



Project: UTF/ALB/010/ALB

"RECOVERING AGRICULTURAL DAMAGES AND RESTORING PRODUCTIVE CAPACITY"

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## Impact assessment - Compensation grants component

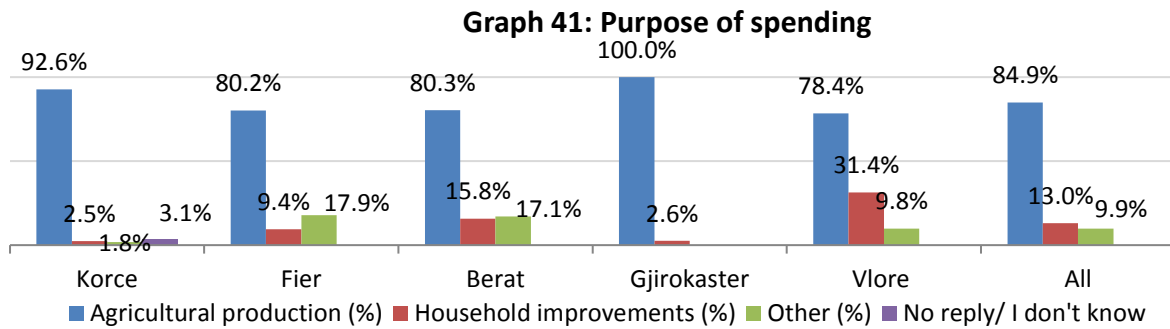
In just three days, Albania received 200 millimeters of rain that damaged thousands of hectares of farmland, along with greenhouses and other agricultural infrastructure. That was in February 2015. Two years later, things are looking up for Albanian agriculture.

The hardest-hit regions were in the country's south and southeast. In the regions of Vlora, Fier, Lushnja, Berat, Korca and Gjirokastra, some 10,000 hectares of farmland were damaged. Food crops, forage crops, and greenhouses for early production of vegetables and fruit were damaged or destroyed. The livestock sub-sector was damaged to a lesser extent, although the lack of feed in the months that followed would negatively affect animal production.

The European Union, in cooperation with the Ministry of Agriculture, drafted a programme of recovery that went beyond simple restoration of pre-flood conditions and aimed to increase resilience to future natural disasters – with infrastructure, institutional and social implications.

Today, the project "Recovery of agricultural damages and the return of productive capacity" has entered in the phase of the evaluation of the ability of farmers and rural communities to respond to such disasters. MARDWA under the assistance of FAO has developed a procedure for Impact Monitoring for the compensation grants. The purpose of the assessment was to study and evaluate the recovery and development impact, status and needs of the flood affected population in the regions of Korca, Fier, Berat, Gjirokastra and Vlora. This assessment considers the status of the surveyed households and tries to determine the overall recovery of the households following to the disaster. In particular, to 1) analyse their livelihoods, 2) assess the recovery achieved and any changes in lifestyles, 3) assess the appropriateness of compensation grants as recovery instrument, 4) assess the abilities of the households to cope with similar shocks in future, 5) the perception on possibilities for reduction of their exposure to shocks. The study measures the economic and social vulnerability of 16 386 residents (3 525 households), investigating their livelihoods and achieved development following to the exposure to shocks. The total sample for the assessment consisted of 445 interviews.

The Impact Assessment has confirmed that vast majority of the affected households have invested the compensation funds in rehabilitation of their agricultural production, achieving for most part sustainable recovery and resumption of the activities.



Main findings of the assessment are listed below:

### Demographic indicators

The average size of the flood affected households is less than five persons, where men predominate, compared to women, by approximately 6.3 percent. A total of 40 percent of households have retired persons and 46 percent of the households have underage persons, with boys slightly outnumbering girls, in line with the trend in the total population. The underage population represents less than fifth of the population or below the national average for rural areas of 25 percent. The share of the working age population averages at 68.3 percent.

### Economic indicators

There are no households without any sources of income identified. On average slightly more than half of the population contributes to the household incomes. The share of the population deriving incomes ranges between one quarter and one half of the overall population.

Agriculture is the most important income source for most of the households, however less than one tenth of all farmers are involved in commercial scale/professional agricultural production. As such the respondents in principle do not consider involvement in agriculture as employment.

Agricultural incomes are followed by pensions evident in approximately one tenth of the population.

Salaries from regular work contribute to less than a tenth of the overall employment and are outweighed by recipients of remittances and social transfers.

Self-employment is source of income for a very limited share of the population



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Unemployment is a significant constraint, affecting almost 40 percent of all households. Unemployment as share of population hovers at one quarter of the total population or more than a third of the total working age population. Within the unemployed, less than one fifth of the female population is unemployed.

Regardless of the high unemployment less than a third of the unemployed are actually looking for employment.

Developments in the economic situation over the last 12 months show that for more than half of the households the socio-economic situation has remained stagnant. The economic situation has improved for one fifth of the households.

### **Agricultural production**

The results confirm that almost all of the respondent households own and cultivate agricultural land. The project beneficiaries on average reported 0.35 hectares of land flooded, or 21.8 percent compared to the average of land owned.

Severe fragmentation of the land is evident with on average four plots per household and with average land plot size ranging between 0.25 and 0.7 ha. The land parcels in vast majority of cases are co-owned by men and women.

Vast majority of households and slightly more than half of the target population are engaged in plant production, with men involved in slightly more households compared to women.

Most of the land is planted with combinable crops which require limited investments and labour input. Slightly more than third of the households are producing multiannual cash crops (orchards and vineyards), and slightly more than a quarter of the households produces vegetables.

Vast majority of the respondents are subsistence farmers who mainly produce crops for their own consumption and for occasional and regular sales.

More than half of the respondents own livestock (mostly poultry and/or cattle), and a quarter owns small ruminants. The small number of animals owned implies subsistence animal rearing, with at least 70 percent of their produce is consumed within a household.

### **Compensation payments**

One quarter of the beneficiaries confirmed that their damages and losses have been fully compensated. The remaining respondents quoted partial compensation averaging at 40 percent



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of their damages and losses. Less than one percent of the respondents consider the compensation amount as negligible.

Combined with the respondents which confirmed full compensation of their damages and losses, the project beneficiaries have evaluated the compensation contribution at over half of their overall losses.

One third of the respondents since the disaster, managed to recover to pre-disaster levels and half of the respondents achieved partial recovery. The share of respondents which considered their recovery to be low to none is evaluated at 13 percent.

The majority of the respondents are moderately satisfied with the compensation, with quarter of the respondents overall being very satisfied. 15 percent of the respondents are not at all satisfied with the support received.

The respondents within three months of the receipt have fully spent the transferred amount mostly on agricultural investments. Most of the respondents invested almost the full amount in agricultural production or "other" investments. In contrast, the average amount spent on home improvements accounted for half of the compensation value received.

### **Resilience building**

Vast majority of the respondents consider that only investments in public infrastructure (drainage, flood defence) can realistically reduce the level of risk from flooding. While a significant share is sceptical that solution to their exposure to flood risks can be found.

Vast majority of the respondents consider that investment support for their agricultural production can help them develop their production. The second most preferred assistance is training and knowledge transfer, which would complement the investment support provided.

### **Conclusions**

- The compensation amount in general was appraised as fair, both by the farmers and the local level stakeholders.
- The program has achieved the output of re-establishing the livelihoods of the affected households and recovery of agricultural production, as most of the population recovered their agricultural activities, with almost all of the households using their agricultural land
- Timing of this recovery intervention was appropriate in terms of the agricultural calendar, however belated for addressing the most urgent needs of the population in the aftermath of the floods.



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- The primary Cash Transfer Mechanism has been practical for efficient delivery of the cash grants, and allowed for the disbursement to be implemented in a timely and cohesive manner.
- Gender inequality is limited in most communities, with relatively satisfactory levels of female participation in the process and decision making. However, improvements are still achievable and mandated.
- Multiple layers of management has influenced to some extent the timely delivery of the program. However considering that this was a first attempt coupled with capacity development prerequisites, the overall result and experience can be considered as positive.
- Most of the respondents face challenges in development of their agricultural production. Many producers rely on extensive practices, which ultimately erode their productivity and resilience. As the emphasis of the program was reestablishment on agricultural activities, it yielded limited results towards development and improved resilience.