE	**ADAPTATION FUND**	International experts	**~~29~~22,000**			**~~29,000~~**	-22,000	41
			Local experts	**~~4~~6,000**			**~~4,000~~**	-6,000	42
			Printing and publication	**17,500**			**~~17,500~~**	-17,500	43
			Web and media publications	**17,500**			**~~17,500~~**	-17,500	44
			Equipment & Facilities	**8,000**			**~~8,000~~**	-8,000	45
			Travel	**8,000**			**~~8,000~~**	-8,000	46
			Miscellaneous	**1,000**			**~~1,000~~**	-1,000	47
			Subtotal Output 3.1	**~~85~~80,000**	**0**	**0**	**~~85,000~~0**	**~~0~~80,000**	
Output 3.2 Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector and farmers on the adaptive measures and agricultural insurance	Europa RE		International experts	**~~42~~35,000**			-17,500	**~~42,000~~**17,500	48
			Local experts	**9,500**			-4,750	**~~9,500~~**4,750	49
			Printing and publication (incl. web options)	**~~58~~45,000**			-22,500	**~~58,000~~**22,500	50
			Equipment & Facilities	**9,500**			-4,750	**~~9,500~~**4,750	51
			Travel	**9,500**			-4,750	**~~9,500~~**4,750	52
			Miscellaneous	**1,500**			-750	**~~1,500~~**750	53
			Subtotal Output 3.2	**~~130~~110,000**	**0**	**0**	**~~0~~**55,000	**~~130~~55,000**	
-	-		-	-	-	-	-	-	-
Output 3.3 Simulation exercises and specific learning sessions with vulnerable groups	Europa RE		International experts	**~~35~~31,000**			-15,500	**~~35,000~~**15,500	54
			Local experts	**4,000**			-2,000	**~~4~~**2,000	55
			Printing and publication	**~~26~~25,000**			-12,500	**~~26,000~~**12,500	56
			Web publicity & promotion costs	**8,000**			-4,000	**~~8~~**4,000	57
			Travel	**8,000**			-4,000	**~~8~~**4,000	58
			Miscellaneous	**4,000**			-2,000	**~~4~~**2,000	59
			Subtotal Output 3.3	**~~85~~80,000**	**0**	**0**	**~~0~~**40,000	**~~85000~~**40,000	
Component 3.4 Media coverage, social media	Europa RE		Costs associated with local experts	**5,000**				5,000	60
			Printing and publication	**26,000**				26,000	61

and publications used to disseminate project results			Web publicity & promotion costs	**7,000**				7,000	62
			Travel	**1,000**				1,000	63
			Miscellaneous	**1,000**				1,000	64
			Subtotal Output 3.4	**40,000**	**0**	**0**	**0**	**40,000**	
Project									
Project Execution Costs	Europa RE	**ADAPTATION FUND**	PIU employment	~~101~~220,000	~~25~~76,000	~~26~~65,000	~~33~~62,000	17,000	65
			Local staff employment	~~57,400~~133,500	~~14,800~~47,000	~~14,800~~42,000	~~14,800~~31,000	13,~~000~~500	66
			Logistics and ~~equipment's~~equipments	~~19,400~~50,450	~~14,750~~43,400	~~1,550~~3,400	~~1,550~~2,100	1,550	67
			Project Inception Workshop	9,000~~3,100~~	9,000~~3,100~~	0	0	0	68
			Project Evaluation & Audits	~~35~~49,300	0	~~14~~26,300	0	~~21~~23,000	69
			Project Board meetings	~~7,250~~16,000	~~1,250~~3,800	~~1,900~~4,500	~~2,400~~6,000	1,700	70
			Field visits	~~9,550~~15,400	~~1,300~~3,900	~~1,400~~3,600	~~3,450~~4,500	3,400	71
			Technical report costs	~~12,350~~21,700	~~1,300~~3,900	~~1,350~~3,200	~~6,100~~11,000	3,600	72
			Miscellaneous	~~4~~9,650	~~1~~3,000	~~1,200~~2,000	~~1,200~~3,400	1,250	73
			Subtotal Project Management	**~~250~~525,000**	**~~62,500~~190,000**	**~~62,500~~150,000**	**~~62,500~~120,000**	**~~62,500~~65,000**	
			Subtotal Project Program	**~~250~~525,000**	**~~62,500~~190,000**	**~~62,500~~150,000**	**~~62,500~~120,000**	**~~62500~~65000**	
TOTAL Project Implementation Costs				**~~3,490~~5,535,000**	**1,~~057,500~~315,000**	**1,~~030,000~~192,500**	**1,~~005,000~~597,500**	**~~397,500~~1,430,000**	
MIE fee for services ~~(covers Europa Re management expenses)~~				**~~510~~465,000**	**~~127,500~~116,250**	**~~127,500~~116,250**	**~~127,500~~116,250**	**~~127,500~~116,250**	
GRAND TOTAL				**~~46~~,000,000**	**1,~~185,000~~431,250**	**1,~~157,500~~308,750**	**1,~~132,500~~713,750**	**~~525,000~~1,546,250**	

Budged notes:

1 International Expert (40 staff month) to provide expertise and technical assistance in inundation modelling and mapping

2 Costs of field surveys sub-contractors related to

3 Local experts to cooperate with international experts through on-site verifications and flood risk assessment

4 Travel associated with conducted site surveys

5 Purchase of field survey equipment

Miscellaneous costs associated with implementation of the activity

International Expert (30 staff month) to provide expertise and technical assistance in inundation modelling and mapping

National experts to provide expertise and technical assistance in ~~inudnation~~inundation modelling and mapping

Costs associated with undertaking stakeholder consultations, including holding workshops

Travel associated with workshops and site visits

Costs of printing and publications associated with producing flood risk maps for areas of interest

Miscellaneous costs associated with implementation of the activity

International experts (35 staff month) to design, develop and price insurance products

Local experts to cooperate with international experts in developing insurance programs

Software and hardware costs (incl. compliance with licensing requirements)

Costs associated with undertaking stakeholder consultations on flood risk maps, including holding workshops

Travel associated with workshops and site visits

Miscellaneous costs associated with implementation of the activity

International experts (10 staff month) to design, develop and price insurance products

Local legal experts to cooperate with international experts

Costs associated with undertaking stakeholder consultations, including holding workshops

Travel associated with workshops and site visits

Miscellaneous costs associated with implementation of the activity

International experts (8 staff month) to design, develop and price insurance products

Local legal experts to cooperate with international experts

Costs associated with printng and publication of training and promotion materials

Costs associated with web and media publications

Travel associated with workshops and site visits

Miscellaneous costs associated with implementation of the activity

International experts (45 staff month) to design, develop and price insurance products

Local legal experts to cooperate with international experts

Costs associated with IT infrastructure supporting insurance

Costs related to consultations with stakeholders

Travel associated with workshops and site visits

Miscellaneous costs associated with implementation of the activity

International experts (15 staff month) to design, develop and price insurance products

Local legal experts to cooperate with international experts

Costs related to consultations with stakeholders

Travel associated with workshops and site visits

Miscellaneous costs associated with implementation of the activity

International experts (3 staff month) to design, develop and price insurance products

42 Local legal experts to cooperate with international experts

43 Costs associated with printng and publication of training and promotion materials

44 Costs associated with web and media publications

45 Costs associated with equipments and access to workshop facilities

46 Travel associated with workshops and site visits

47 Miscellaneous costs associated with implementation of the activity

48 International experts (10 staff month) to design, develop and price insurance products

49 Local legal experts to cooperate with international experts

50 Costs associated with pringing and publication of training and promotion materials (incl. web alternatives)

51 Costs associated with accession of facilities and equipments

52 Travel associated with workshops and site visits

53 Miscellaneous costs associated with implementation of the activity

54 International experts (5 staff month) to design, develop and price insurance products

55 Local legal experts to cooperate with international experts

56 Costs associated with printing and publications

57 Costs associated with web publicity

58 Travel connected with activities to raise awareness

59 Miscellaneous costs associated with implementation of the activity

60 Local marketing and media experts

61 Costs associated with printing and publications

62 Costs associated with web publicity

63 Travel connected with activities to raise awareness

64 Miscellaneous costs associated with implementation of the activity

65 Costs associated with PIU employment

66 Costs associated with additional local staff employment

67 Costs related to logistics and equipments used by local staff (invl. Computers, supplies, communication,

68 Costs associated with inception workshop

69 Costs asociated with mid-term and final project evaluation and audits

70 Costs associated with board meetings

71 Cost associated to field visits

72 Costs associated with reports for boards and stakeholders

73 Miscellaneous costs related to project execution

Table 19: Breakdown of project execution costs

Cost Item	Year 1	Year 2	Year 3	Year 4	AF (USD)
Project Implementation Unit Salary (3 local staff)	~~25~~76,000	~~26~~65,000	~~33~~62,000	17,000	~~101~~220,000
Field Coordinator Salary	~~7,300~~22,000	~~7,300~~17,000	~~7,300~~15,000	6,000	~~27,900~~60,000
Local Project Admin / Finance Salary	~~7,500~~25,000	~~7,500~~25,000	~~7,500~~16,000	7,~~000~~500	~~29~~73,500
Country logistics & ~~Equipment's~~Equipments	~~9,200~~26,000				~~9,200~~26,000
IT equipment	~~4~~12,000				~~4~~12,000
Communications	~~600~~1,800	1,400~~600~~	~~600~~1,100	600	~~2,400~~4,900
Supplies	~~950~~3,600	~~950~~2,000	~~950~~1,000	950	~~3,800~~7,550
Miscellaneous	~~1~~3,000	~~1,200~~2,000	~~1,200~~3,400	1,250	~~4~~9,650
Project Inception Workshop	~~3,100~~9,000				~~3,100~~9,000
Project Board Meetings	~~1,250~~3,800	~~1,900~~4,500	~~2,400~~6,000	1,700	~~7,250~~16,000
Mid-term project evaluation		~~12,500~~22,000			~~12,500~~22,000
Final Evaluation				~~19,500~~21,000	~~19,500~~21,000
Visits to Field Sites	~~1,300~~3,900	3,600~~1,400~~	~~3,450~~4,500	3,400	~~9,550~~15,400
Technical Reports	~~1,300~~3,900	~~1,350~~3,200	~~6,100~~11,000	3,600	~~12,350~~21,700
Audits		~~1,800~~4,300		~~1,500~~2,000	~~3~~6,300
TOTAL	**~~62,500~~190,000**	**~~62,500~~150,000**	**~~62,500~~120,000**	**~~62,500~~65,000**	**~~250~~525,000**

Table 20: Implementing Entity Fee Use

Category	Indicative Services provided by IE	Estimated Cost of Providing Services
Identification, Sourcing and Screening of Ideas	Provide information on substantive issues in adaptation associated with the purpose of the Adaptation Fund (AF). Engage in upstream policy dialogue related to a potential application to the AF. Verify soundness and potential eligibility of identified idea for AF.	~~14,875~~23,250

Feasibility Assessment / Due Diligence Review	Provide up-front guidance on converting general idea into a feasible project/programme. Source technical expertise in line with the scope of the project/programme. Verify technical reports and project conceptualization. Provide detailed screening against technical, financial, social and risk criteria and provide statement of likely eligibility against AF requirements. Determination of execution modality and local capacity assessment of the national executing entity. Assist in identifying technical partners. Validate partner technical abilities. Obtain clearances from AF.	~~44,628~~70,000
Development & Preparation	Provide technical support, backstopping and troubleshooting to convert the idea into a technically feasible and operationally viable project/programme. Source technical expertise in line with the scope of the project/programme needs. Verify technical reports and project conceptualization. Verify technical soundness, quality of preparation, and match with AF expectations. Negotiate and obtain clearances by AF. Respond to information requests, arrange revisions etc.	~~59,500~~92,000

Implementation	Technical support in preparing TORs and verifying expertise for technical positions. Provide technical and operational guidance project teams. ~~Procure all project activities~~ Ensure timely expense monitoring and disbursement of project funds Verification of technical validity / match with AF expectations of inception report. Provide technical information as needed to facilitate implementation of the project activities. Provide advisory services as required. Provide technical support, participation as necessary during project activities. Provide troubleshooting support if needed. Provide support and oversight missions as necessary. Provide technical monitoring, progress monitoring, and validation and quality assurance throughout. Allocate and monitor Annual Spending Limits based on agreed work plans. Receipt, allocation and reporting to the AFB of financial resources. Oversight and monitoring of AF funds. Return unspent funds to AF. Evaluation and Reporting Provide technical support in preparing	~~346,369~~210,000
Evaluation and Reporting	Provide technical support in preparing TOR and verify expertise for technical positions involving evaluation and reporting. Participate in briefing / debriefing. Verify technical validity / match with AF expectations of all evaluation and other reports Undertake technical analysis, validate results, compile lessons. Disseminate technical findings	~~44,628~~69,750
TOTAL		**465,000**

H. Include a disbursement schedule with time-bound milestones.

Table 21: Disbursement schedule with time-bound milestones

	1st disbursement - upon agreement signature	2nd disbursement	3rd disbursement	4th disbursement	Total
Scheduled Date	**30-Apr-16**	**30-Jul-17**	**30-Jul-18**	**30-Jul-19**	
Project Funds (USD)	1,~~057,500~~315,000	1,~~030,000~~192,500	1,~~005,000~~597,500	~~397,500~~1,430,000	**~~3,490~~5,535,000**
Implementing Entity Fee (USD)	~~127,500~~116,250	~~127,500~~116,250	~~127,500~~116,250	~~127,500~~116,250	**~~510~~465,000**
Total	**1,~~185,000~~431,250**	**1,~~157,500~~308,750**	**1,~~132,500~~713,750**	**~~525,000~~1,546,250**	**46,000,000**

PART IV: ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE IMPLEMENTING AGENCY

A. Record of endorsement on behalf of the government[14]

Provide the name and position of the government official and indicate date of endorsement. If this is a regional project/programme, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project/programme proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/programme:

Ms. Ardiana Sokoli Director of the Department of EU Integration and Projects coordination, at the Ministry of Environment Designated Authority for the Adaptation Fund (Albania)	Date of endorsement: ~~August 26th 2015.~~ January 28th 2016. Endorsement letter signed by the Minister of Environment is attached to the proposal.

6. Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

REPUBLIC OF ALBANIA
MINISTRY OF ENVIRONMENT
MINISTER
Address: *Blvd. Zhan D'Ark, No.23, Tirana, , www.moe.gov.al*

Letter of Endorsement

Prot. No. 654 28 January, 2016

To: **The Adaptation Fund Board**
c/o Adaptation Fund Board Secretariat
Email: Secretariat@Adaptation-Fund.org
Fax: 202 522 3240/5

Subject: Endorsement for Proposed Project on Developing Climate Resilient Agriculture and Flood Management in the Albanian Western Lowlands

In my capacity as designated authority for the Adaptation Fund in Albania, I confirm that the above national project proposal is in accordance with the government's national priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in Albania.

Accordingly, I am pleased to endorse the above project proposal with support from the Adaptation Fund. If approved, the project will be implemented by the World Bank and executed by Europa Reinsurance Facility (Europa Re).

Sincerely,

REPUBLIKA E SHQIPERISE MINISTRIA E MJEDISIT TIRANE

Lefter KOKA

MINISTER

B. Implementing Entity certification

Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project contact person's name, telephone number and email address

<table>
<tr><td colspan="2">I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans and subject to the approval by the Adaptation Fund Board, commit to implementing the project in compliance with the Environmental and Social Policy of the Adaptation Fund and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project.</td></tr>
<tr><td colspan="2">
Eugene N. Gurenko, Lead Financial Sector Specialist and Project Task Team Leader, GFMDR, World Bank (egurenko@worldbank.org); Signed on ~~1 11~~02 10 2016.
Implementing Entity Coordinator</td></tr>
<tr><td>Date: ~~01 11~~02 10 2016</td><td>Tel.: 001-2024585414</td></tr>
<tr><td colspan="2">Project Contact Person: Eugene Gurenko</td></tr>
<tr><td colspan="2">Email:egurenko@worldbank.org</td></tr>
</table>