REPUBLIC OF ALBANIA

National Adaptation Planning (NAP) to Climate Change in Albania

Framework for the Country Process

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Foreword

It is my pleasure to present for the first time the commitment of the Albanian Government and the Ministry I head, through this significant document—the National Adaptation Plan. This Plan is the first of its kind in the Western Balkans. It focuses on the Governmental preparedness for a long process on climate change adaptation, and it is the first official document at policy level addressing the need for mainstreaming the climate change adaptation concepts in all affected sectors in our country.

Changes in climate patterns and behaviour have already become relevant and important for Albania. In the past few years we have had to cope with extreme weather events, such as flash floods, floods, heavy rainfall during autumn and winter, and prolonged periods of hot days and nights in the summer.

It is already clear that the costs of being inactive are much higher compared to the costs of protection against climate events. Through this document we bring the political and institutional attention not only to the efforts for mitigating climate change impact (which we have already done through our policy for reducing Greenhouse Gases and INDC implementation) but also to the preparedness for, and adaptation to, climate change in order to manage its inevitable consequences.

The National Adaptation Plan is the result of long and intensive work, with the commitment and coordination of many actors, in order to minimize any possible risk caused by extreme climate events with heavy social and financial costs, as we have seen in the past few years.

Through proposing the priority actions, which have been developed carefully and responsibly by the Inter-Ministerial Working Group on Climate Change, we hope to get the proper attention on this issue, and raise the interest of international developing partners. We also aim at showcasing the first success stories in this field, which, more than anything, requires inter-institutional coordination and cooperation and constant support from international partners and donors.

Finally, I would like to highlight the importance of this Plan to help Albania on minimizing the potential risks, and at the same time utilize every opportunity that might arise from climate change. In order to achieve that, all of us need to take responsibilities from decision-makers at central and local level, businesses, to the communities and citizens.

Blendi KLOSI

Minister of Tourism and Environment

1. Executive Summary

NAP elaboration process: The country developed the NAP document in close cooperation of relevant line ministries and under the lead function of the Ministry of Tourism and Environment (MTE) within the framework of the Inter-Ministerial Working Group on Climate Change, which was mandated by the Prime Minister of Albania, during 2015 to 2016. The process received support by GIZ, UNDP and EU. The working process ensured ownership and participation of all relevant stakeholders in line with the NAP Technical Guidelines by UNFCCC.

The **Knowledge on climate change impacts and vulnerabilities** available in Albania is comparably good, resulting from the First (2002), Second (2009) and Third National Communications (2016) to UNFCCC. Besides, sector related and regional studies and projects provide important information on climate modelling, impact analysis, vulnerabilities and potential adaptation measures in Albania. The key vulnerabilities can be condensed as follows:

- **Hydrological systems:** Changing precipitation affects water resources and availability in terms of quantity and quality.
- **Agriculture:** Negative impacts of climate change on crop yields will be more common than positive impacts and result from changes of temperature, precipitation, hydrological systems (including irrigation), soil quality, erosion, and extreme events.
- **Energy:** The high share of hydropower implies impacts of changes in the hydrological systems on energy production.
- **Health:** Main impacts result from heat waves and vector increase through changes of temperature and precipitation.
- **Social vulnerabilities:** Inequalities and social vulnerabilities produced by uneven development processes aggravate risks from climate change.
- **Climate related hazards and disasters:** Increasing incidences of floods, droughts and other extreme events exacerbate other stressors, often with negative outcomes for infrastructure, production sectors and peoples' livelihoods, especially for marginalized communities.
- **Ecosystems:** Changes in climate cause impacts on natural systems, which can be observed already as of now along the coastal lagoons and estuaries as well as in river basins.
- **Tourism**: sector is exposed to numerous direct and indirect impacts from climate change. Sea-level rise will threaten coastal tourism infrastructure and natural attractions.

Quite in contrast to existing knowledge on impacts and vulnerabilities, committed action for reducing vulnerabilities is still quite rare. A participatory Stocktaking Workshop on 19 February 2015 identified considerable gaps between existing adaptation approaches and needs. The NAP process should provide added value and assist in closing gaps.

The NAP process for Albania follows the following **principles**:

- NAP is understood mainly as long-lasting process for which this document provides the framework elements such as principles, goals, indicators, priority actions and process elements.
- It provides a framework for targeted mainstreaming.
- It establishes an implementation framework mainly through priority actions supported through access mechanisms to finances, outreach and involvement, capacity development and monitoring.
- It is a catalyst for participation and awareness rising.

An effective steering of the adaptation process will be ensured through outcome-oriented **goals and indicators**. They limit complexity by reduction on core indicators characterizing the adaptation progress and by building on existing goals and indicators, e.g. those defined in the NSDI. This NAP document identifies indicators, which, however, need further specification within the development of a concise Result-Based Monitoring System. Regarding the main results of the adaptation process at subject level, the NAP defines 3 key objectives:

- Goal 1: Damages through floods are reduced.
- Goal 2: Agricultural resilience against floods is enhanced.
  Goal 3: Drinking water quality is secured despite impacts from climate change.

The time-line for achieving these goals is defined as 20 years (until 2035).

Mainstreaming climate change adaptation into relevant sector plans and policies is a key principle for the NAP process in Albania. Mainstreaming activities have already been pursued for several sectors, for the overarching National Strategy for Development and Integration (NSDI) as well as the EU IPA country strategy paper The EU accession process can be understood as a strong promoter for climate change adaptation, taking into consideration the mainstreaming approach of the EU Adaptation Strategy and within the IPA Process as stipulated in the EU-IPA II Strategy Paper. Mainstreaming should be organized as a long-term process which will address also future policy and plan developments.

The implementation framework of the NAP document is provided, inter alia, through a limited number of so called **Priority Actions** (or 'umbrella projects'). They do not intend to cover all necessary adaptation activities but concentrate on measures with strategic and leverage functions. They are sub-divided into overarching and steering actions as well as into selected sector-related actions of paramount importance for climate resilience in Albania:

<u>Overarching Actions / implementation framework</u>

- Steering of the adaptation process in Albania
- Overarching mainstreaming initiative
- Climate finance readiness
- Implementation monitoring system
- Communication and outreach initiative
- Initiative for capacity development on climate change adaptation

<u>Sector-wise and cross-sector strategic actions</u>

- Climate Resilient Irrigation, Drainage and Flood Protection
- Integrated Water Resources Management
- Adaptation in the Agricultural Sector
- Implementation of Adaptation Strategy for Health Sector
- Integrated Cross-Sectorial Plan for the Coast (ICPC)Initiative for Municipal Climate Change Adaptation Plans Adaptation in tourism
- Upgrading civil defence preparedness and disaster risk reduction
- Building the Resilience of KVLS through EbA adaptation

Access to climate finances (domestic and international) is a prerequisite for implementing adaptation measures. Albania has limited experiences with managing larger amounts of climate finances. Therefore, a financing document has been elaborated (Annex VI) . Great potentials for mainstreaming climate change into financing mechanisms result from the IPA process with its link to EU climate change processes. A considerable part of adaptation measures will be covered

through domestic sources, in many times not even separately earmarked for adaptation: E.g., investments for road construction might cover also adaptation if road standards are adjusted to enhance resilience against heavy rain and flush floods or the routing requires detours to avoid flood prone areas.

Adequate **administrative capacities, public awareness, information exchange, communication and involvement mechanisms** are important elements for effectively enhancing resilience against climate change in Albania. Necessary steps are being operationalized within an overarching strategy for capacity development, outreach and involvement.

The process character of NAP with its long-term orientation requires result oriented **monitoring, reporting and review**. The main goals of this follow-up process includes effective steering of the process, incorporation of new knowledge and lessons learned as well as transparent information to stakeholders. The Ministry of Tourism and Environment with support from all relevant line ministries will be responsible for establishing a monitoring system and will launch progress reports every 4 years. A review process is envisaged every 8 years to assess whether the goals and indicators of the NAP process and the overall approaches for their achievement are still in line with new developments in the country.

2. Mandate, framework and steps for developing Albania's NAP process

Key messages of this chapter

The Inter-Ministerial Working Group on Climate Change which was mandated by the Prime Minister of Albania, has worked in close cooperation with relevant line ministries under the lead function of the Ministry of Tourism and Environment (MTE) to develop the NAP document in during 2015 to 2016. The process received support by GIZ, UNDP and EU. The working process ensured ownership and participation of all relevant stakeholders in line with the NAP Technical Guidelines by UNFCCC.

Practical case

Taking into consideration the broad spectrum of sectors and stakeholders involved into the NAP process in Albania, there was a need for training inputs on principles and concrete approaches of the NAP in order to promote joint understanding and consensus on how Albania should address adaptation. During the NAP development process, MTE pursued the strategy of intermitting training inputs in the context of meetings of the Inter-Ministerial Working Group on Climate Change (IMWG) – rather than conducting an 'isolated' training course. The following inputs were provided:

- Training input on 17 February 2015: Essentials of climate change adaptation, NAP process overview, and mainstreaming.
- Training input on 8 September 2015: Financing climate change adaptation.
- Training input on 13-15th of July 2016: Capacity development on implementation of the Climate change policies

Mandate

The Ministry of Tourism and Environment of Albania decided that a National Adaptation Plan (NAP) is needed for Albania. By Order No. 155 of 25 April 2014, the Prime Minister established the 'Inter-Ministerial Working Group on Climate Change', which is mandated, inter alia, to draft climate related policies and strategies including the NAP. The Inter-Ministerial Working Group is chaired by the Ministry of Tourism and Environment, which has also the lead function for NAP development and implementation.

Conceptual framework for Albania's NAP process

The NAP process in Albania is guided by the 'Technical Guidelines for the NAP Processes' developed by the UNFCCC Least Developed Countries Expert Group (LEG)[1]and published in De-

[1]UNFCCC / LDC Expert Group: National Adaptation Plans – Technical guidelines for the national adaptation plan process. December 2012.

cember 2012 (so called ‘Technical Guidelines’). The Technical Guidelines characterize the NAP process as:

- **Non prescriptive:** The Technical Guidelines propose sequences and steps for action. Each country should flexibly select, which of these make sense to ensure effective adaptation, taking into consideration its level of progress within adaptation as well as concrete framework conditions.
- **Country-owned, country-driven action:** It is important that the process is fully country-driven and owned, to enhance compatibility with other national planning processes and to ensure a high degree of political buy-in. The NAP process seeks to harness and build upon national-level capacity, with support from various partners, as appropriate.
- **Coherence of adaptation and development planning:** Mainstreaming adaptation becomes a key issue, rather than duplicating efforts and establishing parallel structures. This integration includes also the reflection of adaptation needs in all relevant budgeting sources.
- **Improved climate risk management**: The NAP process should identify a pipeline of interventions to reduce climate risks, identify entry points into existing national processes and align funding from public, private, national and international finance sources.
- **Regular monitoring and review:** Systematic learning processes should support updating the NAP in an iterative manner.

It is important to highlight that the Technical Guidelines define the NAP as going beyond the mere development of a formal plan. Rather, they emphasize the process character of NAP, for which they specify the following elements and steps. Characteristically, the NAP formulation comprises only one of these steps:

A. **Lay the groundwork and address gaps:** (a) identify and assess institutional arrangements, programmes, policies and capacities for overall coordination, (b) assess existing climate change information including impacts, vulnerability and measures taken and (c) assess development needs.

B. **NAP formulation:** (a) design of plans, policies and programmes to address the gaps and needs identified in element A, (b) assess medium and long-term adaptation needs, (c) promote activities to integrate climate change adaptation into national and regional development planning, (d) stakeholder consultations, (e) communication, awareness-raising and education.

C. **Implementation Strategy:** (a) prioritize climate change risks and vulnerabilities, (b) strengthen institutional and legal framework to enable adaptation, (c) trainings at regional and sectoral levels, (d) publication of information on the NAP process, (e) and involvement of and liaison with other international initiatives.

D. **Reporting, Monitoring and Reviewing:** (a) address inefficiencies by taking into account lessons learnt and scientific results of climate change adaptation measures and (b) provide information in the national communications on the progress made.

Steps taken for developing Albania's NAP process

In line with the concept recommended by the Technical Guidelines, Albania understands NAP as a process which involves various stakeholders and organizes their cooperation for enhancing Albania's climate resilience over a longer time-frame. This NAP document designs and organises the process. The guiding principles for the Albanian NAP process are specified in chapter 4. The following steps were taken so far for developing the NAP process:

- **Initiating and launching of the NAP** process. The NAP process is officially launched by Deputy Minister MTE, Mrs. Oliana Ifti on 19 February 2015.
- **Steering of the NAP process:** In line with the PM decision, the process is steered by the MTE in close cooperation with the Inter-Ministerial Working Group on Climate Change.
- **Stocktaking:** A participatory Stocktaking Workshop took place on 19 February 2015 making use of the SNAP Tool as developed by GIZ. The stocktaking resulted in an assessment along 7 success factors and a Strengths – Weaknesses – Opportunities – Threat (SWOT) analysis for Albania.
- **Assessing climate vulnerabilities** based on previous vulnerability assessments such as the one conducted for the Second Nation Communication to UNFCCC (2009) and sector specific vulnerability studies for agriculture (2013), health (2011) and energy (2009).
- **Process organization:** A participatory workshop on development of tasks, timelines and responsibilities for the NAP process was conducted on 10 June 2015. The concrete organization of the NAP drafting process was clarified during the meeting of the Inter-Ministerial Working Group on 8 September 2015. Also the draft table of contents was developed and agreed upon during this workshop.
- **Definition of goals and indicators:** Within an interactive debate, the IMWG developed / adjusted goals and indicators for the NAP process during its meeting on 27 November 2015.
- **Mainstreaming** climate change adaptation into sector and development policies: Launch of a first climate lens application to the NSDI on 19 June 2015.
- **Training and reflection on climate financing:** A special workshop on climate financing took place together with the National Designated Authority on 7 September 2015. A training session on climate financing was conducted during the Meeting of the Inter-Ministerial Working Group on 8 September 2015.
- **Joint discussion of the first draft:** During the IMWG meeting on 28 April 2016, a first draft of the NAP document was commented for further adjustments.
- **Training on implementation of the climate change policies in Albania**: a special training was organized for the climate change and air unit at the MTE and the National Environmental Agency in the period 13-15 of July. The training aimed on capacity building especially for the new unit created at the MTE, in determining the allocation of its specific tasks and the creation of an idea on establishing a monitoring and evaluation system for the NAP process.
- **Workshop on Climate finance**: a workshop with the IMWG participants and also the respective budget persons of the line ministries was organized on 21st of October 2016 to discuss possible funding options (national and international ones) for the NAP implementation and present the NAP financing document, presented in Annex IV.
- **Support mechanisms:** The whole process in Albania as described was supported through GIZ inputs by the Project 'Climate Change Adaptation in the Western Balkans' as well as 'Sector project climate change'. UNDP and EU closely cooperated in the NAP development process to ensure coherence with previous and other ongoing processes of relevance to climate change adaptation.

3. Current situation

Key messages of this chapter

Knowledge available on climate change impacts and vulnerabilities in Albania is comparably good, resulting from the First (2002), Second (2009) and Third National Communications (2016) to UNFCCC. Besides, sector related and regional studies and projects provide important information on climate modelling, impact analysis, vulnerabilities and potential adaptation measures in Albania.

Quite in contrast, committed action for reducing vulnerabilities is still quite rare. A participatory Stocktaking Workshop on 19 February 2015 identified considerable gaps between existing adaptation approaches and needs. The NAP process should provide added value and assist in closing gaps.

Practical case

As early as 2009, Albania conducted a Vulnerability Assessment of its Energy Sector, supported by the World Bank. Key messages of the assessment included:

- Water resources are a national asset for Albania: the river Drin generates about 90% of the electricity used by Albania's local industry and households.
- High dependence on hydropower brings challenges: electricity production can vary from almost 6,000 GWh to less than half that amount in very dry years.
- Climate change will likely have an adverse effect on hydropower production: by 2050, annual average electricity output from Albania's large hydropower plants could reduce by about 15% and from small hydropower plants by around 20%.
- Critical actions taken by Albania now to support optimal use of energy, water resources and operation of hydropower plants will help the country better manage climate variability and build resilience to climate change.

Albania's current situation in the adaptation process

According to the principles as laid down in the 'NAP Technical Guidelines', the NAP process should provide added value by building on existing structures and processes. In line with that, stocktaking of the status quo is defined as an important initial step for designing an adequate NAP process, which addresses gaps in a hand-tailored way.

Stocktaking analysis of the existing situation

As an initial step for analysing the existing situation, the analytical tool "Stocktaking for National Adaptation Planning (SNAP)"[2], developed by GIZ, was applied during a workshop on 19 February 2015. The tool provided a snapshot of the adaptation capacities that are currently available and

[2]GIZ: Guidance on applying the Stocktaking for National Adaptation Planning (SNAP) tool. Eschborn, 2014.

intended in a country. The core element of the SNAP tool is an assessment of the country's needs and capacities, which allows for a strategic perspective on the overall NAP process. Applying the SNAP tool helped to identify a common point of departure, from which stakeholders could begin formulating a roadmap for the NAP process.

The tool was implemented through participatory involvement of stakeholders of relevance for the adaptation process. The stocktaking workshop included joint analysis and debate as well as a questionnaire based analysis undertaken by each participant in 'silent work'. The questionnaire was designed along 20 success factors, which proved to be crucial in similar processes in other countries. The factors were clustered to 7 success areas:

- Climate information
- Human and institutional capacities
- Long-term vision and mandate
- Implementation
- Mainstreaming
- Participation
- Monitoring and evaluation.

The main results of the stocktaking analysis are condensed in a 'spider diagram' as shown in Figure 1. The blue line identifies the present situation as assessed by the participants of the workshop whereas the red line represents the strategic goal, which the participants see. All indications made by the participants are documented in a separate assessment file including justification for each statement.

The spider diagram allows the following general conclusions:

- All in all, there is a *considerable gap between* the present situation and the strategic goal. This justifies an ambitious NAP process which addresses more or less all success factors as mentioned.
- The present situation shows a peak above average for the success area 'long-term vision and mandate'. This is owing to the existing clear mandate which was provided through the decision of the Council of Ministers no 155 dated 25th of April 2014 for establishment of an Inter-Ministerial Working Group on Climate Change and reinforced through the NAP Process Launching by the Deputy Minister of Environment on 19 February 2015. Quite in contrast, the other two success factors for long-term vision (existence of coherent adaptation plan and consideration of climate change in official plan) are ranked as weak.
- The SNAP tool ranks the present situation for climate information far below the necessary level. Discussion revealed that a number of studies, assessments and projections is existing but not known or accessible for sector experts. Therefore, access to information seems to be the stronger challenge than the information itself.
- Significantly below average for the present situation is the success area monitoring and evaluation. This is not surprising since the NAP process is still premature and has not embarked on questions of monitoring the further NAP progress.

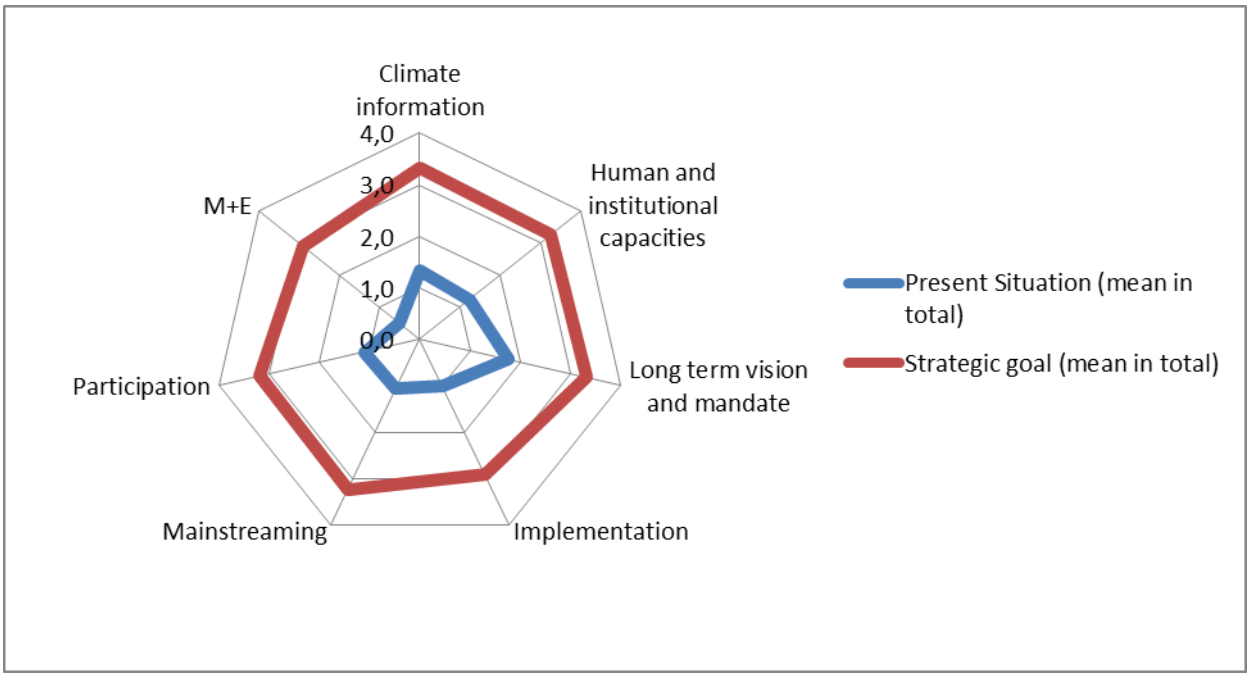


Figure 1: Spider Diagram from the SNAP analysis for Albania.

As mentioned, the SNAP analysis offers potentials for designing a NAP process which addresses evident gaps and utilizes existing opportunities. Conclusions in respect to NAP process design were drawn during the Stocktaking Workshop through a SWOT Analysis. The results of the SWOT Analysis during the workshop were further reflected and fine-tuned in subsequent discussions leading to the SWOT Diagram as shown in Figure 2.

Strengths

- Council of Ministers gave mandate for NAP development
- High motivation at MoE side
- Good quality of existing climate information

Weaknesses

- Data not accessible and digestible for line ministries
- No consolidated Govt. structures for CC
- Insufficient coordination structures for CC / no pro-active involvement of line ministries
- Dominance of external consultancy work unconnected to Govt. processes

Opportunities

- Council of Ministers gave mandate for NAP development
- Expertise outside administration available
- Technical options in principle known.
- Potentials for mainstreaming CCA into several upcoming new plans.
- NAP process benefits from upcoming opportunities for climate funds.

Threats

- Lack of capacities in all areas of Government
- Low staff capacities for climate change
- Relatively low CC knowledge level in line ministries.
- Policy and public awareness don't acknowledge relevance of CC.
- Limited consistency among different areas of policy making.

Figure 2: SWOT Analysis for the Albanian NAP Process

Key messages of SWOT analysis can be condensed as follows:

- The situation of existing **climate information** is comparably good, however, not fully known or accessible as mentioned before.
- The **studies** as mentioned provide good subject related groundwork for the adaptation process; however, they are not sufficiently connected to Government processes.
- The limited **awareness** for climate change at the level of policy making and public recognition hamper a strong NAP process. Climate change policy still ranks relatively low on the political agenda.
- The recognition of climate change and of the NAP process in particular might benefit from the fact that the NAP might foster **access to climate funding** in general and to the Green Climate Fund in particular.
- An important opportunity results from the fact that several development and sector plans are being developed and allow for **mainstreaming of climate change**. This is being further analysed in chapter 6.

Based on this participatory SNAP tool and SWOT analysis, the NAP process will assist in closing the identified gaps and satisfy needs by developing priority actions in chapter 7 and further detailed in Annex 1.

Results of previous studies, vulnerability assessments and concept developments for adaptation

Status of knowledge on climate change impacts and vulnerability

Albania started quite early to systematically analyse its vulnerabilities to climate change. The first study in this context was conducted in 1993 on 'Implications of Climate Change for the Albanian Coast'[3] in the framework of the Coastal Areas Management Program of UNEP/MAP. The First (FNC) and Second National Communications (SNC) of Albania to UNFCCC'[4] (FNC issued in 2002 and SNC in 2009) provide in their respective vulnerability and adaptation chapters information on climate change scenarios, impact analysis of current and expected climate changes, as well as assessment of adaptation measures and actions. The Third National Communication (TNC) presents up-dated and more detailed knowledge on climate impacts and adaptation options for the coastal area of Albania.

The National Communication process has not only been considered as a tool for reporting to the UNFCCC but also for fostering mainstreaming through identifying and integrating the main climate policy directions into national planning and programming processes.

Impact analysis of current and expected climate changes and formulation of adaptation needs have been focused on various sectors/systems:

[3] Available at http://www.unepmap.org/index.php?module=library&mode=mts&action=results&_stype=3&s_category=MAP%20Technical%20Reports%20MTS&s_descriptors=Climate%20change

[4] Available at http://www.al.undp.org/content/albania/en/home/library/environment_energy/

- Water resources (FNC, SNC and TNC);
- Natural ecosystems (FNC, TNC);
- Managed ecosystems (agriculture, forestry - FNC);
- Energy, transport (FNC, SNC);
- Tourism (FNC, SNC and TNC);
- Population (FNC, SNC and TNC);
- Health (FNC and TNC)
- Natural disasters related to climate (TNC)

Beside the comprehensive National Communications, sector related and regional studies and projects provide important information on climate modelling, impact analysis, vulnerabilities and potential adaptation measures in Albania:

- **'Identification and Implementation of Adaptation Response Measures in the Drini-Mati River Deltas' (DMRD)**[5]**:**Outcomes of the GEF/UNDP/Government of Albania supported pilot project included: 1: Capacities to monitor and respond to anticipated climate change impacts in the DMRD at the institutional and community levels developed; 2: Integration of climate change risks and local pilot actions for coastal adaptation into DMRD region's conservation and development programs, plans and policies; 3: Capacities for adaptive management, monitoring and evaluation, learning, and replication of project lessons developed.
- **'Climate Change Adaptation in Western Balkans'**: The GIZ supported project advises relevant government ministries in Albania, Kosovo, Macedonia, Montenegro, and Serbia in developing and implementing climate change adaptation strategies. Specifically, the project aims to reduce the risks of flood and drought as well as to strengthen regional cooperation in the field of integrated water resources management.
- **'Reducing the Vulnerability of Albania's Agricultural Systems to Climate Change: Impact Assessment and Adaptation Options'**. This World Bank supported project provides climate change adaptation options for the agriculture and water resource sectors along with specific adaptation actions for four agro-ecological zones within Albania[6]:
- **'Assessment of Climate Change Vulnerability, Risk, and Adaptation in Albania's Energy Sector':** This project provided increased knowhow and institutional capacities to achieve environmentally sustainable and resilient energy solutions for poverty reduction and economic growth.

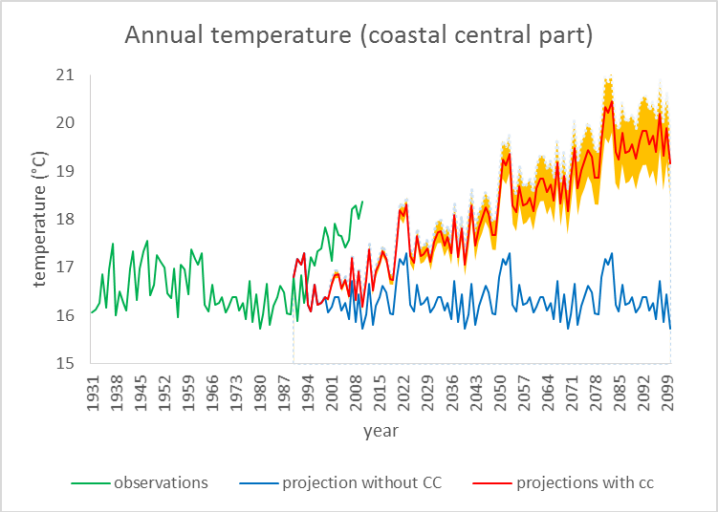
Existing knowledge on climate change, its impacts and vulnerabilities for Albania

The climate of Albania is typically Mediterranean. It is characterized by mild winters with abundant precipitation and hot, dry summers. Based upon the relief of its territories and distance from the sea, Albania's territory is divided in four climatic zones: Mediterranean Plain Zone, Mediterranean Hilly Zone, Mediterranean Pre-Mountain Zone, and Mediterranean Mountain Zone.

[5] Synthesis report (2013) available at http://www.al.undp.org/content/albania/en/home/library/environment_energy/

[6]Report (2013) available at http://hdl.handle.net/10986/16198

Projections on temperature



All existing studies reveal that Albania is likely to become warmer under IPCC scenarios. Figure 3 indicates that the real observations received after the year 2000 have shown that values being reached are equal with those previously projected for the year 2020.

Figure 3: Temperature observations and predicted trends, Source: Draft TNC report

The projected future trends define continuously increasing temperatures. The orange colored field (getting darker with temperature increase towards the end of the century) shows the high temperature variability (5%, 95% quantiles), indicating a likely increase in drought and heat waves frequency.

According to the TNC, the changes in annual temperatures in the Albanian Costal Area are likely to reach values of 1.7 °C (1.3 to 2.2), 2.8 °C (2.0 to 3.5) and 3.2 °C (2.4 to 4.1) respectively by 2030, 2050, and 2100 compared to the reference period 1961-90[7]. For summer projections, the annual temperature change is likely to reach up to 5.3°C (4.6 -6.0°C) by 2100. The coastal zone is unlikely to experience average temperatures less than 25°C by the summer of 2050; average temperatures up to 30°C will dominate in all the parts of this zone by 2100. The IPCC scenarios project the lowest increase for temperature in winter and higher increases in spring.

Projections on precipitation

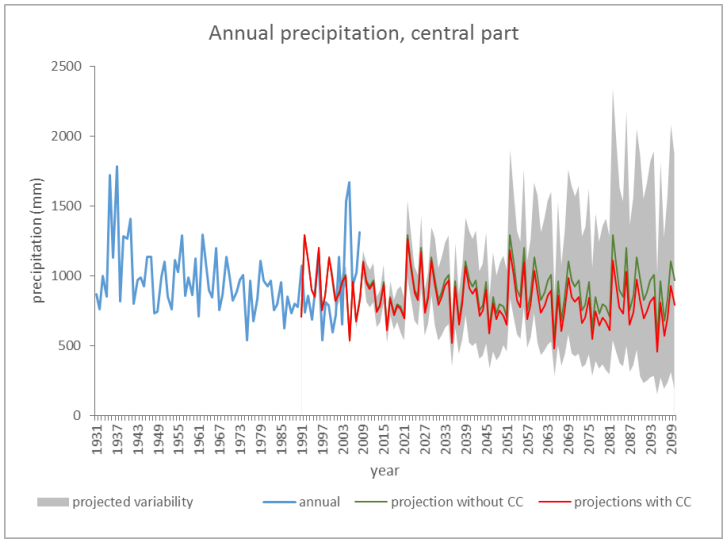


Figure 4: Annual precipitation projections without and with climate change (average scenario). The grey field shows the high precipitation variability (5%, 95% quantiles), indicating the likely frequency increase in heavy precipitation and drought cases. Source: Draft TNC report.

All scenarios project a likely decrease in seasonal precipitation related to 1990 for all time horizons. The annual precipitation is likely to decrease up to -8.5% (-56.0 to 47.4 mm) by 2050; and up to -18.1% (-89.7 to 94.9 mm) by 2100. Despite the decreasing over-

[7]Climate projections are calculated by using marker of SRES family scenarios of IPCC AR4 (software MAGGIC/SCENGEN v.5.3, AR4 IPCC), downscaled to 1*1 km.

all trend, higher variability (annual and seasonal) is expected, associated with an increased frequency of extreme precipitation and climate related hazards (Figure 4). It is being projected that once every 10 years dangerous precipitation events may occur in the northern coastal region (Shkodra area) while in the central and southern coastal regions they are expected to occur once in 20 years. Although the number of extreme precipitation events can be expected to increase in terms of magnitude and frequency, the reduced levels of overall precipitation will produce an increase in the number of consecutive days without precipitation (drought). The maximum number of drought days is likely to be higher in the northern part (23 days) and up to 15 days going southwards by 2100 compared to the baseline period 1960-1990.

Projections on sea level rise

Projected sea level rise (see Figure 5) will result in higher inundation risks for most urban areas along the coast and in increasing threats of coastal erosion.

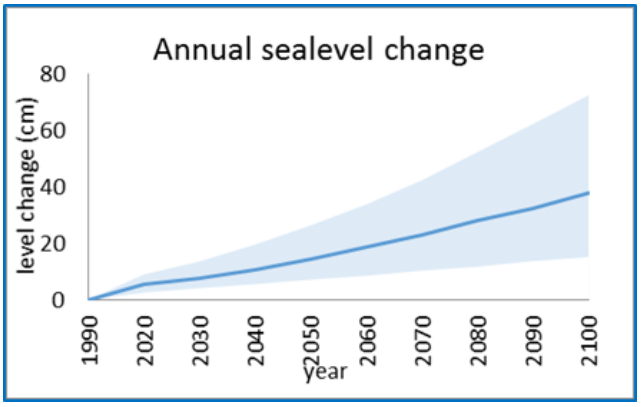


Figure 5: Likely changes in annual mean sea level (cm)

As a result of sea level rise, the level of the rivers is expected to increase in the lower parts of the basins and the flow will decelerate. In total, until 2030 approximately 1082.45 km^2 (32% of the coastal areas or 3.76% of the country's surface) will suffer direct consequences from flooding. Huge amounts of arable lands will be lost and not used any longer due to inundations and increased salinity. Most of the coastal habitats such as sand dunes, fresh and brackish water wetlands, marshes and lagoons, will be lost or further deteriorated. The Adriatic coastline will shift towards inland, and coastal erosion will be intensified, as migration of coastal wetlands and other habitats toward inland will be impeded by embankments and drainage schemes constructed as part of the wetland reclamation work over the years 50's-60's of the last century.

NOTE: Detailed information on the recent research on climate change projections and the expected impact will be available at the 'Albania's Third National Communication to UNFCCC' report.

Existing knowledge on vulnerabilities

Several studies as well as the First, Second and Third National Communication provide a quite clear picture on vulnerabilities to climate change in Albania. Many vulnerabilities have to be related to sectors of socio-economic activities. The following summary mainly reflects the present situation, e.g. vulnerabilities which become already visible as of now. However, most effects can be projected into the future with tendencies to enlarged magnitude.

- **Hydrological systems:** Changing precipitation or melting snow are altering hydrological systems, affecting water resources in terms of quantity and quality (as in the case of Mati aquifers).

- **Agriculture:** Negative impacts of climate change on crop yields have been more common than positive impacts. Impacts can result from changes of temperature, precipitation, hydrological systems (e.g. irrigation), soil quality, erosion, and extreme events. Climate change has already negatively affected wheat, maize and other yields for many regions, such as the Shkodra, Lezha, Lushnja, Fieri and Vlora regions. Several periods of rapid food and cereal price increases following climate extremes in key producing regions indicate a sensitivity of current markets to climate extremes among other factors.

- **Energy:** The high share of hydropower (the river Drin generates about 90% of the electricity used by Albania's local industry and households) implies direct impacts of changes in the hydrological systems on energy production. Electricity production can vary from almost 6,000 GWh to less than half that amount in very dry years. Climate change will likely have an adverse effect on hydropower production: by 2050, annual average electricity output from Albania's large hydropower plants could be reduced by about 15% and from small hydropower plants by around 20%.

- **Health:** There has been increased heat- as well as cold-related mortality in some regions as a result of climate changes. Local changes in temperature and rainfall have altered the distribution of some waterborne illnesses and disease vectors. However, the statistics are still not fully clear about the causes.

- **Social vulnerabilities:** Inequalities and social vulnerabilities produced by uneven development processes can aggravate risks from climate change. Marginalized people are especially vulnerable to climate change as exemplified by illegal settlements along river banks and marginalized communities in areas like suburbs of Tirana, Keneta in Durres, Mifol and the surroundings in Vlora, Shkodra and Lezha plain.

- **Forestry:** Wild fires were present few years ago in the oak zone but there are no clear evidences for underlying causes (obviously climate related effects just support them).

- **Climate related hazards and disasters:** Increasing incidences of floods, droughts and other extreme events exacerbate other stressors, often with negative outcomes for infrastructure, production sectors and peoples livelihoods, especially for marginalized communities. Climate-related hazards may directly affect peoples' lives or indirectly through food insecurity, disrupted supply of drinking water and electricity, destruction of homes etc.

- **Eco-systems:** Changes in climate have caused impacts on natural systems, which is visible already along the coastal lagoons and estuaries (from Buna to Pavla river), as well as in the river basins at the low plain (the frequency is higher in Drini, Buna and Vjosa). Evidence of climate-change impacts is strongest and most comprehensive for natural systems, including the coastal protected areas (for instance in Kune Vaini).

- **Species:** Many terrestrial, freshwater, and marine species have shifted their geographic ranges, seasonal activities, migration patterns, abundances, and species interactions in response to ongoing climate change. Typical for Albania are becoming the abundance entrances of sea turtle Caretta caretta in the Patoku lagoon, apart from many other new entries of alien species (fish, crabs, etc.)

- **Tourism:** Sector is exposed to numerous direct and indirect impacts from climate change. Sea-level rise will threaten coastal tourism infrastructure and natural attractions.

4. Principles for NAP

Key messages of this chapter

The NAP process for Albania follows the following principles:

- NAP is understood mainly as long-lasting process, for which this document provides the framework elements such as principles, goals, indicators, priority actions and process elements.
- It provides a framework for targeted mainstreaming.
- It establishes implementation mechanisms.
- It supports access to financing systematically through a financing document
- It is a catalyst for participation and awareness rising.

The EU-IPA II Strategy Paper in connection with the EU Strategy on Adaptation to Climate Change is an important guideline for mainstreaming climate action within the EU Accession Process.

Practical case

The **EU Strategy on Adaptation to Climate Change**, adopted by the European Commission in April 2013, sets out a framework and mechanisms for taking the EU's preparedness for current and future climate impacts to a new level. The EU Adaptation Strategy has three objectives:

1. Promoting action by Member States: The Commission encourages all Member States to adopt comprehensive adaptation strategies and will provide guidance and funding to help them build up their adaptation capacities and take action. The Commission will also support adaptation in cities by launching a voluntary commitment based on the Covenant of Mayors initiative.

2. Promoting better informed decision-making by addressing gaps in knowledge about adaptation and further developing the European Climate Adaptation Platform (Climate-ADAPT) as the 'one-stop shop' for adaptation information in Europe.

3. Promoting adaptation in key vulnerable sectors through agriculture, fisheries and cohesion policy, ensuring that Europe's infrastructure is made more resilient, and encouraging the use of insurance against natural and man-made disasters.

General Principles and Functions for the Albanian NAP

Quite in line with the conceptual framework as provided by the NAP Technical Guidelines[8] (see chapter 2), NAP is designed in Albania as a process facilitated by the MTE in cooperation with the Inter-Ministerial Working Group on Climate Change. Thereby, the NAP draws orientation from the Technical Guidelines but applies them to the Albanian situation in a 'hand-tailored' way considering the present situation in the field of climate change adaptation as summarized in chapter 3. In doing so, Albania ensures that the NAP process will provide the added value as expected.

[8] For analysis of the conceptual framework in light of the Albanian situation please consult chapter 2.

Against this background, the Albanian NAP process will pursue the following functions:

- **NAP as an effective process:**
  As mentioned, NAP will be designed as a continuous process over a longer period of time (by this document envisaged time span is 20 years) including elements of plan development, implementation and learning from experiences. This process involves relevant line ministries, which will play a pro-active role in mainstreaming CCA in their respective sector portfolios.

- **NAP document as a concise umbrella guiding direction and actions of the NAP process:**
  In line with the principles as mentioned above, this NAP document is kept concise providing guidance on overarching process elements such as goals and indicators, process specifications, mainstreaming approaches, priority actions, financing, outreach strategies, capacity development, monitoring and revision. This 'umbrella character' of the NAP document is also justified by the fact that several planning and programming documents for climate policies are already existing or under preparation, first and foremost the National Communications.

- **Framework for targeted mainstreaming:**
  As mentioned, mainstreaming of climate change adaptation into sectors is a key approach envisaged by UNFCCC and the NAP Technical Guidelines. Climate change adaptation is closely linked to the long-term planning of urban development, water resources, agriculture, nature conservation, territorial development. Incorporating climate adaptation in line sectors being affected by climate change is therefore an effective approach. Only in that way climate change adaptation can be transformed into an asset for the country and help to secure growth. This NAP Document specifies mainstreaming needs, strategies and mechanisms in its chapter 6.

- **Establish implementation mechanisms:**
  Existing adaptation studies and strategies as mentioned in chapter 3 elaborate on different sectors and aspects of adaptation and include some proposals for concrete action, e.g. through 'project fiches', some of which are agreed for implementation. However, they don't provide inconsistent implementation framework. This NAP Document provides added value through operationalizing implementation. This, however, is limited to so-called priority actions, which are considered crucial for the whole adaptation process in Albania. The NAP document specifies milestones, time frames, actors and resources for these key actions in chapter 7. A monitoring mechanism will pursue the implementation progress for these key actions and allow corrections if needed. Details are elaborated in chapter 10.

- **Support financing systematically:**
  Securing financing is a pre-condition for implementation and is reflected in chapter 8 of the NAP document accordingly. In addition a financing document has been elaborated (Annex VI) Access to new climate financing mechanisms will be operationalized through the NAP process in close cooperation with relevant institutions and assisted by donors in this area. The aspect of acquiring additional financial resources through the NAP might also strengthen its recognition at political level.

  Beside the international sources of financing, national and local budget sources should be systematically explored for financing climate change adaptation.

- **Catalyst for participation and awareness raising:**

  The SWOT analysis (see chapter 3) identified weaknesses in public recognition of climate change and of the needs for adaptation. The NAP process will be highly participatory and will continue applying outreach activities for the broader public and specific target groups such as farmers, private sector, etc.

Link to the EU pre-accession process

Albania was granted the candidate status for the European Union and is progressing in transposing national legislation to the EU requirements. Therefore, the EU Strategy on Adaptation to Climate change, adopted by the European Commission in April 2013, will be considered as important reference framework within the whole NAP process. Of high relevance in terms of programmed action and access to EU funds is the EU Instrument for Pre-Accession Assistance (IPA II) Indicative Strategy Paper[9], adopted on 18 August 2014. The IPA II Strategy Paper specifies objectives, indicators and actions in a specific chapter on 'Environment and Climate Action' and establishes climate action as a cross-sector element that applies to most sectors in the Strategy Paper, notably transport, energy, agriculture, rural development and disaster management. Climate relevant expenditures will be tracked across the range of IPA II interventions in Albania, in line with the OECD-DAC's statistical markers on climate change mitigation and adaptation. This offers high potentials for the overall implementation process of the Albanian NAP.

[9] European Commission: Instrument for Pre-accession Assistance (IPA II) Indicative Strategy Paper for Albania (2014-2020) of 18 August 2014.

5. Key goals and indicators for the Albanian adaptation process

Key messages of this chapter

An effective steering of the adaptation process requires outcome-oriented goals and indicators. They limit complexity by reduction on core indicators characterizing the adaptation progress and by building on existing goals and indicators, e.g. those defined in the NSDI.

Principles for an outcome oriented adaptation process

As specified in chapter 4, the NAP process will be steered towards reduced vulnerabilities in Albania by improved climate risk management in relevant sectors. This process willpursue a long-term approach since climate change as well as corresponding policy responses for risk reduction evolve over many years if not decades.

Overarching goals and indicators

In line with the above principles, goals and indicators are being formulated for those areas which are of overarching strategic importance of the adaptation process in Albania. Goals and indicators at operational level and for specific sector oriented measures are not covered by the NAP but by relevant sector strategies or by the NSDI with its steering function for the whole development and integration process in Albania.

The goals and indicators mentioned below need further specification regarding:

- Responsible actors for monitoring
- Sources of information
- Timelines and specification of milestones

These details will be developed as part of the NAP Implementation Monitoring System (Priority Action No. 4).

The following overarching goals and indicators are relevant for the NAP process:

Area	Goal	Indicator
Results of adaptation	**Goal 1:** Damages through floods are reduced.	**Indicator 1.1:** Average damages per flood event (calculated in millions Albanian Lek) are reduced by 5 % for each subsequent period of 5 years.
	Goal 2: Agricultural resilience against droughts is enhanced.	**Indicator 2.1:** Average farm outputs in yields per hectare are stable also in years with drought events.
	Goal 3: Drinking water quality is secured for Shkodra and Fier-	**Indicator 3.1:** Drinking water quality

	Vlora Regions despite impacts from climate change.	standards are met in all municipalities of each region.
Steering of NAP implementation	**Goal 4:** Measures envisaged in the NAP document are reliably implemented. **Goal 5:** A 'learning process' for the NAP process is organized.	**Indicator 4.1**: A monitoring and evaluation system is established which pursues implementation status of priority actions and enables adjustments in the NAP process. **Indicator 5.1**: Assessment reports on the NAP process are released every 4 years and give recommendations on possible adjustments in the process.
Mainstreaming	**Goal 6:** Climate Change Adaptation is reflected in the process of NSDI formulation and implementation. **Goal 7:** Climate Change Adaptation is being promoted in accession assistance in line with the EU climate policy objectives. **Goal 8:** Territorial Planning and Coastal Plan Regulations are directing measures for climate change adaptation to be taken by local municipalities. **Goal 9**: The Inter-sectorial Strategy for Agriculture and Rural Development directs resilience of agricultural production against climate change. **Goal 10**: The IWRM Strategy and RBMP directs adaptation measures in the field of water availability. **Goal 11:** The National Energy Strategy directs adaptation measures in the field of energy	**Indicator 6.1:** A mechanism of regular CCA reflection is established within the NSDI implementation process. **Indicator 6.2:** At least 1 mainstreaming approach per year is being incorporated into a relevant sector strategy. **Indicator 7.1:** EU financial assistance within the IPA Framework is tracked in line with the OECD-CAD statistical markers on climate change. **Indicator 8.1:** More vulnerable municipalities have transferred national adaptation frameworks into Local Strategies for Development and Local Government Plans. **Indicator 9.1:** Adaptation measures being defined in the Inter-sectorial Strategy for Agriculture and Rural Development are being implemented. **Indicator 10.1:** Climate change adaptation measures are adequately reflected in the implementation plan and process for the two pilot RMBPs. **Indicator 11.1:** Adaptation measures being defined in the National Energy Strategy are being implemented.

	production.	
Climate Financing	**Goal 12:** Successfully access Albania's public budget for financing NAP implementation **Goal 13:** Successful project applications ensure GCF support to Albania's adaptation process.	**Indicator 12.1:** Public records prove that at least an initial 5 million USD of Albania's public budget is spent for NAP implementation by 01/2018. **Indicator 13.1:** The GCF has granted Albania financial support for readiness activities by 12/2016. **Indicator 13.2:** One proposal of relevance for the Albanian NAP implementation is approved by the GCF at the 03/2018 Board Meeting.
Communication and outreach	**Goal 14**: The public is informed about climate change adaptation progress.	**Indicator 14.1**: Adaptation information is included into the new Electronic Governance and Delivery of Public Services System (envisaged by NSDI). **Indicator 14.2:** 1 campaign per year is conducted on relevant issues of climate change adaptation.
Institutional set-up and capacity development	**Goal 15:** Actors and stakeholders involved in the NAP process are knowledgeable and skilled about adaptation issues. **Goal 16:** Institutional structures, regulations and policies in selected sectors are supporting climate change adaptation.	**Indicator 15.1:** CCU as well as stakeholders of the IMWG regularly attend at least one of the NAP meetings/ year. **Indicator 16.1:**2-5 policies and regulations of relevance for the NAP process include adaptation related provisions by 2020.

Table 1: Goals and indicators for the Albanian NAP process

Time horizon for goal achievement

The Albanian NAP is designed as a long-lasting process. The overall time-frame for achieving adaptation goals is 20 years (until 2035). This refers mainly to the first 3 Goals on results of the adaption process. Many other goals are more operationalized and can be achieved in much shorter time-frames. The specified indicators will also define these time-lines.

6. Sector specific approaches through mainstreaming

Key messages of this chapter

Mainstreaming climate change adaptation into relevant sector plans and policies is a key principle for the NAP process in Albania. Mainstreaming activities have already been launched for several sectors and for the overarching National Strategy for Development and Integration. The EU accession process can be understood as a strong promoter for climate change adaptation, taking into consideration the mainstreaming approach of the EU Adaptation Strategy and the mandatory mainstreaming within the IPA Process. Mainstreaming will be organized as a long-term process which focuses also on future policy and plan developments.

Practical case: Mainstreaming of climate change adaptation into Integrated Cross-sectorial Plan for the Coast

The Ministry responsible of Urban Developmentlaunched the Draft Integrated Cross-sectorial Plan for the Coast in 2015. During plan development, a Strategic Environmental Assessment (SEA) was conducted, which reflected also climate change mitigation and adaptation policies. It emerged as important to consider potential impacts from climate change in coastal cities, infrastructure and natural landscape. Municipalities should take into consideration adaptation measures such as:

- Afforestation / tree planting in the vulnerable areas,
- construction of dams to prevent flooding,
- Limiting urban sprawl, etc.

Adaptation measures are being described in the Appendix of the Plan.

Approach for mainstreaming

As a broad development challenge, climate change adaptation needs to be mainstreamed into national, regional and local governance processes – including policy formulation, planning, resource allocation, implementation, and monitoring. Adaptation mainstreaming is relevant for overarching development policies (e.g. NSDI) as well as for sector policies.

Mainstreaming in the context of EU policy

Albania is a Candidate Country for accession to the European Union and as such has embarked on aligning its legislation and policy framework to EU requirements under the Stabilization and Association Agreement. As already explained in chapter 4, the EU Strategy on Adaptation to Climate Change will become also relevant for Albania. The EU Strategy defines in its Goal 3 that adaptation should be mainstreamed in key vulnerable sectors through agriculture, fisheries and cohesion policy. Also the Instrument for Pre-Accession Assistance (IPA II) 2014-2020 pursues a cross-sector approach mainstreaming climate change adaptation into most sectors, notably transport, energy, agriculture and rural development, as well as disaster management. A strong tool for mainstreaming is the approach to track climate action relevant expenditure across the range of IPA II interventions in Albania, in line with the OECD-DAC's statistical markers on climate change mitigation and adaptation.

Status, preliminary results and future challenges of mainstreaming

Mainstreaming for the NSDI 2014 – 2020

The application of a climate lens is a concept as described in the OECD Guidance 'Integrating Climate Change Adaptation into Development Co-operation'[10]. The climate lens analyses potential correlations between sector policies and climate change adaptation (CCA) with a focus of providing general overview and orientation – in contrast to more in-depth climate related assessments.

The climate lens was applied in June 2015 to the Draft National Strategy for Development and Integration (NSDI) 2014-2015 as being available at that time. It pursued a 3-step approach comprising the following steps:

- **Step 1: Scoping.** The NSDI comprises a large amount of different sectors with various goals and measures. By far not all of them are relevant for CCA mainstreaming. Therefore, a scoping step ensured that the (limited) efforts of mainstreaming are focused on the most relevant parts of the NSDI.
- **Step 2: Goal-wise assessment.** The goals identified in step 1 as relevant for further mainstreaming were assessed in more detail along a matrix scheme.
- **Step 3: Conclusions and recommendations.** The results of the matrix assessment were condensed to key findings and recommendations for further action.

The goal-wise assessment in step 2 led to conclusions along the following categories (indicated through colour codes):

Adjustments of goals recommended	
Further mainstreaming in sector strategies needed	
Conditions for future implementation process defined	
Reflection in further policy discussion recommended	

Concrete conclusions and recommendations resulting from the climate lens application can be condensed to the following key points:

<u>Adjustment of goals (colour code: red)</u>

Only in exceptional cases, adjustments of goals were recommended. Examples for recommended goal adjustments include:

- Development indicators for tourism: Climate change might require adjustments of the structures of tourism. This should be mentioned at least in words (if not through differentiated figures).
- Ensuring the conservation status for 5% of threatened species and habitats is a well formulated goal, but might be impacted by climate change. A certain differentiation might be appropriate.

[10] Accessible through: http://www.oecd.org/dac/43652123.pdf

Further mainstreaming in sector strategies and plans (colour code orange)

In many cases, the NSDI refers to sector strategies and plans as being developed or already existing. Climate change should be mainstreamed within these strategies and plans. Examples for mainstreaming needs identified in the climate lens include:

- National Energy Strategy
- National Strategy for Water Resources
- Management Plan for Water Resources
- National Plan for Tourism Development
- Territorial Plan
- Coastal Development Plan
- Strategy for Agriculture and Rural Development

Conditions for future implementation processes (colour code yellow)

In several cases, sector goals are well formulated also in respect to possible future climate change impacts. Future challenges in respect to CCA will be to ensure goal achievement in a changing climate. This is relevant for:

- Improved road maintenance
- Watershed management related measures such as forest and pasture conservation
- Strengthened health services

Reflection of CCA in future policy discussion (colour code blue)

In a number of cases, sector goals as formulated in the NSDI offer great potentials for CCA related measures. These mainstreaming potentials require further discussion with the respective sectors since there is no clear approach for mainstreaming apparent yet as in the orange marked cases. Examples include:

- Use the envisaged statistical reforms and the water inventory / National Cadastre for Water Resources for developing a CCA monitoring system. This could be even pursued as part of the statistical reforms.
- Include climate proofing into the national regulations for SEA and EIA, which ensure a general reflection of CC impacts in all project and plan developments.
- Include CCA mainstreaming into the budgeting process and into regional and local funds.
- Ensure adequate reflection of potential CC induced water conflicts in foreign policy.
- Reflect CCA related themes in the national research agenda.
- Discuss options for mainstreaming CCA into the road development planning.

Details of findings can be drawn from the climate lens report of 19 June 2015.

Mainstreaming into sector policies

Water sector

A number of initiatives, that help increasing the adaptive capacities, are underway; these include:

- The Flood Risk Management Plan[11]Shkodra Region, 2012-2018 is designed to improve Flood Risk Management (FRM) especially by focussing on non-infrastructure measures, such as warning systems, preparedness and spatial planning. The inclusion of considerations of flood preparedness measures and a regional flood risk management framework will develop adaptive capacity for flood risk managers that can be replicated by managers in other Regions.
- The approval and implementation of the National Integrated Water Resources Management (IWRM) Strategy will improve the capacity of water resource managers to address climate-related stress factors in the management of water resources. It will also help develop adaptive capacity in managers in relation to food and energy security and protection against floods.

Overall, the water sector should focus more on River Basin Management Plans (RBMP) that include the whole river watersheds (currently now there are lunched two RBMP of Drin-Buna and Semani river), and to further mainstream climate considerations in all water related plans and projects. The new IWRM Strategy will provide adequate guidance into this direction.

Agriculture

A key factor in Albania's improved adaptive capacities in agriculture is the European Union (EU) accession Process. 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 reforms, the EU encourages action towards climate change preparedness and adaptation. In order to adapt to the impacts and opportunities from climate change, there is a need to focus on increasing access of farmers to technology and information and to improve the dissemination of hydro-meteorological information to farmers. A special challenge can be seen for small hold farmers in Albania, who have limited access to financial resources.

Energy

The revised National Strategy for Energy (expected for adoption in 2016) provides windows of opportunity to stronger mainstreaming climate change adaptation into energy policy with its high vulnerabilities to climate change- – besides the strong relevance of the energy policy for mitigation.

Biodiversity

Albania has received international funding for biodiversity, which will have associated benefits for Climate Change Adaptation. Examples include:

- Project on Environmental Services (2014-2019)[12], which aims at building up Payment of Ecosystem Services (PES) schemes to halt further land and forest degradation and ensure rational use of country's nature resources;

[11] FRM was prepared with the support of the Federal Ministry for Economic Cooperation and Development (BMZ) through Climate change Adaptation in Western Balkans project. Available at http://www.qarkushkoder.gov.al/sq

[12] Financed by IBRD, WB, Swedish Government and GEF and implemented by the Government of Albania.

- Adaptation measures proposed and recommended under the project "Identification and Implementation of Adaptation Response Measures in the Drini – Mati River Deltas**"** which have been taken into consideration and further extended to the entire Albanian coast;
- Project “Protecting Albania’s Marine and Coastal Biodiversity”[13], which is supporting the Government’s plans to double the number of marine protected areas and improve their overall management.
- Capacity building at local level on the need of increasing ecosystem and livelihood resilience from flood and drought risk through pilot Ecosystem-based Adaptation (EbA) demonstration activities in Kune-Vaini lagoon system financed by SCCF.

Tourism

To date, existing tourism planning has not sufficiently integrated climate change adaptation. For example, construction of tourist infrastructure has been made without considering the potential damages by extreme events (flooding, storms, marine erosion, and drought). First approaches to reverse these practices, include:

- Integration of climate change adaptation into the Cross Sectoral Coastal Plan which is being developed by the Albanian National Agency for Territory Planning. The integrated coastal plan focuses strongly on the Albanian tourism sector and its infrastructure.
- A draft of the “National Cross-cutting Strategy for Tourism 2014-2020” with potentials to improve also the resilience to climate change.

Health

A number of steps have been taken in Albania to ensure a strong linkage between adaption measures focused on environmental protection and conservation and the maintenance of human wellbeing.

- The Albanian Government has been involved in a number of international declarations focused on climate change and health. These include the resolution issued by Sixty-first World Health Assembly, which urges Member States to take decisive action to address health impacts from climate change, warning of its potential risks on human health.
- The Ministry of Health developed – as the first sector – a specific ‘Health and climate change adaptation strategy’ which provides strategic approaches for mainstreaming climate change adaptation into health policies.

Emergency Response

The National Civil Emergency Plan draws together and clarifies the roles and responsibilities of all public and private stakeholders. This aims to channel the flow of relevant information, to strengthen decision making, and through coordination, to reinforce the capacity to respond through all phases of the disaster cycle. Development of such capacity is also relevant for climate change induced disaster. Priority Action No. 12 (see Annex 1) specifies actions to increase resilience to floods as the most important climate change related disaster with better early warning systems and disaster prevention mechanisms in Albania

[13] Financed by UNDP and GEF

Future mainstreaming process

Systematic further strengthening of mainstreaming is needed and requires an overarching mainstreaming strategy. Priority Action No. 2 provides details for such a strategy. Relevant activities of the strategy include:

- Mainstreaming has to be understood as a continuous process which requires coordination and cooperation of various sector stakeholders. The IMWG on climate change will continue to work under the chair of the MTE taking up the mainstreaming initiative as one of their main tasks. Mainstreaming needs and results will regularly be reflected during IMWG meetings.
- CCA mainstreaming can be supported and operationalized through a box of different tools such as climate lens, climate proofing, climate sensitive Strategic Environmental Assessment, and climate expenditures markers (labelling). This toolbox will be elaborated and specified for the Albanian situation through an expert input in 2016.
- The IWMG will decide upon one mainstreaming pilot per year to be conducted by a relevant sector ministry and supported by MTE in connection with expert inputs.
- PMO will use the NSDI implementation framework also for regular reflections how far recommendations within the climate lens are being further pursued.
- The EU accession process is also used for mainstreaming climate change through the financial assistance under the IPA Framework. In this context in 2016 the implementation of the NAP document and implementation of the NAP Priority actions were mainstreamed in the country strategy paper. MTE will ensure consistency of the EU climate strategy with the NAP.
- EU Assistance will be required for systematically tracking the expenditures within the IPA Framework under climate aspects. The reporting on the EU assistance will include conclusions regarding the extent of climate mainstreaming.

Concrete pilots for mainstreaming

Table 2 indicates recent examples of Plans and Strategies into which climate change adaptation was or is being mainstreamed. The mainstreaming activities as shown should be also understood as pilots, which demonstrate potentials and strategies for mainstreaming. The overarching mainstreaming strategy as explained above needs to make use of the lessons learnt from the pilots.

Since the mainstreaming activities are more or less completed for the Plan and Strategy development, the future challenge will be its consideration during the implementation process. The example of the NSDI in the section above specified how this consideration might look like.

Plan of relevance for mainstreaming	Planning or review time	Strategic direction of mainstreaming	Mainstreaming tool
NSDI	June 2015	Provide framework for reflection of CCA in future development and implementation of sector policies.	Climate lens
Cross-cutting Environmental Strategy	April, May 2015	More prominent role of CCA in Strategy	General comments and suggestions

National Territorial plan / Integrated Cross-sectorial Plan for the Coast	March 2016	Reduce vulnerability through Plan	Include climate proofing into SEA, utilize expertise from Albania's National Communications to UNFCCC. Provide short CCA chapter in the document
Coastal Development Plan	End 2016	Link with NAP implementation mechanisms	Include CCA expert in team, utilize expertise from GIZ and TNC projects.
Nat. Strategy for Integrated Water Res. Man.	April 2016	Ensure climate resilient water sector	CC pursued as cross-cutting element of Nat. Strategy. Substantial inputs from current projects to ensure consistency through coordination with other CCA related approaches sector activities.
National Energy Strategy	Pending	Ensure climate resilient energy sector	Climate lens envisaged depending on further progress of strategy development, utilize expertise from Albania's National Communications to UNFCCC.

Table 2: Selection of planning processes with entry point for CCA mainstreaming

7. Implementation framework through Priority Actions

Key messages of this chapter

The 'operational part' of the NAP document is focused on a limited number of so called Priority Actions (or 'umbrella projects') with strategic and leverage functions. They are sub-divided into overarching and steering actions as well as into selected sector-related actions of paramount importance for climate resilience in Albania.

Implementation through adaptation actions

Climate change adaption will only become effective if it is translated into overarching and sector specific actions. Most of the reports/studies as mentioned in chapter 3 conclude with recommendations for prioritized adaptation measures and actions to implement them. A main focus of many projects has been on coastal areas and flood risk management. Many of the actions should be pursued in conjunction with sector policies.

Selected recommended measures relate to water, agriculture, coastal zones and disaster risk reduction. This is because people still depend on agriculture, and many live on flood plains, near river banks and lakes and in coastal regions. As per the Third National Communication recommended sector measures include:

Coastal ecosystems

- Develop a Management Action Plan based on improvement of environmental features and services to restoration and maintain natural habitats;
- Control contamination and pollution;
- Control future illegal constructions, and inappropriate developments, except those proposed by management plan;
- Encourage afforestation and reforestation activities;
- Develop field-based monitoring programmes, focused on vulnerable areas;
- Restoration or rehabilitation of natural habitat;
- Enlarging existing protected area.

Flood protection

- Systematic cleaning of river beds;
- Continuous monitoring and maintenance of the embankments along the river banks;
- Continuous monitoring of the river flows;
- Creation of the Regional Centre for the Flood Forecast and Prevention.

Agriculture

- Changes in the use of plants and agricultural crops (species that are more tolerant or resistant to drought);
- Technological improvements (improvement in livestock, species or varieties of agricultural crops, application of irrigation, work and planting soil, practices of fertilizers use, disease and pests management practices etc.);
- Coupling agro-forestry practices.

Population and settlements

- Develop a communication strategy to disseminate information on climate change impact, including climate related hazards, to increase the public awareness;
- Incorporate climate change adaptation in environmental education;
- Improve the medical care, especially during the summer;
- Propose low cost alternatives for protection from heat;
- Rational use of water and provision of new water resources;
- Strengthening and modernizing the evacuation system of brackish water, in order to stop their penetration inland and mix with fresh water;
- Public education on the increased fire risk owing to climate changes.

Tourism

- Contribution to develop plan through providing information on climate change risk and adaptation;
- Develop websites with practical information on adaptation measures;
- Tackle weaknesses in the range and quality of tourism products;
- Training programmes on climate change adaptation;
- Consideration of climate change in credit risk and project finance assessments.

A mechanism for the prioritization of recommended measures was developed under the DMRD project and upgraded in the framework of the Third National Communication (TNC). The following categories were defined for prioritization:

- **Green:** measures aiming at raising the resilience of ecosystems and their services (EbA).
- **Grey:** invasive and/or energy intensive technical and construction measures aiming mainly at the protection of infrastructures or people (CBA and/or engineering).
- **Soft:** non-invasive spatial planning measures and measures to enhance knowledge transfer/raising adaptive capacity, and
- **Fiscal:** aiming at saving critical resources/protect values by adaptation (e.g. water or public/private infrastructures) by introducing measures like payment for ecosystem services (PES) or risk transfer mechanisms (e.g. insurances).

For a number of recommended activities, implementation was agreed or even launched through specific projects, most of which are financed through IPA, GEF, IBRD and World Bank. **Annex 4** provides an overview on this type of activities.

Rationale for Priority Actions

As already explained in chapter 4, the Albanian NAP document can be understood as an umbrella, rather than a detailed operational plan specifying all actions necessary for a successful adaptation process in the country. The justification for this principle results from the understanding that adaptation actions have to be mainstreamed in various development and sector plans and policies in the country and will be specified within this context. A further reason for the umbrella approach is that there are already several conceptual frameworks and planning elements which will be supplemented but not substituted.

The 'operational part' of the NAP document is restricted to so called Priority Actions with strategic and leverage functions (so called 'umbrella projects') and in sector actions of high priority on which the Albanian Government makes a concrete decision for implementation. They should be limited in numbers and implemented with involvement of all relevant stakeholders. The following table indicates a set of 15 Priority Actions which were agreed during the meeting of the Inter-Ministerial Working Group on 8 September 2015.

The list of Priority Actions is subdivided into two sections:

- Overarching actions in the first part will steer and support the NAP process upon adoption of the NAP document. They can be understood as the 'implementation framework'.
- Sector-wise and subject related cross-cutting priority actions are limited to those action areas which will offer strategic relevance to the NAP process in total.

List of Priority Actions

The Priority Actions are specified in **Annex 1**. The standardized description for each Priority Action includes:

- **Existing situation** on which the Priority Action builds on. This mainly explains the added value resulting from the Priority Action.
- **Rationale, goals and indicators** of the Priority Action are useful for steering the future NAP process including implementation of the Priority Actions.
- **Substantial elements and timelines** of the Priority Action are important for operationalization. For several Priority Actions they have to be further concretized within the implementation process. The timeframe for implementation of most of the actions ranges from three to five years.
- **Key actors involved** are specified in respect to the responsible lead institution and institutions to be involved during implementation.
- **Resources needed for implementation** might refer to funds, personnel, expertise and outside support. Provision of the resources needed is crucial for ensuring implementation.

The following table provides an overview on all Priority Actions including goals, substantial elements and responsible actors.

Subject area	Rationale / main goals	Potential substantial elements	Responsible actors
Overarching Actions / implementation framework			
No. 1: Steering of the adaptation process in Albania	• Ensure process character of NAP beyond adoption of NAP document. • Ensure implementation of measures envisaged in the NAP document. • Ensure necessary adjustments of NAP process based on experiences.	• Capacitate Climate Change Adaptation (CCA) Unit at MTE. • Ensure regular meetings of Inter-ministerial Working Group (IMWG) for general steering and on selected key topics for each session. • Develop overall process roadmap including timelines, responsibilities and resources. • Regular review and up-date of NAP process. • Link with M&E and reporting mechanism (No. 4).	MTE (lead) Prime minister office (involved)
No. 2: Overarching mainstreaming initiative	• Climate Change Adaptation is reflected in NSDI and sector strat-	• Promote mainstreaming concepts and tools (Climate Proofing, Climate Lens, climate sensitive, Sta-	MTE Support: relevant donors

	egies. • Climate Change Adaptation is being promoted in accession assistance in line with the EU climate policy objectives.	tegic Environmental Assesment (SEA) etc.) • Coordinate mainstreaming pilots in Albania. • CCA mainstreaming in NSDI implementation. • CCA mainstreaming into IPA process.	
No. 3: Climate finance readiness	• Successfully access Albania's public budget for financing NAP implementation. • Gain indirect or direct access to GCF funding for Albania's NAP implementation	• Setting up a climate finance unit. • Develop strategic framework. • Climate budgeting / labelling pilots. • Promote access to climate finance. • Ensure learning and innovation.	MTE/NDA (lead) UNDP
No. 4: Implementation monitoring system	• Assess progress towards the climate resilience objectives. • Establish Result Based Monitoring System (RBM)	• Overall concept of Result Based adaptation Monitoring (RBM) system. • Gap analysis of existing M&E systems. • Institutional set-up for M&E. • Operationalize M&E system with regular reporting.	MTE (lead) MoIntegrat. MTEnergy IGEWE
No. 5: Communication and outreach initiative	• Capacities of relevant public institutions on CCA are enhanced. • Awareness and involvement of civil society on CCA are improved.	• Capacity development for public institutions. • Outreach through educational institutions. • Civil society outreach and involvement. • Extension of information for relevant economic sectors.	MTE MTEd Universities Media NGOs
No. 6: Initiative for capacity development on climate change adaptation	• The knowledge and personal skills of actors and stakeholders involved in the NAP process are supported through targeted trainings. • The development of institutional structures, regulations and policies in selected sectors of the NAP process are supported by donors and institutions of excellence.	• Assess training needs and elaborate training plan. • Conduct trainings. • Selected measures of institutional capacity development.	MTE UNDP Donor Agencies
Sector-wise and cross-sector strategic actions			
No. 7: Climate Resilient Irrigation, Drainage and Flood protection	• Calculation of water needs and supply potential for crops with consideration of climate change. • Infrastructure and maintenance for irrigation and flood protection are improved.	• Recalculate irrigation needs in a changing climate • Assess flood risks • Select priority actions on flood risk management based on above mentioned assessments. • Training.	MoARDWA (lead) Local governments
No. 8: Integrated Water Resources Management	• Climate change adaptation measures are adequately reflected in the implementation plan and process for pilot RMBPs and will be also part of the new RBMP	• Mainstreaming of CCA into the RMBPs. • The implementation process for the RBMPs will be designed in a way that climate change is adequately reflected during implementation.	MoARDWA National Water Council

No. 9: Adapted farm production	• Adaptation to climate change in agricultural sector through farm protection, crop yield management, information systems and livestock management.	• Adapted agricultural practices and infrastructure. • Improved information services for farmers.	MARDA National Food Authority Local Govt. Farmers
No. 10: Promote implementation of Adaptation Strategy for Health Sector	• Apply best approaches for vector control, public health measures and preparedness for extreme events (heat waves).	• Public awareness + training • Capacity development for health institutions	MoH IPH IGJEUM National Food Authority
No. 11: Integrated Cross-Sectorial Plan for the Coast (ICPC)	• Promote adaptation in coastal areas through local plans. .	• Introducing and adapting the EU instruments and policies relevant to coastal areas ecosystems and biodiversity • Enforcement of legislation related to the constructions in the coastal area • Improve the management of coastal areas • Erosion control • Buildings and climate change • Concrete Pilot Projects	MoUD / NTPA Municipalities Universities NGOs
No. 12: Initiative for municipal adaptation	• Municipalities are capacitated for local climate change adaptation plans	• Provide a Guide which would facilitate the municipalities with simple knowhow on how to integrate climate change adaptation into the city planning. • Trainings, advisory services • Pilot measures for local adaptation measures.	MoUD / NTPA Local municipalities
No. 13: Adaptation in tourism	• Integrated Tourism Sector Objectives and Plans reflecting climate change impacts are being developed.	• Provide the necessary legal basis, general or sectoral strategies, action plans etc. which will include the appropriate policies and measures. • Prepare a sectorial strategy taking in consideration climate issues. • Support local and national sectors dealing with climate change.	MTE
No. 14: Upgrading civil defence preparedness and disaster risk reduction	• Increase the capacity of the Albanian General Directorate for Civil Emergencies to prevent and respond to climate related disaster management	• Develop a regional flood hazard map following EU Flood Directive. • Preparation of a Floods Early Warning System and its integration into the European Flood Awareness System (EFAS). • Cost-Benefit Analysis, prioritization and financing of measures in strengthening flood warning systems. • Awareness/Visibility/Communication: improve flood awareness of the public by informing on the risk, early warning systems and the plan to follow in case of an emergency. • Support Albania in preparing for membership to the Union Civil Protection Mechanism (EUCPM). • Support to IGEWE for the strengthening of Hydrometeorological net-	MoIA IGEWE

		work and services	
No. 15 Building the resilience of Kune Vain Lagoon System through the Ecosystem based Adaptation (EbA).	• The Climate change effects into the Kune Vain Lagoon System will be addressed through an integrated suite of adaptation interventions including EbA	• Increase the capacity of government and local communities living nearby the KVLS to adapt to climate change using an integrated suite of adaptation interventions, including EbA • Build the climate resilience of the the Kune-Vaini lagoon system using demonstration of best practice and concrete EbA and other adaptation interventions • Increase awareness of local and national stakeholders to climate change risks and the potential of EbA to increase the resilience of local communities to climate change	MTE GEF UNEP

Table 3: List of Priority Actions

8. Adaptation financing

Key messages of this chapter

Access to climate finances (domestic and international, private and public) is a prerequisite for implementing adaptation measures. Albania needs an **'innovative financing approach'** for climate change adaptation, focusing on all relevant sources including international, domestic, the private sector, and NGOs. Therefore, a financing document has been elaborated to look into this in a more detailed way. This document is presented in the Annex IV.

There are two priority actions in the NAP which are directly linked to the financing mechanisms. The priority action 3 which is focused on elements of this strategy such as access to international funding of the GCF and as well as national budget, and Great potentials for mainstreaming climate change into financing mechanisms result from the IPA process with its link to EU climate change processes are given in the priority action 2.

Overall context of climate financing

Successful implementation of adaptation measures requires an implementation strategy including short-, medium- and long-term perspectives. Albania decided to ensure the implementation strategy through a number of selected Priority Actions as specified in chapter 7 in connection with Annex 1 – the so called implementation framework. **Ensuring climate financing** is an important part of the implementation framework since implementation of the NAP is unlikely without providing adequate financial resources. Albania requires both short-term project financing as well as other advanced forms of mid-term and long-term financing, because Albania will have to adapt incrementally as climate change impacts materialize over years and decades.

Different categories of financial sources and tools will be relevant for Albania, such as:

- Public and / or private sources,
- Domestic and / or international sources,
- Project and / or Programme related sources,
- Sources for investments and / or operational costs.

Albania needs an **'innovative financing approach'** for climate change adaptation, focusing on all relevant sources including international, domestic, the private sector, and NGOs.

There is no single, perfect institutional arrangement to mobilise and deliver climate finance. Ministries of environment, finance and non-governmental actors, all have vital roles to play: the key is to create incentives and accountability for these institutions to work together. Institutional arrangements for climate finance lie on a continuum wherein they 'dock' international or external climate finance in the national system, or 'mainstream' climate considerations into core policy and associated investment decisions and financial frameworks.

For this purpose a **financing document** has been developed, which considers two sources and channels to access finance for adaptation: 1) the national budget (MTBP) and 2) international sources and furthermore discusses options for innovative financing.

The document presents more specific recommendations on institutional processes and frameworks that need to be established in order to integrate NAP priority actions successfully into the

MTBP process. Issues considered are a) the integration of CCA into sectoral policies, b) the prioritization of proposed priority actions in the MTBP in a staggered approach, c) systematic efforts to build CCA-related capacities in each relevant ministry and d) the strengthening of inter-ministerial coordination and institutional arrangements, such as the future role and mandate of the IIWGCC.

The document provides short descriptions of **international sources** of adaptation funds and its of financing modalities. Furthermore, a methodology has been developed that applies a three-pronged approach to prioritizing suitable prospective adaptation donors and financiers:

1. screening and prioritization of external donors/financing sources
2. prioritization of PAs in view of readiness for resource mobilization in the coming years
3. Matching the prioritized PAs with the prioritized external donors/financing sources.

For this purpose more than 40 potential financing sources were screened prioritized in view to match them to various NAP priority areas.

The document concludes by presenting a **roadmap** that summarizes steps and actions that are required to put in place an efficient mechanism to identify access and channel funding for NAP priority actions and other future adaptation interventions.

The document highlights that resource mobilisation for adaptation interventions are a process that requires several **core elements** to be place:

Element 1: Setting up the process - Establishing a core team;

Element 2: Obtaining high-level political support;

Element 3: Making the case for adaptation – Understanding incentives - Communicating adaptation in a way that appeals to funders and financiers;

Element 4: Building capacities in climate finance and securing financial resources for resource mobilisation and identifying potential sources of funding for the short-, medium- and long term.

Budget implications by the NAP

As mentioned, especially medium- and long-term financing requires systematic strategies. Albania will use the NAP process as an opportunity for a continued dialogue about mainstreaming climate change into national development planning and budgeting as well as fiscal policy options. The activities condensed in the Priority Actions will have also immediate and short-term implications for the national budget and need to be supplemented by international funds. The budget requirements are indicated in the Factsheets for the Priority Actions and summarized in Annex 2.

The total costs needed to implement the National Adaptation Plan up to 2020 are assessed together with working group members. A division of resource allocation is also made. The midterm budget allocations (2017-2019) also were taken into consideration in calculating the total expenditures and the source of funding.

The cost estimation of the PA is done in close cooperation with working group members. In few ministries project fishes were prepared, so figures were implied by the fishes in such cases.

Nevertheless the NAP budget requirements will be reviewed after 2020. Adaptation is a new concept and efforts are done steered by the Ministry of Tourism and Environment to mainstream the related cost in the MTPB and annual state budget.

Mobilizing resources for climate change adaptation (CCA) is an emerging issue not only for Albania, but also globally. Many countries have adopted a process or pathway-oriented approach to climate finance. In essence, this approach refers to a process whereby a country determines, defines and mobilizes the financial and other resources necessary for its transition to a low emission and climate resilient development path.

For the sake of the long term NAP financing, a financing document is prepared (Annex 4), which provides:

a) Guidance on a successful process to access adaptation finance, including the identification of entry points;

b) An overview of relevant opportunities in relation to potential national and international sources of adaptation finance; and

c) Identify and prioritize steps to be taken to access adaptation finance in the coming years and initiating the development of a roadmap.

The total cost for the implementation of the NAP, is estimated to be approximately 11 billion Albanian Lekë (ALL), or approximately 80 million Eur.

This cost is prescribed for 15 priority actions divided into two sub thematic groups. 1.2 billion Albanian Lek is foreseen for activities that have to do with overarching actions and implementation framework and 9.8 billion Albanian Lek for cross sectorial activities.

From the overall budget estimation of 11 billion ALL, part of it equal of 2.9 billion ALL are partly covered by the state budget (manly through human resources) and partly through donors such as EU, SIDA, WB, UNEP, UNDP. The financial gap for the priority actions is elaborated at the level of approximately 10%, or approximately 1 billion ALL.

The most cost demanding actions are those of the agriculture one due to the infrastructure nature of the required interventions.

NAP Budget requirements for Priority Actions 2017 – 2020 (in Million Lek)

List of meassures	Total budget in mln ALL	Government Budget	Donors	Others	Financial Gap
Overarching Actions / implementation framework					
PA 1	10,800.00	10,800.00	-	-	-
PA 2	16,000.00	-	5,000.00	-	11,000.00
PA 3	150,000.00	4,920.00	49,200.00	-	95,880.00
PA 4	688,000.00	-	688,000.00	-	-
PA 5	93,750.00		50,000.00	43,750.00	-
PA 6	246,000.00		246,000.00	-	-

Sector-wise and cross-sector strategic actions					-
PA7	1,841,500.00	412,000.00	900,000.00	7,500.00	522,000.00
PA8	1,044,500.00	174,000.00	870,500.00	-	-
PA9	4,925,000.00	1,960,000.00	2,965,000.00	-	-
PA10	145,000.00	73,000.00	-	-	72,000.00
PA11	148,500.00	15,000.00	-	-	133,500.00
PA12	202,500.00	13,500.00	-	-	189,000.00
PA13	81,200.00	16,000.00	-	-	65,200.00
PA14	1,201,500.00	243,000.00	958,500.00	-	-
PA15	242,000.00	48,400.00	193,600.00	-	-
Total	**11,036,250.00**	**2,970,620.00**	**6,925,800.00**	**51,250.00**	**1,088,580.00**

Table 4 – Total budget necessary for the implementation of the NAP distributed by PA and financial sources

In the figure 6 the division of costs according to sub thematic groups is given. Priority actions that are implemented mainly by the Ministry of Tourism and Environment and have to do with the steering of NAP process consist of 11% of the total budget, while the concrete actions do represent 89% of the budget.

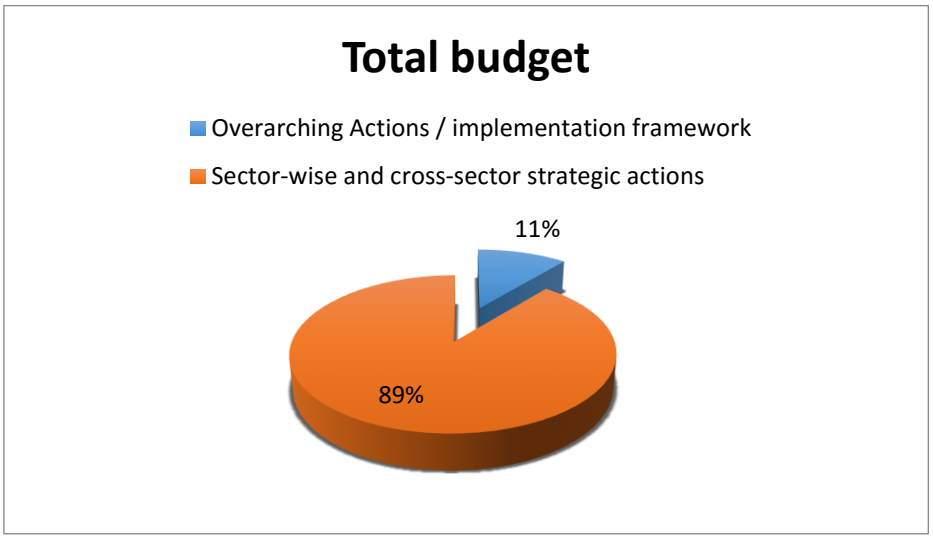


Figure 6 – Budget division according to sub-thematic groups

The figure 7 below illustrates the budget shares by source of funds. The funding gap of 10% belongs mainly to the cross sector priority actions, namely PA 7, PA10, PA11, PA12 and PA13.

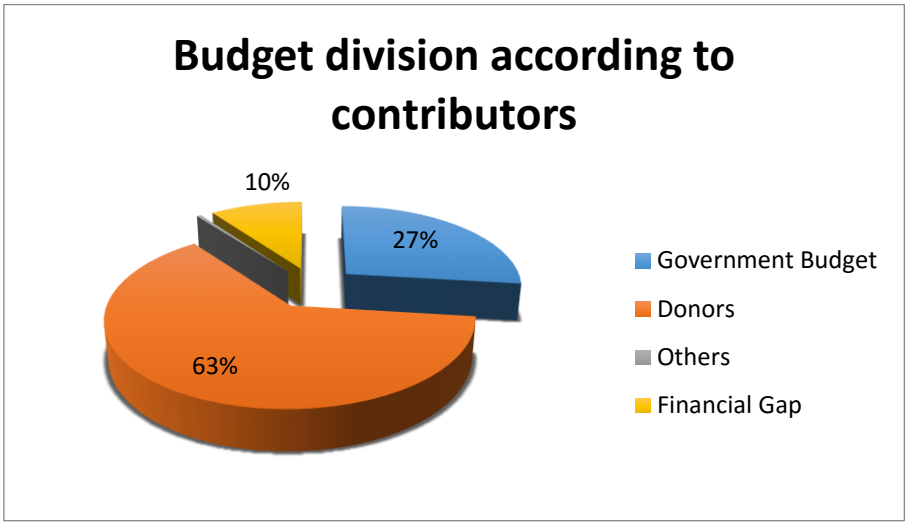


Figure 7 – Budget division according to contributors

In an illustrative manner, the budget estimation per each priority actions is given in the figure 8.

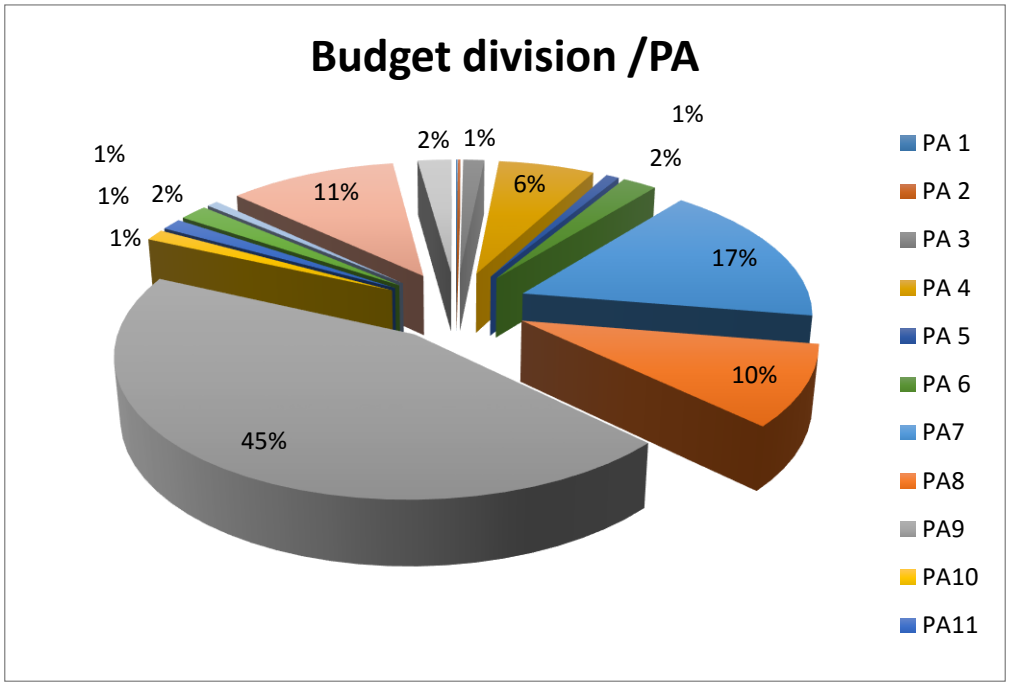


Figure 8– Budget division according to Priority Actions

9. Capacity development, outreach and involvement

Key messages of this chapter

Adequate administrative capacities, public awareness, information exchange, communication and involvement are important elements for effectively enhancing resilience against climate change in Albania. Necessary steps are being operationalized within an overarching strategy for capacity development, outreach and involvement.

Context

Adequate administrative capacities, public awareness, information exchange, communication and involvement are important elements for effectively enhancing resilience against climate change in Albania. The reflection of adaptation needs in **public institutions and policy making bodies** has definitely increased during the last years, notably through various adaptation related projects in several government sectors (see chapter 7), institutional needs for achieving progress in the alignment with the EU climate *acquis*, and through the establishment of the Inter-ministerial Working Group on Climate Change.

Institutional capacities for adaptation

There is an urgent need to further develop and support institutional capacities and establish the basis for proactive responses to climate change within all relevant sector policies. This is relevant at the level of the central government, the regional administration, communities, and the NGO sector. Recently the MTE has established a Climate Change Unit which demonstrates the willingness of the Ministry towards institutional capacity improvements. Decentralization (which began in 2000) has delivered increased responsibilities to the Qarks (the regions), including environment protection and management of natural resources. Decentralization provides an opportunity to build local and regional capacity so that the climate change imposed threats are minimized and managed through adequate response policies and measures. However, the municipalities need support and guidance for a stronger commitment on climate change adaptation. Priority Action No. 8 organises support in this respect.

Strengthening public awareness

Efforts to raise **public awareness** on climate change have contributed positively to the process of integrating climate change issues; however the importance of climate change still remains underestimated in public opinion. Climate awareness at all levels remains low and cooperation between all relevant stakeholders requires further strengthening.

Future approaches

Despite the efforts made on awareness and communication, training and education related to climate change, there is a need for additional major interventions. This includes capacity development activities at national and local levels as well as a communication strategy on climate change issues, which addresses national and local levels as well as public and private stakeholders. Priority Action 6 (see Annex 1) specifies the approach.

This approach requires an overarching strategy for capacity development, outreach and involvement. In particular, the following work streams will be covered by the strategy:

1. Capacity development for public institutions

- Provide institutional support to the newly established Climate Change Unit at the Ministry of Tourism and Environment;
- Improve communication among and distribution of climate relevant information to public institutions;
- Develop a training needs assessment and provide targeted training inputs to relevant staff of public institutions.

2. Outreach through educational institutions

- Develop climate change education modules and launch school campaigns;
- Include climate change knowledge in relevant educational curricula.

3. Civil society outreach and involvement

- Develop a Public Participation and Outreach Action Plan;
- Organize public involvement and debate on adaptation related activities;
- Strengthen awareness through campaigns (media, civil organizations etc.);
- Conduct specific promotion activities (e.g. through competitions, public events).

4. Extension of information for relevant economic sectors

- Include climate information in extension services for farmers.

10. Follow-up process (Reporting, Monitoring and Review)

Key messages of this chapter

The process character of the NAP with its long-term orientation requires result oriented monitoring, reporting and review. The main goals of this follow-up process includes effective steering of the process, incorporation of new knowledge and lessons learned as well as transparent information to stakeholders..

Context

According to chapters 4 and 5,NAP is defined as a long-lasting process which requires effective steering towards the defined goals and outcomes, a regular reporting system and review mechanisms based on experiences made and results achieved.

Principles for the monitoring process

The effective steering of the NAP process over longer time periods requires a Result or Outcome based Monitoring (RBM). In particular, adaptation monitoring and evaluation (adaptation M&E) follows several goals:

- **Effective steering:** A continuous M&E process allows steering towards overarching goals despite uncertainties in exact future developments of climate change impacts as well as uncertainties regarding success of adaptation interventions.
- **Learning:** Based on exact indicators, it is possible to identify deviations from what was projected and expected before and adjust the process in intervals to the real developments.
- **Accountability:** Clearly defined indicators allow transparency to clearly identify whether previously agreed adaptation measures took place and led to the expected results.

There are evolving experiences with adaptation M&E in other countries which allow to draw the following conclusions for the Albanian Adaptation M&E system:

- **Avoid a too complex M&E system**. Reduce goals and indicators to a set of 'Core Indicators' which allow identifying the progress for crucial key elements rather than picturing all details of the adaptation process. This goes in line with the 'umbrella character' of the NAP as explained above. The system of goals and indicators defined in chapter 5 follows this directive.
- Make as much as possible **use of what you already have** in respect to M&E systems. Of high relevance are the existing goals and indicators of the NSDI – all the more since their relevance for climate change adaptation was analysed already through a climate lens.
- Organize a **participatory process** which involves all relevant ministries and institutions which are responsible for NAP implementation and / or which can provide data of relevance for the monitoring.

As mentioned, a Result Based Monitoring (RBM) is in principle not new to the country. It was approved through the Prime Minister's Order, Nr.139 (date 01/07/2010) to monitor implementation of the NSDI. This mechanism was developed "to improve the existing monitoring system – by developing a realistic report that identifies weaknesses and problems". In addition, a result-based

monitoring mechanism highlights: (i) where and when there are problems in the sector strategy implementations; and (ii) how to solve problems.

The actual monitoring of the state of the environment is carried out under long-running exclusive contracts between the MTE/NEA and selected institutions. A climate related monitoring programme might be attached to this framework, subject to further conceptual explorations.

Regular reporting

Every 4 years, a progress report on the NAP process will be launched. The Ministry of Tourism and Environment will have the lead function for compiling the report whereas all relevant sector ministries contribute regarding their fields of responsibility. The report might comprise information on the following issues:

1. New findings on climate change and vulnerabilities in Albania;

2. Steps and activities taken under the NAP;

3. Progress and obstacles in mainstreaming adaptation into other sectors and the national developing planning;

4. Progress and obstacles in achieving goals and indicators;

5. Recommendations for future steps and measures.

The report will be communicated to all stakeholders in the country, and will be included in progress reports to the COP through national communications or through submissions.

Review and up-date of the NAP

Based on reports and the results of the RBM monitoring, there will be a regular review of the NAP every 8 years. The review will conclude on whether the goals and indicators of the NAP process and the overall approaches for its achievement are still in line with new developments in the country. In cases where adjustments are necessary, the review process will recommend concrete NAP amendments.

Operationalization

The program for developing the Result Based Management (RBM) system includes the following steps:

- Overall conceptualization for the RBM system: Goals of the monitoring, indicators to be measured, data sources, responsibilities and cooperation.
- Specification of indicators based on the framework in chapter 5. The indicators should comprise impact indicators (measuring the progress of climate change impacts) as well as response indicators (measuring the success of adaptation interventions). The time-lines should be specified for achieving the required results. A limited number of key indicators should be selected for overarching reporting.
- Development of indicator factsheets which elaborate for each indicator technical specifications such as baselines, exact sources of data, responsibilities for measuring, time-lines, resources for measuring.

- Concept for reporting: Ways of reporting, especially in the context of other Government reports. Times-lines, responsibilities, target groups to be addressed.
- Operationalization of the RBM system with the main responsibility of the Climate Change Unit in the Ministry of Tourism and Environment.
- Accompanying training inputs on RBM throughout the process.

Details are shown in Priority Action 4 of Annex 1.

Annexes

Annex 1: Priority Actions

Priority Action No. 1

Name of Priority Action	Responsible Lead Agency / Ministry
Steering of the adaptation process in Albania	**MTE**

Existing situation on which the Priority Action builds on

The NAP for Albania receives guidance from the principles as laid down in the NAP Technical Guidelines. In line with this, NAP is designed as a continuous process over a longer period of time including elements of plan development, implementation and learning from experiences. The Albanian NAP started already with several process like steps taking also orientation from the NAP Technical Guidelines:

- Initiating and launching of the NAP process: Formally initiated by the Prime Ministers decision No.155. Further supported by the official launch on 19 February 2015.
- Steering of the NAP process: In line with the PM decision, the process is steered by the MTE in close cooperation with the Inter-Ministerial Working Group on Climate Change.
- Stocktaking: Participatory Stocktaking Workshop on 19 February 2015 making use of the SNAP Tool as developed by GIZ. The stocktaking resulted in an assessment along 7 success factors and a SWOT analysis for Albania.
- Assessing climate vulnerabilities: Based on vulnerability assessments conducted for Albania's National Communications to UNFCCC (First, Second and Third) and sector specific vulnerability studies for agriculture (2013), health (2011) and energy (2009).
- Process organization: Participatory workshop on development of tasks, timelines and responsibilities for the NAP process on 10 June 2015. Organization of the NAP drafting process through an interactive workshop on 8 September 2015.
- Mainstreaming climate change adaptation into sector and development policies: Launch of a first climate lens application to the NSDI on 19 June 2015.

Despite these important first steps of process organization and implementation, continuous steering has to be structured and organized ensuring the long-term orientation as recommended in the NAP Technical Guidelines.

Rationale / Goals / Indicators

The following goals are relevant for steering the adaptation process in Albania:

- Goal 1: Ensure process character of NAP beyond adoption of NAP document, within which all relevant sectors play a pro-active role.
- Goal 2: Ensure a strong steering role by MTE for the whole NAP process.
    - Indicator 2.1: MTE comprises of permanent staff capacities responsible for all tasks in the context of NAP process steering.
- Goal 3: Measures envisaged in the NAP document are implemented.
    - Indicator 3.1: A monitoring and evaluation system is established which pursues implementation status of priority actions and enables adjustments in the NAP process (see also Priority Action No. 4).
- Goal 4: A 'learning process' for the NAP process is organized.
    - Indicator 4.1: Assessment reports on the NAP process are released every 4 years and give recommendations on possible adjustments in the process.

Substantial elements and timelines of the Priority Action

Action 1: The staff required for the complex NAP process is established through formation of Climate Change Adaptation (CCA) Unit at MTE. The Unit needs capacity development measures to be provided by donors.

Action 2: Ensure regular meetings of the Inter-ministerial Working Group (IMWG) for general steering and on selected key topics for each session. The IMWG meetings will include regular reporting by the responsible sector ministries on progress of their Priority Actions.

Action 3: Develop overall process roadmap including timelines, responsibilities and resources.

Action 4: Ensure reviews of NAP process every 8 years including its discussion in the IMWG. Use the findings of the reviews for necessary adjustments of the NAP process and / or document. Link the review process with the M&E process (Priority Action No. 4).

Key actors involved	**Resources**
MTE (lead) PMO (involved) IMWG members (involved)	1 additional staff member in the MTE for steering the NAP process including all adaptation actions. 2.7 million Albanian LEK per year.

Priority Action No. 2

Name of Priority Action No. 2 Overarching mainstreaming initiative	Responsible Lead Agency / Ministry MTE

Existing situation on which the Priority Action builds on

The Government, partly supported by donors, has pursued already several approaches for mainstreaming CCA into different sectors and development activities:

- Impact Assessment and adaptation options for the agricultural sector (2013)
- Climate Change Adaptation in the Drini-Mati River Delta and Beyond (2013)
- Assessment of legislation and institutional capacity on CCA (2011)
- Vulnerability Assessment and Adaptation Strategy for the health sector (2011)
- Study on adapting vulnerable energy infrastructure to climate change (2009)
- Policy Paper on Climate Finances

Beside this sector related initiatives, needs for overarching CCA mainstreaming result also from the EU-IPA Framework. The Indicative Strategy Paper for IPA II (2014-2020) emphasizes that EU financial assistance has to be in line with EU policy objectives including climate policy. A climate change strategy, CCA mainstreaming as well as climate expenditure tracking (markers) are required and envisaged.

The draft NSDI 2014 – 2020 was screened in 2015 through a climate lens regarding climate and adaptation relevance. Recommendations and consequences still have to be reflected and put into practice.

Rationale / Goals / Indicators

Adaptation mainstreaming in sectors and overarching development policies is an overarching principle for the NAP process since effective adaptation is not an ‘add-on’ activity but has to be integrated into sector policies. Whereas some mainstreaming activities were launched already (see above), there is still need for intensified approaches in all relevant sectors. This should be promoted by a systematic mainstreaming initiative.

- Goal 1: Climate Change Adaptation is reflected in the future process of NSDI formulation and implementation.
    - Indicator 1.1: A mechanism of regular CCA reflection is established within the NSDI implementation process.
    - Indicator 1.2: At least 1 mainstreaming approach per year is being incorporated into a relevant sector strategy.
- Goal 2: Climate Change Adaptation is being promoted in accession assistance in line with the EU climate policy objectives.
    - Indicator 2: EU financial assistance within the IPA Framework is tracked in line with the OECD-CAD statistical markers on climate change.

Substantial elements and timelines of the Priority Action

- Mainstreaming has to be understood as a continuous process which requires coordination and cooperation of various sector stakeholders. The IMWG on Climate Change will continue to work under the chair of the MTE taking up the mainstreaming initiative as one of their main tasks. Mainstreaming needs and results will regularly be reflected during IMWG meetings.

• CCA mainstreaming can be supported and operationalized through a box of different tools such as climate lens, climate proofing, climate sensitive Strategic Environmental Assessment, and climate expenditures markers (labelling). This toolbox will be elaborated and specified for the Albanian situation through an expert input in 2017 /8. • The IWMG will decide upon one mainstreaming pilot per year to be conducted by a relevant sector ministry and supported by MTE in connection with expert inputs. • PMO will use the NSDI implementation framework also for regular reflections how far recommendations provided by the climate lens are being further pursued. • The EU Climate Strategy will be used as a key guidance for mainstreaming climate change into the financial assistance within the IPA Framework. MTE will ensure consistency of the EU Climate Strategy with the NAP. • EU Assistance will be required for systematically tracking the expenditures within the IPA Framework under climate aspects. The reporting on the EU assistance will include conclusions regarding the extent of climate mainstreaming.

Key actors involved	**Resources**
MTE functions as lead agency for the mainstreaming initiative in connection with its chair function for the IMWG. MEFA (European Integration) will ensure the link of the mainstreaming initiative with the EU financial assistance and programming. PMO will ensure the reflection of the mainstreaming initiative within NSDI development and implementation.	• MTE will coordinate the mainstreaming initiative through its climate change unit. • Accession Funds will also be used to ensure consistency of the financial assistance with the EU climate policies, especially through mainstreaming. This might result in consultancies on climate change mainstreaming. Costs app 4 million Albanian Lek / year.

Priority Action No. 3

Name of Priority Action No. 3	**Responsible Lead Agency / Ministry**
Climate Finance Readiness - Capacity Development for NAP Financing and Implementation in Albania	**MTE, GCF National Designated Authority (NDA)**

Existing situation on which the Priority Action builds on

The NAP process is not formally linked to any financing source through the international negotiations under the United Nations Framework Convention on Climate Change (UNFCCC), although in June 2016 during its 13th Meeting the GCF Board has decided to restructure its Readiness Support Programme and established a separate activity area dedicated particularly for developing countries for the formulation of NAPs and/or other national adaptation planning processes. According to this decision a new funding window is being opened and up to USD 3 million per country can be approved through the Fund's Readiness Programme for the formulation of national adaptation plans

Actions under Albania`s NAP process will need financing for implementation. Albania requires both short-term project financing and other advanced forms of mid-term and long-term financing, because Albania will have to adapt incrementally as climate change impacts materialize over years and decades and at meaningful scales in order to unfold transformational change in and across sectors.

Different categories of financial sources and tools will be relevant for Albania, such as:

Public and / or private sources,

Domestic and / or international sources,

Project and / or Programme related sources,

Sources for investments and / or operational costs.

Albania has to urgently put the institutional arrangements in place for accessing the required and appropriate domestic and international finance, and for channelling finance effectively and efficiently toward NAP implementation.

Therefore the financing document (in Annex IV) has been developed: As such, this priority action is closely linked to this financing document and through its implementation aims to enable progress in all other NAP priority actions.

This priority action will focus on two areas

1. Access to Public budget for the implementation of NAP activities
2. Access to the Specific High Potential International Financing Sources identified in the financing document, particularly access to the GCF

Rationale / Goals / Indicators

The NDA will play an important role in accessing and managing climate finance. Systematic support through capacity development and technical assistance will enable Albania to both mainstream the NAP outputs into national development planning & budgeting as well as increase Albania's access to international climate finance.

- Goal 1: Successfully access Albania's public budget for financing NAP implementation
    - Indicator 1.1: Public records prove that at least an initial 625 million ALL of Albania's public budget were spent for NAP implementation by 01/2018Goal 2: Gain indirect or direct access to GCF funding for Albania's NAP implementation
    - Indicator 2.1: The GCF has granted Albania financial support for readiness activities by 12/2017.Indicator 2.2: One proposal of at least 1250 million ALL for NAP implementation is approved by the GCF for Albania at the 03/2018 GCF Board Meeting.

Substantial elements and timelines of the Priority Action

1) Setting up a climate finance unit (within 12 months): Capacity development for NDA and climate unit at MTE, engaging stakeholders incl. from NAP process, establish oversight about climate change activities (including mapping of Albania's existing climate expenditures); raise awareness and provide information on climate finance opportunities incl. GCF, request GCF Readiness Support, start liaising with GCF.
2) Regularly update the screening tool developed by the financing document: This screening tool is presented in Annex 1 of the financing document. It has screened more than 40 potential financing sources and helped to prioritize them in view of the various NAP priority areas. Start development of a strategic incremental process to build capacity and a track record with funding partner organizations, assess different categories of financing (e. g. Albania's public budget, conventional ODA through Albania's development partners, multilateral climate funds, and private sector funding, which is often leveraged with at least one of the others),
3) Increasing access to climate finance (within 24 months): In line with the roadmap, pre-

sented in chapter 4 of the financing document, clarify the procedures and requirements for accessing short-listed international funding options, align procedures with Albania's NAP implementation, facilitate a strategic coordination process among national institutions and development partners on financing implementation of NAP priorities, develop project pipeline, submit proposals. 4) Learning & innovation (within 30 months): Establish continuous M&E for climate-related and in particular NAP financing integrating both domestic and non-domestic finances, assess mid-term options for NIE accreditation (identify candidates, design capacity building measures etc.), link adaptation financing (back) to national planning and budgeting processes and continue mainstreaming climate change into Albania's development planning, begin drafting fiscal policy reforms for leveraging scaled-up mitigation and adaptation finance in the mid-term.

Key actors involved	**Resources**
MTE (NDA): lead for international financing Ministry responsible of Finance: lead for domestic financing process All sector ministries involved in the NAP process	The activity packages 1-4 (see above) would require a smaller-sized dedicated Technical Assistance project for building capacity of the NDA/climate unit: • Budget: min. 37.5 million ALL per year for 3 years • Funding options: GCF readiness support, bilateral ODA (tbc) • Team: Min. 1 long-term expert embedded in MTE supporting NDA/climate unit in day-to-day business • Trainings and coaching for NDA and climate unit • Targeted short-term consultancies for policy analyses and project pipeline development

Priority Action No.4

Name of Priority Action No. 4 **Implementation Monitoring System** **(Result Based Monitoring – RBM)**	**Responsible Lead Agency / Ministry** **National Environmental Agency / MTE**

Existing situation on which the Priority Action builds on

Result-based monitoring of government action is not new to Albania. A result-based monitoring mechanism was approved through the Prime Minister's Order, Nr.139 (date 01/07/2010) to monitor implementation of the NSDI. This mechanism was developed "to improve the existing monitoring system – by developing a realistic report that identifies weaknesses and problems". In addition, a result-based monitoring mechanism highlights: (i) where and when there are problems in the sector strategy implementations; and (ii) how to solve problems. Other political programmes such as the 300 or 600 days programmes of the Government are regularly assessed and offer additional references for short-term monitoring.

The actual monitoring of the state of the environment is carried out under long-running exclusive contracts between the MTE/NEA and selected institutions. In the context of climate change, a specific monitoring system has not yet been identified.

A climate related Result Based Monitoring (RBM) to be established under this Priority Action should build on existing monitoring systems and comprise 2 areas:

• Monitoring of the progress of climate change impacts (so called impact indicators): These indicators will draw information from existing or newly developed physical evaluation systems such as the Consolidated Environmental Monitoring System for Albania (CEMSA), as well as from coastal, hydrological or meteorological monitoring. • Monitoring of the progress and success of adaptation actions (so called response indicators): The development of these response indicators will mainly rely on the NAP indicators formulated in chapter 5 as well as on selected indicators from Priority Action**s.**
Rationale / Goals / Indicators The Priority Action covers both, climate impact monitoring as well as response monitoring on successful adaptation. • Goal 1: Assess progress towards the climate resilience objectives. o Indicator 1.1: The NAP implementation process is monitored regarding achievements of the defined NAP goals (Increased capacities to assess climate impacts are captured within the Performance Assessment Matrixes of the Environment and other relevant NSDI Sector Strategies) • Goal 2: Establish a Result Based Monitoring System (RBM) for climate change. o Indicator 2.1: An Integrated Monitoring Programme is drafted and approved o Indicator 2.2: A set of indicators (impact and response) is regularly assessed and evaluated. o Indicator 2.3: A pilot integrated monitoring system at one river basin is established and monitoring started.
Substantial elements and timelines of the Priority Action Year One: • Stocktaking and gap analysis of existing monitoring systems in respect to their usability for the RBM. • Conceptualization of the RBM: Goals of monitoring, specific indicators / parameters to be measured, data sources, responsibilities and cooperation management. Year Two • Detailed design of a RBM system including result chains as well as specified indicators (indicator factsheets) and selection of key indicators. Reflection of 2 phases of RBM: Early start of a core RBM; extension towards a comprehensive RBM. • Institutional set-up, technical support and capacity development for establishing the RBM. Development of an implementation plan. Year Three • Establishment of a pilot monitoring system / core RBM. • Adopt Guidelines on RBM and start monitoring Year Four • Selected in-depth assessments of especially vulnerable systems such as: • Nearshore, beach, dune and channel morphology; and • Sediment mechanisms (supra-tidal, intertidal and sub-tidal). • Establishment and operation of the comprehensive RBM

• Elaboration of adequate reporting systems for the RBM Overall timeline: 4 years	
Key actors involved MTE/NEA Ministry of Europe and Foreign Affairs Ministry of Infrastructure and Energy /AGS IGEWE Other relevant Institutions and experts	**Resources** • Total value 688 million ALL • Year one 75 million ALL • Year two 150 million ALL • Year three 200 million ALL • Year four 262 million ALL

Priority Action No. 5

Name of Priority Action No. 5 **Communication and Outreach Initiative**	**Responsible Lead Agency / Ministry** **Ministry of Tourism and Environment**
Existing situation on which the Priority Action builds on Despite increasing public awareness activities regarding environmental issues in general, the issue of climate change is still relatively dormant in Albania, and even at the level of policy makers, one does not find in-depth understanding of climate change and related issues. The results of a survey show that despite of the efforts made on climate change related awareness, communication, training and education, there is a need for additional major interventions. These have to be started with a communication strategy, which might change overall behaviour and ways of doing things. Necessary action includes also further capacity development of institutions at national and local levels to be able to design and implement appropriate responses to climate change.	

Rationale / Goals / Indicators
• Goal 1: Capacities of relevant public institutions are enhanced.
  ○ Indicator 1.1: The level of climate change knowledge has improved in public institutions of relevance for climate action.
• Goal 2: Awareness and involvement for climate change in civil society groups are improved.
  ○ Indicator 2.1: A Participation and Outreach Action Plan guides public involvement in communities and with civil society groups.	

Substantial elements and timelines of the Priority Action Through several action lines, the Priority Action provides capacity development for public institutions, outreach through educational institutions, and involvement of civil society as well as information extension for economic sectors. Each activity line described below in-	

cludes a conceptualization phase (year 1) and an implementation phase (years 2 + 3).

- Capacity development for public institutions
- Provide institutional support to the newly established Climate Change Unit at the Ministry of Tourism and Environment;
- Improve communication among and distribution of climate relevant information to public institutions;
- Develop a training needs assessment and provide targeted training inputs to relevant staff of public institutions.
- Outreach through educational institutions
- Develop climate change education modules and launch school campaigns;
- Include climate change knowledge in relevant educational curricula.
- Civil society outreach and involvement
- Develop a Public Participation and Outreach Action Plan;
- Organize public involvement and debate on adaptation related activities;
- Strengthen awareness through campaigns (media, civil organizations etc.);
- Conduct specific promotion activities (e.g. through competitions, public events).
- Extension of information for relevant economic sectors
- Include climate information in extension services for farmers.

Time line 3 – 4 years

Key actors involved	**Resources**
MTE Ministry responsible of Education UNDP Universities Media NGOs	• 93.75 million ALL

Priority Action No. 6

Name of Priority Action No. 6 **Initiative for capacity development on climate change adaptation**	**Responsible Lead Agency / Ministry** **MTE**
Existing situation on which the Priority Action builds on Climate change adaptation as a comparably new approach is not supported yet through adequate capacities in the country. The Stocktaking as performed in Albania with the SNAP Tool (see chapter 3 of the NAP document) identified significant needs for developing human and institutional capacities. Adaptation planning and implementation implies the need for	

institutional capacities and individual skills in various institutions and at several administrative levels (policy to operational). Individual skills needed do not just relate to a technical understanding of climate change but equally the management and participatoryabilities necessary to effect change.

In line with this concept, first approaches for capacity development were launched within the first stages of the NAP process:

- Training inputs on essentials of climate change adaptation, on conceptual understanding of the NAP process, and on mainstreaming were conducted during a training session on 17 February 2015.
- A further training on access to climate finance took place on 8 September 2015.

Rationale / Goals / Indicators

Capacity development should be understood as a process accompanying the NAP process and providing targeted support in respect to individual skills and institutional capacities. In particular, the following goals are being pursued:

- Goal 1: The knowledge and personal skills of actors and stakeholders involved in the NAP process are supported through targeted trainings.
    - Indicator 1.1: The CCU as well as stakeholders of the IMWG regularly attend at least one of the NAP meetings/ year.
- Goal 2: Institutional structures, regulations and policies in selected sectors are supporting climate change adaptation.
    - Indicator 2.1: 2-5 policies and regulations of relevance for the NAP process include adaptation related provisions.

Substantial elements and timelines of the Priority Action

- Action 1 (12/2018): MTE will develop a consistent training plan with support of donors active in this area. The training plan will specify for which action of the NAP process which knowledge gaps have to be addressed. The plan will also specify resources and support for the training inputs.
- Action 2 (2018): Targeted trainings will be conducted on selected themes as specified in the training plan. The trainings will follow interactive didactical concepts and ensure high relevance to the practical work of the participants.
- Action 3 (2018 + 2019): Selected measures of institutional capacity development will be supported during the NAP process and on a demand driven basis. Themes might include: Development of climate change related data processing and evaluation mechanisms, support of institutional capacities for climate financing, development of emergency response capacities especially in the field of flood risk management, capacity development for NDA and climate unit at MTE, development of regulatory adjustments e.g. for standards of resilient infrastructure.

Key actors involved	**Resources**
MTE (lead) Sector ministries (involved) Donor agencies (involved) Consultants / experts (involved)	246.000 million ALL MTE through GCF NAP readiness support hub

Priority Action No. 7

Name of Priority Action no. 7 Climate Resilient Irrigation, Drainage and Flood Protection	Responsible Lead Agency / Ministry MARDA

Existing situation on which the Priority Action builds on

During the past 50 years (1951-2001), it is recorded a temperature rise of approximately 0.3 ° C across the country. As a result of climate change more frequent extreme weather events are expected, such as high temperatures, prolonged droughts, floods, increasing landslides and fire risk. These climate changes will strongly impact rural productivity and income. In Albania field crops and fruit production have a bigger importance in the agriculture sector compared to livestock.

Action no. 7.1:Since the climate changes will impact mainly the crops, it is needed to have a clear understanding on the amount of water needed by the plants. So water balance (the amount of water available and the amount of water required for the plant) should be calculated in order to come up with ideas and proposals on climate change adaptation.

Action no. 7.2: Climate change requires modernizing and reforming the structures for a more efficient use of water, more intensive management and also more reliable financial procedures. This action can be divided into two main areas, one of drainage and one of floods:

- As for the floods it can be related to the river management and also dam security. Dam's capacity is reduced with around 45% due to filling up with sediments of their volume and so the flood risk has also been increased. The increase of flood frequency and their extent requires changes (upgrading) of flood protection infrastructures (increase dams efficiency by maintaining the existing or by building new ones and improve dams safety) and finding new water resources. For river floods it is important to have a better management of rivers including hydraulic modelling following the newest approaches and software systems.
- As for the drainage is very important to find proper ways and technologies to improve the drainage systems. They should include the maintenance and cleaning the existing irrigation channels and also opening new ones.

Rationale / Goals / Indicators

- Goal 1: Calculation of the water needs and supply potentials for crops is improved with consideration of impacts from climate change.
- Goal 2: Improved infrastructure and its maintenance cope with changes in precipitation patterns and sediment regimes caused by climate change (drainage, dam safety and floods).

Substantial elements and timelines of the Priority Action

Action 7.1:

- Calculation of plant water needs based on a new methodology (update of the existing formulas or implementation of new ones).
- Development of a plan for reduction of the erosion by plants (budget of 270 million ALL). Feasibility study on existing water resources, 626 irrigation reservoirs to be checked on the available amount of water that can be collected in them, the status of the irrigation dams, and also the future destination of the dams. (budget of 97 million ALL).
- Strengthening of the structures and capacity building of IGJEUM for building up a

hydrological data exchange system.

Action 7.2:

- Reorganisation of the flood monitoring structures (2018-2020, budget of 72 million ALL)
- Creation of structures for technical check-up of the flood protection infrastructures (2017-mid2018, budget 60 million ALL).
- Strengthening of dam safety monitoring structures (2018-2020, budget of 10 million ALL).
- Flood protection maps in cases of dam break (2019-2020, budget 10 million ALL).
- Development of a training and certification system for the employees working in the irrigation and drainage sector (2017-2018, budget of 75 million ALL)
- Rehabilitation and increase of safety for 210 dams following the 2009 WB study (budget of 900 million ALL)
- Creation of a training and certification system for the employees working in the erosion sector (2017-mid 2018, budget of 7.5 million ALL).
- Strengthening of the structures on the interventions and intakes on the riverbeds (budget of 60 million ALL).
- Studies and implementation projects for building up flood protection structures (2017-2027, budget of 280 million ALL).

Key actors involved	**Resources**
The leading role belongs to MARDA and its drainage boards directories all over the country, National food authority. The other actors that will be involved are: Local Government units /municipalities which are responsible for the prevention of the floods in their territory and also for the measures that should be taken in case of floods. The companies that use and consume water which are responsible for the maintenance and cleaning of the drainage channels in the territory where this water company operates.	Budget estimates indicated already above under substantial elements. The necessary funds can be acquired as follows: Domestic (national) funds mainly for the soft measures and human capacity development Donor support required in the field of investments

Priority Action No. 8

Name of Priority Action no. 8 **Integrated Water Resources Management**	**Responsible Lead Agency / Ministry** **MARDA**
Existing situation on which the Priority Action builds on The Integrated Water Resources Management (IWRM) Strategy has been developed for the period 2017 - 2027 to promote the coordinated development and management of water, land and related resources, in order to maximize the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems. Climate	

change impacts were reflected in the Strategy to enhance resilience of water resources against climate change.

As such, the Strategy does not develop detailed action plans for the different Water Sectors, but will include an overall action plan and will serve as an overall policy framework setting conditions for Water Sector wide related strategies. Following on the Strategy, River Basin Management Plans (RBMP) will specify measures for concrete watersheds. First two pilots have been launched for Drini-Buna and Semani river basins. These plans will consider climate change impacts, especially regarding drought and flood risks. Regarding the latter, they will take advantage of the GIZ supported 'Climate Change Adaptation in Western Balkans Program'. The planning will be based on a systematic modelling and result in proposals for interventions and measures.

The projects on IWRM and RBMP development are supported by World Bank and SIDA. The project teams include specialists for climate change. Despite the above mentioned river basin management plans there are planned to prepare also the other 4 (RBMP) for the rest of the basins. Two of them (Vjosa and Mati) have started and are partially developed and the Shkumbini it is on its early start (now is under preparation the Management plan of the protected areas as part of IBECA project. The other basin will start as soon as the IPA funding will be available. All the RBMP will be following the EU standards including climate change chapter.

Rationale / Goals / Indicators

The main focus of priority action is the RBMP development with their implementation oriented approach. In this respect the goal of the Priority Action is defined as:

- Goal 1: Climate change adaptation measures are adequately reflected in the implementation plan and process for the two RMBPs (Drini, Buna and Seman) and a third one (Vjosa RBMP) which has just started and is yet in the preliminary phase.
    - Indicator 1.1: At least some adaptation related specific measures are included in the implementation plan for each RMBPs as following:
        - Proper spatial planning
        - Flood risk and draught risk maps
        - Population awareness for specific areas as given in hazard maps
        - Agricultural adaptation
        - Flood risk and draught risk management plans
    - Indicator 1.2: The implementation process for the RMBPs is designed in a way that climate change adaptation is adequately reflected.
- Goal 2: Other four river basin management plans are already on the project ministry pipeline to be designed and on each of them climate change will be reflected adequately.
    - Indicator 2.1: The river basin management plans are following the EU water framework, EU flood directive standards and do reflect the climate change adaptation properly.
    - Indicator 2.2: The river basin management plans are prepared and they do include also adaptation measures to climate change.
    - Indicator 2.3: Climate change will be reflected adequately also in the implementing phase of the RBMP.
    - Indicator 2.4: Institutional strengthening and capacity building towards river

basin management plan is achieved ○ Indicator 2.5: Climate change is reflected and/or is part of the Strategical Environmental Assessment for each of the river basins ○ Indicator 2.6: Transboundary effect of the climate change has been taken into account ○ Indicator 2.7: Climate change is considered also from the Transboundary commissions for the related basins.
Substantial elements and timelines of the Priority Action Action 1 (throughout 2017): Climate change experts (e.g. involved in the 'Climate Change Adaptation in Western Balkans Program') will be involved in the consultation process to take advantage of previous experiences in adaptation processes in Albania and to give more guidance on preparing RBMP related to the climate change aspect. Action 2 (end 2017): The list of proposed measures will be assessed under climate change aspect (e.g. or a climate sensitive Strategic Environmental Assessment) and a possible DCM (yet to be decided) Action 3 (2017): The implementation process for the RBMPs will be designed in a way that climate change is adequately reflected during implementation. Action 4(Approximately 2020): The other 4 River Basin management plans will start the designing phase and the climate change will be reflected in the designing and implementing phases.

Key actors involved	**Resources**
The IWRM Strategy and the RBMPs will be steered by the National Water Council and accompanied by an Integrated Policy Management Group Involved partners: Ministry of Interior, Ministry of Tourism and Environment, Ministry of energy, municipalities and local government units.	The project on Strategy development is being implemented by MARDA and is being financed from EBRD1 loan and also grants from SIDA. As for the River Basins Management Plans (two of them) the amount is 174.5 million ALL. The resources to be used for other RBMP will be coming from donors and in the amount of approximately around 217.5million ALL +-20% for one RBMP (depending on the basin and its characteristics).

Priority Action No. 9

Name of Priority Action no. 9	**Responsible Lead Agency / Ministry**
Adaptation in the agricultural sector: **1. Farm Protection** **2. Crop yield management** **3. Information systems** **4. Livestock management**	**MARDA**
Existing situation on which the Priority Action builds on	

Climate change effects are being felt every day and more in all the sectors and especially in agriculture which is one of the most important sectors on the country' economy. The main economic contribution for Albania comes through Agriculture so the rural part of the country plays an important role on this process. If no adaptation measures are adopted the seasonal changes will clearly affect the crops and livestock.

Action no. 1: Increased temperatures will make the seasons longer, an increase of CO2 concentration is expected which will affect the plant growth and also, depending on the areas, there will be an increase of the rainfall, increased soil erosion and a change on water resources. For these reasons, a high farm protection is needed and some of the findings which come into light are mainly on the alternative ways for the systems used by farmers such as more greenhouses, tunnels, hail protection systems, vegetative barriers etc).

Action no.2: Decreased and more variable precipitation as well as higher temperatures and increase of the frequency of the extreme events will lead to reduced, less certain and lower quality crops, crop failures and in particular areas soil erosion. Grapes and olives, which are rain fed crops in Albania, have a high potential for yield declines. Pasture, wheat, and irrigated alfalfa have a high potential for yield increases due to beneficial effects of higher temperatures and a longer growing season. Tomato yields outside of greenhouses with climate controls may fall modestly. There is potential for more substantial effects on vegetable and fruit crops, such as watermelons, which could suffer from heat and drought stress, particularly during critical periods of their growth. As a result, many of the climate adaptation measures which need to be identified will have immediate benefits in improving yields, as well as improving resiliency to future climate changes. In this context, it is important to provide more climate resilient seed varieties, to optimize the fertilizers, to improve and adapt the cultivation techniques, to prepare crop models, rehabilitate and to improve the irrigation and drainage system (see Priority Action 8) etc.

Action no.3: Effective adaptation measures require better programmatic information. A large part of adaptive capacity depends on a higher level of functionality of the information system (hydro meteorological data and geo spatial ones in order to support farmers). Currently in Albania these systems exist but have to be improve to improve the access of farmers to the available information and the latest technology on climate change adaptation, improve the dissemination of the hydro metrological data, drainage potential, and crops suitability.

Action no.4: Climate change is also a mayor risk regarding livestock. Higher temperatures can affect livestock productivity or lead to increased mortality rates in extreme events. Higher temperatures and changing rainfall patterns enhance the spread of existing vector-borne diseases and macro-parasites, accompanied by circulation of new diseases. Indirect effects of climate change include impacts on the availability of feedstuff (especially maize will need substantial increased amounts of water as it is main source of concentrate used as feed for livestock)

By 2040, losses of around 35 % are expected for chicken and cattle production due to extreme high temperatures. For this reason it is important to build up the standardized animal housing premises, to monitor and control spread of existing vector-borne diseases and macro-parasites, maintain and repair irrigation infrastructure etc..

Rationale / Goals / Indicators

This priority action addresses climate change adaptation in agriculture in 4 different areas. As such the goals for this PA are also designed according the identified areas

Action no. 1:

- Goal 1: Farmers apply successfully protective infrastructure within their production systems with an overall cost of 800 million ALL

- Indicator 1: Number of farms financially supported on establishing protection infrastructure (building greenhouses, tunnels, hail protection systems).

Action no. 2:

- Goal 2: Farmers apply more resilient techniques for crop yield management
  - Indicator 2.1: Number of the crop techniques implemented.
  - Indicator 2.2: Human and institutional capacities developed for farmers and agricultural institutions.

Action no. 3:

- Goal 3: Access to the weather and water related data and information is improved costing only for the indicator 3.2 of 15 million ALL.
  - Indicator 3.1: A system for access to hydro metrological data and available water resources is established.
  - Indicator 3.2 : Human and institutional capacities are enhanced on best practices for adaptation and pest control 15 million ALL

Action no. 4:

- Goal 4: Adaptation for livestock is enhanced by using advanced technologies with an overall cost of 4 billion
  - Indicator 4.1: Number of the adaptive measures for feedstuff security implemented.

Substantial elements and timelines of the Priority Action

Action no.1: (2017-2020)

- Building up Hail protection systems (cloud seeding, nets)
- Installing plant protection belts where needed (geographically oriented)
- Moving crops to greenhouses
- Creating vegetative barriers, snow fences, windbreaks, forest belts
- Apply smoke curtains to address late spring and early fall frosts

Action no. 2: (2017-2020)

- Changing cultivation techniques
- Conservation tillage, crop diversification and crop rotation
- Switching to crop varieties/hybrids which are heat and drought tolerant
- Optimize timing of operations (planting, inputs, irrigation, harvest)
- Regionalization of crops reflecting impacts from climate change.
- Rehabilitation and modernization of irrigation infrastructure.
- Ensuring drainage, with priority to the western plains, through sustainable management of drainage and flood protection systems; rehabilitation and improvement of existing infrastructure
- Provision of insurances for farmers in case of catastrophic events.

- Strengthening the capacities in the research institutes in regard to climate change adaptation.
- Strengthening the human capacities of extension services and farmers through trainings and workshops

Action no.3:

- Better information on pest controls
- Provide access to the information on weather events, the data from early warning systems, monitoring data etc)
- Provide access to the information about available water resources

Action no. 4: (2017-2020)

- Financial Support to the breeding of resilient livestock breeds
- Monitor and control spread of existing vector-borne diseases and macro-parasites, accompanied by circulation of new diseases.
- Maintain and repair irrigation infrastructure, to insure available water at critical times of the growing season, especially for maize and other forage crops to maintain available feedstuff.
- Support building up standardized animal housing premises, to insure protection of livestock.
- Improve the research and also livestock management, nutrition, and health under a changing climate
- Adjusting livestock holdings in response to climate stress. Transition to more heat-tolerant livestock breeds.
- Strengthening the human capacities on adapting to climate change for farmers through trainings and workshops

Key actors involved	**Resources**
MARDA Regional Directory of Agriculture (extension service, veterinary service) Centre of Transferring agricultural technologies (ATTC Fushë-Krujë and Korça). National Food Authority Local Government units Farmers	The budget of the complex programme of activities still has to be calculated. The following sources of financing are envisaged: **Action no. 1:** National Budget 100 million ALL and 700 million ALL of international budgeting **Action no. 2**:National Budget 45 million ALL and 65million ALL International Funding (e.g. IPA funds) **Action no.3** : National Budget 15 million ALL only for the indicator 3.2 **Action no.4:** National Budget of 1.8 billion ALL and International Funding of 2.2 billion ALL

Priority Action No. 10

Name of Priority Action No. 10 **Promote implementation of Adaptation Strategy for Health Sector**	Responsible Lead Agency / Ministry **Ministry responsible of Health (MoH)**

Existing situation on which the Priority Action builds on

Climate change effects are being felt every day and more in Albania with a rise of the temperatures and change of the intensity and the amount of the rainfall. As a result, air quality related health problems (respiratory diseases) might be aggravated in the main cities of Albania and in particular in the capital of Albania. Also some heat related cardio vascular diseases and respiratory deaths can come as a result of the increase of the heat waves. As a result of extreme rain events there are possible water related diseases, accidents and injuries. Climate change effects on health may have an impact on inequities in Albania so there is a need to adapt and improve the existing capacities in the health sector to face the climate change challenges and its impact on health.

The impacts from climate change on the health sector as well as potentials adaptation measures were systematically analysed by the 'Albanian Strategy for the Health System Adaptation to Climate Change' of October 2011, which was actually the first comprehensive sectorial adaptation strategy in the country. It includes in an Action Plan including timelines and responsibilities. However, practical implementation is lacking behind and will be supported through this Priority Action.

Rationale / Goals / Indicators

- Goal 1: Implementation for selected health measures of relevance to climate change impacts is enhance with special focus on vector control, public health measures and preparedness for extreme events (heat waves).
    - Indicator 1.1: Climate related campaigns include health related climate impacts.
    - Indicator 1.2: Preparedness for extreme climate events is enhanced through early warning systems and primary health care facilities.
    - Indicator 1.3: Surveillance and prevention measures against communicable diseases caused by climate change are improved.

Substantial elements and timelines of the Priority Action

1. Public Awareness of climate change impacts on health

- Include health related impacts from climate change into awareness campaigns under Priority Action No. 6.

2. Preparedness for climate related extreme events

- Provide training sessions to selected health professionals.(2013- 2021)
- Inform communities timely and systematically about possible heat waves. (2012-2021)

- Adapt health sector policies for health facility construction. (2015-2021)

3. Climate change and vector borne diseases

- Support with training and information Directories of Public Health and Municipalities. (2013-2021)
- Adapt the existing surveillance systems on vector borne diseases. (2013-2021)
- Strengthen capacities at Institute of Public Health for entomological laboratory and entomological research. (2013-2021)
- Continuously assure the quality of the new surveillance and the feed-back reports related to it. (2014- 2021)
- Support Food Authority with training for food safety laboratories and risk assessment. (2013 – 2018)
- Support Municipalities and Local Directories of Public health on sanitation continuously. (2013-2021)

Key actors involved	**Resources**
Institute of Public Health (IPH) Ministry of Education and Science Faculty of Medicine IGEWE Environmental Agency Institute of food safety and veterinary research (ISUV), Food Authority (FA) Directories of Public Health	The resources are partly indicated in the Adaptation Strategy for the Health Sector. The budget for the selected activities under this Priority Action are calculated in total 145 million ALL and from the government will be coming 73 million ALL.

Priority Action No. 11

Name of Priority Action No. 11 **Integrated Cross-Sectorial Plan for the Coast (ICPC)**	**Responsible Lead Agency / Ministry** **Ministry responsible of Urban Development / NTPA**
Existing situation on which the Priority Action builds on An adaptation action plan for the coastal area, taking into account ICZM approach, is prepared in the frame of Third National Communication (TNC). The Integrated Cross Sectorial Coastal Plan drafted by the Ministry responsible of Urban Developmentand the National Territorial Planning Agency was approved by the Territorial Council on June 2016, is designed to take into account policies and directives of the European regional conventions for the integrated management of Mediterranean coastal areas,	

and focusing specifically on their definitions and references for the Albanian coastal region.

The process for drafting Local Plans 31 municipalities divided into lots, are advanced to the third phase. Cities within the third stage also the following municipalities which situated within the Coastal Line: Durrës, Vlorë, Kavajë, Rrogozhinë, Divjakë, Vlorë, Himarë, Konispol, Sarandë, Shkodër.Lezhë.

Rationale / Goals / Indicators

The challenge of climate change needs to be addressed inter alia through integrated and ecosystem-based approaches and instruments, such as integrated cross sectorial plan for the coast. These are crucial to build the foundations for sustainable coastal management and development, supporting socio-economic development, biodiversity and ecosystem services. ICPC is widely recognized and promoted as the most appropriate process to deal with climate change, sea-level rise and other current and long-term coastal challenges, and offers advantages over purely sectoral approaches. Promoting cross-disciplinary and multi-sectoral approaches to technical solutions, it also supports more holistic policy development and enhancing adaptive capacity within institutions.

Goal : Promote the right enabling environment for mainstreaming adaptation in national and local planning in coastal areas.

Indicator : Local plans are designed in harmonization with national priorities/ objectives and ICZM directive within the limits that existing human capacities allows

Substantial elements and timelines of the Priority Action

Year One

- Introducing and adapting the EU instruments and policies relevant to coastal areas ecosystems and biodiversity.
- Enforcement of legislation related to the constructions in the coastal area.

Year Two

- Human capacity development activities in coastal municipalities on interface of coastal development and climate change adaptation.
- Policy level measures on buildings.
- Launch concrete pilot projects with relevance to adaptation.

Year Three

- Continue with pilot projects to reduce flooding/drought risk at settlements due to consequences of extreme trends (linkage to Priority Action No. 8).

Time line 4 years

Key actors involved	**Resources**

Ministry responsible of Urban Development/NTPA
Municipalities
Universities
	• 148.5 million ALL
	  ○ Year one 15 million ALL
	  ○ Year two 50 million ALL
	  ○ Year three 80 million ALL

NGOs	○ Follow-up budget for year 4 still to be estimated. Budget through International Donors, IPA Funds, Potential State Budged funding through Regional Development Fund.

Priority Action No. 12

Name of Priority Action No. 12 **Initiative for Municipal Climate Change Adaptation Plans**	**Responsible Lead Agency / Ministry** **Ministry for Urban Development / NTPA**
Existing situation on which the Priority Action builds on Albanian municipalities are affected by various impacts from climate change such as floods, degrading of infrastructure, impacts on water and energy supply etc. While there are sector related studies and first approaches on sectors such as water, energy and flood risk management, there are no integrated measures for municipalities yet. In particular, there are no incentives and frameworks for developing local adaptation plans yet. However, the regulatory document for the Coastal Plan states explicitly those local municipalities along the Coastal Line should prepare some Coastal Adaptation Plans. With support by GIZ, a Vulnerability Assessment and Adaptation Action Plan for Tirana was published in May 2015 as a first pilot of a municipal climate resilient action. The process for drafting Local Plans 31 municipalities divided into lots, are advanced to the third phase. The Plans are in the consultation process. Coastal climate change adaptation plans would be a complimentary tool for the plans itself. there is a need to have a better coordination with spatial planning in order to make the coastal municipalities more resilient towards climate change. Introducing the Instrument of Climate Change Adaptation Plan for Municipalities vulnerable to Climate Change Risks, could be additional instruments to the Local Plans and would have a positive impact upon implementation.	
Rationale / Goals / Indicators • Goal: Municipalities are capacitated for local climate change adaptation measures. ○ Indicator 1: A Guide on integrating Climate Change Adaptation into the city planning is available for municipalities. ○ Indicator 2: Human and institutional capacities of Municipalities are developed. ○ Indicator 3: At least 10 pilot actions aiming at climate resilience of the city are initiated.	
Substantial elements and timelines of the Priority Action **Action 1** (End of 2018): Provide Climate Change Adaptation Plans for each municipality that is vulnerable to climate change effect. These plans will facilitate the municipalities with simple knowhow on how to integrate climate change adaptation concepts into the city planning and territorial development. The information given in the plans should use the know-how	

and lessons learned from the EU climate adaptation platform **Action 2** (2019): Capacity development activities, trainings, advisory services. **Action 3**. (2020) Pilot actions for local adaptation measures.	
Key actors involved Ministry responsible of Urban Development/ NTPA Local Municipalities	**Resources** **Action 1:** 27 million ALL **Action 2:** 40.5 million ALL.. Potentially part of this will be carried by Regional Development Fund. **Action 3:** 135 million ALL Local pilot projects (Potential State Budget support by Regional Development Fund) and other donors.

Priority Action No. 13

Name of Priority Action No. 13 **Adaptation in Tourism**	**Responsible Lead Agency / Ministry** **Ministry responsible of Tourism**
Existing situation on which the Priority Action builds on The coastal area represents considerable potential for tourist activities due to its favourable geographic position (long beaches, Mediterranean climate, water resources, landscape). The tourism sector has grown considerably since 1990. Albania has become a popular tourist destination as a result of some unique environmental features (coastal lagoons, cultural heritage, landscape, etc.). The expected impact of climate change on agriculture will itself have an indirect impact on other sectors of the economy in the area. Tourism as the main consumption sector will most probably be highly affected. Since most of the food for tourist facilities comes from the local regions and is based on organic farming, a change in the structure of crops and their yield will affect the tourism industry. Similar matrix effects from other sectors is expecting as well. Although the development of tourism has represented a huge economic opportunity to the coastal area, it is based on a fragile resource base and is very vulnerable to change, for instance, demand on energy supplies, freshwater and waste treatment, energy efficiency in building structures, etc.	
Rationale / Goals / Indicators Up to the 2050 summer weather conditions for tourism are expected to change from an 'ideal' to an 'excellent' rating and the tourism season will extend in duration. The tourist comfort index (TCI) reveals the value 'good' in October, 'excellent' in May, June and September and 'ideal' in July and August. • Goal 1: Integrated Tourism Sector Objectives and Plans reflecting climate change impacts are being developed. ○ Indicator 1: Establishment of a Climate Change Technical Working Group, under the auspices of the Inter-ministerial Working Group for CC, with man-	

date up to the approval of integrated tourism plans
Substantial elements and timelines of the Priority Action Action on climate change adaptation is undertaken in an ad-hoc manner on a project-by-project basis. Consequently, there is a recognized need to enhance coordination across regions and sectors. This can be achieved by establishing a Climate Change Technical Working Group. Year 1 : 1. Define the mandate of the WG for 3 years: ○ Provide the necessary legal basis, general or sectoral strategies, action plans etc. which will include the appropriate policies and measures (year 1) ○ Prepare a sectorial strategy taking in consideration climate issues (year 2 & 3) ○ Support local and national sectors dealing with climate change (year 3) 2. Revision on sector strategies based on findings from the WG (year 2 & 3) Year 2 : ○ Improvements in water allocation laws and regulations ○ Introduce the water charging or tradable permit schemes ○ Market development via improving the proper logistic Year 3: ○ Cooperate with other sectors for synergies in agriculture sector ○ Improve and increase the role of agriculture extension service Time line 3 years

Key actors involved	**Resources**
Ministry of Tourism and Environment Ministry of Infrastructure Ministry of Agriculture and Water Administration Ministry responsible of Urban Development/NATP Universities NGOs	• 81.2 million ALL ○ Year one 18.75 million ALL ○ Year two 37.5 million ALL ○ Year three 25 million ALL

Priority Action No. 14

Name of Priority Action No. 14	**Responsible Lead Agency / Ministry**

Upgrading civil defence preparedness and disaster risk reduction	**Ministry of Europe and Foreign Affairs (MEFA)**

Existing situation on which the Priority Action builds on

In Albania, the rivers pose the highest flood risk in the country. The floods are generally of pluvial origin and occur during November – March, when the country receives about 80-85 % of annual precipitations. Due to topographic patterns, the floods occur suddenly, being transported through the main river hydrographical network for about 8-10 hours. The largest floods occur in the low-lying areas west of the country, where the rivers pour out to the sea, but small rivers and torrents cause flooding too. With the existing data reported by Albanian Government, flooding has affected 130,000 hectares of agricultural land.

Flooding is exacerbated by sedimentation in rivers and drainage channels. According to the Disaster Inventory System (DesInventar), which has an inventory of almost 4000 events from 1851 – 2013 in Albania, more than 95% of the communes have been affected by at least one flood event.

Albania experienced major floods in 1962-63, 1970-71, 2003, 2005, 2009, 2010, 2013, February 2015 and most recently in early January 2016. Floods and flash floods account for 20% of the total events. The Districts with more floods and flash floods are Shkoder (160 events) and Lezhë (117 events) situated in the Northwest Albania.

Floods' and flash floods' biggest impact has been in the agricultural sector, damaging on average 7,000 hectares of land each year. The average hectares damaged per event is around 300 ha with a maximum of 20,000 ha for a single commune in a single event.

Climate change is a further compounding factor, as Albania's rain and snow fall occurrence has one of the highest levels of variability in Europe. Climate change could potentially increase the frequency and magnitude of flooding. Rainfall events in all scenarios are likely to be larger and less frequent. Additionally, increasing sea level rise and storm surges are expected to increase flooding in coastal areas.

The incidence of flood-related hazard is high in Albania (one event in every six years). Economic loss due to floods during the last 33 years is estimated at 125 billion ALL. World Bank projections for Albania put the exposure to a one hundred year flood at 6% for GDP and 7% for the population.

Flood Forecasting can reduce loss of life and damage of property through provision of warning. Hydro-meteorological observations are essential for detection & forecasting, hence increase of response lead-time. According to the World Meteorological Organization (WMO), the average cost-benefit ratio for investments in the development and strengthening of hydro meteorological services in terms of reduced economic losses for Albania is about 1:7.

In terms of a proper Flood Management Cycle according to the EU Flood Directive 2007/60/EC, prevention (encompassing nature oriented retention measures, building protection, technical flood protection) is one of the main part of the cycle. However, also preparedness and emergency response (information, preparedness for individual reaction and compensation, emergency response and flood control) are important elements in addition to regeneration (financial support and reconstruction). This Priority Action focusses on the part of preparedness and emergency response, which includes also dissemination of information

so that proper reaction is triggered.

In Albania, the Institute of Geosciences, Energy, Water and Environment (IGEWE) is identified as the National monitoring and warning structure for natural hazards, including floods, wildfires and earthquakes. The national hydro and meteorological network owned by IGEWE is upgraded during the last 4 years, partly with support by the GIZ Climate Change Adaptation in Western Balkans project, but there is still a lot needed. In addition hydrological and meteorological models are needed for a proper early warning. Early warning will be the basis for follow up.

Rationale / Goals / Indicators

The goals of this PA are designed two folds. The immediate one for which the funding is secured under IPA 2013 instrument and the mid-term one which is based on the IGEWE strategy. The rationale behind this PA is to increase floods resilience with better early warning systems and disaster prevention mechanisms in Albania.

The specific objective is to increase the capacity of the Albanian General Directorate for Civil Emergencies to prevent and respond to disaster management by end of 2018.

An additional objective is to increase the capacities of IGEWE so that quality and standardized information and dissemination in terms of flood and drought early warning is provided to MoIA by end of 2020.

Substantial elements and timelines of the Priority Action

1. Support to develop a regional flood hazard map following EU Flood Directive.
2. Preparation of a Floods Early Warning System and improving communication and data exchange with European Flood Awareness System (EFAS), .by end of 2019.
3. Cost-Benefit Analysis, prioritization and financing of measures in strengthening flood warning systems by end of 2019.
4. Awareness/Visibility/Communication: improve flood awareness of the public by informing on the risk, early warning systems and the plan to follow in case of an emergency by end of 2019.
5. Support Albania in preparing for membership to the Union Civil Protection Mechanism (EUCPM) by end of 2019.
6. Strengthening of IGEWE capacities with regard to qualitative and sustained services provision by end of 2020.
7. Strengthening IGEWE in terms of human resources and capacity development.

Key actors involved	**Resources**
MEFA IGEWE	Some of the activities listed above will be financed by EUD through IPA 2013 instrument • 337.5 million ALL for 2 years (covering activities 1-5) • 594 million ALL (covering activity 6. Project fiche to be prepared for WBIF) • 270 million ALL for a period of 5 years (figure based on

	the strategy of IGEWE development) • Funding options: bilateral ODA, WB, GCF

Priority Action No. 15

Name of Priority Action no.15 **Building the Resilience of KVLS through EbA adaptation**	**Responsible Lead Agency / Ministry** **Ministry of Tourism and Environment**

Existing situation on which the Priority Action builds on

The Kune-Vaini lagoon system (KVLS), located within the Drini-Mati River Delta in the Lezha region of Albania, provides a wide range of valuable goods and services to nearby communities. These local communities derive the majority of their incomes from fishing or agriculture and therefore depend on functional, intact ecosystems in the lagoon system for their livelihoods. A rapid increase in population size and widespread poverty in the area have led to an increase in pressure on the lagoon for ecosystem goods and services, and to unplanned alterations in the buffer zone surrounding the lagoon. This is resulting in the over-exploitation of these important natural resources. Unsustainable resource use within the KVLS is also causing: i) a reduction inequality and quantity of water in the KVLS affecting lagoon productivity; ii) increased coastal flooding; and iii) increased sand dune erosion.

Climate change effect will be felt also in the KVLS respectively with reducing the capacity of this system to provide indispensable ecosystem goods and services to local communities.

Climate models have predicted that a reduction in precipitation, which will also lead to an increase of the salinity of the lagoon with detrimental effects on fisheries.

Also, the models predict an accelerating rate of sea level rise (up to 61 cm by the year 2100) resulting in increased erosion and the consequent loss of habitat within KVLS.

Rationale / Goals / Indicators

The climate change effects into the Kune Vain Lagoon System needs to be addressed through an integrated suite of adaptation interventions including EbA. The resilience of the ecosystems and the local communities will get improved after applying several techniques from the soft ones to hard ones.

Consequently, there is limited opportunity to maximize the benefits of ecosystem restoration and management plans to improve the resilience of ecosystems and local communities to the adverse effects of climate change

- Goal 1: To increase the capacity of government and local communities living nearby the KVLS to adapt to climate change using an integrated suite of adaptation interventions, including EbA
    - Indicator 1.1 : Trainings conducted for national and local government representatives on EbA

<table>
<tr><td colspan="2">

Indicator 1.2 : Technical guidelines produced on implementation of climate change adaptation actions using EbA

Goal 2: Building climate resilience of the Kune-Vaini lagoon system using demonstration of best practice and concrete EbA and other adaptation interventions.

Indicator 2.1. An integrated suite of adaptation interventions including EbA implemented in the Kune Vaini lagoon system
Indicator 2.2. A strategy for monitoring the EbA interventions is developed;

Goal 3 : Increased awareness of local and national stakeholders to climate change risks and the potential of EbA to increase the resilience of local communities to climate change

Indicator 3.1. Awareness-raising campaign conducted on the advantages of EbA to increase resilience to climate change impacts.

</td></tr>
<tr><td>Key actors involved

Ministry of Tourism and Environment (executing unit)

Ministry responsible of Agriculture (participating unit)

Ministry responsible of Transport (participating unit)

Ministry responsible of Urban and Development Tourism(participating unit)

University of Tirana (participating unit)</td><td>Resources

GEF/UNEP and Ministry of Tourism and Environment

Total budget

242 million Albanian LEK</td></tr>
</table>

Annex 2: Budget requirements for Priority Actions

NAP Budget estimates 2017 – 2019 (in Million Lek)

At the time of elaborating the Draft NAP not all budget estimates were clear. Supplements will be made in the further course of development.

Priority Action	Resources required	Personnel expenditures			Expertise / consultancies			Operating expenses (workshops, printing etc.)			Investment costs		
		2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
PA 1: Steering of the adaptation process	Aditional staff member at MTE Publications, conferences	2.7	2.7	2.7				0.5	0.5				
PA 2: Overarching mainstreaming initiative	Coordination through MTE CC Unit[14] Climate Check for measures under EU Assistance				4.0[15]	4.7	4.7						
PA 3: Climate Finance Readiness	TA project of US 37.5 million ALL for 3 years[16]												
PA 4: Implementation monitoring system	688 million ALL for 4 years[17] Year One: (75 million ALL) 1. Gap analysis to perform and the baseline of CEMSA outputs to be followed 2. Establishment of the				37.5								

[14]Included in general personnel budget of CC Unit

[15]From IPA / Accession Funds

[16]Funding sources to be clarified. Options would be GCF Readiness Support or bilateral ODA.

[17]Funding sources to be clarified

	baseline analyse on monitoring system related with CC Year Two (150 million ALL) 3. Implementing capacity building programme based on baseline analysis 4. Design of a RBM system Year Three (200 million ALL) 5. Establishment of a pilot monitoring system at one river basin 6. Guidelines on RBM must be adopted and monitored/reported Year Four (under Y3) (262.5 million ALL) 7. A geomorphological indicator should be added to the IMS, containing two sub-indicators: a. Nearshore, beach, dune and channel morphology; and b. Sediment composition (supra-tidal, intertidal and sub-tidal). 8. Design and application of models to estimate the impact of past or future climate hazard (monitoring of flora and fauna with intention on alien/invasive species, on crops, livestock, ecosystems and biodiversity) 9. GIS mapping and capitalization of activities		37.5 37.5 37.5 50 37.5		37.5 37.5 25		25 37.5 50 75 37.5 25		25 12.5	6.25 6.25 6.25 6.25		100	25 25
PA 5:Communication and	1. Public Institutions main-												

outreach initiative	stream line • Improve monitoring, communication and distribution of information • Incorporate sea level rise into planning for new infrastructure (e.g., sewage systems) • Integrate climate change scenarios into water supply system 2. Educational Institutions mainstream line • First aid, medical preparedness, disease control • Encourage or promote information sharing • Develop climate change knowledge in educational curricula 3. Civil society mainstream line • Climate change education modules development • Interactions of population and environment based on climate adaptation • Strengthening awareness for the value of ecosystems • Promoting resource efficient behaviour low-energy/low-carbon, etc.	0.6 1.25 1.25	0.6 0.6 1.25	0.25 0.6 0.6	0.6 3.7 3.7 2.5 3.1 6.25 4.37 2.5	0.6 6.25 6.25 1.25 1.87 2.5 1.87 3.75 3.1	0.37 2.5 2.5 1.25 3.1	0.25 1.25 0.6	0.25 2.5 0.37 2.5	0.12 2.5 0.25 2.5	1.25 0.6	1.25 0.6 0.6	
PA 6: Initiative for capacity development on climate change adaptation	Development training plan Training inputs				2.02 6.75	6.75	6.75						

	Advisory services on demand				1.35	1.35	1.35						
PA 7: Climate resilient irrigation, drainage and flood protection	Development of plans and feasibility studies Reservoir inspection Inspection and security systems for flood protection systems Investments in flood protection infrastructure Training and certification systems				12 150 50 50	12 168 50	 110				 445	 445	 445
PA 8: Integrated Water Resources Management	Conceptualization and (partly) implementation are covered through a project supported from EBRD1 and SIDA. Climate change aspects will be included and do not cause additional costs.												
PA 9: Adaptation in the agricultural sector	The budget of the complex programme of activities still has to be calculated. The following sources of financing are envisaged: Action 1 (Farm protection): National Budget. Action 2 (Crop yield man.): International Funding (e.g. IPA funds) Action3 (Inform. System): National Budget Action 4 (Livestock man.) :												

	International Funding												
PA 10: Promote implementation of Adaptation Strategy for Health Sector	The resources are partly indicated in the Adaptation Strategy for the Health Sector. The budgeting for the selected activities under this Priority Action will be done separately.												
PA 11: Integrated Cross-Sectorial Plan for the Coast (ICPC)	Expertise input (tot 15) Training (tot 50) Pilot project implement. (tot 80)			2 8+7			15+20			2 12			80
PA 12: Initiative for Municipal Adaptation	Climate change adaptation plan (end of 2018- tot 40.5) Hearings / trainings (2019 – tot 27) Pilot projects (2020 – total 135)			4 6			25.5+6 10+6				5 5	135[18]	
PA 13: Initiative for CC resilient tourism	Year 1 (18.75 million ALL) • Provide the necessary legal basis, general or sectoral strategies, action plans etc. which will include the appropriate policies and measures (year 1) Year 2 (37.5 million ALL)	5			12.5			1.25					

[18] For ten selected pilot projects

	• Prepare a sectorial strategy taking in consideration climate issues (year 2 & 3) • Improvements in water allocation laws and regulations • Introduce the water charging or tradable permit schemes • Market development via improving the proper logistic Year 3 (25 million ALL) • Support local and national sectors dealing with climate change (year 3) • Cooperate with other sectors for synergies in agriculture sector • Improve and increase the role of agriculture extension service		2.5 1.25 1.25 0.62	1.25 1.87 1.87 1.25		6.25 1.87 3.12 3.75	3.75 1.87 6.25 2.5 3.75		1.25 0.62 0.62 2.5	3.75 0.62 0.62		5	1.25 1.25
PA 14: Upgrading civil defence preparedness and disaster risk reduction	Activity package under IPA (337.5 million ALL) Activity for WBIF (594 million ALL) IGEWE development (270 million ALL)												
PA 15: Building the Resilience of KVLS through EbA adaptation	242 millionë LEK	The funds for this project are already ensured from GEF/ UNEP for the project lifetime (2016-2020)											

Annex 3: List of activities agreed for implementation

No	Project	Country/Region	Finance	Budget	Started	Completed	Objective	Activities/Outputs
1	Building resilience to Disasters in the Western Balkans and Turkey	Western Balkans and Turkey	IPA Multi-beneficiary Programme grant	EUR 2,200,000	May 2012	October 2014	To reduce the vulnerability of IPA beneficiary countries to disasters caused by the impact of natural hazards in line with the Hyogo Framework for Action and increase their resilience to climate change	The project aims to enhance regional cooperation and capacity in addressing DRR in the context of existing risks posed by typical natural hazards related to meteorological and hydrological hazards as well as new risks posed by a changing climate with focus on: • Enhancing regional networking and coordination in DRR Support to Water Resources Management in Drina River Basin • Strengthening cross border cooperation in disaster risk management • Enhance the regional capacity to supply / share / exchange data and information in the area of DRR
2	Achieving Climate Resilient Infrastructure through mainstreaming of Ecosystem Based Adaptation Approaches in the SEE region	South Eastern Europe countries	Global Environmental Facility and Special Climate Change Fund Grant	USD 12,000,000	Under preparation	n.a.	To support countries in the South East Europe in adaptation to climate change by integration of eco-system based adaptation technologies into planning and engineering of communal and critical economic infrastructure.	The Expected Outcomes are as follows: • Eco-system based adaptation to climate change integrated into infrastructural management policies, plans and regulations. • Enhanced capacity to understand and respond to emerging climate hazards and address them through strategic integration of climate resilience into construction sector in the region. • Demonstrated and developed lessons learned from climate proofing of selected infrastructural case studies.
3	Development of Hydrological and Hydraulic Study of Regulation	Albania and Montenegro	IPA CBC Grant	EUR 368,000	May 2012	April 2014	The evaluation of the water level of the Skadar Lake; regulation of the water regime of the Skadar Lake and River Bojana, with the aim of	The project scope was involving: • Preparation of the Digital Terrain Model (DTM) software, in a form of a chart of water basins of Rivers Moračea, Bojana and Drin, with its tributaries;

	of Skadar Lake and Bojana River Water Re-gime						protection of the cultural monuments in the area; preservation of the natural and cultural environment for tourism purposes.	• Preparation of the DTM in TIN format (Triangular Irregular Network) for the main canals of the river Morača shores, as well as the river Drin, with its tributar-ies Gjadri and Kiri; • Establishment of the numerical model for the water system of the Skadar Lake and rivers Bojana and Drim, through usage of the existing hydraulic software
4	Disaster risk manage-ment in the field of risk assessment and mapping	South Eastern Europe coun-tries	DG ECHO, 2015 multi-country programme	EUR 3 000 000	Under preparation	n.a.	The specific objectives of the project are: • To improve and fur-ther develop national systems for disaster loss data collection based on the EU guidelines and good practices; to establish modalities for regional data sharing and link-ages to European or global disaster loss databases. • To improve and fur-ther develop national risk assessments fol-lowing EU guidelines and good practices, in particular including identification of risks of cross-border and regional aspects. • To improve and fur-ther develop national and regional risk mapping, and to es-tablish an Electronic Regional Risk Atlas	No info

							(ERRA).	
5	South Eastern Europe Catastrophic Risk Insurance Facility (SEE CRIF)	South Eastern Europe countries	World Bank, the Swiss Economic Cooperation Organization (SECO), the Global Environment Facility (GEF), UNISDR, and EU	No info	2013	ongoing	Europa Re's vision is to increase the catastrophe insurance penetration among homeowners and SMEs. Its mission is to: • Provide reinsurance and know-how to Europa Re insurance partners to enable them to expand sales of catastrophe and weather risk insurance products; • Educate consumers and businesses about their risk exposure to weather and catastrophe risks; • Help governments and insurance regulators enact regulatory and policy reforms conducive to the development of catastrophe and weather risk insurance markets.	Europa Re is a Swiss-based specialty property catastrophe reinsurance company that manages Southeast Europe Catastrophe Insurance Facility - an innovative catastrophe insurance market development programme for SEE designed with extensive TA from the World Bank. The company was established as a public- private partnership by the governments of Albania, the former Yugoslav Republic of Macedonia and Serbia. Europa Re is headquartered in Zug, Switzerland, and is regulated by the Swiss Financial Market Supervisory Authority (FINMA). Europa Re offers reinsurance support to participating local insurance companies in selling innovative earthquake, flood and agriculture risk insurance products developed and endorsed by the company. As part of the programme, participating insurers receive access to a fully integrated web-based insurance platform - comprising risk-model driven pricing, underwriting, claims management and risk management tools. Europa Re's main objective is to provide participating insurers with proper reinsurance, know-how and insurance technologies that would able them to enter or expand their presence in catastrophe and weather risk insurance product lines.
6	Disaster Risk Mitigation and Adaptation Project	Albania	IDA (54%) and IBRD (26%), Loans; GFDRR (6%), Local (14 %).	USD 7,560,000	June 2009	April 2014	To strengthen institutional capacities: • to reduce Albania's vulnerability to natural and man-made hazards; and • to limit human, economic, and financial losses due to these disasters	The AL-DRMAP, designed as APL, comprised two phases. The first phase was to focus on consolidating and upgrading Albania's capacity to plan for, mitigate and respond to disasters. The second phase was to be triggered by achievement of the first phase activities, specifically the development and approval of a comprehensive countrywide disaster risk reduction and adaptation strategy which was to define priority actions and an investment

								program to be implemented in the second phase. The scope was including:
								• Disaster Risk Management and Preparedness
								  ○ Strengthening disaster risk mitigation planning and emergency management
								  ○ Enhancement of emergency response capacity
								• Strengthening of Hydro-meteorological Services
								• Development of Building Codes
								• Catastrophe Insurance
								The project is recently completed, as a follow-up the World Bank is conducting a USD 250,000 technical assistance program to help prepare the National DRM program

7	Feasibility Study and Detailed Design for Improvement of Flood Protection Infrastructure in Albania – the Case of Mati River	Albania	WBIF Grant	EUR 400,000	May 2011	May 2012	To assist the effort of the Government of Albania for a better and long-term land protection investment planning	The study was implemented in line with FD and taking into consideration Albania's Sectorial Strategy of Agriculture and Food (2007-2013). The project included a thorough analysis of the current situation in Mati River basin and provided comprehensive details on the river, the population and the human activities in the affected area, as well as the characteristics of floods through hydraulic flood impact models and proposed flood response measures to avoid damage. It was also including a mid-term cost-effective priority plan for interventions in flood control along the River in order to reduce flood risks and outlined the infrastructural and institutional measures for a more successful flood management.
8	Water Resources and Irrigation Project	Albania	IBRD Loan	USD 9.000.000	May 2011	May 2012	To strengthen the Government's capacity to manage water resources at both the national level and in the Drin-Buna and Semani	The project has four components Component 1 includes the preparation of all feasibility and detailed design studies, and all rehabilitation and modernization works of 14 dams and 15 I&D systems, as well as the supervision of the works. Investments

							river basins and sustainably improve the performance of irrigation systems in the project area.	will be mostly located in the Drin-Buna and Semani river basins, and will be undertaken in a comprehensive way to maximize the returns on investments. Component is the Institutional Support for Irrigation and Drainage to improve the performance of organizations that provide irrigation services. Component 3 provides the institutional support for integrated water resources management and will establish the strategic framework to manage water resources at the national level and at the level of the Drin-Buna and Semani River basins, including: • Preparation of a National IWRM Strategy • Preparation of River Basin Management Plans for the Drin-Buna and Semani River Basins • Establishment of a consolidated Water Resources Database • Component 4 is allocated for implementation support
9	Flood Management Study for Drini Buna	Albania	IBRD Loan	USD 1.000.000	November 2011	July 2012	To prepare a comprehensive flood risk assessment and management plan for the DriniBuna basin including options for mitigation measures; and to determine a cost-effective set of flood risk management measures that will reduce flood risk in the Drini-Buna basin through sustainable flood management.	The project scope includes: Collection and analysis of data related to the impact of the recent flood events, collection and analysis of hydrometric data, production of a digital terrain model of the study area, setting up and calibration of a numerical hydraulic model of the watercourses and overland flow paths in the study area, production of flood risk maps for design events of a range of severities, consideration of a wide range of flood risk mitigation options, medium term, longer term and non-structural, appraisal of the options in respect of effectiveness in flood mitigation, socio-economic impact, environmental impact, cost and economic viability, recommendation of preferred solution and preparation of coasted outline designs for medium term works and recommenda-

								tions for the long term management of flood risk within the study area.
10	Three Hydro Power Plants in Mati-Drin Cascade and Drin River Basin	Albania	KfW	Rehabilitation: EUR 20.000.000 Dam Monitoring system: EUR 4.000.000	Foreseen 2016	n.a.	No info	The German Development Bank - KreditanstaltfürWiederaufbau (KFW) is financing the construction of three hydro power plants (HHP) in in Mati - Drin Cascade and Drin River Basin in Albania. The project includes integrated flood management plan for cascade and the content and expected results of the project indicate high potential concerning the sound flood management in the project area
11	Conducting a Feasibility Study and Detailed Design for Improvement of Flood Protection Infrastructure for main rivers in Albania	Albania	n.a.	Estimated cost for the requested services is around 6 Million EUR	Under preparation	n.a.	To conduct a Feasibility Study and Detailed Design for the Rehabilitation/construction of longitudinal embankments, weirs and cross panels along the main rivers Droje, Ishem, Erzen, Shkumbin, Seman, Vjose, according to the EU directive 2007/60/EC of 23 October 2007 on the assessment and management of flood risks.	In order to establish an investment programme the assistance is required to carry out the feasibility study and detailed design.
12	Detailed Design for Improvement of Flood Protection Infrastructure for the Lower Drini& Buna River Basin in Shkodra area	Albania	n.a.	The estimated capital investment for the agreed option is calculated around 60 Million EURO	Under preparation	n.a.	The estimated cost required to prepare the Detailed Design for the Improvement of Flood Protection Infrastructure for the Lower Drini& Buna River Basin is around 3 Million EURO	During 2012, with the World Bank assistance a feasibility study: “The Flood Risk Management Plan for the Lower Drini& Buna River Basin” was finalized by a grant from the Global Facility of Disaster Reduction and Recovery. It recommended some solutions to reduce the flood risk in the Study Area and for the agreed option the preliminary designs were prepared.
13	Detailed design and investment of construction works to	Albania	n.a.	The total budget requested for the Detailed Design and In-	Under preparation	n.a.	The project aims at the (re)development of the flood protection infrastructure of the lower Mati River in an approx-	A comprehensive Feasibility Study for improving flood protection infrastructure in Mati River is prepared under the IPF (TA3-ALB-ENV-03). The study has identified and prioritized flood protection

	improve flood protection infrastructure in Mati River			vestment of construction works project is around 8.36 MLN Euro			imate length of 13 kilometres.	measures and prepared a thorough cost-benefit analysis.
14	Detailed design and investment of construction works to improve drainage system of pit plain of Maliq and Torrovica, respectively 5300 ha and 2250 ha	Albania	n.a.	The total budget for the detailed design and construction works to improve drainage system of pit plain of Maliq and Torrovica, respectively 5300 ha and 2250 ha is around 13 Million Euro	Under preparation	n.a.	The project would rehabilitate the drainage works to provide protection to the area from the regular prolonged flooding. However, to achieve this, due to the considerable subsidence of the peat soils, in addition to rehabilitation works a major new collector drain and pump station are required.	The 4,500 rural households would benefit equitably and substantially from the scheme
15	Improvement of the drainage system of pit plain of Maliq and Torrovica	Albania	n.a.	See above	Under preparation	n.a.	In addition to rehabilitation works a major new collector drain and pump station are required. 1,900 rural households would benefit equitably and substantially from the scheme.	The 4,500 rural households would benefit equitably and substantially from the project
16	Multi-Donor Trust Fund—Building Flood Resilience	Albania	World Bank	Estimated budget of 10 Mill. USD	Under preparation	n.a.	The scope will include risk assessment, reduction of flood risks, early warning and preparedness, risk financing and insurance, resilient recovery, etc.	No info

Annex 4 NAP financing document

Executive Summary

The Financing document accompanies the National Adaptation Plan (NAP) document and will be presented jointly to the Council of Ministers for approval.
The NAP document has established an implementation framework mainly through defining overarching objectives and targets as well as 15 priority actions (see Annex 1). In addition, the Financing Document provides guidance as to how to finance these proposed actions and climate change adaptation action more widely. The objectives of the document are the following:

d) Providing guidance on a successful process to access adaptation finance, including the identification of entry points;
e) Giving an overview of relevant opportunities in relation to potential national and international sources of adaptation finance; and
f) Identifying and prioritizing steps to be taken to access adaptation finance in the coming years and initiating the development of a roadmap.

Mobilizing resources for climate change adaptation (CCA) is an emerging issue not only for Albania, but also globally. Many countries have adopted a process or pathway-oriented approach to climate finance. In essence, this approach refers to a process whereby a country determines, defines and mobilizes the financial and other resources necessary for its transition to a low emission and climate resilient development path. The Financing Document proposes to adopt a similar approach for Albania. Since the landscape and the modalities of adaptation finance are gradually shaping up and continuously changing, the approach requires regular and iterative up-dates.
Resource mobilization for adaptation interventions is a process that requires several core elements to be place:
Element 1: Setting up the process - Establishing a core team; Element 2: Obtaining high-level political support; Element 3: Making the case for adaptation – Understanding incentives - Communicating adaptation in a way that appeals to funders and financiers; Element 4: Building capacities in climate finance and securing financial resources for resource mobilisation and identifying potential sources of funding for the short-, medium- and long term.
Depending on the type and category of the specific planned adaptation measure, the strategy to identify and access adaptation finance as well as the amounts required may differ significantly. The respective cost estimations and financing strategies have to take into account the specificities of adaptation intervention categories, e.g. the incremental cost of climate proofing. Adaptation funding is usually blended with 'baseline' funding that focuses on wider developmental (economic, social, environmental) benefits.
The document considers two sources and channels to access finance for adaptation: 1) the national budget (MTBP) and 2) international sources.
In view of the national budget, specific institutional processes and frameworks need to be established in order to integrate NAP priority actions successfully into the MTBP process. The document presents more specific recommendations in this regard. Issues considered are a) the integration of CCA into sectoral policies, b) the prioritization of proposed priority actions in the MTBP in a staggered approach, c) systematic efforts to build CCA-related capacities in each relevant ministry and d) the strengthening of inter-ministerial coordination and institutional arrangements, such as the future role and mandate of the IIWGCC.
There is a multitude of potential international sources of adaptation funds offering a wide range of financing modalities. Traditional grant and loan financing is complemented by approaches to blend private and public funds (e.g. public-private-partnerships), while more innovative modalities (e.g. payment for environmental services, risk insurances) are currently tested and not yet ready for the short-term future. However, the blending of these modalities will most likely pave the way forward in view of financing adaptation in Albania in the mid- and long-term future. The document provides short descriptions of these modalities and examples from their initial and test applications in Albania.

The document also provides guidance on relevant aspects that are essential to be considered in the process of identifying and applying for international adaptation funding in various sectors such as transnational resource mobilization, quality of project proposals and aspects in relation to direct and indirect access to international funds.
Furthermore, a methodology has been developed that applies a three-pronged approach to prioritizing suitable prospective adaptation donors and financiers:

1) screening and prioritization of external donors/financing sources
2) prioritization of PAs in view of readiness for resource mobilization in the coming years
3) matching the prioritized PAs with the prioritized external donors/financing sources.

The implementation of step 1 resulted in a screening of more than 40 potential financing sources and helped to prioritize them in view of the various NAP priority areas. The results are presented in annex 1 and the associated prioritization tool.
The document concludes by presenting a roadmap (see chapter 4) that summarises steps and actions that are required to put in place an efficient mechanism to identify, access and channel funding for NAP priority actions and other future adaptation interventions. The areas of proposed steps are the following:

1) Steps to mainstream CCA and NAP PAs into MTBP and to strengthen CCA-related institutional processes and frameworks
2) Capacity-building in project development, climate-proofing, planning, programming, costing techniques, cost-benefit or cost-effectiveness analysis and climate finance
3) Steps to establish implementation monitoring system and results-based monitoring
4) Project identification and proposal preparation
5) Steps to establish resource mobilisation process for climate finance

4.1 Introduction

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4.1.1 Principles of Adaptation Economics and Finance

Due to the nature of the specific planned adaptation measure, the financial resources required may differ significantly.

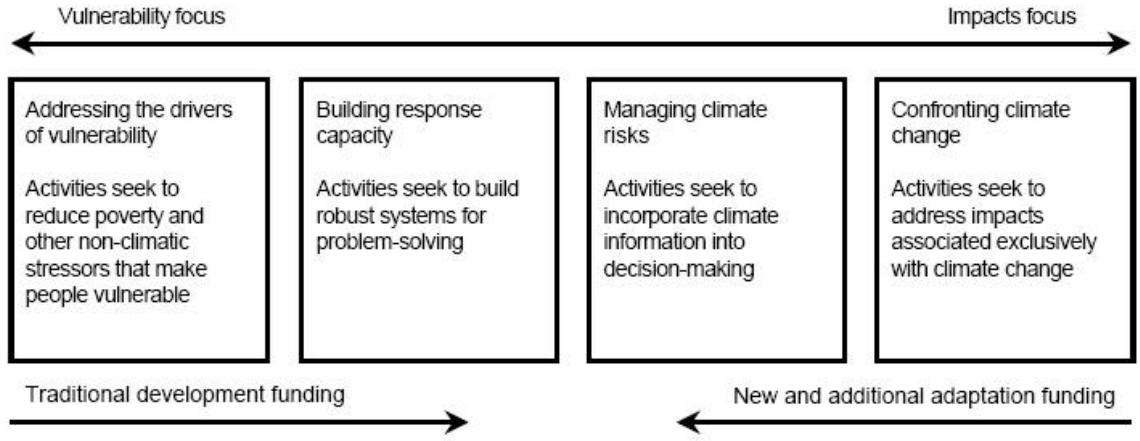


Figure 1: Typology of adaptation measures – adaptation as a continuum form addressing the drivers of vulnerability to confronting the impacts of climate change (Source: Adapted from McGray 2007 and GIZ and WRI 2011)

As figure 1 indicates, many actions and investment projects are not primarily focusing on adaptation outcomes, but other underlying economic, social, environmental or well-being outcomes. The respective cost estimations and financing strategies have to take this into account and usually adaptation funding is best blended with other 'baseline' funding[19] that focuses on other or wider benefits.

[19] https://climate-exchange.org/2014/07/08/using-official-development-assistance-to-complement-adaptation-funding/

The terms 'additionality' and 'incrementality' are used by climate finance instruments such as the Global Environment Facility (GEF), the Least Developed Countries Fund (LDCF), the Adaptation Fund (AF) to refer to a deviation from the ‘baseline’ project. This concept is often used as an eligibility or screening criterion by adaptation funds, i.e. only incremental funds are provided if the baseline funding is secured through another donor. Moreover, the project proposal needs to demonstrate that the ‘adaptive’ component is vital for the project to succeed.

In addition, many adaptation strategies distinguish between three categories of actions:

Category 1: Re-/Up-scaling existing and planned actions
Category 2: Modifying existing actions through climate proofing
Category 3: Dedicated new climate change actions
Similarly, the Third National Communication of Albania identifies categories such as soft, green (i.e. ecosystem-based-adaptation), grey (i.e. engineering Intervention) and fiscal adaptation measures.
For resource mobilisation purposes, the additionality and the respective adaptation type or category of a specific planned action will determine the kind of funding required and the associated approach to mobilise such resources. Questions such as the following need to be tackled as part of such an approach:

- Will the funds to be raised need to cover the full costs of the planned intervention or only parts of it?
- Which mix of investments or funds/financiers is suitable to finance the baseline project and the incremental adaptation effort?
- Are there existing approaches, projects and technologies that can be used to channel ‘new’ adaptation funding? And how can they be best identified?
- Can the public sector build on/scale-up existing autonomous adaptation by citizens/ groups of citizens, private sector, NGOs etc.?

<u>The effectiveness of adaptation is not always proportional to the amount of adaptation financing or investment</u>

Adaptation is defined as an adjustment to climatic stimuli, i.e. climatic conditions and the resulting weather events. Hence, the effectiveness of the adaptation is dependent on the quality of the climate impact assessment as well as the degree and the appropriateness of the process for taking the respective assessment results into account when planning and designing an adaptation effort.

What does that mean for the financing of such efforts? For climate responses, the ‘where’ and the ‘how’ of an action often determine whether an adaptation project is relevant and appropriate or not. Particularly, in an environment where funds are overall limited and access to funds is highly competitive, the best way to generate more impact is to increase effectiveness (i.e., achieving impact by doing the right thing). The effectiveness of the same adaptation activity/project can be significantly increased if it is done ‘at the right time’ in the ‘right location.’

In the absence of reliable climate impact data the best proxy indicator for vulnerability is poverty. This has been proven in a plethora of studies[20]. In this view, more focus should be on the issue of targeting and selection of beneficiaries. The poor are often the ones that suffer most from the impacts of climate change and should, hence, be prioritized when selecting

[20] https://openknowledge.worldbank.org/bitstream/handle/10986/22787/9781464806735.pdf

project activities and locations unless there is evidence that other than economic factors would determine vulnerability in the specific location.

In view of the findings of the IPCC AR5[21], it is also essential to highlight the relevance of governance issues as an integral part of an effective adaptation measure. CC must not be conveyed as merely a technical topic. As abovementioned, it is important to convey that adaptation is not something additional and not completely different from business as usual. Sometimes a small modification of a 'regular' activity is sufficient to climate-proof them or make them climate-smart.

That means, for the resource mobilization of the NAP process, in addition to the prioritization of certain actions in the NAP, a more detailed elaboration on aspects such as the "where" "who" and "how" is needed to increase the effectiveness of adaptation measures.

Dimension of required adaptation finance

Depending on the type of adaptation action to be funded, the financial needs can differ significantly. Often a differentiation is made between transformational and incremental adaptation. Transformational adaptations, which imply crossing a threshold for systematic changes (system A transforms to system B) often require large initial investments, with the benefits in avoided impacts realized only well into the future. Incremental adaptation, which bring about a change but maintain the basic characteristics of a system, may tolerate additional risks that remain, but financial requirements can gradually be adjusted and the related mobilisation strategy can use initial achievements as an incentive for future investments.

The costs of adaptations that are enlargements or elaborations of familiar adaptations can often be estimated by extrapolation, whereas the costs of novel adaptations and location changes are unknown but presumed to be high.

4.1.2 Elements of a Successful Resource Mobilisation Approach

The process of resource mobilisation for adaptation interventions requires several core elements to be in place:

Element 1: Setting up the process - Establishing a core team

The IMWG and the MTE have a mandate for the management of the adaptation process in Albania. However, in relation to the financing strategy tasks need to be further clarified and a clear structure for collaboration needs to be agreed upon.

Element 2: Obtaining high-level political support

High-level support can be triggered by recommendations from a higher level of governance, or by legal obligations, even coming from a single sector. To ensure long-term commitment for adaptation from political decision-makers or senior public management (which goes beyond the legislative period), raising awareness might be necessary at first. The section below 4.2 will provide options of how to gain this support and leadership.

Element 3: Making the case for adaptation – Understanding incentives - Communicating adaptation in a way that appeals to funders/ financiers

[21] https://www.ipcc.ch/report/ar5/

It is vital to understand the political and financial incentives for private and public funders/ financiers (national and international) to invest in adaptation, since at a first glance adaptation might be misconceived as an additional cost only.
In the case of the public sector, it is primarily the reduction of loss or damage caused by climate-related events/ impacts and the provision of public services in relation to social, economic and health objectives. Investing in adaptation may even have positive effects on job creation. But also the private sector may have a genuine interest in investing in adaptation. Arguments such as supply chain resilience, the protection of productive assets, new market opportunities or compliance with standards may be incentives to invest private funds in adaptation. These incentives need to be identified and respectively used in the communication with funders and financiers.

Element 4: Building capacities in climate finance and securing financial resources for resource mobilisation and identifying potential sources of funding for the short-, medium- and long term

The process of resource mobilisation itself requires resourcing and specific capacities in order to implement activities such as establishing and maintaining donor relations, understanding donor requirements, negotiating with donors, scoping and identifying sources of adaptation finance. See also point 4.3 and annex 14 in this regard.

4.2 Mobilising National Public Funds – Mainstreaming and Institutionalization of Adaptation

Efforts to mobilise public funds relate closely to the regulatory arrangements that govern how CC policies are embedded in the wider institutional setting and processes of the public administration in Albania. This chapter gives an overview of the existing institutional structures for policy formulation, planning processes and implementation. Furthermore, an analysis is provided to identify entry points to further strengthen the respective institutions and processes that will govern the mobilisation and channelling of funds for CCA actions.

4.2.1 Current Institutional Arrangements and Options for Strengthening Them in View of Accessing National Public Funds

The Government of Albania has shown leadership on climate change through the establishment of the Inter Ministerial Working Group on Climate Change (IMWGCC), chaired by the Deputy Minister of Environment, with 15 members representing middle management of key line ministries[22]. The overall aim of the IMWGCC is to coordinate all institutions involved in the CC mitigation and adaptation process and facilitate the integration of CC, in a coherent manner, into relevant new and existing policies, programmes and activities. This concerns in particular development planning processes and strategies, within all relevant sectors and at different levels, as appropriate.

The Focal Point for CCA is the Climate Change and Air Unit (CCU), established within the policy department of Ministry of Tourism and Environment. The CCU also serves as the secretariat of the IMWG.

The Line Ministries and Municipalities are responsible for policy formulation (in national and local level) and implementation of respective sector strategies, integrated into more than 20

[22] Order of the Prime Minister No. 155, date 25.04.2014

medium term programs and annual financial plans. In addition, National Agencies, under the supervision of Line Ministries, are responsible for budget execution and monitoring.

Currently, the IMWG is a technical team at the level of experts from across participating ministries, served and coordinated by the CCU, which supports the process of climate risk identification and management process.
Although the MTE is the leader for the CC policy formulation and implementation plans, all institutions at national and local government institutions are responsible for integrating CC into their respective policy areas, planning, mobilizing financial resources, programming and spending on CC and monitoring.

The NAP document through PA 1 recognizes that continuous steering needs to ensure the long-term orientation as recommended in the NAP Technical Guidelines[23]. Necessary legal or sub-legal arrangements related to the institutional approach to climate change are needed to address the above issues, taking in consideration the existing institutional framework on strategic and medium-term planning, since the overall supervisory role, resource mobilisation and monitoring role for the impact of CC policies in several sectors cannot be covered properly by the existing IMWG and MTE.

4.2.1.1 The Institutional Framework for Strategic and Medium-Term Planning

The institutional framework[24] on strategic and medium-term planning defines responsibilities at all levels of decision-making from the bottom up and vice versa. Decisions are based on programmatic information, tied to strategic policy goals and integrated into government program planning. The hierarchy of roles & responsibilities of all institutional structures during the medium term planning are shown in the diagram below and explained in Annex 6.

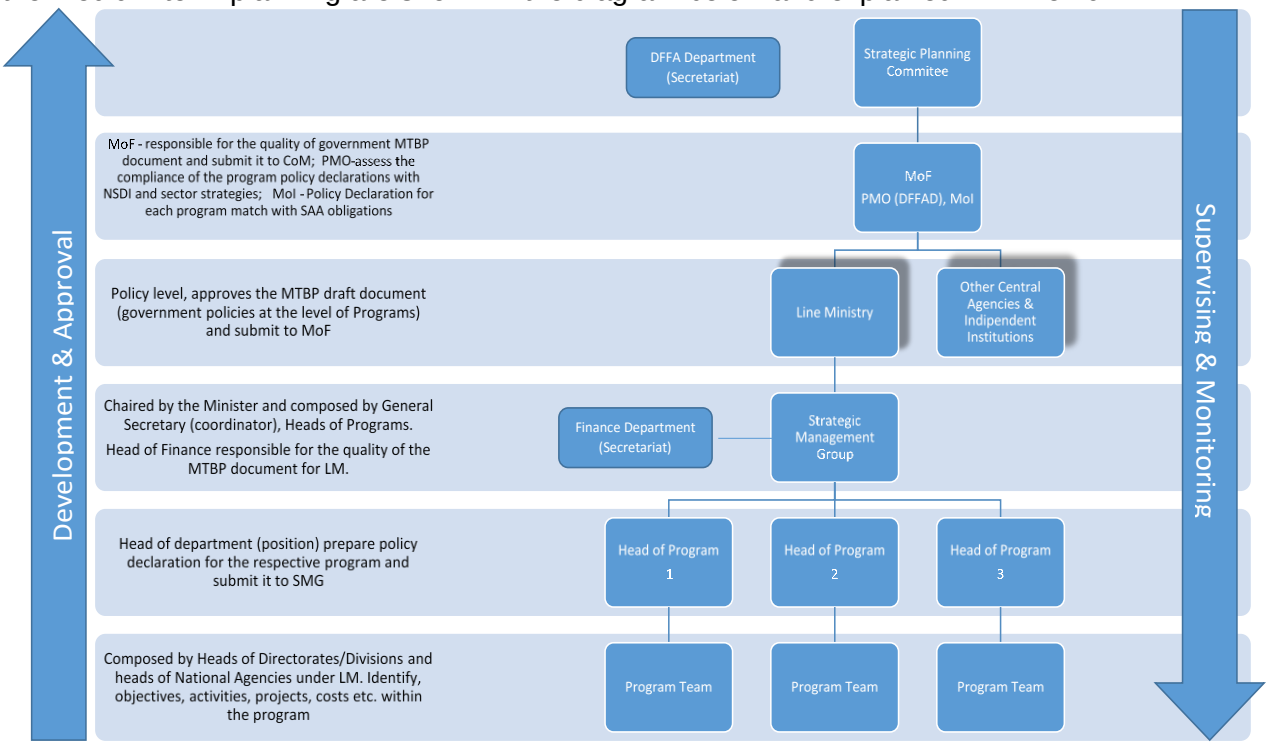


Figure 2 Medium Term Budgeting Program – Institutional Review (source: own design)

23 Refer to Goals 1 to 4 of PA no.1

24 Law No.9936/2008 (revised in 2016); Law No.10296/2010 (revised in 2015); MoF Instruction No.8/2012

The MTBP diagram clearly defines the Department for Development, Financing and Foreign Aid (DFFAD) of the Prime Minister Office as the overall strategic supervising authority and the Ministry of Finance as the overall authority for budget supervision and monitoring.

4.2.1.2 Management Mechanism for the Implementation of Cross –Sector Strategies

The current legal framework on MTBP does not offer clear separation of duties between institutions that manage complex cross-cutting policies, such as CC-related policies, financed from the state budget and foreign financing, requiring a high degree of inter-ministerial cooperation. However, the Law No.10296/2010, Art. 8 provides the legal basis for cooperation: 'When implementing programs, which involve more than one public sector institution and/ or structure, the Heads concerned shall sign agreements or mutual instructions on the scope of managerial accountability that each of them shall bear'.

In order to finalize the procedures under the MTBP framework, the Prime Minister is implementing new institutional arrangements which will likely be consolidated over the years. Four Integrated Policy Management Groups (IPMG), are currently established by the Council of Ministers (CoM) decision No.129/2015 within the Integrated Planning System (IPS), chaired by the Minister of the leading ministry and composed by General Secretaries of the line ministries. Sub-thematic groups are functional within key line ministries and are composed by heads of programs and experts.

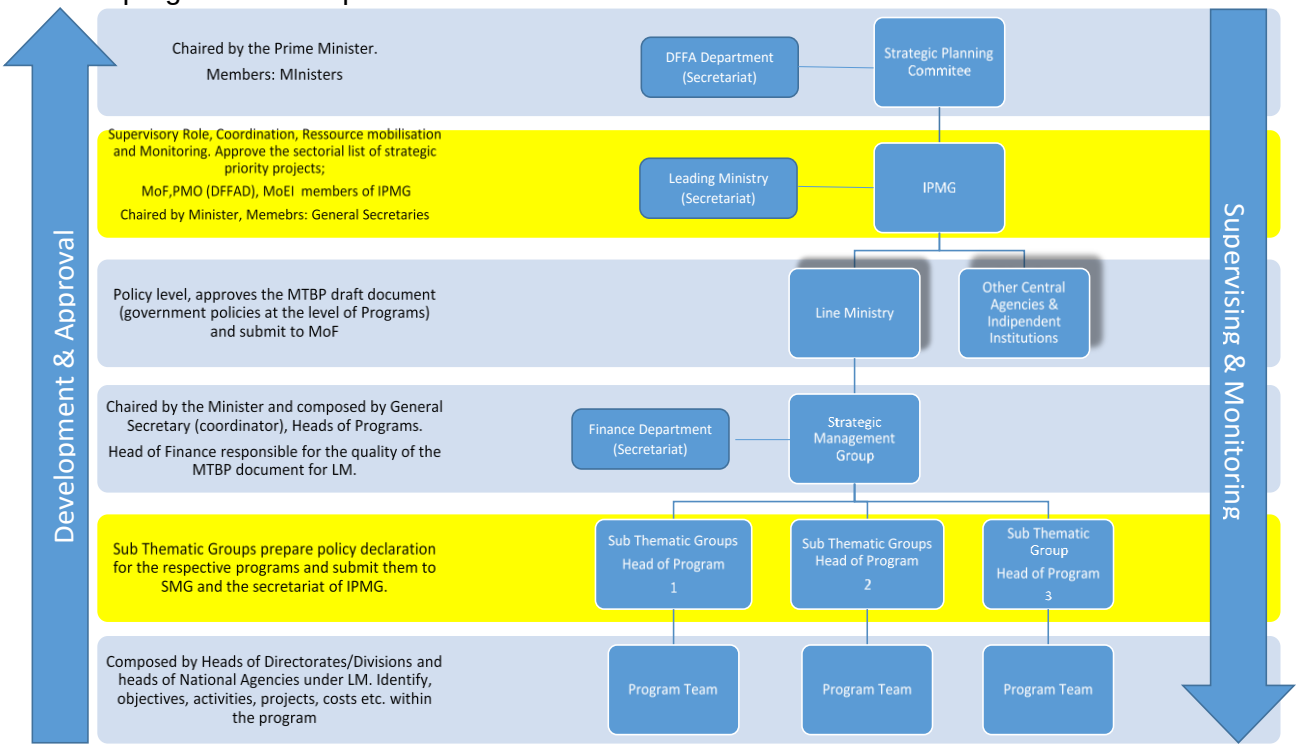


Figure 3 Integrated Policy Management Mechanism for implementation of Cross – Sector Strategies (Source: own design).

The CoM decision intervenes in two important levels of decision making respecting at the same time the accountability arrangements under MTBP scheme as seen in figure 3 above (lines in yellow). The three key institutions such as Prime Minister Office (DFFAD), the Ministry of Finance and the Ministry of European Integration are represented in each IPMG.

4.2.1.3 Recommendations to Strengthen Short-Term to Long-Term Institutional Arrangements

An overview of the strengths and weaknesses of the institutional approaches described above is presented in a table in Annex 8. Considering the institutional arrangements described above and their related strengths and weaknesses, the current stage of NAP process in Albania as well as the discussions during the 7th meeting of the IMWG on CC on 21 October 2016, the following recommendations for a period from 1 to 3 years are made to improve the existing institutional arrangements based on the legal framework for strategic and medium term planning:

1. Upgrading of the IMWG to an Integrated Policy Management Group in order to profit of the strengths of this approach (described under Annex 7). The Chair of the current IPMG for Integrated Water Resource Management will be member of the IPMG on CC;
2. Upgrading the CC Unit into the Technical Secretariat of IPMG;
3. Creation of thematic sub groups within each relevant LM (Heads of Programs and experts). The current members of IMWGCC could act as heads of the sub thematic groups;
4. Preparation and Approval of the CoM on “Integration of CC into MTBP”;
5. Preparation and approval of a Joint Instruction between MTE and MoF on “Procedures for integration of Climate Change into MTBP” and ensuring the exchange of information during the MTBP execution process.

For other possible short and long-term adjustments of the institutional arrangements refer to Annex 8.

4.2.2 Mainstreaming NAP into National Budget Planning

Adaptation mainstreaming in sectors and overarching development policies is at the core of the NAP process since effective adaptation is mostly not an ‘add-on’ activity but has to be integrated into sector policies. Albania has a number of scientific papers and studies on the vulnerabilities of the climate change on agricultural and energy sectors as well as sector strategies like: The National Health Strategy or Integrated Water Resource Management Strategy, the National Territorial Plan and the Coastal Development Plans in which GIZ project “Climate Change Adaptation in Western Balkans” has given a continues support on addressing Climate Change.
The sector-specific approaches through mainstreaming are explained in chapter 6 of NAP document, the goals and indicators related to mainstreaming and climate financing are well defined in the NAP Document (PA 6 to 12, p.54). Detailed overarching activities are described under the PA no. 2.

The National Strategy for Development and Integration is embedded within the Albanian Policy Framework, reflecting the cost of structural reforms in the national budget and defines the goals and objectives that every sector must follow, serving as a starting point for line ministries to break down and realize their missions. The Medium Term Budget Program (MTBP) is an operational instrument for the management of public expenditure and a key component of the Integrated Planning System.

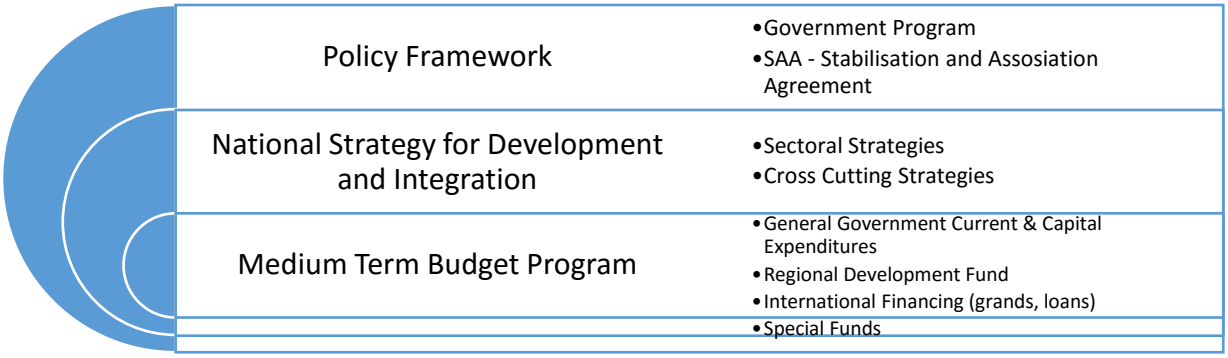


Figure 2: Relationships between the Policy Framework, Strategies and the National Budget (source: own design)

Priority Area three of the NAP states “Albania will use the NAP process as an opportunity for a continued dialogue about mainstreaming climate change into national development planning and budgeting as well as fiscal policy options. Goal 1: Successfully access Albania’s public budget for financing NAP implementation; Indicator 1.1: Public records prove that at least an initial 5 million USD of Albania’s public budget were spent for NAP implementation by 01/2018”25.

The integration of the NAP process within the national budget should be conducted through the strategic and medium term budget program (MTBP) which begins with line ministries preparing a program policy review (PPR) for each program. A focus of the spring review is to improve the unit cost analysis for outputs. Each program is expected to be based on one or more specific policies that should be clearly expressed in the National Strategy for Development and Integration (NSDI), the sectoral strategies and the NAP document. The PPR produces a policy statement for each program, including: a mission statement, program policy goal, a program policy objective and program policy standards. The PPR should be clear, understandable and periodically revised – for example, on an annual basis.

The second component of the MTBP process is the program expenditure and investment planning (PEIP). The PEIP is used to allocate resources among programs and builds on the PPR process. The main outputs are identified and costed for each program. It requires documentation of priority risks that may impede the achievement of objectives and goals of each program, the measures envisaged to minimize them as well as the respective financial effect. The NAP fulfills the requirements of a risk management plan and is important for the preparation of PEIP.

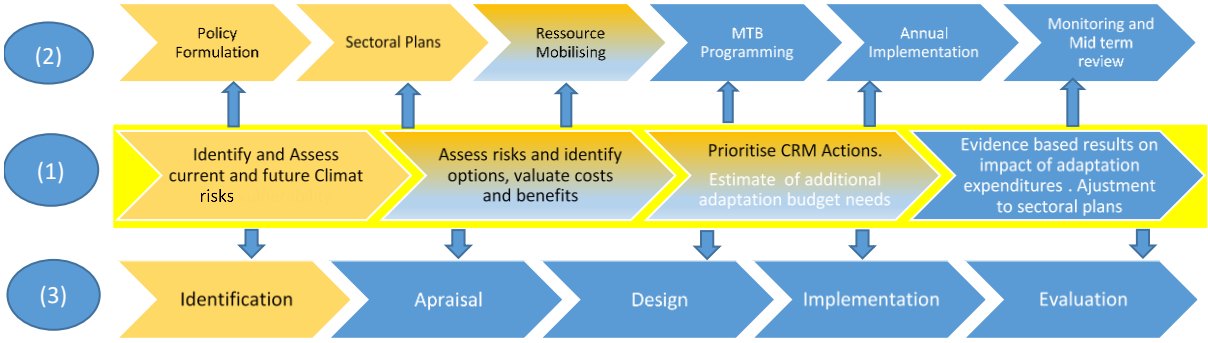


Figure 3: Interlinks (entry points) and the progress so far (i.e. the components in orange have been accomplished, while the components in blue are to be achieved) between 1. Climate Change risk management process (CCRM), 2. Strategic Planning and medium term budgeting process; 3. Project investments cycle. (Source: UNEP 2011 and UNDP-GEF 2015)

[25] This indicator should be revised after completion of Annex 2.

The three above processes, i.e. (1) The CC risk management process (CCRM), (2) The strategic planning and medium term budgeting process; and (3) The project investments cycle, should be developed in parallel following sequential steps. The outputs of each stage of the risk management process serve as inputs for different stages of the two other processes related to planning and implementation. Each process is designed in an iterative way requiring regular monitoring, evaluation and corrective actions, when appropriate.

The steps presented in orange colour show the progress achieved so far in integration of CCA process into national budget. It is apparent that during the preparation of the NAP document several Priority Areas have been discussed and agreed, and activities/projects are identified. However, the project investment cycle is at the beginning, which can create difficulties in mobilizing financial resources and integration of CCA process within national budget. The graphic shows that the short and medium-term measures should be focused on completion of the second and third step of CCRM process, completion of the second and third step of project investment cycle which in their turn lead to fulfilment of the fourth step of the planning process - MTBP.

In fulfilment of the fourth step of the planning process the Line Ministries shall be guided by the MTBP Calendar and the responsible institutions for the process approved by CoM at the beginning of each year (MTBP Calendar for 2017-2019 is shown in Annex 9). In addition, the Annual Programme Expenditure Investment Process (PEIP) in a Central Government Institution (shown in Annex 10) will help institutions understand why the project investment cycle is important to be developed in parallel with CCRM process. PEIP key request is to determine (during May-June) the projects to be included in the MTBP with the related objectives, activities, products and cost. Only projects approved for funding by foreign donor / creditor and co-financing from the state budget must be included in the MTBP of the next three years. This requirement is met if the above cycles are developed in parallel (once completed the first three phases of the strategic planning and budgeting cycle (2), as well as the first two stages of the project investment cycle (3)).

Based on the Priority Areas identified in the NAP document and the Order of the Prime Minister for the creation of the IMWGCC, as well as in actual composition of Budgetary Programs, 22 medium term budget programs were identified and analyzed which are managed by the line ministries involved in NAP process. Other budgetary programs may be identified in CCA process in the future (see list of budgetary programs in Annex 11).

The NAP document identified an important goal and ambitious indicator within the Priority Adaptation Action No. 3:

Goal 1: Successfully access Albania's public budget for financing NAP implementation

Indicator 1.1: Public records prove that at least an initial 5 million USD of Albania's public budget were spent for NAP implementation by 01/2018".

In addition the NAP document has identified many challenges/barriers and the respective Priority Areas for their mitigation such as Priority Areas No.6 "Communication and Outreach initiative" and other Sector-wise and cross-sector strategic Priority Areas No. 8 to 15.

The experience of other countries has shown that the process of building climate resilience in the economy and society means facing more challenges such as fragmented institutional approach and regulatory barriers, insufficient financial resources at local level to address CCA, little knowledge of the medium term and annual budgeting process, the complexity and sectoral crosscutting of the climate change expenditures, etc. The challenges to integrate CCA in the medium and annual budget submission are further explained in Annex 12.

4.2.3 Monitoring of Climate Finance

Assessing and tracking performance monitoring and reporting on adaptation outcomes is essential for setting priorities, guiding implementation and assessing progress towards adaptation (see figure 3: last phase of CCRM and Planning Cycle). Monitoring and reporting will need to consider the diverse nature of adaptation, including the range of barriers and the social, economic and environmental goals of adaptation.

This type of reporting could potentially draw on regular reports of adaptation progress by key government institutions delivering elements of adaptation. Chapter 10 of NAP document and the Priority Area 4 cover both, climate impact monitoring as well as response monitoring on successful adaptation.

Goal 1: Assess progress towards the climate resilience objectives.
Goal 2: Establish a Result Based Monitoring System (RBM) for climate change.

The Indicative Strategy Paper for IPA II (2014-2020) emphasizes that EU financial assistance has to be in line with EU policy objectives including climate policy.

CCA expenditures can be tracked during the execution of the budget and monitored through adoption of statistical markers defined by OECD[26], as presented in Annex 13.

Current Budget Classification, Monitoring and Reporting

Budget classification requirements are established by Law and specified by the Minister of Finance in compliance with international standards. They are unified with the public chart of accounts for all central, local government institutions and special funds. At a minimum, budget classifications cover the intergovernmental classification, administrative classification, functional classification, programme-based classification, classification by sources of financing (state, local, international financing) and economic classification. Government policy decisions are taken on a programme basis. Allocations are approved by administrative unit, programme and major economic category: capital expenditures and current expenditures (personnel, financial interest, operations and maintenance, subsidies, transfers to individuals). The main composition of state revenues is grants, taxes and non-tax revenues.

All central and local government transactions are executed from the Treasury Single Account in Central Bank through the Government Financial Information System, administered by Treasury Department under the Ministry of Finance. The system rejects any spending for which there are inadequate allocations. All transactions are controlled by budget programs and institutional classification and tracked through the electronic system in detailed level (additional levels: By Regions, Districts, and Projects and up to 7 digits of economic expenditures against 3 digits approved by law). A limited number of Central & Local Institutions (15 from 100 Institutions) are direct users of AGFIS.

Budget execution and monitoring reports are prepared by the general secretaries of LM and Mayors four times per year and submitted to the MoF. Within one month after the end of the reporting period, the Minister of Finance presents the budget monitoring and implementation reports to the Council of Ministers and the Assembly. These reports are performance based and consist of: the financial performance of each programme; the products produced by each programme; the objectives achieved by each programme.

[26] Priority Action No.7 “Indicator 7.1: EU financial assistance within the IPA Framework is tracked in line with the OECD-CAD statistical markers on climate change.

During the coming three years, the MoF will upgrade the existing financial system AGFIS in a new Financial Management Information System (AFMIS) integrating the medium term planning and monitoring as well as project management process. This will probably be accompanied with improvement of budget classifications.

4.2.4 Way Forward to Integrate Climate Funds into MTBP

Climate risk management, coordination of CCA activities and frameworks, and their mainstreaming in development planning and decision making processes are relatively new areas of research and practical effort. Furthermore, Albanian experience from other areas, such as gender, has shown that mainstreaming into national sectoral policy and MTBP is a multidimensional, continuous process that takes time (e.g. the gender mainstreaming process into MTBP started in 2012 with identification and preparation of the respective framework and institutional structures and is still under development as a pilot approach).

While working towards increasing awareness among the government and the population, in order to ensure a successful implementation of CCA policies and NAP priority actions, the following steps could be taken in consideration:

1. Revision/ Improvement of current sectoral strategies and link with NSDI, based on NAP to CC and priority actions No.2 and No.6[27].
2. Preparation of necessary regulations (see section 2.1.3 and Annex 12)[28];
3. Training and increasing the knowledge quality of[29]:
   - central and local government key persons involved policy formulation and in the medium term budgeting process;
   - technical teams that evaluate the appraisal of project investments, so them to have the capacity to consider the impact of climate change;
   - Exchange of experiences with other governments that have been successful in including the cost of structural reforms in the budget would be very valuable.
4. The current project approval process carried out by the Regional Development Committee (Prime Minister Office) and the Ministry of Agriculture, Rural Development, Water Administration (MARDA) could include a requirement to demonstrate that climate change has been taken into consideration for investments in high risky areas (it can be soft requirement for other areas). This can involve a simple qualitative project screening question for smaller programmes, or programmes that do not claim to be climate relevant. For larger climate relevant programmes, it should involve a more rigorous analysis. The introduction of improved climate analysis in project appraisal could be coordinated by the Regional Development Secretariat under PMO, with joint input from Ministry of Tourism and Environment (on climate issues) and MoF (on economic issues).
5. Tracking and monitoring process:
   - AGFIS and/or budget classification system may be improved (without changing their core principles) to provide information on climate expenditures within ministries either through creation of subprograms on CC, or through providing details related to projects by activity/program activities or outputs. This will assist greatly in the near future, for reporting to the EU over the use of IPA funds, of which 20% are foreseen for the CCA expenditures and will be monitored as such. Also the EU budget support to the environment sector, which could be based on the reimbursement scheme for costs

[27] Goals 6 to 11 p. 29 and Indicator 6.2: At least 1 mainstreaming approach per year is being incorporated into a relevant sector strategy.

[28] To be considered under PA 1

[29] To be considered under PA 3 and 7

incurred by the national budget, requires a close monitoring and reporting of expenditures on CCA.

- Alternative track of expenditures could be through the National Environment Agency, whose main function is Environment Monitoring. Please note that it should not be the main source for CCA monitoring, because the whole CCA reform is not related to "environment license".

The following mainstreaming approach is recommended:

Phase 1 - Short- and medium-term approach:

Prior to mainstreaming CCA into broader development, financial decision-makers will wish to see a period of demonstration to learn about the complexity of the process as well as to generate understanding of risks and potential benefits out of it. It would be premature to embed within national system poorly understood options. Hence, the medium-term focus should be on completing the legal framework, strengthening the institutional structures and raising capacities at the same time as integrating selected NAP priority actions through a pilot exercise into one or two existing Budget Programs[30] (equal to Policy Departments within LMs) and one Municipality located in an area with a high climate risk. The priority actions should eventually be integrated in the level of projects or activities under the existing programs.

The 'piloting' institutions should be selected based on the high level commitment demonstrated during the NAP preparation and budget performance of the previous years (opinion from MoF is important). The leading institutions will continue to be MTE, MoF, PMO (RDF and Strategic Planning) and MTEI.

Aligning MTBP and NAP.

The NAP document serves as a risk identification and assessment document, which may need to be completed in a proper risk management plan (see section 4.2.3, in this annex). The NAP document puts forward 15 priority actions, and for each of them goals and indicators are defined, key stakeholders and financial requirements (rough estimations) are identified.

The transposition of a NAP priority action into the medium term budget program could be done as follows:

MTBP / NAP	Policy	Objective	Activity	Output	Cost
Not clear for each PA	X				
Goals under each PA		X			
Priority Action / Substantial elements			X		
Indicators under each Goal				x	
PA cost divided in internal & external financing					x

The above recommendation is made taking into account the work done so far to identify the priority actions with all problems that accompany them. Elements presented under the NAP column serve as the starting point for the review process and orientation for dialogue be-

[30] The selection should be made in compliance with the selected sector strategy: see Indicator 6.2: At least 1 mainstreaming approach per year is being incorporated into a relevant sector strategy.

tween members of the MTB program team to the achievement / completion of the requirements of MTBP.
It is understood that this process is difficult and depends on the professional capacities and political support of Line Ministries as well as on the technical assistance. The transposition / mainstreaming can be done once to all ministries (pros: benefit in shortening the time and faster implementation of PAs; potential issues: low quality of planning and programming; complex problems during execution and monitoring) or may be developed gradually in pilot basis[31] (potential benefits: the process will become more cautious, accurate decision making, high credibility of the process, preliminary monitoring means identifying lessons learned that would serve as a reference for the roll out, success implementation of NAP in long term).

Phase 2 – Long-term approach:

If after two independent assessments (from international institutions), the Albanian government shows sustainable leadership in the CCA mainstreaming process associated with substantial funding from the national budget and if Albanian institutions successfully attract international funding for CCA project, then the government should consider creating a new multisectoral government program on CCA, accessible by all implementing government institutions and further on a new special fund for CCA could be created by a separate law (according to the criteria laid down by MoF) and managed by a single government agency.

4.3 Mobilising Adaptation Finance from International and Private Sources

The mobilisation of international funding as well as private funding and investment will need to go hand in hand with raising public funds at national level. However, it will require setting up specific processes and building specific resource mobilisation capacities throughout the coming years (see also chapter 4.2 in this annex). In view of the 15 NAP Priority Areas to be funded, a general distinction needs to be made between Priority Areas 1 to 7 that cover institutional and management processes that are less cost-intensive, and the sector-specific Priority Areas 8 to 15 that will require more significant investment in infrastructure, equipment and technology. Priority Areas 9 and 12 make an exception as they are mostly focused on planning processes that are again less cost-intensive.

4.3.1 Readiness of PAs and Requirements to Access Funding

The majority of the current NAP Priority Areas are at an early stage of project planning (see also Annex 1) and hence, their overall readiness (for investment projects often referred to as 'bankability') is low. The cost estimates have so far not yet taken into account important principles of costing adaptation as described in chapter 4.1.1. An overview of the current cost estimates is provided in annex 5. This needs to be rectified in the further planning steps to get ready for external funding[32]. In order to meet the requirements of international funders of adaptation, which obviously vary according to the specific fund, full application proposals need to consider the following 'typical' proposal (development) elements:

- Policy alignment (national, sector);
- Planning process, participation and transparency;
- Fiduciary and institutional arrangements;
- Stakeholder analysis;
- Financial and programme management (including procurement plans);
- Results framework and monitoring and evaluation system;

[31] Reference to Indicator 6.2.

[32] http://adaptasiapacific.org/news/attracting-climate-funds-begins-good-project-proposals

- Economic (e.g. efficiency and cost effectiveness analysis) and financial analysis (in particular for investment projects);
- Environmental, social and gender safeguards.

With regard to specific requirements for an adaptation intervention, the guidelines of the Adaptation Fund[33], the Pilot Program for Climate Resilience (PPCR)[34] or the Green Climate Fund[35] stipulate a number of strategic objectives and outcomes that need to be addressed in an application/ project proposal. Given that these three funds are specifically focused on adaptation and among the most significant adaptation funds, these can be considered as the maximum potential requirements. That means that other funds (particularly those that are explicitly focused on adaptation) may require less of such adaptation-specific elements in the design. Overall, the proposals need to demonstrate in many ways how and to what extent they address the identified/ anticipated climate risk.

The cost of project preparation can be considerable and hence, it is vital to include these costs in the early stages of planning and negotiations with potential funders/ financiers.

Given the existing capacities and the total amount to be raised, it is advisable to pursue a stepwise approach, i.e. focusing efforts on one or two priority actions.
There is a plethora of guidelines and lessons learnt on how to go about specific project development steps of adaptation projects (e.g. USAID for Designing Bankable Adaptation Projects[36], PROVIA guidance[37], experiences collected by the European Financing Institutions Working Group on Adaptation to Climate Change[38]).

4.3.2 Identification of Potential Adaptation Funders and Funding Instruments

As an integral part of this financing document, national and international sources of public and private adaptation finance have been screened for their suitability to finance current priority areas and other future adaptation actions. Identifying potential funders is not a straightforward exercise and specific criteria have been selected to prioritise funding sources that may be more likely to provide funding for adaptation in Albania than others. In order to do so, the following three-pronged approach (see also annex 14 for the detailed approach) has been applied to prioritize suitable prospective adaptation donors/ financiers:

1) screening and prioritization of external donors/financing sources
2) prioritization of priority areas in view of readiness for resource mobilization in the coming years
3) matching the prioritized priority areas with the prioritized external donors/financing sources.

This prioritization methodology is flexible and the screening tool can be continuously updated. It provides guidance on how to identify suitable adaptation donors/ financiers. New prioritization criteria can be easily added and weights of specific criteria can be modified, if deemed appropriate. It is important to keep in mind that such a prioritization tool is only a first

[33] http://www.adaptation-fund.org/wp-content/uploads/2015/01/Results%20Framework%20and%20Baseline%20Guidance%20final%20compressed.pdf

[34] https://www-cif.climateinvestmentfunds.org/fund/pilot-program-climate-resilience

[35] http://www.greenclimate.fund/documents/20182/239759/GCF_Concept_Note_User_s_Guide.pdf/64866eea-3437-4007-a0e4-01b60e6e463b

[36] http://adaptasiapacific.org/library/guidelines-designing-bankable-adaptation-projects

[37] http://www.unep.org/provia/Portals/24128/PROVIA_guidance_report_low_resolution.pdf

[38] http://www.ebrd.com/cs/Satellite?c=Content&cid=1395250899650&d=&pagename=EBRD%2FContent%2FDownloadDocument

step to narrow down prospective funds/ financiers. More in-depth research on requirements and initial conversations with prospective funds/ financiers need to follow.
Step two of the methodology has been discussed during the 7th meeting of the IMWGCC and resulted in the prioritization of priority areas 8 and 9 (No. 8: Climate Resilient Irrigation, Drainage and Flood protection, No. 9: Integrated Water Resources Management. These priority areas have been identified as a priority for further project development in view of attracting international adaptation funds. The decision was based on the following criteria: a) level of existing planning and implementation capacity of the respective; b) level of vulnerability and urgency and c) level of political leadership and awareness.

For the results of step three see Annex 5

4.3.2.1 Aspects to Consider in the Identification Process

Transnational Resource Mobilisation

Given the current funding and political landscape, the option of raising and channelling funds at trans-national or regional level should be considered. There are several collaborative platforms through which regional funding could be sought such as e.g. ECRAN[39] (Environment and Climate Regional Accession Network) or EUSAIR[40] (the collaboration under the EU Strategy for the Adriatic and Ionian Region).

In addition, some of the prospective funding agencies have trans-national and regional funding windows, such as the Western Balkans Investment Framework (WBIF)[41] or the regional window of the Adaptation Fund.

Quality of Project Proposals - Building Capacity to Develop High-Quality Proposals

Particularly, in view of competitive project selection processes by prospective funders and financiers, the quality of the project proposal will become a crucial factor of competitiveness. It is recognised that capacity needs to be built in this regard in Albania. Fundraising activities will need to recognise this focus on capacity-building. USAID[42], for instance, highlights two success factors in view of project development:

1) NIEs do not need to design adaptation projects themselves; they can draw from and build on the knowledge of local civil society organizations to design projects for them. Incidentally, these organizations are the best suited to design adaptation interventions relevant to the local conditions.

2) The key to designing fundable adaptation projects is for NIEs to have a thorough understanding of the financier's requirements, so that they can assist project proponents during the design and appraisal process.

[39] http://www.ecranetwork.org/

[40] http://www.adriatic-ionian.eu/about

[41] https://www.wbif.eu/about-the-wbif

[42] http://www.asiapacificadapt.net/sites/default/files/resource/attach/KP6%20Bankable%20Project_FINAL.pdf

Direct vs. Indirect access

Some funding agencies, such as the GCF and the AF[43], offer two ways of accessing funding. Either through accredited national implementing entities (NIE), also referred to as direct access, or through accredited multilateral or international entities, also referred to as indirect access. Albania has, so far, not pursued efforts to accredit an Albanian NIE. Given the requirements to be met a careful assessment of the potential of specific Albanian institutions may be worthwhile in the coming years. In order to access these funds, Albania may rely on active international partners that are accredited and hence, eligible to access and manage funds. However, the question of direct access should be considered in the long run. Direct access allows the country to strengthen capacity in planning and implementing adaptation projects as well as in mobilising climate finance, whereas indirect access will risk to continuously missing out on this opportunity. It is also worth mentioning that much project preparation and readiness support is only available for countries with an accredited NIE[44].

4.3.3 Financing Instruments

4.3.3.1 (Concessional) Loans

Albania's current level of public debts[45] limits the borrowing from international funds and financiers[46]. This applies generally, but, in particular, for a policy area that is relatively new such as climate change adaptation.

Apart from requirements of potential lenders, in view of debt sustainability, fiduciary standards etc., borrowing activity will also be governed by the priorities of the current government. If adaptation gains buy-in from political leaders the chance to borrow from international adaptation funds, such as GCF, IFAD etc., will be increased. These funds may lend on concessional terms to Albania.

4.3.3.2 Grants

Grants for adaptation actions are available by a range of bi- and multilateral funds as well as philanthropical donors. Many of these opportunities are subject to one of three following processes: a) a competitive application process, by which Albanian applications would be in contest with applications from other countries; b) adaptation funds that have specific envelopes or allocations for Albania; c) (bilateral) funders/ financiers that do not target adaptation outcomes specifically, but would be open to add adaptation objectives to their funding portfolio or strategy for Albania. For the first opportunity, the quality of the application is particularly relevant and hence, sufficient capacities and resources are necessary to develop such high-quality proposals to enhance chances to access such funding. Process (b) and (c) would require a proactive negotiation process with respective donors/ funders to ensure that requirements and demands are well understood and adhered to, while making sure that the respective sectoral adaptation and recipient needs are equally met.
The potential actions to be taken in the coming years are the following:

- ministries work with donor coordination department of the MoF to target specific donors (including the preparation of additional project fiches[47])

[43] https://www.adaptation-fund.org/apply-funding/

[44] https://www.adaptation-fund.org/apply-funding/grants/

[45] http://www.tradingeconomics.com/albania/external-debt

[46] http://www.ijser.org/researchpaper%5CSustainability-analysis-of-public-debt-in-Albania.pdf

[47] An additional project fiche is a concept note that is submitted to MoF and MoEI for consideration beyond the ministerial MTBP submission.

- ministries to build capacities to develop high-quality adaptation-related proposals
- secure appropriate project development/ preparation funds or related technical assistance
- ministries to work with MTEI to access IPA II grants/ to direct IPA II grants towards adaptation objectives, in particular MTE as focal point to influence the resource allocation of the IPA II Climate and Environment Window. Follow-up on opportunity to influence CSP
- address non-adaptation funders interested in Albania and sectors that are affected by climate change impacts and highlight the benefits of funding/investing in adaptation

Project preparation or technical assistance grants

Given the early stage of adaptation planning and implementation in Albania and the current level of capacities, the opportunities to receive grants to build capacity and readiness are vital as a next step for the coming years.

4.3.4 Innovative Financing Instruments – Leveraging Private Funding and Investment

In addition to the previous more traditional ODA-related financing instruments, there are emerging financing instruments that try to attract and leverage private investment in climate-resilient projects and programmes. Especially, climate finance has stirred up the financial markets and triggered some innovations that have to be further researched and tested, in particular their suitability in the Albanian context. The regulatory and legislative environment needs to be further strengthened and improved for some of the instruments to become potentially significant sources of financing in the mid-term to long-term future.
These instruments are particularly relevant for priority actions in productive sectors (e.g. in agriculture – PA 10, tourism – PA 14), where private actors play a significant role in view of investing in or implementing climate-resilient solutions.

4.3.4.1 Guarantees

The GCF, for example, offers guarantees, i.e. commitments in which a guarantor undertakes to fulfil the obligations of a borrower to a lender in the event of non-performance or default by the borrower of its obligations, in exchange for a fee. The advantage is that it attracts capital through debt on terms that could ensure the feasibility of a project and mitigates or manages risks, while it is hard to quantify risks and in international financial institutions, it accounts for the same amount of financing quota as a loan. This could be most likely be of interest for an investment that combines mitigation and adaptation benefits in Albania.

4.3.4.2 Climate Bonds

Climate bonds are fixed-income financial instruments, also known as green bonds. They[48] are used to finance – or re-finance - projects needed to address climate. They range from wind farms and solar and hydropower plants, to rail transport and building sea walls in cities threatened by rising sea levels. Only a small portion of these bonds have actually been labelled as green or climate bonds by their issuers. Like normal bonds, climate bonds can be issued by governments, multi-national banks or corporations. The issuing entity guarantees to repay the bond over a certain period of time, plus either a fixed or variable rate of return.
The suitability of such bonds for the Albanian context should be further assessed (see also Climate Bonds Initiative, 2015[49]) as part of the mid-term activities in the roadmap.

43.4.3 Microfinance / Saving and Credit Unions

[48] https://www.climatebonds.net/resources/overview/climate-bonds-for-beginners

[49] https://www.climatebonds.net/files/files/CBI-Guide-2015-final-web.pdf

Microfinance is an important tool to reach out to low-income population groups and micro-, small- and medium-size enterprises (SMEs), particularly in the rural areas of Albania. However, it is still necessary to establish a strong legal infrastructure and ensure a favourable environment for micro finance. As of today, commercial banks do not operate in rural areas for several reasons (Cibuku 2014). This gap increases the role of Saving and Credit Unions.

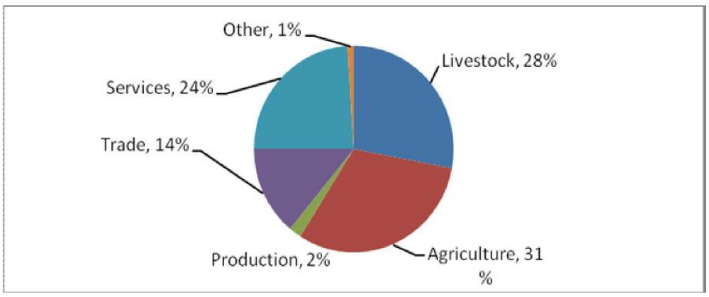


Figure 4: Utilization of microloans provided by the Albanian Credit and Saving Union (source: Cibuku 2014)

Figure 4 shows that most of the micro-loans are used in the agricultural sector that is one of the key sectors considered in the NAP document. Initial discussions with a non-bank financial institution[50] have been held to explore opportunities to integrate adaptation objectives in the portfolio of providers.
The following Initial opportunities were identified:

- Climate-proofing of micro-finance products / screening of loan applications
- Some microfinance institutions have widespread coverage in rural areas through their agents. This could be a possible channel for technical assistance to/ sensitization of rural farmers and agricultural SMEs.

4.3.4.4 Private Equity

As mentioned in chapter 1, there are various incentives for private investors and companies to invest in adaptation, e.g. protection of productive assets against flood impacts, protection of supply chains.
There are several initiatives to increase financing for SMEs in Albania. For example, in March 2016, the Crimson Finance Fund Albania (CFFA)[51] was established, a non-banking financial institution which will provide developmental financing for micro, small and medium-sized businesses. CFF Albania is designed to improve access to finance for under-served small and medium enterprises (SMEs), entrepreneurs, innovators, women-owned businesses and farmers in Albania in order to catalyse business growth and job creation.
Products of CFFA will help SMEs with limited financial access to the banking system by:

- increasing business liquidity;
- funding the purchase of equipment, machinery or assets for the business needs; and
- funding preliminary development costs.

4.3.4.5 Public-Private Partnerships

More recently, the Government of Albania has sought to achieve key national economic development goals through public-private partnerships (PPPs). Within the Albanian policy context, the goals and objectives of PPPs are as follows:

- to provide funding within the constraints of budget and public spending cuts;
- to expand infrastructure investment as a driver of economic development;
- to improve service quality, efficiency and promotion of public sector management; and
- to achieve higher efficiency in the use of resources by involving a private partner and commercial assessment of public assets.

[50] FAF

[51] http://www.aadf.org/project/crimson-finance-fund-albania/

PPPs may become a more regular way of financing, managing and implementing projects for the following reasons[52] [53]:

- Interest in and enthusiasm for PPPs within Albania's infrastructure line ministries, public sector agencies, and especially among high level leadership within the Government remains high. Even though Albania's previous experience with concessions has been mixed, with a number of examples of PPPs that have failed, Albania's public sector bodies maintain a relatively high level of interest in continuing to use PPPs.
- The leadership of Albania's current Government is committed to both strengthening its PPP Framework as well as taking a more pro-active position to using PPPs to implement selected projects that are of strategic importance to the country's overall economic development strategy.
- Interest in PPPs in Albania among financial institutions and private sector investors also appears to be relatively strong. Private sectors representatives such as ConfIndustria and the American Chamber of Commerce, as well as international financial institutions, such as the IFC and the EBRD, believe that if Albania can address the current gaps in its PPP framework and strengthen overall PPP implementation, there will be a number of important new investment opportunities for the private sector.
- International donors are also generally interested in supporting the strengthening of Albania's PPP framework and program. This can be especially important if the Government is looking for funding support to implement any of the recommendations made by this PPP assignment.

4.3.4.6 Payment of Ecosystem Services

The WB-led 'Environmental Services Project' (16.8 million USD) is currently trialing Payment for Ecosystem Services (PES) schemes. The project targets people in forests and adjacent communities with increased monetary or non-monetary benefits from forest and b) people in targeted communities with increased monetary or non-monetary benefits from agricultural lands.
The development of payment mechanisms for watershed services will support sustainable landscape management in rural areas by developing an innovative market-based approach, based on the principle that those who benefit from environmental services should pay those who generate them. Mechanism designs for both public and private payment schemes will be explored. This sub-component will develop a model linking land use practices with the generation of ecosystem services such as sediment retention, water purification, and water flows as well as an appropriate payment plan and arrangements through a technical assistance program to assist farmers in switching to eligible Sustainable Land Management (SLM) practices. All these activities would also generate adaptation benefits in the respective areas.
The suitability of such PES for the Albanian context should be further assessed[54] as part of the mid-term activities in the roadmap.

4.3.4.7 Risk Insurances

The proposed World Bank-led 'Developing Climate Resilient Agriculture and Flood Management in Albanian Western Lowlands' project[55] (6 million USD) will design and implement community-based flood insurance solutions, which will be tailored in line with the underwrit-

[52] http://blogs.worldbank.org/ppps/stories-field-world-bank-ifc-collaboration-new-ppp-legislation-albania

[53] http://www.atrako.gov.al/wp-content/uploads/2015/06/Albanian-ppp-key-aspects2.pdf

[54] See also chapter 3.1 in this ECNC scoping report: http://www.ecnc.org/uploads/2015/02/Initiatives-related-to-mapping-and-assessment-of-ecosystems-and-their-services-in-EECCA-and-SEE-countries-scoping-document.pdf

[55] This proposal was submitted twice to the Adaptation Fund and last reviewed in the 27th AF Board Meeting; https://www.adaptation-fund.org/document/proposal-for-albania-2/. See also annex 11.

ing requirements of Europa Re, which reflect the global reinsurance practices, so that the risks can be pooled, and later reinsured, to provide insurance coverage for municipalities of the target area that represent various watersheds at the upper, mid and lower reaches of the river. To support the development of the scheme and incentivize communities to participate in flood insurance schemes, a sustainable premium subsidy scheme will be devised for socially vulnerable groups.
All efforts to establish risk insurances in Albania (e.g. South East Europe and Caucasus Catastrophe Risk Insurance Facility Project for Europe and Central Asia[56]) should be regularly monitored and evaluated in order to extract learning and to assess their scalability.

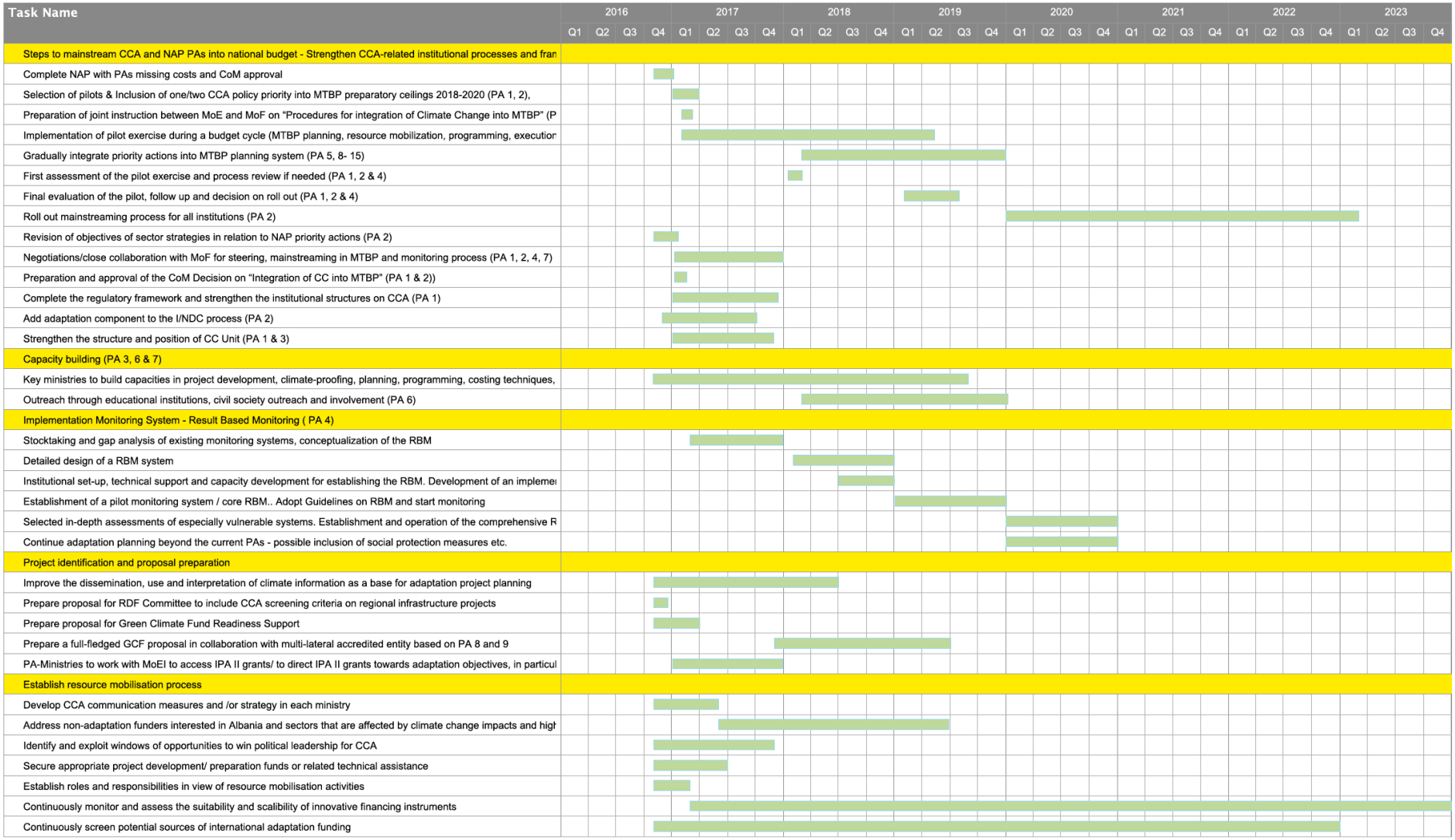
4.3.4.8 Other Innovative Instruments

Climate adaptation finance is an emerging field and new instruments are progressively being developed, tested and up-scaled. It is important to follow these developments and to build expertise in a coordinating hub or institution that will be in charge of resource mobilization for climate action in Albania.
Relevant Initiatives to track and get involved in are as follows:
http://climate-l.iisd.org/news/stakeholders-reflect-on-innovative-finance-health-sdgs-climate-progress-data/
http://www.climatefinanceideas.org/
http://climatefinancelab.org/

4.3 Roadmap Focusing on Concrete Steps and Timelines

The table below summarises the planned steps for the years 2017 to 2023 based on the analysis undertaken as part of the development process of the financing strategy and the discussions held in the IMWGCC.

[56] http://www.projects.worldbank.org/P110910/south-east-europe-caucasus-catastrophe-risk-insurance-facility?lang=en


Task Name
2016
2017
2018
2019
2020
2021
2022
2023
Q1 Q2 Q3 Q4
1 Steps to mainstream CCA and NAP PAs into national budget - Strengthen CCA-related institutional processes and fran
2 Complete NAP with PAs missing costs and CoM approval
3 Selection of pilots & Inclusion of one/two CCA policy priority into MTBP preparatory ceilings 2018-2020 (PA 1, 2),
4 Preparation of joint instruction between MoE and MoF on "Procedures for integration of Climate Change into MTBP" (P
5 Implementation of pilot exercise during a budget cycle (MTBP planning, resource mobilization, programming, executior
6 Gradually integrate priority actions into MTBP planning system (PA 5, 8- 15)
7 First assessment of the pilot exercise and process review if needed (PA 1, 2 & 4)
8 Final evaluation of the pilot, follow up and decision on roll out (PA 1, 2 & 4)
9 Roll out mainstreaming process for all institutions (PA 2)
10 Revision of objectives of sector strategies in relation to NAP priority actions (PA 2)
11 Negotiations/close collaboration with MoF for steering, mainstreaming in MTBP and monitoring process (PA 1, 2, 4, 7)
12 Preparation and approval of the CoM Decision on "Integration of CC into MTBP" (PA 1 & 2))
13 Complete the regulatory framework and strengthen the institutional structures on CCA (PA 1)
14 Add adaptation component to the I/NDC process (PA 2)
15 Strengthen the structure and position of CC Unit (PA 1 & 3)
16 Capacity building (PA 3, 6 & 7)
17 Key ministries to build capacities in project development, climate-proofing, planning, programming, costing techniques,
18 Outreach through educational institutions, civil society outreach and involvement (PA 6)
19 Implementation Monitoring System - Result Based Monitoring (PA 4)
20 Stocktaking and gap analysis of existing monitoring systems, conceptualization of the RBM
21 Detailed design of a RBM system
22 Institutional set-up, technical support and capacity development for establishing the RBM. Development of an implemer
23 Establishment of a pilot monitoring system / core RBM.. Adopt Guidelines on RBM and start monitoring
24 Selected in-depth assessments of especially vulnerable systems. Establishment and operation of the comprehensive R
25 Continue adaptation planning beyond the current PAs - possible inclusion of social protection measures etc.
26 Project identification and proposal preparation
27 Improve the dissemination, use and interpretation of climate information as a base for adaptation project planning
28 Prepare proposal for RDF Committee to include CCA screening criteria on regional infrastructure projects
29 Prepare proposal for Green Climate Fund Readiness Support
30 Prepare a full-fledged GCF proposal in collaboration with multi-lateral accredited entity based on PA 8 and 9
31 PA-Ministries to work with MoEI to access IPA II grants/ to direct IPA II grants towards adaptation objectives, in particul
32 Establish resource mobilisation process
33 Develop CCA communication measures and /or strategy in each ministry
34 Address non-adaptation funders interested in Albania and sectors that are affected by climate change impacts and higl
35 Identify and exploit windows of opportunities to win political leadership for CCA
36 Secure appropriate project development/ preparation funds or related technical assistance
37 Establish roles and responsibilities in view of resource mobilisation activities
38 Continuously monitor and assess the suitability and scalibility of innovative financing instruments
39 Continuously screen potential sources of international adaptation funding

Annex 5 Current Status of NAP Priority Actions (for 8 years)

Overarching Actions / implementation framework	Total cost	National Budget	Prospective external funders/ financiers	Next step
No. 1: Steering of the adaptation process in Albania	591.6 million ALL	2.7 million ALL/ year	- short-term: EU IPA II, application sent (270 mill. ALL) - short-term: partly covered by GCF readiness support	See also roadmap in chapter 4
No. 2: Overarching mainstreaming initiative	32 million ALL	4 million ALL/year	- short-term: EU IPA II - short-term: partly covered by GCF readiness support	See also roadmap in chapter 4
No. 3: Climate finance readiness	112.5 million ALL	tbd	- short-term: partly covered by GCF readiness support (37.5 million ALL/year over 3 years) - partly covered by GCF readiness support	See also roadmap in chapter 4
No. 4: Implementation monitoring system	688 million ALL	tbd		See also roadmap in chapter 4 - review cost estimates as they seem to be very high
No. 5: Communication and outreach initiative	93.75 million ALL	tbd	-short- to mid-term: grants from bilateral donors such as Germany, Sweden, Austria, Japan, France	
No. 6: Initiative for capacity development on climate change adaptation	No cost estimates yet		-short- to mid-term: grants from bilateral donors such as Germany, Sweden, Austria, Japan, France	- Partial costs for capacity-building should ideally be included in each project budget, where appropriate
No. 7: Climate Resilient Irrigation, Drainage and Flood protection	1841.5 million ALL	tbd	- short-term: EU IPA II, application sent (1080 mill. ALL) - mid-/long-term: GCF, EBRD, KfW	- To be prioritized for project preparation/ development in view of large-scale international donors
No. 8: Integrated Water Resources Management	392 million ALL	tbd	- mid-/long-term: GCF, EBRD, KfW (in view of loans) and SIDA (as previous funder), Germany/ICI (with a focus on Ecosystem-based Adaptation) in view of grants	- Costing needs to be revised. Costing of future action instead of already funded action - To be prioritized for project preparation/ development 217.5 milion ALL
No. 9: Adapted Farm Production	925 million ALL	160 million ALL	- short-term: FAO (for smaller grants and technical assistance) - mid-and long-term: IFAD (for concessional loans), EBRD - PES, risk insurances for farmers or other innovative instruments (mid- or long-term)	- Complete/ revise indicator 3.1 - Check whether the WB-led AF application is going forward or to be revised

			- EU Horizon 2020 for research grants	
No. 10: Promote implementation of Adaptation Strategy for Health Sector	145 million ALL	73 million ALL	-Funding gap 12 million ALL	- ownership within the MoH needs to be revived
No. 11: Integrated Cross-Sectorial Plan for the Coast	148.5 million ALL (for 3 years), costs for year 4 and after tbd	tbd	- short- to mid-term: grants from bilateral donors such as Sweden, Austria, Japan, France or WBIF	
No. 12: Initiative for Municipal Climate Change Adaptation Plans	202.5 million ALL	RDF funds, 13.5 million ALL	- short-term: EU IPA II, application sent (189 million ALL) - short- to mid-term: grants from bilateral donors such as Sweden, Austria, France	- support municipalities in preparing climate-resilient component of RDF applications
No. 13: Adaptation in Tourism	81.2 million ALL (for 3 years)	tbd	- mid-term: innovative financing instruments that support SMEs in the tourism sector that are willing to contribute to climate resilience (see chapter 4.3.4) - EIB European Investment Bank (e.g.InnovFin SME Guarantee, WB EDIF II)	- specify and design activities - Check with award winners of USAID/SIDA call for proposal 'Tourism as a Leading Edge' to integrate CCA aspects
No. 14: Upgrading civil defence preparedness and disaster risk reduction	1201.5 billion ALL	tbd	- partly covered by ongoing EU IPA II funds - short-and mid-term: WBIF	- review cost estimates
PA 15: Building the Resilience of KVLS through EbA adaptation	242 million ALL (2016-2020)		The funds for this project are already ensured from GEF/ UNEP for the project lifetime	

The exchange rate used was 1 EUR = 135 ALL
To be revised/shown in the table
PA 3 - Indicator 1.1 Public records prove that 625 million ALL of national budget is spent until January 2018.

Annex 6 Medium Term Budgeting Program – Institutional Review

The responsibilities of the key stakeholders involved in the medium term budgeting program are as follow:

- Prime Minister Office – the Department for Development, Financing and Foreign Aid (DFFAD) comprising the Strategic Planning and the Regional Development fund, is the responsible structure for the coordination of national and sectorial strategies and plays a key role in the review of Program Policy Declarations. The key task of this department is to assess the compliance of these political declarations with all approved documents by the Council of Ministers or the Parliament.
- MoF- the Minister of Finance is the responsible authority for approving a system of standards and procedures that ensure an economic, efficient and effective administration of public financial resources. MoF allocates and re-allocates national revenues through the collection of income and budgeting of public expenses and establishes financial information systems as well.
- MTEI- the Ministry of European Integration analyses the Policy Declaration for each program, products and activities submitted by central institutions to ensure that they reflect all obligations of the National Plan for the implementation of Stabilization & Association Agreement with EU.
- Heads of Government Institutions – Policy level, approves the MTBP draft document (policies at the level of Programs) and submits it to the Council of Ministers
- Strategic Management Groups within each Line Ministry – chaired by Head of Organization and composed by the Secretary General, Heads of Programs and Head of Finance
- General Secretaries of Government Institutions – Highest Technical Management Level prepare the final MTBP draft document and is responsible for the execution of the budget.
- Heads of Programs (equal to heads of departments) prepare policy declaration for the respective program and submit it to the Strategic Management Group (SMG).
- Program management teams (composed by Heads of Directorates and heads of National Agencies under LM) identify objectives, activities, projects, costs etc. under the program.

Heads of Finance Departments which reports to the Secretary General of the institution, serves as secretariat for SMG and responsible for the quality of MTBP document.

During the budget implementation process important decisions on the reallocation of funds are taken and rules are imposed based on the performance of government institutions:

- reallocation of funds up to 10% among programmes is approved by the Council of Ministers;
- between economic lines within a programme and within the current expenditure category, reallocation of funds is approved by the General Secretary of MoF;
- between spending units within a programme and a current expenditure item, reallocation of funds is approved by the General Secretary of the central government institution;
- no reallocations can take place after 15th November;
- no shifts between investment and current expenditures.

Annex 7 Strengths and Weaknesses of the Existing Institutional Arrangements

Institutional Approach	Strengths	Weaknesses
IMWG	- The IMWG is established by the highest political level (Prime minister order) - Existing arrangement ensures successful launch of a long process of adaptation to climate change in Albania - The drafting and coordination role of IMWG and CCU for preparation of NAP CC document. - Power of IMWG members to Identify the possibilities to facilitate, promote, assess projects and to express their opinion on the projects. - Establishment of the CCU as focal point with the leading ministry (MTE) for CCA process.	- The terminology used "working group" means a temporary structure created only for preparation of documents without any administrative authority for policy approval supervising or monitoring (Law No. 90/2012, Art 24/b) - The core group is mostly at the level of experts and not decision makers/heads of programs. - Institutional accountability is lacking vertical hierarchy and the horizontal coordination and collaboration is not clear in existing sublegal acts. - CC Unit is weak in HR capacities and positioned in law level of organization. - The overall supervisory role, resource mobilisation and monitoring role for the impact of CC policies in several sectors is not or cannot be covered properly by the existing IMWG and MTE. - IMWG is not subject of internal and external auditing, making difficult the identification of issues related with internal functioning and accountability
Strategic and Medium Term Budget	- Overall Strategic Supervisory role is ensured in the highest level (PMO) - Overall Budget Control & Monitoring role is ensured (MoF) - Clear roles of all institutions, vertical lines of accountability and standard procedures are established by laws and MoF instructions. - All institutions involved are subject of internal and external auditing	- The current legal framework on MTBP doesn't offer clear segregation of duties between institutions that manage complex cross cutting policies, requiring a high degree of inter-ministerial cooperation.
Integrated Management Mechanism -	- It respects the accountability lines and the principles of MTBP institutional framework - Very detailed coordination, communication and monitoring procedures are approved by CoM; - Overall Supervisory Role, Cross Sectorial Coordination, Resource mobilization and Monitoring roles are ensured by IPMG. - High political and executive level membership (Chaired by the Minister of the leading ministry. Members - General Secretaries of Line Ministries); - MoF, PMO (DFFAD), MTEI -key members of IPMG; - Approval of the sectorial list of strategic priority projects. - The secretariat of IPMG is established under the leading Ministry, with an adequate structure (1 Head of secretariat, 2 experts and 1 administrative assistant) and report directly to the General Secretary.	- The IPMG is still in experimental phase (monitored by PMO). The effectiveness and efficiency of the entire scheme is under monitoring process. - No financial resources to ensure well-functioning of the IPMG. - IPMG may not be subject of internal and external auditing.

Annex 8 Other Possible Short-Term to Long-Term Institutional Arrangements

Short-term option 1:

- Improvement of the existing order of Prime-minister No.155/2014 including:
  - the DFFA Department of PMO as member and as supervisory body to ensure well-functioning of the IMWG (or state of execution of PM order);
  - the obligation of Line Ministries for integration of CC priority actions into their respective medium term programs.
- Preparation and approval of the internal regulation of the IMWG.
- Preparation and approval of a Joint Instruction between MTE and MoF on "Procedures for integration of Climate Change into MTBP" and ensuring the exchange of information during the MTBP execution process.
- Strengthening the CCU capacities within MTE.
- The MTE (CCU) ensures and report for proper implementation of the Prime Minister Order No.155/ 2014 and Joint Instruction with MoF.

Weakness: Still IMWG on CC remains a "working group" (see weaknesses in Annex 7)

Medium- and/or long-term option :

This option could be discussed in case the IPMG scheme will not be accepted or if the implementation of the IPMG scheme shows that it cannot ensures the sustainability of the climate change implementation process in long term.

Establishment by the Law on Climate Change of the Management Board/Committee for Climate Change:
- composed by Ministers (with right for delegation of authority to the respective General Secretary),
- chaired in a rotation basis to ensure sustainable leadership (every 6 months).
- the Board/Committee will be overall responsible for the policy formulation, planning, resource mobilization, budget reallocations, supervising, monitoring and taking corrective actions during the implementation process;
- acting as advisory body of the Strategic Planning Committee at CoM, although each LM will preserve the authority for budget execution.
- CC Unit will serve as Secretariat of the Board (to be upgraded in a level of Directorate within 3 years[57]).

Strengths:
- The new CCM board/committee will take political and administrative decisions during the planning and implementation process (overcoming many fragmented steps from policy formulation to monitoring as well as fragmented regulations impacting the CC mitigation and adaptation process).
- High level of political support and sustainable leadership;
- Adequate financial resources will ensure well-functioning and high level of accountability[58]
- The decisions and the functioning of CCM structure will be subject of auditing in regular basis.

Weaknesses: The risks related to planning and implementation processes can be mitigated by not avoided.

[57] Indicative cost is about 6 million ALL/ year

[58] Indicative cost is about 1.35 million ALL/ year (15 members, 4 board meetings/year)

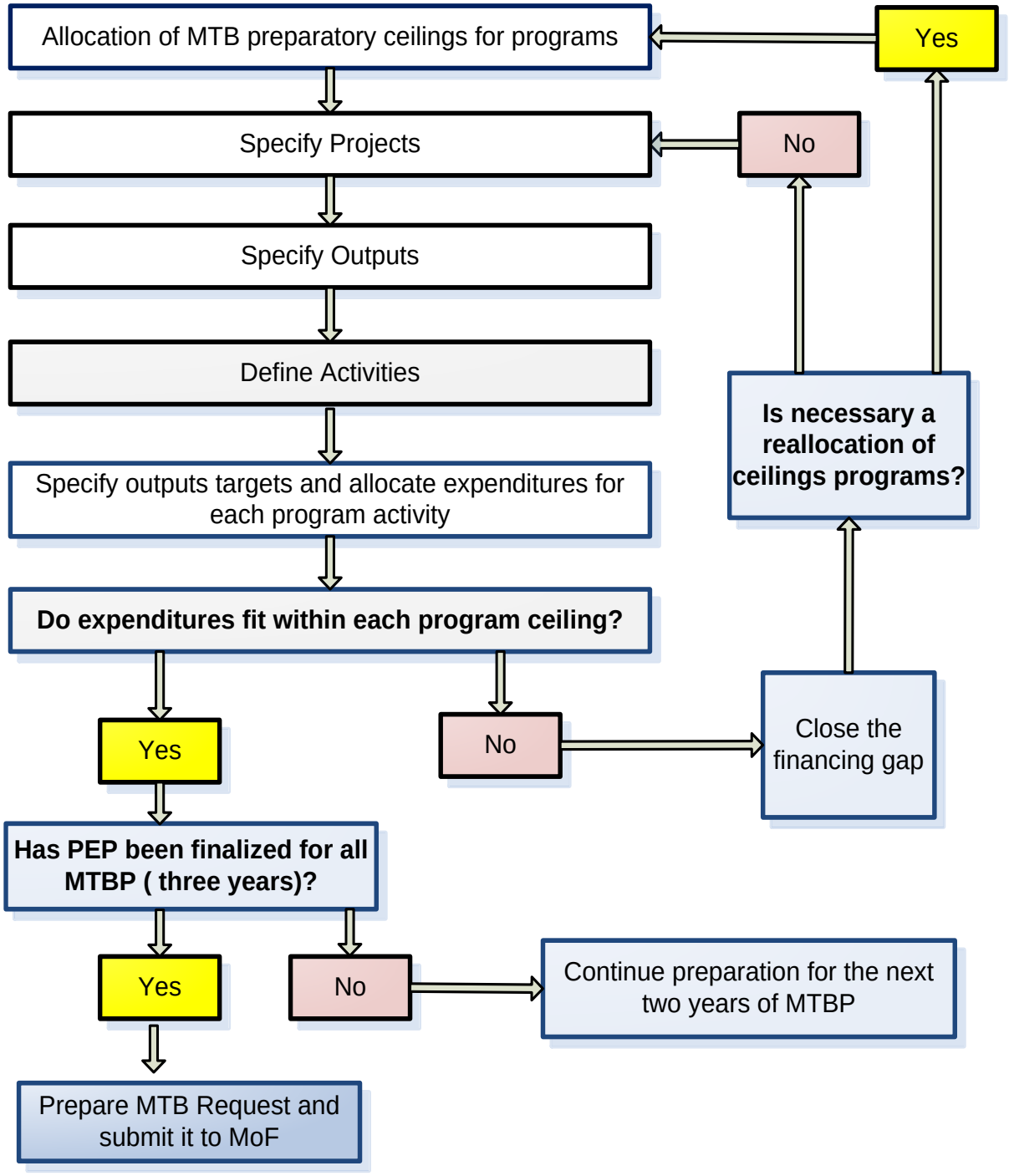
Annex 9 Budget Calendar (Strategic Budget, Allocation, Adoption)

Phases	Deadlines	Description	Responsible/ Leading Institutions
I. Macroeconomic framework, prioritization and preparation of	January	Establishing macroeconomic indicators through macroeconomic forecasting for 2017-2019.	MoF
the MTB ceilings for each central government institution and special funds	January	Approval of Macroeconomic and Fiscal Framework for 2017-2019	CoM
	February	Identification of policy priorities with significant impact on costs and income (wages, local transfers, new programs, the main public investment projects)	MoF, DFFAD at PMO, MTEI
	February	Submission of the MTBP preparatory ceilings	MoF
	February	Establishment of the MTBP preparatory ceilings for 2017-2019 and Information of the Parliament	CoM
	February	Prepare Guidelines for MTBP Preparation for Central & Local Government.	MoF
II. Program Policy Review **III. Expenditure and Investment Planning for each Program**	March-April	Define policies for each program and identify the goals and objectives of the program Preparation of Budget Requests and submission to MoF	Each Central Government Institution & Special Fund
	May- June	Analyses of budget requests and Hearing sessions	MoF, DFFAD at PMO, MTEI, MTEDT
	June (third week)	Revise the fiscal Framework if necessary Draft MTBP 2017-2019 document, new ceilings and new commitments limits and submit to the Strategic Planning Committee and the Council of Ministers.	MoF
	End of June	Second Approval of the Fiscal Framework and MTBP 2017-2019 document with new ceilings. CoM informs the Parliament	SPC and CoM
IV. Preparation of revised Medium Term Budget Program	July (first week)	Issuing of complementary guidelines for preparation of revised MTBP	MoF
	July-August	Preparation of revised Medium Term Budget Program	Each Government Institution & Special Fund
	September	Submission of revised MTBP to the Ministry of Finance	
	September-October	Analyses of budget requests and Second round of Hearing sessions	MoF, DFFAD, MTEI, MTEDT
	October	Medium Term Budget Programme and Annual Budget Law presented to the Strategic Planning Committee and the Council of Ministers	MoF
	End of October	Third Approval of Fiscal Framework, MTBP 2017-2019 and Annual Budget 2017	CoM
	31 October	Submission to the Parliament for approval	CoM
V. Budget Review and Approval by Parliament	November-December	Parliamentary commissions hold hearings on budget with the Ministry of Finance and other ministers	Commission for Economy and Finance (leading commission)
	Within December	Budget Approved and entered in force at 1 of January 2017	Parliament
	Within January	Incorporating changes made by the Council of Ministers and parliament. (third MTBP 2017-2019 produced)	MoF

Source: CoM decision no.59, dated 27.1.2016. “Approval of the Calendar on Public Management Expenditures for year 2016”

Annex 10 Annual Program Expenditure Process in a Central Government Institution

(Detailed Explanation of MTBP, Phase III)



Source: MoF Instruction No.8/2012 “Standard procedures for preparation of MTBP”

Annex 11 Challenges to Integrate CCA in Annual Budget Submission

Insufficient financial resources at district and community level to address CCA challenges.

A challenge for municipalities is that many adaptation decisions currently made at district level need to be made at a regional scale to be effective. Costs exceed the local budgets so coordination between local and central budget is needed as well as establishing criteria for private investments. In this case the Regional Development Fund with its investment policy might act as a coordination mechanism and support larger scale responses.

The complexity and sectoral crosscutting of the Climate change adaptation expenditures.

The complexity of CC adaptation expenditures means that effective adaptation might lead to a reassessment of other policy goals, involves trade-offs in implementation, and require coordination across regions, sectors and tiers of government. This might require a review of existing sectoral strategies and medium term budgeting program as well. For example: In MTBP document it is important to ensure that the funds allocated for the fulfilment of a ministry's obligation are associated with the respective estimate in the budget of other institutions, in order to obtain full efficiency on reforms.

The process of preparing the structural reforms themselves.

Structural reforms are often formulated without detailed elements of their implementation and without determining the respective costs for each stage. Consequently, their integration with the budget becomes very difficult. The MTBP form proposed by the MoF requires a clear assessment of the policy, objectives, activities and outputs that will be accomplished in the next three years. The problems begin when the institution is asked to define the aim of the program, its objectives, and furthermore the standard of the program policy. If an objective is not well defined, this brings out difficulties in assessing a program's products. However, there are also cases where the LMs are aware of the necessity for an accurate budgeting process, but fail in translating the reforms into monetary implications, due to the lack of a clear understanding of the reform or inadequate human resources capacity.

Fragmented institutional approach and Regulatory barriers.

The main reason why line ministries and municipalities do not consider climate change or take action to reduce its impacts is that there is no regulatory requirement to do so or there are many fragmented regulatory acts which sometime contradict each other. The Ministry of Tourism and Environment is working on a draft law for climate change which will establish the legal basis and the role of the government bodies as well. In addition, a government decision on "Integration of Climate Change into MTBP and Institutional Approach", accompanied with a Government or MoF instruction on "Procedures for integration of Climate Change into MTBP" should complete the legal framework to create the necessary conditions for the implementation of mainstreaming of adaptation as described in the NAP.

Collaboration and knowledge about the MTBP process.

The main challenge in the policy formulation and implementation is coordination between the LMs responsible for implementing reforms, particularly in the case of cross-cutting reforms that involve multiple sectors' priorities. The LM directly linked with the implementation of the reform includes it in the budget, whereas the other LMs may not necessarily set available funds for a reform that is not a priority for their sectors. This non-cooperation means that structural reforms may be initiated but may not be operative if all their components do not align. In addition, departments within LMs that do not know in detail the entire policies, strategies, or reforms to take place in their institutions fail to comply with the requests of the MTBP as required by the MoF. In most cases, even though the LMs may have drafted a reform, the implementation of which requires several years, they fail to deliver accurate financial costs for all years in which the reform is going to take place, even where costs and products are determined in relevant action plans. The policy departments of LM during the costing process, mostly do not collaborate with subordinated specialised agencies and the finance departments within the ministry. This makes it difficult for the MoF to evaluate the requests prepared from budgetary institutions. Another problem for the MoF's review is to assess additional requests on the policies and objectives of the institutions that were presented as less important when ceilings were set.

Annex 12 OECD Climate Statistical Markers

The OECD definition for mitigation and adaptation is as follows.

1. Mitigation – activities that contribute "to the objective of stabilization of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance CHG sequestration".

2. Adaptation – activities that aim "to increase the capacity and resilience of human or natural systems to the impacts of climate change and climate-related risks".

The scoring system for climate markers

Data collection on the climate markers is based on a scoring system with three values:

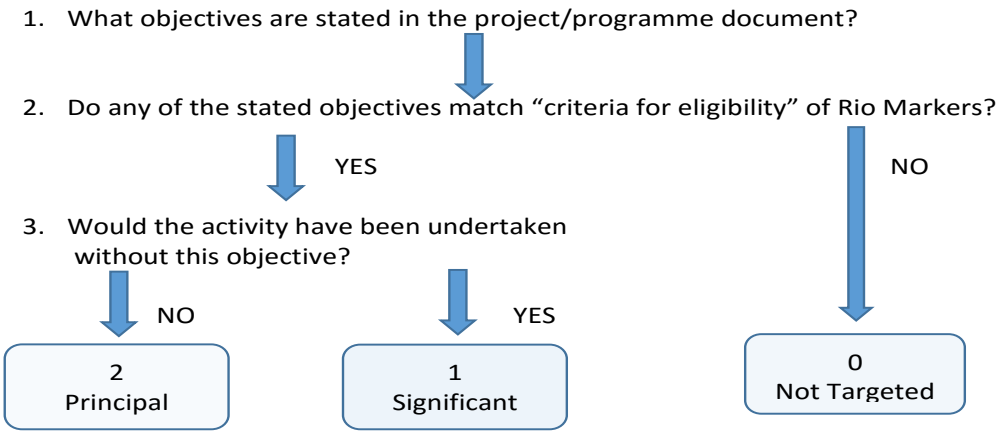
Principal objective (2) – High relevance programmes/ projects/ economic expenditures which have clear primary objectives of delivering concrete and visible outcomes that improve climate resilience. They include adaptation to expected climate trends or extreme climate events and provision of climate services, such as awareness, information, capacity building, planning and regulations. It is assumed that 80% of the expenditure in these programmes contributes to adaptation.

Significant objective (1) – Mid relevance programmes/projects/ economic expenditures which make strong contributions to adaptation but are motivated primarily by broader development concerns. They include economic forestry, biodiversity, water programmes and infrastructure that have a strong climate proofing element. In the same time they may also include mixed programmes with a variety of activities that cannot be easily distinguished. It is assumed that 50% of the expenditure contributes to adaptation or mitigation.

Not targeted to the policy objective (0) – Low relevance programmes contribute to adaptation only indirectly. They include general infrastructure and administrative and planning capacity and it is assumed that 25% of the expenditure contributes to adaptation.

How to Assign Them in Practice?

The scheme below shows the logic questioning in budget programing phase:



Source: Handbook on the OECD-DAC Climate Markers

Annex 13 Methodology to Prioritise External Sources of Adaptation Funding for NAP implementation

The financing strategy approach has applied a three-pronged method to prioritize suitable prospective adaptation donors/ financiers:

1) screening and prioritization of external donors/financing sources
2) prioritization of PAs in view of readiness for resource mobilization in the coming years
3) matching the prioritized PAs with the prioritized external donors/financing sources.

The prioritization tool is flexible and can be continuously up-dated. It provides guidance on how to identify suitable adaptation donors/ financiers. New prioritization criteria can be easily added and weights of specific criteria can be modified, if deemed appropriate. It is important to keep in mind that such as prioritization tool is only a first step to narrow down prospective funds/ financiers. More in-depth research on requirements and initial conversations with prospective funds/ financiers need to follow.

The following list of criteria to rank/ prioritize sources of international adaptation funding contains two types of criteria: 1) Criteria that are used in the 'prioritization score' (see also column 'included in score'), and 2) criteria that are collected as useful additional information.

Column in prioritization tool	Criterion	Included in score	Values/ categories	Weight	Assumption / explanation for the relevance
E	Is the application process a competitive process?				
F	Is Albania eligible to receive funding from the fund/ financier?				
G	Has the fund/financier previously (during the previous 5 years) provided funds to Albania?	X	1 = in any sector with no special attention to adaptation 2 = in sector/ projects with explicit adaptation objectives	3	Donors/ financiers that have provided funding previously, are more likely to provide funding again. Unless they have an allocation cap per country. The previous project and use of funds led to positive outcomes and favorable relationships. If not, this criterion may need to be taken out.
H	Does the fund/financier have a specific country allocation/ cap?		0 = no 1 = yes		
I	Has Albania already received a significant percentage (more than 50%) of this allocation/ cap?		0 = yes 1 = no		
J	Does the fund/ financier provide grants?	X	0 = no 1 = yes	1	Given the current issues to borrow, donors/ financiers that provide grants are prioritized

K	Does the funder/ financier require co-financing?		0 = no 1 = yes		
L	Degree of focus on adaptation in funding strategy (for Albania)	X	0 = adaptation not considered 1 = adaptation objectives are not explicitly targeted, but mentioned as a co-benefit 2 = funding is focused on adaptation objectives	1	
M	Size of potentially available funds (also taking into account previous funding amounts)	X	1= < 100.000 USD 2= 100.000 – 1 Million USD 3= > 1 Million USD 4= > 3 Million USD	0.5	Particularly funds/ financiers that are
N	Does the fund/ financier provide project preparation funds/ support?		0 = no 1 = yes		
R	Does the fund/ financier provide funding for investment projects?	X	0 = no 1 = yes	1	In view of PAs 8-15
P	Does the fund/ financier provide funding for technical assistance?		0 = no 1 = yes		
Q	Does the fund/ financier provide funding for training and capacity-building?		0 = no 1 = yes		
O	Does the fund/ financier provide funding for institutional strengthening /policy processes/coordination?	X	0 = no 1 = yes	1	In view of PAs 1-7
S-Y	Does the fund/ financier provide funding in the following sectors: a) Water, irrigation and flood protection b) Agriculture c) Health d) Coastal management/ protection e) Urban f) Tourism g) DRR/ preparedness	X	0 = no 1 = yes	1	In view of PAs 8-15

The funds/ financiers will eventually be ranked (i.e. using column Z for sorting) according to the prioritization score by calculating following score:

Prioritization score in column Z = SUM (G*3; J; L; M*0,5; O; R:Y)

Please note: Overall, there is a bias towards the prioritization of funds/ financiers who would provide for large-scale investment projects.

Annex 14 Situation in View of Specific High Potential Financing Sources

Green Climate Fund (GCF)

In close collaboration with the National Designated Authority (NDA), UNEP developed and submitted a proposal to the GCF Readiness Support Facility amounting to 300.000 USD (including 10% co-financing by GoA). The proposed activities cover 'strengthening the institutional capacities of the NFP to effectively fulfil its roles and responsibilities related with the Fund, as well as developing, through a widely consulted multi-stakeholders engagement process, a country program including programming priorities, a clear prioritization of programme/ projects and a defined set of activities that will feed in the submission of a project proposal to the GCF'.
In addition, UNDP is currently developing a proposal on resilient coastal cities for submission to the GCF adaptation window.
In the mid-term future, the GCF is the most likely provider of a large-scale grant on CCA to Albania. Besides grants and concessional loans, the GCF offers many other financing modalities[59]. The future application to GCF should consider those besides loans and grants.

Adaptation Fund (AF)

Provided that the WB-led proposal was not approved in March 2016, it is important to clarify the latest developments in view of a re-submission (i.e. a third submission).
Theoretically, Albania can receive 10 million USD from the AF but has not yet exploited this financing source. However, the AF currently considers a modification of the country cap modality[60].

Regional Development Fund

The Regional Development Fund (RDF) plays a central role in investment support to the regional and local authorities. The RDF was established in November 2009 by the Law no. 10190 and is used to support investments at regional and local levels through a competitive grant system in several policy areas. The RDF has the following features:

- Line ministries are responsible for the selection of projects and implementation, while the overall coordination is performed by DSDC with advice of the Ministry of Finance and ADF;
- Each policy domain has its own financial allocation and budget line for regional development;
- This apportioned funds per policy domain are distributed over the Qarks on the basis of several criteria;
- The budget per project is allocated on the basis of a competitive grant system;
- The projects are appraised on the basis of an evaluation grid, using several indicators and respective scores, including their relevance to a given sectoral policy priority.

The financial volume of grants provided by RDF amounts to 72.8 million Euros per year. RDF collaborates with 7 ministries to determine sector priorities of central government in regional level on a yearly basis. The program for 2017 is prepared by end of the 2016. Before December 2016, every ministry has to send their priorities for the next year. Then the municipalities apply for projects on the selected areas.

It is planned that the RDF will integrate adaptation-related criteria in its project design guidelines as well as project screening and selection process[61]. These guidelines will be approved by the RDF Committee, which is composed of the Prime minister and 85% of the Ministers Cabinet and Representatives from municipalities and regional associations. The Committee approves strategic documents, programming, harmonised rules and regulations for application, screening criteria for applications, appraisal up to the Contractor Authority for the approved project.
EU Instrument of Pre-Accession II

The original IPA II country strategy considers CCA only marginally and there is no direct budget allocation for CCA actions. In October 2016, there was a request to enhance the CC aspects of the strategy. The MTE proposed to include several actions in its response (see Annex 1 on details).

Process for the approval of IPA II funded projects:

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[59] https://www.greenclimate.fund/documents/20182/24934/GCF_B.04_06_-_Business_Model_Framework__Financial_Instruments.pdf/7b8e96dd-4e06-46fd-b986-1b8743efa15b

[60] https://www.adaptation-fund.org/wp-content/uploads/2016/02/AFB.B.27.8-Analysis-for-the-possible-modification-of-the-country-cap.pdf

[61] Initial meetings were held in October 2016.

- The overall process can take up to 3 years
- The Ministry of European Integration sends an official request to all line ministries (LM) for presentation of project ideas every year
- LM are supposed to submit a project concept note of 4 pages comprising the following details: i) Title of the project and contact point; ii) Sector/sub-sector according to the Action Plan for Implementation of SAA, where the project is proposed to be included; iii) Link with strategic documents; iv) Overall objective / purpose of the project; v) Description of the project proposal; vi) Length of the project; vii) Assessment of current administrative capacities of the Ministry / Institution to manage project implementation; viii) Link of the current project proposal to previous assistance in this area; ix) Beneficiary Institution / institutions involved in project implementation; x) Indicative cost for the project.
- Approval from EUD after 2 hearing sessions (with representatives from EC, Brussels)
- Project ceilings are usually approved for three years.
- Development and approval of Project Standard Fiche (ca. 30 pages)
- Tendering process
- Signature of the Contract
- Start of implementation phase

Recommendations:

- Follow-up of submission in response to input to CSP / IPA II mid-term review
- Also consider climate-proofing of other IPA II-funded activities in other sectors/funding windows such as transport, agriculture etc.

Annex 15 Previous Climate Finance Received in Albania

Selected Program	Amount	Donor	Year	Implementer
Third National Communication of Albania to the UNFCCC	$481,018	GEF	2012–2016	UNDP
Institution Building for Enforcing Environmental and Climate Acquis	Unknown	EU	2015–2017	Agrotec with Sweco and CMCC
EU Flood Protection Infrastructure Project	€6.3 million	EU	2015–2017	UNDP
Climate Change Adaptation in the Western Balkans	€3.5 million	GIZ	2012–2018	GIZ and government ministries
Improving Coverage and Management Effectiveness of Marine and Coastal Protected Areas	$2.93 million	GEF/UNDP, Govt. of Albania	2011–2016	Ministry of Environment, Forestry and Water Administration
Environmental Services Project	$12.88 million	World Bank	2014–2019	Ministry of Environment, Forestry and Water Administration
Water Resources and Irrigation Project	$45 million	World Bank	2012–2018	Ministries of Environment and Agriculture
Enhancement of Disaster Risk Reduction and Management (DRRM) capacities and mainstreaming CCA practices into agriculture sector in the Western Balkans	$485,000	FAO	2016–2017	Unknown
Building Local Community Resilience for the Sustainable Development of Watersheds in South Eastern Europe (CRESSIDA)	€440,000	US EPA	2014–2019	Regional Environmental Center for Central and Eastern Europe

Source: USAID (2016): Climate Change Risk Profile Albania – Fact Sheet

Annex 16: Abbreviations

CCA	Climate change adaptation
CPEIR	Climate Public Expenditure and Institutional Review
EU	European Union
GCF	Green Climate Fund
GHG	Greenhouse gas
GIZ	Gesellschaft für Internationale Zusammenarbeit
IMWG	Inter-ministerial Working Group (on Climate Change)
IPCC	Intergovernmental Panel on Climate Change
M&E	Monitoring and Evaluation
MoARD	Ministry of Agriculture, Rural Development
MTE	Ministry of Tourism and Environment
MoH	Ministry of Health
MoUD	Ministry responsible of Urban Development
NAP	National Adaptation Plan
NAPA	National Adaptation Programme of Action
NSDI	National Strategy for Development and Integration
NGO	Non-Governmental organization
PPP	Public Private Partnership
SEA	Strategic Environmental Assessment
SNAP	Stocktaking for NAP
SWOT	Strength – Weaknesses – Opportunities – Threats
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
EbA	Ecosystem Based Adaptation

Annex 17: List of authors and contributors

MTE	Laureta Dibra
IMWG members	Arben Pambuku, Margarita Lutaj, Rudina Cakraj, Arben Mukaj, Ndricim Bytyci, Bledi Dimo, Ernest Shtëpani, Anisa Qorri, Zhaneta Miska, Valmira Bozgo, Eduart Ostrosi, Dukate Dodaj,Erjola Muka, Evis Qaja, Gerta Lubonja, Ermela Kraja, Elton Orozi, Arduen Karagjozi, Maksimiljan Dhima, Arben Luzati, Jonila Haxhillari, Eneida Rabdishta, Ledi Merja, Venera Domi, Luiza Shehu, Mimoza Dhembi, Dashamir Qeli. Aurela Velo, Marie Kacorri, Jolanda Hyska, Eriglena Pasmaciu
Expert (GIZ)	Alfred Eberhardt
Expert (GIZ)	Anila Cili
Expert (GIZ)	Martin Rokitzki
UNDP	Englantina Bruçi
Expert (UNDP)	Andrian Vaso
GIZ	Nele Bünner
GIZ	Nikola Rass
GIZ	Merita Mansaku – Meksi
GIZ	Fationa Sinojmeri

Annex 18: Reference documents / supplementary material

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