AFB/PPRC.17/20
18 September 2015

Adaptation Fund Board
Project and Programme Review Committee
Seventeenth Meeting
Bonn, Germany, 6-7 October 2015

Agenda Item 6 o)

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 first submission of the proposal. It was received by the secretariat in time to be considered in the twenty-sixth 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.

11. 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.

12. The secretariat is submitting to the PPRC the summary and, pursuant to decision B.17/15, the final technical review of the project, both prepared by the secretariat, along with the final submission of the proposal in the following section. In accordance with decision B.25.15, 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 410,000
Total Project/Programme Cost: USD 5,810,000
Implementing Fee: USD 493,850
Financing Requested: USD 6,303,850

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 sound mitigation alternatives (USD 2,300,000)

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, it may be proposed that the local governments initially co-finance the premiums by further requiring the community to take measures. 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 1,700,000)

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.

Component 3: Early warning systems to improve adaptive capacity and support insurance schemes (USD 1,000,000)

The development of comprehensive early warning systems is crucial to improve adaptive capacity against floods and climate risks and further support the proper implementation of community-based insurance schemes covering against flood and climate risks in agriculture. As an important step towards improved observation and forecasting capacity, the project proposes the development of a comprehensive flood early warning, monitoring and communication system in target areas. The approach under this component is based on a physical reality: floods can be forecasted in real time, while, for many other related hazards (flash floods, mudflows, landslides) the risk can be assessed but the occurrence time remains unknown). Improving flood early warning system however will offer a solid ground for future integrated warning platforms as further advancements in forecasting emerge. Once the system is developed and protocols are clearly defined, it will then have to be administered and maintained centrally by a governmental agency. Early warning awareness and training workshops with 'on terrain simulations' will also be provided under the project for communities and government institutions.

Component 4: Knowledge management and awareness raising (USD 400,000)

While the rural communities in Albania may be aware of increasing climate variability which is negatively affecting agricultural production and people's livelihoods, there is little awareness and knowledge how to move towards climate resilient solutions. To help address this barrier, and in order to help ensure cost effectiveness and the sustainability of the activities put in place by the project / programme under the first three components, the project will also operate an applied knowledge management exercise in parallel to the rest of the project, based on an inventory of known successful practices having adaptive value, based on both domestic and international sources. The project will then continue to monitor and evaluate throughout the course of implementation, and through this component capture, analyze and disseminate good practice from the project itself. Another critical barrier relates to the absence of government policy or financial incentives for the large scale adoption of successfully tested measures with strong adaptation value. The project will undertake a comprehensive review of lessons (including, where possible, on the financial and economic costs and benefits of the activities over various timeframes and scales) and will partner with key knowledge organizations such as IGEWE or University of Agriculture and others.

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): **6,303,850**
Reviewer and contact person: **Daouda Ndiaye**
Co-reviewer(s): **Saliha Dobardzic**
IE Contact Person: **Eugene Gurenko**

Review Criteria	Questions	Comments made on 23 August 2015	Comments made on 13 September 2015
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?	No.	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 concretely provide early warning support to beneficiaries, 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 and management policies, developing early warnings and "concrete adaptation actions" will support Albania to take steps towards long term resilience of the most vulnerable communities, fundamental to climate resilient flood management and agricultural development. However, the proposal falls short of providing the minimum of details requested even at the concept stage. **CR1:** Please comprehensively review and revise the information in light of the requirements on the level of detail, explained in the Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund, Annex 4, Part 2: Instructions for Preparing a Request for Project or Programme Funding from the Adaptation Fund" Although a holistic approach is proposed, in order to address the issues of flood in lowland Albania, the proposal is very vague about the target municipalities or target sites or communities. **CR2** Although the rationale for flood risks prevention is clear, the climate risks or threats to agriculture in lowland areas are not explained. **CR3** The community-based (municipality?) insurance schemes are not explained and their "concreteness" not demonstrated. **CR4**. The outputs, solutions and infrastructure developed through the SEEC CRIF project are not explained. **CR5**.	**CR1**: Addressed. **CR2:** Addressed. **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. **CR4**: Addressed. However some key operational details will be finalized only after the project is approved, including information on which community members will participate in the schemes and purchase policies, the category of risks to be insured etc. **CR5:** 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?	Not adequately demonstrated. While the project argues that community-based insurance would ensure inclusion of some of the most vulnerable members of the society, this is not sufficiently elaborated in the proposal. **CR6** In particular, it is not clear how the determination was made that no further assessment is required for compliance with environmental and social principles 1-7, in particular. **CR7** The proposal should provide additional information on how the community insurance will work inclusively, how the most vulnerable members of the community would benefit, and the full reasoning behind the determination that no further assessments are required for compliance with the environmental and social principles. **CR8**	**CR6**: Partially addressed. How the most vulnerable communities will benefit from the insurance schemes is not explained. **CR7**: **CR8**: same comment as CR6.
	4. Is the project / programme cost effective?	Yes, if compared with same project without Europa Re's involvement. However, the information provided is insufficient to make a determination whether this approach is the most cost-effective one. The proposal does not 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, diversified livelihoods, etc. **CR9** The proposal should explain fully, in the context of alternative scenarios, why this approach is the most cost effective. Please provide, where possible, sources for any figures. Please ensure that the notes provided in the cost effectiveness table are consistent with the figures presented, specifically items 5, 7, and 10. **CR10**	**CR9**: Not demonstrated. **CR10**: Not addressed.

	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??	Not clear. The WB standards are described at length in the proposal, which are different from the national standards. **CR11**	CR11: Addressed.
	7. Is there duplication of project / programme with other funding sources?	The project will seek synergy and complementarity with some relevant existing projects. However, the proposal should provide further clarifications concerning the relationship between the Catastrophe Risk Insurance Facility regional project, implemented in Albania, and other relevant initiatives, with the proposed project. **CR12**	CR12: Addressed.
	8. Does the project / programme have a learning and knowledge management component to capture and feedback lessons?	No. such activities are not described under the project components. It is mandatory for AF projects to have at least one output on knowledge management. **CAR1**	CAR1: Addressed.

	9. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations?	Not demonstrated. There is no information provided showing that a minimum of consultation has taken place. Please provide further information. **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 by 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. The consultation process must be documented. Also, there is no clarity on whether local governments and local communities are the same.
	10. Is the requested financing justified on the basis of full cost of adaptation reasoning?	Yes. However the adaptation reasoning of the insurance schemes is yet to be demonstrated. **CR14**	**CR14**: partially addressed.
	11. Is the project / program aligned with AF's results framework?	Yes. However while the project appears to be broadly in line with the AF objectives the Fund Output indicators provided are not correct. Please use the AF RBM framework to more fully demonstrate alignment with the results framework for this project. **CR15**	**CR15**: Addressed.
	12. Has the sustainability of the project/programme outcomes	No. The project acknowledges the risk of unsustainable outcomes, but does not specify in sufficient detail what the main determinants of this risk are, and how to manage it,	**CR16**: Not adequately addressed.

	been taken into account when designing the project?	beyond the mention that the risk would be avoided by working with the government to introduce regulations and structures. **CR16** More generally, the way the design of the project outcomes has taken into account their sustainability needs to be further demonstrated, referring to specific activities of the project that would ensure sustainability. **CR17**	**CR17**: Partially addressed. Further demonstration required.
	13. Does the project / programme provide an overview of environmental and social impacts / risks identified?	Not adequately assessed. According to the proponent no further assessment is required. The project's estimated category is not provided. A more comprehensive analysis is expected for a fully developed proposal. **CAR2** **CAR3:** The proposal should state the category in which the screening process has classified the project/programme.	**CAR2**: not adequate. At least risks of access and equity, marginalized and vulnerable groups being negatively impacted by the project, exist. **CAR3**: Addressed.
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?	Yes.	
	3. Are the Project/Programme Execution Costs at or below 9.5 per cent of the total project/programme budget (including the fee)?	Yes.	
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, although details of project steering committee and partner institutions are not provided. **CR18**	CR18: Addressed.

	2. Are there measures for financial and project/programme risk management?	Yes.	
	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 provided. **CAR4**	CAR4: Partially addressed. An ESMP including information on identified risks monitoring responsibilities should be provided.
	4. Is a budget on the Implementing Entity Management Fee use included?	No. **CAR5**	CAR5: Addressed.
	5. Is an explanation and a breakdown of the execution costs included?	No. **CAR6**	**CAR6**: Addressed.
	6. Is a detailed budget including budget notes included?	No. **CAR7**	**CAR7**: Addressed. However, the international consultants' budget is quite high and should be justified. More generally, the concreteness of the project is questionable.
	7. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators?	Yes.	
	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?	No. **CAR8**	**CAR8**: Addressed.

	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?	Not adequate. **CR19**	**CR19**: Addressed. However, please specify which core indicator was provided. Also, please disaggregate data by sex to the extent possible. Lastly, please clarify output 3.3.
	10. Is a disbursement schedule with time-bound milestones included?	No. **CAR9**	**CAR9**: Addressed.

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 concretely provide early warning support to beneficiaries, 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 and management policies, developing early warnings and "concrete adaptation actions" 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 did not provide the minimum of details requested even at the concept stage. Although a holistic approach was proposed, in order to address the issues of flood in lowland Albania, the proposal was very vague about the target municipalities or target sites or communities. Although the rationale for flood risks prevention was clear, the climate risks or threats to agriculture in lowland areas were not explained. The community-based insurance schemes were not explained and their "concreteness" not demonstrated. The outputs, solutions and infrastructure developed through the SEEC CRIF project were not explained. A number of clarification requests (CRs) and corrective action requests (CARs) were made. 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: a) The proposal should provide 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. 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; d) The proposal should further 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; 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; 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.
Date:	13 September 2015.

~~Amended in November 2013~~

REQUEST FOR PROJECT~~/PROGRAMME~~
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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~~Amended in November 2013~~

ADAPTATION FUND

PROJECT/PROGRAMME PROPOSAL TO THE ADAPTATION FUND

PART I: PROJECT~~/PROGRAMME~~ INFORMATION

~~Project/Programme Category:~~	~~REGULAR~~
~~Country/ies:~~	~~ALBANIA~~
~~Title of Project/Programme:~~	~~DEVELOPING CLIMATE RESILIENT AGRICULTURE AND FLOOD MANAGEMENT IN ALBANIAN WESTERN LOWLANDS~~
~~Type of Implementing Entity:~~	~~MIE~~
~~Implementing Entity:~~	~~THE WORLD BANK~~
~~Executing Entity/ies:~~	~~EUROPA REINSURANCE FACILITY LTD.~~
~~Amount of Financing Requested:~~	~~6,303,850 (in U.S Dollars Equivalent)~~

Project Category:	Regular
Country:	Albania
Title of Project:	Developing climate 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:	6,303,850 (in U.S Dollars Equivalent)

Project Background and Context~~:~~

~~*Provide brief information on the problem the proposed project/programme is aiming to solve. Outline the economic social, development and environmental context in which the project would operate.*~~

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

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disasters amounted to US$ 125 billion, while the average economic loss for period from 1980 to 2012 was US$ 115 billion1. 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 after 2008, 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 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 in the light of the financial crisis. 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 ~~reliev~~relieve with a topographic and climatic variety. With its coastline facing the Adriatic and Ionian seas, its highlands backed upon the elevated Balkan landmass, and the entire country lying at ~~a~~ latitude subject to a variety of weather patterns during the winter and summer seasons, Albania has a high number of climatic regions for so small an area. The coastal lowlands have typically 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%

[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)

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of the country that is mountainous is rugged. The remainder low coastal belt, known as western lowlands, receives precipitation seasonally, is poorly drained, and is alternately arid or flooded. The western lowlands extend from the northern boundary southward to the vicinity of Vlorë and on average, it extends less than sixteen kilometers inland, but widens 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. The country is also rich in underground water with 200 water sources each of about 200 liters per second. 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 extends 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 Ms e" 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.~~4. 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, in countries like Albania the risks of climate change for the agricultural sector are a particularly 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. The mean average summer temperature could climb, rainfall is projected to decline 20 – 30% at 4°C warming and the increasing occurrence (by 20%) of drought days will be a major threat to agriculture. Flooding events in Albania have further underscored the risks of agricultural sector. Under the lack of proper risk assessment, adaptation measures and mitigation mechanisms, climate impacts could undermine progress that has been made in poverty reduction and adversely impact food security and economic growth.

~~6.~~5. 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

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zone and are displayed in Figure 1[2]

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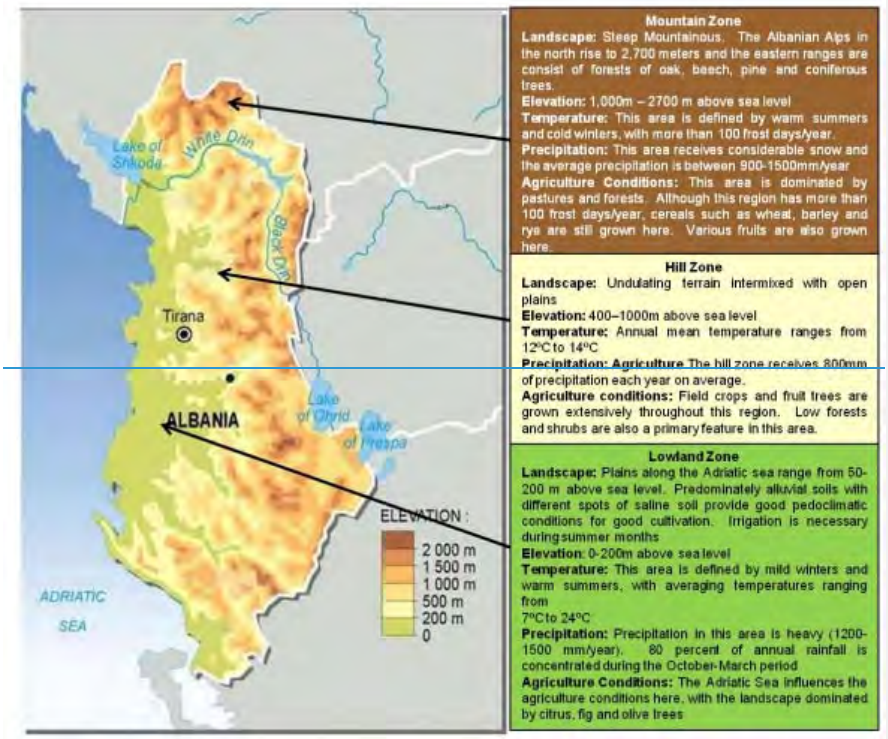
Figure 1: Agro-Ecological Zones of Albania



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

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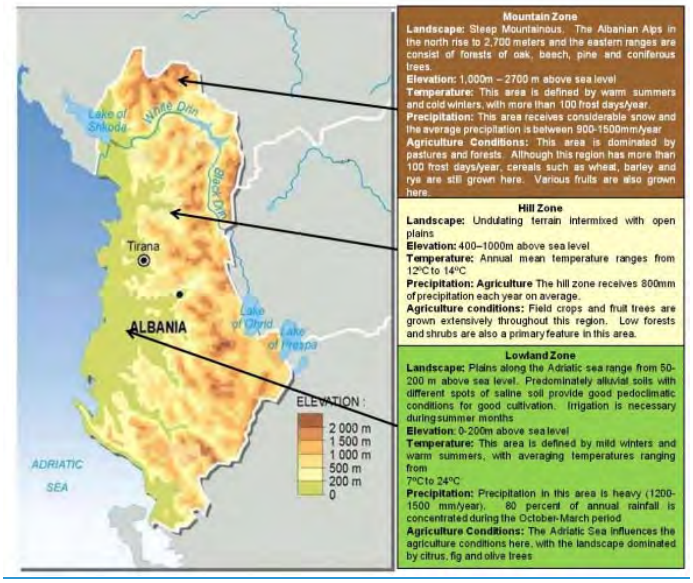

6. Flood, Hail, and Spring Freeze are major weather risks for agriculture in Albania. From the discussions with the Ministry of Agriculture and questionnaires distributed by Europa Re, the farmers identified Flood, Hail, and Spring Freeze as major weather risks for agriculture in the country.

- Flood is especially a problem for Shkodra area, with a high level of occurrences (which makes it uninsurable at individual level). Hail is a risk occurring all over the country. The Ministry's attention attention was on flood prone areas (Shkodra) which actually proves to be a burden for the budget regarding damages compensations.

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

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- In Divjaka municipality (Fieri Region), spring frost (and even autumn frost) was mentioned as important risks for early crops (watermelon and potato). Hail was identified as the number one risk exposure for crops grown in this region. In 2011 a hail event with an extension 13 km long and 4 km wide had caused a lot of damage to the area.

7. The recent floods 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 out to EUR 39 mm and comprised crop damage and loss as well as damage to agricultural infrastructure (e.g. dams and drainage systems).

~~7.~~8. 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. The disaster threat from floods is considerable, although not all territories are exposed to the same frequency and severity. If a disaster were to strike, it would tend to result in casualties to 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 (km²)	Specific Discharge (l/s/km²)	Annual Discharge Volume (Million m3)	Annual Wet/Dry Ratio[1]	10 Year Flow Ratio	Reservoir Storage Capacity (Million m³)
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)~~
ERZEN-SHKUMBINI	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

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River Basin	Hydrologic Catchments Area (km^2)	Specific Discharge ($l/s/km^2$)	Annual Discharge Volume (Million m^3)	Annual Wet/Dry Ratio[1]	10 Year Flow Ratio	Reservoir Storage Capacity (Million m^3)
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VJOSA	8,100	26	5,550	7.3 (F/A,S)	21	None

Source: UNDP

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~~8.~~9. The river system poses the highest flood risks to Albania which are generally of pluvial origin and occur in the period November-March when the country receives about 80-85% of the annual precipitation. Due to topographic patterns, the 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 from 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.

~~9.~~10. The long record of damaging floods comprises the following:

Figure 4: Geographic map of Albania

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- 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 – January1963 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 system, 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 by affecting 67 thousand people and causing USD 17.5mm losses 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 ~~hectars~~hectares were inundated and major damages suffered in agriculture, livestock, houses, businesses and infrastructure.

~~10.~~11. 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 the rapid growth in the region of Durres, located in a high seismic and flood risk prone area). The majority of population affected by floods and climate change belongs to the low income families and farmers community. A scenario with simultaneous multiple-basin flooding (similar to 1962-1963) 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, in the face of climate change. The climate change risk is further increased due to poor land utilization, a range of environmental factors from deforestation and poor watershed management to environmental pollution, as well as country's still weak capacity and low resource base for confronting massive

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disaster demands. The underlying causes of vulnerability to climate change in the western lowlands can be categorized into 1) physical factors –direct manifestations of climate change, 2) factors caused by anthropogenic intervention – those related to the harmful ways in which humans have and continue to interact with the environment which has exacerbated vulnerability 3) as well as limited capacity (human and resources) to manage climate change vulnerability and mitigate its social and financial impact.

~~11.~~12. In response to the mounting climate change induced risk and recognizing the urgency of restoring growth, reducing poverty and mitigating fiscal impacts in its budget, the country should strengthen its efforts to put in place a proper flood risk management approach which includes important elements of risk assessment, forecast, and mitigates the losses avoidance, control and preparedness measures. There is a growing interest at the country and development partner levels to have a better understanding of the exposure, sensitivities, and impacts of climate change at farm level, and to develop and prioritize adaptation measures to mitigate the adverse consequences.

~~12.~~13. Many issues, particularly those related to the adaptation capacity, water resources and infrastructure management, have regional dimensions, especially given geographic and economic interconnections. To this effect the country has to leverage its action at the national level into a harmonized regional approach and common projects with other Western Balkan's countries to build resilience to natural disasters and climate change. Support needs to target the most vulnerable groups of society, as well as local and national government institutions to undertake direct adaptation measures; those that minimizes the exposure of people, economic assets and ensures that potential damage to development likely to be affected by flooding or climate change is limited to acceptable levels.

Project ~~/ Programme~~ Objectives:

~~*List the main objectives of the project/programme.*~~

~~13.~~14. As climate change is expected to have multifaceted impacts in Albania, the project

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objective[3] 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 is comprised of three main components for the target areas:

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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. Early warning systems developed to increase adaptive capacity of the population and support the risk management practices and community-based insurance schemes.

15. The project target areas are shown in Figure 5 below and represent key 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.

[3] The project objectives and its concept are in full compliance with government's 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"; 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" and other draft laws subject of soon enactment

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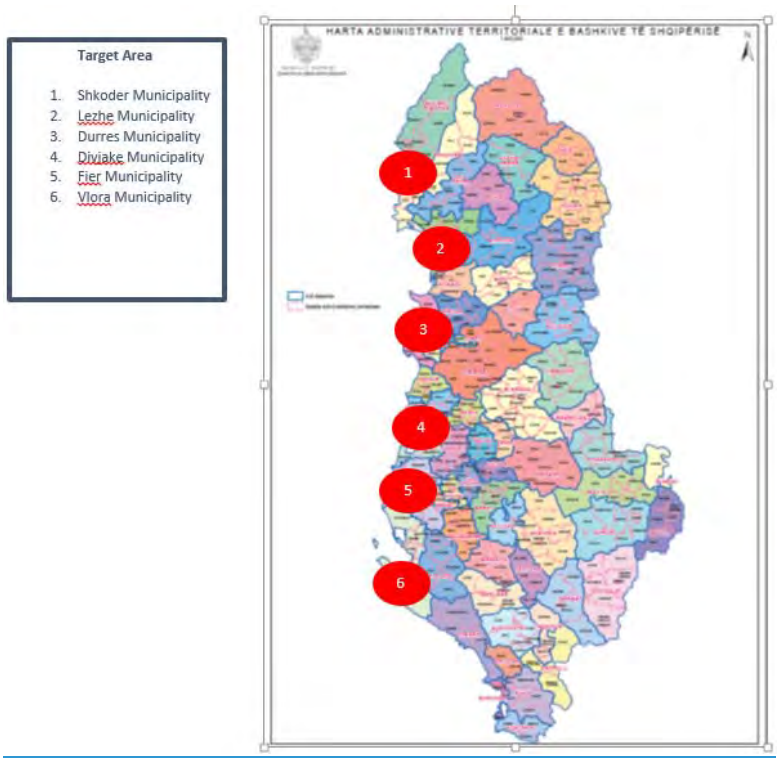
Figure 6: Target Project Area



~~14.~~16. The project target areas consist of a very important agricultural area which contributes with about 63% of the total agricultural income in the country. By facilitating and increasing access to risk management financial protection, the Adaptation Fund Objective of climate change adaptation will have been achieved, namely the reduction of economic vulnerability for communities, agriculture, and government agencies 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 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

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climate resilient country.

~~15.~~17. 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. Moreover, because 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 communities and agriculture and effectively adapt to such risks and climate change. Furthermore, public awareness of climate change and the benefits of risk assessment, catastrophe and weather risk insurance will be raised through campaigns and additional educational mechanisms which will support building resilience to floods and climate change.

~~16.~~18. 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 to be developed for Albania to other country markets.

Project ~~/ Programme~~ 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.

~~17.~~19. The project is comprised of the main components and sub-components as shown in the table below:

Project Components	Expected Concrete Outputs	Expected Outcome	Amount (US$)
1. Adaptive capacity of western lowlands target communities	1.1 Risk analysis and assessment carried out based on the flood hazard risk model and further on site work (800,000)	Community flood risk maps developed, catastrophe insurance schemes	2,~~400~~300,000

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through flood risk management and introduction of sound mitigation alternatives.	1.2	Community flood risk maps developed for adaptation and risk mitigation purposes. (500,000)	tailored, regulation enhanced, communication systems developed and know how provided.	
	1.3	Community-based catastrophe insurance schemes tailored for target areas(800,000)		
	1.4	Technical assistance provided for the review of relevant regulations supporting effective implementation of community insurance schemes (200,000)		
	~~1.5~~	~~Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector on mitigation analysis and related policies and vulnerability (100,000)~~		
2. Expanded farmer outreach and ensured financial and management sustainability	2.1	Risk analysis carried to assess weather and climate change impact over the main agricultural products cultivated in target areas (700,000)	Sound community based agriculture insurance schemes developed to improve resilience to climate changes.	1,~~900~~700,000
	2.2	Community based agriculture insurance schemes to mitigate the financial impact of climate risks to agriculture production and environment. (800,000)		
	2.3	Technical assistance provided for the review and amendment of relevant regulations supporting effective implementation of agriculture insurance through effective insurance subsidies. (200,000)		
	~~2.4~~	~~Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector and farmers on the adaptive measures and agricultural insurance. (200,000)~~		

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3. Early warning systems to improve adaptive capacity and support insurance schemes	3.1	Smart systems developed to support timely monitoring, measurement, dissemination, communication and insurance damage evaluation immediately post disaster. (500,000)	Early warning monitoring, measurement and communication systems developed to back risk management and insurance schemes.	1,~~100~~000,000
	3.2	Monitoring equipment such as water depth, flow/stream measuring equipment alarm networks installed. (500,000)		
4. Knowledge management and awareness raising	4.1	Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector on mitigation analysis and related policies and vulnerability (100,000)	Know-how shared and all relevant documentation and clear messages delivered to project stakeholders and communities in target areas. Project learnt lessons shared. Project outputs provided to other municipalities for consideration	400,000
	4.2	Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector and farmers on the adaptive measures and agricultural insurance. (200,000)		
	4.3~~3~~	Extensive trainings for stakeholders and western lowlands target communities to effectively implement the early warning systems (100,000)		
	4.4	Media coverage, social media and publications used to disseminate project results		
3. Project~~/Programme~~ Execution cost				410,000
4. Total Project~~/Programme~~ Cost				5,810,000
5. Project Cycle Management Fee charged by the Implementing Entity (if applicable)				493,850
Amount of Financing Requested				6,303,850

Projected Calendar:

~~*Indicate the dates of the following milestones for the proposed project/programme*~~

20. 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 off, including reflection and participatory review.

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Milestones	Expected Dates
Start of Project~~/Programme~~ Implementation	July, 2016
Mid-term Review (if planned)	Jan, 2018
Project~~/Programme~~ Closing	~~Jan, 2021~~July, 2020
Terminal Evaluation	~~Apr, 2021~~Nov, 2020

~~PART II: PROJECT / PROGRAMME~~

PART II: PROJECT JUSTIFICATION

A. Describe the project ~~/ programme~~ components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. ~~For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience.~~

~~18.~~21. 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 of risk assessment and management policies, 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 in the highly exposed locations. A balanced combination of risk management policy, early warnings and concrete adaptation actions will support Albania to take steps towards long term resilience of the most vulnerable communities. An overview of project components and their expected outcome is provided below:

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

~~19.~~22. Flood risk maps are essential for the assessment of current and future hazards and the

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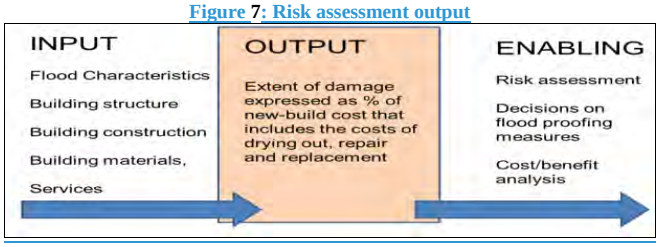
design of flood management solutions that fully accounts for climate change considerations. The strategic assessment of flood risk to target areas under conditions of climate change should support and guide local municipalities to wisely and rationally manage risk exposure of new developments to acceptable levels. The flood risk assessment for the area will be carried out based on the state-of-the-art risk model and additional up-to-date information on the buildings and existing flood protection infrastructure and measures (e.g. levees). The risk assessment output will be used to take informed decisions on flood proofing measures and financial resilience.

Figure 7: Risk assessment output



~~20.~~23. Flood risk maps under conditions of climate change will be developed for the entire project area to enable establishment of flood buffers with the following zoning categories: a climate change flood zone; a designated floodway fringe; a flood plain; a designated floodway; and lastly, the body of water itself. The flood maps will be developed through the process of extensive consultations with international and local environmental experts to ensure that the maps are consistent with the country's environmental policies. In addition, the maps will be used by the national and local authorities, and communities in the development of emergency preparedness and response plans, in the establishment of community flood insurance zones for raising public awareness and improving community preparedness. 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. A complete risk analysis should be able to answer the following questions:

- ~~Insurance is one of a broad scope of~~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?

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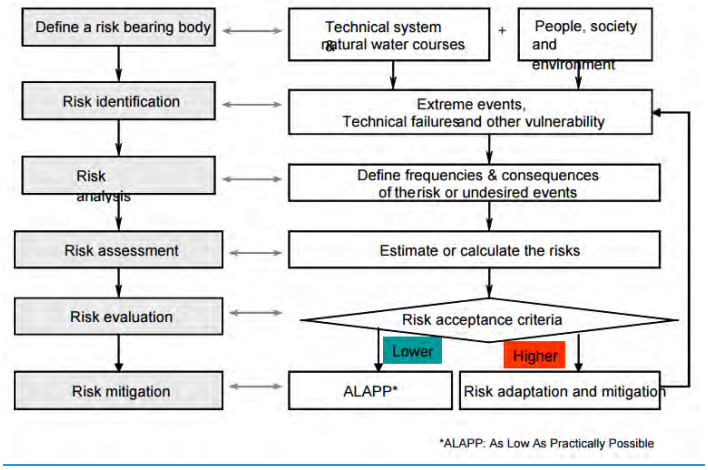
24. Based on risk assessment process, the project will carry out the risk and vulnerability assessment based on the EU approaches:

Figure 8: 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 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.

~~21.~~25. 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[4]

[4] 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

and c) the relatively small size of the local economy borrowing capacity. Insurance is one of important risk management approaches that can facilitate adaptation to climate change and support sustainable development. In particular, insurance can support adaptation efforts through:

i. Expertise in risk management, particularly in areas such as risk and vulnerability assessment;
ii. Putting a price tag on risk, and the design of risk reduction and risk transfer activities;
iii. Prioritizing adaptation measures by enhancing adaptive capacity and advising on the cost effectiveness of resilience measures;
iv. Incentivizing loss reduction by informing stakeholders about the risks they face, advising them on risk mitigation options.

~~22.~~26. The project will design and implement community-based flood insurance solutions which will further (a) build upon the technical work carried out under the Southeast Europe and Caucasus Catastrophic Risk Insurance Facility (SEEC CRIF) already ~~done~~completed on the individual insurance level and (b) use the outputs of the flood risk assessment and risk maps and early warning systems developed by other components of this project on municipality level.

~~23.~~27. The insurance schemes 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. This 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 will also considerably expand municipal budget envelope for conducting rehabilitation works after the major flood events.

28. 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.

obligations.

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The concept is to develop index-based linked insurances which are transparent and provide a payout immediately after a disaster and will be composed of two part of coverage:

i. Insurance will be designed based on pools of homogenous participating risks and be effectively arranged by local stakeholders (e.g. municipalities) on behalf of the homeowners or business which will participate in the scheme. To support the development of the scheme and incentivize communities to participate in flood insurance schemes, it may be proposed that the local governments initially co-finance the premiums by further requiring the community to take measures. The community protection measures will be provided for each category of risk through a specific report accompanying the risk assessment report developed by the project for the municipality, which will reduce their flood risks as a pre-condition for further co-financing by the municipality[5];

ii. 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 (the definition of a large scale flood for the municipality will be determined in the deliverable report).

[5] To protect the ecological balance and environmental services rendered by the natural inundation zones in low lying flood areas, these areas will be excluded from the scope of community risk assessments the insurance coverage to be developed undertaken under the component. These include the Butrinti National Park, Llogara–Karaburun Peninsula, Vjosë–Nartë Protected Landscape Area and Kune–Vain–Tale Managed Nature Reserve.

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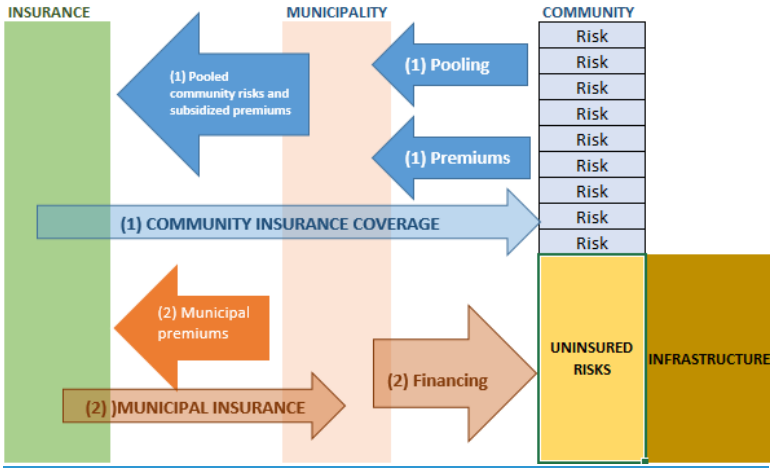
Figure 9: Community – based insurance concept



29. In both parts of the scheme, 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.

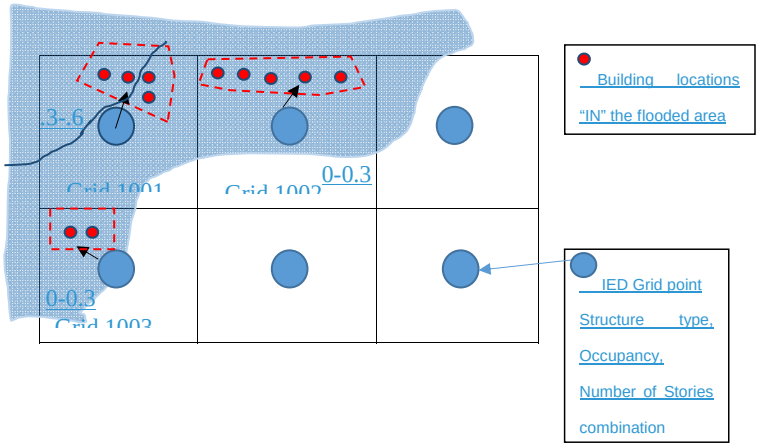
2. **STEP 2: Prepare replacement cost and percent building allocation**
   a) Use the flood footprint to determine all points that are "IN" and adjacent to the flood/EQ footprint.

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[6] 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/EQ affected zone -- developed in Step 1. Figure 1 and table 1 below provide an illustration.



Percent Building and Replacement Value Table – EXAMPLE for Flood and EQ

Grid ID		STR/OCC/STOR1	STR/OCC/STOR2	....	....

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

1001		**Percent Buildings**		75	25	....	....
1001		**Replacement cost /bldg**		15k	10k	....	....
1001	Building Count	Depth range/EQ 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/EQ 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/ EQ 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) Estimated combined aggregate loss for all building combinations.

30. To motivate the level of community participation in the scheme and raise the effectiveness of the proposed insurance solution, the regulation should be revised to prevent the discrimination of the insured members of community against the ones who are not insured. To this effect, the financing of non-insured groups should be limited to fractions of insured. The proposed approach may be further developed through the concept of insurance requirements imposed by the regulation, whereby the community will be required to participate in the scheme.

31. The project will further stimulate 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 financial resilience in relation to flooding. The purpose of the guidance produced will be to help manage and reduce unacceptable levels of flood risk by raising awareness and aiding delivery of more sustainable development. It shall be used by decision makers, designers 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.

~~24.~~32. Flood insurance is best implemented within a flood risk management framework which puts strong emphasis on the provision of flood protection measures, and early warning systems. Hence if flood protection was provided to an acceptable level, and there is confidence in those measures, then flood insurance premiums would be lower by reflecting the flood reduction and mitigation measures. The combination of an insurance scheme with a robust development zoning regulatory framework will guarantee its success in the long-term.

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

~~25.~~33. 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 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.

~~26.~~34. Adaptation policies will be critical in reducing agricultural vulnerability to climate change and extreme weather events. The government should play the 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 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

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and efficient farming systems.

35. In Albania, there is no history of agricultural insurance provision and any strategy to assist the non-life insurance sector to start to develop and offer agricultural crop insurance products and services to farmers is likely to involve some 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 a suitable legal and regulatory framework, enhancing access to data and information, awareness creation, education and training and in insurance product research and development.

36. The average size of farm is very small in Albania at 1.2 Ha: overall 88.9% of farms are less than 2 Ha in size, 10.8% of farmers are between 5 and 10 Ha in size and only 0.3% of farms are large than 5 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 (MAFCP 2012).

37. This extremely small size of farm 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 will be very difficult for insurance companies to administer individual farmer crop insurance programs cost effectively and the need to develop innovate approaches based on rural aggregators will is extremely important.

38. It appears that opportunities for introducing weather index insurance (WII) into Albania are increased at present on account of (i) increased number of the automated weather stations installed under the DRMAP World Bank's project ~~will~~ which enable a data quality measurement and control. There are commercial opportunities to introduce Area-Yield Index Insurance (AYII) for major cereals, oilseeds and field row crops. Since 1991 Ministry of Agriculture has been involved in the measurement and reporting of crop cultivated area, production and yields for all major cereal crops, oilseeds and horticultural-field row crops: this data is 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 ~~cooperate~~ with ~~municipalities~~local stakeholders and experts to ~~develop~~determine the most effective ~~agricultural index-based~~ type of the agriculture insurance for each of the areas, the insurance concept is very similar to the one proposed for the flood insurance.

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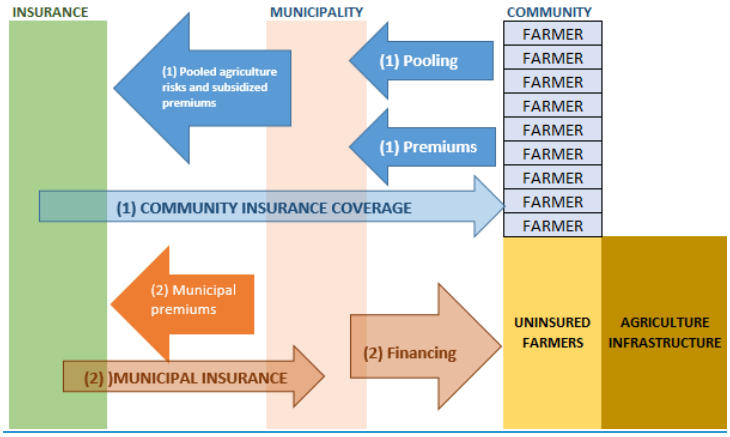
Figure 10: Concept of agriculture insurance schemes ~~that will~~ to be developed by the project



i. Insurance will be designed based on pools of homogenous agriculture risks (e.g. same type of crops) and be effectively arranged by local stakeholders (e.g. municipalities) or agricultural extension agencies on behalf of the farmers who participate in the scheme. To support the development of the scheme and incentivize farmers to participate in agriculture insurance schemes, it may be proposed that the government or local governments initially co-finance ~~losses and also help the communities to manage~~the premiums by further requiring the farmers to take measures in mitigating the weather impact to their production. The community protection measures specified by the project for all types of risks assessed by project international and local experts. The risk assessment report shall comprise a specific section detailing quantifiable measures that need to be taken by the farmers to mitigate the climate ~~risks and facilitate access~~impact to their agricultural ~~credit~~operations.

~~27.~~ii. The second part of coverage will consist of a financial insurance at municipality (or district) level which will pay in the case of severe loss of agricultural production and related infrastructure at municipal level due to large scale floods or weather events.

~~28.~~39. 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.

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Component 3~~.~~: Early warning systems to improve adaptive capacity of the population and back the risk management practices and community-based insurance schemes covering communities against flood and climate change impacts

~~29.~~40. The development of comprehensive early warning systems is crucial to improve adaptive capacity against floods and climate risks and further support the proper implementation of community-based insurance schemes covering against flood and climate risks in agriculture.

~~30.~~41. When the level of precipitation or water level reaches or exceeds the alert value, the hydrometric observations should be communicated to the public more frequently than under the normal circumstances of natural climate variability. There is a potential for extremely high water flows and seasonal anomalies in the immediate and long term future. Early warnings and forecasts are essential for reducing the social and economic impact of climate hazards, including floods.

~~31.~~42. As an important step towards improved observation and forecasting capacity, the project proposes the development of a comprehensive flood early warning, monitoring and communication system in target areas. The approach under this component is based on a physical reality: floods can be forecasted in real time, while, for many other related hazards (flash floods, mudflows, landslides) the risk can be assessed but the occurrence time remains unknown). Improving flood early warning system however will offer a solid ground for future integrated warning platforms as further advancements in forecasting emerge.

~~32.~~43. The main functionalities of the early warning system proposed under the project shall comprise: (i) measuring depths of water and assessing the level of alert in real time, (ii) communicating the alert level based on a clearly defined protocol, (iii) generating the disaster alert map and (iv) further using the early warning communication system to spread the alerts. The system shall comprise an early warning communication network that utilizes different communication channels such as telephones, SMS, e-mail networks, as well as ground sound alarm networks. The concept of the EWS that will be developed under the project is summarized below and is subject to further detailed discussions with the project stakeholders.

Figure 11: Flood Early Warning System Component Development

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1. Set of digital / 3d maps of terrain and points of interest (countries, cities, farms, industry etc)
2. Study the locations in/near the rivers where to apply gauge / water level measure [WG]
3. Elaboration software:
    a. Using as input the digital maps (1) and the locations of WGs (2)
    b. Providing the following output:
        i. the level of damage for every point of interest in function of levels for every WG
        ii. the set of levels for every WG that will generate 'Pre-Alarm' and 'Alarm' and the zones affected

4. Distributed hardware installation:
    a. WG installation on the points specified as result of (2). The WG must have a communication system embedded.
    b. Installation on the points of interest (countries, cities, farms, industry etc) of 'ground sound alarms' [GSA] in order to communicate with sounds the situation of possible 'Pre-Alarm' or 'Alarm'. The GSA must have a communication system embedded.

5. Setup of a Central System in a 'State Owned Agency' that is legally in charge to:
    a. Get and store in real time the status of the WG and GSA installed on (4)
    b. Generate 'Maintenance' request in case of out of service of the WG or GSA
    c. Apply the result of (3.b.ii): the set of levels for every WG that will generate 'Pre-Alarm' and 'Alarm' and the zones affected
    d. Output:
        i. Compute in real time the status of the levels of water
        ii. Distribute the real time status in monitors, web, mobile etc
        iii. Generate and highlight the zones in 'Pre-Alarm' and 'Alarm' using (5.d.ii)
        iv. Uses the early warning communication system to propagate the alerts

6. Early Warning Communication System

a. Is part of the Central System (5)
b. The logic:
    i. Read continuously the alert status from the Central System
    ii. In case of 'Pre-Alarm' or 'Alarm' or change to 'Normality':
        1. Sound 'alarm' locally
        2. Wait 1-5 minutes for 'Operator' interaction in order to decide the propagation
        3. If no Operator or 'propagate' command is given, the system:
            a. Sends predefined message to a list of state agencies, mass media etc;
            b. Communicates with 'Mobile Operators' systems in order to transmit a predefined message to all the users located in the affected zone;
            c. Communicate with preexistent network of 'Ground Sound Alarms' GSA;

Requirements:

1. The Central System and the Distributed hardware shall be:
    a. Legally validated as a official source of data
    b. Maintained by an authorized state owned agency which will be decided during the project
2. Official agreements and a protocol should be required with:
    a. 'Mobile Operators' and their systems in order to have the possibility to locate and transmit a predefined message to all the users located in the affected zone;
    b. State agencies in order to have dedicated contact points of handling this information;
    c. Mass media in order to publish in real time the events transmitted by the Central System
3. The information how the 'Early Warning Communication' will communicate the alerts:
    a. Must be published and periodically repeated in the mass media
    b. Must be used in 'On terrain Simulations' referencing the 'Mobile Operators' and 'Ground Sound Alarms' channel.

~~33.~~44. Project resources will be ~~also~~ used to determine the needs and further procure and install essential monitoring equipment such as water depth gauges, flow/stream measuring equipment and ground sound alarm networks.

~~34.~~45. Once the system is developed and protocols are clearly defined, it will then have to be administered and maintained centrally by a governmental agency. The defined emergency

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protocols shall (a) comprise roles and responsibilities of mobile phone operators, mass media, central and local government agencies and other stakeholders in effectively running the early warning system and supporting communities and (b) provide key inputs for risk management and insurance schemes developed under the project.

~~35.~~46. Early warning awareness and training workshops with 'on terrain simulations' will be provided under the project for communities and government institutions. 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.

~~Describe~~

Component 4: Knowledge management and awareness raising

47. While the rural communities in Albania may be aware of increasing climate variability which is negatively affecting agricultural production and people's livelihoods, there is little awareness and knowledge how to move towards climate resilient solutions. To help address this barrier, and in order to help ensure cost effectiveness and the sustainability of the activities put in place by the project ~~/ programme~~ under the first three components, the project will also operate an applied knowledge management exercise in parallel to the rest of the project, based on an inventory of known successful practices having adaptive value, based on both domestic and international sources. The project will then continue to monitor and evaluate throughout the course of implementation, and through this component capture, analyze and disseminate good practice from the project itself.

48. As both a basis for planning and as a means of knowledge analysis, the project will cooperate with stakeholders to disseminate project results to communities in target areas and broader. To date outreach mechanisms and the transmission of this knowledge are limited in scope (within the working groups), and are not well tailored or systematic. Moreover, any lessons learned are not being captured in a fashion that facilitates broader sharing, or that casts light on ways to address an aggravation of the food security situation during the droughts and as a result of climate change.

49. Another critical barrier relates to the absence of government policy or financial incentives for the large scale adoption of successfully tested measures with strong adaptation value. This is in large part hindered by low awareness of economic returns these adaptation measures can

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bring or their value in minimizing losses from drought. In anticipation of the production of applied knowledge which could be scaled up if broader support were there, as well as with a view to sustainability, the project will undertake a comprehensive review of lessons (including, where possible, on the financial and economic costs and benefits of the activities over various timeframes and scales) and will partner with key knowledge organizations such as IGEWE or University of Agriculture and others. The project will organize regular field-based demonstration meetings for targeted advocacy and replications. Such meetings will be organized on the project demonstration communities and farms with participation of local authorities, other farmers, national government representatives and media. Demonstrations of project approaches that provide evidence of bringing benefits of resilience to floods and weather disasters will trigger the replication.

50. Other partners include the field knowledge generating local institutions with which the project will have built strong links over the course of joint activities, such as relevant units in target municipalities, farmer associations, women associations, and various other institutions operating in the project area. It will be important to ensure feedback learning with such groups, which will be ensured through holding meetings which will discuss approaches either identified or introduced by the project.

51. Wider dissemination and goodwill will also be achieved through media coverage: press, radio and television; to this end journalists will be invited to selected demonstration meetings, in particular where results are visible. Where necessary materials will be published in various languages to ensure maximum accessibility. It may also be possible to explore linkages with schools in the area for the purpose of awareness raising and with a view to sustainability. Finally, advocacy materials will be prepared for various audiences, including government, for similar purposes.

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 ~~/ programme~~ will avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy of the Adaptation Fund.

~~36.~~52. Albania is highly vulnerable to natural disaster risks and climate change. Compounded

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with 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 economic damage of US$17.5 million. The maximum potential probable losses in Albania from a disaster with a 250-year mean return period (MRP) are estimated at US$1.37 billion for floods. Weather forecasting is intrinsically difficult, as precipitation is naturally highly variable and Albania's topography enables floods to develop rapidly. The Albanian economy becomes sensitive to weather conditions, given the importance of agriculture. Changing climatic conditions, such as increases in temperatures and changes in precipitation trends, combined with increased extreme events pose a serious threat to the agricultural sector in ~~in~~ Albania. Despite the serious risks, Albania's organizational and technical capacities to build resilience are yet to be developed.

~~37.~~53. It is a well-known fact that disasters and climate change have a particularly severe impact on the poor people, including women, elderly and children, who live in the 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 inclusion in Section IV of the Millennium Development Goals (MDG) Declaration of a goal to intensify the collective efforts to reduce the effects of natural disasters and climate change. The average population density in Albania is 100 inhabitants / km2, however the density varies considerably within the country due to substantial population movements after 1990. In terms of direct beneficiaries of the project adaptation measures, more than 60 percent of the population is concentrated in the ~~project target areas,~~ western lowlands[8], especially in ~~areas in and around main cities~~the target municipalities. The lowlands between Tirana and Durres are most populated areas of the country with density more than 300 inhabitants / km2, while in the mountainous regions the density is lower than 40 inhabitants / km2.

~~38.~~54. By supporting hazard and agriculture risk management efforts in risk prone areas, the project intends to contribute to the objective of poverty alleviation and protection of the most vulnerable groups of societies. The project is seeking to provide adaptation measures comprising (i) a comprehensive early warning system that will improve the ability of the affected population to swiftly respond to extreme weather events and move out of dangerous areas; (ii) develop and

[7] World Bank Source
[8] UN Environmental Performance Reviews

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institutionalize a long-term sustainable risk management approach to climate change through the implementation of effective community-based flood and agriculture insurance schemes. Development of flood risk maps for vulnerable communities will additionally contribute toward raising the awareness of the public to the elevated risks of flood and other climate risks to their livelihoods, business and environment.

55. The project clearly have serious social and economic implications on a country which relies so heavily on the agriculture sector, both in terms of employment and GDP. The proposed adaptation strategy will deliver direct economic benefits in the target area, and as the first adaptation project in the country will serve as a model, providing a leveraging of benefits and therefore cost effectiveness beyond the project area and timeframe.

56. Project target areas have been selected on the basis of their ability to deliver and sustain economic, social and environmental benefits to the vulnerable groups. Such target areas of the characterized by: i) high levels of unemployment; ii) a significant proportion of female-headed farmers; iii) informal settlements prone to flooding; v) marginal small scale farming and often inappropriate farming practices, or farming areas set to become marginal because of climate change; and vi) an overall lack of resources, knowledge and capacity within vulnerable groups to undertake successful strategies to adapt to climate variability and change.

57. 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 9,825 in the target areas which make about 45 percent of the total number of the total number of female-headed farmers in Albania. To this effect, the project has well observed vulnerability and gender considerations while selecting the target areas.

Figure 12: Number of female-headed farmers

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		329,389	21,527	350,916

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

59. By providing timely information on disaster events to flood prone local communities and small scale farmers, enhanced early warning and response systems will improve their preparedness and adaptive capacity. Early warnings regarding floods will be made available for the target areas. The dissemination, receiving and reacting to such early warnings will be developed in the low-lying high-density settlements in Durres, Fieri, Lushnja and Shkodra, with a view to further replicating project outputs post project in other vulnerable areas of the country. The early warning system will reduce negative impacts, limiting costs of flood damage to property and potentially saving lives. While climate change will only exacerbate the problems of flooding and result in more frequent occurrences, the outputs and lessons learned from the project will provide guidance flood resilient planning and building which will help the management of flood water and speed up the recovery of people and places.

Groups of beneficiaries	Economic	Social	Environmental

Homeowners and SMEs in target areas	Flood insurance coverage will support communities in target areas to mitigate the financial impact from floods. Early warnings will also improve their preparedness and adaptive capacity and help reducing the amount of damage and loss due to timely measures taken by homeowners.	Reduced housing requests and less pressure on government to find solutions. Value added to municipal planning. Good practices shared with other communities across the country.	The early warnings would help saving environment, while insurance will support to fix environmental issues timely (e.g. debris removal).
Farmers	Agriculture insurance will finance farmers' losses and help them keep a sustainable business by taking immediate action. Agricultural risk assessment will provide clear recommendations on the land use with a view to reducing the potential damages due to floods or weather events.	Reduced pressure on government. Good practices shared with farmers across the country.	Quick land fixtures will positively impact environment and more effective use of land.
Municipalities and government	Reduced fiscal cost to governments in case of floods and weather events impacting agriculture sector.	Less pressure to help damaged areas (not financially only).	Less environmental damage due to early warnings and quick fixture due to insurance.

60. In addition, the project aims to provide for a number of short-term employment opportunities at community level, focusing on local support to flood risk assessment, on-site assessment of agricultural sites and knowledge dissemination among large groups of communities. 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 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 vulnerable

communities and which will contribute to the project investments being sustained and scaled up. For instance, small scale farmers (both men and women) will be provided with training, interpretation and assistance by agricultural experts, giving them a better understanding of the climate change adaptation. The effect of this will be more successful farming, higher agricultural productivity and surplus production, together with improved livelihoods and food security. Likewise, training and capacity building measures around EWS will increase community preparedness, ensuring that early warnings are heeded and appropriate action is taken. Through training, the capacity of the various players (including community members, farmers, officials) to adapt to climate-induced variability will be increased and the economic benefits set out above will be realised. Effective gender planning will ensure that men and women receive comparable social and economic benefits. Furthermore, through learning platforms and policy processes that support replicating and scaling up activities, these economic benefits will also become available to vulnerable communities at a broader scale.

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

~~39.~~61. The total project cost for ~~Albana~~Albania is estimated at US$5.81mm 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 their resilience to climate change in the western lowlands~~.~~ target communities. AF funding will support technical activities that will not only help quantify climate change in the context of flood and weather risks, but also develop community-based risk maps, early warning systems and insurance products to assist those at risk to adapt and become more resilient to climate change.

62. No longer can flooding or weather events be defended against fully, instead a flood management approach based on resilience is required. Flooding is the one of the most significant hazards faced in the built environment, affecting property and threatening the life, livelihood and wellbeing of people and it presents a technical challenge in creating a resilient built environment. At present policy and practice in flood management do not provide the necessary solutions, either for the present or in the future. It is necessary to develop a long term programme for the resilience of the built environment.

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- There are new properties built each year in flood risk areas, increasing the overall exposure and vulnerability of the built environment.
- There are no building regulations and standards that adequately cover the design and construction of resilient buildings, that main the health and welfare.
- The construction industry is currently not prepared to adequately address flood resilience.

63. A number of alternative adaptation options have been considered during the formulation of the project. Sector specific approaches were not chosen (e.g. structural improvement of buildings to better resist to floods, or enhancement of agriculture agriculture). 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, while a full sectoral approach may not be the most cost-effective. A flood or weather resilient built environment requires management of water at neighbourhood/community to city level, which is not the case today.

~~40.~~64. The proceeds of the AF grant will finance the costs of technical activities which include but are not limited to the detailed assessment of flood and agricultural risks, development of community – based flood risk maps and effective insurance schemes and establishment of a comprehensive early warning system to build resilience to flood risks in the western lowlands~~.~~ target communities. In addition, AF grant financing will cover assistance to the central and local government to enhance regulations, raise awareness of communities and further provide hands-on training for ensuring transfer of the know-how to ensure effective use and implementation of the project outputs and systems.

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Program Component	Project Cost (USD)	Number of Beneficiaries	Losses Averted / Benefits Generated	Alternativves 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	800,000	> 300,000 people; >80,000 families	Flood risk assessment is a pre-requisite for all kind of action to be taken, including improvements in structures and infrastructure.	There are no alternatives to flood risk assessment and reliable flood risk maps. Additionally the proposed cost for the activity is rather low due to the work already carried out by the SEEC CRIF.
Component 1.2 Community flood risk maps developed for adaptation and risk mitigation purposes.	500,000	> 300,000 people; >80,000 families		

Component 1.3 Community-based catastrophe insurance schemes tailored for target areas	800,000	> 300,000 people; >80,000 families	With no insurance in place, all the fiscal costs related to floods will continue to be borne by the government which can not compensate communities properly due to limited budgets.	Building a flood resilient infrastructure is an alternative way to insurance, but it would never substitute the role of insurance, while floods will continue to damage assets in the low-lands, regardless the adaptation preventive adaptation measures. The preventive adaptation work is ongoing following several projects, however the costs of its development are high due to the currently under-developed infratructure.
Component 1.4 Technical assistance provided for the review of relevant regulations supporting effective implementation of community insurance schemes	200,000	> 300,000	The proper regulations will support implementing project outputs and enable communities to benefit of premium subsidies.	Regulations are pre-requisite for the implementation of project outputs
Component 2.1 Risk analysis carried to assess weather and climate change impact over the main agricultural products cultivated in target areas	700,000	150,000 farmers (about 45,000 families)	The analysis are necessary for all type of action in the agricultural area. The cost is low due to risk assessment expertise earned under the SEEC CRIF in other countries.	Risk analysis are pre-requisite for preventive or loss mitigation purposes. They can be further used by stakeholders for adaptation measures other than insurance.

Component 2.2 Community based agriculture insurance schemes to mitigate the financial impact of climate risks to agriculture production and environment	800,000	150,000 farmers (about 45,000 families)	With no insurance in place, all the fiscal costs related to agriculture losses continue to be borne by the government which can not compensate communities properly due to limited budgets.	Although other mitigation alternatives are available, such as developing more climate - resistant crops and improving the infrastructure, the costs to realize them are high while the time required to implement does not allow for quick mitigation. The added value of insurance can be benefitted immediately after the project completion.
Component 2.3 Technical assistance provided for the review and amendment of relevant regulations supporting effective implementation of agriculture insurance through effective insurance subsidies	200,000	150,000 farmers (about 45,000 families)	Regulations are a pre-requisite for the project outputs to be developed.	Regulations are pre-requisite for the implementation of project outputs
Component 3.1 Smart systems developed to support timely monitoring, measurement, dissemination, communication and insurance damage evaluation immediately post disaster.	500,000	> 300,000 people; >80,000 families	Farmers and communities in flood prone areas will benefit of the early warning systems. The EWS is an essential mechanism to prevent the damages to properties and loss of livelyhoods, while the costs to develop it are moderate due to the flood risk know-how owned by EUropa Re in streamining the process and determining the	EWS is a unique effective approach to reduce the impacts from an upcoming event
Component 3.2 Monitoring equipment such as water depth, flow/stream measuring equipment alarm networks installed	500,000	> 300,000 people; >80,000 families		

			proper equipments efficiently	
Component 4.1 Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector on mitigation analysis and related policies and vulnerability	100,000	> 300,000 people; >80,000 families	Knowledge management and awareness raising are a crucial element of the project that guarantee the successful implementation of the outputs. The project provides for cost-effective approach of knowledge dissemination.	The approach selected by the project for knowledge management and awareness rising comprises well-known components which have been successfully used by a lot of effective projects.
Component 4.2 Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector and farmers on the adaptive measures and agricultural insurance	150,000	> 300,000 people; >80,000 families		
Component 4.3 Extensive trainings for stakeholders and western lowlands target communities to effectively implement the early warning systems	100,000	> 300,000 people; >80,000 families		
Component 4.4 Media coverage, social media and publications used to disseminate project results	50,000	> 300,000 people; >80,000 families		

~~41.~~65. 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 and infrastructure developed under the SEEC CRIF project are a pre-requisite for successfully carrying out 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 development of the highly advanced activities of the project by also increasing considerably the cost-effectiveness of the project. The table below summarizes the main technical activities that will be financed under the project subject to confirmation and amendment during project preparation.

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Project cost effectiveness in the light 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	Note
1. Detailed flood risk assessment	2.00	0.80	Risk models are pre-requisite. Expertise and experience earned by Europa Re reduces the costs significantly. Additional USD 1.2 mm required for risk modeling and preliminary risk assessment work already carried out under the SEEC CRIF.
2. Development of community flood risk maps for awareness, risk management and insurance purposes.	1.50	0.50	Risk models are pre-requisite. Expertise and experience earned by Europa Re reduces the costs significantly. Additional USD 1mm required to develop the flood risk maps from scratch. Flood maps were developed under the SEEC CRIF. Further tailoring is required based on the up-to-date information.
3. Development of community based flood insurance schemes	1.50	0.80	Risk models are pre-requisite. Expertise and experience earned by Europa Re reduces 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 and further develop their actuarial pricing and loss

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			assessment approach. If such a work is to start from scratch, more than USD 1.5 mm are required.
4. Technical assistance for enhancing regulations pertaining to community based risk insurance	0.30	0.20	Expertise and experience earned by Europa Re reduces the costs ~~significantly~~.
5. Trainings and simulation exercises for the effective use of the flood risk maps and implementation of community based flood insurance	0.10	0.10	~~Expertise and experience earned by Europa Re reduces the costs significantly~~
~~4~~6. Agriculture risk analysis	~~1.50~~	0.70	Expertise and experience earned by Europa Re reduces the costs significantly.
~~5~~7. Development of community based agriculture insurance schemes	1.40	0.80	~~Expertise and experience earned by Europa Re reduces 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 and further develop their actuarial pricing and loss assessment approach.
~~6~~8. Review and amendment of relevant regulations supporting effective implementation of agriculture insurance	0.40	0.20	Expertise and experience earned by Europa Re reduces the costs significantly

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~~7~~9. Capacity building/hands on training of national experts on agricultural component	0.20	0.20	~~Expertise and experience earned by Europa Re reduces the costs significantly~~
~~8~~10. Development of early warning systems	1.50	0.50	Expertise and experience earned by Europa Re reduces the costs significantly. The know-how on risk models and risk assessment would reduce the level of efforts to develop the system.
~~9~~11. Investment in equipments and systems	~~1.50~~0.5	0.50	~~Expertise and experience earned by Europa Re reduces the costs significantly~~
~~10~~12. Know how provided through trainings and simulation exercises for the effective use of early warning systems	0.10	0.10	~~Expertise and experience earned by Europa Re reduces the costs significantly~~
~~11~~13. Project Management Costs	0.90	0.41	Expertise and experience earned by Europa Re reduces the costs significantly
Total	**~~12~~11.90**	**5.81**	

In addition, the AF will finance a marginal Project Cycle Management Fee charged by the Executing Entity. These costs are about $0.5 mm in total.

~~42.~~66. This project offers essential long-term adaptation resilient flood risk management measures and climate resilience for the agricultural sector through the sound community–based flood and agriculture insurance schemes which will be supported by smart tools and systems (e.g. community maps, automated monitoring, forecasting and early warnings) that will enable the government and communities to manage more effectively and a reduced cost.

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D. Describe how the project ~~/ programme~~ 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.

~~43.~~67. The project builds upon national development policies that are clearly defined through strategic laws and 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'~~.~~ and 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 EU farmers.

~~44.~~68. In cooperation with several development partners, Albania is already taking action to address several climate related risks for water resources and agriculture as well as 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.

~~45.~~69. A key factor in Albania's development of adaptation policies for agriculture is furthering its work toward European Union (EU) accession. Albania has already developed laws on agriculture land use, land protection, and environment to be in compliance with European standards and requirements. Along with these needed reforms, the EU has 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

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sector which aim at (i) raising awareness of the threat of climate change, (ii) analyzing potential impacts 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 crop production.

70. 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 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 climate change by building resilience to vulnerable communities.

E. Describe how the project ~~/ programme~~ 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.

~~E.~~

~~46.~~71. 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 or climate change and (ii) create economic incentives for reducing the risk to acceptable levels by means of climate-resilient risk management systems and increased level of awareness.

72. The first component on building adaptive capacity of western lowlands target communities through flood risk management and introduction of sound mitigation alternatives, will be developed through a close cooperation with local stakeholders to effectively meet the objectives and comply with all the regulations. The flood risk maps will be reviewed by the IGEWE experts in cooperation with best international peer-reviewers, before becoming applicable for the communities of the target areas. Their printing and publication will follow all the country legal requirements. The insurance sub-components will observe all the requirements of the new

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insurance law Law no. 52, date 22.05.2014 "On the activity of insurance and reinsurance" adopted by the parliament in 2014. Following the FSAP recommendations, the new insurance law requires 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 by the Albanian Financial Supervisory Authority. The project will cooperate with the Ministry of Interiors (Directorate of Civil Emergencies) and the Ministry of Finance to develop an effective regulation regarding premium subsidies linked with flood insurance and vulnerable groups.

73. The second 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 assessment sub-component will involve the best country's expertise, while the insurance schemes will be developed in full compliance with insurance regulatory requirement.

74. The development of the early warning system will be done in close cooperation with the Directorate of Civil Emergencies and the IGEWE by ensuring compliance with all country's norms and standards.

~~47.~~75. 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. ~~In addition,~~Project implementation arrangements will include a set of "do no harm to environment" measures to avoid any negative impacts from the ~~World Bank supported donor funded projects~~technical assistance provided under the foreseen activities. 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 ~~appraised before approval.~~no adverse environmental impacts (upstream and downstream) that could alter the ecosystem ability to render environmental services to ecosystem and local communities. During ~~appraisal, appropriate~~project implementation, World Bank experts from multiple sectors (environment, agriculture, DRM and finance) and stakeholders ensure that the project has been designed with a clear focus on agreed results. The Bank internal project Appraisal ~~is~~for the project will be based on a detailed quality programming checklist which ensures, amongst other issues, that necessary safeguards have been addressed

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and incorporated into the project design.

~~48.~~76. In line with the rules, the project concept document was submitted for approval from the Designated Authority for the Adaptation Fund Board.

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

~~49.~~77. Given the high priority assigned to climate change resilience and adaptation in Albania, there are 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 of flood and agricultural risk management and it was found that, while there are some projects that can be of use in some aspects of project implementation, there were none that would constitute 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.

~~50.~~78. 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 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.

~~51.~~79. 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 useful data and results achieved in scope of their activities. The proposed project aims to build resilience through developing actuarially sound community-based index insurance products which will be developed on municipality level for the key agricultural crops in the western lowlands target communities, including grapes.

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80. The regional World Bank's SEEC CRIF project serves as a good ground for the proposed project due to the following activities and outputs 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 with unique expertise in modeling catastrophe risks for insurance and reinsurance sector worldwide. The earthquake and flood insurance risk models serve to properly design and price catastrophe insurance products and are pre-requisite for a reliable risk assessment.

- Swiss quality catastrophe insurance products for the individual businesses, homeowners and farmers which can be 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 which ensures a swift return to normal life and continuation of business activities 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.

- Automatic reinsurance capacity provided by Europa Re and endorsed by the best international reinsurers. (In 2013, Europa Re was licensed as a reinsurer in Switzerland hy the FINMA (Swiss Financial Market Supervisory Authority).

Although the proposed project has a different scope, the work and results achieved under the SEEC CRIF serve as a unique ground for the effective implementation of the proposed project.

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

~~52.~~81. A dedicated knowledge management output 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: (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 practices from the international experience that can be customized for the conditions of the targeted geographic

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areas; 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.

82. ~~The~~In fact the project has a dedicated component to knowledge management (Component 4) in full recognition of the importance of knowledge codification and targeted dissemination for broader awareness raising and direct impact on policy for greater transformation in farming and pastoral practices to achieve resilience to climate change risks. The project will apply three key methods to knowledge management: (i) a comprehensive inventory and synthesis of existing knowledge base (ii) dissemination of international good practice to enhance 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 dedicated Component 4.

~~53.~~83. 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 as they come out from other related initiatives and advise the project team on adequate actions. The expert team will provide advisory service so that all adaptation measures are scientifically sound.

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.

~~54.~~84. The project brings together a broad spectrum of stakeholders within the country, including, inter alia, policy makers, ministerial/institute/agency staff, insurance sector, and ~~other. The project concept has been supported by all stakeholders met thus far, and duly~~

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~~endorsed by the government.~~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. Stakeholders reiterate 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:

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Organisation	Function/Role
Ministry of Environment	Focal point in project coordination
Ministry of Agriculture	Coordination of agriculture related activities
Ministry of Finance	Coordination of activities related to premium subsidy regulations
Ministry of Interiors (Directorate of Civil Emergencies)	Coordination of component 1 and 3
Albanian Financial Supervisory Authority	Coordination of insurance linked components
Target municipalities	Coordinating activities in respective area
World Bank, Tirana	Coordinating among stakeholders and the World Bank
Europa RE	Implementing all activities
IGEWE	Sharing weather related information and expertise
University of Agriculture	Sharing experience in risk assessment process

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 that would receive additional budgetary resources from insurance payouts to address their post-disaster recovery and reconstruction needs. This approach would 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.

~~55.~~85. 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:

86. 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 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.

Adaptation alternative:

87. The project will support the local community efforts in the western lowlands target

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communities to improve flood resilience and adaptation through risk increased awareness, timely warnings 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 economic development.

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

Baseline:

88. 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:

89. The project will introduce community based climate index insurance in the western lowlands target communities. Payments under index-based insurance products are linked to an index of objectively monitorable 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

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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.

90. The project will have a strong learning and knowledge management component to capture and disseminate lessons learned and influence policy. 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: Early warning systems to improve adaptive capacity and support insurance schemes.

Baseline

91. The existing national early warning systems have recently received a boost from the World Bank DRMAP project which resulted in procuring and installing a number of automated meteorological stations. The ongoing project "Adaptation to Climate Change in the Western Balkans" financed by the Federal Ministry for Economic Cooperation and Development BMZ is also supporting five countries of the region, namely Albania, Macedonia, Montenegro, Kosovo and Serbia, to establish a regional system for early flood forecasting in the Drin basin. Despite these advancements, the recent capacity needs assessment for the flood early warning system in Albania highlighted considerable capacity gaps both in terms of risk assessment methods, observation, forecasting and communication. Without the AF support, the advanced methods of risk assessment, forecasting and dissemination of early warnings will not be implemented.

Adaptation alternative:

92. The project will develop a comprehensive risk assessment, forecasting and early warning communication capabilities and build the government observation capacity for the river basins for the western lowlands target communities that are particularly susceptible to flood and flash flood risks.

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

~~56.~~93. There is a risk of project outcomes being unsustainable upon completion of grant financing and inadequate monitoring of project outcomes. The schemes and products delivered by the project will be supported by recommendations to ensure their sustainability. Such recommendations shall be clearly embedded in the regulations which will require institutions and stakeholders to take measures regarding the maintenance and promotion of the early warning system, ongoing publication and information on 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 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 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 ~~/ programme~~.

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
1. Compliance with the Law	~~V~~ X Projects implemented by the World Bank ensure full compliance with all applicable laws and regulations.	
2. Access and Equity	~~V~~ X The project is designed to capacitate vulnerable communities in target areas through fair and equitable access to project benefits (risk information and insurance).	
3. Marginalized and	~~V~~ X The project will benefit marginalized and vulnerable	

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Vulnerable Groups	groups living in the project target areas, including women, children, the elderly, small vulnerable farmers through immediate financing post disaster and additional	
4. Human Rights	~~V~~ x All projects implemented by the World Bank respect and promote human rights, including, inter alia, equality, freedom of expression and association, ownership, education and access to information as stipulated by the constitution of the Republic of Albania	
5. Gender Equity and Women's Empowerment	~~V~~ x The project ensures gender equity. Both men and women: i) are able to participate fully and equitably; ii) receive comparable social and economic benefits (see Section II.B); and iii) do not suffer disproportionate adverse effects (no such effects are anticipated).	
6. Core Labour Rights	~~V~~ x All projects implemented by the World Bank meet the applicable core labour standards identified by the International Labour Organization, as well as national standards.	
7. Indigenous Peoples	~~V~~ x 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.	
8. Involuntary Resettlement	~~V~~ x No involuntary resettlement will occur as a result of the projects implemented by the World Bank	
9. Protection of Natural Habitats	~~V~~ x Through proper risk assessment and timely warnings, the project will encourage local communities to enhance interventions that protect and conserve the natural environment.	
10. Conservation of Biological Diversity	~~V~~ 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.	
11. Climate Change	~~V~~ x The project is designed to build resilience to climate change, and will not result in an increase in greenhouse gas emissions or in other drivers of climate change	

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12. Pollution Prevention and Resource Efficiency	Vx There are no excessive waste, or release of pollutants linked with the project. 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	Vx 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.	
14. Physical and Cultural Heritage	Vx The project will build the climate resilience through proper risk assessment and recommendations to mitigate climate risks threatening physical and cultural heritage	
15. Lands and Soil Conservation	Vx The project will contribute to upgrading and/or maintaining ecological infrastructure in the project target areas.	

PART III: IMPLEMENTATION ARRANGEMENTS

PART III: IMPLEMENTATION ARRANGEMENTS

A. Describe the arrangements for project / programme implementation.

94. The project will be implemented by the World Bank using the MIE9 modality. The World Bank is able to provide the necessary implementation services through its country office, regional and headquarters networks by further building upon the technical work carried out in the area of catastrophe risk management. The project will be implemented by the World Bank using the MIE10 modality. World Bank would be fully accountable for the

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[9] Multilateral Implementing Entity

[10] Multilateral Implementing Entity

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

95. 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.

~~57.~~

~~58.~~96. 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.

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~~59.~~97. 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. 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.

~~60.~~98. 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.

~~61.~~99. 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.

~~62.~~100. 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.

~~63.~~101. Project procurement will be handled by Europa Re, which is handling several Bank and donors financed projects in Southeastern Europe~~.~~ in accordance with the World Bank regulations, rules, policies and procedures. During procurement capacity assessment the team

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will review the internal controls, complaint handling and decision making process more closely. The project procurement will be mainly consultancy contracts.

~~64.~~102. 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 usually submitted on-time and generally 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, 2013 and 2014 and raised no issues in the management letter. 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.

103. 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

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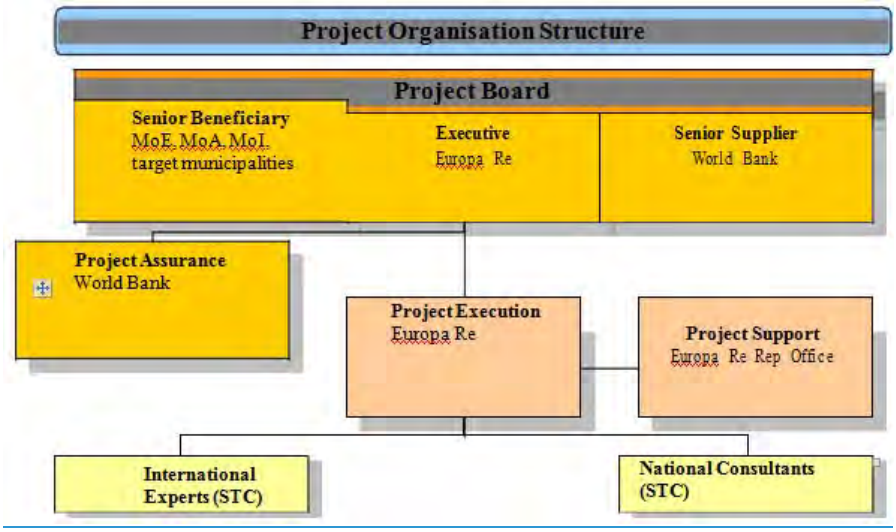
to represent the interests of the parties concerned which provide funding for technical expertise to the project. The Senior Supplier's primary function will be to provide guidance regarding the technical feasibility of the project.

Figure 13: Project Roles



104. Overall guidance will be provided by the Project Board (PB). This will include representation by the Europa Re as the Executive, Country Stakeholders as Senior Beneficiary and, World Bank as the Senior Supplier, but 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.

105. The Project Board will be responsible for making management decisions for the project, in particular when guidance is required by the Executing Agency. It will play a critical role in project monitoring and evaluations by assuring the quality of these processes and associated products, and by using evaluations for improving performance, accountability and learning. The Project Board will ensure that required resources are committed. It will also arbitrate on any conflicts within the project and negotiate solutions to any problems with external bodies. In case a consensus cannot be reached, final decision shall rest with the World Bank.

106. Project reviews by PB are made at designated decision points during the running of a project (at least once a year), or as necessary when raised by the Executing Agency. Based on the approved Annual Work Plan, the Project Board can also consider and approve the annual plan and also approve any modifications of the original plans.

107. In order to ensure the World Bank's ultimate accountability, Project Board decisions should be made in accordance to standards that shall ensure best value to money, fairness, integrity, transparency and effective international competition.

108. Potential members of the Project Board will be reviewed and recommended for approval during the Project Appraisal Committee (PAC) meeting. Project Assurance: The Project Assurance role supports the Project Board Executive by carrying out objective and independent project oversight and monitoring functions. The Project Assurance role at the country level will rest with World Bank Albania (DRM Unit).

109. To effectively execute the project, Europa Re will also establish a Project Implementation Unit which will be recruited in accordance with World Bank regulations to follow up the implementation of the project and will be based in Tirana. The PIU will also 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 issues, and will get support from the World Bank.

110. 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 the consultants' timely deliverables and their contributions to the overall project outputs. The project outreach, awareness raising and results dissemination and replication activities will be under the responsibility of a local PR specialist supervised by Europa Re.

111. Europa Re representative office in Tirana will provide office premises for the project team as well as telephone communication lines, and the required expertise and services of their corresponding 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.

112. 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 ~~/ programme~~ risk management.

~~65.~~113. ~~The overall risk rating is moderate.~~Financial and project risks and associated management measures will be assessed as an on-going process throughout the project. The primary financial, project and institutional risks, their significance and associated response measures are described in Table 10 below. The appropriate response measures are further detailed below the table.. 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 with 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 relevant areas pertaining to the project.

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 and local government. Failure of key project stakeholders to properly coordinate their actions in the process of project implementation may result in the lack of adequate government ownership for the project.	MODERATE	The process shall be closely monitored by the Bank and on-site missions. The proposed 3 year time-frame for project implementation provides sufficient risk buffer for potential delays with the enactment and implementation of the law. The stakeholders currently engaged are aware of the importance of the flood and climate

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			change resilience and adaptation
Operating Environment Risk	The prolonged European crisis coupled with a challenging fiscal and budgetary environment, has caused economic output to slow 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	Ongoing technical assistance and trainings are provided by the IMF and Bank to address the downside 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. 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.

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Risk of Insufficient Project Management Capacity	~~Adequate capacity is required to~~ manage the complex project in compliance with all the Bank's rules and donor's criteria.	LOW	The risk is low as Europa Re has already gained experience through implementation of a similar project 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.

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Risk of Insufficient Technical Capacity:	As 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 positive experience to implement the project by employing a qualified team of experts in areas of insurance, reinsurance, agriculture, catastrophe and weather risk modeling, actuarial, information technology, risk and financial management and other relevant areas pertaining to the project
Governance Risk	A proper level of expertise 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	The risk of flawed design is moderate although the project is highly complex. Europa Re has acquired valuable expertise and experience in designing similar projects which have been implemented effectively in other countries.

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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 risk will be reduced through introduction of relevant regulation and structures in place to support the ongoing implementation of the project outcome.
Project Financing Risk	Lack of donor funding for necessary technical work required for project implementation and public awareness campaigns will pose a risk.	LOW	The AF grand will cover the cost of main activities required for the project implementation.

~~66.~~114. To mitigate implementation risks, the ~~implementing~~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 have been identified. 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.

~~67. There are no environmental risks related to the project. Social issues include the possibility of risk management and insurance coverage provided to the poorest and most vulnerable segments of population. The availability of project outcomes: risk management, flood and agricultural insurance coverage for the most socially vulnerable groups will be addressed through establishing community index-based insurance schemes as opposed to developing individual insurance coverage.~~

115. Based on a pre-screening against the stipulated principles in the AF ESP, the project will be in Category B i.e. projects with possible but limited anticipated adverse environmental or social impacts. All the risks analyzed in the section III B above are either low or moderate. Specifically, the Project Stakeholder Risk and Operating Environment Risks are both moderate and, as explained in the risk scoring rationale, the developments and trends look positive, while

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the country the economy is expected to gradually shift away from domestic demand driven sources, and expand at an annual pace of 3 percent and stakeholders currently engaged are aware of the importance of the flood and climate change resilience and adaptation. However, rather than adverse impacts, the project is anticipated to have numerous economic, social and environmental benefits (see Section II.B for a summary of such benefits). The AF ESP checklist and comment per principle is presented in Section II.K. This checklist will form part of the criteria used to assess project concepts as per the process described in Section II.A

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

~~68.~~116. Project monitoring and evaluation (M&E) will be in accordance with established World Bank procedures and will be carried out by the Europa Re, 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:

~~69.~~117. A Project Inception Workshop will be conducted within two months of project start up with the Europa Re project team, relevant government 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 mutual agreement for the proposed executive arrangements amongst stakeholders, 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.

~~70.~~118. A risk log will be regularly updated in intervals of no less than every six months in which critical risks to the project have been identified. Quarterly Progress Reports will be prepared by the Europa Re team and verified by the Europa Re Board. Annual Project Reports will be prepared to monitor progress made since project start and in particular for the previous reporting period. These annual reports include, but are not limited to, reporting on the following:

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- 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.

~~71.~~119. 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.

~~72.~~120. In terms of financial monitoring, the Europa Re project team will provide World Bank with certified periodic financial statements, and with an annual audit of the financial statements relating to the status of funds according to the established procedures set out in the Bank manuals. The Audit will be conducted in accordance with the World Bank Financial Regulations and Rules and applicable audit policies for World Bank projects.

~~73.~~121. The project will undergo an independent Mid-Term Evaluation (MTE) at the mid-point of project implementation, which will determine progress being made toward the achievement of outcomes and identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. ~~Final External Evaluation will be conducted 3 months before project the closure. The budgeted Monitoring & Evaluation plan is as follows:~~

122. The indicative M&E workplan and budget are set out in the table below. It should be noted that the costs that are included in this table are part and parcel of the Total Budget and workplan, and not additional to it.

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	None	Immediately following IW

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	Bank		
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	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
Visits to field sites (World Bank		2,000	Yearly

Type of M&E activity	**Responsible Parties**	**Budget US$*** *(does not include staff time)*	**Time frame**
staff travel costs to be charged			

TOTAL INDICATIVE COST	94,500	

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

PROJECT COMPONENTS	EXPECTED CONCRETE OUTPUTS	Milestone	Indicator	Target
1. Adaptive capacity of**Objective:** To help the government, businesses and population in western lowlands communitiesdeveloping adaptive capacity and embark on climate resilient economic development through sound flood and agriculture risk management and introduction of sound mitigation alternatives.policies that mitigate losses and reduce government's fiscal costs **Indicator:**	1.1	Risk analysis and assessment carried out based on the flood hazard risk model and further on site work (800,000)	Risk assessment finalized	Risk assessment report delivered	By year 2

Outcomes and Indicators		Baseline	Target and Milestones	Source of Verification	Outputs and Indicators		
-		-	-	-	-		
	1.2**Outcome 1:** Community flood	Community flood risk maps developed for adaptation and risk mitigation purposes. (500,000)Com	- Advanced flood risk assessment and	Project annual reports ; Mid term	**Output 1.1 :** Flood risk maps provided	Maps	By year 2

		risk maps developed, catastrophe insurance schemes tailored, regulation enhanced, communication systems developed and know how provided.	munities 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	maps developed for 6 target municipalities	evaluation, final report	to communities		

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		adaptation work is ongoing, the costs for its development are high due to the currently under-developed infrastructure.					
			~~Community-based catastrophe insurance~~ - Insurance schemes ~~tailored~~developed for 6 target ~~areas(800,000)~~municipalities. - IT system developed to support insurance schemes - 10 trainings held with stakeholders			~~By year 4~~	
	~~1.3~~			~~Schemes developed~~	~~5 municipalities insured in year 3~~		
-					-		
					Indicator 1.1.:Percent of households accessing the maps		
	~~1.4~~Indicator 1.1: Percentage of population		~~Technical assistance provided for the review of relevant regulations supporting effective implementation of community insurance schemes (200,000)~~Insurance	~~Recommendations provided~~	~~Draft regulations provided to government~~	~~By year 4~~	

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			schemes launched - 10% of households insured					
					Output 1.2: Flood insurance available to communities and municipalities ~~Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector on mitigation analysis and related policies and vulner~~	~~Trainings organized~~	~~10 trainings held with communities and government~~	~~By year 3~~
		~~1.5~~						

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				~~ability (100,000)~~				
Indicator 1.2. Percentage of population aware of and practicing flood insurance								
				~~2. Expanded farmer outreach and ensured financial and management sustainability~~	~~2.1~~	~~Risk analysis carried to assess weather and climate change impact over the main agricultural products cultivated in target areas (700,000)~~	~~Risk assessment finalized~~	~~Risk assessment report delivered~~	~~By year 3~~
		- Regulations revised, subsidy schemes applied in 3 municipalities		Indicator 1.2: Percentage of households and number of municipalities insured				
Indicaror 1.3 Regulation enhanced				-				
-				Output 1.3: Regulations enhanced				
-				-				
-				Indicator 1.3: Number of regulations enhanced				

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		~~Community based agriculture insurance schemes to mitigate the financial impact of climate risks to agriculture production and environment. (800,000)~~ Currently, there is no insurance coverage for	~~Schemes developed~~	~~5~~ - Advanced risk assessment carried out for 6 target municipalities ~~insured in year 3~~	~~By year 4~~Project annual reports; Mid term evaluation, ~~final~~ report;	Output 2.1 Agriculture risk assessment made available to farmers	
	~~2.2~~**Outcome 2:** Sound community based agriculture insurance schemes developed to improve resilience to climate changes.						

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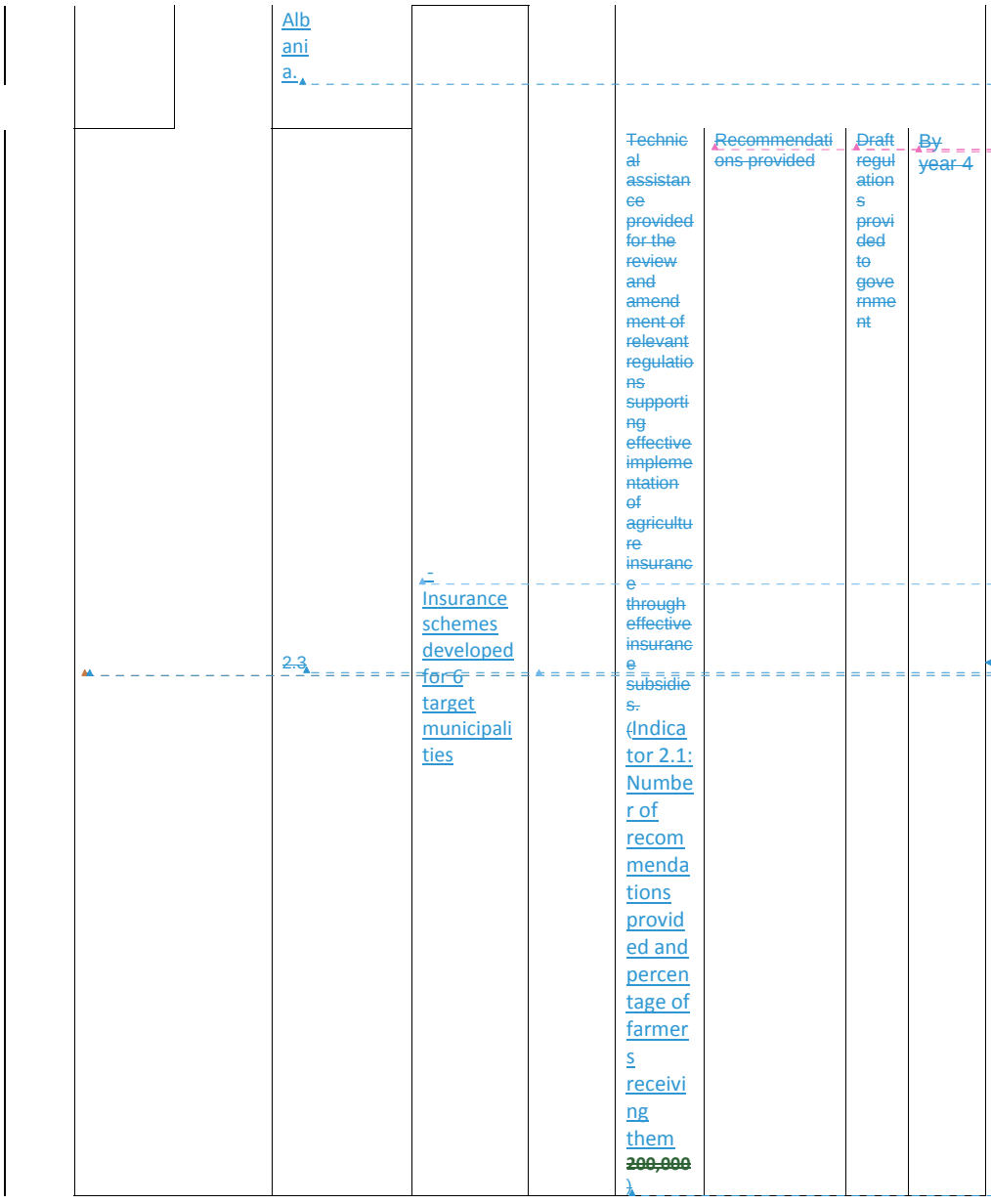
		agriculture in general and for adverse effects of climate change in particular. In cases of extreme weather conditions or natural disasters causing				

farmers to lose their crops, the government acts as an insurer of last resort by providing partial compensation payments to those farmers that sustai

		ned 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				

~~Amended in November 2013~~



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	~~2 - 4~~	~~Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector and farmers on the adaptive measures and agricultural insurance~~ (Indicator 1.2. Percentage of population aware of and practicing well tested, climate resilient agricultural practices~~200,000~~)	~~Trainings organized~~	- IT configuration implemented	~~20 trainings held with communities and government~~Output 2.2: Farmers and municipal access to agriculture insurance realized	~~By year 4~~	
-				- 10 trainings held with stakeholders	Indicator 2,2: Percentage of farmers sand number of municipalities insured		
-				- Regulations revised	Output 2.3: Regulations enhanced		
-				- Insurance schemes	Indicator 2.3: Number of regulations revised		

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			launched - 10% of farmers insured				
Outcome 3: Early warning monitoring, measurement and communication systems developed to ~~improve adaptive capacity and support~~back risk management and insurance schemes.	~~3.1~~	~~Smart systems developed to support timely monitoring, measurement, dissemination, communication and insurance damage evaluation immediately post disaster. (500,000)~~The existing national early warning systems have recently received a boost from the World Bank DRMAP project which resulted in procuring and installing a number of automated meteorological stations. The ongoing project "Adaptation to Climate Change in the Western Balkans" financed by the Federal Ministry for Economic Cooperation and Development BMZ is also supporting	-Digital 3D Maps set	~~Project annual reports~~; Mid term evaluation, final report, test simulation	~~System~~Output 3.1 EWS system developed	~~System delivered and installed~~	~~By year 3~~

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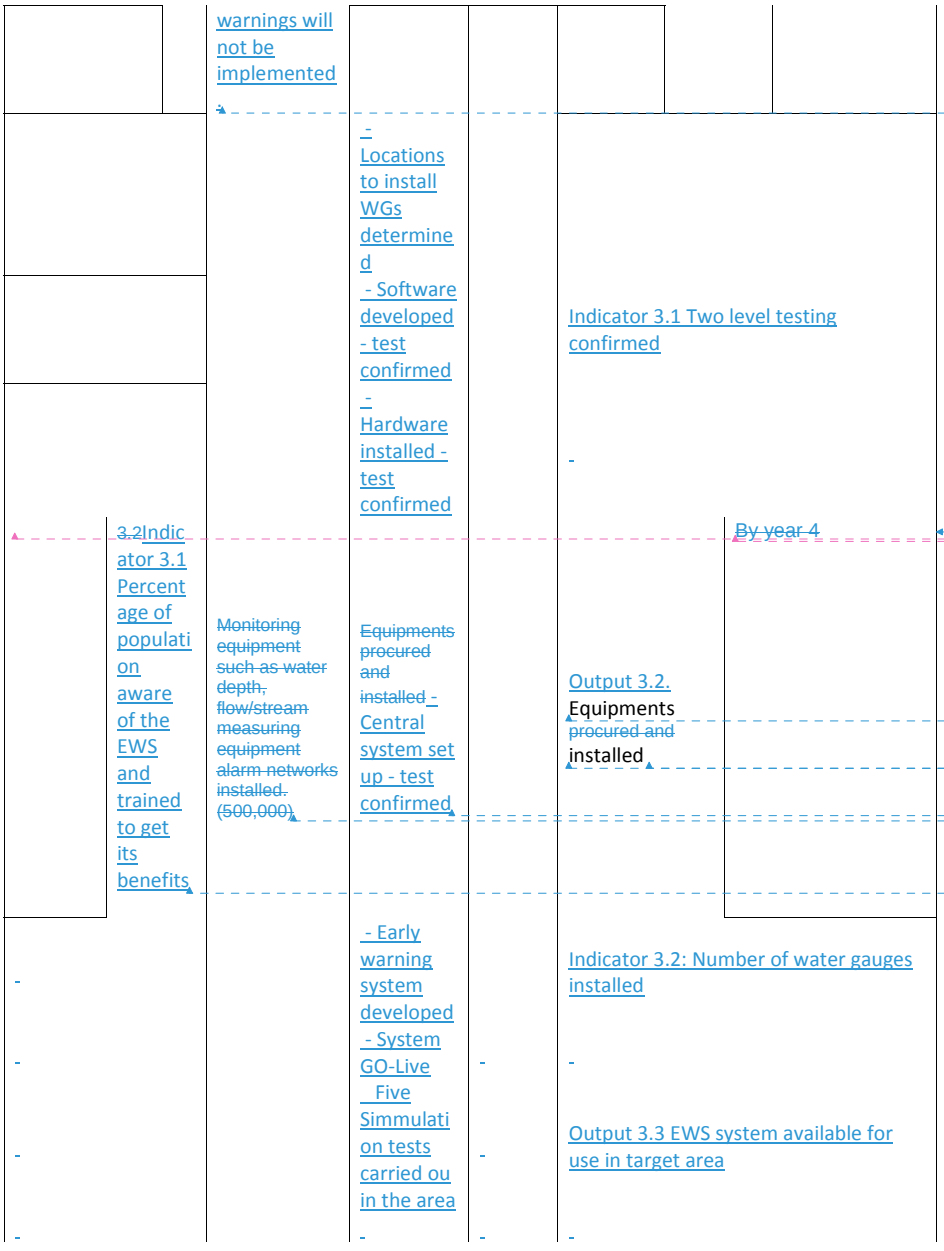
			five countries of the region, namely Albania, Macedonia, Montenegro, Kosovo and Serbia, to establish a regional system for early flood forecasting in the Drin basin. Despite these advancements, the recent capacity needs assessment for the flood early warning system in Albania highlighted considerable capacity gaps both in terms of risk assessment methods, observation, forecasting and communication. Without the AF support, the advanced methods of risk assessment, forecasting and dissemination of early					



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	~~3.3~~	~~Extensive trainings for stakeholders and western lowlands communities to effectively implement the early warning systems (100,000)~~	~~Trainings organized~~	~~10 trainings held~~Indicator 3.3. Number of test simulations carried out with communities ~~and government~~	~~By year 3 & 4~~
Outcome 4: Knowledge management and awareness raising Outcome 4.1: Percentage of households trained on flood risk and insurance Indicator 4.1. Number of farmers trained on climate adaptation to agriculture Indicator 4.3: Number of communities trained on EWS Indicator 4.4: 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 flood prone areas trained - 15 percent of farmers in target areas trained - 10 percent of households trained on early warning systems - 10 publications and 20 media coverages - -	Project annual reports ; Mid term evaluation, final report, test simulation -	Output 4.1 Know how transferred and flood risk awareness raised Indicator4.1: Percent of households insured Output 4.2: Know how transferred and insurance awareness raised for farmers in target area Indicator 4.2: Percentage of farmers insured Output 4.3: EWS information and practical use shared with communities	

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				Indicator 4.3: Percentage of households participated in simulttion tests Output 4.4: Climate adaptation awareness raised Indicator 4.4: Percentage of people participating in social media networks

F. Demonstrate how the project ~~/ programme~~ 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

Project Objective(s)[11]	Project Objective Indicator(s)	Fund Outcome	Fund Outcome Indicator	Grant Amount (USD)
Adaptive capacity ~~of western lowlands communities~~increased through development of flood risk management and ~~introduction~~implementation of ~~sound mitigation~~	~~Number of municipalities covered under community based flood~~	Outcome 2: Strengthened institutional capacity to reduce risks associated with climate-	~~Number~~2.2 No. of ~~population benefiting from flood~~people	~~2,400~~ 800,000

[11] ~~The AF utilized OECD/DAC terminology for its results framework. Project proponents may use different terminology but the overall principle should still apply~~

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~~alternatives~~community-based flood insurance schemes	~~insurance~~Percentage of households in target area protected through adaptation measures	induced socioeconomic ~~and~~& environmental losses	e with reduced risk ~~management~~ to extreme weather events	
Climate resilient practices of agricultural risk management developed to reduce vulnerability of highly exposed agricultural communities	Number of communities with climate resilient practices adopted and percentahe of farmers protected	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	800,000
Project Outcome(s)	**Project Outcome Indicator(s)**	**Fund Output**	**Fund Output Indicator**	**~~Grant Amount (USD)~~**
~~Expanded farmer outreach and ensured financial and management sustainability~~Flood risk assessed and community flood risk maps developed	~~Number of municipalities covered under community based flood insurance~~Percentage of population benefiting of climate-related planning and policy frameworks	~~Target~~Output 2.2: Targeted population groups covered by adequate risk reduction systems	~~Number of farmers benefiting from agriculture risk management~~ 2.21. Percentage of population covered by	~~1,900~~ 500,000

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			adequate risk-reduction systems	
~~**Project Outcome(s)**~~	~~**Project Outcome Indicator(s)**~~	~~**Fund Output**~~	~~**Fund Output Indicator**~~	~~**Grant Amount (USD)**~~
Early warning systems developed to ~~improve~~increase adaptive capacity of the population and support the risk management practices and community-based insurance ~~schemes~~	~~System in place providing early warnings and facilitate communication in case of floods~~Percentage of households benefiting of the early warning system and weather information	~~Resilience built~~Output 3: Targeted population groups participating in adaptation and risk reduction awareness ~~raised among communities~~activities	~~Number of people benefiting from the system~~3.1. 1 No. and type of risk reduction actions or strategies introduced at local level	~~1,100~~500,000
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.	1,600,000

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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.

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Project Implementation Gant Chart

~~PROJECT COMPONENTS~~	~~#~~	~~OUTPUT/DELIVERABLE~~	~~YEAR~~YR 1 Q1	Q2	Q3	Q4	~~YEAR~~YR 2 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			800,000							
	~~1.2~~	Component 1.2 Community flood risk maps developed for adaptation and risk mitigation purposes. ~~(500,000)~~			~~500,000~~					
					200,000		200,000			
	~~1.3~~	Component 1.3 Community-based catastrophe insurance schemes tailored for target areas~~(800,000)~~								
							400,000			
	~~1.4~~	Component 1.4 Technical assistance provided for the review of relevant regulations supporting effective implementation of community insurance schemes ~~(200,000)~~								
		SUBTOTAL 1~~.5~~	~~Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector on mitigation analysis and related policies and vulnerability (1,000,000~~100,000~~)~~				600,000			

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COMPONENT 2: Expanded farmer outreach and ensured financial and management sustainability				
~~2. Expanded farmer outreach and ensured financial and management sustainability~~	~~2.1~~	Component 2.1 Risk analysis carried to assess weather and climate change impact over the main agricultural products cultivated in target areas ~~(700,000)~~	~~700,000~~	
			400,000	300,000
	~~2.2~~	Component 2.2 Community based agriculture insurance schemes to mitigate the financial impact of climate risks to agriculture production and environment. ~~(800,000)~~	~~800,000~~	
				400,000
	~~2.3~~	Component 2.3 Technical assistance provided for the review and amendment of relevant regulations supporting effective implementation of agriculture insurance through effective insurance subsidies. ~~(200,000)~~		~~200,000~~
		SUBTOTAL 2	400,000	700,000
	~~2.4~~	**COMPONENT 3: Early warning systems to improve adaptive capacity and support insurance schemes** ~~Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector and farmers on the adaptive measures and agricultural insurance. (200,000)~~		
~~3. Early warning systems to improve adaptive capacity and support insurance schemes~~	~~3.1~~	Component 3.1 Smart systems developed to support timely monitoring, measurement, dissemination, communication and insurance damage evaluation immediately post disaster. ~~(500,000)~~	~~500,000~~	

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			300,000	200,000
	~~3.2~~	Component 3.2 Monitoring equipment such as water depth, flow/stream measuring equipment alarm networks installed (~~500,000~~)		~~500,000~~
				200,000
		SUBTOTAL 3	300,000	400,000
COMPONENT 4: Knowledge management and awareness raising				
		Component 4.1 Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector on mitigation analysis and related policies and vulnerability		
		Component 4.2 Capacity building/hands on training of national experts of line ministries, municipalities and insurance sector and farmers on the adaptive measures and agricultural insurance		
	~~3.3~~	Component 4.3 Extensive trainings for stakeholders and western lowlands communities to effectively implement the early warning systems (~~100,000~~)		
		Component 4.4 Media coverage, social media and publications used to disseminate project results		
		SUBTOTAL 4	0	0
		MIE Fee for services	123,463	123,463
		Execution Costs	102,500	102,500
		GRAND Total	1,925,963	1,925,963

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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

Project Outcome/Atlas Activity	Implementing Agent	Donor Name	Budget Description	Total USD	YR 1	YR 2	YR 3	YR 4	Budget note
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	400,000	400,000				1
			Survey Sub-contractors	150,000	150,000				2
			Local experts	65,000	65,000				3
			Travel	30,000	30,000				4
			Field and survey equipment	150,000	150,000				5
			Miscellaneous	5,000	5,000				6
			Subtotal Output 1.1	**800,000**	**800,000**	**0**	**0**	**0**	
Output 1.2 Community flood risk maps developed for adaptation and risk mitigation purposes	Europa RE		International experts	303,000	150,000	120,000	33,000		7
			Local experts	76,000	43,000	23,000	10,000		8
			Stakeholders' consultations	30,000		20,000	10,000		9

			Travel	15,000	5,000	5,000	5,000		10
			Printing and publication (incl. web options)	70,000		30,000	40,000		11
			Miscellaneous	6,000	2,000	2,000	2,000		12
			Subtotal Output 1.2	**500,000**	**200,000**	**200,000**	**100,000**	**0**	
Output 1.3 Community-based catastrophe insurance schemes tailored for target areas	Europa RE		International experts	400,000		200,000	200,000		13
			Local experts	120,000		70,000	50,000		14
			Underwriting infrastructure	220,000		100,000	120,000		15
			Consultation with local stakeholders	30,000		15,000	15,000		16
			Travel	26,000		13,000	13,000		17
			Miscellaneous	4,000		2,000	2000		18
			Subtotal Output 1.3	**800,000**		**400,000**	**400,000**	**0**	
Output 1.4 Technical assistance provided for the review of relevant regulations supporting effective implementation of community insurance schemes	Europa RE		International Experts	**108,000**			108,000		19
			Local experts	**60,000**			60,000		20
			Stakeholders' consultations	**20,000**			20,000		21
			Travel	**10,000**			10,000		22
			Miscellaneous	**2,000**			2,000		23
			Subtotal Output 1.4	**200,000**	**0**	**0**	**200,000**	**0**	
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	**ADAPTATION FUND**	International experts	**385,000**	200,000	185,000			24
			Local experts	**125,000**	75,000	50,000			25
			Travel	**40,000**	20,000	20,000			26
			Field and survey equipment	**100,000**	100,000				27

			Printing and publication	**40,000**		40,000			28
			Miscellaneous	**10,000**	5,000	5,000			29
			Subtotal Output 2.1	**700,000**	**400,000**	**300,000**	**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		International experts	**461,000**		290,000	158,000	13,000	30
			Local experts	**105,000**		70,000	30,000	5,000	31
			Underwriting infrastructure	**150,000**			100,000	50,000	32
			Consultation with local stakeholders	**40,000**		20,000		20,000	33
			Travel	**30,000**		10,000	10,000	10,000	34
			Miscellaneous	**14,000**		10,000	2,000	2,000	35
			Subtotal Output 2.2	**800000**	**0**	**400,000**	**300,000**	**100,000**	
Output 2.3 Technical assistance provided for the review and amendment of relevant regulations supporting effective implementation of agriculture insurance through effective insurance subsidies	Europa RE		International Experts	108,000			108,000		36
			Local experts	60,000			60,000		37
			Consultation with local stakeholders	20,000			20,000		38
			Travel	10,000			10,000		39
			Miscellaneous	2,000			2,000		40
			Subtotal Output 2.3	**200,000**	**0**	**0**	**200,000**	**0**	
OUTCOME 3: Early warning systems to improve adaptive capacity and support insurance schemes									
Output 3.1 Smart systems developed to support timely monitoring, measurement, dissemination, communication and insurance damage	Europa RE	**ADAPTATION FUND**	International experts	**200,000**	150,000	50,000			41
			Local experts	**40,000**	20,000	20,000			42
			EWS system infrastructure	**200,000**	100,000	100,000			43
			Consultation with local stakeholders	**36,000**	18,000	18,000			44

evaluation immediately post disaster.			Travel	**20,000**	10,000	10,000			45
			Miscellaneous	**4,000**	2,000	2,000			46
			Subtotal Output 3.1	**500,000**	**300,000**	**200,000**	**0**	**0**	
Output 3.2 Monitoring equipment such as water depth, flow/stream measuring equipment alarm networks installed	Europa RE		International Experts	**65,000**		50,000	10,000	5,000	47
			Local experts	**35,000**		30,000	5,000		48
			Equipment	**358,000**		102,000	171,000	85,000	49
			Travel	**7,000**		3,000	2,000	2,000	50
			Procurement & consultation	**16,000**		8,000	5,000	3,000	51
			Installment & connection with systems	**13,000**		5,000	5,000	3,000	52
			Miscellaneous	**6,000**		2,000	2,000	2,000	53
			Subtotal Output 3.2	**500,000**	**0**	**200,000**	**200,000**	**100,000**	
OUTCOME 4: Early warning systems to improve adaptive capacity and support insurance schemes									
Output 4,1 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	**33,000**			**33,000**		54
			Local experts	**5,000**			**5,000**		55
			Printing and publication	**20,000**			**20,000**		56
			Web and media publications	**20,000**			**20,000**		57
			Equipment & Facilities	**10,000**			10,000		58
			Travel	**10,000**			10,000		59
			Miscellaneous	**2,000**			2,000		60
			Subtotal Output 4.1	**100,000**	**0**	**0**	100,000	0	
Output 4.2 Capacity building/hands on training of national experts of line	Europa RE		International experts	**50,000**				50,000	61
			Local experts	**10,000**				10,000	62

ministries, municipalities and insurance sector and farmers on the adaptive measures and agricultural insurance			Printing and publication (incl. web options)	**67,000**				67,000	63
			Equipment & Facilities	**10,000**				10,000	64
			Travel	**10,000**				10,000	65
			Miscellaneous	**3,000**				3,000	66
			Subtotal Output 4.2	**150,000**	**0**	**0**	0	150000	
Output 4.3 Extensive trainings for stakeholders and western lowlands communities to effectively implement the early warning systems	Europa RE		International experts	**40,000**				40,000	67
			Local experts	**5,000**				5,000	68
			Printing and publication	**30,000**				30,000	69
			Web publicity & promotion costs	**10,000**				10,000	70
			Travel	**10,000**				10,000	71
			Miscellaneous	**5,000**				5,000	72
			Subtotal Output 4.3	**100,000**	**0**	**0**	**0**	**100,000**	
Component 4.4 Media coverage, social media and publications used to disseminate project results	Europa RE		Costs associated with local experts	**7,000**				**7,000**	73
			Printing and publication	**30,000**				**30,000**	74
			Web publicity & promotion costs	**10,000**				10,000	75
			Travel	**2,000**				2,000	76
			Miscellaneous	**1,000**				1,000	77
			Subtotal Output 4.4	**50,000**	**0**	**0**	**0**	**50,000**	
Project Execution									
Project Execution Costs	Europa RE		PIU employment	155,000	40,000	40,000	50,000	25,000	78

		ADAPTATION FUND	Local staff employment	92,000	24,000	24,000	24,000	20,000	79
			Logistics and equipments	30,000	23,500	2,000	2,500	2,000	80
			Project Inception Workshop	5,000	5,000	0	0	0	81
			Project Evaluation & Audits	60,000	0	25,000	0	35,000	82
			Project Board meetings	12,000	2,000	3,000	4,000	3,000	83
			Field visits	30,500	5,000	5,500	10,000	10,000	84
			Technical report costs	20,000	2,000	2,000	10,000	6,000	85
			Miscellaneous	5,500	1,000	1,000	2,000	1,500	86
			Subtotal Project Management	**410,000**	**102,500**	**102,500**	**102,500**	**95000**	
			Subtotal Project Program	**410,000**	**102,500**	**102,500**	**102,500**	**95000**	
TOTAL Project Implementation Costs				**5,810,000**	**1,802,500**	**1,802,500**	**1,602,500**	**595,000**	
MIE fee for services				**493,850**	**123,463**	**123,463**	**123,463**	**123,463**	
GRAND TOTAL				**6,303,850**	**1,925,963**	**1,925,963**	**1,725,963**	**718,463**	

Budged notes:

#	Budget note
1	International Expert (48 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 equipments
6	Miscellaneous costs associated with implementation of the activity

7	International Expert (38 staff month) to provide expertise and technical assistance in inundation modelling and mapping
8	National experts to provide expertise and technical assistance in inudnation modelling and mapping
9	Costs associated with undertaking stakeholder consultations, including holding workshops
10	Travel associated with workshops and site visits
11	Costs of printing and publications associated with producing flood risk maps for areas of interest
12	Miscellaneous costs associated with implementation of the activity
13	International experts (45 staff month) to design, develop and price insurance products
14	Local experts to cooperate with international experts in developing insurance programs
15	Software and hardware costs (incl. compliance with licensing requirements)
16	Costs associated with undertaking stakeholder consultations on flood risk maps, including holding workshops
17	Travel associated with workshops and site visits
18	Miscellaneous costs associated with implementation of the activity
19	International experts (12 staff month) to design, develop and price insurance products
20	Local legal experts to cooperate with international experts
21	Costs associated with undertaking stakeholder consultations, including holding workshops
22	Travel associated with workshops and site visits
23	Miscellaneous costs associated with implementation of the activity
24	International experts (12 staff month) to design, develop and price insurance products
25	Local legal experts to cooperate with international experts
26	Costs associated with pringing and publication of training and promotion materials
27	Costs associated with web and media publications
28	Travel associated with workshops and site visits
29	Miscellaneous costs associated with implementation of the activity
30	International experts (45 staff month) to design, develop and price insurance products
31	Local legal experts to cooperate with international experts
32	Costs associated with IT infrastructure supporting insurance
33	Costs related to consultations with stakeholders
34	Travel associated with workshops and site visits
35	Miscellaneous costs associated with implementation of the activity
36	International experts (15 staff month) to design, develop and price insurance products
37	Local legal experts to cooperate with international experts
38	Costs related to consultations with stakeholders
39	Travel associated with workshops and site visits
40	Miscellaneous costs associated with implementation of the activity
41	International experts (24 staff month) to design, develop and price insurance products
42	Local legal experts to cooperate with international experts
43	Costs associated with EWS infrastructure development

44	Costs associated with stakeholders' consultations
45	Travel associated with workshops and site visits
46	Miscellaneous costs associated with implementation of the activity
47	International experts (10 staff month) to design, develop and price insurance products
48	Local legal experts to cooperate with international experts
49	Costs associated with purchase of EWS equipments
50	Travel connected with installment of equipment
51	Procurement and consultation with stakeholders
52	Costs for installment of equipments
53	Miscellaneous costs associated with implementation of the activity
54	International experts (3 staff month) to design, develop and price insurance products
55	Local legal experts to cooperate with international experts
56	Costs associated with pringing and publication of training and promotion materials
57	Costs associated with web and media publications
58	Costs associated with equipments and access to workshop facilities
59	Travel associated with workshops and site visits
60	Miscellaneous costs associated with implementation of the activity
61	International experts (10 staff month) to design, develop and price insurance products
62	Local legal experts to cooperate with international experts
63	Costs associated with pringing and publication of training and promotion materials (incl. web alternatives)
64	Costs associated with accession of facilities and equipments
65	Travel associated with workshops and site visits
66	Miscellaneous costs associated with implementation of the activity
67	International experts (5 staff month) to design, develop and price insurance products
68	Local legal experts to cooperate with international experts
69	Costs associated with printing and publications
70	Costs associated with web publicity
71	Travel connected with activities to raise awareness
72	Miscellaneous costs associated with implementation of the activity
73	Local marketing and media experts
74	Costs associated with printing and publications
75	Costs associated with web publicity
76	Travel connected with activities to raise awareness
77	Miscellaneous costs associated with implementation of the activity
78	Costs associated with PIU employment
79	Costs associated with additional local staff employment
80	Costs related to logistics and equipments used by local staff (invl. Computers, supplies, communication,
81	Costs associated with inception workshop

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82	Costs asociated with mid-term and final project evaluation and audits
83	Costs associated with board meetings
84	Cost associated to field visits
85	Costs associated with reports for boards and stakeholders
86	Miscellaneous costs related to project execution

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Breakdown of project execution costs

Cost Item	Year 1	Year 2	Year 3	Year 4	AF (USD)
Project Implementation Unit Salary (3 local staff)	40,000	40,000	50,000	25,000	155,000
Field Coordinator Salary	12,000	12,000	12,000	10,000	46,000
Local Project Admin / Finance Salary	12,000	12,000	12,000	10,000	46,000
Country logistics & Equipments	15,000	-	-	-	15,000
IT equipment	6,500	-	-	-	6,500
Communications	1,000	1,000	1,000	1,000	4,000
Supplies	1,000	1,000	1,500	1,000	4,500
Miscellaneous	1,000	1,000	2,000	1,500	5,500
Project Inception Workshop	5,000	-	-	-	5,000
Project Board Meetings	2,000	3,000	4,000	3,000	12,000
Mid-term project evaluation	-	20,000	-	-	20,000
Final Evaluation	-	-	-	30,000	30,000
Visits to Field Sites	5,000	5,500	10,000	10,000	30,500
Technical Reports	2,000	2,000	10,000	6,000	20,000
Audits	-	5,000	-	5,000	10,000
TOTAL	**102,500**	**102,500**	**102,500**	**102,500**	**410,000**

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 daptation 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.	24,693

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.	74,082
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.	98,770
Implementation	Technical support in preparing TORs and verifying expertise for technical positions. Provide technical and operational guidance project teams. 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, 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	222,223

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	74,082

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

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~~PART IV: ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE IMPLEMENTING ENTITY~~

-	1st disbursement - upon agreement signature	2nd disbursement	3rd disbursement	4th disbursement	Total
Scheduled Date	30 April 2016	30 July 2017	30 July 2018	30 July 2019	
Project Funds (USD)	1,802,500	1,802,500	1,602,500	602,500	**5,810,000**
Implementing Entity Fee (USD)	123,463	123,463	123,463	123,463	**493,850**
Total	**1,925,963**	**1,925,963**	**1,725,963**	**725,963**	**6,303,850**

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

A. Record of endorsement on behalf of the government[12]

~~A.~~ *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~~, Deputy Minister~~ Designated Authority for the Adaptation Fund (Albania)	Date~~: The~~ of endorsement: August 26th 2015. Endorsement letter ~~will be delivered in~~is attached to the ~~early September 2015.~~proposal.

B. ~~B.~~ Implementing Entity certification

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

[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.

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~~/programme~~ 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~~/programme~~.	
Eugene N. Gurenko, Lead Financial Sector Specialist and Project Task Team Leader, GFMDR, World Bank (egurenko@worldbank.org); Signed on 8_8_2015. Implementing Entity Coordinator	
Date: 08_08_2015	Tel~~. and email:~~ .: 001-2024585414
Project Contact Person: Eugene Gurenko	
~~Tel. And~~ Email:egurenko@worldbank.org	

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REPUBLIC OF ALBANIA
MINISTRY OF ENVIRONMENT
MINISTER

Address: Durrësi Str., No.27, Tirana, Tel: +355 42 270 621 Fax: +355 42 270 627, www.moe.gov.al

Letter of Endorsement

Nr 3329

September 9. 9 2015

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 Minister of Environment, 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,

Lefter KOKA

MINISTER